# Congressional Record

### PROCEEDINGS AND DEBATES

OF THE

## FIRST SESSION OF THE SEVENTY-SECOND CONGRESS

OF

THE UNITED STATES
OF AMERICA

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# Congressional Record

#### SEVENTY-SECOND CONGRESS, FIRST SESSION

#### SENATE

SATURDAY, MARCH 12, 1932

(Legislative day of Friday, March 11, 1932)

The Senate met in executive session, on the expiration of the recess, at 12 o'clock meridian.

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT-APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on March 11, 1932, the President approved and signed the following acts:

S. 2985. An act granting the consent of Congress to the Connecticut River State Bridge Commission, a statutory commission of the State of Connecticut created and existing under the provisions of Special Act. No. 496 of the General Assembly of the State of Connecticut, 1931 session, to construct, maintain, and operate a bridge across the Connecticut River; and

S. 3132. An act to extend the times for the commencement and completion of the bridge of the county of Norman and the town and village of Halstad, in said county, in the State of Minnesota, and the county of Traill and the town of Herberg, in said county, in the State of North Dakota, across the Red River of the North on the boundary line between said States.

As in legislative session,

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 375. An act amending the public building act approved March 4, 1931, authorizing acquisition of building sites and construction of public buildings at Hibbing, Minn., and other places;

H.R. 3703. An act granting compensation to Harriet M. MacDonald:

H.R. 6739. An act to amend the authorization contained in the act of Congress approved March 4, 1929, for the acquisition of site and construction of building in Jackson, Miss.: and

H. R. 7899. An act to authorize the Secretary of the Treasury to negotiate and to enter into an agreement regarding the south boundary of the post-office site at Plattsburg, N. Y.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Sen-

ators answered to their names:

Ashurst Broussard Hebert Bulkley Austin Davis Howell Bailey Bankhead Bulow Dickinson Johnson Byrnes Jones Barbour Capper Fletcher Kean Barkley Caraway Frazier Kendrick Bingham Black Carey Connally George Glass Keyes King La Follette Lewis Blaine Coolidge Hale Copeland Costigan Harrison Hatfield Borah Bratton Logan McGill Brookhart Hayden

McKellar McNary Metcalf Morrison Moses Neely Norbeck Norris Nye
Oddie
Patterson
Pittman
Robinson, Ark.
Robinson, Ind.
Schall
Sheppard

Shipstead Smith Smoot Steiwer Thomas, Idaho Thomas, Okla. Trammell Vandenberg Wagner Walcott Walsh, Mont. Waterman White

Mr. McNARY. I announce the necessary absence of the senior Senator from Indiana [Mr. Watson] on account of illness, and of the senior Senator from Pennsylvania [Mr. Reed] on official business.

Mr. McKELLAR. The junior Senator from Tennessee [Mr. Hull] is detained on account of illness. This announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. Harris] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

Mr. SHEPPARD. I desire to announce that the Senator from Louisiana [Mr. Long] is necessarily out of the city.

Mr. COOLIDGE. I wish to announce that the senior Senator from Massachusetts [Mr. Walsh] is necessarily detained from the Senate by illness.

Mr. FESS. I wish to announce the necessary absence of the junior Senator from Maryland [Mr. Goldsborough], the senior Senator from Delaware [Mr. Hastings], the junior Senator from Delaware [Mr. Townsend], and the junior Senator from California [Mr. Shortridge].

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

#### FOREIGN LOANS

Mr. JOHNSON. Mr. President, in pursuance of a timehonored custom, I desire to announce that on Tuesday next, March 15, if it be convenient, and if it does not interfere with any pending business, I shall endeavor to address the Senate upon the subject of our foreign loans.

#### REGULATIONS FOR LIGHTER SERVICE

Mr. KING. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. KING. I invite the attention of the Senator from Oregon [Mr. McNary]. Under the unanimous-consent order that was entered would it be permissible to enter a motion to reconsider the vote by which the Senate on yesterday passed the bill (S. 2883) prescribing regulations for carrying on the business of lighter service for many of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting the safety of navigation?

I was detained from the Chamber a part of the time yesterday, and unless a motion is entered now I am afraid that the time to enter it will have expired when we meet on Monday.

The VICE PRESIDENT. The Chair would hold that the Senator will have until Monday to enter the motion.

Mr. KING. The only point is that the bill may have gone to the House in the meantime, but I would not want to violate the understanding.

Mr. McNARY. May I say to the able Senator from Utah that we are not working under a unanimous-consent agreement. Only a day or so ago I suggested that to-day would

probably be a good day on which to hold an executive session to consider the nominations to the Farm Board. Last evening, before the conclusion of the session, I stated that I thought this whole day would be devoted to the consideration of the three nominations, and that there would probably be no other business transacted. It is wholly a voluntary proposition, based entirely upon the statement I made a few days ago, which happily the Senate seemed to agree was fair.

Mr. KING. Mr. President, may I say to my friend that I am in entire sympathy with his view and if any Senator should feel that it would be a violation of the understanding, direct or implied, I will not enter the motion. I am not doing it in my own behalf, but in behalf of another Senator who was detained from the Senate yesterday, as I was detained. I told him that I would be here and would object to the consideration of the bill to which he desired to object, and relying upon that statement, he was not here.

Mr. FESS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. FESS. I do not think anyone would object to the Senator entering the motion, but this is what the Senator from Oregon said last night:

There will be considered no other nominations that are in any wise controversial, and no legislation.

It might be that some Senator might take exception, but I do not think in a case of this kind that would happen.

Mr. McNARY. I may say to the able Senator from Ohio that that was simply a flat of the Senator from Oregon; it merely expressed the voice of one individual Senator. I was expressing a hope, without having any authority upon which to base it, and I did so because I thought, in fairness to Senators, they should know what probably would be the status of business to-day.

Mr. KING. I think the Senator from Oregon acted in a very honorable way, and I will not make the motion for fear, as suggested by the Senator from Ohio, that some Senator might take exception in view of the circumstances.

Mr. FESS. I should hope the statement of the Senator from Oregon would not open up the proceedings to-day to legislative matters, because it was understood that that would not be done.

Mr. KING. I want to express my regret, however, that I was not here yesterday, because I had promised the Senator to whom I have referred, at his request, that I would object to the consideration of the bill; but if I may enter the motion on Monday, I will do so, if by that time I will not have lost the opportunity.

The VICE PRESIDENT. The Chair will hold that the Senator will have until Monday to file the motion to reconsider.

Mr. KING. Very well; then I will confer with the Senator who desired objection made and ascertain what his wishes are with respect to the motion on Monday.

By unanimous consent, as in legislative session, the following business was transacted:

#### REPORT OF WAR FINANCE CORPORATION (IN LIQUIDATION) (H. DOC. NO. 269)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, submitting a report on the War Finance Corporation (in liquidation) covering the period from January 1 to December 31, 1931, together with a statement of the condition of the corporation as of December 31, 1931, a statement of receipts and disbursements from January 1 to December 31, 1931, inclusive, and a statement showing the total advances made by the corporation with the amounts carried on the corporation's books as of December 31, 1931, which, with the accompanying papers, was referred to the Committee on Finance and ordered to be printed.

#### PETITIONS AND MEMORIALS

Mr. SHIPSTEAD presented resolutions adopted by the City Council of Red Wing, Minn., indorsing the work of the Engineer Corps of the Army in the improvement of rivers and harbors and opposing any proposal to make that organ-

ization subordinate to any other department of the Government, which were referred to the Committee on Commerce.

Mr. AUSTIN presented resolutions adopted by the Baptist churches of North Danville, Montpelier, Burlington, Panton, Manchester Center, Jamaica, and Grafton, all in the State of Vermont, favoring the prompt ratification of the World Court protocols under the so-called Root formula, which were referred to the Committee on Foreign Relations.

Mr. BRATTON presented resolutions adopted by the south-wide meeting of the State Cotton Cooperatives, held at New Orleans, La., March 3, 4, and 5, 1932, protesting against the activities of persons seeking to hamper the effectiveness of the Federal Farm Board and the operation of the agricultural marketing act, which were referred to the Committee on Agriculture and Forestry.

Mr. CAPPER presented a resolution adopted by the Ladies' Auxiliary to Browne-Bishop Post, No. 704, Veterans of Foreign Wars, of Parsons, Kans., favoring the passage of legislation for the immediate payment of adjusted-service certificates of World War veterans (bonus), which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Walnut, Kans., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the congregation of the First Congregational Church of Ford; the congregation of the Christian Church of Hoxie; the congregation of the Methodist Episcopal Church of Selden; the congregation of the Mount Pleasant Baptist Church of Studley; the local chapter of the Woman's Christian Temperance Union of Walnut; and the Fortnightly Study Club, of White City, all in the State of Kansas, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. NEELY presented 55 telegrams in the nature of memorials from sundry citizens and business organizations in the State of West Virginia, remonstrating against the imposition of a Federal import tax on gasoline and oil, which were referred to the Committee on Finance.

#### PROPOSED SALES TAX

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the Record and referred to the Committee on Finance an editorial which recently appeared in the West Union (W. Va.) Record, the title of which is "Fight the New Tax Bill."

There being no objection, the editorial was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

#### FIGHT THE NEW TAX BILL

The manufacturers' sales tax will have to be paid by the consumers of the country. The manufacturers, of course, will add the tax to the price or cost of the article and the consumer will have the tax to the price.

have the tax to the price or cost of the article and the consumer will have the tax to pay.

Such a tax in addition to the income tax in time of peace is an outrage. The downtrodden taxpayers from one end of the country to the other should let Congress know at once what they think about this new tax bill.

When people everywhere are grouning beneath beaut for him.

When people everywhere are groaning beneath heavy tax burdens, it is certainly no time for Congress to put upon them this additional tax.

additional tax.

Instead of increasing taxes Congress should cut down expenses, but, of course, it is so much easier to increase taxes than to cut down expenses. It is so much easier to pass an appropriation bill than to abolish an office.

If Congress would abolish all the useless offices and commissions and bureaus and cut down Army and Navy appropriations and make a substantial reduction in the salaries of all Government officials from President down, there would be no need to increase taxes.

#### THE LURE OF GOLD

Mr. NORBECK. Mr. President, I have introduced a bill for the reestablishment of the Government assay office at Deadwood, S. Dak., and in this connection present for the information of the Senate and members of the committee an editorial from the Sioux Falls Argus-Leader entitled

"The Lure of Gold," which I ask may be printed in the RECORD and referred to the Committee on Mines and

There being no objection, the matter was referred to the Committee on Mines and Mining and ordered to be printed in the RECORD, as follows:

[From the Sioux Falls (S. Dak.) Argus-Leader]

THE LURE OF GOLD

An editorial in the New York Sun states: "Government surveys are proceeded on the theory that rich [gold] veins of which there are now no traces may be uncovered in the Alaska fields and the Black Hills area of South Dakota."

This sounds reasonable, and South Dakota, already possessing the "most productive gold mine in the world," will not object to

such discoveries being made.

such discoveries being made.

Since millions of years were used in the geological processes of depositing gold ore in the Black Hills of South Dakota, it would not be surprising if man in less than 60 years of mining activity had failed to reveal some sources of the hidden treasure. The story of gold has been a fascinating tale.

Ten thousand years ago Neolithic man began gleaning flecks of the precious metal from streams of the Eastern Hemisphere, and since that time the history of gold has been a cumulative affair, reaching a climax in the recent world-wide hysteria.

All along the centuries it appears, man has had an insatiable

All along the centuries, it appears, man has had an insatiable desire for gold. Ancient Egyptian Pharaohs dispatched expeditions into the Nubian Desert and the Land of Punt to bring back

cargoes of the shiny stuff.

So much did the Incas of South America love its metallic beauty that when the Spaniards first came into their land, they found the exterior of their temples decorated with it and there

was even one garden in which all the flowers, trees, birds, shells, and little animals were made of gold and silver.

No doubt, man has sought gold because it is scarce. It is a generally recognized trait of human nature to want the unattainable. Just now there is only \$11,500,000,000 worth of gold

tainable. Just now in the entire world.

Of that amount approximately \$250,000,000 has been produced by the Homestake gold mine, the world's most productive gold mine, at Lead, S. Dak., since it began operations in 1876. South Dakota gold mines in 1931 produceed \$8,933,596.

Government agencies hold that the gold fields of the United

States are capable of yielding a maximum of \$2,333,393,500 in gold in the next 18 years.

gold in the next 18 years.

The New York Sun says: "By the use of a new electrolytic process developed by a Melbourne engineer it is hoped to obtain new gold from dumps scattered over abandoned gold fields in Victoria, Australia. Even Bulgaria, a country not associated with gold, is having its rush. American engineers digging in a valley near the little town of Borisovgrad with the aid of 50 laborers made discoveries that have stimulated hope. They have ordered machinery to make more extensive excavations possible."

#### REPORTS OF THE DISTRICT OF COLUMBIA COMMITTEE

Mr. BLAINE, from the Committee on the District of Columbia, to which was referred the bill (S. 2775) to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, reported it with amendments and submitted a report (No. 421) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (H. R. 361) to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes, reported it without amendment and submitted a report (No. 422) thereon.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH:

A bill (S. 4048) for the relief of the Bank of Piedmont, Piedmont, S. C.; to the Committee on Claims.

By Mr. BLACK:

A bill (S. 4049) for the relief of John H. Day; to the Committee on Claims.

A bill (S. 4050) to provide a preliminary examination of Cataco Creek and its branches in Morgan County, Ala., with a view to the control of its floods;

A bill (S. 4051) to provide a preliminary examination of Flint Creek and its branches in Morgan County, Ala., with a view to the control of its floods; and

A bill (S. 4052) to provide a preliminary examination of Flint River, Ala. and Tenn., with a view to the control of its floods; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 4053) for the relief of James K. Cubbison: to the Committee on Finance.

A bill (S. 4054) to amend an act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplemental thereto; to the Committee on the District

By Mr. FLETCHER:

A bill (S. 4055) authorizing and directing the Secretary of War to bargain, sell, quitclaim, and release to the county of Escambia, Fla., all right, title, and interest of the United States of America in and to certain property situate, lying, and being in Escambia County, State of Florida, subject to an easement granted the State of Florida; to the Committee on Military Affairs.

By Mr. HOWELL:

A bill (S. 4056) to refund to Harold R. Keller income tax erroneously and illegally collected; to the Committee on

A bill (S. 4057) granting an increase of pension to Mary Kinne; to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 4058) to amend section 13 of an act entitled "An act to provide for the establishment of Federal reserve banks, to furnish elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," approved December 23, 1913; to the Committee on Banking and Currency.

By Mr. WAGNER:

A bill (S. 4059) to authorize the Secretary of War to prosecute work of improvement of the New York State Barge Canal, and for other purposes; to the Committee on Commerce.

By Mr. McKELLAR:

A joint resolution (S. J. Res. 117) suspending payment of claims for tax refunds arising during the period from April 6, 1917, to July 2, 1921, and prohibiting their consideration;

A joint resolution (S. J. Res. 118) providing for a 10 per cent reduction in appropriation items and totals, with certain exceptions; to the Committee on Appropriations.

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. ODDIE submitted an amendment intended to be proposed by him to House bill 9699, the Treasury and Post Office Departments appropriation bill, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 35, line 5, after the colon, insert the following: "Provided further, That in connection with the acquisition of the site for the new post office building at Reno, Nev., authorized by the act of May 29, 1928 (45 Stat. 883), the Secretary of the Treasury is authorized to acquire and accept title to land comprising a part of such site, subject to easements for the maintenance, repair, and replacement of a sewer and irrigation ditch or culvert now in place and extending across the northerly side of the entire proposed post-office site adjacent to the river wall on the south side of the Truckee River."

AMENDMENT TO THE INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. HATFIELD. Mr. President, I submit an amendment intended to be proposed by me to House bill 8397, the Interior Department appropriation bill, which I ask may lie on the table and be printed.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

WAR POLICIES COMMISSION (H. DOC. NO. 271)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Military Affairs: To the Congress:

I am transmitting herewith a communication from the Secretary of War, chairman of the War Policies Commission, submitting additional documents in connection with the study made by the commission, as required by the provisions of the public resolution creating the commission.

HERBERT HOOVER.

THE WHITE HOUSE, March 12, 1932.

[Note.—Papers accompanied similar message to the House of Representatives.]

#### GOV. WILLIAM H. MURRAY, OF OKLAHOMA

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD a most interesting editorial in the Bismarck (N. Dak.) Tribune of March 7, 1932, giving an interpretation of Gov. William H. Murray, of Oklahoma.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### GOV. BILL MURRAY

Politics has surrounded "Alfalfa Bill" with a glamour of radicalism that he does not radiate. He is not spectacular. He does not rant, stride, nor fulminate. He is not blatant or jingoistic. He is rather more of a dreamer and political philosopher than a resounding crusader. Like a modern John the Baptist or twentieth century Savonarola, he is calling sinners to repentance, urging them to make straight the path and to leave the devious byways of unholy alliances.

The impression he made in Bismarck was decidedly contrary to

what was generally anticipated. Those who came for a political show, to see a superdemagogue in action, setting class against class and bordering on communism or socialism, were agreeably

They saw a long, lanky southerner with a Texas drawl rise from his seat to give what proved to be anything but a radical address. His erudition and evidences of deep study of law, history, and philosophy left his hearers rather speechless. They came, many of them, out of curiosity to see another political acrobat do his stuff. They did not expect anyone dubbed "Alfalfa" to discuss the Punic wars and point to the glory that was Greece or expatiate

on the grandeur that was Rome.

He extolled the Constitution with an eloquence that would have He extolled the Constitution with an eloquence that would have done credit to Chief Justice Hughes or any great constitutional lawyer. In fact, "Uncle" Joe Cannon once referred to Murray as one of America's great constitutional lawyers. Other references he made revealed Murray as a man of wide reading, and his political doctrine, while not at all times convincing, was far from radical or red. He denounced Bolshevism with the same ardor that he did Wall Street and the malefactors of great wealth.

To a good many persons he came closer to expressing their desires and ideas of government than does the average campaigner. His was a homespun philosophy, but one which was easy to understand.

It may be that we are used to more political fireworks out here than they are in Oklahoma, but the fact remains that many who expected to hear bitterness and abuse heaped upon the Republican

expected to hear bitterness and abuse heaped upon the Republican President and upon his rivals for the Democratic nomination were disappointed. The references to Hoover were few and—for a campaign speech—charitable.

First there was biting irony in his reference to what one could expect from a farm boy who was born in Iowa, educated in California, and who had then spent 25 years abroad, dependent on a pay check from home. Later there was the reference to "poor old Hoover." That was about all.

It is more than possible that, as a result of Murray addresses in this State, we may see a larger vote in the Democratic primaries this year—and don't bet too much money that Murray will not win this State's delegates to the Democratic National Convention.

#### FORECLOSURE OF FARM MORTGAGES

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Where Family Life Is Secure," appearing in the Crosby (N. Dak.) Farmers' Press.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Farmers' Press, Crosby, N. Dak., February 12, 1932]

#### WHERE FAMILY LIFE IS SECURE By Olaf Braatelien

By Olaf Braatelien

"Where Family Life Is Secure." This heading is not our own. It is the caption of an advertisement of the 12 Federal land banks, including the Federal Land Bank of St. Paul, appearing in a late issue of the Country Gentleman.

The advertisement gives a picture of an elaborately built up farm, with an inset of the late James J. Hill, and quotes Mr. Hill as having said that "The farm is the anchor that will hold through the storms that sweep all else away." Commenting on this quotation the advertisement goes on to say: "The great 'empire builder' was right. Farm families are protected from the storms of adversity that may leave others homeless and destitute. This is especially true when the farm is soundly financed. During 14 years the 12 Federal land banks have promoted the security of

farm homes. With their aid more than half a million farmers have replaced troublesome short-term mortgages with long-term 'disappearing' mortgages that eventually bring complete freedom from debt." Then follows a list of the 12 Federal land banks, including the Federal Land Bank of St. Paul.

"Where Family Life is Secure." If it were only true! Just how "secure" is the Federal Land Bank of St. Paul helping to make family life in Divide County?

family life in Divide County?

family life in Divide County?

A day or two before the meeting held last week by Divide County stockholders and borrowers of the Federal Land Bank of St. Paul, we made a check up of mortgage foreclosures had by the bank in Divide County since May 1, 1930. We went back to May 1, 1930, because we had to make a cut-off somewhere and the period since May 1, 1930, takes in the worst of the prevailing financial depression and an interim when most of our farmers were helpless to do much, if anything, toward making payments on farm-loan delinquencies. quencies.

quencies.

Since May 1, 1930, 40 farmers have had their farms foreclosed in Divide County, and sold through mortgage-foreclosure sales, by the Federal land bank. This does not include current foreclosures wherein all the papers had not been recorded at the time of this check up. There are a number of new Federal land bank foreclosures now under way. These 40 farms were located in various parts of the county and ranged in size from 640 to 145 acres. They included some of the best land and improved farms in Divide County. They were sold at mortgage-foreclosure sales by the Federal land bank and bid in by the bank at an average price of \$12.73 an acre. The average assessed valuation of land in Divide County is \$13.52 an acre.

"Disappearing" mortgages? But disappearing by being merged in sheriff's deeds running to the bank. We read in some paper the other day that the farm-mortgage debt of North Dakota had decreased of late. The writer of that article was a "booster." This is about on par with most of the "boosting" that is being done. What he forgot to tell us was that the mortgagees had foreclosed and taken over the farms. By the same logic, if all the

done. What he forgot to tell us was that the mortgagees had fore-closed and taken over the farms. By the same logic, if all the farm mortgages on North Dakota lands could be foreclosed during the next 30 days, the farm-mortgage debt of our State would be entirely wiped out. But at what price? Who wants that kind of "prosperity"? Do you want most of the people of our State to be rendered hemeless?

And just how did these Federal land bank mortgages "disappear"? To give concrete facts we shall have to mention the names of some of our friends, but please do not feel offended, friends, because we mention your names. We are writing this article, not to hurt, but to help you. We want to get the truth to the people. Anyway, your names have already been in the papers in this connection; they were published for six consecutive weeks when the bank foreclosed.

bank foreclosed.

The George T. Delong farm, 480 acres, 3 miles east of Alkabo, one of the best-improved farms in Divide County, with buildings upon it built at a cost of over \$10,000, was foreclosed on by the model land bank and bid in at \$4,509.26, or \$9.39 an acre. The upon it built at a cost of over \$10,000, was foreclosed on by the Federal land bank and bid in at \$4,509.26, or \$9.39 an acre. The Knute J. Stokke farm, 320 acres, about 10 miles northeast of Crosby, with fair improvements, was taken by the bank through foreclosure at \$4,449.99, or \$13.90 an acre. Long Creek runs through a part of this farm, making it an ideal place for diversified farming, and the soil is all good. The George N. Jorgenson farm, 160 acres, about 4 miles south of Crosby, in Hawkeye Township, was sold to the bank, through foreclosure, at \$2,553.33, or \$15.95 an acre. The George S. Svensrud farm, 145 acres, on State Highway No. 5 between Crosby and Noonan, also foreclosed on, was bid in by the bank for \$1.861.97 or \$12.83 an acre.

Highway No. 5 between Crosby and Noonan, also foreclosed on, was bid in by the bank for \$1,861.97, or \$12.83 an acre.

The farm of John Prybyeszski, 480 acres, 2 miles east of Kermit, was foreclosed on and bid in by the bank at \$861.76, or \$1.79 an acre. It would seem that when the bank only had this small investment left in the land it could have carried the risk until times righted themselves, even if the man's name is hard to spell. The Thomas I. Raymo farm, in the Wildrose country, sold at \$2.63 an acre; W. L. Peterson farm, in Border Township, at \$9.80 an acre; Charles J. Olson farm, in the Stady country, at \$9.12 an acre; Lawrence J. Regnier farm, in the Grenora country, at \$9.20 an acre; Ole Bjorgen farm, in the Westby country, at \$11.47 an acre; and the Lars Thompson farm, in the Colgan country, at an even \$5 an acre. Farms occupied by mortgagors as their homes sold for the least, showing that the mortgagors paid as much as they could and tried their utmost to save their homes, but in vain. vain.

We grant that the Federal land bank has been getting its money for loans to the farmers through the sale of bonds in regular bond-market channels and that the bank had to make some colbond-market channels and that the bank had to make some collections and keep up its installment payments in order to keep its credit good, so the bond companies will buy its bonds in the future, but this could have been done the next couple of years without the bank pursuing the harsh collection policy it has shown toward borrowers in this drought-stricken section. These fore-closures did not bring the bank any money to pay bondholders, and if the officers of the bank had really wanted to make the bank an institution of service to the people in this drought-stricken area, people most needy and worthy of its help, they would have found a way to do so. Except in one or two cases where the parties, for one reason or another, had quit their farms, these foreclosures referred to were wholly unwarranted for reasons hereinafter given:

inafter given:

First. These Federal land bank loans were conservative loans when made and were made years ago, many installments had been paid on them, so that the principal sums had been greatly reduced. Note the small amounts the lands had to be sold for.

Second. Much of the money borrowed was used in building new houses, barns, etc., and to otherwise improve the lands upon which

the loans were made, so that the bank's security had been bettered since the making of the loans.

Third. Under the terms of its mortgages any outlays made by the bank for taxes, insurance premiums, or otherwise, became a part of the principal sums of the mortgages and were therefore likewise secured by first-mortgage real-estate security, the best fermer-horrowers can give

farmer-borrowers can give.

Fourth. Interest and taxes had been kept paid up by the bor rowers themselves until the last year or two, and even if the bank now had to pay some back taxes, insurance premiums, etc., and carry these loans over for two or three years without doing another thing toward making collections on them, but had simply added accruing delinquencies for current installments, taxes, in-surance premiums, etc., to the principal sums of these mortgages,

the bank would nevertheless have been amply secured.

Fifth. Every business should be conducted with due humane consideration for those with whom the business is done. There Fifth. Every business should be conducted with due humane consideration for those with whom the business is done. There was no crop in this section last year, owing to drought, and not even enough rain to produce feed for livestock. Borrowers here had no available means to meet farm-loan delinquencies. Under the circumstances their defaults were wholly excusable. As it is, while other organizations are helping to feed and clothe our needy the Federal Land Bank of St. Paul is busy taking their homes away from them.

Sixth. The Federal Land Bank of St. Paul was created under an act of Congress known as the "Federal farm loan act," and was established and intended to serve the best interests of the four States in which it does business, and the best interests of North

States in which it does business, and the best interests of North Dakota can only be served by the bank at this time by its pursuing a policy of leniency toward borrowers in this drought-stricken section of our State.

suing a policy of leniency toward borrowers in this droughtstricken section of our State.

The State of North Dakota does not only mean broad acres,
"cattle upon a thousand hills," lignite coal mines, long lines of
railroads, or any buildings in the cities of Fargo, Grand Forks,
Minot, or Bismarck. North Dakota is not the Missouri River, the
Bad Lands, nor Turtle Mountains. North Dakota is not something
to be measured only in terms of dollars and cents. No! North
Dakota is a gathering of human souls, trying out their voices
against the sounding board of destiny, and we want a North
Dakota where the joys and struggles of men count for more than
any bureaucratic collection policy of the Federal Land Bank of any bureaucratic collection policy of the Federal Land Bank of

St. Paul.
"Where family life is secure." Come with us, dear reader, to

"Where family life is secure." Come with us, dear reader, to the farmstead on yonder hillside. That old-timer living over there is one of the pioneers of Divide County. He is one of God's noblemen. We have known him in other days. We have known him to brave the cold and blinding blizzards to help others. He was never wanting where duty and danger called.

The Federal Land Bank of St. Paul cares nothing about that, but we do. The man has always been decent, friendly, and helpful. He is the type of settler we want in our county. He and his wife came here as newlyweds. Their children were born on that farm. He has a fine family. They work together and are all willing and ready to go on with the load of the cursed mortgage of the Federal land bank if given a chance. He himself is getting old, but the boys and girls would help him. They have always worked together in cooperation and love, and have built up a splendid farm home. That home and farm has many cherished associations to them. Every nook and corner of that house has its precious memories to him and his. its precious memories to him and his.

But what is going on at the old homestead? Can't you see they are moving out? Don't you know they have been made homeless are moving out? Don't you know they have been made homeless through the ruthless business policy of a quasi-public corporation known as the Federal Land Bank of St. Paul? Visualize the gloomy picture for yourself. The farmer is packing his family into the old flivver (if that, too, has not been taken from him) and they are going down the road to nowhere. There is shedding of tears and untold agony as they break away from the old home. And where are they going? We recall the lines from Wordsworth:

"And homeless near a thousand homes, I stood, And near a thousand tables pined and wanted food.

We have information that some years ago, after the Federal Land Bank of St. Paul had first acquired a large number of farms, Land Bank of St. Paul had hist acquired a large number of farms, some of the officers of the bank organized a private land company that bought the farms from the bank at its own figures. Thus this land company was able to sell these farms again at nice profit. The losses that the farmer-borrowers took were virtually turned into profits for shysters connected with the bank. They profiteered on the misfortunes of others. Is this racket still being worked? A pussyfooter was over our county some time ago taking photographs of the best built up farm homes foreclosed on by the

photographs of the best built up farm homes foreclosed on by the bank. No doubt they are going to get out some advertising matter and try to sell these farms to eastern buyers, wholly disregarding the feelings and rights of local people.

You ask, What can I do about it? Everything, friend, everything. Please do not underestimate yourself. The rank and file of the people in Divide County are just as intelligent and able as any people in the world. When you are through reading this article, please write a letter to President Hoover pleading, in your own way, the cause of these farmers. President Hoover may or may not see your letter, but one of his three secretaries will, and the letter will be turned over to the head of the land-bank system the letter will be turned over to the head of the land-bank system at Washington. You will get a letter from the White House that

this has been done. Also likewise write Senators Lynn J. Frazier

and Gerald P. Nye and Congressman J. H. Sinclair.
Senators Frazier and Nye and Congressman Sinclair are al-Senators Frazier and Nye and Congressman Sinclair are already somewhat conversant with the situation, and are fully in sympathy with oppressed Federal land-bank borrowers, but they need to be armed with first-hand facts so they can make the best fight possible for their constituents. Your letters may contain important points that no other person has heretofore brought out and may have in them the very appeal that will get action.

On January 23, 1932, Congress passed a bill to add \$125,000,000 to the capitalization of the Federal land banks, \$25,000,000 of which is set aside to be used in extending the time of mortgage payments by overburdened farmers. If all good signs do not fall, the newly formed Federal Land Bank Stockholders and Borfall, the newly formed Federal Land Bank Stockholders and Borfall.

fail, the newly formed Federal Land Bank Stockholders and Borrowers Association of Divide County is going to do its full part to see to it that this late appropriation for the Federal land banks is administered according to its spirit and intent, and so that the benefits of this new money going to the land banks will really be passed on to borrowers as it should be.

be passed on to borrowers as it should be.

Dear readers, we appeal to you as home-loving, God-fearing American citizens! There is a patriotism of peace as well as of war. But it has no drum to beat its time, no one to command it forward. It gets no iron cross or bronze medal. But it is patriotism just the same, and of the kind that is most needed in Divide County to-day. Many of our good pioneer settlers who helped build our churches, schools, and roads, and to otherwise make Divide County a fit place in which to live, are being routed from their homes. Just because they are temporarily down in a financial way the Federal land bank is, so to speak, jumping on them. The bank is taking over their farms and at prices below them. The bank is taking over their farms and at prices below the assessed valuations of the lands. These people no longer own the roofs that shelter them and soil from which to draw their subsistence. Their interest in their communities and stability and productiveness as citizens are being undermined. stability and productiveness as citizens are being undermined. Good farm homes, with their training in religion and the better things of life, are the best factors we have for the shaping of our rural communities. Our boys and girls need them and their steadying influence. But they are being destroyed. Ruthlessness, persecution, and injustice are destroying them and they are passing. Whoever is back of this damnable foreclosure policy of the Federal Land Bank of St. Paul is an enemy to the principles of our institutions and a traitor to the best interests of humanity. (The foregoing article is written at the request of and is sponsored by the Federal Land Bank Stockholders and Borrowers Association of Divide County.)

ciation of Divide County.)

#### AGRICULTURAL RELIEF

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "The Lord Giveth and the Lord Taketh Away," being an editorial from the Farmers' Union Herald.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

> [From the Farmers' Union-Herald] "THE LORD GIVETH AND THE LORD TAKETH AWAY"

In the year 1929 the Congress of the United States with great unction voted out of the Treasury of the United States with great unction voted out of the Treasury of the United States the pitifully small sum of \$500,000,000 with which to help organize the marketing of farm products and transfer the machinery of marketing from private to cooperative ownership. This was the primary purpose of the alleged gift to agriculture.

The agricultural marketing act had another purpose, namely, to stabilize prices of farm comprodities by means of huring second.

The agricultural marketing act had another purpose, namely, to stabilize prices of farm commodities by means of buying seasonal surpluses and placing these surpluses in storage pending such time as they might be sold without depression of the market. No doubt some Members of Congress thought a great and generous thing had been done, though there were Senators like BROOKHART who insisted that the sum granted agriculture should have been at least a billion and a half. (And it should have been at least that

The other day Congress (practically the same Senate) took away \$35,000,000 of the amount allotted to agriculture in 1929, by voting to give away 40,000,000 bushels of wheat, which belongs to the Stabilization Corporation, said wheat to be turned over to the Red Cross for charity.

Thus Congress gave and Congress took away, but we can not add, "Blessed be the name of Congress," because the seizure by congressional action of that wheat without voting money from the Treasury to pay for it was a cowardly and despicable act. It was

Treasury to pay for it was a cowardly and despicable act. It was cowardly because this same Congress had refused to pass the La Follette-Costigan bill, providing relief for the unemployed, on the ground that it would be a "dole."

And this raises the question, "When is a dole not a dole?" It is a "dole "when the funds come directly out of the Treasury of the United States, because that might cause an increase in the income tax. It is not a "dole" when the money comes out of the fund that was retained to help the formers corrections. the fund that was voted to help the farmers organize marketing, and to help them become the owners of their own marketing

machinery.

This same Congress voted \$2,000,000,000 for bank relief, railroad relief, and for various distressed groups of owners of securities. Did Congress then turn around and lay its hands on this fund voted for commercial relief and say to the board of which Charlie Dawes is president, "You must spend \$35,000,000 of this fund

for charity"? No; Congress even placed Charlie Dawes's board

beyond the pale of inquiry.

How Dawes's board distributes that \$2,000,000,000 for commercial relief is to be a secret locked up in the possession of the members of the Reconstruction Board. To let Congress know how the fund is administered might, they say, embarrass a bank or an insurance company to which financial aid is given. Why this difference in attitude toward and difference in treatment of these

two Federal boards by Congress?

Is it because in one case Congress is dealing with financiers, the respectable element of the population, while in the case of the Farm Board and the group which the board represents, Congress is dealing with "yokels," folks who wear overalls and dirty shoes?

is dealing with "yokels," folks who wear overalls and dirty shoes? But, perhaps you say, as did a Congressman, this stored wheat is eating itself up in storage costs. That is true, but does that provide a reason why Congress should fail to vote the funds to pay for the wheat instead of ruthlessly taking it?

And did Congress take any cotton? Destitute people may eat wheat, but they can not wear it, and bread alone is a dry diet, even to a desperately hungry person. Why pick on the wheat farmers and not include the cotton farmers? Whose brilliant idea was it to discriminate against the wheat farmers by taking \$35,000,000 of their revolving fund, while leaving the cotton fund untouched? The Farm Board has relatively much more of cotton than of wheat. The wheat may be eaten and that's the end of the wheat, but the cotton could be made into blankets, clothing, sacks, etc., and given away to people who have no money

of the wheat, but the cotton could be made into blankets, clothing, sacks, etc., and given away to people who have no money with which to buy, and the goods thus processed would last for a long time. But we would not excuse taking the cotton from the Farm Board without compensation.

Was Congress acting in good faith when it appropriated \$500,-000,000 for agriculture, or was Congress merely trying to appease and get rid of the pestiferous farm leaders who were coming to every Congress and asking for consideration? Could not any Senator from the grain districts see that in depleting the revolving tor from the grain districts see that in depleting the revolving fund to the tune of \$35,000,000 he was hamstringing the grain cocps? The Farm Board, with its revolving fund \$35,000,000 short, must subtract its shortage from the allotment provided for grain. All of the grain gamblers on the boards of trade, with the ex-

ception of those who own terminal elevators in which stabiliza-tion wheat is stored, are happy. They say, "Well, the farmers can't build elevators now. We have taken away \$35,000,000 and can't build elevators now. put it out of their reach."

Since this thing is done, we hope two other things will happen:
First, that the Stabilization Corporation will empty that
40,000,000 bushels of wheat from privately owned terminal elevators, and insist that it be done quickly.
Second, that every farmer in the United States who is short of

feed will demand that he have his share of the 40,000,000 bushels and have it delivered to him free.

And if both of the things named above are not done, we also hope that the wheat farmers will defeat every wheat Congressman and Senator who voted to give away what normally belonged, under the terms of the marketing act, to farmers for marketing

Of all the acts of a Congress which has thus far shown itself to be dominated by big business, this gift of property, which Congress had no moral right to touch, is the crowning piece of absurdity, inconsistency, and cowardice.

The Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting nominations of sundry officers in the Marine Corps, which was referred to the Committee on Naval Affairs.

(For nominations this day received, see the end of Senate proceedings.)

#### FEDERAL FARM BOARD NOMINATIONS

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination of Frank Evans, of Utah, to be a member of the Federal Farm Board?

Mr. McNARY. Mr. President, the distinguished Senator from South Dakota [Mr. Norbeck], who has been temporarily called out of the Chamber, has indicated to the chairman of the committee a number of times that he desired to be present when this nomination was called. I do not desire to take any advantage of him, and I sincerely hope we may proceed to some other nominations so that he may have an opportunity to return. I think he will be here in just a moment.

The VICE PRESIDENT. Does the Senator ask unanimous consent that the nomination be passed over temporarily?

Mr. McNARY. I ask that all three nominations for the Farm Board may be passed over temporarily.

The VICE PRESIDENT. Without objection, that order will be made. The clerk will state the next nomination on the calendar.

#### CUSTOMS SERVICE-FRED A. BRADLEY

The Chief Clerk read the nomination of Fred A. Bradley to be collector of customs at Buffalo, N. Y.

Mr. BORAH. Mr. President, I should like to ask the attention of the Senator from New York to the nomination just stated.

Mr. COPELAND. Mr. President, I am much obliged to the Senator from Idaho, and I ask that the nomination go over. I understood last night that it was stated that there would be nothing done to-day in the case of any other nominations except those relating to the Farm Board. May I ask the Senator from Oregon if that is the case?

Mr. McNARY. That was the statement which was made, and it was understood, from a colloquy that occurred a few days ago, that the Bradley nomination and the Jonas nomination, as to which minority views have been filed by the distinguished Senator from Minnesota [Mr. Schall], would not come up until a future day. It was also understood by the able Senator from Michigan [Mr. Couzens] that the Brown nomination would not come up until such time as would be agreeable to Senators interested.

Mr. COPELAND. May I ask now if it is understood that the nomination of the collector of customs at Buffalo, N. Y., will not come up until I have had a chance to present my views? I shall object for the present to its consideration.

Mr. McNARY. I can only state to the Senator that it will not come up to-day, nor will any other contested nomina-

tion be considered to-day.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from New York made the same suggestion that he is now making a day or two ago, and the majority leader [Mr. Warson took the floor, and, after some discussion of the matter, agreed that the Bradley nomination should not be called up until the Senator from New York had had ample opportunity to prepare himself to present such matters as are of interest to him in connection with the nomination. I do not think, in view of that fact, that this nomination should be called again, or, if called, I think some arrangement should be entered of record respecting it. In the absence of the Senator from New York or others who are interested in it, a decision might be reached in violation of the tentative arrangement entered into by the Senator from New York and the Senator from Indiana.

Mr. COPELAND. I thank the Senator, and I am sure that that is the attitude of the distinguished Senator from Oregon. I will say to the Senator that I have no desire to postpone indefinitely this matter, but it has taken a long time to go through the records which I have in my possession, some of which were obtained from the Treasury only a few days ago, but I hope within a few days to be able, when we are in executive session, to ask for a time when this nomination may be considered.

#### FEDERAL FARM BOARD-FRANK EVANS

Mr. NORBECK entered the Chamber.

Mr. McNARY. Mr. President, the Senator from South Dakota [Mr. Norbeck] is present, and I ask that we may recur to the Farm Board nominations.

The VICE PRESIDENT. Without objection, the Secretary will report the first nomination on the Executive Calendar to the Farm Board.

The Chief Clerk read the nomination of Frank Evans, of Utah, to be a member of the Federal Farm Board.

The VICE PRESIDENT. The question is, Will the Sen-

ate advise and consent to the nomination?

Mr. NORBECK. Mr. President, the Senate is now in executive session on the question of the confirming or rejecting the nominations of three members of the Federal Farm Board. All three have appeared before the Committee on Agriculture and Forestry and have given their views on the farm question. None has shown any grasp of the situation; none has any practical remedy to offer.

Two of these members are now serving on the board and | are seeking a second term upon their record. I have reference now to William F. Schilling and Sam H. Thompson. I feel they should be judged by their record. I think their record condemns them. It is not a personal matter with me. I have nothing against any of the gentlemen personally-in fact, one of them has been a friend of mine for many years.

No one realizes better than I do the futility of this protest: that was fully demonstrated when these nominations were before the Committee on Agriculture and Forestry. vote was taken. Republicans and Democrats alike voted to approve the nominations; that is the record of the committee. I voted alone. I felt almost as lonesome as I did when this so-called farm relief measure was approved by the Senate in June, 1929. Only three Republicans voted "no" when their names were called; they were: La Follette, Pine, and Norbeck. There were two other Republicans paired against it-McMaster and Blaine. There were a few Democrats who had the courage to vote "no," but their number was also small. Thus this plan to "relieve" the farmers went into effect with the approval of both the Republicans and Democrats. I said at the time it would "relieve' only those farmers who were appointed members of the board, and that has proven to be the case. These members draw a large salary. It has helped them.

Mr. President, at the risk of being criticized for lack of modesty, I ask that there may be printed in the RECORD an excerpt from my remarks on this farm-relief legislation at the time of its enactment.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill does not propose to stabilize the domestic market as to wheat, grains, cotton, or pork. But it hints at stabilizing the world market, which is a hundred times more difficult.

I had hoped that our farmers could escape this. I felt it was not a step in the right direction but a step in the wrong direction, to urge the farmer to borrow more money and get deeper in debt. It suggests an impossible scheme of cooperative organization, the lending of money to such organization for the purpose of bucking a speculative market. But I realize that nothing can be done in a legislative way to bring about economic justice for agriculture until we have gone through with this experiment. agriculture until we have gone through with this experiment. Having started on this impossible scheme of helping the farmer by lending more money and suggesting impossible plans of cooperation by which "all the farmers shall come into one big tent," we must await the final result. We know what it is going to be, but it may take a year, or two, or three before the American public come to realize that agriculture can not prosper when compelled to buy in a highly protected American market and sell its products in the free-trade markets of the world in competition with the cheap labor and cheap land of other countries.

Mr. NORBECK. These were my views at that time. Experience has confirmed me in those conclusions. I do not have to apologize for my vote; I do not have to explain it. The record speaks for itself. But at the risk of further criticism as to my immodesty, I call attention to the fact that six years ago, when Senator Lenroot first sprung this same farm-relief scheme on Congress, I then protested that farm relief could not come from the Government appropriating money for a Government board to gamble with. I said they would lose the money and the farmers would be blamed for the loss. This is what has happened.

Mr. President, I ask that there may be printed in the RECORD some excerpts from a speech I made on June 15, 1926.

The VICE PRESIDENT. Without objection, it is so ordered.

#### A SQUARE DEAL FOR ALL CLASSES

Mr. President, this is merely a question of a square deal between different sections and different classes. If the American tariff policy is sound, it is because it is intended to create a better standard of living here than obtains abroad. How long can we maintain it if we deny it to 40 per cent of the people? The spirit of fairness dictates that its benefits shall be extended nation-wide under the most practicable plan that may be worked out.

I am a protectionist; I was raised one and have never wavered in the faith; but we now find that business big and business small are on stilts. We find that organized labor is on stills. We find nearly everything else on stilts. Shall these favorite classes go to the farmer and say, "You will have to live on a lower standard than the rest of us; you will have to furnish us cheap food that we may have better profits or better

wages." We all know that an unfair rule can not be maintained in the long run. The wise business man is already beginning to realize that his market is adversely affected by the farm depression. The farmers may be in the minority, but an active minority is often an effective force. You ask what will happen. Several things will happen. First, the farmer will tear down the tariff structure, for he believes that he will be invited down the tariif structure, for he believes that he will be invited to participate in its rebuilding. He will not be ignored when that task comes. Perhaps he may, like Sampson of old, pull down the temple upon himself, but desperate people will do desperate things, and there is no way to stop them. Radicalism that has been expressed in recent primary elections will be mild compared to what will follow if the present inequality continues.

Mr. NORBECK. It is fair to recognize the fact that the law under which this board operates is not the best law, nor even a good law, but it is fair to observe that the board has made very poor use of the authority given them. The chairman of the board appeared before the Committee on Agriculture and said that they could not separate the surplus. He said the law did not permit the purchasing of grain. Everyone knows that the only way to have a domestic price for that produced at home is to segregate the exportable surplus and export it, but we were told they had no right to buy. The facts are they bought heavily, bought unwisely, and used poor judgment when they decided to put it in storage instead of exporting it. Could there be anything more foolish than to buy grain without any prospect of selling it? They were unwilling to export it. They knew they could not sell it at home. They paid as much as \$1.25 a bushel for some of this wheat and the farmers were asked to hold for higher prices.

We find that this wheat has been down to 50 cents and less per bushel, and that the cost of storage amounts to 18 cents per bushel annually. In three years the entire value of the wheat crop will disappear and we will still have the wheat on our hands and it will be a greater threat. It will reduce the prices of crops to come. If this 25 per cent surplus had been sold abroad at current prices, we would at least have enjoyed the benefit of the tariff of 42 cents on the remainder of our wheat. That which is consumed in our own land constitutes three-fourths of the crop.

This farm relief has been a disappointment to farmers who hoped for a square deal, but it has not been a disappointment to wise politicians. Well do I remember a Senator from the Atlantic coast who said to me privately when the bill was pending, "There is nothing in this bill except a chance for the Government to lose some money, and I guess it can stand that." So he voted for the bill. That is what led me to make the remarks above referred to-that I had hoped the farmer could escape this. I was fearful that the result would be that the Government was going to lose some money and that the blame for the loss was going to be placed upon the farmer. The loss was to be proof of the impossibility of doing anything to remedy the agricultural situation. It was further believed that this large loss would convince the business world and also convince the farmer of the impossibility of a square deal for agriculture.

#### AMERICAN STANDARD OF LIVING

Mr. President, I ask frankly, will most of the 96 Members of this body believe, or even claim to believe, that American agriculture can survive if operating costs are to be on the American basis, and the prices of our crops are to be on the European basis? Can the farmer maintain an American standard of living and compete with the cheap labor of the world?

Experts in Washington, experts in Chicago, and experts in New York knew just what was the matter with the farm problem. They said we needed more diversification-we should milk more cows. These experts were unmindful of the fact that the American consumption of butter was almost up to our production. They complained about a little butter being shipped in from foreign lands, but there was just enough of this to make our own tariff effective and give us an American price for our butter. There was a persistent public demand and a well-organized propaganda to help the farmer out of the hole. It resulted in persuading him to milk more cows. It was easy to bring about, for it was well known that dairying was more profitable than wheat raising. But the result of the whole thing was disastrous because we soon had a slight surplus to export—a 1 per cent surplus. This little surplus put our market on a foreign basis instead of an American.

#### TOO MUCH BUTTER

When we had a 1 per cent surplus and exported that 1 pound out of every hundred, we found that the price we received for the pound that went to Europe determined the price on the other 99. On the pound we exported we had to pay transportation, insurance, and commission and sell it in competition with European butter. The net price became the American price for the other 99 pounds consumed at home.

The American manufacturers have long ago convinced this country that the factory which has American operating costs and pays American wages must have tariff protection. They deny to the farmer what they claim for themselves. They accuse the farmer of inefficient business methods, and then they insist he ought to be able to compete under unfair conditions which they themselves can not meet. They expect more of him than they do of their own best efficiency experts. The farmer has shown remarkable ability in surviving through hard conditions, but he can not continue to do the impossible.

#### THE GOLDEN AGE

The golden age of agriculture existed preceding the World War. It was in that period that the farmer got some wages for his labor and some little return on his capital. The farm slowly increased in value; it increased at an average of 30 cents per day. The 30-cent increase that the farmer received daily became his savings; this, together with compound interest, became his life savings, and in that day the farmer often found himself in his old age with an accumulated capital of ten or twelve thousand dollars. It was a simple matter of mathematics; 30 cents a day, carefully saved, with compound interest, account for it. Any other person who practices the same economy can obtain the same results. It is a favorite pastime with those who know nothing about the hardship or economy practices on the farm, to speak of the value of the farm as "unearned increment."

#### FARMER'S EARNINGS

It is now nearly 10 years since I inquired of the Bureau of Census as to the farmer's earnings for the pre-war period, and at that time I received a communication from the Assistant to the Director of the Census, which I ask Mr. President, may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

DEPARTMENT OF COMMERCE, Bureau of the Census, Washington, July 28, 1922.

Hon. PETER NORBECK,

United States Senate, Washington, D. C.
MY DEAR SENATOR: Replying to your letter of July 27, the Bureau
of the Census does not compile statistics of individual incomes.

The only general statistics of income which are published by the Government are those issued by the Commissioner of Internal Revenue, based on reports concerning personal income tax, and these, of course, relate only to incomes large enough to be subject to the tax.

Concerning the farmers' income, in 1916 there was prepared and issued by the Office of Farm Management, Department of Agriculture, a bulletin (No. 746) on the farmers' income, by Dr. E. A. Goldenweiser. This bulletin showed that the wages of the average farmer are about \$600, composed of about \$200 in cash and about \$400 supplied by the farm. This is the best thing I know of on that subject.

Regretting that I am unable to refer you to any more recent or complete statistics, I am,

Very truly yours,

JOSEPH A. HILL Assistant to the Director.

Mr. NORBECK. I do not intend to overemphasize the unwisdom of so many high salaries paid through the operation of the Stabilization Corporation, which is under the control of this Farm Board, but I ask, Mr. President, to have inserted here in the RECORD an excerpt from the hearings held before the Committee on Agriculture, on November 27, 1931, page 259.

The VICE PRESIDENT. Without objection, it is so ordered.

Senator Gore. Do you know what Mr. Huff received-about \$15,000?

Mr. Milnor. That is right; yes, sir.

Senator Gore. Do you know what his salary in his previous position was?

Mr. MILNOR. I have no idea

Senator Gore. Mr. Josh Chilton receives \$32,500? Mr. Milnor. Yes, sir.

Senator Gore. What was his previous position?
Mr. Milnor. Checkerboard Elevator Co. at St. Louis.
Senator Gore. What was his salary in that position?
Mr. Milnor. I could not say what it was.
Senator Gore. Your present salary is \$50,000?

Mr. MILNOR. Quite right.

Senator Gore. What was your connection prior to this connection?

Mr. Milnor. At the time I accepted this position I was president of the Sparks Milling Co., of Alton, Ill. Senator Gore. And what was your compensation?

Mr. MILNOR. I was employed for many years on a basis of salary and a bonus predicated upon the earnings. During that period of time my compensation fluctuated. The high year, I think, was \$33,000. From that on down, with a minimum drawing account of \$10,000. In addition to which, however, my activities were not curtailed, and I was permitted, as most business men are permitted to do, to take such business chances and opportunities as presented themselves; whereas in my present connection my duties are confined to the operations of the Grain Stabilization Corporation, the Farmer National Grain Corporation—

Senator Gore (interposing). You mean that you are free to buy and sell on the board of trade?

Mr. NORBECK. It will be noted that Mr. Milnor can not remember what his salary was before he became identified with the Farm Board. He thinks it hit the peak at \$33,000. He admits it was as low as \$10,000; but he certainly is getting \$50,000 now.

I have reliable information that our hearing did not disclose the full facts. It was not only Mr. Milnor's high salary, but I am told several assistants-many assistants-draw sal-

aries so large they seem ridiculous.

It may be that in the grain trade some high salaries are necessary in order to get experts, but no one has yet attempted to defend the numerous large salaries paid, nor has anyone attempted to prove that Mr. Milnor had ever been able to draw as high a salary from private business, nor has there been an attempt made to prove that his record with this organization has justified the high salary he now draws.

#### THE FARMER'S DEMAND

The farmer demands an American price for that part of his products which is consumed in an American market. He is not foolish enough to expect that this Government can fix the prices for that part which he sells in the world market. He has been accused of making these demands. It was not the farmer that asked that the world market be stabilized; it was the Farm Board that undertook this under the existing law.

No economist of note in the whole world has ever maintained that one country could control the prices of their commodities after they had been exported to another land. Brazil tried it on coffee. East India tried it on rubber. The miserable failure of this false political economy seems well known to everybody and seems to be understood by everybody except the American Congress, that in June, 1929, enacted a law based upon the theory that we could not control our own markets, but we could control the markets of the world.

Mr. President, I repeat, no economist of note in the whole world claims any one country can dominate the world market on a commodity in world commerce, but every economist admits that any country can control the price of a domestic commodity which is consumed in the same land in which it is produced.

We can control the price of flax raised in this country and consumed here. We can do the same with wool. We do the same with numerous manufactured products; we do it through the tariff. Other countries do some of it through other methods. Some do it by the export debenture-a bonus paid on that part of the products which is not consumed at home—the exportable surplus.

I quote from a statement submitted January 6, 1926, to the Committee on Interstate and Foreign Commerce of the House by the then Secretary of Commerce, Mr. Hoover. The statement reads, in part, as follows:

There are at present governmentally controlled combinations in

nine raw materials—Egyptian long-staple cotton, camphor, coffee, iodine, nitrate, potash, mercury, rubber, and sisal.

There are some other virtual monopolies more indirectly influenced through benevolent policies of the interested countries, rather than direct and constant trade control—such as quinine

I refer to this only as additional proof of the fact that each country can without any particular difficulty dominate its own market, its own products-yes, even agricultural

#### TWO CARLOADS OF WHEAT

Two carloads of wheat are produced in the Northwest. One carload is converted into bread for our own people. Another carload goes to France. In each case the farmer got 43 cents a bushel. The carload that went to France paid nearly 30 cents a bushel for cost of transportation, and then it paid more than twice 43 cents duty at the French border in order to get into France. After it had reached Paris, it was converted into bread and the bread was sold just as cheap in France as was the bread to the American consumer of the Northwest, who consumed the other carloadthe carload which did not go into world commerce.

In the hearings before the Agricultural Committee held November 25, 1931, there appeared Hon. John Simpson, president of the Farmers Educational and Cooperative Union, who testified at length (p. 159 of the hearings). I ask, Mr. President, that part of this testimony be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

Every year there are a thousand places in the United States where to have the surplus of the year before on the farm would be salvation. And to have a price for what the home folks use that would be in line with what the consumer pays would make the farmer prosperous. A consumer pays 8 cents a loaf for a pound loaf of bread, and that is probably not as high as the average price even to-day. Every time wheat reaches 60 cents a bushel that is 1 cent a pound. And a pound of good wheat makes a full pound loaf of bread, or a little more. But you can roughly say that a pound of wheat makes a pound loaf of bread. Then all you have to do to know what the farmer is getting out of the loaf of bread that the consumer is paying 8 cents a pound loaf for is to find what the price of wheat is a bushel; if it is 60 cents a bushel then he gets a penny of the 8 cents; if it is 30 cents a bushel the farmer is getting a half a cent. In the 1931 crop of wheat the farmers of the Nation will not average over 30 cents a bushel, thus getting one-half cent out of the price of a pound loaf of bread.

In France the farmers are getting 3 cents out of the 4 cents a Every year there are a thousand places in the United States

In France the farmers are getting 3 cents out of the 4 cents a loaf brings, and all others get 1 penny of the 4. If you put wheat up to \$2 Chicago basis the farmer would be getting about 3 cents of the 8 cents the loaf sells for.

Senator Norris. Mr. Simpson, will it disturb you if I interrupt

you right at that point?
Mr. Simpson. That is all right.

Mr. Simpson. That is all right.
Senator Norris. I will wait if it will.
Mr. Simpson. No; that is all right, Senator.
Senator Norris. I am very much interested in what you say about bread and wheat in France, which you have referred to before, where bread is less and wheat is more in price than here. Now, I would like to get your idea as to what can be done, if anything, to remedy the situation. In other words, between the producer and the ultimate consumer there is apparently a gulf in our country that does not exist to the same extent in France. Somebody is getting something between the producer and the consumer in your illustration in America that he does not get in France.

Mr. NORBECK. There are many who tell us that the farmer has the pleasure of country life and should not expect as large a wage as others. He has always been willing to work for a low wage, but he rightly feels his labor entitles him to shelter for himself and his family, as well as food and clothing. Like every other good citizen, he wants to educate his children and the income must be sufficient for that purpose. He must also lay by a little something for old age, or become a burden upon society. Government clerks not only get a good living; they get retirement pay or pensions. There are in the land to-day thousands of farmers who have no other prospect for old age but the poorhouse and that is where they will go unless there is an improvement in the agricultural situation.

Mr. President, we hear a great deal about the agricultural surplus, especially of wheat. The word needs a definition. In using the word, some people mean one thing and some an-To those who feel it means the result of an increased per capita production, I say you are wrong and the record proves you are wrong. We have not increased the per capita production of wheat for 30 years. We are producing less, not more. There has been a rather steady decline. But those who desire to argue, call attention to the fact that we eat less wheat than formerly; this is true. But we have in mind the surplus which, in this case, really means that which we do not consume in the United States of America: or, in other words, that part which is exported to foreign lands; and in consulting the record we learn some astonishing fact—and that is we have not of late years increased our exportable surplus. We consume less per capita, but our population has increased. It has increased more rapidly than our wheat production; therefore, we do not have anything additional to export. All this talk about our surplus is two-thirds fake. Other countries have increased their surplus supply of wheat, but we have not.

George Washington exported wheat. We have exported wheat ever since. England and other European countries have needed our wheat to keep them from starvation. Our Northwestern States were settled and built up largely on wheat production. The commerce in wheat between Europe and this country has been profitable to both sides of the Atlantic. It has been a blessing to two continents. Now it is spoken of as one of the economic sins. Since when did it become a sin? What made it a sin? Yes; propaganda will do most anything. It will even mislead intelligent

To substantiate the statements I have just made, I ask that there may be printed in the RECORD the official information furnished by our own Government as carried in the 1931 Agricultural Yearbook.

The VICE PRESIDENT. Without objection, it is so ordered.

Wheat, all: Production, exports, etc., United States, 1893-1930

Year	Production	Domestic exports	Net exports, percentage of produc- tion
	1,000 bush.	1,000 bush.	The Name of
1893	427, 553	168, 498	39, 2
1894	516, 485	148, 630	28. 6
1895	569, 456	130, 099	22.9
1896	544, 193	148, 767	27.3
1897	610, 254	221, 143	36. 2
1898	772, 163	227, 240	29. 4
1899	658, 534	201, 210	20.3
1899	636, 051	190, 772	30, 0
1900	602, 708	220, 653	36, 6
1901	788, 638	239, 212	30. 3
1902	724, 808	207, 835	28.7
1903	663, 923	124, 977	18.8
1904	596, 911	46, 319	7.3
1905	726, 819	101, 089	13. 9
1906	756, 775	150, 597	19. 9
1907	637, 981	166, 525	26, 1
1908	644, 656	116, 373	18.0
1909	683, 379		
1909	700, 434	89, 173	12.6
1910	635, 121	71, 338	11.0
1911	621, 333	81, 891	12.6
1912	730, 267	145, 159	19. 7
1913	763, 380	147, 955	19. 2
1914	891, 017	335, 702	37. 6
1915	1, 025, 801	246, 221	23. 4
1916	636, 318	205, 962	28. 8
1917	636, 655	132, 579	16. 1
1918	921, 438	287, 402	30.0
1919	945, 403		
1919	967, 979	222, 030	22.4
1920	833, 027	369, 313	37. 5
1921	814, 905	282, 566	32.6
1922	867, 598	224, 900	23.6
1923	797, 394	159, 880	16. 5
1924	800, 877		
1924	864, 428	260, 803	29. 5
1925	676, 765	108, 035	13.7
1926	831, 381	219, 160	24.8
1927	878, 374	206, 259	21.7
1928	914, 876	163, 687	15.8
1929	809, 176	153, 316	17.4
1930	850, 965		

Wheat, all: Supply and per capita disappearance in the United States, averages 1899-1900 to 1925-26, annual 1927-28 to 1930-51

Item	Year beginning July								
	A verage, 1899–1900 to 1908–00	A verage, 1909-10 to 1913-14	A verage, 1914–15 to 1923–21	Average, 1921-22 to 1925-25	1927-28	1928-29	1929-30	1930-31	
Total supply bushels.  Distribution: Disappearance, including food, feed, and loss. bushels.  Population, Jan. 11  Per capita disappearance, including food, feed, and loss. bushels.	791, 629, 000 460, 221, 000 82, 614, 000 5. 6	782, 287, 000 501, 768, 000 94, 378, 000 5, 3	951, 935, 000 514, 354, 000 102, 880, 000 5. 0	923, 936, 000 534, 040, 000 112, 696, 000 4. 7	1, 028, 010, 000 589, 579, 000 119, 320, 000 4. 9	1, 073, 364, 000 562, 098, 000 120, 694, 000 4. 7	1, 082, 902, 000 547, 752, 000 122, 359, 000 4, 5		

<sup>1</sup> Bureau of the Census.

Mr. NORBECK. And again, we are told that if we increase the price, we increase the acreage. I happen to know that a decrease in the price has increased the acreage. The farmer has made a desperate attempt to maintain some earning to meet his expense. He has farmed additional land whenever possible. He has robbed the soil; he has not been able to maintain its fertility. He has been compelled to rob Peter to pay Paul. But do not tell me the farmer prefers the 16-hour day to the 8-hour day; he simply works 16 hours because he has to. Give him a more reasonable wage and he will automatically shorten his hours of labor. Instead of increasing his production, he will decrease it.

We do not need argument to prove the truth of the above. We have the record—the remarkable record of our wheat production for a number of years. The large production has been due to favorable weather and not to favorable prices. I ask, Mr. President, that the wheat production, as shown from the 1931 Agricultural Yearbook, may be printed in the Record.

The VICE PRESIDENT. Without objection, it is so

Wheat, all: Production, value, exports, etc., United States, 1893-

	1930	
Year:	1,0	00 bushels
1893		427, 553
		516, 485
1895		569, 456
1896		544, 193
1897		610, 254
1898		772, 163
1899		658, 534
		636, 051
1900		602, 708
		788, 638
1902		724, 808
		663, 923
		596, 911
1905		726, 819
		756, 775
		637, 981
		644, 656
		683, 379
		700, 434
		635, 121
		621, 338
		730, 267
		763, 380
		891, 017
		1, 025, 801
1916		636, 318
1917		636, 655
1918		921, 438
1919		945, 403
1919		967, 979
1920		833, 027
		814, 905
1922		867, 598
1923		797, 394
		800, 877
		864, 428
		676, 765
		831, 381
		878, 374
		914, 876
		809, 176
		850, 965
1930		000, 900

Mr. NORBECK. The farmer has been told he must put his farm on a business basis, same as the great captains of industry, who were so proud and so famous a few years ago that the whole Nation stood in awe of what they said. Now

they are hanging around the Capital begging the Government to go into business to save their fortunes. We are asked to lend money for this undertaking and for that to prevent a greater disaster—a real collapse of the American financial structure, which we are told will bring ruin into every section of our land. The mighty have fallen!

#### "FAMOUS CAMPBELL"

For years and years we have been reading about the great success of one farm that was managed like a great factory or great banking house. Campbell, of Montana, was the ideal of the business men who were giving advice to the farmers. He was a sort of King Arthur to the farm boy, who hoped that he also might some day do the same great things that the American press had been telling us Campbell did in Montana. Campbell not only farmed thousands of acres and raised millions of bushels of wheat, but his opinions were highly valued, his advice was sought. He was used as a club to curb every plea of the farmer for a square deal. We were told to look to Campbell.

#### WHERE IS CAMPBELL NOW?

Campbell entered the wheat business in Montana during the war. When the Government encouraged the production of wheat, large tracts of fertile Indian lands were rented to him on a one-tenth share. There was no capital investment, there was no interest to pay, there were no taxes to bear. He did not have to maintain the fertility of the soil. He was permitted to rob the soil all he pleased; he was mining, not farming. He had been financed to the extent of a million dollars by one of the largest banking houses in the land. He paid cash for what he bought and, therefore, bought cheaply. But he had to sell his wheat in the same market as others—and that was the tragedy. He concealed this until the million dollars was lost.

A very wealthy man, who was one of the stockholders in this enterprise, told me the Campbell farm was the only investment he had gone into that had lost him more than 100 per cent. The million dollars were lost, and the partners in the enterprise raised \$150,000 more to pay up Campbell's debts. Campbell has gone to Russia to show the soviets how to raise wheat cheaply with slave labor. The captains of industry have lost their alibi when they talk about farming, and the farm boy has lost his hero—the modern King Arthur—and, incidentally, Wall Street lost their milliondollar investment, plus \$150,000—farming in Montana!

#### WHAT IS THE MATTER WITH AGRICULTURE?

The turning point in agriculture came in 1916 with the high-wage period. This in turn brought high commodity prices, higher salaries, higher cost of living, higher taxes. The school-teacher had to be placed on the same basis as others, and in turn school taxes increased, and so all other lines. But no one suffered from the high production cost or high taxes as long as there was a market for the goods. The factory passed the added cost along to the wholesale house, the wholesale house passed it along to the retail merchant, and it was passed on to the consumer. If the consumer had an increased salary, he did not object. If the consumer happened to be a farmer, he was all right as long as he was able to get a high price for his goods; the war made that possible for a while. The farmer did not object to \$60 lumber as long as he got 12 or 15 cents for his hogs. He did not object to high-priced coal or high-priced clothing as long as he got proportionate returns for his labor. He did not even object to the increased freight rate, because the price of what he sold was equal to the burden he had to bear. But his pleasant dream was of short duration; he passed from the dream into a nightmare, which has remained with him ever since. Gradually he saw the purchasing power of his commodities going down and down. The business world said he should not complain about the first drop, which was only 10 per cent—and still hardly any business in this country has a 10 per cent profit on its turnover except a monopoly. A factory can not stand a 10 per cent cut without reducing its operating costs. Ten per cent is the margin on which everything turns.

An old banker told me once that if our deposits shrink 10 per cent, we are in trouble; if they increase 10 per cent, we do not know what to do with the money. Still, the farmer was told not to complain about the 10 per cent. The farmer preferred to say nothing about the 10 per cent.

It is amazing how many people believe that, notwithstanding the underlying causes were fundamental, they think the thing would somehow right itself. The farmer drove along with courage and kept a stiff upper lip. He believed a change would come, but for a dozen years it has continued to get worse.

Mr. President, I ask that there may be printed in the RECORD a table prepared from the Government statistics.

The VICE PRESIDENT. Without objection, it is so ordered.

Index of prices paid by farmers and relative purchasing power of farm products, by groups, 1910-1931

1910-1914-100

	Index of prices paid by	Troiter		hasing po for comm				
Year	farmers for com- modi- ties bought	Grains	Fruits and vege- tables	Meat animals	Dairy prod- ucts	Poultry prod- ucts	Cotton	All groups
1910	98	107	93	105	102	107	116	106
1911	101	95	104	86	95	89	99	93
1912	100	106	110	95	103	101	87	99
1913	100	92	92	108	100	100	97	99
1914	101	102	99	111	99	105	84	101
915	106	114	78	98	92	97	74	9/
916	123	102	100	97	- 83	94	96	95
917	150	145	135	116	84	105	125	118
918	178	127	91	113	85	104	137	112
919	205	113	92	100	84	101	121	102
1920	206	112	121	84	91	108	120	99
1921	156	72	95	69	95	103	65	75
922	152	69	100	74	88	92	103	81
923	153	75	89	69	96	95	141	88
1924	154	84	81	71	87	95	137 -	
1925	159	98	101	88	86	101	111	92
1926	156	83	121	94	87	100	78	87
927	154	83	100	90	90	91	83	88
928	156	84	94	97	90	96	98	90
1929	155	78	88	101	91	103	94	89
1930				91				
	146	69	108		84	86	70	80
1931 <sup>1</sup>	129	49	76	72	73	75	49	62
January 1	121	43	58	56	70	72	38	52
February 1	120	43	57	54	66	58	39	50

<sup>1</sup> Preliminary.

Mr. NORBECK. From this table it will be seen that in the years 1913 and 1914 the exchange value of the farmer's dollar was at par, par being 100.

In 1913 it was 99.

In 1914 it was 101, and so forth.

It was up during the war, striking the high point of 118 for one single year. I point to the remarkable fact that while the farmer was prosperous during the war, it was due to the fact that he had just a little advantage for a period of three years—an advantage equal to 11 per cent for each of the three years—and that made real prosperity on the farm.

Of course, we realize that the average figures will not be entirely accurate as applied to any one section of the country. I find, for instance, that the grain farmer took more than the average loss, and that the fruit farmer had greater fluctuations. Meat products held up better. Cotton enjoyed many years of great prosperity, entirely out of proportion to any other class, but finally suffered a real collapse and was

as he got proportionate returns for his labor. He did not | all the more injured because it had for 10 years enjoyed a even object to the increased freight rate, because the price | high level.

But, Mr. President, let me go back to the table dealing with the purchasing power of the average farmer dollar. We find in 1931 it had reached as low as 62 per cent. On January 1, 1932, it was 52 per cent. A month later it was 50 per cent.

I am still being asked the question, What do I mean by purchasing power of the farmer's dollar? What do I mean by exchange value?

I mean that if it takes 2 bushels of wheat to buy what 1 bushel of wheat formerly did, that the purchasing power is down 50 per cent. I mean that if it takes 4 bushels of wheat to buy what formerly could be bought for 1 bushel of wheat, then the purchasing power of the farmer's dollar is down to 25 per cent. I hope this is clear. Last summer a farmer told me it took a bushel of rye to get three oranges, and 2 bushels of wheat to buy a pair of cotton hose for his wife. If prices on other commodities and other labor and other service were down in the same proportion, the farmer's dollar would still be up to par and equal to its former exchange value. But we must not forget it would not be equal to its former power to pay off debts. Therefore, it is important that we have stability of values; if we do not, the mortgage is liable to grow out of proportion to its original size.

The low exchange value is not only due to the fall in the farm commodities, but it is due to the fact that the output of the factory has held up in price. Textiles were at 104 in 1926, 115 in 1929, and 89 in January, 1932. Ford products were 97 in 1926 and are 89 in 1932, a fall of 8 per cent in six years. Tobacco was 112 in 1926 and 121 in January, 1932. But, generally speaking, industrial products held up pretty well until a couple of years ago, and commodities that are controlled by monopolies are still maintaining their prices. The Eastman Co. still fixes the price of the kodak, and the International Harvester Co. fixes the price on machinery. Taxes do not reflect any material change, and the freight rate is the highest ever known in the history of railroads.

#### GROSS INCOME

We have those who still insist the gross income of the farm is the measure of everything. They try to forget about the reduced exchange value of the commodities. They prefer to talk about the gross dollar income. But as to those people, we can say we are ready to meet them on their own plane. From the records of the statistical and historical research division, Bureau of Agricultural Economics, we find 22 crops, that in 1920 had a gross value of eight and onehalf billion dollars, gradually kept going down until they were down to less than \$5,000,000,000 in 1930, or a falling off of nearly 40 per cent. But the big drop came in 1931. However, I prefer to take the statistics on the gross income of all the crops and all the livestock in the United States. The value was nearly \$13,000,000,000 in 1920; five years later the gross returns were a billion dollars less, or a little less than \$12,000,000,000.

In 1930 it was down to nearly \$9,000,000,000.

In 1931 it was below \$7,000,000,000.

In other words, figuring the dollar value of the reduced gross income of the American farm from 1920 to 1931, it was \$5,991,000,000, or a reduced income of \$1,000 annually for each farmer in the United States. We are talking now about dollar value only, whereas we should figure in exchange value; and when the exchange value is now 50 per cent, his gross income has fallen off a great deal more. I am not talking about profits; there are no profits. The profits were small even before the war; they have long since vanished

#### SOUTH DAKOTA

My home State of South Dakota has felt the full brunt of this, and there have been various efforts to lay it to other causes—causes more general in their nature, causes that were unavoidable. We are told it is due to foreign conditions. We are told it is due to the low price of silver. We are told

Division of statistical and historical research.

it is due to the busted boom on Wall Street in 1929, and I admit all these were contributing factors; but they were only contributing, and came later.

The agricultural depression was with us in the years of great industrial prosperity—in the years of national prosperity, if you please. It was doing its destructive work before its effect was apparent in the industrial and financial centers.

#### THE \$10,000 LOSS

In speaking of the farm problem in South Dakota, I prefer to use the years of national prosperity, before additional contributing causes made their work felt. I prefer to use only official figures. Everyone knows that the earnings or losses on the farm are reflected in land values. I find that comparing the total value of farm lands of 1920 with 1925, the shrinkage in the value of farm lands in South Dakota was a billion dollars—just think of it—a thousand million dollars, or more than \$10,000 for every farmer within the borders of our splendid State.

Those who dislike to think about the real cause of the agricultural deflation often divert us with their assertion

that bank failures are the cause of it. We know now that bank failures followed agricultural deflation. They were the result, not the cause. The causes were found in the high operating costs, the high cost of production and transportation. Bank failures may lose South Dakota people a total of over \$30,000,000, but the increased transportation charges for freight and passengers amount to over \$10,000,000 per year—about one hundred and twenty million since the deflation started—and this is not one of the large items, though it is large when compared to the loss from bank failures. It is the agricultural depression that is large. It was this unforeseen force that depleted the farmer's resources, curtailed the sale of the merchant, making collections impossible and bankruptcies frequent. It brought devastation to the best State in the Union.

#### MORE ABOUT EXCHANGE VALUE

Mr. President, I ask that the following table, carefully prepared from official records, with the explanation following, be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

Amounts of specified farm products required to buy different items of farm equipment and machinery in 1910-1914 and in June, 193.

	WI	neat	Corn		Hogs Beef catt		cattle	Cotton		Butter		
Items of farm equipment and machinery	1910-1914	June, 1931	1910-1914	June, 1931	1910-1914	June, 1931	1910-1914	June, 1931	1910-1914	June, 1931	1910-1914	June, 1931
Harrow, peg tooth Hoe Manure spreader Mower Plow, 2 horse walking Cream separator Wagon	Bushels 13 .5 122 56 15 73 91	Bushels 62 1.9 314 155 42 179 246	Bushels 18 . 75 168 . 77 20 101 125	Bushels 60 1.8 303 150 41 173 237	Hundred- weight 1.6 .1 14.9 6.8 1.8 9.0	Hundred- weight 5. 7 . 2 28. 6 14. 1 3. 9 16. 3 22. 4	Hundred- weight 2.3 .1 20.7 9.4 2.5 12.4 15.3	Hundred- weight 6.1 .2 31.0 15.3 4.2 17.7 24.3	Pounds 95 4 871 397 104 523 646	Pounds 418 13 2, 116 1, 045 286 1, 206 1, 656	Pounds 46 2 424 193 51 254 314	Pounds 133 663 330 96 385 525

Since June, 1931, prices of farm products have declined further, while prices of farm machinery probably have declined much less; hence the disparity now is even greater than in June, 1931. To what extent the relatively high price of farm machinery now, as compared with pre-war prices, is due to improved quality of machines is problematical. Another factor which may lead to some complications in comparing present prices of any particular piece of machinery with pre-war prices is that in the earlier years items of farm machinery were much less accurately described.

Mr. NORBECK. Extreme cases are not used in this table. The figures impress us very forcibly, for they show that before the war 91 bushels of wheat would buy a wagon, now it takes 246; 77 bushels of corn would buy a mower, now it takes 150; 18 bushels of corn would buy a harrow, and now it takes 60 bushels. The hoe that could be bought with 4 pounds of cotton now requires 13 pounds.

#### MORE ADVICE, LESS PRICE

The Farm Board has a remedy all its own. They are going to do it by advice to the farmer, and the plan is to change the products of the farm. It is as poorly thought out as was the advice to the farmer a few years ago "to milk more cows." They have now been advising us to reduce our wheat acreage, because 25 per cent of our wheat is an exportable surplus. They ignore the fact that our wheat comes in two classes—hard wheat and soft wheat. Good flour requires hard wheat. The mills that grind soft wheat mix it with hard.

We have no surplus of hard wheat. We do have an exportable surplus of soft wheat; but the advice that went out to the farmer was the same to both sections. What would have been the result? There would have been many results. The first one would have been a shortage of hard wheat, and I presume we would have been buying that from Canada.

The next result would have been one of two things—either some idle farm land or a greater production of other crops. Every farmer knows that when you reduce the wheat acreage, you increase the corn acreage—you increase the production of meats.

We have always had an exportable surplus of wheat; we have sold it on the basis of the foreign market. The prices of cattle, hogs, and sheep have held up pretty well until just lately. We have had an American price for our meat products because we have not had an exportable surplus of same. We do export a little pork, but we import sufficient other

meats to balance. This shows why, in every table of comparative farm prices, livestock has held up better than grains.

It seems futile to reduce the wheat acreage; but even if it could be done, the result would be disastrous. The very publicity given our program for wheat reduction has led to increased acreage in other countries, which send their surplus wheat to Liverpool, as we do.

My view is we can not afford to reduce our wheat acreage, because the penalty is, we will increase our production of meats to the disastrous point where we break the market on same.

I ask, Mr. President, that a table prepared from the official record, showing a comparative value of meat and wheat, be printed in the Record.

The VICE PRESIDENT. Without objection, it is so ordered.

Gross income from wheat, meat, and meat animals during specified years

Year	Income from wheat	Income from meat and meat animals
1924	\$925, 000, 000	\$2, 380, 000, 000
1928	765, 000, 000	2, 727, 000, 000
1930	401, 000, 000	2, 455, 000, 000

Mr. NORBECK. It will be noted that in 1930 the income from meats and meat animals was six times as large as that of our wheat. Meat production has been the mainstay of the farmers of the Northwest. We must not put it in jeopardy, even to comply with a newfangled scheme of the Federal Farm Board.

The board have shown their incompetency in marketing. They have shown their incompetency in giving advice.

They have failed to comply with the law that requires them to give to the country their program for the future. They have almost quit functioning. They are now doing only three things:

- (1) Lending a little money to cooperatives.
- (2) Spending their appropriation by paying storage on wheat which can neither be sold nor consumed in the United States

(3) They are drawing their salaries—and good salaries, | too. Upon this record they seek reappointment, and this Senate is going to confirm their nominations.

#### COOPERATIVE MARKETING

Those who tell us that cooperative marketing is a solution to the present agricultural situation forget that cooperative marketing in the Northwest reached its high efficiency 10, 20, or 30 years ago. The savings effected by the cooperative grain elevators were substantial. Many livestock-shipping associations proved to be of advantage.

The testimony before the Agricultural Committee of the Senate showed the marketing successful; shipping associations effected a saving to the farmer of about 30 cents a head. Suppose that efficiency could be increased by 10 per cent-then there would be 3 cents additional per head. No one has ever indicated that anything very substantial could be accomplished. They speak in generalities and hope we will forget.

#### THE REMEDY-A BETTER PRICE

The major remedy is only one-a better price for our products. Additional help may be found in reducing the expenses and some reduction of taxes. It would be helpful indeed if our freight rates could be reduced, and even more helpful if our interest rates could be reduced; but all of them taken together are small in their total value compared to a better price for farm products, a fair exchange value for the commodity, in order that the labor of the farm may bring the same returns as the labor in the factory, in trades, in transportation, or in the Government service.

Wages would not seem too high if the farmer received a fair price for his products. Taxes would not be so oppressive, there would not be default in the interest or in the principal of the farm loan.

This is my twelfth year in Washington and important farm relief measures have been pending before every Congress. We actually succeeded at one time in getting legislation through both Houses, only to have it vetoed by the President. I have reference now to the McNary-Haugen bill.

The best thinkers of the land have been wrestling with the problem. The farmer also has been thinking hard and talking the matter over. It is plain now that there is no magic solution to it. There is really no hope that it will right itself, except by a long and destructive process which will involve the whole land. We are told we had land inflation. Our land doubled in value; so did every commodity and every property, in the city, as well as in the country. Why criticize the farmer alone? The industrial and financial world seemed to take delight in the falling prices of farm commodities and land values. They believed they would get the benefit of this depreciation. They did not believe that it could affect their prosperity or their wellbeing, but the purchasing power of the farm soon decreased. Big business thought it was immune from the immutable laws of nature. The farmer continued to keep up his purchases fairly well by drawing on his savings-the wealth he had accumulated through many years of rigid economy. The fact that the sales to the farmers did not fall off materially for several years was pointed to as proof of the fact that there was no relation between agricultural prosperity and national well-being. But the trouble has now reached the industrial and financial centers. The advice of the financial experts has proven so poor that no one will listen to their voice. Every forecast that has come from self-appointed leaders, business and financial, for several years has carried less wisdom and more nonsense than that of any other group. The farmer and the laboring man were more nearly right in their analysis of the situation and their forecast of the future. The white collar has gone to discount and the overalls have come to the fore.

Debts have overwhelmed us; and I am not putting the emphasis on what Europe owes us, though this amount keeps increasing from year to year. When the war closed they owed us \$7,077,114,750. Additional credit was extended afterwards-more and more. The repayments have been so

small that Europe owes us to-day nearly three times what they did on Armistice Day, or nearly \$20,000,000,000—over \$500 for every family in our land. We will have to forget about much of it. Under the settlements made, payments were to cover 62 years—and the payments are not being made, though one country, namely, England, has been making some substantial payments.

We must not expect much from Europe in our day. What they owe us can not be used by us to pay our debts.

The outstanding thing in the land to-day is that the income from the farm will not pay the mortgage. There will have to be a change.

If the law of supply and demand had not been interfered with, and the purchasing power of the farmer destroyed, then the mortgages could have been paid. Now they will have to compromise. There are many ways of doing this, but the most satisfactory way will probably be some inflation of the currency to make money less dear. It is ridiculous that it shall take two to four times as many bushels of grain or pounds of meat to pay a mortgage as when it was given.

Unless there is a refinancing of farm mortgages at a very low rate of interest there will have to be adjustments, reductions, or compromises. The creditors will find out they can not get blood out of a turnip. Our people want to pay, but they have been given no opportunity to pay.

In closing, I want to read a poem, A Farmer's Soliloquy, by J. S. Opland, of Beresford, S. Dak., which shows a thoughtful consideration of the situation and a hope that there may be a way out.

#### A FARMER'S SOLILOQUY

Upon retrospection do I find, through no choice of mine, Perhaps I am selfish, dumb, but not deaf;
I have eyes with which to see.

Yet with my fellow man I can't always agree.

And fate has so destined that it ever so shall be. I am to the manor born—to toil from early morn 'till late at night.

I am supposed to be content with what I get,

I am supposed to be content with what I gov,

Be it this or that, and never, never fret.

I like good things to eat, good clothes to wear,

And to go riding here and there with my good old flivver mare.

Why not? Yes; why not?

Others do. Why not I? Why not?

Should I foreswear life's thrills and joys because of humble birth

and a servant of the soil?

Must I recoil? Some say I have no right to play the game of chance whereby my

efforts to enhance;
Yet all others play the game by day and night.
My lot in life, it seems to me, is toil—
To toil that others may enjoy the spoil.
I may not know the frills and furbelows and latest rules of golf, bridge, or etiquette,

Yet I am human in my thoughts and wants and generous to a

I love my wife, my children, home, and church, and my good old U. S. A., and I assure you I can naught but stay As the world would not long endure without me although it often

flouts me.

I now find myself with kith and kin within a deep depression pinned, for which they say I am myself to blame.

I am sore at heart and ill at ease,

I need relief from vultures, vampires, and banker's greed.

I have no envy in my heart toward any man or clan, I have no ax

to grind,

No fault to find with nature's guiding hand, you understand. Why should I, a tiller of the soil, not be worthy of my hire, and a just return acquire

For work well done? You may call me what you will, but I am a farmer still.

Trust me, doubt me, as you please, but still I am hoping, trusting, striving to appease

My fellow comrade on our journey to the promised land "O'

Better Days."

Mr. HOWELL. Mr. President, it is indeed timely and proper that the able Senator from South Dakota [Mr. NORBECK] should discuss the economic conditions confronting the farmer throughout the country to-day.

The report of the Department of Agriculture for last January indicates that for the goods the farmer buys he was paying \$1.21 that could have been purchased for \$1 during the period from 1909 to 1914. On the other hand, he was receiving for his products during that month but 63 cents for which he received \$1 during the 1909-1914 period. What is the meaning of the ratio of these index numbers? The ratio means that the farmer during last January had to deliver approximately two wagonloads of his products to buy what one wagonload would have bought, as an average, during the period from 1909 to 1914.

Thus far during this session of Congress we have been largely considering and legislating for the economic welfare of the country. However, no distinct and positive step has been taken to reestablish for the farmer even that economic equality which existed from 1909 to 1914.

The rural population of the country constitutes 44 per cent of the whole and the economic fortunes of the ruralites, outside of the farmers and their dependents, necessarily follow and conform to the economic fortunes of the farmers. Therefore it may properly be said that inasmuch as it has required two wagonloads of the farmer's products to purchase what one wagonload would have purchased during the 1909–1914 period, that the buying power of 44 per cent of the people of this country has been reduced one-half, a sufficient cause to account for the depression which has overtaken the Nation.

Whereas 44 per cent of the people of the United States have had their purchasing power reduced one-half, so far as arithmetic is concerned, we know that that which has been wiped out includes practically all profit, so that as a practical matter the purchasing power of this large proportion of our people has been decreased not merely 50 per cent but more than 50 per cent. Restore this purchasing power and the depression will be ended.

Two years ago we brought into being the Federal Farm Board. The majority of those who represent the agricultural districts of the West who had given most careful study to the subject matter of farm relief, realized—and many so expressed themselves on the floor of the Senate—that the measure contained little possibility for relief for the farmer.

What was the purpose of Congress in enacting that measure? What were we trying to do for the farmer? We were trying to afford him economic equality. What would have been economic equality at that time? It would have been necessary to increase the farmer's income 33 per cent.

I called upon the chairman of the Federal Farm Board shortly after its organization and asked him, "How much must we increase the farmer's income to afford economic equality?"

"That depends upon circumstances," he answered.

"I am talking about present circumstances," was my reply.

As he shrugged his shoulder again, I asked, "Would it not be necessary to increase his annual income \$4,000,000,000?" He answered, "I presume so."

Analyze the Federal Farm Board act. What did it create? What is the Federal Farm Board? It is merely a finance corporation for the agricultural industry and practically nothing more. Not a power was granted in the act that the farmers could not have exercised through a similar corporation organized by themselves—not a power. No extra governmental authority was granted the board. All we did, besides creating the organization and providing for the payment of its expenses, was to afford it \$500,000,000 to use as a loan fund. Thus was constituted a finance corporation for agriculture, and that is all that it is.

What was it we did, by virtue of that legislation for the farmer? He was left to achieve his own economic equality—how? Through his cooperative associations and through the stabilization corporations, provided in the Federal Farm Board act, he was to have the privilege of borrowing \$500,000,000, and through the use of this borrowed money the farmer was to achieve his own economic equality—that is, increase his annual income by \$4,000,000,000.

What would he have had to make on that borrowed capital to accomplish such a result? Eight hundred per cent per annum.

We from the Middle West knew that such a result was utterly impossible, and we so expressed ourselves on the floor of the Senate. We further expressed the view that if the Federal Farm Board, by a loan of \$500,000,000 to the farm-

ers, could enable them to profit to the extent of \$50,000,000 annually, that is, at the rate of 10 per cent, the board and the farmer would indeed be accomplishing all that could be expected. At the same time we pointed out there was great danger of loss.

We objected to this form of legislation because we did not want to come back to the Treasury and ask for more money. It was our conviction that equality afforded the farmer, which depended upon repeated calls upon the National Treasury, could not persist; but this was just one of our objections to that legislation. However, it was deemed probable that this was the only legislation we could get for the farmer, and so many of us voted for the measure, notwithstanding our misgivings. And what has been the result? To-day the farmer is lower in the economic scale than ever before. Instead of making 10 per cent annually for the farmer, the board is confronted with tremendous losses.

Mr. President, are we not going to do something for the farmer during this session? We have done nothing thus far except to make dispositions whereby some of us have hoped that a little might trickle down to him below. What is necessary in this emergency is to take another hold on this farm problem and act.

I suggest now the wisdom of applying the McNary-Haugen proposal to wheat alone. I urged this two years ago, because I realized that any legislation we might enact would in a large measure be an experiment; and that we should not attempt to cover the entire agricultural field, in view of the fact that our legislation would be in the nature of an experiment. That is not the way in which research work is successfully conducted.

I suggest now that we put aside sectional jealousy, so far as any particular crop is concerned, and try out the equalization plan with one crop, inasmuch as it has been successfully applied in Europe and constitutes a method of taking care of resulting losses without falling back upon the United States Treasury.

Farm relief properly confronts us now. We ought to do something. We have the opportunity. Are we to put off action until the closing hours of this session of Congress? Surely we have failed thus far. In short, are we not going to do something in an endeavor to put an end to an economic situation that is compelling the farmer to haul two wagonloads of his farm products to market to buy what one wagonload would have purchased during the period from 1909 to 1914?

Mr. BORAH. Mr. President, the range of discussion has been upon the general subject rather than as to qualification of the particular individuals to fill the offices to which they are appointed. I do not disagree with the views expressed by the Senator from South Dakota [Mr. Norbeck], but I suppose the only question which we can determine now is whether or not these particular individuals are fitted for the offices to which they have been appointed. The subject of abolishing the board is not before the Senate at this time. In other words, we can not remedy the evils complained of by rejecting these nominees.

Mr. President, I want to call attention to one or two facts and to put them in the Record that we may have them before us to consider when we come to deal with the question of appropriations and with the question of the life of the board itself.

The Federal Farm Board has been in existence about two years. The salary pay roll of the board, including all those for which I consider it responsible, at this time amounts to \$2,757,857. Mr. President, that must ultimately be paid either by the farmers or the taxpayers generally. Some of these salaries are exceedingly high. For instance, the manager of the cotton industry receives a salary of \$75,000 a year. Compared with the price of cotton in 1929, and the price of cotton at the present time or within a short time, that salary would be about \$150,000 or \$200,000 a year.

The salary of the individual in charge of wheat is \$50,000 a year. Making the same comparison it would be now about \$125,000 or \$140,000. The treasurer of the board receives

now, I believe, a salary of about \$32,000 a year, twice the salary of the Secretary of the Treasury of the United States. Many of the district officers receive \$24,000 or \$25,000 a year. I consider the Farm Board directly or indirectly responsible for these salaries.

Aside from the question of reducing of salaries in view of the depression which now exists, these salaries could not be justified at any time under any circumstances. They are to my mind unconscionable. If I could reach them in any way by voting against the particular individuals whose nominations are now before us for consideration, I should certainly do so. But if we are interested in relieving those who must pay these salaries, we will at the proper time deal with the subject. I presume that will come in the independent offices appropriation bill or by a bill offered for that purpose.

Since I introduced a bill some months ago touching this subject there has been organized an apparently nation-wide propaganda against the reduction of these salaries. This propaganda does not come from the farmers but, in my opinion, from those who are engaged in exploiting the farmers. I can not believe that the farmers themselves, who have really to pay these salaries, and the taxpayers are interested in maintaining any such salaries. I would not deny anyone the right of petition, but I may say to those who are sending telegrams to me that my view is that taking into consideration the condition of the farmers and the great weight of taxes already resting upon the taxpayers, that these salaries are indefensible and I shall do all in my power to reduce them. I do not believe, in the first place, that they represent those who ought to be represented and, in the second place, if they did, I should feel nevertheless disposed to exercise my judgment.

I think that some of the salaries to which I have referred amount to legalized graft, and those who are supporting them must take the responsibility in the future, if they do not reduce them, of being placed in that position so far as I am individually able to do so. These men took office to aid a struggling, failing industry, and to exploit those whom they were supposed to help amounts to a great wrong.

Mr. FESS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. I yield.

Mr. FESS. I read a part of the hearings dealing with the question of salaries paid by the Farm Board, including the \$50,000 and the \$75,000 salaries to which the Senator from Idaho referred. I was not able to determine whether the board was paying those salaries or whether a portion of them was paid by the association of which at the time the official was the head.

Mr. BORAH. The salary is not being paid direct by the board, but the organization which is paying it is supported by loans made by the board.

Mr. FESS. I agree with the Senator that it is simply indefensible. I had assumed that the money did not come out of the revolving fund of the board. If it does, it seems to me there is absolutely no defense for it. If, on the other hand, in the case of a man of great ability, the salary of \$50,000 which he is drawing is not deducted from amounts received by the board, I would not see any objection to that; but if the salary of \$75,000 is coming out of the funds of the board, I can not imagine any justification for it.

Mr. McNARY and Mr. BROOKHART addressed the Chair. The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield first to the Senator from Oregon.

Mr. McNARY. Mr. President, I am not at all confused about the situation nor the interrelationship of the Farmers' National Grain Corporation and the Stabilization Corporation or the fund out of which the money is loaned to the cooperatives. In the progress of the examination conducted by the Committee on Agriculture and Forestry it clearly appeared that originally part of the salary was paid out of the funds of the Federal Farm Board to its agency, the Stabilization Corporation, but latterly an organization was formed

of 27 regional farm cooperative units, embodying a membership of 250,000 legitimate farmers organized under the laws of Delaware as the Farmers' National Grain Corporation, and it was that corporation, having a board of directors entirely divorced from any governmental agency, that paid these so-called enormous salaries,

I have said over and over again, as I happen to be chairman of the committee which made this discovery, that I join with the Senator from Idaho in denominating such salaries as unconscionable, but I am not prepared at this time to accuse the Farm Board or the Stabilization Corporation, two great governmental agencies, of doing this particular thing. I lay the blame for it, if there be blame, I lay this extravagance, if it be extravagance, I lay this racketeering, if it may be so denominated, to the board of these cooperatives that administered the Farmers' National Grain Corporation.

Mr. BORAH. Which is sustained and financially nour-ished by the Farm Board.

Mr. FLETCHER. They are all supported, organized, and upheld by the Farm Board.

Mr. BORAH. Exactly.

Mr. McNARY. Mr. President, I should like to clear that up.

The VICE PRESIDENT. Does the Senator from Idaho yield further to the Senator from Oregon?

Mr. BORAH. I yield.

Mr. McNARY. Originally the Farm Board loaned this corporation some funds, most of which have been repaid. Most of the money which has provided the working capital of the cooperative organization has been borrowed at the intermediate credit banks and commercial banks of the country. I myself can not find any disposition to censure the board for something over which I believe they have no control at this time nor have had for some while.

I think, Mr. President, it is the duty of the Farmers' National Grain Corporation, through their board of directors, to realize the censure that is being brought upon their heads and voluntarily to compel the reduction of these salaries. To them and to the regional units I attribute whatever may be called censure in this transaction.

Mr. KING and Mr. SHIPSTEAD addressed the Chair.

The VICE PRESIDENT. The Senator from Idaho has the floor. Does he yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Utah.

Mr. KING. May I ask the Senator from Oregon a question, with the permission of the Senator from Idaho?

Mr. BORAH. I yield.

Mr. KING. I ask the Senator from Oregon if it is not a fact that the Grain Corporation, to which he has referred, has sustained great loss, although it has reported paper profits, which losses are laid at the door of the Stabilization Corporation, which corporation lays them at the door of the Farm Board?

Mr. McNARY. No. Mr. President.

Mr. KING. One other question, if the Senator from Idaho will pardon me. Is it not a fact that quite a number of regional organizations are bankrupt and that the stabilization and the other corporations have taken over their assets as well as their liabilities, and the result will be—at least it is so stated, according to the information conveyed to me by persons who seem to be familiar with the matter—that the Federal Government is "holding the bag," to use the language of the street, and that instead of there being a loss to-day of \$250,000,000,000 the loss will be more than \$300,000,000?

Mr. McNARY. Mr. President, if the Senator from Idaho will indulge me further—

Mr. BORAH. Yes.

Mr. McNARY. I think the able Senator from Utah is wholly misinformed. I must rely upon the record that is given before the committee rather than upon rumors that may be picked up upon the street corners. It is unquestionable and indisputable that the cooperative organization about which I speak, known as the Farmers' National Grain

Corporation, owned by the 27 regional units, has made a profit upon the merchandising of the grain.

The losses came not in the operation of this farm-owned and farm-controlled organization, but in the Stabilization Corporation, which is the right hand of the Federal Farm Board and supported wholly by its funds, as provided in section 97 of the marketing act. The Senator is conversant with that act. It was that organization, employing Government money, that pegged the price of wheat and held it up around 75 cents a bushel for a period of eight months; it was that corporation that owned the wheat which suffered the loss, which was a direct charge upon the Treasury of the United States; but it has no more to do with the Farmers' National Grain Corporation than the Senate of the United States has to do with the House of Representatives.

Mr. BORAH. But all the losses fell back on the Treasury of the United States

Mr. McNARY. Certainly, because it was an instrumentality of the Government. As I have just tried to explain, it was the Stabilization Corporation which operated in this peculiar field of purchasing the grain which suffered the loss, but it has nothing whatsoever to do with the merchandising corporation which is known as the Farmers' National Grain Corporation, which is paying, I think, unjustly and unfairly these enormous salaries.

Mr. SHIPSTEAD. Mr. President-

Mr. BROOKHART. Mr. President, on this proposition-The VICE PRESIDENT. The Senator from Idaho has the floor. Does he yield; and if so, to whom?

Mr. BORAH. I yield first to the Senator from Minnesota. Mr. SHIPSTEAD. I should like to ask the Senator from Oregon is it not true that the policy of the Farm Board has been to loan the money to farm marketing organizations only? In order to have the benefit of the Government loans from the Federal Farm Board it is necessary for them all to join the original set-up which was prepared, planned for them, and organized by the Farm Board. It is this set-up, these marketing organizations, that are paying these undue and unjust salaries; but in view of the fact that they must belong to the organization or get no money at all, the Farm Board ought to exercise some control over how the money is spent.

Mr. BYRNES. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. BORAH. I yield.

Mr. BYRNES. In reference to the statement of the Senator from Oregon as to the manner in which the salary of the manager of the Grain Corporation was fixed, I ask to read to him from the hearings before the committee of which the Senator is chairman the following:

The CHARMAN. Inasmuch as the Farm Board supplies the funds and is responsible for the management of that corporation as you have described, you have fixed the salaries of those associated with Mr. Milnor, have you not?

Mr. STONE. We have been consulted about salaries.

The hearings disclose to us that the board was consulted about the salaries of the officers of the Grain Stabilization Corporation, and, having been consulted about them, it continues to lend the money of the taxpayers for the payment of those salaries.

Mr. ROBINSON of Arkansas. May I ask the Senator from South Carolina if that applies to both salaries to which reference has been made—the one of \$75,000 and the other of \$50,000?

Mr. BYRNES. That is the answer of Chairman Stone as to those salaries.

Mr. ASHURST. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Arizona?

Mr. BORAH. I do.

Mr. ASHURST. I should like to ask the Senator from Idaho, or some other Senator who knows, to furnish to the Senate the name of the gentleman who receives \$75,000 a year in salaries and commissions and the names of those who receive \$50,000 a year.

Mr. BROOKHART. Mr. President, I can answer that, The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Iowa?

Mr. BORAH. I yield.

Mr. BROOKHART. Mr. Milnor received a \$50,000 salary as general manager of both the Stabilization Corporation that loaned the money and the National Grain Corporation that made the profits, and testified that he would sometimes be buying wheat for one and selling it for the other on the same day.

Mr. ASHURST. At that point in the RECORD will the Senator please give the gentleman's initials and his address? Mr. BROOKHART. I do not remember Mr. Milnor's

Mr. ASHURST. I shall be glad to have the Senator supply it for the RECORD.

Mr. BROOKHART. The other man's name is Creekmore, from Arkansas.

Mr. ROBINSON of Arkansas. No; from Oklahoma.

Mr. BROOKHART. From Oklahoma.

Mr. ROBINSON of Arkansas. I think Mr. Creekmore has lived at Fort Smith, in Arkansas.

Mr. ASHURST. Mr. President, I want to pursue these questions further.

Mr. BROOKHART. What Mr. Creekmore received was not all salary; he had a fixed salary, and also commissions, and the commissions mounted up so that, together with his salary, they reached the sum of \$75,000.

Mr. ASHURST. If the Senator will pardon me, it makes no difference whether the amount was made up of salaries, fees, commissions, or what not; it makes no difference how screened or camouflaged or hidden the payments may have been; the amount came out of the pockets of the farmers, did it not?

Mr. BROOKHART. Yes; and he testified that many farmer members of his organization had an income of less than \$300 a year, and I think some of them as low as \$180 a year.

Mr. ASHURST. One more question.

Mr. McNARY. Mr. President, let me answer the question the Senator has asked in regard to Mr. Creekmore. He was employed by the American Cotton Cooperative.

The VICE PRESIDENT. The Senator from Idaho has the

Mr. BORAH. I yield the floor.

The VICE PRESIDENT. The Senator from Arizona is recognized.

Mr. ASHURST. I yield to the Senator from Oregon. Mr. McNARY. Mr. Creekmore, whose name has been mentioned, is manager of the American Cotton Cooperative Association. I think he receives a salary of \$20,000 a year, and is also given as much as 5 cents a bale up to 1,000,000 bales that are sold by the corporation, which, when reduced to earnings, amounts to \$75,000 a year. That is paid out of the funds of this cooperative association, which operates practically in all the Southern States.

Mr. ASHURST. Mr. President, I want to be certain that I am correct. Is it not a fact that the moneys which are thus paid, the huge sums thus paid as salaries or commissions, come out of the farmer? Is not that true; or do the moneys come out of the Government?

Mr. McNARY. In answer to the Senator, let me say that originally some of these salaries were paid by the Stabilization Corporation, both in the case of cotton and wheat, but since some time in the fall the whole sum has been paid by the larger cooperative association known as the American Cotton Cooperative Association, dealing with cotton, and the Farmers National Grain Corporation, dealing with wheat.

It is not my purpose in any way to try to screen any responsibility the board may have in respect to this matter; I am trying to speak fairly regarding the testimony; and, of course, if the Government did not supply the funds for those salaries, necessarily they had to come out of the producers of cotton.

Mr. ASHURST. That is a frank answer, such as the Senator always makes.

Mr. SMITH. Mr. President-

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. SMITH. In regard to the salary to which reference has been made, I think the mistake perhaps was made by those who were setting up the machinery in not confining the manager of the business of the corporation dealing with cotton to his salary. However, be that as it may, as I understand, the board in getting Mr. Creekmore to serve in this capacity had promised him a definite salary, and then so much a bale for all the cotton he handled for them. He was paid in that respect on a commission basis. I presume they acted on the ground that it would encourage him to increase his business, for as he increased the business his income would increase and so he did receive, as I understand, \$75,000 a year.

If in handling this cotton he had so handled it as to increase the price to such an extent to the farmer that he could have taken out his percentage and still benefited the farmer, I do not know that there could be any just criticism. The question for us to decide is whether or not by virtue of his handling the cotton he did improve its price over what

it would have been had he not been there.

I hold no brief for any of these men. I am simply trying to get the Senate to see that in their effort to increase the energy of their representative, and also to increase the price to the consumer, they have offered him a certain fixed salary and a percentage on the business transacted by the board.

Mr. TRAMMELL. Mr. President-

Mr. ASHURST. I yield to the Senator from Florida.

Mr. TRAMMELL. What explanation has the Senator from South Carolina to make in regard to the salary of \$50,000 which did not carry this impetus to the officer who was given the \$50,000 salary?

Mr. ASHURST. I do not want to lose the floor, because I desire to ask one more question; but I yield to the Senator from South Carolina for the purpose of answering the

Senator's question.

Mr. SMITH. I do not know anything about the contract between the Grain Stabilization Corporation and the board, and the statement that I made was not made in justification of the percentage basis. It is done very often; but I do not think there would have been any criticism if there had been a tremendous increase in the price by virtue of the activities of this man.

I do not think the policy was a good one; but, in reply to the Senator from Florida [Mr. Trammell], I do not think there is any justification whatever for paying these enormous salaries, even the flat salary without the commission. I think a mistake was made, and I do not think it is justifiable at all; and if the board is to continue I think there ought to be some statutory enactment fixing the salaries of members of the board and fixing the limit of the salaries of the subsidiaries they may employ.

Mr. SCHALL. Mr. President-

Mr. ASHURST. I now yield to the Senator from Minne-

sota, provided I do not lose the floor.

Mr. SCHALL. I am informed that the Reconstruction Finance Corporation has made a loan of over \$20,000,000 to the Wabash Railroad, whose president, according to reports, receives a salary of \$60,000 a year. This railroad only did a business last year of \$60,000,000.

did a business last year of \$60,000,000.

The Farmers National Grain Corporation during that same year handled a business of over \$200,000,000, and the president of the Farmers National Grain Corporation only

receives a salary of \$18,000 a year.

If salaries are to be governed by volume of business, the salary to be accorded the president of the Farmers National Grain Corporation, to be consistent with the salary given to the president of the Wabash Railroad Co., would be over three times such an amount, or \$180,000 a year, when as a fact he received one-tenth of this amount, although he is the head of an organization that handled better than three times as much business as the Wabash Railroad.

The Farmers National Grain Corporation have made a profit of over \$3,000,000, which is distributed back to the stockholders, and they did this at a cost to the producer of less than 1 cent per bushel instead of gouging the farmer as he has been by the private grain gambler by 10 or 12 cents per bushel. The Wabash Railroad Co. has gone in the hole.

What the farmers are wondering about is why the Farm Board and the cooperative organizations are singled out.

Why did we not hear some outcry when this loan was made to the Wabash Railroad, that their president was receiving too large a salary?

These cooperatives are private concerns. They are run on the same principle as insurance companies or any other private corporation, the salaries of whose officers range as high as \$250,000. In the beginning it seems to me that these cooperatives are entitled to secure men who can compete with the men who handle the grain gambling and the commercial transaction of other companies that do pay their officers these immense salaries.

I hold no brief for such tremendous salaries, but I do feel that it is not unreasonable to give the cooperative farmer what he is asking of us in this fight or race—an even start. They are young to the game and need the advice and guidance of experienced men of genius in this particular line. Give them the same kind of mount, equipped with equal lung power, with equal strength, muscles that are built for the race or intrigue. Above all else, give them a horse that has been trained for the race who knows the other fellow's game and can get under the line first.

We should not say to the cooperatives you can not have the right to hire competent men who understand this business and you shall not have the right to pay them salaries comparable to what they receive from the private grain trade.

If we are to do this then we should limit the salaries which can be paid by the private grain trade to their employees. This, of course, we can not do, and unless this can be done the cooperatives will not be able to secure the type of men both as to experience and ability so necessary to successfully market the grain of the cooperative.

Mr. TRAMMELL. Mr. President, will the Senator yield? The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Florida?

Mr. ASHURST. I yield.

Mr. TRAMMELL. Since the Senator from Minnesota has raised that question, does he not think that the Stabilization Board, in trying to select this very capable man that he pictures, might have obtained him when he was getting only \$12,000 a year if they had paid him about fifteen or twenty thousand dollars? He was getting only \$12,000 per annum. Does the Senator think it was necessary for the board to give him \$75,000 in order to obtain his services?

Mr. SCHALL. He also received a commission that netted him far more than his present salary.

Mr. McNARY. Mr. President-

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Oregon?

Mr. ASHURST. I yield; but I want to ask one more question.

Mr. McNARY. Would it not be fair if the Senator from Florida would add to his statement that the gentleman to whom he referred owned 85 per cent of the Creekmore organization, out of which he was getting nice dividends and profits?

Mr. TRAMMELL. That was his capital, and he, of course, got his income from his capital; but as to his salary, he had only drawn that salary previously.

Mr. ASHURST. So far as I am concerned, if any private organization desires to pay anyone \$50,000 a year or \$100,000 a year, that is not our concern. What a man does with his own does not concern us. These moneys, however, if not directly, were indirectly Government moneys; and I think it was a bad if not a shockingly bad procedure to take the increment from Government moneys, and from those increments, by reason of this law, pay huge salaries,

when these poor farmers, as has been stated, receive an | is the very point I am making—that we, it seems to me, annual income of but \$300 a year.

Mr. President, one more question. I desire to know whether or not the nominee, Mr. Frank Evans, of Utah, was a member of the board at that time and had anything whatever to do with countenancing or approving this highsalary transaction?

Mr. McNARY. Mr. President, Mr. Evans was appointed to the board in June of 1931, after these contracts with respect to the payment of salaries and wages were entered into. The same thing is true of Mr. Thompson.

Mr. Schilling was originally, and is now, a member of the board. He was a member when these contracts were entered into.

Mr. ASHURST. Then it would seem that Mr. Evans and Mr. Thompson are exempted from any criticism on this particular transaction.

Mr. McNARY. If we are to lay criticism for these contracts and salaries they certainly would be exempt, because they came upon the board after the date of the execution of the contracts.

Mr. ASHURST. I have received the information I desired, and I now yield the floor.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. SCHALL. Mr. President-

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Minnesota?

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. SCHALL. In reply to the question of the Senator from Arizona [Mr. ASHURST], the Grain Corporation made a profit, I understand, of a little over \$3,000,000. There was some question involved as to what business they had done. I make this statement also in reply to the Senator from Maryland [Mr. Typings], who, I think, asked a question as to other salaries.

Mr. BROOKHART. Mr. President, that profit was at the expense of the Stabilization Corporation, so that it is really not a profit at all. If it had not been for the Stabilization Corporation, the other corporation would not have had any profit, or any existence either, for that matter.

Mr. ROBINSON of Arkansas. Mr. President, it seems to me that the issue before the Senate has become confused.

First, there has been criticism of the act under which the Farm Board functions, and the declaration that the act itself really was not desired by the Congress, but was passed through the influence of the President or some one else, when the terms of the measure were really objectionable.

Second, there has been criticism of the administration of the act.

Third, there has been criticism of conduct by the board which has permitted the payment of very large salaries under conditions that did not justify, or seem to justify, such salaries.

The question that is in my mind is, How are we to determine these issues in a vote on the confirmation of a nominee to be a member of the Federal Farm Board? It is at most an indirect expression of opinion. As to some of the features complained of, and I think justly complained of, they are within the control of the Congress; and before we can regulate them we shall find it necessary to revise the law itself.

Mr. BROOKHART. Mr. President-

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Iowa?

Mr. ROBINSON of Arkansas. I yield.

Mr. BROOKHART. On that proposition, the Committee on Civil Service has already reported a bill, and it is now on the calendar, reducing the salaries of members of the Farm Board to \$9,600 a year, and providing that they shall make no loans to any organization that pays salaries above \$15,000 to officers or employees. That bill is pending on the calendar at this time.

Mr. ROBINSON of Arkansas. Yes; but in resolving the question arising under this nomination we do not in any sense determine the issue involved in that litigation. That

are pursuing a very unusual course here.

Mr. KING. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes; I yield to the Senator from Utah.

Mr. KING. I may not understand my leader; but if we condemn, as I do, the policies pursued by the Farm Board, and there is here for confirmation one of the members of the Farm Board whose conduct we challenge and whose conduct we criticize, I feel that we should be at liberty to vote against him, and that we are not doing an unusual

I differentiate between Mr. Evans and Mr. Schilling. shall vote for Mr. Evans. I shall vote against Mr. Schilling. Mr. Schilling has been with the organization for years. He has been a party to this maladministration; and I do not think he is entitled to a vote of confidence at the hands of the Senate.

Mr. ROBINSON of Arkansas. My friend the Senator from Utah will recall that the name of Mr. Schilling has not yet been reached; that all the discussion is upon the nomination of Mr. Evans, and that in determining the confirmation or rejection of the nomination of Mr. Evans we should bear in mind that it is stated here that he was not a member of the board when the contracts complained of were entered into.

The thought in my mind is that we are going at this matter in an indirect way, when we have the power and perhaps the duty to approach it in a direct manner. It does not seem to me fair to reject a nominee for membership on the Farm Board, appointed under authority of an act passed by Congress, upon the implied assumption that he may hereafter approve some action that has been taken by other members of the board.

Mr. BORAH. Mr. President-

Mr. ROBINSON of Arkansas. I yield to the Senator from

Mr. BORAH. I agree with the Senator from Arkansas that the real matter in which we are interested can not be disposed of at this time.

Mr. ROBINSON of Arkansas. That is exactly the thought that is in my mind.

Mr. BORAH. I undertook to express that idea, but perhaps did not make myself plain—that I do agree with what the Senator says. To reject Mr. Evans-who, I think, is a man of capacity and ability-would simply mean that another name would be sent here in his place.

Mr. ROBINSON of Arkansas. Yes; he would be rejected, and still another; so that nothing would be accomplished.

Mr. BORAH. There is a way by which we can deal with this matter later; and I presume this discussion has taken place largely by reason of what is anticipated in the future, rather than the present situation.

Mr. ROBINSON of Arkansas. The statement just made by the Senator, that we can deal with this matter later, is true. It is also true that we could have dealt with it earlier. The question of the administration of this law, in a measure, has been a subject of criticism and mention in Congress since the beginning of this session. I concede that if it can be made to appear that the rejection of one of these nominees is on the ground that he has established his disqualification, or that there is insufficient evidence of his qualification presented to the Senate, it will result in avoiding having to meet this issue again when the name of another nominee is sent here. In other words, if the Senate rejects one of these nominees because he did participate in arrangements which resulted in paying enormous salaries to employees whose policies and actions did not result in benefit to those who finally have to bear the burden of those salaries, that action might be justified, but with regard to the nominee whose name is presented, it does seem to me that we are going out of our way to criticize the appointment, and we would be going out of our way to reject the nomination, merely because other members of the board have taken a course we can not approve.

Mr. KING. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. KING. May I say to my friend that I think Senators have been proceeding upon the supposition that all of the nominations were before the Senate, and Senators have been discussing the Farm Board and its past policies without any reference whatever to Mr. Evans, whose nomination has recently been sent to the Senate. I have not said anything about the matter, but, speaking for myself, I have not thought that the discussion revolves around Mr. Evans at all, or, for that matter, around Mr. Schilling, but rather around the policies which have been pursued by the board, in the belief on the part of some of us, at least, that there has been maladministration of the law.

Mr. ROBINSON of Arkansas. Mr. President, I think I have concluded all I wished to say, except to add that it is my desire to be fair and just. If evidence is presented here, or the suggestion is made, that a member of this board whose name is before the Senate for confirmation is lacking in either moral, mental, or other qualifications, I think that is germane to the issue before the Senate; but I do not think we can hold the board responsible for defects in the statute itself, or hold new appointees on the board responsible for the mistakes of former or old members of the board.

Mr. SMOOT. Mr. President, I want to make just a brief statement, more for the RECORD than for the Senate, at this

Mr. Frank Evans was born and reared on a Utah farm. He worked on the farm, he herded sheep and cattle and worked in a coal mine and sugar factory near by until he was 18 years of age. He taught school and was later selected as superintendent of public schools in his home county.

Mr. Evans worked his way through the University of Utah and later attended the University of Chicago. He is an attorney by profession and was elected to the office of county attorney of Summit County, Utah, the home of his boyhood days. He was later elected to the State senate and was appointed by the governor as regent of the University of Utah.

During the World War he was affiliated with the Red Cross, and he, together with his wife, went abroad in that service. Both attained distinction for the services they rendered in that capacity.

For the past 10 years he has devoted practically all of his time to the organizing and advising of farm cooperative associations. For two and a half years he was executive secretary of the American Farm Bureau Federation and later for a similar period served as its general counsel. During his service with the federation and since his resignation about a year and a half ago, he has worked continuously with farm cooperative associations. He is thoroughly familiar with the farmers' problems.

Personally, I have known Mr. Evans all of his life. His appointment came solely as a result of his past record. He is a man of outstanding ability as a lawyer, economist, and as an expert on farm cooperative associations. His character and integrity are above reproach. I know of no one who is better qualified for appointment as a member of the Federal Farm Board.

I need say no more. I know of no man in public life who bears a higher reputation for honor, honesty, and ability.

Mr. TRAMMELL. Mr. President, I differ somewhat with my friends who are trying to excuse these members of the board, whose membership only dates back 8 or 10 months. They would clear them of any guilt whatever in connection with this salary grab, which is but little short of a public scandal. Certainly for two or three months, when even the man in the street has known of this outrage through the press, the members of the board certainly must have had knowledge of it; and if they had knowledge of the abuse and did not approve and acquiesce, what have they done to try to remedy the situation? I have heard of no effort on their part to remedy the situation. Have they been "asleep on the doormat" for all of these months?

My friend from Oregon said he did not know that these salaries were unconscionable, and he contradicted a statement to that effect made by the Senator from Idaho: and in doing so he retreated behind the proposition that the funds with which these fabulous salaries are paid come out of the cooperative organizations. What are the cooperative organizations? They are representatives of the agricultural interests, the farmers of the country. So he thinks it is all right to take money away from the farmers of this country. but that it might be offensive and might be unconscionable if the same expenditures were made from the Government Treasury. He may see a distinction, but I fail to see anv.

Under the act creating the Farm Board, and under the procedure which has been followed, these are all, we might say, affiliated organizations, with the Farm Board as the parent organization. They are not separate and distinct. They all function in cooperation.

There was organized the American Cotton Growers' Association, the association with which Mr. Creekmore, who has been given a salary of \$50,000 per annum, is connected. The testimony in that regard appears on page 289 of the record, and it appears that the affiliated associations subscribed for \$800,000 of the capital. They paid on their stock only \$75,500. That was the amount the organization with which he was connected contributed. At the time of this hearing, in November, they had obtained from the Farm Board loans amounting to \$63,000,000. Yet some would try to make it appear that the Government has nothing to do with the financing, the gains and the losses. The organization put up only about \$80,000; the Government has contributed, in the way of loans, \$63,000,000. I approve of the benefits, if any, that this Government agent may have brought to our farmers, but I am against the salary waste and the members of the Farm Board who were connected with the board at the time this was permitted or subsequently acquiesced in the scheme. I believe from the hearings they knew and agreed to what was going on. I find on page 288 that Mr. Creekmore was asked the question:

Did any of those members-

Speaking of the members of the Farm Board-

Did any of those members have anything to do with voting those salaries to the members of the cooperatives themselves

Mr. Creekmore said, in reply:

Only indirectly through their directorate.

He further states in his testimony that before he accepted employment, he conferred with the Farm Board. The witnesses before the Committee on Agriculture and Forestry practically admitted that, indirectly at least, the Farm Board had to do with the fixing of these salaries.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. BYRNES. Does the Senator know when the salary of the counsel was increased from \$10,000 to \$20,000?

Mr. TRAMMELL. I do not know when it was increased. Mr. BYRNES. Certainly since the price of cotton and the

price of wheat declined, was it not?

Mr. TRAMMELL. Certainly it was since. In connection with these operations there is a great world of employees drawing salaries of \$20,000, \$25,000, \$30,000, \$35,000 a year in these different organizations which are under the control or affiliated with and being financed by the Farm Board; and I have not heard of any of the members of the board, even these new members who have been on the board for the last eight months, making any effort whatever to remedy that

I think that the farmers of the country are very vitally concerned when funds which have been furnished by the Government for their relief and for their aid are dissipated' in giving lavish and unjustified compensation to officers, and a very excessive number of employees.

Mr. SHIPSTEAD. Mr. President, will the Senator yield? Mr. TRAMMELL. I yield.

Mr. SHIPSTEAD. A year ago Mr. Thompson, who was then the head of the Farm Bureau Federation, appeared with other farm leaders before the Committee on Agriculture and Forestry and asked that committee not to sponsor any legislation for farm relief except to vote appropriations for the Farm Board. At that time he stated that, in his opinion, the farmers of the United States could see more daylight ahead than they had for many years. If he can show them that light, I think he is worth the salary he draws. A short time after that he was appointed a member of the Farm Board.

Mr. TRAMMELL. That might be like some other prophecies. In the dim, distant past we heard and even now we hear about "prosperity around the corner," and yet untold millions of our citizens have grown weary and tired chasing the rainbow which they said is "just around the corner."

Mr. ROBINSON of Arkansas. It is the corner behind us, seemingly.

Mr. TRAMMELL. I think so. That might be true of Mr. Thompson's dream.

Mr. SHIPSTEAD. At least one farmer saw the light.

Mr. TRAMMELL. Yes. I think the other members of the board saw the light, those who advocated the plowing up of every third row of cotton, too. I think perhaps the farmers of the South appreciated that, or a few of them did. I have not heard of any who did, however. That was some of their wise advice, to plow up every third row of cotton.

Whether some of the Senators believe it or not, the farmers are vitally interested in this fund. Congress was moved and actuated in passing the Farm Board legislation with a sincere desire to assist agriculture. It was not the intention, as I understand it—it certainly was not my object in supporting this measure—to build up a pie counter for a lot of people to feast on in the way of extravagant salaries of from five to twenty, thirty, thirty-five, fifty, and seventy-five thousand dollars per annum, but it seems that some who had to do with the machinery have been moved more by the latter consideration than by a desire to afford relief and aid to stricken agriculture in this country.

Outside of the farmers, the Government is interested. The Government's financial support comes from the American taxpayers. I read last night for the first time the revenue bill which is now pending in the House of Representatives. I find that under that bill, in assessing the income tax, an exemption of only \$1,000 is made to a single person and an exemption of only \$2,500 to the head of a family. So every American citizen, if single, who has an income of over \$1,000, and any head of a family who has an income of over \$2,500 are to pay income-tax tribute to the expenses of the Government. Assuredly these citizens are interested in the question of whether or not there is a reasonable economic conduct of all public affairs, or whether we have an extravagant and wasteful administration of the affairs of our Government.

I do not believe in a course that would be disorderly or destructive in governmental affairs, whether dealing with the Farm Board or the different departments or any public activity. It is my opinion we should carry on in an orderly way; but that does not mean the wasteful expenditure of public funds in the way of extravagant salaries, in the way of duplication of work, or in the authorization or the establishment of new activities which will not be beneficial and helpful to the people who have to bear the burden. Now with bended backs from the overload of taxation I hear the pathetic cry for mercy from tens of millions of American freemen.

I have taken the position in this body, not only during this crucial period of depression but for years, that many of the salaries in the lower salary brackets and the medium brackets are really too low, and that, on the other hand, there were salaries in the high brackets which are excessive and need pruning downward. If we treat with the salary problem at this session, in connection with the bill introduced by the distinguished and able Senator from Idaho [Mr. Borahl, or in the consideration of any other measure on this subject, my position will be that we should not reduce the salaries of those receiving merely a pittance or receiving just sufficient compensation to enable them to eke out a

very meager existence. I shall oppose the reduction of the small and medium salaries but when it comes to the high salaries, to the useless positions, and waste, I will heartly join with the Senator from Idaho in a substantial reduction of those salaries and the elimination of all waste.

So far as I am acquainted with or have observed the sentiment of the people of the United States, I think they generally approve of that attitude. Of course, we have organizations of Government employees—and I have always been their friend—who are prompted to go even farther than self-preservation and who say, "Touch not—even the employee whose salary is \$8,000 or \$10,000 or \$15,000 per annum."

But in this they are far at variance with the will of the people of the country. I have tried to be friend those who receive small and medium salaries. I have always thought that the laborer is worthy of his hire. But we must remember that the funds with which we meet these pay rolls come from the American taxpayers, and much of that money comes from people who are earning far less than the compensation which is paid many of the Government employees. Practically all citizens want their employees well paid. I am sure I do.

I think the cooperative organizations and the Farm Board are so interwoven that there is an indirect, if not direct, responsibility upon the members of the Farm Board in the permitting of these exorbitant salaries under discussion. They are unconscionable as stated by the Senator from Idaho [Mr. Borahl. They are just as unconscionable to me, because the funds come out of the farmers of the country as they would be if the funds came out of the Federal Treasury, and for that reason I propose to vote against the members of the board who have acquiesced in any such policy—not only those who have been guilty of the sins of commission but those who have been guilty of the sins of omission.

One of the most distressing experiences I had during my service as the chief executive of my State was the removal of an officer whom I had previously regarded very highly; and I still regarded him very highly as a man, not because he had been guilty of a sin of commission, but because he had only sat idly by and allowed his associates on a board, with his knowledge, to unlawfully direct public funds. He thought it was a terrible thing for me to suspend him from office. He had merely neglected his plain duty, that was all. Does anyone think I should have allowed him to remain on that board? I did not think so, and I do not believe in allowing to remain these members of the Farm Board who have known the situation and, so far as we know, have made no effort whatever to correct it.

During the World War when our brave and patriotic boys were to the front facing hardships and death upon the battlefield, when with an unanimity unparalleled America's private citizenry were sacrificing and struggling in support of the armies at the front, the profiteer preyed upon his countrymen and fliched from them his tainted millions. I see another picture of to-day—millions of farmers struggling for the necessities of life, other millions destitute and in hunger—and then I see them driven into deeper hopelessness as the salary profiteer takes from their funds their \$15,000, \$20,000, \$25,000, \$30,000, \$35,000, \$50,000, and \$75,000 per annum salaries. The Farm Board has permitted this raid. I am for retiring them to the shades of private life.

Mr. KING. Mr. President, as I said to my colleague a moment ago, I shall vote for the confirmation of Mr. Evans. I shall vote against the confirmation of Mr. Schilling. I differentiate between Mr. Evans and Mr. Schilling. Mr. Evans is a new member of the board. If he had been an old member of the board and had supported the policy which the board has pursued in the past, even though he is my personal friend and a man for whom I entertain a very deep affection and high regard, I should vote against him. In view of the fact that I can not associate, and do not associate, him with the practices of the board, the maladministration of the act and the delinquencies and defaults

of the board, I shall feel at liberty to vote for him, and shall take pleasure in voting for him, but shall vote against the other gentleman whom I have named.

Mr. BROOKHART. Mr. President, if all the blame for the failure of the Farm Board were on the board itself, I, of course, would vote against all the nominees and for the abolishing of the board. But there is about as much blame on the United States Senate itself as there is on the board, and there is perhaps more blame still on the executive department of the Government.

In the beginning, the law was inadequate. The law did not meet the situation in the way of providing means for the handling of the farm problem. In that portion of the blame, which is a big portion, the Senate must carry its share.

To-day we have discussed more fully the merits of the proposition than we have the merits of the individuals involved. I want to point out briefly some of the things that are necessary to handle properly the farm problem. There are two phases to it. If we of the United States Senate owned this big United States as our farm we could agree on the policy this afternoon. There would be no trouble about that at all.

We have, first, the domestic market. The domestic market is 90 per cent of the agricultural production in the United States. Less than 10 per cent of it on the average is an export problem. So far as the 90 per cent is concerned, we have the power to create a set-up by law that will give the farmer a cost-of-production price for his products with a reasonable profit, just as truly as any institution in the country is able to charge and collect such a profit.

The other 10 per cent is an export proposition. That is divided somewhat in this way: A little over 50 per cent of the cotton is exported. That is the biggest export item. That is the hardest to handle. But that 50 or 60 per cent of cotton that is exported is in turn 65 per cent of the world's demand for cotton. Therefore, if that big percentage is financed and is properly handled, it will have some voice in the world price that will be paid for cotton. It will have some power to ask a price and receive something near that price. But with 40 or 50 exporters competing with each other in selling cotton in the world's market it has no voice and the buyers of cotton fix the world price.

The next largest item of export is wheat, and that is about 20 per cent. That would be less difficult still to handle than the more than 50 per cent of cotton. After we pass that, livestock products are only 7 or 8 per cent, and that mostly lard. Then we get down to corn, the biggest crop in the United States and the most valuable. Its export is less than 1 per cent, about 20,000,000 bushels a year since 1923 of a 2,750,-000,000-bushel production. That small percentage of less than 1 per cent of corn which is surplus is sold first in the domestic market, because it is not financed and separated and segregated in any way, flooding the domestic market. Then that surplus goes over into the free-trade markets of the world and there fixes the price not only of the little 1 per cent but the other 99 per cent in the United States. The next biggest bushel crop is oats, 1,400,000,000 bushels, and yet we export only about 13,000,000 bushels on the average, again less than 1 per cent. There are some other staple crops, including rice, that ought to go into the list, but I do not have the figures on them.

All of those crops added together export about 10 per cent of production. That 10 per cent is fixing the price of the other 90 per cent at home because it is not separated and segregated from the domestic market. The farmers are forced to sell it in the domestic market and forced to flood the domestic market, and then the exporters and speculators get hold of it and dispose of it in competition in the best way they can in the world market.

We created the Farm Board; and under the law it was not only to organize cooperatives for marketing the domestic production, but it was also to handle that exportable surplus, about 10 per cent of surplus which goes abroad as we export it in the form in which it goes abroad and which amounts to about \$2,000,000,000 a year; and yet for the

handling of that amount of exportable surplus we provided in the law but \$500,000,000. That means, to begin with, that if the board scattered out and attempted to handle any more than wheat and cotton or attempted to use money to organize cooperatives or stabilizing organizations, it would fail because of insufficient financial support, and for that part of the situation Congress itself must share the blame.

We did not size up this proposition as business men should have done. Instead of that, we created this inadequate corporation with those inadequate funds.

It was a different story once before in the Congress in 1919. The President of the United States had promised the farmers \$2.26 for their wheat crop if they sowed it in the fall of 1918. They sowed 18,000,000 acres more upon that promise. Then the armistice was signed, and it looked like we might not need all of that surplus wheat. The crop went into the winter good. They were predicting a 1,200,000-000-bushel crop, 800,000,000 bushels being the ordinary crop. Then Mr. Hoover, who managed the Wheat Corporation through Mr. Julius H. Barnes, now chairman of the executive committee of the United States Chamber of Commerce, got scared about their ability to finance that surplus on the allotment which Congress had given them, to wit, \$150,000,000. So they came back to Congress and asked for more. That is what the Farm Board has not done in this case. They have not sized up the situation and come to Congress as Barnes and Hoover did in 1919.

Barnes and Hoover came on the 5th day of February, 1919, and asked for \$1,000,000,000 to handle the surplus wheat alone, and they got every dollar of it. It was voted by the Senate and House without a moment's hesitation. They said, "We must have funds enough so there can be no question about the ability of the Government to finance and handle this exportable surplus of wheat." They said, "We must have authority to borrow more if that is not enough," and that authority was voted to them. They were given embargo authority. They were given control of the exchanges. They were given power to condemn terminal elevators. They were given control of licensing all the dealers and control of the business from one end of the land to the other.

That was a peace-time measure when the war was over, to carry out a promise of the President of the United States which is no more sacred than the promise made by both the Republican and Democratic platforms adopted in the last national conventions in 1928. They got that money. They found that it was sufficient because the crop proved to be short. They had to use only about \$300,000,000, but they bought all the surplus that was offered. They bought it at cost of production fixed the same as every business man and manufacturing concern fixes the price that will be charged for their products. It was fixed by the Federal board.

This talk that we can not fix prices in the United States, where 90 per cent of our product is consumed at home, is mere idle talk. It can be done; it can be controlled. There is no parallel in the rubber of Great Britain or in the coffee of Brazil, because those were export propositions. Great Britain and Brazil had to find a world market, and the world had the right to shut them out and had the right to go other places to develop their markets.

But the 90 per cent of domestic production we can control. We control prices for manufactures by our tariff rates. We increase them to make a higher American price level. We establish by law a set-up that will enable them to fix the price at their factories without foreign competition.

It takes a little different set-up to remove the farmer's surplus and enable him to get the protection of his tariff rates. His tariff rates break down entirely because his surplus must first be sold in the domestic market and is not separated from the domestic market. That floods the market, breaks down the tariff rates, and the commodities of the farmer go into the free-trade markets of the world, where they are sold in competition with all the world and the price is fixed by that sale. It is cabled back in just a

few minutes to the board of trade, the cotton exchange, and the produce exchange, and thus the price of his entire product follows the world price less the freight and expense of reaching the foreign markets.

Mr. President, assume that we set up a Government organization with sufficient funds and sufficient authority to remove this surplus entirely from the domestic market; then we can give the farmers of the country the cost-ofproduction price of their product with a reasonable profit at the same time. It can not be done, however, until the surplus shall be financed and removed in that way. As I have said, if these were our farms and we were looking upon the proposition as one directly affecting us, we would agree on such a measure this afternoon; it would not take us two hours to settle the question. That is what industry is doing right now with its surplus. Industry is financed, and when it has a surplus it segregates it from the domestic market, finds the best world market it can, and sells the surplus for the best price it can get, and usually charges less than it charges the people of the United States. Such a course, however, is not possible under the Farm Board law, with the meager sum at its disposal in comparison with the immensity of the problem.

The argument is made that if the plan I propose were adopted it would increase production so greatly that the system would break down and do more damage in the end than would have been done had it never been adopted. Mr. President, I have a most scientific analysis of agricultural conditions by the National Industrial Conference Board, which shows that the agricultural plant in the United States has been in full operation since 1900. It further shows that the per capita production has been steadily, slowly, and surely declining since 1900, and that it will surely continue to decline in the future. Perhaps 25 or 30 years from now we shall not have an agricultural surplus, except probably of cotton, but 25 or 30 years is entirely too long to stay in bankruptcy as we are at this time.

Mr. President, would such a plan increase production? The psychology of the farmer is exactly opposite, anyway. If he were getting a price so that he could pay his taxes, so that he could pay his interest rates, the farmer would not be so anxious then to sow every acre and every fence corner and to produce every bushel of grain he could. At the present time he has taxes to meet, he has much interest to meet, and he knows if he does not meet them he will lose his farm. So he does everything in his power to produce every bushel, every ounce he can in order to meet his charges. So I say to you, Mr. President, if the prices were stimulated so far as agriculture is concerned, the farmers would be more likely to decrease production than to increase it. However, the greatest asset that has come to the United States, the greatest asset of our prosperity in all our history, has been the export of agricultural products. The most desirable surplus we can have in this country is a surplus of agricultural products. I concede that the other countries of the world will no longer buy from us agricultural or any other products unless they have to buy them; they must be compelled by necessity, as it were, to buy them. We put up tariff laws against them and they have retaliated against us. I concede that that is the situation; but if wheat were financed, France would take down her tariff if she had to buy our wheat. Wheat is worth \$1.60 or \$1.65 per bushel in France, and has been all the time, while we have been getting only 30, 40, and 50 cents for it here in the United States. France has a tariff on wheat double our tariff, still France has to buy some wheat; but because our surplus is not financed and is held back so that the French can not get it, they make us pay the tariff.

The Farm Board did not pursue the policy that Hoover and Barnes pursued in 1918 and 1919. They went into this business just like a bunch of gamblers. Then Mr. Milnor organized the Stabilization Corporation under the direction of Mr. Legge, the head of the Farm Board. The contention that the Farm Board is not responsible for these high salaries and for the proceedings of the Stabilization Corporation is without merit. That corporation was set up by the

Farm Board; it never would have had existence; it never would have done anything if the Farm Board had not authorized it to act. Mr. Legge, the great financier from the International Harvester Co., the biggest robber of the farmers in all their history, was the man who set it all up.

What did they do then? Mr. Milnor was provided with a \$50,000 salary. He never had had such a salary before. He organized cooperatives, we are told. That is one thing about the law and its operations that is wrong. They can organize any kind of a Delaware corporation or any other corporation and call it a cooperative; but that is a fraud. The cooperatives they do set up are not cooperatives at all. This Stabilization Corporation is a Delaware corporation; the National Grain Corporation is another one, and Mr. Milnor is general manager of both corporations.

Mr. KING. Do they have the same board of directors?

Mr. BROOKHART. No; the board members are different, but Mr. Milnor is the general manager of both corporations, and he himself testified before the committee that in these operations he has, for instance, bought wheat on the board of trade for the Stabilization Corporation on one day and sold wheat for the National Grain Corporation on the same day. That is the rankest kind of gambling, and it can not be described as anything but gambling. The idea of stabilizing by buying and holding and then breaking down that stabilization by selling the wheat on the same day!

Mr. President, of course, that system has failed. The methods employed to handle cotton were not much better. Any such system is sure to fail. The failure of administration has been due in part to inefficiency or to the positive design of the board. I do not know what to think about Mr. Legge, unless he was a great decoy duck put in there to make good the statement of a Senator to whom the Senator from South Dakota [Mr. Norbeck] referred, that the board would lose the money provided for that purpose, and thus the idea of farm relief would be discredited and we would be prevented from ever having an efficient law to protect the farmers, as we are protecting the other industries of the country. Of course the system failed; such a system always will fail.

Mr. President, if instead of pursuing this gambler's policy they had done as the Democratic Wilson board did in 1917 and 1919, if they had fixed a cost-of-production price for farm products, and if the board had had money enough and then had done as the Wilson board did in its day, namely, bid for all the products offered—not for any little share of them, but bid for all-bid for an absolute monopoly and control of the market, then they would have fixed the price on the day they made the bid, as the price of wheat was fixed in 1917, and the board of trade would have gone out of business that same day, as it went out of business in 1917, and stayed out of business until the Wheat Corporation ended its operations after the 1919 crop. board then would have had the surplus left on its hands. It need have no loss upon the domestic demand, because, Mr. President, we could have provided by tariff rates or embargo rates—as under the Democratic bill of 1919 there was an absolute embargo on imports and exports-for the purpose of controlling the price and preventing its being broken down by imports from any other country. Thus the Farm Board would have had left on hand for final disposition in the world market the surplus, which is about 10 per cent.

The Farm Board, in fact, held what it bought in the gamblers' market as a menace over the world market. A bidder in the world market did not know but that the next day the Farm Board surplus would be released and come in on the world market. That threat constantly broke down the world market itself. The members of the board bragged before the committee that they raised the price of wheat some 18 or 20 cents above the world market price in the domestic market; but, Mr. President, before they did that they broke down the world market probably 25 or 30 cents, and then raised the domestic market a part of the way back: at any rate, that is the way it figured out.

Suppose they had taken the other course and had said, "This surplus is not for sale; we will hold our cotton, our wheat, our corn, and our oats"—and there was not much to hold of corn or oats—"we will hold them until there is a world demand before we will sell them." That would have removed the threat from the world market; it would have permitted the world market to reach a higher level; it would surely have reached a higher level, and the board could finally have sold when the world had to buy. I concede that it would not have sold until the world had to buy, because other countries had adopted an attitude of retaliation against us; and the board might have had a loss upon the final sale of that surplus.

In the McNary-Haugen bill the farmers themselves said, "We will tax ourselves to pay that loss." That is what the equalization fee meant. It ought to have been called a tax. The name "equalization fee" is a camouflage; it was a tax upon the farmers. Yet they were denied the opportunity of taxing themselves to pay the losses that might ensue upon this exportable surplus and its final disposition.

Mr. President, I believe that the debenture ought to go ahead of the equalization fee. I believe the United States Treasury owes it to agriculture to pay all of that loss, perhaps so long as we will have a surplus. The tariff system of the United States creates a higher level of prices in the home market—a level four or five billion dollars higher than elsewhere. The farmers have probably paid a billion dollars of that higher price level each year throughout all the years. That has been a tax upon them, but they have received no benefit from this higher price level, because their own prices were fixed by the sale of their surplus in the free-trade markets of the world. I say that is enough tax for them to pay, and the Treasury, in order to equalize that condition, ought to have paid the losses, if any, upon the exportable surplus.

Mr. Hoover and Mr. Barnes had no loss on wheat in 1917, 1918, and 1919; they had a profit; they turned \$59,000,000 of profit into the Treasury of the United States. Operating according to the same methods we would, in the case of some of these products, during some years again have profits to be turned into the United States Treasury. But if we had losses, I say that the Treasury ought to pay them.

Mr. President, in 1920 many Members of the Senate voted for the transportation act. They put in that act a guaranty out of the Treasury of the United States for the war-time profits of the railroads of the United States for the first six months after they were turned back into private ownership. They voted for that, and put it in the law. Then the deficit came along after a padding of the accounts of the railroads—one of the greatest outrages and grafting operations of the whole World War period—and when the deficit developed we wrote checks on the Treasury for \$529,000,000 and paid that deficit. Many Members of the Senate who voted for that guaranty and for that subsidy out of the Treasury of the United States voted against the McNary-Haugen bill which only permitted the farmers to tax themselves. Subsequently they voted against the debenture plan designed to pay the loss out of the Treasury.

Mr. President, I should like to see enacted a bill providing an additional billion dollars for the Farm Board, but I do not like the policies of the Farm Board, and I would not vote for such a bill if the policies which have been pursued in the past are to be continued. Along with that, I should like to see the law prescribe a policy; I should like to see it tell the Farm Board what it should do in this matter; that it shall fix the cost of production for the staple products exactly as the Wilson board did in 1917, 1918, and 1919, and then bid that price for all the products that are offered. I should like them to have embargo power, so that they could shut out the imports of these products and thus protect the cost-of-production price. As soon as that bid would be made, the price would rise to that level for all the farmers of the United States.

Then I should like to lay down a policy for the board in the law so that they would hold this surplus for a world demand and then sell it on the best world demand. If they

had a loss, I would start with a debenture equal to the full tariff rate—because half of the tariff rate now, at these low prices of farm products, will not protect a cost-of-production price for agriculture—and I would pay the loss on that debenture back to the Farm Board, and keep this revolving fund intact, so that there would be no diminution of it. Let us do that until we give the farmers as much as we gave the railroads in 1920, at least. Then, after we have drawn \$529,000,000 of debentures out of the Treasury, I am willing to let the farmers tax themselves, if they want to, and they have wanted to all along.

Mr. President, if we will do that, and give the board authority to borrow more money if a thousand millions is not enough to handle this, as we gave it to the board in 1919—if we will do that, the farmers will at once get a cost-of-production price; there will be no argument about it; and if we have a loss, we will get something for the loss.

I would not now object to the loss the Farm Board had sustained, which they showed to be \$177,000,000, if, in exchange for that, they had given the farmers of this country a cost-of-production price for their products; and if the farmers had got that price, we would have been on the road out of this depression long ago.

Agriculture went down in 1920, stricken down by the deflation policy of the Federal Reserve Board. It never had such a panic in farm prices in all its history. It has stayed down ever since, until its buying power is reduced. It can not even pay its interest and its taxes, and its credit is entirely destroyed. This long-continued depression of agriculture stopped many of the wheels of industry everywhere. That threw other men out of employment and destroyed their buying power, and that stopped other wheels of industry, until we have sunk down into the lowest depression in all of American history. It started at the bottom, with the deflation of agriculture; and if we are to recover from that depression we must start at the bottom again to give agriculture its cost-of-production price for its products, which in turn will start the wheels of industry, which in turn will employ men now unemployed, which in turn will increase business of every kind in the country and put us on the road to a sound recovery.

At present, whom have we helped? Nobody but the money lenders. We have tapped the Treasury for \$2,000,000,000 for the railroads and for the banks. We have provided another \$125,000,000 for the land banks, but that, again, was a lending policy. Agricultural prices are going lower; commodity prices are going lower all along the line; and there is still no relief in sight from these measures, because we have not tackled this problem from the bottom, as it ought to have been tackled.

If all of our agricultural products were exportable, as rubber was, of course, we would have to deal with the other nations of the world to control the price; but upon this 90 per cent of staple farm products we can deal only with ourselves and control that price. Since we are setting up these artificial things to protect the railroads, the banks, the protected industries, the great corporations of every kind, I say to you that the Congress of the United States owes it to the farmers of the United States to do the same thing for them by law.

The VICE PRESIDENT. The question is, Will the Senate active and consent to the nomination of Frank Evans, of Utah? [Putting the question.] The ayes have it, and the nomination is confirmed.

#### FEDERAL FARM BOARD-WILLIAM F. SCHILLING

The Chief Clerk read the nomination of William F. Schilling, of Minnesota, to be a member of the Federal Farm Board for the term of six years from June 15, 1931.

Mr. KING. Mr. President, I desire to state to my friend from Oregon [Mr. McNary] that I shall ask for a record vote on Mr. Schilling's nomination. I dislike to call Senators back.

Mr. McNARY. Will the Senator make that request with respect to the nomination of Mr. Thompson?

Mr. KING. No.

Mr. McNARY. Then may we not have presented to the Senate at this time the nomination of Mr. Thompson?

Mr. KING. I can not speak for one or two other Senators on this side. They may make that request.

Mr. McNARY. I ask unanimous consent that the Senate may now consider the nomination of Mr. Thompson.

The VICE PRESIDENT. Is there objection?

Mr. ROBINSON of Arkansas. What is the request?

Mr. McNARY. To consider the nomination of Mr. Thompson to be a member of the Farm Board.

Mr. KING. May I say to my friend that while I do not object to that I feel constrained to ask for a quorum as to that, because I understand that a number of Senators desire to speak upon that nomination, or at least to have a record vote upon it.

Mr. McNARY. The only reason why I made the request is the statement made by the Senator from Utah that he would ask for a roll call on the nomination of Mr. Schilling.

Mr. KING. I spoke only for myself.

#### FEDERAL FARM BOARD-SAM H. THOMPSON

Mr. McNARY. Assuming, from the general course of the argument to-day, that there would be no opposition to Mr. Thompson by reason of his not being a member of the board at the time contracts for certain salaries were entered into, and that there would not be a roll call, in order to dispose of the two nominations to-day in case of failure to develop a quorum I have asked unanimous consent that we may now consider the nomination of Mr. Thompson.

The VICE PRESIDENT. Is there objection. The Chair hears none.

The Chief Clerk read the nomination of Sam H. Thompson, of Illinois, to be a member of the Federal Farm Board for the unexpired term of six years from June 15, 1930.

Mr. KING. Mr. President, may I say to the Senator from Florida [Mr. Trammell] and other Senators who have just come in that the nomination of Mr. Thompson is now before the Senate for consideration.

Mr. TRAMMELL. I am on record. I think perhaps some other Senators will want to go on record. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators
answered to their names:

Ashurst	Coolidge	Johnson	Patterson
Austin	Copeland	Jones	Pittman
Bailey	Costigan	Kean	Robinson, Ark.
Bankhead	Couzens	Kendrick	Robinson, Ind.
Barbour	Dale	Keyes	Schall
Barkley	Davis	King	Sheppard
Bingham	Dickinson	La Follette	Shipstead
Black	Fess	Lewis	Smith
Blaine	Fletcher	Logan	Smoot
Borah	Frazier	McGill	Steiwer
Bratton	George	McKellar	Thomas, Idaho
Brookhart	Glass	McNary	Thomas, Okla.
Broussard	Glenn	Metcalf	Trammell
Bulkley	Gore	Morrison	Vandenberg
Bulow	Hale	Moses	Wagner
Byrnes	Harrison	Neely	Walcott
Capper	Hatfield	Norbeck	Walsh, Mont.
Caraway	Hayden	Norris	Waterman
Carey	Hebert	Nye	White
Connelly	Howell	Oddie	CHILDREN COLUMN TO A

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present. The question is, Will the Senate advise and consent to the nomination of Mr. Thompson? [Putting the question.]

Mr. TRAMMELL. Let us have the yeas and nays.

The VICE PRESIDENT. The ayes have it, and the nomination is confirmed.

The question now is, Will the Senate advise and consent to the nomination of William F. Schilling, of Minnesota?

Mr. TRAMMELL. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. TRAMMELL. How many Senators seconded the request for the yeas and nays? I asked for a yea-and-nay vote, and I did not have an opportunity to have it ascertained whether or not the request was sustained.

The VICE PRESIDENT. The result of the vote has been announced.

Mr. TRAMMELL. I desired to have a yea-and-nay vote on the nomination.

#### FEDERAL FARM BOARD-WILLIAM F. SCHILLING

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination of William F. Schilling, of Minnesota?

Mr. KING. Mr. President, as I have heretofore indicated, I do not place Mr. Schilling, whose name is now being considered, in the same category as that occupied by Mr. Evans. I voted for the latter because I regarded him as competent to discharge the duties of the position and believed that he would not support policies inaugurated by the Farm Board long before his association with it, and would not permit the officers of the Stabilization Corporation and the Farmers' National Grain Corporation to execute the dominating influence over the board which they have exercised in the past.

My opposition to Mr. Schilling is not personal. So far as I know, he is an upright and honorable man. It is based upon his support of policies executed by the board which have brought just criticism upon this organization, and which have resulted in proposed legislation to abolish the board entirely or to transfer to the Department of Agriculture the administration of the Federal farm act. Mr. Schilling is one of the old members of the board and has been a party to the policies it has carried out, and which, as I have indicated, have provoked serious criticism and led many farmers to condemn it and ask for its reconstruction or abolition.

In the discussion that has taken place to-day the Farm Board has been criticized because of the large salaries paid to a number of individuals connected directly or indirectly with the Farm Board or with its subsidiary organizations. While I criticize the conduct of the board in permitting or not opposing the employment of so large a number of individuals and the payment of salaries so large as to be unwarranted and unfair to the Government and to the cooperatives, I believe that there are stronger and more important reasons justifying my vote against Mr. Schilling's confirmation.

We have just listened to two important speeches by the Senator from South Dakota [Mr. Norbeck] and the Senator from Iowa [Mr. Brookhart]. These Senators have long been known for their interest in agriculture and for their efforts to secure legislation beneficial to the farmers of the United States. They now condemn in unmeasured terms not only the Farm Board act but its administration. As I interpret their remarks, the members of the Farm Board who formulated its policies and put them into execution fall within the terms of their disapproval and indeed condemnation.

Certain it is that the policies of the Farm Board have resulted in enormous losses which the taxpayers of the United States are compelled to meet; and I think it is equally certain, if we are justified in accepting the statements of these Senators as well as statements made by farmers and persons familiar with the activities of the board and its subsidiaries, that the farming interests of the United States have not been benefited.

This statement perhaps should be modified to the extent that perhaps a number of organizations have received some benefit by reason of the loans made to them. Undoubtedly the large loan of more than \$20,000,000 to the California interests engaged in producing grapes and raisins was of some temporary advantage to those who participated in the loan.

I believe that in both the House and the Senate many who have been the most earnest in their efforts to secure legislation for the benefit of agriculture and to aid the farmers in their unequal contest are among the severest critics of the Farm Board and its operations.

Throughout the country there has been a feeling of keen disappointment because of the unsatisfactory record of the Farm Board, and farmers in many sections are demanding that the so-called marketing act, under which the Farm Board is operating, be repealed, and that the provisions of

the McNary-Haugen bill be enacted into law, or that the debenture plan, so ably advocated by the Senator from Idaho [Mr. Borahl and the Senator from Nebraska [Mr. Norris] receive legislative approval.

Mr. President, the farm problem has not been solved, and the farmers to-day are in a more deplorable condition than ever before. It is impossible to compute their losses, or to measure the injustices to which they have been subjected by discriminatory legislation and by favoritism shown to what we are pleased to call the industrial interests of our country.

For years the farmers have protested against legislation which enriched large corporations engaged in industrial pursuits and widened the gulf between them and the manufacturing interests of the United States. The former were compelled to buy in a highly protected market, and the prices of their product were determined in the markets of the world. The result of unsound, if not unjust, legislation brought disappointment and, indeed tragedy to the agriculturists of our country. Millions of American farmers who have contributed so much to the progress and development of our country are to-day bound by the chains of debt, and they experience but little hope of relief from the tragic conditions in which they find themselves. Their farms are mortgaged and hundreds of thousands of farmers and their families are faced with expulsion from their homes, as creditors press relentlessly for payment of past-due obligations. The farmers were led to believe that the passage of the so-called farm marketing act would dissipate the clouds hanging over them and bring to them a reasonable degree of prosperity.

All thoughtful persons realize that the prosperity of our country depends upon the farmers and the stock growers, and those who till the soil and bring forth its rich products for the happiness and sustenance of man. If the farmers are destroyed, the cities will sink into ruin. The deplorable condition of our country to-day is largely due to the plight of the farmers

It is obvious, Mr. President, that the promoters of the marketing act were mistaken when they promised that it would bring prosperity to the farmers.

The act has been a failure, and even many who were its friends now believe that its results have been not only unsatisfactory but injurious. It is certain that the loss to the taxpayers of the United States has been great, perhaps between \$250,000,000 and \$300,000,000. Some of the regional so-called cooperative organizations are insolvent, and the Federal Government will be required to assume the losses resulting therefrom. In my opinion, many of the loans made from the \$500,000,000 fund will be lost to the Government.

My attention has been brought upon a number of occasions to loans which have been made to so-called cooperatives in værious parts of the United States where it is claimed that losses have been incurred and additional losses are inevitable and that the Government will have to meet the same. It is possible that if the Farm Board at this late hour will change its policies and conform to sound economic laws some benefit may be derived by the farmers and the Government saved from further losses.

Mr. President, there is no doubt that the legislative branch of the Government is desirous of affording genuine farm relief, and it is certain that there is sincere regret that the marketing act has proven so unsatisfactory.

I have referred to the Senator from Nebraska [Mr. Nor-ris] as one who has been an earnest and sincere champion of the agriculturists of the United States. He has felt constrained to challenge attention to the work of the Farm Board and to offer a resolution sweeping in its character, calling for a complete and thorough investigation of the board, its affiliated or subordinate organizations, and their activities. Prior to offering the resolution there had been a hearing before the Committee on Agriculture and Forestry of the Senate.

Mr. Stone and other representatives of the Farm Board testified, and the facts developed at the hearing proved, I think, rather a severe shock to the country. Certainly the testimony before the committee, as well as the general

complaints brought to the attention of Congress, inspired the Senator from Nebraska to offer the sweeping resolution just mentioned. This resolution, No. 42, requires the Committee on Agriculture and Forestry to make a thorough investigation of all the activities and operations of the Federal Farm Board and, in addition, requires them to "specifically inquire into the organization and operations of any stabilization corporations and the organization and operations of any other corporations or subsidiaries organized by said bureau."

That part of the resolution, Mr. President, I have no doubt grew out of the information brought to the attention of the committee relating to the enormous salaries paid to employees of the Farm Board and the Stabilization Corporation and the Farmers' National Grain Corporation. The hearing also developed that the Farm Board had engaged in speculations which many denominated as gambling activities, as a result of which the Government had sustained a loss of tens of millions of dollars.

The resolution further provides that the committee shall ascertain whether, in the organization of any corporation by said board, such corporation was advisable or necessary, and whether the operation of said Federal Farm Board under said act could or could not have been better performed if, instead of organizing an independent corporation to act as sale or purchasing agent, or in any other capacity, the services of existing cooperative organizations could not have been more properly utilized.

At this point may I add that the two-subsidiaries mentioned were organized under the laws of the State of Delaware. They can scarcely be called genuine cooperative organizations, and, in my opinion, they are not controlled as cooperative organizations should be controlled. Perhaps there is much exaggeration and perhaps some inaccurate statements in the book published called "Wheat and Politics," which refers to these organizations and their administration.

Mr. SCHALL. Mr. President, will the Senator yield? Mr. KING. I yield.

Mr. SCHALL. Would it interest the Senator to know that Wheat and Politics was incited and put out and sent throughout the country by the grain companies and the grain trade? Would it interest the Senator to know that this book should be called "Chaff and Poison in Politics," and that the author wrote article after article favorable to the Farmers' National Grain Corporation, the Farm Board, and the marketing act, and that as late as July, 1931, he tried to get employment as lecturer for it, but was turned down?

Would it be interesting to know what contact the author of this book has made with the private dealers in grain and cotton, and would it not be still more interesting to know what assistance the private farm commodity exchanges have given to Mr. Brinton in the circulation and distribution of this book?

Mr. KING. It would be interesting if I knew it, but if the book states facts, it would not change any conclusions based upon such facts. Sometimes, as the Senator may know, the devil may speak the truth.

Mr. SCHALL. It is interesting to know that Wheat and Politics is a bunch of lies from beginning to end, and I have the information within my hands to prove it, information which I will introduce into the Record within the next few days.

Mr. KING. I hope the Senator will appear before the committee when the investigation which is called for by the resolution offered by the Senator from Nebraska is entered upon.

Mr. SCHALL. I hope the resolution of the Senator from Nebraska will be agreed to, and I hope enough money will be appropriated so that a real investigation may be made, not only into the Farm Board, not only into these grain corporations, but into the activities of the private gamblers in farm products throughout the country.

The private gamblers in commodities want the Farm Board and the cooperatives investigated, and there is no reason they should not be investigated, but before we pass any amendments to destroy the agricultural marketing act or cripple the Farm Board let us see to it that an investigation is also had at the same time of the activities of the gamblers in the farm commodities. Such an investigation will convince this body and everybody in this country that the attack now being made against the Farm Board and the agricultural marketing act is made by selfish interests, financed by the gamblers in the farmer's commodities and is the result of a well-organized publicity campaign in which dishonest and false charges have been heralded through the newspapers and in which books like Wheat and Politics have been paid for and distributed by the commodity gamblers. By all means let us have this investigation and let us appropriate enough money to bring out the facts, and show to the people the secret underhanded contemptible methods used by the commodity gamblers to destroy the agricultural marketing act.

The cotton exchange has already raised \$100,000 for the very purpose of uprooting the Farm Board, for publicity purposes, and for the purpose of repealing or destroying the agricultural marketing act. They are beginning their operations by way of bills to cut down the salaries of the men who are running these private cooperative organizations in an attempt, by indirection, to put them out of business.

Mr. KING. Mr. President, I am glad that the Senator from Minnesota possesses such a plenitude of knowledge, and I commend him as a witness to the committee, when it shall be organized, that out of the fund of knowledge which he possesses he may furnish pertinent information to the committee.

Mr. SCHALL. I have letters which conclusively show who is doing the job.

Mr. KING. Mr. President, I look with as much hostility upon stock gamblers, and those who gamble upon the grain and cotton exchanges, as does the Senator. I believe that the gambling operations upon the New York Stock Exchange contributed in no small degree to the depression from which the people are suffering. Unfortunately, the party in power during the past few years took no steps to restrain gambling operations, either upon the grain or cotton exchanges or stock exchanges. In 1926 I offered bills tending to prevent gambling upon the stock exchanges. One of our deceased colleagues offered a bill to prevent gambling upon the grain exchanges. I was glad to associate myself with him in the efforts which he made to secure the passage of his bill. That evils have resulted from gambling upon the stock and grain exchanges there can be no doubt, and it is unfortunate that the necessary legislation has not been enacted to curb these meretricious and devastating activities.

The two corporations to which I have referred, as stated by the Senator from Iowa [Mr. Brookhart], if I understand him correctly, were not created by farmers; they are not genuine cooperatives, as I have stated; they are not controlled by farmers; and, in my opinion, they exert too great an influence over the Farm Board and determine in a very large measure its policies and proceedings. I think we will hear more about these two corporations and their directors within a few days. I think they will be in Washington and will exert every possible influence with the Farm Board to secure a continuation of past policies or the adoption of policies desired by these organizations.

I return to the resolution offered by the Senator from Nebraska. It proceeds as follows:

The committee shall likewise ascertain whether the said Federal Farm Board in its activities under said act has been, within the meaning and intent of said act, unjust to any existing cooperative organization, and whether said board has been guilty of any practices which tend to injure the operation or the activities of

any existing cooperative organization.

The committee shall also ascertain whether, in the buying and selling of any of the products dealt in by said board by virtue of said act, its activities were advisable or necessary, or whether the trading in the buying, selling, and storing of grain, cotton, and other products was carried on in accordance with the intent of said act. The committee shall also ascertain what, if any, losses or benefits have been or will probably be sustained by any of the activities of said board or any other corporation organized by said board under said act.

The committee shall likewise ascertain whether any of the exchanges or boards of trade or other organizations privately owned and privately controlled, dealing in any of the products mentioned in said act, have in any way interfered with or hampered, wrongfully or unjustly, the activities of said board in carrying out the provisions of said act.

Without reading the entire resolution may I say that it charges the committee with further responsibilities and, as indicated, with the duty of making a searching investigaton into the conduct of the board and its subsidiaries. This investigation undoubtedly will inquire into these two Delaware corporations and by whom they are controlled; the loans which have been made; the disposition of the money that came from the Treasury of the United States; the securities for such loans and the use to which the loans have been put; the so-called regional cooperatives and their financial condition; the number that are insolvent; the losses that have been sustained or will be sustained, and the provisions which have been made or must be made to meet such losses; the amount which the Federal Government will be called upon to pay out of the \$500,000,000 appropriated to meet defaults of regional or other cooperatives; the quantity of cotton and grain on hand; the per diem cost of caring for these impounded products; the losses which have been sustained and will be sustained by reason of the policy of the Farm Board in buying and holding wheat and cotton.

The committee will, of course, ascertain the loans which have been made to cotton cooperatives, the status of such cooperatives; indeed, the entire field covered by the resolution will be explored. Congress should know as soon as possible all the facts bearing upon the Farm Board and its activities, and also those relating to the cooperatives and organizations connected directly or indirectly with the Farm Board.

Mr. President, as I have stated, the resolution calling for this investigation was offered by a Senator whose efforts to aid agriculture are second to none in public life. It can not therefore be argued that the resolution was offered by one hostile to the farmers, but by one of their truest friends. I sincerely hope that the committee will proceed as expeditiously as possible with the investigation called for, in order that Congress may have at an early date the benefit of their report to aid in enacting such legislation as it may regard to be wise and proper.

The Senator from Idaho a few moments ago referred to communications received by him urging support, if I understand his statement correctly, of the Farm Board and the appropriations for it. I associate myself with the statement which the Senator made as to the position which he would take with respect to such communications. I have received a large number of telegrams and letters, many of them coming from organizations that had received loans from the Farm Board. I can not help but believe that some of the communications sent me were inspired by the Farm Board itself. The Committee on Appropriations of the House has been preparing a bill which will provide for the expenses of the Farm Board for the next fiscal year. It has been reported that the committee would reduce by several hundred thousand dollars the amount asked by the Farm Board to meet its expenses for the coming year. Immediately there were reactions in various parts of the United States, and letters and telegrams came pouring into Washington against such reduction. Mr. Stone, of the Farm Board, stated, according to the press, that the Farm Board was facing a crisis, and one of the newspapers quoted him as saying that it would be unable to function and its usefulness crippled if the appropriations were reduced as suggested.

Mr. President, in my opinion too large a sum has been appropriated to meet any legitimate expenses of the Farm Board. It, like other Federal organizations, has not practiced economy but has made demands for larger appropriations than were needed. It is one of the propensities of Federal bureaus and agencies and organizations to clamor for larger appropriations, for increased personnel. The condition of the Treasury and the burdens resting upon the people are not taken into account, as a rule, by officials in executive departments and bureaus. The President has

stated that he is interested in consolidating Federal agencies and reducing expenses in the executive departments. An examination of the Budget submitted by him for the next fiscal year will reveal, in my opinion, demands for appropriations for the executive departments beyond all legitimate and proper requirements. The Budget estimate submitted by the President should be cut, not millions but several hundred million dollars. If Federal expenses are reduced and economies in executive departments are carried into effect, Congress alone, in my opinion, will be the instrumentality that will effectuate such results. The appropriation for the Farm Board should be reduced and the extravagant salaries which it has paid, and which it either authorized or approved and paid by its subsidiaries, should be radically reduced.

In my opinion, it is not an edifying spectacle to have members of the Farm Board making frantic protests against contemplated action by Congress with respect to expenditures of a Federal agency controlled by them. In view of the statement of Mr. Stone and the synchronization of telegrams and letters with his public statements, one can not help but entertain the suspicion that this was not a mere coincidence, but was the result of some direct or indirect influence emanating from Washington or the two chief subsidiaries of the Farm Board.

Mr. President, as I have stated, Mr. Schilling has been a member of the Farm Board for some time and knows of its activities and of the policies which it inaugurated and carried out. There is nothing in the record nor has anything been brought to the attention of the Senate to indicate that he disapproved of the policies of the Farm Board or that he now disapproves of such policies or is in favor of converting it, if that is possible, into an organization beneficial to the farmers of the United States.

As stated, I have no feeling against Mr. Schilling. There is nothing personal in my opposition to his confirmation. I rest my vote upon the proposition that he has been a party to policies conceived and carried out by the Farm Board that have been economically unsound, disadvantageous to agriculture, and injurious to the people of the United States.

Mr. President, I have received many letters and communications condemnatory of the board and highly critical of its methods and policies. Part of these have come from farmers and farm organizations, and some from persons in various walks of life. Permit me to read a few sentences from an address delivered by Dr. James E. Boyle, of Cornell University. He may be denominated a doctrinaire, but I think his views are worthy of consideration.

Our friends of the American Farm Bureau Federation set up two huge central marketing agencies in Chicago, the United States Grain Growers and the Grain Marketing Co., financed with private credit from the farmer. These experiments quickly faded from the picture.

Now comes the Farm Board, setting up one big central in Chi-ago and numerous large regionals. These are financed with cago and numerous large regionals. These are financed with cheap Government credit. But, like the experiments I have just named, these new ones pay high salaries, are extravagantly managed, show disregard of the sound principles of grain marketing, bring about increased costs, and are contrary to farmer psychology. So now we see signs of the break-up of this big and costly experiment. ment. Already Montana and North Dakota have pulled out of the

The Farm Board, he concluded, in addition to its other troubles, "is trying to carry two big corpses—200,000,000 bushels of wheat, 3,500,000 bales of cotton. This means a carrying charge of \$175,000 a day, and even the United States Treasury can not carry such a lead indefinitely." 3.500,000 bales of cotton. load indefinitely.

Mr. President, I ask permission to insert in the RECORD a very few statements out of the hundreds that have been brought to my attention.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

FARM BOARD'S FIGURES SHOW HEAVY LOSSES—PRESENT PRICES INDI-CATE \$42,000,000—ONLY ON PAPER, STONE SAYS

(Special from Monitor Bureau)

WASHINGTON, November 24.—The carefully guarded secret of the amount of wheat held by the Federal Farm Board was revealed to-day as 189,600,000 bushels. The information was given by Mr. James C. Stone, chairman of the board, at a meeting of the Senate

Agricultural Committee under Senator Charles L. McNary (Republican), of Oregon, its chairman.

publican), of Oregon, its chairman.

The amount of wheat held is considerably larger than was currently estimated. The figures of wheat purchases and sales revealed that the board will have sustained huge losses in its stabilization operations, due to the decline in wheat prices, unless these prices rapidly rise. The total amount of wheat purchased during the entire stabilization proceedings, Mr. Stone said, was 329,621,052 bushels. The average price paid for this wheat was 31 and a fraction cents a bushel.

Mr. Stone denied that one could figure any "loss" for the board's activity while it was still in the open market. The figure of its loss or gain could not be estimated, he said, till the last sale was made. Losses so far existed only on paper.

#### ADMITS " PAPER " LOSSES

However, he admitted that present wheat prices at Chicago are only 55 cents a bushel, as against 81 cents which the board paid for its wheat. The board has sold much of its holdings, Mr. Stone said. On July 1 it owned 257,136,571 bushels, and to-day the amount is down to the 189,600,000-bushel figure.

As against the 81 cents a bushel purchasing price, the average sales price of the board's wheat has been only 55 and a fraction cents. Estimates made unofficially at the hearing in connection with Mr. Stone's remarks placed the total amount expended for all wheat purchased from time to time at around \$263,700,000 at the 81-cent figure. The amount of wheat, if the balance is sold for the same 55-cent average as that sold to date, would bring back to the Farm Board only \$181,300,000. This is a decline of around \$82,400,000.

Mr. Stone said the wheat now held is stored in private and public elevators over the country. Carrying charges on the wheat run to  $1\frac{1}{4}$  cents to  $1\frac{1}{2}$  cents a bushel per month. The wheat also suffers from deterioration, although Mr. Stone said this could be minimized by better storage.

#### [From the New York World] IT CAN'T LET GO

Economically, the Farm Board's use of the taxpayers' money for Economically, the Farm Board's use of the taxpayers' money for the professed purpose of stabilizing the price of wheat and cotton has been a complete failure. When it stabilized cotton a year ago the price was 18 cents a pound; it is now 10 cents. Wheat likewise was selling a year ago at \$1.22; it is now selling for 76 cents. The losses from these pegging operations which did not peg anything are estimated at approximately \$70,000,000. The board is now in a position where it dare not let go, and where by belding on it becomes involved deeper and deeper in transactions. holding on it becomes involved deeper and deeper in transactions which must ultimately defeat their own purpose. It is merely duplicating the unfortunate experiments of Brazil with coffee and of the British East Indies with rubber.

#### [From the Washington Post, December 21, 1930] UNCLE SAM, SPECULATOR

The extent of the Farm Board's operations was revealed for the first time last week in a hearing called to consider its request for an additional appropriation of \$150,000,000 to be added to the \$250,000,000 already advanced. To assist in the marketing of various commodities, the board's net commitments come to \$228,-000,000. Its actual advances amount to \$186,000,000 and the repayments come to a paltry \$66,000,000. For grain and cotton stabilization its commitments come to \$145,000,000, the advances amount to \$140,000,000, and the repayments total \$56,500,000. Altogether, the board has purchased some 124,000,000 bushels of wheat, about half of which it holds in storage and the other half of which is represented by contracts for future delivery half of which is represented by contracts for future delivery.

It is no secret that the board's efforts to assist the farmer have fallen far short of expectations, despite the liberality with which Treasury money has been paid out in his behalf. Mr. Legge admits as much. Steadily the price of agricultural commodities has declined. More insistent becomes the demand of western Congressmen for additional relief measures. Louder and ever louder is the plaint of the farmers themselves. Mr. Legge finds himself in an increasingly difficult position, and now he proposes a step that would confirm the President's warning that "buying and

that would confirm the President's warning that "buying and selling and price fixing must inevitably lead to bureaucracy and domination."

Mr. Legge proposes that the Government undertake to regulate all exchanges dealing in agricultural commodities. "At present," says Mr. Legge, "exchange rules and regulations are built up by the traders themselves. They are not in the interests of either the producers or the consumers. The traders can change them every day at their will. Under present legislation I can not find anyone who has authority effectively to deal with such exchanges. " \* We think there should be an amendment to the regulations governing the exchanges to the end that they would not be permitted erning the exchanges to the end that they would not be permitted to make their own rules, except as they are approved by the Secretary of Agriculture or by some official designated by the Government for that purpose. We also feel that the Secretary of Agriculture should be given definite authority to enforce the rules after they have been approved."

The rules of the commodities exchanges are, of course, not

drawn in the interests of the producer or the consumer. The function of the exchange is to provide a free and open market. The rules of the exchange are drawn with that in view. Supply and demand, those factors that inexorably determine price levels

everywhere, are the fundamental basis of the rules of the com-modity exchanges. Mr. Legge proposes, in effect, that the Gov-ernment undertake to set aside the laws of supply and demand. This is bureaucracy at its worst.

The Farm Board soon will have spent \$500,000,000 in behalf of the farmer. There will be no reason to complain if the expenditure fails to show tangible results. The Government agreed to devote that sum to the vast experiment that is now under way. Directly and indirectly, however, it would cost many times \$500,-000,000 for the Government to set itself up as the only grain speculator in the United States.

#### [From the Wichite Beacon, February 21, 1932] FARM BOARD'S DEAL IN COFFEE EXPOSED

The Wichita Beacon to-day, on page 8, section A, publishes for the first time the amazing contract entered into by the Federal Farm Board with the Government of Brazil through which 25,000,000 bushels of stabilization wheat is traded for 1,050,000 bags of coffee.

On the opposite page is printed an estimate of this astounding transaction, which cost the Farm Board approximately \$16,000,000, which comes out of the pockets of the taxpayers of the United States, working especially to the injury of the growers of wheat, the farmers of Kansas.

The stabilization wheat in question had better been dumped in the middle of the Atlantic Ocean than to have been bartered

away in an illegal deal with Brazil.

On the basis of which the deal was made, at the most, the Farm Board will have received only 9 cents the bushel for the stabilization wheat traded to Brazil.

In all probability even that 9 cents a bushel will have been

In all probability even that 9 cents a bushel will have been wiped out by reason of overhead, storage charges for coffee, the deterioration of the Brazilian product before it is finally disposed of, which can not be, by the terms of the contract, until 1934. By what authority does the Farm Board engage in the coffee business? By what authority of law has the Farm Board a right to engage in the importing or export trade?

Read every paragraph of the analysis of the coffee contract printed in the Beacon to-day. Study the contract itself.

If this deal in coffee is an example of the Farm Board's methods of doing business, what further disaster may be expected from this vast governmental agency set up at the expense of the people through a half billion dollar congressional appropriation?

#### [From the Gastonia Daily Gazette, Friday, January 8, 1932] TIME TO CALL A HALT

A story of waste and extravagance unequaled for sheer ghastliness; a recital of millions upon millions of dollars gambled away in hopeless and impossible speculation; pay rolls and expenses run-ning into thousands of dollars a month; individual salaries equal to that drawn by the President of the United States; tremendous losses—such is the story being unfolded before congressional committees by the Federal Farm Board and its subsidiaries in Wash-

ington.

It is not a pretty story and the telling of it comes at a time of national and world-wide depression. It comes at a time when lit-erally thousands of people are suffering from cold, hunger, and ex-posure. At a time when individuals and business organizations must accept a smaller income and must watch expenditures with utmost care, we have this picture of another governmental bureau

utmost care, we have this picture of another governmental bureau throwing money to the wind.

When our city, State, and National Governments should be reducing expenses in every way possible in order that we may carry the heavy load of taxation, it is unfortunate that the proponents of this unfortunate measure which gave us the Farm Board can not see that truly charity may begin at home and that the slashing of this unnecessary bureau will give a measure of relief.

This is no time for foolish experiment. With our mills, stores, banks and the whole of our country feeling the effects of the de-

banks, and the whole of our country feeling the effects of the de-pression and with everyone's thoughts directed toward a reduction of expenses in Government, if we are to exist at all, it is time that we came to our senses and quit attempting foolish political experi-

we came to our senses and quit attempting roots political experiments.

The time when a soap-box orator could attract attention by promising something for nothing is well past. This is all the Farm Board has done, and to-day the people of our country are looking toward the safe, sane leader who can come forward and in

prosaic terms outline the sensible path to follow.

An examination of some of the statistics developed in a reading of the activities of the board and its subsidiaries is, to say the least, painful to the sensibilities. The Farm Board itself, with approximately 350 employees, appears to have a pay roll of not approximately 350 employees, appears to have a pay roll of not quite a million dollars per year. Then comes the Grain Stabilization Corporation, a subsidiary, with its pay roll of \$34,000 per month. This mounts up to not quite half a million dollars a year. But far in excess of this comes the Farmers' National Grain Corporation, another subsidiary, with a monthly pay roll of nearly \$196,000. Or, say, two and a quarter million dollars a year. Mr. Milnor, the head of the grain activities in these subsidiaries, receives \$50,000 per year as a salary and is assisted by several men who receive in excess of \$25,000 yearly.

Next in line we have the salary list of the American Cotton Cooperative Association. This amounts to over \$92,000 per month, or another million dollars, plus, per year. E. F. Creekmore heads this organization at the magnificent salary of \$75,000 yearly and

an assistant at \$35,000 yearly. One other vice president receives \$15,000.

The salaries noted do not include those paid by the State cotton cooperatives, although Mr. U. B. Blalock, of Raleigh, receives \$10,000 from the cotton cooperatives in this State, and it is to be assumed that a full list of all these State cooperative salaries would rank with the others shown.

No expenses are included in these salary lists. Nothing other

than salary paid is shown.

As the story further unfolds we find such items as: Loss in wheat stabilization, \$102,000,000; loss in cotton stabilization, \$75,000,000; costs of carrying the "stabilization stocks" of cotton, consisting of 1,300,000 bales, approximate, \$6 per bale per year, or another \$7,800,000.

another \$7,800,000.

On top of these staggering losses we must consider the plight of the cotton cooperatives, supposedly separate and apart from "stabilization" and other activities of the board. It appears from the records that, acting on suggestions and with the financial help of the board, the American Cotton Cooperative Association, following a system of giving a farmer a 90 per cent value advance, accumulated some 2,000,000 bales of cotton from last year's crop. It now develops that the American association owes the Farm Board the tremendous total of \$40,000,000. In addition, it owes to its members \$10,000,000. a total of \$50,000,000 debt. it owes to its members \$10,000,000, a total of \$50,000,000 debt.

These debts are unsecured, in so far as the value of the collateral is concerned. The cooperatives are saddled with it, and the sale of the cotton to-day would mean adding another \$40,-000,000 to the losses as shown.

Now comes President Hoover with a recommendation that the board be given another \$1,800,000 to be used as "administration expenses." Which seems to cap the climax.

Which seems to cap the climax.

The cotton manufacturer has been badly hurt because of the activities of the board, and we venture the assertion that our textile heads would breathe a sigh of relief if this drain on the Treasury could be stopped. Further, the abolishment of the board would, we think, greatly aid in allowing textiles a chance to recover.

We know the farmer is opposed to the board. He has plenty of sense and he knows that he can't grow his crop on orders from

Washington.

We think it high time that the farmer, the textile manufac-turer, and our whole citizenship should enter a protest and should demand that the board be abolished at this session of Congress. It is time to call a halt.

Mr. McNARY. Mr. President, I am going to discuss but briefly the present nominee. I shall not refer to the general marketing act and how it has been administered. There are many things I would like to say in answer to the Senator from South Dakota [Mr. Norbeck] with respect to that act and the general purposes and practices thereunder, but it would be useless at this time. I am quite in accord with the distinguished leader on the other side, the Senator from Arkansas [Mr. Robinson], that we should confine ourselves to the particular subject under consideration and the purpose for which we are in session to-day.

The Senator from Utah [Mr. King] seems to advance the argument that we should vote against the confirmation of Mr. Schilling in order to express our displeasure at certain salaries received by employees of the Farmers' National Grain Corporation. I think that is the burden of his speech. There has not been one word said to-day against the character or the ability or the administrative qualities of Mr. Schilling. The argument is all based upon the implication solely that because certain salaries have been paid by the cooperative organizations operating through a great national institution, somehow we should discountenance salaries of that kind by voting against Mr. Schilling alone. Mr. President, in all fairness, that is not the thing to do. Mr. Schilling has been a member of the board, it is true, since the time of its inception. The different members succeeded, happily, I think, in the organization of 27 units of cooperatives in the country dealing with grain and the great problem of marketing and merchandising.

That organized group was at no time under the control of the Federal Farm Board. It was an organization entirely and wholly independent of the board. That organization. of which Mr. Milnor is vice president and manager, is controlled by the cooperatives, embracing 250,000 farmers throughout the country over whom the Federal Farm Board has no control whatsoever. Mr. Milnor was hired at a salary which I am not attempting to justify and which, as I said earlier in the day, I think is unjustifiable and unconscionable.

Anyone at all familiar with the grain exchanges of the country knows that some of the most skilled and high-priced men in public life are in the employ of these organizations.

Hence it is extremely competitive, and I have no doubt that these 27 organizations known as cooperatives, which came together as the Farmers' National Grain Association, believed it essential, in order to compete in the great markets of the world, to hire men of the caliber of Mr. Milnor. I believe the salary to be too high. I think every Member of the Senate believes it is too high and that it is out of line with the salaries paid even men of that skill and ability at this time. But to charge Mr. Schilling, who was put on the board in July, 1929, when the contract with Mr. Milnor was made in the spring of 1930, seven months after its organization, when the matter was completely under the charge of those cooperatives—to charge Mr. Schilling with this particular thing that is so offensive to all of us is not fair to Mr. Schilling.

Let me ask the Senator from Utah [Mr. Kinc] if he can point to one thing in the administration of affairs while Mr. Schilling has been a member of the board that does not conform to the spirit and purposes of the act? Has anyone here accused Mr. Schilling of neglect of duty, with misfeasance or malfeasance in office, with any act that does not show an attempt and a desire to assist the cooperatives of the country in this work?

Mr. TRAMMELL. Mr. President, does the Senator invite a response? I say that, considering his connection with the Farm Board and that the Farm Board is practically the head of and dominating control over this organization, he has neglected his duty in permitting these salaries to be paid.

Mr. McNARY. There is where the Senator from Oregon and the distinguished and able Senator from Florida disagree. The Senator from Florida makes a statement that is not borne out by the facts, and I am incapable of meeting a situation of that kind; hence I pass it by as I do the idle wind.

Thirty-nine years ago Mr. Schilling organized the first great creamery in the State of Minnesota. He is to-day one of the moving spirits in the Land O'Lakes Creamery Co. He has been all over the country, in from 42 to 48 States, preaching the advantages of cooperative marketing. He has been generous and fine regarding the necessity of furnishing adequate security for Government funds which have been advanced to creameries. If there is one man on the board who truly warrants the title of a dirt farmer it is Mr. Schilling, who was born and reared on a farm, who now holds large farm properties, who has devoted his life to cooperative work, and to-day is probably the most representative of those on the board so far as agriculture is concerned. Simply to defeat a member upon a mere implication because the board at one time did a certain peculiar thing, of which we do not approve, acting through another agency over which it did not have control, is not at all fair. Mr. President, I appeal to the fairness of the membership of this body.

Mr. SHIPSTEAD. Mr. President, I am sure that no one will suspect me of upholding some of the practices of the Federal Farm Board or of defending many of the things for which they have been criticized. I simply want to call the attention of the Senate at this time to the fact that if Mr. Schilling's nomination should be rejected the Senate will be in the position where it will heap all of its wrath upon one man, who, in my opinion, is no more to blame than are the other members of the board.

Mr. Thompson has been a member of the board for more than a year, and his nomination has been confirmed. Mr. Evans has been a member of the board since September, and his nomination has been confirmed. I do not know of any movement that has been started to correct the practices of the board of which complaint has been made.

I simply want to call attention to the fact that to me it hardly seems fair to select for punishment one man who certainly can not be said to be more to blame than any other member of the board. Either the board ought to be abolished or, in my opinion, all members of the board ought to be treated alike and their nominations confirmed.

I think what the Senator from Oregon [Mr. McNary] said about Mr. Schilling is accurate. He knows something about cooperative marketing, and so forth. Whatever his knowledge may be, there is no justification for the practices of which the board has been accused and for which it has been censured; but I did not want this nomination to go to a vote without calling to the attention of the Senate the question of fairness and the propriety of treating all nominations of members of the Farm Board alike. I do not think, I repeat, it can be said that Mr. Schilling is more to blame than is any other member of the board.

The VICE PRESIDENT. The question is, Shall the Senate advise and consent to the nomination of Mr. Schilling? [Putting the question.] The ayes have it, and the Senate advises and consents to the nomination.

#### ORDER OF BUSINESS

Mr. McNARY. Mr. President, does that conclude the Executive Calendar?

The PRESIDENT pro tempore. There are some post-office nominations on the calendar.

Mr. ROBINSON of Arkansas. Mr. President, announcement was made by the Senator from Oregon [Mr. McNary] yesterday that no other nominations than those pertaining to the Farm Board were to be considered to-day, and, while there was no unanimous-consent agreement formally entered, there was general acquiescence in the statement of the Senator from Oregon. So I shall object to the consideration of any other nominations at this time.

Mr. McNARY. I think that is quite appropriate. I move that the Senate—

Mr. WALSH of Montana. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Montana?

Mr. McNARY. I yield.

#### DISPOSITION OF THE PUBLIC LANDS

Mr. WALSH of Montana. As in legislative session, I ask unanimous consent to introduce a bill.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. WALSH of Montana. The bill, Mr. President, deals with the disposition of the public lands. It provides for their transfer to the States. It is intended as a substitute for the bill introduced in the House, being the bill recommended by the commission appointed by the President to consider the subject. The bill which I have offered was prepared by a member of the commission from the State of Montana, the commissioner of State lands and investments of that State, who has given this subject very deep consideration, and whose discussion of the related problems excited, I believe, the admiration of everyone who was connected with the proceedings. He has prepared a statement concerning the bill, which I ask to have incorporated in the Record, and I ask that the bill also be printed in the Record and referred to the Committee on Public Lands and Surveys.

The PRESIDENT pro tempore. Without objection, as in legislative session, the bill will be received, ordered to be printed in the Record, and referred to the Committee on Public Lands and Surveys, and, without objection, the memorandum presented by the Senator from Montana will also be printed in the Record.

The bill (S. 4060) to grant vacant, unreserved, unappropriated, nonmineral lands to accepting States, and to authorize the President to establish national ranges in non-accepting States; to create a board authorized to determine as to the disposition of certain areas of public domain; to enable the United States, the States, and individuals to exchange lands for the consolidation of mingled areas, and granting lands to certain States to achieve that purpose; to provide for the control, disposition, and protection of stockwatering places and of intrastate and interstate stock driveways; and for the conservation of grazing resources, and for other purposes, was read twice by its title, referred to the Committee on Public Lands and Surveys, and, to-

gether with the statement, ordered to be printed in the RECORD, as follows:

A bill (S. 4060) to grant vacant, unreserved, unappropriated, nonmineral lands to accepting States, and to authorize the President to establish national ranges in nonaccepting States; to create a board authorized to determine as to the disposition of certain areas of public domain; to enable the United States, the States, and individuals to exchange lands for the consolidation of mingled areas, and granting lands to certain States to achieve that purpose; to provide for the control, disposition, and protection of stock-watering places and of intrastate and interstate stock driveways; and for the conservation of grazing resources, and for other purposes.

Be it enacted, etc .-

#### LANDS GRANTED

Section 1. Subject to the terms, conditions, and exceptions hereinafter stated, there is hereby granted to each of the States of Washington, Montana, North Dakota, Oregon, Idaho, Wyoming, South Dakota, California, Nevada, Utah, Colorado, Arizona, and New Mexico certain lands within the boundaries of each of the said States, as follows: All the unappropriated and unreserved public lands, including the minerals therein; also all lands withdrawn or reserved on account of coal, oil, gas, oil shale, phosphate, potash, or other valuable minerals contained or supposed to be contained therein; also all lands restored to the public domain through the cancellation of homestead entries or other entries, rights, or claims; also all lands eliminated in any manner from national parks or monuments, national forests, Carey Act withdrawals, and lands reserved for reclamation purposes or withdrawn or reserved for other purposes, but only when and to the extent drawais, and lands reserved for reclamation purposes or withdrawn or reserved for other purposes, but only when and to the extent that these lands in any manner become eliminated from such parks, reservations, and withdrawals as hereafter provided in this act; also all minerals, including coal, oil and gas, and mineral rights, and other rights connected therewith, which have been reserved by the United States in the lands to which the title has passed from the United States under the homestead laws or other laws of the United States subject to mineral reservations. Helium gas is hereby reserved by the United States from all of the foregoing grapts.

going grants.

Additional lands from the public domain may be reserved by Congress at any time before they have been clear listed to the States as hereinafter provided for national parks, national forests, and other purposes, and such lands are hereby excepted from the

ADJUSTMENT OF BOUNDARY LINES OF NATIONAL FORESTS, PARKS, RESERVATIONS, AND WITHDRAWALS—ABANDONMENT

RESERVATIONS, AND WITHDRAWALS—ABANDONMENT
Sec. 2. Lands within the boundaries of national forests found to be more valuable for grazing or agriculture than for timber production shall be eliminated therefrom, and such eliminated lands shall thereupon become subject to this grant and be clear listed to the States as hereinafter provided; lands adjoining existing national forests found to be more valuable for timber production than for grazing or agriculture shall be included within their boundaries, but all additions to national forests and eliminations therefrom shall be so made as to prevent jagged and irregular boundary lines. boundary lines.

Any reservation or withdrawal shall be entirely abandoned and the land restored to the public domain whenever it is found that the land restored to the public domain whenever it is found that the object for which the reservation was created or the withdrawal was made has lost its importance or is found not to be of such far-reaching consequence as to justify national administration; that the object sought can advantageously be accomplished through the activities of the State or through individual enterprise, or if the lands are found to be more valuable for agricultural or grazing purposes than for the purpose for which they were reserved or withdrawn.

The same principles shall apply to partial eliminations from

The same principles shall apply to partial eliminations from reservations and withdrawals.

In order to facilitate and expedite this readjustment of boundary lines and the abandonment of superfluous reservations and withdrawals a commission shall be created, as provided in section 4 of this act.

#### TERMS AND CONDITIONS OF THE GRANT

SEC. 3. (a) In accepting this grant each State must agree to charge a royalty of not less than 12½ per cent, payable in money or in kind, at its option, on all oil and gas produced and saved from the lands received through this grant and to pay 52½ per cent of the proceeds collected from all such royalties to the Treasurer of the United States quarterly each year, such money to be for the credit of the reclamation fund, so long as this fund is used in reclaiming arid lands in any of the 13 States named in this grant: Provided, however, That if at any time a smaller percentage of the proceeds of the oil and gas produced and saved from the public domain in States which do not accept this grant percentage of the proceeds of the oil and gas produced and saved from the public domain in States which do not accept this grant is paid into the reclamation fund, then the portion of oil and gas royalties to be paid into the reclamation fund from States which have accepted this grant shall be reduced to the same percentage. Whenever the Reclamation Service has ceased construction work in all of the said 13 States, such royalties shall no longer be paid to the Treasurer of the United States, but shall be retained by the State and added to the permanent school fund to be created from part of the lands granted by this act, as hereinafter provided.

as hereinafter provided.
(b) The United States reserves the right to prorate the quanof crude oil that may be produced and marketed from any

of the lands hereby granted whenever this is deemed necessary in the interest of conservation, or to prevent overproduction, and to prescribe reasonable rules and regulations for all oll and gas operations on and in the said lands or connected therewith. The United States also reserves the right to take and remove helium gas from any of the said lands and the said lands or connected therewith.

omitted States also reserves the right to take and remove helium gas from any of the said lands and to regulate and control the production and disposition thereof by others.

(c) The lands hereby granted shall be subject to a right which is hereby bestowed upon any citizen of the United States to enter upon any of the said lands and prospect for metalliferous minerals therein during a period of 25 years from and after the approval of this act. When metalliferous minerals are discovered in commercial quantities during or effect the 25 years provide the approval of this act. When metalliferous minerals are discovered in commercial quantities during or after the 25-year period the discoverer shall, upon proper application to the State, be entitled to a perpetual mining lease subject to a royalty of 5 per cent of the value of the extracted ores or minerals at the mouth of the mine, which royalty shall be payable monthly to the State. The proceeds of all such royalties shall be added to the permanent school fund to be created from part of the lands granted by this act. The prospector or miner on any such lands shall also pay to the lessees and purchasers of the State fair and equitable compensation for any and all damages which may result to the land itself and crops and improvements thereon from such prospecting, mining operations, and other activities connected therewith. therewith.

The State shall enact all legislation necessary for the regulation of all such prospecting and mining, and matters relating thereto, both before and after the expiration of the said 25-year period.

of all such prospecting and mining, and matters relating thereto, both before and after the expiration of the said 25-year period, and the same percentage of royalty shall be paid to the State after its expiration as before, and shall be paid into the same fund.

(d) The lands passing to a State under the provisions of this act shall be subject to lease, sale, and other disposition as the legislature thereof may determine; but all sales of lands granted by this act shall be only at public auction after previous advertising; the lands sold shall be subject to the rights granted by this act to enter upon the said lands, prospect for metalliferous minerals, and to mine and remove the same. All subsurface minerals, including coal, oil, and gas shall be reserved from sale, but shall be subject to disposition through lease on a royalty basis. Any of the said lands may be exchanged for other lands of equal value and as near as may be of equal area when it is found advantageous for the State to do so in order to consolidate its holdings into more suitable units. When any such lands are exchanged for other lands the mineral rights shall pass with the lands exchanged by the State without reservations, but the same rights and reservations shall thereupon attach to the lands received by the State.

(e) Leases for grazing and agricultural purposes shall not be for a longer term than five years; mineral leases, including leases for the exploration for oil and gas and the extraction thereof, shall not be for a longer term than 20 years, except the perpetual leases for mining metalliferous minerals as provided in subdivision (c) of this section. Leases for the development of hydroelectric power shall not be for a longer period than 50 years.

(f) The State may also, upon such terms as it may prescribe, grant such easements or rights in any of the lands granted by this act, as may be acquired in privately owned lands through pro-

grant such easements or rights in any of the lands granted by this

grant such easements or rights in any of the lands granted by this act, as may be acquired in privately owned lands through proceedings in eminent domain: Provided, however, That none of such lands, nor any estate or interest therein, shall ever be disposed of except in pursuance of general laws providing for such disposition, nor unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the State.

(g) One-half of the lands granted by this act and clear listed, as nearly as practicable, shall be for the benefit of the public schools and shall be designated in the clear lists as "public-school land"; the remaining lands shall be available for other public purposes. All lands that suitably belong together on account of natural boundary lines or for other reasons shall be clear listed for the same purpose; but the clear listing shall be so alternated that when completed the "public-school land" is within 20,000 acres of the exact one-half of the total. The proceeds from the sale and other permanent disposition of any of such "public-school land," and from every part thereof, shall constitute a permanent fund for the support and maintenance of the public manent fund for the support and maintenance of the public schools of the State, to be safely invested and to be guaranteed by the State against diversion and loss. It may be administered by the State against diversion and loss. It may be administered as a separate fund or added to the permanent school fund originating in the lands previously granted by the Federal Government. The rentals from leases on such lands, and all the other actual income arising therefrom, including interest on funds, shall be available for the maintenance and support of such schools. Any State may, however, in its discretion, add a portion of the annual income to the permanent fund.

The remainder of the lands granted by this act, both the proceeds from their sale and other permanent disposition, and the income therefrom, shall be available for such public purposes as the legislature of the accepting State may from time to time

determine.

(h) No part of this grant shall become effective as to any State until such State, through its legislative assembly, has accepted the grant under the terms and conditions upon which it is made, and such acceptance, duly certified, has been received by the Secretary of the Interior of the United States. Whenever any of the said States so accepts this grant within 10 years from the date this act is approved by the President, the grant shall immediately become effective as to such State, irrespective of the action of other States. (i) All lands not already surveyed shall be surveyed by the United States in the usual manner before being transferred and

clear listed to the State.

(j) When a State has accepted this grant and the Secretar of the Interior has been notified of such acceptance as aforesaid, and the Secretary has notified the local land offices, no application and the secretary has nothed the local land offices, no application for a homestead entry or other entry under the laws of the United States to public lands within such State shall be accepted; but all homestead entries and other entries of public lands initiated prior to the date such notifications were received by the local land offices may be completed under the statutes, rules, and regula-

iand onces may be completed under the statutes, rules, and regulations applicable thereto.

(k) The present ratio of participation by the Federal Government in the construction of Federal-aid highways within the accepting State shall be continued for a period of 10 years from the date of acceptance of the grant.

THE COMMISSION ON PARKS, RESERVATIONS, AND WITHDRAWALS APPOINTMENT, POWERS, AND DUTIES

SEC. 4. (a) When the Secretary of the Interior has been notified of the acceptance of the grant by any of the aforesaid States, he shall give notice thereof to the local land offices of the State concerned, and shall also notify the Secretary of Agriculture of such acceptance. Within 30 days of receiving the said notice he shall designate some suitable person already in the employ of his department to serve as a member of the commission on parks, reservations, and withdrawals for the accepting State. The Secretary of the s reservations, and withdrawals for the accepting State. The Secretary of Agriculture shall appoint one suitable person already in the employ of his department to serve as a member of the commission, and the said secretaries shall notify the member of the commission from the accepting State of the appointments made. The chief executive officer directly in charge of the administration of the lands heretofore granted by the Federal Government to the accepting State is hereby designated as the member of such State on the commission. When the State member of the commission has been notified of these appointments, he shall call a meeting to be held within 60 days from such notification at the capital of the State or some other suitable point within the State for the of the State or some other suitable point within the State for the first meeting of the commission.

(b) From records and information available the commission shall proceed to determine what lands subject to the grant are not likely to be included within national forests upon the rearrangement of their boundary lines, and which otherwise are available for immediate transfer to the State, and shall thereupon proceed to certify lists of such lands to the Secretary of the Interior. The lands so certified shall be clear-listed without awaiting the disposition of the remaining lands affected by the grant.

(c) The said commission shall then proceed to examine the boundary lines of existing national forests for the purpose of determining the proper readjustment of such boundary lines upon the basis of the principles stated in section 2 of this act. The commission shall from time to time make reports of its findings of the readjustment of such boundary lines; one to the Secretary of the Interior and one to the Secretary of Agriculture. The findings agreed to by the commission or by two members thereof as to such boundary lines shall be binding upon both the United States and the State, and the boundary lines so determined by the commission shall thenceforth be the boundary lines of such

It shall also be the duty of this commission to examine the boundary lines of national parks, game and bird reserves, Carey Act withdrawals, reclamation withdrawals, power-site withdrawals, lands withdrawns, recramation withdrawais, power-site withdrawns, lands withdrawn for stock-watering purposes, for stock driveways, and all other reservations and withdrawais, and make recommendations to the secretary of the department under which such reservation or withdrawal is administered with regard to elimination of lands therefrom, or the abandonment of such reservation or withdrawal and their restoration to the public domain. In all such recommendations the commission shall be guided by the principles stated in section 2 of this act.

(e) If the Secretary, to whom such recommendations are made, finds that they are in accordance with such principles, then he shall cause such lands to be eliminated from the reservation or withdrawal, or the reservation or withdrawal to be entirely abandoned as the case may be.

(1) The said commission may also submit recommendations to reserve additional areas for reclamation purposes, reservoir sites, national parks, and monuments, and other purposes when in its

judgment such reservation is required for the good of the Nation.

(g) The commission shall continue as such and diligently prosecute its labors until the same have been completed; but it shall from time to time make report to the Secretary of the Interior of lands found to be available for transfer and clear listing to the State under the terms of this grant.

DUTY OF SECRETARIES TO ELIMINATE LANDS WITHOUT RECOMMENDA-TIONS FROM THE COMMISSION

Sec. 5. It is hereby made the duty of the Secretary under whose department a certain reservation or withdrawal is being administered to readjust the boundary lines thereof or cause the same to be abandoned entirely whenever he finds that such action would be in accordance with the principles stated in section 2 of this act without awaiting recommendations from the said com-mission; but this shall not deprive the commission of the power to reexamine the boundary lines so adjusted.

CLEAR LISTING

SEC. 6. It is hereby made the duty of the Secretary of the Interior from time to time to cause to be clear listed to the grantee

State any and all lands found to be subject to transfer under the provisions of this grant and so certified to him as expeditiously as the same can reasonably be accomplished. The clear lists shall show what lands are "public-school lands" and what lands are available for other public purposes, and shall accurately show the nature of the title conveyed. Title shall be in fee simple except as to the right to prospect for metalliferous minerals and mine the same, as granted in section 2 of this act, and except also as to any other vested rights which may previously have passed from the United States.

The clear lists shall be accompanied with information available as to the character of the land conveyed, its mineral possibilities, and other features affecting its use and value.

POWERS CONFERRED UPON THE SECRETARY OF THE INTERIOR

SEC. 7. Full power is hereby conferred upon the Secretary of the Interior to do and perform all things necessary to carry this act into effect on behalf of the United States.

NOTES ON SUGGESTED LEGISLATION RELATING TO THE PUBLIC DOMAIN

Section 1: It will be noted that North Dakota and South Dakota are included among the grantee States, although they are not regarded as public-land States. According to the latest figures available there is less than 150,000 acres of vacant, unappropriated, and unreserved public lands in the State of North Dakota and less than 400,000 acres in the State of South Dakota; but vast coal resources have been reserved by the United States in homestead lands and other lands in these States, and section 1 specifically grants such mineral resources. If these States are specifically grants such mineral resources. If these States are not interested in obtaining title to these resources, their names

may of course easily be eliminated.

It will be noted that with the exception of helium gas all minerals are included in the grant. It is thought that with the reservations and conditions set forth in subsections a and b of section 3 of the suggested measure, making provision for the continued support of reclamation and reserving the right to supervise and restrict oil and gas production in the United States, such granting of the minerals is in full accord with the recommendations of the supervision of the minerals is in full accord with the recommendations of the supervision of the s tions of the commission on the public domain. Section 5, page 2 of the report of the commission reads in part as follows:

"We recognize that the Nation is committed to a policy of conservation of certain mineral resources. We believe the States are conscious of the importance of such conservation, but that there is a diversity of opinion regarding any program which has for its purpose the wise use of those resources. Such a program must of necessity be based upon such uniformity of Federal and State legislation and administration as will safeguard the accepted property of the received when the received with the receive principles of conservation and the reclamation fund. When such a program is developed and accepted by any State or States concerned those resources should be transferred to the State."

The substance of this recommendation is that when any State has accepted and developed a policy that will safeguard reclama-tion and the principles of conservation then these mineral retion and the principles of conservation then these mineral resources should be transferred to the State. The said subsections a and b of section 3 fully meet these conditions. The conditions are not only met but by making them a part of the granting act the perpetual observance of the principles of conservation by the accepting State is permanently insured. And, by the way, is not this just about the only method by which uniform conservation policies can be established throughout 13 separate States? These problems will be discussed further under section 3.

It will be noted that the grant includes not only the unappro-

It will be noted that the grant includes not only the unappropriated and unreserved public lands but also lands which may hereafter be restored to the public domain through the cancellation of homestead entries and lands which may become eliminated from national parks, national forests, and other reservations and withdrawals. In view of the vast areas included in such reservations and withdrawals, this may constitute an essential portion. tions and withdrawals, this may constitute an essential portion

of the grant.

Any student of the public-land problem should obtain a copy of the Public Land Statistical Table, prepared by the General Land Office under date of December 18, 1929, the most illuminating document placed before the Commission on the Public Domain.

The machinery and procedure for effecting readjustment of boundary lines and elimination of superfluous lands within reservations and withdrawals are provided in section 4 of the suggested measure.

ervations and withdrawais are provided in section 4 of the suggested measure.

The second paragraph of section 1 provides for making additional reservations from the public domain for national parks, forests, and other purposes. This is in full accord with section 2 of page 2 of the report of the commission.

Section 2: This section lays down in general terms the principles for the readjustment of boundary lines.

Section 3, terms and condition of the grant: Subsection a makes provision for charging royalties on oil and gas produced from the lands granted and for paying 52½ per cent of the proceeds collected into the United States reclamation fund. This is the same percentage which is now paid into such fund, and it may be worth emphasizing that by having this condition embodied in the grant the accepting State will thereby be bound to continue this contribution as long as reclamation carries on construction work in the West. It constitutes an insurance policy for the continued support of reclamation for a long time to come. Subsection b not only accepts the conservation policy developed by the National Government with reference to the production and disposition of oil and gas, but it explicitly reserves in the United States the right to supervise the development and distri-

United States the right to supervise the development and distri-

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bution of these products. The power of the United States to continue this branch of conservation remains undisturbed and undiminished.

Subsection c grants to citizens of the United States the right Subsection c grants to citizens of the United States the right to prospect for metalliferous minerals in the lands granted without any supervision by the State or Nation during a period of 25 years. This simply amounts to continuing the present policy of the National Government. The same subsection provides that the discoverer of metalliferous minerals in commercial quantities shall be entitled to a perpetual mining lease subject only to a flat royalty of 5 per cent to be paid to the State and added to the permanent school fund. Prospectors and miners now living would strenuously object to any curtailment of their right to prospect for metalliferous minerals, and it is thought best not to attempt to do so. If a State should be granted the unrestricted right to charge royalties to the full extent that the traffic would bear, it would have the effect of discouraging prospecting and mining. would have the effect of discouraging prospecting and mining. There would be a constant apprehension in the mind of the prospector that no matter how rich mineral deposits were discovered, it would not bring any wealth to him as the State might take all the profits. By restricting the royalties that the State may charge to the flat rate of 5 per cent, this apprehension will largely be alleved. largely be allayed.

largely be allayed.

By fixing this flat royalty and by providing that it is to be paid into the permanent school fund, a form of perpetual conservation has been created which so far is new to the National Government. This is thought to be conservation of the truest and highest type. Subsections d, e, f, and g of section 3 embody restrictions upon the State as to the use and disposition of the lands granted and the proceeds therefrom. The administration of property held by the State through public officers and for the general good of all the people of the State is a problem beset with numerous and persistent difficulties. Sound principles and regulations for such administration specifically enumerated in the granting act will be of inestimable help. Being part of the conditions of the grant itself, part of the contract with the United States, these principles and regulations can not be altered with the shifting winds of public sentiment or the upsetting changes in the administration of public office. Restrictions along the same lines are recom-

public sentiment or the upsetting changes in the administration of public office. Restrictions along the same lines are recommended in section 11, page 6 of the report of the commission.

The last portion of subsection d provides that the lands granted may be exchanged for other lands in order to consolidate the holdings of the State into suitable units, and stipulates that the lands exchanged by the State shall carry with them all the mineral rights, but that the restrictions in regard to minerals shall then attach to the lands received by the State. Full power to exchange the lands and thereby consolidate them into suitable units is of the utmost importance, and in order to facilitate this exchange it is essential that the lands exchanged shall carry with them all the mineral rights as the lands obtained will carry such rights. such rights.

Section 8, page 5, of the report of the commission recommends that authority to exchange lands be conferred upon the States.

Subsection g provides, among other things, that one-half the lands granted by the proposed act shall be designated as public-school land, the funds arising from the sale and other permanent school land, the funds arising from the sale and other permanent disposition of such lands to constitute a permanent school fund. There is no specific recommendation to this effect in the report of the commission; see subsection c of section 11, page 6; but the original recommendations of the President with regard to the disposition of the public domain, dated August 21, 1929, apparently contemplate that all the lands transferred shall be for "public-school purposes." The public school is evidently a permanent institution in the United States, and constantly increasing funds are likely to be required for its maintenance. It would, therefore seem highly appropriate that at least one-helf of the manent institution in the United States, and constantly increasing funds are likely to be required for its maintenance. It would, therefore, seem highly appropriate that at least one-half of the proposed grant should be set apart for the perpetual maintenance of this great American institution. If the use and disposition of this substantial grant are left entirely to the State legislature, it is reasonable to assume that it will be used for a multiplicity of purposes and ultimately be frittered away without leaving any outstanding results.

The last part of this subsection provides, among other things, that of the lands granted to the State of Montana 400,000 acres are to be set aside for a State land administration building. It is more than probable that other States may want portions of the grant set aside for specific purposes.

Subsection j provides in effect that when a State has accepted the grant and notified the Secretary of the Interior, and he in turn has notified the local land offices, homestead entries in such State shall cease. Until a State has decided to accept the grant State shall cease. Until a State has decided to accept the grant it would hardly be fair to the homestead seeker to deprive him of the rights which he now enjoys. The homestead laws are discussed on pages 11 and 12 of the report of the commission.

cussed on pages 11 and 12 of the report of the commission.

Subsection k provides for retaining the present ratio of Federal aid in highway construction through a period of 10 years from the date of the acceptance of the grant. This provision is practically copied from section 16, page 8, of the report of the commission.

In discussing Federal aid for public highways in his original statement President Hoover makes the following suggestion: "It would only be just if this allotment could be undisturbed for at

least 10 years while the States were organizing their range conservation measures.'

It should also be borne in mind that it is likely to take several years after the grant is accepted before any considerable portion of the lands has been actually transferred to the States.

Section 4: Subsection a provides for a commission of three to examine the boundary lines of national forests and other reservations and withdrawals. In view of the liberal policy that has been pursued by the Government in the creation of reservations and withdrawals of all kinds, it is evidently desirable to reexamine their boundary lines so that the lands may be devoted to the purpose for which they are best suited. The task involved is huge.

Subsection c gives this commission of three practically final power to readjust the boundary lines of national forests. The findings agreed to by this commission as to such boundary lines shall be binding both upon the United States and the State. This is in substantial conformity with section 5, page 4, of the report of the Commission on the Public Domain except that a board of

five members is recommended by the said commission.

Subsection d makes it the duty of this commission of three to examine the boundary lines of national parks, game and bird reserves, and other reservations and withdrawals of all kinds, and to make recommendations with regard to eliminations of lands therefrom or the abandonment thereof as the case may be. It should be noted that the commission does not have the power to make eliminations but simply to make recommendations to this effect. effect

Subsection e provides that if the Secretary, under whose deartment the reservation or withdrawal is administered, finds that partment the re the recommendations made are in accordance with the principles laid down in section 2 of the proposed act, then he shall cause such lands to be excluded from the reservation or withdrawal. It will be noted that in making the judgment of the Secretary the criterion of what shall be eliminated and what shall be rethe criterion of what shall be eliminated and what shall be retained there is really nothing mandatory in these provisions. It is reasonable to assume, however, that when individual cases are brought to the attention of the public and the officers having jurisdiction the necessary adjustments will to some extent be brought about. Recommendations on this subject are in full accord with the last paragraph of section 6, page 5, of the report of the Commission on the Public Domain.

Subsection f authorizes the commission of three to submit recommendations for additional reservations when required for the good of the Nation. This is in full accord with the first portion of section 6, page 4, of the report.

Section 5 is based on the theory that the department under which a certain reservation or withdrawal is administered in many cases will have sufficient data available for making eliminations without going to the expense of making an examination in the field.

in the field.

in the field.

Sections 6 and 7 will probably need no explanation. The lands are to be clear listed to the accepting States as soon as it has been determined that they are subject to the grant. This will result in a gradual transfer which is the only method by which the transfer can be effected. Clear listing is recommended in section 4, page 3, of the report of the Commission on the Public Domain. Domain.

Domain.

The outline prepared contains no suggestion as to what is to be done with regard to the public domain in States which do not accept the grant. The State of Montana, through Senate Joint Memorial 5, approved March 9, 1931, has expressed the deliberate judgment that it is willing to accept the grant substantially on the terms and conditions set forth in the foregoing outline. The States not choosing to accept the grant are obviously in the best position to say what legislation they want. It might be added to any act for transferring the public domain or embodied in a separate measure.

I. M. Brandjord,

I. M. BRANDJORD. Commissioner of State Lands and Investments. HELENA, MONT., November 30, 1931.

#### ADJOURNMENT

Mr. McNARY. As in legislative session, I move that the Senate adjourn, the adjournment being until 12 o'clock noon Monday.

The motion was agreed to; and (at 3 o'clock and 20 minutes p. m.) the Senate adjourned until Monday, March 14. 1932, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate March 12 (legislative day of March 11), 1932

PROMOTIONS IN THE NAVY

#### MARINE CORPS

Second Lieut. Hartnoll J. Withers to be a first lieutenant in the Marine Corps from the 5th day of September, 1931.

The following-named noncommissioned officers of the Marine Corps to be second lieutenants in the Marine Corps, probationary for two years, from the 9th day of March,

Sergt. John B. Hendry. Corpl. Frederick B. Winfree. Corpl. Samuel D. Puller.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 12 (legislative day of March 11), 1932

#### MEMBERS OF THE FEDERAL FARM BOARD

Frank Evans to be a member of the Federal Farm Board.

William F. Schilling to be a member of the Federal Farm

Board.

Sam H. Thompson to be a member of the Federal Farm Board.

#### HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 12, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

In this sacred stillness, O Lord, we wait. We bless Thee that there is a power not ourselves that makes for righteousness. Let this supreme truth inspire us with increasing hope and courage; Oh, put us all in harmony with it. In humbleness of heart we ask for another opportunity to work; may we have mental poise in all that we shall do. In our unwisdom may the fundamental principles of right and wrong be adhered to. We claim no exemption from duty, but we do pray for divine guidance in all our efforts to increase the stability and the prosperity of our country. Unto all our people be Thou the teacher of wisdom, the soother of grief, the healer of wounds, and keep the lamp of happiness burning at every hearthstone. About them may life be rich and full of heavenly love, and always sustained by the reflections of wisdom. Through our Lord Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a bill of the House of the following title:

On March 8, 1932:

H. R. 5064. An act authorizing Vernon W. O'Connor, of St. Paul, Minn., his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Rainy River at or near Baudette, Minn.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 252. Joint resolution to authorize the Interstate Commerce Commission to make an investigation as to the possibility of establishing a 6-hour day for railway employees.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 111. An act for the relief of Rosa E. Plummer;

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood;

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball;

S. 681. An act providing for the sale of certain public lands to the city of Provo, Utah;

S. 1295. An act for the relief of Willie Hutchinson;

S. 1719. An act amending the act of Congress entitled "An act authorizing the Wichita and affiliated bands of Indians in Oklahoma to submit claims to the Court of Claims," approved June 4, 1924;

S. 1975. An act to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act;

S. 2883. An act prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting the safety of navigation;

S. 3154. An act authorizing the conveyance of certain lands to the city of Fallon, Nev.;

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926;

S. 3376. An act for the relief of William Burke;

S. 3654. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws;

S. 3836. An act to authorize the construction of a temporary railroad bridge across Pearl River at a point in or near the northeast quarter section 11, township 10 north, range 8 east, Leake County, Miss.;

S. 3908. An act to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters; and

S. J. Res. 7. Joint Resolution for the amendment of the acts of February 2, 1903, and March 3, 1905, as amended, to allow the States to quarantine against the shipment thereto or therein of livestock, including poultry, from a State or Territory or portion thereof where a livestock or poultry disease is found to exist, which is not covered by regulatory action of the Department of Agriculture, and for other purposes.

The message also announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 1473. An act to authorize an appropriation for the relief of I. L. Lyons & Co.; and

S. 2822. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased.

#### CONTESTED ELECTION CASE—KUNZ v. GRANATA

Mr. GIFFORD. Mr. Speaker, I present minority views from the Committee on Elections No. 3 in the case of Kunz against Granata, and ask unanimous consent that they be published with the majority report as one document.

The SPEAKER. The gentleman from Massachusetts presents minority views in the election case of Kunz against Granata and asks unanimous consent that they be printed with the majority report as one document. Is there objection?

There was no objection.

#### EXTENSION OF REMARKS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be permitted to extend my remarks in the Record and embody therein a petition signed by 100 magnificent women from the little city of Albion, Nebr., urging their Representative in Congress to refrain from voting for any change in existing prohibition laws.

The SPEAKER. Is there objection? Mr. UNDERHILL. Mr. Speaker, I object.

#### SALES TAX

Mr. HAINES. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the sales tax.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAINES. Mr. Speaker, every Member of this body realizes the importance of balancing the Budget. This has been expressed by everyone whom it has been my privilege to hear speak upon the revenue bill now before us.

I, too, want to pay my respect to the members of the Ways and Means Committee, with its great acting chairman. I have been deeply impressed with the sentiment expressed by

Members on both sides of the aisle, and I am glad that we can let the great citizenship of our country know that none of us are looking upon this revenue bill as a partisan measure, but rather the result of careful and long consideration on the part of the committee with but one thought, and that being to bring before us what they believe to be the most equitable for all our people. I do not care to address myself, Mr. Speaker, upon the income-tax rates in this bill.

Others have covered this, and I have no objection to voting for the bill so far as that part of it is concerned. I do, however, want to speak briefly about the sales tax and on which, if I have any knowledge of the feeling of a great many of the Members of this body, I can not help but make some observations in opposition to parts of the bill as proposed. I can not with good conscience support the present sales tax embodied in the measure, particularly that relating to exemption of food products. It has been stated repeatedly by Members here that we are trying to present a measure that will cause as little additional cost in living to the great host of our citizenship as is possible. In your failure to exempt canned fruits and vegetables, which is the food upon which the great host of our people are dependent, you cause an additional living expense that I do not believe to be justified even under the present deficit in the Treasury. In my own district more than \$10,000,000 are invested by our people in the canning industry, and I am reliably informed that during the past few years these canners have made less than 3 per cent profit in their operations, and many of them have been operating at a loss. They are obliged at this time to compete with Canadian products of like character; and if an additional 21/4 per cent sales tax is imposed upon this industry, you either compel them to discontinue their business or pay less to the farmer, who is already farming at a loss to himself. For me to try and explain the plight of the farmer is out of the question.

It has been stated so often on this floor of his conditions and I do not believe any Member has exaggerated the plight he is now in. I have received protests from every section of my district from farmers and canners, and this has caused me more alarm than any other feature of this revenue bill.

I do not subscribe to the popular cry "to soak the rich," because I realize that the rich have been soaked pretty thoroughly, but I do say that taxes should be imposed upon those best able to pay them. A sales tax of 21/4 per cent on canned fruits and vegetables is so objectionable to me that I could not support this measure, as much as I dislike to go against this hard-working committee, and one which I know has worked for so many weeks in trying to bring out this revenue bill. I have had protests concerning the tax on gasoline, admission taxes, ice-cream taxes, and so forth, but none of these bear a relation to all our people so much as that of the tax on canned goods. I can say with all of you that I dislike to vote for any tax upon our people, but our people realize that in order to bring back prosperity or a more normal condition to our people that we must do something to balance our financial Budget.

There must be a reduction in governmental expenditures, and I hope that the economy committee appointed by our distinguished Speaker will be able to make substantial savings in the administration and every other governmental activity. I have been pleased to learn from the committee of the anticipated savings in this respect for which every Member is to be commended. We must stop appropriating moneys for unnecessary projects and yet not to the point of causing additional unemployment. I would be very glad to have my own salary reduced and that of every other Member of both branches of Congress and the salaries of those in brackets above \$2,000 or \$2,500. A tremendous amount of money could be saved in this manner and much more than is proposed to bring to the Treasury from taxing foodstuffs. My colleagues, let us stay away from foodstuffs.

Very few of us fully realize the plight of the unemployed, the workingman whose salary has been reduced to the point where he can not afford to have us vote an increase in the us to defer balancing the Budget for one additional year than to do this, and I am very certain that we would not impair the credit of our great country by doing so.

It does seem to me to be unjust to tax the poor people of our country who want amusement, particularly those who save their pennies to go to an occasional movie that costs 25 or 35 cents.

Let us advance the exemptions to 50 cents and by so doing do less injury to that business, and which has suffered very greatly during the past few years, too; and at the same time not deny to those whose lives are not so very happy during these strenuous times the occasional opportunity for a little pleasure to help take away the gloom in their lives. The soul who can not want these persons to have a little joy in life must be unfortunate indeed, and I do plead with you, my colleagues, that you try and see the justification of those of us who object to these features of the bill. I feel our great American citizenship will respond loyally and with that patriotism that has ever characterized them in the past, but we will all feel better if we add the exemptions I have named.

#### ECONOMY IN GOVERNMENT EXPENDITURES

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GARBER. Mr. Speaker, members of the committee, with an estimated deficit for the fiscal year 1932 of \$2,240,-000,000 and for 1933 of \$1,738,000,000, economy, retrenchment, a careful curtailment of expenses to the minimum have become the imperative necessities facing Congress in this session. The growing realization of the seriousness of the situation, the need for drastic action, and the grave responsibility that is ours are evidenced by the stormy course which besets every appropriation measure in both Houses and by an increasing number of bills introduced providing for a reduction in the expenses of government.

I have voted against every appropriation requested at this session with the exception of those required for the actual running expenses of government, but we must go even farther. We must reduce the running expenses of government.

As a temporary emergency measure I introduced early in the session a bill providing for a reduction in the salaries of Federal employees for one year only, including Members of Congress, the Army, Navy, and, in fact, all Government employees and officials not specifically excepted by the Constitution. With the reductions as proposed, the wages and salaries of Federal employees would still have a greater purchasing power than in 1930 and for several years prior thereto. Labor, with 6,000,000 men out of employment, the farmer with a 40 per cent reduction in the purchasing power of farm products, and, in fact, the business, professional, and unofficial classes throughout the entire country are bearing their share of the burdens of depression. Why should Federal employees and officials, enjoying the benefits of steady employment, object to shouldering a portion of the load? Why should they remain a preferred class? Should they not be willing to share in the general reduction forced upon the country and cooperate in a policy of retrenchment to minimize the imposition of increased taxes?

This was my attitude when I presented my bill, but after limited hearings the Committee on Expenditures in the Executive Departments refused to report any measure for salary reductions, and tabled the proposed legislation in committee.

Since that time, however, there has been a growing sentiment in Congress and throughout the country in favor of reduced Government salaries. There are now pending in both Houses a number of bills making such provisions, the special House Economy Committee is making a careful study of the matter with a view to making its recommendations in the near future, and the probability is that some legislation will be enacted in this field by this Congress.

Uncle Sam's pay roll, including 1,032,422 persons in the executive and legislative branches and in the military percost of the necessities of life. It would be much better for sonnel, amounts to \$1,338,778,231.12, apportioned as follows:

Number and cost of salaries of civilian employees 1 and of the military personnel 2

[Compiled by the Bureau of the Budget]

	Number	Salaries	
Civilian: Executive branch Legislative branch 1	732, 460 9, 049	\$1, 055, 970, 636, 55 23, 087, 764, 00	
Total Military	741, 509 290, 913	1, 079, 058, 400. 55 259, 719, 830. 57	
Grand total (not including judiciary)	1, 032, 422	1, 338, 778, 231. 12	

<sup>1</sup> Salary of civilian employees is gross salary and includes the value of quarters, subsistence, or other facilities or services furnished by the Government.

<sup>2</sup> Salary of military personnel is not salary of both active and retired men. It does not include allowances as distinguished from pay.

<sup>3</sup> Includes Senate and House of Representatives and their employees, the Library of Congress, the Government Printing Office, the Botanic Garden, office of the Architect of the Capitol, Senate and House Office Buildings and Capitol power plant.

The Garber bill provides for a temporary reduction in salaries, for a period of one year, ranging from 10 per cent on salaries from \$1,800 to \$2,500 to 25 per cent for those in excess of \$5,000, and would result in a saving to the Government of a total estimated amount of \$131,169,571.95. The following analysis of the measure shows in detail its effect and the total reduction in expense which would be accomplished by its enactment.

Proposed reduction	Salaries affected	Amount of reduction
EXECUTIVE AND MILITARY		
25 per cent	\$5,000 or more	\$15, 058, 815. 45
20 per cent	\$3,500 to \$5,000 \$2,500 to \$3,500	24, 332, 730. 00 27, 295, 412. 16
10 per cent	\$1,800 to \$2,500	61, 526, 090. 34
LEGISLATIVE		
25 per cent	\$5,000 or more	1, 199, 350. 00
20 per cent	\$3,500 to \$5,000 \$2,500 to \$3,500	171, 716. 00 490, 088. 00
10 per cent	\$1,800 to \$2,500	1, 095, 370. 00
Total		131, 169, 571, 95

My bill is an emergency measure, a temporary necessity. The ultimate necessity is for reorganization of governmental agencies, for coordination of efforts and activities, for the elimination of duplication and waste, which will actually reduce governmental costs to a minimum.

We have been caught in the meshes of our heedless lethargy. We have witnessed the dizzying skyrocketing of Federal expenses, the multiplication of bureaus, boards, and commissions with careless disregard for duplication and efficiency. We have intermittently discussed the needs for reorganization and bewailed the increasing costs of Government, and yet never have we subjected its organization to a general realignment of functions according to a unified administration plan. Only now, with the rigid fingers of bureaucratic control and costly inefficiency at the throat of democracy itself, are we stirred to actual contemplation of legislative action to place our Government on a sound, economic, business basis. It is estimated that by such reorganization we could effect an annual saving of a billion dollars, half of it in direct appropriations and the remainder in the cost which citizens bear in essential contacts with their Government.

Economy, retrenchment, reorganization, curtailment of expenses to a minimum! These are our dire necessities now! But more than that, they are our sacred obligations to the American people who have manifested in this great national emergency a splendid, unselfish, patriotic spirit unequaled in the world's history!

## LEAVE TO ADDRESS THE HOUSE

Mr. FISH. Mr. Speaker, I ask unanimous consent to speak out of order for five minutes.

The SPEAKER. Is there objection?

Mr. CRISP. Mr. Speaker, I am constrained to object. Mr. FISH. Mr. Speaker, I have not made that request

since Congress convened. I ask for only five minutes' time, and it is upon an important matter.

Mr. CRISP. I shall withdraw the objection, but I shall object to anyone else. I think the tax measure is a matter of the highest importance and should not be interfered with.

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, what is the subject of the gentleman's remarks?

Mr. FISH. I want to present some information immediately to the House in regard to the shipment of munitions of war from this country. I think the House ought to have it.

Mr. UNDERHILL. Mr. Speaker, I think the tax bill is more important in the matter of not rocking the boat at just this time. I object.

### GENERAL LEAVE TO PRINT

Mr. CRISP. Mr. Speaker, I ask unanimous consent that all Members of the House be permitted to extend their own remarks in the RECORD on the tax bill for 10 legislative days.

The SPEAKER. Is there objection? Mr. O'CONNOR. Mr. Speaker, reserving the right to object, does the gentleman mean after the bill has been completed or from now on?

Mr. CRISP. I shall change the request to five legislative days after the House has concluded its consideration of the bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that all Members of the House have five legislative days after the passage of the tax bill to extend their remarks in the RECORD. Is there objection?

There was no objection.

#### THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes. Pending that, it is apparent that further general debate is desired on this measure. My own desireand I am sure I state the sentiment of the committee—is for the House to have full opportunity to consider the bill. Therefore it will be necessary to have further general debate next week, when the bill is again taken up.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the tax bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the revenue bill of 1932, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. With the indulgence of the committee, the Chair will state that the gentleman from Oregon [Mr. HAWLEY] has consumed 4 hours and 15 minutes; the gentleman from Georgia, 2 hours and 35 minutes; the gentleman from North Carolina [Mr. Doughton], 3 hours and 24 minutes.

Mr. HAWLEY. Mr. Chairman, I have by arrangement reached an agreement that this side shall use time until it has used approximately the same time used on the other side, and in that respect I suggest to Members on this side who expect recognition that they remain where they can be available. I yield two minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, I rise to correct an item that appears in this morning's Washington Post. It reads as follows:

President Hoover will accept the sales tax and other provisions of the bill, the House was told by Representative Allen Treadway, Republican, of Massachusetts.

I positively did not make any such assertion. The Record will show exactly what I did say, which is as follows, in answer to a question put to me:

I have not the slightest idea what the President of the United States thinks about the bill.

I want that to appear definitely, because certainly I would not presume to speak for the President of the United States.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No. I yield back the remainder of my

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LaGuardia].

Mr. LaGUARDIA. Mr. Chairman, I realize that the Committee on Ways and Means had a difficult task before it. What I may say in the course of the debate I wish to assure the gentleman from Georgia [Mr. Crisp] is not in criticism of the committee that reported the bill, because I realize fully how difficult it must have been to bring in a bill which would raise anything like the necessary revenue.

Mr. CRISP. Mr. Chairman, will the gentleman yield? Mr. LaGUARDIA. I yield.

Mr. CRISP. I simply desire to say to my friend that I know I have his friendship and confidence as he has mine.

Mr. LaGUARDIA. I thank the gentleman. That will make it much easier for me this morning.

Now, I want to say that it requires no particular courage to vote against a tax bill. It is the easiest thing in the world for a legislator to vote against a tax bill and then go home and be a good fellow to everybody concerned, because no one likes taxes.

The appeal that I want to make to-day, in all earnestness, is the possibility of getting together so that we may pass a bill which will raise something like the revenue which the Government needs at this time. I am sure that, as far as the progressive group in this House is concerned, we are anxious to assist in raising revenue, and we will leave the raising of the noise to some of our conservative friends. [Laughter and applause.]

The administrative features of the bill are very well drawn. The income-tax feature, as far as it goes, is quite a step forward; but, Mr. Chairman, for 20 years in this country, and surely for the last 14 years since I have been here—and I was here in 1917 when we voted the war revenue bill—there has been a determined effort to write into our law a sales tax. A sales tax by any other name is just as odious, even if it is called a manufacturers' tax, because revenue, unlike synthetic fertilizer, can not be taken from the air. The manufacturer is going to pass it on to the ultimate consumers. There are three ways only of paying a sales tax of this sort. First, the consumers; or second, if absorbed it is taken out of wages; or third, it is taken out of the cost of the raw materials. Undesirable in any way.

Now, let us be frank about these things. Let us at least concede existing facts.

This will put \$600,000,000 on the people of this country, and it is only an entering wedge. I will tell you when this country may listen to an argument for a sales tax. Some time in the future, perhaps in the next generation, when we will have some sort of an industrial democracy in this country; when we will not have the concentrated wealth that to-day controls industry, business, commerce, agriculture, and perhaps even the Government. [Applause.] But we have not yet arrived at that time. That being so, I want to make one suggestion. I realize that it is extremely difficult to write a revenue bill on the floor of the House. I want to make a constructive suggestion. We can not hide the fact that there is a sharp division of thought in this House on the sales tax-manufacturers' tax, as it is called in this bill. Would it not be possible to have a vote on that section, and if the manufacturers' tax is voted out of the bill, then the Committee on Ways and Means may take the bill into committee and bring back a substitute source of revenue?

Mr. CRISP. Mr. Chairman, does the gentleman desire me to answer?

Mr. LaGUARDIA. I would like to have the gentleman consider it. Certainly I would like to have an answer.

Mr. CRISP. I realize the force of what the gentleman says. The committee will have meetings in the mornings to consider suggestions made relative to the bill. They may have some committee amendments to suggest. I do not think it would be advisable to vote on the proposition of

eliminating the manufacturers' tax until possibly it may have been perfected. It may be amended in such way that the House may desire to retain it or the House may not desire to retain it, but I will say to the gentleman that it is my intention, should that tax be eliminated, to have the Ways and Means Committee consider a plan to offer in substitution for it. I will say further for myself, it is immaterial to me what plan is adopted that will raise sufficient money to balance the Budget. I firmly believe it is essential to do that.

Mr. LaGUARDIA. I thank the gentleman, and I agree with the gentleman.

Mr. CRISP. I am supporting and will support to the extent of my ability the bill which the committee has brought out, because we believe it is the most equitable, just, and fair way to accomplish the purpose.

Mr. Laguardia. And I will say that if the manufacturers' sales tax is stricken from the bill, the only plan that can be intelligently considered would be some plan which the committee would bring in, because if we are going to start individual plans, and take item for item, there is danger that we may have an accumulation of votes on different items, and we may come out with an unbalanced bill.

I want to say there has been a great deal of misapprehension created in the minds of the American people on the condition of the Treasury and the causes for that condition. The average citizen, because of statements made on the floor of this House, is under the impression we are spending \$4,000,000,000 a year on budgetary appropriations which could be reduced by 50 per cent. Now, Mr. Chairman, that is not true. The increase in the appropriation and in the current expenses of government is not the result of increases by Congress in current necessary Government expenditures; but it has been brought about, first, by the war. We can not get away from that. I shall give the figures in a minute. It is an aftermath of the war. And, secondly, it has been brought about by extraordinary conditions, physical and economic, which have required the appropriation of large amounts of money. The depression has caused such a decrease in the revenue of the Government as to unbalance the Budget to an unprecedented degree.

Now, of this \$4,000,000,000 there is one billion immediately accounted for in the debt service.

In the current appropriation bill we find an item of \$640,000,000 for interest and an item of \$426,485,000 to take care of maturing bonds, unless we pass the maturing bonds on to the national debt by the issuance of more long-term securities. Now, there is \$1,066,485,000 accounted for in debt service, and all the economies which the gentleman from Tennessee [Mr. Byrns] and the Committee on Appropriations can exercise will not be able to touch that amount. So there is a billion dollars accounted for, and that is a war item. Each of these items reflect an increase above the amounts required for the current year. I want to mention this to give some of my colleagues who believe in issuing more bonds for current expense an illustration of how the national debt directly reflects in the cost of government. Last year we appropriated \$605,000,000 for interest, the amount this year is \$35,000,000 more, the sinking-fund requirement last year was \$411,771,300, this year it will be about \$15,000,000 more. This is due to the deficit in the Treasury which has been passed on to the next generation by adding it to the national debt in the shape of long-term bonds. Such financing immediately increases the annual budgetary requirements and places millions of dollars of interest on the backs of the taxpayers. Then, of course, there is the great danger of soon, and perhaps very soon, arriving at a point where the Government will be unable to borrow.

Then we come to another war item, and that is the cost of the Veterans' Administration.

Under Resolution No. 3 we appropriated \$203,825,000; in the first deficiency bill \$46,872,975 for veterans. In the current appropriation bill there is \$928,387,795 in the Veterans' Administration, and as to this amount in the appropriation bill it has been stated on the floor that it may be \$50,000,000 short of the committed requirements. So here we have another \$1,000,000,000 as a direct result of the war. Yet all of you courageous gentlemen who talk about economy and who jump on me when I try to maintain the standard of wages and the American standard of living, I would like to see how many of you are going to stand up and vote for a decrease in appropriations made for disabled and deserving veterans. Let us be frank about this thing. So we have here well over \$2,000,000,000 as the direct result of the war, which can not be decreased. In addition to that we have had extraordinary conditions, such as floods, which have added to our appropriations for rivers and harbors and flood relief. We have had droughts, and we have had such miserable financial control as to ruin the farmer. We have appropriated \$500,000,000 for the Farm Board.

We have appropriated \$500,000,000 for the Reconstruction Finance Corporation. We have appropriated \$125,000,000 for increasing the stock of the Federal land banks. Right here are three items amounting to \$1,150,000,000. Somebody will tell me we are getting stock and commodities. That I will concede; but in the meantime we are putting out good cash for engraved paper and surplus unsalable crops. Now, take \$750,000,000 spent for the Army and Navy—you will find that we are not spending any more, not a penny more, than is required for the normal minimum needs of running this Government.

Now, let us get back to the tax. Why are we opposed to a sales tax? Because, in the first place, it is unscientific and difficult of administration; and, in the second place, it puts a burden out of all proportion on a large majority of our people; and third, because it is contrary to the American system of taxation.

The gentleman from Georgia took as an example a family spending \$1,000 for the maintenance of that family, excluding, of course, items that are exempt like bread, milk, and eggs. Gentlemen, when you have exempted eggs in these days of unemployment it will do little good in my city because eggs to-day are a luxury to the mass of unemployed workers. I grant that bread, milk, and flour are exempted: but take other household necessities-clothes. shoes, stockings, furniture, cleaning materials, and prepared foods-all enter into every family expense list. We all know that under our present system of living a great deal of prepared food is used. Lard, oil, canned food, and sausages are taxed. The gentleman from Georgia points out that such a family would pay about \$20.25 a year. However, the average income of that family may only be \$1,500, so that such a tax is unbearable and out of all proportion to the income of that family. We have other sources from which we might properly derive taxes. I believe we all agree that taxation should not only be distributed where it can best be borne but also in accordance with the proportion of the benefits derived from government. The working people of this country contribute more than their share and get less in return. I am sorry to say, than the taxpayers who are fortunate enough to be included in the higher brackets. It is the working people who create the wealth. We have not yet reached the time when a sales tax should be imposed on the American people.

I will grant that this demand for a sales tax is by no means partisan. There is no partisanship on anything that goes beyond \$1,000,000. That is a conclusion from my observation. [Laughter.]

You will find men who will come to the gentleman from Georgia and say, "Ah, Charlie, you are a great statesman—so constructive. That sales tax sure is wonderful. By jove, we are lucky in having a man like you on the Ways and Means Committee." They said the same thing to splendid old Judge Green, and when he insisted upon holding his inheritance tax in the law they kicked him upstairs. You know that. They made him a judge. [Applause.] Do not be deceived by these compliments of constructive statesmanship when you are asked to put on a sales tax. The American people are going to resent it and will not stand for it. The tax dodgers of the higher brackets have been urging a sales tax ever since we have had an income tax. We are not going to give it to them now.

You have a right to ask, What do you suggest in its place? I have submitted a tentative plan. Very little of it is original; none of it is original, and most of the items have been discussed in your committee. I agree that in opposing any feature in the proposed bill we should be ready to support a substitute to raise revenue.

I know that the items which I will mention from now on will be unpleasant, and I will be criticized by some. My proposition is based on the dire necessity of raising additional revenue and offered as the lesser of two evils. you to do this: In considering the items which I will now suggest, please compare them with the burdens and iniquities of the sales tax and determine whether or not they are less odious than the blanket comprehensive sales-tax plan contained in this bill. I would not think of offering them cold and unless there was an abnormal need for revenue, and as a fair method of destroying the sales-tax idea. I offer them as a substitute for the most unfair and most un-American tax that has ever been suggested, and that is the sales tax. When I do this, gentlemen, I realize the displeasure I will incur in certain powerful quarters in my city.

If it is a question of whether I shall seek editorial praise or the gratitude of the people I represent, I am going to stand by the people and let powerful interests inspire all the editorials they want against me.

Now, I suggest in my plan a stamp on checks and drafts. We had this during the Spanish War. Let some one stand up from my side and say, "Oh, that is radical." Well, if it is, Ogden Mills, Secretary of the Treasury, recommended it before the Committee on Ways and Means, and I am sure no one will ever charge him with being radical in his economics. This would raise \$95,000,000. You may say it is a nuisance, and, of course, it is. Not so much of a nuisance as to pay a tax on baby clothes and a pair of stockings and a pair of shoes, soap, or a can of beans.

I propose a 10 per cent tax on the annual rental of safety-deposit boxes, to be collected by the safety-deposit companies or the banks, and this will bring in \$5,000,000.

I suggest a 5-cent tax on every contract, conveyance, deed, lease, or agreement in writing. This has been tried in other countries. It is not burdensome; and a 5-cent stamp on any agreement in writing will bring in, it is estimated, \$10,000,000. This \$10,000,000, of course, is just an estimate. It can not be anything else, because we have no data or figures on the subject.

Mr. KVALE. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. KVALE. Will the gentleman somewhere in his remarks tell us how he arrives at his estimates?

Mr. LaGUARDIA. The \$95,000,000 figure is a Treasury estimate. The estimate of \$5,000,000 on safety-deposit box rentals is interesting. We got that in this way: The only complete record we could find on safety-deposit vaults was in New England. We took the percentages of banks in that area with the amount of business and made a computation of the other sections, taking into consideration population and area and volume of business, and arrived at our estimate in that way.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. LaGUARDIA. The estimate with respect to the stamp on contracts is as conservative a guess as we can make.

Then we come to stamp taxes on receipts—receipts for the payment of money or property—and we estimate this after taking a very conservative percentage of the number of checks issued during a year and we arrive at a figure of \$25,000,000.

The substitute tax on the stock transfers and loans—we take the rates recommended in the committee and add 2 cents on the loan of stock. The committee's rate is 4 cents a share on transfer and 4 cents on loan of stock. Our proposed substitute increases the tax on stock loans to 6 cents a share. Taking the estimates of the committee and adding

the 2 cents or the proper proportion thereof, we bring that | increase I suggest, a 49 per cent over \$1,000,000, would bring item up to \$40,000,000. The committee estimate is \$28,000,000.

Now, gentlemen, there is one item of taxation that has been overlooked-I suggested it before the committee-and that is a bond-transfer tax; and I submit that 10 cents on every \$100 of the face value of a bond or on the original issuance of bonds is not exorbitant and is a tax that can be easily collected. This would bring in \$10,000,000, and the amount is based upon the amount of transactions on the New York Stock Exchange, the curb exchange, and the percentage of business which the New York exchanges do in relation to the volume of business of exchanges throughout the country. The figure of \$10,000,000 is very conservative. I think it would be much higher.

Now, I plan a 5 per cent tax on radio and phonographs. The bill as brought in by the committee would tax them 21/4 per cent. While phonographs and radios are useful, desirable, and educational, after all they may be properly classified as a luxury for purposes of taxation, taking the condition of the country into consideration. This would bring in \$30,000,000. The amount is a Treasury Department

I would tax the gross receipts of radio advertising or broadcasting advertising 5 per cent; and surely any industry which is dependent entirely upon the public domain can not complain if we tax them 5 per cent of their gross receipts. This would bring in \$5,000,000. I base this estimate from statements made by officials of radio companies.

I put in a sales tax of 5 per cent on cosmetics and perfumes. This has been suggested by many, and I get my figures from the manufacturers' census. This tax would amount to about \$15,000,000. Over \$150,000,000 is the wholesale value of the sale of cosmetics and perfumes.

Now, the bill contains an item which is suggestive of another source of income. It provides a licensing fee for manufacturers. Inasmuch as every corporation must file an income tax, it occurred to me that we could devise a tax on a sort of compromise between a capital-stock tax and the fee suggested in the bill by providing a registration fee annually for every corporation, regardless of whether it paid taxes or not. I would start with a corporation capitalized at \$10,000 and tax it \$5 a year, and then taking it up in steps from \$10,000 to \$150,000 and from \$150,000 to \$250,000 and upward to \$5,000,000 capitalization and over and taxing them \$5, \$10, \$20, \$30, \$40, \$50, and \$100, up to \$500 for all corporations with a capitalization of over \$5,000,000. Surely this is not exorbitant. It would hardly be felt by any corporation. Any small corporation could afford to pay a Federal tax of \$5 or \$10 if it does not pay any other tax. This would bring in something like \$50,000,000. This estimate is based on the number of corporations that filed income taxes and an approximate estimate of their capitalization taken from the old capital-stock payments of 1921.

I take automobiles and trucks and simply apply the same tax that they would have to pay under this bill. There is no increase. This would bring in \$68,500,000.

We would have two and a quarter per cent tax on passenger automobiles, exactly as it is in the committee bill, but on trucks I reduce it to one and a half per cent and on accessories to 2 per cent. So on trucks and accessories my rates are even lower than the rates proposed in the committee bill, and my figures are taken entirely from the estimate of the Treasury Department that it will bring in \$68,500,000.

On jewelry and precious stones I take the rates of the 1921 act, and the figures there make allowance for decrease in business and estimate the jewelry tax at about \$20,000,000 on a 5 per cent retail rate.

Then I graduate the income tax from the present 40 per cent rate maximum on incomes over \$100,000 and increase it up to 49 per cent on incomes over \$1,000,000. Other efforts will be made on the floor of the House, which I think may carry, increasing even the 49 per cent rate, at which I start with \$1,000,000, bringing it up to 60 per cent; and, of course, I would join any such movement that may be made. The

in \$10,000,000, according to the Treasury estimate.

Then I take an increase of 1 cent on first-class postage. The 2-cent rate is increased to 3 cents, and in this way get another \$135,000,000. The Treasury Department estimate is \$150,000,000, but I take the Post Office Department estimate of \$135,000,000.

Now, of course, the increase in postage is not popular, and a great many may complain, but I say that you must take these items in this substitute plan and compare them with the proposed sales tax, and when you make the comparison you will see how much better, how much less burdensome, it would be to collect the \$500,000,000 under the suggestions

Another thing, I want to appeal to the Members of the House who are against the oil tax that we must stand together. Do not permit sales-tax advocates to separate our forces. I want to say that any man who is in favor of the protective tariff is going to have some job in taking the floor to oppose the tax on foreign oil. [Applause.]

If you are consistent, now is the time. We have a direct interest in the East in that matter. I know that it will be strongly argued that a tax on foreign oil may increase the cost of oil in the East, but we must look at the proposition as part of our present system. Suppose we do pay a fraction of a cent more for gasoline. We know that if we can rehabilitate the oil industry in the West and the Southwest. we will place a large number of people in employment, reopen many activities, create new purchasing power, then those people, by virtue of these measures, will be able to buy more of our goods. [Applause.]

It may cost us a little more on the Atlantic border, but it will be more than made up by increased demands for our manufactured products of the East. We must look at this proposition from a national point of view.

So I say to you oil people, do not be scared by a threat that if the sales tax goes off the oil tax goes off with it. Not at all. We can easily take care of that. In the face of the tariff history of the Republican Party, I do not believe there can be real opposition to a protective tariff on oil. I can not imagine the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from New York [Mr. CROWTHER] standing here on this floor and opposing your oil tariff. A tariff by any other name is just as Republican as anything else. [Applause.]

I appeal to you oil people not to be deceived or trapped in any scheme that involves the parliamentary situation. We will be able to take care of that. The oil protection to which you are justly entitled has no place in being stuck and sandwiched in the sales-tax section.

I have absolutely no pride in my plan. I am willing to cooperate with the Committee on Ways and Means. All we ask is that for the best interests of the country, realizing the necessity of increasing the revenue, we should take a broad national but fair view and pass a bill in accordance with the traditions, and not at this time of stress write into the law a tax feature which special interests have been trying to impose on the American people in order to relieve a few who are better able to pay the taxes.

I want to assure the gentleman from Georgia that he will find that we will cooperate with the committee, and do everything possible to get a balanced bill, but we will fight to the very last ditch against a sales tax. [Applause.]

Mr. SNELL. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. SNELL. According to the morning paper, the gentleman from New York [Mr. LaGuardia] says that under it that is, the sales tax—a family which spends only \$1,000 a year for the necessities of life would have to pay \$22.50 in taxes. Considering the fact that nearly all the food products are exempt, how does the gentleman get that sum of \$22.50?

Mr. LAGUARDIA. Not all foods are exempt. There are other things beside food. There is clothing-

Mr SNELL. The two big items are food and rent.

Mr. LaGUARDIA. If the family spent \$1,000 on taxable goods, they would pay \$20 of that under this sales-tax program.

Mr. SNELL. But the gentleman said \$1,000 for the necessities of life.

Mr. LaGUARDIA. I insist upon that. Clothes are a necessity, shoes are a necessity, household furniture is a necessity, and many articles of food are not exempt.

Mr. SNELL. But the gentleman assumed that every one of these things is taxed, and they are not. I want the gentleman to be fair. He said we ought to be fair about this.

Mr. LaGUARDIA. Every family in the United States is going to be taxed if this sales tax ever goes into effect.

Mr. SNELL. Is the statement the gentleman is purported to have made this morning in the newspaper fair?

Mr. LAGUARDIA. I stand by that statement.

Mr. PERKINS. Mr. Chairman, will the gentleman please state the total amount to be raised by his proposed tax?

Mr. LaGUARDIA. About \$518,000,000. [Applause.] I will here add the various suggestions in itemized form, including also my appeal to the responsible leadership of the House.

MARCH 11, 1932.

FROM F. H. LAGUARDIA TO THE SPEAKER, MAJORITY FLOOR LEADER, CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS, MEMBERS OF CONGRESS:

My Dear Mr. Speaker and Colleagues: I find a strong current of opposition to the so-called sales tax. I am aware of the depleted condition of the Treasury. I realize the necessity of new sources of revenue. Attempts to establish a system of sales tax in this country have repeatedly failed. It is my belief that it will fail this time. In lieu thereof I beg to submit the following items as sources of revenue. Estimates are conservative and everyone will agree that the administration and collection would not involve the complexities and difficulties of collecting a sales tax on some thirty or forty thousand different products of manufacture. I offer as a compromise the following:

Estimated revenue Stamp taxes on checks and drafts (1 cent under \$100; 2 cents above) \_\_\_\_\_\_Safety deposit boxes and vaults (10 per cent of \$95,000,000 annual rental). 5,000,000 Stamp tax on contracts, covenants, conveyances, deeds, mortgages, and agreements in writing (5 cents on each document)\_\_\_\_\_\_Stamp tax on receipts, acquittances, or any evidence 10,000,000 of payment of money (1 cent under \$100; 2 cents 25, 000, 000 above) Stock transfer and sales (increase of present rates from 2 to 4 cents and application of tax of 6 cents to loans of stock) 40,000,000 10,000,000 30,000,000 5,000,000 Radio and phonographs (5 per cent retail)

Cosmetics and perfumes (5 per cent retail)

Corporation registration (per annum):

Under \$10,000 capitalization

From \$10,000 to \$150,000 capitali-15,000,000 85 10 From \$150,000 to \$250,000 capitalization. 20 From \$250,000 to \$500,000 capitalization 40 From \$500,000 to \$1,000,000 capitalization\_\_\_\_\_\_From \$1,000,000 to \$5,000,000 capi-50 talization Over \$5,000,000 capitalization\_\_\_\_ 500 50,000,000 Automobiles and accessories: Passenger automobiles, 21/2 per cent \_\_ 45,000,000 Trucks, 1½ per cent\_\_\_\_\_Accessories, 2 per cent\_\_\_\_\_ 3, 500, 000 20,000,000 68, 500, 000 Works of art and jewelry, including precious stones, semiprecious stones, etc. (5 per cent retail)\_\_\_\_\_\_Income tax, increase over committee bill, raising 20,000,000 rates on incomes from \$100,000 graduated 40 to 49 per cent on incomes over \$1,000,000\_\_\_\_\_ 10,000,000 Postage increase, 1 cent on first-class mail\_\_\_. 135,000,000 518, 500, 000 Total \_

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. Watson].

F. LAGUARDIA.

Very truly yours,

Mr. WATSON. Mr. Chairman, I listened with interest to the statements of the distinguished gentleman from New York [Mr. LaGuardia], especially his plan of raising revenue, and I feel quite sure if we should adopt his suggestion, from one end of Broadway to the other we would hear "Down with LaGuardia's plan." I am surprised at his attitude in respect to the sales or manufacturers' tax. The manufacturers' tax was never seriously considered heretofore by this House, but the manufacturers' tax to-day is an emergency. Although it may not be popular, because no new tax is popular, yet in two years from now the sales tax will not be written out of the revenue bill.

Mr. BACHMANN. Mr. Chairman, will the gentleman yield? Mr. WATSON. Yes.

Mr. BACHMANN. Does the gentleman mean by that that if Congress adopts the principle of a sales tax now the Government will never relinquish that form of tax?

Mr. WATSON. I do.

Mr. BACHMANN. Then the gentleman thinks it is here to stay?

Mr. WATSON. That is my belief—and why? Because we will find that it is one of the easiest taxes to collect, and again we will find that the people at large will not know to a degree that they are paying taxes.

Mr. CRISP. Mr. Chairman, will the gentleman yield? Mr. WATSON. Yes.

Mr. CRISP. Lest there be any misconception of the matter, this bill itself provides that this sales tax title expires by operation of law on the 30th of June, 1934. There would have to be affirmative action by Congress to extend its life beyond that time.

Mr. WATSON. That is exactly my view. But it will be so popular that the committee will be obliged to renew it. France, Germany, Czechoslovakia, and Canada all have adopted the sales tax. At first in Canada the sales tax was very unpopular, but to-day it is one of the most popular. We can judge from other countries what we may do now and in the future.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield? Mr. WATSON. Yes.

Mr. STAFFORD. Is it fair to compare a country like Canada, which is not an industrial country, where the manufactures are very small, compared with their total output, with a great industrial country like the United States, where the taxes will be passed on so generally to everyone?

Mr. WATSON. Certainly it is fair. It is only a question of proportion. France and Germany have adopted it; and is there any country that produces more commodities than Germany, according to population?

Mr. STAFFORD. But Germany was forced to that posi-

Mr. WATSON. They have had a sales tax there for years, and it will never be repealed.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. WATSON. Yes. Mr. HASTINGS. As I understand the gentleman's argu-

ment, he is in favor of having this manufacturers' or sales tax kept on after June 30, 1934.

Mr. WATSON. I am if the people want it.

Mr. HASTINGS. The gentleman believes in making it a permanent policy of our Government?

Mr. WATSON. I believe it, because the people will demand it.

Mr. BACHMANN. Mr. Chairman, will the gentleman yield?

Mr. WATSON. Yes.

Mr. BACHMANN. I am interested in the gentleman's comparison of the sales tax in Canada with the probable sales tax in the United States.

Mr. WATSON. Yes.

Mr. BACHMANN. Is it not a fact that the Canadian sales tax has been successful because a great amount of the revenue has been received from the sale of intoxicating liquors?

Mr. WATSON. No; I think not, because there was a sales tax before Canada repudiated prohibition.

Mr. BACHMANN. I was privileged to go with the committee to Canada in an investigation of the sales tax and how it works in that country, and my recollection is that we were told, although no figures were given, that a great amount of the revenue derived under the sales tax in Canada came from the sales tax on intoxicating liquors.

Mr. WATSON. That may be, but, nevertheless, the people are pleased to accept it, because there is a sales tax on all commodities. I did not expect to take up the question of the sales tax, but was going to leave that subject to others. I brought it up because the gentleman from New York [Mr. LaGuardia] presented his views.

There are only two ways by which the public debt of a government can be balanced—one by taxation and the other by a bond issue. To issue Federal bonds for the purpose of paying indebtedness, rather than by taxation, is as ineffective to the end as a corporation issuing bonds beyond its ability to pay. In both cases repudiation of debts must follow.

When banks close their doors, with only frozen assets upon which loans can not be procured, and Federal reserve banks were obliged to refuse collateral offered for discount, one could hardly blame men and women not in business, having only small incomes, withdrawing their deposits. But the President of the United States has recommended, and it has become a law, that \$2,000,000,000 shall be issued in order to establish the stability of banks, and from inquiry I find that this appropriation has been of benefit in establishing the solidity of banks throughout the country. From January 1 until October 1 of the year 1931 there were 1,745 bank failures, but since the operation of this \$2,000,000,000 law there have been few bank failures in comparison, which indicates that President Hoover was wise in suggesting such a plan and the Senate and House to favor it.

The Interstate Commerce Commission regulating railroads under an iron hand has greatly modified its rulings and given the railroads wider latitude and field, where they can at least hope to meet the interest on their bonds and to save bankruptcy not only of themselves but of the banks and financial institutions holding their securities. The year 1912 was the highest peak of prosperity not only in this country but in all the world; the highest peak in individual wealth; the highest peak in corporate wealth. It was a temptation to the Government to take advantage of these conditions, and it adopted an income tax bill. The whole world was prosperous. With the restlessness of the idle rich, the large standing armies in Europe trained for years and eager for war, when the pistol shot was heard in Serbia Germany was ready to send her army to the frontier. The World War, lasting four years, reduced the nations almost to the point of repudiating their domestic obligations and ignoring external debts. Therefore we can not go back and say we expended money recklessly during the period of the war and since, because that has passed over the dam. It becomes us to-day to raise money to meet our indebtedness, because, if we do not and continue to sell bonds we are bound to repudiate our debts, and then our Government or our Republic will fall.

When the Committee on Ways and Means held hearings for a revenue bill it was confronted by nearly all witnesses with objections to a tax on business of which they were a part.

In regard to the statement made by the gentleman from New York [Mr. LaGuardia], let me say that the various commodities he presented to you for taxation were opposed by every witness that appeared before the committee. Nearly every witness, when questioned whether he preferred a tax on his individual commodity or a sales tax, always answered, "I prefer the manufacturers' sales tax." That was the general opinion of witnesses appearing before our committee. Therefore, it was the judgment, and the wise judgment of our committee, that we bring out a tax that the American people wanted, and I believe, as I said before, it will be acceptable to the people and the taxpayers of the United States.

There has been no period probably since the Civil War when it has been so difficult to write a revenue bill as now. Your committee searched the best methods in every avenue possible, and we bring to you a tax that will be the least drastic for the taxpayers and at the same time meet the deficit. We are not living in ordinary times. We must call a halt in regard to our expenditures; we must do it now and not put it off for other generations.

The Government to-day has a greater deficit than any other nation in the world. On March 15 there will be due \$600,000,000 bonds. Where is the money coming from to pay the interest and the principal on those bonds? We are not collecting enough from the revenue tax on the 15th of March, and there must be another sale of Federal bonds. Now, we can not continue this. I want to bring home to everyone that you may take it back to every constituent and every voter in this country that America can not live and exist paying her debts by selling bonds. She must meet her debts by revenue, and the bill presented is one that has been carefully studied by every member of the committee.

Before I touch another subject I want again to recall the statement made by the gentleman from New York [Mr. La-Guardia], where he brought to you the question of sales tax on stockings. One can buy three pairs of stockings for a dollar, and they are excellent ones. The wholesale price would probably be three for 80 cents. When you pay 2½ cents for stockings at three for a dollar you are not spending very much money. That is an example of almost every commodity that goes into clothing.

It is my purpose to consider three or four sections relative to the net gains and losses, and call your attention, under this subtitle, to the increased revenue set forth in the various revenue acts.

### 1913 TAX, \$35,600,300

Our first income tax law, written in 1913, provided that in the case of gain from the sale of stock by an individual, such gain was taxed at the regular income-tax rates. In case any loss was taken on such sale, except in the case of a dealer in securities, such loss was not allowed as a deduction from net income.

### 1916 TAX, \$124,937,253

The act of 1916 provided that gains from the sale of real estate, stocks, bonds, and so forth, should be taxable, but it allowed to be credited against such gains whatever losses were taken in the taxable year from the sale of similar securities. However, if the losses from the sale of these capital assets exceeded the gains, the excess of the losses over the gains was not allowed as a deduction against the other income of the taxpayer.

Example: A man with a \$20,000 income sells certain securities and gains \$1,000, and he sells other securities and loses \$500. Then \$500 is added to his \$20,000, making \$20,500 upon which he must pay a tax, but the excess of loss over the gains would not be taxable.

# 1918 TAX, \$2,838,999,894

We now come to the act of 1918, which provided for the taxation of gains and for the full reduction of any losses. Under this act if an individual had an excess of losses over gains, he was allowed to deduct such excess from his other income.

Example: If a man lost \$10,000 and gained \$9,000, he would be allowed to deduct \$1,000 from his taxable income.

## 1921 TAX, \$3,228,137,674

When the revenue act of 1921 was under consideration, it was pointed out that the high tax rates then in force prevented normal business transactions in the case of real estate, stocks, and bonds. For instance, if a man had a million-dollar profit which could be realized from the sale of some asset which he had held for a long period, he would be deterred from making such transaction, because his profit would be cut in half at the rates then in force. Accordingly, the 1921 act provided for the taxation of capital gains arising from the sale of assets which have been held over two years at a maximum rate of 12½ per cent. Of course, the

purpose of the 2-year limitation was apparently to arbitrarily divide as nearly as might be investment operations from speculative operations. In the case of assets held for less than two years, the revenue act of 1921 provided for their taxation in full at the regular normal and surtax rates, because no reason could be given for taxing such income at a lower rate than ordinary income. Subsequent figures plainly show the action of Congress was wise in enacting the 121/2 per cent rate on capital gains. From 1917 to 1921, inclusive, the losses exceeded gains by about \$2,500,000,000. This excess of losses being allowed as a deduction against other income produced an unfavorable effect on the revenue. It would have been better if we had not taxed capital gains and had not allowed capital losses as a deduction from net

The 121/2 per cent provision has been in force since 1922, and the Government derived from 1922 to 1930, inclusive, a large income from the taxation of gains arising not only from the sale of assets held over two years, but also from the sale of assets held less than two years; in fact, during this period the total gains have exceeded the total losses by not less than \$15,000,000,000. During the prosperous year of 1928 nearly 25 per cent of our total income tax on individuals was derived from the taxation of these gains.

The revenue act of 1921 was inconsistent in that it allowed substantial advantage to the taxpayer on the sale of assets held for more than two years but failed to make corresponding provision for the treatment of capital losses in favor of the Government. This defect was remedied by the revenue act of 1924, which provided that in the case of losses from the sale of assets held over two years that the tax might not be reduced more than 121/2 per cent by the deduction of such loss from the net income.

In 1930 heavy losses were taken on the sale of real estate, stocks, bonds, and similar assets. In fact, 2-year net gains in 1930 decreased 77 per cent over the gains reported in 1929, and gains in the less than 2-year category decreased 67 per cent. On the other hand, capital losses increased 85 per cent in 1930 and ordinary losses increased 22 per cent. The total decrease in 1930 from the income tax alone over the preceding year was about 465. In 1930 we received \$2,410,-259,230, and under the same act the revenue in 1931 was reduced to \$1,860,040,497.

In the present emergency, created by an enormous deficit in the Treasury, the committee proposes to amend the present law on the basic principle of the revenue act of 1916, namely, to allow losses from sales to be deducted only to the extent of the gains realized from sales within the taxable year. The committee thought it wise, however, to limit this proposal to stocks and bonds and to treat as under the present law gains and losses from the sale of real estate, Government, State, and municipal bonds.

Inasmuch as our present law computes the tax differently, according to whether the gains or losses arise from the sale of assets held more than two years or less than two years, the adaptation of the new principle to the sale of stocks and bonds is somewhat technical.

Example: A man has \$100,000 salary, and during the year sells a block of stock for \$400,000 for which he had paid \$500,000 one year previously.

Under the present system the man would pay no tax, because the loss is permitted as a deduction against salary income. The loss being \$100,000 and the salary \$100,000, no net income and no tax.

The bill now under consideration provides that the tax on salary of \$100,000 would be collected and the loss on the stock transaction disallowed.

Example, second case: A man has \$100,000 salary, also \$100,000 gain from sale of stock held over two years, and a \$10,000 loss from sale of stock held less than two years.

Under the present system the man would be subject to the 12½ per cent provision and pay \$12,500 tax.

The bill now under consideration provides the man would offset the 1-year loss against the 2-year gain and be subject to tax on his salary, which, under the new rates, would be about \$25,000.

The principle adhered to in all cases—that the losses from the sales of stocks and bonds are not permitted to eliminate tax on salaries, interest, dividends, rents, and so forth, but the taxpayer is allowed to offset his stock losses against his stock gains in a consistent manner.

It is believed that in a full year this change in the law will result in much greater revenue to the Government. It has been estimated that such increase will average \$100,000,000 annually.

There are 12 Members in the present Congress who recall the expenses of the Government for 1912 and the criticism. It was called a "billion-dollar Congress." Our taxes have increased over \$5,000,000,000, and I do not have hope that taxes will decrease, because the country is growing in population and the many developments of science will create an entirely new civilization, which will be upon a very different basis. So I can not conceive that our taxes will be very much reduced.

Mr. COLLINS. Will the gentleman yield?

Mr. WATSON. Yes.

Mr. COLLINS. Does the gentleman believe that this ought to be a permanent tax?

Mr. WATSON. Which tax is that?

Mr. COLLINS. The sales tax.
Mr. WATSON. Yes; I said that sometime ago.

Mr. COLLINS. The gentleman thinks it ought to be a permanent tax.

Mr. WATSON. The way I see the question now and when I study the philosophy of the sales tax in foreign countries, I think we will eventually have it as a permanent revenue. The whole world is now living on nearly the same basis, and I believe the time will come when the American people will want the sales tax. I may not be here, but I hope the gentleman will be to contradict or approve of what I have said. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Chairman, I have sought this time to discuss the tax bill. The problem of balancing the Budget is very important, but it is not the most important problem before the American people or before this Congress. Most of the time that has been allotted to me I intend to use in a discussion of the tax bill.

I have the highest regard for the gentleman from Georgia [Mr. Crisp], who is in charge of the tax bill. I hold him in very high esteem for his intelligence, industry, and patriotism. I entertain the same high regard and esteem for the gentleman from Oregon [Mr. Hawley]. The gentleman from Georgia made the statement in his opening speech that balancing the Budget is the most important problem before Then he made a statement which, I think, could at least be taken as a criticism of a considerable number of this House who favor monetary stabilization.

The farm organizations of the country, as you know, are urging action on the part of the Congress, and on the part of the Federal reserve system, for the restoration and stabilization of commodity prices on the 1926 level. Then the gentleman referred to cheap money and said that at one time for 25 cents of our money it was possible to buy a million dollars' worth of German marks. Then he stated:

In my honest judgment, the only good money a government can get is from taxes.

Those who favor monetary stabilization do not advocate the printing-press type of money.

The gentleman from Oregon called attention to the fact that after every great war of necessity there have to be two major depressions. Well, he may be right, that after great wars there have been two major depressions, but he did not undertake to discuss the reasons for those depressions. According to my view and the views of those who have studied this problem for many years such depressions can be avoided.

You can not tax yourself into prosperity and you can not lift yourself out of a depression by going deeper into debt, either private or public. The only way we ever got out of a depression was by a rise in the commodity-price level. The only way we can get out of this depression is by a rise in the commodity-price level.

I can not to-day take the time to discuss this problem of monetary stabilization. All I am going to do is to merely suggest it, because this problem is coming before a committee of this House, and I hope before this House, in the very near future.

I have given this problem considerable thought during the last two years. Last June a year ago the Iowa Bar Association appointed a committee to study and report on stabilizing the purchasing power of money. I was made chairman of that committee and served with former Congressman Letts and Congressman GILCHRIST, both from the State of Iowa. Last June we made a report on this subject to the Iowa Bar Association. Because it was a report on an economic subject made to a bar association which chiefly considers legal subjects, it attracted considerable attention at the time. This report was printed in the Congressional RECORD of December 11, 1931. As a result of this report I was asked by the president of the American Farm Bureau Federation to join the committee of that organization on the stabilization of the unit of value. That committee had quite a number of meetings in Chicago last fall, at which we had the advice and help of some of the best economists of the country. Under the direction of this committee on the stabilization of the unit of value there was prepared and printed the first of this year the publication which I hold in my hand, a booklet or pamphlet on Honest Money. This pamphlet was sent to every Member of Congress. According to some eminent economists, who had nothing to do with the writing of this pamphlet, it is an intelligent, conservative, sound, and sane discussion of the money question. It does present views on the restoration and stabilization of the commodity-price level on the predeflation basis that has the indorsement of the three big national farm organizations.

On the first Monday of December I introduced a bill, H. R. 128, to carry into effect the principles outlined in this publication. We have been trying to get a hearing before the Banking and Currency Committee on this and other like bills. Of course, that committee has been very busy, but now hearings have been set to begin next Wednesday. All parties and organizations interested in the problem of monetary stabilization intend to go into this subject fully. The Banking and Currency Committee is going to tackle this problem earnestly and sympathetically, and probably in two or three weeks this House will have a report on one of the bills on monetary stabilization. The farm organizations of the country are going to be heard before that committee next Wednesday and Thursday. After that anybody else, economists, business interests, and the Federal reserve system will be heard.

Now, in going over this hurriedly, and I am going to leave this subject in a very few minutes, I want to impress upon you that this is not a dream of individual Congressmen, nor is it a dream of farm organizations, but the problem of elevating and stabilizing the price level has received the thoughtful consideration and study of some of the ablest minds in this country and abroad, including economists, financiers, and bankers as well as farm leaders and Congressmen. I want to call your attention, in passing, to a few of the outstanding authorities who have given this subject thoughtful consideration, in order to impress those of you who have not studied it with the importance of the problem of monetary stabilization.

Here is a chart [indicating] on monetary stabilization that has been prepared for the use of the Banking Committee next Wednesday.

In the first place, the gentleman who prepared this chart quotes from the Constitution, "The Congress shall have power to coin money, regulate the value thereof." Congress has exercised the power to coin money, but it has not exercised the power to regulate the value thereof.

Then he quotes from a message to Congress by Abraham Lincoln back in 1862, which says:

Fluctuations in the value of currency are always injurious, and to reduce these fluctuations to the lowest possible point will always be a leading purpose of wise legislation.

Abraham Lincoln said that to prevent fluctuations in the purchasing power or value of currency is always a leading purpose in wise legislation. The trouble with us now is that debts and taxes and other fixed charges were assumed on the higher price level existing before this depression began. To-day the commodity price level is much lower, way down here [indicating]. We have the commodities or the capacity to produce them, but the commodities do not command prices so that we can pay the debts and the fixed charges and the taxes that were assumed on a higher level.

Owen D. Young, one of the outstanding business men of the country, as well as a very scholarly gentlemen, says:

The proper handling of price stability is one of the most important matters facing the capitalistic system.

#### Now listen:

In it will be found the roots of those maladjustments which result in unequal and unfair distribution of wealth, in unemployment, and other serious problems.

If we had some means to hold the commodity price level where it was in 1926, 1928, and 1929, of course, we would not have unemployment, and we would not have had this depression.

Now, here I go to an authority over in Great Britain [indicating]. Lord D'Abernon is one of the leading financiers and bankers of Great Britain, and from a speech which he made on September 25, 1931, is quoted what you see at the bottom of the chart.

Mind you, in 1931 we were not as low as now, but we were way down below what we were before the depression began. He said:

The fall in prices which has occurred is nothing more or less than the rise in prices of currency, or means of payment. If the means of payment had been available in adequate quantity with adequate dispersion, the general fall in prices would not have occurred.

What he says there is in line with what you will find in this booklet on Honest Money. If any of you have lost your booklet, Honest Money and will call at my office I have a few extra copies which I will be glad to give you.

The great economist of Sweden, probably the world's best-known expert on monetary problems, is Mr. Gustav Cassel. I am going to quote just three or four sentences scattered throughout a lecture of his on our Federal reserve system, delivered in this country in 1928, before the depression, to wit:

The result is that the monetary policy of the United States determines the value of the currency of every other gold-standard country. The Federal reserve authorities therefore control not only the general level of prices in the United States but also the price levels of all the other gold-standard countries in the world.

\* \* \* Thus the Federal reserve system exercises an independent influence upon the American level of prices.

### And last:

Consequently the price level of the United States has a determining influence on the world price level, which is thus actually regulated by the leaders of the United States bank policy.

Referring again to this booklet on Honest Money, with all due modesty, it is the contention of the farm leaders, who have united on a program of monetary stabilization which will be presented in all its detail to the subcommittee of the Banking and Currency Committee next Wednesday, that the Federal reserve system now has the powers, and by a proper exercise of its powers can stabilize the commodity price level. What we seek is legislation to direct the Federal reserve system to use its powers to restore the commodity price level on the 1926 basis and thereafter to stabilize commodity prices on that level.

Let me call your attention to this chart [indicating], just to show you the havoc that is wrought by not having a proper control over the purchasing power of money. Here is a chart on Debts in Relation to Commodity Prices.

Our national debt at the present time, as you know, is about \$17,000,000,000, or a little over \$17,000,000,000. A debt

\$25 258 600 000

Mr. STAFFORD. Will the gentleman explain what he means by the load now?

Mr. RAMSEYER. The load in terms of commodity prices. In other words, a debt contracted in 1926 of \$17,000,000,000 to be paid off now would require commodities which in 1926 would have brought in \$25,258,600,000.

Mr. REED of New York. In terms of corn and wheat.

Mr. RAMSEYER. In terms of corn and wheat at present prices it would be a great deal more. I refer to the general average of all commodity prices, including agricultural products, which are used in the index number of wholesale commodity prices gotten out by the Labor Department.

A debt in 1920 of \$17,000,000,000 in terms of commodities

would now require \$38,930,000,000 to pay off.

Our war debt at its peak was something like \$26,000,-000,000. We point with pride to the fact that we have reduced the national debt \$10,000,000,000. The national debt, notwithstanding the \$10,000,000,000 reduction, represents a burden in commodity values \$12,000,000,000 heavier than the debt did at its peak.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. RAMSEYER. I will.

Mr. WILLIAMSON. I want to ask the gentleman whether or not he has based the figures under the head "load now" on commodity values as indicated by the index number of the Bureau of Labor Statistics.

Mr. RAMSEYER. Yes. Now, to bring it down to smaller figures, which are easier to comprehend, a debt of \$10,000 in 1926 would now represent a \$14,958 load in commodities. In 1920 a debt of \$10,000 now in commodities represents a load of \$22,900.

Now, let us get to the statement of the gentleman from Oregon [Mr. Hawley] that you have to have two depressions following a war.

Here is a chart on the index number of wholesale commodity prices from 1801 to 1931. This chart shows the three big wars—the War of 1812, the Civil War, and the third is the World War. This line represents the index number of wholesale commodity prices on the basis of 1926 being 100.

Now, take the Civil War: You see this decline down to 1878. There was an upward movement about 1878, and then a general decline here to 1896 and 1897.

We have not had a money campaign in this country since 1896. Prior to 1896 for over 20 years the money question was an issue in every political campaign.

With the decline of the commodity price level the burden on the debtors increased year by year. You notice a constant downward trend of commodity prices from the early eighties to 1896. During that period there were three great movements-the granger movement, the greenback movement, and the free-silver movement.

I have not time to discuss these movements, but merely to call attention to them. The discontent of that period chiefly centered in the Middle West. As an impartial student of the history of those times, I have come to the conclusion that what the people back there wanted was not cheap money, but they wanted honest money. They wanted stabilized purchasing power, so that when they contracted debts at a certain time they would not have to pay them in terms of dearer money a year or five years later.

You will notice on this chart that in 1898 there was a sharp upturn in commodity prices which continued to near the World War. Those were prosperous times, and the people were making money.

Prior to 1896 for 30 years there was a diminishing gold supply. That is, the supply of gold did not increase as fast as the productive capacity of this country and of the world. Right about the point of this upturn in 1898 gold was discovered in the Klondike and in South Africa, and a stream of gold poured into this country and the world. We then started in on an upward trend of commodity prices. Then the World War came on and we had this inflationary period. In 1913 we established the Federal Reserve system, and surplus to apply on our national debts. In 1929, when the

in 1926 of \$17,000,000,000 now amounts, in commodities, to | many of those who were in favor of that system thought that that system was given the power to stabilize the purchasing power of money; in other words, to stabilize the commodity price level. The war came on, as I say, and we had this inflation. It was a controlled inflation, and it continued until the middle of 1920. Then there was a deflation. In my opinion, it was a controlled deflation.

The drop continued until 1921. Then for a period of seven years there was quite a stable price level, and, in the opinion of those who have made this subject a study, it was

a controlled stabilization.

Mr. GARBER. Mr. Chairman, will the gentleman yield? Mr. RAMSEYER. Not right here. Since 1929 we have been on the decline. I am of opinion-and I can cite you good authorities in support thereof-that if the Federal reserve system had with foresight and courage exercised its powers, commencing in 1928, most, if not all, of this decline could have been prevented. I have not the time now to go into the intricacies of this problem. The only purpose I have in bringing this up at this time is to impress upon the membership of this House that there is an infinitely more important problem before the country and this House than the problem of balancing the Budget, and I am in favor of balancing the Budget. I yield to the gentleman from

Mr. GARBER. I was going to ask the gentleman to clarify the statement with regard to what he meant by controlled deflation. Subsequently the gentleman partly answered that.

Mr. RAMSEYER. These matters will be taken up fully and in detail in the hearings before the Committee on Banking and Currency, which begin next Wednesday. I leave this subject now to take up the tax bill. If we are not going to have an upturn in commodity prices, the imposing of more taxes and the loaning of more money to individuals and to public bodies in the course of a year or so will find us worse off than we are now. The balancing of the Budget will be helpful. The loaning of money to individuals will be helpful only in case there is an upward swing in commodity prices, so that in the meantime they can get money for their commodities and their services in order to pay off their obligations and to pay taxes. We must restore debtpaying and purchasing power to the farmers and other producers. Unless commodity prices go upward you can not collect taxes, nor can debts and other fixed charges be met. The restoration and stabilization of the commodity price level is the most fundamental problem before the people and Congress. It is incumbent upon the membership of this House to work out speedily a course of action for relief.

I must leave this subject now and give a few minutes' time to the tax problem. This subject matter will be thoroughly gone into before the Banking and Currency Committee, and I hope as many Members of the House as can will appear before that committee to manifest their interest and pledge their support.

The Committee on Ways and Means has worked diligently and patriotically and in a nonpartisan spirit in an attempt to get out a tax bill that will balance the Budget. I have studied all the tax bills ever since the war. I voted for the tax bill of 1921 and I voted for the tax bill of 1924. The subject that I shall discuss chiefly in the time I have remaining will be the estate and gift taxes. In 1924 Congress adopted an amendment that I offered to the estate tax which raised the maximum rate on that portion of the estate over \$10,000,000 to 40 per cent. In 1925 there was a tremendous highly financed propaganda against the estate tax. Organizations from all over the country came down here opposing it. In 1926 we almost lost the estate tax. The Senate voted it out, but the House conferees were able to save in conference what little there is left in the law. I voted against that conference report. In 1928 we had another revenue bill. That bill was chopped up so badly while here in Committee of the Whole that I voted against its passage. I have always urged not only that we should have sufficient money to balance the Budget but that we have sufficient tax remittance bill was brought in here, I was on the Committee on Ways and Means, and was the only one on that committee who filed minority views and fought the passage of the bill on the floor of the House. The situation that confronts us now is a deficit of about \$2,000,000,000 for this fiscal year, which we are not trying to make up except by borrowing. Next year the deficit is to be a little over \$1,000,000,000. Of course, if there should be an upward swing in commodity prices, as there ought to be, so that tax money would come in more easily, the deficit would not be so great. If we shall continue in times such as we have been going through during the last two years, the deficit at the end of the next fiscal year may be larger than it now appears. But I am willing to take the judgment of those who make these estimates that a billion dollars plus will be sufficient to balance the Budget. You who have followed me on the estate tax know that I have discussed it fully and at length from time to time. My position is that we have hardly scratched the surface of the possibilities of the estate tax as a revenue getter. We now collect something like \$160,000,000 annually from Federal estate and State inheritance taxes combined. Of that amount the Federal Government will this year probably get something like \$40,000,000. A great deal of talk is heard to the effect that we should not use the taxing power to redistribute wealth.

Our national income is something like \$60,000,000,000. The total expense for Government-Federal, State, and local—is something like \$12,000,000,000, or 20 per cent of the total gross income of the Nation, that either has to come out of the income of the people or from accumulated wealth. In my State and in other States, because of the situation that prevails, the local and State taxes not only eat up the income, but they are actually confiscatory of the corpus of some of the property itself.

There devolves in this country each year, as the result of the death of the owners of property, between eight and ten billion dollars. We collect something like \$160,000,000 from the estate and inheritance taxes, or about 2 per cent of the amount of the property that devolves, while to meet all the expenses of government, we take 20 per cent of the gross income of the Nation.

I have heretofore cited authorities to you in favor of estate taxes in order to assure you that some persons of standing in days gone by advocated the same thing and gave the idea respectability. In other speeches I have quoted to you from Andrew Carnegie's Gospel of Wealth and My Partners the People. Last spring, when I was making a new survey of the estate and inheritance taxes and also the income tax and bringing the data on those taxes down to date, I accidentally ran across a speech of Andrew Carnegie which he delivered back in 1892, and I want to read to you a few sentences from that speech. He said:

we must let the worker alone during his life, but after his death the State should step in and demand its share of his hoard, through a graduated system of taxation. Every fortune left by a hoarder should contribute to the State in proportion to its size; small amounts left to those dependent upon the decedent being exempt, but the scale rising by steps until with enormous fortunes reaching into many millions it should be decreed that "one-half goes to the privy coffers of the State."

This is the proportion which the laws of Vanion exected from We must let the worker alone during his life, but after his

This is the proportion which the laws of Venice exacted from her Shylock. Our modern Shylocks should be made to contribute at least as much. We have no returns showing the amount of wealth annually left in this country, but we have for Great Britain; it amounts to about one thousand million dollars per annum; it must be at least fifteen hundred million dollars with us. Assuming that only one-fifth of this were collected by the State, we have \$300,000,000 per annum, a sum quite sufficient to pay the ordinary expenditures of the Government. Every dollar of taxes required might be obtained in this manner, without interfering in the least with the forces which tend to the development of the country through the production of wealth. It would be a tax easily and surely collectible.

Our wealth now is six times what it was in 1892, so that the amount which descends each year would be six times \$1,500,000,000, or \$9,000,000,000. Carnegie suggested that at least 20 per cent of all the property so developing should be taken, which at that time would have made \$300,000,000. On the same basis of figuring, our national wealth having in-

creased six times, we could now raise \$1,800,000,000 on the rates proposed by Andrew Carnegie in 1892.

Now, in the few minutes I have remaining, I want to explain to you my amendment which I intend to offer. Under the present law the exemption is \$100,000. Under the law that was passed during the war, reenacted in 1921 and again in 1924, the exemption was \$50,000. We ought to go back to the exemption of \$50,000.

I thought surely the committee would bring in a bill reducing the exemption from \$100,000 to \$50,000.

In order to make the rates productive, we have got to start the increase sooner than we do under existing law. Starting with an exemption of \$50,000, on the first \$10,000 the rate is 1 per cent. Then I graduate the rates up so that on a net estate of \$100,000 we would collect \$5,000. Now, that is not a great deal of money off of a net estate of \$100 .-000. The rates go on up until we get to that portion of the estate over \$10,000,000, where the rate is 45 per cent. I have the proposed amendment here, and I shall have it printed in the RECORD so that the members of the Committee on Ways and Means can study it. They may adopt it. I hope they do. I hope the Members of the House will take time to study this amendment, so they will know just what these rates are and what will be accomplished by my amendment.

With the rates proposed by the committee in the bill, the income from estate taxes becoming productive in the course of two or three years will probably be not to exceed \$300,-000,000. Under my amendment the rates will yield in two or three years, when they become productive, between five hundred and six hundred million dollars. Personally, I would go as far as Andrew Carnegie suggested we should go if I thought the House would follow. The rates in my amendment will yield only one-third of what Andrew Carnegie suggested back in 1892 should be collected from the estates upon the death of the owners thereof. I have so framed the amendment that it fits in with the existing law and will not disturb, in the least, existing law or what is going to the respective States under the 80 per cent provision.

The rates in the proposed gift tax are not as high as in the estate tax. We adopted a gift tax in 1924 which was repealed in 1926. I think the committee is right in not making the rates in the gift tax as high as in the estate tax. The gentleman from Oregon [Mr. HAWLEY], in his speech the other day, made the statement that we had reached the point of diminishing returns on income taxes, gift taxes, and estate taxes.

I have never urged burdensome rates on incomes, and I am not going to urge higher rates than the committee has recommended. You can get income taxes so high that they will yield less. There is no question about that. Of course, you can get gift tax rates so high that people will not make any gifts, and, therefore, such high rates would not yield any revenue. However, on estate taxes the law of diminishing returns can not possibly apply, and it is simply a matter of determining how much estates should bear in fairness and justice under the conditions in which we find ourselves.

Mr. DICKINSON. Will the gentleman yield? Mr. RAMSEYER. Yes.

Mr. DICKINSON. Under the gentleman's proposed amendment, which he says is one-third of what Andrew Carnegie suggested, how much additional revenue would be obtained above what is recommended by the Committee on Ways and Means?

Mr. RAMSEYER. The bill before us, under the estate-tax provisions, in my judgment will yield not to exceed \$300 .-000,000, while under my amendment the yield should be between \$500,000,000 and \$600,000,000. If we went as far as Andrew Carnegie suggested in his speech of 1892, we would raise \$1,800,000,000 from this source.

Mr. DICKINSON. Then the gentleman thinks that under his amendment the amount received from this source would be increased \$200,000,000 or \$300,000,000 above the amount suggested by the committee?

Mr. RAMSEYER. Yes; I do not think there is any question about it.

Mr. LOZIER. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. LOZIER. Apropos of the ethics of an estate tax, is it not true that the devolution of property or descent from ancestor to heir is a matter of statute?

Mr. RAMSEYER. Certainly.

Mr. LOZIER. And therefore the State in permitting the devolution of property can attach such provisions as it thinks wise and proper?

Mr. RAMSEYER. There is no question about that. Now, gentlemen, I want you to pay especial attention to this amendment, which will be in the RECORD, so that when the time comes to consider it you will understand just what it will accomplish.

Mr. GILCHRIST. Will the gentleman yield?

Mr. RAMSEYER. Yes. Mr. GILCHRIST. Did the gentleman discuss the proposition of the 80 per cent differential on estate taxes? I was not able to be present during all of the time of the gentleman's discussion.

Mr. RAMSEYER. No; I am not seeking to disturb that at this time, and my amendment will not disturb that provision. I was opposed to that provision when it was enacted, and I still feel the same way about it, but under the circumstances prudence dictates that that provision should not be disturbed at this time. [Applause.]

Mr. Chairman, the amendment I will offer is as follows: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof insert the following:

"(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—

"(1) The amount of a tentative tax computed under subsection (b) of this section, over

"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions of this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"Upon net estates not in excess of \$10,000, 1 per cent.

"\$100 upon net estates of \$10,000; and upon net estates in excess of \$10,000 and not in excess of \$20,000, 2 per cent in addition of such excess

\$300 upon net estates of \$20,000; and upon net estates in excess of \$20,000 and not in excess of \$30,000, 3 per cent in addition of such excess

"\$600 upon net estates of \$30,000; and upon net estates in excess of \$30,000 and not in excess of \$40,000, 4 per cent in addition of such exce

"\$1,000 upon net estates of \$40,000; and upon net estates in excess of \$40,000 and not in excess of \$50,000, 5 per cent in addi-

tion of such excess. \$1.500 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$100,000, 7 per cent in addi-

tion of such excess. \$5,000 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$200,000, 9 per cent in addition of such excess.

"\$14,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$400,000, 11 per cent in addition of such excess.

"\$36,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$600,000, 13 per cent in addition of such excess.

"\$62,000 upon net estates of \$600,000; and upon net estates in excess of \$600,000 and not in excess of \$800,000, 15 per cent in addition of such excess.

"\$92,000 upon net estates of \$800,000; and upon net estates in excess of \$800,000 and not in excess of \$1,000,000, 17 per cent in addition of such excess.

"\$126,000 upon net estates of \$1,000,000; and upon net estates in excess of \$1,000,000 and not in excess of \$1,500,000, 19 per cent in addition of such excess.

\*\$221,000 upon net estates of \$1,500,000; and upon net estates in excess of \$1,500,000 and not in excess of \$2,000,000, 21 per cent in addition of such excess.

"\$326,000 upon net estates of \$2,000,000; and upon net estates in excess of \$2,000,000 and not in excess of \$2,500,000, 23 per cent in addition of such excess.

"\$441,000 upon net estates of \$2,500,000; and upon net estates in excess of \$2,500,000 and not in excess of \$3,000,000, 25 per cent in addition of such excess.

"\$566,000 upon net estates of \$3,000,000; and upon net estates in excess of \$3,000,000 and not in excess of \$3,500,000, 27 per cent in addition of such excess.

"\$701,000 upon net estates of \$3,500,000; and upon net estates in excess of \$3,500,000 and not in excess of \$4,000,000, 29 per cent in addition of such excess

"\$346,000 upon net estates of \$4,000,000; and upon net estates in excess of \$4,000,000 and not in excess of \$4,500,000, 31 per

cent in addition of such excess.

"\$1,001,000 upon net estates of \$4,500,000; and upon net estates in excess of \$4,500,000 and not in excess of \$5,000,000, 33 per cent in addition of such excess

"\$1,166,000 upon net estates of \$5,000,000; and upon net estates in excess of \$5,000,000 and not in excess of \$6,000,000, 35 per cent in addition of such excess.

\$1,516,000 upon net estates of \$6,000,000; and upon net estates in excess of \$6,000,000 and not in excess of \$7,000,000, 37 per cent in addition of such excess.

"\$1,836,000 upon net estates of \$7,000,000; and upon net estates in excess of \$7,000,000 and not in excess of \$8,000,000, 39 per cent in addition of such excess.

"\$2,276,000 upon net estates of \$8,000,000; and upon net estates in excess of \$8,000,000 and not in excess of \$9,000,000, 41 per cent

in addition of such excess.

"\$2,686,000 upon net estates of \$9,000,000; and upon net estates in excess of \$9,000,000 and not in excess of \$10,000,000, 43 per

cent in addition of such excess.
"\$3,116,000 upon net estates of \$10,000,000; and upon net estates in excess of \$10,000,000, in addition 45 per cent of such excess

"(c) For the purposes of this section, the value of the net estate shall be determined as provided in Title III of the revenue act of 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be \$50,000."

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. KETCHAM].

Mr. KETCHAM. Mr. Chairman and gentlemen of the committee, on my desk this morning I find this telegram, which I am sure is typical of many telegrams that have been received by members of the committee. It summarizes my attitude on the manufacturers' sales tax. Omitting any identification of it. I simply present the language:

We protest proposed sales tax as being an unwarranted burden to impose on industry already overburdened in time of stress, such as we have endured for past two years and which is likely to continue at least through this year. We petition you to fight this measure for the protection and survival of struggling Michigan manufacturing concerns like ourselves.

This was not the inspiration of the discussion I present at this hour, but I am very happy indeed to have this bit of encouragement, because I had already planned the discussion I am to present in the next few minutes.

Referring to the manufacturers' tax, it occurred to me that it might be of some interest to the members of the committee to find out how this would be allocated. I am always interested to find out how any action taken by Congress will affect the whole country and each State. So last night I took the total manufactured products of the country as of 1929 and compared it with the manufactured products of each particular State. I computed the percentages of these products in each State in comparison with the total for the country and I have those percentages in the table before Then I thought it would be of interest to take the \$600,-000,000 which it is proposed to raise by this sales tax and apply the percentages which I had secured to the \$600,-000,000 and show the approximate amount to be paid by each particular State. I also have that table before me, and I ask permission that it may be included in the extension of my remarks.

Without objection, it is so ordered. The CHAIRMAN. There was no objection.

Mr. KETCHAM. I hope you will read it with considerable interest. But there is another phase of this question that I want to present to you, because to me it is the most compelling one in connection with our whole consideration of this so-called manufacturers' tax.

What I want to determine, if I possibly can, in taking any action here, is not only its immediate consequences but what may be the consequences if the new policy which we are establishing by this manufacturers' tax is gradually to supplant that which we have had through all the years; in other words, how Federal taxes would be spread if a manufacturers' tax should eventually take the place of present | income and corporation taxes. We have heard a great deal about getting the camel's nose under the tent, and frequent and emphatic predictions have been made by those who have already spoken that if once we get this principle established, it will remain as a permanent feature of our tax system. I ask the members of the committee to look ahead to a time which I think will never come but which might come, when powerful interests in this country might persuade Congress to discard in its entirety our income and corporation taxes and substitute therefor a manufacturers or sales tax. To assist you in seeing the results of such a situation I have added to the table showing a distribution of the actual sales tax provided in the bills two additional columns designed only to show the tendency of this new sales-tax principle of taxation.

The table follows:

Allocation of manufacturers' tax

State	Manu- facturers' tax	Sales tax (dis- tributor- manufactur- ers' tax)	Income tax,	Total internal- revenue manu- facturers' tax
	Per cent	44.4		150V-100
Alabama		\$4, 800, 000.00	\$4, 614, 078. 53	\$19, 440, 000.00
Arizona	. 28	1, 680, 000, 00	2, 262, 619. 52	6, 804, 000, 00
Arkansas	. 29	1, 740, 000. 00	1, 913, 705. 82	7, 047, 000. 00
California	4.4	26, 000, 000. 00	113, 066, 013. 04	106, 920, 000. 00
Colorado	2.1	2, 880, 000. 00	15, 667, 230. 34	10, 449, 000. 00
Colorado Connecticut Delaware	2.1	12, 600, 000. 00	37, 886, 348. 65	51, 030, 000. 00
Delaware	. 21	1, 260, 000. 00	34, 041, 865, 89	5, 103, 000. 00
Florida	. 8	1, 800, 000, 00	11, 507, 028. 50	7, 290, 000. 00
Teorgia	1. 02	6, 120, 000. 00	6, 712, 840. 02 716, 388. 92	24, 786, 000. 00 4, 617, 000. 00
Illinoie	8.0	53, 400, 000. 00	190, 787, 171. 54	216, 270, 000. 00
Idaho Illinois Indiana	3 50	21, 000, 000, 00	21, 431, 225. 39	86, 022, 000. 00
Iowa	1.3	7, 800, 000, 00	10, 395, 971. 24	31, 590, 000, 00
Kansas,	1.04	6, 240, 000. 00	13, 690, 543, 17	25, 272, 000. 00
Kentucky	.7	4, 200, 000, 00	28, 485, 734, 84	17, 010, 000. 00
Kentucky Louisiana	. 98	5, 880, 000. 00	8, 898, 995, 46	23, 814, 900. 00
Maine Meryland Massachusetts	. 56	3, 360, 000, 00	6, 749, 853, 49	13, 608, 000. 00
Maryland	1.6	9, 600, 000. 00	30, 173, 549, 47	38, 880, 000. 00
Massachusetts	4. 75	28, 500, 000, 00	88, 495, 515, 85	115, 425, 000, 00
Michigan	6.6	39, 000, 000. 00	107, 364, 630. 09	150, 380, 000, 00
Minnesota	1. 67	10, 020, 000. 00	23, 283, 386, 20	40, 581, 000. 00
Mississippi	. 31	1, 860, 000, 00	1, 568, 796. 56	7, 503, 000. 00
Michigan Minnesota Mississippi Missouri Montana Nobracka	2, 62	15, 720, 000. 00	51, 736, 695, 48	63, 666, 000. 00
Niohtana	. 69	2, 100, 000. 00 4, 140, 000. 00	1, 792, 532, 17 4, 778, 868, 61	8, 505, 000. 00 16, 767, 000. 00
Nebraska Nevada	. 00	300, 000, 00	1, 346, 061, 84	1, 215, 000. 00
New Hampshire		2, 940, 000. 00	3, 555, 177. 21	11, 907, 000. 00
New Jersey		33, 600, 000. 00	97, 600, 650, 17	136, 080, 000. 00
New Mexico		300, 000. 00	689, 925, 97	729, 600. 00
New York	14	84, 000, 000. 00	672, 171, 400, 68	340, 200, 000. 00
North Carolina	1.8	10, 800, 000. 00	262, 849, 306, 32	43, 740, 000. 00
North Dakota	. 08	480, 000. 00	365, 232, 84	1, 944, 000. 00
Ohio	8.6	51, 600, 600, 00	112, 931, 178, 75	208. 980, 000. 00
Oklahoma	, 64	3, 840, 000. 00	14, 922, 127. 45	15, 052, 000. 00
Oregon	- 59	3, 440, 000. 00	4, 432, 215, 65	14, 337, 000 00
Pennsylvania	10.5	63, 000, 000. 00	190, 262, 184, 12	255, 150, 000. 00
Rhode Island	. 95	5, 700, 000. 00	11, 281, 238. 84	23, 085, 000. 00
South Carolina	. 14	3, 300, 000. 00	1, 977, 960. 22	13, 365, 000. 00
South Dakota		840, 000. 00 6, 480, 000. 00	749, 687. 88 13, 132, 299. 43	3, 402, 000. 00 25, 244, 000. 00
Tennessee	2.06	12, 360, 000. 00	32, 799, 807. 28	50, 058, 000. 00
Utah	.3	1, 800, 000. 00	2, 380, 720. 24	7, 290, 000, 00
Vermont	. 25	1, 500, 000. 00	1, 751, 011. 06	5, 025, 000. 00
Vermont Virginia	1.04	6, 240, 000, 00	113, 761, 587, 34	25, 272, 000, 00
Washington	1.13	6, 780, 000, 00	11, 366, 045, 41	26, 730, 000. 00
West Virginia	. 7	4, 200, 000. 00	11, 151, 400, 49	17, 010, 000. 00
Wisconsin	.3	18, 000, 000. 00	28, 163, 949, 49	75, 330, 000. 00
Wisconsin Wyoming District of Columbia	.13	780, 000. 00	596, 603. 81	3, 159, 000. 00
District of Columbia	. 12	720, 000. 00	14, 684, 853. 43	29, 160, 000. 00
Total	98.77	600, 000, 000. 00	2, 422, 944, 215. 71	2, 432, 000, 000. 00

Mr. KETCHAM. In the third column of my table there set out the total internal-revenue taxes paid by the people of the United States for the year ending June 30, 1931. Parallel to this I have set out tentative figures, because I could not in the brief time at my disposal vouch for absolute accuracy, and yet they check pretty fairly well; in the fourth column and directly opposite, so that it might be easily compared, I have run out what would be the assessment of taxation if all the corporation and income taxes collected in the last year were apportioned according to the percentages of the sales tax in the first column. I invite your attention to the table.

Now, because you are not interested in tables except as you have opportunity to look at them, I want to pick out just two or three striking illustrations. Will you please go with me to Delaware? I think, probably, without any elaboration on my part, almost everyone within the sound of my voice knows who pays the largest share of the income

taxes and corporation taxes in the State of Delaware. If there is not anyone who knows, I am sure if he will make a little inquiry he will be able to find out.

Under our system of Federal taxation the State of Delaware pays \$34,000,000 in corporation and income taxes. If this should be done away with and we should substitute therefor a manufacturers' sales tax, what would be the effect on Delaware? Instead of paying \$34,041,865 Delaware would pay \$5,103,000. The difference between \$34,041,865 and \$5,103,000 would indicate to you immediately the interest of the people who have a very large financial interest in the State of Delaware.

Friends, it has been said—and I think there is considerable truth in it—that there are in the United States a large number of people who do not relish the income and corporation taxes, and if there could be any way devised or any scheme of taxation set up whereby they might shift over their burden to the rest of the people, they would be only too glad to see this done. This manufacturers' sales tax is the best bet of such people.

Mr. ABERNETHY and Mr. HARLAN rose.

Mr. KETCHAM. I yield first to the gentleman from North Carolina.

Mr. ABERNETHY. I just want to know whether the gentleman is for or against that proposition?

Mr. KETCHAM. If the gentleman has not arrived at any conclusion thus far, I think he will before I am through.

Mr. ABERNETHY. I am speaking of the sales tax. Is the gentleman for or against a sales tax?

Mr. KETCHAM. Just let the gentleman please draw his own conclusion at the end of my remarks.

Mr. ABERNETHY. I usually follow the gentleman on all farm matters, and I just wanted to know how he stands on this proposition.

Mr. KETCHAM. I hope the gentleman will follow me on this proposition; and if the gentleman has any doubt about my position, I am sorry he did not hear me read the telegram or hear my preliminary statement.

Mr. ABERNETHY. No; I just came in the room. I have great respect for the gentleman's opinion, and I was just trying to get a line on how the gentleman felt about this important subject.

Mr. KETCHAM. Well, I am against the manufacturers' tax as it is proposed here.

Mr. HARLAN. Will the gentleman yield? Mr. KETCHAM. I will be pleased to yield.

Mr. HARLAN. Does the gentleman contend that any tax, whether it is an income tax or a corporation tax, does not ultimately become a consumer's tax so far as the consumer is concerned, and is ultimately paid by the person who buys the product that the individual, whoever he is, be it Du Pont or anyone else, puts on the market.

Mr. KETCHAM. I am not arguing that proposition; but there may be some doubt about income and corporation taxes, but there is no manner of question about where this manufacturers' tax will be paid. The consumer will be the goat. And if the gentleman will just pardon me, in view of the fact he has asked a question, I want to show him what this will do in Ohio, and I would like his attention.

For instance, Ohio paid this year \$112,931,178 of Federal income and corporation taxes. If we had the manufacturers' tax as a complete substitute, the State of Ohio would pay \$208,980,000, or an increase of over \$95,000,000; and it seems to me, looking these figures squarely in the face, there ought not to be any question as to the gentleman's opposition to a manufacturers' tax.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. SHALLENBERGER. I am very much interested in the gentleman's statement, and I am wondering how the gentleman got his figures for the year 1931. How do we know what that amount is?

Mr. KETCHAM. The figures are from page 89 of the report of the Commissioner of Internal Revenue for the fiscal year 1931.

Mr. SHALLENBERGER. I thank the gentleman. I simply wanted to know his authority for the figures.

Mr. KETCHAM. Now, gentlemen, may I call your attention to one or two other States. I hope there are some gentlemen here from the State of Indiana. The figures for that State are exceedingly interesting, and they certainly tell their own story.

In internal-revenue tax for the present year Indiana pays \$21,431,225. If that system of taxation were entirely wiped out and we substituted this new sales-tax policy under which we are starting to operate if this title is retained in the bill-I would like to have every Indiana man hear these figures-instead of \$21,431,225, the State of Indiana would pay \$86,022,000, which would multiply her tax burden more than fourfold. I think, friends, you want to be looking at this pretty carefully before you launch upon a policy of this kind, because, after all, you have a responsibility not only to your country, but you have a responsibility to the folks who sent you here.

Mr. RANKIN. Will the gentleman yield?

Mr. KETCHAM. Yes. Does the gentleman want to know about Mississippi?

Mr. RANKIN. Yes; and Texas.

Mr. KELLER. And Illinois.

Mr. KETCHAM. I will be pleased to give information, first, about Texas, because our distinguished Speaker, I am sure, will be interested in the application to his State.

Texas, under the present system of taxation, paid this last year \$32,791,000. If the proposed manufacturers' tax should go into complete operation in place of the present system, she would put down the neat little sum of \$50,058,000.

Replying to the gentleman from Mississippi [Mr. RANKIN], who, like every man, has a special interest in his own

Mr. ABERNETHY. Give North Carolina as you go along there, too.

Mr. KETCHAM. Yes; I shall be very glad to call attention to North Carolina, because thereby hangs the tale, and I think I can understand the reason my good friend from North Carolina was projecting his inquiry. I think he will probably be for this sales tax.

Well, the gentleman has another Mr. ABERNETHY.

think coming to him.

Mr. KETCHAM. This is what Mississippi paid last year-\$1,568,796. If the new manufacturers' tax should go into effect and there should be a complete substitution of that tax for the income and corporation taxes, Mississippi will pay \$7,503,000.

Mr. ABERNETHY. I would like to hear the figures for

North Carolina.

Mr. KETCHAM. I would like to have every man in the House listen to the figures I will give for North Carolina. What it does is significant, and it is in the opposite direction. North Carolina last year paid \$262,849,306; and, if this sales-tax policy should ever go in complete as a substitute for our present system, it would be cut to \$43,000,000.

Mr. ABERNETHY. Is that all we would have to pay?

[Laughter.]

Mr. KETCHAM. Yes.

Mr. ABERNETHY. And still I am not for it. [Laughter.]

Mr. MICHENER. Will the gentleman yield? Mr. KETCHAM. Yes.

Mr. MICHENER. I did not understand whether the gentleman based his figures on the proposed bill now before Congress or based the same on conditions which he thinks might prevail at some time in the future, provided that Congress should pass a law which was along the lines that he

Mr. KETCHAM. I thought I made it plain that this salestax policy was simply the beginning of the camel's head getting under the tent. The figures I am giving are all based upon what would be the situation if a sales tax superseded our present system.

Mr. MICHENER. But, from the gentleman's statement, I am afraid that the listener might get the impression that the gentleman is talking about the bill now before Congress.

Mr. KETCHAM. I think my colleagues are too astute for that.

Mr. GIFFORD. Will the gentleman yield?

Mr. KETCHAM. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. As I have said before, 8 States of the Union have been paying the great burden of the taxes while 40 States have paid much lesser sums. I want to bring to the attention of the gentleman that internal-revenue measures are excluded in this bill.

Mr. KETCHAM. Again may I assure the gentleman from Massachusetts that my effort has been to show the possible and probable trend of this new sales form of taxation. I consider it most inopportune at this time and, in fact, a poor taxation policy at any time. Taxing gross business instead of profits appears to me to be grossly unfair. Thousands of small manufacturers who are holding on bravely will be wiped out by the new competitive principle involved in this tax. Its inclusion in this bill would shift the burden to those who simply can not bear any more, and I hope it will be stricken out. [Applause.]

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 30 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, it seems to me that the debate upon this bill has been somewhat distorted by undue emphasis upon the so-called sales-tax feature of the bill. In the emotional outburst which has occurred on this subject, the real purpose of the legislation has been obscured, and Members appear to have lost sight of what we are trying to do.

The expenditures for the fiscal year ended June 30, 1931, were \$903,000,000 greater than the income for that year. For the current fiscal year, the estimate is that the Federal income will be \$2,123,000,000 short of the amount which we will spend. For the fiscal year 1933 it is estimated that our revenues will be \$1,417,000,000 less than our expenditures. These figures do not include expenditures under the Reconstruction Finance Corporation act nor the \$125,000,000 appropriated in aid of the farm-loan system, both of which items are carried as investments of Federal

My own judgment is that these figures are much too low and that the deficit for the present fiscal year will amount to about \$2,500,000,000, and for the next fiscal year it will amount to something like \$2,000,000,000. But taking the figures of the Treasury, which are postulated on existing conditions, and upon the assumption that we will collect the next installment on our European debt, which everybody knows we are not going to collect, we will be confronted on July 1, 1933, by a deficit in the Federal Treasury of \$4,500,000,000.

The purpose of this bill is to stop in some part that gap; to raise in some part the necessary funds to pay not the deficit which will occur in the present fiscal year or the last fiscal year but the shortage which will occur during the fiscal year of 1933. Taking this bill in its most favorable aspect, and giving the most favorable interpretation to the estimates of the Treasury, we will be compelled to add to the public debt by the deficit which will accrue by July 1, next, something over \$3,000,000,000.

The first issue which we must meet is whether we will attempt to raise revenues adequate to our future expenditures, not our current or our past expenditures, but to the expenses of our Government for the year ending June 30, 1933. We have presented to us the issue of whether we will attempt to bridge that deficit, to add that safeguard to the public credit, or will default upon our responsibility and leave the deficit to continue to accumulate, with all the consequences which that action will involve. When we have decided that issue-and there is only one patriotic decision to make upon it—the remainder of this bill becomes a matter of mere detail. It resolves itself into the simple matter of what is the best way to go about raising the money.

The committee, after long deliberation and with the most careful study, have brought us this bill. It does not suit me in all its details, but with its fundamental purpose to raise revenues to prevent future deficits I am in hearty accord. [Applause,]

What is the alternative? Suppose we do not meet this deficit. Gentlemen on this side say: "It is a Republican deficit; it is due to their mismanagement; they have been in control of all of the branches of the Government; and the responsibility is theirs. It is a Republican deficit, and we should let them worry about it."

They say, "Why should we compromise our position with our constituents, why should we violate the views on taxation which we have held in order to cover up Republican mistakes and to cure the faults and evil practices of Republican misrule?" That perhaps is a good answer for the man who has at heart only the interest of his party. That perhaps is a sufficient answer for those who hold the welfare of their party above the welfare of their country. But it is no answer for the man who feels that he owes his country more than he owes his party, and that he owes to future generations more than he could possibly owe to himself.

What will be the consequences if we do not bridge this deficit? There are certain facts perfectly obvious to us all. They are to be seen by even the simplest of us, whether or not we have been able to interpret those facts. We have, for illustration, seen the constant outflow of our gold. We have lost hundreds of millions of our gold stock during the last eight months. During the month of January alone, after there had been a temporary cessation of gold withdrawals, the demand for gold was renewed, and we lost more than \$100,000,000 in gold out of our stock. That is continuing. It can not continue indefinitely. The time is near at hand when with this constant loss of gold we will find ourselves unable to maintain the gold basis of our money. Our financial and economic system will be subverted and something revolutionary in the financial world is bound to

We have seen our Government securities depreciate day after day. Our 41/2 per cent bonds, which sold in the market last July for 114, are to-day worth only 100 plus a fraction. The 3 per cents that we issued last June at 100 are now quoted at 90. What does that indicate?

What does the continued downward march of commodity prices indicate? Is it the natural consequence of conditions, or does it register a barometric pressure which indicates the approach of a storm?

A man need possess only a little economic sense and a little understanding of financial affairs to realize that the credit of the Government is impaired, that confidence in the dollar has been shaken not only in foreign countries, which caused the export of gold, but among our own citizens.

Why is there hoarding? Why is there being hoarded, according to the estimate of men who claim to know, about \$1,800,000,000, which has been withdrawn from circulation and stored away in safety boxes? Some of it is due to the lack of faith in the banks. That is obvious. But a large part of it is due to the lack of confidence in the financial integrity of our Government. Hear and consider these

What will happen if we do not balance the Budget? Public securities will continue to descend. A gentleman mentioned yesterday that the Treasury certificates just issued had been oversubscribed. But note that the rate of interest which they bore is the highest ever paid by our Government on similar securities. Note that the 3% per cent paid is double the rate for which such securities were sold only one year ago.

It is certain that if we do not balance the Budget we will have to steadily increase the rate of interest upon the securities which we issue. Except for the pendency of this bill and the stimulus which was given by the recent financial legislation, we would not now be able to put out long-term bonds at less than 41/2 per cent. Unless we balance the Budget it is certain that before the 1st of July we will be paying 5 per cent or 5½ per cent on the securities which we issue. What as would be required to reduce it to such a figure.

will we be paying six months from now? Will our bonds be selling at all?

I do not want to speak with the voice of an alarmist, but I say that the condition is much more serious than the average citizen believes. I am in doubt whether even with this measure we will be able to remain on a gold basis. That will depend upon what confidence it may inspire in the world; it will depend upon the psychological condition of our own people and the investors of foreign countries. I do know that we can not remain on a gold basis unless we do something to balance the Budget. [Applause.]

Some gentlemen will say, "All right; England went off the gold basis, so let us go off." There are men as simple as that. What will be the consequence? Of course, inflation, an inflation which will stop at a point which no man can foresee, an inflation which might result in the depreciation of our money until it gets to the vanishing point, as in the case of Germany a few years ago.

It is said that there are something like sixty to seventyfive billions of outstanding obligations in this country, public and private, payable in gold " of present weight and fine-Leaving the gold basis will not touch those securities. We will still have to produce gold to pay the Government bonds. Your State, your city, and your county will have to produce the yellow metal to meet those obligations. You will collect your taxes and your public income in a depreciated "rag money," but you will pay your debts in high-priced gold money. The result would be bankruptcy for every State, county, and city in the United States, as well as the Federal Government itself. [Applause.]

I suppose men will say, "Oh, we can repudiate the public debts." Yes; we can also repudiate the Constitution. We can have political revolution. We can play hob generally, but show me the man who is willing to contemplate the full consequences which I have pointed out without taking some

We must balance the Budget. The deficit, although a Republican deficit, is our deficit, too. I have heard in the Demagogues' Club this talk, "It is a Republican deficit; let the Republicans worry about it." Yes; it is a Republican deficit; but this is not the Republicans' country. It is my country and it is yours. [Applause.]

Our country is at war-a war fraught with all the tremendous possibilities of a war with a foreign foe; a war against ruin, starvation, and despair. The same courage and patriotism required to fight the armies of foes in the trenches is required on the part of legislators now [applause] and the same spirit of self-sacrifice must be invoked; the same spirit of devotion to our country and to its institutions.

All taxes are bad. I abominate them. They are a species of confiscation. No tax should be levied except to meet the necessary expenses of the Government economically administered. No tax should be levied unless the taxpayer is given a value in government equivalent to the amount which he is required to pay. Anything less than that is confiscation. The burden of taxes which now rests upon the shoulders of the people of this country is almost unbearable. Had we not within our own hands, as citizens, the means to correct the evils from which we suffer I should say that it was time we availed ourselves of the prerogative enunciated by the preamble, to create a government fit to govern. The taxes are so heavy that the cost approaches more than the value of the government that we pay for. We must correct those evils, not by bankrupting upon public obligations but by economy and thrift and industry and businesslike management of our Government.

I fully agree with the statement made by the gentleman from Georgia [Mr. CRISP] that we ought to keep the expenses of government to \$3,000,000,000 or less. I believe it can be done. The difficulty about the situation now is that public sentiment throughout the country is not sufficiently aroused and enlightened to sustain us in such cuts Here are four items of expense that aggregate something like \$3,600,000,000. They are interest on our public debt, expenditures for the War and Navy Departments, the outlay for soldiers' pensions and benefits, and the salaries of public officials and employees. Together, those four items alone aggregate some \$3,600,000,000. In which of them will public sentiment support us in making a drastic reduction? As for myself, let me say with regard to every item except that of paying the interest on the public debt, which we are in honor bound to pay, I will support cuts in every one of them.

Taxes are bad, and a sales tax is particularly bad. It is levied upon poverty and not upon wealth. It is levied upon a man's needs and not upon his ability to pay. It is levied upon what men may consume and not according to the benefits which are derived from government. They violate every fundamental of taxation.

But there is nothing new in the proposal to levy a sales tax. We have had a sales tax ever since the Civil War; a sales tax on tobacco, a necessary of life, a thing which even the poorest and most ignorant man uses. We have had a sales tax on it; and as far as I have been able to hear, in a service in the House for nearly 20 years, mine has been the only voice lifted against it on this floor. You have proceeded from time to time to levy it. We had sales taxes during the World War, a time of no greater emergency than now.

Let me say to those who object to a sales tax as a matter of principle, that a sales tax upon a luxury is just as much a sales tax as a sales tax on the necessaries of life. It is a sales tax; and if you have principles, immutable principles, which your conscience forbids you shall override, you can not vote for a luxury tax, even though it be on silks and diamonds and Cadillacs. You can not vote for a tax on those articles, because it is a sales tax.

Then, too, what is a luxury and what is a necessary of life? We every day enjoy things which are to us the common necessaries of life. We could not get along without them, and yet they were beyond the dreams of princes and lords a hundred years ago. The luxuries of yesterday become the necessaries of to-day. There is a wide twilight zone in which many luxuries and necessaries are so confused and intermingled that it is impossible, for principle's sake, to draw the line between them.

This bill does not suit me in numerous details. As a matter of policy—and I do not mean policy in a sinister sense, but sound public policy—I would like to see the field of exemptions greatly broadened. I would like to see the manufacturers' tax lifted from those articles in common use among average people and the rates made much higher upon those articles which are well within the field of luxuries, so, if possible, to make up the revenue that would be lost by exempting the necessary things. What that might be and how it might figure out surely no horseback rider galloping up and down these aisles upon a steed of oratory can undertake to decide. It is a matter for the careful study of the committee and figuring upon the part of experts.

The tariff section of the Demagogues Club complain about sales taxes. Whatever may be said against a sales tax, it is taken out of the pocket of the taxpayer and put into the Public Treasury. We have that justification. But what about that which is taken out of his pocket through the higher prices of protective tariffs and put into the pocket of the manufacturer? [Applause.] The sales tax is for the benefit of the Public Treasury while the tariff taxes are for the benefit of the private, selfish interests which have been strong enough to take hold of the legislator's arm and force him to write a law for their benefit.

Let me turn to the "farmers' friends" section. What were they doing only two years ago? They took \$500,000,000 of the money belonging to all of the people and through the farm marketing act put it into the hands of a board commissioned to juggle the market, to buy, to sell, to organize, to incorporate, and to manipulate the prices of farm produce for the sole purpose of raising the price, and so as to in-

crease the cost of living to every man, woman, and child in the United States. [Applause ]

the United States. [Applause.]

They took the public funds and used them to oil the machinery for taxing all the consumers of the land for the benefit of those who produce. And now they holler, "I will not put on a sales tax," yet they tried to levy a sales tax on the consumers for the benefit, not of the Treasury, but for producing farmers. They failed in their effort to break economic laws; they could not get away with that atrocity. They did their best to levy a sales tax for the benefit of the producers of only a few farm products. They levied a tax for their benefit upon the stomach and the back of every other citizen of the country, including all the farmers themselves. Where were their conscientious scruples then? Where were their high ideals about letting the law of supply and demand have free play and free opportunity?

In that choice company of fine spirits which meet daily in the cloakroom, known in the vernacular as the Demagogue Club, of which I am one of the oldest and most consistent members [laughter], we have had frequent discussions about this bill during the last few days. Our slogan is "safety first," and living up to it we have had no difficulty whatever in deciding what is the vote to cast, particularly as to the sales-tax feature of the bill.

Taxes are always unacceptable, always objectionable, and always cost political strength and popularity. It has been easy for us to decide to vote "no" on that question. That is easy. There is no trouble about that.

We have several sections of our club. There is the farm section. I have already paid my respects to them. They are willing to vote for anything as long as it does not cost their constituents anything, particularly if it gives them something.

Then we have our oil section. They say, "For God's sake do not vote a sales tax on the people." Yet they insist upon an excise tax on oil coming into this country, "so that our wells can reopen and so we can go ahead and extort more out of the consumers of oil."

Then there is our beer group. They say, "We are unalterably opposed to a sales tax on the necessaries of life." Then they turn around and say that "beer is a necessary of life, and we want you to put a provision in this bill which will legalize beer and levy a tax on it." Of course, they want that done on the theory that they do not expect a poor man to drink any beer, but that the beer tax is going to come out of the rich.

Mr. BRITTEN. Will the gentleman yield?

Mr. HUDDLESTON. No. I do not want to turn this into that kind of a debate. [Laughter.]

There is our "soldier friends" section. They are one of the biggest groups we have. Let me say in passing that some of us belong to all of these groups and some to none in particular, but just "demagogue" around generally on anything that happens to come along. [Laughter.] But the soldier group of the Demagogue Club are not willing to vote for a sales tax which will put money into the Treasury, but they are willing to take any kind of money out of the Treasury and give it to the soldiers. They are not willing to take \$600,000,000 from all the people of the country, as provided by this sales tax, yet they are "raring" to take \$1,900,000,000 of the people's money and distribute it among the soldiers as a bonus.

Let me say here that I am going to pay the expenses of my next campaign out of my own pocket and not out of the Public Treasury. [Laughter.]

We formerly had a Member of the House who attributed his political success to the fact that he never voted for a tax bill and never voted against an appropriation bill. He was a fine and worthy gentleman, but, eventually he was gathered to his constituents [laughter], and later he was gathered to his fathers. He has been gathered to his fathers and is but a memory with us here who loved him for his personal qualities and charm; but his spirit, like that of John Brown, "Goes marching on, goes marching on." [Laughter.] We have in this House, Members who will not

vote to reduce the public expenses one penny but who are over \$10,000 graduated up to 40 per cent on incomes in constantly imposing claims upon the public funds; they lead raids upon the Public Treasury but will not vote a tax to replenish it. I do protest it is not fair for these gentlemen, as much as I sympathize with them in the dire situation that leads them to do these things [laughter]—it is not fair for them to put upon the remainder of us the burden of producing all the patriotism and all the brains for the Congress. [Laughter and applause.]

And now I close. The Republicans got us into this. When I was a soldier in the Spanish War, on one rainy, disagreeable night, a little, short sergeant, Billy Ball, brought in a bunch of recruits. They had been drunk all night and all day and had now sobered up; they had had nothing to eat for a day or two and were as wet as drowned rats. They came into camp. Those of you who have ever served in the Army know how hard-boiled soldiers are. We did not give them even a pleasant look. They could not get even a place to sit down, nothing dry to put on, or anything to eat. Finally, one tall fellow whom I came later to know as Charlie Connally, one of the bunch who had just come in, found this little sergeant who had brought him in. He walked up to him and shook his finger in his face and said, "Look here, Billy Ball, you got us into this." Billy looked up into his face and said, "Yes; but, by gad, I can't get you out of it."

The Republicans got us into this but they can not get us out of it. It will take the combined courage and devotion of the whole people of this country to meet this emergency. [Applause.] I call upon my party associates, I call upon my fellow Democrats, to respond, as Democrats always have responded-do your duty by your country; correct the evils which the opposition party has brought about, redeem your country's credit, put it upon solid ground. The past is dead; let us go forward to the future. [Prolonged applause, the Members rising.]

Mr. HILL of Washington. Mr. Chairman, I yield 30 minutes to the gentleman from Indiana [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, the much-discussed tax bill is now before us, and we shall all have to admit that we have just listened to one of the ablest speeches, made by the gentleman from Alabama [Mr. HUDDLESTON], that has been made in favor of this great bill. [Applause.]

As has been previously stated, the members of the Ways and Means Committee have been called upon to devise ways and means by which the deficit in the Federal Treasury may be balanced. In other words, we have been asked to devise ways and means to collect over a billion dollars in additional taxes at a time when there is not a single person in the United States that feels they should be called upon to pay 1 cent of it, and believe me it has been some job. The facts are, it is the biggest job any committee of this House has ever been called upon to do. There have been times when more taxes had to be raised, but it was at a time when business conditions were entirely different. Here we are in the worst financial panic ever known in this country, almost every class of business being operated at a loss or without profit and still we are called upon to increase taxes to take care of the deficit in the Treasury.

On January 13, Secretary of the Treasury Mellon, through then Under Secretary Mills, reported to us that the fiscal year of 1931 closed with a deficit of \$903,000,000. That it was estimated that the fiscal year of 1932 would close with a deficit of \$2,123,000,000 and that it was estimated that expenditures will exceed receipts by no less than \$1,417,000,000 in the fiscal year 1933. This he stated was due, on one hand, to increased expenditures, and, on the other, to a decline in receipts from taxation and postal receipts.

He further stated that it would require approximately \$920,000,000 additional income from taxes to bring the Budget into balance by July 1, 1933, providing the proposed tax law was made retroactive. This, as you know, the Ways and Means Committee did not deem advisable.

At that time the Secretary of the Treasury recommended an increase on individual incomes to be fixed at 2, 4, and 6 per cent; surtax rates at 1 per cent, beginning with incomes excess of \$500,000.

He recommended that personal exemptions be fixed at \$1,000 for single persons and \$2,500 for married men with a credit of \$400 for each dependent. That corporation income tax be increased from 12 per cent to 121/2 per cent. That the exemption of \$3,000 for domestic corporations with net income of \$25,000 or less be eliminated, that the tax on cigarettes and tobacco be increased one-sixth; and increase of 1 cent in the existing stamp tax upon sales or transfer of capital stock; that a 10 per cent admission tax be placed on all admission tickets of 10 cents or over. A 5 per cent tax on automobiles, 3 per cent on trucks, and 2½ per cent on accessories. A stamp tax on conveyances of realty of 50 cents for each \$500 of value in excess of \$100: a tax of 5 per cent on manufacturers' sales of radio and phonograph equipment and accessories. A stamp tax of 2 cents on each check and draft; and a tax on telephone, telegraph, cable, and radio messages of 5 cents for charges in amount of 14 to 50 cents and 10 cents for charges in amounts in excess of 50 cents.

He further recommended an estate tax of 25 per cent, and that the 5 per cent added tax should be a supertax.

He also recommended that the postage rates be made 3 cents on first-class letters to take care of the deficit in the postal revenues.

At that time he estimated that if his recommendations were carried out the deficit would be taken care of by July 1, 1933.

On February 11 these estimates were revised, and at that time it was estimated that the proposed changes suggested by the Secretary on January 13 would only increase the incomes of the Government \$786,000,000 and that instead of the deficit being \$920,000,000 July 1, 1933, it would be \$1,241,000,000; or, in other words, we were informed that our job of devising ways and means of taking care of the deficit in the Treasury would be just about twice as hard as it was first estimated it would be.

When it was learned what the Secretary of the Treasury's recommendations were, every industry that was to be affected demanded that they be heard; and without exception they proved, to their own satisfaction at least, that they were not in position to pay any part of the proposed increase in taxes that had been suggested by the Secretary of the Treasury.

After holding hearings for several weeks the members of the Ways and Means Committee went into executive session for the purpose of writing the tax bill, and then their real work began, and now you have before you a bill which is the recommendation of the majority of the committee. In fact, it was voted out by unanimous vote, some, however, voting to report it out with the understanding that they reserved the right to offer amendments on the floor when the bill was up for consideration, and I am frank to say that my vote was cast to report the bill to the House with the understanding that I reserved the right to offer certain amendments to which I will refer later.

The first source of revenue agreed upon was the income tax. As the bill has been written the exemption for a single person is \$1,000 and \$2,500 for married men, with \$400 exemption for dependents. This, it is estimated, will bring in an additional \$39,000,000 over the present law.

The normal tax on individuals as proposed by the committee will be 2 per cent of the first \$4,000. Four per cent of the next \$4,000, and 6 per cent of the remainder of the net incomes.

In the case of individuals whose income is derived from salaries and personal endeavor, called earned income, the bill gives relief similar to present law up to \$12,000. The present law gives relief up to \$30,000. As a simplification measure the 25 per cent tax credit has been changed to a 121/2 per cent deduction from net income subject to normal tax. This latter change makes no substantial change in the amount of the allowance. The change in the limitation from \$30,000 to \$12,000, however, will give in excess of \$10,000,000 additional revenue.

The effect of the proposed change recommended on various incomes is shown in the following table.

Mr. Chairman. I ask unanimous consent to revise and extend my remarks, and to include therein a certain table.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The table referred to follows:

Comparative tax table on earned incomes

[Basis, married man with no dependents. Earned incomes recognized as earned only up to \$12,000]

Net income	Total tax under 12½ per cent deduction from nor- mal tax provided by the bill	Total tax if 25 per cent tax credit method provided by present law were retained
\$3,000 \$4,000 \$5,000 \$6,000 \$7,000 \$9,000 \$10,000 \$12,000 \$12,000 \$16,000 \$20,000 \$20,000 \$30,000	\$2.50 20.00 37.50 55.00 72.50 100.00 170.00 260.00 600.00 1,020.00 2,420.00	\$7. 50 22. 50 37. 50 52. 50 75. 00 105. 00 262. 50 602. 50 1, 022. 50 2, 422. 50

Mr. CANFIELD. To show how this will work out I submit the following example for report of a married man without dependents:

Present method	
Net incomeExemption	\$5,000.00 2,500.00
Taxable net income	2, 500.00 .02
Tax25 per cent earned income credit	50. 00 12. 50
Net tax	37.50
Proposed method	
Net income \$2,500.00	5, 000. 00
12½ per cent deduction from net income 625.00	3, 125.00
Taxable net income	1, 875.00 .02
Net tax	37.50

While on a \$5,000 earned income the tax figures out the same, it will not do so in every instance. The difference in the tax will be small, as shown by the above comparative tax table, and it will be very helpful to the taxpayer when he makes out his income-tax report.

The Treasury Department and tax experts tell us the present method has always been very much misunderstood by the average taxpayer and has been the cause of their making many mistakes in filing their income-tax reports.

The surtax on individuals is as follows: On the first \$10,000 there will be no surtax. On incomes in excess of \$10,000 there is a graduated tax of from 1 per cent up to 40 per cent on incomes over \$100,000. This together with the normal tax will make the tax on incomes over \$100,000 46 per cent. When the proper time comes, if I can get recognition, I expect to move to amend the bill to make the surtax 43 per cent of incomes over \$200,000, 46 per cent of incomes over \$300,000, 48 per cent of incomes over \$400,000, and 50 per cent of incomes over \$500,000. I realize this is a high tax and that with the normal tax it will make the tax on incomes over \$500,000 56 per cent, but, ladies and gentlemen, with conditions the way they are to-day no man should object to paying this amount of tax to help support the Government, for if it were not for the Government back of him he could not make that amount and if the deficit in the Treasury is not taken care of, and that without delay, in my opinion there will be no incomes of over \$500,000, or anything like that amount in this country.

The next thing the committee agreed to was to increase the corporation tax from 12 to 13 per cent, with an exemption of \$2,000 allowed to those whose income is less than \$10,000. The present law, as you know, allows an exemption of \$3,000 to corporations with an income of \$25,000.

We then agreed to double the estate tax, which will make it 40 per cent on estates of over \$10,000,000, and the additional 20 per cent is to be considered as a supertax and all be paid to the Federal Government.

A gift tax with a maximum rate of 30 per cent on gifts of \$10,000,000 or over was agreed upon; not that it will produce any large amount of revenue but to protect the estate tax, and the rate was made lower than the estate tax with the expressed hope that it would persuade owners of large estates to make gifts to their heirs as soon as possible and thereby lower their estate tax and increase the income to the Treasury while it is most needed.

We then agreed on an additional tax of 2 cents on the issue of and the transfer of stock. A tax of 4 cents per gallon on lubricating oil. A tax of 5 cents per gallon on wort. A tax of 40 per cent on grape sirup, grape concentrate, and evaporated grape juice, if containing more than 35 per cent of sugar by weight. A tax of 5 cents on telegraph, telephone, and radio messages costing over 30 cents and less than 50 cents, and 10 cents on messages costing 50 cents or more. A tax of 1 cent a gallon on imported crude oil, fuel oil, and gasoline.

The committee then voted to place a tax of 10 per cent on admissions of 25 cents or more. To this I did not agree in the committee, and at the proper time, if I can get recognition, I expect to move to amend the bill by moving to strike out the words "less than 25 cents" and inserting "more than 50 cents." This will mean there will be no admission tax on admissions of 50 cents or less and will not impose an admission tax on the average man and woman who is only privileged to take the members of their family to an entertainment of some kind possibly once or twice a month, and it will also take care of the picture-show houses in our smaller towns and cities, who are hardly able to make enough to keep open with conditions as they are at the present time.

A number of administrative changes have been made in the bill; in other words, we have attempted to plug up the gaps in the administration measures where the wealthy taxpayers have been able to dodge a large amount of income tax, and it is estimated that through these changes the Government will save at least \$100,000,000 in taxes paid in 1933 for 1932, and a much larger amount for 1933, which will be paid in 1934. Much of this, I am frank to say, was accomplished through the advice and counsel of the experts who worked with us on the bill, namely, Mr. Beaman, of the Drafting Board; Mr. Parker, of the Joint Committee on Internal Revenue Taxation; Mr. Tuerney and Mr. Bartholow, of the Treasury Department; Mr. Collins, of the Federal Trade Commission; Doctor Jager and other employees of the Department of Commerce; Mr. Alvord and Mr. Gregg, two very able practicing attorneys, who reside here in Washington, and who are experts on the income tax law.

The chairman of the Appropriations Committee has stated that the Appropriations Committee expects to cut appropriations \$125,000,000 or more, and the chairman of the Post Office Committee has stated that the Post Office Committee expects to recommend legislation that will increase the postal revenue \$25,000,000 or more. The reductions that will be made by the Appropriations Committee and the increases that will be made by the Post Office Committee, together with all the proposed changes recommended by the Ways and Means Committee, left us approximately \$600,000,000 short of balancing the Budget July 1, 1933.

The question, then, was what to do, how and where to get the additional \$600,000,000 to balance the Budget, which I believe every business man, yes, every thinking man, in the United States feels should be done as quickly as possible. The recommendations of the Secretary of the Treasury to place high excise taxes on a number of manufactured articles was given consideration. This, as I previously stated,

was seriously objected to by every industry in the country upon whom these taxes would fall. They then gave consideration to a general manufacturers' excise tax, and, after due consideration, it was found that a large majority of the members of the committee felt that this was the most equitable way to raise the additional amount needed to balance the Budget.

In this connection I want to say there is no man in this House, yes, there is no man in the entire country that is any more against a general sales tax than I am, and to be frank with you I voted against the manufacturers' excise tax in the committee, but the majority of the committee felt that this was the best way to raise the additional amount to balance the Budget and as this is emergency legislation and is to end July 1, 1934, I expect to go along with the committee, except that I feel that a manufacturers' excise tax of 2 per cent will balance the Budget, and if I can get recognition I expect to move to make the excise tax 2 per cent instead of 2½ per cent, as I am satisfied that the estimates that have been given to us by the Treasury Department are at least \$100,000,000 under what will be produced by the changes recommended by our committee.

When I listen to the debate here on the floor I can not but feel that some of the statements that have been made were made before the Member that made them took time to reach the manufacturers' excise tax that has been proposed by the Ways and Means Committee. One would be led to believe that the committee had recommended a general sales tax, which is far from the fact.

Let us take a few minutes to see what this much-discussed excise tax really is.

First, it is a low tax; second, it is enacted as a temporary emergency measure; third, it exempts practically all farm and staple food products; fourth, it exempts small manufacturers that do less than \$20,000 business; fifth, it prevents pyramiding and places the excise tax on the manufacturers' price and not on the retail price; sixth, it is imposed uniformly and without discrimination; seventh, it reaches the wealthy who have all their wealth in tax-exempt securities to avoid paying a tax; eighth, where a special excise tax is being paid under the present law the manufacturers excise tax will not apply; ninth, it gives an advantage to the small manufacturers; and tenth, it will raise the amount necessary to balance the Budget and not impose an unbearable tax burden on anyone.

One of the outstanding features of the manufacturers' excise tax is that it prevents pyramiding; only one tax is to be paid on any article. This is eliminated under the bill by a system of licensing. All manufacturers and producers whose gross receipts are over \$20,000 must be licensed. This permits the sale of articles tax free from one licensed manufacturer to another. By this system the product of one licensed manufacturer which is to be used as material by a second licensed manufacturer is passed on without a tax until the finished article is sold by the manufacturer to the trade and then the tax is imposed on the manufacturers' wholesale price.

Should a licensed manufacturer sell an article that has been processed in any way to an unlicensed manufacturer to be further processed, then the tax is imposed on the processed article or material that is sold by the licensed manufacturer to the unlicensed manufacturer to be further processed, but should an unlicensed manufacturer sell processed material to another unlicensed manufacturer there will be no tax, thereby giving an advantage to small manufacturers in all classes of business.

Much has been said about the articles that are exempt from tax. The committee recommends that all farm or garden products, fertilizer, and such grades of articles as are used chiefly for fertilizer and the ingredients used in the manufacture of fertilizers; garden or field seeds; bran, shorts, and feeds for animals or fowls; meat, fish, including shell-fish; poultry, bacon, hams, pig shoulders, pig jowls; butter, oleomargarine, and other substitutes for butter; cheese, milk, and cream in any form; eggs in shell; bread, flour, and meal made of grain and semolina; sugar, tea, coffee, salt; any

article with respect to which an internal-revenue tax is imposed under existing law; water not in closed containers; newspapers, magazines, and other periodicals, books, pamphlets, and music in raised print used exclusively by or for the blind; textbooks for use in private or public schools or other institutions of learning; Bibles comprising the books of the Old or New Testament, or both; rosaries, chaplets, medals, and similar articles of religious devotion; hymn books, prayer books, and manuals of religious devotion; books of religious reading, thought, or action; books of religious statistics and altars, pulpits, communion tables, baptismal fonts, and shrines, parts thereof; religious statuary and pictures; collection envelopes, plates, and baskets; stationery and record books; cassocks, banners, and articles of regalia worn on the person or carried in the hand; tapers, lights, and candles; sanctuary oil; all the foregoing when manufactured exclusively for use in houses of worship.

The facts are, ladies and gentlemen of the House, the more you study the manufacturers' excise tax and the better you understand it the more you will be impressed with it and the less objectionable it will be to you. As I stated in the beginning, many statements have been made here on the floor by Members who, it seems, do not understand the bill, and I firmly believe after you have had time to study it you will feel as the committee did—that as an emergency measure it is the best way that can be devised to raise the required amount of money to balance the Budget.

As our acting chairman has said, in the House we have two schools of thought; there are those who feel that we should not attempt to raise taxes to balance the Budget at this time, but should continue to sell bonds and increase the indebtedness of the country, and there are those who feel that it is imperative that the Budget be balanced as quickly as possible and that it is not good policy to continue to increase the public debt during peace times.

Mr. Chairman, ladies, and gentlemen, I am frank to say that I am one of those who feel that the Budget should be balanced as quickly as possible and that everything should be done to cut down appropriations in every way possible, and that all Government expenses should be cut; in fact, Mr. Chairman, I am one of those who feel that the expenses of running this Government can and should be cut at the very least 25 per cent to 331/3 per cent. All classes of business have been forced to reduce salaries and expenses of all kinds, and there is no reason why Government salaries and all Government expenses should not be reduced. especially when we are called upon to increase taxes to make it possible to collect an additional billion dollars over what can be collected under the present law. Not only should we reduce salaries from the highest to the lowest, but the general survey that is being made should make it possible to eliminate many useless bureaus and boards and thereby make a big reduction in the expense of running the Government. [Applause.]

In conclusion I want to say this: Our Government may be able to get by for a year or two by issuing bonds and not balancing the Budget, but, gentlemen, if Congress does not face this responsibility and see that the Budget is balanced by July 1, 1933, in my opinion the stability of our credit will be questioned, for no country can go on during peace times spending more money than it receives in taxes without impairing its credit. This will cause our bonds to further depreciate, and when United States bonds depreciate all other classes of securities depreciate, as well as lands, business, and everything else.

Now, gentlemen, I must close, but before doing so I want to say this to my Democratic colleagues who have spoken against this bill: We are responsible for the action of this House. We asked for that responsibility, and it has been given to us. We are now faced with the responsibility of balancing the Budget. Are we going to do our duty and hold the confidence of the people of the country by measuring up to the full responsibility they have placed on us?

I will agree with you that this deficit baby is a Republican child; but, gentlemen, we are now, as Democrats and as majority Members of this House, charged with the responsibility of helping take care of the child, so let us not fall down on the job but measure up to our full responsibility and see that the Budget is balanced and the credit of the Nation saved.

Mr. Chairman, ladies, and gentleman, as I previously stated, this bill is not satisfactory to me in every way, and I am sure every member of the Ways and Means Committee would like to see many changes in it, but no one member of a committee can write a tax bill when there are 24 other members that have convictions of their own as to the way it should be written. This bill is the recommendation of the majority of the committee that you charged with the responsibility of devising ways and means as to how the additional tax should be raised.

I feel that it is imperative that the Budget be balanced not later than July 1, 1933. In fact, I fear for what may happen if it is not balanced, and I trust that the membership of this House will do their duty—yes, face this great responsibility—by voting for a tax bill that will balance the Budget and save the credit of the Nation. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the

gentleman from California [Mr. Swing].

Mr. SWING. Mr. Chairman and members of the committee, I appreciate the responsibility which rested upon the Ways and Means Committee in preparing a bill that would balance the Budget, because that is, of course, desirable, and I give my complete accord to that object. I desire nothing I say here to be construed as reflecting on the committee except that I differ sharply with them in the matter of policy.

This bill raises the money, if that is the sole and only purpose a revenue bill has to perform. If it be that social justice is a matter of no concern, then this bill will fulfill

the purpose expected of it.

In the statement of Mr. Mellon before the committee he made quite clear his long-held view, that the present revenue structure of the Government was weak, as he called it, because it rested on too narrow a basis, and he urged the committee to broaden the basis, and I think the committee must have been convinced, because they have certainly broadened it to the point where they are going to tax everybody and almost everything.

On that general principle a poll tax levied on every person would be the broadest basis you could have for a revenue bill. And yet, of course, you recognize that that is ridiculous, because taxes are not paid by the head or out of the mind but out of the pocketbook, and the soundest basis for a revenue bill is not the human beings but it is the dollars, the wealth, and the property of the country.

I can not give my support or my vote to the bill as it is written, because a careful consideration of its provisions convinces me that 75 per cent of the tax is going to be paid by people who have less than 25 per cent of the means to pay the tax.

Mr. KVALE. That is too conservative.

Mr. SWING. The gentleman says that is too conservative. I have heard the statement made, and it is in the hearings, that 10 per cent of the people possess 90 per cent of the wealth. A sales tax is wrong fundamentally in principle, because it ignores the fundamental basis of taxation, which is the ability to pay.

When the war was being conducted we had no hesitancy about providing man power according to ability to fight, and now when we are facing another great national crisis regarding the revenue, and we must have dollar power, there is only one yardstick to measure by and that is ability to pay.

A sales tax is wrong again because it is a penalty upon consumption at a time when we need, not restriction on consumption but a stimulus to consumption.

A sales tax is wrong because it is the very opposite of an income tax, which is the most just tax ever devised. It is the opposite of an income tax because in an income tax you pay for your prosperity, while here you pay according to your exigencies, your needs, and your misfortunes. A man who is the most hungry pays the most tax because he

eats the most. A man who is so unfortunate as to have the most sickness must pay the most tax because he has to pay for the most medicine. The man who has property destroyed and must replace it, if he has the means to do so, is the one upon whom the tax falls the heaviest when he is least able to bear it.

So I am not in favor of a sales tax, and I shall vote, if the opportunity is afforded me, to strike out the sales tax.

Mr. GLOVER. Will the gentleman yield?

Mr. SWING. I yield.

Mr. GLOVER. I understand that this bill will raise \$1,246,000,000, and that \$595,000,000 of that is to be raised by a sales tax, leaving—

Mr. SWING. Six hundred million dollars.

Mr. GLOVER. And \$651,000,000 would be raised by the bill, with the sales tax stricken out. What does the gentleman say about not attempting to balance the Budget within two years, but striking out the sales tax and extending the provisions of the bill to four years instead of two?

Mr. SWING. Of course, there is not going to be a miracle performed of restoring the country to prosperity merely by balancing the Budget; still I favor balancing the Budget.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. SWING. I can not yield any farther until I have completed some thoughts that I have in mind. The taking away of the exemptions which in 1926 we gave to the people in the lower brackets who were barely making a living is not justified. The distinguished gentleman from Georgia [Mr. CRISP] in explaining his bill admitted that the 1,700,000 taxpayers who were going to be put back on the tax roll by dropping the exemptions down to \$1,000 for a single person and to \$2,500 for a married man, were not going to produce any considerable sum of money. Probably it will cost as much money to collect as we take in from them. At least that is the statement that was made in 1926, when we granted the exemptions. Why should a man who receives his salary on the first of the month and immediately passes it on to others on the second of the month be charged a tax simply as a go-between? There is just one reason why the 1,700,000 little fellows who receive a bare living are in this bill, and that is they are put there to be hostages for the big fellows in the higher brackets, so that at the earliest possible moment the big fellows will have the assistance of the little fellows in getting out of these increased taxes.

I am opposed to taxing the motion-picture shows. They are the poor man's club. They are his only recreation. They are a necessary part of the normal life of every American family. Certainly tickets up to 50 cents should be exempt.

I favor increasing the income surtaxes, particularly in the upper brackets. We have a graduated surtax from \$10,000 to \$100,000, and every one here justifies it and says that it is meritorious and good public policy. What is there so sacred about the incomes in excess of \$100,000 that suddenly at that point the graduation should stop. One hundred thousand is a paltry sum compared with the 5,800 taxpayers whose income every year is in excess of \$100,000, and on up to \$5,000,000 or more. If there is justification for graduating the income tax based on ability to pay from \$10,000 up to \$100,000, there is every reason in the world why that graduation should continue from the \$100,000 up to at least \$1,000,000 a year income. [Applause.] They say that \$100,000 is as far as we can go, that after that suddenly the taxpayers who will be honest with a graduated tax up to \$100,000 will suddenly become dishonest, and the Government will be unable to cope with those who have incomes from \$100,000 to \$1,000,000. I do not believe it.

In 1918 we had a graduated income tax up to 65 per cent, not 65 per cent upon the total income, but 65 per cent only on that portion of the income which was in excess of \$1,000,000. I favor returning to the war rates because we are to-day confronted with a crisis equal to that of the World War; a crisis that has caused the American people more suffering, more in loss of property than the World War. I favor raising the taxes on estates to correspond with

what I have indicated on incomes, and those taxes ought to I be permanent, although I admit that the income rate should be temporary in these higher brackets during only the present depression. After allowing the big boys to play with their money during their lifetime and after allowing them the pleasure and pride of piling up dollar on dollar, while living, a generous estate tax should be levied on their death. There is no natural law, there is only the law of man, which gives individuals the right to name to whom their property shall go at death. It is the protection of organized society that enables them to pile up these great fortunes which to-day are a menace to the security and continuation of American institutions, economic, social, and political. This tax law, in addition to raising revenue, ought to have for its purpose the redistribution of a part of these tremendously large private fortunes.

In this bill we should not tax the necessities of life. Reference has been made to the Canadian law, and yet they have thousands of specific exemptions where we have merely dozens. Why should the crutches of a cripple be taxed? Why should medicine that goes to the sick be taxed? When raw fruits and vegetables are not taxed in the summer, why should those same necessities of life be taxed in winter, merely because they have been put in cans to be preserved and kept until winter? Why should fuel to warm the little home in winter be taxed, and why should ice to preserve food in summer be taxed? Why should shoes and ordinary clothing be taxed? We can not afford, much as we desire, to balance the Budget with taxes that from those that have not are taken while from those who have little is taken. That is what we are saying with reference to those with incomes in excess of \$100,000 a year. It is no answer to say you are seeking to soak the rich. I say that the basis for the collection of revenue during the present crisis should be the same yardstick that was used during the World War, and that is take the money according to the ability to pay. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. Andrew].

Mr. ANDREW of Massachusetts. Mr. Chairman, there are three considerations of a general character that I should like to offer in relation to this bill.

First, there is the experience of other countries with the problem which we face to-day. The problem of balancing the Budget is one that has confronted every government in the world during the recent years of economic depression, and it is well for us to bear in mind the experience that other countries have had in dealing with it. In whatever direction we look, whether across the Atlantic or across the Pacific, whether to the south of us or to the north, we see governments that have failed to deal in time with situations not unlike our own. They have seen their receipts from taxes wither and dwindle and fall far behind their expenditures. They have delayed in providing other sources of revenue and have sunk into the mire of debt. Then, suddenly, before the legislators fully realized what was happening, their people and the world at large have lost confidence, have sold their government securities, secluded what gold they could lay their hands on, and the governments have passed into virtual bankruptcy. This experience has now become so familiar that we have almost ceased to notice it, and we run the risk of not reflecting upon its gravity.

A year ago who would have considered it possible that a proud government like that of Great Britain was on the verge of insolvency or in danger of default? Yet that seemingly incredible thing happened, and by the end of last December the credit of Great Britain was so impaired that the British pound sterling, hitherto the world's accepted standard of value, was selling on our market at 66 cents on the dollar. In less than three months it lost a third of its value and fell from a par equivalent of \$4.86 to \$3.25, while the value of all British notes and bonds and promises to pay inevitably tumbled with it. The same thing to a greater or less degree has occurred during the last six posals of similar character before the session ends.

months in other great countries of Europe. In Norway and Sweden and Denmark, in Finland, and in Portugal, to single out notable examples, when governments had failed to balance their budgets, or had tried to balance them by resort to postponed payments, their people in turn lost faith in their government's promises to pay, withdrew coin from circulation, and hoarded it, and the currency of these countries also was plunged into chaos. Much the same thing has happened in recent years in Brazil, Argentina, Venezuela and, in fact, throughout most of South America. It has also happened in varying degrees in the countries that border our frontiers, in Mexico and in Canada. I shall insert in the RECORD at this point a list of countries which during the last three years have experienced this misfortune.

Collapse of monetary standards in various countries during recent years of depression

Country	Monetary standard	Par value	When depre- ciation first exceeded 5 per cent	Date of reaching minimum value	Mini- mum value
Europe:	SIDE	183 10	vain south		All iso
Denmark	Krone	\$0.2680	Sept. 22, 1931	Dec. 8, 1931	\$0, 1795
Finland	Markka	. 0252	Oct. 16, 1931	Jan. 25, 1932	. 0143
Norway	Krone	. 2680	Sept. 22, 1931	Dec. 8, 1931	. 1792
Portugal	Escudo	. 0442	Oct. 4, 1931	Dec. 31, 1931	. 0313
Sweden	Krona	. 2680	Sept. 22, 1931	Dec. 8, 1931	. 1793
United King- dom.	Pound	4. 8666	Sept. 21, 1931	do	3, 2555
Latin America:	S S S S S S S S S S S S S S S S S S S	UNITED BY			5 5 1 1
Brazil	Milreis	. 1196	Dec. 12, 1929	Oct. 5, 1931	. 0487
Argentina	Peso (gold)	. 9648	Dec. 17, 1929	Oct. 9, 1931	. 4667
Far East:			THE REAL PROPERTY.	PERSONAL PROPERTY.	1977.50
Japan	Yen	.4985	Dec. 12, 1931	Mar. 8, 1932	. 3109
Straits Settle- ments.	Dollar	. 5678	Sept. 24, 1931	Dec. 8, 1931	. 3756
British India	Rupee	. 3650	do	do	. 2448
Canada	Dollar	1.00	Sept. 22, 1931	Dec. 16, 1931	. 8044

With such lessons everywhere before our eyes, we should be criminally negligent if we did not promptly give our most earnest attention to the financial situation of our own Government.

The second consideration to which I invite your attention is that of our own Treasury, which, far stronger than that of any other government treasury in the world, with perhaps one exception, is to-day not altogether free from possible danger. The vast estimated deficit of \$2,240,000,000 which has been repeatedly stated is to be expected for the present fiscal year, ominous though it is, does not by any means tell the whole story. It, of course, takes no account of the \$412,000,000 required by law for sinking-fund and other debt retirement. But that is not serious as compared with the fact that in the past two years instead of reducing the debt we have increased it by more than \$3,000,000,000. estimated deficit of \$2.240,000,000 also takes no account of numerous loans and advances which the Treasury has been called upon to make on behalf of measures of emergency relief. It takes no account of hundreds of millions advanced to veterans as loans on their so-called bonus certificates. It takes no account of the \$125,000,000 being advanced to the Federal land banks. It takes no account of the \$500,000,000 being advanced to the Reconstruction Finance Corporation. If these various items were included in the reckoning, the total of this year's drain on the Treasury would be half again as large as the \$2,240,000,000 estimated for the Treasury deficit.

Far more serious than this, the estimated deficit makes no allowance for additional expenditures that may still be authorized before Congress adjourns. It includes, for example, no allowance for any part of the \$132,500,000 increase in appropriations for road building so hastily rushed through the House a fortnight ago. That appropriation, fortunately, may never become law. But if one can judge the financial notions of the present leaders of the House by their sponsorship of that bill, remembering that not a single Democratic member of the Ways and Means Committee, or even of the Economy Committee, both of which are supposedly interested in balancing the Budget, spoke a word or cast a vote against it, one may well anticipate other lavish proIf the announced deficit for the current year of \$2,240,-000,000 does not begin to cover this year's Treasury expenditures, there is little reason to believe that the guess made for next year of a deficit of about half that sum conforms any more closely with what will eventually occur. In my humble judgment, the revenue to be produced by the bill now under consideration, if adopted in its entirety, is not likely to come near meeting the expenditures of the next fiscal year. The proposed taxes, onerous and irritating as they are, will not by any means balance next year's Budget. In the face of such a situation, with the examples of government bankruptcy everywhere in the world to warn us, there is abundant and compelling reason why we should take serious thought as to what can be done.

That brings me to the third consideration. The Ways and Means Committee has made a most painstaking and conscientious effort to deal with our grave financial situation. They have proposed taxes which will bear heavily on every business and upon every citizen. Yet it is more than doubtful whether they have provided for enough revenue to meet the requirements of a balanced Budget, and it is certain that they have brought upon themselves a storm of criticism from all sections of the country. Nevertheless the committee, as a whole, has studiously avoided any reference to one of the greatest sources of revenue of virtually every other government in the world. They have made no mention of the only tax which those upon whom it is levied would be willing and glad to pay, and which throughout most of our history has been a principal resource of our American fiscal system.

The Canadian Provinces to-day collect more than 32 per cent of all their revenue from customs and excise duties on alcoholic beverages, and the Dominion Government in addition obtains nearly 13 per cent of its income from the same source. Great Britain collects about 20 per cent of its revenue from these taxes, Sweden 19 per cent, Denmark 17 per cent. It may be well to remind you at the same time that in these four countries just named conditions with respect to lawlessness and drinking show a strikingly favorable contrast to our own. I shall place in the Record at this point a table showing the revenue obtained by the governments of these and other countries from their liquor taxes.

Income from customs duties and excise taxes on alcoholic liquors

Country	Year	Income from liquor taxes	Per cent of total taxation
Great Britain. Sweden. Norway Denmark Poland <sup>1</sup> . Canada: Dominion. Provinces.	1929-30 1929-30 1929-30 1929-30 1931 1931 2 1929	\$629, 373, 000 29, 428, 000 13, 230, 000 16, 654, 000 32, 089, 000 37, 989, 000 27, 600, 000	19. 8 19. 0 15. 0 17. 0 14. 6

<sup>&</sup>lt;sup>1</sup> Exclusive of receipts from customs duties on liquors which are not separately shown.

<sup>2</sup> Most recent year available.

Great Britain received in 1930 from this source alone \$629,373,000, which was equivalent to a tax of \$14 per capita. A similar tax in the United States would yield in excess of \$1,700,000,000, or seven hundred millions more than all of the taxes provided for in this bill. [Applause.] In other words, if we could have in the United States a system of excise and customs taxes on liquors like that of Great Britain, we should not need the manufacturers' sales tax provided in this bill. We should not need the taxes on moving pictures and theaters. We should not need the taxes on gasoline and oil. We should not need the increased taxes on incomes, corporations, gifts, and estates. We should not need a single one of the taxes provided for in this bill, but nevertheless our Treasury would gain 70 per cent more revenue than the whole present bill is expected to yield. [Applause.]

I call these facts to the attention of the House, having full knowledge that no such tax is possible under present laws, and with no desire to precipitate a discussion of prohibition in its other aspects. Some of you doubtless believe

that the eighteenth amendment abolished the liquor traffic and contend that we do not want it back again, no matter what it costs. Others may believe as I do, that while the eighteenth amendment was intended to abolish the liquor traffic, it has really accomplished little else in most places than "to free that traffic from taxation and control." Whichever of us is right, the fact remains and is not open to dispute that but for that amendment we could to-day provide all of the revenue necessary for our Treasury without the slightest increase in or addition to our other taxes. And if we are ever to get rid of some of the burdensome taxes now on the statute books or which we are about to impose, it can be done. It can be done partly through a change in the Volstead law. It can be done wholly through a change in the eighteenth amendment. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. Beam].

Mr. BEAM. Mr. Chairman, we are considering a measure to-day of indeed great importance to the people of our country, one which is far-reaching in its scope and affects every citizen of our land in its operation.

The cost of government is a problem which has confronted every nation from the earliest dawn of history until the present time.

The history of civilization discloses a picture and portrays a warning which it behooves us as Members of the House to take heed and caution before we place upon the taxpayers of this country a burden greatly in excess of their power to endure or their willingness to bear.

"Thus the power to tax," says Chief Justice Marshall in giving the opinion of the Supreme Court denying the right of the State of Maryland to tax the bank of the United States, "involves the power to destroy."

These are unusual times in the history of our Government—times in which the temper of our people are strained, and that usual calm and forbearance which generally prevails throughout our land has now been supplanted by a feeling of uncertainty, of unrest, and of apprehension. It therefore becomes us to pause and consider the consequences before we impose greater obligations and heavier taxation upon the citizens of the United States at this particular time.

The people of America have been patient, even to the extreme, during this period of depression. Never before in the history of our country was a greater manifestation of love and devotion to the principles and ideals of Americanism than that displayed by our citizens during these dark and trying days. To trespass further upon their indulgent spirit, in the light of conditions now prevailing throughout the Nation, would be, in my humble opinion, an unwise and injudicious movement.

The people of America are in no frame of mind for increased taxation. If these were prosperous times, I venture to say that the average American citizen, realizing his responsibilities to his Government and in a true spirit of citizenship, would be willing and desirous of meeting his obligations in that respect.

But, Mr. Chairman, a different condition exists to-day; and, in view of these present circumstances, our course of procedure must be determined.

Is there a man in this Chamber to-day who can say that agriculture can stand further taxation?

Is there a person present who can say that the laboring classes of America can stand to be taxed to a greater extent?

Is there any within the hearing of my voice who can say that business should be further complicated and harassed with vexatious taxation, which in the ultimate will only retard and impede the return to normalcy, and in the final analysis will eventually be placed upon the consuming public or result in further reduction of wages for the laboring man?

If the proponents of this bill can answer this question satisfactorily, then I will vote for this measure.

If they can demonstrate that the great agricultural States of this country are in a flourishing condition and that the testimony before the Agriculture Committee as to their present plight and dilemma is mythical and unfounded, and if they can show that the great number of farm fore-closures have not actually occurred and that the inability of the farmer to pay his taxes in reality does not exist and that this great appropriation of 40,000,000 bushels of wheat, voted only last week by the membership of this House by practically a unanimous vote, to feed the hungry people of America and their livestock is unnecessary and nonessential, I will support this measure. [Applause.]

If the advocates of this bill can prove that the vast number of unemployed men in our cities and municipalities is merely a creature of the imagination, a figment of the mind, which does not exist, and that 8,300,000 idle men, with their dependent families, a great many in dire necessity and want, evicted from their homes and forming bread lines and soup lines from one end of our land to the other, can endure at this time to have placed upon their backs and shoulders further burdens of taxation, I will vote for and support this proposed bill. [Applause.]

If the sponsors of this measure can show that to further hamper and tax business while it is struggling to increase production, to stimulate trade, and thereby increase employment will have a beneficent and salutary effect upon its recovery, then I will certainly follow their recommendation and vote accordingly for this legislation.

But, gentlemen, we are face to face with facts and present realities which can not be denied; and no matter what language we may use, what theories we may adopt, what palliatives we may employ, we are confronted with the fact that agriculture is prostrate, business is paralyzed, and 8,300,000 American citizens are unable to find lucrative employment in our country to-day.

In the face of these conditions, confronted with such undeniable circumstances, are we going to be blind to these actualities and place new burdens of taxation upon the overwhelming load the American people are now enduring?

Colbert, the celebrated Finance Minister of Louis XIV, is reported to have said: "That the act of taxation consists in so plucking the goose [the people] as to procure the largest quantity of feathers with the least possible amount of squealing." [Laughter and applause.]

Mr. Chairman, the people of America have already greatly exceeded that point in their patience; they can endure it no longer.

I appreciate the noble aspirations and desires which have prompted the Ways and Means Committee in their attempt to balance the Budget. I share with them that hope and expectation. But, Mr. Chairman, we have reached a situation in America to-day which can well be classed as a national emergency. If this be the case, extraordinary measures must be adopted and enacted to adequately meet these unusual demands.

It is therefore in the light of present economic conditions, in a desire to see the National Budget balanced, in the hope and expectation that revenue will be raised for the maintenance of the National Government without imposing hardships or unnecessary burdens upon the commercial, the industrial, and agricultural interests of the Nation, that I respectfully submit, Mr. Chairman and members of the committee, that the only logical, sensible, and statesmanlike course to pursue is to legalize the production of beer and to levy an adequate and legitimate tax upon its consumption. [Applause.]

Mr. KELLY of Illinois. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. KELLY of Illinois. Is it not a fact that through the illegal manufacture of beer as carried on in this country to-day millions upon millions of dollars are going into the hands of bootleggers that would otherwise go into the Treasury of the United States, provided the manufacture of beer was legalized?

Mr. BEAM. That is the undisputed evidence. What more proof could you have than the speech of the gentleman who just preceded me?

Mr. SCHAFER. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. SCHAFER. Is it not a fact that the present bill now before us contains a tax on beer, which can not be used for anything else except beer, and this is an extortionate tax on bootleggers?

Mr. BEAM. I will come to that in a minute.

It is not my desire to engage in any discourse on prohibition. I realize fully you gentlemen have heard it discussed so frequently that its merits and demerits are clearly known to you all; but it is in the view of alleviating the taxing situation, in meeting this emergency of balancing the national Budget, and lifting from the backs of the laboring man and the farmers of the Nation additional burdens of increased taxation I desire to challenge your attention.

It is estimated conservatively that the amount of revenue which could be annually collected from a legitimate tax on beer would be between \$350,000,000 and \$450,000,000. This tremendous sum spread over a period of five years would net the Government a sufficient amount to meet the present deficit without any additional tax burdens to the people of our country.

Prohibition was a creature of the war. It was presented to the American people as a war measure, and with that acclaim and in that spirit it was so accepted.

But, Mr. Chairman, has its operation and enactment added to or decreased the cost of governmental expenditures, and have the results obtained added to the luster and fame of our country as would warrant such an enormous amount of governmental expense?

Has this prohibition enactment become an obsession with us to such an extent that in the great cry to reduce governmental expenditures the pruning knife of economy can not pierce its sacred precincts?

Prohibition can not be enforced, because it lacks the sentiment of the American people.

It is repugnant to our institutions and ideals of free government.

It is sumptuary in its aspects and has resulted in some of the most drastic un-American and unconscionable legislative enactments—as the infamous Jones 5-and-10 law—that ever desecrated the statutes of a republic or insulted the intelligence of a free and liberty-loving people.

How long, Members of the Congress, are we going to stand by and see its ravenous effect upon the citizens of our country?

How long are we going to permit ourselves to be engulfed with this hysteria of reform and reactionary policies which have made America the laughingstock of the world?

How long are we going to permit that unfortunate spectacle of honest and upright American citizens to be brought before a Federal court of the United States and there summarily fined and imprisoned—criminally stigmatized—because they, perchance, have in their possession a bottle of beer or a glass of liquor? [Applause.]

What a sad commentary such a sight reflects upon American justice and "American liberty."

I sometimes wonder what posterity will say of our present generation.

But the history of nations reveals the fact that abuses may be corrected—and are rectified—when the conscience of an enlightened people become fully awakened and thoroughly aroused to prevailing conditions.

The distinguished gentleman from Georgia in a statesmanlike manner recognized the fact that an amendment legalizing the production of beer would be germane to the bill.

"Therein, Members of the House, lies the solution of this tax problem."

Let us meet it as men, let us recognize it as the logical and sensible solution of this involved and complicated situation.

The people of America can not stand to be further taxed: that is obvious. They can not endure increased burdens. They are ready now to succumb under the weight of local, State, and Federal impositions. And to attempt as you are endeavoring by this bill to impose a tax upon lard and processed meat—such as boiled ham, sausage, and frank-

furters, the food upon which the poor people depend for their sustenance—is one of the greatest tragedies of this

proposed bill.

Now, I most respectfully call the attention of the committee to the provision on page 241 of the bill which was referred to by the gentleman from Wisconsin [Mr. Schafer], starting at line 24, which is as follows:

(2) Brewers' wort, liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 35 cents a gallon.

What does this language mean? What imputation does it carry?

Does it not proclaim the fact—which everybody in America knows—that beer will be manufactured and sold illegally?

Is it not an attempt to tax indirectly that product which, if we had the courage, the statesmanship, vision, and the intestinal fortitude, we could tax legally, and by the revenue received therefrom balance the Budget of the United States instead of foisting unbearable taxes upon the people of our country in this period of economic depression?

To legalize beer at this time, members of the committee, under a pertinent amendment to this bill would not only be beneficial to the farmers of this country by enabling them to dispose of a large amount of their surplus grain but it would serve as an impetus for the return of prosperity to our people.

It would cause the wheels of commerce and industry once more to revolve. Workmen would again return to their employment. It would be an inspiring call to the citizens of our Nation to awaken from the lethargy in which we are engulfed and hail the advent of a new day on the broad horizon of American opportunity.

It would restore the birthright of liberty to our land and rededicate anew in the hearts and breasts of our people an abiding faith and a firm conviction in the integrity of her institutions and the nobility of her ideals.

Truth crushed to earth will rise again, The eternal years of God are hers.

[Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. Crosser].

Mr. CROSSER. Mr. Chairman, in the few minutes at my disposal I shall endeavor to avoid either hysteria or pseudohysteria. [Laughter and applause.]

The purpose of government is to assure justice among all human beings subject to that government. When it fails to do that, it fails in its true function and does not serve its real end. Tested by this standard I hesitate not a moment to say that the pending tax bill is not only an unjust but an unwise measure.

First, I lay down this fundamental proposition that we should be more concerned at the present moment about reviving business and not prate so much about balancing the Budget. I am, of course, in favor of providing the Government with sufficient money to pay our expenses. So is every other sensible person here, but I am here to tell you, my friends, that this obnoxious, iniquitous sales tax is calculated to make it more and more impossible to revive business so that it will be in a position to pay a substantial tax.

What is necessary to good business? The answer is: Demand. What is demand? It is evidence of a desire to consume. Every time you add a tax, or in other words, whenever you add to the cost of the things that the people must consume for their comfort, you thereby tend to decrease the demand for those goods. The more people must pay for goods the more they will hesitate to buy them. To a greater or lesser extent, depending upon the amount of tax you place upon those goods, just to that extent you discourage people from making demands for goods in general, manufactured or otherwise, you have slackened the movements of commerce. When you lessen the demand for goods, you make it unwise for manufacturers to produce the amount of goods they would otherwise manufacture. When you make it unwise and foolish for them to produce those

goods, there are, of course, fewer men employed by those factories. Is that not as plain as a pikestaff, as plain as that two and two make four?

You know that it has been whispered around, this obnoxious tax, this tax upon consumers, must not be called consumers' tax, but rather a manufacturers' excise tax, thereby making its meaning a little more obscure in the popular mind.

When pressed to the wall for an explanation for its inclusion in this bill, what justification do they give you for this consumers' tax? Offer as a so-called reason the explanation that it is the one way you can get more money, more taxes than in any other without the people finding it out. Oh, my friends, what a motive to actuate the sponsors of a measure; what a lamentable reason to give as a justification for the adoption of any kind of governmental measure. [Applause.] Because, forsooth, they know full well that the ordinary man on the street will not understand this process of pillage, they say, "Ah, that is the plan we must seize upon."

They have not the hardihood, they have not the valor, the courage to struggle against those in high places; they have not the hardihood and the courage to say to them, "We insist that you pay your just share of the cost of government."

Mr. COCHRAN of Missouri. Will the gentleman yield? Mr. CROSSER. Yes.

Mr. COCHRAN of Missouri. Can the gentleman give any sound reason for the failure of the committee to graduate the income tax so it would hit the people he is talking about, above the \$100,000 mark?

Mr. CROSSER. Of course not. I see no reason

Mr. COCHRAN of Missouri. Is not that discrimination against the man who conducts a business?

Mr. CROSSER. When we consider economic and sociological phases of the subject most of the taxes we levy have no foundation in justice.

Mr. COCHRAN of Missouri. A railroad president or a noted surgeon, for instance, with an income of \$101,000 pays the same rate of tax as Rockefeller, Mellon, and Ford, who have incomes of \$10,000,000 each. Is there any justice in that?

Mr. CROSSER. Of course the gentleman knows my answer to that.

Mr. COCHRAN of Missouri. I do not see why they did not extend the graduated tax to the \$5,000,000 mark.

Mr. CROSSER. The gentleman knows my position on that, of course. My friends, the conduct of those promoting this infamous proposition is not like that of the valorous knights of old; their conduct has not even the merit of the code of the freebooter of old, who boldly said, "Let him take who has the power and let him keep who can." We do not subscribe to that doctrine, of course; and yet, my friends, we have more respect for the man who is willing to give open battle, who is willing to challenge to open combat those who have what he wants, and who is willing to risk his own safety and his own life at times-we have more respect for that man than we have for the man who urges a system which permits him to come up behind the everyday fellow and to pick his pockets without his knowing it. Yet that is said to be one of the great virtues of the bill, that you can collect the tribute without the victim's knowing it. If that be virtue, give me none of it.

Why is it, my friends, that these so-called experts always go into a flutter, as was illustrated a little while ago, about balancing the Budget and say that we are in a terrible state and then always pick on the disinherited and the impoverished as the proper ones to carry the load necessary to balance the Budget? It is just for the reason that they know that they can with less opposition impose the burden on the ordinary people than is the case when they try to put the load upon those who can defend their position cleverly.

The unorganized, those who are untrained, must always suffer and bear more than their share of the burden simply because they have not the training to enable them to cope with those who would impose upon them.

The hysteria which some gentlemen exhibit with reference to balancing the Budget interests me, not to say amuses me.

The Secretary of the Treasury last December said to a group of bankers whom he was addressing: "Do not be worried." He told them not to become excited, that we can issue \$4,000,000,000 or more bonds and get along nicely. Well, my friends, while I prefer to pay our bills out of revenues derived from taxation as we go along, yet rather than be a party to the imposition of an unjust burden on those who are now overburdened and in many cases overwhelmed, I would say let us issue the bonds necessary to meet the situation. [Applause.] My friends, this would not only be in the interest of the everyday man, but, as is always the case where justice is done, it will be in the interest of the so-called business man, much more in his interest than it would be to impose an unwise, silly, consumption tax, which will decrease business and cause more unemployment.

Another interesting aspect of the proposal is this: At the present time it is generally calculated that there are from 8,000,000 to 10,000,000 unemployed in the United States, 8,000,000 probably totally unemployed, and adding those partly employed, it makes about 10,000,000. Now, statisticians generally say that we should count five people for every head of a family. That would make between 40,000,000 and 50,000,000 people who are out of employment, without the means of earning their daily bread; yet this tax which they propose under the euphonious name of a manufacturers' excise tax is to be placed on the backs of such people, on the shoes they wear, on much of their food, on the utensils they must have to cook their meals, and things of that kind. So the burden falls with greater weight upon the forty or fifty million people who are already undersupplied and who have no means with which to earn their daily bread

Those who are in favor of this bill would have us believe that it is their sense of duty to the country that causes them to be willing to tax, unjustly and excessively, forty or fifty million people who are already in distress. It is like the old fellow who, when the war broke out, was asked what he would be willing to do. He said he would be willing to sacrifice all of his wife's relations. That is about the way with these folks. They are perfectly willing to sacrifice all of those who are not of great consequence to them. [Applause.]

I can not understand how they have been able to get anybody on the Democratic side of the House to favor this proposition. That is beyond my comprehension. The only way I can possibly explain it is that they are like sweet Alice Ben Bolt of whom you remember it was said that "she smiled with delight when you gave her a smile and trembled with fear at your frown."

I wonder if that is what has taken us off on these byways, away off from the plain road of Democratic duty. I am afraid so. I hope there will not be many of us cajoled by the attentions and approving smile of the Secretary of the Treasury into voting such an abomination as this upon the backs of the American people.

But pleasantry aside, my friends, for this is a very serious matter. Not only will this tax seriously retard a revival of business, not only will it increase the unjust burden that now rests upon the backs of more than 90 per cent of our American people, but in addition to that, when you shall have made it a part of our fiscal system, I predict that you will have almost an eternal struggle to rid the country of this consumption tax. [Applause.]

Tell me, you men sitting on this side, how you can denounce prohibitive tariffs on the ground that they place the tax burden on the backs of those least able to bear it, and then turn around and in another breath tell us you are for a consumption tax, slipped through, designated as the boys of to-day would say of new terms by "2-dollar words," under the newfangled term "manufacturers' excise tax"?

Mr. KVALE. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. KVALE. The gentleman speaks about prohibitive tariff rates; it occurs to me the gentleman might like to

develop the thought in that connection that the present tariff rates call for an ad valorem average rate of 41 per cent, in theory; and if you add to that a flat increase of  $2\frac{1}{4}$  per cent, it makes an increase of over  $5\frac{1}{2}$  per cent in the average rate.

Mr. CROSSER. Oh, yes; the gentleman is perfectly right. We keep adding and adding and adding. The dray horse must always bear the burden. He can not help himself. There are few to speak for him, and yet we see some who urge the increase of his burden, standing around in an unctuous way speaking with tearful voices about demagogues. Oh, ye gods.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five minutes more.

Mr. CROSSER. I say it is enough to make the angels laugh to hear some men who are supporting this proposition, talking about demagoguery.

No; my friends, this proposition would not be seriously proposed if the under dog, if the everyday man had the great influence to oppose it that the other folks have to push it; not for one minute. This is the explanation of the whole matter. Can we, who are of a later generation of that great movement founded by Thomas Jefferson, which is democracy in the fundamental sense—under the doctrine of equal rights for all and special privilege for none can we justify this iniquitous tax bill? Have we ceased to believe that taxes should not be levied according to the dire needs of the people, but rather according to the privilege men enjoy at the hands of society? [Applause.]

I have heard a lot of talk as to the right rule of taxation. After a man has once paid to the Government the just amount for the privilege of utilizing that part of the earth or the earth's resources placed under his control, I am not for penalizing him and having him pay more. If, however, we were to compel every man and woman in this country to pay for the advantage they have by virtue of the control of natural resources, which, according to God's law, belong to all the people, I tell you that you would not be splitting hairs here to-day about a lot of superficial claptrap as to the correct manner of getting revenue for this Government. [Applause.]

My friends, let us do out part in behalf of the everyday man, the man who is now almost overwhelmed by his load and can not defend himself. You may not receive the smiles of approval from high places, but you will get in return, through the heart throbs of a thankful populace, something that is far more satisfying than either the filthy lucre of the powers of pelf, or their condescending smile.

He is a slave who will not speak for the fallen and the weak; He is a slave who will not choose hatred, scoffing, and abuse Rather than in silence shrink from truth he needs but think; He is a slave who dare not be in the right with two or three.

[Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I am going to support this bill, because I believe that the honest, patriotic thing for this Congress to do is to balance the Budget. Unless we pass this bill or a substitute for it which will balance the Budget, this country is going to end up a third successive year with a deficit.

I believe that the people of this country expect Congress to do its duty and balance the Budget, just as the business institutions and individuals of this country are balancing their budgets. Now, it is probably true that it would be much more satisfactory to the taxpayers if we would balance the Budget by reducing expenses and expenditures rather than by increasing taxes, but every Member of this House knows that it is absolutely impossible to reduce expenditures in anything like the sum which would be necessary in order to finish the year 1933 with a balanced Budget. We know that at least three-quarters of the expenditures of this country for the year 1933 are going to be of such a nature that it is impossible for this Congress to make any cuts in them. We have an expenditure area of, perhaps, \$1,000-

000,000 within which cuts must be made. Nevertheless, I feel that even within these limits we can do a great deal more than has been done in the way of reducing expenditures.

I think that before Congress adjourns, before we let the people of the country feel the burden of a tax increase, we should make some cuts in salaries. I am not in favor of taking something away from the lower-paid employees, but I am ready to cut the salaries of employees who are receiving more than \$2,000.

Mr. HARLAN. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. HARLAN. Does the gentleman know the scientists who are employed by the Government in the Bureau of Standards and in the hospitals, who are getting four and five and six thousand dollars, and compare that with what they would earn outside?

Mr. HOPE. I am acquainted with some of the gentlemen. Mr. HARLAN. Then the gentleman knows that at present this Government is certainly getting the most for a lower salary than in any other part of the Government service?

Mr. HOPE. I agree with the gentleman that these men are not overpaid. I am not saying that these salaries are too high, but I do say the employees of the Federal Government in this time of stress ought to be willing to make the same sacrifices that other people in the country are making; and on that basis I justify cuts in Federal salaries at this time. Likewise, it must not be overlooked that the reduced cost of living makes it possible to decrease salaries at least 20 per cent without making any reduction in real wages as compared with 1927.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. COCHRAN of Missouri. Will the gentleman say now, with such a tax as it is now proposed to force on the masses of the people, that he would still cut their salaries?

Mr. HOPE. I say I would prefer to cut their salaries rather than impose additional taxes on the common people of this country. Federal employees to-day, compared with the farmers and the wage earners of this country, are a privileged class, and I think they should bear a part of the burden of this depression. I further believe that they are patriotic enough to be perfectly willing to do so. However, I did not get up here to discuss Federal salaries. I merely wanted to state that I believe there are some taxes which we might eliminate in this bill if our Expenditures Committee or other appropriate committees in this Congress would reduce Federal salaries in the higher brackets.

Getting back to the bill that is before us. I say frankly I do not like a sales tax. I do not think that any of us like a sales tax. There is an instinctive feeling against it. Yet when we contemplate the taxes it is proposed to substitute for a sales tax, I think almost all of us will agree that the manufacturers' tax-or sales tax; whatever you want to call it-will be more satisfactory. What has been proposed in the place of a sales tax? A tax on gasoline, for one thing. Members of this House know how popular that would be throughout the country. Every one of you has been receiving letters and telegrams protesting against a tax on gasoline. We know that is a field which has already been preempted by the States as far as taxation is concerned. We know that in a great many States they are overdoing it, with the result that they have reached the point of diminishing returns already. We have a problem on our hands in the matter of bootlegging of gasoline at the present time, and it would intensify this problem as well as be unfair to the States to place a Federal tax of 1 cent a gallon on gaso-

It has been proposed that we increase the postage rates 1 cent on first-class matter. If you want an unpopular tax, I suggest that you adopt that. If there is going to be any unpopularity so far as a manufacturers' tax is concerned, you are going to have that multiplied ten times the moment you increase postage rates.

An automobile tax has been proposed. You know the protest that would come regarding that. You know and I know that such a tax is discriminatory, and it would be putting a tax on an industry which is already bearing more than its proper share of taxation.

Then there has been a proposal to put a tax on bank checks, which in my opinion would be the worst nuisance tax which could be devised. You Members here from rural districts, how do you think your farmer constituents will appreciate having this tax deducted from their meager cream checks?

What about the proposal to tax the capital stock of corporations? Talk about a tax being passed on to the consumer. This is the easiest possible tax to pass on. Every corporation will know at the beginning of the year just what its tax is going to be and will fix its prices accordingly.

After studying all these proposals I am unable to see how any substitute which has been proposed for the sales tax would in any way be a more popular or equitable tax, or one which could be any more easily borne by the people of the country. There has been a good deal of talk that would indicate that many Members of the House think that we are adopting the sales tax as a permanent policy, that we are changing our method of taxation, that we are doing away with our past policy of depending largely upon income taxes for our revenue and are substituting therefor a sales tax. If these gentlemen will look at the bill, they will see that we are putting on income taxes with a vengeance. We are not getting away from income taxes, we are increasing income taxes. So far as I am concerned I would have no objection to going a little higher with the income taxes, but the figures which the committee has presented to the House show clearly that very little would be received as additional returns from that source.

By the terms of the bill the manufacturers' tax automatically goes out of existence on June 30, 1934, and I have no doubt that if conditions are normal then, that will be the last that we will hear of the manufacturers' tax in this country, unless, perchance, it should prove so satisfactory to the people that they would prefer to have it in place of some other tax. There seem to be some who perhaps are afraid that that is what will happen. They are afraid that the manufacturers' tax will prove satisfactory. I do not regard this tax as a bogy. If it is a good tax we will have a chance to demonstrate it during these two years, and if it is not, then it automatically goes out of effect.

While, as I have stated, I think the manufacturers' tax is the most satisfactory which has been proposed, yet I believe there are some further exemptions that might well be considered by this committee. Suggestions have been made that the exemptions as to food products should apply to canned foods. I agree with that. A further exemption which I think might well be made would be to exempt all food products. I am not going to stand up here and suggest taking anything away from this bill without putting something in its place. I offer the suggestion to the committee that in the interest of exempting all food products we might well consider raising the rate, as far as the manufacturers' tax is concerned, to 3 per cent upon the other products which are contained in that provision; or if this House will do the thing I think it ought to do, if it will do the thing which the people of the country think it ought to do, we will reduce Federal expenditures \$250,000,000 more than we have already done, and the Budget can be balanced without a tax on food. We can not do that by appropriating money to build roads, by increasing salaries, or making loans to relieve holders of drainage-district bonds, but we can do it if this House will courageously face the proposition of putting Federal employees during this emergency on the same basis as the other workers in the country and cutting out all overlapping governmental functions.

Whether all food is exempted from the manufacturers' tax or not, I believe further consideration should be given to exempting all meats, both raw and processed.

Fresh meats and several forms of processed meats are exempted by the terms of this bill. As far as I am concerned, I have been unable to see the logic of those exemptions. What reason is there in exempting hams and bacon and hog jowls, when we do not exempt lard, sausage, frankfurters, or any of the other common meat products that are used in every home in the country? What is the logic in exempting fresh meat when we do not exempt canned meat?

This is a matter in which the livestock producers in this country are very greatly interested. It is of vital importance to them because this particular tax is going to be reflected back in the prices which they receive for their livestock. The meat-packing industry in this country is already operating at a loss. It can not absorb this tax. It is selling its products at present at as high a price as it can obtain from consumers so that the new tax can not be passed on to the public. Therefore, it must be borne by the producer.

It is not necessary for me to refer to the depressed condition of agriculture, but in no branch of the industry are conditions any more unfortunate than among the producers of livestock. Practically all livestock which is being marketed to-day is sold at a loss. This tax will be particularly hard upon the producers of hogs, as it will apply to lard, sausage, cooked hams, and many forms of canned meats in which pork is used. It will apply to a lesser extent to those engaged in the production of cattle, since much beef is sold in the form of canned meat and many kinds of sausage contain a large percentage of beef. It is conservatively estimated that this tax will mean a direct annual charge of from ten to fifteen millions of dollars upon the livestock industry.

That might not be felt so much in normal times, but at this particular time it is the proverbial straw which will break the camel's back. It is unfair to add this extra tax to agriculture because the industry to-day is suffering as much from overtaxation as from any other cause. The present purchasing power of the farm dollar as compared with the pre-war average is approximately 50 cents, while the index of farm property taxes is two and one-half times what it was in 1914.

The livestock producers of this country are not asking for any special favors. They do feel, however, that if it is proper and just to exempt some classes of food products that all livestock products, whether fresh or processed, should be exempted. I sincerely hope that upon reconsideration the committee may find it advisable to so broaden the exemptions.

I am most heartily in favor of that provision of this bill which provides for a tax on imported petroleum and its products. If we are looking for something to tax, what is more fair or just than to tax these products, the importation of which has demoralized one of the great industries of this country? In my opinion, this tax will bring in a great deal more revenue than is estimated by the Treasury Department, and not only will this add revenue but, indirectly, it will mean that the American petroleum industry will be able to pay a larger proportion of the running expenses of this Government than is possible under present conditions.

The opposition to this feature of the bill seems to be coming from a section of the country which heretofore has enjoyed a larger measure of protection from foreign competition than any other part of the country. Certainly, it is unfair that the highly protected industries along the Atlantic seaboard should object to protection being afforded a great domestic industry through the medium of this legislation.

In conclusion, permit me to say that I congratulate the Ways and Means Committee and its able acting chairman, upon its determination to bring out a bill which will balance the Budget and place the credit of this country upon a firm foundation. We may not all agree with every provision in the bill and it is not pleasant for any of us to vote for increased taxes. Yet, if we live up to the responsibility which our constituents have imposed upon us we can do nothing less than support this measure.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. White].

Mr. WHITE. Mr. Chairman, I ask your indulgence for a few minutes while I make a number of observations with regard to the proposed tax bill now before this body. Appreciative of the difficulties of the Ways and Means Committee and for that reason rather reluctant to rise here, I feel forced to make these observations in the interests of justice and humanity.

There are included under this tax plan some items which I find it necessary to oppose. The levies upon canned foods mean that that vast army of destitute Americans which has its contingent in every city and every hamlet and township must add to the cost of a great portion of the foods they buy. I wish to call to your attention that through a large part of the year fresh fruits and vegetables sell at a prohibitive price, and these millions are unable to purchase them. There is a scarcity of refrigeration in the poor home. The tin can is the food reservoir of the most needy.

I do not believe all this tax would finally fall upon the consumer. I expect, too, it finds its initial incidence at that point, however. Eventually it probably would be spread between the raw-material producer, the farmer in this case, and the consumer.

It certainly is not intended to fall upon the manufacturer and any pretense to that effect is a pure subterfuge. The burden upon the manufacturer will be one of bookkeeping, one of annoyance, and the expense of that can be expected to be shifted to material, labor, and consumer. The only persons who expect competition to force absorption of this tax upon the manufacturer are those who fail to realize that this tax is not expected and can not be expected to be a competitive element, since it is a flat addition to the costs of all competitors after they have arrived at their selling prices. This is a sales tax, not a manufacturer's tax. This is a consumer's tax, primarily.

May I call to your attention that while this Congress has been providing financial help for virtually every other sector and strata of American society, it has not made one direct move to help these people who happen to live in the great urban centers, except the sole apologetic effort which was made with its principal motive that of feeding cattle. No heed was paid to the appeals of Members of this House who asked that Government-owned wheat be distributed to these suffering millions until the cattle in some sections of the Nation found their forage sealed up by an ice storm.

By what twist of logic, by what weird conscience can we possibly lay an additional burden upon these destitute people. Neither conscience nor logic justifies it. Neither the impulses of human brotherhood nor the sense of good statecraft will approve the further punishment of these people by a burden of a single cent. Hundreds of thousands of them have lost the homes in which they have expended every cent of their life savings and hundreds of thousands more are upon the charity rolls of American municipalities and other local subdivisions. Legislation has been offered to this Congress by which these subdivisions offered to pledge their resources as assurance of repayment of credit which might be advanced to these localities in order that they might prevent actual starvation. The depletion of their funds has brought about actual starvation, and this Congress now proposes to place a further burden, a further price, a penalty upon destitution by taxing the very necessities of life.

For the same reasons I oppose all taxation on lower-priced clothing and on fuel for consumption in the home.

I have heard a great deal in recent weeks about Moscow and policies here which point toward that city. I want to tell you in all seriousness that no policy can so definitely point or so certainly point toward the emulation of that political experiment like the further imposition upon these destitute citizens who suffer through, I insist, no fault of their own. This Government has permitted the concentration of the employing forces and the massing of the productive forces in such great units that the independent producer and employer can not compete with them. Corporations of various sizes produced 97 per cent of our industrial output, the experts tell us.

I have heard much here about America getting down to business, about going to work and digging out of this depression. I have sat silent in the face of this claptrap of a vanishing era. Whom will they work for? When the great demand for economy comes in the modern industrial organization, employment is reduced to the minimum. Those employees remaining, in the face of the most terrifying threat of life, speed up their activities to further reduce the cost per unit of output, while these obvious devices of industry under the direction of employee leaders who, to hold their jobs through the single achievement of dividends, drive still harder the workmen beneath them, reducing constantly the job demand, but increasing their competitive forces.

There was a time when the discharged employee could resort to independent enterprise. To-day his opportunities to do so are virtually nil, and those who scoff at the idle man's lack of resourcefulness either do not realize what his difficulties really are or have not the charity to see how try-

ing they must be.

This bill, I find, not only taxes the cheapest clothing and the necessities of the unemployed cupboard but even lays a levy upon the medicine he scrapes together for his ailing wife or child Certainly medical supplies prescribed by the physician should not be taxed.

Some place, some way, some influence has prevented the rioting of the city destitute during the tragic months of the last two years. Whether it is a spiritual influence, some diversion, a combination of both, or whatever it may be, I hazard the opinion that the neighborhood or village amusement house has exerted a tremendous force for social quiescence. For that reason, I believe the exemptions on amusement should be increased at least to 50-cent admissions, and that so doing would be a material contribution to the Nation's tranquillity.

I regret the imposition of a manufacturer's excise tax, which in the end becomes a sales tax. It opens a vast pool in which to dip for public revenue. It invites further public expenditures. It opens a door to additional levies. It opens a way to vast expansion of governmental spending. It not only does these things but places the burden of government upon those who can least afford to bear it. The opinion that it is little felt does not satisfy my ideal of a tax. Expediency may be a convenient motive, but convenience does not make justice. That it fools those paying it is a subterfuge of deceit, a device of fraud.

I wonder, as the years pass, how much of the burden borne by the rich through the graduated income taxes will be shifted to the less fortunate through these devices. For this reason I approve the provision by which the period for which these taxes are levied should be limited to two years. It is unfortunate that it is levied at all. It unquestionably will act as a deterrent to economic recovery and will be a heavy burden upon many struggling industries. Only the extreme necessity of the Government in its present financial difficulties permits me to vote for a revenue bill containing such a tax.

Subdivisions 2 and 3 under paragraph D, section 601, are undoubtedly the most surprising provisions I ever expect to see in a tax measure. As one of those who oppose the Volstead law, I am in a quandary whether to laugh or weep. At first blush, here is a provision in what the drys claim is a dry House of Representatives for taxing the materials for making intoxicating beverages; in fact, a tax upon the homebrewer and home-vintner.

Not being trained in the arts of the law, may I ask whether or not it is legal to tax an illegal product? Is it reasonable to assume from the approval of this tax, if the House does approve it, and I expect it to, that this action declares these materials legitimate? I applaud if it does. It is a highly intelligent move if this surmise is correct.

Probably there is less deviltry in the making of a little home-brew or wine in one's own cellar than almost any other diversion the average citizen may find, but it is in line with the actions of the past that if anything that looked like diversion could be found, there a tax should be placed. It will return the Government some revenues, I

assure you, and it will not deter the home-brewing in any great measure. I assume with the adoption of this measure the sniffer and the snooper will be outlawed.

But since you feel it within the province of this House to gather a tax from this source, why not do it right? Why not raise the restrictions in the Volstead Act so that real beer and genuine, well-made wine could again become articles of commerce? Those two products can be made to produce an amount of revenue which will compete in quantity with the income from this bill, if they are intelligently and properly managed. Let me assure you that it would not contribute in any sense to the delinquency of the Members of this House or their families any more than is contributed to-day by the illicit traffic in inferior and poisonous products of the same class. One of the largest industries in this Nation, it pays no revenue.

By this same measure you can also remove the financing source of the great rings of gangsters which commit every type of depredation upon legitimate citizenship. Let me predict for you that when the Lindbergh kidnaping is solved that a bootlegging ring for a gang originally financed by bootlegging will be found behind it. I hazard this prediction in the face of the announced findings of the experts in criminology that it was an amateur job.

If we must bow to the necessity of these unwelcome taxes. let us place a limit upon the period for which this legislation is passed as a safeguard against permanent levy, against shifting the burdens to the poor, a protection in the future for those who are least able to bear the burdens of taxation; but before we levy any tax, let us take the penalties off the sick and the destitute by removing the lower-priced clothing and fuels and foods necessary to warming the homes and hearts of the destitute wherever they may be found in this country. I understand fuels for factories are exempt. Why not for the home? I am fully cognizant of the necessity of keeping Government revenues near a level with expenditures. However, I do not believe that should be the sole thought dominating these deliberations. There should certainly be discriminations between methods of doing so. The burdens of that effort should not be cast upon the poor, the helpless, and the sick. It should not penalize poverty.

I believe this House is safe in assuming that not only those best able to pay will feel it least, but they get the most from their Government. I am unable to subscribe to the principle that vast fortunes are the product exclusively of abilities and worth. The opportunities presented by the peculiarities of our society take a large place in the gathering of great fortunes. This is a service these fortunates can well pay for.

I should like, also, to call attention to the fact that the Ways and Means Committee has in this bill indorsed the tariff law now in effect. Has Democracy deserted her old standards?

What would Jefferson do were his shade, perchance, among us here—and who knows but that it is in these scenes so familiar to his mundane life—and see his party, his Democracy, appealing for a sales tax? State rights—where has that doctrine fled? [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. Coyle].

Mr. COYLE. Mr. Chairman, there are many items which have been written into this revenue bill which in themselves are a step in the right direction. Many people all over the United States have for many years favored the general idea of the sales tax. Some fear has been expressed, however, that a sales tax superimposed on our present income tax would eventually supersede that tax. As a consequence, I think people universally will rather acclaim the fact that this sales tax is made effective for two years only. The argument in favor of a temporary trial of the new idea of a general sales tax on manufactured or processed goods would seem to be sound. New, and in some measure radical, departures perhaps ought always carry with their original enactment the provision for their own extinguishment; then after the matter has been tried, after its workings have been better understood, all that is best of that idea may in the future be reenacted and chance mistake and error eliminated.

That part of this bill which makes provision for the taxing of inheritances and of gifts would seem to be a sound one. After all, this generation, which fought the war and which has paid in human sacrifice, should also be required to pay in dollars in so far as the individual has in any considerable measure profited in dollars, and at least he should not pass on his gain until his share of the debt is paid.

There is, I believe, adequate provision in this bill for the collection of added import duties on those foreign articles which would be taxed under this bill if produced in America.

There is, however, no provision in this bill, as at present written, to tax in any measure the importation of those raw materials or semiprocessed goods which would not in themselves be taxed under this excise tax bill but which do enter into the cost of all manufactures and of all transportation and are indirectly taxed in the tax placed on the sales price of the finished product.

I have in mind particularly that the growing importations of coal from Russia, and more recently from Indo-China, which have amounted in 1931 to nearly three-quarters of a million tons and which bid fair in 1932 to exceed a million tons, under this or some other bill should be taxed at least for revenue purposes.

In the original preparation of the Smoot-Hawley bill there was a very distinct feeling on the part of a large number of people engaged in the mining and selling of coal that any import tax placed upon coal would call for reprisals in the way of added taxes into Canada. As a consequence, and because of the importance of this Canadian market, the industry itself and those engaged in it thought it best not to ask for an import tariff. Since that time the Canadian Government has imposed a very considerable tax on imports of all coal into Canada, and that, coupled with the depreciated value of Canadian exchange, has caused us to lose over a half of our business with Canada. Those economists or others who argue that the high-tariff wall leads to reprisals can find little satisfaction in this situation. Here the reprisal has come without any tariff at all on our own imports, and we have seen, by force of circumstances, at least 10,000 men thrown out of work in America because of the falling off of this export trade, and at least another 5,000 men have lost a full year's work in mining and transportation on account of the importations from Russia, Indo-China, and more recently from Great Britain.

A very sincere attempt was made in the last Congress to provide by legislation for the exclusion from this country of the coal mined by the Soviet Government. In practice that attempted exclusion has not in any measure been effective. The difficulty of proving that any commodity is produced by forced or convict labor has been quite an insurmountable barrier. Accordingly, at the proper time there will be offered for the consideration of the committee an amendment putting a small tax on all kinds of coal imported from foreign countries. This is being proposed as a revenue measure and will not be high enough to exclude that coal; otherwise perhaps a point of order might lie against it.

I sincerely commend this phase of the problem to the consideration of the committee and the Congress. It is an opportunity to raise from one and one-quarter to two millions of revenue at absolutely no cost to the American people, except as it may eliminate some importers' profits. At 10 cents per 100 pounds the Russian coal can still come into this country and probably will come in in considerable quantities. This coal has been freely offered in the Atlantic seaboard markets at any price which was found to be necessary in order to undersell American coal by \$1 per ton. With the imposing of this tax the importations will not cease, but the Treasury will have a continuing record of the amount of coal coming in and the prices at which it is offered for sale; matters which in the past have been somewhat difficult to determine.

Mr. Chairman, the patriotic and unselfish motives of the members of the Ways and Means Committee of both parties and of this Congress in general have been well set forth by the acting chairman of the committee, the gentle-

of this bill, and yesterday by the gentleman from Massachusetts [Mr. TREADWAY]. It is apparent that in the framing of this bill patriotic instincts alone have motivated those charged with responsibility for raising the revenue. It is, I hope, Mr. Chairman, going to follow that every Member of this House and of another House, when they vote on this bill, are sincerely and earnestly going to vote their best judgment regarding the interest of the American people as a unit. If this be done, then will we see in the year that is just ahead of us that effective balancing of the National Budget, which is the foundation stone on which future national prosperity and success will be builded. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. SEGER].

Mr. SEGER. Mr. Chairman and members of the committee, I do not know whether my remarks will meet with the same enthusiasm as those made by the gentleman from Illinois [Mr. Beam]. I want to say he made a good speech, and I am with him in sentiment as to a part of his remarks.

Yesterday afternoon the gentleman from New York [Mr. SIROVICH] made a speech in which he gave a very severe spanking to the critics of art and the drama. I always like to listen to the gentleman from New York because he has his speech well in hand and he has a good command of the English language. I am in sympathy with the theater, the drama, and the movies, but I question very much whether the fact that actors are out of employment and walking Broadway, and that there are rows upon rows of empty seats in theaters is due entirely to the critics. May it not be due somewhat to a lack of cooperation on the part of the theater owners with the public?

It has been my experience, and no doubt some of you have had the same experience, to go up to the window of a theater and ask for a ticket and be informed that the house is sold out for three weeks. You are met with a rather superior mien on the part of the ticket agent, and if you indulge in any question as to why that is so he makes you feel like a vandal appearing before a high priest in hobnailed shoes. Yet you can go about a block from the theater and buy a ticket for a seat in the seventh or eighth row if you are willing to pay \$1 or more over the box-office price. I think that perhaps accounts for many of the empty seats in the theaters referred to by my colleague.

I want to address myself to the moving-picture theater particularly. There is in this bill a tax of 10 per cent on admissions of 25 cents and more. Many of us have watched the moving-picture industry grow from its infancy, when you put a nickel in the slot and turned a handle—to what it is to-day—the fifth or sixth industry in the world.

I believe it should be encouraged. I believe the man who can afford to pay only 25 cents when he takes his family to the theater should be encouraged to patronize the movingpicture theater. It provides a means of education, it provides a means of amusement, and it provides a great means of relaxation. When a man leaves his business and comes home at night, too tired to read a magazine or a paper, he can take his family to a moving picture and travel for 25 cents as far as many of us can travel for \$2,500. He goes into India, Cairo, China, Japan, and other countries. He gets a great deal of news value that he would not get in any other way.

I think the actors and musicians about whom the gentleman from New York spoke represent some of the finest people in the world. During the war some of our professional people kept up the morale of the soldiers in the trenches, and to-day they are all willing and anxious to help a charitable purpose whenever an opportunity presents itself.

In my own city a very short time ago, when the call came to raise money for the unemployed, there were 22 of the very finest vaudeville, radio, and stage stars who appeared gratis at a midnight show. The total amount taken in that night was \$5,000-all for the relief fund. These people came from far and wide and volunteered their services. I believe that we will not get these unemployed people of the stage man from Georgia [Mr. CRISP], in his original presentation who are walking the street, these hundreds of musicians

who are not in any orchestra, back among the employed until there is a real spirit of cooperation between the theater owner and the public at large.

I want to express appreciation of the fact that the gentleman from Massachusetts [Mr. McCormack] stated yesterday that he is going to propose an amendment to eliminate the tax on 25-cent admissions to moving pictures. I hope the amendment gets the hearty support of the House. [Applause.]

Mr. CRISP. Mr. Chairman, it is now 5 o'clock and Saturday afternoon. I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaking having resumed the chair, Mr. Bankhead, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, had come to no resolution thereon.

WAR POLICIES COMMITTEE (H. DOC. NO. 271)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the Judiciary and ordered to be printed:

To the Congress:

I am transmitting herewith a communication from the Secretary of War, chairman of the War Policies Commission, submitting additional documents in connection with the study made by the commission, as required by the provisions of the public resolution creating the commission.

HERBERT HOOVER.

THE WHITE HOUSE, March 12, 1932.

RESUBMISSION OF THE EIGHTEENTH AMENDMENT

Mr. REILLY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. REILLY. Mr. Speaker, about 12 years ago the United States, as a result of the adoption of the eighteenth amendment and the passage of the Volstead Act, adopted the plan or policy of attempting to make our citizens temperant by the flat of law.

For more than 100 years prior to the writing into the Constitution of the eighteenth amendment our country through educational means had made very satisfactory and remarkable progress in the march of her citizens toward the goal of temperance.

In my own State of Wisconsin, classed as a very wet State at the present time, the people through local-option privileges had voted the saloon out in more than half of the State from a territorial standpoint, and I dare say that the same situation as marking the advance of temperance existed in almost every State of this Union.

Since the adoption of the eighteenth amendment the liquor question has become more of a life issue in our country than ever. In the public press, in the Halls of Congress, and in many of our State legislatures it has become not simply one of the leading issues of the day but the leading issue of the day.

The fact of the matter is the eighteenth amendment has divided our people into warring camps as no other question since the days of slavery.

In 1929, after almost 10 years of trial, the contest between the so-called wets and the so-called drys became so intense that Congress was obliged and did take cognizance of the controversy by passing a law providing for an inquiry into the problem of the enforcement of the eighteenth amendment, the said inquiry to be made by a commission to be appointed by the President of the United States.

Pursuant to this law President Hoover selected 10 men and 1 woman to conduct this inquiry. The commission was constituted as follows: George Wickersham, former Attorney General of the United States; Newton Baker, former Secretary of War; William Kenyon, Paul McCormick, Wil-

liam Grubb, Federal judges; Kenneth Macintosh, former justice of the Supreme Court of the State of Washington; Roscoe Pound, dean of Harvard Law School; Henry W. Anderson, a distinguished citizen of Virginia; Monte Lemann, a distinguished lawyer and citizen of New Orleans; Frank J. Loesch, a leading attorney and reformer of Chicago; and Miss Ada L. Comstock, of Massachusetts, a leading educator and president of Radcliffe College.

These 10 men and 1 woman constituted a distinguished commission, of whom President Hoover, in his letter transmitting its report to Congress, says:

The commission comprised an able group of distinguished citizens of character and intelligence of thought representative of different sections of the country.

There can be no doubt but that this commission was carefully selected and no so-called pro-wets were permitted to become members of this commission, and undoubtedly every man and woman that was named to this commission had received the O. K. of the Anti-Saloon League.

This commission, now known as the Wickersham Commission, named after its chairman, George W. Wickersham, labored for 18 months. It had at its command a large appropriation and every possible facility for a thorough investigation of the workings and workability of the eighteenth amendment.

The fact of the matter is the work of this commission constitutes the only real, thorough, comprehensive, and impartial investigation of national prohibition that this country has had since the amendment went into effect.

It is now known that the proceedings of the commission were marked by many bitter controversies, and from newspaper reports and magazine articles and from the attempts made by some one to conceal from the public the true findings of the report there can be no doubt at all but that a tremendous pressure was brought to bear upon this commission to make a different report than it saw fit to write.

President Hoover gave the commission no instructions to concern itself specifically with the prohibition question. The commission was directed to investigate all phases of crime, court congestions, law enforcement, but was not specifically instructed to make any specific finding as to national prohibition.

However, there can be no question at all but that Congress, in authorizing the appointment of this commission and in providing the funds to carry on its work, did so with the understanding that the investigation would cover the prohibition situation in this country from every angle.

The first question then that this commission had to decide was as to the character of its investigation regarding prohibition.

While some of the members of the commission were opposed to making any special report or investigation of prohibition, the commission finally decided to specifically investigate the prohibition question first and to make a separate report on such investigation to the President of the United States.

The commission had open hearings and closed hearings. It had a small army of investigators at its command.

On January 7, 1931, the commission made its report to the President of the United States. The report is made up of two parts, the report of the commission itself as a body and the findings and conclusions of the individual members of the commission. In other words, each individual commissioner, in addition to signing a general report, gave his own individual written report or conclusions, which are all made a part of the report as filed with the President.

The report made a pamphlet containing 161 pages, 12 pages of which is devoted by the commission in setting forth the "bad features of the present situation and the difficulties in the way of enforcement" and 2½ pages in telling what the "benefits of prohibition" were.

The report of the Wickersham Commission has been

The report of the Wickersham Commission has been severely criticized because the individual opinions of the different commissioners did not agree with the published conclusions of the whole commission, or, in other words, a majority of the individual commissioners in their opinions agreed upon a vital conclusion as to national prohibition that is not contained in the report as given to the public.

The important conclusions of the Wickersham Commission, as given to the public, are as follows:

Opposed to the repeal of the eighteenth amendment.

Opposed to the restoration in any manner of the legalized

Opposed to the Federal or State governments, as such, going into the liquor business.

Opposed to modifying the national prohibition act so as to permit the manufacture and sale of light wines and beer.

There is nothing in the individual opinions of the commissioners to justify the including in the report of a finding that a majority of the commissioners were opposed to the repeal of the eighteenth amendment. This finding must have been written into the report after the report was signed and after the individual commissioners had written and signed their personal reports.

This alleged finding of the commission was undoubtedly put into the report for the purpose of lessening the blow dealt by a majority of the commissioners to national prohibition.

While a majority of the commissioners did not specifically recommend the repeal of the eighteenth amendment, they did recommend the immediate amendment-not next year or after a further trial-but immediately in such a way as to practically amount to a repeal of the eighteenth amendment.

The eighteenth amendment stands for the absolute prohibition in the United States of the manufacture and sale of intoxicating liquor. The amendment recommended thereby submitted to the American people by a majority of the commissioners, submitted as I have stated, immediately provided for the changing of the liquor situation so as to give to the States that desired to have traffic in the manufacture and sale of intoxicating liquor the right to have it under congressional control.

The commission held that the cooperation of the States was essential to the enforcement of the eighteenth amendment; that to date there has been no adequate observance or enforcement of prohibition; that the present prohibition organization is inadequate to enforce prohibition and that if the eighteenth amendment is to be revised, and the majority of the commissioners recommend in their individual reports its immediate revision, the amendment should be made to read substantially as follows:

Section 1. Congress shall have power to regulate or permit the manufacture, traffic in, or transportation of intoxicating liquors within, the importation thereof into, and the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes.

The commission also recommended certain improvements in the present enforcement law, so as to remove causes for irritation, and so forth. These conclusions and recommendations were only signed by 10 members of the commission. Commissioner Lemann, of New Orleans, refused to sign the said conclusions and recommendations.

The amendment proposed by the commission would simply provide that States that desired to have traffic in the manufacture and sale of intoxicating liquors could have it under congressional control.

In the body of its report the commission discusses the bad features of prohibition and the benefits resulting from prohibition. Among the bad features it cites the increase in corruption, congestion of courts, undermining of respect for law, the increase of the illicit distilling industry, and the wildcat and home-brewing industry.

The commission cites three benefits resulting from prohibition: The doing away with the legalized open saloon; the improvement in the efficiency of labor, especially in mechanical industries, although the commission admits that many able and conscientious leaders of organized labor appeared before it and argued that the increased efficiency of labor was attributable rather to the efforts of unions in bringing about better conditions of employment, better hours, and and their honor as members of the commission.

better wages, and not to prohibition. The commission also holds that certain social benefits have resulted from prohibition-that is, that a certain class of our citizens, social workers report, are living in better conditions now than before national prohibition.

Between the time the Wickersham report and the individual opinions of the commissioners on the facts as presented to them regarding the prohibition enforcement was signed on January 7, 1931, and the time of its publication, January 20, 1931, something happened to the report that resulted in the mutilation of a vital, the most vital finding made by the majority of the commissioners.

To have it appear that one of the conclusions in the findings of the committee was that the majority of the commissioners demanded the immediate amendment of the eighteenth amendment, so as to destroy the whole national prohibition idea, apparently was something the prohibition advocates could not and would not stand for.

As the findings appear in the report and afterwards as they appeared in the headlines of the newspapers it would appear that the commissioners were all in favor of a further trial of national prohibition, while a reading of the individual opinions-which one would have to do to get the true findings of the commission-would indicate that a majority of the commissioners were not satisfied with the workings of the eighteenth amendment, that they were not in favor of a further trial, and that they demand a submission immediately of a vital amendment to the eighteenth amendment, permitting States that desired the traffic in the manufacture and sale of intoxicating liquor to have it under congressional control.

The charge that the report of the Wickersham Commission as it was signed by the commissioners must have been mutilated or tampered with before its publication is fully justified by statements in the individual opinions of three of the commissioners.

On page 99 of the report of Commissioner Anderson we find the following:

I concur in the recommendation of the report that the eighteenth amendment be modified as herein stated.

On page 115 of the report of Commissioner Grubb we

I join in the findings of fact and all the ultimate conclusions of the general report of the commission (except that recommending that the amendment be revised immediately without waiting a further trial), but not in all of the general observations.

On page 157 Commissioner McCormick says:

I am in accord with all the conclusions and recommendations. except that in which a revision of the eighteenth amendment is suggested immediately.

In the published findings of the commission there is no finding or recommendation for the immediate revision of the eighteenth amendment. There must have been such a finding when the report was signed, or these three commissioners, two of them Grubb and McCormick, favorable to a further trial of the eighteenth amendment, would not be talking about such a finding in their individual report. What became of this important finding? Why was it taken out of the report?

The answer is that somebody, in order to bolster up the national prohibition cause, was powerful enough to make the report of the Wickersham Commission ridiculous in the eyes of the thinking people by setting forth a definite and important conclusion not justified in the individual findings and conclusions of a majority of the commissioners.

No person can read the Wickersham report from cover to cover without being impressed with the powerful case that it makes against a further trial of the eighteenth amendment. There can be no doubt but that the majority of the members of this commission were favorably inclined to a further trial of the eighteenth amendment at the time of their appointment and that they would have been pleased to have been able to write a different report, but to do so undoubtedly would have done violence to their conscience

The Wickersham report not only constitutes a scathing denunciation of national prohibition, but it also constitutes a powerful argument in favor of the resubmission immediately to the American people of the whole questions involved in the policy of national prohibition.

Two members of the commission recommended the immediate repeal of the eighteenth amendment, and five other members recommended the immediate amendment of the eighteenth amendment as I have herein set forth, but let it not be forgotten or overlooked that three other members of this commission, three of the militant advocates of a further trial of the eighteenth amendment, recommend the immediate submission to the people of this country of an amendment providing for the repeal of the eighteenth amendment, so that we can find out and know where the American people stand on the question of national prohibition.

In proposing an amendment to the Constitution, which is to be voted on in this House shortly, its proponents are following suggestions made in this Wickersham report by militant drys.

## Commissioner Wickersham says:

I think that if a proposed amendment to the Constitution simply repealing the eighteenth amendment were to be passed by the requisite majorities in both Houses of Congress and submitted to the States, to be considered by conventions called for the pur-pose in each State, the delegates to be chosen in an off year and the conventions to be held in a year when there is no presidential election, we should have intelligent discussions of the question and a result which would reflect the sober informed and deliberate opinion of the people.

### Commissioner McCormick says:

It is my belief that a solution of this vexatious problem would be accelerated by ascertaining the majority sentiment of our citizenry upon the desirability of prohibition as a national policy. It could be learned by direct submission of the repeal of the eighteenth amendment through State conventions and under Article V of the Constitution. I favor and recommend such action.

#### Commissioner Kenvon says:

In view of growing opposition to the prohibition laws and the prevalence of this sentiment, it seems to me there should be, if possible, a referendum which would settle the proposition of whether the majority of the American people favor prohibition as a national policy. There is no provision of the Constitution for a referendum, and a mere straw-vote referendum by States or magazines is unsatisfactory. There could be an expression by the people under Article V of the Constitution. An amendment could be proposed to the Constitution to repeal the eighteenth amendment, and the Congress could provide that the ratification should be by conventions in the various States, delegates to be elected by be by conventions in the various States, delegates to be elected by the people. That would present as clear cut an issue on the sub-ject as is possible under the Constitution.

These three commissioners are militant dry advocates and friends of national prohibition, yet their study of the prohibition and the liquor situation in our country has led them to take the stand in favor of the resubmission to the people of our country immediately of an amendment to repeal the eighteenth amendment so that we can find out how the American people stand on this question after a 12-year trial.

I have been getting a great many letters from my constituents protesting against the provision contained in the constitutional amendment that will come before this House on next Monday providing for a ratification of the amendment by State convention instead of State legislatures.

It will be noted that these three dry advocates that I have just quoted from favor the convention method instead of the legislature method of ratifying the amendment.

It would appear that the friends of national prohibition who desire an honest expression of the views of our people on the general policy of national prohibition would not oppose the convention method of finding out those views. By the convention method the delegates will be elected for one definite purpose, and there will be only one issue before the people. That situation does not exist when you elect people to the State legislatures.

This attitude on the part of certain militant advocates of national prohibition in opposing the convention system for ratifying a constitutional convention indicates that they are afraid to submit to the people the prohibition question.

No Member of this House needs any better argument for a vote on next Monday in favor of the discharging of the

Judiciary Committee from further consideration of an amendment to amend the eighteenth amendment than the findings and conclusions of the members of the Wickersham Commission.

Next Monday will be the first time since the adoption of the eighteenth amendment that the people of this country will have a chance in this great legislative Chamber, through their representatives, to voice their approval or disapproval of the eighteenth amendment and all its works.

A year ago there were many Members on the floor of this House who will not be here on next Monday, and their absence from this Chamber will be due to the fact that they failed to heed the rising tide of the people's wrath against the eighteenth amendment.

Millions of American people who were at one time in favor of national prohibition are now working to bring about the repeal of the eighteenth amendment. Let me say to the Members of this House that that tide of public wrath against the attempt to make our people sober by the flat of law is still rising, as plainly indicated by the Literary Digest's last poll, still going on, of public sentiment on the prohibition question in this country.

One year ago there were only 70 Members on this floor who were said to be opposed to the eighteenth amendment. The vote on next Monday, it is prophesied, will indicate a tremendous increase in one year of the representatives of the people in this House who believe that the eighteenth amendment has brought about in this country a situation infinitely worse than existed before the coming of the eighteenth amendment.

I can see no reason why any friend or foe of national prohibition should oppose the resubmission to our people of a proposed amendment to the eighteenth amendment. Such a resubmission will clarify the prohibition situation in this country as nothing else can do.

The so-called wets and the so-called drys have had a great deal of discussion. The jury has not had a chance to vote. Now, let us give the wets and the drys an opportunity after 10 years of discussion to learn the verdict of the people by voting to resubmit to the States, through conventions, our liquor problem for directions as to what our future course in the handling of the liquor question should be.

It may be that a majority of the American people still believe in national prohibition. If that fact should be developed it will be a wonderful help in enforcing a law that is objectionable to many of our people.

If, on the other hand, it should develop that the great majority of our people are opposed to the eighteenth amendment, then it is, of course, respectfully submitted that a change in our present method for handling the liquor problem should be made. It is not a question whether a Member of this House belongs to a so-called wet bloc or a so-called dry bloc, it is a question of giving the American people the right to exercise their constitutional privilege after a 12-year trial to pass upon the fruits of the eighteenth amendment.

### THE FINANCIAL CONDITION IN THE MIDDLE WEST

Mr. WILLIAMS of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WILLIAMS of Missouri. Mr. Speaker, there may be a difference of opinion as to just where the Middle West is. The tourist from Missouri, when he arrives in California, is considered from the East. The livestock man from Missouri, when he reaches Boston on a business mission, is regarded as from the West. The great Middle West may be considered as that group of States in the central portion of the Mississippi Valley and to the west adjoining and clustering around the imperial State of Missouri. It is said that for centuries the nomadic tribes of Arabia sought to establish themselves in that little crescent-shaped territory extending from the Arabian Sea to the Persian Gulf. To them that was the promised land, the land flowing with milk and honey, the land of Canaan.

the world. Here may be found broad prairies and pasture lands, upon which graze millions of the best and finest thoroughbred livestock of any country. Here may be seen the great expanse of fertile fields and fruitful valleys filled with the luxuriant growth of all the major staple agricultural products-grain, fruits, and vegetables-known to man. Here have been discovered and developed the greatest, the best, and the richest lead, zinc, and barite mines and mills to be found on this globe. Here have been established some of the great industrial enterprises of the Nation, and here some of the greatest market centers have grown and prospered. Here the facilities for transportation and for the development of commerce are unsurpassed; all the great transcontinental railroad lines pass through this territory. Here exists the greatest potential inland waterway system of any land. Federal, State, and local highways in an interlacing network are thrown over this region, and here have been located many airports and air lines. All the known means of travel-by land, water, or air-are here available. Thousands of growing, progressive, beautiful cities dot this fair land. Some of the greatest colleges and universities have been builded here; and with a schoolhouse and a church in every hamlet and on almost every hilltop and in every valley the opportunity is offered for all to worship and the educational facilities are unlimited. Stretching through the southern portion of this vast area are the Ozark Mountains, from the summits and slopes of which may be enjoyed the most beautiful and inspiring scenery in all the world. This particular region, by reason of its healthful and invigorating climate, its pure air and its bright sunshine, its great springs with their cool, refreshing waters, with its placid streams and hunting and fishing, camping and playground facilities, is fast becoming the recreational center of the country, where all who desire to get away from the noise and jostle, the smoke and grime of the city may go for enjoyment and rest.

But over beyond the best of all there dwells in the great Middle West the descendants of those sturdy pioneers from Virginia, the Carolinas, Kentucky, and elsewhere, who in the long ago, facing the dangers without flinching and enduring the hardships without complaint, blazed the trails and established their homes in that new land. And to-day nowhere on this earth can be found a more energetic, intelligent, thrifty, hospitable, liberty-loving, and God-fearing people than those who inhabit this great region. This land of promise, blessed as it is with unbounded natural resources, with varied and diversified industries, with efficient transportation facilities, with great educational opportunities, with its inviting climate and its alluring scenery, with its industrious, sturdy, and courageous citizenry—this land of sunshine and plenty has had visited upon it a most cruel, hateful, and devastating plague—this heartless and ruinous panic. Farm products are selling below the cost of production. The wheels of industry have slowed down or stopped altogether. Mines and mills are shut down or running with reduced force on part time. Commerce has sickened and died. Business houses have become bankrupt. Banks have closed their doors. Millions have lost their farms, their homes, or their jobs, and have been turned out to march down the long, disconsolate, and congested highway of unemployment looking for food and shelter. Men have seen their loved ones grow pale and haggard. In the midst of these desperate conditions, surrounded by the wrecks of failed and ruined business enterprises, with the memory of lost homes still lingering, with the dark clouds of fear and despair growing blacker and thicker, the Middle West has had and still has its great financial burdens and problems.

I am unable to say that its financial situation is materially different from the rest of the country at this time. Due to the fact that agriculture is the predominant activity of this territory, its condition may be much worse than the average. The great stagnant and depressing condition into which industry and commerce have been thrown in recent months has existed among the farmers for a decade and

The Middle West of our country is the "promised land" of | have known its blighting and withering effects for years, while those in the centers of trade and industry have only recently felt the weight of its leaden hand.

Statistics are dry and unattractive and can seldom be used to advantage to picture the true situation. Few people listen to, or study them, or attempt to apply them to the matter in hand. At the expense of being tedious and tiresome it may be useful to employ a few figures. From 1920 to 1931, inclusive, there were 9,285 bank failures in the United States. To indicate how this financial storm had been gathering and how it finally burst with all its fury, it may be noted that of this total number of failures 1,345 came in 1930 and 2,298 were thrust upon us in 1931. The deposits in failed banks for last year alone reached the staggering total of over \$1,691,000,000.

What part of the picture does the great Middle West occupy? It has been said that the bank failures for this period and for this region may be likened to a fan starting in Arkansas and spreading to the North and West. Without seeking to circumscribe the Middle West or confine it to certain States, it may indicate the trend of financial conditions in that part of our country to call attention to the fact that last year the four States—Missouri, Iowa, Kansas, and Nebraska-had bank failures to the total of 477, or over 20 per cent of the entire country.

In 1913 the Federal reserve bank law was passed. This act created a central national banking system designed to distribute, in a measure at least, the money power of the country and to provide more elastic currency and credit. This act was passed in the interest of agriculture, industry, and commerce alike, every form of business activity coming within its scope and all enjoying the benefits of its constructive provisions.

In 1916 the Federal land banks were provided for by an act of Congress, and the capital stock subscribed by the Federal Government, practically all of which has been repaid to the Government. This Congress has just authorized the expenditure of \$125,000,000 to help the Federal land banks of the Nation. This act provided for the establishment of 12 banks, which can make long-term loans to farmers upon land mortgages, and there are now over \$1,162,000,000 of such loans outstanding. Three of these banks are located in the territory under consideration, one at St. Louis, one at Wichita, and one at Omaha. By the same act which created the Federal land banks, joint-stock land banks were authorized, and a number have been organized throughout the country. They are given the right to issue tax-exempt bonds and are empowered to make loans only upon farm mortgages, and there are now outstanding over \$536,000,000 of such loans.

In 1923, 12 Federal intermediate credit banks were provided for by Congress with an authorized capital of \$60,000,000 to be subscribed by the Government. Their function is to make loans to cooperative marketing associations and discount notes of agricultural credit corporations and live-stock loan companies, and the amount of such loans and discounts now outstanding is over \$119,000,000.

By a recent act Congress authorized the use of \$10,000,000 for the organization of agricultural credit corporations and livestock companies, whose purpose is to grant loans to the farmers and livestock producers of the country and discount their securities at the intermediate credit banks. This Congress also made immediately available the sum of \$50,000,000 to be loaned the farmers for crop-production purposes for

In addition to the above, Congress in 1931 passed the farm marketing act and authorized the expenditure of \$500,000,-000 to carry out the intent of that legislation. While this was not a banking measure, its purposes were to assist and encourage cooperative marketing and to stabilize farm products and thereby aid the farmers.

It is thus to be seen that in addition to the elastic currency and credit provisions of the Federal reserve laws Congress has provided four different systems of Federal banks and credit agencies for the avowed purpose of financing the has been accumulating during that time. The farmers farmers of the Nation and, in addition to all of that, set up a Federal Farm Board with a half billion dollars at its command to build up the cooperatives of the country and bring stability to farm-commodity prices. The operating expenses alone of this board last year were \$1,900,000.

Still further, in addition to all these Federal financial institutions and agencies set up by the National Government and designed to help the farmer, he has available the State banks and trust companies, the insurance companies, mortgage-loan companies, and individual money lenders. It does seem that ample provision has been made, so far as national legislation is concerned, to furnish proper credit to the farmers of the country. If there is a place in the entire land that should have received material benefits from all this farm financial legislation, it is the great Middle West.

On the contrary, more banks have failed there than elsewhere, and to-day it seems to be more difficult for the farmer to obtain credit or to secure an extension of time for the payment of his indebtedness than for any other class of people. Notwithstanding all this national legislation in recent years, supposedly in the interest of agriculture, the farmer of the Middle West now finds himself in greater financial straits and his credit more contracted than ever before. Despite the claims of the proponents of all this farm legislation, the fact remains that it has not brought prosperity to the farmers, or even any considerable measure of relief. Farming is not only the basic industry of the Middle West but is the fundamental business of the country. No general progress can be made and no permanent and well-distributed prosperity can be enjoyed until the farmers of the country can sell their products at a profit over the cost of production.

One of two things is evident: Either the Government should get out of the agricultural finance activities or it should make those agencies more efficient and helpful. If the Government has made a mistake in entering upon these financial ventures, then it should retrace its steps. If the policy is to be maintained and continued and the laws are defective, then they should be strengthened and perfected. If the trouble is with the administration of the various institutions, then the responsible personnel should be made more sympathetic and efficient. Many thoughtful and conservative people are beginning to question the effectiveness and the benefits of all this farm financial legislation.

Repeated and persistent appeals are made to Congress by the governing officials of the Federal and joint-stock land banks for additional legislation to help and for additional funds to save those banks from receivership. In spite of the fact that these banks have cost the Government and the farmers of the country an enormous amount of money, and despite the further fact that these banks have had the special privilege granted them to issue tax-exempt bonds in order to raise money to carry on their activities-notwithstanding all these special favors and governmental subsidies, these banks to-day are carrying only 12 per cent of the farm loans of the country and at the present time are making few, if any, loans to the farmers. The commercial banks and others who are now weighed down by the 88 per cent of the farm loans of the land, these State and local institutions that are bearing the brunt of battle without any governmental favors or subsidies, are not looking with too much favor upon these Federal agencies, and they are asking the question whether the Government is giving them an equal chance and a fair show in their efforts to finance the farmers of the country.

There are many causes why so many banks have failed in recent years. In some sections of the Middle West for the first two decades of the present century many small banks were organized. They were established in small towns or in rural communities where the business activities and resources were not sufficient to support them and they were soon in difficulty. These banks were liquidated, consolidated with other larger ones, or finally passed into the hands of the finance authorities of the State.

However, in the more populous and active localities the small independent bank should not disappear. It is a necessity and a great convenience. It represents the great independent spirit of the people. It encourages local enterprises, knows the needs and the character of its people, and can better serve than an institution that is controlled by a central bank hundreds of miles away. Many of the best and safest banks are in small but active, conservative, and progressive communities. They should not be destroyed.

Other banks that had been established for years and had done an extensive business and had a strong published financial statement were robbed from the inside by embezzlement, forgery, gambling, and wild stock speculations and soon passed off the scene. Some banks went into bankruptcy, not because their officers and boards of directors were dishonest and criminal but because they were men without experience in the banking business and careless and indifferent to their duties and responsibilities. They sat silently and listlessly by and let their institutions drift to wreck and ruin.

The great majority of bank failures was due to the unprecedented business depression and the ghastly fear that seemed to possess the people. The farmers could not sell their products, the factory output was curtailed, the merchants' trade diminished, men were thrown out of employment, the purchasing power decreased, deposits were withdrawn-the bank failed. This condition was augmented in the Middle West, because there years ago many drainage, levee, and irrigation districts were formed to reclaim and protect thousands of acres of the most fertile and productive land and issued bonds to carry out this project. These bonds were considered the safest and soundest securities. They were purchased by the local banks to the amount of many millions. The panic came. The price of farm products dropped. Interest and taxes could not be paid. The bonds defaulted. By order of the finance department they were charged off the banks' assets—the bank

Numerous measures and divers laws have been advanced to minimize, if not to prevent, bank failures in the future. The claim is made that the standard measure of value is wrong; that there should be free and unlimited coinage of silver; that we should have bimetallism, but at no fixed ratio; that the Government should issue a larger volume of currency; that a system of branch banks should be established; that there should be a guaranty of bank deposits and that the people of the country should bring their money out of hiding and put it to some legitimate work. A strong, sound law further guarding and protecting all bank deposits will dispel all misgivings, allay all fears, and bring the money from the much-talked-of mattresses, socks, and tin cans.

How much money there is in hoarding I do not know. There should be none. But the person who has come through this wreck with a little money should not be criticized too severely for seeking a place of safety for it. He is asked to invest it in sound securities or deposit it in a safe bank. Upon the advice of his banker or broker he had already invested in so-called gilt-edged securities, only to see them fade and vanish. A short time ago he had money in one of the supposedly safe banks, but it failed. He very naturally comes back with the query, "Where is there a safe bank or a sound investment save only the United States securities?" Having had this experience, can he be blamed for his apprehension and fear? When he sees the local bank hoarding its reserves and denying loans to its patrons, for fear that an emergency may arise and the currency may be needed; when he is told that the big banks are piling up reserves and refusing to release paper eligible for rediscount, hoarding money and credit against the day when a run may be made; when he sees and knows these things, he becomes confused, a dull fear comes over him, and he does his best to preserve what he has left.

Recently this Congress passed the Reconstruction Finance Corporation act and the Glass-Steagall bill with the hope and with the expectation that these measures would point the way to recovery by stimulating industry and allaying fear, by expanding credit and increasing purchasing power, by bringing back employment and instilling confidence, and thereby alleviate distress and suffering. There is already

some evidence that these hopes and expectations will be realized. It remains to provide some plan by which each bank depositor in the country may have the absolute assurance and guaranty that every dollar he has in the bank is safe and secure and will be returned to him. When that time comes the last vestige of fear will vanish, full confidence will be restored, and we will be well on the way to recovery.

Legislative acts, judicial decrees, or Executive proclamations in themselves can not bring success and happiness to a discouraged and a distressed people. The Government can only seek to help, to protect, to encourage. The ultimate triumph depends upon the people themselves. Through the intervening years from its organization to the present this Government has been called upon to face many serious problems. It has never wavered or faltered. We may have suffered reverses, but we have never surrendered. We may have been discouraged, but we have not despaired. In every great crisis of our history the loyal, splendid, courageous, and patriotic manhood of the Nation has answered the call to service. The people of this great Nation, with a fine spirit of cooperation, by an earnest and united effort, standing side by side, shoulder to shoulder, hand clasped in hand, and heart locked in heart, during this time of stress and strain will once again push back the clouds of gloom and despair and find the way to prosperity and happiness. They will not fail now.

#### RED TAPE AND CROP-REDUCTION LOANS

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein three short telegrams.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, there is entirely too much red tape, unnecessary delay, unreasonable restrictions, and unheard-of regulations in connection with the production loans which Congress said should be made to the farmers of the Nation. I am disgusted with the bureaucratic control that has been injected into this matter and am heartbroken over the treatment that the farmers are receiving. I do hope and pray that at least some of this money will get to the farmers of my district in time to be of some value. The amount authorized is entirely too small and the red tape and delay is outrageous in the extreme. Here is a telegram which I received late last Tuesday night:

MARCH 8, 1932.

Hon. W. C. LANKFORD.

House of Representatives, Washington, D. C .:

Check with Agriculture Department as to necessity of farmers submitting with loan application State agriculture college farm living plan. This is being exacted. We urge its elimination on account the delay it occasions. We have no county agent and only very limited facilities to do this immense extra work. Telegraph us.

E. L. GRANTHAM. W. R. WILSON.

Early Wednesday morning I went to the Department of Agriculture and after several conferences I returned to my office and wired my friends at Douglas as follows:

MARCH 9, 1932.

Messrs. E. L. Grantham and W. R. Wilson, Douglas, Ga .:

Douglas, Ga.:

Department of Agriculture holds that it is absolutely unnecessary for agriculture college farm living plan to accompany applications for production loans. Take up no more time with these, as I am wiring Georgia State College of Agriculture to stop this unnecessary performance.

W. C. LANKFORD.

At the same time I also sent the following telegram:

MARCH 9, 1932.

Mr. J. PHIL. CAMPBELL and Prof. Andrew M. Soule,

State College Agriculture, Athens, Ga.:
Upon receiving numerous protests I went to the Department of Agriculture and have ruling that it is not at all necessary for Georgia State College of Agriculture cropping plan to accompany or be in any way connected with application of farmers for production loans. Help me in every way possible notify committees and farmers to ignore blanks in this respect and to speed up applications without this unnecessary and unusual handicap. W. C. LANKFORD.

I am glad this requirement was removed. It would require an expert an hour or two to fill out one of these cropping plans, and then he would not be sure he was right.

Mr. Speaker, the farmer has been regulated and reregulated, controlled and recontrolled, searched and re-searched until he has been practically destroyed. Can not we some day do something for him without all this unnecessary and uncalled-for red tape? Will Congress and others never learn that in destroying the farmer they are destroying the Nation? Let us truly help the farmer and his folks and we will save

## EXTENSION OF REMARKS-PROHIBITION'S RECORD

Mr. BRITTEN. Mr. Speaker, any Member of Congress who to-day by his vote refuses to allow his constituents and mine to vote by constitutional methods on an amendment to the eighteenth amendment which would give the States of the Union the right to regulate their own beer and alcoholic traffic within their own borders will certainly stand in a sorry light when he appears before his people in the November elections asking for their vote for his return to Congress for another two years.

Professional drys are now exerting every effort to defeat any consideration of the prohibition question in the present Congress, because they are convinced of the almost complete failure of prohibition as a national experiment. Its repeal will and should relegate to the already large ranks of the unemployed, the professional, hypocritical reformer who would inflict his tastes and narrow desires upon the balance of the world.

National prohibition as a law has now been in existence since 1920-12 years. Its effect upon our economic, political, and social structures has brought a series of crimes, lawlessness, bribery, extortion, kidnaping, murder, and organized gangland that has made our "noble experiment" the ridicule of every other nation on earth, to say nothing of its insidious effect upon the boys and girls of our entire country.

The crying demand from all parts of our land for more and larger jails, for more space for the growing number of feeble-minded, the blind, and the poisoned, speaks louder than could any words of mine for relief from this costly legislative folly.

The loss of countless millions of dollars, aye, even billions, to the National Treasury is unimportant when compared with the actual loss of life, health, character, and respect for law throughout the United States, but I will later show the Members of the House by official figures that prohibition has cost the National Treasury more than ten thousand millions of dollars in the first 10 years of its ghastly existence.

The resolution now before the House would give Congress the right to regulate the manufacture, sale, and transportation of intoxicating beverages, but would restore to the States the right to determine whether they as individuals would have prchibition. The passage of this resolution would but submit the question to the States. To oppose the right and desire of millions to vote on an important issue is the lowest form of bigotry and intolerance.

In a speech against prohibition before the Committee on the Judiciary of the House on June 4, 1924-eight years ago-I said:

It is quite evident that a well-organized minority in and out of Congress is enforcing upon the people of the country something which is unnatural and undesirable, and which is costing the country hundreds of millions of dollars in money as well as thousands of lives and a destroyed morale, the value of which it is impossible to estimate. Probably never in the history of any impossible to estimate. Probably never in the history of any world government has there been so much corruption, fraud, and bribery in the administration of any law, and instead of getting better the situation is daily becoming worse, and officers of the Anti-Saloon League, as well as of the prohibition forces of the National Government, are constantly heading toward the jails because of the tremendous temptations surrounding the promotion and enforcement of this distasteful law. tion and enforcement of this distasteful law.

said:

Millions of dollars now going into the pockets of bootleggers and moonshiners will be employed in legitimate channels, and the hip-pocket flask, so detrimental to the morale of our young man-

hood and womanhood, will be a thing of the past.

Distinguished men in professional life, judges, statesmen, captains of industry, gentlemen of the cloth, and men who have always represented the highest standards of honor and integrity carry their private flasks and maintain their private supply of intoxicating liquors at their office, home, or club, and they do not seem to consider that in doing so they are committing any offense against the letter or spirit of the Constitution or the laws

They believe that the modification of that act and the substitution of more temperate laws, wisely framed so that the constitutional rights of all classes of citizens are recognized and protected, will have the effect of driving the bootlegger and rum runner out of existence and of bringing a better moral condition within our borders and of increasing respect for our Nation

Mr. Speaker and gentlemen of the House, a careful reading of my remarks, now eight years old, in opposition to prohibition convinces me that I was underestimating the horrors of that monumental blunder.

The human mind is swinging very rapidly away from prohibition and thinking of temperance.

Distress and unemployment during 1931 have thrown the light of publicity upon the enormous loss of revenue in an experiment which has been a scandalous failure for 12 unbroken years.

National organizations of the very highest moral standing and repute have expressed themselves in favor of repeal of the eighteenth amendment. The American Legion, the American Bar Association, the Veterans of Foreign Wars, and the American Medical Society are among many others to do so, but most significant of the trend against fanaticism is the vote of the Junior League in 43 States which were canvassed by the Junior League Magazine.

Mr. Speaker, let me repeat the vote of these young women whose principal public activity is charitable and philanthropic work. A total vote of 8,418 was divided as follows:

For repeal of eighteenth amendment	2, 438
For modification of Volstead law	2, 168
For modification and repeal	3, 415
In favor of present laws	397

Not even the most rabid or intolerant dry would dare impugn the motives or the character of such young people, who fairly represent the best of the coming generation.

That young women of the country are not alone in their opposition to unpopular prohibition laws is evidenced by the recent poll of 14 colleges by Harvard Crimson, which showed but 838 students favoring present conditions as against 16.595 for repeal or modification and 4,517 for strict enforcement.

Yale voting separately, demanded repeal by 2,113 to 426.

More than a hundred large professional, political, fraternal, business, social, and religious organizations have indorsed repeal of the eighteenth amendment. Not a single one of them has any pecuniary interest in the liquor traffic. They have only the Nation's best interests at heart.

Article V of the Constitution provides, "The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution." Aside from any question of personal freedom, appetite, or politics, I sincerely believe that the facts and figures surrounding our attempted enforcement of this unpopular law will convince any but the most intolerant dry that it is now necessary to propose a change.

The printed record of our noble experiment reads like a horrible recital of ruthless slaughter, destruction, and disregard of the sacred rights of our citizenry. It shows the failure of prohibition as no spoken statement possibly can. Only World War figures can compare with the astounding record promoted by the eighteenth amendment and its sister folly, "the Volstead law."

In the period covered between January, 1920, and July 30. 1931, Federal officers arrested 681,657 persons for prohibition violations; convictions were obtained in 499,911 individual cases, and 171,205 persons received jail sentences:

Mr. Speaker, concerning the repeal of prohibition then, I | 291,181 stills for the manufacture of illicit liquor were seized and 266,790,612 gallons of liquor, mash, and so forth, were confiscated; 77,707 automobiles were seized and 6,809 vessels and boats were captured; \$60,003,344 was collected in fines and penalties; while 35,365 premises were padlocked.

While these astounding figures were accumulating, dishonest and grafting Federal prohibition agents were collecting their filthy percentage from their unwary victims, thus 1,604 of them were summarily dismissed "for cause" and another 11.982 were merely "dropped" from the service.

The dollar cost of this unholy enforcement was approximately \$370,000,000 and the loss of revenue to the Treasury was approximately \$10,984,000,000, a very large percentage of which went direct to the pockets of the bootlegger, the racketeer, and the rum runner.

When the division of profits with grafters and gangsters took the big money and the thrill out of rum and beer running the bootlegger and the racketeer switched to kidnaping, bank robbing, and other forms of getting "big money" quickly. Yes, Mr. Speaker, I blame prohibition for all of these lower crimes with which every section of our fair land is afflicted.

Mr. Speaker, if the State, county, and city records on prohibition could be added to the Federal figures, they would shock the sensibilities of the entire world. Our financial losses in the World War would not compare very favorably with the cost of the world's most colossal legislative failure, and yet there are those who would seriously recommend a further trial of this silly but costly experiment.

Mr. Speaker, the American people are now confronted with a situation in which their supposed right to vote on a simple and acute constitutional question is being disputed. Advocates of national prohibition not only announce their opposition to a resubmission proposal but state that they will try to punish Members of Congress who do not obey them when a submission resolution comes to a roll call.

The attitude of intolerant prohibitionists to-day is a direct contradiction of the vehement arguments with which they bombarded Congress when they jammed the eighteenth amendment into the Constitution while we were at war.

Arguments favoring prohibition a dozen years ago can be summed up in a single sentence: It is the duty of the Congress, regardless of dry or antidry opinions, to give the people a vote on the-then proposed-eighteenth amendment, because there is a reasonable demand for it and the power of amendment is vested in the people, not in the Congress.

In the report of House Judiciary Committee presented by Representative C. C. Carlin, of Virginia, on December 14, 1917, he said:

Your committee can not conceive of any good reason why the States should be denied longer an opportunity to pass upon the desirability of thus amending the Constitution. \* \* \* The question submitted by this report to the Congress is not whether the manufacture and sale, etc., of alcoholic liquors shall be pro-hibited but whether the matter shall be submitted to the States for their determination.

Senator Sheppard, of Texas, sponsor of the eighteenth amendment, said at that time:

The Member of Congress who will not vote for the submission of a constitutional amendment to the decision of the States, where it belongs, unless he personally believes it should become a part of the Constitution usurps the function of the States, arrogates to himself and the Federal Government a prerogative that belongs to the States and violates the very essence of their sovereignty.

Mr. Speaker, Senator George, of Mississippi, a vigorous and outspoken antiprohibitionist, was a member of the Senate Committee on Education and Labor, to which was referred a national prohibition amendment some 40 years ago. He joined in a favorable report for its submission on the ground that to do otherwise would be to deny to millions of people the right of petition. Let me quote from that report, which was signed by both antiprohibitionists and prohibitionists:

It is proper to say that there are members of the committee who concur in the report recommending the submission of the proposed amendment to the States who do not by such action proposed amendment to the States who do not by such acting indicate their approval of the adoption of the amendment as

part of the Constitution, nor that they would themselves advocate its ratification by the legislatures of the States; but in deference to the immense mass of petitions for this amendment of the organic law, coming from the people in all parts of the country, and believing that an opportunity should be given to them to be heard upon the merits of their cause in the forum of the States, where alone it can be heard and decided, the majority of the committee would deem a refusal to submit the proposed amendment to the States for consideration analogous to the denial of the right of a party to be heard in court upon a question of private right. (Congressional Record—Senate, July 30, 1917. Pp. 5553—5554.)

## Senator Johnson, of California, said:

I shall cast my vote for the joint resolution that is presented by the Senator from Texas [Mr. Sheppard] upon the ground and upon the theory—fundamental with us of the West, upon the very basic idea upon which we have builded new Commonwealths there—that the people finally have the right to pass upon any question where any considerable number of the people ask that right. (Congressional Record, Senate, August 1, 1917, p. 5651.)

Senator Jones, of Washington, author of the now famous 5-and-10 law, said:

The Constitution provides the way for its amendment. Congress can not do it, but it can propose amendments to the people, who alone can adopt them through their State legislatures. I believe it to be my duty as a Senator to vote to submit an amendment to the State legislatures when there is a strong, matured, widespread sentiment and demand from the people for such an amendment. To refuse to do so is to act as the master rather than as the representative of the people. (CONGRESSIONAL RECORD, Senate, July 31, 1917, p. 5587.)

Senator Lawrence Y. Sherman, of Illinois, an ardent dry, said:

Even if I were wet, if I were opposed to the amendment, there is no reason why any Senator should deny to the people of the States the right to pass upon a question and approve or reject this amendment. I put it upon that ground if I could put it upon no other. Congress ought to vote to submit it to the people of the States. (Congressional Record, Senate, July 31, 1917, p. 5626.)

#### Senator Cummins, of Iowa, another ardent dry, said:

I believe it is the duty of Members of Congress, when they find there is a fair and reasonable demand upon the part of the people for an opportunity to express their opinions regarding an amendment to the Constitution, to submit it irrespective of our individual judgment or opinion upon the merits. \* \* \* We take ourselves, I think, altogether too seriously and impute to ourselves a guardianship of the Constitution which we ought no longer to hold or to exercise. It is the Constitution of the people of the United States; and when, as I said before, a reasonable proportion of the people want a chance to vote upon an amendment to it it is our highest duty to see that they have the chance. (CONGRESSIONAL RECORD, Senate, August 1, 1917, p. 5643.)

Representative Edwin Y. Webb, of North Carolina, now Federal judge and then chairman of the House Judiciary Committee, said:

Mr. Speaker, in closing this debate I shall only be able to touch on three or four points. First, gentlemen, this is not a prohibition vote. It is a question of referendum. \* \* \* I submit to you gentlemen, wets and drys alike, that you should be willing to stand by your States in giving them the opportunity to amend the greatest instrument ever struck off by the pen of man. \* \* \* (CONGRESSIONAL RECORD, 65th Cong., 2d sess., December 17, 1917, p. 485)

Representative Richmond P. Hobson, of Alabama, always a dry leader, said:

The first matter that I desire to bring to your attention is that the memorial or petition is for a referendum. It is not the purpose of those who are here to-day to enter into any lengthy discussion of the question of the merits of prohibition or the differences in the various forms of temperance legislation, but to have you realize that the request is for the several States, or the people in the several States as a whole, to be allowed to pass on that question. (House Judiciary Committee hearings, April 15, 1914, p. 19.)

Senator Ashurst, of Arizona, still a Member of the Senate, said:

This proposed amendment is not an attempt to force upon a State something it does not want. It is, and only is, a great referendum giving the various States an opportunity to say, in the manner prescribed by the Constitution, whether or not they wish this particular change in organic fundamental law. (Congressional Record—Senate, July 30, 1917, p. 5556.)

Mr. Speaker, the question as to whether there is really a popular demand for resubmission of bone-dry prohibition has been raised by some Members of the Congress. I believe them to be honestly at a loss for evidence on this point, for I am confident that there are very few Members, if any, who would permit personal prejudice to deter them from doing their full duty in the present grave situation. I believe, moreover, that the question is a very proper question; the Congress can not accede to frivolous or ill-judged demands for amendments. So I think the whole issue in its present stage simmers down to this: What are the volume and extent of the demand for resubmission? One can not find the answer in a private opinion of national prohibition or an offhand estimate of how many people actually are asking for repeal. The answer lies in cold facts. Suppose we look at those facts and consider them in the light of the precedent set at the time the champions of national prohibition were pleading for submission of their amendment.

There were two facts that were concrete and undisputed—and no more—on which the drys based their demand. The chief of these was a petition reputed to bear 10,000,000 signatures. The other was a petition by one State legislature. Oklahoma was the only State in the Union which had appealed to the Congress, through its legislature or by referendum, for national prohibition, that action having been taken in 1915.

While it is true that 33 States had adopted some form of prohibition, bone-dry laws like the eighteenth amendment were in effect in only 12 of them, and those 12 contained only 11.8 per cent of the people of the United States. In the remaining 21, prohibition meant simply the barring of the saloon, inasmuch as they permitted importation of liquor into the State. None of the 33 prohibition States, save only Oklahoma, attempted to impose prohibition of any kind on other States.

Mr. Speaker, what is the situation to-day? Half a dozen States have specifically petitioned for relief from the eighteenth amendment. Massachusetts, Rhode Island, and Nevada have each acted thus in two ways—by referendums and by legislative resolutions. Similar appeals have been made through referendums in Illinois and New York and by the legislature in Wisconsin. The six States which have thus officially asked relief from the eighteenth amendment have a total population of 28,185,895, or 23.04 per cent of our country's population. Their Federal individual incometax payments for the year ended June 30, 1930, amounted to \$531,357,860, which was 55.54 per cent of the total collections from that source.

Let us consider, also, the States which have in other ways repudiated national prohibition; that is, by refusing to ratify the eighteenth amendment or to adopt enforcement laws or else by voting to rescind their enforcement laws. We have in that category nine Commonwealths—Massachusetts, Rhode Island, Connecticut, New York, Maryland, Illinois, Wisconsin, Montana, and Nevada. Their population is 31,961,930, or approximately one-fourth—26.12 per cent—of our entire population, and they paid 59.34 per cent, or \$551,732,816 of the total received in Federal individual income taxes for 1929–30.

Three other States of the Union, which are not included in the foregoing compilations, have registered pronounced opposition to national prohibition in recent elections.

In Ohio, home of Republican traditions and the Anti-Saloon League, Senator Bulkley, a Democrat advocating repeal, won the senatorial primary in 1930 with double the vote of his nearest rival, and was elected over the dry Republican incumbent, Senator McCulloch, by 1,046,561 to 863,944. National prohibition was not the sole issue in that campaign, but Senator Bulkley came out squarely and emphatically for repeal of the eighteenth amendment.

Similarly, the late Dwight Morrow chose repeal—even against the advice of party leaders—as a cardinal issue in the New Jersey senatorial campaign. He was opposed in the primary by ex-Senator Frelinghuysen, who advocated modification, and Congressman Fort, a prohibitionist. He polled a vote of 422,978 against 118,621 for Mr. Fort and 47,811 for Mr. Frelinghuysen, and he was elected by 601,427 to 401,007 for Mr. Simpson, his Democratic opponent, who

was also for repeal, while the prohibition candidate polled exactly 18,903 votes.

Mr. Speaker, in that rock-ribbed Republican stronghold, Pennsylvania, in the same year, Mr. Hemphill ran for governor on the Democratic-Liberal-Independent ticket, basing his campaign chiefly on repeal of the eighteenth amendment, which had caused formation of a third party, and Mr. Pinchot, the dry Republican, barely defeated him. A repeal Democrat, Mr. Hemphill, got 1,010,204 votes against the dry Republican's 1,068,874, a difference of only 5.4 per cent, in Republican Pennsylvania. A real prohibition candidate polled but 31,909 votes.

In my opinion, those returns at least indicate that the sentiment of Ohio, New Jersey, and Pennsylvania is opposed to national prohibition. If they are added to the nine States which have repudiated national prohibition, as heretofore shown, we find that the group represents a population of 52,281,311, or 42.74 per cent of our country's total, and paid 76.54 per cent, or \$770,165,510, of the Federal Government's collections from individual income taxes in 1929–30.

The story told by these figures should be weighed not only as an impressive answer to the query whether a real demand exists for submission of repeal, but in contrast with the surprisingly meager demand on which the drys rested their contention in 1917, that national prohibition should be referred to the States.

Mr. Speaker, every fair-minded American will admit also, I believe, that the sentiment of the country has changed since the eighteenth amendment was ratified, and the change has been uniformly in one direction, against national prohibition. The evidence here is varied and abundant.

We know, for instance, that the Literary Digest's poll in 1922 showed 20.6 per cent for repeal, but that poll in 1930 showed 40.4 per cent for repeal, 29.1 per cent for modification, and only 30.5 per cent for enforcement. A poll now being made will be overwhelmingly in favor of immediate repeal.

We know that the legislatures of two States—Wyoming and Connecticut—have recently decreed that referendums shall be held next November.

We know that among important national organizations the American Bar Association has called for repeal by a vote of 13,779 to 6,340, and the American Legion has asked for resubmission by 1,008 to 394.

We know that, although not a single State platform contained a repeal plank in 1928, there was a call for repeal in 21 different State platforms in 1930.

Mr. Speaker, I beg to suggest that the Wickersham report on prohibition contains overwhelming evidence that conditions exist which have created a public demand for prompt relief. The only effective relief within the power of the Congress lies in the resubmission of national prohibition for a verdict to the people of the several States. It is not a question of who is dry and who is not. It is a question of whether the Congress will permit the people to vote on an experiment that during the 12 years of its life has aroused profound misgivings among all thinking Americans, dry and antidry alike.

Mr. Speaker, according to outstanding drys it was all right in 1914 for a Member of the Congress who did not believe in national bone-dry prohibition to join, nevertheless, in submitting to the people for their decision an amendment installing such bone-dry prohibition. But now, in 1931, they say it is all wrong for a Member of the Congress who may personally favor prohibition to join in submitting to the people for their decision the question of repeal or amendment of this eighteenth amendment.

It all depends upon which foot the shoe is on.

Reverend McBride, the head of the Anti-Saloon League, gave forth the following public statement on December 6, 1931:

The league will, as always, oppose the renomination or reelection of any Member of Congress who votes for wet or against dry measures.

The league will consider any vote for a resolution to repeal the eighteenth amendment as a step toward legalizing liquor and therefore as a wet vote.

The league does not accept the theory that a vote to resubmit the eighteenth amendment is a neutral vote.

Mr. Speaker, the league will punish us for doing in 1932 what it begged us to do in 1914.

This attempt to crack the Anti-Saloon League whip, which is losing its lash, prompts me to call respectfully to your attention the statements made to responsible committees of Congress by Bishop James Cannon and Mrs. Ella Boole in 1914, when the Congress was considering the question of submitting the proposed eighteenth amendment itself to the States for ratification or rejection.

Bishop Cannon, in those good old days before his indictment, spoke as follows:

The real question as I see it is this: Has the time come for the Congress of the United States to give the people of the several States an opportunity to decide for themselves whether they desire this amendment to the Constitution? I know, of course, that there is a certain responsibility attaching upon the Congress of the United States in submitting any proposition, a very grave responsibility, and yet it does seem to me that in view of the general trend of political thought in our day, whenever it becomes evident that a large percentage of the people desire an opportunity to express themselves upon a great question, the body in whose hands is committed the right to decide whether the people shall have that opportunity should at least divide the responsibility with the people as to the decision of that question. (P. 13, Senate Judiciary Committee hearings, April 16, 1914.)

Mr. Speaker, Reverend Dinwiddie spoke as follows:

What is Congress asked to do in relation to this proposed amendment? The answer is, we are simply asking Congress under the provisions of the Constitution to submit to the people of the various States this amendment for their ratification or rejection. As I take it, the report of this amendment, with the recommendation of this committee, and its ultimate passage by the Senate and the House, does not commit any individual Senator to this proposition. He can vote, as a citizen of his State, as he chooses when it comes to a final decision on the question, when submitted to the various States for approval or rejection.

In other words, we are simply asking that Congress, under the terms of the Constitution, give the people a chance to vote on this proposition by a referendum through their State legislatures. Congress, therefore, is not asked to pass on the policy of prohibition or nonprohibition, license or no license. (P. 125, Senate Judiciary Committee hearings, May 1, 1914.)

Mr. Speaker, Mrs. Boole, then president of the Woman's Christian Temperance Union of New York State, now national president and spokesman of that organization, said:

So I come, Mr. Chairman, representing the womanhood of the State of New York, as organized in the Woman's Christian Temperance Union, and representing the allied forces that speak in favor of this resolution of more than a dozen organizations in the State, asking that you give to the Senate of the United States, and through the Senate of the United States to the people of the States, the right to pass judgment upon the settling of this problem of the liquor traffic through an amendment to the National Constitution. (P. 34, Senate Judiciary Committee hearings, April 16, 1914.)

The people have a right to be heard. All the people have a right to be heard. All the people have never had a chance to be heard, and this proposed amendment will give them that chance. (P. 13, House Judiciary Committee hearings, December 11, 1913.)

Mr. Speaker, later in the Senate Senator Sheppard, who says now that he will not join in submitting to the people the proposed repeal of the eighteenth amendment, said:

At the close of this debate we will have an opportunity to enable the States to exercise their highest function, the right to shape, alter, and develop the Federal Constitution. They are the proper tribunal to decide the fate of this amendment. They compose the mightiest array of free Commonwealths united in a federated whole the world has ever seen. There are chapters in the history of each that add honor to American citizenship. If there is anything in the amendment subversive of their liberties and their welfare, they can be trusted to condemn it. Let not Congress assume to judge for them. Let Congress discharge its preliminary task of submission and stand aside. Let it put in motion the referendum provided by the Nation's organic law—the method of amendment the States themselves established when they created the Constitution. Let the States perform the duty which remains the sole instance of their sovereignty over the Federal Government itself.

the sole instance of their sovereighty over the redetal development itself.

As I view the matter, the Member of either branch of the American Congress who denies the power of amendment to the States, especially an amendment which vast numbers of the people desire the States to consider, violates the basic principles both of the Constitution and of popular government, repudiates the funda-

mental rights of the States, and overturns the two most sacred privileges the people possess—the privileges of referendum and petition. (P. 5554, Congressional Record, 65th Cong., 1st sess., July 30, 1917.)

Mr. Speaker, I am sorry that the prohibition leaders have threatened to defeat me and others in this House who differ with them on this important matter, but I am sure that when the time for nominations and elections comes, Reverend McBride and the political parsons who carry out his orders will not be the only voting Americans in the field. The Anti-Saloon League is not the United States of America.

### EXTENSION OF REMARKS-REVENUE BILL OF 1932

Mr. WILLIAMS of Missouri. Mr. Speaker, the collection of taxes is at best an unpleasant and a troublesome thing. Money must be raised to pay the operating expenses and fixed charges of the Government. There are many kinds of taxes-property, income, estate, excise, import, franchise, sales, and others. There should be a general, recognized principle of justice underlying any system of taxation. It should have for its basis justice and right. The maxim in taxation was laid down years ago that each person should contribute toward the support of the Government in proportion to his ability to pay, measured by the property possessed and the income enjoyed by him under the protection and security of the Government. Justice in taxation implies equality of sacrifice upon the part of those who pay the tax. But it is needless to discuss the question of equality and justice as applied to the sales-tax feature of this bill, because no one has attempted to justify or defend it upon the ground of equity and right. It is amazing to find here a revenue measure that none of its advocates or proponents will even try to uphold in principle. The most they can say for it is that there is an emergency now and that this plan is expedient and painless.

It was my privilege to hear the Canadian revenue experts in the city of Ottawa explain the operation of their sales tax. They gave three reasons for having that tax system:

First. It could be economically administered. Second. It produced substantial revenues.

Third. It did not materially interfere with business activities. No thought or consideration was given to the justice of the plan.

While it is said the plan is economically administered in Canada, it is not so simple there. In the 12 years the sales tax has been in operation there very many amendments to the law have been made and numerous changes in the rules and regulations, the methods of collection, and the audit of the taxpayers' records have been made. T. M. Gordon in his book, the Canadian Sales Tax, says: "The issue of interpretations and rulings as to the application of the tax has not been, up to the present, satisfactory, and much confusion and complexity exists among both taxpayers and auditors. The department is now attempting to rectify this."

After 12 years there the rulings are unsatisfactory and much confusion and complexity exists. Canada has only 10,000,000 people, living, for the most part, in rural communities and leading a quiet, contented, and passive life. If after all these years their system is unsatisfactory and confused, what would we have here in this country with our 120,000,000 of bustling, rushing, jostling, ultra ambitious and intensely active people with all our complex industrial, commercial, agricultural, and financial organizations and activities?

If established in this country, this system will take a commissioner with a number of deputies and assistants to formulate and promulgate the rules and regulations for its operation; it will take a staff of judges and lawyers to interpret such regulations and determine their application; and it will take a veritable army of clerks, stenographers, accountants, auditors, registrars, inspectors, investigators, and collectors to inspect and audit the books and collect the taxes. As the law under the provisions of this bill would expire in 1934, it would pass out of existence before the official machinery would be well oiled and limbered up. Economy in administration would not be one of its virtues

here. If the system has caused confusion in Canada, we would have confusion confounded here.

The Manufacturing Association of Canada has strenuously voiced its opposition and objections to the faulty operation and unjust discriminations of the system. It can not be said that it has not interfered with and been opposed by the business interests. Already protests are coming from every section of this country against the enactment of this law.

It may be that this law will raise the money and, to be sure, that is the purpose of any revenue measure. That is the end to be attained. It is desirable and indeed necessary that any revenue bill accomplish that purpose. If it makes no difference at all to the Government how and from whom it gets the money, then there may be merit in this bill. In the conduct of every private business it is desirable that sufficient income be made to meet current expenses and provide a reserve. But those funds should be acquired by fair, open, and just business operations and dealings and not by unreasonable, unfair, or unconscionable methods.

It is desirable that every man should not only live in comfort, but that he should acquire a competency to provide for age or misfortune, but his income should be made and his property should be acquired by industry, thrift, good judgment, and honesty, and not by trickery, chicanery, or fraud. To my mind, it is not enough to say the measure will produce the revenue. It must be further shown that it will take the money from those who by every principle of justice and right should pay it.

The statement of the public debt issued by the Treasury Department shows the public indebtedness of the United States on March 1, 1932, to be, in round numbers, \$1,670,-000,000 greater than on the same date in 1931, and at this rate the debt by July 1, 1932, the end of the fiscal year, will be \$2,300,000,000 greater than last year. The Budget failed to balance at the end of 1931 by almost a billion dollars and will fail to balance by about two and one-third billion dollars in 1932. The administration revenue experts, the Treasury Department, and Congress, all of which were Republican, failed to provide a balanced Budget for 1931. The same forces failed to provide sufficient revenue to balance the Budget for 1932 to the tune of two and one-third billion dollars. These same wizards of finance, these same soothsayers and prophets, these same men who have in days gone by guessed at the Budget requirements and missed it many hundred millions and even billions of dollars, now tell us that this revenue measure with a sales tax must be passed in order to balance the Budget in 1933.

If some of this heralded prosperity which is "just around the corner," and in the search of which we have grown dizzy, should suddenly come into view, then the revenues would increase and all this burden would not be necessary. Suppose we should miss our estimate and fall short a few hundred million dollars, we would do no worse than has been done before. The country would not go to the bowwows nor would its credit be impaired. With all this increase in Government indebtedness, Government securities are selling three or four points above what they were a few months ago. The governing officials of the Treasury Department, the Federal reserve, and land banks have been doing their best to throw fear into Members of Congress. We were told by them that there must be appropriated \$125,000,000 for the land banks to hold them up and avoid a collapse of the entire system and save the \$2,000,000,000 of farm loans which they carried. We voted the money, and about \$65,000,000 have already been added to our national debt. They insisted in language loud and vigorous that the Reconstruction Finance Corporation must be established to save the industrial and business concerns of the country, the railroads, the insurance companies, and others. If that was not done, certain wreck and ruin would follow. The corporation was organized and \$500,000,000 was made available for its use, and up to date \$100,000,000 have been added to our debt by reason of that act. The Federal reserve bank laws must be amended under threat of collapse of some of the great financial institutions of the country

and the serious impairmant of credit. There was a veritable volcanic outburst on this matter by the emissaries of the administration. That law was passed. It would be humorous if it were not so serious.

These same gentlemen who drifted along calmly and quietly assuring the people with optimistic utterances and rosy predictions that business was coming back to normal, that the unemployment situation was improving, that the worst had been passed, and that rapid recovery could now be expected suddenly awoke to find themselves in the worst, the most devastating, and ruinous panic of history. They are now completely stampeded. They now demand that emergency legislation be passed immediately to save the country from chaos. There was nothing said about balancing the Budget when this urgent legislation was demanded, which may add over \$600,000,000 to our national debt. Now this money must be raised by a tax on consumption, a tax upon the laboring man, the man with a family. Now the foghorns are blown, the fire alarms are sounded, the blast of bugles is heard, and we have all this fanfarade about balancing the Budget. It has become a fetish.

Do not understand that I am opposed to balancing the Budget, to getting as much money into the Treasury each year as is paid out, that the receipts of the Government should equal the expenditures. That is a consummation devoutly to be wished. That is a desirable, a sound, and an ideal condition. It is the wish of every family that the income may balance the outgo and that a surplus may be laid up against a rainy day. It is the intention of every business institution to have its net earnings exceed its expenses and thereby create a reserve. But in these unhappy days how many families and institutions are falling short of the goal? If a sufficient amount of revenue can not be raised in these distressing and desolating times without placing an unreasonable and an unconscionable burden upon labor and industry and upon the men of moderate means, then why not pass the deficit, if one should develop, to a fixed obligation of the Government in the shape of bonds?

This can be done with the expectation and with the assurance that when business revives and prosperity returns, the necessary revenue can be brought into the Treasury without the crushing weight of this sales tax. There should be a conservative estimate made as to the probable revenue for next year, and there should be an earnest effort made to raise that amount. Let the estimate be made in the light of better business conditions with the hope that additional revenue may come in, and if we should not realize as much as expected, no great calamity would befall the Nation.

This measure proposes to raise slightly more than \$1,000,000,000 of additional revenue over and above that already provided for, and of that amount \$600,000,000 is proposed to be raised by a sales tax. For some reason unknown to me, it is called a manufacturers' excise tax when the bill says "There shall be imposed a tax of 2½ per cent of the sale price on the sale of every article sold in the United States by the manufacturer or producer thereof," with certain enumerated articles exempt. It is a general sales tax with a very limited number of articles excepted. The tax is added when the manufacturer or producer sells the article and then the tax is passed on to the final consumer—not only does he pay the tax provided for by the law, but he may and most likely will pay an additional tax each time it changes hands.

The consumer not only pays the tax to the Government and the cost of collecting it but it is pyramided upon him. The laboring man with a family, whether he works in the field or in the factory, whether in the mill or in the mine, may pay more of this tax than the rich man in his palace. Above all, at a time like this to place an additional weight upon the shoulders of the struggling masses is cruel, if not inhuman.

There are in this country too many millionaires and too many paupers; too many ultra-rich and too many in poverty. There has been a decided drift of wealth into the hands of a few. There is not an equitable distribution of wealth. Under a capitalistic system, such as we have, there will not

and can not be an equal distribution of worldly goods, but the spread is too wide between the lowest and the highest. It has been estimated that 2 per cent of the very rich own 60 per cent of the accumulated wealth of the Nation, and that in 1929, 504 persons had an income of \$1,185,000,000, an average of over \$2,350,000. There have grown up a few great estates in this Nation whose wealth runs into the billions. There has been a feeling among conservative people that these big incomes and these vast estates should pay a larger proportion of the expenses of government, under the protection of which these incomes are possible and those estates are accumulated. There has been an opinion that these immense estates, in the interest of social justice, should be curtailed. There is little reason or excuse for any man having an income of \$40,000,000 per year. If he is not willing in behalf of his country and in the interest of social progress to forego his excessive and unreasonable profits and permit others to share part of them, then the Government should take a considerable portion of his illgotten gains in taxes. These top-heavy incomes and estates can not survive in a free country.

Even England, with her traditions of nobility and landed aristocracy, lays a much heavier tax upon excessive incomes and great estates than is provided for in this law. If the Budget must be balanced—and I think it should be—then why not make up the deficit by higher taxes on big incomes and vast estates?

For years there has been an effort on the part of the arrogant rich and special classes through official influence and pressure to engraft a sales tax upon the revenue system of our Nation. This insidious effort has been combated and successfully resisted by the brave, courageous, liberal Members of Congress.

Now, when conditions are deplorable, when 7,000,000 or more men are out of work, when millions more are barely able to subsist on reduced wages, working only part time, when industry is taxed to the utmost to keep going, when business is on the verge of collapse—under these conditions the Treasury Department of the United States sends to Canada for a sales-tax expert to write a law for us. This is taking advantage of the ruinous panic that is upon us in order to establish a sales tax which in better and happier days we have been able to fight off. This move must be openly and courageously met. This onslaught must be turned back. The struggling industries of the country must not be junked. The worn and weary laboring men of this Nation must not be pushed into a dark cellar of gloom and despair where the sunlight of joy and happiness can never shine. This sales tax must not pass.

Mr. COLLINS. Mr. Speaker, before the Ways and Means Committee, Mr. Mills stated:

It is extremely doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border, (Hearings, p. 4.)

Dr. T. S. Adams, of Yale, and Mr. E. C. Alvord made a trip to Canada in November at the request of the Treasury Department (Mills' testimony, hearings, p. 30) to make a study of the situation there. Doctor Adams stated:

I have one definite conviction. Whether you should have a sales tax or not is a question for you gentlemen, largely a question of policy, but this, I think, is a common-sense conclusion, that it is not worth while to adopt a Canadian sales tax for a short period of time, because to put it over you ought to have an administrative machine so well built up and so large that you would not be justified in creating it for a temporary tax of two or three years. (Hearings, p. 260.)

Mr. Alvord stated (hearings, p. 266):

I agree with Doctor Adams that as an emergency measure, I think it would be subject to very serious consideration as to whether it would be worth while to interject the entire machinery for a short period of time.

Incidentally, Mr. Alvord when asked by the chairman if he had talked with consumers who paid this tax in Canada, replied:

No, sir; we did not.

This astounding fact must not be overlooked, that these representatives of the Treasury Department did not consult in Canada with the consumers who actually pay the tax but only with the officials of the administrative and manufacturing groups.

These excerpts from the testimony of the representatives of the Treasury Department reveal the inexpediency of adopting the manufacturers' sales tax as an emergency measure. Its adoption permanently has never been favored in the platform of either party. The Democratic platforms have expressly condemned it.

Mr. AMLIE. Mr. Speaker and Members of the House, I offer the following amendment, on page 36, after line 7, a new paragraph to be known as section 31a:

It is further provided, That the income tax imposed by this chapter shall be credited with the amount of any income tax assessed against such income by any State, Territory, foreign possession, or the District of Columbia. The credit allowed by this subsection shall not exceed 10 per cent of the tax imposed by this chapter.

The effect of this amendment would merely be to provide that the Federal Government should give a credit on the payment of Federal income taxes to an extent not to exceed 10 per cent of such taxes for any income tax paid upon the income taxed to any State, Territory, or the District of Columbia by virtue of an income tax which those governmental subdivisions may have in force and effect.

I feel particularly that such an amendment should be adopted in view of the amendment of the gentleman from California [Mr. Swing]. I say that for this reason. There are now approximately 20 States that have adopted a State income tax. These States include Arkansas, with a maximum rate of 5 per cent; Delaware, 3 per cent; Georgia, 5 per cent; Idaho, 4 per cent; Massachusetts, 1½ per cent; Mississippi, 5½ per cent; Missouri, 4 per cent; New York, 3 per cent; North Carolina, 6 per cent; North Dakota, 6 per cent; Oklahoma, 5 per cent; Oregon, 5 per cent; South Carolina, 5 per cent; Utah, 4 per cent; Vermont, 2 per cent; Virginia, 3 per cent; and Wisconsin, 7 per cent.

It is my understanding that three other States have adopted income taxes this winter, and that a number of States, including Wisconsin, have also greatly increased their income-tax rate because of the widespread unemployment and distress.

Taxpayers living in these States have felt that they were at an unfair disadvantage as compared with taxpayers living in States having no State income taxes.

In view of the fact that Federal income taxes will be increased from a maximum of 26 per cent to a possible maximum of 72 per cent under the Swing amendment, it becomes clear that the State income taxes will become even more onerous than ever.

This Congress should also recognize the fact that these States have adjusted their taxing system to a basis whereby a certain amount of revenue is derived from the taxes on incomes by those States.

The policy followed by the Federal Government during the last 13 years has justified these various States in the enactment of a State income tax law. I believe that the present development has conclusively demonstrated that these States are proceeding along sound economic lines by imposing a tax upon big incomes.

I say that because as a general thing those States are to-day in the soundest financial position. Many States that have not levied a State income tax are on the verge of bankruptcy, and at this late moment, when incomes have been greatly reduced, they are turning to this source for additional revenue.

Shortly after the World War the Federal Government tried to develop the theory that certain sources of taxation should be reserved to the Federal Government and other sources reserved to the States.

In view of what has happened during the past 12 years, it seems to me that this theory was proposed with ulterior motives in view. The theory advanced by Congress in its debates was to the effect that the large incomes ought to be reserved to the Federal Government for purposes of taxation, while inheritances dependent upon the laws of devolution of the various States should be reserved to the States.

Having enunciated this doctrine, however, the Federal Government reduced income taxes on big estates from 72 per cent in 1918 down to our present maximum rate of 26 per cent. In line with this theory they abolished the gift tax which we recognize as a prime essential if we are to make an estate tax effective. We have seen the major portions of the great fortunes of Ford and Rockefeller transferred under the benign protection afforded by the repeal of a gift tax.

In view of what has happened, I make the charge that the Federal Government during the 10-year period following the war deliberately played into the hands of the recipients of the big incomes and the owners of the big fortunes by permitting them to dictate our tax policies. It is to the credit, therefore, of the different States that did adopt an income tax that they sensed this fact and enacted income taxes of their own on the theory that if the Federal Government did not make the wealthy bear their just share of taxes that the States would attempt to see that the wealthy bore a small part of the burden that was properly theirs.

There is also another major reason why this body should at this time provide for the reciprocal feature provided for by my amendment in favor of States having income taxes. It is the fact that it is very clearly the sentiment of this body that we, the Federal Government, ought to increase our estate taxes. I am referring to the very excellent speech and analysis presented to this body by the gentleman from Maryland [Mr. Lewis] in his speech of last Thursday, March 17. In his speech he shows that if we increase the rate on estates from \$50,000 and up the Federal Government can collect an annual estate tax of \$867,000,000. There is little doubt in my mind that a majority of the Members of this Congress are in favor of the position taken by the gentleman from Maryland. In fact, I am inclined to believe that a majority of this House would go even further along the line of the taxation of estates than even the gentleman from Maryland has gone.

I regret that it is necessary to consider the question of a reciprocal feature in favor of State income taxes before we can see what this body will do with the matter of increasing Federal estate taxes. I want to say to the Members of this body that if they intend to increase Federal estate taxes to the extent advocated by the gentleman from Maryland, then they must recognize the fact that they are abandoning the expressed policy of the Congress of the United States by levying a tax upon inheritances which was presumably reserved to the States with a reservation of income taxes to the Federal Government. With the abandonment of this policy it becomes increasingly necessary that the States that have adopted an income tax be protected.

I am not going to oppose the proposition of the gentleman from Maryland. I am going to support it. But by the same token I am going to say that an amendment such as I have proposed ought in justice to our respective States to be supported by every Member who comes from a State having a State income tax. And in fairness it ought to be supported by the Members coming from States that do not have an income tax, for the reasons that I have given.

Mr. McGUGIN. Mr. Speaker, this Congress and the country are now confronted with one of the most serious problems which has ever confronted the Congress or the country. As the Congress and the country decide this problem and meet it, the welfare of this generation and the destiny of the American people are going to be determined. In such a situation it may be natural to meet it with hysteria, but it will be better to meet it with calm reasoning and wisdom.

We are confronted with the situation of a Government whose expenses for the last two years have exceeded its income three billions, or three thousand millions of dollars. It is now spending daily \$7,788,000 more money than it takes in. The country is now called upon to meet this situation. The country can only speak through Congress. We are going to meet this situation either through a sound principle of sane taxation or through confiscation of property.

We can not confiscate property without throwing overboard the very corner stone of civilization from Moses to Hoover. If the Congress and the country meet this situation calmly and with wisdom, they will meet it on a basis of taxation. If the country and the Congress are going to act irrationally, hysterically, and follow the red flag of inflamed passion, we shall probably refuse to balance the expenses with the income, and then, if divinity is kind to America, we shall get out of this situation with something a little less than revolution. All of cur hysteria and all of our anguish can not dodge the necessity that our Government must either balance expenses with income or topple and go down into bankruptcy. We can not have a stable government which is not a solvent government.

Many of us have had well-grounded preconceived ideas of taxation based upon the basic principle that those most able to pay taxes must pay them. We have been firmly convinced that this Government should be supported upon the basis of an income tax. These ideas of government are correct only so long as the incomes of the country with a fair and reasonable income tax levied against them will produce enough revenue to support the Government. We have reached a situation which none of us ever thought was possible, namely, that the incomes of the United States taxed by an income tax which is based upon sound principles of taxation will not yield enough money to support this Government. When we have reached this situation, those of us who have believed that the income tax was the proper way to support our Government must either give up for the time being this belief or change our position from levying a tax against income to a confiscation of income.

The incomes of this country have so diminished that we can not raise \$2,500,000,000 a year from these incomes without confiscating them. If we confiscate them, we have broken down the principle of private ownership of property. We can not do that unless we are ready to junk American and Anglo-Saxon civilization and sail off into the new Russian experiment commonly known as communism.

Rather than to give up our ideas of the years, that income tax should support this Government, I believe that this House in its despair has cast overboard rational reasoning for hysteria. I do not believe that it is the sound judgment of this House that we should jump from income tax to confiscation of property. One of the reasons I believe this is the record and conduct of the gentleman from New York [Mr. LaGuardia], who is leading this great crusade which is taking place in this House. The gentleman from New York [Mr. LaGuardia] has within the last year presented his views as to what would constitute a sound income tax for this country. He did not reach the conclusion of what would constitute a sound income tax hastily; he reached it after weeks and months of deliberation. Last October or November before this Congress convened, he sent out to the Members of this Congress what he thought was a fair and just income tax bill for the United States. That bill was quite evidently the result of his deliberation for at least the time intervening between the adjournment of the last Congress and the convening of this Congress. When this Congress convened, he introduced into this Congress H. R. 4605. I would not do the gentleman the injustice of suggesting that he introduced H. R. 4605 to this Congress except that it was his honest judgment as to what, in his opinion, constitutes a proper income tax bill for this country, giving full consideration to the principles of taxation, revenue for the Government, and the protection of society from concentrated wealth.

Not only did the gentleman from New York introduce H. R. 4605 in this House but he appeared before the Ways and Mean Committee and prevailed upon the committee to accept that bill. The committee rejected the income-tax proposal of the gentleman from New York, not on the ground that he levied too much income taxes but because he had not levied enough. The committee presented the bill before this House, which we are now considering. The surtax rates in this bill presented by the committee on every income up to \$3,235,000 per year are much in excess of the

surtax rates in the bill presented by the gentleman from New York, and in behalf of which he appeared before the committee. I am here going to present to the House the comparative income-tax yield from surtaxes on various incomes under the bill introduced by the gentleman from New York and under the bill presented by the committee, now before the House for consideration. For convenience I shall refer to these bills as the LaGuardia bill and the committee bill

	Income	LaGuardia bill	Committee bill
\$300,000 \$500,000		\$2,950 11,660 54,160 100,160 243,160 443,160 668,160 1,158,160 1,273,300	\$4, 200 20, 100 100, :00 180, 100 380, 100 780, 100 880, 100 1, 180, 000 1, 274, 100

In each income in the United States in excess of \$3,235,000 the LaGuardia bill will return an income tax of 9 per cent more than the committee bill. In the year 1930, which is the last report available, there were 18 incomes in the United States in excess of \$3,235,000; therefore, even in the more prosperous year, 1930, the LaGuardia bill would return to the Government an income in excess of the committee bill on only 18 incomes in the United States, while on every other income in the United States the committee bill will return to the Government an income in excess of the LaGuardia bill.

Now, what do we find? Do we find the gentleman from New York assailing the committee because its bill presents higher income-tax rates and returns more income tax into the Government of the United States than his bill? No. Singular as it may seem, we find him leading the fight denouncing the committee, leaving the impression to the country that the committee sold out the people and protected the wealth of this country at the expense of the masses, yet the committe in its deliberation presented an income-tax rate on the incomes of the United States, with the exception of 18 incomes, which returns far more income than the bill which the gentleman from New York presented as a result of his deliberations as to what would be a just and fair income tax bill.

I am not going to charge that this assault upon the committee bill is the result of any dishonesty of purpose, yet it can not be justified by either truth or reason. I am going to charge it to the hysteria which is sweeping over this House and the country in our uncompromising rebellion against giving up our preconceived ideas that our Government must be supported by income tax. Even though the facts are that the incomes of this country can not support it by taxation, and it is questionable whether or not they can support it by confiscation, the country can well afford for us to give up our preconceived idea and bow to the inevitable. The country can not afford for us to justify our preconceived idea and maintain our consistency at the expense of junking our civilization.

In common with others, I have firmly believed in the philosophy as advocated by the gentleman from California [Mr. Swing] that the Government should be supported by those who are making money, yet I have been firm in the conviction that the expenses of the Government should be kept to the irreducible minimum irrespective of the people's ability to pay or from what source we receive the taxes. Before we started the consideration of this bill I had gone into the matter and had reached the firm conviction that we could not meet the expenses of this Government by any form of taxation except through some sort of a sales tax, special or general; therefore my mind has been made up that I would vote first for a general sales tax, then, if we could not receive that, vote for a special sales tax.

I am opposed to a special sales tax because it is unjust and because it will persecute and demoralize certain industries; yet, if we can not have a general tax, it is better to persecute and demoralize certain industries than to destroy our Government. As a basis of showing my good faith, I went along on the Swing amendment. I was willing to make the large incomes pay the maximum. I did not think that they would furnish much revenue because I think that such incomes under present conditions will not be large enough to yield much revenue. So far as those particular income-tax payers are concerned, if they do not make the incomes, they are not seriously hurt. I have not cared if it did hurt them, however, I have reasoned this thing through a little further. I am now firmly convinced that they are not the ones who are going to suffer by the restoration of the war-time rates. If they were the only ones suffering, I should have no desire to make a change in my position. I am convinced that the American people are going to suffer. I am not going to pay the price of making others suffer in order to make my position in Congress a little more easily explainable to my constituency. We have built up great institutions in this country; the merging and consolidating of institutions has gone to far, yet millions of people depend upon these institutions for their employment. These institutions are so large that they can not be operated except by some large investments of capital.

I am firmly convinced that in hazardous times such as these arithmetic will not permit capital to be invested in any institution where that capital must bear all the losses in case of loss and must give up 72 per cent of the winnings in case of profit. That is the situation under the Swing amendment, 65 per cent surtax and 7 per cent normal tax. The States are also in this field. Does anyone think for a moment that such capital can be invested in industry and employ labor?

I am opposed to the consolidation of industry and concentration of wealth. It took 15 years to build it up. I am willing to disintegrate it. I am not willing to put the legislative torch to it.

I am firmly convinced that the Swing amendment drives the last of great wealth out of American industry. At this time we need all the wealth of this country, great and small, in American industry, in order to keep our society and industry affoat. We can not disintegrate this consolidation of industry overnight. If we drive all of the great wealth out of it instantly, it will be closed down. In a day it can not be replaced by smaller institutions. Hungry society can not wait for it to be replaced by smaller institutions. Industry must operate or government can not survive. Unless private capital operates it, there is only one alternative, and that is for the Government to operate it; that is communism. It was not idle talk. It was not talk to scare us into line when the Democratic floor leader, Mr. RAINEY, of Illinois, told us Saturday that we had made the closest step toward communism any country had ever made except Russia.

I, for one, made the step but I am going to retract that step at the first opportunity. I can suffer the humiliation of the unthinking charging me with being inconsistent, but I can not bear the responsibility of knowing that I have done anything which will drive my country into or toward communism. At a later date I hope the committee will ask for a roll call to reject the Swing amendment. At that time I shall retract and vote to reject it. I shall replace it with the committee bill. The committee bill of 47 per cent, 40 per cent surtax and 7 per cent normal tax on concentrated wealth, will disintegrate it in an orderly and civilized fashion. That gives us a chance to return to the civilization of individualism which made America a great country. That shall be my course. That is my desire. I will not lend my support to the Swing amendment, which, at best, can only increase the present despair and distress with more unemployment and will more likely drive us into Government ownership and operation of industry, which is communism. I will stick by the traditions of Washington, Jefferson, Lincoln, Roosevelt, and Wilson, rather than, in a spirit of hysteria, turn to the philosophy of Lenin and Trotsky.

Saturday the gentleman from New York said that the gentleman from Maryland [Mr. Lewis] would introduce an

amendment to the estates tax which would obtain the necessary revenue. I am now informed that the Lewis amendment will provide for a 40 per cent estates tax on estates in excess of \$100,000.

I take it that the gentleman from New York in his desperation to maintain his consistency and his determination to carry out his policy of making wealth bear the expenses of this Government is now willing to abandon his sound and deliberate opinion of just taxation in the estates tax for confiscation of property in order to maintain his position. When he was viewing the estates tax on a basis of sound taxation and not as a means of confiscating property in order to justify his views as to who should pay taxes, he regarded 3 per cent as a sufficient estates tax on estates in excess of \$100,000 and less than \$200,000. Last fall when he informed his colleagues what would be a proper estates tax and when he appeared before the Ways and Means Committee and advocated what he thought was a proper estates tax, he firmly believed that 3 per cent was a sufficient tax on estates between \$100,000 and \$200,000. Now he is willing to advocate the proposed Lewis amendment of 40 per cent on such estates. Obviously, he has jumped from taxation to confiscation. When he appeared before the Ways and Means Committee and gave his deliberate judgment as to the proper estates etx he did not think that any estate should pay 40 per cent until it was an estate of not less than \$6,000,000 or more than \$7,000,000.

It is true that the committee bill levies a tax of 40 per cent on incomes of \$100,000. There is a lot of difference in levying a tax on an annual income of \$100,000 and on an estate of \$100,000. The annual income represents the earnings and profits of a year's time. The estate of \$100,000 represents the thrift and accumulations of a lifetime.

The committee bill on estates taxes levies a higher rate on estates up to \$4,000,000 than the gentleman from New York. in his bill, H. R. 4605, asked the committee and this House to accept. On estates above \$4,000,000 the gentleman from New York by his bill graduates the estates taxes from 30 per cent up to 60 per cent, while the committee bill graduates them from 28 per cent up to 40 per cent. So far as revenue to the Government is concerned, the committee bill will yield much more revenue to the Government from estates taxes than will the bill offered by the gentleman from New York. The higher rate of the committee bill on estates up to \$4,000,000 will yield more revenue than the LaGuardia bill on estates of \$4,000,000 and upward. In order to bring clearly before the House the soundness of the committee bill after deliberation, as compared to the LaGuardia bill, which the gentleman presented as a result of his deliberation, I am going to set forth as a part of my remarks the committee bill on income tax and the LaGuardia bill on income tax and the committee bill on estates taxes and the LaGuardia bill on estates taxes.

I am doing this to bring clearly before Congress and the country that we can not reject the deliberation of the committee without rejecting the deliberate views of the gentleman from New York, who is now leading the crusade to destroy the committee bill and to abandon taxation for confiscation. I do not believe that the gentleman from New York will stand on this floor and seriously tell this House that his wide departure from his own bill (H. R. 4605) to the program which he is now advocating is anything less than abandoning taxation and embracing confiscation of property.

### SURTAX ON INDIVIDUALS UNDER THE COMMITTEE BILL

Upon a net income of \$10,000 there shall be no surtax; upon net incomes in excess of \$10,000 and not in excess of \$12,000, 1 per cent of such excess.

\$20 upon net incomes of \$12,000; and upon net incomes in excess of \$12,000 and not in excess of \$14,000, 2 per cent in addition of such excess.

\$60 upon net incomes of \$14,000; and upon net incomes in excess of \$14,000 and not in excess of \$16,000, 3 per cent in addition of such excess.

\$120 upon net incomes of \$16,000; and upon net incomes in excess of \$16,000 and not in excess of \$18,000, 4 per cent in addition of such excess.

\$200 upon net incomes of \$18,000; and upon net incomes in excess of \$18,000 and not in excess of \$20,000, 5 per cent in addition of such excess.

\$300 upon net incomes of \$20,000; and upon net incomes in excess of \$20,000 and not in excess of \$22,000, 6 per cent in addition of such excess.

\$420 upon net incomes of \$22,000; and upon net incomes in excess of \$22,000 and not in excess of \$24,000, 7 per cent in addition of such excess.

\$560 upon net incomes of \$24,000; and upon net incomes in excess of \$24,000 and not in excess of \$26,000, 8 per cent in addition of such excess.

\$720 upon net incomes of \$26,000; and upon net incomes in excess of \$26,000 and not in excess of \$28,000, 9 per cent in addition of such excess.

\$900 upon net incomes of \$28,000; and upon net incomes in excess of \$28,000 and not in excess of \$30,000, 10 per cent in addition of such excess.

\$1,100 upon net incomes of \$30,000; and upon net incomes in excess of \$30,000 and not in excess of \$32,000, 11 per cent in addition of such excess.

\$1,320 upon net incomes of \$32,000; and upon net incomes in excess of \$32,000 and not in excess of \$34,000, 12 per cent in addition of such excess.

\$1,560 upon net incomes of \$34,000; and upon net incomes in excess of \$34,000 and not in excess of \$36,000, 13 per cent in addition of such excess.

\$1,820 upon net incomes of \$36,000; and upon net incomes in excess of \$36,000 and not in excess of \$38,000, 14 per cent in addition of such excess.

\$2,100 upon net incomes of \$38,000; and upon net incomes in excess of \$38,000 and not in excess of \$40,000, 15 per cent in addition of such excess.

\$2,400 upon net incomes of \$40,000; and upon net incomes in excess of \$40,000 and not in excess of \$42,000, 16 per cent in addition of such excess.

\$2,720 upon net incomes of \$42,000; and upon net incomes in excess of \$42,000 and not in excess of \$44,000, 17 per cent in addition of such access.

\$3,060 upon net incomes of \$44,000; and upon net incomes in excess of \$44,000 and not in excess of \$46,000, 18 per cent in addition of such excess.

\$3,420 upon net incomes of \$46,000; and upon net incomes in excess of \$46,000 and not in excess of \$48,000, 19 per cent in addition of such excess.

\$3,800 upon net incomes of \$48,000; and upon net incomes in excess of \$48,000 and not in excess of \$50,000, 20 per cent in addition of such excess.

\$4,200 upon net incomes of \$50,000; and upon net incomes in excess of \$50,000 and not in excess of \$52,000, 21 per cent in addition of such excess.

\$4,620 upon net incomes of \$52,000; and upon net incomes in excess of \$52,000 and not in excess of \$54,000, 22 per cent in addition of such excess.

\$5,060 upon net incomes of \$54,000; and upon net incomes in excess of \$54,000 and not in excess of \$56,000, 23 per cent in addition of such excess.

\$5,520 upon net incomes of \$56,000; and upon net incomes in excess of \$56,000 and not in excess of \$58,000, 24 per cent in addition of such excess.

tion of such excess. \$6,000 upon net incomes of \$58,000; and upon net incomes in excess of \$58,000 and not in excess of \$60,000, 25 per cent in addition of such excess.

\$6,500 upon net incomes of \$60,000; and upon net incomes in excess of \$60,000 and not in excess of \$62,000, 26 per cent in addition of such excess.

\$7,020 upon net incomes of \$62,000; and upon net incomes in excess of \$62,000 and not in excess of \$64,000, 27 per cent in addition of such excess.

\$7,560 upon net incomes of \$64,000; and upon net incomes in excess of \$64,000 and not in excess of \$66,000, 28 per cent in addition of such excess.

\$8,120 upon net incomes of \$66,000; and upon net incomes in excess of \$66,000 and not in excess of \$68,000, 29 per cent in addition of such excess.

\$8,700 upon net incomes of \$68,000; and upon net incomes in excess of \$68,000 and not in excess of \$70,000, 30 per cent in addition of such excess.

\$9,300 upon net incomes of \$70,000; and upon net incomes in excess of \$70,000 and not in excess of \$72,000, 31 per cent in addition of such excess.

\$9,920 upon net incomes of \$72,000; and upon net incomes in excess of \$72,000 and not in excess of \$74,000, 32 per cent in addition of such excess.

\$10,560 upon net incomes of \$74,000; and upon net incomes in excess of \$74,000 and not in excess of \$76,000, 33 per cent in addition of such excess.

\$11,220 upon net incomes of \$76,000; and upon net incomes in excess of \$76,000 and not in excess of \$78,000, 34 per cent in addition of such excess.

\$11,900 upon net incomes of \$78,000; and upon net incomes in excess of \$78,000 and not in excess of \$80,000, 35 per cent in addition of such excess.

\$12,600 upon net incomes of \$80,000; and upon net incomes in excess of \$80,000 and not in excess of \$85,000, 36 per cent in addition of such excess.

\$14,400 upon net incomes of \$85,000; and upon net incomes in excess of \$85,000 and not in excess of \$90,000, 37 per cent in addition of such excess.

\$16,250 upon net incomes of \$90,000; and upon net incomes in excess of \$90,000 and not in excess of \$95,000, 38 per cent in addition of such excess.

\$18,150 upon net incomes of \$95,000; and upon net incomes in excess of \$95,000 and not in excess of \$100,000, 39 per cent in addition of such excess.

\$20,100 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000, 40 per cent in addition of such excess.

#### SURTAXES UNDER LAGUARDIA BILL

Upon a net income of \$10,000 there shall be no surtax; upon net incomes in excess of \$10,000 and not in excess of \$14,000, 1 per cent of such excess.

\$40 upon net incomes of \$14,000; and upon net incomes in excess of \$14,000 and not in excess of \$16,000, 2 per cent in addition of such excess.

\$80 upon net incomes of \$16,000; and upon net incomes in excess of \$16,000 and not in excess of \$18,000, 3 per cent in addition of such excess.

\$140 upon net incomes of \$18,000; and upon net incomes in excess of \$18,000 and not in excess of \$20,000, 4 per cent in addition of such excess.

\$220 upon net incomes of \$20,000; and upon net incomes in excess of \$20,000 and not in excess of \$22,000, 5 per cent in addition of such excess.

\$320 upon net incomes of \$22,000; and upon net incomes in excess of \$22,000 and not in excess of \$24,000, 6 per cent in addition of such excess.

\$440 upon net incomes of \$24,000; and upon net incomes in excess of \$24,000 and not in excess of \$28,000, 7 per cent in addition of such excess.

\$720 upon net incomes of \$28,000; and upon net incomes in excess of \$28,000 and not in excess of \$32,000, 8 per cent in addition of such excess.

\$1,040 upon net incomes of \$32,000; and upon net incomes in excess of \$32,000 and not in excess of \$36,000, 9 per cent in addition of such excess.

\$1,400 upon net incomes of \$36,000; and upon net incomes in excess of \$36,000 and not in excess of \$40,000, 10 per cent in addition of such excess.

\$1,800 upon net incomes of \$40,000; and upon net incomes in excess of \$40,000 and not in excess of \$44,000, 11 per cent in addition of such excess.

\$2,240 upon net incomes of \$44,000; and upon net incomes in excess of \$44,000 and not in excess of \$48,000, 12 per cent in addition of such excess.

\$2,720 upon net incomes of \$48,000; and upon net incomes in excess of \$48,000 and not in excess of \$52,000, 13 per cent in addition of such excess.

\$3,240 upon net incomes of \$52,000; and upon net incomes in excess of \$52,000 and not in excess of \$56,000, 14 per cent in addition of such excess.

\$3,800 upon net incomes of \$56,000; and upon net incomes in excess of \$56,000 and not in excess of \$60,000, 15 per cent in addition of such excess.

\$4,400 upon net incomes of \$60,000; and upon net incomes in excess of \$60,000 and not in excess of \$64,000, 16 per cent in addition of such excess.

\$5,040 upon net incomes of \$64,000; and upon net incomes in excess of \$64,000 and not in excess of \$70,000, 17 per cent in addition of such excess.

\$6,060 upon net incomes of \$70,000; and upon net incomes in excess of \$70,000 and not in excess of \$80,000, 18 per cent in addition of such excess.

\$7,860 upon net incomes of \$80,000; and upon net incomes in excess of \$80,000 and not in excess of \$100,000, 19 per cent in addition of such excess.

\$11,660 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000 and not in excess of \$150,000, 20 per cent in addition of such excess.

\$21,660 upon net incomes of \$150,000; and upon net incomes in excess of \$150,000 and not in excess of \$200,000, 21 per cent in addition of such excess.

\$32,160 upon net incomes of \$200,000; and upon net incomes in excess of \$200,000 and not in excess of \$300,000, 22 per cent in addition of such excess.

\$54,160 upon net incomes of \$300,000; and upon net incomes in excess of \$300,000 and not in excess of \$500,000, 23 per cent in addition of such excess.

\$100,160 upon net incomes of \$500,000; and upon net incomes in excess of \$500,000 and not in excess of \$600,000, 24 per cent in addition of such excess.

\$124,160 upon net incomes of \$600,000; and upon net incomes in excess of \$600,000 and not in excess of \$700,000, 26 per cent in addition of such excess.

\$150,160 upon net incomes of \$700,000; and upon net incomes in excess of \$700,000 and not in excess of \$800,000, 28 per cent in addition of such excess.

\$178,160 upon net incomes of \$800,000; and upon net incomes in excess of \$800,000 and not in excess of \$900,000, 30 per cent in addition of such excess.

\$208,160 upon net incomes of \$900,000; and upon net incomes in excess of \$900,000 and not in excess of \$1,000,000, 35 per cent in addition of such excess

\$243,160 upon net incomes of \$1,000,000; and upon net incomes in excess of \$1,000,000 and not in excess of \$1,500,000, 40 per cent in addition of such excess.

\$443,160 upon net incomes of \$1,500,000; and upon net incomes in excess of \$1,500,000 and not in excess of \$2,000,000, 45 per cent in addition of such excess.

\$668,160 upon net incomes of \$2,000,000; and upon net incomes in excess of \$2,000,000, in addition, 49 per cent of such excess.

#### ESTATE TAXES UNDER LAGUARDIA BILL

One per cent of the amount of the net estate not in excess of \$50,000.

Two per cent of the amount by which the net estate exceeds \$50,000 and does not exceed \$100,000.

Three per cent of the amount by which the net estate exceeds \$100,000 and does not exceed \$200,000.

Four per cent of the amount by which the net estate exceeds \$200,000 and does not exceed \$400,000.

Five per cent of the amount by which the net estate exceeds

\$400,000 and does not exceed \$600,000. Six per cent of the amount by which the net estate exceeds

\$600,000 and does not exceed \$800,000.

Ten per cent of the amount by which the net estate exceeds \$800,000 and does not exceed \$1,000,000.

Twelve per cent of the amount by which the net estate exceeds \$1,000,000 and does not exceed \$1,500,000.

Fifteen per cent of the amount by which the net estate exceeds

\$1,500,000 and does not exceed \$2,000,000.

Eighteen per cent of the amount by which the net estate exceeds

\$2,000,000 and does not exceed \$2,500,000.

Twenty per cent of the amount by which the net estate exceeds \$2,500,000 and does not exceed \$3,000,000.

Twenty-two per cent of the amount by which the net estate exceeds \$3,000,000 and does not exceed \$3,500,000.

Twenty-five per cent of the amount by which the net estate exceeds \$3,500,000 and does not exceed \$4,000,000.

Thirty per cent of the amount by which the net estate exceeds

\$4,000,000 and does not exceed \$5,000,000; Thirty-five per cent of the amount by which the net estate exceeds \$5,000,000 and does not exceed \$6,000,000;

Forty per cent of the amount by which the net estate exceeds \$6,000,000 and does not exceed \$7,000,000;

Forty-five per cent of the amount by which the net estate exceeds \$7,000,000 and does not exceed \$8,000,000;

Fifty per cent of the amount by which the net estate exceeds

\$8,000,000 and does not exceed \$9,000,000;

Fifty-five per cent of the amount by which the net estate exceeds \$9,000,000 and does not exceed \$10,000,000;

Sixty per cent of the amount by which the net estate exceeds \$10,000,000.

### GIFT TAXES

One per cent of the amount of the taxable gifts not in excess of \$50,000;

Two per cent of the amount by which the taxable gifts exceed \$50,000 and do not exceed \$100,000;

Three per cent of the amount by which the taxable gifts exceed \$100,000 and do not exceed \$200,000;

Four per cent of the amount by which the taxable gifts exceed \$200,000 and do not exceed \$400,000;

Five per cent of the amount by which the taxable gifts exceed

\$400,000 and do not exceed \$600,000; Six per cent of the amount by which the taxable gifts exceed

\$600,000 and do not exceed \$800,000;

Ten per cent of the amount by which the taxable gifts exceed \$800,000 and do not exceed \$1,000,000;

Twelve per cent of the amount by which the taxable gifts exceed \$1,000,000 and do not exceed \$1,500,000;

Fifteen per cent of the amount by which the taxable gifts exceed

\$1,500,000 and do not exceed \$2,000,000;
Eighteen per cent of the amount by which the taxable gifts

exceed \$2,000,000 and do not exceed \$2,500,000;
Twenty per cent of the amount by which the taxable gifts exceed \$2,500,000 and do not exceed \$3,000,000;
Twenty-two per cent of the amount by which the taxable gifts

exceed \$3,000,000 and do not exceed \$3,500,000;

THE RATE OF ESTATES TAXES AS PRESENTED BY THE COMMITTEE BILL Two per cent of the amount of the net estate not in excess of

Four per cent of the amount by which the net estate exceeds \$50,000 and does not exceed \$100,000.

Six per cent of the amount by which the net estate exceeds \$100,000 and does not exceed \$200,000.

Eight per cent of the amount by which the net estate exceeds \$200,000 and does not exceed \$400,000.

Ten per cent of the amount by which the net estate exceeds \$400,000 and does not exceed \$600,000.

Twelve per cent of the amount by which the net estate exceeds \$600,000 and does not exceed \$800,000.

Fourteen per cent of the amount by which the net estate exceeds \$800,000 and does not exceed \$1,000,000.

Sixteen per cent of the amount by which the net estate exceeds \$1,000,000 and does not exceed \$1,500,000.

Eighteen per cent of the amount by which the net estate exceeds \$1,500,000 and does not exceed \$2,000,000.

Twenty per cent of the amount by which the net estate exceeds \$2,000,000 and does not exceed \$2,500,000.

Twenty-two per cent of the amount by which the net estate exceeds \$2,500,000 and does not exceed \$3,000,000.

Twenty-four per cent of the amount by which exceeds \$3,000,000 and does not exceed \$3,500,000. the net estate

Twenty-six per cent of the amount by which the net estate exceeds \$3,500,000 and does not exceed \$4,000,000.

Twenty-eight per cent of the amount by which the net estate exceeds \$4,000,000 and does not exceed \$5,000,000.

Thirty per cent of the amount by which the net estate exceeds

\$5,000,000 and does not exceed \$6,000,000. Thirty-two per cent of the amount by which the net estate exceeds \$6,000,000 and does not exceed \$7,000,000.

Thirty-four per cent of the amount by which the net estate exceeds \$7,000,000 and does not exceed \$8,000,000.

Thirty-six per cent of the amount by which the net estate

exceeds \$8,000,000 and does not exceed \$9,000,000.

Thirty-eight per cent of the amount by which the net estate exceeds \$9,000,000 and does not exceed \$10,000,000.

Forty per cent of the amount by which the net estate exceeds \$10,000,000.

Mr. CARTER of Wyoming. Mr. Speaker, the balancing of the Budget is one of the most important problems of this Congress, and I realize it is no easy task. The Ways and Means Committee, to whom this task was assigned has, brought before the House H. R. 10236, which its proponents state will provide over a billion dollars in revenue. The bill and hearings before the committee show careful and deliberate consideration.

I have no objection to supporting this measure provided certain provisions were stricken from the bill, namely, the sales tax and the theater admission tax.

The American people have always accepted the principle that the tax burden should be distributed amongst all, and each according to his ability to pay. The sales tax in this bill is a radical departure from that principle, for it makes consumption, rather than income, the basis of taxation. It is putting the burden on the masses—the poor people who are least able to assume it. It is, in my opinion, the most unjust and iniquitous tax ever proposed in this country, and coming particularly at a time when there are millions of men unemployed and millions more on part-time employment or barely receiving a living wage makes it more so.

This tax bill will be a severe blow to business, for it tends to restrain consumption and lessens the purchasing power, which is badly needed to aid in bringing more employment to our people. Even if the principles were defensible, it is plainly erroneous to tax the distribution of goods when the country is suffering from overproduction as it is to-day. Aside from its unfairness, the agencies interested in savings and in encouraging modest investments will certainly suffer.

The proponents tell us in one breath that the tax will be absorbed through the operations of competition by the distributor, and in another breath that it will be paid by the consumer, practically without his knowledge. I will admit it is a tax of low visibility and sugar-coated to make it more palatable to the consumer, so that every time he makes a purchase he will not realize he is paying the burden of the wealthy. Let us see how much the consumer is going to pay. The committee recommends a rate of 21/4 per cent upon the price at which the manufacturer or producer sells his commodity, which is estimated to raise about \$600,000,000 for the Government, but what will that mean to the ultimate consumer?

The report states pyramiding of taxes is effectively eliminated by a system of licensing. There was an honest endeavor to accomplish this, but pyramiding is inevitable on a commodity passing through the many business channels. Everyone who handles an article will add on additional profit and in the final analysis the ultimate consumer will pay at least double the tax the Government will receive. So instead of paying \$600,000,000, he will pay \$1,200,000,000. This does not represent social justice in any form whatso-

A wage earner having a wife and three children and receiving a salary of \$3,000 would pay a tax of approximately \$40 under the sales tax, while a person to-day having a wife and three children would have to earn a salary of approximately \$8,000 to pay that same amount in income family had for saving is completely wiped out.

The sales tax, if enacted into law, will spare wealth from its just proportion of the deficit and put the great burden on the workingman who is so desperately poor to-day. It was the wealthy of the country whose greed for more wealth without earning it caused the depression and as a result the present deficit.

Those who engage in livestock and agriculture get but a small per cent of the consumer's dollar, and a consumption or sales tax will reduce that amount. Our sheepmen, cattlemen, and farmers have a hard time to keep their heads above water, but will certainly sink lower if this tax is

I am for balancing the Budget not by a sales tax but by increasing the gift tax, the income tax, and the inheritance tax in the higher brackets. A tax of one-half of 1 per cent of the stock exchanges would raise over \$300,000,000, a great amount of which would be paid by the professional gamblers in Wall Street.

#### THEATER-ADMISSION TAX

In regard to the proposed theater admission tax, my State is made up mostly of farmers, ranchers, and laboring people. None of these folks are making money.

The motion-picture theater is the center of entertainment in our small towns. We have no large cities. The only form of amusement for our folks is the theater. The theaters that have survived the depression are barely making ends meet, and the admission tax would close down the rest of them.

It would be impossible for the theaters to pass the tax along to these folks, as they have their budgets stretched to the limit now. If the tax is placed on admissions, they would have to give up their only form of amusement and diversion from their daily labors. The theaters, consequently, would have to close their doors and be the cause of adding many more to the great army of unemployed.

The moral effect upon the communities would not be healthy should our poor and humble be deprived of their only diversion. These same theaters have been a great steadying influence upon our people. We do not have the communistic element in this country in proportion to other countries, and the theater has been a great factor in this blessing. I think the theater-admission tax should not be enacted into law.

Mr. NORTON. Mr. Speaker, in his Budget message to Congress on December 9 President Hoover advised the Congress and the country of the deficit in the Federal Treasury. At that time he gave the deficit for 1931 as being \$903 .-000,000 and estimated the deficit for the following two years would be over \$2,000,000,000 for 1932 and \$1,417,000,000 for

It is unfortunate that Secretary Mellon, for whom great claims have been made, and of whom it has been said that he has been the greatest Secretary of the Treasury since Alexander Hamilton, did not sooner learn the true condition of the Treasury. In that event the last Congress could have made proper provision for raising the necessary revenue to meet the deficit for 1931 and 1932. The failure of the Secretary of the Treasury to properly ascertain the facts at a time when those facts should have been available, and involving the probable income and the expenditures of the Federal Government, has made it necessary for this Congress not only to provide the required revenue to meet the deficit for the next fiscal year but for the two preceding years in order to balance the Federal Budget.

During the present session of Congress much has been said not only in Congress but throughout the country with reference to the necessity of balancing the Budget. We have been told that failure to provide sufficient revenue for that purpose would cause dire results to the Nation; that the return of prosperity could not be looked for until that result had been achieved, and that failure to achieve it would result in the worst financial panic in the history of the country. It is rather difficult to see how economic conditions could be much worse than they have been during the past two

tax. What little opportunity the small wage earner with a \ years, with depression, unemployment, and distress on every hand.

> The serious problem which confronts and concerns the Congress and the Nation at the present time, in connection with this question, is not alone as to whether the Budget should be balanced but also as to how it should be balanced in the event that course is to be followed. Whether the Budget should be balanced in accordance with the recommendation of the Treasury or in the manner suggested by the House Ways and Means Committee is a fit subject for

> It has not been conclusively proven, at least not to the satisfaction of many Members of Congress, that it would not be better for the taxpayers of the country-and their interests are entitled to first consideration-to raise only sufficient revenue to meet a part of the deficit and to issue short-time bonds to meet the balance, in the hope that the return of normal conditions would increase the revenue sufficiently to care for that indebtedness. To say that a country that has an estimated worth of \$350,000,000,000 can not borrow one-half of \$1,000,000,000 seems ridiculous.

> However that may be, granting that the better course to pursue at this time will be to provide the necessary revenue to balance the Budget, the question naturally arises as to how that Budget shall be balanced. Is it to be balanced entirely as a result of increasing taxes? Would it not be better to balance the Budget as far as possible through the curtailment of Government expenses, resulting from the elimination of unnecessary and useless Government activities? Also, through a proper reduction in Government salaries, at least the salaries in the higher brackets? I would not favor reducing the salaries of those who are earning merely living wages. Such wages should not be cut, either in Government or in industry. On the other hand, as I have previously stated, during the present emergency if need be to balance the Budget, I would vote to drastically reduce the larger salaries, including the salaries of Members of Congress, members of the Cabinet, and heads of departments.

> In the present time of depression, of unemployment, and of low farm prices taxes should be increased only where absolutely necessary, and should be reduced wherever possible. The House has authorized the appointment of a special Economy Committee, whose duty and function it is to ascertain ways of reducing governmental expenditures in the interest of desired economy. This committee should be permitted to exhaust every possible method of cutting expenses, the cost of maintaining the Federal Government before Congress will have just cause for passing a bill that will materially increase taxes.

> If after every other possible means of reducing expenses has been exhausted and every possible cut has been made it shall be found necessary to increase taxes in order to balance the Budget, the increased taxes should not be placed upon the smaller taxpayers of the Nation. For that reason, that increased revenue should not be secured through the enactment of a sales tax. I am unalterably opposed to the principle of a sales tax. To propose such a tax at this time is an insult to the average American citizen, who is already overburdened with taxes. The rich of the country would not be required to pay their fair share of a tax of that kind.

> If taxes must be increased to meet the present emergency, and it is to be admitted that it will be necessary to meet a part of the deficit in that way, I am in favor of placing the greater part of those increased taxes upon the larger incomes and upon inheritances, gifts, and luxuries. The revenue measure to be enacted should be one which will provide that the increase be distributed equitably, so that the greater burden will rest on those individuals and corporations that are best able to bear it. That is the only fair principle of taxation.

> The more fundamental question involved, however, in a discussion of this issue is not as to whether there is a deficit that must be balanced, but as to why there is such a deficit at this time. The answer is obvious; the deficit is due to the depressed economic condition of the country which has re

sulted in reduced values, profits, incomes, and other sources of revenue. The failure of the Federal Government to balance its Budget under the existing law is due to the failure of the average citizenship of the country to balance its budget.

In other words, if the farmers of America had received prices for their products which would have been at least equal to the cost of production, so that they could have paid their taxes, interest, and other expenses, including a living for their families; if the working classes in the cities, whether in the factory, in the shop, in the office, or elsewhere, could have secured wages which in every instance would have enabled them to pay their house rent and other living expenses for themselves and for their families; if the more than 8,000,000 of unemployed had been given an opportunity to work, to earn an honest living as the result of their own efforts; if all of these could have balanced their budgets, there would be no Federal Budget to balance at the present time as the result of a deficit.

Furthermore, may I be permitted to say that the Federal Budget will never be permanently balanced until those to whom I have referred have been given an opportunity to balance theirs. You will never be able to permanently balance the Federal Budget by merely voting hundreds of millions of dollars to aid large financial and industrial institutions. The desired prosperity will never be restored to the American people in that way. The way to build a sound structure is not by beginning at the top and building toward the bottom, but by beginning at the bottom and building

toward the top.

In this instance the foundation is to be found in a restored buying power among the masses of the Nation. Prosperity will come, and come speedily, whenever Congress will take the necessary action to provide employment for the unemployed and proper farm commodity prices for the farmers. With a restored buying power on the farms and in the cities we can hope for the return of desired prosperity to the country as a whole. With the purchasing power of the Nation reestablished, the wheels of industry will again move, confidence will be restored, and a normal condition will again prevail.

Mr. PEAVEY. Mr. Speaker, under the revenue bill now before Congress the Ways and Means Committee proposes to raise \$1,100,000,000.

Sixty per cent of this amount, or \$600,000,000, is to be collected under a manufacturers' excise or sales tax. What this will cost the people of Wisconsin and my district is a simple mathematical proposition. Wisconsin has over 3,000,000 of the 120,000,000 people in the United States. That is one-fortieth of the whole. One-fortieth of the \$600,000,000 which the Ways and Means Committee says the bill will raise is \$15,000,000. On a basis of what the experts and some of the committee members say that this bill will cost the consumer, Wisconsin's one-fortieth would in that case be \$25,000,000.

As the new tenth district which I represent has approximately one-tenth of the population of Wisconsin, it will cost that district each year, under the committee figures, one-tenth of \$15,000,000, or \$1,500,000, and on a basis of actual cost, as shown by previous experience with the sales tax during the war, it will cost \$2,500,000. I am unalterably opposed to the imposition of this new burden upon every business, farmer, and workingman, and their families. It is unnecessary and unjustifiable.

Most of the remaining \$500,000,000 to be raised under the provisions of the revenue bill will be collected under the income and inheritance tax provisions of the measure.

Of this amount, it is estimated that the income-tax provision of this bill will raise about \$250,000,000 to \$300,000,000, or about one-half of the amount raised by the sales tax. In other words, the consumers of America under the provisions of this bill will be made to pay twice as much in taxes as is collected on incomes.

The small business man, the farmers, and the workers of America under this bill are asked to pay in consumption taxes two dollars for every one paid by organized wealth, in order to balance the National Budget. The Budget must be balanced, so the sponsors of this bill say, in order that the tax-free Government bonds held by wealth may not depreciate and other stocks and securities collapse.

It is unfair and unjust, and I for one will never vote for it. Such a law should never be enacted, except as a last resort and only after every other legitimate means of raising revenue has been exhausted.

Mr. Speaker, last night's Washington newspapers carried information on the first page, saying in substance that if the progressive members of both parties in the House combined in removing the sales tax from the present revenue bill, the party leaders, in charge of the bill, would retaliate by advocating a reduction in all Federal salaries.

That means, Mr. Speaker, that unless the duly elected representatives of the people in Congress pass this bill, sales tax included, to relieve organized wealth of its share of the burden caused by the present depression, then we, as Members of Congress, along with all the other employees of the Government, will have our salaries cut.

I can only speak for myself as one member of the House. As such I accept that challenge. Mr. Speaker, I will never vote to pass this bill as long as it contains a sales tax. I will never vote to place an additional burden upon the backs of the farmers and workingmen of my district at this time.

Under this bill as now written every farmer in my district will be required to pay a consumption tax on every piece of machinery he buys, every roll of wire, steel post, rope, strap, or other manufactured article with which he operates his farm. The wife of every workingman in my district, under the provisions of this bill, will be made to pay taxes on every manufactured article she buys for herself or the children, from a pin to a sewing machine. Once adopted, this sales tax on consumption will become a permanent policy of the Government. It will be a burden on the business and common people from the cradle to the grave. Every child under this bill will be compelled to pay taxes on everything he needs to attend school, including books, likewise every piece of candy, bottle of pop, or ice-cream cone.

Many of the people of my district, through unemployment and the agricultural depression, are unable to meet their present burdens, and our towns and cities are feeding and clothing hundreds of families. This bill will tax them all.

As now written this bill is a rich man's tax bill. It protects wealth from paying its fair share of the burden, and I will not vote for it. I would not vote for it if I knew they would reduce my salary from the Government because of my vote against it. Nor will I vote to reduce the salaries of the employees of the Government on account of it.

Mr. Speaker, I believe in economy. I believe in reducing taxes, Federal, State, county, and town. I am interested in reducing taxes because I am a taxpayer. I know just how hard it is to dig up money to pay high taxes when every

farm is being operated at a loss.

We have several thousand Government employees in my district. Mail carriers, rural carriers, postmasters, post-office employees, lighthouse keepers, harbor workers, and so forth. Nearly all of these men have families; many of them are helping to support others. They all contribute to town, city, and civic relief, the unemployed and destitute. Many of these Government employees get small salaries, five to eight hundred dollars per year. Only a few get more than two thousand. Every one of them is the son or daughter of some farmer or workingman taxpayer. Once a cut in Government wages is sanctioned by law it will cause a reduction in the wages of every worker from Maine to California. Every business man, farmer, and laboring man in my district would be injured if these Government salaries were reduced.

Under the Federal political patronage system in vogue in Wisconsin, progressive Congressmen, like myself, because of our votes in Washington against bills like the present bill, are not recognized or allowed any voice in the appointment of Government workers. My answer to the threat of the

House leaders to cut our salaries is that I will not vote a sales tax upon all the people I represent, nor will I vote to cut the salaries of Government employees because of that votenot until the income-tax rates on those receiving ten thousand net and up are raised 100 per cent; nor will I vote for a sales tax or cutting the salaries of the Government employees until the Secretary of the Treasury of the United States is stopped from making tax refunds of hundreds of millions of dollars each year in the secrecy of his office and without the knowledge or approval of the people or Congress. Over \$1,000,000,000 has been remitted in this manner in the last five years.

Nor will I vote for a sales tax or to cut Government salaries until the rates on gift and inheritance taxes are placed on a parity with the rates on incomes. This change in the law would alone increase the Government revenue \$714,000,-000, or more than the entire amount collected under the sales tax.

Think of it! A rich man gives his son \$50,000. Under the provisions of this bill that young man pays a tax of 11/2 per cent, or \$750. That is all. A business or professional man earning \$50,000 must pay all the expenses necessary to produce such an income and then pay property taxes and an income tax of \$4,200. Income, whether it be gift or inheritance, should be taxed as income and all taxpayers should pay alike. There should be nothing sacred about money; rich and poor should be treated alike.

Mr. ANDRESEN. Mr. Speaker and Members of the House, the Federal Budget can be balanced without the imposition of a general sales tax. The proposal to place a tax burden of this character upon the entire population of the country at a time when nearly one-fourth of our people are suffering from lack of work is most unjust and should not be tolerated by the American people.

Any attempt to place a sales tax on the necessities of life simply means the passing of the cost of Government from those who are able to pay to the great mass of our people who are without means to purchase even the bare necessities of life.

Due to the unheard-of low prices for agricultural products-far below the cost of production-it can not be seriously contended that this tax burden should be placed upon those who are engaged in agricultural pursuits. The farmers' tax burden, due to an extravagant increase in local, county, and State expenditures for the past 15 years, has placed such a tremendous tax obligation upon the farmers and people residing in the rural sections that they are to-day losing their homes by tax sales and mortgage foreclosures, being unable to meet these expenditures.

For several years I have advocated reductions in local, State, and Federal expenditures, and I now believe that the legislators and officials of the country have a real opportunity to demonstrate their willingness to work for the public good by a stringent curtailment in governmental

In the State of Minnesota nearly all township, county, and city units have greatly curtailed their budgets for the coming year, and the public officials in charge of these matters are to be congratulated for their sincere effort along this line.

The example set by the local units has not been followed by our State administration in Minnesota. While the municipal, township, and county officials have curtailed expenditures for their own governmental subdivisions, the head of our State administration has conducted the affairs of the State in such a manner as to bring about the largest State tax that Minnesota has had for the past 10 years. He has increased personnel and salaries in nearly all branches coming under his jurisdiction. He has failed to exercise the power granted him in our State constitution to veto any single appropriation item contained in a legislative bill in order to reduce the tax burden of our people. I would urge the people of Minnesota to secure from the State auditor, who has charge of the public accounts of the State, an itemized account showing the expenditures of our State under the present administration. It will open their eyes looked the poor man's food. You are taxing the bread line,

and will, no doubt, bring about another housecleaning in our State when all facts are analyzed.

Congress has a real opportunity to demonstrate to the country that we can bring about a balanced Budget by a tremendous cut in Federal expenditures. A careful study of the governmental structure will disclose that the activities of a large number of bureaus can well be eliminated or consolidated in order to avoid duplication of effort and futility of endeavor.

For the past 10 years our various Presidents have requested authority from Congress to bring about a consolidation of governmental bureaus and departments. Congress has refused to grant such authority, and now it appears to me that if our Federal Legislature is not willing to permit the President to perfect the administrative structure some legislation should be passed at the present session of Congress to bring about the desired results. Such legislation must necessarily be arbitrary in its purpose, and I urge the Committee on Expenditures to immediately report a bill reducing Federal bureaus and commissions at least 25 per cent. Such action on our part will be a good example for other municipal subdivisions throughout the United States.

It is well said that the power to tax is the power to destroy. It has seemed rather strange to me that during the course of the debates on the revenue bill there has been very little talk about a reduction in Federal expenditures. Virtually all arguments have been along the line to raise the taxes and to impose a sales tax. I therefore feel that it would be far better for us to start in with a reduction in Federal expenditures and then talk about an inc-ease in taxes in order to balance the Budget.

If the Budget can not be balanced by curtailment in expenditures, then the amendment adopted to increase normal and surtaxes in the higher brackets, and the Ramseyer estate tax amendment will go a long way toward correcting our financial difficulties.

In my opinion the Ramseyer amendment which was adopted by the committee yesterday will serve a twofold purpose. In the first place, it will produce approximately \$600,000,000 in revenue per annum, and at the same time it will serve in the redistribution of concentrated wealth in the United States. This amendment places an inheritance tax on estates of \$10,000,000 in an amount of \$3,116,000, and a 45 per cent tax on all estates in excess of \$10,000,000. This amendment should be approved by the House and become a part of the law of the land.

In conclusion let me reiterate that our first effort should be to curtain all unnecessary governmental expenditures, and after this is done we can talk about increasing taxes and pass necessary legislation to balance the Budget.

Mr. COCHRAN of Missouri. Mr. Speaker, this bill more directly affects the masses of the people than any peacetime revenue measure ever brought before the House, with the possible exception of our present tariff act. I realize that the Budget must be balanced, but other ways should be found to raise the necessary money without imposing additional burdens on those least able to bear them.

You ask me to vote for a bill that provides that when my constituents, thousands of whom are now without employment, have any money to spend they will be required to pay a sales tax on the shoes and clothes they buy for their children, as well as many other necessities of life.

You ask me to vote for a bill that exempts porterhouse steaks, rib roast of beef, and other choice cuts of meat, but places a sales tax on lard, boiled ham, sausages, such as fresh pork sausage, bologna, meats in can, and even the frankfurter, the poor man's food. It is estimated that, based on the 1929 manufacturers' census, the value of lard, sausage, canned meats, and cooked meats to be sold in 1932 will approximate \$450,000,000, which would bring a tax of \$10,000,000 at 21/4 per cent, every nickel of which will be added to the finished product by the packer and paid for by the consumer.

Everyone will agree that the products exempted in the bill should be exempted, but the committee evidently overwhere the unfortunate is handed a cup of coffee and a hotdog sandwich. When the time comes I will offer an amendment to correct this.

You ask me to vote for a bill that imposes a tax on malt sirup and wort that goes into the illegal manufacture of home brew, but you refused to place a tax on the manufacture of 2¾ per cent beer that would bring to the Federal Treasury \$300,000,000 or more, would revive an old legal industry, place several hundred thousand of the unemployed at work, and absorb 128,000,000 bushels of grain annually. The only industry such a tax would disturb would be the bootlegging industry. I am surprised that the Members who took the joy ride to Canada were not converted to a tax on beer rather than to a sales tax. It will be interesting to check the roll call on the sales tax against the one on the Linthicum-Beck amendment of those who accepted the hospitality of one who has advocated a sales tax for many years.

Economists all over the country have stated time and again that there must be a redistribution of the wealth of this Nation. This is becoming more apparent every day. Why, then, were the inheritance and gift taxes not further increased and a way found to reach the thousands of trust funds, amounting to billions, where the money in trust is invested in tax-exempt securities and increasing annually? I know that this is a problem, but a way that is constitutional can be found to reach such trust funds. The money in many trusts remains intact until there is no issue, and it will be several hundred years before that day arrives, in most cases. Oh, I know you increased the inheritance tax and reinstated the gift tax, but you did not go far enough.

Chairman Crisp showed the difference in rates in the sales tax between the proposed legislation and those in force in various countries that have adopted such a measure. Naturally the proposed rate is much lower. Why not place in the Record the rates that now apply on inheritance and gift taxes in effect in the leading countries? You will then see how foreign nations are redistributing their wealth. Here, again, you will find our rates much lower.

It is hard to understand why the committee did not go higher on the inheritance and gift taxes. If the wealth of the country is to be redistributed, then it would have been proper to have assessed a 50 or 60 per cent tax on inheritance and a 40 or 50 per cent on gifts. It is only proper that the gift tax should be lower than the inheritance tax.

Study the income taxes for a moment. Why did the committee fail to graduate the tax above \$100,000. Is this not a discrimination against the man who is conducting the business in favor of the man who derives the profits?

The maximum rate applies to all taxes above \$100,000. It is the same rate for the railroad president or the noted surgeon who has an income of \$101,000 as it is for Rockefeller, Mellon, or Ford, whose incomes are probably \$10,000,000 or more. During the war the tax was graduated up to \$1,000,-000. I would not have stopped at \$1,000,000, but in this emergency I feel the committee would have been justified in having extended the graduated tax up to \$2,000,000, if not more

I was pleased to hear the gentleman from Indiana, Mr. Canfield, say he proposes to offer amendments to extend the graduated tax. I will support him.

Paul Y. Anderson, the well-known Washington correspondent, in this week's issue of the Nation says that the Democrats are making Uncle Andrew Mellon look like a radical. Can you deny it? After condemning the sales tax and the failure to levy more than 40 per cent on surtaxes in the high brackets, he says:

The real point is that now is the ideal time to adopt a permanent policy of restricting exorbitant incomes, and shrinking swollen fortunes.

Look how you go down. You lower the exemption for the married man as well as the single man. By so doing and applying this sales tax, you can just as well stop talking about reducing salaries. Why, it is amazing to hear men

advocating the passage of this bill and at the same time call for a reduction in salaries. It is absurd.

It has been said—and it is almost true—that this bill will tax everything but Bibles, pig's knuckles, and admissions to the bread line. If this is an example of what happens when politics are excluded in the consideration of a tax bill, I say open the door and let politics in. Politics might have been on the outside when you placed the sales tax in the bill, but I am inclined to feel politics had a seat in the front row when you voted to keep a tax on beer out.

The gentleman from Georgia [Mr. Crisp], addressing the House Thursday, said this is not a Democratic or a Republican bill. I know it is not a Democratic bill—of that I am certain. He also said:

It is a Government bill; it is an American bill; it is your bill.

Well, I want him and the country to know I decline to accept his generous offer. I refuse to accept any responsibility for the bill. Never will I vote for such a nefarious measure as the one reported by the committee.

I would like to support a real Democratic revenue measure, and I hope this bill will be amended so that I can vote for it.

Mr. NELSON of Missouri. Mr. Speaker, this is no ordinary occasion. History is being made. As a result of commendable cooperation on the part of rank-and-file Democrats and Republicans a far-reaching victory is about to be won for the people. While there may have been a coalition of House leaders, there has, happily, been brought about a more powerful coalition of the membership of this body. Without any desire to discredit the leaders, Members have for the time being refused to follow. Well may the country congratulate. No longer can there consistently be made the charge that Congress lacks the courage of its convictions, or that the average Member is a rubber stamp. Although referred to by parts of the press as "insurgents," "fanatics," and "rebels," a majority of the Members continue the fight against the sales tax.

If the sales-tax principle were thought of as so indefensible that it was not recommended during the dark days of the World War when our people were called upon to raise billions of dollars in taxes, why advocate it now? If wrong to impose this further tax upon the people in a period of plenty, when wages and prices were high and machinery was humming, why suggest it during these dark days of low prices and unemployment when millions of men owe more than they can possibly pay?

Financially speaking, the fix in which Uncle Sam finds himself does not differ greatly from that of many of his nieces and nephews. There has been too much spending and not enough saving. "Think not of the morrow," has been the motto of too many. The Government and those who support it have alike spent. But there is a difference. The Government is not bankrupt. In making this statement I repeat what I said on this floor some time ago, at which time I made plain my opposition to the sales tax. The Federal Treasury may, because of too liberal appropriations, waste, and extravagance, be in the red, but it is ridiculous to speak of the United States of America, with an estimated worth of \$350,000,000,000 and with more millions due it than it owes, being bankrupt. If that statement were true, or generally believed, it would be impossible to sell a new bond to-day. Instead bondholders would be clamoring for their cash. As to the individual, it is different. Millions are bankrupt and other millions owe more than they can at present pay. Millions in values, real or imaginary, have disappeared as disappears the morning mist. The Hoover market, the cartoonist's conception of which was Mr. Wall Street astride an elephant, is but a memory. For many months the public purchased and purchased and purchased. Nobody in authority suggested the safety slogan, "Stop! Look! Listen!" Forgotten, apparently, was the trite statement to the effect that whatever goes up must come down. There was much high-pressure salesmanship, much Pollyanna preachment, much ostrich optimism. There was not, though, in the White House a Calvin Coolidge to say, as was

said in the President's message to Congress in December, 1927 -

The Nation must make financial sacrifices, accompanied by a stern self-denial in public expenditures, until we have conquered the disabilities of our public finance.

So to suggest caution was to invite criticism. If some timid soul dared express doubt, he was immediately referred to the Nation's leading financial doctors. These nerve specialists-pocketbook nerve specialists-sought to allay his fears. If an upper-bracket individual, if one who understood the language of the "big street," he was told not to sell America short. If one of the "smaller fry," as the "big boys" were wont to express it, the doubting individual was advised to spend. "If everybody spends and keeps on spending, times are bound to be good," he was told. Such was the philosophy of that school, the faculty of which was made up of cheer leaders. Apparently to prove his sincerity, our Uncle Sam, greatest of all spendthrifts, kept on spending, not even ceasing with the convening of the present session of Congress.

Is it any wonder, then, that the individual to-day finds himself in doubt and in debt? Is it less wonder that, after an orgy of spending not only countenanced but encouraged by those in high places, there followed days of demoralization and distress? Millions to-day are unable to take on the added burden of a sales tax because they did exactly what they were advised to do. When times were good they spent and kept on spending. Nor is that the worst of the story.

There came the day when many high in industry and who were in best position to judge saw that the end was in sight. Prompted partially by desperation, or impelled by greed, instead of slackening, they sent out their high-pressure salesmen. Free purchasing and less hesitancy was urged by the Department of Commerce, whose spokesman professed to see signs of the "disappearance of the defeatist psychology" and who spoke in praise of installment buying, instead of warning of the danger.

To-day many who bought goods under the installment plan and who still owe for monthly payments are without employment. This fact alone would be sufficient argument against the adoption of a sales tax. Millions mortgaged their earnings in advance and to-day have no earnings. The idea of those who advised such merchandising seems to have been that they would blow the bubble to its biggest, then let it burst.

The farmer finds himself in much the same fix as the wage earner. His taxes, seen and unseen, have gone up and up, while prices for practically everything he has to sell have gone down and down. If two years ago he took the advice of the Farm Board and held his wheat-and he was even advised to buy lumber and build granaries—he has seen fully two-thirds the value of his wheat wiped out. Neither the farmer nor the laborer is able to take on a sales tax-and this statement applies almost without exception to the average man or woman in America.

I have referred to installment buying. There has come also a novel-and in a way amusing-campaign of advertising to create more cash buying. This represents an upto-the-minute advertising urge, with its special appeal, an appeal often comic, to the overcredulous. One would not be welcome to the best society if he failed to use a certain make of soap. Only this or that brand of powder would make a woman beautiful. The secret of bravery in men or kissableness in women depended upon the brand of cigarettes smoked. Other advertising more brazen there has been, and the wonder is that the women of America have not protested the immolation of womanhood upon the altar of commercial greed. "Get the business" seems to have been the rule, whether by begging, bragging, or bullying. No wonder the public has spent.

Back in the investment days of 1929, when captains of industry were setting the example and when six billions of easy-payment paper was outstanding, it is not to be wondered at that hundreds of thousands of people, if not actually millions, were buying goods on money which they ex- | sure this applies to every Member of this House. The Ways

pected to get from gambling profits, or were living in luxurious apartments, the rent of which represented more than their monthly salary checks.

The sole injustice, as I see it, is not that the overcredulous, who in those days were divorced from their dollars, are asked to take on the added burden of a sales tax, but the great wrong is that others who were in a position to advise either remained silent or offered advice of the wrong sort.

No wonder many political and business leaders have lost the confidence of the country. This statement applies to great commercial organizations as well as to those individuals who kept composing rhapsodies on prosperity. All of us now know that if Uncle Sam had not spent unwisely we would not now have that big hole in the Federal Treasury. Equally true is it that if the individual had been warned to save, instead of being encouraged to spend, he would not now have such a big hole in his pocketbook. In the street cars of Washington were cards on which one might read, "Forward America—business is good. Keep it going—nothing can stop United States." Even at that late day many who are now without funds, or perhaps dependent upon public charity, might have saved something for the day of storm had they been so advised.

Few, if any, there were, whether B. C .- before the crashor A. D .- after the drop-who dared speak out openly and honestly. Instead official spokesmen for politics and business continued their optimistic utterances. The same applies to the days following the greatest market crash in the history of America.

Speaking over a national radio hook-up, Julius Klein, Assistant Secretary of Commerce, said:

Some economists have feared that such credit, especially installment selling, is expanding excessively. Suppose, they say, there should be a business let down, with growing unemployment and smaller amounts of money in the pay envelopes and pockets of the people. Let me hasten to assure you that nothing of the sort is

Later, his prophecies having proved false, the same speaker saw good in the adversity which had forced American business to shed some of its "flabby economic paunches."

Julius H. Barnes, a cheer leader of the Pollyanna peoples, gave assurance that the-

spring of 1930 marks the end of a period of grave concern. American business is steadily coming back to a normal level of prosperity.

When 1930 opened Secretary Mellon predicted a revival of activity in the spring, while Secretary of Commerce Lamont said:

There is nothing to be disturbed about.

Shortly after the beginning of the terrible depression President Hoover predicted business would be near normal in 60 days. Said he:

The fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis.

Commenting on the stand of the President, the Washington Post of March 8, 1930, said:

He has consistently refused to sense a panic in the situation and stands firmly in that position now in spite of scare speeches in Congress.

Then, if I remember correctly, a widely read magazine for women featured an article, "Everybody Ought to Be Rich," by John J. Raskob. So not all, not quite all, the Pollyanna preachment was political.

Concluding, I repeat that while the principle of a sales tax is always wrong, it is doubly wrong for us at this time, when want, grim-visaged and fear-impelling, invades farm homes and stalks city streets, to attempt to fasten this added burden upon those who can not bear it.

The defeat of the sales tax, made sure by the united support of members of all parties in this House, will represent one of the greatest victories ever won for the people since the creation of the Congress.

Mr. McREYNOLDS. Mr. Speaker, the tax bill under consideration has given me a great deal of concern, and I am

and Means Committee of the House, who brought this bill out, have worked almost day and night for some two or three months trying to devise ways and means to meet the deficit that is now in the Treasury. They brought this bill in as a nonpartisan bill and it is the expression of the majority of the membership of that committee.

I appreciate the work that these gentlemen have done and the effort that they have made to solve this situation. But I am sure they expect every Member of the House to use his individual judgment as to what taxes should be raised and by what means they are raised. I am very sorry I can not agree with the committee. I have always opposed a sales tax, because I do not believe that it is the proper system of taxation for our Government to adopt. The last reference made in our Democratic platform was opposition to this class of taxation.

To the sales tax in this bill I am opposed, first, because those manufacturers who can will pass the tax on to the consumer, and the consumer is the least able to pay. I am opposed to it for another reason, and that is that there are thousands of manufacturing plants in this country who are now running in the red and are merely trying to give their help employment and to keep up their organizations. In many instances this tax can not be passed on, which would be unjust if it were; but they will have to assume it themselves, and I fear that the results would either be that they would have to close their plants down, which would put thousands of people out of employment or probably make other reductions of the wages paid to their employees. In either case I feel that this sales tax should not pass.

I have always felt that the burdens of taxation should be borne by those of our people who are more able to pay, and the opposite of this rule would be adopted if this salestax measure were passed. I approve of the measures in this bill to tax incomes and inheritances, and the brackets to which these items have been raised will cause the flowing into the Treasury of many millions of dollars. The money in our country is fast being gathered into the hands of a few, and the result is that the extreme fortunes placed in the hands of the few are a great menace to our institutions and to our country. There is no better means of preventing this than by increasing the percentage of taxation on large incomes and large estates. For many years, since I have been in Congress, there has been quite a demand on the part of large interests of this country to raise our revenues by a sales tax, with the view of repealing the income and inheritance taxes, and if this sales tax passes after a course of time you will see an effort made by the same selfish interests, trying to evade just taxation and leave the salestax provision on the statute books.

If you at any time place a general sales tax on our statute books, it will be hard to relieve the people of this unjust burden. But it is said that we have to balance the Budget. I am one of those who feel that it does not have to be balanced at this time by taxation, when the people of this country are going through such a dreadful panic. We are raising quite a lot of revenue in this bill under consideration even with the sales-tax provision eliminated, and I am of the opinion that in the course of two or three years the extra money raised from the income and inheritance taxes will be sufficient to properly care for the amount required in the Treasury. Short-term notes could be issued, as they have been issued, to pass us over to the time when we should have sufficient funds to balance the Budget.

A full Treasury is always encouraging to extravagant and useless appropriations for the Federal Government.

Mr. TIERNEY. Mr. Speaker, I rise to support this proposed amendment to the revenue bill, which calls for 3 per cent sales tax on beer. As I understand the amendment, this amendment will permit the legal sale and consumption of beer up to 2.75 per cent in all States except States where State laws have been passed against the manufacture and sale of beer in their limits.

This is one kind of sales tax which an overwhelming majority of the people of the United States will be glad to pay to aid the passage of this tax bill, a bill we must pass as a

result of three years of Hoover prosperity and the noble experiment of the constitutional liquor amendment and the Volstead Act.

So far we seem to have before us three general plans of taxation to raise the \$2,000,000,000 we are compelled to raise to balance the Budget. There is no question in my mind but that to keep our standard as a solvent Nation we must balance the Budget and meet our debts. I consider this a patriotic duty, even though a most unpleasant one. It seems most unfortunate that it is put upon the shoulders of the Democratic Party to plan out some form to pay the burdensome bills of the present administration.

Three general plans are proposed. The first suggested by the administration, called the Mills plan, contains a very obnoxious form of sales tax favoring the wealthier people. This has been rejected by the committee, and wisely so. Second is the LaGuardia plan, which hits so many and varied subjects that, in my opinion, it will raise as many and varied kinds of opposition. This plan will be far less popular than the third plan, which is the one recommended by the committee.

I am going to support this committee plan with the amendments proposed, at least until a better tax bill is submitted. These amendments safeguard the people in the humbler walks of life in that all foods are taken out of the tax, all clothing, all drugs, and all farmers' machinery, all household fuel, which leaves it still a sales tax, but with the necessaries of life cut out, one which is the least offensive of all. Even though I have opposed a sales tax as a general proposition, I feel the need of supporting this as a temporary emergency measure to help the country in a crisis.

But by a 3 per cent a pint tax on beer we will give to the people of the country the only popular kind of sales tax ever drawn. As estimated in the report of the Senate subcommittee hearings, 2 cents a pint tax on beer based upon an average of the consumption in preprohibition days will yield \$347,000,000; 3 cents a pint tax will yield close to one-half billion dollars yearly. Add to this the benefits accruing from a State tax and the prospects of an increase rather than a decrease, the United States will likely benefit through this popular form of taxation close to a billion dollars, or one-half of the amount we have to raise in this serious crisis to balance the Budget.

The personal dry members of the country—I do not mean the men who may vote dry and drink wet, but the abstemious person who does not care to drink—that person will be freed from taxation and the consumer will be the only one who has to pay. In other words, it is a tax highly favorable to the real dry people of the communities.

In my section of the country, in Connecticut, the Literary Digest has shown that our people are about 6 to 1 for wet change, and this sentiment to the extent of at least 3 to 1 is carried out throughout most of the United States. We will be very glad to pay this tax to the United States Government rather than to Capone and the racketeers, and to Mr. McBride and the Anti-Saloon League, who now are the only beneficiaries of the illicit beer running now going on in the United States. We are willing to pay this tax and end the career of the bootlegger and the racketeer and bring our country around to a far better and happier sentiment toward business in general.

The amount of money realized by this tax would more than offset the one-half billion dollars squandered by the Farm Board on cotton and wheat and other ventures in the recent unsound economic plan of the Government. This tax would save us from the foolish—I may say cruel—plan of taxing about 500,000 Federal employees, whose salaries are around one to two thousand dollars a year. This would permit us to put thousands of men to work in the newly established brewery industries, would extend a market for the crops of the farmers of the great West, who will be benefited by the consumption of grain, and would start 1,000,000 men to work through direct or indirect employment incidental to this industry.

This tax will make possible a maintenance of our present standard of living and business and employment and wages. It will allow us to hospitalize our disabled veterans in a proper manner. It will permit us to take care of and have suitable pensions for the widows and orphans of the veterans. It will assist the veteran in obtaining revenue which will be needed to meet his request for payment of the balance of the bonus, which should have been paid many years ago.

I believe that there is a marked change of sentiment in the so-called drier sections of the United States on the question of prohibition. When I came down to Congress a few months ago if you heard a group of people discussing the wet and dry issue you generally found yourselves in a group of wet Congressmen. Since the remarkable and very substantial showing made by the wets in the last vote of the House you will now find yourself frequently in a group of the so-called dry Congressmen debating with great vigor all sides of the issue. The shoe is worn on the other foot, the drys are on the defensive. No doubt this marked change of sentiment which has grown up and is getting stronger comes from the folks back home who will express themselves in no uncertain tones on the subject November next.

Four million soldiers in the war never had an opportunity to express themselves on the prohibition issue. More than 30,000,000 people have been qualified to vote in the United States since the last test we had on the subject.

This 30,000,000 and 4,000,000 are being heard from and in no uncertain tones. Congress can satisfy the wishes of the big element of our people by placing this tax allowing the consumption of beer of very little strength and bringing in a tremendous income in the United States in a time when the United States badly needs it.

It is seriously discussed in financial and business circles of the country that as soon as the Budget is balanced and the tax fixed there will be a very vigorous drive to attempt to restore values and give business an upward push. Whether this will be only a boom of a few months or the real beginning of a steady upward turn in American business life and conditions only time will tell. It ought to mean an upward movement and it ought to bring an increased measure of prosperity that we need so badly to-day with our millions of men out of work. The faster Congress will take up this issue and the quicker Congress will do this thing, the sooner a result will be arrived at. This plan of tax on beer is by far the most feasible and most sensible and popular that we could possibly plan on the country at this time.

Mr. COCHRAN of Missouri. Mr. Speaker, what is the real issue to-day? I assert it is not the balancing of the Budget, for the Budget will be balanced. The issue that confronts the House is whether or not you will enter a new field for the purpose of raising revenue. You will, if you adopt this manufacturers' tax, initiate a movement which will eventually end in substituting this form of taxation for the income tax. Deny it if you like, but that is the goal special interests have been seeking for years.

Did not the gentleman from New Jersey [Mr. Bacharach] state frankly in his discussion last week that he introduced a general sales tax bill in 1921 and that he hoped if that bill had been adopted it would have resulted in that form of taxation taking the place of the income tax? Can you imagine anything more pleasing to those whose incomes run into the hundreds of thousands?

The defeat of the sales tax to-day by Democratic votes, and if it is defeated it will be done in the main by Democratic votes—for I do not think it will get 40 votes on the Democratic side—you will be defending the principles for which the Democratic Party has been fighting these many years. If the Democrats in this House fail to defeat this wicked tax, your just reward next November will be a sound thrashing.

Picture the scene that would have been enacted in this Chamber had a Republican committee two years ago brought forward a bill containing a manufacturers' or sales tax. The fiery Jack Garner, the veteran Henry Rainey, and the distinguished gentleman from Georgia [Mr. Crisp] would have shouted themselves hoarse attacking such a nefarious proposition.

I have information which warrants me in making the statement that Mr. Parker, the expert with the Joint Committee on Internal Revenue Taxation, advised the committee a fair estimate of the income above the \$100,000 brackets for 1931 and 1932 would be \$1,006,000,000. This is two-thirds of the amount above the \$100,000 mark in 1930. War-time rates would have yielded a tax of \$473,000 on \$1,006,000,000. The Swing amendment is 10 per cent below the war-time rate.

The Swing amendment will enrich the Treasury by several hundred millions of dollars; then you have the additional amount that will be raised by the increase in the inheritance and gift taxes. Fear not, Mr. Chairman, the Budget will be balanced after the sales tax has been defeated, as it will be defeated.

Mr. HOPE. Mr. Speaker, there seems to be some disagreement as to whether the excise tax on imported petroleum as contained in this bill is a tariff or a tax. Personally I do not care what it is called, but this is a tax bill, and I propose to discuss the proposition from the standpoint of taxation and to show that it will be justified in every way from that viewpoint. No one likes to be taxed. Many industries fear that they will be injuriously affected by taxes which we may levy upon them, and it ought to be the purpose of Congress to levy taxes which can be justified not only from the revenue standpoint but from the standpoint of doing the least injury to business progress.

Therefore, in looking about for something to tax, what can be fairer than to select foreign oil produced in South America and Rumania by peon and serf labor and in Russia by forced labor? What better subject could be found for taxation than this oil which, coming in competition with oil produced by American capital and American labor, has so depressed the price of the latter as to practically rum a large part of the industry? When we consider that the domestic oil industry is carrying the greatest load of taxation of any industry in this country in the way of ad valorem taxes, gross-production taxes, capital-stock taxes, and income taxes—State and Federal—what is more fair than to tax imported oil, which very largely escapes all of these taxes?

As a matter of fact, this is practically the only country in the world which does not tax petroleum importations; and most of them do it purely as a revenue measure, because they have no domestic production to protect. Thus, in imposing a tax upon imported oil in this country we are not embarking upon something new, but are following a precedent which has been followed by almost every civilized country.

This House has recognized in writing this tax bill the principle that the tax in a large part should be based upon the ability to pay. Therefore, in considering the oil tax, it is important to inquire who is going to pay it. I suppose that can be readily ascertained by inquiring who is against it, and we find that there has been intense opposition to this provision of the bill from the four great importing companies—the Standard of Indiana, the Standard of New Jersey, the Gulf, and the Shell, the latter a foreign-owned corporation. Also, that equally intense opposition has come from industrial sections in New England and along the Atlantic seaboard.

Now, I do not know which group will pay this tax. Possibly both of them will contribute, but I am here to say that there are no groups in America to-day which are better able to pay the tax than those which are so strenuously opposing a tax on imported oil. Suppose we assume that all the tax will be paid by the great importing companies. Let us see what their profits have been in recent years. Have they suffered from the oil depression? Not one of them has. While a large part of the oil industry has been going into bankruptcy during the past two or three years, the dividends of these companies have been steadily increasing. The dividends of the Standard group in round numbers in 1926 were \$200,000,000; in 1927, \$213,000,000; in 1928, \$218,000,000; in 1929, \$269,000,000; in 1930, \$286,000,000; the biggest dividends in all their history right down through the year 1930.

These companies own practically all of the pipe lines of the country and, according to the Bureau of Statistics of the Interstate Commerce Commission for 1930, the Gulf Pipe Line of Oklahoma paid 400 per cent dividends; the Humble, 40 per cent; Shell, 54.01 per cent; the Magnolia, 40 per cent; Oklahoma Pipe Line, 30 per cent; Stanolind, owned by the Standard Oil of Indiana, one of the big importers, 61.54 per cent. The Humble and Oklahoma Pipe lines are owned by the Standard Oil of New Jersey and the Magnolia by the Standard Oil of New York. Not only are these companies paying immense dividends but they are using their earnings and their vast resources at this time to take advantage of the distress of the independent oil producers and are buying up their properties at bankrupt sales. If there is any question about this, we have only to look at the admissions of the companies themselves. If you will refer to the Wall Street Journal of December 19, you will find the following headline:

Gulf uses cash to buy bargains. Mellon official says dividends omitted to permit more purchases; holds time propitious.

In the body of the article it says:

The Gulf Oil Corporation of Pennsylvania is using its cash to buy up oil properties at attractive prices. This explanation of the omission of the quarterly dividends of  $37\frac{1}{2}$  cents on December 11 has been given by an official of the company. He said that while the omission was a difficult step to take, it will prove to have been the most desirable policy for the stockholders from a long-range viewpoint.

Further-down in the article it states:

It now is shown that Gulf is not merely completing the expansion started for the past year, it is taking advantage of temporary demoralization of the oil industry to acquire distressed properties which will be shown to be of considerable value after the era of overproduction shall have been eradicated.

That shows exactly what is going on in the oil industry today; and if this House has any interest in saving the independent oil producer, if it has any interest in collecting taxes from a source which can pay them and from a source which is using its immense revenues and power to crush its competitors and build up an intolerable monopoly, then it will at least try to collect a part of the revenue needed to run this Government from these big oil-importing companies. Now, it may be said that these companies will not pay the tax, that it will be passed on to the consumers. A little later on I expect to say something in this connection as far as the consumers of gasoline are concerned and to show that this tax can not and will not be passed on to them. Apparently, however, large manufacturing industries along the Atlantic coast think that they may have to pay a part of this tax. I do not know whether they will or not.

If the importers do not pay it, perhaps they will; but I submit to this House that if there is any group of industries in this Nation to-day which ought to be willing to pay a tax of this kind, it is the great protected industries along the Atlantic coast, who have been coming to Congress for all these many years seeking and getting protection for their products at the expense of the remainder of the country. It ill becomes them at this time to complain of a tax which will not only raise revenue but will protect and equalize the burdens of a great domestic industry. Just how much revenue will such a tax produce? It has been said here that very little, if any, revenue would result. Of course no one knows what any tax which we may levy here will produce, but we do know that the Tariff Commission in its investigation of the difference in the cost of production of petroleum in this country and in Venezuela has found the differential to be \$1.03 per barrel. This tax of 1 cent per gallon means a tax of 42 cents a barrel. Therefore there is no reason to believe that it would result in any particular decrease in importations. If importations should continue at the rate of last year when 3,615,000,000 gallons were imported, then the revenue raised would be \$36,154,000. It must be remembered that importations this last year were restricted by agreement on the part of the importing companies so that this amount was probably smaller than the quantity which would be imported under normal conditions. If we take the importations for the year 1930 as a criterion, then the rev-

enue raised at 1 cent per gallon would be \$44,149,000. Even if it should be assumed, as contended by some of those opposing this tax, that the revenue which may be received will be much less than this, there will, indirectly, be a great increase in revenue from this source because this tax will so equalize competition with the heavily taxed domestic industry that it will be able to pay increased taxes into the Federal Treasury.

Now, I realize that the question which is troubling some of the Members of this House is whether or not this tax will cause an increase in the price of gasoline and lubricating oil. To answer this question it is necessary to consider conditions in the oil industry and the relationship between the price of crude oil and refined products. To-day, because of importations, the price of crude oil in this country is low. Compared with the price of crude, gasoline prices are relatively high but are lower than they have been in the past. The main reason that they are lower is because there is competition in the industry. That competition is furnished by the independent producers. If they can continue in business, we will have competitive prices. If the large importing companies force them out of business, we will have monopoly prices.

It might be well in this connection to consider how the prices of gasoline in countries where there are no independent producers compare with those in the United States. In the month of December retail gasoline prices in this country, less the tax, ranged from 9 to 14 cents per gallon. The Tariff Commission has found that oil is being produced in Venezuela for \$1.03 per barrel less than in the United States, yet at Caracas, Venezuela, gasoline is selling for 251/2 cents per gallon. We import oil from Colombia, yet, deducting taxes, it has been selling in Bogota for 34 cents per gallon and in Cartagena for 26 cents. Mexico is an oilproducing country, and yet gasoline, according to the latest figures available in the Bureau of Foreign and Domestic Commerce, is selling for 24.7 cents in Mexico City and 30.3 cents per gallon at Tampico. The fact is we have the lowest gasoline prices of any country on the globe because of the intense competition in the industry.

Take another illustration of the effect of monopoly. We all know that while there has been some reduction in gasoline prices, we are paying the same or higher prices to-day for lubricating oil than we did when crude oil was \$3.50 per barrel. The average crude-oil price to-day is 77 cents per barrel, and during the year it has been as low as 14 cents. Why are we still paying from 25 to 35 cents per quart for lubricating oil when crude prices have declined so drastically? Simply because this phase of the refining business is in the hands of a relatively few refiners and is controlled by the larger companies. Because of the lack of strong independent competition these companies have held the price of lubricating oil to war-time levels.

A study of past price relationships between crude oil and gasoline indicates that there is very little connection between the prices of the two commodities. An interesting study has been made of the relationship of the price of gasoline as compared with the price of crude oil. It shows that in 52 typical cities of the United States the average price of gasoline at the filling stations in February, 1926, was 18.09 cents per gallon, exclusive of tax. At the same time the average price of crude oil of 36 gravity was \$2.04 per barrel. In February, 1929, the price of the same crude oil had dropped to \$1.20, and the average price of gasoline in the same cities had actually increased to 18.39 cents per gallon. In other words, a reduction in price of oil of 84 cents per barrel was followed by a slight rise in the price of gasoline.

Are the cities along the Atlantic seaboard where imported gasoline is being sold receiving any price benefit from the fact that it is manufactured from oil which is produced for \$1.03 per barrel less than the cost of production in this country? Certainly not. On December 2, 1931, the latest date for which I have been able to get reliable figures, gasoline was selling, exclusive of tax, at service stations in typical Atlantic seaboard cities as follows:

	Cents
Baltimore	12.4
Washington	12.9
Charleston, S. C	12.5
Newark, N. J	12.7
New York City	14.3
Boston, Mass	11.5
Hartford, Conn	12.0

Compare these prices with cities which are not only a great distance from the Atlantic seaboard but from the domestic oil-producing territory as well:

12.3
11.4
11.4
11.9
12.0
11.9
12.1
11.5

All of the above prices are taken from the December 9 issue of the National Petroleum News and are for the standard grades of gasoline.

The one thing which has brought about cheap gasoline in this country has been competition. The imposition of a tax on imported oil means that this competition will continue, because it places the independent producers who are furnishing that competition upon a basis where they can remain in business. If that competition is removed and these four great importing companies continue their policy of driving the independent out of business and building up a giant monopoly, then we will have something to fear from high gasoline prices.

This is one tax to which there ought to be no legitimate objection. It will bring in revenue. It will take this revenue from those who are able to pay. It will equalize production costs to the advantage of a great American industry and will put a stop to the racketeering tactics of the great oil companies who are ruthlessly forcing their independent competitors out of business.

Mr. PEAVEY. Mr. Speaker, under the Federal patronage system in vogue in Wisconsin, progressive Congressmen like myself, because of our votes in Washington against bills like the present bill, are not recognized or allowed any voice in the appointment of Government workers. My answer to the threat of the House leaders to cut our salaries is that I will not vote a sales tax upon all the people I represent, nor will I vote to cut the salaries of Government employees because of that vote-not until the income-tax rates on those receiving ten thousand net and up are raised 100 per cent; nor will I vote for a sales tax or cutting the salaries of the Government employees until the Secretary of the Treasury of the United States is stopped from making tax refunds of hundreds of millions of dollars each year in the secrecy of his office and without the knowledge or approval of the people or Congress. Refunds in the past 10 years have grown to the enormous sum of \$1,267,868,645.67. These refunds in 1931 amounted to \$69,476,930.26.

It seems to me that publicity of income-tax returns is just as much the constitutional right of every taxpayer as to open the public record as to payment of property taxes. It is just as fundamental.

Oh, yes, I know there are those who claim that individuals and corporate concerns will learn their competitors' trade secrets, sources of income, and so forth. Gentlemen, those arguments against the law are weak and fallacious. I offer as positive proof that they are fallacious the experience of the people of Wisconsin. Our State income tax law with full publicity clause was bitterly opposed when adopted. We have had it in the law for 20 years. There is no one against it now.

There are only two kinds of taxpayers who are opposed to such a provision. One is the dishonest citizen who will do anything to evade paying his taxes. The other has the same purpose but not as much courage. He hires experts, accountants, and Washington lawyers skilled in the art of tax-law evasion.

Everyone knows that were a publicity clause written into the law, every employee in the United States Treasury De-

partment from the janitor to the commissioner would be inclined to be more careful in every action having to do with the collection of the Government's revenue. Is there anyone here but who believes refunds would be less and harder to get if the newspapers and the public were to have access to the public records and facts?

There is an impression abroad in this land, gentlemen, that individuals and corporations scattered all over the several States who have received refunds ranging from a few thousand dollars up to many millions have reciprocated by making generous campaign donations. I do not know to what extent this apprehension on the part of the public is justified. I do know that in my own State there is a similarity between the lists of names of those receiving tax refunds and those who are heavy party contributors that is startling.

That alone, in my opinion, is sufficient to cause the general public to believe there has been gross carelessness in the making of these refunds, collusion, or both.

Mr. Speaker, I can think of no better way to clarify the public mind on this important matter than by the adoption of a publicity clause giving full publicity to these refunds and the reasons for which they were made.

Without this fundamental change in the bill in protection of the people I represent, I will not vote for it.

Mr. SCHNEIDER. Mr. Speaker, the bill before us, ostensibly intended to raise revenue and to balance the Budget, is not only a tax bill but also a tariff bill. It would be objectionable as either, but containing both tax and tariff provisions it is doubly objectionable, and should, unless modified in several vital particulars, be defeated.

As a tax measure the principal vice and its most objectionable feature is the sales tax, the purpose of which is to raise from the most sorely pressed and poorest sections of our population close to \$600,000,000. If there were not other objections to the bill—and there are many others—this would be sufficient reason to defeat it.

For the first time in our history, and during a serious national depression, we are asked to resort to sales taxes, a tax on the necessities of life. The committee has tried to minimize its consequences and disguise its effects, but if this method of taxation is resorted to the plutocracy of our Nation will have won the greatest victory in its history.

The battle has been going on for a long while. Vested interests, irked by the tax methods by which they have been compelled to bear their just burden of the conduct of our Government, have been planning for a long while to put over just such a tax as the one which is now proposed.

William Randolph Hearst, himself a multimillionaire and a professional friend of the people, has been agitating for it for many years, sending delegations at his expense to Canada to observe the wonderful workings of this cleverly devised scheme to take the burdens off the powerful and place it on the shoulders of the oppressed.

Both old parties professed to be opposed to it. The Democratic national platform in 1924 vehemently denounced it, and declared that it would resist it.

Finally, this House, controlled by the Democratic Party but bearing the indorsement of the bipartisan group in the Ways and Means Committee, yielded and brought in the plan which for years never got beyond the popular clamor of the Hearst newspapers.

Every sound principle of taxation is repudiated by the terms of this bill. Instead of the time-honored doctrine that each should pay according to his ability, we have now the doctrine that we shall all pay pretty nearly the same, since the difference between what the rich and the poor eat can not be as great as the difference between what the rich and the poor earn.

Everything the worker and farmer earns goes to provide the necessities of life, which the sales tax deals with; only a very small part of what the rich man receives goes for those necessities.

It has been shown in the discussion that has already taken place that this plan to levy tribute on the necessities of the people is considered by the wealthy as an entering

wedge for a new method of taxation, and as a means of | privileges they have received from the Government as addestroying the income tax law, which was adopted after many years of persistent effort on the part of progressives as the soundest and best method of taxation which under existing conditions could be devised.

Some of the spokesmen for the vested interests now speak hopefully of the time when the wealthy, now owning most of the wealth of the Nation, will no longer have to pay income taxes; when they will be able to remain in undisputed possession of the wealth which millions of farmers and workers labor day in and day out over a lifetime to create

Fortunately for the Nation the bipartisan leadership which has brought forth this monstrosity is confronted by members of both parties in this House who will refuse to follow them into a policy that makes life more intolerable for the large masses of our people.

And, fortunately for the Nation, the progressives, who have consistently and persistently resisted the encroachment of those who have come to regard government as instituted for their benefit and for their enrichment, have been on the alert, leading the fight against this proposal.

Progressives are no less interested than others in balancing the Budget. They appreciate the need of maintaining the credit of our Government unimpaired. But they consider it of even greater importance that those who make up the Nation, whose labor creates the Nation's wealth, and who are now in the midst of a depression which is driving millions of them to desperation, shall not alone assume the burden of balancing the Budget while there remain large and untapped sources that can supply the amount required to balance the Budget.

During the World War, in the face of an emergency that demanded all the funds that we could raise, the sales tax was not resorted to. Why should we accept it now, in peace time?

The committee in its report insists that it is taxing wealth by drastic increases.

It is stated that incomes of \$1,000,000 and more annually will pay a tax of 46 per cent. But the man with an income of \$1,000,000 a year-which means that he has a fortune many times that amount-will have, after he gets through paying the 46 per cent, close to \$600,000 a year on which to eke out an existence.

The poor man, living on a budget which the Government agencies state is insufficient to provide for more than the barest necessities, and is seldom adequate to provide for such emergencies as illness in the family, will find himself less able to pay the share which you impose on him than the wealthy man whose income runs into the hundreds of thousands or millions of dollars annually.

Let us be fair and just about this. Let us not take from those who have not to give to those who have. When we think of intolerable burdens, let our thoughts be first of those on the farms who after many years of hard and diligent toil find the very roof over their heads going under foreclosure proceedings.

Let our thought be first of the worker, about 8,000,000 of whom are now tramping the streets searching for an opportunity to work so that they and their families may not succumb to starvation. Let us think of the small merchant who performs a vital service to the community, who labors long hours over many years, and who has received no special privileges from our Government, but who, instead, faces extinction by the development of the chain store, the product of organized and concentrated wealth.

If tax legislation is to be fair and just, it will take into consideration the inequality which years of favoritism has created, and which has resulted, in spite of the warnings of the progressives, in the creation of a small but powerful class of intrenched wealth on one hand, and a large mass of propertyless workers and farmers on the other. It will use the taxing power not merely to raise revenue, important as that may be, not merely to balance the Budget, vital as that may be, but to reduce the extremes of wealth and poverty, at least to the extent of making the rich pay for the many ministered by the conservatives of both major parties.

The committee has sought to minimize the consequences of the sales tax. It has sought to create the feeling that part of it, or all of it, will be absorbed by the manufacturers. When Secretary of the Treasury Mills testified before the committee, he admitted that the tax would be passed on to the consumer and that it would inevitably add to the cost of living.

There is no justification for disguising or concealing the facts. The resentment of the people is increasing in extent and intensity day by day. You can not impose these additional burdens without adding fuel to the flames.

If you persist in these policies you will eventually face a condition in which property will be endangered, and those who have benefited most will be the first victims of the catastrophe. This might prove to be the straw that will break the camel's back.

If you have any doubt that the sales tax that is now proposed by the leadership of the two parties is not merely an emergency measure, but that it is regarded by big business as the first step in the direction of a new tax policy, the purpose of which will be to wipe out income and inheritance taxes, let me quote from a letter sent by the Philadelphia Board of Trade, and read on this floor by the gentleman from Tennessee [Mr. Byrns], in which an officer of that board says what is in his mind, and what, I am sure, is in the minds of big-business men throughout the Nation. He

On the question of a final sales tax, so specified as to avoid duplication or pyramiding of taxes, it is conceded, as we understand it, that in the event Congress does—and we sincerely hope it will—enact the sales-tax legislation that automatically Congress will repeal the Federal income and the Federal corporation taxes.

Are you willing to encourage that thought? Will you want those who now control the Nation, its resources, and influence the policies of our Government, to get away with the notion that any tax which enables them to get from under and which is shifted to the shoulders of the masses will receive the sanction of Congress?

I do not think, Mr. Speaker, that the day will ever come in the United States when that shifting will be achieved, but let us let down the barriers just this time and we will have paved the way for a revolution in our revenue-raising policies that will have far-reaching consequences.

The committee claims that it has examined every source of revenue, but can find no others.

Besides raising the income taxes on incomes in the higher brackets, besides reducing the tremendous exemptions on the estate taxes so that those estates will pay in this country what similar estates are compelled to pay in England. there is a source of revenue which the committee might have considered more fully. That is a tax on legalized beer.

You propose in the pending bill to tax malt wort, which is an essential ingredient in the manufacture of illegal beer. You thereby give legal recognition to the existence of a huge bootleg ring engaged in the manufacture of illegal beer.

It is estimated that at the rate of \$5 per barrel, a revenue of \$500,000,000 would be produced if you would permit the manufacture of legal beer. It would give you as much as the sales tax, but instead of taxing the necessities of every family you would be taxing those who wish to have beer as a beverage. It has been taxed before.

It would not only give us the revenue we require to balance the Budget, but it would give us relief from the intolerable abuses which have grown up since and as a result of prohibition. It would permit people to return to the use of the more moderate beverages, from which they were driven as a result of the eighteenth amendment. It would serve to restore respect for law and order. It would drive the corrupting influence of the newly developed bootleg industry from our midst.

Has the committee given this a fair and impartial study before it reached the conclusion that there are no other sources of revenue? Or have the members, unwilling to face the facts of the failure of prohibition, foreclosed their minds on account of their prejudices on the subject?

The vicious tax principles which the bill contains are equaled only by the attempt that is made to have the bill also serve as a tariff measure. It is proposed to tax oil imports. Not having had our fill of tariff protection under the Smoot-Grundy Tariff Act, it is now proposed that under the guise of a revenue measure we should begin anew "protecting " industries.

There may be some practical advantage in this proposal to those who think that they can get enough votes from those who want a tariff on oil by offering in exchange their votes for the sales tax. It is a revival of log rolling which has disgraced tariff history in the past, and is now trans-

ferred to tax legislation.

This process of trying to put something over in such a way that it will not be recognized for what it is is being carried too far. If you want more protection than you already have-if you are not content with the disastrous consequences that have followed from the tariff legislation you have already enacted-if there are still some infant industries that need some special privileges from governmentbring in a bill that is a tariff bill and have it considered on its merits.

If you are Democrats who profess to be opposed to special privileges, except when the industries you happen to represent need such privileges, you can now have a measure brought in-you are in control of the House-and we will vote on it, with the record of each Member where it can be seen and studied. But it is not fair, because it is deceptive, to smuggle in provisions that belong in a tariff bill and then maneuver for advantage and for the exchange

And to be consistent, why do not the Democratic Members who have complained so bitterly in the past about the Grundy tariff law now bring in a bill revising those schedules, so that monopolies may no longer exploit its benefits?

1 voted against that law in 1930. And I am opposed to the tariff feature in this bill.

There is another extremely objectionable feature about the pending bill: You propose a tax on malt sirup, which is manufactured from malted barley.

The production of barley has increased under prohibition, but it is now used largely as a feed grain at a great reduction in price. The farmers have lost their market for the finest grades of barley which were formerly used and purchased by brewers at premium prices. Before prohibition the consumption of barley for brewing purposes was 80,000,000 bushels a year. The total production was in the neighborhood of 200,000,000 bushels a year. The brewers used from 30 to 35 per cent of the barley crop.

May I call to the attention of the House how the committee now proposes to further injure the farmer by providing a tax on malt sirup? It is a food product, an essential ingredient in the manufacture of bread, and is sold in large proportions to bakers, breakfast-food manufacturers, textiles and pharmaceutical industries. Barley is at the present time one of the best cash crops which farmers in my State

The tax which is proposed would increase the present price of malt sirup from about 6 cents per pound to 9 cents per pound. It will lead people to resort to sugar.

When you stop to consider that you are administering this blow to those who have had their best market lost as a result of prohibition, and that you are driving further to the wall the farmers who are already up against it, you will appreciate the extent and the nature of the injury you are doing them.

To further burden this industry, as you propose to do by imposing this tax, is to practically destroy what has managed to survive of a once powerful industry. It is neither fair nor just, nor necessary. I know that the prohibitionists in this House will not admit the justice of eliminating this tax, even though they know it is a perfectly lawful industry.

A letter which I have received from the Cereal Products Co., located at Manitowoc, Wis., in my district, discloses how

serious the situation is. I take the liberty of incorporating it as part of my remarks:

Manitowoc, Wis., March 12, 1932.

Hon. G. J. SCHNEIDER,

House of Representatives, Washington, D. C.

DEAR SIR: We have viewed with a great deal of alarm the proposed tax of malt sirup. This industry uses millions of bushels of barley, a large proportion of which comes from farmers in this locality. Due to its use, barley at the present time is the best cash crop which the farmers in the State of Wisconsin have.

While we are thoroughly in accord with a fair tax program and believe that the content are the farmers.

and believe that every assistance should be rendered to the Government at this time, we also believe that the tax on malt sirup is extreme and practically confiscatory. We wish to cite a case

in fact:

A very large percentage of malt sirup is used in the baking trade in direct competition with sugar. Should the proposed 3 cents per pound tax be placed on malt sirup, which is now selling from 4 to 5½ cents per pound, it would practically double the price and definitely and absolutely prevent the use of malt sirup by the believe industry.

by the baking industry.

We are already operating under severe handicaps due to foreign competition, etc., which has taken away a great deal of our volume, and it is doubtful whether we can continue to operate should the very large percentage of business of the malt

manufacturers be taken away from us. This would be the case if the present tax on malt sirup goes into effect as now in the bill.

We ask you to give this your very thoughtful and serious consideration, as this problem is one of the most serious confronting us since the advent of prohibition.

Yours very truly,

CEREAL PRODUCTS Co., G. R. RAHR, Secretary-Treasurer.

Mr. DISNEY. Mr. Speaker, I am opposed to the salestax feature of this bill. In the first place, this system of taxation does not place the expense of government upon those able to bear it. With this sales tax it is proposed to raise \$600,000,000, or \$25 for each family of the United States in one year. The rich and well-to-do, having more property rights, get more protection from the Government than the poor because they have more property rights to protect. This strikes the balance; to my mind the salestax idea and theory are out of balance with the rule I have just suggested. The average man simply can not pay more than he is already paying.

There is abundant evidence that one of the big moving influences has the object in view of scaling down, and, if possible, finally eliminating, the income tax on big incomes; this is in the face of the modern theory of taxation in the United States. One great newspaper makes the statement in big headlines that "The income-tax system has become the greatest racket in the United States," and urges the sales tax in its stead. Will this country ever consent to the abandonment of the income tax! No signs point that way.

Once you saddle the sales tax on the backs of the American people we can never get rid of it; the history of other nations which have a sales tax proves this beyond a doubt. For instance, in the Philippines, about 10 years ago, to balance the budget, temporarily—as it was claimed, and as it is claimed for this bill that it is only temporary—they levied a sales tax which raises \$20,000,000 a year of their \$80,000,-000 budget. Once they got the sales tax they couldn't get rid of it and still have it.

A sales tax encourages extravagance in Government because it makes the people easy picking for the bureaucrats. Somewhere, some place, somebody has got to call a halt on governmental expenditure, which have increased on an average by almost a billion dollars a year since 1924, with lots of economy talk going on at the same time. If special taxes are levied, they will in the nature of things have to be only temporary, but a general sales tax never would let go of us. The sales tax is just another pocket of the taxpayer for the tax eater to pick.

I am against the sales tax because the way to lower taxes is to quit spending money. I favor a horizontal cut of 20 per cent in all appropriations. We can raise the income taxes, gift taxes, and inheritance taxes and levy a tax on long and short selling amongst the stock-market gamblers. The money can be raised and from proper sources, which is more important.

Let me call the attention of my Democratic colleagues to the fact that every Democratic platform for generations has been against the sales tax. How can we go to the people, in the face of all those platforms, and with a tax on an average of \$25 on the people of the United States, without serious slashes in the appropriations, and claim that we have been giving them good government? The question answers itself.

Mr. KARCH. Mr. Speaker, our Nation is faced by two problems, each of which is grave and fundamental. We have reached what seems to me to be a major crisis in our national affairs, and this crisis must be met by sound judgment and a deep sense of justice.

One horn of our dilemma is to balance our Budget while the other is to avoid further depression of a populace, at least 25 per cent of which is now totally without any income, and another 50 per cent of which has had its income seriously reduced.

That brings us to the question of the sales tax. Every Member of the Congress, on both sides of the Capitol, is giving his most earnest study to the tax question. There is a definite and honest division of opinion in the Congress as to the wisdom of the sales-tax measure which has been proposed.

After conscientious study of the whole question, I am compelled to decide that the sales-tax plan that has been offered the House is unwise. There is no use trying to disguise the fact that the sales tax is to fall upon the ultimate consumer. The people of this country are the ultimate consumers.

More than 80 per cent of our population is in the wage-earning class, and that class is bearing at the present more than 80 per cent of the burden of providing charity funds for the support of our unemployed and their dependents. That support is inadequate even though it is costing a tremendous sum of money, and greater drains upon the slender resources of this 80 per cent are to be expected if the depression continues.

Therefore, to enact a sales tax means, in my opinion, that the great burden of balancing the Budget would be placed upon that strata of our population, which is now most seriously stricken by the depression.

It is fundamentally true that more than 80 per cent of the purchasing power of this country resides in the wage earners. They compose 80 per cent of our consuming market in America. The depression and its consequent unemployment have destroyed approximately 50 per cent of that purchasing power. To enact a sales tax which would divert further moneys from trade into the Treasury of the United States would, in my opinion, act to further depress consumption, which, in turn, would tend to destroy much of the volume of sales which obtains now.

We have just witnessed the remarkable phenomenon of our national financial group coming to the Congress and demanding a reconstruction finance fund of \$2,000,000,000 to save the banks, the railroads, and insurance companies, and a further two and a half billions of dollars for the relief of finance and industry in a broadening of the Federal reserve base under the Glass-Steagall Act.

After the bankers have secured from the Congress and the Government this relief of four and one-half billions, we are now told by the Secretary of the Treasury that those same bankers have warned the Treasury that unless the Government balances its Budget at the expense of the oppressed and depressed wage earners the bankers may refuse to lend the Government any more money.

It may be pertinent to suggest that if this is to be the attitude of the bankers toward the Government, after having themselves received four and one-half billion dollars of relief, the Government would need no loans at the hands of the bankers if it used the four and a half billions of dollars it is to lend them to balance the Budget instead of trying to extract it from the pockets of the wage earners through a sales tax.

I can not evade the conviction that the proposed sales tax is simply another move in the wrong direction—that of taking from those who have little, while we have been giving to those who have much. It must be obvious to any thinking person that this Nation can not stand if we are to continue on this course of exempting wealth from the greater burden of both charity for unemployment relief and taxation to balance the Budget, on the theory that because wealth is too powerful to submit to it we must turn to the unorganized and oppressed masses and tax them, because they can not defend themselves. Any such theory is un-American, unjust, unsound, uneconomical, and unwise to the utmost degree.

The argument most strenuously urged by the proponents of the sales tax is that it is "the most nearly painless tax." On the basis of that theory the man who is robbed and does not know it does not suffer from his loss. Such an assumption is assinine. The sales tax, stripped of its fallacious arguments, shows itself to be simply a bludgeoning of the consumers, more than 80 per cent of whom are wage earners, in order that they may not realize it at the moment that their pocketbooks are being tapped.

Congress is bluntly and somewhat insolently informed by some prominent economic writers that Congress may try to tax the wealthy, but "let the Government try and get it," because the wealthy will "promptly evade the tax by burying their wealth in tax-exempt securities."

Well, Mr. Speaker, if that is to be the selfish attitude of wealth, I, for one, will favor the proposed constitutional amendment pending in this Congress authorizing Congress to require the incomes on all securities issued by the States and their subdivisions, to be subject to Federal taxation.

This is no time, sir, for arrogant wealth to adopt the attitude of the kidnaper and the underworld racketeer and to sneer—"you can not tax us and make us pay it; we will evade it by burying our wealth in tax-exempt securities; so let the poor bear the burden!"

We can not, we dare not, further burden the wage earners of this country, who to-day are groaning in agony under the burden of fear, unemployment, diminishing savings, and failing resources. It is neither the humane, the American, nor the right way to do it.

We must put our people to work on shorter hours and thus restore the purchasing power of this country. With that purchasing power restored by the sound method of shorter hours and with a resulting increased demand for products, factory wheels will begin to turn, dividends will be resumed, depreciated stock and bond values will rise, and wealth will reap much more, many fold, than all it has to pay out in taxes to balance the Budget.

But I warn this House that if we continue to lay the burdens of taking care of the starving, helping the poor, sacrificing the homes, and bearing the burden of balancing the Budget on the backs of the masses, we will force revolution with all that ugly term implies upon the poor people of this country, and revolution we will get.

Beware! The Israelite of old, who tore
The lion in his path—when, poor and blind,
He saw the blessed light of Heaven no more,
Shorn of his noble strength and forced to grind
In prison, and at last led forth to be
A pander to Philistine revelry—

Upon the pillars of the temple laid
His desperate hands, and in its overthrow
Destroyed himself, and with him those who made
A cruel mockery of his sightless woe;
The poor blind slave, the scoff and jest of all,
Expired, and thousands perished in the fall!

There is a poor, blind Samson in this land,
Shorn of his strength and bound in bonds of steel,
Who may, in some grim revel, raise his hand,
And shake the pillars of this Common-weal
Till the vast temple of our liberties
A shapeless mass of wreck and rubbish lies.

I am against this sales tax because it taxes the people least able to pay it, and enables the richest of our citizens to escape their just share in the burdens of our National Government,

### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 83. An act for the relief of Margaret Crotty; to the Committee on Claims.

S. 84. An act for the relief of Abraham Green; to the Committee on Claims.

S. 221. An act authorizing adjustment of the claim of the Wilmot Castle Co.; to the Committee on Claims.

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins; to the Committee on Claims.

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes; to the Committee on Interstate and Foreign Commerce.

S. 284. An act for the relief of William B. Thompson; to the Committee on Claims.

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands; to the Committee on the Judiciary.

S. 421. An act to provide for the air marking of certain Government buildings; to the Committee on Interstate and Foreign Commerce.

S. 563. An act for the relief of George T. Johnson & Sons; to the Committee on Claims.

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet; to the Committee on World War Veterans' Legislation.

S. 914. An act for the relief of Katherine R. Theberge; to the Committee on Claims.

S. 1274. An act for the relief of the Standard Dredging Co.; to the Committee on Claims.

S. 2232. An act to amend section 126 of the Judicial Code, as amended; to the Committee on the Judiciary.

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona; to the Committee on the Public

S. 2703. An act for the relief of the State of Indiana; to

the Committee on the Judiciary. S. 2754. An act to authorize the issuance of an unrestricted patent to Joseph F. Sheaman; to the Committee on the Public Lands.

S. 2853. An act to provide for the commemoration of the Battle of Wagon Box, in the State of Wyoming; to the Committee on Military Affairs.

S. 2854. An act to provide for the commemoration of the Battle of Dull Knife, in the State of Wyoming; to the Committee on Military Affairs.

S. 2955. An act to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown; to the Committee on the District of Columbia.

S. 3011. An act to authorize the Attorney General to permit prisoners to attend the funeral of a deceased and bedside of a dying relative, and for other purposes; to the Committee on the Judiciary.

S. 3085. An act relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

S. 3147. An act for the relief of Anna Pokorny; to the Committee on Claims.

S. 3173. An act authorizing the President to class as secret or confidential certain material, apparatus, or equipment for military or naval use; to the Committee on Military Affairs.

S. 3438. An act authorizing adjustment of the claim of Lindley Nurseries (Inc.); to the Committee on Claims.

S. 3569. An act to amend the act of May 27, 1930, authorizing an appropriation for the reconstruction and improvement of a road on the Shoshone Indian Reservation, Wyo.; to the Committee on Indian Affairs.

S. 3602. An act authorizing the termination of a certain contract for the sale and purchase of the St. Johns Bluff Military Reservation, in Florida, and for other purposes; to the Committee on Military Affairs.

S. 3771. An act for the relief of St. Paul's Episcopal Church, Selma, Ala.; to the Committee on War Claims.

ENROLLED BILLS AND ENROLLED RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 252. Joint resolution to authorize the Interstate Commerce Commission to make an investigation as to the possibility of establishing a 6-hour day for railway em-

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1473. An act to authorize an appropriation for the relief of I. L. Lyons & Co.; and

S. 2822. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased.

### BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 375. An act amending the public building act approved March 4, 1931, authorizing acquisition of building sites and construction of public buildings at Hibbing, Minn., and other places;

H.R. 3703. An act granting compensation to Harriet M. MacDonald:

H.R. 6739. An act to amend the authorization contained in the act of Congress approved March 4, 1929, for the acquisition of site and construction of building in Jackson, Miss.: and

H.R. 7899. An act to authorize the Secretary of the Treasury to negotiate and to enter into an agreement regarding the south boundary of the post-office site at Plattsburg, N. Y.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.) the House adjourned until Monday, March 14, 1932, at 12 o'clock noon.

### COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Monday, March 14, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

Alaskan project.

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

General legislation.

COMMITTEE ON INVALID PENSIONS

(10 a. m.)

Private bills to be included in an omnibus pension bill.

### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

481. A letter from the Secretary of the Treasury, transmitting a report on the War Finance Corporation (in liquidation) covering the period from January 1, 1931, to December 31, 1931 (H. Doc. No. 269); to the Committee on Banking and Currency and ordered to be printed.

482. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental provision to the estimate of appropriations for public works, Navy Department, contained in the Budget for 1933, to enable the Secretary of the Navy to use \$1,000,000 of the naval hospital fund for the purpose of proceeding with the construction of the naval hospital at Philadelphia, Pa. This is an authorization to use available funds without increasing the total of the appropriations which already have been recommended (H. Doc. No. 270); to the Committee on Appropriations and ordered to be printed.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 437. A bill to require a contractor to whom is awarded any contract for public buildings or other public works or for repairs or improvements thereon in the District of Columbia to give bond for the faithful performance of the contract, for the protection of persons furnishing labor and materials, and for other purposes; with amendment (Rept. No. 781). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims, H. R. 7199. A bill for the relief of Frank Martin; without amendment (Rept. No. 779). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 7309. A bill for the relief of Frank R. Scott; without amendment (Rept. No. 780). Referred to the Committee of the Whole House.

Mr. BACON: Committee on Claims. H. R. 5276. A bill for the relief of Hilda Barnard; without amendment (Rept. No. 782). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 440. An act for the relief of Lillian G. Frost; without amendment (Rept. No. 783). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 800. An act for the relief of Ellingson & Groskopf (Inc.); without amendment (Rept. No. 784). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. S. 816. An act for the relief of E. H. Flagg; without amendment (Rept. No. 785). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 904. An act for the relief of Elizabeth B. Dayton; without amendment (Rept. No. 786). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2569. An act authorizing adjustment of the claim of Lewis O. Wick; without amendment (Rept. No. 787). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 5005. A bill for the relief of F. M. Peters and J. T. Akers; without amendment (Rept. No. 788). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 218. An act authorizing adjustment of the claim of the Westinghouse Electric & Manufacturing Co.; without amendment (Rept. No. 789). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2307. An act to provide for the settlement of damage claims arising from the construction of the Petrolia-Fort Worth gas-pipe line; without amendment (Rept. No. 790). Referred to the Committee of the Whole House.

### CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 8129) granting a pension to William J. Smith, and the same was referred to the Committee on Pensions.

### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LAMNECK: A bill (H. R. 10457) to equalize the basis for longevity pay and retirement of warrant officers, United States Army; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 10458) to reduce the compensation and salaries of officials of the Federal Govern-

ment; to the Committee on Expenditures in the Executive Departments.

By Mr. LEWIS: A bill (H. R. 10459) to authorize appropriations to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions; to the Committee on Foreign Affairs.

By Mr. GREEN: A bill (H. R. 10460) to create a bureau of investigation in the Department of Labor, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SUTPHIN: A bill (H. R. 10461) to amend the civil service retirement act of 1930 to prohibit continuance in the civil service of employees who have arrived at retirement age; to the Committee on the Civil Service.

By Mr. HOGG of Indiana: A bill (H. R. 10462) to prohibit the use of the United States mails for the transmission of any matter advertising puzzle contests, naming contests, prize offers, or any other form of competition for a prize wherein such offers are made to induce persons to compete in another contest which involves either the purchase or sale of goods as a requisite of winning; to the Committee on the Post Office and Post Roads.

By Mr. McSWAIN (by request): A bill (H. R. 10463) to authorize naval and Marine Corps service of Army officers to be included in computing dates of retirement; to the Committee on Military Affairs.

By Mr. BLOOM: A bill (H. R. 10464) to amend the naturalization laws in respect of residence requirements, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. PITTENGER: Joint resolution (H. J. Res. 330) to provide for the determination of claims for damages sustained by the fluctuation of the water levels of Lake of the Woods in certain cases, and for other purposes; to the Committee on Foreign Affairs.

By Mr. SELVIG: Joint resolution (H. J. Res. 331) to provide for the determination of claims for damages sustained by the fluctuation of the water levels of Lake of the Woods in certain cases, and for other purposes; to the Committee on Foreign Affairs.

By Mr. KNUTSON: Joint resolution (H. J. Res. 332) to provide for the determination of claims for damages sustained by the fluctuation of the water levels of the Lake of the Woods in certain cases, and for other purposes; to the Committee on Foreign Affairs.

### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 10465) granting a pension to Frances Crawford; to the Committee on Invalid Pensions. By Mr. EVANS of Montana: A bill (H. R. 10466) for the

relief of Ulric W. Deschamps; to the Committee on Claims. By Mr. FIESINGER: A bill (H. R. 10467) for the relief of the estate of Frank P. Gibson; to the Committee on Claims. By Mr. FULMER: A bill (H. R. 10468) for the relief of George Jeffcoat; to the Committee on Claims.

By Mr. GREEN: A bill (H. R. 10469) granting a pension to John F. Fisher; to the Committee on Pensions.

By Mr. GREENWOOD: A bill (H. R. 10470) granting an increase of pension to Ellis East; to the Committee on Pensions.

Also, a bill (H. R. 10471) granting a pension to Albert Sanders; to the Committee on Invalid Pensions.

By Mr. HORR: A bill (H. R. 10472) for the relief of John J. Manning; to the Committee on Military Affairs.

Also, a bill (H. R. 10473) approving and confirming contract for apportionment of waters of Ahtanum Creek, Wash., between Yakima Indian Reservation and lands north thereof, dated May 9, 1903; to the Committee on Irrigation and Reclamation.

By Mr. JOHNSON of Missouri: A bill (H. R. 10474) granting a pension to Anna Sisson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10475) granting a pension to Charles C. Dalton: to the Committee on Invalid Pensions.

By Mr. LEWIS: A bill (H. R. 10476) granting an increase of pension to Mary E. Summers; to the Committee on Invalid Pensions.

By Mr. LONERGAN: A bill (H. R. 10477) for the relief of Albert A. Clay; to the Committee on Military Affairs.

By Mr. MAY: A bill (H. R. 10478) granting a pension to Paris May; to the Committee on Pensions.

By Mr. MEAD: A bill (H. R. 10479) granting an increase of pension to Florence K. Smith; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 10480) granting an increase of pension to Jennie Fried; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 19481) for the relief of James J. Bennett: to the Committee on Military Affairs.

By Mr. ROMJUE: A bill (H. R. 10482) granting an increase of pension to Arthur E. Lewis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10483) granting a pension to George W. Otten; to the Committee on Invalid Pensions.

By Mr. THOMASON: A bill (H. R. 10484) for the relief of David J. Fitzgerald; to the Committee on Military Affairs.

By Mr. WHITTINGTON: A bill (H. R. 10485) granting a pension to Cornelia M. Campbell; to the Committee on Pensions.

### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4155. By Mr. ALMON: Petition of Donald B. Isom, commander Post No. 49, Athens, Ala., and 802 petitioners from the eighth Alabama district, asking for the immediate payment of the balance due World War veterans on their adjusted-service certificates; to the Committee on the Judiciary.

4156. By Mr. ANDREWS of New York: Resolutions adopted by the American Fruit and Vegetable Shippers Association, opposing the Government engaging in business enterprise with its own people, and urging reduction of Government expenses; to the Committee on Ways and Means.

4157. By Mr. BACHMANN: Petition of Frank B. Ritz and other citizens of Proctor, Taylor County, W. Va., opposing resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4158. By Mr. BACON: Petition of residents of Patchogue, Bellport, Babylon, and Brentwood, Long Island, opposing the enactment of House bill 8092; to the Committee on the District of Columbia.

4159. By Mr. BEEDY: Petition of the Maine Woman's Christian Temperance Union at a State regional conference, representing 1,130 citizens, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4160. By Mr. CHAPMAN: Resolution No. 15, adopted by the Board of Commissioners of the City of Lexington, Ky., memorializing Congress to pass uniform laws respecting the crime of kidnaping where the abductors use interstate means of committing said crime; to the Committee on the Judiciary.

4161. Also, petition, signed by G. E. Jenkins and 12 other citizens of Paris, Ky., protesting against compulsory Sunday observance: to the Committee on the District of Columbia.

4162. Also, resolution of the House of Representatives of the State of Kentucky, memorializing the Congress of the United States to enact Federal legislation against kidnaping; to the Committee on the Judiciary.

4163. By Mr. BOLTON: Petition of members of the Cuyahoga County (Ohio) Woman's Christian Temperance Union, protesting against any move to hinder the enforcement of the eighteenth amendment; to the Committee on the Judiciary

4164. By Mr. CAMPBELL of Pennsylvania: Petition of 25 citizens of West Elizabeth, Pa., protesting against the re-

submission of the eighteenth amendment or the modification of the Volstead Act; to the Committee on the Judiciary.

4165. By Mr. CONNERY: Petition of Revere City Council, favoring the immediate passage of the full payment of the veterans, adjusted compensation; to the Committee on Ways and Means.

4166. By Mr. DALLINGER: Petition of Margaret J. Livingston and 19 other citizens of Woburn, Mass., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4167. By Mr. DICKINSON: Petition of the Baptist and Methodist Episcopal Churches of Austin and Archie, Mo., R-2, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4168. Also, petition of the Ministers Alliance, representing 2,900 members of seven churches of Warrensburg, Mo., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4169. By Mr. EVANS of California: Petition signed by approximately 100 citizens, supporting the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4170. By Mr. EVANS of Montana: Resolutions of the Montana Branch of the National Woman's Party, calling on Congress to submit to the States for ratification the equal-rights amendment; to the Committee on the Judiciary.

4171. Also, petition of Minnie J. Schnieder and other residents of Iron Mountain, Mont., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4172. By Mr. JOHNSON of Texas: Petition of Edgar B. Hands, of Corsicana, Tex., opposing Federal tax on admission tickets; to the Committee on Ways and Means.

4173. Also, petition of John T. Fortson, John J. Bryant, and J. M. Blackburn, of Corsicana, Tex., favoring adequate appropriations for the Federal Farm Board; to the Committee on Appropriations.

4174. Also, petition of Hon. Frank A. Woods, of Franklin, Tex., favoring Federal regulation of motor trucks engaged in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4175. By Mr. LINDSAY: Petition of recreation department, Russell Sage Foundation, favoring House bill 5063, the Everglades National Park in Florida legislation; to the Committee on the Public Lands.

4176. By Mr. McLAUGHLIN: Petition of Louisa Flynn and 14 other residents of Wexford County, Mich., protesting against compulsory Sunday observance, and in opposition to House bill 8092, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4177. By Mr. NELSON of Missouri: Resolutions of California Union of the Woman's Christian Temperance Union, California, Mo., by Eva Hengy, president, and Nancy Longan, secretary and treasurer, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures; to the Committee on the Judiciary.

4178. By Mr. NOLAN: Petition of Group No. 1694 of the Polish National Alliance, urging passage of House Joint Resolution 144; to the Committee on the Judiciary.

4179. Also, petition of Group No. 1042 of the Polish National Alliance, urging passage of House Joint Resolution 144; to the Committee on the Judiciary.

4180. By Mr. ROBINSON: Petition of Dr. G. E. Schnug and about 200 other citizens of Dows, Iowa, asking for the repeal of the eighteenth amendment, and favoring a referendum vote; to the Committee on the Judiciary.

4181. By Mr. RUDD: Petition of the American Committee on the Far Eastern Crisis, with additional signatures; to the Committee on Foreign Affairs.

4182. Also, petition of the Model Brassiere Co., Brooklyn, N. Y., opposing the manufacturers' tax; to the Committee on Ways and Means.

4183. Also, petition of August F. Schwarzler, real estate posing resubmission of the eighteenth amendment; to the and insurance. New York City, opposing tax on fuel oil; to the Committee on Ways and Means.

4184. Also, petition of Women's Organization for National Prohibition Reform, Washington, D. C., favoring the Beck-Linthicum bill; to the Committee on the Judiciary.

4185. Also, petition of the National Association of Book Publishers, New York City, favoring exempting all books from the provisions of the manufacturers' tax; to the Committee on Ways and Means.

4186. Also, petition of the Italian Chamber of Commerce of New York City, favoring establishing a priori that olive oil is a substitute for butter; to the Committee on Ways and

4187. Also, petition of recreation department, Russell Sage Foundation, New York City, favoring the passage of the Everglades National Park in Florida, bill H. R. 5063; to the Committee on the Public Lands.

4188. By Mr. SMITH of Virginia: Petition of the Ladies' Aid Society of the Rehoboth Methodist Episcopal Church, of Lovettsville, Loudoun County, eighth congressional district of Virginia, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4189. Also, petition of 65 citizens of the vicinity of Nokesville, Prince William County, eighth congressional district of Virginia, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4190. Also, petitions of the Purcellville Woman's Club, Purcellville; the Goose Creek Meeting of Friends, Lincoln; the Purcellville Woman's Christian Temperance Union, Purcellville; the Hamilton Woman's Christian Temperance Union, Hamilton; the Bluemont Woman's Christian Temperance Union, Bluemont; the Lincoln Woman's Christian Temperance Union, Lincoln; the Clarendon Woman's Christian Temperance Union, Clarendon; the Shiloh Branch, Woman's Christian Temperance Union, Shiloh; and the Manassas Ministerial Association, all of the State of Virginia, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4191. Also, petition of the Missionary Society of Mount Olivet Methodist Episcopal Church, of Lovettsville, Loudoun County, eighth congressional district of Virginia, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4192. Also, petition of 129 citizens of Arlington County, Va., representing the Arlington County Woman's Christian Temperance Union, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution: to the Committee on the Judiciary.

4193. Also, petition of the Woman's Christian Temperance Union, the Missionary Society of the Rehoboth Methodist Episcopal Church, Lovettsville, Loudoun County, Va., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4194. Also, petition of 376 citizens of the eighth congressional district of Virginia, urging support for the Beck-Linthicum resolution submitting an amendment to the eighteenth amendment; to the Committee on the Judiciary.

4195. Also, petition of 69 citizens, representing the Alexandria-Arlington County Woman's Christian Temperance Union, eighth congressional district of Virginia, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4196. By Mr. SNOW: Memorial of officers and members of the Pleasant Lake Grange, No. 370, Stetson, Me., favoring legislation that will prevent the spread of communism in the United States; to the Committee on the Judiciary.

4197. Also, memorial of regional conference of the

Committee on the Judiciary.

4198. Also, memorial of Daniel Frazier, of Bangor, Me., and 44 other employees of the Western Union Telegraph Co., protesting against proposed tax on telegrams on the ground that it will decrease use of telegrams and force thousands of telegraph employees from present part-time employment to idleness; to the Committee on Ways and Means.

4199. Also, petition of Andrew J. Beck and many other citizens of Washburn, Me., requesting the enactment of appropriate legislation to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

4200. By Mr. TEMPLE: Petition of A. J. White, South Brownsville, Pa., supporting the measure providing for full payment of the soldiers' bonus, House bill 1; to the Committee on Ways and Means.

4201. Also, petition of the clergy of the Pittsburgh diocese of the Russian Orthodox Greek Catholic Church, favoring immediate Federal aid to relieve the distress caused by unemployment; to the Committee on Ways and Means.

4202. By Mr. THOMASON: Petition of farmers in western Texas, protesting any attempt to change or modify the agricultural marketing act; to the Committee on Agriculture.

4203. By Mr. TIMBERLAKE: Petition of Madam Willard Woman's Christian Temperance Union, of Sterling, Colo., protesting against submission of eighteenth amendment to the States for a referendum vote, and asking for adequate appropriations for prohibition enforcement; to the Committee on the Judiciary.

4204. Also, petition of Woman's Christian Temperance Union of Englewood, Colo., protesting against submission of the eighteenth amendment to the States for ratification vote; to the Committee on the Judiciary.

4205. By Mr. WEST: Petition of 57 residents of Mansfield, Ohio, protesting against the passage of Senate bill 1202, compelling barbers to observe Sunday in the District of Columbia, thus establishing a dangerous legal precedent for a flood of Sunday blue-law legislation; to the Committee on the District of Columbia.

### SENATE

### Monday, March 14, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Dear Lord and Father of mankind, by whose watchful providence we are brought to this another day of serving Thee, be with us as we meet the chance and change of our appointed lot, that we may order our steps wisely, finding in Thy presence springs of comfort that shall refresh us with the joy of human sympathy, through the exercise of which as sons of God we shall learn to esteem Thy desire as our delight, for unto Thee all souls of men are dear.

Grant to us self-control that, avoiding the hasty word, the irritated spirit, we may walk before Thee in steadiness and quietness of heart, no matter how sudden the surprise, how great the strain. Implant in us the spirit of our Savior's courage, His tenderness and His simplicity, until our own poor shadow self shall be transformed into the likeness of His truth and strength. We ask it in His name and for His sake. Amen.

## THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Friday last, when, on request of Mr. McNary and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### MESSAGE FROM THE HOUSE-ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and Woman's Christian Temperance Union of Bangor, Me., op- | joint resolution, and they were signed by the Vice President: S. 1473. An act to authorize an appropriation for the relief of I. L. Lyons & Co.;

S. 2822. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased; and

H. J. Res. 252. Joint resolution to authorize the Interstate Commerce Commission to make an investigation as to the possibility of establishing a 6-hour day for railway employees.

### CALL OF THE ROLL

Mr. McNARY. Mr. President, I suggest the absence of a

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Costigan	Jones	Robinson, Ind
Couzens	Kean	Schall
Dale	Kendrick	Sheppard
Davis	King	Shipstead
Dickinson	La Follette	Shortridge
Dill	Lewis	Smith
Fletcher	Logan	Smoot
Frazier	Long	Steiwer
George	McGill	Thomas, Idaho
Glass	McKellar	Thomas, Okla.
Glenn	McNary	Townsend
Goldsborough	Metcalf	Trammell
Gore	Morrison	Tydings
Hale	Moses	Vandenberg
Harrison	Neely	Wagner
Hatfield	Norbeck	Walcott
Hawes	Norris	Walsh, Mass.
Hayden	Nye	Walsh, Mont.
Hebert	Oddie	White
Howell	Patterson	
Hull	Pittman	
Johnson	Robinson, Ark.	
	Dale Davis Dickinson Dill Fletcher Frazier George Glass Glenn Goldsborough Gore Hale Harrison Hatfield Hawes Hayden Hebert Howell Hull	Couzens Dale Exendrick Davis Couzens C

Mr. MOSES. I announce that my colleague the junior Senator from New Hampshire [Mr. Keyes] is absent on official business. This announcement may stand for the day.

Mr. TOWNSEND. I wish to announce that my colleague the senior Senator from Delaware [Mr. Hastings] is unavoidably absent. I will let this announcement stand for the day.

Mr. ROBINSON of Indiana. I desire to announce the continued illness of my colleague the senior Senator from Indiana [Mr. Watson]. He is unavoidably detained from the Senate, and I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

### THE PRESERVATION OF PEACE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, inclosing copy of a letter dated February 4, 1932, with its inclosures, from Mr. Horacio B. Cruz, secretary of the United Evangelical Church of Fajardo, P. R., in regard to establishing and maintaining peace between the nations, which, with the accompanying papers, was referred to the Committee on Foreign Relations.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Lapeer Sunshine Woman's Christian Temperance Union, of Lapeer, Mich., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. TYDINGS presented 151 telegrams and 7 letters in the nature of memorials from sundry citizens and business firms and organizations, all in the State of Maryland, remonstrating against the imposition of an import tax on gasoline and oils, which were referred to the Committee on Finance. He also presented a resolution adopted by Branch No. 24, the Fleet Reserve Association, of Annapolis, Md., opposing the passage of legislation providing for a unified air force, a consolidated department of national defense, etc., which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by Branch No. 24, the Fleet Reserve Association, of Annapolis, Md., opposing the passage of the so-called French bill, being the bill (H. R. 409) to provide for the payment of a discharge gratuity to enlisted men of the Navy and Marine Corps, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted by Branch No. 24, the Fleet Reserve Association, of Annapolis, Md., praying for the passage of the so-called Vinson bill, being the bill (H. R. 8230) to authorize the construction of certain naval vessels for replacements and additions, and for other purposes, which was ordered to lie on the table.

Mr. NEELY presented 15 telegrams in the nature of memorials from sundry citizens and business firms in the State of West Virginia, remonstrating against the imposition of a tax on theater admissions, which were referred to the Committee on Finance.

Mr. BLAINE presented a resolution adopted by Group No. 1410 of the Polish National Alliance, at Milwaukee, Wis., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

Mr. SHEPPARD presented a resolution adopted by 50 members of the Missionary Society of the First Baptist Church of Marshall, Tex., opposing the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. WHITE presented resolutions adopted by regional conferences of the Maine Woman's Christian Temperance Union, at Lewiston and Pittsfield, Me. (representing 1,274 and 677 people, respectively), protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. DILL presented a memorial of sundry citizens of Orting, Wash., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Fresno, Calif., praying for the passage of legislation known as the Dill bill, proposing to expand the facilities of the Postal Savings System and to include checking accounts therein, which was referred to the Committee on Post Offices and Post Roads.

Mr. CAPPER presented petitions of sundry citizens of Oneida and Jamestown, in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the local chapter of the Woman's Christian Temperance Union of Jamestown, the congregation of the Methodist Episcopal Church of Nortonville, and the Cumberland Woman's Missionary Association, of Gem. all in the State of Kansas, remonstrating against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. JONES presented a petition of sundry citizens of Lake Samish, Wash., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the South Park Branch of the Woman's Christian Temperance Union, of Seattle, and the local chapter of the Woman's Christian ! Temperance Union of Mount Vernon, in the State of Washington, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented memorials numerously signed by sundry citizens of Colville, Dayton, Miles, Friday Harbor, Granger, Ione, Kettle Falls, Northport, Roy Ronald, Cle Elum, Rockford, South Cle Elum, Spokane, Wenatchee, and Yakima County, all in the State of Washington, protesting against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

Mr. COPELAND presented resolutions adopted by groups of the Polish National Alliance of Brooklyn (two groups), Maspeth and Yonkers, all in the State of New York, favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which were referred to the Committee on the Judiciary.

He also presented memorials, and papers in the nature of memorials, of sundry religious and temperance organizations in the State of New York, remonstrating against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens, being independent gasoline dealers, of Rochester and vicinity in the State of New York, remonstrating against the imposition of an import tax on gasoline and oils, which was referred to the Committee on Finance.

He also presented resolutions adopted by Kimble-Kowalski Chapter No. 7, the Disabled American Veterans of the World War, of Bath, N. Y., favoring the giving of preference in employment in the soldiers' home to members whose income from the Government is less than \$50 per month, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Brooklyn and vicinity, in the State of New York, praying for the passage of legislation to prohibit experiments upon living dogs in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the Detroit (Mich.) Engineering Society, and the fifty-second annual convention of the Michigan Engineering Society, favoring the passage of legislation correlating the work of the various engineering, architectural, and construction activities of the Government through the medium of an administration of public works, with the recommendation that the work of river and harbor improvement remain under the supervision of the Corps of Army Engineers, which were referred to the Committee on Commerce.

He also presented a petition of sundry citizens of Brooklyn, N. Y., and vicinity praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Democratic Woman's Club, of Jamestown, N. Y., and the National Federation of Business and Professional Women's Clubs, at Richmond, Va., praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Catholic Women's Service League, of Troy, and Court St. Monica, No. 349, Catholic Daughters of America, of Waterford, in the State of New York, favoring the ratification of the Geneva Convention for the control of the traffic in narcotic drugs, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the New York State Christian Endeavor Convention, at Binghamton, N. Y., favoring the prompt ratification of the World Court protocols, and indorsing the Geneva disarmament conference and the movement for world peace, which was referred to the Committee on Foreign Relations.

SINO-JAPANESE SITUATION AND THE LEAGUE OF NATIONS

Mr. SHEPPARD. Mr. President, I send to the desk a letter signed by 85 members of the faculty of the University of Texas, requesting cooperation by the United States with the League of Nations in the Sino-Japanese situation. I ask that it be read and that the signatures be printed in the RECORD with the letter.

The VICE PRESIDENT. Is there objection? The Chair hears none. The clerk will read, as requested.

The Chief Clerk read as follows:

LETTER FROM 83 MEMBERS OF THE FACULTY OF THE UNIVERSITY OF

To the Hon. Morris Sheppard,

The United States Senate, Washington, D. C ..

The events in Manchuria, and still more in Shanghai, have shown that protests by other governments, and the public opinion of the world, will not alone restrain the use of armed force to attain national ends.

China has asked for an extraordinary session of the assembly of the League of Nations to consider the acts of Japanese troops upon her soil. If it shall be found that Japan has resorted to war without submitting the dispute to arbitration, judicial settlement, or to the council—none of which has been done—it will be the covenanted duty of all the members of the league to prohibit trade and financial relations of their countries with the covenant-breaking state, and to prevent all intercourse with that state by the people of any other state, whether a member of the league or not.

Obviously this can not in fact be done in the case of Japan without the concurrence of the United States; nor will any steps be taken toward it without the assurance that, if taken, this country will concur. The United States is not a member of the league, but it is a party to the Kellogg-Briand pact of Paris, and there can be no doubt that Japan, contrary to the pact, has sought to settle a dispute by other than pacific means. What will our Government do? Will it refuse to sever commercial relations, and thereby prevent almost all the rest of the world from bringing to bear economic pressure, which will certainly stop the present bloodshed; or will it act in harmony with other nations to stop it? We, the undersigned, appeal to the President and Congress to

We, the undersigned, appeal to the President and Congress to signify to the league that we will concur in economic measures it may take to restore peace.

W. J. Battle, R. H. Montgomery, A. P. Winston, C. C. Albers, J. W. Baldwin, P. M. Batchelder, W. P. Boyd, D. K. Brace, David Lee Clark, Mary E. Decherd, H. E. Degler, J. C. Dolley, Frederick Eby, L. M. Hollander, J. E. Pearce, F. J. Adams, C. E. Ayres, E. C. H. Bantel, Leo G. Blackstock, J. Lassen Boysen, S. Leroy Brown, J. A. Correll, Arthur H. Deen, Edward L. Dodd, Frederic Duncelf stock, J. Lassen Boysen, S. Leroy Brown, J. A. Correll, Arthur H. Deen, Edward L. Dodd, Frederic Duncalf, H. J. Ettliner, Cortez A. M. Ewing, Stanley P. Finch, W. E. Gettys, C. C. Glascock, Philip Graham, Ellwood Griscom, Charles W. Hackett, Henry Winston Harper, J. L. Henderson, A. Kengott, Robert A. Law, H. J. Leon, W. T. Mather, J. L. Mecham, Eduard Micek, I. I. Nelson, L. W. Payne, jr., F. A. C. Perrin, Charles W. Ramsdell, Carl M. Rosenquist, C. E. Rowe, E. P. Schoch, Bryant Smith, Theodore E. Stenberg, A. B. Swanson, B. C. Tharp, H. S. Vandiver, J. B. Wharey, C. A. Wiley, Max Fichtenbaum, G. V. Gentry, W. F. Gidley, Goldwin Goldsmith, R. H. Griffith, M. R. Gutsch, E. E. Hale, T. P. Harrison, jr., Donald Joseph, D. B. Klein, Chester F. Lay, E. J. Lund, E. J. Mathews, W. N. Medlicott, C. M. Montgomery, J. T. Patterson, D. A. Penick, M. P. Porter, DeWitt Reddick, R. A. Rousse, Aaron Schaffer, B. E. Short, D. T. Starnes, Floyd Stovall, C. A. Swanson, Charles A. Timm, W. P. Webb, Mastin G. White.

The VICE PRESIDENT. The letter will be referred to the Committee on Foreign Relations.

### PROPOSED TAX ON GROSS EARNINGS OF UTILITIES

Mr. FLETCHER. Mr. President, I present a letter from the secretary of the City Commission of Jacksonville, Fla., inclosing copy of a resolution adopted by the city commission, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the letter, with the accompanying resolution, was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

> CITY COMMISSION OF THE CITY OF JACKSONVILLE, Jacksonville, Fla., March 11, 1932.

Hon. D. U. FLETCHER.

United States Senate, Washington, D. C.

MY DEAR SENATOR: I hasten to forward you certified copy of resolution adopted by the City Commission of Jacksonville at a special meeting held this morning with reference to legislation

which we understand is now pending in Congress and which would place a 7 per cent tax on utilities, both public and private.

As you are aware, the city of Jacksonville owns and operates a number of utilities, principal among which are the electric plant, water plant, and municipal docks and terminals.

I know you will recognize the importance of the proposed act and give it your immediate and careful consideration.

Respectfully,

M. W. BISHOP, Secretary City Commission.

FROM THE MINUTES OF THE CITY COMMISSION, JACKSONVILLE, FLA., MARCH 11, 1932

Commissioner Anders moved the adoption of the following resolution:

"Whereas it has been brought to the attention of this commission that there is now pending in the Congress a bill which would levy a 7 per cent tax on the gross earnings of utilities; and "Whereas if such legislation be enacted, the resultant tax will

"Whereas if such legislation be enacted, the resultant tax will have to be passed on to the consumer or user of the product or service of such utility and would work a hardship to industries and to the citizens as a whole and would have a tendency to augment the present unemployment; and
"Whereas many persons are now in destitute circumstances and not in a position to stand any increase in the cost of such necessities of life as water and electricity; and
"Whereas the utilities operated by the city of Jacksonville turn over their net earnings to its general fund, for the operation of the city, and for such a tax to be imposed on utilities would cost the taxpayers and citizens of this city approximately \$280,000 per year and mean an increase in the city's millage of approximately 3 mills: Now, therefore, be it mills: Now, therefore, be it

Resolved, That the City Commission of Jacksonville go on record as opposed to such legislation, and that a copy of this resolution be transmitted to Hon. Duncan U. Fletcher and Hon. Park Trammell, United States Senators, and to Hon. Ruth Bryan Owen, Hon. R. A. Green, Hon. Tom Yon, and Hon. Herbert J. Drane, Members of Congress from the State of Florida, and that they be requested to use their influence and utmost endeavors to defeat the bill hereinabove mentioned."

The resolution was unanimously adopted.

The resolution was unanimously adopted. A true copy.

[SEAL.]

M. W. BISHOP, Secretary City Commission.

ENLARGEMENT OF VETERANS' BUREAU HOSPITAL, LAKE CITY, FLA.

Mr. FLETCHER. Mr. President, I also present resolutions adopted by the Chamber of Commerce of Lake City, Fla., together with a resolution adopted by the State Democratic Executive Committee of Florida, with reference to hospitalization of disabled former service men, which I ask may be printed in the RECORD and referred to the Committee on

There being no objection, the resolutions were referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Whereas it has become a matter of common knowledge that the demands for hospitalization on the part of disabled former service men at/in the United States Veterans' Bureau Hospital No. 63, located in Lake City, Fla., far exceeds the capacity of the splendid institution; and

Whereas the American Legion, Department of Florida, at its last State convention did go on record unanimously in requesting the Veterans' Bureau to enlarge Hospital No. 63 by at least 200

beds; and

Whereas it has been publicly announced on various occasions that it was the intention of the Veterans' Bureau to enlarge and otherwise improve the physical plant of aforesaid hospital: It is

Resolved, That the Chamber of Commerce of Lake City, Fla., does hereby join with the Columbia County Post, American Legion, the commission of the city of Lake City, and other civic organizations of this community and of the State in urging the immediate enlargement of United States Veterans' Bureau Hospital No. 63, in Lake City Fla. and it is further. in Lake City, Fla., and it is further

Resolved, That a copy of this resolution be furnished the heads of the United States Veterans' Bureau, the Florida delegation in Congress, as well as others interested in providing needed benefits

for former ex-service men.

G. L. MORRISON. FRED H. YOUNG, T. P. JORDAN, C. C. CODRINGTON, DR. R. B. HARKNESS, E. A. McCLOSKEY, WALTER HACKNEY

Directors.

Be it resolved, by the State Democratic Executive Committee of the State of Florida, That we indorse the above resolution and request our Senators and Representatives in Congress to use their best efforts to secure the improvements to the veterans' hospital at Lake City as sought by above resolution.

#### CERTIFICATE

We, the chairman and secretary, respectively, of the State Democratic executive committee, do hereby certifiy that the above is a true and correct copy of a resolution properly introduced and passed at the recent meeting of said committee held at Jacksonville, Fla., on February 19, 1932.

Attest:

J. B. Hodges, Chairman.

GEORGE WHITFIELD MCRORY. Secretary.

### EMERGENCY ROAD CONSTRUCTION

Mr. ASHURST. Mr. President, I have received a letter from Mr. W. R. Mathews, editor of the Arizona Daily Star, Tucson, Ariz., respecting the so-called Costigan-La Follette bill, and I ask unanimous consent to have the same read at the desk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

THE ARIZONA DAILY STAR, Tucson, Ariz., February 23, 1932.

Senator Henry F. Ashurst,
Senate Office Building, Washington, D. C.
Dear Henry: I am writing to tell you how disappointed I am with your vote on the Costigan bill that would have appropriated \$375,000,000 for distribution to the States and \$375,000,000 for additional road work. You and Carl Hayden are certainly maintaining a 100 per cent record of voting for every panacea that comes along

taining a 100 per cent record of voting for every panacea comes along.

Of course I could give you a long list of reasons why you should not have voted for the bill, but I will make my remarks brief by saying that unless you Senators and Representatives back in Washington take some very determined action at an early date to balance the Budget, unemployment is going to increase and the financial structure of this country is going to suffer a knockout blow. When you vote to add hundreds of millions of dollars to the Federal Budget without taking any proper means to balance the Budget by increased taxes, you are inviting disaster.

I should think from your experience in Washington you would have come to see the folly of all the panaceas that have been offered during the past 10 years, and that you would have come to realize that there is an end even to the extent the Federal Government can borrow.

I can not resist telling you how much I am disappointed in your

Yours very truly,

W. R. MATHEWS.

### PROPOSED RESUBMISSION OF THE EIGHTEENTH AMENDMENT

Mr. HALE presented a resolution adopted by the Maine Woman's Christian Temperance Union at a State regional conference, representing 1,765 people, at Bangor, Me., which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

To the United States Senate:

Whereas the eighteenth amendment was adopted by the orderly processes of government and has been sustained by no less than 48 decisions of the United States Supreme Court; and

Whereas its opponents are now asking Congress to resubmit the question of prohibition through a repeal amendment to be ratified

by State conventions called for that purpose; and
Whereas we have no reason to believe that those opponents who have not counseled obedience to the eighteenth amendment and its enforcement act and those who have openly advocated disobedi-ence and disregard of the same, which is selective anarchy, would change their attitude and accept the vote of the majority of States should the repeal amendment fail of ratification; and

Whereas we are confident that resubmission would not take pro-hibition out of politics but would intensify it as a State issue: Therefore be it

Resolved, That we are opposed to the resubmission of the eight-eenth amendment, to be ratified by State conventions or by State legislatures, and that we ask our Congressman from this district and our United States Senators to vote against such a resolution, and to vote for adequate appropriations for law en-

forcement and for education in law observance.

Adopted by Maine Woman's Christian Temperance Union at a State regional conference representing 1,765 people.

Mr. HALE also presented a resolution adopted by the Maine Woman's Christian Temperance Union at State regional conferences, representing 1,130 people, at Biddeford, Me. (identical with the above printed resolution), protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

#### THE WORLD COURT

Mr. BROUSSARD presented a resolution adopted by the Thirteenth Annual Convention of the Louisiana Department of the American Legion, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations and ordered to be printed in the Record, as follows:

Resolution adopted at the Thirteenth Annual Convention of the American Legion, Department of Louisiana, held in Monroe, La., July 16, 17, and 18, 1931.

Whereas the American Legion advocates the adherence of the United States to the Permanent Court of International Justice; and

Whereas steps toward this end have already been taken in the Senate's passage of the resolution providing for our adherence to the World Court: and

to the World Court; and
Whereas all that remains to put this resolution into effect and
complete the adherence of the United States to the court is the
Senate's ratification of the three World Court protocols which
the United States has already signed; and

Whereas it is the judgment of our national committee on foreign relations that Mr. Root's formula, incorporated in the protocols accepting our Senate's reservations and offering a procedure for the Senate's fifth reservation concerning advisory opinion, "fully protects the interests of the United States": Therefore be it

Resolved, at a meeting of the Louisiana Department of the American Legion, That we heartily approve the Senate's ratification of the three World Court protocols and hope that Senator Broussard and Senator Long, of Louisiana, will accurately reflect our hopes and those of thousands of their other constituents in doing everything within their power to secure the ratification of the protocols at the short session of the Senate beginning this December.

#### DRINKING AMONG HARVARD STUDENTS

Mr. BROOKHART. Mr. President, we hear a great deal about the drinking of college students. I have here a statement from the New York Times of this morning by Dr. Alfred Worcester, professor of hygiene in Harvard University—the greatest American university, in the wettest State of the Union—in which he shows the steady decline of drinking among college students, especially in the last six or seven years. I hope the wet newspapers will all publish the truth about this statement, and I ask that it be inserted in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times of Monday, March 14, 1932]
HARVARD DRINKING IS AT LOWEST MARK NOW, SAYS DOCTOR WORCESTER,
HYGIENE PROFESSOR

Cameridge, Mass., March 13.—Drinking among Harvard students has reached its lowest level in the past two or three years, according to Dr. Alfred Worcester, the Henry K. Oliver professor of hygiene, who supervises the health of the students.

Doctor Worcester says:

"For more than 100 years there has been a steady decline in the drinking of hard liquor by Harvard students. In at least the past seven years the decrease has been notable and highly gratifying. In the last two or three years the increasing sobriety of the student body has been even more marked."

Doctor Worcester quotes records to show that graduation day in 1778 was the scene of riotous confusion, when the corporation celebrated by distributing free rum to men, women, and children of Can.bridge.

Soon after his election to the presidency Eliot banned all liquors in the Harvard yard at commencement. It was the first move for temperance since the first temperance lecture at Harvard by an unknown man 100 years ago, described by James Russell Lowell in his Fireside Travels.

Along in the nineties the university was able to force all bars and saloons out of Harvard Square. Since then the Great War and prohibition has minimized the issue at the university.

Chief agents in the war on liquor have been the university police, and the general opinion of these men, most of whom have served the student body for years, is that there has been a steady decrease in the evidence of drinking. Students that did drink, they say, probably drink as much as they ever did, but these are held to comprise a steadily decreasing fraction of the student body.

### MUSCLE SHOALS (S. REPT. NO. 423)

Mr. NORRIS. Mr. President, pursuant to the permission given me several days ago by the Senate, I am submitting a written report from the Committee on Agriculture and Forestry to accompany the joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama,

to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, reported by me on the 9th instant without amendment from that committee.

The VICE PRESIDENT. The report will be received and printed.

### ANTI-INJUNCTION LEGISLATION (S. DOC. NO. 71)

Mr. NORRIS. Mr. President, I submit a report of the committee of conference on the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, signed by all the conferees on the part of the Senate and the majority of the conferees on the part of the House. I am not asking for the consideration of it now. I am merely reporting it from the committee.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That no court of the United States, as herein defined, shall have jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute, except in a strict conformity with the provisions of this act; nor shall any such restraining order or temporary or permanent injunction be issued contrary to the public policy declared in this act.

"Sec. 2. In the interpretation of this act and in determining the jurisdiction and authority of the courts of the United States, as such jurisdiction and authority are herein defined and limited, the public policy of the United States is hereby declared as follows:

"Whereas under prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore, though he should be free to decline to associate with his fellows, it is necessary that he have full freedom of association, self-organization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment, and that he shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; therefore, the following definitions of, and limitations upon. the jurisdiction and authority of the courts of the United States are hereby enacted.

"Sec. 3. Any undertaking or promise, such as is described in this section, or any other undertaking or promise in conflict with the public policy declared in section 2 of this act, is hereby declared to be contrary to the public policy of the United States, shall not be enforceable in any court of the United States, and shall not afford any basis for the granting of legal or equitable relief by any such court, including specifically the following:

"Every undertaking or promise hereafter made, whether written or oral, express or implied, constituting or contained in any contract or agreement if hiring or employment between any individual, firm, company, association, or corporation, and any employee or prospective employee of the same, whereby

"(a) Either party to such contract or agreement undertakes or promises not to join, become, or remain a member of any labor organization or of any employer organization; or "(b) Either party to such contract or agreement undertakes or promises that he will withdraw from an employment relation in the event that he joins, becomes, or remains a member of any labor organization or of any employer organization.

"Sec. 4. No court of the United States shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute to prohibit any person or persons participating or interested in such dispute (as these terms are herein defined) from doing, whether singly or in concert, any of the following acts:

"(a) Ceasing or refusing to perform any work or to remain in any relation of employment;

"(b) Becoming or remaining a member of any labor organization or of any employer organization, regardless of any such undertaking or promise as is described in section 3 of this act;

"(c) Paying or giving to, or withholding from, any person participating or interested in such labor dispute, any strike or unemployment benefits or insurance, or other moneys or things of value;

"(d) By all lawful means aiding any person participating or interested in any labor dispute who is being proceeded against in, or is prosecuting, any action or suit in any court of the United States or of any State;

"(e) Giving publicity to the existence of, or the facts involved in, any labor dispute, whether by advertising, speaking, patrolling, or by any other method not involving fraud or violence:

"(f) Assembling peaceably to act or to organize to act in promotion of their interests in a labor dispute;

"(g) Advising or notifying any person of an intention to do any of the acts heretofore specified;

"(h) Agreeing with other persons to do or not to do any of the acts heretofore specified; and

"(i) Advising, urging, or otherwise causing or inducing without fraud or violence the acts heretofore specified, regardless of any such undertaking or promise as is described in section 3 of this act.

"Sec. 5. No court of the United States shall have jurisdiction to issue a restraining order or temporary or permanent injunction upon the ground that any of the persons participating or interested in a labor dispute constitute or are engaged in an unlawful combination or conspiracy because of the doing in concert of the acts enumerated in section 4 of this act.

"Sec. 6. No court of the United States shall have jurisdiction upon the hearing of an application for temporary restraining order or for an interlocutory injunction to grant a mandatory injunction, compelling the performance of an act in any case involving or growing out of any labor dispute as herein defined.

"Sec. 7. No officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, shall be held responsible or liable in any court of the United States for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in, or actual authorization of, such acts, or of ratification of such acts after actual knowledge thereof.

"Sec. 8. No court of the United States shall have jurisdiction to issue a temporary or permanent injunction in any case involving or growing out of a labor dispute, as herein defined, except after hearing the testimony of witnesses in open court (with opportunity for cross-examination) in support of the allegations of a complaint made under oath, and testimony in opposition thereto, if offered, and except after findings of fact by the court, to the effect—

"(a) That unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat or unlawful act excepting against the person or persons, association or organization making the threat or committing the unlawful act or actually authorizing or ratifying the same after actual knowledge thereof;

"(b) That substantial and irreparable injury to complainant's property will follow;

"(c) That as to each item of relief granted greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief;

"(d) That complainant has no adequate remedy at law; and

"(e) That the public officers charged with the duty to protect complainant's property are unable or unwilling to furnish adequate protection.

"Such hearing shall be held after due and personal notice thereof has been given, in such manner as the court shall direct, to all known persons against whom relief is sought, and also to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect complainant's property: Provided, however, That if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient, if sustained, to justify the court in issuing a temporary injunction upon a hearing after notice. Such a temporary restraining order shall be effective for no longer than five days and shall become void at the expiration of said five days. No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee) and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the court.

"The undertaking herein mentioned shall be understood to signify an agreement entered into by the complainant and the surety upon which a decree may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages of which hearing complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the court for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his ordinary remedy by suit at law or in equity.

"Sec. 9. No restraining order or injunctive relief shall be granted to any complainant who has failed to comply with any obligation imposed by law which is involved in the labor dispute in question, or who has failed to make every reasonable effort to settle such dispute either by negotiation or with the aid of any available governmental machinery of mediation or voluntary arbitration.

"SEC. 10. No restraining order or temporary or permanent injunction shall be granted in a case involving or growing out of a labor dispute, except on the basis of findings of fact made and filed by the court in the record of the case prior to the issuance of such restraining order or injunction; and every restraining order or injunction granted in a case involving or growing out of a labor dispute shall include only a prohibition of such specific act or acts as may be expressly complained of in the bill of complaint or petition filed in such case and as shall be expressly included in said findings of fact made and filed by the court as provided herein.

"Sec. 11. Whenever any court of the United States shall issue or deny any temporary injunction in a case involving or growing out of a labor dispute, the court shall, upon the request of any party to the proceedings and on his filing the usual bond for costs, forthwith certify as in ordinary cases the record of the case to the circuit court of appeals for its review. Upon the filing of such record in the circuit court of appeals, the appeal shall be heard and the temporary injunctive order affirmed, modified, or set aside with the greatest possible expedition, giving the proceeding

precedence over all other matters except older matters of the same character.

"Sec. 12. In all cases arising under this act in which a person shall be charged with contempt in a court of the United States (as herein defined), the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the contempt shall have been committed: *Provided*, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct, or disobedience of any officer of the court in respect to the writs, orders, or process of the court.

"Sec. 13. The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. Upon the filing of any such demand the judge shall thereupon proceed no further, but another judge shall be designated in the same manner as is provided by law. The demand shall be filed prior to the hearing in the contempt proceeding.

"SEC. 14. When used in this act, and for the purposes of

"(a) A case shall be held to involve or to grow out of a labor dispute when the case involves persons who are engaged in the same industry, trade, craft, or occupation; or have direct or indirect interests therein; or who are employees of the same employer; or who are members of the same or an affiliated organization of employers or employees; whether such dispute is (1) between one or more employers or associations of employers and one or more employees or associations of employees; (2) between one or more employers or associations of employers and one or more employers or associations of employers; or (3) between one or more employees or associations of employees and one or more employees or associations of employees; or when the case involves any conflicting or competing interests in a 'labor dispute' (as hereinafter defined) of 'persons participating or interested' therein (as hereinafter defined).

"(b) A person or association shall be held to be a person participating or interested in a labor dispute if relief is sought against him or it, and if he or it is engaged in the same industry, trade, craft, or occupation in which such dispute occurs, or has a direct or indirect interest therein, or is a member, officer, or agent of any association composed in whole or in part of employers or employees engaged in such industry, trade, craft, or occupation.

"(c) The term 'labor dispute' includes any controversy concerning terms or conditions of employment, or concerning the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether or not the disputants stand in the proximate relation of employer and employee.

"(d) The term 'court of the United States' means any court of the United States whose jurisdiction has been or may be conferred or defined or limited by act of Congress, including the courts of the District of Columbia.

"Sec. 15. If any provision of this act or the application thereof to any person or circumstance is held unconstitutional or otherwise invalid, the remaining provisions of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

"Sec. 16. All acts and parts of acts in conflict with the provisions of this act are hereby repealed."

And the Senate agree to the same.

G. W. Norris,
T. J. Walsh,
John J. Blaine,
Managers on the part of the Senate.
Hatton W. Sumners,
A. J. Montague,
Managers on the part of the House.

The VICE PRESIDENT. The report will be printed and lie on the table.

#### REPORTS OF COMMITTEES

Mr. WHITE, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 215. An act authorizing adjustment of the claim of Schutte & Koerting Co. (Rept. No. 424); and

S. 1421. An act for the relief of Little Rock College, Little Rock, Ark. (Rept. No. 425).

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the bill (S. 941) relating to the review of cases tried in the district courts of the United States without a jury, reported it with an amendment and submitted a report (No. 427) thereon.

### THE UNION MORTGAGE CO., OF CLEVELAND, OHIO

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably the resolution (S. Res. 176) submitted by Mr. Bulkley on the 3d instant, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the action or inaction of the Department of Justice in the case involving alleged use of the mails to defraud by the Union Mortgage Co., of Cleveland, Ohio, its officers and agents, and particularly with respect to the dismissal of the indictment against S. C. Crobaugh, president of said company, and the failure to obtain indictments against other officers and agents of said company. The committee shall report to the Senate as soon as practicable the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places in the District of Columbia or elsewhere during the sessions and recesses of the Senate in the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$1,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

### ALABAMA SENATORIAL CONTEST-EXPENSES

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably the resolution (S. Res. 185) submitted by Mr. Hastings on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate \$5,000 in addition to the amount heretofore authorized for such purpose.

### MEXICAN LAND GRANTS IN CALIFORNIA

Mr. BRATTON. Mr. President, by resolution the Senate directed the Committee on Public Lands and Surveys to investigate charges and reports that vast tracts of land within the area of the lands ceded to the United States by the Government of Mexico were corruptly and fraudulently turned over to and delivered into the possession of private interests and have been held and are now held by said interests without color of title; that qualified citizens seeking to exercise constitutional rights relative to said lands and parts thereof have been maliciously threatened, intimidated, slandered, libeled, and arrested, and have been corruptly indicted and held under outrageous bonds for long periods of time, and then released without a hearing or a trial.

Pursuant to the resolution, Mr. President, the committee conducted extended hearings both in the city of Washington and in Los Angeles, Calif., the land to which the resolution related primarily being located in southern California.

Following an exhaustive investigation the committee has reached a unanimous conclusion to the effect that the charges are untrue and unfounded.

I submit the report from the committee. The concluding part of it is in this language:

It is the judgment of the committee that the grants in question are separately and severally valid; that their confirmation in conformity with the provisions of the act of March 3, 1851, constitute res adjudicata and can not be reviewed; that no fraud in connection with its issuance being shown, the patent in each case is conclusively binding with respect to the quantity of land conveyed; that such confirmation of title and issuance of patent present a perfect case of repose of title and foreclose further question; that the attacks being made upon such titles are without substance or foundation and are inspired and furthered by out substance or foundation and are inspired and furthered by

out substance or foundation and are inspired and furthered by persons seeking to profit financially at the expense of well-intentioned but grossly misled applicants for homestead entry.

Your committee is unanimously of the opinion that those now claiming the lands in question, as successors in interest under the original grants, confirmed as hereinbefore stated, are the unqualified owners thereof and have an unquestioned legal title thereto, and that there is no foundation in fact or in law for the charges which Senate Resolution 291 directed this committee to investigate.

to investigate.

Mr. President, I ask that the report of the committee be printed in the RECORD.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). In the absence of objection, it is so ordered.

The report (No. 426) is as follows:

[Senate Report No. 426, Seventy-second Congress, first session] MEXICAN LAND GRANTS IN CALIFORNIA

Mr. Bratton, from the Committee on Public Lands and Surve submitted the following report (pursuant to S. Res. 291, 70th

The Committee on Public Lands and Surveys was directed by Senate Resolution 291, such resolution being extended by Senate Resolutions 329 (70th Cong.) and 283 (71st Cong.), to investigate charges and reports that vast tracts of land, within the area of the lands ceded to the United States by the Government of Mexico, were corruptly and fraudulently turned over to and delivered into the possession of private interests. Resolution 291 (70th Cong.) reads as follows: The Committee on Public Lands and Surveys was directed by

reads as follows:

"Resolved, That the Committee on Public Lands and Surveys, or any subcommittee it may designate for the purpose, be, and it hereby is, authorized and directed to make a thorough investigahereby is, authorized and directed to make a thorough investiga-tion of and report to the Senate its findings and recommendations regarding charges that have frequently been made and continue to persist, and reports that have long been current and now pre-vail, that vast tracts of lands within the area of the lands ceded to the United States by the Government of Mexico were corruptly and fraudulently turned over to and delivered into the possession of private interests, and have been held and are now held by said interests without color of title; that qualified citizens seeking to exercise constitutional rights relative to said lands, and parts thereof, have been maliciously threatened, intimidated, slandered, libeled, and arrested, and have been corruptly indicted and held under outrageous bonds for long periods of time, and then released without a hearing or a trial; that private interests continue in the unlawful possession of the public lands by reason of their exerted influence over those whose duty it is to enforce the law.

"That said committee is hereby authorized to sit and perform its duties at such times and places as it deems necessary or proper, and to require the attendance of witnesses by subpœna or otherwise; to require the production of books, papers, surveys, maps, grants, patents, and any and all other documents pertaining thereto; and to employ stenographers at a cost not exceeding 25 cents per hundred words. The chairman of the committee or any member thereof may administer oaths to witnesses and sign subpenas for witnesses and records; and every person duly summoned before said committee, or any subcommittee thereof, who refuses or falls to obey the process of said committee or refuses to answer the questions pertaining to said investigation shall be punished as prescribed by law. The expenses of said investigation shall not exceed \$1,500, which shall be paid from the contingent fund of the Senate on vouchers of the committee or subcommit-

rund of the Senate on votations of the Committee or subcommit-tee, signed by the chairman and approved by the Committee to Audit and Control the Contingent Expenses of the Senate."

Pursuant to such direction the committee conducted extended hearings in Washington, D. C., and in Los Angeles, Calif. Wit-nesses were examined, documents were submitted, and attorneys presented arguments and briefs relating to the questions involved.

APPLICATIONS FOR HOMESTEAD ENTRY

Charges had been made and repeated with frequency that vast areas of land in southern California were held under fraudulent titles arising from the fact that in some instances no grant was ever made by the Government of Spain or that of Mexico; in some instances forged or fabricated grants had been obtained; in some cases grants, although issued subsequent to the treaty of Guadalupe Hidalgo, had been antedated to precede American sovereignty; and in other instances a grant was made of a fixed quantity of land, but that in surveying and fixing the boundaries of such grant a vast quantity in excess of the original grant was included in the field notes and the patent subsequently issued, thus passing into private possession such excess land which, in fact, is the property of the United States and constitutes a part of the public domain, and accordingly is properly subject to homestead entry.

A so-called Homesteaders' Association was formed with offices in Los Angeles, Calif. The practice of those in charge of such association was to solicit persons eligible to make homestead entry on the public domain to file on these lands, the association charg-ing a filing fee plus a legal-retainer fee for such services varying

from \$100 to \$1,000.

This practice has extended over a period of several years and has netted officers and agents of the association a stupendous financial reward. According to information furnished the committee, it is still followed in some form. It was the common practice of the still followed in some form. mittee, it is still followed in some form. It was the common practice of the officers or agents of the association to take prospective applicants out and show them lands with the statement and representation that they were available for entry. In most instances these lands were highly improved, with bearing orchards, vineyards, productive farms, and modern dwellings thereon. In some instances they included towns of substantial size with brick buildings and other expensive improvements of incalculable value. buildings and other expensive improvements of incalculable value. These applicants were told that through appropriate action of Congress or the courts, title of the present occupants and their predecessors in interest would be held invalid; that thereupon such lands would be subject to homestead entry and that the applications of these persons would take priority, thus vesting them with title and possession of some of the most highly improved and valuable farms and suburban property in southern California, some of which is adjacent to the city of Los Angeles. California, some of which is adjacent to the city of Los Angeles. As stated, the Homesteaders Association in virtually every case charged a filing fee plus a legal-retainer fee, usually being from \$100 to \$1,000, for the alleged service thus rendered and to be rendered in pressing the rights of the applicant either before the Department of the Interior or Congress or in the courts. Pursuant to this system many scores of applications were filed covering large quantities of land.

All applications, submitted in the circumstances outlined, were rejected by the Department of the Interior for the reason that the

rejected by the Department of the Interior for the reason that the lands embraced therein were not a part of the public domain; that they were not subject to homestead entry because (1) they had not been surveyed by the Government nor had any unofficial survey thereof been recognized as official and (2) no order or proclamation had been issued declaring them subject to entry.

#### BOARD OF LAND COMMISSIONERS

For the purpose of adjudicating claims of title to lands in Cali-For the purpose of adjudicating claims of title to lands in California held under grants from Spain or Mexico, prior to the treaty of Guadalupe Hidalgo, executed February 2, 1848, Congress passed the act approved March 3, 1851 (9 Stat. 631), creating a commission of three members, commonly called the Board of Land Commissioners, to be appointed by the President and vesting such commission with jurisdiction to hear, consider, and determine all such claims, confirming or rejecting the same as the facts and law required. The adjudication of such commission became final and constituted res adjudicate unless an appeal was taken thereand constituted res adjudicata unless an appeal was taken there-from to the United States court as authorized by the act, and if such appeal were taken, the judgment of the court should be final and constitute res adjudicata. The statute authorized an appeal from the United States court to the Supreme Court of the United States. In order to reflect the comprehensive system thus created, sections 6 to 13, both inclusive, of the act are quoted. They read as follows:

"Sec. 6. And be it further enacted, That the said commissioners, when sitting as a board, and each commissioner at his chambers, shall be, and are, and is hereby, authorized to administer oaths and to examine witnesses in any case pending before the commissioners, that all such testimony shall be taken in writing, and shall be recorded and preserved in bound books to be provided

for that purpose.

"SEC. 7. And be it further enacted, That the secretary of the board shall be, and he is hereby, authorized and required, on the application of the law agent or district attorney of the United States, or of any claimant or his counsel, to issue writs of subpena commanding the attendance of a witness or witnesses before

the said board or any commissioner.

"SEC. 8. And be it further enacted, That each and every person claiming lands in California by virtue of any right or title derived from the Spanish or Mexican Governments shall present the same to the said commissioners when sitting as a board, together with such documentary evidence and testimony of witnesses as the said claimant relies upon in support of such claims; and it shall be the duty of the commissioners, when the case is ready for hearing, to proceed promptly to examine the same upon such evidence, and upon the evidence produced in behalf of the United States, and to decide upon the validity of the said claim, and within 30 days after such decision is rendered to certify the same, with the reasons on which it is founded, to the district attorney of the United States in and for the district in which such decision shall be rendered.

"SEC. 9. And be it further enacted, That in all cases of the rejection or confirmation of any claim by the board of commissioners it shall and may be lawful for the claimant or the district attorney, in behalf of the United States, to present a petition to the district court of the district in which the land claimed is situated, praying the said court to review the decision of the said commissioners, and to decide on the validity of such claim; and such petition, if presented by the claimant, shall set forth fully the nature of the claim and the names of the original and present claimants, and shall contain a deraignment of the claimant's title, together with a transcript of the report of the board of commissioners, and of the documentary evidence and testimony of the witnesses on which it was founded; and such petition, if presented by the district attorney in behalf of the United States, shall be accompanied by a transcript of the report of the board of commissioners, and of the papers and evidence on which it was founded, and shall fully and distinctly set forth the grounds on which the said claim is alleged to be invalid, a copy of which petition, if the same shall be presented by a claimant, shall be served on the district attorney of the United States, and if presented in behalf of the United States shall be served on the claimant or his attorney, and the party upon whom such service shall be made shall be bound to answer the same within a time to be prescribed by the judge of the district court; and the answer of the claimant to such petition shall set forth fully the nature of the claim, and the names of the original and present claimants, and shall contain a deraignment of the claimant's title; and the answer of the district attorney in behalf of the United States shall fully and distinctly set forth the grounds on which the said claim is alleged to be invalid, copies of which answers shall be served upon the adverse party 30 days before the meeting of the court, and thereupon, at the first term of the court thereafter, the said case shall stand for trial unless, on cause shown, the same shall be continued by the

"Sec. 10. And be it further enacted, That the district court shall proceed to render judgment upon the pleadings and evidence in the case, and upon such further evidence as may be taken by order of the said court, and shall, on application of the party against whom judgment is rendered, grant an appeal to the Supreme Court of the United States on such security for costs in the district and Supreme Court, in case the judgment of the district and supreme court, the case the said court shall proceed as trict court shall be affirmed, as the said court shall prescribe; and if the court shall be satisfied that the party desiring to appeal is unable to give such security, the appeal may be allowed without

security. "SEC. 11. And be it further enacted, That the commissioners herein provided for, and the district and Supreme Courts, in de-ciding on the validity of any claim brought before them under the

ciding on the validity of any claim brought before them under the provisions of this act, shall be governed by the treaty of Guadalupe Hidalgo, the law of nations, the laws, usages, and customs of the government from which the claim is derived, the principles of equity, and the decisions of the Supreme Court of the United States, so far as they are applicable.

"Sec. 12. And be it further enacted, That to entitle either party to a review of the proceedings and decision of the commissioners hereinbefore provided for notice of the intention of such party to file a petition to the district court shall be entered on the journal or record of proceedings of the commissioners within 60 days after their decision on the claim has been made and notified to the parties, and such petition shall be filed in the district court within six months after such decision has been rendered.

"Sec. 13. And be it further enacted, That all lands, the claims to which have been finally rejected by the commissioners in manner herein provided, or which shall be finally decided to be invalid by the district or Supreme Court, and all lands, the claims to which shall not have been presented to the said commissioners within

by the district or Supreme Court, and all lands, the claims to which shall not have been presented to the said commissioners within two years after the date of this act, shall be deemed, held, and considered as part of the public domain of the United States; and for all claims finally confirmed by the said commissioners, or by the said district or Supreme Court, a patent shall issue to the claimant upon his presenting to the General Land Office an authentic certificate of such confirmation and a plat or survey of the said land, duly certified and approved by the surveyor general of California, whose duty it shall be to cause all private claims which shall be finally confirmed to be accurately surveyed, and to furnish plats of the same; and in the location of the said claims the said surveyor general shall have the same power and authority furnish plats of the same; and in the location of the said claims the said surveyor general shall have the same power and authority as are conferred on the register of the land office and receiver of the public moneys of Louisiana by the sixth section of the act 'to create the office of surveyor of the public lands for the State of Louisiana,' approved March 3, 1831: Provided always, That if the title of the claimant to such lands shall be contested by any other person it shall and may be lawful for such person to present a title of the claimant to such lands shall be contested by any other person, it shall and may be lawful for such person to present a petition to the district judge of the United States for the district in which the lands are situated plainly and distinctly setting forth his title thereto and praying the said judge to hear and determine the same, a copy of which petition shall be served upon the adverse party 30 days before the time appointed for hearing the same: And provided jutther, That it shall and may be lawful for the district judge of the United States, upon the hearing of such petition, to grant an injunction to restrain the party at whose instance the claim to the said lands has been confirmed from suing out a patent for the same until the title thereto shall have been finally decided, a copy of which order shall be transmitted to the finally decided, a copy of which order shall be transmitted to the Commissioner of the General Land Office, and thereupon no patent shall issue until such decision shall be made or until sufficient time shall, in the opinion of the said judge, have been allowed for obtaining the same; and thereafter the said injunction shall be dissolved."

In each case to which such charges of fraud, as hereinbefore outlined, relate the grant was held valid and confirmed as authorized

in such act. Patent subsequently issued.

The act creating such commission, the authority vested in the commission, and the binding effect of its action holding a grant to be valid, and, accordingly, confirming it, was reviewed by the Supreme Court of the United States in the case of United States v. Flint (4 Sawyer 42). There the United States sought to vacate a patent issued pursuant to confirmation in conformity with the state in question on the ground that the ground was transfer. act in question on the ground that the grant was fraudulent. If such cancellation could be obtained, then in the alternative recovery of excess land included in the patent beyond the quantity granted was prayed. Both contentions were decided against the

United States. Mr. Justice Field, himself intimately familiar with conditions in California, including the situation attendant upon passage of the act in question, speaking for the court, said:

"By the act of March 3, 1851, the legislative department prescribed the mode in which the provisions of the treaty should be carried out and the obligations of the Government to the former inhabitants discharged, so far as their rights respecting the territory acquired, and thus provided the means of separating their property from the public domain. That act created a commission of three persons, to be appointed by the President, by and with the advice and consent of the Senate, for the express purpose of ascertaining and settling private land claims in the State. It gave a secretary to the commission, skilled in the Spanish and English languages, to act as interpreter and to keep a record of its proceedings. It provided an agent, learned in the law and skilled in those languages, to superintend the interests of the United States, and it was made his duty to attend the meetings of the commissioners, to collect testimony on behalf of the United States, and to be present on all occasions when the claimant, in any case, took depositions. To the commission every person claimany case, took depositions. To the commission every person claiming lands in California by virtue of any right or title derived from the Spanish or Mexican Governments was required, on pain of forfeiting his land, to present his claim, together with the documentary evidence and testimony upon which he relied in its support.

support.

"As thus seen, the most ample powers were vested in the commissioners and the district court to inquire into the merits of every claim, and they were not restricted in their deliberations by any narrow rules of procedure or technical rules of evidence, but could take into consideration the principles of public law and of equity in their broadest sense. When the claim was finally confirmed the act provided for its survey and location and the issue of a patent to the claimant. The decrees and the patents were intended to be final and conclusive of the rights of the parties as between them and the United States. The act, in declaring that they should only be conclusive between the United States and the claimants, did, in fact, declare that as between them they should have that character.

"Here, then, we have a special tribunal, established for the

"Here, then, we have a special tribunal, established for the express purpose of ascertaining and passing upon private claims to land derived from Spanish or Mexican authorities, clothed with ample powers to investigate the subject and determine the validity of every claim, and the propriety of its recognition by the Government, capable as any court could possibly be made of detecting frauds connected with the claim, and whose first inquiry in every

frauds connected with the claim, and whose first inquiry in every case was necessarily as to the authenticity and genuineness of the documents upon which the claim was founded.

"On principle, such adjudications can not be reviewed or defeated by a court of equity, upon any suggestion that the commissioners and court misapprehended the law or were mistaken as to the evidence before them, even if that consisted of fabricated papers supported by perjured testimony. The very questions presented by the present bill were necessarily involved in the proceeding before the commissioners and the district court, and the credibility of the testimony offered was a matter considered by them. Whether the grant produced by the claimcourt, and the credibility of the testimony offered was a matter considered by them. Whether the grant produced by the claimant was genuine and the claim resting thereon was entitled to confirmation were the points at issue. The bill avers that the alleged grant was not genuine because it was antedated. But the genuineness of the document was that matter sub judice and could not have been established, and the claim based upon it affirmed except by evidence satisfactory to the commission and court, that it was made at the time stated.

"It is to no purpose in such case to invoke the doctrine that fraud vitiates all transactions, even the most solemn, and that a court of equity will set aside or enjoin the enforcement of the most formal judgments when obtained by fraud. The doctrine of equity in this respect is not questioned; it is a doctrine of the highest value in the administration of justice, and its assertion

highest value in the administration of justice, and its assertion in proper cases is essential to any remedial system adequate to the necessities of society. But it can not be invoked to reopen a case in which the same matter has been once tried, or so put in issue between the parties that it might have been tried. The judgment rendered in such a case is itself the highest evidence that the alleged fraud did not exist and estops the parties from asserting the contrary. It is afterward mere assumption to say that the fraud was perpetrated. The judgment has settled the matter otherwise; it is res judicata."

In the later case of Thompson v. Los Angeles Farming & Milling Co. (180 U. S. 72), the Supreme Court of the United States, in discussing the effect of an adjudication under such act, said:

"The power to consider whatever was necessary to the validity of the claim—propositions of law or propositions of fact—the fact of a grant, or the power to grant, was conferred. If there should be a wrong decision, the remedy was not by a collateral attach on the judgment rendered. The statute provided the remedy. It allowed an appeal to the district court of the United States and from thence to this court. Legal procedure could not afford any better safeguard against error. Every question which could arise on title claimed could come to and receive judgment from this court. The scheme of adjudication was made complete, and all the purposes of an act to give repose to titles were accomplished."

The act of March 3, 1851, has been reviewed by the Supreme Court of the United States in numerous other cases. (Beard v. Federy, 3 Wall. 478; More v. Steinback, 127 U. S. 70; United States v. Fossatt, 21 How. 445.) In these several cases it has been held repeatedly that an adjudication of the Board of Land Commis-

sioners, when not appealed from, or the decree of the court, in case of an appeal, is conclusively binding and constitutes res adjudicata, so far as the existence and validity of a grant made by the Government of Spain or that of Mexico is concerned. It forecloses inquiry into all such matters thereafter. The strongest case dealing with this exact question is United States v. Throckmorton (98 U. S. 61). There the United States sought to vacate and annul the decree confirming the grant on the ground that such decree was obtained through a false and fabricated grant; the facts alleged were, in substance, that after the proceedings for confirmation had been instituted and while they were pending before the Board of Land Commissioners, the claimant went to Mexico and there obtained a grant antedating American sover-Mexico and there obtained a grant antedating American sover-eignty, and upon such grant the decree of confirmation was predi-cated. In determining the binding and conclusive effect of such judgment, even though predicated upon false testimony or fabri-cated documents, as well as the exception to the general rule, the

cated documents, as well as the exception to the general rule, the court said:

"If the court has been mistaken in the law, there is a remedy by writ of error. If the jury has been mistaken in the facts, the remedy is by motion for a new trial. If there has been evidence discovered since the trial, a motion for a new trial will give appropriate relief. But all these are parts of the same proceeding, relief is given in the same suit, and the party is not vexed by another suit for the same matter. So in a suit in chancery, on proper showing a rehearing is granted. If the injury complained of is an erroneous decision, an appeal to a higher court gives opportunity to correct the error. If new evidence is discovered after the decree has become final, a bill of review on that ground may be filed within the rules prescribed by law on that subject. Here again, these proceedings are all part of the same suit, and the rule framed for the repose of society is not violated.

"But there is an admitted exception to this general rule in cases where, by reason of something done by the successful party to a suit, there was in fact no adversary trial or decision of the issue in the case. Where the unsuccessful party has been prevented from exhibiting fully his case, by fraud or deception prac-

vented from exhibiting fully his case, by fraud or deception pracvented from exhibiting fully his case, by fraud or deception practiced on him by his opponent, as by keeping him away from court, a false promise of a compromise; or where the defendant never had knowledge of the suit, being kept in ignorance by the acts of the plaintiff; or where an attorney fraudulently or without authority assumes to represent a party and connives at his defeat; or where the attorney regularly employed corruptly sells out his client's interest to the other side—these, and similar cases which show that there has never been a real contest in the trial or hearing of the case, are reasons for which a new suit may be sustained to set aside and annul the former judgment or decree and one. ing of the case, are reasons for which a new suit may be sustained to set aside and annul the former judgment or decree and open the case for a new and a fair hearing. (See Weils, Res Adjudicata, sec. 499; Pearce v. Olney, 20 Conn. 544; Wierich v. De Zoya, 7 Ill. 385; Kent v. Richards, 3 Md., ch. 392; Smith v. Lowry, 1 Johns. (N. Y.), ch. 320; De Louis et al. v. Meek et al., 2 Iowa 55.)

"In all these cases, and many others which have been examined, relief has been granted on the ground that, by some fraud practiced directly upon the party seeking relief against the judgment or decree, that party has been prevented from presenting all of his case to the court.

his case to the court.

On the other hand, the doctrine is equally well settled that the court will not set aside a judgment because it was founded on a fraudulent instrument, or perjured evidence, or for any matter which was actually presented and considered in the judgment assailed."

Judgment assailed."

This case is regarded throughout the country as a leading authority upon the question of the binding effect of a judgment or decree, although founded upon false documents or perjured testimony. It is not suggested that the claimant in any case to which this inquiry relates practiced fraud on the United States by preventing a full submission of its contentions. The naked contention is that the evidence submitted by the claimants was false, fraudulent, and fabricated, or that excess land was included in the survey and subsequently issued patent—the very matters, issues, and things remitted to the commission for its consideration and determination. It would seem perfectly clear, therefore. tion and determination. It would seem perfectly clear, therefore, that the cases cited render such question no longer debatable.

### EXCESS LANDS HELD UNDER PATENT

In addition to asserting that some of the grants in question are invalid for the reasons already stated, it is contended by those urging the investigation that, if such grants be valid, vast areas of land in excess of the quantity granted were included in the patent in several instances. In this connection it will be noted that the act of March 3, 1851, provides for the survey of the grant, in case its validity is established and it is confirmed, and the issuance of a patent predicated upon such grant. By the express language of the statute a patent issued in conformity with its provisions is conclusive as between the United States and all claimants. The homestead applicants seek to acquire a right under the United States, namely, title to the land in question an claimants. The homestead applicants seek to acquire a right under the United States, namely, title to the land in question from the United States. Present occupants hold under the grant long ago confirmed, followed by issuance of patent, as hereinbefore outlined. So, in the absence of fraud in the issuance of the patent, such patent is conclusive and can not be canceled, nor lands included therein recovered on the theory that they are in excess of the quantity specified in the grant and confirming decree. The facts fail to show any fraud on the part of any claimant in connection with the issuance of patent.

Although we are convinced that none of the patents in ques-

tion can now be assailed, nor can the contention that excess lands are recoverable be sustained, if such lands could be recov-

ered by the United States, the applicants for homestead entry thereon, to whom reference has been made, would not be entitled to acquire such lands in that way, because it has long been the policy of the Department of the Interior, in case land is restored to the public domain, to extend a preference right to acquire the same to the person or persons in possession thereof asserting claim or color of title. That policy rests upon recognized principles of justice and equity. Its application in the cases presented by these homestead claimants would be undeniable.

### NO FACTS INDICATING FRAUD

Although, for the reasons stated, it is the belief of the committee that the confirmation of the several grants in the manner previously stated with the subsequent issuance of patent forecloses further inquiry into the antecedent facts, it may be appropriate to say that the committee's inquiry has disclosed nothing substantial indicating that such grants were not in fact made or that they were made with attending fraud. Aside from a meager showing that no record of such grants could be found in the archives of the Mexican Government recently, there is nothing to indicate any facts tending to support, even remotely, the charges to which Senate Resolution 291 refers.

#### CONCLUSIONS

It is the judgment of the committee that the grants in ques-It is the judgment of the committee that the grants in question are separately and severally valid; that their confirmation in conformity with the provisions of the act of March 3, 1851, constitute res adjudicata and can not be reviewed; that no fraud in connection with its issuance being shown, the patent in each case is conclusively binding with respect to the quantity of land conveyed; that such confirmation of title and issuance of patent present a perfect case of repose of title and foreclose further question; that the attacks being made upon such titles are without substance or foundation and are inspired and furthered by out substance or foundation and are inspired and furthered by persons seeking to profit financially at the expense of well-intentioned but grossly misled applicants for homestead entry.

Your committee is unanimously of the opinion that those now claiming the lands in question, as successors in interest under the original grants, confirmed as hereinbefore stated, are the unqualified owners thereof and have an unquestioned legal title thereto, and that there is no foundation in fact or in law for the charges which Senate Resolution 291 directed this committee to investigate.

Approved by subcommittee:

GERALD P. NYE. PORTER H. DALE. SAM G. BRATTON.

Approved by committee: GERALD P. NYE. REED SMOOT. PETER NORBECK. TASKER L. ODDIE. PORTER H. DALE. BRONSON CUTTING. FREDERICK STEIWER. ROBERT D. CAREY.

KEY PITTMAN. JOHN B. KENDRICK. THOMAS J. WALSH. HENRY F. ASHURST. ROBERT F. WAGNER. C. C. DILL. SAM G. BRATTON.

### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several post-

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the following nominations:

Felix Cordova Davila, of Porto Rico, to be Associate Justice of the Supreme Court of Porto Rico, vice Jacinto Texidor, deceased; and

William W. Harrison, of Florida, to be United States marshal, northern district of Florida, to succeed Millard M. Owens, deceased.

The VICE PRESIDENT. The nominations will be placed on the Executive Calendar.

### BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH:

A bill (S. 4061) granting a pension to Joseph W. Arms (with accompanying papers); to the Committee on Pen-

By Mr. TRAMMELL:

A bill (S. 4062) providing for the honorable discharge of John Fawcett as captain of the United States Army; to the Committee on Military Affairs.

A bill (S. 4063) for the relief of the Llewellyn Machinery Corporation; to the Committee on Claims.

By Mr. BARKLEY:

A bill (S. 4064) granting an increase of pension to Clarence DeHart; to the Committee on Pensions.

By Mr. HEBERT:

A bill (S. 4065) authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages; to the Committee on Agriculture and Forestry.

By Mr. WHITE:

A bill (S. 4066) granting a pension to Millicent Tarr; to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 4067) to authorize awards of decorations for meritorious service in the armed forces of the United States; and

A bill (S. 4068) to authorize the award of a decoration for distinguished service to Harry H. Horton, formerly private, first class, Medical Detachment, One hundred and forty-eighth Field Artillery, American Expeditionary Forces, in the World War; to the Committee on Military Affairs.

By Mr. STEIWER:

A bill (S. 4069) to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes;

A bill (S. 4070) to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park; and

A bill (S. 4071) to authorize the acquisition of certain land from the city of Medford, Oreg., for use in connection with the administrative headquarters of Crater Lake National Park; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 4073) for the relief of Sterling Andrew Wilkin; to the Committee on Naval Affairs.

By Mr. NEELY:

A bill (S. 4074) granting an increase of pension to Margaret Schoemaker; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4075) granting a pension to Maude Brindle (with accompanying papers); to the Committee on Pensions.

A bill (S. 4077) to amend section 19 of the World War veterans' act, 1924, as amended, relating to actions against the United States on insurance claims; to the Committee on Finance.

By Mr. BULKLEY:

A bill (S. 4078) for the relief of the Champion Rivet Co., of Cleveland, Ohio; to the Committee on Claims.

A bill (S. 4079) granting a pension to Hazel A. Snyder and minor children; to the Committee on Pensions.

By Mr. ODDIE:

A bill (S. 4080) to regulate the manufacture and sale of stamped envelopes; to the Committee on Post Offices and Post Roads.

By Mr. BINGHAM:

A bill (S. 4081) to require contractors on public-building projects to name their subcontractors, material men, and supply men, and for other purposes; to the Committee on Education and Labor.

By Mr. KING:

A bill (S. 4082) to regulate the business of executing bonds for compensation in criminal cases and to improve the administration of justice in the District of Columbia; to the Committee on the District of Columbia.

By Mr. TYDINGS (by request):

A joint resolution (S. J. Res. 119) requesting the President of the United States to request by proclamation the people of the United States to join in observance on August 26 in every year of the adoption of the nineteenth amendment to the Federal Constitution; to the Committee on the Library.

By Mr. COOLIDGE:

A joint resolution (S. J. Res. 120) authorizing and directing the Interstate Commerce Commission and the United States Shipping Board to make a joint investigation into the practicability of equalizing rail rates and ocean rates on export and import freight traffic between points in the United States and points in foreign countries by way of the several United States ports, and to make joint report thereon; to the Committee on Commerce.

### RECOMMENDATIONS OF WAR POLICIES COMMISSION

Mr. VANDENBERG. Mr. President, I introduce the last of three measures intended to carry out the recommendations of the War Policies Commission, and ask that it may be referred to the Committee on Military Affairs.

By Mr. VANDENBERG:

A bill (S. 4072) to provide further for the national security and defense; to the Committee on Military Affairs.

### EMERGENCY CONSTRUCTION OF PUBLIC WORKS

Mr. WAGNER. Mr. President, I introduce a bill and ask that it be printed in the Record, together with an accompanying explanatory statement, and appropriately referred.

There being no objection, the bill (S. 4076) to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes, was read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the Record, as follows:

8. 4076

A bill to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes

Be it enacted, etc., That for the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, from the emergency construction fund hereinafter created, the sum of \$1,003,499.890, which shall be allocated as follows: To the Department of Agriculture, \$252,314,755; to the Department of Commerce, \$3,424,582; to the Department of the Interior, \$200,-843,300; to the Department of Justice, \$4,100,000; to the Department of Labor, \$71,170; to the Navy Department, \$25,109,000; to the State Department, \$1,453,520; to the Treasury Department, \$33,949,950; to the War Department, \$420,014,130; to the Architect of the Capitol, \$15,037,083; to the Arlington Memorial Bridge Commission, \$2,750,000; to the George Rogers Clark Sesquicentennial Commission, \$500,000; to the Inland Waterways Corporation, \$815,000; to the Mount Rushmore Memorial, \$350,000; to the Panama Canal, \$11,250,000; to the Smithsonian Institution, \$6,500,000; to the Veterans' Administration, \$20,232,000; and to the municipal government of the District of Columbia, \$3,535,400. The amounts so allocated shall be expended on the authorized contruction projects covered by the report of the Federal Employment Stabilization Board transmitted to the Senate January 25, 1932, pursuant to Senate Resolution No. 127, Seventy-second Congress, first session, agreed to January 7, 1932, and shall be made available at such times and in such amounts as may be necessary to complete such projects at the earliest practicable date. In the event that an appropriation has heretofore been made for any such project the amount thereof shall be covered into the Treasury as miscellaneous receipts.

Sec. 2. (a) There is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury. For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States, not to exceed \$1.100,000,000, and to issue bonds therefor, to be known as emergency construction bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than \$50, shall mature 10 years from the date of their issue, and shall bear interest at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4½ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

taxing authority.

(b) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commissions shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

SEC. 3. This act may be cited as the "emergency construction act of 1932."

The statement accompanying the bill was referred to the Committee on Commerce and ordered to be printed in the RECORD, and it is as follows:

### STATEMENT ACCOMPANYING S. 4076

1. By the terms of the Federal employment stabilization act, approved February 10, 1931, the policy of Congress is declared as follows:

bes.

"It is hereby declared to be the policy of Congress to arrange the construction of public works so far as practicable in such manner as will assist in the stabilization of industry and employment through the proper timing of such construction; and that to further this object there shall be advance planning, including preparation of detailed construction plans, of public works by the construction agencies and the board."

construction agencies and the board."

2. On January 25, 1932, the Federal Employment Stabilization Board transmitted a report to the Senate pursuant to Senate Resolution 127, Seventy-second Congress, first session, submitted by Senator Walsh of Montana. The following is a recapitulation of the estimated cost of authorized construction abstracted from that report, which is based on the 6-year advance plans submitted by the Federal construction agencies pursuant to the Federal employment stabilization act.

### Authorized construction

RECAPITULATION OF AUTHORIZED CONSTRUCTION ABSTRACTED FROM THE 6-YEAR ADVANCE PLANS SUBMITTED BY THE CONSTRUCTION AGENCIES

Department or bureau	Amount	Remarks
Agriculture:		
Departmental Agricultural Engineering		None author Do.
Animal Industry		Do.
Biological Survey Chemistry and Soils	\$1, 246, 850	
Chemistry and Soils	25, 000	Do.
Dairy Industry	20,000	Do.
Experiment Stations		Do.
Food and Drug Administration		Do.
Forest Service.	131, 055, 197 309, 600	
Plant IndustryPlant Quarantine	000,000	Do.
Public Roads 1	113, 879, 088	
Weather Bureau		Do.
Total	246, 515, 735	
Commerce:	TEMPER DA	
Aeronautics		Do.
Coast and Geodetic Survey	1, 020, 500	Do.
FisheriesLighthouses	1, 877, 082	
Mines	1, 877, 082 350, 000	
Navigation		Do.
Radio Division		Do. Do.
Standards		D0.
Total	3, 247, 582	
Interior:		
Alaska Railroad Columbia Institution for Deaf		Do. Do.
Freedmen's Hospital		Do.
Freedmen's Hospital. Geological Survey. Howard University.		Do.
Howard University	1, 875, 000	
Indian Affairs National Park Service	19, 966, 000 8, 831, 300 169, 001, 000	
Reclamation	169, 001, 000	
Reclamation St. Elizabeths Hospital Virgin Islands	1, 170, 000	Do.
Total	200, 843, 300	
	200, 040, 000	
Justice: Court of Claims 2		Do.
National Training School for Boys		Do.
Prisons 3	4, 100, 000	
Probibition United States marshals, Alaska		Do. Do.
Lebor: Immigration	71, 170	1
Navy: Yards and docks	25, 109, 000	
Post office.		7
Departmental Post offices 4	16, 357, 200	Do.
State*		
Foreign Service buildings	1, 453, 520	
Teagerre:	N 199 1	Do.
Departmental 4 Coast Guard	11, 974, 750	Do.
Customs	11, 013, 100	Do.
Engraving and Printing		Do.
Engraving and Printing Federal office buildings	1, 125, 700	
Public Health Service <sup>5</sup> United States Government buildings—District	425, 000	10 11 12
of Columbia 4		Do.
Total	13, 525, 450	
Ware		No report.
Chemical Warfare Service	- Commence	SELL MEN
Chemical Warfare Service	2 600 000	
Chemical Warfare Service	2, 690, 000 213, 460, 100	
Chemical Warfare Service. Corps of Engineers— Board of Road Commissioners of Alaska Flood control Rivers and Harbors.	213, 460, 100 194, 725, 171	
Chemical Warfare Service. Corps of Engineers— Board of Road Commissioners of Alaska.— Flood control. Rivers and Harbors— Militia Bureau.————————————————————————————————————	213, 460, 100 194, 725, 171 1, 721, 159	
Chemical Warfare Service. Corps of Engineers— Board of Road Commissioners of Alaska. Flood control. Rivers and Harbors. Militia Bureau. Ordnance Department.	213, 460, 100 194, 725, 171 1, 721, 159	No report
Chemical Warfare Service. Corps of Engineers— Board of Road Commissioners of Alaska Flood control Rivers and Harbors. Militia Bureau. Ordnance Department. Quartermaster Corps.	213, 460, 100 194, 725, 171 1, 721, 159	
Corps of Engineers— Board of Road Commissioners of Alaska Flood control Rivers and Harbors Militia Bureau Ordnance Department Quartermaster Corps. Signal Corps.	213, 460, 100 194, 725, 171 1, 721, 159 7, 417, 700	No report
Chemical Warfare Service. Corps of Engineers— Board of Road Commissioners of Alaska. Flood control. Rivers and Harbors. Militia Bureau. Ordnance Department. Quartermaster Corps. Signal Corps. Total.	213, 460, 100 194, 725, 171 1, 721, 159 7, 417, 700	
Chemical Warfare Service. Corps of Engineers— Board of Road Commissioners of Alaska. Flood control Rivers and Harbors Militia Bureau Ordnance Department Quartermaster Corps. Signal Corps.	213, 480, 100 194, 725, 171 1, 721, 159 7, 417, 700 420, 014, 130	

#### Authorized construction-Continued

RECAPITULATION OF AUTHORIZED CONSTRUCTION ABSTRACTED FROM THE 6-YEAR ADVANCE PLANS SUBMITTED BY THE CONSTRUCTION AGENCIES—Continued

Amount	Remarks
	None authorized.
	No report.
	None authorized.
\$500,000	
	Do.
815, 000	
300,000	Do.
11, 250, 000	10.
	Do.
1, 250, 000	
6, 500, 000	
00 000 000	Do.
58, 684, 083	
0.00	
1.84 (2.84)	
	Do.
	Do.
297, 400	Do
	Do No report
	No report. None authorized.
	No report.
	None authorized.
	Do.
	No report.
	Do.
	Do.
	Do. Do.
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Agriculture:	
Biological Survey	\$5, 720, 000
Forest Service	79,020
Commerce:	
Fisheries	176,000
Lighthouses	1,000
Post offices	4, 065, 000
Treasury: Federal office buildings	2,300

Note.—Reclamation: Lands necessary for canal, lateral, and structure rights of way dependent upon locations. This information not ascertainable until construction work is under way.

3. The amounts allotted in the bill to each of the several departments and independent offices correspond to the amounts set forth in this recapitulation of the report of the Federal Employment Stabilization Board.

4. The bill provides that the funds required for this emergency construction shall be raised by a special issue of emergency-construction bonds.

In a statement made public upon the introduction of the bill, |

Senator WAGNER said:

"The one argument that has been used in opposition to this Proposal, namely, that bonds for purposes of Federal construction could not be sold, has been completely refuted by the tremendous oversubscription which greeted the \$900,000,000 certificate issue floated by the Government on March 10.

"Under the law it was the duty of the President to transmit estimates to Congress of the appropriations necessary for emergency construction to relieve unemployment. The President has not yet carried out that mandets of the law.

gency construction to relieve unemployment. The President has not yet carried out that mandate of the law.

"The bill I shall introduce to-day is based on the recent report of the Federal Employment Stabilization Board, which discloses that there is now over a billion dollars' worth of projects which have been fully investigated and approved by Congress and which are now ready for the prompt employment of labor. This bill will make the inauguration of these public works immediately possible.

make the inauguration of the shadows, when the construction industry is at a standstill, when millions of men are looking for work, it is the depth of folly to withhold this work from the market. This bill, if enacted, will release a most powerful force in the direction of recovery; it will stimulate every line of activity throughout the country; and it will provide over a million jobs at a time when work is the most urgent necessity.

"When I snoke on this subject at length in the Senate on Jan-

"When I spoke on this subject at length in the Senate on January 15 I took issue with those who asserted that a Federal bond using the sold. The record of the latest Government sale issue could not be sold. The record of the latest Government sale fully sustains my position. At that time I explained the low price of Government securities which then prevailed in these

words:

In my judgment the one and only fact that has weakened "In my judgment the one and only fact that has weakened confidence in the Federal Government was the apathetic helplessness of the administration in the face of the greatest economic upheaval of modern times. The prevailing feeling that the administration would just sit on the rocks and let the waves overwhelm it was sapping American confidence. Faith and confidence both will revive and flourish when America realizes that the Government will bestir itself and will not let its mighty arm lie idle in this unprecedented emergency.

"Events have demonstrated the accuracy of that judgment.

"An aggressive policy for recovery will improve private business and of necessity will improve public credit. The two are closely related. An ambitious Federal construction program is one of the most important elements of such a policy."

### REVENUE AND TAXATION-AMENDMENT

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

#### AMENDEMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. STEIWER submitted an amendment intended to be proposed by him to House bill 9699, the Treasury and Post Office Departments appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, line 6, before the semicolon, insert a colon and the on page 22, line 6, before the semicolon, fisert a colon and the following: "Provided, That the amount of \$83,500 appropriated by the Treasury and Post Office Departments appropriation act for the fiscal year ending June 30, 1932, for establishing and equipping a Coast Guard station at or near Port Orford, Oreg., shall remain available during the fiscal year 1933."

### AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. McKELLAR submitted an amendment intended to be proposed by him to House bill 8397, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed, as follows:

At the proper place in the bill insert:
"That in view of the decreases of all prices of material and in many cases decreases in costs of labor, and in view of the depleted condition of national revenue and in the interest of economy, and for the purpose of aiding in balancing the Budget, each and every item of appropriation and the totals thereof, in this bill are hereby decreased 10 per cent; and the President is hereby authorized and empowered to consolidate bureaus, divisions, and make any other changes in administration he may deem advisable in conducting this department so as to economize appropriations made herein, and keep expenditures within the reduced appropriations made for the several activities herein set out."

#### INVESTIGATION OF PUBLIC UTILITIES BY FEDERAL TRADE COM-MISSION

Mr. NORRIS. Mr. President, I ask unanimous consent to print in the RECORD a series of articles written by M. L. Ramsay, of the Hearst newspapers, reviewing the evidence taken by the Federal Trade Commission in the investigation of public utilities, together with some annotations made by Mr. Ramsay as to the records of the Federal Trade Commission in which the various parts of the articles are substanti-

The VICE PRESIDENT. Without objection, it is so ordered.

The articles are as follows:

[From the Washington Herald, March 7, 19321 (No. 1)

POWER TRUST HIDES ASSETS TO BALK PROBE—DEFIANCE OF CONGRESS LINKED TO EFFORT TO CURTAIL WORK OF FEDERAL TRADE COM-

### By M. L. Ramsay

Brazen deception and defiance of Congress and other Government agencies by the Power Trust through the last seven years underlie the threatened curtailment of the Federal Trade Com-

mission's utilities investigation.

This is revealed starkly in official records of the investigation, which is only now bringing to light the secrets of high finance and profiteering that have been persistently concealed from Congress and from the public.

The Power Trust's own account books, reports, and letters hitherto closed to every public agency have been examined by the hundreds. Even where these have been withheld Federal auditors have searched out many of the facts and patiently reconstructed deals and devices which the power magnates long have held inviolate.

Together these records show that consumers of electricity are being systematically gouged through a multitude of devices of high-finance character and all but infinite ingenuity.

They portray the power combines, in their ruthless campaign to protect this profiteering system from exposure, as first making false statements about it, then resorting to concealment and

respectively to conceament and suppression of facts.

From these records emerges the first disclosure of what the Power Trust has hidden and defended by means of the mighty power lobby in Washington and the most far-reaching and insidious peace-time propaganda ever known.

#### TO EXPOSE PLANS

In this article and others to follow Universal Service will show: Outright or partial defeat of every governmental attempt to expose a fee system which yields millions in excessive profits to holding companies; collects those millions from the public.

Concealment of vast stock-watering operations by suppression of information Congress needed; accompanied by slanderous attacks upon critical Senators.

A proposal to compel accountants to estimate figures in an at-

tempt to prove power financing sound.

Alleged misrepresentation to the Government of the reasons for creation of holding companies, directly contradicted by Trade

Commission findings.

Power Trust exploitation of eulogistic statements by President Hoover, while Secretary of Commerce, to protect its system of

profitering.

Repeated professions of eagerness to give the public "the true facts," followed by withholding of the only records which could

### UP TO CONGRESS

The full extent of utility profiteering and other abuses remains to be disclosed. Its disclosure depends upon the funds and the working force Congress provides to carry the Trade Commission's inquiry through to June, 1933. That date has been set for its completion.

President Version 1933.

President Hoover recommended a 30 per cent reduction of commission funds, which, according to testimony made public by a House Appropriations subcommittee, would have stopped the investigation "right in the middle of the stream." The recommended reduction was much larger than that for any other

permanent agency.

The Appropriations Committee accepted the Hoover figures. But after protests at the summary and mysterious "killing the investigation, it "earmarked" for the utilities and chain-store inquiries \$300,000 of the commission's funds. No part of the 30 cent cut was restored, nor was a fixed sum assured for the utilities inquiry alone.

### ASK MORE FUNDS

Congressional friends of the investigation, urging more funds. fear a repetition of the Government's previous failures when it tackled the Power Trust without adequate appropriations and competent men.

All the deception, political manipulation, and profiteering the Trade Commission has thus far brought to light are rooted in the enormous volume of financing—estimated at approximately \$12,-000,000,000—which has accompanied the power industry's magic

expansion.

The commission staff has in general approved the utilities'

management. It has even praised the financing in one big system, found free from all grosser abuses, yet prospering mightly. As to many others, the results sustain sweepingly the charges of Senator Walsh of Montana; Senator Norms, of Nebraska, and numerous other critics, that utility capital has been prodigiously "watered" and that consumers are forced to pay dividends on the "watered" securities in executive the "watered". the "watered" securities in excessive rates.

Promoters and financiers of the industry stand revealed as writing up capital to dizzy heights merely by engineering merger deals and setting down big figures on new sets of books to supplant smaller figures on the old books.

#### ARE ARBITRARY

The "write-ups" are shown to have been for the most part

arbitrary and unregulated.

In pursuance of these "write-ups," a flood of new securities has been poured out. Some of these have been sold to investors. The been poured out. Some of these have been sold to investors. The rest have been taken over by the promoters and financiers, free—as "promotion profit" and what not.

Because the cost of generating and distributing electricity has been declining swiftly, while its sales increased by leaps and bounds, promoter-financiers have been able to do more than main-

bounds, promoter-inanciers have been able to do more than maintain dividends on the stocks they have sold. They have profited vastly from dividends on the free stock they kept.

But to pay these dividends, the commission's reports make it clear, the promoters have had to fix rates to consumers at a high point. Then it was necessary either to keep the rates at that point or to reduce them only enough to increase their sales and thus keep their profits up.

#### DEFENSES BUILT

Meanwhile towering political and financial breastworks which long appeared impregnable were built up to defend this system of profiteering from attacks by Congress or any other agency.

Investment and commercial bankers were organized to support

the utility promoters. Pressure was exerted on State legislatures to modify laws restricting investment in utility securities by trust and savings banks.

and savings banks.

The bankers were called upon to help maintain the rates and profits, to defeat "objectionable" legislation. Insurance companies were encouraged to invest and to bring their great influence to bear as a restraint upon consumers and voters.

Although all these devices enjoyed large success, none ever silenced completely the criticism of the Power Trust in Congress.

(The trust's maneuvers to outwit its congressional critics and

paralyze other governmental attempts at restraint will be described in succeeding articles.)

### [From the Washington Herald, March 8, 1932] (No. 2)

FALSIFICATION OF REPORTS OF POWER TRUST CHARGED-COMMISSION Annals Reveal How It Has Suppressed Data Meant to Open THE EYES OF CONGRESS

### By M. L. Ramsay

How the Power Trust has boldly suppressed reports intended to enlighten Congress about its gouging of electric consumers and allegedly furnished false information for other reports is revealed in records of the Federal Trade Commission investigation.

These maneuvers have until recently paralyzed every attempt to

prove existence of this profiteering.

The most striking example is the concealment of many millions of dollars of profit collected by the giant holding companies every

# CONSUMER PAYS IT

Directly these fees are paid by operating power companies, subsidiaries of the holding companies which collect them. Theoretically in whole, and actually in part, they are compensation for managing the subsidiaries, for building plants for them, and for supplying engineering services.

Money to pay these fees to the holding companies is collected by the subsidiary power companies in turn from consumers and investors. Some is taken from consumers in the shape of an addition to the subsidiary's operating expenses. Other is collected from from investors by adding it to the company's capital and then issuing securities upon the expanded capital.<sup>3</sup>

The fees always have been beyond the reach of State utility commissions, because the companies collecting them class themselves as nonutilities and set up shop beyond State boundaries.

Senate records disclose that Chief Accountant William V. King, of the Federal Power Commission, refused to approve such fees,

of the Federal Power Commission, refused to approve such fees, totaling millions, as early as 1925.

# NORRIS ACTED FIRST

Then Senator Norris, of Nebraska, progressive leader, forced the first Power Trust investigation by the Federal Trade Commission. But the commission at that time, short of funds and auditors, made no examination of books. It relied upon utility manuals and similar sources, and upon information given by power company officials.

According to the commission's subsequent report of findings, the Electric Bond & Share Co. then represented its fees as approximately covering only the cost of services performed for them and

as yielding it no profit.

70th Cong., 1st sess., pp. 246-8.

Senate Document 46, pp. 248-9.

Senate Document 92, pts. 23 and 24, pp. 146, 147.

Investigation of Federal Regulation of Power, Senate Interstate Commerce Committee, 71st Cong., 2d sess., pt. 2, pp. 170-175;

The commission embodied these representations in its report,

making the fees appear to Congress, the State commissions, and the public as non profit making. Its report summed up:

"From the foregoing account it will be seen that the Electric Bond & Share Co. regards this service staff as an auxiliary organization that does not directly produce more than a nominal

#### CALLED FALLACIOUS

In a new report on its present searching investigation the commission said:

"An analysis of even the limited information available in the form of an income statement proves conclusively the fallacy of these assertions." 5

The available information still is "limited," because the moment the fee system was menaced the Electric Bond & Share Co. hid the pertinent records and fled to the Federal courts.

it has tied up the commission for more than three years.

But the commission got enough information to report that certain fees were "very largely clear profit," as King had said, and to show that the profit on the fees as a whole could not be less than 106 per cent. \*

#### KING HOLDS OUT

Meanwhile King has stuck to his guns in the Power Commission. In January, 1928, that commission sent an official report to the House of Representatives, which would have revealed similar

profiteering in fees by other companies. One group of fees cited for illustration totaled \$3,250,000; another nearly \$450,000.

This report reached Congress just as the lines were being drawn for the Senate fight over Senator Walsh's resolution for a new and thoroughgoing investigation of power financing and propa-

ganda.

It might have brought swift victory to Walsh, besides exposing the fee system and many other tricks of high finance.

But the fact of its existence "leaked" to the power interests. Representatives of the Niagara Falls Power Co., whose financing was mercilessly dissected, hot-footed it to Washington to force its withdrawal before Senators and Representatives could detect the "dynamite" in it.

#### ANOTHER DANGER ZONE

Failing twice, the Niagara Falls interests at last prevailed upon the power commissioners to call back the report, expunge all the examples of profiteering, and resubmit the report in emasculated form.

Thus another dangerous threat to the fee system was removed. While the power leaders were working frantically to block the disclosure through the Power Commission the Electric Bond & Share refusal of fee records came up for hearing before the Trade Commission.

Now the commission is about to complete its court case against

Electric Bond & Share, with every expectation of success—if it has the funds to go through.

Meanwhile the big profits from fees mount up. Electric Bond & Share's minimum possible profits from this source since its organization are shown as \$17,035,809.8

The American Gas & Electric Co., affiliated with Electric Bond & Share, has collected more than \$16,000,000 in fees, of which more than \$12,000,000 was profit. Its profit is nearly 300 per cent on the cost of servicing.9

In the New England Power Association, another big system, the commission found, on incomplete information, a minimum fee profit of approximately 40 per cent.

# [From the Washington Herald, March 9, 1932]

# No. 3

FIVE HUNDRED MILLIONS IN "WRITE UPS" DISCLOSED IN POWER IN-QUIRY—INFORMATION SUPPRESSED BY UTILITY TRUST TO KEEP FINANCE METHODS SECRET FROM THE PUBLIC

# By M. L. Ramsay

Concealed in the books of power companies and their holding companies the Federal Trade Commission has found more than \$500,000,000 of "write-ups" of utility capital, serving in large part as the basis for "watered" stock and fictitious surpluses. 10

These ".write-ups" have been disclosed in little more than a These "write-ups" have been disclosed in little more than a third of the industry, and in general without digging below the topmost layer of mergers that have been heaped one upon another recent years.

# FACTS SUPPRESSED

To prevent this high finance from coming to light—until the Trade Commission recently uncovered it—the Power Trust boldly suppressed information Congress needed, and slandered Senators who persisted in efforts to get this information.

It was proposed that auditors be compelled to "estimate" figures in an attempt to prove certain power financing sound. And much of the draining off of profits actually was concealed by bookkeeping devices. Trade Commission, records show.

ing devices, Trade Commission records show.

<sup>5</sup> Senate Document 92, pts. 23 and 24, pp. 640, 645. <sup>6</sup> Pts. 23 and 24, pp. 124–127. <sup>7</sup> "Investigation of Federal Regulation of Power," pt. 2, pp. 275–

\*\* Investigation of the property of the proper 551. etc.

<sup>&</sup>quot;"Utility Corporations," Senate Document 92, 70th Cong., 1st sess., parts 10-16 (exhibits), pp. 976-7; Senate Document 46,

The most formidable move against high finance and profiteering came in 1927, when Senator Walsh of Montana proposed to investigate it.

A few months later, and while the great force of the power lobby was being massed to defeat this resolution, Walsh was scathingly attacked at a meeting of the New Jersey Utilities Association as an "uneducated member of the proletariat."

#### WALSH SLANDERED

Lamenting that it would cost the electrical industry millions to "educate" WALSH, who is a law graduate of the University of Wisconsin and a foremost Senate authority on constitutional law,

wisconsin and a foremost Senate authority on constitutional law, a speaker proclaimed:

"It is like asking the chief vestal virgin in Rome to come out and justify her purity before the Senate."

Senator Norris, of Nebraska, who had fathered the earlier investigation in which the power interests subsequently were alleged to have made false reports, was characterized contemptuously as "overheated." II

The author of this time.

The author of this tirade was Theodore J. Grayson, attorney for certain New Jersey utilities and treasurer of the New Jersey association. Long afterwards the trade commission disclosed that

ciation. Long afterwards the trade commission disclosed that Grayson had been paid \$250 each by the power lobby for speeches opposing Government ownership.<sup>12</sup>

These speeches were handed to the press as the utterances of a professor at the University of Pennsylvania. Grayson held a professorship in conjunction with his other activities.

At about the time Grayson denounced the power industry's critics in New Jersey, Bernard J. Mullaney, Samuel Insull's right-hand man, spoke in Tennessee. He denounced supposed "insidious" efforts to change the character of the Government, assisted by "some United States Senators."

Deploring efforts of "subversionists" to "put the Government more and more into business." Mullaney declared one phase of

more and more into business." Mullaney declared one phase of these efforts was the "'sweeping investigation' of the entire public-utility industry, as proposed by Senator Walsh of Montana."

#### COMMUNISM HINTED

He then classed all such efforts as "masked approaches toward communism.'

Thousands of copies of Mullaney's address were sent over the

country by the power lobby.<sup>13</sup>
Subsequent disclosures by the trade commission show that Mullaney and the Insull interests had more at stake in an investigation than theories of government. One such disclosure was that the great Insull holding company, Middle West Utilities had on its books a \$33,000,000 surplus which in part represented only a marking up of security values and certain other operations which, in the opinion of the commission examiner did not represent "earned surplus." 14

Another was that Mullaney and two associates, undertaking to censor standard public school textbooks, forced the deletion of an account of Samuel Insull's \$200,000 campaign gifts to senatorial candidates of both parties.<sup>13</sup>

# URGED LAW PROBE

While Walsh was being attacked furiously in all sections of the country, the Power Trust leaders began advocating another Federal Trade Commission inquiry instead of the senatorial investigation Walsh proposed, in case they should fail to block an investigation altogether.

They sought this substitution at least eight months before an amendment to put it into effect was offered in the Senate. The records indicate a hope—since proved woefully unfounded—of a "whitewash" from the trade commission. The net result, for the utilities, has been a disastrous boomerang.

### [From the Washington Herald, March 10, 1932] (No. 4)

POWER TRUST LOBBY ACTIVE WHEN INQUIRY WAS QUASHED—CON-GRESS UNAWARE OF COMMISSION'S REPORT ON UTILITY PROFITEER-ING, HITHERTO CONFIDENTIAL RECORDS REVEAL

# By M. L. Ramsay

By M. L. Ramsay

When the Federal Power Commission's revealing report of utility profiteering reached Congress in 1928, only to be suppressed before the legislators could learn its contents, the Power Trust's mightiest lobby was running full blast.

The slaughtering of Senator Walsh's projected investigation or the substitution of a supposedly milder inquiry was only one of its aims. Hitherto confidential records reveal that another was to procure a clean bill of health for utility financing.

The kind of financing that was going on was shown in the Power Commission's report before it was emasculated. This report gave concrete examples of the capital "write-ups," which have run into hundreds of millions. Scores of these have since been unearthed by the Federal Trade Commission. been unearthed by the Federal Trade Commission.

# " WRITE-UPS " SHOWN

One example in the Power Commission report portrayed the Niagara Falls power system as having written up its capital from

<sup>11</sup> Pts. 7, 8, and 9 (exhibits), pp. 34-5. <sup>12</sup> Pt. 4, pp. 302, 303. <sup>13</sup> Pt. 3 (exhibits), pp. 291, 292, 298; 194-196. <sup>14</sup> Not yet printed. <sup>15</sup> Pt. 4, pp. 628, 629, 634. <sup>16</sup> Pt. 4 (exhibits), pp. 646, 647; 744.

\$4,000,000 to \$16,000,000. Then later the Government was handed a valuation claim of \$77,000,000 upon an investment alleged to have amounted to only \$20,500,000.<sup>17</sup>

At that time Walsh and his supporters had not been able to get at deals of this kind. Suppression of the facts accordingly shut off an ammunition supply. It also helped to starve the accounting organization of the Power Commission, which had sought to contact the contact of the facts account. to enlighten Congress not only as to high finance and profiteering but as to the menace these presented to the Nation's ownership of water-power sites leased to the trust.

Hence the suppression of facts protected the system of profiteering on both fronts.

Meanwhile the power interests as their first step toward "killing" the Walsh resolution or deflecting it to the Trade Commission fought to have it referred to the Senate Interstate Commerce Committee, presided over by Senator James E. Watson, of Indiana.

#### LOBBY GETS CREDIT

It was so referred. George Roberts, prominent New York lawyer and authority on utility financing, gave all the credit for this to the power lobby. Roberts had been in the fight from the outset. He had been sent to Washington to convince Walsh that there could not be \$2,000,000,000 of "water" in utility securities, as the prosecutor of the oil scandals had charged. He had falled.<sup>13</sup>

In a letter to Josiah T. Newcomb, Washington head of the power

lobby, the day after the reference of the Walsh resolution, Roberts

said:

"My most hearty congratulations on the vote in the Senate

my most hearty congratuations on the vote in the Senate yesterday. I know how much this was due to your personal work and strategy, and I think it is a great triumph."

Roberts's letter then revealed other plans:

"I hope that this success will not give the controlling interests in the various holding companies the feeling that they can relax in the preparation of the constructive case for the industry.

#### RAPS ACCOUNTANTS

"I do not know what Mr. Ericson did with the additional questionnaire in regard to tracing the proceeds of security issues. I inclose another copy of this questionnaire and I am positive that, in spite of the accounting difficulties in the way, the result can be obtained if the companies would only cooperate and insist that their accountants make a report even if certain figures are estimated. estimated.

"The trouble is that these wretched accountants, in dealing with figures involving many millions, won't make any report if their figures can not be reconciled with the books to the extent

their figures can not be reconciled with the books to the extent of a few thousand dollars, but it does seem that we ought to be able to control these accountants."

Commission reports contain no explanation of this letter. In its own experience in "tracing the proceeds of security issues," the commission has found a large share of them in the pockets of banking and promoting interests. Part has been lost in customary but concealed bankers' discounts. Uniformly, however, the power companies' books purport to show that the full face value of the securities has been received by the companies and made a part of their assets. their assets.

The Memphis Power & Light Co., for example, issued \$5,550,000

of bonds.

Electric Bond & Share Co. and an investment banking firm received, in commissions and profits on resale, \$801,000. A discount to a New York bank accounted for \$825,000 more. But the Memphis company, actually receiving only \$3,863,000, entered upon its books as received the full \$5,500,000.

It even reported to the Trade Commission, in the present investigation, the receipt of \$5,500,000. But the Trade Commission, which nowadays takes nothing for granted, went to the holding company higher up and got the facts.<sup>20</sup>

# [From the Washington Herald, March 11, 1932]

# (No. 5)

SIX-YEAR BATTLE TO AIR POWER DEALS TRACED—RISE OF TOTTERING COMPANIES, REJUVENATED BY THE HOLDING FIRM METHOD, ALSO

# By M. L. Ramsay

In its earlier Power Trust investigation half a dozen years ago, the Federal Trade Commission inquired into the "why" of the giant holding companies, as it is inquiring, on a far vaster scale, to-day.

Were these financial mammoths intended primarily to provide security for investors and better service and rates for consumers, as the power leaders thundered through every instrument of propaganda? Or were they primarily great profit-making machines, gouging the consumer?

# REPORT ON AFFILIATE

Having neither funds nor men to make first-hand investigation as it is now doing, the commission asked the Electric Bond & Share Co. how its huge affiliate, American Gas & Electric Co., came to be formed.

Subsequently the commission reported to Congress:

"According to S. Z. Mitchell (then president and now chairman of Electric Bond & Share), the managers of these companies were

 <sup>&</sup>lt;sup>17</sup> Investigation of Federal Regulation of Power, pt. 1, pp. 71, 72.
 <sup>18</sup> Senate Document 92, pt. 3, p. 1245.
 <sup>19</sup> Pts. 10-16 (exhibits), p. 953.
 <sup>20</sup> Ft. 25, pp. 673-679.

not far-seeing as managers of public utilities; the companies had been unable to raise additional capital funds with which to provide additional facilities.

"The Electric Co. of America, he alleged, was drifting rapidly toward a receivership."

These statements the commission quoted afresh in a report on its present investigation. Then, without comment, it inserted a memorandum stating that the Electric Co. of America, in the three years preceding the deal in question, had increased its dividends from 5 to 7 per cent.

from 5 to 7 per cent.

Its surplus grew in the same period from \$608,000 to \$1,099,000. Its total assets increased substantially, and the earnings of its underlying companies jumped from \$1,191,000 to \$1,692,000.<sup>m</sup>

In the years after American Gas & Electric took over these companies and added greatly to them, it piled up profits of more than \$53,000,000 on common stock, in which only \$1,000,000 of cash ever was invested. Much of this profit went to the Electric Bond & Share Co. as owner of a large part of the common stock.<sup>22</sup>

# A LATER VENTURE

A much later Electric Bond & Share enterprise, National Power & Light Co., was built around the American Cities Co. system, whose properties actually were in receivership. The Trade Commission's report on its first investigation attributed to Mitchell information that his company was urged to undertake this deal after other efforts to protect American Cities' investors had failed.<sup>23</sup>

But it did not disclose that Electric Bond & Share, according to the own minutes exemined in the present investigation had the

its own minutes examined in the present investigation, had furthered its plans by restricting the market for American Cities

bonds.

The minutes read:

"He (Mitchell) reported that in order to better control the market in handling these matters he had arranged with a number of the control that it is a control to the market in handling these matters he had arranged with a number of the control to the contro of people who were seeking to buy American Cities collateral trust bonds to keep out of the market, with the understanding that the Electric Bond & Share Co. would give such persons an opportunity to participate at cost in its acquisitions of the securities of National Power & Light Co. through the aforesaid transactions, and he requested authority to carry out this arrangement." he requested authority to carry out this arrangement."

#### ALLOWED TO ACT

The authority was given.24

The authority was given. Moreover, the reports show, the chairman of the protective committee for the holders of these American Cities bonds was at that time assisting Electric Bond & Share in connection with the reorganization. He was paid \$100,000. The commission sought to learn what other persons had helped in this deal, and received stock at bargain prices, as the minutes promised. It was stopped in its tracks by a secret code. Those receiving the stock were listed merely as "A. E. Smith account, No. 1, A. E. Smith account, No. 2," and so on. Their identity was never disclosed.

Their identity was never disclosed.

[From the Washington Herald, March 12, 1932]

(No. 6)

HOOVER HELPED POWER TRUST IN PROPAGANDA—50,000 COPIES OF ADDRESS PRAISING UTILITIES OBTAINED FROM COMMERCE DEPART-

By M. L. Ramsay

Four months after the Federal Trade Commission began its earlier Power Trust investigation—partly nullified by alleged Power

Trust falsification as well as by scant funds—Herbert Hoover credited the power industry with "glass pockets."

Mr. Hoover, then Secretary of Commerce, made this and other laudatory declarations in a keynote address to the National Electric Light Association, the "mouthpiece" of the companies under investigation."

# ADDRESS EXPLOITED

His address was exploited by the industry not only through ordinary news and publicity channels but by a special distribution of 50,000 copies by the light association. The copies were obtained from the Department of Commerce.28

Mr. Hoover said his own department had made a study of the

Mr. Hoover said his own department had made a study of the effectiveness of State regulation. He continued:

"It is my belief from this investigation that the public service commissions, with very little just criticism, are proving themselves fully adequate to control the situation."

Praising the majority of the power leaders as belonging to "a new school of public understanding as to the responsibilities of big business to the people," Mr. Hoover added:

"The industry does not resent constant inquiry and constant public concern for public interest. Glass pockets are the safety of the industry as well as the public."

Three years later, in his Madison Square Garden speech of the 1928 campaign, Mr. Hoover again referred to "glass pockets" as

<sup>21</sup> Pt. 22, p. 72. <sup>22</sup> Pt. 22, p. 124. <sup>23</sup> S. Doc. 213, 69th Cong. 1, 135.

\*\*Pt. 25, pp. 844, 845.

\*\*Pt. 25, pp. 520.

\*\*Pt. 25, pp. 844, 845.

\*\*Federal Trade Commission Exhibit B, pp. 150, 151.

28 Pt. 1 (exhibits), p. 406.

a cardinal principle of Republican administrations in dealing with utilities.

Within 12 hours before he spoke the Electric Bond & Share Co. had refused for the second time to disclose to the Government the profit in its fee system, allegedly misrepresented in the first investigation as non profit making.29

Regarding regulation, the Trade Commission received in evidence later a standard chart, offered by the power industry's own counsel. This showed that seven of the State commissions have no authority over power companies. Fifteen have no control over accounting, and 22 no authority over capitalization and securities.

Mr. Hoover's "glass pockets" idea has been publicly proclaimed by the power magnates through the years in slightly different language.

language

Soon after the present investigation began, H. T. Sands, then president of the light association, told its convention:

"We are anxious that the true facts be given to the public, that the people of the country may see and understand the make-up and habits of the organizations that furnish them the lights for their homes and the power for their factories."

#### LOCKED UP RECORDS

Sands is a vice president of Electric Bond & Share, which a few months later locked up its fee system records as "wholly private and confidential." It also kept secret its correspondence on "relations with Government, Federal, State, and municipal." Its subholding company. American Power & Light, yielded records revealing "write ups" of \$68,000,000, or 124 per cent, in the capital of its subsidiaries. But records which would have shown whether there was more and earlier "water" underneath were refused. Another subholding company and the state of the subholding company and the state of the subholding company.

Another subholding company surrendered the records of a 30 per cent "write up" in Arkansas, but held out records of more than 100 per cent "write ups" in Louisiana and Mississippi. The commission made good by resort to income-tax returns.

Despite these incidents, the motive of Power Trust propaganda

still is represented as a yearning to inform the public fully.

"OUR FREEDOM"-ARTICLE BY JOHN W. DODGE

Mr. TRAMMELL. Mr. President, I ask unanimous consent to print in the RECORD an editorial appearing in the Jacksonville Journal of March 8, entitled "Our Freedom," written by Judge John W. Dodge.

The VICE PRESIDENT. Without objection, it is so

ordered.

The editorial is as follows:

[From the Jacksonville (Fla.) Journal, March 8, 1932]

OUR FREEDOM

# By Judge John W. Dodge

Open, honest, unshackled utterance of opinion and thought, although resulting in fierce and hostile conflicts, is not only a right but a duty under our form of government, it is the only safe and permanent foundation thereof; without freedom of speech and thought we shall perish both as a nation and as organized and orderly government. There is progress.

The greatest problem which confronts America, yea, the world, is not debts, finances, economics, not even moral questions. It is the unfettered right and exercise of freedom of speech and of thought, the unshackled control and use of the various means and instrumentalities whereby freedom thereof may be exercised, such as the radio, press, books, news dispatches, and all other means and instrumentalities for conveying, disseminating, and distributing free speech and thought.

Controlled, subsidized, manipulated, and suppressed thought and speech in every form is a sure step toward slavery. Truth

Controlled, subsidized, manipulated, and suppressed thought and speech in every form is a sure step toward slavery. Truth disseminated will overcome error eventually.

John Stuart Mill once said: "Not the violent conflict between parts of the truth, but the quiet suppression of half of it, is the formidable evil; there is always hope when people are forced," or we might say permitted "to listen to both sides; it is when they attend only to one that errors harden into prejudices, and truth itself ceases to have the effect of truth by being exaggerated into falsehood."

The basis of more than half the first suppression of the same statement of the same suppression.

The basis of more than half the frauds perpetrated on us has been the false half truths uttered, the suppressed and subsidized other truths concealed by fraud, power, and influence exerted in business, finance, economics, morality, and even religion.

With more freedom, and laws to punish fraud, deceit, and the concealment of truth, we shall live forever, and in prosperity and

happiness as a Nation. Licentiousness must be curbed; Machiavellian machinations must be uprooted and exposed; truth must not be crushed; fraud must be exposed and punished; facts must be heralded; therein lie our liberty and freedom.

<sup>&</sup>lt;sup>20</sup> Pt. 8, pp 8-9. <sup>30</sup> Pts. 18 and 19, p. 352. <sup>31</sup> Pt. 1 (exhibits), pp. 145-146. <sup>22</sup> Pt. 8, pp. 2, 69. <sup>33</sup> Pts. 23 and 24, pp. 848, 851, 877, 1096, etc.

#### THE CALENDAR

The VICE PRESIDENT. Morning business is closed. The calendar is in order. The clerk will state the first order of business on the calendar.

The bill (S. 88) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof was announced as first in order.

Mr. BLAINE. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended, was announced as next in order.

Mr. JOHNSON. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1663) to prohibit the sending of unsolicited merchandise through the mails was announced as next in

Mr. ROBINSON of Arkansas. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 209) granting an increase of pension to Mary Willoughby Osterhaus was announced as next in order.

Mr. ROBINSON of Arkansas. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2642) to establish a commission to be known as a commission on a national museum of engineering and industry was announced as next in order.

Mr. ROBINSON of Arkansas. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, which had been adversely reported from the Committee on Finance, was announced as next in order.

Mr. COUZENS. Over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 76) authorizing the President to reorganize the executive agencies of the Government was announced as next in order.

Mr. GEORGE. Mr. President, that is a matter which has been discussed on the floor. It is a matter of too much importance to take up during the morning hour. I ask that it may go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The resolution (S. Res. 156) to investigate the effect of the depreciation of foreign-currency values upon importations of important commodities into the United States, and for other purposes, was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over. The VICE PRESIDENT. The resolution will be passed

The bill (S. 2377) authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933, was announced as next in order.

Mr. BORAH. Mr. President, the House has passed a bill on this subject, and it is now before the Foreign Relations Committee. I think this bill may as well be passed over.

The VICE PRESIDENT. The bill will be passed over.

# O. R. YORK

The Senate proceeded to consider the bill (S. 2335) for the relief of O. R. York, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the words "sum of," to strike "\$3,248.10" and insert "\$1,562.63," so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit the accounts of O. R. York, postmaster at High Point, N. C., with the sum of \$1,562.63, or so much thereof as may be necessary to cover the shortage in his accounts resulting from the theft, embezzlement, or robbery of funds while in the custody of one William B. Clinard, then a postoffice clerk.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BILL AND JOINT RESOLUTION PASSED OVER

The bill (S. 1856) to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts, other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes, was announced as next in order.

Mr. DICKINSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 36) to change the name of the island of "Porto Rico" to "Puerto Rico" was announced as next in order.

Mr. BRATTON. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

### ADAM AUGUSTUS SHAFER

The Senate proceeded to consider the bill (S. 2062) for the relief of Adam Augustus Shafer, which had been reported from the Committee on Naval Affairs with an amendment, on page 1, line 8, after the word "December." to strike out "5, 1905" and insert "1, 1906," so as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits on persons honorably discharged from the United States Navy Adam Augustus Shafer shall be held and considered to have been honorably discharged as a warrant machinist. United States Navy, on December 1, 1906: Provided, That no pension, pay, or bounty shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### ALBERT ROSS

The bill (S. 2059) for the relief of Albert Ross was announced as next in order.

Mr. JONES. Mr. President, I think we should have a brief explanation about that bill and a statement of the facts relating to it.

The VICE PRESIDENT. The bill was reported by the Senator from Nevada [Mr. ODDIE].

Mr. ODDIE. Mr. President, Albert Ross was honorably discharged from the Marine Corps, thereby granting him the usual benefits and rights conferred upon men honorably discharged from the military service.

In 1895 Mr. Ross enlisted in the Marine Corps to serve for a period of five years; he served throughout the Spanish-American War on board the U. S. S. New York, and participated in all engagements in which that vessel took part. In 1900, upon the expiration of his 5-year enlistment, he was given an honorable discharge, with character "excellent." Two months after the expiration of his enlistment he reenlisted, served nine months under the second enlistment when he absented himself. He had a total service in the Marine Corps of approximately six years, under two enlistments, and received one honorable discharge and absented himself from one enlistment.

The committee is of the opinion that in view of his honorable service and record throughout the period of the Spanish-American War, and under a 5-year enlistment, during which time he actively participated in war, that he should be granted the benefits which this bill seeks to give him.

Mr. ROBINSON of Arkansas. Mr. President, I inquire of the Senator from Nevada whether the report of the Secretary of the Navy was favorable or adverse.

Mr. ODDIE. Adverse.

Mr. ROBINSON of Arkansas. On page 2 of the report it is observed-

In view of the foregoing, the Navy Department recommends against the enactment of the bill.

Mr. ODDIE. Mr. President, the report was adverse, and the committee understood it that way; but there are several cases that the committee discussed and acted on in which much the same objection arose. In view of the fact, however, that this man and several others of similar standing served actively in the war and made good records at other times, the committee felt that the bill should be reported favorably.

Mr. FLETCHER. Mr. President, may I ask the Senator whether this was a case of complete desertion or just absence from one roll call?

Mr. ODDIE. Constructive desertion; absence from the roll call.

Mr. JONES. Was the man dismissed with a charge of desertion?

Mr. ODDIE. Some charges were brought against him. He did wrong in a technical way; but he made such a splendid record at other times that the committee thought he should be granted this relief.

Mr. HALE. Mr. President, in all of these cases of correction of the record of a man, the department invariably reports adversely; but the committee, in going over these specific matters, determined that this was a case where clemency should be shown.

Mr. JONES. Is it the general rule of the committee that even though a man may have finished his first enlistment satisfactorily, a bill is favored to discharge him honorably when he deserts from his second enlistment?

Mr. HALE. No; but this is a case where the man served during a war; and on account of his having had a good war record, and having received one honorable discharge, we felt that we were willing to waive this charge of desertion.

Mr. JONES. I understand that; but am I to understand that it is the rule of the committee that though a man may serve honorably through his first enlistment, if he happened to be in a war and then enlists again and deserts in a week or two, he is given an honorable discharge?

Mr. HALE. We feel that he should be given some credit for having served his country during a war, Mr. President; and we are willing to forgive what he did later on.

Mr. JONES. That is the general rule of the committee?
Mr. HALE. We have done that in a great many cases;
yes. That is the general rule of the committee.

Mr. JONES. Well, I do not know that I shall make any objection.

The Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Marine Corps, Albert Ross shall be held and considered to have been honorably discharged as a private, United States Marine Corps, on June 18, 1901: Provided, That no pension, pay, or bounty shall be held to have accrued prior to the passage of this act.

# OTTO SCHLUTER

The bill (S. 2060) for the relief of Otto Schluter was announced as next in order.

Mr. JONES. Mr. President, I think this bill should be explained.

Mr. ODDIE. Mr. President, this bill is very similar to the one we have just passed. The man had made an excellent war record. He served approximately seven years in the Navy under honorable conditions and throughout the period of the Spanish-American War. In view of his predominant honorable service the committee is of the opinion that he should be granted the benefits which this bill seeks to give him.

Mr. JONES. Does that have the disapproval of the de-

Mr. ODDIE. That has the disapproval of the department, the same as in the other case.

Mr. JONES. It is in accord with the general rule of the committee, however?

Mr. ODDIE. Yes.

Mr. ROBINSON of Arkansas. Mr. President, it is noted from the report that the sailor deserted on November 1, 1899, and continued in desertion until February 15, 1930. I am going to ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. SHORTRIDGE. Mr. President, before introducing this bill I made rather careful inquiry, and I reached the conclusion that it was a just and meritorious proposition. I hope, upon further consideration, there will be no objection to its passage.

I fully agree with the sentiment expressed by the Senator from Nevada, and I am aware also of the general attitude of the department. It may be termed a technical one in accordance with their sense of duty; but we are the legislative branch of the Government, in part, and in matters of this character I do think it is a wise as well as a just policy to recognize the long and patriotic service of men in Army and Navy, even though thereafter they may be guilty of some infraction of the law. So I hope that when the matter comes up again the Senate will consent to the passage of this bill.

The VICE PRESIDENT. The bill will be passed over.

Mr. HALE. Mr. President, I will ask the Senator from Arkansas if he will not withdraw his opposition to this bill? Mr. ROBINSON of Arkansas. Let the bill go over, Mr. President.

The VICE PRESIDENT. The bill will be passed over.

#### ROSCOE MEADOWS

The bill (S. 2375) for the relief of Roscoe Meadows was announced as next in order.

Mr. JONES. Mr. President, what are the facts in regard to this matter?

The VICE PRESIDENT. The bill was reported by the Senator from Florida [Mr. TRAMMELL].

Mr. TRAMMELL. Mr. President, this is a bill that was considered by the Committee on Naval Affairs at the last session, recommended favorably, and passed by the Senate at that time. The committee have again reported the bill favorably.

It seems that this officer went in as a chaplain, and enlisted first as though he were in the regular Navy; but it was afterward held that he was merely on probation for a commission as lieutenant. After his retirement—and he is now drawing compensation for 40 per cent disability-on account of technicalities that were considered by the Comptroller General it was held that he was not entitled to retirement pay as a regular naval officer. Then the question came up about his having compensation as an emergency naval officer. The Veterans' Bureau held that he was entitled to compensation as an emergency officer, and he is now drawing his compensation. What this bill seeks to do is to allow him to have his retirement pay. It is purely a technicality, I think, that deprives him of that privilege. He has a disability of 40 per cent, and served two and a half years as a chaplain in the Navy.

Mr. WALSH of Massachusetts. Mr. President, may I suggest to the Senator that he allow this measure to go over, because all matters dealing with individual rights under the emergency officers' retirement laws have been considered by the Finance Committee. If there is not any danger of this bill establishing a precedent contrary to the policy laid down by that committee, I think the bill should pass; but I suggest that the bill be passed over for the time being, in order that the Finance Committee may consider if it contemplates the adoption of a policy that may be a precedent that will be followed in other cases where special bills are introduced.

Mr. BLACK. Mr. President, will the Senator yield? Mr. TRAMMELL. I yield.

Mr. BLACK. I might state to the Senator from Massachusetts that I know this gentleman, and I know something about this bill. It had very careful consideration before the committee last year. I do not think it establishes any new policy.

Mr. WALSH of Massachusetts. Mr. President, the trouble with a good many of these bills is that once one special act is passed it opens the door to the introduction of a great many other special bills. This may be an isolated case, and there may be no danger of establishing any precedent, but one of the things we have had to consider very

seriously in the subcommittee of the Finance Committee dealing with individual veterans' cases has been the danger of establishing a precedent that would permit hundreds of other applicants through special bills to receive the benefit of a special act if the precedent is once established. I think the bill ought to go over.

Mr. McKELLAR. Let the bill go over.

Mr. BLACK. Mr. President, before the Senator from Massachusetts asks that the bill go over—

Mr. WALSH of Massachusetts. I withhold the request.

Mr. BLACK. Will the Senator from Florida yield?

Mr. TRAMMELL. I yield to the Senator from Alabama. He is probably more familiar with the facts than I am.

Mr. BLACK. Before the Senator asks that the bill go over, I think he will find that it does not establish any precedent; that it is a bill, wholly upon its own merits, to correct a situation in which a man found himself by reason of being technically placed in an erroneous classification. My understand is that it applies to nobody else.

Mr. WALSH of Massachusetts. I shall be very glad to consider that aspect of the matter. I ask that it go over

for the day.

Mr. BLACK. I should be glad if the Senator would permit it to be passed without objecting, with the understanding that he will look into it to-day or to-morrow, and if there is any danger of its being a precedent it can be agreed that it will be reconsidered.

Mr. WALSH of Massachusetts. I think it ought to go over.

The VICE PRESIDENT. The bill will be passed over.

#### BILLS PASSED OVER

The bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and for other purposes, was announced as next in order.

Mr. DILL. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1153) to provide for the incorporation of credit unions within the District of Columbia was announced as next in order.

Mr. DICKINSON. Mr. President, I have objected to this bill two or three times. I am seeking some amendments that I hope will clear up some difficulties with reference to the legislation; and I hope it will be satisfactory to let it go over once more.

The VICE PRESIDENT. The bill will be passed over.

Mr. CAPPER. Mr. President, I hope by the time the calendar is considered again the Senator will be able to present his amendments.

Mr. DICKINSON. I expected to have the amendments by the early part of this week, but I have not them to-day. I did not expect the bill to be called.

Mr. CAPPER. That is entirely satisfactory.

Mr. BLAINE. Mr. President, may I inquire of the Senator from Iowa if his amendments refer to the provisions relating to deposits?

Mr. DICKINSON. Yes.

Mr. BLAINE. I have all of those amendments, I may say to the Senator. They are very simple and very brief.

Mr. DICKINSON. I have submitted them to parties interested, and I wanted to get their approval of them first, so I have not them in my hands now. I am familiar with what they are supposed to cover; but there is another amendment with reference to the authority of the comptroller. I wonder if the Senator has that?

Mr. BLAINE. I think I have it. If the Senator desires to present the amendments relating to credit unions receiving deposits, my understanding is that those interested in this legislation have no objection to striking out that provision. I was inquiring if that satisfied the Senator.

Mr. DICKINSON. It was that provision and one other provision to which the amendments related. I should like to have the Senator let the matter go over until I have time to check these amendments through, and then I think there will be no trouble about it.

Mr. BLAINE. I have no objection.

The VICE PRESIDENT. The bill will be passed over.

CAPT. JACOB M. PEARCE, UNITED STATES MARINE CORPS

The Senate proceeded to consider the bill (S. 1003) for the relief of Capt. Jacob M. Pearce, United States Marine Corps, which had been reported from the Committee on Naval Affairs with an amendment to strike out lines 3 to 8, inclusive, on page 1, and to insert: "That the President is authorized to appoint Capt. Jacob M. Pearce, United States Marine Corps, after qualification by examination, a major in the United States Marine Corps, with rank and position on the common list for promotion as such immediately after Maj. Thomas Eugene Bourke, United States Marine Corps," so as to make the bill read:

Be it enacted, etc., That the President is authorized to appoint Capt. Jacob M. Pearce, United States Marine Corps, after qualification by examination, a major in the United States Marine Corps, with rank and position on the common list for promotion as such immediately after Maj. Thomas Eugene Bourke, United States Marine Corps: Provided, That nothing herein shall be construed to entitle Capt. Jacob M. Pearce, United States Marine Corps, to any back pay, allowance, or other emoluments in this permanent rank.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### GEORGE EDWIN GODWIN

The bill (S. 1009) for the relief of George Edwin Godwin was announced as next in order.

Mr. McKELLAR. Mr. President, may I ask who introduced this bill?

The VICE PRESIDENT. The bill was introduced and reported by the Senator from Maryland [Mr. Typings].

Mr. McNARY. In the absence of the author of the bill, I ask that it go over.

The VICE PRESIDENT. The bill will be passed over.

### ACCEPTANCE OF FOREIGN DECORATIONS

The bill (S. 1469) to authorize certain officers of the United States Navy and Marine Corps to accept such decorations, orders, and medals as have been tendered them by foreign governments in appreciation of services rendered was announced as next in order.

Mr. TOWNSEND. Mr. President, at the request of the Senator from Pennsylvania [Mr. Reed], who is unable to be in attendance to-day, I ask that this bill may go over.

The VICE PRESIDENT. The bill will be passed over.

# PRINTING OF MOONEY-BILLINGS REPORT

The resolution (S. Res. 166) to print the pamphlets entitled "Draft of Mooney-Billings Report" and "Appendix Containing Official Documents" was announced as next in order.

Mr. JONES. Mr. President, it seems that the Senator from Delaware [Mr. Hastings] submitted minority views on this resolution, and as he is not here I ask that it go over.

The VICE PRESIDENT. The resolution will be passed over.

# COMPENSATION AND MILEAGE OF MEMBERS OF CONGRESS

The bill (S. 2494) to amend section 4 of the legislative, executive, and judicial appropriation act, passed and approved March 4, 1925, relating to the compensation of Members of and Delegates to Congress was announced as next in order.

The VICE PRESIDENT. That bill was adversely reported.

Mr. KING. I move that the bill be indefinitely postponed.

The motion was agreed to, and the bill was indefinitely postponed.

The bill (S. 2495) to repeal section 17 of the act passed and approved July 28, 1866, relating to mileage of Members of Congress, which had been reported adversely from the Committee on Civil Service, was announced as next in order.

Mr. KING. I desire to inquire what became of Order of Business 251?

The VICE PRESIDENT. The resolution went over.

Mr, BORAH. May I ask what was done with reference to Order of Business 252, Senate bill 2494?

The VICE PRESIDENT. That was indefinitely postponed on motion of the junior Senator from Utah [Mr. King].

Mr. KING. Oh, no, Mr. President.

Mr. BORAH. I thought the Senator from Utah asked that it go over.

Mr. KING. I did not know that was the bill. I supposed it was the Mooney-Billings resolution. I have no objection to that bill, and I withdraw the motion.

The VICE PRESIDENT. Without objection, the vote by which the bill was indefinitely postponed will be reconsidered.

Mr. BORAH. Mr. President, this, and the bill following on the Calendar, which has been adversely reported, of course, we can not dispose of now under the rule under which we are proceeding, and I ask that Senate bill 2494 may go over.

The VICE PRESIDENT. The bill will be passed over. Does the Senator make the same request with respect to Senate bill 2495?

Mr. BORAH. I make the same request.

The VICE PRESIDENT. That bill will be passed over.

#### CIVIL-SERVICE RETIREMENT

The bill (S. 95) to amend the second paragraph of section 6 of the civil service retirement act of May 29, 1930 (relating to persons retired for disability), was announced as next in order.

Mr. KING. Let that go over.

Mr. MOSES. Mr. President, I ask the Senator from Utah whether he will not withdraw his suggestion that that go over, because it grows out of several acute cases, particularly of civilian employees in the Military Establishment, who, having been retired by reason of disability arising from nervous breakdowns, subsequently, after medical treatment and a year or two of rest, have fully recovered? There is no provision under the law by which they may be reinstated. Several of them have been reinstated, but the reinstatements had to take place without a specific provision of law.

Mr. KING. Mr. President, I have understood that there was a general bill to be offered changing and modifying in some respects the present retirement act.

Mr. MOSES. That is true, but it does not apply to this class of reinstatements.

Mr. McKELLAR. Mr. President, this is a very worthy bill, and I hope the Senator will allow it to pass.

Mr. KING. I have no objection.

Without objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Civil Service with an amendment, on page 2, line 6, after the word "made," to insert the words "but nothing in this act shall be construed to authorize the removal or transfer of any person employed by the department at the time such appointment is made, nor to authorize the creation of any new office or position in the department," so as to make the bill read:

Be it enacted, etc., That the second paragraph of section 6 of the civil service retirement act of May 29, 1930, is hereby amended by striking out the second sentence and inserting in lieu thereof the following:

"If an annuitant retired under this section shall recover before reaching retirement age, and be restored to an earning capacity which would permit him to be appointed to some appropriate position fairly comparable in compensation to the position occupied by him at the time of his retirement, he shall be appointed to such a position in the department of the Government in which he served at the time of his retirement as soon as practicable after the date of the medical examination showing such recovery, and payment of the annuity shall be continued until such appointment is made; but nothing in this act shall be construed to authorize the removal or transfer of any person employed by the department at the time such appointment is made, nor to authorize the creation of any new office or position in the department. Upon completion of such medical examination, notice thereof shall be sent to the appointing power of the department in which the annuitant served at the time of his retirement."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

### REINSTATEMENT OF MIDSHIPMEN

The bill (S. 3051) to reinstate Lawrence L. Myatt and Miller S. Burgin as midshipmen in the United States Naval Academy was announced as next in order.

Mr. HATFIELD. Mr. President, in the absence of the senior Senator from Pennsylvania [Mr. Reed], I ask that this bill may go over.

The VICE PRESIDENT. The bill will be passed over.

#### HOSPITAL ON CROW INDIAN RESERVATION

The bill (S. 276) for the construction and equipment of a hospital on Crow Indian Reservation was announced as next in order.

Mr. KING. Mr. President, I ask the chairman of the Committee on Indian Affairs whether his committee considered this item; and if so, why it was not included in the Interior Department appropriation bill?

Mr. FRAZIER. Mr. President, this is a bill which was introduced by the junior Senator from Montana [Mr. Wheeler]. There is no question but that there is need for this building. The Indian Bureau, however, felt that there were so many more urgent requests than this one appears to be, and in view of the fact that there was a shortage of money, they would not put it in their regular bill, and they have reported against these measures. The Senator from Montana is very anxious to have action on it.

Mr. JONES. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

# HOSPITAL ON BLACKFEET INDIAN RESERVATION

The bill (S. 2987) providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation in the State of Montana was announced as next in order.

Mr. JONES. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

### INCREASE OF THE UNITED STATES NAVY

The bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

# ROBERT SMITH WATSON AND WILLIAM L. V. WATSON

The bill (S. 140) to extend certain benefits to Robert Smith Watson and William La Velle Watson, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. KING. Mr. President, I move that that bill be indefinitely postponed.

The motion was agreed to; and the bill was indefinitely postponed.

# WALTER S. ROGERS

The bill (S. 505) for the relief of Walter S. Rodgers, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. McKELLAR. I move that that bill be indefinitely postponed.

Mr. THOMAS of Oklahoma. Mr. President, this bill proposes to give some relief to an ex-service man. The committee has reported adversely upon it. There being no chance at this session to get this relief, I have no objection to the bill being indefinitely postponed.

The motion was agreed to; and the bill was indefinitely postponed.

# HARVEY WILSON

The bill (S. 1835) granting disability allowance to Harvey Wilson, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. SHORTRIDGE. Mr. President, I ask that that go over.

The VICE PRESIDENT. The bill will be passed over.

BENJAMIN F. JOHNSON

The bill (S. 2826) for the relief of Benjamin F. Johnson, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. KING. I move that that bill be indefinitely post-poned.

The motion was agreed to; and the bill was indefinitely postponed.

#### LANDING OF PONCE DE LEON

The bill (S. 3014) to provide for the commemoration of the landing of Ponce de Leon in the State of Florida was announced as next in order.

Mr. KING. Mr. President, the senior Senator from Connecticut [Mr. Bingham] objected to the bill at the last call of the calendar and specified what he conceived to be a very sound reason for its going over for the present. I suggest, in his absence, that the bill be passed over.

The VICE PRESIDENT. The bill will go over.

# AMENDMENT OF WORLD WAR VETERANS' ACT

The bill (S. 1603) to amend section 19 of the World War veterans' act, 1924, as amended, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. VANDENBERG. I move that that bill be indefinitely postponed.

The motion was agreed to; and the bill was indefinitely postponed.

PUBLIC-SCHOOL BUILDING ON THE COLVILLE INDIAN RESERVATION

The bill (S. 3323) to provide funds for cooperation with the school district at Nespelem, Wash., in the construction of a public-school building to be available to Indian children of the Colville Indian Reservation was announced as next in order.

Mr. KING. The Senator from Pennsylvania is not in the Chamber at present, and in his absence I ask that the bill may go over.

The VICE PRESIDENT. The bill will be passed over.

### SECOND POLAR YEAR PROGRAM

The joint resolution (H. J. Res. 182) authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933, was announced as next in order.

Mr. MOSES. Mr. President, I ask unanimous consent that Senate bill 2377 be indefinitely postponed, and that House Joint Resolution 182 be passed. I find no report accompanying the joint resolution, but there is a report on the Senate bill.

Mr. KING. Mr. President, the Senator is asking about Order of Business 350, House Joint Resolution 182?

Mr. MOSES. Yes.

Mr. KING. Does the Senator ask that that be passed over?

Mr. MOSES. No; I want to have it passed.

Mr. McKELLAR. Will the Senator explain why it should be passed?

Mr. MOSES. Yes. It is a cooperative effort among some 50 nations of the world to carry on a series of meteorological observations at certain designated points within the Arctic and Antarctic regions for the purpose of observing the effect of certain electrical impulses in the atmosphere which affect adversely radio communication, and telegraphic and telephonic communication. These observations take place once in 50 years.

Mr. McKELLAR. Can we not call on our friend, Doctor Cook, to give us the facts upon that subject?

Mr. MOSES. We might, but I will say to the Senator from Tennessee that inasmuch as this has to be done only once in 50 years, if he now will withdraw any objection he may have to the joint resolution under discussion, 50 years hence, when he is still a leading Member of this body, he can take the question up again.

Mr. FLETCHER. Mr. President, when the Senate bill was reached before on the calendar, the Senator from Idaho [Mr. Borah] asked to have the matter go over.

Mr. MOSES. I think the Senator from Idaho must have done so because of the notation on the calendar in regard to Order of Business 350.

Mr. FLETCHER. I think he did, but he wanted to consider both measures, I suppose.

Mr. MOSES. If House Joint Resolution 182 is passed, the subject will be disposed of, whereas if the Senate bill had been dealt with, there would have been the question of the substitution of one for the other. The matter was under consideration in the Committee on Foreign Relations more than once, it was very actively pressed by the Senator from Ohio [Mr. Fess], who is not here now, but there are some other members of the Committee on Foreign Relations who are on the floor, who will corroborate what I am saying about this highly meritorious scientific measure.

Mr. McKELLAR. I can see that the measure has

Mr. MOSES. It has great merit.

Mr. McKELLAR. But I wonder why it is necessary to create a bureau here in Washington in order to help it along? Could we not pay the expenses of those delegates without organizing a bureau to do it?

Mr. MOSES. I do not understand that the proposal is to create a bureau. My understanding is that all this work is to be done by officials who are now in Washington engaged in scientific work for the Government and who are to be assigned to do this work. The money which is to be appropriated is to defray the expenses of locating and maintaining the observation stations, and the chief observation station which is to be located by the Government of the United States is that famous station at Fort Conger, which was the base of the Greely expedition 50 years ago.

Mr. McKELLAR. If the Senator will look at lines 5 and 6, he will see this language: "An appropriation of \$30,000, or so much thereof as may be necessary, is hereby authorized for personal services in the District of Columbia and elsewhere."

I can understand how we would have to have some one at Fort Conger, but I do not understand why it will be necessary to establish a bureau here to look after this matter.

Mr. MOSES. I think the Senator is in error about the establishment of a bureau.

Mr. McKELLAR. The Senator from Washington, the chairman of the Committee on Appropriations, is present and will verify what I say that when an authorization of this kind is made, the next thing we get is a list of personal services required and the amounts that will have to be paid to an organization here in the city of Washington.

Mr. MOSES. Fifty years from now it will recur again. Mr. McKELLAR. Oh, no; it will recur next year, because this bureau, when once established, will never, never be interfered with.

Mr. MOSES. The exception proves the rule, of course; but this was done in 1883 and has not been done since.

Mr. McKELLAR. I am not going to object to it myself, but I will say to the Senator that if a request for appropriation comes in to pay these men next year, I shall do my best to defeat the appropriation, and I hope the Senator will join me.

Mr. MOSES. If the fortunes of politics are propitious for the Senator from New Hampshire, he will pledge to the Senator from Tennessee his cooperation next year.

Mr. JONES. Mr. President, where are the persons to come from who are to make these observations?

Mr. MOSES. My understanding is that they are to be detailed from the Naval Observatory and other services of the Government, including officers of the Army. At the time of the former expedition the force was under the command of General Greely, who was then a lieutenant in the Signal Corps.

Mr. JONES. This does not create a new bureau at all.

Mr. MOSES. No; I do not understand that it does. There may be personal services required here necessarily of statisticians, clerks, and stenographers, or something like that, but I understand it will create nothing in the line of offices, as we understand that term.

Mr. McKELLAR. Who will have charge of the work?

Mr. MOSES. I think it is to be done under the auspices of the Naval Observatory. The report does not state just who will do it. The last one, 50 years ago, was carried on under the auspices of the Army.

Mr. McKELLAR. Lieutenant Greely was a naval officer.

was he not?

Mr. MOSES. No; Lieutenant Greely was a lieutenant in the Signal Corps.

Mr. McKELLAR. The Senator is right about that.

Mr. JONES. It authorizes the expenditure of how much? Mr. MOSES. Of \$30,000. One can readily understand that in establishing and maintaining these stations the money will nearly all be utilized out in the field. The amount of money utilized for services in the District of Columbia will be a very small fraction of the \$30,000.

Mr. JONES. I suppose most of the men who will be connected with it will be Government officials who are now drawing salaries?

Mr. MOSES. Oh, yes.

Mr. JONES. This is probably for the payment of the expense of the stations in the field?

Mr. MOSES. Absolutely. My understanding is that no new offices, in the regular understanding of that term, are to be created.

The VICE PRESIDENT. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed.

The VICE PRESIDENT. Without objection, Senate bill 2377 will be indefinitely postponed.

# WILLIAM D. BARBEE

The bill (S. 1836) for the relief of William D. Barbee, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. SHORTRIDGE. Mr. President, I note that Senate bill 1836, Senate bill 1879, Senate bill 1881, Senate bill 1884, and Senate bill 1886 have been adversely reported by the Committee on Finance. I have not had opportunity to examine the reports, and I ask that those several bills may

The PRESIDENT pro tempore. The bills enumerated by the Senator from California will be passed over.

# ABRAM G. O'BLENESS

The Senate proceeded to consider the bill (S. 326) for the relief of Julia Kerr O'Bleness, which had been reported from the Committee on Claims, with amendments, on page 1, line 5, to strike out "\$5,000" and to insert in lieu thereof "\$2,500"; in line 6, after the word "to," to strike out the name "Julia Kerr O'Bleness" and insert in lieu thereof the name "Abram G. O'Bleness"; in line 8, to strike out "for" and insert "on account of"; in line 9, after the word "received," to insert the words "by his wife, Julia Kerr O'Bleness, now deceased, on," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated the sum of \$2,500 to Abram G. O'Bleness, of Marietta, Ohio, in full settlement of all claims against the Government of the United States on account of injuries received by his wife, Julia Kerr O'Bleness, now deceased, on November 6, 1928, caused by being struck down by a revolving door in the Federal building at Marietta, Ohio.

Mr. BULKLEY. Mr. President, this is the payment of approximate actual expenses made necessary on account of an accident to Mrs. O'Bleness, which occurred in a revolving door in the post-office building at Marietta. Mrs. O'Bleness has since died, and the bill has been amended so as to pay the sum of \$2,500 to her husband.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Abram G. O'Bleness."

# RELIEF OF UNEMPLOYMENT

The bill (S. 3696) to provide for cooperation by the Fed-

hardship and suffering caused by unemployment, and for other purposes, was announced as next in order.

Mr. KING. It is obvious that that bill can not be considered under the 5-minute rule, and, as the Senator who introduced the bill is not present, I ask that it may go over.

The PRESIDENT pro tempore. The bill will be passed

#### REIMBURSEMENT OF THE STATE OF CALIFORNIA

The bill (S. 1317) for the relief of the State of California, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the net balance due the State of California of \$6,462,145.33 as certified by the Comptroller General of the United States, August 14, 1930, and printed in Senate Document No. 220, Seventy-first Congress, third session, the same to be accepted in full settlement of all advances and expenditures and interest thereon made by said State.

#### DES LACS LAKE, N. DAK., DAM

The bill (H. R. 5866) to authorize the construction of a dam across Des Lacs Lake, N. Dak., was considered by the

Mr. WALSH of Montana. Mr. President, when that bill was reached on the preceding call of the calendar I made some inquiry concerning the purpose of the dam, or the work of construction. I observed that it provided that it should not be utilized to develop waterpower or to generate hydroelectric energy. I was therefore curious to know for what purpose the dam was to be erected, and I was told by the Senator from North Dakota, who does not happen to be in the Chamber at this time, that it is for the purpose of conserving water for a municipal supply. With that understanding I have no objection to the passage of the bill.

Mr. KING. Mr. President, may I ask the Senator from Montana whether this is what might be called an interstate

Mr. WALSH of Montana. I understand not. I take it that it relates to public lands.

The bill was ordered to a third reading, read the third time, and passed.

# BILLS PASSED OVER

The bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes, was announced as next in order.

Mr. McNARY. That is the unfinished business. Let it go

The PRESIDENT pro tempore. The bill will be passed

The bill (S. 3377) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, was announced as next in order.

Mr. McNARY. Over.

The PRESIDENT pro tempore. The bill will be passed

The bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, was announced as next in order.

Mr. ODDIE. Mr. President, the Senator from Connecticut [Mr. Bingham] desires to make a statement regarding this bill. It can not be done in the time limit to-day under the 5-minute rule. I ask that the bill go over but intend to call it up for consideration at the first opportunity. I am cooperating with the Senator from Arizona [Mr. HAYDEN] in this matter. We hope to arrange for a definite time to be fixed for action on the bill in the very near future.

Mr. HAYDEN. Mr. President, this is an emergency measure. It has passed the House of Representatives. It is highly important that it receive early consideration. I wonder if it is not possible to arrive at some unanimous-consent agreement for a time to consider it?

Mr. McNARY. Mr. President, the distinguished Senator eral Government with the several States in relieving the from Connecticut [Mr. Bingham] is in charge of the opposition to the bill. He is presently called away from the Chamber on official business. The program prepared by the steering committee does not include the bill, and probably there will not be a new program arranged until after the conclusion of the consideration of the bills which have been considered by the steering committee for the purpose of being brought to the attention of the Senate.

I observe the presence of the Senator from Connecticut now, and I refer the matter to him.

The PRESIDENT pro tempore. Upon objection of the Senator from Nevada the bill has been passed over. The only question before the Senate is the tentative suggestion of the Senator from Arizona to enter into a unanimous-consent agreement for a time at which to consider the bill.

Mr. HAYDEN. Mr. President, does the Senator from Connecticut think it possible to enter into an agreement to fix a time to vote upon the emergency highway construction bill?

Mr. BINGHAM. When does the Senator wish to take it up?

Mr. HAYDEN. Suppose we say at 2.30 p. m. on Thursday next.

Mr. BINGHAM. To take it up and consider it then?

Mr. HAYDEN. Yes; to dispose of the bill and all amendments thereto. I think every Senator has made up his mind how he will vote on the bill. There will not be a long debate on the subject.

Mr. McKELLAR. Mr. President, why could not the leaders agree to adjourn some day the latter part of the week and give two hours to the consideration of the bill before 2 o'clock on the following day? Then the Senator from Connecticut could use as much of the time as he desired to discuss it. Would not that be a better way than to try to fix a date to consider the bill irrespective of the program of the steering committee?

The PRESIDENT pro tempore. May the Chair suggest that both party leaders are absent from the Chamber at the moment. It is doubtful, in the opinion of the Chair, whether an agreement could be reached in their absence.

Mr. McNARY. It would be impossible to reach such an agreement in view of the very long program that has been arranged by the steering committee.

Mr. McKELLAR. Might we not adjourn some day and would not the Senator from Connecticut agree to take it up during the morning hour on the following day?

Mr. McNARY. At the present time no agreement can be made and I ask for the regular order.

The PRESIDENT pro tempore. The regular order is called for. The clerk will state the next order of business on the calendar.

# ALLOTMENTS TO HEIRS OF DECEASED INDIANS

The bill (S. 3508) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes," approved June 25, 1910, as amended, was considered. The bill had been reported from the Committee on Indian Affairs with an amendment to strike out all after the enacting clause and to insert:

Be it enacted, etc., That when any Indian to whom an allotment of land has been made, or may hereafter be made, dies before the expiration of the trust period and before the issuance of a fee-simple patent, without having made a will disposing of said allotment as hereinafter provided, the Secretary of the Interior, upon notice and hearing, under such rules as he may prescribe, shall ascertain the legal heirs of such decedent, and his decision thereon shall be final and conclusive. If the Secretary of the Interior decides the heir or heirs of such decedent competent to manage their own affairs, he shall issue to such heir or heirs a patent in fee for the allotment of such decedent; if he shall decide one or more of the heirs to be incompetent, he may, in his discretion, cause such lands to be sold: Provided, That if the Secretary of the Interior shall find that the lands of the decedent are capable of partition to the advantage of the heirs, he may cause the shares of such as are competent, upon their petition, to be set aside and patents in fee to be issued to them therefor. All sales of lands allotted to Indians authorized by this or any other act shall be made under such rules and regulations and upon such terms as the Secretary of the Interior may prescribe, and he shall require a deposit of 10 per cent of the pur-

chase price at the time of the sale. Should the purchaser fall to comply with the terms of sale prescribed by the Secretary of the Interior, the amount so paid shall be forfeited; in case the balance of the purchase price is to be paid on such deferred payments, all payments made, together with all interest paid on such deferred installments, shall be so forfeited for failure to comply with the terms of the sale. All forfeitures shall inure to the benefit of the heirs. Upon payment of the purchase price in full, the Secretary of the Interior shall cause to be issued to the purchaser patent in fee for such land: Provided, That the proceeds of the sale of inherited lands shall be paid to such heir or heirs as may be competent and held in trust subject to use and expenditure during the trust period for such heir or heirs as may be incompetent as their respective interests shall appear:

Provided further, That the Secretary of the Interior is hereby authorized, in his discretion, to issue a certificate of competency, upon application therefor, to any Indian, or in case of his death to his heirs, to whom a patent in fee containing restrictions on alienation has been or may hereafter be issued, and such certificate shall have the effect of removing the restrictions on alienation contained in such patent: Provided further, That hereafter any United States Indian agent, superintendent, or other disbursing agent of the Indian Service may deposit Indian moneys, individual or tribal, coming into his hands as custodian, in such bank or banks as he may select: Provided, That the bank or banks so selected by him shall first execute to the said disbursing agent a bond, with approved surety, in such amount as will properly safeguard the funds to be deposited. Such bonds shall be subject to the approval of the Secretary of the Interior.

The amendment was agreed to.

Mr. KING. Mr. President, after ascertainment of the legal heirs, what provision is made for disposition of the estate? Does it pass automatically to the heirs so discovered?

Mr. FRAZIER. Mr. President, under the old law when estates were sold and payments were made on the installment plan and the purchaser failed for some reason to fulfill the contract and make all the payments, all of the payments made except the first 25 per cent were refunded to the purchaser. This measure would change that part of the law so that the purchaser would forfeit all the payments made if he failed to carry out the contract.

Mr. KING. What disposition is made of those estates which pass to the heirs at the decease of the ancestor, with respect to the burdens placed upon such estate under the irrigation systems which have been conducted by the Federal Government? I suppose it does not relieve the heirs of any obligation that rested upon their ancestor.

Mr. FRAZIER. As I understand it, it does not.

Mr. KING. Of course, the Senator knows that under the system which prevails the Indians have had imposed upon them, in violation of the law, great burdens which they can not pay, charges which are not reimbursible, but which have been held reimbursable, and the lands of the Indians under many irrigation projects are loaded down with debt in excess of the value of the lands.

Mr. FRAZIER. I do not think this bill has anything to do with that problem at all.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

# BILL PASSED OVER

The bill (S. 439) for the relief of A. C. Messler Co. was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

# EMPLOYMENT OF ATTORNEYS FOR CHIPPEWA INDIANS, MINNESOTA

The bill (S. 2364) to authorize the Secretary of the Interior to extend or renew the contracts of employment of the attorneys employed to represent the Chippewa Indians of Minnesota in litigation arising in the Court of Claims under the act of May 14, 1926 (44 Stat. 555), was considered. The bill had been reported from the Committee on Indian Affairs with an amendment to strike out all after the enacting clause and insert:

Be it enacted, etc., That the Secretary of the Interior be, and hereby is, authorized to renew the contracts of employment heretofore entered into with the attorneys employed to represent the Chippewa Indians of Minnesota in the suits instituted in the Court of Claims under authority of the act of May 14, 1926 (44 Stat. L. 555), as amended, on a year-to-year basis but not to exceed three years, as the Secretary of the Interior may deem advisable and for the best interests of said Indians. Said attorneys

shall be entitled to such compensation for their services, in addition to that heretofore paid to them, as the Court of Claims in its discretion may allow from any amount recovered in any such suit, discretion may allow from any amount recovered in any such sult, which compensation shall not exceed the sum of 5 per cent of any such recovery for the attorney for the Chippewa of White Earth Reservation and a like compensation for the firm of attorneys employed by the other bands of Chippewa Indians of Minnesota: Provided, however, That the Secretary of the Interior shall continue to pay out of tribal funds belonging to the Chippewa Indians all actual and necessary expenses incurred by said attorneys in such litigation as authorized by and subject to the limitations contained in the act of April 11, 1928 (45 Stat. 423): And provided further, That the compensation and expenses of the attorney or firm of attorneys employed under existing law to represent the Red Lake attorneys employed under existing law to represent the Red Lake Band of Chippewa Indians of Minnesota shall be paid out of any money to the credit of said Indians in the Treasury of the United States not otherwise appropriated.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

# MOUNT M'KINLEY NATIONAL PARK, ALASKA

The bill (H. R. 6485) to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the boundary of the Mount McKinley National Park is hereby changed so as to read as follows:

National Park is hereby changed so as to read as follows:

Beginning at the summit of a hill between the Toklat River and the Clearwater Fork of that river at an approximate latitude of 63° 47′ 45′′, longitude 150° 17′ 40′′, which is intended to be same point of beginning of the boundary description as contained in the act of February 26, 1917; thence southerly along the summit of the ridge between Toklat River and the Clearwater Fork of said river and across Stony Creek at its confluence with the said Clearwater Fork to the summit of the ridge between Stony Creek and the Clearwater Fork of the Toklat River; thence following the summit of said ridge and the summit of the ridge between the tributaries of said Clearwater Fork, the headwaters of the North Fork of Moose Creek and Boundary Creek to the of the North Fork of Moose Creek and Boundary Creek to the intersection with the present boundary of Mount McKinley National Park at approximate latitude of 63° 32′ 45″, longitude 150° 24′ 45″; thence southwesterly 14½ miles, more or less, to a point one-half mile north of Wonder Lake on the stream flowing point one-half mile north of Wonder Lake on the stream flowing out of Wonder Lake into Moose Creek; thence south 68° west 43½ miles, more or less, to the point of intersection with the south-west boundary extended; thence southeasterly 33 miles, more or less, to the summit of Mount Russell; thence in a northeasterly direction following the present south boundary approximately 88 miles to Windy Creek at approximate latitude 63° 25′ 45″, longitude 149° 1′ 35″; thence easterly following the north bank of Windy Creek to the western boundary of the Alaska Railroad right of way; thence northerly following the west boundary of the Alaska Railroad right of way to a point due east of the present north boundary of the park as extended due east; thence due ent north boundary of the park as extended due east; thence due west following the present north boundary of the park to the summit of the ridge between Toklat River and the Clearwater Fork of said river; thence southerly following the summit of said ridge to the place of beginning: Provided, however, That such isolated tracts of land lying east of the Alaska Railroad right of way and the west bank of the Nenana River between the north bank of Windy Creek and the north park boundary as extended eastward are also included in said park: Provided further, That nothing herein contained shall affect any valid existing claim location, or entry under the land laws of the United States, whether for homestead, mineral, right of way, or any other purpose what-soever, or shall affect the rights of any such claimant, locator, or entryman to the full use and enjoyment of his land.

SEC. 2. That the provisions of the act of August 25, 1916, entitled "An act to establish a national park service, and for other purposes," and the act of February 26, 1917, entitled "An act to establish the Mount McKinley National Park, in the Territory of Alaska," together with all acts supplementary to and amendatory of said acts are made applicable to and extended over the lands hereby added to the park.

# AMENDMENT OF SECTION 5 OF CRIMINAL CODE

The bill (S. 2682) to amend section 5 of the Criminal Code was considered. The bill had been reported from the Committee on the Judiciary with an amendment, on page 2, line 8, to strike out "thereof;" and insert "thereof," so as to

Be it enacted, etc., That section 5 of the act of March 4, 1909, chapter 321 (sec. 5, title 18, U. S. C.), be, and the same is hereby, amended to read as follows:

amended to read as follows:

"Sec. 5. Every citizen of the United States, whether actually resident or abiding within the same, or in any place subject to the jurisdiction thereof, or in any foreign country, who, without the permission or authority of the Government, directly or indirectly, commences or carries on any verbal or written correspondence or intercourse with any foreign government or any officer or agent thereof, with an intent to influence the measures or conduct of

any foreign government or of any officer or agent thereof, in relation to any disputes or controversies with the United States, or to defeat the measures of the Government of the United States; and every person, being a citizen of or resident within the United States or in any place subject to the jurisdiction thereof, and not duly authorized, who counsels, advises, or assists in any such correspondence with such intent, shall be fined not more than \$5,000 and imprisoned not more than three years; but nothing in so,000 and imprisoned not more than three years; but nothing in this section shall be construed to abridge the right of a citizen to apply, himself or his agent, to any foreign government or the agents thereof for redress of any injury which he may have sustained from such government or any of its agents or subjects."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### CONSERVATION OF NATURAL RESOURCES

The concurrent resolution, S. Con. Res. 6, was read, considered by unanimous consent, and agreed to, as follows:

Whereas under the inspiring leadership of President Cleveland it became the settled policy of this Nation to conserve its natural resources; and

Whereas the establishment of an American conservation week will have the desired effect of bringing the American people to realize, in the words of that great conservationist, President Roosevelt, that "the conservation of our natural resources and their proper use constitute the fundamental problem which undertained to the conservation of the conservation where conservation week will have been conservation of the conserva lies almost every other problem of our national life": Therefore

Resolved, etc., That the President of the United States is re quested to issue each year a proclamation designating the first week in April as American Conservation Week and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places, with ceremonies appropriate to the occasion.

The preamble was agreed to.

#### BILL PASSED OVER

The bill (S. 2190) to amend section 300 of the World War veterans' act, 1924, as amended, which had been reported from the Committee on Finance adversely, was announced as next in order.

Mr. SHORTRIDGE. The bill may go over.

The PRESIDENT pro tempore. The bill will be passed

# AMENDMENT OF INSURANCE CODE OF DISTRICT OF COLUMBIA

The bill (S. 3584) to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes, was considered. The bill had been reported from the Committee on the District of Columbia with amendments, on page 2, line 4, to strike out the words "all of," and on page 2, line 8, after the word "obtained," to insert:

Provided, however, That nothing herein contained shall be construed to apply to the books, records, and files of any such corporation except in a branch-office agency of such corporation, which books, records, and files relate solely to the business transacted by said branch-office agency.

So as to make the bill read:

Be it enacted, etc., That Chapter XVIII of the Code of Law for

Be it enacted, etc., That Chapter XVIII of the Code of Law for the District of Columbia be, and the same hereby is, amended by adding thereto a new section, which shall provide—

"That hereafter any corporation formed or organized under the provisions of Chapter XVIII of the Code of Law for the District of Columbia to engage in an insurance business either under the provisions of Subchapter V or Subchapter XII thereof shall maintain its principal office and place of business within said District and shall keep its books, records, and files therein and shall not remove from said District either its principal office and place of business or its books, records, or files without the permission of the Commissioners of the District of Columbia first had and obtained: Provided, however, That nothing herein contained shall be constructed to apply to the books, records, and files of any such corporation kept in a branch-office agency of such corporation, which books, records, and files relate solely to the business transacted by said branch-office agency.

acted by said branch-office agency.

"Any corporation violating any of the provisions hereof shall forthwith forfeit its charter, which forfeiture shall operate as a

revocation of its license to do business within said District.

"Any officer, agent, or employee of any such corporation who shall violate any of the provisions hereof shall be guilty of a misdemeanor and, upon conviction, shall pay a fine of not less than \$300 or be imprisoned for not more than 90 days, or both such fine and imprisonment. All prosecutions hereunder shall be upon information filed in the police court of the District of Columbia in the name of the District of Columbia by the corporation counsel thereof or any of his assistants.'

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### CONSERVATION OF RAINFALL

The bill (S. 2290) for the conservation of rainfall in the United States was announced as next in order.

Mr. KING. Let the bill go over.

Mr. SHEPPARD. Mr. President, may I ask the Senator from Utah to withhold his objection for the moment? The bill carries no appropriation. It merely calls for a study.

The PRESIDENT pro tempore. It is necessary for the

Senator from Utah to withdraw his objection.

Mr. KING. Does the Senator from Oregon [Mr. McNary] believe it is necessary, in view of studies being made by committees or commissions or bureaus of the Government now, to enact this legislation?

Mr. McNARY. Mr. President, my attention was diverted for the moment.

Mr. SHEPPARD. All the bill does is to provide for a study of the conservation of rainfall in the United States. It merely gives the present program of study the force of law and does not carry any appropriation.

Mr. McNARY. The committee after very deliberate consideration reported the bill unanimously. A similar measure was reported out last year by the committee and passed the

Mr. KING. I have no objection.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to develop effective methods for the control of rainfall, for the prevention of erosion of farm, pasture, and woodlands, and for the conservation of the soil fer-tility of fields, pastures, and watersheds; to minimize the depositinty of fields, passates and the overwash of inert sands and gravels upon farm lands; to reduce the discharge of water and silt into streams from fields, pastures, and watersheds; and, in general, to aid in developing the best means of controlling, con-serving, and utilizing the rain water that falls upon the land, the Secretary of Agriculture be, and he is hereby, authorized and directed to make such studies and investigations as he may deem necessary to carry out these purposes.

# JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, was announced as next in order.

Mr. McNARY. In the absence of the Senator from Nebraska [Mr. Norris], I ask that the joint resolution may be passed over.

The PRESIDENT pro tempore. It will be passed over.

# MEDITERRANEAN FRUIT FLY

The bill (S. 266) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly was announced as next

Mr. VANDENBERG. Mr. President, on the last call of the calendar this bill went over at my request. Personally I am still out of harmony with the legislation. The amendment proposed by the committee would save \$40,000 of the appropriation, but would still spend \$10,000. The legislation still creates another bureau. The legislation, while it relieves actually from liability involving the receipt of claims for losses, nevertheless obviously anticipates ultimate claims for losses and their assumption by the Government.

But I heartily sympathize with the statement made by the Senator from Florida [Mr. TRAMMELL] last week when he indicated his disappointment that any one Senator should hold up the legislation. If I am the only Senator in the Chamber in disagreement with the legislation, I decline to be put in that position. Therefore I shall not object at the

moment if every other Senator in the Chamber is satisfied with the proposal.

Mr. TRAMMELL. I am very grateful for the statement of the Senator from Michigan, and hope no one else may object.

Mr. McNARY. Mr. President, probably I should make a very brief statement. When the matter was proposed in the nature of an amendment to the Agricultural Department appropriation bill I invoked the rule, and properly it was held that it could not be incorporated in that measure. I told the Senator from Florida [Mr. TRAMMELL] that it might have early consideration by the Committee on Agriculture and Forestry as a matter of legislation. The bill has been amended. Some language which the department found objectionable has been stricken out. The amount has been reduced to \$10,000. I think it proper with the small amount of money that might be had for the purpose of making a survey, without any indication of liability on the part of the Federal Government. For that reason the committee unanimously reported the bill with amendments.

The PRESIDENT pro tempore. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 2, line 11, to strike out "(2) receive claims for losses sustained by such persons in the State of Florida by reason of such campaign, supported by such proof as the board by regulation may prescribe; (3) report the facts and make findings upon such claims as to the amount of actual and necessary loss sustained; and (4)" and insert "and (2)"; in line 17, to strike out "February" and insert "October"; in line 18, after the word "survey," to strike out "and its findings in respect of claims for such losses"; in line 22, to strike out 'March 1" and insert "December 12"; and on page 3, line 15, to strike out "\$50,000" and insert "\$10,000," so as to make the bill read:

Be it enacted, etc., That a board is hereby created, to be known as the Mediterranean Fruit Fly Board, to be composed of five individuals, to be appointed by the Secretary of Agriculture, two of whom shall be representatives of the Department of Agriculture (one to be chairman of the board), two citizens of the State of Florida, and one man at large. Any vacancy occurring in the board shall be filled in the same manner as the original appointment. Each member of the board, other than members holding office under the State or Federal Government, shall receive compensation at the rate of \$10 per day while actually employed on the business of the board. The board shall cease to exist upon transmitting its report under section 2 of this act.

2. The board is authorized and directed to (1) conduct a complete investigation and survey of all losses sustained by growers and farmers in the State of Florida resulting from the campaign to eradicate the Mediterranean fruit fly in such State, and (2) transmit to the Secretary of Agriculture not later than October 15, 1932, a report of the survey: Provided, That such report and finding shall serve as information only and not be binding on the Secretary of Agriculture or Congress. The Secretary of Agriculture shall not later than December 12, 1932, transmit such report of survey to Congress together with such recommendations as he may, in his judgment, deem advisable.

SEC. 3. The board may, with the approval of the Secretary of Agriculture, appoint and fix the compensation (without regard to the civil service laws and regulations or to the classification act of 1923, as amended) of such employees, and may, with the approval of the Secretary of Agriculture, make such expenditures, including expenditures for travel and subsistence expenses, for personal services at the seat of government and elsewhere, and for printing and binding, as are necessary for the efficient execution of its functions under this act. All expenses of the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board and the Secretary of

SEC. 4. That there is hereby authorized to be appropriated the sum of \$10,000, or so much thereof as may be necessary, for the purpose of carrying out the provisions of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALLOCATION OF RECONSTRUCTION FINANCE CORPORATION FUNDS

The joint resolution (S. J. Res. 116) relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act was considered, the pending question being the amendment of the Senator from

"purposes," to insert "which shall include summer fallowing in 1932 for the crop of 1933," so as to make the joint resolution read:

Resolved, etc., That notwithstanding the provisions of section 2 of the Reconstruction Finance Corporation act relating to the allocation of funds to the Secretary of Agriculture for making loans or advances to farmers during the year 1932, the Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture for such purposes which shall in to the Secretary of Agriculture for such purposes, which shall include summer fallowing in 1932 for the crop of 1933, the total amount authorized to be allocated and made available to him under such section, irrespective of the amount of notes, debentures, bonds, or other obligations of the corporation that may be substantial. outstanding.

Mr. McNARY. Mr. President, I want to say preliminarily that I am very strongly in favor of the adoption of the amendment, but the junior Senator from Iowa [Mr. Dickinson] stated that he wanted to be present when the matter came up for consideration. I have sent for him, as he was called from the Chamber a moment ago on official business. Unless the Senator from South Carolina will agree temporarily to pass it over, I must suggest the absence of a

Mr. SMITH. Mr. President, I want this disposed of today, because everyone recognizes that it is an emergency matter, and if it is not disposed of so as to permit the farmers to have the benefit of the appropriation, the whole opportunity will lapse.

Mr. McNARY. The Senator from Iowa [Mr. Dickinson] has just reentered the Chamber, and I yield the floor.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Washington, which has been stated.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

### BILL PASSED OVER

The bill (H. R. 9439) making appropriations for the Departments of State and Justice and for the Judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDENT pro tempore. The bill will be passed over.

# LITTLE TRUCKEE RIVER RESERVOIR

The bill (S. 3744) for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River, was considered.

Mr. KING. Mr. President, may I ask the Senator from Nevada [Mr. Oddie], in view of the depleted condition of the reclamation fund and its exhaustion, and the service having been compelled at the last session of Congress to appeal to the Treasury and having received an appropriation of \$5,000,000, whether it is a propitious time to authorize further a new reclamation project calling for an appropriation of \$750,000, and also calling for the Secretary to acquire, by purchase, condemnation, or otherwise, water rights, and to enter into contracts for such purposes?

Mr. ODDIE. Mr. President, this is an authorization. The bill provides that nothing can be done about this matter until an agreement is made between certain water users on the Truckee River system in Nevada to repay the Government. It is an authorization. No money is to be appropriated under the terms of the bill at this time. When it comes time to ask for an appropriation that matter can be taken up. This is not strictly a new enterprise. It is for the completion and saving of the very first reclamation project under the law, the Newlands reclamation project. The passing of the bill will assist in the carrying out the agreement that is being worked out and that is practically completed between the three vital interests on that river system. It will be of great help if the bill can be passed.

Washington [Mr. Jones], on page 1, line 9, after the word | It is a question between the States of California and Nevada. It will benefit both States if the bill can be enacted into law.

Mr. KING. Mr. President, will the Senator accept an amendment, in lines 3 and 4, striking out the words "and directed "? I do not like the idea of directing the Interior Department, in view of the tremendous responsibilities resting upon that department.

Mr. ODDIE. I am willing to do that.

Mr. KING. I move that amendment.

The PRESIDENT pro tempore. Let the amendment be

The amendment of the Senator from Utah was, on page 1, lines 3 and 4, to strike out the words "and directed," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to provide for the construction of a reservoir in the Little Truckee River, State of California, and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River for the

development of the water resources of the Truckee River for the irrigation of lands along the Truckee River in the State of Nevada and the Newlands reclamation project.

The Secretary of the Interior is hereby further authorized to acquire, by purchase, condemnation, or otherwise, such water rights, rights of way, and lands as may be necessary to carry out the provisions of this act.

No funds shall be expended under this act until a contract or contracts satisfactory to the Secretary of the Interior shall be executed by an irrigation district or districts, or other agencies organized under State law, for the repayment of the sums expended for the purposes of this act.

SEC. 2. There is hereby authorized to be appropriated from the special fund in the Treasury known as the reclamation fund the sum of \$750,000 for the purpose of carrying out the provisions of

sum of \$750,000 for the purpose of carrying out the provisions of

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

### JERRY O'SHEA

The bill (S. 3536) for the relief of Jerry O'Shea was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jerry O'Shea, of Blackwater, N. Dak., the sum of \$275 in full satisfaction of his claim against the United States for damages arising out of the destruction of his crops in August, 1930, by a herd of horses belonging to Indians of the Fort Berthold Indian Reservation.

# REGULATION OF DISTRICT REAL-ESTATE BROKERS, ETC.

The Senate proceeded to consider the bill (S. 2355) to define, regulate, and license real-estate brokers and realestate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments, on page 10, line 24, after the words "sum of," to strike out "\$5,000" and insert "\$2,500," and on page 14, line 2, after the words "shall be," to strike out "\$25" and insert "\$15," so as to make the bill read:

Be it enacted etc.,

# ENACTMENT AND PROHIBITION CLAUSE

SECTION 1. That on and after 90 days from the date of enactment of this act it shall be unlawful in the District of Columbia for any person, firm, partnership, copartnership, association, or corporation to act as a real-estate broker or real-estate salesman, or to advertise or assume to act as such, without a license issued by the real estate commission of the District of Columbia.

# DEFINITIONS AND EXCEPTIONS

SEC. 2. Whenever used in this act "real-estate broker" means any person, firm, association, partnership, or corporation, who, for another and for a fee, commission, or other valuable consideration, lists for sale, sells, exchanges, buys, rents, or leases, or offers or attempts to negotiate a sale, exchange, purchase, lease, or rental of an estate or interest in real estate, or collects or offers or attempts to collect rent or income for the use of real estate, or negotiates or offers or attempts to negotiate, a loan secured or to be secured by a mortgage, deed of trust, or other encumbrance upon or transfer of real estate: Provided, however, That this definition shall not apply to the sale of space for advertising of real estate in any newspaper, magazine, or other publication.

"Real-estate salesman" means a person employed by a licensed real-estate broker to list for sale, sell, or offer for sale, to buy or

make rules and regulations governing this exemption.

One act for a compensation or valuable consideration of buying or selling real estate for or of another, or offering for another to buy, sell, or exchange real estate, or leasing, renting, or offering to lease or rent real estate, except as herein specifically excepted, shall constitute the person, firm, partnership, copartnership, association, or corporation performing, or offering or attempting to perform any of the acts enumerated herein, a real-estate broker

or a real-estate salesman within the meaning of this act.

The provisions of this act shall not apply to receivers, referees, administrators, executors, guardians, or other persons appointed or acting under the judgment or order of any court; or public officers while performing their official duty, or attorneys at law in the ordinary practice of their profession.

#### CREATION OF COMMISSION

SEC. 3. There is hereby created the Real Estate Commission of the District of Columbia. The Commissioners of the District of Columbia within 30 days after the enactment of this act shall appoint two persons, not more than one of whom shall have been actively engaged in or closely connected with the business or vocaactively engaged in or closely connected with the business of vocation of real-estate broker or real-estate salesman within five years immediately prior to appointment, who shall serve as members of said Real Estate Commission of the District of Columbia. In addition thereto, the assessor of the District of Columbia shall serve, ex officio, as a member of said real estate commission but serve, ex officio, as a member of said real estate commission but without added compensation for his services as such. One member of said commission shall be appointed for a term of one year; one member shall be appointed for a term of two years, and until their successors are appointed and qualified; thereafter the term of the members of said commission shall be for three years and until their successors are appointed and qualified. Members to fill vacancies shall be appointed for the unexpired term. The Commissioners of the District of Columbia may remove members of the real estate commission at any time for cause the real estate commission at any time for cause.

The real estate commission immediately upon the qualification

of the member appointed in each year shall organize by selecting from its members a chairman, and may do all things necessary and convenient for carrying into effect the provisions of this act and may from time to time promulgate necessary rules, regulations, and forms.

Each member of the commission, except the ex officio member, shall receive as full compensation for each day the greater part of which is actually devoted to the work of said commission the sum of \$15, but no member shall receive in any one year a greater sum than \$2,000.

The Commissioners of the District of Columbia shall provide for the use of the real estate commission such office space, furniture, stationery, fuel, light, and other proper conveniences as shall be reasonably necessary for carrying out the provisions of this act.

The real estate commission shall employ, and at its discretion discharge, a secretary and such assistants as shall be deemed necessary to discharge the duties imposed by the provisions of this act, and it shall prescribe their duties and fix their compensation.

The commission shall adopt a seal with such design as it may prescribe engraved thereon by which it shall authenticate its proceedings. Copies of all records and papers in the office of the commission, duly certified and authenticated by the seal of said commission, shall be received in evidence in all courts equally and with like effect as the original. The commission shall keep a record of all its proceedings and a complete stenographic record of all hearings authorized under this act.

All records kept in the office of the commission under authority of this act shall be open to public inspection under reasonable

of this act shall be open to public inspection under reasonable rules and regulations to be prescribed by the commission. All fees, charges, fines, and penalties collected by the commission under the provisions of this act shall be paid at least weekly to the collector of taxes for the District of Columbia for deposit in the Treasury of the United States to the credit of the District of Columbia: Provided, That the commission may refund any such fees or charges erroneously collected out of any undeposited

collections in its possession.

The annual estimates of appropriations for the government of the District of Columbia for the fiscal year 1932 and succeeding fiscal years shall include estimates of appropriations for the operation and maintenance of such offices.

# QUALIFICATIONS FOR LICENSE

SEC. 4. No license under the provisions of this act shall be issued to any person who has not attained the age of 21 years, nor to any person who can not read, write, and understand the English language; nor until the commission has received satisfactory proof that the applicant is trustworthy and competent to transact the business of a real-estate broker or real-estate salesman in such a manner as to safeguard the interests of the public.

In determining competency, the commission shall require proof that the applicant for a broker's license has a fair understanding

offer to buy, or to negotiate the purchase or sale, or exchange of real estate, or to negotiate a loan on real estate, or to lease or rent or offer to lease, rent, or place for rent, any real estate, or collect or offer or attempt to collect rent or income for the use of real estate for or in behalf of such real-estate broker.

Persons employed by a licensed real-estate broker in a clerical capacity, as collectors, or in similar subordinate and administrative positions shall not be required to obtain licenses. The real estate commission created under this act shall have power to make rules and regulations governing this evenution. gages, land contracts of sale and leases, a general and fair understanding of the obligations between principal and agent, as well as of the provisions of this act. Such proof of competency to act as broker shall not be required of any applicant who shall furnish proof of two years' experience as real-estate broker, real-estate salesman, or two years' employment in connection with the real-estate business in the District of Columbia.

No license shall be issued to any person, firm, partnership, copartnership, association, or corporation whose application has been rejected in the District of Columbia or any State within three months prior to date of application, or whose real-estate license has been revoked in the District of Columbia or any State within one year prior to date of application.

APPLICATION FOR LICENSE

### APPLICATION FOR LICENSE

SEC. 5. Every applicant for a license under the provisions of this act shall apply therefor in writing upon blanks furnished by the real estate commission.

The application of every person for a real-estate broker's license or a real-estate salesman's license shall be accompanied by the recommendation of at least two residents of the District of Columbia, real-estate owners, who have owned real estate in the District of Columbia for a period of at least one year and who are not related to the applicant but who have personally known the applicant for a period of at least six months prior to the date of application, which recommendation shall certify that the applicant bears a good reputation for honesty, truthfulness, fair dealing, and competency, and recommend that a license be granted to the applicant.

granted to the applicant.

The application of every firm, partnership, copartnership, association, or corporation for a real-estate broker's license shall state the location of the place or places for which said license is desired and set forth the period of time, if any, which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have been engaged in any business for a period of 30 days or more during the five years preceding date of application, accounting for such entire period. Such applications shall also state the name and residence of each individual member or officer of said applicant who actively participates in the brokerage business thereof. business thereof.

The application of every individual member or officer of a firm, The application of every individual member or officer of a firm, partnership, copartnership, association, or corporation for a real-estate broker's license shall state the full name and residence address of the applicant and the full name and business address of the firm, partnership, copartnership, association, or corporation with which he is or will be associated, the length of time he has been so associated, and in what capacity. Such application shall also state the period of time, if any, during which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have resided and all former places where the applicant may have been resided and all former places where the applicant may have been engaged in any business for a period of 30 days or more during the five years preceding date of application, accounting for such entire period.

entire period.

The application of each person for an individual real-estate broker's license shall state the full name of the applicant, his business address, and residence address. Such application shall also state the period of time, if any, during which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have resided and all former places where the applicant may have been engaged in any business for a period of 30 days or more during the 5 years preceding the date of application, accounting for such entire period. entire period.

the 5 years preceding the date of application, accounting for such entire period.

The application of every person for a real-estate salesman's license shall state the full name of the applicant, his residence address, and the name and business address of the real-estate broker by whom he is or will be employed. Such application shall also state the period of time, if any, during which said applicant has been engaged in the real-estate business, together with a complete list of all former places where the applicant may have resided and all former places where the applicant may have been engaged in any business for a period of 30 days or more during the 5 years preceding the date of application, accounting for such entire period. Such application shall be accompanied by a written statement by the broker by whom the applicant is employed or is about to be employed, stating that in his opinion the applicant is honest, truthful, and of good reputation, and recommending that the license be granted to the applicant.

Every application for a license under the provisions of this act shall be sworn to by the applicant and shall be accompanied by the license fee herein prescribed. In the event that the commission does not issue the license the fee shall be returned to the applicant.

applicant.

Every application for a license shall be accompanied by a bond Every application for a license shall be accompanied by a bond in the sum of \$2,500 in the case of a broker and \$1,000 in the case of a salesman, running to the District of Columbia, executed by two good and sufficient sureties, to be approved by the commission, or executed by a surety company duly authorized to do business in the District of Columbia: Provided, however, That no bond shall be required of any firm, partnership, copartnership, association, or corporation when the application of every member or officer of such firm, partnership, copartnership, association, or corporation actively participating in the brokerage business thereof is accompanied by a bond as provided for in this section. Said bond shall be in form approved by the commission and condi-

tioned that the applicant shall conduct himself and his business in accordance with the requirements of this act; and for his failso to do any person aggrieved thereby shall have, in addition to his right of action against the principal thereof, a right to bring suit against the surety on said bond either alone or jointly with the principal thereon, and to recover in an amount not exceeding the penalty of the bond any damages sustained by reason of any act, representations, transaction, or conduct of the principal which may be prohibited by this act or enumerated as one of the causes for suspension or revocation of a license granted hereunder.

granted hereunder.

The commission, with due regard to the paramount interest of the public, may require other reasonable proof of the honesty, truthfulness, and integrity of the applicant.

The commission is expressly vested with the power and authority to make and enforce any and all such reasonable rules and regulations connected with the application for any license as shall be deemed necessary to administer and enforce the provisions of this act. sions of this act.

### PROCEDURE WHEN LICENSE IS REFUSED APPLICANT

SEC. 6. The commission, after an application in proper form has been filed, shall before refusing to issue a license set the application down for a hearing and determination as hereinafter provided in section 9.

#### DETAILS RELATING TO LICENSE

SEC. 7. The commission shall issue to each licensee a license in such form and size as shall be prescribed by the commission. Every license shall show the name and address of the licensee, and if licensee is a member or officer of a firm, partnership, copartnership, association, or corporation, the full name and address of such firm, partnership, copartnership, association, or corporation shall also be shown on said license. Licenses issued to real-estate salesmen shall in addition show the name and address of the real-estate broker by whom the said salesman is or will be employed. Each license shall have imprinted thereon the

dress of the real-estate broker by whom the said salesman is or will be employed. Each license shall have imprinted thereon the seal of the commission, and in addition to the foregoing shall contain such matter as shall be prescribed by the commission. The license of each real-estate salesman shall be delivered or mailed to the real-estate broker by whom such real-estate salesman is employed and shall be kept in the custody and control of such broker. It shall be the duty of each real-estate broker to conspicuously display his license in his place of business.

At any time within six months, but not thereafter, after the issuance of an original license the commission may, upon its own motion, and shall, upon the verified complaint, in writing, of any person, provided such complaint, or such complaint together with evidence, documentary or otherwise, presented therewith, shall make out a prima facic case that the licensee is unworthy to hold such license, notify the licensee, in writing, that the question of his honesty, competency, truthfulness, and integrity will be reopened and determined de novo. Such written notice may be served by delivery thereof personally to the licensee or by mailing same by registered mail to the last known business address of the licensee. Thereupon the commission may require and procure further proof of the licensee's trustworthiness and competency, and if such proof shall not be satisfactory such license shall be recalled and shall thereafter be null and void. Upon the recall of any such license it shall be the duty of the licensee to surrender to the commission such license.

The fee for an original real-estate broker's license and every the commission such license.

The fee for an original real-estate broker's license and every renewal thereof shall be \$15.

No fee shall be charged for any original license or renewal thereof issued to any firm, partnership, copartnership, association, or corporation all of whose members or officers actively participating in the brokerage business thereof have been issued a broker's license.

The fee for an original real-estate salesman's license and every

The fee for an original real-estate salesman's license and every annual renewal thereof shall be \$5.

Every license shall expire on the 1st day of July of each year, except that the original or initial licenses first issued under the provisions of this act shall expire on the 1st day of July, 1933, subject, however, to revocation as hereinbefore provided.

The commission shall issue a new license for each ensuing year, in the absence of any reason or condition which might warrant the refusal of the granting of a license, upon receipt of the written request of the applicant and the annual fee therefor, as herein required. The revocation of a broker's license shall automatically suspend every real-estate salesman's license granted to any person by virtue of his employment by the broker whose license has been revoked, pending a change of employer and the issuance of a new license. Such new license shall be issued without charge if granted during the same license year in which the original license is granted.

No person, firm, partnership, copartnership, association, or corporation engaged in the business or acting in the capacity of a real-estate broker or a real-estate salesman within the District of Columbia shall bring or maintain any action in the courts of the District of Columbia for the collection of compensation for any services performed as a real-estate broker or a real-estate salesman or enforcement of any contract relating to real estate without alleging and proving that such person, firm, partnership, copartnership, association, or corporation was a duly licensed real-estate broker or real-estate salesman at the time the alleged cause of action arose.

Every real-estate broker shall maintain a place of business in the District of Columbia. If a real-estate broker maintains more than one place of business within the District of Columbia, a

duplicate license shall be issued to such broker for each branch office maintained; and there shall be no fee charged for any such duplicate license

Notice in writing shall be given to the commission by each licensee of any change of principal business location, whereupon the commission shall issue a new license for the unexpired period without charge. The change of business location without notification to the commission shall automatically cancel the license theretofore issued.

When any real-estate salesman shall be discharged or shall terminate his employment with the real-estate broker by whom he is employed, it shall be the duty of such real-estate broker to immediately deliver or mail by registered mail to the commission such real-estate salesman's license. The real-estate broker shall, at the time of delivering or mailing such real-estate salesman's at the time of delivering or mailing such real-estate salesman's license to the commission, address a communication by registered mail to the last-known residence address of such real-estate salesman, which communication shall advise such real-estate salesman that his license has been delivered or mailed to the commission. A copy of such communication to the real-estate salesman shall accompany the license when mailed or delivered to the commission. It shall be unlawful for any real-estate salesman to perform any of the acts contemplated by this act, either directly or indirectly, under authority of said license from and after three days following such delivery or mailing of the said license by said broker to the commission.

There shall be no additional fee for the reissuance of a salesman's license necessitated by the change of employers, nor shall such change work a revocation or require a renewal of the salesman's bond.

# SUSPENSION OR REVOCATION OF LICENSE FOR CAUSES ENUMERATED

Sec. 8. The commission may, upon its own motion, and shall, upon the verified complaint in writing of any person, provided such complaint or such complaint together with evidence, documentary or otherwise, presented in connection therewith, make out a prima facie case, investigate the conduct of any real-estate broker or real-estate salesman, or any person who shall assume to act in either such capacity within the District of Columbia, and shall have the power to suspend or to revoke any license issued under the provisions of this act, at any time where the issued under the provisions of this act, at any time where the licensee has by false or fraudulent representation obtained a license; or where the licensee, in performing or attempting to perform any of the acts mentioned herein, has

(a) Made any substantial misrepresentation;
(b) Made any false promises of a character likely to influence, persuade, or induce;

(c) Pursued a continued and flagrant course of misrepresentation, or making of false promises through agents or salesmen, or advertising or otherwise;

 (d) Acted for more than one party in a transaction without the knowledge of all parties for whom he acts;
 (e) Accepted a commission or valuable consideration as a realestate salesman for the performance of any of the acts specified in this act from any person, except an employer who is a licensed

real-estate broker;
(f) Represented or attempted to represent a real-estate broker other than the employer, without the express knowledge and con-

sent of the employer;

(g) Failed, within a reasonable time, to account for or to remit any money, valuable documents, or other property coming into his possession which belong to others;
(h) Demonstrated such unworthiness or incompetency to act as

real-estate broker or salesman as to endanger the interests of

the public;

the public;

(i) Paid or offered to pay a commission or valuable consideration to any person for acts or services in violation of this act, with knowledge of such violation or where reasonable diligence has not been exercised to acquire such knowledge; or

(j) Been guilty of any other conduct, whether of the same or a different character from that hereinbefore specified, which constitutes fraudulent or dishonest dealing.

#### PROVISION FOR HEARING BEFORE APPLICATION IS REFUSED OR LICENSE SUSPENDED OR REVOKED

SUSPENDED OR REVOKED

Sec. 9. The commission shall, before denying an application for license, or before suspending or revoking any license, set the matter down for a public hearing, and at least 10 days prior to the date set for the hearing it shall notify the applicant or licensee in writing of any charges made and shall afford said applicant or licensee an opportunity to be heard in person or by counsel in reference thereto. Such written notice may be served by delivery of same personally to the applicant or licensee or by mailing same by registered mail to the last-known business address of such applicant or licensee. If said applicant or licensee be a salesman, the commission shall also notify the broker employing him, or whose employ he is about to enter, by mailing notice by registered mail to the broker's last-known address. The hearing on such charges shall be at such time and place as the commission shall prescribe. The commission shall have the power to subpœna and charges shall be at such time and place as the commission shall prescribe. The commission shall have the power to subpema and bring before it any person in the District of Columbia, or take testimony of any such person by deposition in the same manner and with the same fees and mileage as prescribed by law in judicial procedure in the Supreme Court of the District of Columbia in civil cases. It shall also have the power to require the production of books, records, papers, and documents by subpema or otherwise. Any party to any hearing before the commission shall have the right to the attendance of witnesses in his behalf at such hearing upon making request therefor to the commission and designating the person or persons sought to be subpenaed. If the commission shall determine that any applicant is not qualified to receive a license, a license shall not be granted to said applicant; and if the commission shall determine that any licensee is guilty of a violation of any of the provisions of this act, his or its licenses shall be suspended or revoked. All evidence before and findings of fact made by the commission and questions of law involved in any final decision or determination of the commission shall be subject to review by the Supreme Court of the District of Columbia upon a writ of certiorari, mandamus, or by any other method permissible under the rules and practices of said court or the laws of the District of Columbia, and the said court may make such further orders with respect thereto as justice may require: Provided, however, That application is made by the aggrieved party to the court within 30 days after any determination by the commission or within 60 days after formal termination by the commission or within 60 days after formal request shall be made upon it for action. Such application shall operate as a stay of any action or finding of the commission revoking or suspending a license, and until final decision by the Supreme Court of the District of Columbia such licensee shall

have the right to continue in business.

An appeal may be taken from the judgment of the said court on any such appeal on the same terms and conditions as an appeal is taken in civil actions.

### NONRESIDENT BROKERS AND SALESMEN

SEC. 10. A nonresident of the District of Columbia may become a real-estate broker or a real-estate salesman in the District of Columbia by conforming to all of the conditions of this act, except that the application of such person for a license need not be accompanied by the recommendation of real-estate owners in the District of Columbia prescribed in paragraph 2 of section 5 of this act, but in lieu thereof the commission shall require the filing of like recommendations by similarly qualified real-estate owners of property in the State, Territory, or country of such applicant's residence.

(2) The commission may recognize, in lieu of the recommenda-tion and statements otherwise required by this act to accompany an application for a license, the valid and existing license issued an application for a license, the valid and existing license issued to a nonresident to act as a real-estate broker or salesman by any State having a law for the licensing of such brokers and salesmen similar to this act, upon payment of the license fee prescribed by this act and the filing by the applicant with the commission of a duly authenticated copy of applicant's license issued by such State: Provided, however, That every nonresident applicant shall file an irrevocable consent that suits and actions may be commenced against such applicant in the proper courts of the District of Columbia by the service of any process or pleadings authorized by the laws of the United States applying to the District of Columbia on the secretary of the commission, said consent stipulating and agreeing that such service of such process or pleadings on said secretary shall be taken and held in all courts to be as valid and binding as if due or personal service had been made upon said applicant in the District of Columbia. Said instrument containing such consent shall be duly acknowledged and if made by a corporation shall be authenticated by the seal thereof. All such applications, except from individuals, shall be accompanied by a duly certified copy of the resolution of the proper officers or managing board, authorizing the proper officer to execute the same. managing board, authorizing the proper officer to execute the same. In case any process or pleadings mentioned in the act are served upon the secretary of the commission, it shall be by duplicate copies, one of which shall be filed in the office of the commission and the other immediately forwarded by registered mail to the residence address given by the applicant against which said process or pleadings are directed: *And provided further*, That every nonresident of the District of Columbia shall file a bond in form and contents the same as is required of applicants under section 5 of this act.

# POWER TO OBTAIN EVIDENCE

SEC. 11. Each member of the commission and its duly authorized representatives may administer oaths to witnesse

In case of the refusal of any person to comply with any subpæna issued hereunder or to testify to any matter regarding which he may lawfully be interrogated, the Supreme Court of the District of Columbia or any judge thereof, on application of any member of the commission, shall issue an order requiring such person to comply with such subpœna and to testify or either, and any failure to obey such order of the court may be punished by the court as a contempt thereof.

# OTHERS EXEMPT

Sec. 12. It shall not be necessary for any trustee or auctioneer acting under authority of a power of sale in a mortgage, deed of trust, or similar instrument securing the payment of a bona fide debt, nor any bank, trust company, building and loan association, or any land-mortgage or farm-loan association, organized under the laws of the United States, when engaged in the transaction of business within the scope of its corporate powers and provided by law, to obtain a license under this act.

# PUBLICATION OF LIST OF LICENSEES

Sec. 13. The commission shall publish at least annually a list of the names and addresses of all licensees licensed by it under the provisions of this act and of all persons whose license has been suspended or revoked within one year, together with a succinct report of its work during the year. Such list shall be mailed by the commission to any person in the District of Columbia upon request.

### FRAUDULENT TRANSFERS OR LOANS

SEC. 14. It shall be unlawful for any person, copartnership, association, or corporation to enter into or become a party to any conciation, or corporation to enter into or become a party to any contract, agreement, or understanding, or in any manner whatsoever to consider, combine, conspire, or act with another or others, (a) to execute a deed conveying real property in the District of Columbia that is not a bona fide sale, but is instead a simulated sale of such property, executed for the purpose and with the intent of misleading others as to the value of such property, and which in fact does so mislead and/or defraud others, to their detriment; or (b) to execute a mortgage or deed of trust upon real property situated in the District of Columbia that does not in fact represent security for a bona fide indebtedness, but which is in reality a simulated transaction, executed for the purpose and with the intent of misleading or deceiving others as to the value of the property and which does mislead, deceive, or defraud others to their detriment.

#### CONVICTION OF CRIME

Sec. 15. Where during the term of any license issued by the commission the licensee shall be convicted in a court of competent jurisdiction in the District of Columbia or any State (including Federal courts) of forgery, embezzlement, obtaining money under false pretenses, extortion, criminal conspiracy to defraud, or other like offense or offenses and a duly certified or exemplified copy of the record in such proceedings shall be filed with the commission, the commission shall revoke forthwith the license by it theretofore issued to the licensee so convicted. issued to the licensee so convicted.

issued to the licensee so convicted.

In the event that any licensee shall be indicted in the District of Columbia or any State or Territory (including Federal courts) for forgery, embezzlement, obtaining money under false pretenses, extortion, criminal conspiracy to defraud, or like offense or offenses, and a certified copy of the indictment be filed with the commission, or other proper evidence thereof be to it given, the commission shall have authority, in its discretion, to suspend the license issued to such licensee pending trial upon such indictment. No license shall be issued by the commission to any person known by it to have been, within five years theretofore, convicted of forgery, embezzlement, obtaining money under false pretenses, extortion, criminal conspiracy to defraud, or other like offense or offenses, or to any copartnership of which such person is a member, or to any association or corporation of which said person is an officer, director, or employee, or in which as a stockholder such person has or exercises a controlling interest either directly or an officer, director, or employee, or in which as a stockholder such person has or exercises a controlling interest either directly or indirectly. In the event of the revocation or suspension of the license issued to any member of a copartnership, or to any officer of an association or corporation, the license issued to such copartnership, association, or corporation shall be revoked by the commission, unless, within a time fixed by the commission, where a copartnership, the connection therewith of the member whose license has been revoked shall be severed and his interest in the copartnership and his share in its activities brought to an end or copartnership and his share in its activities brought to an end, or where an association or corporation, the offending officer shall be discharged and shall have no further participation in its activity.

SEC. 16. Any person or corporation violating any provision of this act shall upon conviction thereof, if a person, be punished by a fine of not more than \$500, or by imprisonment for a term not to exceed six months, or by both such fine and imprisonment, in the discretion of the court; and if a corporation, be punished by a fine of not more than \$1,000. Any officer, director, employee, or agent of a corporation, or member, employee, or agent of a firm, partnership, copartnership, or association, who shall personally participate in or be accessory to any violation of this act by such firm, partnership, copartnership, association, or corporation, shall be subject to the penalties herein prescribed for individuals.

This act shall not be construed to release any person, partnership, association, or corporation from civil liability or criminal prosecution under the laws applying to the District of Columbia.

All prosecutions for violation of this act shall be begun in the police court of the District of Columbia in the name of the District of Columbia and under the direction and charge of the cor-

trict of Columbia and under the direction and charge of the corporation counsel of the District of Columbia. The corporation counsel of the District of Columbia and his assistants shall also be counsel for the commission in all suits to which it may be a party, and shall advise the commission and at its request attend any and all hearings which it may hold in the performance of its duties hereunder.

# SAVING CLAUSE

SEC. 17. If any section, subsection, sentence, clause, phrase, or requirement of this act is, for any reason, held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions thereof. The Congress of the United States hereby declares that it would have passed this act, and each sec-tion, subsection, sentence, clause, phrase, and requirement thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or requirements be declared unconsti-tutional or invalid.

# REPEALING CLAUSE

SEC. 18. All laws or parts of laws in conflict with this act be, and

the same are hereby, repealed.

SEC. 19. This act, except as otherwise provided herein, shall take effect on and after 90 days from the date of its enactment.

The amendments were agreed to.

Mr. KING. Mr. President, I should like to ask the Senator from Wisconsin just how far this bill goes in imposing punishment for individuals who might in a casual way make disposition of property or solicit a person to purchase a piece of property in which they were directly or indirectly in-

Mr. BLAINE. Mr. President, the penalty clauses are very mild. A fine of \$500 and imprisonment for not more than six months is provided, and in the case of a corporation it is double the fine.

Mr. KING. The Senator doubtless has learned of the fact that in this city there are a number of persons, some of whom are widows of persons who have been in public life, or other ladies who have no employment and no means of support, who, without maintaining an office, learning of some friend or some other person who desires to purchase a piece of property, form contacts with such person or persons and act as agents. Does the bill bring them within its provisions and subject them to punishment if they fail to take out a license?

Mr. BLAINE. Possibly, technically, it would. The license fee in those cases is \$5. The punishment might be a dollar. I doubt very much if any attempt would be made to prosecute a mere casual sale such as the Senator describes.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PREVENTION OF FRAUD IN SALE OF STOCKS, BONDS, ETC.

The Senate proceeded to consider the bill (S. 3362) to present fraud in the promotion or sale of stocks, bonds, or other securities sold or offered for sale within the District of Columbia; to control the sale of the same; to register persons selling stocks, bonds, or other securities; to provide punishment for the fraudulent or unauthorized sale of the same; to make uniform the law in relation thereto; and for other purposes, which had been reported from the Committee on the District of Columbia with amendments, on page 9. line 19, after the word "laws of," to insert "the District of Columbia or the United States or of any State"; on page 22, line 13, after the words "less than," to strike out "\$20" and insert "\$5"; and, on page 26, line 9, after the words "less than," to strike out "\$20" and insert "\$5," so as to make the bill read:

Be it enacted, etc.,

# DEFINITIONS

SECTION 1. When used in this act the following terms shall, unless the text otherwise indicates, have the following respective

meanings:
(1) "Security" shall include any note, stock, treasury stock, bonds, debenture, evidence of indebtedness, certificate of interest or participation, or right to subscribe to any of the foregoing, cer-tificates of interest in a profit-sharing agreement, certificate of interest in an oil, gas, or mining lease, collateral trust certificate, preorganization certificate, preorganization subscription, any transferable share, investment contract, or beneficial interest in title to property, profits or earnings or any other instrument commonly known as a security, including an interim or temporary bond, debenture, note, certificate, or receipt for a security or for subscription to a security

(2) "Person" shall include a natural person, a corporation created under the laws of the United States, District of Columbia, or any State, country, sovereignty, or political subdivision thereof, a partnership, an association, a joint-stock company, a trust, and any unincorporated organization. As used herein the term "trust" shall not include a trust created or appointed under or by virtue of a last will and testament, or by a court of law or equity, or any

shall not include a trust created or appointed under or by virtue of a last will and testament, or by a court of law or equity, or any public charitable trust.

(3) "Sale" or "sell" shall include every disposition, or attempt to dispose of a security or interest in a security for value. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. "Sale" or "sell" shall also include a contract to sell, an exchange, an attempt to sell, an option of sale, a solicitation of a sale, a subscription or an offer to sell, directly or by an agent, or a circular, letter, advertisement, or otherwise: Provided, That a privilege pertaining to a security giving the holder the privilege to convert such security into another security of the same issuer shall not be deemed a sale of such other security within the meaning of this definition and such privilege shall not be construed as affecting the status of the security to which such privilege pertains with respect to exemption or registration under the provisions of this act, but when such privilege of conversion shall be exercised such conversion shall be subject to the limitations hereinafter provided in subsection (h) of section 5: And provided further, That the issue or transfer of a right

pertaining to a security and entitling the holder of such right to subscribe to another security of the same issuer, when such right is issued or transferred with the security to which it pertains, is issued or transferred with the security to which it peterns, shall not be deemed a sale of such other security within the meaning of this definition and such right shall not be construed as affecting the status of the security to which such right pertains with respect to exemption or registration under the provisions of this act; but the sale of such other security upon the exercise of

such right shall be subject to the provisions of this act.

(4) "Dealer" shall include every person other than a salesman who in the District of Columbia engages either for all or part of his time directly or through an agent in the business of selling any securities issued by another person or purchasing or otherwise acquiring such securities from another for the purpose of reselling them or of offering them for sale to the public, or offering, buying, selling, or otherwise dealing or trading in securities as agent or principal for a commission or at a profit, or who deals in futures principal for a commission or at a profit, or who deals in futures or differences in market quotations of prices or values of any securities or accepts margins on purchases or sales or pretended purchases or sales of securities: *Provided*, That the word "dealer" shall not include a person having no place of business in the District of Columbia who sells or offers to sell securities exclusively to brokers or dealers actually engaged in buying and selling securities as a business

to brokers or dealers actually engaged in Edyling and securities as a business.

(5) "Issuer" shall mean and include every person who proposes to issue, has issued, or shall hereafter issue any security. Any person who acts as a promoter for and on behalf of a corporation, trust, or unincorporated association or partnership of any kind to be formed shall be deemed to be an issuer.

(6) "Salesman" shall include every natural person, other than a composited or authorized by a dealer or

a dealer, employed or appointed or authorized by a dealer or issuer, to sell securities in any manner in the District of Columbia. issuer, to sell securities in any manner in the District of Columbia. The partners of a partnership and the executive officers of a corporation or other association registered as a dealer shall not be salesmen within the meaning of this definition.

(7) "Broker" shall mean dealer as herein defined.

(8) "Agent" shall mean salesman as herein defined.

(9) "Commission" shall mean the Public Utilities Commission of the District of Columbia.

(9) "Commission" shall mean the Tubble 19 of the District of Columbia.
(10) "Mortgage" shall be deemed to include any trust instru-

ment to secure a debt.

#### ADMINISTRATION OF ACT

SEC. 2. The administration of the provisions of this act shall be vested in the Public Utilities Commission of the District of Columbia, which is authorized to act through a division to be designated as the Bureau of Securities.

# ENFORCEMENT OF ACT

SEC. 3. The commission shall employ from time to time such officers, attorneys, clerks, and employees as may be necessary for the administration of this act. They shall perform such duties as the commission shall assign to them, and their compensation shall be fixed in like manner as that of other employees of the commission.

The commission or any person appointed or employed by the commission shall be paid, in addition to their salary or compensation when required to travel on official duty, the railroad fare, board, lodging, and other traveling expenses necessary and actually incurred by each of them in the performance of the duties required by this act or performed by the direction of the com-

The commission shall keep a complete public record of all its meetings, of its acts, and of the business it transacts under and in accordance with the provisions of this act, and may prepare all necessary rules, regulations, and blank forms for the conduct of its business and to make effectual the purpose and provisions of this act.

The commission shall report annually to Congress, as soon as possible after January 1, such report to contain a report of the work of the commission under this act during the preceding calendar year, and such data, information, and recommendation as may be necessary or appropriate.

# EXEMPT SECURITIES

SEC. 4. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following classes of securities:

(a) Any security issued or guaranteed by the United States or any Territory or insular possession thereof, or by the District of Columbia or by any State of the United States or political subdivision or agency thereof.

(b) Any security issued or guaranteed by any foreign government with which the United States is at the time of the sale or offer of sale thereof maintaining diplomatic relations.

ment with which the United States is at the time of the sale of offer of sale thereof maintaining diplomatic relations, or by any State, Province, or political subdivision thereof having the power of taxation or assessment, which security is recognized at the time it is offered for sale in the District of Columbia as a valid obligation by such foreign government or by such State, Province, or political subdivision thereof issuing the same.

(c) Any security issued by and representing an interest in or a direct obligation of a national bank or issued by any Federal land bank or joint-stock land bank or national farm loan association bank or joint-stock land bank or hational farm loan association under the provisions of the Federal farm loan act of July 17, 1916, or by any corporation created and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States.

(d) Any security issued or guaranteed either as to principal, interest, or dividend by a corporation owning or operating a rail-

road or any other public-service utility: Provided, That such corporation is subject to regulation or supervision as to its rates and charges and as to the issue of its own securities by a public com-mission, board, or officer of the Government of the United States, or of any State, Territory, or insular possession thereof, or of any municipality located therein, or of the District of Columbia, or of the Dominion of Canada or any Province thereof; also equipment securities based on chattel mortgages, leases, or agreements for conditional sale of cars, motive power, or other rolling stock mortgaged, leased, or sold to or furnished or the use of or upon mortgaged, leased, or sold to or furnished or the use of or upon such railroad or other public-service utility corporation or where the ownership or title of such equipment is pledged or retained in accordance with the provisions of the laws of the United States or of any State, or of the Dominion of Canada, to secure the payment of such equipment securities; also bonds, notes, or other evidences of indebtedness issued by a holding corporation and secured by collateral consisting of any securities hereinabove in this clause (d) described: *Provided*, That the collateral securities equal in fair value at least 125 per cent of the par value of the bonds, notes, or other evidences of indebtedness so secured.

(e) Any security issued by a corporation organized exclusively

(e) Any security issued by a corporation organized exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any private stockholder or individual.

(1) Securities appearing in any list of securities dealt in on any recognized and responsible stock exchange or similar organization which has been previously approved by the commission, and which securities have been so listed pursuant to official authorization by such exchange, and also all securities senior to any securities so such exchange, and also all securities senior to any securities so listed, or represented by subscription rights which have been so listed, such securities to be exempt only so long as such listing shall remain in effect. The commission shall have power at any time to withdraw approval theretofore granted by it to any exchange, and upon such withdrawal no security listed on such exchange shall be longer entitled to the benefit of such exemption. The commission shall also have power to deny this exemption with reference to any particular security listed on any such exchanges, by order published in such manner as the commission shall find proper.

changes, by order published in such manner as the commission shall find proper.

(g) Any security issued by and representing an interest in or a direct obligation of any bank, trust company, or savings institution incorporated under the laws of the District of Columbia or the United States or of any State and subject to the examination, supervision, and control of the District of Columbia or the United States; or by any insurance company under the supervision of the superintendent of insurance of the District of Columbia; or issued by any building and loan association of the District of Columbia

under like supervision.

(h) Negotiable promissory notes or commercial paper: Provided, That such issue of notes or commercial paper matures in not more than 12 months from date of issue and shall be issued within three

months after the date of sale.

(i) Any security, other than common stock, providing for a fixed return, which has been outstanding and in the hands of the public for a period of not less than 10 years, upon which no default in payment of principal or failure to pay the return fixed, has occurred for a continuous immediately preceding period of five

# EXEMPT TRANSACTIONS

Sec. 5. Except as hereinafter expressly provided, the provisions of this act shall not apply to the sale of any security in any of

the following transactions:

(a) At any judicial, executor's, administrator's, guardian's, or conservator's sale, or at any sale by a receiver or trustee in insolvency or bankruptcy.

(b) By or for the account of a pledge holder or mortgagee sell-

ing or offering for sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this act, to liquidate a bona fide debt, a security pledged in good faith as security for such debt.

(c) An isolated transaction in which any security is sold, offered

(c) An isolated transaction in which any security is sold, offered for sale, subscription, or delivery by the owner thereof, or by his representative for the owner's account, such sale or offer for sale, subscription, or delivery not being made in the course of repeated and successive transactions of a like character by such owner, or on his account by such representative, and such owner or representative not being the underwriter of such security.

(d) The distribution by a corporation, actively engaged in the business authorized by its charter, of securities to its stockholders or other securities holders as a stock dividend or other distribution out of earnings or surplus; or the issuance of securities to the security holders or other creditors of a corporation in the process of a bona fide reorganization of such corporation made in good fatth and not for the purpose of avoiding the provisions of good faith and not for the purpose of avoiding the provisions of this act, either in exchange for the securities of such security holders or claims of such creditors or partly for cash and partly in exchange for the securities or claims of such security holders or creditors; or the issuance of additional capital stock of a corporation sold or distributed by it among its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale or distribution of

such increased capital stock.

(e) The sale, transfer, or delivery of any securities to any bank, savings institution, trust company, insurance company, or to any corporation, or to any broker or dealer: *Provided*, That such broker or dealer is actually engaged in buying and selling securities

as a business.

(f) The transfer or exchange by one corporation to another corportion of their own securities in connection with a consolidation or merger of such corporations.

(g) Bonds or notes secured by mortgage upon real estate or tangible personal property where the entire mortgage, together with all of the bonds or notes secured thereby, are sold to a single purchaser at a single sale.

(h) The issue and delivery of any security in exchange for any other security of the same issuer pursuant to a right of conversion entitling the holder of the security surrendered in exchange to make such conversion: *Provided*, That the security so surrendered has been registered under the law or was, when sold, exempt from the provisions of the law and that the security issued and delivered in exchange if sold at the conversion price would at the time of such conversion fall within the class of securities entitled to registration by notification under the law. Upon such conversion the par value of the security surrendered in such exchange shall be deemed the price at which the securities issued and delivered in such exchange are sold.

(i) Subscriptions for shares of the capital stock of a corporation prior to the incorporation thereof under the laws of the District of Columbia, when no expense is incurred, or no commission, compensation, or remuneration is paid or given for or in connection with the sale or disposition of such securities.

#### REGISTRATION OF SECURITIES

Sec. 6. No securities except of a class exempt under any of the provisions of section 4 hereof or unless sold in any transaction exempt under any of the provisions of section 5 hereof shall be sold within the District of Columbia unless such securities shall have been registered by notification or by qualification as herein-after defined. Registration of stock shall be deemed to include the registration of rights to subscribe to such stock if the notice under section 7 or the application under section 8 for registration of such stock includes a statement that such rights are to be issued. A stock includes a statement that such rights are to be issued. A record of the registration of securities shall be kept in a register of securities to be kept in the office of the commission in which register of securities shall also be recorded any orders entered by the commission with respect to such securities. Such register and all information with respect to the securities registered therein shall be open to public inspection.

#### REGISTRATION BY NOTIFICATION

SEC. 7. 1. Securities entitled to registration by notification. The following classes of securities shall be entitled to registration by notification in the manner provided in this section:

(1) Securities issued by a corporation, partnership, association, company, syndicate, or trust owning a property, business, or industry which has been in continuous operation not less than 3 years and which has shown, during a period of not less than 2 years are than 10 years next prior to the close of its last fiscal year preceding the offering of such securities, average annual net earnings, after deducting all prior charges not including the charges upon securities to be retired out of the proceeds of sale,

(a) In the case of interest-bearing securities, not less than one and one-half times the annual interest charge thereon and upon all other outstanding interest-bearing obligations of equal rank.

(b) In the case of preferred stock, not less than one and one-half times the annual dividend requirements on such preferred stock and on all other outstanding stock of equal rank.

(c) In the case of common stock not less than 5 per cent upon all outstanding common stock of equal rank, together with the amount of common stock then offered for sale reckoned upon the price at which such stock is then offered for sale or sold.

The ownership by a corporation, partnership, association, company, syndicate, or trust of more than 50 per cent of the outstanding voting stock of a corporation shall be construed as the proing voting stock of a corporation shall be construed as the proportionate ownership of the property, business, or industry of such corporation, and shall permit the inclusion of the earnings of such corporation applicable to the payment of dividends upon the stock so owned in the earnings of the corporation, partnership, association, company, syndicate, or trust issuing the securities sought to be registered by notification.

(2) Bonds or notes secured by first mortgage on real estate in

any State or Territory of the United States or in the District of Columbia or in the Dominion of Canada where such real estate consists of agricultural lands used and valuable for agricultural consists of agricultural lands used and valuable for agricultural purposes (not including oil, gas, or mining property) and where the aggregate face value of the bonds or notes, not including interest notes or coupons, secured on such property does not exceed 70 per cent of the then assessed value of said lands plus 60 per cent of the insured value of any improvement thereon.

(3) Bonds or notes secured by first mortgages on real estate in any State or Territory of the United States or in the District of

Columbia or in the Dominion of Canada where such real estate consists of improved city, town, or village property and where the aggregate face value of such bonds or notes, not including interest aggregate face value of such bonds or notes, not including interest notes or coupons, secured on such property does not exceed 80 per centum of the then assessed value of said property, including any improvements appurtenant thereto, and when said property is used principally to produce through rental a net annual income, after deducting operating expenses and taxes, at least equal to the annual interest plus not less than 3 per cent of the principal of said mortgage indebtedness.

(4) Pords or notes secured by a first mortgage upon real estate.

(4) Bonds or notes secured by a first mortgage upon real estate in any State or Territory of the United States or in the District of Columbia where the mortgage is a first mortgage upon city,

town, or village real estate, upon which real estate a building or buildings is or are about in good faith forthwith to be erected buildings is or are about in good faith forthwith to be erected according to the express terms of the mortgage, and where reasonably adequate provision has been made by surety or otherwise for financing the full completion of said building clear of any lien superior to said mortgage, and where the aggregate face value of the bonds or notes, not including interest notes or coupons, secured by such first mortgage does not exceed 70 per cent of the assessed value of such mortgaged property, plus the actual cost of the building or buildings to be received thereon as afforestic cost of the building or buildings to be erected thereon as aforesaid, and where said mortgaged property is to be used principally to produce through rental a net annual income, after deducting operating expenses and taxes, at least equal to the annual interest plus not less than 3 per cent of the principal of said mortgage indebtedness: Provided, That all advertisements, circulars, and letters advertising the sale of said bonds or notes and all receipts or payments therefor shall bear in bold or black-face type, not less than 18-point in size, upon the face thereof a legend stating that said bonds or notes are construction bonds or notes, and all other written or printed offerings of said bonds or notes shall bear a statement to the like effect.

(5) Bonds or notes secured by first lien on collateral pledged as security for such bonds or notes with a bank or trust company as trustee, which bank or trust company is incorporated under the laws of and subject to examination and supervision by the United States or by a State of the United States, which collateral shall consist of one or more of the following: (a) A principal amount of first-mortgage bonds or notes conforming to the requirements of any one or more of subsections (2), (3), and (4) of section 7; (b) a principal amount of obligations secured as hereinafter in this subsection provided; (c) a principal amount of obligations of the United States; (d) cash; the aggregate to be not obligations of the United States; (d) cash; the aggregate to be not less than 100 per cent of the aggregate principal amount of all bonds or notes secured thereby. The portion of such collateral referred to in clause (b) shall consist of obligations secured by a first lien on a principal amount of first-mortgage bonds or notes confirming to the requirements of any one or more of subsections (2), (3), and (4) of section 7, or a principal amount of obligations of the United States or cash equal to not less than 100 per cent of the aggregate principal amount of such obligations so secured thereby, and all such pledged securities, including cash so securing such obligations, shall have been deposited with a bank or trust company as trustee, which bank or trust company is incorporated under the laws of and subject to examination and supervision by the United States or by a State of the United supervision by the United States or by a State of the United

States.

(6) The commission shall have power and authority to receive registration by notification of other securities which are substantially of the same quality and description as one or more of the specific classes above named, although not specifically heretofore described.

# II. PROCEDURE FOR REGISTRATION BY NOTIFICATION

Securities entitled to registration by notification shall be registered by the filing by the issuer or by any registered dealer interested in the sale thereof in the office of the commission of a verified statement under oath with respect to such securities containing the following:

(a) Name of issuer, location, and, if incorporated, place of

incorporation.

(b) A brief description of the security, including amount of the Amount of securities to be offered in the District of

Columbia.

(d) A brief statement of the facts which show that the security falls within one of the classes in this section defined: Provided, That in any case where there is a requirement herein as to assessed value of property, such value shall be shown by the filing of a certificate of the assessor or other proper public official: And provided further, That if by law, ordinance, official regulation, or other governmental provision, assessment is on a fixed basis less than 100 per cent of fair or full market value, adjustment of such assessment shall be allowed for the purposes hereof to the full and fair market value basis.

(e) The price at which the securities are to be offered for sale

to the public.

In the case of securities falling within the class defined by subsection (1), a copy of the circular and/or advertisement to be used for the public offering shall be filed in the office of the commission with the statement or within two days thereafter, or within such further time as the commission shall allow.

In the case of securities falling within the classes defined by subsections (2), (3), (4), and (5), the circular and/or advertisement to be used for the public offering shall be filed with the statement.

The filing of such statement in the office of the commission and the payment of the fee hereinafter provided shall constitute the registration of such security. Upon such registration such securities may be sold in the District of Columbia by any registration. tered dealer giving notice in the manner hereinafter provided in section 11, subject, however, to the further order of the commis-

sion as hereinafter provided.

If at any time in the opinion of the commission the information contained in the statement or circular filed is or has become misleading, incorrect, inadequate, or incomplete, or the sale or offering for sale of the security may work or tend to work a fraud, the commission may require from the person filing such statement such further information as may in its judgment be neces-

sary to establish the classification of such security as claimed in said statement or to enable the commission to ascertain whether the registration of such security should be revoked on any ground specified in section 10, and the commission may also suspend the specified in section 10, and the commission may also suspend the right to sell such security pending further investigation by entering an order specifying the grounds for such action, and by notifying by mail, or personally, or by telephone, confirmed in writing, or by telegraph, the person filing such statement and every registered dealer who shall have notified the commission of an intention to sell such security. The refusal to furnish information required by the commission within a reasonable time to be fixed by the commission shall be proper ground for the entry of such order of suspension no further sales of such security shall be made until the further order of the commission further order of the commission.

In the event of the entry of such order of suspension the com-mission shall upon request give a prompt hearing to the parties interested. If no hearing is requested within a period of 20 days from the entry of such order, or if upon such hearing the commission shall determine that any such security does not fall within a class entitled to registration under this section, or that the sale thereof should be revoked on any ground specified in section 10, it shall enter a final order prohibiting sales of such security, with its findings with respect thereto: *Provided*, That if the finding with respect to such security is that it is not entitled to registration under this section, the applicant may apply for registration by qualification by complying with the requirements of section 8. Intil the entry of such final order the suspension of the right to sell, though binding upon the persons notified thereof, shall be deemed confidential, and shall not be published, unless it shall appear that the order of suspension has been violated after notice. appear that the order of suspension has been violated after notice. Appeals from such final order may be taken as hereinafter provided. If, however, upon such hearing, the commission shall find that the security is entitled to registration under this section, and that its sale will neither be fraudulent nor result in fraud, it shall forthwith enter an order revoking such order of suspension, and such security shall be restored to its status as a security registered under this section as of the date of such order of suspension.

At the time of filing the statement, as hereinbefore prescribed in this section, the applicant shall pay to the commission a fee of one-twentieth of 1 per cent of the aggregate par value of the securities to be sold in the District of Columbia for which the applicant is seeking registration, but in no case shall such fee be less than \$5 or more than \$500. In the case of stock having no par value, the price at which such stock is to be offered to the public shall be deemed to be the par value of such stock.

# REGISTRATION BY QUALIFICATION

SEC. 8. All securities required by this act to be registered before being sold in the District of Columbia and not entitled to registration by notification shall be registered only by qualification in

the manner provided by this section.

The commission shall receive and act upon applications to have securities registered by qualification, and may prescribe forms on which it may require such applications to be submitted. Applications shall be in writing and shall be duly signed by the applicant and sworn to by any person having knowledge of the facts, and filed in the office of the commission and may be made either by the issuer of the securities for which registration is applied or by any registered dealer desiring to sell the same within the District of Columbia.

The commission may require the applicant to submit to it the The commission may require the applicant to submit to it the following information respecting the issuer and such other relevant information as the commission may in its judgment deem necessary to enable it to ascertain whether such securities shall be registered pursuant to the provisions of this section:

(a) The names and addresses of the directors, trustees, and officers, if the issuer be a corporation or association or trust; of all partners, if the issuer be a partnership, and of the issuer, if the issuer be an individual.

(b) The location of the issuer's principal business office and of

(b) The location of the issuer's principal business office and of its principal office in the District of Columbia, if any.

(c) The purposes of incorporation (if incorporated) and the general character of the business actually to be transacted by the issuer, and the purposes of the proposed issue.

(d) A statement of the capitalization of the issuer; a balance

- (d) A statement of the capitalization of the issuer; a balance sheet showing the amount and general character of its assets and liabilities on a day not more than 60 days prior to the date of filing such balance sheet; a detailed statement of the plan upon which the issuer proposes to transact business; a copy of the security for the registration of which application is made and a copy of any circular, prospectus, advertisement, or other description of such securities then prepared by or for such issuer or by or for such applicant (if the applicant shall not be the issuer) to be used for distribution or publication in the District of Columbia.

  (e) A statement of the amount of the issuer's income expenses.
- (e) A statement of the amount of the issuer's income, expenses, and fixed charges during the last fiscal year, or if in actual business less than one year, then for such time as the issuer has been in actual business.
- (f) A statement showing the price at which such security is proposed to be sold, together with the maximum amount of com-mission or other form of remuneration to be paid in cash or other-wise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.
- (g) A detailed statement showing the items of cash, property, services, patents, good will, and any other consideration for such securities have been or are to be issued in payment.

(h) The amount of capital stock which is to be set aside and disposed of as promotion stock, and a statement of all stock issued

from time to time as promotion stock.

(i) If the issuer is a corporation, there shall be filed with the application a certified copy of its articles of incorporation with all amendments and of its existing by-laws, if not already on file in the office of the commission or of the recorder of deeds of the District of Columbia. If the issuer is a trustee, there shall be filed with the application a copy of all instruments by which the trust is created or declared and in which it is accepted and acknowledged. If the issuer is a partnership or an unincorporated association, or joint-stock company, or any other form of organization whatsoever, there shall be filed with the application a copy of its articles of partnership or association and all other papers pertaining to its organization, if not already on file in the office of the commission or of the recorder of deeds of the District of Columbia.

All of the statements, exhibits, and documents of every kind required by the commission under this section, except properly certified public documents, shall be verified by the oath of the applicant or of the issuer in such manner and form as may be

with respect to securities required to be registered by qualifica-tion under the provisions of this section, the commission may by order duly recorded fix the maximum amount of commission or other form of remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities in the District of Columbia.

At the time of filing the information, as hereinbefore prescribed in this section, the applicant shall pay to the commission a fee of one-tenth of 1 per cent of the aggregate par value of the securities to be sold in the District of Columbia for which the applicant is seeking registration, but in no case shall such fee be less than \$5 or more than \$500. In case of stock having no par value the price at which such stock is to be offered to the public shall be

deemed to be the par value of such stock.

If upon examination of any application the commission shall find that the sale of the security referred to therein would not be fraudulent and would not work or tend to work a fraud upon the purchaser, and that the enterprise or business of the issuer is not extremely hazardous or based upon unsound business principles, it shall record the registration of such security in the register of securities, and thereupon such security so registered may be sold by the issuer or by any registered dealer who has notified the commission of his intention so to do, in the manner hereinafter provided in section 11, subject, however, to the further order of the commission as hereinafter provided.

### CONSENT TO SERVICE

Sec. 9. Upon any application for registration by notification under section 7 made by an issuer, and upon any application for registration by qualification under section 8, whether made by an issuer or registered dealer, where the issuer is not domiciled in the District of Columbia, there shall be filed with such application the irrevocable written consent of the issuer that in suits, proceedings, and actions growing out of the violation of any provision of this act, the service on the secretary of the commission of any notice, process, or pleading therein, authorized by the laws of the District of Columbia, shall be as valid and binding as if due and personal service had been made on the issuer. Any such action personal service had been made on the issuer. Any such action shall be brought either in the county of the plaintiff's residence or in the District of Columbia. Said written consent shall be authenticated by the seal of said issuer, if it has a seal, and by the acknowledged signature of a member of the copartnership or company, or by the acknowledged signature of any officer of the incorporated or unincorporated association, if it be an incorporated or unincorporated association, duly authorized by resolution of the board of directors, trustees, or managers of the corporation or association, and shall in such case be accompanied by a duly certification. fied copy of the resolution of the board of directors, trustees, or ned copy of the resolution of the board of directors, trustees, or managers of the corporation or association, authorizing the officers to execute the same. In case any process or pleadings mentioned in this act are served upon the commission it shall be by duplicate copies, one of which shall be filed in the office of the commission and another immediately forwarded by the secretary of the com-mission by registered mail to the principal office of the issuer against which said process or pleadings are directed.

# REVOCATION OF REGISTRATION OF SECURITIES

SEC. 10. The commission may revoke the registration of any security by entering an order to that effect, with its findings in respect thereto, if upon examination into the affairs of the issuer such security it shall appear that the issuer-

 Is insolvent; or
 Has violated any of the provisions of this act or any order of the commission of which such issuer has notice; or
(3) Has been or is engaged or is about to engage in fraudulent

transactions; or

(4) Is in any other way dishonest or has made any fraudulent representations in any prospectus or in any circular or other literature that has been distributed concerning the issuer or its securities: or

(5) Is of bad business repute; or

Does not conduct its business in accordance with law; or That its affairs are in an unsound condition; or

(8) That the enterprise or business of the issuer or the security is based upon extremely hazardous or unsound business principles. In making such examination the commission shall have access to and may compel the production of all the books and papers of

such issuer, and may administer oaths to and examine the officers of such issuer or any other person connected therewith as to its business and affairs and may also require a balance sheet exhibit-ing the assets and liabilities of any such issuer or his income statement, or both, to be certified to by a public accountant either of the District of Columbia or of any State where the issuer's business is located, approved by the commission.

Whenever the commission may deem it necessary it may also require such balance sheet or income statement, or both, to be made more specific in such particulars as the commission shall

point out or to be brought down to the latest practicable date.

If any issuer shall refuse to permit an examination to be made by the commission, it shall be proper ground for revocation of registration.

If the commission shall deem it necessary, it may enter an order suspending the right to sell securities pending any investigation, provided that the order shall state the commission's grounds for taking such action.

Notice of the entry of such order shall be given by mail, or personally, or by telephone, confirmed in writing, or by telegraph, to the issuer and every registered dealer who shall have notified the commission of an intention to sell such security.

Before such order is made final the issuer or dealer applying for registration shall on application be entitled to a hearing.

# REGISTRATION OF DEALERS AND SALESMEN

SEC. 11. No dealer or salesman shall engage in business in the SEC. 11. No dealer or salesman shall engage in business in the District of Columbia as such dealer or salesman or sell any securities, including securities exempted in section 4 of this act, except in transactions exempt under section 5 of this act unless he has been registered as a dealer or salesman in the office of the commission pursuant to the provisions of this section.

An application for registration in writing shall be filed in the

office of the commission in such form as the commission may pre-scribe, duly verified by oath, which shall state the principal office of the applicant, wherever situated, and the location of the principal office and all branch offices in the District of Columbia, if any, the name or style of doing business, the names, residence, any, the name or style of doing business, the names, residence, and business addresses of all persons interested in the business as principals, copartners, officers, and directors, specifying as to each his capacity and title, the general plan and character of business, and the length of time the dealer has been engaged in business. The commission may also require such additional information as to applicant's previous history, record, and association, as it may deem necessary to establish the good repute in business of the applicant. business of the applicant.

business of the applicant.

There shall be filed with such application an irrevocable written consent to the service of process upon the executive secretary of the commission in actions against such dealer in manner and form as hereinabove provided in section 9.

If the commission shall find that the applicant is of good repute and has complied with the provisions of this section, including the payment of the fee hereinafter provided, it shall register such applicant as a dealer upon his filing a bond in the sum of \$5,000 running in favor of the United States conditioned upon the faithful compliance with the provisions of this act by said dealer and by all salesmen registered by him while acting for him. Such bond shall be executed as surety by a surety company authorized to do business in the District of Columbia.

Upon the written application of a registered dealer and general

Upon the written application of a registered dealer and general satisfactory showing as to good character and the payment of the proper fee the commission shall register as salesmen of such dealer such natural persons as the dealer may request. Such registration shall cease upon the termination of the employment

registration shall cease upon the termination of the employment of such salesman by such dealer.

The names and addresses of all persons approved for registration as dealers or salesmen and all orders with respect thereto shall be recorded in a register of dealers and salesmen kept in the office of the commission, which shall be open to public inspection. Every registration under this section shall expire on the 31st day of December in each year, but new registrations for the succeedof December in each year, but new registrations for the succeeding year shall be issued upon written application and upon payment of the fee as hereinafter provided, without filing of further statements or furnishing any further information unless specifically required by the commission. Applications for renewals must be made not less than 30 nor more than 60 days before the first day of the ensuing year, otherwise they shall be treated as original applications. The fee for such registration and for each annual renewal shall be \$25 in the case of dealers and \$5 in the case of salesmen.

case of sateshen.

Changes in registration occasioned by changes in the personnel of a partnership or in the principals, copartners, officers, or directors of any dealer may be made from time to time by written application setting forth the facts with respect to such change.

Every registered dealer who intends to offer any security of any issue, registered or to be registered, shall notify the commission in writing of his intention so to do. The notice shall contain the name of the dealer and shall state the name of the security to be offered for sale, and whenever a dealer shall have prepared such notice and shall have forwarded the same by registered mail, receiving a prepared and properly addressed to the commission, such such notice and shall have forwarded the same by registered mail, postage prepaid, and properly addressed to the commission, such dealer, as to the contents of such notice and the filing thereof, shall be deemed to have complied with the requirements of this paragraph. Any issuer of a security required to be registered under the provisions of this act selling such securities except in exempt transactions as defined in section 5 hereof, shall be deemed a dealer within the meaning of this section 11 and required to comply with all the provisions hereof. REVOCATION OF DEALERS' AND SALESMEN'S REGISTRATION

SEC. 12. Registration under section 11 may be refused or any registration granted may be revoked by the commission if after a reasonable notice and a hearing the commission determines that such applicant or registrant so registered:

(1) Has violated any provision of this act or any regulation

made hereunder; or

(2) Has made a material false statement in the application for

registration; or

(3) Has been guilty of a fraudulent act in connection with any sale of securities, or has been or is engaged or is about to engage in making fictitious or pretended sales or purchases of any of such securities or has been or is engaged or is about to engage in any practice or sale of securities which is fraudulent or in violation of the law; or

(4) Has demonstrated his unworthiness to transact the busi-

ness of dealer or salesman.

In cases of charges against a salesman notice thereof shall also be given the dealer employing such salesman.

Pending the hearing the commission shall have the power to order the suspension of such dealer's or salesman's registration: Provided, That such order shall state the cause for such suspension.

Until the entry of a final order the suspension of such dealer's registration, though binding upon the persons notified thereof, shall be deemed confidential, and shall not be published, unless it shall appear that the order of suspension has been violated after

notice.

In the event the commission determines to refuse or revoke a registration as hereinabove provided it shall enter a final order herein with its findings on the register of dealers and salesman; and suspension or revocation of the registration of a dealer shall also suspend or revoke the registration of all his salesmen. It shall be sufficient cause for refusal or cancellation of regis-

tration in case of a partnership or corporation or any unincorporated association, if any member of a partnership or any officer or director of the corporation or association has been guilty of any act or omission which would be cause for refusing or revoking the registration of an individual dealer or salesman.

#### BURDEN OF PROOF

SEC. 13. It shall not be necessary to negative any of the exemp-SEC. 13. It shall not be necessary to negative any of the exemptions in this act provided in any complaint, information, indictment, or any other writ or proceedings laid or brought under this act, and the burden of establishing the right to any such exemption shall be upon the party claiming the benefit of such exemption, and any person claiming the right to register any securities by notification under section 7 of this act shall also have the burden of establishing the right so to register such securities.

# ESCROW AGREEMENT

SEC. 14. If the statement containing information as to securities to be registered, as provided for in section 8 of this act, shall disclose that any such securities or any securities senior thereto shall have been or shall be intended to be issued for any patent right, copyright, trade-mark, process, formula, or good will, or for organization or promotion fees or expenses or for good will or going-concern value or other intangible assets, the amount and nature thereof shall be fully set forth and the commission may require that such securities so issued in payment of such patent nature thereof shall be fully set forth and the commission may require that such securities so issued in payment of such patent right, copyright, trade-mark, process, formula, or good will, or for organization or promotion fees or expenses, or for other intangible assets, shall be delivered in escrow to the commission or other depository satisfactory to the commission under an escrow agreement that the owners of such securities shall not be entitled to withdraw such securities from escrow until all other stockholders who have read for their stock in each chall have been read for their stock. who have paid for their stock in cash shall have been paid a dividen or dividends aggregating not less than 6 per cent shown to the satisfaction of said commission to have been actually earned on the investment in any common stock so held; and in case of dissolution or insolvency during the time such securities are held in escrow, that the owners of such securities shall not participate in the assets until after the owners of all other securities shall have been paid in full.

INJUNCTIONS Szc. 15. Whenever it shall appear to the commission, either upon complaint or otherwise, that in the issuance, sale, promotion, negotiation, advertisement, or distribution of any securities in the District of Columbia, including any security exempted under the provisions of section 4, and including any transaction ex-empted under the provisions of section 5, any person, as defined in this act, shall have employed or employs or is about to employ any device, scheme, or artiface to defraud or for obtaining money or property by means of any false pretense, representation, or promise, or that any such person shall have made, makes, or attempts to make in the District of Columbia fictitious or pretended purchases or sales of securities or shall have engaged in or engages in or is about to engage in any practice or transaction or engages in or is about to engage in any practice or transaction or course of business relating to the purchase or sale of securities which is in violation of law or which is fraudulent or which has operated or which would operate as a fraud upon the purchaser, any one or all of which devices, schemes, artifices, fictitious, or pretended purchases or sales of securities, practices, transactions, and courses of business are hereby declared to be and are hereinafter referred to as fraudulent practices or that any person is acting as dealer or salesman in the District of Columbia without being duly registered as such dealer or sales-

man as provided in this act; the commission may investigate, and whenever it shall believe from evidence satisfactory to it and whenever it shall believe from evidence satisfactory to it that any such person has engaged in, is engaged or is about to engage in any of the practices or transactions hereinbefore referred to as and declared to be fraudulent practices, or is selling or offering for sale any securities in violation of this act or is acting as a dealer or salesman without being duly registered as provided in this act, the commission may, in addition to any other remedies, bring action in the name and on behalf of the commission against such person and any other person or persons concerned in or in any way participating in or about to participate in such fraudulent practices or acting in violation of this act, to enjoin preliminarily, temporarily, and/or permanently such person and such other person or persons from continuing such fraudulent practices or engaging therein or doing any act or acts in furtherance thereof or in violation of this act. In any such court proceedings the commission may apply for and on due showing be entitled to have issued the court's subpema requiring forthwith the appearance of any defendant and his employees, salesmen, or agents, and the production of documents, ployees, salesmen, or agents, and the production of documents, books, and records as may appear necessary for the hearing of such petition, to testify and give evidence concerning the acts or conduct or things complained of in such application for injunction. In such action the equity courts shall have jurisdiction of the subject matter, and a judgment may be entered awarding such injunction as may be proper.

#### REMEDIES

SEC. 16. (1) Every sale made in violation of any of the pro-visions of this act shall be voidable at the election of the pur-chaser; and the person making such sale and every director, officer, or agent of or for such seller, if such director, officer, or agent shall have personally participated or aided in any way in making such sale, shall be jointly and severally liable to such purchaser in an action at law in any court of competent jurisdiction upon tender of the securities sold or of the contract made for the full amount paid by such purchaser, with interest, together with all taxable court costs and reasonable attorney's fees: Provided, That no action shall be brought for the recovery of the purchase price after three years from the date of such sale: And provided further, That no purchaser otherwise entitled shall claim or have the benefit of this section who shall have refused or failed within 60 days from the date thereof to accept an offer in writing of the seller to take beek the security in question and the fall. to take back the security in question and to refund the full amount paid by such purchaser, together with interest on such amount for the period from the date of payment by such purchaser down to the date of repayment, such interest to be computed-

computed—

(a) In case such securities consist of interest-bearing obligations, at the same rate as provided in such obligations; and

(b) In case such securities consist of other than interest-bearing obligations, at the rate of 6 per cent per annum, less, in every case, the amount of any income from said securities that may have been received by such purchaser.

(2) Any person having a right of action against a dealer or salesman under this section shall have a right of action under the bond provided in section 11

salesman under this section shall have a right of action under the bond provided in section 11.

(3) A registration by notification made in good faith and after the commission, on application, shall have given tentative consent to such registration, shall not, as to sales made prior to revocation of such registration, result in the liabilities prescribed in this section, although the securities may not be entitled to such registration.

SEC. 17. Whoever violates any provision of this act shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or by both such fine and imprisonment. STATUTORY OR COMMON-LAW REMEDIES

SEC. 18. Nothing in this act shall limit any statutory or common-law right of any person to bring any action in any court for any act involved in the sale of securities, or the right of the United States or District of Columbia to punish any person for any violation of any law.

SEC. 19. An appeal may be taken by any person interested from any final order of the commission to the Supreme Court of the District of Columbia by serving upon the commission within 20 days after notice of the entry of such order a written notice of days after notice of the entry of such order a written notice of such appeal stating the grounds upon which a reversal of such final order is sought; a demand in writing for a certified transcript of the record and of all papers on file in its office relating to such order and executing a bond in a penal sum to be fixed by the court to the United States, with sufficient surety, to be approved by the court, conditioned upon the faithful prosecution of such appeal to final judgment, and the payment of all such costs as shall be adjudged against the appellant. Thereupon the commission shall within 20 days make, certify, and file with the clerk of said court such a transcript, or in lieu thereof the original papers if the court shall so order; and the appellant shall within 10 days thereafter file the same and a copy of the notice of appeal with thereafter file the same and a copy of the notice of appeal with the clerk of said court, which said notice of appeal shall stand as appellant's complaint and thereupon said cause shall be entered on the trial calendar of said court for trial de novo and may be given precedence by the court over other matters pending in said court. The court shall receive and consider evidence, whether oral or documentary, concerning the order of the commission from

which the appeal is taken. If the order of the commission shall be reversed said court shall by its mandate specifically direct said commission as to its further action in the matter, including the making and entering of any order or orders in connection therewith, and the conditions, limitations, or restrictions to be therein contained: Provided, That the commission shall not thereby be barred from thereafter revoking or altering such order for any proper cause which may thereafter accrue or be discovered. If said order shall be affirmed, said appellant shall not be barred after 30 days from filing a new application: Provided, That such application is not otherwise barred or limited. Such appeal shall not in anywise suspend the operation of the order appealed from during the pendency of such appeal unless upon proper order of the court. An appeal may be taken from the judgment of the said court on any such appeal on the same terms and conditions as an appeal is taken in civil actions.

SEC. 20. The directors, officers, or agents referred to in section 16 of this act shall be liable under said section and shall also be liable to prosecution under section 17 for any unlawful act or omission of other persons who were employed by or associated with them, if by the exercise of reasonable care and diligence such directors, officers, or agents might have learned of such acts or omissions and given notice thereof to the commission, or might otherwise have prevented such acts or omissions and failed to

do so.
SEC. 21. In all advertising, circulars, and other printed or written matter that may be used in selling securities there shall be specifically and distinctly stated in bold or black faced type not less than 18 point in size the amount and character of any prior or superior lien, mortgage, or incumbrance underlying the security offered.

SEC. 22. No deed of trust or similar instrument covering property in the District of Columbia encumbered or used to give value to security shall be held to be valid as such security by the com-mission in passing upon applications for registration by qualifica-tion or for registration by notification unless at least one of the trustees named in such deed or similar instrument is a resident of the District of Columbia and has been such for at least five years last past or is a corporation organized and existing under the laws

last past or is a corporation organized and existing under the laws of the District of Columbia, neither such person nor corporation to be otherwise associated or connected with other parties thereto. Sec. 23. In any case where the commission is in doubt as to the substantial correctness of the value of property upon which securities are based, as stated by the applicant for registration by qualification or in the statement for registration by notification, it may select and appoint appraisers for the purpose of determining the value of the property, the expense of such appraisal to be borne by the applicant for registration.

Sec. 24. Where it is sought to secure registration by notification or qualification for a security payment of the principal and dividend or interest of which or payment of any part of the underlying obligation of which is guaranteed or assured by an insurance company, surety company, individual, corporation, partnership, or

company, surety company, individual, corporation, partnership, or association, a certified copy of the guaranty, contract, or other agreement providing for the fulfillment of the obligation warranted

agreement providing for the fulfillment of the obligation warranted to be paid or performed shall be filed with the commission and the commission shall have the right to require proof of the financial and legal ability of those undertaking the liability.

Sec. 25. In any statement as to the value of property sought to be used as the basis for security the commission may require a detailed itemization showing separately the value claimed for land, improvements, furnishings, equipment, machinery, and other tangible or intangible items of the total value claimed.

Sec. 26. If an issuer or dealer desires to include in any adver-

gible or intangible items of the total value claimed.

SEC. 26. If an issuer or dealer desires to include in any advertising, circular, or other written or printed matter an estimate of prospective or future earnings, the commission may require also the inclusion of a statement of actual earnings for such period as is deemed proper or practicable for all or any part of the property or properties covered by the security.

SEC. 27. The commission may require the use in advertising, circulars, or other written or printed matter of a statement of the assessed valuation of property covered by a security, and of the actual cost of construction of improvements upon real property.

property.

SEC. 28. Where in advertising, circulars, and other printed or written matter concerning a security there is included an estimate of prospective or future rental incomes, the commission shall have the power to order the inclusion also of a statement showing the

the power to order the inclusion also of a statement showing the actual percentage or proportion of occupancy and actual rental income for such period as it may deem proper or practicable.

SEC. 29. The commission shall have the power to order the statement in advertising, circulars, and other written or printed matter concerning the security of the purpose of the issue of the security; and if such purpose shall be stated as that of refunding existing obligations, the commission shall have the power to require satisfactory recruited for the proper application of the fund realized. factory provision for the proper application of the fund realized

factory provision for the proper application of the fund realized to the purpose stated.

Sec. 30. The commission shall have the power to require, by any appropriate means, immediate notice to it and to security holders of any default in payment of principal, interest, dividends, sinking-fund deposit, or default in the performance of any other condition or obligation of a security by the person primarily obligated to pay or perform, notwithstanding payment or performance in his stead by any other person.

Sec. 31. If in any advertising, circular, or other written or printed matter concerning a security, an appraisal value is stated, the commission shall have power to require also the inclusion of

the commission shall have power to require also the inclusion of a statement showing whether such appraisal is based on earnings,

actual or prospective, the original cost of the property less depreciation, or whether based on reproduction cost less depreciation.

#### VALIDITY OF PORTIONS OF ACT

SEC. 32. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

### UNIFORMITY OF INTERPRETATION

SEC. 33. This act shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those States which enact it.

#### SHORT TITLE

SEC. 34. This act may be cited as the "uniform sales of securities act."

#### REPEAL AND CONSTRUCTION

REPEAL AND CONSTRUCTION

SEC. 35. This act supersedes and repeals the act of Congress approved May 29, 1916, entitled "An act to prevent fraudulent advertising in the District of Columbia," and any and all other laws and clauses of laws in conflict with this act, to take effect upon the day this act goes into force, to the extent only and in so far as such act of May 29, 1916, and other laws or parts of laws relate or apply to acts, transactions, or omissions with reference to securities as defined in this act, subject, however, to the limitations provided in subdivisions (b) and (c) following:

(b) The provisions of all laws which are repealed by this act shall remain in force for the prosecution and punishment of any person who, before the effective date of this act, shall have violated the provisions of any law in force at the time of such violation, and such person may be prosecuted and punished under the law as it existed when such violation occurred.

(c) In the case of sales, contracts, or agreements made prior to the effective date of this act, the civil rights and liabilities of the parties thereto shall remain as provided by the law as it existed the time such sales contracts or agreements were made, and

parties thereto shall remain as provided by the law as it existed at the time such sales, contracts, or agreements were made, and all parts of laws repealed by this act shall remain in force for the enforcement of such rights and liabilities.

SEC. 36. All fees and other money paid to or coming into possession of the commission by virtue of the provisions of this act shall be paid into the Treasury of the United States to the credit of the District of Columbia, and there is hereby authorized to be appropriated such sum as is necessary for the administration of

SEC. 37. This act shall take effect 60 days after its enactment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

# EASTERN DISPENSARY AND CASUALTY HOSPITAL

The bill (S. 1307) providing for an appropriation toward the alteration and repair of the buildings of Eastern Dispensary and Casualty Hospital was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of the revenues of the District of Columbia and the Federal Government in like manner as other appropriations of the District of Columbia, the sum of \$50,000 for the alteration and repair of the present buildings of Eastern Dispensary and Casualty Hospital in the District of Columbia, and for retiring the present existing indebtedness on such buildings: Provided, That not more than \$20,000 of this appropriation may be used for the alterations and repairs under the supervision of the municipal architect.

Mr. JONES. Mr. President, I think the title probably should be amended. It is an act authorizing an appropriation.

The PRESIDENT pro tempore. Without objection, the title will be amended so as to read: "A bill authorizing an appropriation for the alteration and repair of the buildings of Eastern Dispensary and Casualty Hospital."

# BILL PASSED OVER

The bill (S. 3440) for the relief of Nick Wagner was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed

# CONFEDERATE CEMETERY, FAYETTEVILLE, ARK.

The bill (S. 1406) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Mildren Lee Chapter, United

Daughters of the Confederacy, the sum of \$3,200, or so much thereof as may be necessary, for the construction of a suitable hard-surfaced road from the end of the paved portion of East Rock Street, Fayetteville, Ark., and running along the unpaved portion of said street to the entrance of the Confederate cemetery in said city, such road to be constructed under the supervision of the Secretary of War. No payment shall be made under this act until the city of Fayetteville has consented to the construction of such road.

#### CLARENCE R. KILLION

The bill (S. 2148) for the relief of Clarence R. Killion was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Clarence R. Killion, who served in Company M, One hundred and sixty-eighth Regiment United States Infantry, Forty-second Division, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of said division on the 1st day of December, 1919: Provided, That no back pay, compensation, or allowance shall be held to have accrued prior to the passage of this act.

### APPLICATION OF IMMIGRATION LAWS TO INSTRUMENTAL MUSICIANS

The bill (H. R. 8235) to clarify the application of the contract labor provisions of immigration laws to instrumental musicians was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the contract labor provisions of the immigration laws shall be applicable to alien instrumental musicians, whether coming for permanent residence or for a temporary

SEC. 2. No alien instrumental musician shall, as such, be considered an "artist" or a "professional actor" within the meaning of the fifth proviso of section 3 of the immigration act of 1917

(U. S. C., title 8, sec. 136 (h), second proviso) unless—
(1) He is of distinguished merit and ability as an instrumental

musician, or is a member of a musical organization of distinguished merit and is applying for admission as such; and

(2) His professional engagements (or, if the exemption is claimed on account of membership in an organization, the professional engagements of such organization) within the United States are of a character requiring superior talent.

SEC. 3. In the case of an alien instrumental musician coming for a temporary period, who is exempted from the contract labor provisions of the immigration laws by the fifth proviso of section 3 of the immigration act of 1917 as limited by section 2 of this act, his admission to the United States shall be under such conditions as may be by regulations prescribed by the Secretary of Labor (including, where deemed necessary, the giving of bond with sufficient surety) to insure that at the termination of his contract he will depart from the United States.

# TITLE TO LANDS GRANTED IN AID OF SCHOOLS

The Senate proceeded to consider the bill (S. 3570) to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, after line 8. to insert:

Sec. 2. This amendatory act shall take effect as of January 25, 1927; and in any case in which a State has selected lieu lands since such date under the act approved February 28, 1891 (26 Stat. 796), and still retains title thereto, such State may, within 90 days after the date of the enactment of this act, relinquish to the United States all right, title, and interest in such lands and shall thereupon be entitled to all the benefits of the act of January 25, 1927, as amended by this act.

# So as to make the bill read:

Be it enacted, etc., That subsection (c) of section 1 of the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927, be amended to read as

"(c) That any lands included within the limits of existing reservations of or by the United States, or specifically reserved for water-power purposes, or included in any pending suit or proceeding in the courts of the United States, or subject to or included in any valid application, claim, or right initiated or held under any of the existing laws of the United States, unless or until such reservation, application, claim, or right is extinguished, relinquished, or canceled, and all lands in the Territory of Alaska, are excluded from the provisions of this act."

SEC. 2. This amendatory act shall take effect as of January 25, 1927; and in any case in which a State has selected lieu lands since such date under the act approved February 28, 1891 (26 Stat. 796), and still retains title thereto, such State may, within 90 days

after the date of the enactment of this act, relinquish to the United States all right, title, and interest in such lands and shall thereupon be entitled to all the benefits of the act of January 25, 1927, as amended by this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### ACACIA MUTUAL LIFE INSURANCE CO.

The Senate proceeded to consider the bill (S. 2775) to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, which had been reported from the Committee on the District of Columbia with amendments, on page 1, line 3, after the words "section 1 of," to strike out "an" and insert "the"; in line 5, after the word "amended," to strike out "be" and insert "is": in line 9, after the word "organization," to strike out "as amended"; on page 2, line 1, after the words "section 2," to strike out "That sections" and insert "sections"; in line 2, before the word "amended," to strike out "act be" and insert "act, as amended, are"; in line 19, after the words "section 3" to strike out "that the" and insert "the"; on page 3, line 17, after the words "section 4," to strike out "that the" and insert "the"; on page 4, line 1, after the words "section 5," to strike out "that nothing" and insert "nothing"; and after line 4, to insert:

SEC. 3. Such act, as amended, is further amended by adding at the end thereof a section as follows:
"Sec. 6. The right to alter, amend, or repeal this act is hereby

expressly reserved.

### So as to make the bill read:

Be it enacted, etc., That section 1 of the act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, is amended by striking out the word "association" in the name of the organization and inserting in lieu thereof the words "Insurance Company," so that the name of the organization shall read "Acacia Mutual Life Insurance Company."

Sec. 2. Sections 2, 3, 4, and 5 of such act, as amended, are amended to read as follows:

"Sec. 2. The company shall have the name to make all and

"SEC. 2. The company shall have the power to make all and every insurance appertaining to or connected with life or disability risks of whatever kind or nature; and to grant, purchase, ability risks of whatever kind or nature; and to grant, purchase, or dispose of annuities; to make insurance against injury, disablement, or death resulting from accident and against disablement resulting from sickness and every insurance appertaining thereto; to make and accept reinsurance of any risks; and to furnish any aid or service to promote the health and welfare of its policyholders and their beneficiaries: Provided, however, That the company shall forever be conducted for the mutual benefit of its policyholders and their beneficiaries and not for profit; and, as to its business transacted in the District of Columbia or in any State or other jurisdiction in which it is licensed, shall be subject to all laws of such District, State, or other jurisdiction governing similar mutual insurance companies.

"Sec. 3. The number of directors of said company shall be

ing similar mutual insurance companies.

"SEC. 3. The number of directors of said company shall be fixed by the by-laws and shall be at least 21, a number of whom, less than a majority, shall be elected by the policy-holders at the annual meeting of the company from among themselves for a term of three years; that in all cases of a tie vote the choice shall be determined by lot, and in all other cases a plurality vote shall decide. The annual meeting of the company shall be held at such time and place as provided in the by-laws. The board of directors shall elect from among the policyholders at their first meeting succeeding the annual meeting of the company a president, one or more vice presidents, a secretary, and a treasurer, and from time to time such additional ing of the company a president, one or more vice presidents, as secretary, and a treasurer, and from time to time such additional officers as the by-laws may provide. The president, the vice presidents, the secretary, and the treasurer shall each give bond with surety to the company in such sum as the board of directors may require for the faithful performance of his duties. At all meetings of the board of directors 12 of the board shall form a

ings of the board of directors 12 of the board shall form a quorum. In case of any vacancy in the board of directors by death, resignation, or otherwise, such vacancy shall be filled by the remaining directors from among the policyholders of the company to serve for the remainder of the unexpired term.

"Sec. 4. The board of directors shall have full power to make and prescribe such by-laws, rules, and regulations as they shall deem needful and proper for the elections herein provided, and for the disposition and management of the business, funds, property, and effects of the company, not contrary to this charter or to the laws of the United States, and they shall have power to alter or amend the same as the interests of the company, in their opinion, may require. opinion, may require.

"Sec. 5. Nothing herein contained shall be construed to affect or impair in any manner whatsoever any vested right or interest existing in or under any contract of the company."

Sec. 3. Such act, as amended, is further amended by adding at the end thereof a section as follows:
"Sec. 6. The right to alter, amend, or repeal this act is hereby

"SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### EXTENSION OF IMPROVEMENTS ON GEORGIA AVENUE

The bill (H. R. 361) to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the owner of lot 14, square 2897, in the District of Columbia, be, and said owner is hereby, authorized to use for building purposes a strip of land in front of said lot 14, square 2897, so that the front face of the front wall of the building or improvements so erected shall be in a direct line with the front face of the front wall of the building immediately north thereof located on lot 835, square 2897, said strip herein authorized to be used and occupied being described as follows: Beginning for the same at the northeast corner of lot 14, square 2897, and running thence with the extension of the northerly line of said lot 14, easterly 3.64 feet; thence southerly 24.45 feet to a point in the extension of the northerly line of Princeton Place, 60 feet wide; thence with said extension, westerly 3.52 feet to the southeast corner of said lot 14; thence with the easterly line of said lot 14, northerly 25 feet to the point of beginning: Provided, That the piece or parcel of land herein described shall be occupied, used, and owned by the owner of said lot 14, square 2897, its successors and assigns, subject to any and all assessments and general and special taxes which may be levied or charged thereon the same in all respects as other private property in the District of Columbia.

The PRESIDENT pro tempore. That completes the calendar.

### INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8297) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

The PRESIDENT pro tempore. The pending amendment is that offered by the senior Senator from Tennessee [Mr. McKellar].

Mr. KING. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	King	Shipstead
Barbour	Dickinson	La Follette	Shortridge
Barkley	Dill	Lewis	Smith
Bingham	Fletcher	Logan	Smoot
Black	Frazier	Long	Steiwer
Blaine	George	McGill	Thomas, Idaho
Borah	Glass	McKellar	Thomas, Okla.
Bratton	Glenn	McNary	Townsend
Brookhart	Goldsborough	Metcalf	Trammell
Broussard	Gore	Morrison	Tydings
Bulkley	Hale	Moses	Vandenberg
Bulow	Harrison	Neely	Wagner
Byrnes	Hatfield	Norbeck	Walcott
Capper	Hawes	Norris	Walsh, Mass.
Caraway	Hayden	Nye	Walsh, Mont.
Carey	Hebert	Oddie	White
Connally	Howell	Patterson	
Coolidge	Hull	Pittman	
Copeland	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I have sent to the Treasury Department for some figures. They have not yet come. At the request of the Senator from Colorado [Mr. Costigan], who has some amendments to present, I ask unanimous consent to withdraw my amendment for the present, and to let it be pending.

The VICE PRESIDENT. The Senator withdraws his amendment.

Mr. COSTIGAN. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 109, line 15, it is proposed to strike out "\$450,000" and insert in lieu thereof "\$475,000."

Mr. SMOOT. Mr. President, I think I had better make a statement regarding that matter.

The Senator from Colorado has just offered an amendment which is in order, because the Budget had estimated for the \$475,000. There are two other provisions, I think, that were stricken out in the House, to which a point of order would not lie, and the amendments could be offered by the Senator from Colorado at this time.

I shall ask that this amendment of the Senator from Colorado, as well as two others which I think he has to offer, be agreed to, and let the items go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado.

Mr. COSTIGAN. Mr. President, in view of the statement of the Senator from Utah, may I at this time send the other amendments to the desk and ask that they be stated?

The VICE PRESIDENT. Let us dispose of one amendment at a time.

Mr. SMOOT. I was about to explain all of them at once, so that there will be no question about them. These amendments conform to the estimate that was sent to the House by the Budget Bureau. They do not increase the amount of the Budget estimate.

Mr. TRAMMELL. Mr. President, I desire to say a word or two before the amendment is agreed to.

The VICE PRESIDENT. Let the amendment be stated. The LEGISLATIVE CLERK. On page 109, line 15, it is proposed to strike out "\$450,000" and insert in lieu thereof "\$475,000."

Mr. TRAMMELL. Mr. President, I opposed the increasing of appropriations carried in the House bill, and I base my opposition upon the general policy more than I do the specific amount involved. The Howard University is not a Government school but merely a private institution. As far as I know it is the only private educational institution in the District of Columbia or in the United States to which Government funds are contributed. I ask the chairman of the committee, Senator Smoot, if I am not correct? I would like to know whether there is any other private school in the United States toward the maintenance of which the Federal Government makes any direct gift.

Mr. SMOOT. I can not recall one, and I want to say that Howard University is a private institution.

Mr. TRAMMELL. It is a plain case of discrimination and favoritism. I am opposed to this appropriation, and the other Federal bounties made in this bill for that institution. To select only one private college in the United States for Federal aid, I think, is an entirely reprehensible policy. It is a course which is not justified under our system of Government, and is violative of the spirit of the American Constitution.

If it is proper to make a contribution to this private institution, then it is equally justifiable for any other private educational institution throughout the country which is in need of funds to expand and enlarge, to come to the Congress and ask for an appropriation.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. SMOOT. I have been on the Committee on Appropriations for over 20 years, I have been in the Senate for nearly 30 years, and when I came to the Senate appropriations were made for the Howard University. I have never looked up to find how long they were made before that.

Mr. TRAMMELL. I know this practice has prevailed for a long time, but in my opinion that does not justify the policy. Would you say that because the Chinese for many centuries were accustomed to destroy their surplus baby girls that this barbaric practice should not have been discontinued? I repeat, I am strongly opposed to the policy. It is unquestionably the height of discrimination for the Government to make a contribution to this one private school only for the purpose of not only academic education, but professional education as well. I am opposed to the increasing of the amount, and I am opposed to the entire

inexcusable system of the Government giving millions to this private school.

Mr. COPELAND. Mr. President, I hope my friend from Florida, and any others who may be disposed to be in opposition, will give serious thought to the justice of this claim. As one who has had experience in educational matters, I realize how extremely difficult it is for colored young people to find a place in the other institutions affording this kind of education, which are largely white.

It has been our practice for many, many years to support Howard University. That institution has rendered a noble service. It has provided, as the Senator from Florida pointed out, professional education, it has prepared doctors and nurses, doctors and nurses who have gone out to treat persons of their own race.

I can think of no one activity which is so valuable to the colored race, no other institution which is so valuable, and, as the Senator from Utah has pointed out, it has for a period of at least 30 years been receiving these appropriations, and I have never heard any general protest against them.

I hope the Senate will deem it wise to accept the amendments and let them go to conference, and there let it be determined whether or not these additional sums are needed. I think they are. The president of the institution, a very scholarly man, a highly respectable man, made clear that they sent away on sabbatical year a number of their teachers and had contract arrangements with others. Those teachers are back now, and there is a moral obligation, and doubtless a legal obligation, upon the part of the university to continue those teachers in their work. It would be a shame, under these conditions, in these times, to hamper this institution. Every educational institution, as the Senator from Florida [Mr. TRAMMELL] has said, has suffered from the effects of the hard times. Other privately endowed institutions have an appeal which this institution does not have, because it has not a constituency able to contribute the funds necessary.

I think from every standpoint it is wise and proper for us to accept the amendments and let them be considered by the

Mr. COSTIGAN. Mr. President, in view of the indicated present attitude of the chairman of the Committee on Appropriations [Mr. Smoot], it appears unnecessary to make an extended statement.

The work of Howard University is admirable and, indeed, indispensable, so far as the educational leadership of millions of Americans is concerned, and it is the purpose of the three amendments which are being offered by me, the first of which has been sent to the desk, to retain and promote the efficiency of this exceptional institution, which is highly regarded everywhere by educators.

Protests against the cuts in Budget appropriations made by the committee, to which these amendments relate, have been received here from all parts of the country. As a result the Senate must now decide whether a serious blow is to be dealt to the unique and efficient services of Howard University, which is the only educational institution of its kind supported by the Federal Government.

I shall content myself for the time being by supplementing what has been stated by the Senators from New York [Mr. COPELAND] and Utah [Mr. SMOOT] with the request that, in connection with each amendment, the review of reasons therefor, heretofore submitted by the Secretary of the Interior and incorporated in the hearings of the subcommittee of the Committee on Appropriations of the Senate under the head "Howard University," be printed as part of my

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

# HOWARD UNIVERSITY

Howard University is the only complete university organization in the United States ministering directly to the colored people. There were 2,473 students from 39 States, including the District of Columbia, in attendance last year, with 325 graduates. Only about one-fourth of the students registered from the District of Columbia.

The first Federal appropriation for maintenance at Howard University was made in 1879. Since then appropriations have been continuous. Many of the buildings have been built by Federal funds

The amount contributed toward the institution is small in com-parison with the more than \$176,000,000 expended annually by parison with the more than \$176,000,000 expended annually by State and Federal Governments for the support of colleges and universities, many of which are entirely closed to Negro students. The total amount contributed by all State and Federal Governments to the college and professional education of the Negro people is less than the annual expenditure of any one of several of the 228 institutions primarily attended by white students and receiving such aid. In 1928 the Federal Government contributed to a single college in Lower more money than it contributed to the to a single college in Iowa more money than it contributed to the higher education of the 9,000,000 colored people in 17 Southern

The developing life of the colored people in the United States is in need of trained leadership in education, medicine, law, economic life, and social organization. By its support of Howard University, the Government is rendering a far-reaching and indispensable service to them and is exercising a creative inspiration in all the States of their residence.

Following the suggestion of the chairman of the subcommittee on appropriations for the Interior Department, a long-term financial program was prepared by the university with the assistance of the Office of Education. The plan was approved by the Secretary of the Interior and presented to the Subcommittee on Appropriations (see heavings Interior Department empropriation bill 1932) tions (see hearings, Interior Department appropriation bill, 1932, pp. 672-675). This program was designed to place this institution on a basis similar to that now recognized for land-grant colleges, and was aimed to give established support from the Federal Government over a certain period of years, gradually diminishing in amount until the university could be supported entirely from its own endowment.

The Budget estimates for 1933 recognized that existing conditions would not permit the university to go forward with the fourth step of the program, which would call for an appropriation of \$332,914 more than the Budget estimates. Yet certain urgent items were included to protect plans and obligations already authorized. The decrease of 33 per cent by the House committee is a reversal of the appropriation commitments made on the financial program for 1932.

Mr. COSTIGAN. The first amendment proposes to increase the university salary allowance in the amount of \$25,000. In support of this increase the Secretary of the Interior says:

While the \$25,000 reduction in salaries by the House committee while the \$23,000 reduction in sataries by the House committee places the 1933 appropriation at the same figure as was appropriated for 1932, the purpose of the additional amount is to prevent the university from retreating embarrassingly below the 1932 objectives (normal 1933 objectives were excluded by the economies already in the Budget estimate), as it will otherwise be obliged to do because of losses in private income, due to the prevailing abnormalities in our economic situation.

prevailing abnormalities in our economic situation.

Private income is expected to fall short by more than \$100,000. The agreed-upon program of the university requires that private gifts function during these early years primarily in the field of physical plant extension, which is being done according to schedule. They can not be transferred to the area of current expenses. Further, the university is already obligated by contract to nine teachers and one librarian now on leave of absence and under fellowship grants, who will return for work in 1933. One of these is a dean of the university of long standing; another is a mature and distinguished scientist at the head of the department of botany, and two others are men of prolonged training for highly technical services in the preclinical branches of medicine.

Therefore, without this additional sum, it will probably be necessary to discharge from 6 to 12 members of the university's present staff, adding to the ranks of the unemployed men technically trained who, otherwise, could further the much-needed step in the establishment of efficiency in a situation operating far below the

establishment of efficiency in a situation operating far below the level of competence.

The second amendment calls for an increase of \$50,000 in the allowance for the university's general expenses. The Secretary of the Interior supports this amendment in the following statement:

The reduction of this item by \$50,000 automatically eliminated provision for the proper maintenance requirements of the new chemistry and new classroom buildings erected by the Governenemstry and new classroom buildings erected by the Government, which will be ready for occupancy in 1933 and which would require \$34,000 for maintenance at the conservative figure of 4 per cent; reduced the already minimum needs of the various departments of the university for supplies and materials; and prevents the furnishing of urgently needed scientific and educational equipment to able teachers acquired for the staff last year, who until now have not found it possible to function efficiently without

The university is, therefore, faced with the necessity of maintaining two new buildings without available funds and of keeping in its employ able teachers and research men who have no ade-

quate tools for work.

Unless restoration of \$50,000 is made, the result will be an undersubsistence of an educational program already authorized and

started and of an economic and educational loss greater than the amount of saving contemplated will justify.

The third amendment, without which it appears impossible to supply the university with an efficient light, heat, and power plant, is approved by the Secretary of the Interior in these words:

This appropriation is for a central light, heat, and power plant

This appropriation is for a central light, heat, and power plant to supply all the buildings on the university grounds. The reduction is 34.8 per cent under the Budget figure. We had already reduced the original estimates by \$103,109.

The original estimate was made after a careful survey and a detailed report with maps and specifications by Maj. E. A. Hind, mechanical engineer and power-plant specialist of the office of Col. U. S. Grant 3d, E. Frank Heim, consulting engineer, and Albert I. Cassell, architect of Howard University.

The reduction of \$103,109 in this estimate was made after careful pruning and rearrangement of these plans by Mr. Barclay.

ful pruning and rearrangement of these plans by Mr. Barclay, fuel conservation engineer of the Bureau of Mines and advisor to the Bureau of the Budget on technical matters affecting the dis-

tribution of heat, light, and power.

This pruning made by Engineer Barclay reduced the boilers from six to three and made a corresponding reduction all the way through the estimate, bringing the equipment down to the absolute minimum required to carry the loads involved. The actual equipment for this plant must cost \$188,015 and can not be further reduced. The \$160,000 reduction, therefore, must fall on the

building.

If the \$160,000 is taken away from the sum of \$271,985 figure set for the building itself, the money left for the building will be reduced to \$111,985. This means that Howard University would be called upon to construct a building containing a minimum of \$271,000 points of fort for the content of the state of the stat 777,100 cubic feet for 14 cents per cubic foot or reduce the size of the building by 40 per cent. Neither of these can be done. The size of the building is determined by the equipment and the services to be rendered.

If the appropriation is allowed to stand at \$300,000, therefore, the university will be obliged to construct the building and post-pone the purchase of equipment until another year. This means the actual postponement of the plant for a period of two years from date, when the present service furnished by Freedmen's Hospital has now reached the maximum performance. The university has already been notified that it may fail to supply adequate heat if extremely cold weather comes during this winter. Two more buildings are now in process of construction, and they positively can not be cared for if the construction of the complete power plant with equipment is not immediately put under way.

As will be observed, the several portions of the letter of the Secretary of the Interior to which I have referred deal expressly and separately with the amounts involved in the respective amendments. The committee reduced by \$25,000the amount allowed by the Budget for salaries. The first amendment is designed to restore to the Budget level the salary appropriation for Howard University.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado.

The amendment was agreed to.

The VICE PRESIDENT. The second amendment offered by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 109, line 21, to strike out "\$225,000" and to insert in lieu thereof "\$275,000."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The third amendment offered by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 109, line 23, to strike out "\$300,000" and to insert in lieu thereof "\$460,000."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TRAMMELL. Mr. President, I have not raised the question of the character of work being done in this school. While I may not approve of every detail of the management, I believe in many respects it is serving a good purpose. My criticism is of the policy of the Congress making a contribution, a very substantial contribution, toward the maintenance of a private educational institution, this being the one exception made throughout the entire United States. I think that the States, if there is a demand and a necessity for the character of work which is being conducted in this institution-and no doubt there is some-should maintain institutions for the purpose of giving proper education to the negroes. It is not a question of Howard University. I would be just as much opposed to Congress making a contribution to some other private school which might be used for religious instruction."

set up here in the city of Washington. I am against the policy, while I realize, of course, that the institution has done much good work, and probably also made some mistakes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado.

The amendment was agreed to.

Mr. HATFIELD. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated. The LEGISLATIVE CLERK. On page 110, strike out lines to 3, both inclusive, and insert in lieu thereof the following:

For the completion of construction and equipment of a general library building, \$400,000, to be immediately available.

Mr. HATFIELD. Mr. President, it is my purpose to review the history of Howard University, feeling that it would be of interest to the Senate of the United States to know something about the development of this institution.

Howard University is the only complete university organization in the United States ministering directly to the colored people. It is the only university for the colored people in the United States supported by public funds. The institution was founded in 1867-65 years ago-by Gen. Oliver Otis Howard. In its humble beginnings it had 1 little frame building, 4 students, 1 teacher, and no money. In 65 years that student body has grown to 2,473 students from 39 States, including the District of Columbia. The teachers have grown in number to 271. Its plant has grown from the 1 little frame building to more than 25 buildings, and its assets now exceed \$6,000,000, more than \$3,000,000 of which have been accumulated during the last five years under its first negro president.

The institution now has more than 8,000 graduates, living in every State of the Union where the negro lives and working in every rank of life. There were 325 graduates at the last commencement.

This institution conducts nine schools and colleges, including schools of medicine, dentistry, pharmacy, law, liberal arts, applied science, education, and music. These schools and colleges all do their work according to standards and ratings prevailing in the educational-accrediting organizations of highest rank in the United States.

In this institution is assembled the largest body of intelligent and capable negro scholars to be found connected with any enterprise of its kind in the civilized world. These scholars have not only been able to teach their subjects but some of them have ventured into the field of creative scholarship and have made original contributions to the knowledge of the world.

The growth of this institution from the humblest beginnings is one of the romantic adventures of American education. It is a monument to the American Negro's capacity for self-development and for responsible self-control.

As President Mordecai W. Johnson stated in his inaugural address on June 10, 1927, this institution is-

A monument of the far-sighted wisdom of the Federal Government which, ever since the emancipation of the slaves, has not ceased to manifest an interest in their educational growth. Howard University has been made possible in its present efficiency very largely because for a period of more than 50 years it has had the discriminating, judicious, far-sighted helpfulness of a sympathetic and understanding Government.

The first Federal Government appropriation was in the amount of \$10,000, under the civil act approved by Congress March 3, 1879. Since that time there have been continuous appropriations year by year for the maintenance of the various departments of the university and for the improvement of its buildings and equipment. Up to the year 1928 these appropriations were gratuities founded upon no substantive law, but in December, 1928, the Congress of the United States passed and the President of the United States approved a substantive law (Public, No. 634, 70th Cong., vol. 45, p. 1021), authorizing annual appropriations "to aid in the construction, development, improvement, and maintenance of the university, no part of which shall be This substantive law was passed because the Members of the Congress and the President of the United States were convinced that this institution was worthy of the help of the Federal Government. They saw that it was rendering an indispensable service to the colored people of the United States, not available through any other publicly supported institution within the area of their majority residence. And it is still true to-day that there is not a single State in which negroes have their majority residence which operates a medical school, a law school, a pharmaceutical school, or a graduate school in which negro students may go and prepare themselves for the services which their people need along these lines.

This single institution of Howard University, alone, has furnished approximately 50 per cent of all the negro physicians ministering to the colored people of the United States. The same is true in dentistry and pharmacy, and it now operates the only first-class law school for colored people to be found anywhere in the borders of the United States. Howard law graduates represent at least 25 per cent of all negro lawyers in the country.

The Federal Government has supported the institution further because it has believed in the spirit and purpose with which the institution is conducted. This is nowhere better stated than in the inaugural address of President Johnson above referred to, when he said:

Howard University has been a natural response to the clamant needs of a growing people. The Negro race to-day has needs that can not be satisfied except by men trained in the way that Howard University attempts to train them. There are some needs of the people which may be met by servants trained in a brief period of time. There are other needs of the people which can not be met except by slaves who spend one-third of their lives getting ready their powers to place them at the disposal of the people. When the humble woman in her crude cottage in Mississippi stands by the bedside of her child threatened with death her heart reaches out with a great desire to conquer the disease about to take away her most precious possession. But the mind is not able to respond. It takes 25 years of training to be able to meet the needs of that simple woman's heart. Howard University exists in order that when the simple and the poor cry out for fundamental things that their hearts must have if they are to reach the goal of a normal and happy life, slaves shall be prepared with competent minds to see that the heart's desire of the people shall not fail.

When the substantive law was passed the Members of the Congress and the President of the United States felt that this institution was worthy of help because it was doing a great work under severe handicaps. When the law was passed the student body had increased by 100 per cent within 10 years, while its faculty and equipment had remained at a practical standstill. The teachers were overwhelmed with large classes of students, four and five classes per day. They were obliged to spread their efforts over large fields of knowledge, to teach their students en masse, with scant attention to the individual, and consequently their work was suffering everywhere from a low degree of performance. Moreover, the Members of Congress found that the institution was putting forth its uttermost effort to increase efficiency through self-help.

It was taxing its students in 1926, for example, when the average white student in the 52 land-grant colleges in the United States was paying only 10 per cent of the income of these publicly supported institutions, the students of Howard University, representing the poorest tenth of the population of the United States, were paying 25.6 per cent of the total income of the university, and yet it was manifest that in this, their only publicly supported university in the United States, these negro students were receiving education far below the normal standard prevailing in publicly supported land-grant colleges and universities. The Members of the Congress, therefore, decided that they would increase the appropriations of Howard University so as to enable the administration, with the help of private funds, to develop it into a first-class educational service. This they began to do in the next year, 1929.

There were some who felt that increased governmental appropriations would discourage private support. The contrary has proved to be the case. The records of the university would seem to show that increased private support

has been inspired by the program thus far carried through by the Congress, for during the last five years the institution has received from private sources nearly \$2,000,000 of support. This is a greater amount for private support than that received in any 20-year period in the previous history of the school.

The Federal Government is justified, therefore, in supporting this institution, because it is the only complete university organization in the United States ministering directly to the colored people; it is the only such organization in the United States for colored people receiving any support so far from State or Federal tax; it is an institution which is carrying forward a comprehensive and fundamental group of services to this large group of our citizens, and is carrying it forward with a purpose and a spirit in keeping with the best traditions of American life, because it is an institution endeavoring to do a great work under severe handicaps and which is evidencing an admirable capacity to develop self-support through student dues and through private funds. It is not only a duty but a privilege of the Federal Government to provide that in times of depression like these the program of such an institution shall not suffer.

The institution has shown a commendable spirit of cooperation with the agencies of the Federal Government in reducing its claims for appropriations in the very beginning of the year. During the normal year, 1933, the institution would have needed from the Federal Government \$1,942,000. The administration of the institution cheerfully cooperated with the Bureau of the Budget in cutting away \$332,914 of this sum in view of abnormal economic conditions prevailing in the country.

The Budget figure of \$1,610,000 was therefore a straightforward and honest figure arrived at through careful thought upon the actual needs of the institution. The amount of \$675,000 now standing in the Senate bill represents a cut of 58 per cent.

The total cut from \$1,610,000 to \$675,000 included the following: \$400,000 to complete the library, \$460,000 for power plant, \$25,000 for salaries, and \$50,000 for general expenses, making a total cut of \$935,000.

No other appropriation in that bill is called upon to make a similar sacrifice or anything even approaching a similar sacrifice. The fact is that the average cut in the Interior bill, as it now stands before the Senate, is 3 per cent.

I am, therefore, hoping that the amount of \$400,000 recommended by the Bureau of the Budget to complete the construction of the library building, long needed by the institution, shall be restored in this bill and favorably passed upon by the Senate. The need for this building was thoroughly canvassed by the Members of the Seventy-first Congress and a sum of \$400,000 was appropriated toward its construction and equipment. The Secretary of the Interior was, moreover, authorized by the Seventy-first Congress to construct a building costing \$800,000 with equipment; that is, \$650,000 for building and \$150,000 for equipment. The need of the building will be immediately apparent when I mention the fact that this institution with nearly 2,500 students has a total provision for only 177 study-table seats in the library. This is considered from 398 to 602 studytable accommodations short of the requirements for the university at the present time. This library building was erected in 1910, and to-day is considered a fire trap.

I wish to point out, moreover, that the stack space in the main library is already filled with volumes and that 100,000 additional volumes are stored away in boxes and under other unsatisfactory conditions where they are unavailable for the use of the students, pending the acquisition of a more adequate library building. It would seem that governmental economy should be constructive as well as restrictive, and that the constructive economy in this case requires that this building, already demonstrated to be greatly needed last year, authorized and appropriated for by the preceding Congress should be carried on to completion by this Congress.

In the fiscal year 1928-29 the total Federal contributions to white land-grant colleges were \$15,490,127. In the same

year the Federal Government's contributions to all 17 negro land-grant colleges were \$339,313. In 1928-29 the Federal Government gave to the Howard University \$403,758, making a total expenditure by the Government for negro education in 1928-29 of \$743.071.

I am told that in the reading room of the Library of Congress the number of negro students using this room is often 50 per cent of those present in the room, and 95 per cent of the negro students are from Howard University, due to the fact that the library facilities at that university are inadequate. It is very inconvenient for the students at Howard University to go to other libraries throughout the city, as these students wish gainful employment during their spare moments as so many of them are working their way through college.

The fact that the university has stored away in basements 122,000 volumes which are inaccessible to the students shows the predicament of the university when a donation of books is offered, as no place is available to properly arrange on shelves any gift of volumes, no matter how necessary and valuable they are.

To show that this \$400,000 to complete the library is not for a library on extravagant lines, I wish to point out that even when it is completed it will accommodate only 18 per cent of the students, whereas the capacity of libraries in the colleges throughout the land is from 20 per cent to 33 per cent of the student enrollment.

It must not be thought that the assistance we are rendering to the Howard University is to continue indefinitely, but only for a few years while it is struggling to develop and maintain itself as a first-class university for the colored students of the United States. Now is the time when assistance is needed, and if there is any part of the university that should be developed at once it is the library. At present less than 10 per cent of the student body can be accommodated in the reading room of the present library at that institution; and if one were to visit the library and see the students that are standing up around the wall, trying to obtain the knowledge they so earnestly crave and work for, one would have no hesitancy in voting the necessary funds so that a building commensurate with the needs of the university could be erected so that these negro students may not seek knowledge in vain.

In this country of 123,000,000 people there are 11,891,000 negroes, so I think the least we could do for such a large body of our population is to authorize the proper appropriation for a library in the only first-class university this race possesses, and I am proud to say it is located in the National Capital.

If the Congress should appropriate this sum of \$400,000, as I think it should, the full sum recommended by the Bureau of the Budget for all purposes, the amount would still be but a very small portion of the Federal Budget and would be small indeed as compared with the more than \$176,000,-000 expended annually by State and Federal Governments for the support of colleges and universities, many of which are entirely closed to negro students.

Mr. President, I know of no class of people under the American flag that has more nobly responded to the opportunities which have been given to them by the American people than the colored group. They have developed from the period of slavery, when practically none of them could read or write, until to-day illiteracy has been almost eliminated from their group. It is nothing more than right that the Congress should take care of the appropriation that was agreed upon by the Seventy-first Congress, which has for its purpose the continued development of Howard University and to take care of the student body which attends that institution in increasing numbers as the years go by.

In conclusion I wish to ask unanimous consent to have printed in the Record as a part of my remarks a statement taken from the record of the House Committee on Appropriations made by President Johnson of Howard University in January, 1932.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

Howard University's present library facilities have the following distinct disadvantag

1. The space available for undergraduate readers is only 30 per cent of what it should be.

- 2. There are no private studies or studies of other description with direct access to the stacks for use or assignment to graduate students, professors, or accredited scholars.
  - There are no seminar rooms and research-study rooms.
     There are no "reserve-book" rooms for groups of students.
- 5. There is no periodical room.
  6. There are no stack workrooms for the staff and, of course, no proximity of relationship between the card catalogue and the
- 7. There is no browsing or reading room for recreational or
- cultural reading.

  8. There is no "treasure" room for rare and expensive books or those not for general circulation; there is only one room for

- There is no map room of any description.
   There are no well-arranged working quarters for the staff;
   in fact the space assigned to the staff is so small that at times the use a portion of the main reading room.

  11. There is no bibliography room; there is no room for ordinary repairs on books, exclusive of binding.

  12. There is no provision for photostatic or photographic work
- of any description.

  13. There is no section of the building containing a noiseproof
- room for typing, multigraphing, mimeographing, etc.
  14. There are no small rooms for debaters, committees, and other
- voluntary study groups.

15. There is no vault.16. There is no adequate packing and shipping room.

17. The maximum stack and open-shelf capacity of the present library building is 75,000 volumes. Howard University already has on hand 125,000 volumes in excess of this capacity, and to make matters more embarrassing in this respect many additional and absolutely necessary volumes are continually flowing in as a result of gifts from philanthropic funds for the specific purpose of furnishing such books as are necessary to keep track of Howard University's avowed purpose of raising the standard of its scholarship, rets. to the basis of highest efficiency within the next five years. The limited stack and reading space robs the university of the real benefit it might get at the present time out of the books it is forced to hold in storage in inaccessible and nonfire-resisting areas.

18. The building is not fireproof, having wood-joist floors, wood-

stud partitions, wood-roof framing, and wood stairs.

For the purpose of remedying this defect immediately Howard University should have an appropriation of \$800,000, which would be subdivided into approximate amounts of \$650,000 for construction of the library and \$150,000 for its equipment. The availability of such a sum would enable the university to construct and equip such a building as it needs at the present time, including all of the items which are hereinbefore listed as being lacking in the existing library layout, giving us a building containing approximately 1,000,000 cubic feet, this being based on the assumption that the structure be built and equipped for \$0.80 per cubic

Mr. LEWIS. Mr. President, the moment I shall occupy the attention of this honorable body is to be taken to give approval to the amendments proposed by the Senator from West Virginia [Mr. HATFIELD] and the Senator from Colorado [Mr. Costigan], as they have met the approval of the distinguished Senator from Utah [Mr. Smoot] in charge of the bill, in behalf of Howard University. I beg the privilege to commend the utterances of the Senator from West Virginia, as well as the views expressed by the senior Senator from Utah [Mr. Smoot] and the commendable tribute of the Senator from Colorado [Mr. Costigan].

But, Mr. President, I want to offer for a moment a suggestion that possibly might not be in the minds of those around us due to the fact that they are very greatly engrossed with more serious matters. This is a negro university. This is the university that is being supported by the National Government. It is exceptional in its character, and it has no parallel in the educational institutions of our country. I particularly make that observation as alluding to its form of institution and the class of people to whom it submits and commends its efforts.

Mr. President, in the city of Chicago, where I live, there is a very large population of colored people. There are in excess of 300,000 of citizens of that group who contribute to that State with much industry, with ceaseless efforts, and under the circumstances in which they live really present an example of the noblest citizenship that would be offered by an humble people surrounded with the disadvantages we know the negro is compelled to endure.

For myself, sir, I was born in the South. While born in Virginia, I was reared in Georgia. I was schooled at different institutions, until finally I was enlisted at the University of Virginia.

Mr. LONG. Mr. President-

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. Certainly.
Mr. LONG. I understood the Senator to state there are 300,000 colored people in Illinois. I wonder if the Senator can tell me how many votes there are?

Mr. LEWIS. Not having much interest in their politics but more in their humanity, I have never had occasion to investigate their attitude in politics. I would love to inform my eminent friend from Louisiana, but due to the fact that I have no profit to seek and very little interest from a party point of view in their political views, I am unable to enlighten him.

I was about to remark, Mr. President, that the negro has remained to me an object of great personal interest and much sympathy. I came to life after the War of the States at a time when the poverty of the South was recognized and adopted as an affliction. The war had depleted all its institutions. Its people were largely bankrupt. It was not able to give its children education. Here in this eminent assemblage I am not loath to confess that it was upon the black bosom of a negro mammy, after my own mother passed out of life, that I drew the earliest inspiration of existence and there was born to me the first knowledge, whispered in the accents of love, of that which we speak of as religion and heaven. The early support that came to such as myself in thousands and thousands from the negro devotions in that land of the South has placed all the children, now in manhood, under debt of obligation and one of continuous gratitude. Wherever we could add to the opportunity to educate them and lift their lives, it is with a sense of duty performed; and if it should be omitted, a form of penalty should follow which should ever tread upon the steps of forgetfulness and ingratitude.

In the community where I live education is the most essential element of all races. Lawlessness in all respects, alluded to on this floor as possessed by some localities in the great West, is due to the fact that education has not been administered in directions and in such quantity and quality as would have repressed the instincts of violence and lawlessness. The education we are giving the negro, that which is being sustained by the Federal Government, has had much to do in establishing a citizenship ever exempt from yielding to the temptations of lawlessness and has helped to bring them to that splendid perfection of citizenship their race and each nationality dreams of enjoying.

Sir, in these very hard times in commerce and industry, the negro is about the most helpless of our citizens. He is not, for reasons too apparent to be referred to, enjoying the membership of labor unions. At a time like this his opportunity to be employed is very limited. If we shall take away from that institution that which we contribute to their education, where shall they go? They can not collect contributions from their afflicted poor. Their people are in need and just at present so deprived of opportunity, because of these universal distresses which are afflicting us all, that there would to them be no recourse whatever. They have no work. They have nothing to contribute. Their friends of their color can not contribute. There is no vocation they can follow and by it earn returns. They stand desolate and helpless. This honorable body does not turn its desires of economy to the particular items that cut away, work destruction of citizenship, and strike hope from their every human heart. I delight to approve of the amendments, as I am pleased to give them my support, and with the votes I give I extend congratulations to those eminent Members of this body who tendered the amendments and gave their

voice and services in this exalted undertaking of humanity and justice to a deserving people of a deserving citizenship.

Mr. KEAN. Mr. President, it is my opinion that every American citizen is entitled to education; that he is entitled to the opportunity which America gives to every man. To enable people to take advantage of that opportunity they must receive some education. Howard University is the only institution in the United States at which the members of the colored race can be educated. It is true that thousands of them are suffering at the present time from unemployment. Part of that comes from a lack of education and lack of training. I hope that the amendment submitted by the Senator from West Virginia [Mr. HATFIELD] will be agreed to so as to give these people the advantages of the opportunity which they so very richly deserve.

Mr. LONG. Mr. President, I am not opposed to the amendment which has been offered. I feel that inasmuch as the fall time is coming a few words ought to be said as to colored education that could not be in any respect attributed to the nearness of election day.

We have no material colored vote in our State. All of them do not care to register. This donation is to a private institution-Howard University. My understanding is that it is the only private institution receiving a contribution of this kind. If I correctly understand the Constitution of the United States, sectarian and private institutions are not allowed to receive donations from the Federal Treasury. However, if Congress is going to embark on this very noteworthy and, I might say, benevolent course of action, I am reminded that we have recently opened night schools in the State of Louisiana to stamp out illiteracy among the colored race. We had about 138,000 illiterates among the colored people. We have opened schools at the expense of the State for the purpose of eradicating illiteracy among the colored people. If Congress is to embark upon this enterprise by reason of this season of the year and the approaching fall season, I feel that I should simply say to Senators present that I propose to offer an amendment that will be strictly within the confines of the Constitution of the United States. to contribute to the State of Louisiana sufficient of Federal funds that we may continue the work of eradicating illiteracy there, because the depleted condition of the State treasury down there will not further bear the expense of carrying on the work of eradication of illiteracy among them unless we have such assistance.

I wish to say that it is a very notable thing to speak in behalf of education among the colored people. In fact, it would have been a great thing to have made several speeches of that order some time last year. It probably would have been just as well to have made them in November of the year before. [Laughter.] If, however, Congress sees fit to adopt amendments to donate large sums in order that we may have a number of very much merited and well-deserved addresses made here upon the great virtues of the colored vote, or rather the colored population of the country-in which I most heartily join and to which I give my consent— I think we ought to donate the funds so that it will be done without any question as to its constitutionality.

So, Mr. President, if this amendment and others like it are adopted at this particular time, I propose to catch the spirit and offer an amendment to this bill to give the State of Louisiana several hundreds of thousands of dollars, which Congress can constitutionally appropriate, in order that we may continue our work of eradicating illiteracy among the colored population of that State.

Mr. TRAMMELL. Mr. President, had the Senator from West Virginia [Mr. HATFIELD] proposed an amendment to make a contribution of ten, twenty, fifty, or one hundred thousand dollars to add to the depleted school funds of each State in the Union, in order that the thousands and millions of children of school age who are not now able to attend school, mostly on account of the financial depression, may be given better educational opportunities, I would have very gladly supported his amendment. In view of the fact, however, that the amendment is so barren of such nation-wide beneficence and merely provides for a building

and for some equipment which is not essential, and contemplates placing an additional burden of \$400,000 upon the backs of the taxpayers in the various States—his State, my State, and others—who are unable now to provide funds for the maintenance of their public schools, I can not support the amendment. Why not assist our public schools before making gifts from the Public Treasury for a private school?

There is not a State in the Union, there is scarcely a county throughout the country, whose school funds are not more or less depleted. School terms have been shortened and diminished; and in thousands, even in millions of cases, the patrons of those schools without any fault of their own are so poor that they have not the funds with which to provide schoolbooks or to provide comfortable and suitable clothing for their children to wear when they attend the public schools. With millions of unemployed, agriculture languishing, the wheels of the factories slowed down, the sources of private income and Government revenue terribly diminished, it is high time to help take care of the school children back at home in the States, instead of making a big gift to a private school for the colored for an item which can wait and not deprive a single boy or girl of good educational opportunities.

If we are going into the educational field to make a contribution to one private institution, I should like to see some sympathy and some interest manifested in these thousands and millions of school children in the different States of the Union whose educational opportunities are at this time seriously impaired in these depressed times. I have not seen for them in this body such enthusiasm as some have displayed for the private school in question. Zeal is shown only for this one private institution in the United States. It is proposed even to enter into the field of extravagance to show favoritism-extravagance under the present times and the financial situation which confronts the country. It is proposed to give them \$400,000 to put up a building, and to make the funds available immediately, to give them library facilities or opportunities, when the millions of boys and girls back in the States are not even having the coveted opportunity of a full term in the city or rural schools, this being due to the financial distress which prevails throughout the country, causing curtailment in the school terms in thousands of communities.

I can not support an amendment of this kind when we are going to neglect and pass by unobserved and unnoticed these millions of ambitious and deserving boys and girls back in the States who just now do not have in full measure the necessary school privilege. I do not think we should deal lavishly with this institution by providing its students the luxury of library facilities while millions of the youth of the land yearning for that opportunity to which the Senator from Illinois referred, are being neglected and apparently not given even a passing thought or sympathy by some.

I should like to see some legislation to help them. I saw a majority of the Senate refuse to make contributions for the purpose of assisting through the States the unemployed. They were not willing to provide funds that would aid in feeding millions of people in this country who are without food, without shelter, without warm and comfortable raiment. Yet now we have a proposition to contribute practically half a million dollars for the purpose of erecting a magnificent library building to give a few people the privileges they will get through a library in Howard University, the only private institution in America that is honored by munificent contributions from the Federal Treasury.

I want all children to have appropriate educational opportunities, regardless of race or color, but this proposal is the height of discrimination. I want to know why it is that this policy of Federal Government gifts to a private school ever crept into this Government. A far wiser and more just policy would have been to make liberal contributions to all the public schools.

Aside from my general views on the subject, I regard it as grossly extravagant at this time to make this appropriation

of \$400,000. I should much have preferred to have seen these patriotic Senators, these Senators who have so much love for the education of the youth of the country, propose a measure which would have reached the hundreds of thousands and millions of ambitious and deserving boys and girls of the country back in the State of West Virginia, the State of Florida, the State of Illinois, the State of New York, and all them throughout the entire Union.

I know that the States have made wonderful strides in the advancement of their educational system, and the system is very generously and patriotically supported in every State, so far as I know. It is certainly true in my State. Under ordinary circumstances and the usually prosperous times, the door of educational opportunity stands ajar, bidding the ambitious youth to come in and obtain an education. But our educational activities, as well as all other functions of government, are to-day stricken and suffering on account of the financial depression which prevails throughout America; and for that reason millions of children are not being given the educational opportunity that is extended to them and open to them during normal times.

I will join with the Senator from West Virginia or any others in a plan which will provide some money for taking care of the public schools in the States, to replenish their treasuries or provide credit facilities with which they can obtain funds to carry on their schools for a full term; but under the circumstances, I think, as I see them, it would be absolutely an unwise governmental policy to make a contribution for what is practically a luxury; that is, a luxury considering the present condition of the country.

I hope the amendment will be defeated.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. HATFIELD].

The amendment was agreed to.

Mr. SMOOT. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated. The LEGISLATIVE CLERK. On page 98, line 12, after the numerals "1933," it is proposed to add:

Provided further, That in addition to the amount herein appropriated the Secretary of the Interior may also approve projects, incur obligations, and enter into contracts for additional work not exceeding a total of \$2,500,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof and appropriations hereafter made for the construction of roads in national parks and monuments shall be considered available for the purpose of discharging the obligation so created.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. BLAINE. Mr. President, on page 107, line 20, after the word "institution," I move to insert the following:

Provided, That no part of this appropriation shall be expended for the purchase of oleomargarine or butter substitutes, except for cooking purposes.

Mr. CONNALLY. Mr. President, I make the point of order on that amendment.

The VICE PRESIDENT. What is the point of order?

Mr. SMOOT. Is it that it is legislation on an appropriation bill?

The VICE PRESIDENT. The Chair may announce that the amendment is only a limitation on the appropriation.

Mr. CONNALLY. May I have the amendment stated, please?

The VICE PRESIDENT. The amendment will be stated. The legislative clerk stated the amendment.

Mr. CONNALLY. Mr. President, does the Chair hold that that is a limitation?

The VICE PRESIDENT. The amendment is a limitation. Mr. CONNALLY. And therefore in order?

The VICE PRESIDENT. And therefore not subject to a point of order.

Mr. CONNALLY. Mr. President, while this amendment may be a limitation and technically in order, in spirit it is legislation. It is in fact legislation; and I very much regret to try to legislate.

Last year, when a similar amendment was offered to the military appropriation bill, the War Department protested against it; and the Senator from Pennsylvania [Mr. REED], chairman of the Military Affairs Committee, was successful in preventing the adoption of that amendment.

I hope the Senate will not adopt this amendment. It is a legislative discrimination against a legitimate product. Senate can legislate in the regular way; and if it wants to destroy oleomargarine it may do so. This, however, is not the way to do it; and I earnestly ask the Senate not to take that action by adopting this amendment.

Oleomargarine is already taxed. It is already heavily taxed. It is already discriminated against by law. The Senator from Wisconsin, by law, would prevent people from buying oleomargarine even though they might want to buy it. I have heard him on this floor exclaim in lurid tones about the "personal liberty" of people to do what they want to do; and yet the Senator from Wisconsin proposes to restrict personal liberty in this case in order to help some of his dairy people.

I have dairy people in my State, too. The Legislature of Texas passed an oleomargarine law; but they passed it in the regular, constitutional way, after proper consideration. I do not believe it is just and fair to take this indirect method of penalizing and taxing and driving out of existence that which all the chemists say is a wholesome, healthful article of diet.

Under this appropriation for St. Elizabeths Hospital, why not leave the medical staff to select the diet? The inmates are insane patients. They have to have a special sort of treatment. It may be that they require a particular kind of diet. Can the Senator from Wisconsin say that he knows more about what they ought to eat than the expert physicians who are in charge of that hospital? Is the Senator from Wisconsin better qualified to pass upon the diet of people in St. Elizabeths Hospital than Doctor White, who is a nationally known expert in mental diseases?

I submit to the Senate that this is not a proper or a legitimate amendment to this bill; and I hope the Senator from Wisconsin will withdraw it.

The Senator says in this amendment that oleomargarine must not be bought except for cooking purposes. If it is used in cooking, it will enter the human body just the same as if it is used on the table without cooking. Why does not the Senator prevent its use absolutely if it is so harmful? If it is deleterious, if it is harmful, if it is injurious to these wards of the Government, why permit its use indirectly and poison their systems by permitting them to use it when cooked, while refusing to let them eat it on the table?

I do not understand the mental processes of the Senator from Wisconsin. I do not understand his ratiocination when he provides that oleomargarine may be used when cooked, on the theory that then it will not be harmful, while if it is not cooked it will be harmful.

I am more concerned right now with the proper treatment of people in St. Elizabeths Hospital than I am with a selfish desire of the Senator from Wisconsin to penalize other producers for the benefit of the producers of his own State. Let me say that the Senator from Wisconsin has no monopoly on the dairy producers of the country. They are in every State; and the people who have to eat are entitled to some consideration in this time of stress.

The Senator from Wisconsin a few days ago was declaiming loudly here in behalf of appropriating \$375,000,000 to feed the hungry and to clothe the naked; and yet he would, if he could, deny to the poor the right to purchase an article of food that is wholesome, healthful, and cheap, and would seek by law to make them buy some other kind of food which costs them more.

I hope the Senate will reject this amendment.

Mr. BLAINE. Mr. President, the Senator from Texas evidently overlooks the purpose of the amendment. I call his attention to the fact that in 1931 the Senate passed a

that the Senator from Wisconsin embraces this opportunity | similar amendment when the War Department appropriation bill was before the Senate. That was approved February 23, 1931.

The Senate view then was that soldiers were entitled to proper diet. Congress has also prescribed a diet for the Navy, which includes butterfat.

The Senator, when he discusses the right of the poor to purchase what they want, overlooks the fact that the people who are in St. Elizabeths Hospital have no discretion. There are people there who can exercise no discretion. The people in that institution are those suffering from mental and nervous disorders. They are incompetent to exercise any discretion whatever. They are compelled to eat that which the superintendent gives them. They have no voice in the matter.

Let me read to the Senate the character and type of people who are in St. Elizabeths Hospital; but, before doing so, let me call to the attention of the Senator from Texas the fact that, according to the report made, not only as to last year, but as to the prior year, I believe two prior years, perhaps in all the past, the Superintendent of St. Elizabeths Hospital did not supply one single ounce of butter for the use of those inmates. Not a single ounce of it is served to the men and women who are in that institution. In the cafeteria, where the employees obtain their meals in the institution, those employees who have the right of choice may choose butter or butter substitutes and pay such prices as are charged, but the inmates of the institution, those suffering from mental and nervous disorders. have no choice whatever, nor has the superintendent of that institution furnished them with a single ounce of the necessary and essential part of the diet in the treatment and care of men and women suffering from mental and nervous disorders.

I call the Senator's attention to the fact that on February 8, 1932, I filed with the Senate, and there was inserted in the RECORD, a full statement of the use of butter and butter substitutes in St. Elizabeths Hospital, and that report was furnished by the hospital. Let me call attention now to the men and women who are treated in the hospital.

St. Elizabeths Hospital for the Insane contains persons from the Army, the Navy, the Marine Corps, the Coast Guard; insane inmates of the national homes for disabled volunteer soldiers; those who became insane since their entry into the naval and military service of the United States; insane civilians in the quartermaster service of the Army, insane persons transferred from the Canal Zone who have been admitted to the hospital and who are indigent; American citizens legally adjudged insane in the Dominion of Canada whose legal residence is in one of the States, Territories, or the District of Columbia; beneficiaries of the United States Employees' Compensation Commission, and insane beneficiaries of the United States Veterans' Bureau.

Those are the men-and of course there are women-who are treated in that institution, and I dare say that if the two distinguished physicians and surgeons who are Members of the Senate were here on the floor at this time, they would confirm what I say, that it is absolutely necessary and essential to the treatment and care of insane people, and people suffering from nervous disorders, to have that vitamin contained only in butter.

Mr. President, that is a brief statement of what this amendment provides for. There is no purpose in the amendment to discriminate against substitutes. The purpose of the amendment is to compel the use of a wholesome, essential food product necessary in the treatment of the insane and those suffering from nervous disabilities.

Mr. CONNALLY. Mr. President, I wonder whether the Senator from Wisconsin would be willing to add an amendment to this bill to provide that no beef should be purchased at St. Elizabeths Hospital unless it were from beef cattle and not from dairy cattle? The Senator knows that from a beef standpoint the food character of the beef from regular beef cattle is much superior to that from dairy cattle; and I am wondering whether the Senator would be

willing to offer an amendment, to become permanent law, that all beef that is sold should be stamped and marked to the effect that it was from dairy cattle when such should be the fact?

Mr. BLAINE. Mr. President, the Senator is so extremely facetious that I do not believe his question requires an answer.

Mr. CONNALLY. I thought the Senator's answer would be similar to what it was. In other words, he is perfectly willing to deny the experts out at St. Elizabeths the right to say what they think the diet of the patients out there should be; he is willing to set up his judgment as being superior, to theirs as to what the diet of those insane patients and the employees should be; yet when I inquire as to his attitude toward labeling beef from dairy cattle which is sold as beef, the Senator's reply is that such an inquiry is facetious, that that is not serious. He can not conceive why people should not have old, worn-out, broken-down dairy cows foisted upon them as fresh "baby beef"; thinks that it is fine, perfectly consistent to have that sort of fraud practiced on them; but he is willing to deny people the right to buy oleomargarine when it is placarded on the oleomargarine that it is oleomargarine, when it is labeled so that nobody can misunderstand what he is buying, with the Government already discriminating against it by saying that before a person can buy it he has to pay a Federal tax for the privilege of eating it. That is the sort of liberty and freedom and equality the Senator from Wisconsin believes in.

Let me suggest to the Senator from Wisconsin that this sort of legislation is so objectionable that I do not know of any way by which we can counteract it except by adopting the same methods to other products he urges as to oleomargarine.

The distinguished senior Senator from Wyoming [Mr. Kendrick] is a famous cattle man, and he tells me of the foisting on the beef market of dairy cattle which have served their purpose as dairy cattle, old, broken-down, worn-out antiques, which have lost their power of producing butter; that the dairy people then carry them off and sell them to the packers, who butcher them, and then they are sold throughout the country as "baby beef," perhaps.

Oh, the Senator does not favor labeling them. He does not favor letting the guileless purchaser know that that is an old, weather-beaten, broken-down cow. He is willing for them to believe that it is a fresh, young steer. [Laughter.] But in the case of oleomargarine—holy horrors! Do not let a man buy something with his eyes open, when he sees that it is oleomargarine; do not let him do it. Make him, by law, buy butter from Wisconsin. [Laughter.] Put the label on it.

Mr. BLAINE. Mr. President, do these insane patients buy that butter?

Mr. CONNALLY. No; but the Government is buying it for them. The Senator suggests that these patients are insane, therefore they do not buy it. These insane patients do not choose their food. That food is chosen for them by experts, by men trained in the science of mental diseases, and yet the Senator would arrogate to himself a knowledge superior to that of these experts, and he would proceed to tell them in an appropriation bill what kind of food the expert doctors shall feed to the insane.

Why does not the Senator be consistent and go farther? Why does he not tell them how to treat the patients? Why does he not prescribe in this bill the kind of apothecary-shop products which shall be given to these patients? Why does he not outline the recent discoveries in psychiatry and tell them what sort of exercises to give the patients. Why stop at oleomargarine? The Senator's interest is not selfish, the Senator's interest is altruistic. He has no eye on Wisconsin and the coming primaries, or the coming general election. His heart is burning with love for the poor patients out at St. Elizabeths. He does not want their poor systems wrecked by this terrible thing, by accidentally getting a little oleomargarine.

If he is so altruistic, so wrapped up in those patients, and knows more about how they should be treated than the doctors, why does he not prescribe for their treatment? I am amazed that the Senator should overlook the treatment of their minds and devote all his attention to the treatment of their stomachs. They are insane; they can not choose their food, and the Senator wants to choose it for them. That is the position of the Senator from Wisconsin. He sets himself up as the expert to tell experts how to treat poor, insane, unthinking patients.

I shall expect, when the next bill comes in, to have other amendments offered by the Senator. He certainly will not expend all of his energies on this bill. He will be telling the people in Walter Reed Hospital just how the doctors should amputate the limbs of those poor soldiers out there who are wounded. He ought to go farther and tell them how to treat their various ailments, because his interest is purely in the interest of the patients. He has no other interest than to help the poor patients.

I submit that these remarks simply illustrate what a bad practice it is, and how unfair, to use this sort of method of legislating, when the Senate deviates from its regular processes of bringing in bills which have been considered by committees, and an effort is made to tie on a bill a limitation, under the pretext of being a limitation, when it is not, in fact, really a limitation, because what it directs is affirmative. A limitation is negative. This is an affirmative direction, that they must buy butter; not that they shall not buy oleomargarine, but that they must buy butter.

I ask the Senate to reject this amendment.

Mr. BLAINE. Mr. President, I just want to suggest that I enjoyed very much the attempted ridicule of the Senator from Texas, but the Senator forgets that the men and women in St. Elizabeths Hospital have no votes in Texas. Therefore his ridicule may be directed elsewhere.

I ask for the yeas and nays.

Mr. CONNALLY. Mr. President, the Senator's comment I can not pass without notice.

The Senator says that I am conscious of the fact that the poor insane out in St. Elizabeths do not vote in Texas. I am aware of that fact. If they voted out in Wisconsin, I am not sure that the Senator's amendment would be offered here at this time.

The Senator has revealed where his eyes are set. His eyes are concerned with the ballot boxes, evidently. His eyes are out in Wisconsin, and he takes opportunity to use the poor insane in St. Elizabeths Hospital to do what he thinks will promote his interests out in Wisconsin.

Mr. BLAINE. Mr. President-

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Texas yield to the Senator from Wisconsin?

Mr. CONNALLY. I yield.

Mr. BLAINE. Is the Senator making a vigorous attempt to keep his halo on straight?

Mr. CONNALLY. My "halo"? I did not know that the Senator from Wisconsin knew what a halo was. [Laughter.]

Let me say to the Senator from Wisconsin that if I were going to seek to promote my political advantage I would not follow the example of the Senator from Wisconsin, and pick out a lot of poor mental incompetents, men whose minds have been blinded, men and women whose reason has been deranged, poor, unfortunate wards of the Government. I would not select them as the vehicle by which I should undertake to promote my political fortunes. If the Senator from Texas shall ever make political plays that appeal to demagoguery, the Senator from Texas at least shall endeavor to employ an agency that will know of his effort and will understand its consequences. But the Senator from Wisconsin, since he has dragged in politics, makes it perfectly apparent that he is willing to use these poor, dumb creatures as the victims of his own political purposes.

Mr. BARBOUR. Mr. President, I was not recognized by the Chair, though I was on my feet just before the vote was taken on the amendment submitted by the Senator from West Virginia [Mr. Hatfield] providing an appropriation for the colored students at Howard University, which was just adopted and for which I voted. May I say now very briefly that I feel that the Government has already committed itself to the support of this particular institution and that it would have been very unfair and very unfortunate if this support had been withheld at this time. I am very glad, therefore, that the amendment was agreed to and the appropriation granted, and I am glad also that I was one of those who voted for it.

The PRESIDING OFFICER. The question is on the amendment submitted by the Senator from Wisconsin [Mr. Blaine], upon which the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following
Senators answered to their names:

Ashurst	Couzens	Jones	Robinson, Ark.
Austin	Dale	Kean	Robinson, Ind.
Bankhead	Davis	Kendrick	Schall
Barbour	Dickinson	King	Sheppard
Barkley	Dill	La Follette	Shipstead
Bingham	Fletcher	Logan	Shortridge
Blaine	Frazier	Long	Smith
Bratton	George	McGill	Smoot
Brookhart	Glass	McKellar	Steiwer
Bulkley	Goldsborough	McNary	Thomas, Idaho
Bulow	Gore	Metcalf	Thomas, Okla.
Byrnes	Hale	Moses	Townsend
Capper	Harrison	Neely	Tydings
Caraway	Hatfield	Norbeck	Vandenberg
Carey	Hawes	Norris	Walsh, Mont.
Connally	Hayden	Nye	White
Coolidge	Hebert	Oddie .	
Copeland	Hull	Patterson	
Costigan	Johnson	Pittman	

The PRESIDING OFFICER. Seventy-three Senators have answered to their names. A quorum is present. The question is upon the amendment of the Senator from Wisconsin [Mr. Blaine], upon which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). I have a pair with the senior Senator from Ohio [Mr. Fess]. Not knowing how he would vote I withhold my vote.

Mr. HULL (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. Hastings]. In his absence I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. Swanson]. I transfer that pair to the Senator from New Hampshire [Mr. Keyes] and vote "yea."

Mr. PATTERSON (when his name was called). On this vote I have a pair with the junior Senator from New York [Mr. Wagner]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. Stephens]. In his absence and not knowing how he would vote, I withhold my vote.

Mr. THOMAS of Idaho (when his name was called). On this vote I have a pair with the junior Senator from Montana [Mr. Wheeler], which I transfer to the senior Senator from Colorado [Mr. Waterman], and vote "yea."

Mr. THOMAS of Oklahoma (when his name was called). On this question I have a pair with the senior Senator from Illinois [Mr. Glenn]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. SHEPPARD. Mr. President, I desire to announce the necessary absence on official business of the Senator from North Carolina [Mr. Balley], the Senator from Kentucky [Mr. Barkley], the Senator from Alabama [Mr. Black], the Senator from Florida [Mr. Trammell], the Senator from Massachusetts [Mr. Coolinge], and the Senator from Massachusetts [Mr. Walsh].

Mr. HATFIELD (after having voted in the affirmative). Has the senior Senator from North Carolina [Mr. Morrison] voted?

The PRESIDING OFFICER. That Senator has not voted. Mr. HATFIELD. I have a pair with that Senator, and in his absence, not knowing how he would vote, I withdraw my vote.

Mr. SMITH. I have a general pair with the senior Senator from Indiana [Mr. Watson]. I transfer that pair to the junior Senator from North Carolina [Mr. Balley] and vote "nay."

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a pair with the Senator from Pennsylvania [Mr. Reed], who is necessarily absent. I transfer my pair to the Senator from Massachusetts [Mr. Coolidge] and permit my vote to stand.

Mr. HATFIELD. I find that I can transfer my pair to the junior Senator from Connecticut [Mr. Walcott], which I do, and vote "yea."

Mr. McNARY. I wish to announce the following general

The Senator from New Mexico [Mr. Cutting] with the Senator from Massachusetts [Mr. Walsh];

The Senator from California [Mr. Shortridge] with the Senator from Georgia [Mr. Harris];

The Senator from Maine [Mr. WHITE] with the Senator from Kentucky [Mr. BARKLEY]; and

The Senator from Idaho [Mr. Borah] with the Senator from Alabama [Mr. Black].

The result was announced—yeas 33, nays 32, as follows: YEAS—33

the same of the same	1.5	AD-00	
Austin Barbour Blaine Brookhart Capper Caraway Costigan Couzens Dale	Davis Dill Frazier Hatfield Hawes Johnson Jones La Follette Logan	Long McGill McNary Neely Norbeck Norris Nye Oddie Pittman	Schall Shipstead Steiwer Thomas, Idaho Vandenberg Walsh, Mont.
Ashurst Bankhead Bingham Bratton Broussard Bulkley Bulow Byrnes	Connally Dickinson Fletcher George Glass Goldsborough Gore	Harrison Hayden Hebert Kean Kendrick King McKellar	Metcalf Moses Robinson, Ark. Sheppard Smith Smoot Townsend Tydings
Bailey Barkley Black Borah Coolidge Copeland Cutting Fess	Glenn Harris Hastings Howell Hull Keyes Lewis Morrison	Patterson Reed Robinson, Ind. Shortridge Stephens Swanson Thomas, Okla. Trammell	Wagner Walcott Walsh, Mass, Waterman Watson Wheeler White
	Barbour Blaine Brookhart Capper Caraway Costigan Couzens Dale  Ashurst Bankhead Bingham Bratton Broussard Bulkley Bulow Byrnes  Bailey Barkley Barkley Black Borah Coolidge Copeland Cutting	Austin Barbour Barbour Blaine Brookhart Brookhart Hatfield Capper Caraway Johnson Costigan Couzens La Follette Logan  NA Ashurst Carey Bankhead Connally Bingham Bratton Broussard George Bulkley Glass Bulow Goldsborough Byrnes Gore  NOT V  Bailey Bailey Barkley Harris Black Hastings Borah Howell Coolidge Coolidge Coulting Lewis	Barbour Blaine Brookhart Brookhart Capper Caraway Johnson Costigan Couzens Cotsigan Jones Couzens La Follette Carey Bankhead Connally Blaine Bratton Bratton Bratton Bratton Bratton Brooksard George Bulkley Glass Bulkley Goldsborough Byrnes Gore Bulkley Glass Bulkley Goldsborough Bratton Bratton Bratton Bratton Bratton Bratton Bratton Broussard Bulkley Goldsborough Byrnes Gore McKellar NOT VOTING—31 Bailey Balek Harris Balek Harris Beed Black Hastings Borah Howell Shortridge Coolidge Coolidge Hull Stephens Copeland Keyes Swanson Cutting Lewis Thomas, Okla.

So Mr. BLAINE's amendment was agreed to.

Mr. LONG. Mr. President, I sent to the desk an amendment, which I ask to have reported.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 111, line 20, insert the following:

For the State of Louisiana, to be used in the work of eradicating illiteracy among the colored people, the sum of \$200,000.

Mr. SMOOT. Mr. President, I make the point of order against the amendment that it has not been estimated for, that it has not been reported by a standing committee, and that it would be an increase in the appropriation. For those reasons I contend the point of order will lie against the amendment.

The PRESIDING OFFICER. The present occupant of the chair is clearly of the opinion that the amendment offered by the Senator from Louisiana is not in order under paragraph 1 of Rule XVI, and therefore sustains the point of order made by the Senator from Utah.

Mr. LONG. I appeal from the ruling of the Chair.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. LONG. I ask for the yeas and nays.

Mr. ASHURST. Mr. President, I beg the Senator to withdraw the appeal. The ruling of the Chair is absolutely correct, and I hope the Senator will withdraw his appeal.

Mr. LONG. On what point?

Mr. ASHURST. I say that the ruling of the Chair is correct. Even those who might be inclined to favor the amendment would be obliged to vote to sustain the Chair. Let the Senator withdraw the appeal, because, under our rules, the Chair's ruling is absolutely correct.

Mr. LONG. Is it under the rule relating to the relevancy

of amendments?

Mr. ASHURST. No. The amendment proposes to make an appropriation which has never been estimated for by the Budget Bureau and has not been reported by a standing

The PRESIDING OFFICER. If the Senator from Louisiana desires, the Chair will be glad to read that paragraph of the rules.

Mr. LONG. Very well.

The PRESIDING OFFICER (reading):

All general appropriation bills shall be referred to the Committee on Appropriations, and no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session; or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate submitted in accordance with law.

Mr. LONG. I withdraw my appeal, Mr. President.

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from North Dakota proposes, on page 6, to strike out lines 1 to 5, inclusive.

Mr. FRAZIER. Mr. President, the lines that are affected by the amendment are for the expenses of the Board of Indian Commissioners, \$11,800, "of which amount not to exceed \$6,700 may be expended for personal services in the District of Columbia."

I may say that the Board of Indian Commissioners is a board appointed under authority of an old, old law-a civilian commission to make investigations of Indian mattersand I believe it reports to the Secretary of the Interior. The members of the Board of Indian Commissioners do not receive any salaries, but are paid their traveling expenses when out on official business; and they have an office force here in the city of Washington.

My object in offering this amendment is not to abolish the Board of Indian Commissioners but simply to cut out the expense of \$11,300 at this time, as I believe it is unnecessary, and the money could a great deal better be used for other purposes-for feeding the poor and needy Indians, for furnishing livestock of which they are in need, or for building homes of which the Indians are in need.

The Board of Indian Commissioners consists of some 9 or 10 members, I believe. I have nothing against any of them. Some of them I happen to know are very high-class men and women, and I think they are honestly interested in Indian affairs. I think, however, the general feeling is that they have sided with the Bureau of Indian Affairs; and in some instances that I know of they have been sent out and have reported what seems to me to have been a whitewash.

To cite just one case, when former Senator Pine, of Oklahoma, first came to this body he was interested in having an investigation made in regard to charges against a certain Indian superintendent down in Oklahoma, and also against some attorneys who were accused of grafting in affairs handled for the Indians. He succeeded in getting the Indian Bureau or the Secretary of the Interior to send down the president and secretary at that time of this Board of Indian Commissioners. They went down there and held some meetings, and apparently made some investigations, but reported favorably to this superintendent and also to the attorneys, Senate not to adopt this amendment.

and gave them a clean bill of health. A short time after that a grand jury down there was called to consider the very same charges against the very same people, and the grand jury indicted the Indian superintendent and also some 8 or 10 attorneys, as I recall; and most of them were convicted. I

I mention this as one case. It seems to me that this provision might well be stricken out at this time, in order to keep down expenses.

The Senate committee reduced the expenses in the office here from \$9,000 to \$6,700. As I understand, that simply cuts out the salary of one stenographer. If the board are to function this year, it seems to me it is a mistake to cut down their office force, as the only real good that they might accomplish would be through reports that they make after making investigations.

Mr. FLETCHER. Mr. President, may I ask the Senator what his amendment is? I tried to follow it.

Mr. FRAZIER. The amendment is on page 6, to strike out from line 1 to line 5, inclusive.

Mr. FLETCHER. That does away with the whole board?

Mr. FRAZIER. Yes.

Mr. FLETCHER. I think the Senator is right about it. Mr. FRAZIER. It does away with the expenses for this

Mr. FLETCHER. I mean the appropriation for it for this year. I think that is right.

Mr. SMOOT. Mr. President, the board consists of nine commissioners. Then they have a secretary. The Senate has stricken out a clerk at \$2,300, leaving the appropriation of \$11,800, of which amount not to exceed \$6,700 may be expended for personal services in the District of Columbia.

I desire to call attention to at least one case that occurred when General Scott, a member of the board, was called to the State of Utah some years ago. We had an uprising of Indians there. General Scott came to Utah. I want to say to the Senate now that if we had not had General Scott or a representative from the Government there, we would have had bloodshed and destruction of property there the limits of which no one can tell.

The Indians have the greatest regard for General Scott. and, I think, also for the other members of the board; and all that is asked to maintain this board is the sum of \$11,800. I can not conceive of a personal pique or a personal feeling that would even suggest such a thing as striking out this provision of the law.

Mr. FRAZIER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. FRAZIER. I should like to ask the Senator from Utah when it was that General Scott went out to Utah.

Mr. SMOOT. I should judge about 10 or 12 years ago.

Mr. FRAZIER. That is the time when there was a sort of an uprising and almost a civil war between the whites and the Indians in Utah?

Mr. SMOOT. Yes.

Mr. FRAZIER. I recall that. I was under the impression that it was longer ago than that, however.

Mr. SMOOT. I want to say to the Senator that if General Scott had not done anything else-and he is not drawing a cent of compensation for his work on this board—he did a wonderful piece of work on that occasion; and I do not think the Senator will deny the fact that he stands high in the estimation of the Indians of this country.

Mr. FRAZIER. Oh, I have a very high regard for General Scott.

Mr. SMOOT. The same thing is true of the other members. I do not know personally as to the other members. but I think they stand in the highest regard among the Indians of the country as well as the whites of the country.

The whole thing comes down to this: All of the commissioners serve without compensation, and the only expense attached to the whole matter is \$11,800. I certainly ask the

Senator from Utah if he can recall any other outstanding accomplishments of this particular board?

Mr. SMOOT. We did not go into the question of what they had accomplished in past years. I simply mention this instance because I know that to be a fact, because it was in my own State, and I was very deeply concerned about it at the time, as was every person not only in western Colorado but in Utah as well.

Mr. FRAZIER. The Senator from Utah thinks \$11,800 is a very small amount. Looked at in some ways, it is; and yet \$11,800 would feed a lot of hungry Indians for many, many days at the rate at which they are furnished rations at the present time.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota.

The amendment was rejected.

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from North Dakota offers the following amendment: On page 18, line 21, strike out "\$140,000" and insert in lieu thereof "\$113,000."

Mr. FRAZIER. Mr. President, this is a reimbursable appropriation for the Klamath Indians of Oregon.

When the bill was before the House committee, one of the representatives of the Klamath Indians went before the committee and succeeded in getting the appropriation reduced somewhat. He also went before the Senate committee and asked for a further reduction of \$27,000, which is the amount covered by this amendment; but no further reduction was made.

The Klamath Indians have a great deal of timber. That is their principal asset. For the past several years their sale of timber has averaged about \$1,000,000 a year. This year it has fallen down considerably. Under the law the department has made a ruling that 8 per cent of the sales of the timber may be used for what may be termed "operating expenses" of the bureau, hiring scalers and caring for the timber, looking after the contracts, and all that sort of thing.

There is a great deal of money being spent. This 8 per cent during the past 5 or 6 years is more than has been spent by the department for the care of this timber. There has been a balance left each year. They have built roads and telephone lines with the balance.

When the subcommittee visited this reservation some time ago we drove around through this forest and spent an entire day there. There was a network of roads through the forest. One of them was named after the superintendent at that time, called the Arnold Highway. Many of these roads are practically not used by the Indians at all. They are used by the logging companies, and, of course, as firebreaks.

The per capita payment of the Klamaths has been very high. It is practically one of the top per capita payments among the Indian reservations in the way of expenditures by the department for the care of the Indians. In the fiscal year 1930 there was spent, out of the Klamath fund, \$254.50 per capita for every man, woman, and child in that Indian reservation. It is, I think, the second highest, next only to the Mescaleros out in New Mexico, in the way of per capita expenditures. It is altogether too high. The sales of timber have fallen off materially during the past summer. The 8 per cent, they figure, is not enough to take care of the situation, to keep on the number of employees that they have there under the present conditions; and the number of their employees is very large.

When the sales of timber averaged about a million dollars per year there was a balance left over. Under some old law that balance reverts to what are known as miscellaneous receipts in the United States Treasury. At the present time, those receipts for the Klamath Indians that have reverted to the United States Treasury amount to something around

Mr. FRAZIER. Mr. President, I should like to ask the | \$50,000 that has been taken from the fund of the Klamath Indians and put into the United States Treasury.

> It seems to me that this is something that should be taken care of. Last year a bill along this line was introduced, but it failed of passage, and nothing further has been done up to the present time.

> The delegate from the Klamaths recommends this reduction of \$27,000, reimbursable. There is a little more left in the fund, with the \$27,000 deducted, than the 8 per cent of their sales this year will amount to. I believe the amendment is a reasonable one, and that these other expenses should be kept down.

> Mr. SMOOT. Mr. President, last year there was an appropriation for this purpose of \$250,000. There was an estimate this year of \$150,000, and the House cut the \$150,000 down to \$140,000.

> We all recognize the fact that the sale of timber from the Klamath Reservation has been less, or will be less, during the coming year than it was last year. This item applies to the coming year. The House, as I say, cut the estimate from \$150,000 to \$140,000. We were asked to reinstate the larger amount, and the committee refused to do so.

> Of course, the roads there are for firebreaks as well as for roads. It is absolutely necessary to have firebreaks there. If they were not there, if a fire ever broke out there, more than likely the whole standing timber would be destroyed. The roads must be kept up, and this appropriation is for those two purposes. We have cut the amount now from \$250,000 down to \$140,000. The committee first thought that perhaps they ought to appropriate the amount of the estimate, but we did not change the amount appropriated by the House.

> I certainly hope the amendment of the Senator from North Dakota will be rejected.

> The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER]. [Putting the question.] The Chair is in doubt. Those in favor of the amendment will please rise and stand until they are counted.

> Mr. SMOOT. Mr. President, if we are going to have a division, I suggest the absence of a quorum. There are very few Senators present.

> The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Johnson	Robinson, Ark.
Austin	Costigan	Jones	Robinson, Ind.
Bailey	Couzens	Kean	Schall
Bankhead	Dale	Kendrick	Sheppard
Barbour	Davis	King	Shipstead
Barkley	Dickinson	La Follette	Smith
Bingham	Dill	Lewis	Smoot
Black	Fletcher	Logan	Steiwer
Blaine	Frazier	Long	Thomas, Idaho
Borah	George	McGill	Thomas, Okla.
Bratton	Glass	McKellar	Townsend
Brookhart	Goldsborough	McNary	Trammell
Broussard	Gore	Metcalf	Tydings
Bulkley	Hale	Moses -	Vandenberg
Bulow	Harrison	Neely	Wagner
Byrnes	Hatfield	Norbeck	Walcott
Capper	Hawes	Norris	Walsh, Mass.
Caraway	Hayden	Nye	Walsh, Mont.
Carey	Hebert	Oddie	White
Connally	Howell	Patterson	
Coolidge	Hull	Pittman	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names; a quorum is present.

The question is on agreeing to the amendment offered by the senior Senator from North Dakota [Mr. Frazier].

Mr. FRAZIER. Mr. President, this amendment is to reduce the Klamath Indian appropriation for forest work, a reimbursable amount, by \$27,000. There is now in this forestry act \$67,420, to be used by the Government in the protection of the forest. It does not include an item for fire prevention or for beetle control. There are other items in the bill for those purposes.

This item is for the payment of men whose names are given in a list. In November there were 50 employees on

Mr. SMOOT. Mr. President, I think the Senator made a misstatement unwittingly. This is not for fire prevention. The language is:

For expenses incidental to the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands from which such timber is sold to the extent that the proceeds of such sales are sufficient for that purpose, \$140,000.

Mr. FRAZIER. If the Senator will also note on line 14. page 19, he will find that it is for fire suppression, and so forth. And again, on page 18, there is a similar provision, for the proper care of forests, including fire prevention, and so forth.

Mr. SMOOT. The item to which the Senator refers is with reference to the reservation in Wisconsin.

Mr. FRAZIER. Oh, no. It says:

For the preservation of timber on Indian reservations and allotments other than the Menominee Indian Reservation in Wisconsin.

Mr. SMOOT. The Senator is correct. The Senator said it did not include fire prevention, but the Senator is wrong. Mr. FRAZIER. I say that there are other provisions for fire prevention.

Mr. SMOOT. Not on this particular reservation.

Mr. FRAZIER. Oh, yes.

Mr. SMOOT. Not other than general appropriations for fire prevention.

Mr. FRAZIER. General appropriations; yes. That is one trouble with this appropriation bill—one can not tell from the items in it what it means.

Mr. SMOOT. The Senator must understand that this is the very best stand of timber there is owned by Indians anywhere in the United States.

Mr. FRAZIER. That is all very well.
Mr. SMOOT. I think one of the very splendid ways of expending money for the protection of that timber is as we have provided in this bill.

Mr. FRAZIER. It is being sold off very rapidly.

Mr. SMOOT. If the Senator owned the timber himself, he would provide means of fire prevention.

Mr. FRAZIER. Oh, yes; but no one can find a private timber reserve anywhere that spends as much money as is spent on the Klamath Reservation by the Government.

The junior Senator from Connecticut [Mr. Walcott], a member of the Committee on Indian Affairs, has made quite a study in regard to handling timber, and he made a statement before our subcommittee, at a hearing held on the 25th and 26th of February, 1931, and I want to read a paragraph or two of his statement. The Secretary of the Interior and the Commissioner of Indian Affairs were present at the hearing. The Senator from Connecticut said:

I went over some lumber contracts that I, as a white man, I went over some lumber contracts that I, as a white man, having been connected with a large lumber business all my life, would no more think of making, would no more think of cutting the timber, no more think of letting it go, than I would think of cutting off my right arm. Furthermore, I would never think of trying to sell stumpage at this time when it is the lowest in 20 years. Yet I am told by some of the Indians that a large contract may be let between now and next fall. It would be suicided to may be let between now and next fall. It would be suicidal to the Indians to do a thing like that. We should wait until there is a market for stumpage before letting such a contract. I have had this up before two or three other large lumber companies. It is distinctly an unfair contract from the Indians' point of

Mr. SMOOT. That has nothing to do with this particular appropriation.

Mr. FRAZIER. Oh, no; of course it has not; but it has to do with the Indians' own money that is being expended by representatives of the United States Government, of the Department of the Interior. They have set aside 8 per cent in the past, which has proven to be too much, and it has reverted to the Treasury of the United States-money that belonged to the Indians from the sale of their property. Fifty thousand dollars of it is in the Treasury now. The Indians want to cut down this appropriation by \$27,000 more. I believe they know what they want, and I think they are entitled to have it.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. FRAZIER. I yield.

Mr. McKELLAR. On page 18 of the bill, in line 21, where the figures "\$140,000" occur, the Senator seeks to reduce that by \$23,000?

Mr. FRAZIER. By \$27,000.

Mr. McKELLAR. May I ask the total amount the Indians received during the last year from the sale of their timber under these various contracts after paying all expenses?

Mr. FRAZIER. Up until last year, it was practically a million dollars.

Mr. SMOOT. It was \$1,250,912.

Mr. McKELLAR. But that has been reduced very much since that date.

Mr. SMOOT. That was the figure in 1931.

Mr. FRAZIER. They do not expect it to be that high this year, or they would not ask for this appropriation.

Mr. McKELLAR. I have before me the report of the Senate committee hearings, and somewhere it was stated that the entire amount the Indians would receive this year would be \$38,000; that they would not receive from the contracts all told more than about \$250,000.

Mr. FRAZIER. Mr. President, the estimate for the coming year will be reduced by several hundred thousand dollars in the sale of timber.

Mr. SMOOT. There is no doubt of that, just the same as every other manufacturer of lumber, or anyone selling stumpage to make lumber.

Mr. FRAZIER. I am satisfied that the 8 per cent they have been using in the past would be sufficient for this year. If it is reduced by this \$27,000, it will still leave it above the 8 per cent by several thousand dollars.

Mr. SMOOT. It does seem to me that we have cut the item for fire prevention as far as possible. I call the Senator's attention to the fact that last year it was \$250,000, and the estimate was \$150,000, which the House cut to \$140,000.

Mr. McKELLAR. That nets the Indians only \$110,000.

Mr. SMOOT. This is just a little over one-half what it was last year, and the estimate is based on the fact that it is not anticipated that there will be the sale of the timber there has been in the past. That is why the amount was cut.

Mr. ROBINSON of Arkansas. Mr. President—
The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Arkansas?

Mr. FRAZIER. I yield.

Mr. ROBINSON of Arkansas. It is noted that the proviso attached to this appropriation is, "That this appropriation shall be available for the payment of reasonable rewards for information leading to arrest and conviction of a person or persons setting forest fires in contravention of law." I wish to inquire what part of the appropriation for last year has been employed in paying rewards under that proviso.

Mr. FRAZIER. Mr. President, I have not the figures as to

Mr. SMOOT. Nor was the committee furnished with the figures. I can not answer the Senator, because in going through the House report I find no reference to that what-

Mr. ROBINSON of Arkansas. Is there an itemized statement in the RECORD as to how it is proposed to expend the \$150,000 estimated for?

Mr. SMOOT. Yes.

Mr. FRAZIER. Seventy-five thousand dollars is for administration of the agency. That is not included in this. Then there is \$67,420 for forestry, \$20,000 for beetle control, \$5,000 for irrigation, and \$9,000 for education. If the appropriation for forestry of \$67,420 were reduced by \$27,000, it would leave a balance of \$40,420 for looking after fires out there. The department has the reservation networked and cobwebbed with roads for fire protection, and they have a force of men there. The sum of \$40,420 ought to be enough to take care of that matter, when they are selling but little timber, as they will be this coming year.

Mr. KING. Mr. President, in my opinion the amendment offered by the Senator from North Dakota should meet with the approval of the entire Senate. It is justified by the facts and finds support in the report made by the Senator from North Dakota [Mr. Frazier], former Senator from Oklahoma [Mr. Pine], the Senator from Montana [Mr. WHEELER], the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Oklahoma [Mr. Thomas]. These Senators, charged by the Senate with the duty of making a searching investigation into the condition of the Indians and the conduct of the Indian Bureau, visited the Klamath Reservation and made a fair and impartial examination of all matters within the scope of their authority. They also visited other reservations, examined many witnesses, and assembled a volume of facts concerning the Indians, the treatment accorded them by the Government, and the administration of the Indian Bureau in handling Indian affairs. A number of reports have been submitted, among them being one dealing with the Klamath Reservation. This report condemned some of the reservation employees, particularly Superintendent Arnold, who has been promoted-for reasons which only the Indian Bureau can assign—to a more important position in the Indian Service.

I need not state what all Senators know, that the investigation has been conducted by men of honor, integrity, and their findings can not be ignored by the Senate. Before reading from the Klamath report, submitted by the Senators named, I desire to make a few remarks concerning the reservation. It is not in an agricultural district but situated in a mountainous part of southern Oregon. The Indian Bureau, following its policy of folly in dealing with irrigation projects, inaugurated a reclamation project there. Several hundred thousand dollars have been expended in this unwise enterprise, all of which was a charge upon the Indians. The Preston-Ingle report states that the present investment in the Modoc Point unit is more than the land is worth, and that the actual cost per acre based on lands irrigated under the entire project is \$110.20 per acre. Attention will be called before the bill is passed to other irrigation projects, forced upon the Indians by the Indian Bureau, some of which are complete failures and most of which were too costly and impose a burden upon the Indians which they can not meet.

When we come to a discussion of some of the irrigation projects. I shall challenge attention to the Klamath project and to the report made by competent engineers of the Government, and to their recommendations for the abandonment of a number of these so-called irrigation projects, and the transfer of others to the Reclamation Service of the United States.

In view of the claim made by my colleague and the bureau as to the alleged favorable conditions upon this reservation, I invite attention to a letter appearing in the hearings dated October 10, 1931, addressed to the Commissioner of Indian Affairs by Mr. Blair, the new superintendent at the Klamath Reservation. The committee, as I shall show in a moment, reported conditions found at this reservation and recommended in effect that the superintendent be transferred. He was promoted, however, and Mr. Blair has taken his place. Mr. Blair, with a degree of fairness that is commendableand, may I say regretfully, not always found in Indian agents-wrote to the commissioner as follows:

I have office letter of September 28, 1931, giving information in response to my radiogram of September 25 to the effect that the total resources in the Treasury of tribal funds of the Klamath Indians on June 30, 1931, were \$793,967.

The funds are being depleted. There will be a further depletion by reason of the extravagance and unwise policy of the Indian Bureau in handling the reservation.

On June 30, 1930, the tribal resources were \$1,085,687.42, showa reduction in resources during the last fiscal year of nearly \$300,000.

May I add by way of parenthesis, as was indicated by my colleague [Mr. Smoot] last week during the discussion, that the Klamath Reservation contains valuable timber resources, but the lumber business is suffering from the depression as are other industries in the United States. The result is that revenues derived by the Indians from the sale of timber this year will be insignificant in amount.

Mr. McKELLAR. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. Certainly.

Mr. McKELLAR. It was stated by one of the witnesses before our committee, and I am looking for his exact words in the hearings, that last year the income from timber sold by the Indians amounted to only \$250,000, and for the present year, if these appropriations are made, will amount to about \$38,000 instead of about \$1,000,000, as it did a year or two ago.

Mr. SMOOT. Mr. President, my colleague has apparently not noted that instead of \$250,000, as appropriated last year for this particular purpose, it has been reduced to \$140,000.

Mr. KING. I had noted that item, but I think the Senator is referring to the general appropriation and does not include other items which relate to various activities which are charged to the reservation.

Mr. SMOOT. It is for this particular item, the sale of timber and all connected with it.

Mr. KING. There are other items in the bill relating to the Klamath Reservation, and also the 8 per cent deducted from timber sales and used by the bureau, in part at least, upon the reservation. Let me proceed with the letter from the present superintendent, who, by the way, has been here for two or three weeks, presumably brought here to aid in fortifying the Indian Bureau in its persistent effort to secure appropriations entirely too large for the Klamath Reservation:

The proceeds from timber sales from January 1, 1931, to the present date are approximately \$328,000.

All logging camps have closed down. We are making a per

an logging camps have closed down. We are making a per capita payment this month of about \$270,000. If one is made next spring, it will amount to approximately \$200,000. Adding the operating costs for the fiscal year, there is going to be very little left on June 30, 1932. It is indicated below:

Per capita payment, October, 1931 Per capita payment, April, 1932, estimated Operating expense, fiscal year 1932, estimated	
Total	645, 000
Tribal funds, June 30, 1931Estimated expenditures	793, 967 645, 000

Balance\_

To which should be added timber sales, for fiscal year 1932, estimated not to exceed \$250,000, making a total of \$398,967.

It will be seen that not more than \$400,000 can possibly be available for operating expenses of this agency and per capita payments during the fiscal year 1933. Does this not indicate a critical situation? I do not believe your office wishes to take the last available dollar out of tribal funds. As far as I am able to learn, the lumber market is in bad shape, and it is going to be some time before there will be any considerable recovery. It seems apparent to me that your office will need to ask for supplementary assistance in operating this agency next fiscal year from gratuity appropriations.

The tribal funds will be exhausted, resources derived from the sale of timber inadequate to support the Indians, and then resort will be had to the Treasury of the United States. In the face of this record, and this appeal of their own representative, the bureau with a persistency that is not commendable demands large appropriations to maintain upon this reservation considerably more than 100 employees in the timber and upon the reservation.

Mr. FRAZIER. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. KING. Certainly.

Mr. FRAZIER. I invite the attention of the Senator to the fact that, as I understand it, out of the present appropriation there is only \$1,800 of gratuity appropriations for the Klamath Indians. That is one-half of the salary of the day-school supervisor.

Mr. KING. I continue reading from Mr. Blair's letter:

I feel it is my duty to call this situation to your attention at this time when appropriations are being considered by the committees of Congress. I realize that during times like this it is essential for the Federal appropriations to be reduced rather than increased.

This is one of the few reports that I have seen from persons in the bureau suggesting a reduction in appropriations. I think Mr. Blair ought to be commended and promoted for sound and eminently proper counsel which he gives to the bureau, but which counsel, of course, will not be

However, I feel that serious consideration must be given to the immediate future at Klamath. I have tried to show in this letter how the income of this tribe is being reduced. The following

figures will probably throw additional light on the situation:
Timber sales during September, 1929, approximately \$222,000.
Timber sales during September, 1930, approximately \$102,000.
Timber sales during September, 1931, approximately \$22,000.

Now the logging camps are all shut down. From what source are the Indians to derive their income? That is not so important apparently as it is to provide jobs for scores of white employees, most of them having but little to do. But they are loaded upon the Indians and fed from the diminishing revenues. Most of them are there against the will of the Indians and the constant violent protests which they have constantly made. They have a representative now in Washington who has been appealing to the bureau to eliminate a large number of these employees and to reduce the salaries of others. The demands are treated with indifference.

Mr. McKELLAR. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. Certainly.

Mr. McKELLAR. The examination of Mr. Dodd, on page 151 of the Senate Appropriations Committee hearings, might throw some light on what the Senator is now talking about.

That comes from the tribal funds of the Klamath Indians, and we feel that such a reduction will result in serious curtailment of the activities on this reservation.

Senator McKellar. What kind of curtailments, Mr. Dodd?
Mr. Dodd. In the maintenance of our regular administrative work, the maintenance of the hospital, and the many activities that are now being handled, including the distribution of tribal funds that is made twice a year.

Bear in mind there will be no tribal funds to distribute this year if this huge appropriation is made.

A little later, on page 152, I asked Mr. Dodd:

Where are we going to get all this money? I asked that ques-

tion this morning.

Mr. Dopp. This money does not come from the Treasury, Senator; it is a part of the fund derived from their timber sales.

He might as well have said, "Senator, you need not have any concern about this. This is Indian money, and we are building up just whatever organization we think may be necessary or which we may please to build in order that we may get as much of this Indian money as possible." think that explains why they take this attitude.

Mr. KING. Mr. Blair, in his letter, states, there will have to be resort to the Treasury for a gratuity, because of the absorption of all the revenue in these enormous expenditures which have characterized the Indian Bureau in the past and which, if Congress does not intervene to protect the Indians, will continue indefinitely. There are more than 6,000 Government employees in the bureau, and they must be continued, even though the Indians' farms are depleted, and the taxpayers of the United States must be further

May I say at this point, before proceeding to the con-sideration of the committee report, that the Indian Bureau has pursued such as unwarranted course with respect to these Indians that it has resulted in a diminution of the revenues which they might have obtained from their property. As I indicated a few moments ago there are two available sources of income—first, from the sale of timber, and, secondly, from raising of cattle and a limited number of sheep upon the reservation.

The reservation is about 40 by 60 miles in area, and contains several towns in which live 5,000 or 6,000 white persons and between 1,300 and 1,400 Indians of full blood and mixed blood, all of whom live in permanent homes. An extensive system of costly roads has been built, largely at the expense of the Indians. Many of the roads are unnecessary, or at least of no utility to the Indians, but were built for the benefit of the whites who have contracts to obtain timber upon the reservation. Instead of building their own roads, the contracting white lumbermen have had the benefit of funds taken from the Indians for the construction of roads. Against the protest of the Indians their lands have been grazed by sheep owned by white people. Leases have been made against the protests of the Indians to a large number of white persons who had large flocks of sheep. They have overgrazed the reservation until to-day its capacity to sustain animals has been materially reduced and the lands seriously injured. The bureau, with despotic attitude, expressed its purpose to continue to grant leases to sheepmen. In so doing it would, in my opinion, violate the law, as it has in the past, in executing leases without the consent of the Indians.

I should add that the bureau has with a finesse and sophistication that excite wonder if not admiration called leases "permits."

Finally, after this evasion of the law was challenged, as I am told, the bureau has within the past few days announced that so far as the Klamath Reservation is concerned it will not execute leases or "permits" for the grazing of sheep, at least for the coming year. The Indians have been injured by the leasing policy of the bureau. Many of them have cattle, but their herds have been reduced or not increased as they normally would have been if the white sheepmen had not taken their ranges. It is obvious that when sheep graze right up to the homes of the Indians and encroach upon the lands used by them for the grazing of their animals they will suffer serious losses. In my opinion, the bureau's course in this matter has not been just or fair to the Indians.

The committee consisting of the Senators named a few moments ago made a careful study of the Klamath Reservation and submitted a report, a part of which is as follows:

The subcommittee finds an extravagant administration both of the agency activities and the timber-supervision work carried on by the Indian Bureau.

One would suppose, in view of these factual findings, that the committee action would have had some influence with the bureau officials. Quite the reverse. One of the responsible officials of the bureau said, in substance, that "Senators can make all the reports they please, but we are running the reservations." Apparently that is true—Senators may make reports and engineers may make reports, but the bureau continues to run the reservations.

Mr. NORRIS. Mr. President, I wish the Senator would give the date of the report.

Mr. KING. This report was submitted in February, 1930. Mr. NORRIS. Was the committee appointed by virtue of a resolution of the Senate for the purpose of making that investigation?

Mr. KING. Yes.

Mr. NORRIS. Is it a unanimous report?

Mr. KING. It was a unanimous report of the subcommittee.

Mr. NORRIS. What action, if any, has the full committee taken on it?

Mr. KING. They approved it; that is, the investigating committee. Will the Senator from North Dakota [Mr. Frazier] state whether the names I read-Messrs. Frazier. Pine, WHEELER, LA FOLLETTE, and Thomas of Oklahomaconstituted the entire investigating committee?

Mr. FRAZIER. They constituted the full investigating committee.

Mr. KING. This is the report of the committee named by the Senate Committee on Indian Affairs and charged with the duty of making the investigation under the following resolution, which was adopted by the Senate:

Resolved, That the Committee on Indian Affairs of the Senate is authorized and directed to make a general survey of the conditions of the Indians and of the operation and effect of the laws which Congress has passed for the civilization and protection of the Indian tribes; to investigate the relation of the Bureau of Indian Affairs to the persons and property of Indians and the effect of the acts, regulations, and administration of said bureau upon the health, improvement, and welfare of the Indians; and to report its findings in the premises, together with recommendations for the correction of abuses that may be found to exist, and for such changes in the law as will promote the security, economic competence, and progress of the Indians.

Mr. NORRIS. The committee that really did the investigating, as the Senator has read their names, was a subcommittee of the Committee on Indian Affairs, I understand. Is that correct?

Mr. FRAZIER. Yes; that is correct.

Mr. NORRIS. What I am trying to find out is where this matter stopped. I supposed the subcommittee reported to the full committee. Did the full committee then agree to the report?

Mr. FRAZIER. Mr. President, I will say that under a resolution adopted by the full committee the subcommittee were not to report to the full committee. Their report was not necessary to be adopted by the full committee; but they were to report directly to the Senate.

Mr. NORRIS. They did report to the Senate, as I understand

Mr. FRAZIER. Yes; they did.

Mr. NORRIS. And that is their report?
Mr. FRAZIER. That is the report they made.

Mr. KING. Mr. President, I understand that the committee has not completed its work. The task assigned them was enormous. They were required to investigate the Indian situation, visit all reservations, study conditions upon the reservations, examine into the health and physical and educational conditions; indeed, they were to study the Indian problem and report their findings with recommendations for needed legislation.

Mr. NORRIS. If the Senator will permit me-

Mr. KING. Yes.

Mr. NORRIS. Of course, I realize very fully the enormous task that they had before them. That is what caused me to make the inquiries I have made. I think the names of the committee the Senator has read, when they have agreed unanimously, constitute a sufficient recommendation of their findings. They do to me, anyway, not knowing anything about the matter outside of their report. Their findings, until evidence to the contrary was offered, at least, would be sufficient to convince me of the absolute truth of the assertions which they make.

Mr. KING. I share the views expressed by the Senator. No more honorable men can be found in this or any other legislative body than the Senators whose names I have read. No one can charge that they are animated by any sinister motives. They desire only to do their duty; a very important duty; their findings ought to be accepted, certainly at their face value, in the absence of any countervailing proof, and acted upon by this body.

When the Senator from North Dakota [Mr. Frazier]-a man of integrity and honor-stands here and challenges some of these appropriations, basing his views upon personal investigations made by him and his colleagues, I feel that we would be treating them unfairly, to put the matter in its mildest form. We might just as well cease to have investigations if, when they are fairly made—the testimony is taken, and the conclusions are stated-we are to ignore them, as the Indian Bureau has ignored them.

I might add, Mr. President, that when the Republicans were in control in the House of Representatives a number of years ago an investigation of the Indian Bureau and its activities was conducted by a House committee. A report was made, as I recall, by Mr. Snyder, an eminent Republican Congressman from New York. I may call attention to that report, or to some observations which he made in support of it in the House, in which he referred to the abuses of the Indians by the Indian Bureau and challenged attention to the mistakes which it has made, and to the disregard of constant recommendations for reforms which had been made by the Congress of the United States.

The reports which have been submitted by the distinguished Senators whose names I have read, based upon personal investigations and testimony taken on many reserva-

tions, which testimony is found in a large number of printed volumes, certainly are entitled to the serious consideration of the Senate.

Returning to the report:

The subcommittee finds:

An extravagant administration both of the agency activities and the timber-supervision work carried on by the Indian Bureau.

They charged it with extravagance, and still it is extravagant. Only a few years ago the appropriations for the Indian Bureau were but six or seven million dollars. They jumped to \$17,000,000; and last year, when Mr. Cramton was the chairman of the Interior Department subcommittee of the Committee on Appropriations of the House, he reported a bill that carried, as I recall, over \$28,000,000. No small part of that sum was in execution of policies imposed upon the Indians against their will, and which were either of no benefit or were injurious to them.

I might add in passing that Mr. Cramton-and I am not saying this by way of criticism at all, because he is a man of ability-is now employed in the Interior Department. I would not refer to that except for the statement by Secretary Wilbur, in his long letter which was inserted in the RECORD by my colleague, in which reference is made to the services of Mr. Cramton in the Indian Department. I do not know from what fund he is paid. It is believed by some who are familiar with the Indian Bureau that his influence is still potential in shaping its policies.

Mr. FLETCHER. Mr. President, may I ask the Senator what salary he receives?

Mr. KING. My information is only hearsay, and I do not care to repeat it. Mr. Cramton is an able man, and undoubtedly can render important service in many executive agencies.

Recurring to the report-

Uncontradicted testimony shows a continued increase of total reservation cost and of the ratio of cost to gross income from all sources through the fiscal year 1930 and into the Budget estimates of the Indian Bureau for 1931.

These expenditures were wholly distinct from any per capita payments or other payments to individual Indians from the tribal

The Senator from Montana [Mr. Wheeler] a day or two ago called attention to the fact that in the Klamath Reservation and others where there were tribal funds, the expenses of the bureau chargeable to such funds were much greater than upon those reservations where there were no tribal funds. The policy seems to have been to engage in wasteful enterprises when there were tribal funds. If appropriations were to be met from tribal funds, there was but little concern. The Senator from Tennessee [Mr. Mc-Kellarl a moment ago read from the statement made by Mr. Dodd, of the bureau, apparently excusing the large appropriations because they did not come from the Treasury of the United States. Many of these appropriations, however, are a charge upon the Treasury. Indeed, as the tribal funds are diminished and exhausted, there is no alternative but to resort to the United States Treasury. More than \$10,000,000 carried in this bill for schools comes out of the Treasury as a gratuity, not out of tribal funds; and the bill carries over \$24,000,000, as against the modest sums which were appropriated a number of years ago.

Many persons believe that but little progress has been made by the Government in aiding and civilizing the Indian.

More than one-half billion dollars has been expended by the Government during the last 60 years, and it must be confessed the results have been most disappointing.

The committee further finds:

Protection has been extended by Superintendent Arnold to various employees whom the subcommittee finds gravely at fault.

He protected employees who were paid by the Government and who at the same time were receiving compensation from those who had contracts to obtain the timber from the reservation. They were serving two masters. Superintendent Arnold "extended protection to them," the committee finds.

The committee finds that C. R. Trowbridge, an inspector of the Indian Bureau, reported that the financial clerk

Naming him-

exercises a practical dominance over the superintendent, L. D. Arnold, and that Mr. Trowbridge has recommended the transfer of T. W. Wheat away from Klamath Reservation.

Mr. Trowbridge was an inspector in the employ of the bureau, whose duty it was, when designated by the bureau to make an investigation, to do so, and to submit a report. There are a number of inspectors, and they visit reservations, report upon conditions there found and derelictions of employees, and make suggestions for reforms in the bureau administration.

Then the committee says:

This recommendation has not been heeded by the Commissioner of Indian Affairs.

The Modoc Point irrigation project, built at a cost of nearly \$200,000 taken from Klamath tribal funds, is a complete failure for Indians and whites alike.

Yet in this bill there is an appropriation carried for this project, which is a complete failure. Continuing the report states:

At least through the year 1928 the reservation hospital, maintained from tribal funds, was boycotted by practically all the Indians because of the inefficiency of the doctor in charge. This doctor was supported by Superintendent Arnold and was even reemployed by Superintendent Arnold after having resigned under criticism.

The subcommittee finds an extreme laxity in the handling of grazing permits on the reservation and in the control of the grazing range, which is leased to outside sheep owners without tribal consent and in the face of tribal protest, although the law requires tribal consent before such permits are issued.

consent and in the face of tribal protest, although the law requires tribal consent before such permits are issued.

The subcommittee finds that Mr. Trowbridge reported that Grazing Supervisor Wiley, supported through thick and thin by Superintendent Arnold, was probably dishonest in his operations, although conclusive legal proof was wanting.

The experimental farm maintained at the reservation is a com-

The experimental farm maintained at the reservation is a complete failure, indeed a mere extravagant pretense; but the superintendent has continued to urge appropriations from the tribal funds for maintaining this acknowledged failure.

The Five-Mile sawmill should be abandoned. It is run at a continuous loss to the tribe, while, at the same time, no Indian is given employment, only whites being employed.

I want to say that the bureau at last and finally have accepted the view of their own representatives, and have ceased operating the sawmill, which cost the Indians no small amount with no benefits derived therefrom.

No Indian is employed as permanent employee in the entire Indian Bureau force of the Klamath Reservation, although the Indian Bureau pay roll, met from Klamath tribal funds, exceeds \$160,000 a year, with approximately 50 permanent employees.

The bureau officials talk about trying to help the Indians, but give them but little employment. Preference is given the whites. The Klamath Indians are among the most intelligent and civilized of any of the tribes in the United States. Their children, five or six or seven hundred in number, attend the public schools. More than 150 of the adults pay taxes to the State and county. The children attend school with white children. Payment is made by the Indians for the education of the children in the public schools. Many of the men and women in the tribe are competent to perform many of the duties assigned to white persons. Some are good carpenters and others are familiar with various crafts and with stock raising. They know about timber and lumbering and road building, and should be given employment upon their reservation in preference to the whites.

My attention has been called to an Indian who has a farm and pasture land, amounting to five or six hundred acres, from which he derives considerable revenue.

It is not just to deny employment to Indians, and it is manifestly wrong to exhaust the revenues of the Indians in giving jobs to scores of white people.

For these white employees there are 50 automobiles, and other advantages are enjoyed by them. There are nearly 96 "irregular employees," as they are called, in addition to a large list of permanent employees. This tremendous burden of costs rest upon the backs of the Indians. They have protested, but their protests have been in vain. They have been demanding for years that they be permitted to incorporate and operate their affairs as a corporate entity. Only recently have the department and the bureau exhibited any tolerance of the suggestion. It is the view of many that

the Indians of the Klamath Reservation would be better off if the hand of the Government were removed, if there were turned over to them the lands which they own, and they were permitted to manage their own affairs. Many believe that it would be the dawn of a brighter day to these Indians if the strong hand of the Indian Bureau were withdrawn from them.

I have on my desk a statement showing the large number of loans which the white sheepmen having leases on the reservation have made from banks in or near the reservation. The bankers and many of the white people in the same district are insisting upon large appropriations for the Indians. The whites are the beneficiaries of the Indian appropriation. It ought to be said in extenuation of what I consider to be the unwise course of the bureau toward the Indians that the white people are not free from blame. They insist upon these large appropriations. If a boarding school is in their vicinity, pouring out hundreds of thousands of dollars per annum, they object to a policy restricting appropriations or converting boarding schools into reservation day schools. The white people benefit from the millions of dollars that are taken from the tribal funds and from the Treasury of the United States for expenditure upon or without Indian reservations.

The bureau might learn something from the modern method employed in Mexico in dealing with the Indian question. I referred a few days ago to the course of Canada, where 104,000 to 110,000 Indians under the jurisdiction of the Dominion Government are making great progress in industrial and educational development. The policy pursued there seems more advanced and produces better results than the one followed by our Government.

Returning to the report:

The subcommittee finds that Inspector Trowbridge-

That is the bureau's inspector, sent there to make a report—

reports the number of employees in the forestry branch to be excessive, and, further, that he reports:

"Gross ignorance of the regulations, both in the forestry and the agency branches."

I have here the testimony given before the Senate and House committees during this session of Congress. In the House hearings I find the names of many employees on the Klamath Reservation—more than 100.

Mr. SMOOT. Mr. President, there must be some mistake in that. I am quite sure there is a mistake.

Mr. KING. If there is a mistake, I shall be the first to concede it. First let me read from page 620 of the House hearings.

April pay roll, Klamath Agency, Oreg., 1931: Leroy Arnold, superintendent.

There has been no change in the permanent employees since then, as I recall. I will come to that a little later.

Harold L. Schilling, day-school representative.

I will read only the names of the permanent employees.

Leroy D. Arnold, superintendent; Harold L. Shilling, day-school representative; Orra E. Patterson, physician; Carl A. Gossett, principal clerk; Mildred D. Neáve, clerk; Florence J. Edwardsen (temporary clerk); Vera T. Lamb, jr., clerk; Burney O. Wilson, assistant clerk; Willard N. Hamilton, financial clerk; Dorothy K. Dillstrom, clerk; Clara L. Allen, jr., clerk; Alice G. Andrews, assistant clerk; John W. Libby, forest ranger; Louis C. Mueller, special officer; William A. Bourell, carpenter; Floyd Lovelace, stockman; Bertha D. Wallace, field matron; Zillah Mathias, field nurse; David Chocktoot, private; Warren B. MacMillan, forest examiner; Harry I. Nettleton, forest examiner; Carl D. Rawie, sr., forest ranger; Silos O. Davis, forest ranger; Edward Neave, forest ranger; Nicholas Welter, junior forester; Arlie W. Toole, forest assistant; Harold Weaver, forest assistant; Floyd H. Phillips, forest assistant; Alfred E. Hart, forest guard; Marion J. Gober, forest guard; Clarence A. Middlebusher, scaler; Opie K. Pace, scaler; Britton Clair, scaler; George C. Hepworth, scaler; Frank G. Maness, scaler; Clarence Whitaker, scaler; Allen F. Space, sr., forest ranger; Frederick R. Moffat, forest supervisor; Philip J. Duffy, scaler; Roy Rice, scaler; Clyde W. Flinn, scaler; Lloyd E. Lamb, scaler; Stanley J. Johnson, sr., forest ranger; Earl L. Silvers, sr., forest ranger; Inez Rucker, nurse; Lucille L. Shilling, nurse (temporary); Florence Miller, nurse (permanent to take Mrs. Shilling's position); Pearl I. Clark, nurse; Matie Lemmon, cook; Anna Foust, laborer (housekeeper at hospital).

On the irregular pay roll for the month of April, 1931, there is a long list. I will not take the time to read them. I think there are between 70 and 90. I saw in the testimony somewhere that there were 96.

Mr. SMOOT. Mr. President, this is the testimony before the committee:

Mr. Scattergood. In compliance with the request of the committee, we submit a statement showing forestry employees for the month of January, 1932; copy of a letter dated February 3, 1932, and addressed to the Comptroller General with reference to travel expenses on the reservation, and there is also submitted copy of a timber-sale contract providing for fixed increases in stumpage prices on the Klamath Reservation.

I could go over the list of the positions and the salaries paid. There is a total of 25 forest employees on the Klamath Reservation.

Mr. KING. Mr. President, notwithstanding what my colleague says-and I know that he believes that he has stated the facts

Mr. SMOOT. I am only stating what Mr. Scattergood testified before the committee.

Mr. KING. I understand.

Mr. SMOOT. It is printed in the hearings, and I took it for granted it was correct.

Mr. KING. I think my colleague is justified in assuming that. I read from the House hearings, may I say?

Mr. SMOOT. Were those the hearings of this year, or for last year?

Mr. KING. Hearings on the Interior Department appropriation bill, 1933. The hearings started December 15, 1931.

Mr. SMOOT. The 1931 hearings? Mr. KING. They started December 15, 1931, since Con-

gress met last December.

Hearings conducted by the subcommittee, Messrs. Edward T. Taylor (chairman), William W. Hastings—

And so forth.

Mr. SMOOT. I ask my colleague to excuse me for interrupting him.

Mr. KING. I have no objection at all. I know my colleague desires to have the facts, and I am sure that is all I desire, and if he finds I have made an error at any time, I shall be glad to have him or others invite my attention to it.

Mr. SMOOT. I was going to say that we wanted to know why the appropriation was cut from \$250,000 down to \$140,000, and the reason appears in the testimony. The number of employees is shown in the testimony. There were a great many more employees a year ago than there will be this year, and my colleague knows why. There is hardly any sale for timber, or very little sale, even though the timber cut on the Klamath Indian Reservation is the finest timber in the United States.

I did not want it to appear that we had cut the appropriation from \$250,000 down to \$140,000 and kept the same number of people on the reservation.

Mr. KING. Mr. President, I have here a statement, handed me day before yesterday by Mr. Crawford, the representative the Indian tribes sent here, commissioned by them, which shows 50 permanent employees, and he informed me that there are so-called irregular employees considerably in excess of 50. These employees are now drawing compensation; they have been in the reservation all winter, but with little, if anything, to do. So that these Indians are compelled to pay not only for these 50 permanent employees, but also the compensation of an army of so-called temporary, or so-called irregular employees. None of the permanent employees are Indians, notwithstanding their competency to discharge important duties now performed by permanent employees who are under the civil service.

Mr. NORRIS. Mr. President, I would like to know what reason there is for not employing the Indians. It would seem to me that if there are Indians who are competent they ought to be given the positions.

Mr. KING. I agree with the Senator. I can find no reason. There is much talk about educating Indians and qualifying them for service, but when they are qualified they are not employed. One of the Indians informed me that the and approved.

effort of the bureau was to get whites there who have no civil-service status, to induct them as irregular employees, and then advance them until they have a civil-service status. By this course few Indians found employment in permanent positions. Doubtless the claim is made that the Indians are not competent for responsible positions.

Mr. SMOOT. If my colleague desires, I am perfectly willing to have a recess taken at this time.

Mr. McKELLAR. Mr. President, I want to offer an amendment, to have it printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received and lie on the table.

Mr. McNARY. Mr. President, I remind Senators that the senior Senator from California [Mr. Johnson] notified the Senate a few days ago that he would want to speak on another subject to-morrow at 12 o'clock.

# MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Buchanan, Mr. Sandlin, and Mr. Simmons were appointed managers on the part of the House at the conference.

#### AMENDMENT OF WORLD WAR VETERANS' ACT

Mr. NORRIS. Mr. President, I move that the Committee on Finance be discharged from the further consideration of the bill (S. 929) relating to the taking of depositions in cases arising under section 19 of the World War veterans' act, 1924, as amended.

The PRESIDENT pro tempore. The motion will be entered and lie over one day.

#### RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, March 15, 1932, at 12 o'clock meridian.

# HOUSE OF REPRESENTATIVES

Monday, March 14, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord and Father of us all, with our waiting breath we lift to Thee our prayer of gratitude. In our sins and in our failures do Thou remember mercy. May we wear worthily the badge of our station and be earnest, brave. and true in these vital days of the Republic. Endue us with the love that envies not, that seeks not its own but labors and suffers for the advancement of all good. May our love of country be an adult and a noble desire to make it of the greatest possible service to citizens of all sections. Persuade us always that reliance on physical force alone is the road to ruin and that cooperation, brotherhood, and unselfishness can stand all tests under all circumstances and never be ashamed. Do Thou remember our Speaker, every Member and officer of this Congress. Touch all of our firesides and fill them with the sweetest joy. Amen.

Mr. BLANTON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes a point of order that no quorum is present. The Chair will

During the counting Mr. Blanton withdrew the point of

# THE JOURNAL

The Journal of the proceedings of Saturday last was read

AMENDMENT TO THE EIGHTEENTH AMENDMENT TO THE CONSTITUTION

Mr. LINTHICUM. Mr. Speaker, under clause 4, Rule XXVII, I move that the Committee on the Judiciary be discharged from further consideration of House Joint Resolu-

The SPEAKER. The Clerk will report the resolution by

Mr. PARKS. Mr. Speaker, will the gentleman yield?

The SPEAKER. For what purpose does the gentleman from Arkansas rise?

Mr. PARKS. I desire to have inserted in the RECORD a telegram from the Young Men's Christian Association opposing this resolution.

The SPEAKER. This rule is specific, and the Chair will not recognize any Member of the House for any other proposition. The Clerk will report the resolution by title.

The Clerk read as follows:

House Joint Resolution 208, proposing an amendment to the eighteenth amendment to the Constitution.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. In regard to the division of time, I should expect the chairman of the Judiciary Committee to have the 10 minutes in opposition to the motion. I would like to ask him if he will yield five minutes to this side of the aisle?

The SPEAKER. The rule is specific. The gentleman making the motion is entitled to 10 minutes, and if the chairman of the Committee on the Judiciary is opposed to the motion, he would be entitled to 10 minutes. If he is of the same opinion as the gentleman from Maryland on this particular motion, the Chair would recognize some one on the committee who desired to oppose it. Whether the gentleman from Texas will yield is a question for the gentleman from Texas.

Mr. SNELL. It seemed only fair that this side should have some time.

The SPEAKER. The Chair thinks that is not a parliamentary inquiry.

Mr. SNELL. I would like to ask the chairman of the committee if he will not yield some time. I think it is fair that the time should be divided.

The SPEAKER. That is a question for the chairman of the Judiciary Committee.

Mr. SUMNERS of Texas. Mr. Speaker, I have given some consideration to the question asked by the gentleman from New York. In regard to 10 minutes that is assigned to the gentleman from Maryland, I assume that that time will be, if it has not already been, allotted by the gentleman from Maryland. I would not be disposed to yield just five minutes to the other side of the aisle. I would be glad to yield time to any gentleman on the other side of the aisle who is going to support the position of the committee.

Mr. SNELL. That is what I had in mind.

Mr. SUMNERS of Texas. To be perfectly fair with the gentleman, I want some control over the disposition of the time that goes to the other side of the aisle.

Mr. SNELL. Those that I had in mind who desired to speak are opposed to the resolution.

Mr. SUMNERS of Texas. I have already told the gentleman from Ohio [Mr. Moore] that I would yield him three minutes. He is a member of the committee.

Mr. SNELL. If the gentleman can yield to the gentleman from New York [Mr. DAVENPORT], I would like to have him do it.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. The Speaker announced that he would recognize no Member for any purpose. Does that preclude a Member from asking unanimous consent to extend the time for debate under the rule?

The SPEAKER. The rule limits the time and provides that there shall be 10 minutes on a side.

Mr. LAGUARDIA. I ask unanimous consent that the time be extended 10 minutes on each side.

Mr. CRISP. Mr. Speaker, I object.

The SPEAKER. It seems to the Chair that it is his duty to protect the rule. Being a Member of the House, he will say himself that he would object to any additional debate, taking as much responsibility as he can in the premises.

Mr. DYER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DYER. The Committee on the Judiciary of the House, which it is sought to discharge from further consideration of this joint resolution now before the House, voted 9 to 14 upon the resolution. If the gentleman from Texas [Mr. Sumners], the chairman of the Committee on the Judiciary, is to control the time upon one side of this issue, is it not in order that the minority ranking member on the committee in favor of this legislation should control the time otherwise?

The SPEAKER. It is not. The gentleman from Maryland [Mr. Linthicum] is recognized for 10 minutes.

Mr. LINTHICUM. Mr. Speaker, I yield myself two minutes. In the very short time I have it will be difficult for me to have very much to say. The crucial time in the history of this proposition has arrived. To-day, after 12 years, we have reached a chance to vote upon whether the eighteenth amendment shall be submitted to the people. Scripture tells us that he who is not with us is against us, and I say that he who votes against this resolution to-day is not willing to submit the question to a vote of the people.

Mr. BACHMANN. Mr. Speaker, will the gentleman

Mr. LINTHICUM. I yield for a short question.

Mr. BACHMANN. If the House votes to consider this resolution to-day, will the gentleman support the Tucker amendment, inserted in the resolution by the Committee on the Judiciary, to prohibit the return of the saloon?

Mr. LINTHICUM. If I believed that the old saloon was coming back in case the eighteenth amendment was repealed, I should not be for the repeal of the eighteenth amendment. [Applause.] Further, if the House gives us a chance to consider the resolution and an amendment is offered by which no saloons can again appear in this country, I shall support that amendment and shall use my influence with my friends for its adoption.

My construction is that the drys in this House can vote for this discharge and subsequently for the resolution without injury to themselves, because it is a mere submission to the will of the electorate. Certainly, with the thousands upon thousands expressing themselves as opposed to the present state of affairs, they should have a right to express their views. This question can never be settled until it is settled right, and it can never be rightly settled until it is submitted to the direct vote of the people.

Certainly no one can say that this "noble experiment" has not had a fair trial. It has been weighed in the balance and found wanting. After 12 years of attempted enforcement, the whole land finds itself in great distress. Since January, 1920, to July 30, 1931, there have been 700,000 people arrested, and 500,000 convicted, and our jails are crowded. Liquor mash to the extent of over 266,000,000,000 gallons have been seized, fines to the extent of \$60,000,000 have been collected, and property aggregating \$231,000,000,000 has been seized or confiscated. We have lost a revenue of \$10,984,-000,000, and yet the drink bill has aggregated \$28,000,000,000.

It is not, however, the loss of funds which has so blasted our country, but this law has lowered the morals of our people and made hypocrites of many of the best of society. We do not seek to violate the Constitution, but we do seek to so amend this vital article 18 that it will not be violated by the people of our land.

Pass this resolution, and depression will fade away like the mists before the noonday sun. The immorality of the country, racketeering, and bootlegging will be a thing of the past.

The SPEAKER. The time of the gentleman from Maryland has expired.

Mr. LINTHICUM. Mr. Speaker, I reserve the remainder of my time.

Mr. SUMNERS of Texas. Mr. Speaker, I yield three minutes to the gentleman from Ohio, Mr. MOORE.

Mr. MOORE of Ohio. Mr. Speaker, the gentleman from Maryland [Mr. Linthicum] has admitted in the beginning that his resolution is faulty and he would accept an amendment to keep out the saloon. Yet, after a conference upon the part of our wet friends, they tell us that they are unanimous in their agreement upon this resolution. This resolution does permit the return of the saloon. I have talked with some of the most active wets in this House privately and they admit to me that the saloon is not prohibited, and that they expect the saloon to return if the Beck-Linthicum resolution is adopted. The American people do not want the saloon to return.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield? Mr. MOORE of Ohio. I will not. Furthermore, this puts the question of prohibition in politics every two years, not only in the States but every two years in the national election. Once we will be asked to elect a Congress favoring prohibition, and again license or a dispensary system. If this resolution should become a part of the Constitution, we will have a divided sovereignty and be in the anomalous situation of some States taking over the question of the liquor traffic and the National Congress legislating for the other States, a situation unheard of in the history of any national body like this.

Now as to submitting the question to the people, those who appeal to the people ought to be fair with them. know that there is no method provided in the Constitution by which we can have a referendum. In the States those who are elected as delegates to a constitutional convention would be elected by the people, just the same as we are elected, and if you have constitutional conventions in the several States they would have to vote for representatives to conventions. An unlimited number of drys and wets, and some not stating their position could, and doubtless would, be candidates for the constitutional conventions in the several States. I have seen that happen in Ohio in our State constitutional conventions. It is quite possible for a wet delegate to represent a dry constituency. Those who are so solicitous of the people and who want them to vote upon this proposition ought not to deceive the people, and yet there are those who think there is some way whereby they are directly submitting something to the people. The Beck-Linthicum resolution presents little that is really new on the subject. It is, in effect, going back to the old system of State control, which we tried for over a hundred years and which was unsatisfactory. When the American people know what is proposed in this resolution they will be against it and in favor of a continuance of the eighteenth amendment. [Applause.]

Mr. SUMNERS of Texas rose.

Mr. SNELL. There is no other demand for time on this side at the present time.

Mr. LINTHICUM. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. Boylan].

Mr. BOYLAN. Mr. Speaker, we, the representatives of the people, have the opportunity by our votes to-day to start a movement that will put an end to the unholy alliance existing between many of the God-fearing people of this country and the bootleggers, hi-jackers, extortionists, and kidnapers.

I am anxious to see the splendid membership of this House returned to the next Congress. This, however, to my mind, will depend in a large measure on how we vote on the resolution now before us.

The prohibition law never can be enforced. An attempt to make it a law of the land, after the lessons we have learned, is not an attempt to enforce the law, it is a wicked attempt to awe the American people, to tyrannize over a land that once was free, to destroy the resistance, the devotion, and the independence of a great nation with bullying and threatening, with blindness, imprisonment, and death. Calmly the young and the innocent are included along with all others. For more than 10 years millions of people have refused to be coerced by this fanatical law. More money has been spent in an effort to enforce it than

all other Federal statutes. As many men and women have been sent to prison by our Federal courts for the violation of this statute as for all other offenses put together. More lives have been recklessly and wantonly taken in the mad effort to make the United States dry than the efforts in behalf of all the rest of the Criminal Code. This law has developed more sneaking, snooping, informing, prying, and entrapping than all the others acts of Congress. We have submitted to enormous taxation through these 12 years that the fanatics should have their way, and now after 12 years of a merciless crusade the protest against the bigotry that stands back of this legislation is stronger than ever before. This protest is growing so insistent that it threatens the peace and security of the country.

The prohibitionists care nothing about the nature of men, the theories of government, or the lessons of history. The true statesman knows that laws should be like clothesmade to fit the citizens that make up the State. He knows that when a protest is long and persistent the law should be repealed. The tyrant believes that if the laws do not fit the people then the people must be bent to fit the laws and

forced to obey.

The prohibition act, in effect, brands every one who takes a drink as a criminal, as a felon. It does this in spite of the fact that the greatest men in the world have always taken intoxicating drinks. If we were to discard all the literature produced by men who drank, all the great classics would be consigned to flames; there would be no literature, no art, no music, no statesmanship if we relied on the prohibitionist for works of genius. Even if it were proven that the use of alcohol in moderation was harmful to the individual that would furnish no excuse for sending men to jail for making it and selling it and drinking it.

Let us by our vote to-day start the machinery that will eventually strike from our sacred Constitution the iniquitous amendment that should never have been added to it. If we do this, we will restore to the States of the Union the sovereign right that should never have been taken away from them. [Applause.]

Mr. LINTHICUM. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. STAFFORD. Mr. Speaker, I object to any extension of remarks.

Mr. O'CONNOR. Mr. Speaker, in the few minutes allotted to me it is, of course, impossible to even touch upon the importance and far-reaching effect of the vote about to be cast here to-day for the resubmission of the eighteenth amendment.

After 12 years of experiment with national prohibition we are afforded to-day the first opportunity in all those years to ascertain the sentiment of all the Representatives in Congress on this question. It is a big day in this House and an important day to the liberty-loving people of our country.

Practically an entirely new body is voting on the question, because there are only 82 Members of this House who voted on the eighteenth amendment in 1917.

It is amusing to see the about-face of the prohibition forces on the interpretation of this vote to-day. They vehemently and threateningly oppose any submission of this question to the States or the people. Yet in 1917 they argued that the vote to submit the eighteenth amendment was not a personal vote of Members of Congress but rather a compliance with their sworn duty to submit to the people any question of constitutional amendment when any considerable number of our people demanded an opportunity to pass upon the proposal.

Listen to these outstanding prohibitionists in 1917:

Senator Sheppard, of Texas, sponsor of the eighteenth amendment, said at that time:

The Member of Congress who will not vote for the submission of a constitutional amendment to the decision of the States, where it belongs, unless he personally believes it should become a part

of the Constitution, usurps the function of the States, arrogates to himself and the Federal Government a prerogative that belongs to the States and violates the very essence of their sovereignty.

Senator Jones, of Washington, author of the famous "5-and-10" law, said:

The Constitution provides the way for its amendment. Congress can not do it, but it can propose amendments to the people, who alone can adopt them. I believe it to be my duty as a Senator to vote to submit an amendment to the States where there is a strong, matured, widespread sentiment and demand from the people for such an amendment. To refuse to do so is to act as the master rather than as the representative of the people.

And last but "greatest of all," hear Bishop Cannon, who said:

It does not seem to me that in view of the general trend of political thought in our day, whenever it becomes evident that a large percentage of the people desire an opportunity to express themselves upon a great question, the body in whose hands is committed the right to decide whether the people shall have that opportunity should at least divide the responsibility with the people as to the decision of that question.

If the position of those prominent prohibitionists was sound in 1917, why are not identical arguments sound in 1932? The people have demanded an opportunity to pass upon this vital question. Why deny it to them?

Any "dry" can consistently vote to give the people this opportunity. No "wet" can refuse to vote to discharge the committee, lest he or she be forever after branded as a "dry." No alibi will go.

"Tis the ides of March! Stand up and be counted! [Applause.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield to myself five minutes. [Applause.]

Mr. Speaker, the question before the House is whether the Committee on the Judiciary shall be discharged and the Linthicum-proposed amendment to the Constitution come immediately to the floor of the House for consideration.

Some definite questions are involved in the answer to that question. The first proposition which presents itself is, considering the economic problems now pressing for solution, the hunger, the unemployment, the general economic distress, should this highly controversial issue, this issue calculated to divide and distract our people be now brought to the floor of the House for consideration? What is the practical common-sense thing to do?

There can be no question that the economic difficulties which now confront the American people are equal to the united, determined, concentrated effort of this people operating at their greatest capacity. Is that not true? Now, right down on the barrel head, as we used to say in the country, does anybody doubt that the economic difficulties of this country are equal to the supreme effort of a united people? Then why, when we are in the middle of this effort, prohibitionist and antiprohibitionist trying to work together, bring in an issue which will tend to prevent the unity and the teamwork necessary to give us the best chance to deal with the economic problems which we now have before us. Every threat and every danger which could imperil the most basic interest of society are involved in what we now have on the table—

Mr. DYER. Will the gentleman yield? Mr. SUMNERS of Texas. No; I am sorry.

Is there anybody, wet or dry, who believes that if we thrust this prohibition issue into our present situation, by sending the proposed amendment to the Constitution to the country now, we can then have a united people to deal with this terrible economic crisis of ours? Of course not. That is just

I submit another question. Is there a man or woman on the floor of this House who will say that he or she believes that if this committee is discharged, two-thirds of the membership of this House would vote this resolution out? Of course they will not. Then what do you get and what do you accomplish by discharging the committee?

I submit the fourth proposition. If you should discharge the committee and get by the House to-day with the required two-thirds majority, does anybody believe that twothirds of the Senate of the United States would now vote this proposition out? Then what can be accomplished except divide the people when they need to forget their differences and pull together for their common salvation?

Mr. SABATH. Will the gentleman yield?

Mr. SUMNERS of Texas. I do not. I have only a few minutes. I am just putting some propositions on the barrel head.

The fifth proposition is that if the committee were discharged and a two-thirds majority of the House and the Senate voted in favor of the resolution, which everybody knows is now impossible, and it was resubmitted, has anybody got little enough sense—and I say this with all respect to believe that three-fourths of the States are ready to ratify this amendment to the Constitution? I am addressing myself to the practical common sense of Members regardless of their attitude toward the eighteenth amendment. You know you can not get anywhere with the proposed amendment now. Then why bring it in here now when we do not know whether with the greatest unity of purpose and of people we will be equal to the task which is right on us? Regardless of what you may think or hope may occur in the future you know that three-fourths of the States are not yet ready to reverse themselves with regard to the eighteenth amendment. Nothing can be done about this matter now. Then why bring it in here to disrupt the unity and divert the interest with which the country is going about trying to save itself? I can not see the common sense of it. We are all in the same boat. These problems of hunger, unemployment, and of economic danger are problems for everybody.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. SUMNERS of Texas. Mr. Speaker, I yield myself the remaining two minutes.

Wets and drys, we are exactly in the situation of a lot of people out in a boat far from the shore, who do not even know where the shore is, but they know it is going to take all the pulling that every man can do who can handle an oar to have a chance to get to shore. Now, would a people with ordinary sense thus situated turn aside from an opportunity to save themselves and engage in a fight out there in the middle of the stream about something they knew they could not settle then? Should the House do that sort of thing now?

A majority of the Committee on the Judiciary did not think so. [Applause.] A majority of the Committee on the Judiciary believes that the great big job which now challenges the genius and effort of the American people is to save, if they can, the economic structure and political structure of this great Nation. It is no time to pull off a big fight on this prohibition question, especially when everybody knows nothing can be done about it now. [Applause.]

I make the appeal to wet and dry; let us not turn aside from the challenge of the hour and divide our people. [Applause.]

[Here the gavel fell.]

Mr. LINTHICUM. Mr. Speaker, I yield half a minute to the gentleman from New York [Mr. LaGuardia].

Mr. LaGUARDIA. Mr. Speaker, under our form of government the last word and the absolute control of governmental policy rests with the people of the United States. [Applause.] The people of the United States have a right to know how their Representatives stand on this important issue by a direct vote on the question. [Applause.] The people will then have the opportunity to so cast their votes as to carry out their views on prohibition, an opportunity heretofore denied them by their own Representatives. If it was proper for Congress to submit prohibition to the States before it was known what national prohibition meant, certainly it is proper to do so now, after 12 years of experience and with full knowledge of its failure.

The record of prohibition has been before the committee and 145 Members of this House, representing 43,000,000 people, ask that this question be submitted to the people for an expression of their sovereign will. [Applause.]

[Here the gavel fell.]

Mr. LINTHICUM. Mr. Speaker, I yield the balance of my time to the gentleman from Pennsylvania [Mr. Beck]. [Applause.]

Mr. BECK. Mr. Speaker, the question to be discussed is a very simple one. It does not involve the merits or demerits of the eighteenth amendment, but only the right of the American people, if they so desire, to determine their own destinies.

Those who oppose such resubmission must do so on the theory that this provision of the Constitution is a finality for all time. Those who favor such resubmission believe that the American people have an inviolable and evercontinuing right to determine from generation to generation the nature of their Government and the character of their laws. If they have not such right, then democracy is a fraud and a delusion.

It is strange, indeed, that prohibitionists should now claim infallibility for the eighteenth amendment, for clearly they did not regard the Constitution as unchangeable when they added the eighteenth amendment and thus destroyed that basic principle of the Constitution—local self-government. If their inconsistency in this respect proves nothing, yet I can invoke the elementary principles of our Government and the noblest of American traditions to prove that the American people have regarded as the fundamental verity of liberty the right to change their form of government, as and when they desire to do so. In the Declaration of Independence, Jefferson forever established this as a self-evident truth.

How, then, can it be contended that the American people have not the right to determine whether any part of their Constitution, and especially any amendment, should be either repealed or modified? To assert otherwise is to challenge democracy itself. It makes the final passage of Lincoln's Gettysburg address a rhapsody of words, for if the American people can not undo a clearly demonstrated folly and regain a previously reserved right, then truly government "for the people, by the people, and of the people" has perished from the United States.

To give the people of the United States such an opportunity of self-expression, my associates and I, of both parties, are submitting a substitute for the eighteenth amendment, which while giving to every State the right to determine how it will regulate or prohibit the traffic in beverage liquors exclusively within its own borders, yet secures for the dry States not only their reserved rights but the added power of the Federal Government to protect them in the full enforcement of their prohibitory laws. In other words, we restore home rule to the several States, and no student of American history can question that the men who framed the Constitution would never have adopted it if they had not been satisfied that the right of local self-government would, at all times, be preserved.

There are especial reasons why the eighteenth amendment should be resubmitted. It was well said on high authority that it was an "experiment." An experiment must stand or fall on the arduous test of experience.

The eighteenth amendment has been given over 12 years' trial. Millions have been spent in its attempted enforcement, and, what is more deplorable, over 500,000 American citizens have been either indicted or convicted of violation of this law. Yet to-day the law is less enforced than it was at the beginning. No such general revolt against the enforcement of a law has ever been known in our history, and in itself proves the existence of a very substantial sentiment that the eighteenth amendment should be repealed.

The amendment was proposed to the people in a time of great hysteria, by a few hundred Senators and Representatives who had not been elected for such a purpose, and it was ratified by a few thousand State legislators who, likewise, had not been elected with any such mandate.

Apart from this fact, no law which interferes with individual liberty can ever be enforced, unless sustained by a greatly preponderating public sentiment. The old Jewish Talmud was philosophically correct when it said that custom rises above law. The same truth was voiced by the greatest

political philosopher of antiquity, Aristotle, when he said that laws and even constitutions could never be enforced if contrary to the ethos, meaning the spirit or genius of a people. The history of sumptuary laws in all ages prove this fact.

There is a final reason for such resubmission at this time. Prohibition is not the only issue before the American people. We are living in very trying times and have many difficult problems. The question is not a partisan issue, and if resubmitted to the people, it will go far to clear the decks for other important public policies.

The failure to resubmit will intensify the revolt against the law and the ill feeling which now exists between different classes of people. Until thus resubmitted the question becomes an irrepressible one, like the old question of slavery. It will mean continued chaos in our national councils.

Submit the amendment and let the people decide. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is, Shall the Committee on the Judiciary be discharged from further consideration of the joint resolution, H. J. 208?

Mr. LINTHICUM. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 187, nays 227, not voting 18, as follows:

### [Roll No. 29] YEAS-187

Hull, William E. Polk Aldrich Igoe Jacobsen Amlie Crump Prall Pratt, Ruth Rainey Andresen Cullen James Andrew, Mass Curry Andrews, N. Y. Arentz Johnson, S. Dak. Ransley Darrow Delaney Johnson, Wash. Reilly Arnold De Priest Kading Rogers, Mass. Kahn Karch Auf der Heide DeRouen Dickstein Sabath Bacharach Kelly, Ill. Kennedy Bachmann Dieterich Schafer Douglas, Ariz. Douglass, Mass. Schneider Bacon Baldrige Kleberg Schuetz Kniffin Doutrich Seger Knutson Shannon Beam Drewry Sirovich Smith, Va. Smith, W. Va. Somers, N. Y. Beck Black Dyer Eaton, N. J. LaGuardia Lamneck Bloom Englebright Lehlbach Boehne Bohn Estep Lewis Spence Stafford Evans, Mont. Fernandez Boileau Lichtenwalner Lindsay Boland Stewart Bolton Fiesinger Linthicum Stokes Fish Sullivan, N. Y. Lonergan Boylan Fitzpatrick McCormack Britten Sullivan, Pa. McDuffle Sutphin Brumm McLeod Brunner Freeman Sweeney Gambrill McMillan Buckbee Gavagan Major Burdick Gifford Tinkham Campbell, Pa. Golder Maloney Mansfield Treadway Carley Carter, Calif. Goss Turpin Granata Martin, Mass. Martin, Oreg. Granfield Vestal Carter, Wyo. Cavicchia Celler Watson Welch, Calif. Griffin Mead Griswold Millard Hadley Hancock, N. Y. Hancock, N. C. Chavez Montague West Chindblom Montet White Niedringhaus Clague Whitley Norton, N. J. O'Connor Oliver, N. Y. Clancy Harlan Wigglesworth Williams, Mo. Cochran, Mo. Hart Cole. Md. Hartley Withrow Palmisano Hollister Peavey Wolfenden Connery Connolly Wolverton Wood, Ind. Holmes Perkins Hooper Person Pettengill Corning Horr Woodruff Pittenger Hull, Morton D. Coyle NAYS-227

Abernethy
Adkins
Allen
Allgood
Almon
Ayres
Bankhead
Barton
Beedy
Beers
Bland
Blanton
Bowman
Brand, Ga.
Brand, Ga.

Briggs
Browning
Bulwinkle
Burch
Burtness
Busby
Butler
Byrns
Cable
Campbell, Iowa
Canfield
Cannon
Cartwright
Chiperfield
Christgau

Christopherson Culkin Clark, N. C. Clarke, N. Y. Dallinger Davenport Cochran, Pa. Davis Cole, Iowa Dickinson Collins Dies Colton Disney Dominick Cooper, Ohio Cooper, Tenn. Cox Crail Doughton Dowell Doxey Crisp Driver Cross Eaton, Colo. Crowe Eslick Evans, Calif.

Finley Fishburne Jeffers Mobley Moore, Ky. Moore, Ohio Jenkins Johnson, Ill. Johnson, Mo. Flannagan Frear Johnson, Okla. Johnson, Tex. Free Morehead French Mouser Fulbright Jones Murphy Fuller Keller Nelson, Me. Nelson, Mo. Kelly, Pa. Fulmer Kemp Kendall Nelson, Wis. Nolan Garber Garrett Gasque Gibson Gilchrist Norton, Nebr. Kerr Kinzer Kopp Overton Kurtz Kvale Owen Parker, Ga Gillen Glover Goldsborough Ketcham Parker, N. Y. Goodwin Lambertson Parsons Green Lanham Lankford, Ga. Lankford, Va. Greenwood Partridge Guyer Patman Patterson Pou Haines Larrabee Hall, Ill Leavitt Purnell Hall, Miss Loofbourow Ragon Ramseyer Hall, N. Dak. Hardy Lozier Ramspeck Rankin Hare Luce Hastings Ludlow McClintic Okla Haugen Rayburn Hawley Hill, Ala. Hill, Wash. McClintock, Ohio Reed, N. Y. Rich McFadden McGugin Rohinson Romjue Sanders, N. Y. Sanders, Tex. McKeown Hoch Hogg, Ind. McLaughlin Hogg, W. Va. Holaday McReynolds Sandlin McSwain Hope Hopkins Magrady Manlove Seiberling Shallenberger Mapes Michener Hornor Shott Houston, Del. Howard Miller Shreve Mitchell Huddleston Simmons NOT VOTING-18

Snell Snow Sparks Stalker Steagall Stevenson Strong, Kans. Strong, Pa. Summers, Wash. Sumners, Tex. Swank Swanson Swick Swing Taber Tarver Taylor, Colo. Taylor, Tenn. Temple Thatcher Thomason Thurston Timberlake Underhill Vinson, Ga. Warren Wason Weaver Weeks Whittington Williams, Tex. Williamson Wilson Wingo Woodrum Wright Wyant Yates Yon

Smith, Idaho

Carden	Drane	May	vinson, Ky.
Cary	Gilbert	Pratt, Harcourt	J. Welsh, Pa.
Chapman	Gregory	Reid, Ill.	Wood, Ga.
Chase	Lambeth	Rogers, N. H.	
Collier	Larsen	Tucker	

So the motion to discharge the committee was rejected. The Clerk announced the following pairs:

Mr. Rogers with Mr. Reid of Illinois.

Mr. Larsen with Mr. Chase.

Mr. May with Mr. Pratt.

Mr. BANKHEAD. Mr. Speaker, pending the casting up of the vote I would like to make the announcement for the following Representatives from Kentucky, who have requested me to announce that they are unavoidably absent, and if present they would have voted against the resolution:

Messis. Vinson, Carden, Cary, Gregory, and Chapman.

Mr. BRAND of Georgia. Mr. Speaker, my colleague the gentleman from Georgia [Mr. Wood] is absent on account of illness in his family in the State of Georgia. He authorized me to say that if he were present he would vote against the motion-

Mr. SABATH. Mr. Speaker, a parliamentary inquiry. Is it proper for gentlemen to announce the fact that certain Members are absent and how they would vote at this time? Should not that be done after the vote has been announced?

The SPEAKER. It may be done at any propitious time; and while the Chair was waiting for the vote to be counted. the Chair thought it well to use the time by having such statements made.

Mr. RAINEY. Mr. Speaker, I have been requested to announce that the following Members are unavoidably absent on important business, and if present would vote " no ":

Messis. Lambeth, Wood of Georgia, Gilbert, Vinson of Kentucky, Carden, Cary, Chapman, Gregory, Collier, Drane, and REID of Illinois.

Mr. KELLY of Pennsylvania. Mr. Speaker, I have been requested by my colleague the gentleman from Pennsylvania [Mr. Chase] to announce that he is unavoidably detained, and if present would have voted "no" on the motion to discharge the Judiciary Committee.

The result of the vote was announced as above recorded. Mr. MONTAGUE. Mr. Speaker, I ask unanimous consent to address the House for three minutes in order that I may present a statement written by my colleague, Hon. HARRY ST. GEORGE TUCKER, whose illness detains him from the House.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MONTAGUE. Mr. Spéaker, my colleague [Mr. Tucker], who is necessarily absent by reason of illness, has handed me, through his secretary, the following statement and has asked me to read it to his colleagues of the House. The statement is as follows:

When this joint resolution was brought before the Committee on the Judiciary for consideration the first motion made was one which I made providing for an amendment to the same in the following words and figures, to wit:

Page 2, line 20, after the word "therein," add the words "Pro-

vided further, That no sale of intoxicating liquor shall be authorized by the Congress or any State to be consumed on the premises where sold."

where sold."

This amendment was generally discussed by nearly all the members of the committee and was finally adopted by the committee by a vote of 11 to 5. This amendment, as is seen, eliminates the possibility of the barroom being adopted in any part of the United States should the States be given the power to control the subject, as provided by the Beck-Linthicum resolution. My feeling against the reappearance of the barroom was so strong that I felt myself unable to vote for the original proposition without the limitation of this amendment; and as the resolution has been brought to the House, under the ruling of the Speaker not in its amended form but in its original form, it has been my intention when the matter was before the House, and I being present, to make this same motion in the House which I made in committee for the incorporation of the amendment to the resolution. I am unfortunately prevented by sickness from appearing on the floor of the House, and, therefore, I can only hope that some other Member holding my view may offer the amendment, because I think it would add great strength to the resolution. Should that amendment be offered and passed by the House, if I were present, I would certainly vote for its passage, as amended.

# DEPARTMENT OF AGRICULTURE APPROPRIATION BILL

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, may I ask the gentleman from Texas if he will give the membership of the House an opportunity to vote, either way, on the salary provision which has been stricken from the bill; in other words, whether or not we will have that proposition before us as a separate matter when the report is brought in?

Mr. BUCHANAN. Mr. Speaker, of course, I can not speak for the Members of the House or the members of the conference, but we will bring our report back, and I understand it is then in the hands of the House to vote on any amendment it pleases.

Mr. LaGUARDIA. Exactly; in other words, we will not be placed in the position where we will have to vote the entire conference report up or down, but may have a separate vote on the amendment.

Mr. BUCHANAN. I may state to the gentleman that so far as I am concerned I have no desire in the world to prevent a vote on the filling-of-vacancies proposition.

Mr. SABATH. Mr. Speaker, reserving the right to object, the House, some weeks ago, authorized an appropriation of \$1,000,000 for the Century of Progress to be held in Chicago. I understand that in the Senate an amendment has been adopted to the agricultural bill embodying this appropriation. May I ask the gentleman, in view of the fact that the House has gone on record in the matter, whether it is contemplated on the part of the conferees to agree to the Senate amend-

Mr. BUCHANAN. I do not know. I can not commit the House conferees to agree now to any Senate amendment. That is a matter of conference and it is not proper for us to commit ourselves.

Mr. SABATH. But a vote has already taken place in favor of the appropriation in the House?

Mr. BUCHANAN. The House conferees are servants of the House and it is the duty of the conferees to carry out the will of the House.

Mr. SABATH. I am satisfied with that statement.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. Buchanan, Sandlin, and Simmons.

### THE GOVERNMENT EMPLOYEE AND RELIEF DRIVES

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the Federal employees in connection with the unemployed.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, many Members have in the past and are now advocating a reduction in the salaries of Government employees. Several bills providing for general reductions have been introduced. One even affecting the salary of the charwomen.

I have taken the position that any act of the Congress toward reduction in salaries will immediately result in private corporations doing likewise, holding they are justified in taking the action because the Congress has set the example.

While overproduction has played a leading part in the present depression, economists proclaim underconsumption is a more material factor than overproduction. It is true that there has been some reduction in the cost of living, but who can deny the assertion that this is only temporary. How can the farmer live on what he is now receiving for his products? If to restore the price level to the farmer we must pay him an increase for his wheat, corn, hogs, cattle, vegetables, and so forth, will it not result in an increase in price to the consumer?

You passed the Glass-Steagall bill. If that operates as you intended it should operate, there will be an increase in the cost of living. You now propose a manufacturer's sales tax. What does that mean?

It means, if it becomes a law, some \$600,000,000 in revenue will all come out of the pockets of the consumer. This can not be denied. No manufacturer will absorb the sales tax; he will pass it along. Not only are you going to try to put an additional burden on him in the form of a sales tax,

but you are increasing his income tax.

It seems evident to me that unless you lower the standard of living you must retain the wage level of Government employees, at least 80 per cent of whom are not overpaid. The average salary of the Government employee is around \$120

a month, or, to be exact, \$1,441 a year.

Mr. Speaker, I heard it stated on several occasions the Government employees were not participating as they should in cooperating with the local authorities in relief work. I knew any such statement was false, but I passed it along to the employees in St. Louis and suggested that they pool their contributions to the "crisis relief fund" which was launched two or three weeks ago. This, I think, was the fifth drive we have had in St. Louis in the past year. The money goes to help those in distress. The result should forever silence those who have stated the Federal employees do not participate in these drives.

Twenty-eight thousand six hundred and fifty-eight dollars and twenty-seven cents contributed by the Government employees in St. Louis to the fifth and possibly the smallest drive of the last year. They contributed to all worthy activities. The record for the "crisis drive" follows:

Federal Business Association of St. Louis report of Federal employees' contribution to unemployment relief March 8, 1932

Department and local agency:

Agriculture—	Crisis fund
Meat and field inspection	. \$257.40
Meat inspection laboratory	
United States game warden	. 13.50
United States Food and Drug Inspection station.	195.00
Market news	6.00
Federal grain supervision	
United States entomological laboratory	
Weather Bureau	
Seed loan office	. 796.17
Commerce—	
Bureau Foreign and Domestic Commerce	103.00
Lighthouse Service	
Steamboat Inspection Service	59. 70

epartment and local agency—Continued.	C-1-1-6
	Crisis fund
Immigration Service	\$78.00
Bureau of Naturalization	81.50
Employment Service	47.40
Post Office—	
Postal employees Post-office inspector's office	18, 424, 95
Post-office inspector's office	99.00
Treasury—	
Collector of customs employees	279.00
Custodian force	365.40
United States appraiser's employees	150.72
Collector internal revenue employees	710.10
Internal revenue agent's employees	1, 253. 10
Special intelligence unit	
United States narcotic agents	24.00
Secret Service division	24.10
National-bank examiner's office force	44.00
Marine hospital employees	315.00
War-Mississippi-Warrior Service employees	500.40
Army Post, Jefferson Barracks	
Upper Mississippi Valley divisional engineer	
employees	117.00
employees	56,00
Finance office	118.08
Quartermaster's office	
St. Louis medical depot	
Army recruiting station	
Justice—Bureau of Investigation	The second secon
United States district attorney's office	
United States marshal's office	72.30
Clerk, United States court of appeals office	80.40
Clerk, United States district court office	121.98
United States district judge's office	
United States commissioner	21.00
Prohibition enforcement office	153.30
Probation officer	
Civil Service Commission, ninth district office	
Interstate Commerce Commission, Bureau of Ac-	. 102.00
counts	
Locomotive inspection	30.00
Bureau of valuation office	136.80
Veterans' Administration—Regional manager's office	1, 100, 00
Veterans' hospital	660.20
Congressmen.	
Congressment	300.00
	28, 658. 27
Respectfully.	20,000.21
respectituty.	

Respectfully,

E. R. SMITH,
President Federal Business Association.

The Government employees are not only doing their duty in this way, but, like others, they are caring for their relatives who have lost their positions and have no income.

Do not disturb them, because if you do they will be unable to meet the demands that now confront them.

# EXTENSION OF REMARKS

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the motion to discharge the Judiciary Committee, just voted upon.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. BACHMANN. I object.

# THE ECONOMY COMMITTEE

Mr. POU. Mr. Speaker, I call up House Resolution 169. The Clerk read as follows:

# House Resolution 169

Resolved, That the Economy Committee appointed pursuant to House Resolution No. 151, Seventy-second Congress, is hereby authorized to report to the House at any time during the present session of Congress, by bill or otherwise, its recommendations upon any matters covered by such resolution; and any bills so reported shall be placed upon the calendar and have a privileged status.

Mr. POU. Mr. Speaker, I would like to ask the gentleman from Michigan if he desires any time?

Mr. MICHENER. We had no information that this rule was to be called up to-day. I conferred with the floor leader, the gentleman from Illinois [Mr. Rainey], before entering the Hall, and was advised that the next matter to be taken up would be the tax bill. The gentleman from North Carolina has called up this resolution. It is a matter of vast importance. I have only one call for time, but I ask that the usual 30 minutes be granted, in order that we may find out something about it.

Michigan to yield as he sees fit.

Mr. Speaker, this special rule accomplishes three things. It extends the life of the so-called Economy Committee during the present session of Congress. It authorizes the Economy Committee to report bills to the House, and, third, it makes these bills privileged.

In view of the action taken by the House when the Economy Committee was created, it was not supposed-at least, I did not suppose—that there would be any considerable opposition to the adoption of this rule. It lays the basis for action by the Economy Committee. It clears the deck, so to speak, for action by the Economy Committee preparatory to the passage of one of the most onerous tax bills Congress has ever been called upon to enact into law. It seems to me that no argument should be necessary to support such a resolution. It enables the Economy Committee to bring before the House in a concrete form the result of its deliberations. As I have no request for time, and as I do not care to submit further observations, I reserve the balance of my time.

Mr. TILSON. Will the gentleman yield?

Mr. POU. I will.

Mr. TILSON. Is not the real purpose of the resolution to postpone any action by this committee until after the summer recess of Congress?

Mr. POU. Exactly the opposite is the purpose of the resolution. The purpose of the resolution is to enable the Economy Committee to get quicker action and bring the result of its deliberations before the House.

Mr. TILSON. The original resolution required the committee to report by the 15th of April, and this extends the

Mr. POU. It extends the time from April 15 until the end of the present session of Congress.

Mr. TILSON. And then if they brought in a report and bill at the end of the session there would be no opportunity for action until after the recess of Congress.

Mr. COX. Will the gentleman yield? Mr. POU. Yes.

Mr. COX. The original resolution required the committee to report by piecemeal. They would report by bill on a particular subject, and this is to expedite the consideration of such matters as the committee may investigate. In other words, it saves a restudy of the same question by some standing committee of the House.

Mr. POU. The gentleman is undoubtedly correct in his construction of the resolution.

Mr. KVALE. Will the gentleman yield?

Mr. POU. I yield.

Mr. KVALE. The fact that the bills have a privileged status does not deprive the House from adequate notice and warning when the bills are to be taken up.

Mr. POU. No; they will be in the same condition as if they had been reported by a committee, except these bills will have a privileged status.

Mr. SNELL. It makes them privileged, and a report by a committee is not always privileged.

Mr. POU. It makes the bills reported by the Economy Committee privileged, whatever that may mean under the general rules of the House.

Mr. SNELL. But a regular standing committee's report is not always privileged.

Mr. POU. Some of them are and some are not.

Mr. SNELL. I would like to ask the gentleman another question. What you are trying to do under the present rule is what you started to do under the first rule but which was withdrawn and another substituted?

You are taking all the power from the Committee on Expenditures in the Executive Departments and transferring it to this special committee. That is exactly what I told the gentleman he ought to do originally, but he did not dare do it because his own committee would not stand for it. Is not that true?

Mr. POU. I do not think so. I could not agree to that statement. It may be the gentleman's construction, but it | When I entered the Chamber to-day with the majority floor

Mr. POU. I will yield 30 minutes to the gentleman from | is not in accord with my recollection of what took place at all, but whatever the resolution does it speaks for itself. It does those three things. It gives the House an opportunity to vote on any bill that may be reported by the Economy Committee. It does not take away the powers of the Committee on Expenditures in the Executive Departments, except that any bill reported by the Economy Committee may to that extent invade the powers of some other committee

> Mr. SNELL. Is it not a fact that it takes practically all the powers away from the Expenditures Committee?

Mr. POU. I do not think so.

Mr. BANKHEAD. If the gentleman will permit, if the gentleman from New York [Mr. SNELL] will get a copy of the rules and see the powers and jurisdiction conferred upon the Expenditures Committee, he will see that there are several other matters of legislation vested in that committee aside from the question of recommendation on the Government departments.

Mr. SNELL. The gentleman from New York knows very well that this practically deprives the Committee on Expenditures in the Executive Departments of every particle of work in this session, and the gentleman from Alabama knows that, too. That is the purpose of the rule.

Mr. POU. Mr. Speaker, I reserve the remainder of my

Mr. MICHENER. Mr. Speaker, a few days ago we had before us a rule providing for the creation of a so-called Economy Committee. I pointed out at that time it was utterly impossible to accomplish anything under the terms of that resolution. I told the House that it was a mere gesture. I said, If you want economy for economy's sake, that is one thing; but if you want economy for publicity's sake, this is another thing. The talking point in favor of that committee at that time was that a limitation could be placed upon the activities of the committee within which time the committee was to report something definite. Every man who knew anything about the workings of the House at that time knew that it would be a physical impossibility for that committee to do what it was constituted to do. Now the gentleman comes in with this rule to-day for what purpose? As the gentleman from North Carolina [Mr. Pou] says, first, to extend the limit of time within which that committee may act, not to a definite time other than through the term of the session.

In other words, if we adjourn in June, they can report up to the last day that we adjourn, and if we adjourn next November, they can report up to the last day when the House adjourns next November. So far as taking the jurisdiction away from the Committee on Expenditures in the Executive Departments is concerned, I agree in the main with my friend from New York [Mr. SNELL]. However, he is not technically exactly right. We have an appropriations committee and two or three other committees which are authorized under the general rules of the House to do the very thing which this committee is set up to do. We are not taking away from those committees any jurisdiction, technically speaking, but we are setting up a committee, a supercommittee, with like and extended jurisdiction. This committee is a supercommittee in that its bills are privileged. What does "privileged" mean? It does not simply mean that it reports a bill and that the bill goes on the calendar; but when a bill is privileged, it has a right over all other bills in this House which are not privileged, and the Speaker of the House must, under the rules of the House, recognize for consideration of that particular bill. The only discretion lodged in the Speaker under the rules of the House is to treat privileged bills as a class. You are setting up a committee and extending its jurisdiction and making it possible for that committee to bring in legislation any day, which goes on the calendar, which is privileged, and, forsooth, which might be called up for consideration of the House just exactly as this privileged resolution is called up, without knowledge on the part of any Member of the House, of not even the majority floor leader, that it is coming up. leader, I asked him what would be up to-day, what we might expect, and he told me there would be nothing but the tax bill. Then, in the confusion here, when the House is all upside down, a matter of this kind is brought before the House. The members of the Committee on Appropriations, vitally affected, are not here. The members of the Committee on Expenditures in the Executive Departments, vitally affected, are not here. They know nothing about it. The minority members of the Committee on Rules had no knowledge that the gentleman was bringing this very important matter up for consideration.

Mr. POU. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. In a minute. So far as we are concerned on this side of the aisle, we have not opposed any economy measures. We did not oppose this Economy Committee. We voted for it. We supported it; and we pointed out to you that you could not accomplish anything—

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. Yes.

Mr. COX. The gentleman's objection to the first resolution was that it set up a committee without power to do anything. This resolution proposes to give that committee the power which the original resolution did not give.

Mr. MICHENER. Yes.

Mr. COX. Now, the gentleman objects to this resolution because it does the very thing which he contended the original resolution failed to do. It vests a power in the committee to make report to this House in such form as would make possible the consideration of such matters dealt with by that committee at this session, which is the only promise that we have of any economy legislation that has come before us.

Mr. MICHENER. As a matter of fact, I am finding more fault with the procedure, because the gentleman, who is a member of the Committee on Rules, well knows that the gentleman from Tennessee [Mr. Byrns] introduced the original resolution which was to all intents and purposes this resolution.

Because of the objection of the Expenditures Committee, and because of the objection of other committees in the House that this was robbing those committees of jurisdiction, was throwing a monkey wrench, so to speak, into the things which they were doing, in an effort to bring about this thing, it was made impossible for you to bring in a rule of this kind and pass it. Now, it is brought in under these circumstances.

Mr. POU. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. POU. I want to remind my friend the gentleman from Michigan that when the request for this legislation was made the statement was made that the request came as the unanimous request from the Economy Committee.

Mr. MICHENER. Yes. This is a unanimous request from this committee which has been functioning for some time and which, if I am correctly informed, has gotten nowhere. They could not possibly do anything. The job is too big. We all know it. Everybody has been trying to consolidate for years. Then the country is told, "We have set up a great Democratic Economy Committee. By April 15 it will do something." That goes out in big headlines all over the country, and to-day that same majority party comes here and says by the very terms of this resolution, "You are absolutely right," and the Speaker of the House knows and smiles his approbation. That is the strategy of the situation. Oh, there is a vast difference between political strategy, between publicity, and consolidating the depart-You have a committee, a splendid committee, made up of Democrats and Republicans, working at this matter. They have been working at it for weeks, and now there is set up what is called a Democratic Economy Committee.

It functions for a while and then the gentleman comes in and says, "We were wrong when we set it up. We can not do what we thought we could. We have now found it out. We now ask you to let us do what you wanted to do some time back."

Mr. SCHAFER. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. SCHAFER. I happen to be a member of the Committee on Expenditures in the Executive Departments. This Economy Committee was set up because politicians, for political effect and not for economy, could not stampede and blackjack that standing committee of the House. The Committee on Expenditures unanimously requested the Rules Committee to amend the rules applicable to the Committee on Expenditures in Executive Departments, to give the committee a little appropriation so that we could do effective work, and to give us the right to subpœna witnesses and compel testimony. Up to this very moment those so-called economy experts on the Democratic side have not given the committee that authority.

Mr. MICHENER. Now, I do not want to get into that. Let us not be partisan.

Mr. SCHAFER. Well, it is partisan, unfortunately. If the gentleman had served on the Committee on Expenditures in the Executive Departments as I have, the gentleman would see that it is partisan. Now, those who were trying to force the Committee on Expenditures to favorably report a bill to consolidate the Army and Navy are the very ones who are running away from it to-day.

Mr. MICHENER. I do not yield further.

Mr. COX. Will the gentleman yield?

Mr. MICHENER. I yield to the gentleman from Georgia.

Mr. COX. Pertinent to the gentleman's complaint against the manner in which this resolution is called up, I would like to say to the gentleman that I had no advantage over him, because I did not expect it to come up this morning.

Mr. MICHENER. That is a good illustration. The gentleman is one of the leading, and one of the most sound-thinking members on the Committee on Rules; a man who generally thinks right. The gentleman joins with me and says this thing has been sprung upon us without knowing anything about it. I had no knowledge of it. The Democratic floor leader said he had no knowledge of it. Who, in the name of Heaven, is running this House if it is not the Democratic organization?

Mr. COX. Will the gentleman yield further?

Mr. MICHENER. I yield.

Mr. COX. When the gentleman's committee reported this resolution, did the gentleman not reasonably anticipate that the resolution would be called up at some time?

Mr. MICHENER. Oh, yes. But I do not want to take any more time along that line.

Mr. COX. What better position would the gentleman be in if the calling up of this resolution had been after some formal notice to him?

Mr. MICHENER. The gentleman on this side only wants that which is always understood, that there is an understanding between the chairman of the Rules Committee and the ranking Member on this side, so that no rule will be called up until we have sufficient notice that it is to be called up, in order that we may at least be prepared to say something about the matter.

Mr. KVALE. Will the gentleman yield right there?

Mr. MICHENER. I yield.

Mr. KVALE. The gentleman voiced my own fear and the reason for my earlier inquiry. Does not the same observation which the gentleman has just made with reference to this resolution apply to any bills that may have a privileged status under its terms and might be brought up in the future without notice?

Mr. MICHENER. Absolutely. If this matter passes the House it will confer upon this so-called Economy Committee the power to do just what has been done to-day, as is suggested by the gentleman from Minnesota [Mr. KVALE]. At any time the Speaker sees fit to call up a bill he may notify some Member on the floor that he will recognize him for the consideration of that bill, and we come here with important legislation, extremely important to the entire Nation, and what do we hear? Some man on the majority side rises and says, "I call up this legislation," and it can be put

through under the whip and under the lash, without any consideration whatever by the Members of the House, who have no knowledge that it was coming up and who are not here and can not be expected to know, and who are thereby deprived of their right to vote on important matters.

Mr. KVALE. May I interrupt again?

Mr. MICHENER. Certainly.

Mr. KVALE. Does the gentleman think it would satisfy his side of the House if, following the word "calendar," there be inserted "after five legislative days"? In the absence of that amendment, I would personally be satisfied with the assurance of the Speaker that he would not recognize anybody for that purpose until a certain and adequate time had elapsed.

Mr. MICHENER. I suggest that the gentleman take that up with his leader on that side.

Mr. KVALE. The gentleman is not referring to my leader. I have high regard for him, but I am responsible for my own statement

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. MICHENER. I yield for a question.

Mr. DOUGLAS of Arizona. If what the gentleman has said were true with respect to the inability of the committee to accomplish anything under the original resolution-and I do not concede that to be true—but if it were true, then the argument the gentleman is making now is in opposition to

even permitting it to accomplish anything.

Mr. MICHENER. The gentleman who has just spoken is a member of the Economy Committee and he knows they have not accomplished anything, at least they have not reported anything. The time is coming when they must report, and I, for one, believe they should report something by April 15. If they have something under their bonnets that is right, let them bring it in by April 15, and then will be the time to pass upon their work and determine whether the time in which they can operate should be extended. If the committee does a good job and makes a report about something then, it will be time enough to determine whether the committee should have more time in which to operate. But, as I have said, I, for one, believe this Economy Committee should make a report to the House by April 15. I do not think this committee should be allowed to proceed under the language of the present resolution and then bring in some legislation which will be privileged, have it passed and put on the doorstep of the Senate, and say the House did something.

Mr. DOUGLAS of Arizona. Then what the gentleman is saying is that we can not do anything and we will not let you do anything.

Mr. MICHENER. No; not at all. Mr. Speaker, I reserve the balance of my time.

Mr. POU. Mr. Speaker, I yield 10 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker and gentlemen, I do not think there need be any confusion about the real issues in this controversy that have been so vehemently raised by the gentleman from Michigan. The gentleman asserts he did not oppose the original resolution setting up this Economy Committee, but unless my recollection is very gravely in error the gentleman opposed that resolution with about the same degree of vigor with which he is now opposing this resolution. I think the RECORD will disclose that fact, although he now asserts that his side of the House did not oppose the setting up of this committee and giving it the powers then conferred.

What will this proposition do, gentlemen? The gentleman from Michigan says, in effect, that he discounts the sincerity of those who are proposing this so-called Economy Committee. He says it is a mere political gesture and that nothing substantial can be effectuated by the proceedings of this committee along proper lines. Well, the gentleman is entitled to his conclusions about that, but I want to assert that is not in the minds of the Democratic members of the Rules Committee nor in the minds of those on the Appropriations Committee. It is not in the mind of the ranking minority member of that committee, the distinguished ence to proposed consolidations and economies, I have suffi-

gentleman from Indiana [Mr. Wood], nor is it in the mind of the Democratic chairman of the Committee on Expenditures, nor in the mind of the ranking Republican member of that committee.

They are not looking at this thing as a mere gesture, I will say to my friend from Michigan, because it was represented to the Rules Committee that not only the four Democrats upon this economy committee but also the three Republican members on this economy committee favored the bestowal of this additional power upon that committee.

Now, gentlemen, let us look at this thing from a practical legislative standpoint. I confess it may have been a parliamentary error in the first instance to have set up this committee and not have given it the power to make recommendations directly to the House of Representatives for action. I think it was a mistake, and upon reflection the gentlemen composing the membership of this committee, as well as the members of the Rules Committee, and others who have been consulted, have reached the conclusion that if the functioning of this committee is to have any practical legislative result at this session of Congress it will be necessary to clothe that committee with legislative authority to bring directly to the House of Representatives for its consideration such conclusions as that committee may reach after its deliberations upon these questions and after hearing the evidence which may be submitted to that committee.

Gentlemen, I have taken occasion heretofore to assert during this session of the Congress that back home-and when I say back home I mean in every section of this countrybig business and little business and the oppressed taxpayers of this country-and I am not saying this in any partisan sense because it cuts across the sections of every portion of our country-are looking for a reduction in governmental expenses. I have heretofore said that if there is any one paramount thought in the minds of the American people to-day it is for the Congress, for the legislatures, for the county boards, and for the boards of aldermen all over this country to reduce the expenses of government all along the line. [Applause.]

Proper conclusions on such reductions is what this committee is seeking to find and to accomplish. It is not a party question. There is no partisanship in the payment of taxes. Those burdens fall alike upon the members of all political parties, although I am to see my party take the lead in this program of economy.

The only way by which this House—and I am speaking of its membership collectively-can hope to accomplish any practical or beneficial results from the deliberations of this committee is for it to bring in some concrete resolution or recommendation for the consideration of the House.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. OLIVER of Alabama. I will say to the gentleman from Alabama that I do not think there is a member of the Appropriations Committee who does not feel that this is a field in which the Economy Committee can render helpful service if the pending rule is passed.

Mr. BANKHEAD. I am glad to have that assurance from my able colleague from Alabama.

Now, the gentleman in his speech against the original resolution and in his speech now says nothing practical can be accomplished because despite any effort this special committee may make to bring about a real reduction in governmental expenses the legislation accomplishing that purpose will only be laid on the doorstep of the Senate at this session.

Well, I want to assert to the Members of the House of Representatives that our responsibility ends here upon this floor as far as legislation is concerned, and if we expect to accomplish any real economy in the administration of our governmental affairs by consolidations and cutting out various duplications and all that sort of thing, we have got to make a start somewhere with it.

After hearings are had by this committee and just as soon as they can reach just and proper conclusions with refercient confidence in them and in their good faith and in ments could not be supported. There were two that were their real determination to make an effort to be of service to the taxpayers of this country that I believe they will bring in, not wholesale legislation, necessarily, not legislation that will remedy this whole situation that we are seeking to remedy, but that they will go just as far as they can and with as much dispatch as they can use toward giving this House an opportunity to accomplish some real legislation for economy in our governmental affairs, and, therefore, the Committee on Rules asks this House by this resolution to confer this legislative authority upon this select committee so that they may do the things we had in mind for them to do when we established the committee and gave it this power. [Applause.]

Mr. MICHENER. Mr. Speaker, I yield five mintues to the

gentleman from New York [Mr. LaGuardia].

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the Record by quoting extracts from annual reports of bureaus and departments.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LaGUARDIA. Mr. Speaker, my objection is not partisan. There is not any partisanship in me; perhaps it would be better if there were some. My objection to this mode of legislation is fundamental.

Years ago the Rules Committee would have brought in any sort of a resolution to carry out its purpose. For the last 10 years the tendency has been to limit the powers of the Rules Committee and, only recently, we liberalized the rules so as to prevent any of the standing committees from thwarting the will of the House, and we had an illustration only a few hours ago, where the new rule was invoked and the House gave expression to its will.

If there are any economies to be exercised under existing law, the great Committee on Appropriations, consisting of 35 members, has the privilege of bringing in the recommendations, and the House will decide. If there are any economies to be exercised which require legislation, we have standing committees with jurisdiction on every possible measure that could be brought into the House.

So we are destroying all that we have done in the liberalization of the rules, all that we have obtained in limiting the powers of the Rules Committee by this loose system of circumventing the will of the House by the creation of these so-called select committees or special committees. What superknowledge, what superability have the members of the special committee, of which there are seven, over the 35 members of the Appropriations Committee, or the membership of any standing committees?

Oh, I say, gentlemen, there are two purposes in mind. One is, under the guise of economy, to destroy certain bureaus of the Government that are rendering useful service, much to the objection of certain privileged interests that resent any governmental regulation or supervision; and another is to attempt to destroy the standard of wages and to bring down the American standard of living thereby.

Why, the distinguished gentleman from Arizona, who made the inspirational speech on this subject, had so emasculated the appropriations for the Bureau of Minesand I referred to it after the magnificant speech made by the gentleman from Arizona for economy-that the purpose of the Bureau of Mines was being destroyed, and then the gentleman from Nevada [Mr. Arentz] again referred to it, and the gentleman from Arizona, big and fair as he always is, wrote a letter to the Senate calling back every amendment that he put on with respect to the Bureau of

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. LAGUARDIA. Certainly.

Mr. DOUGLAS of Arizona. That is a misstatement of the case. There was one item which was cut; as a matter of fact, there were two items that were cut too much. I did not, by inference or otherwise, state that all the amend-

slightly too excessive in amount.

Mr. LaGUARDIA. I accept the gentleman's correction, and I will let the gentleman's letter speak for itself, and with his kind permission I shall insert it at this point in the There can not be anything fairer than that. RECORD.

I will take this opportunity to state briefly the purpose and scope of the Bureau of Mines. Inasmuch as the gentleman from Arizona [Mr. Douglas] figures so prominently in this drive for economy and inasmuch as in his anxiety for economy he offered certain amendments on the floor of the House, which afterwards he was compelled to withdraw, it seems to me that it offers a typical example of how perhaps unintentionally and subconsciously economies are always directed against the particular activity of government which may step on one's toes.

The Bureau of Mines is a long way from Broadway, but it is very near the State of Arizona. Perhaps from the distance we get a better perspective of it than the gentleman from Arizona. Perhaps we are better able to judge its value to the public and the excellent public service it has rendered than anyone who may be closely related to or connected with mines.

I do not in any way desire to criticize the gentleman from Arizona, for whom I have the highest regard and whose abilities are recognized as second to none in this House, but I am going to fight and resist all attempts to hinder and hamper and impair the various bureaus and departments of the Government which have been established in the public interest for the protection of the public and its necessary supervisory and regulatory agencies of the Government.

The letter to which I refer reads as follows:

Congress of the United States, House of Representatives, Washington, D. C., February 26, 1932.

Hon. WESLEY L. JONES.

Chairman Committee on Appropriations.

My Dear Senator: On Monday last there were several amendments offered by me and accepted by the House to the Bureau of Mines item in the appropriation bill for the Department of Commerce. The amounts of reductions carried in some of the amendments. ments were hastily arrived at and without adequate supporting evidence.

As a result of subsequent investigation, it is my opinion that some of the reductions were too drastic. It is, however, my belief that substantial reductions can be made below the Budget

I am calling this to your attention so that you may before your committee, in the event you see fit to do so, hear the proper officials of the Bureau of Mines in order that there may be repaired any substantial impairment of necessary and requisite functions of the bureau affected by the amendments.

Very sincerely yours,

I believe this letter bears me out and that I did not misstate the facts as suggested by my colleague, the gentleman from Arizona.

Fortunately in this instance the excessive reduction was discovered in time. It is to be hoped the Senate will undo the damage.

This is what some of the proposed cuts in the Department of Interior bill will do to the Bureau of Mines unless the House amendments are eliminated in the Senate:

# MINERAL-MINING INVESTIGATIONS

The proposed cut of \$40,460 in mineral-mining appropriation below the amount appropriated for 1932 will make it necessary to drop 11 full-time people and about 100 parttime people, mostly engineers, physical chemists, and research men. This will seriously cut down a valuable organization, and reduce by at least one-third the output of one of the most helpful activities offered mining men.

It will cut by at least one-third the research work in metallurgy conducted under this appropriation.

It will cut by one-third the assistance given by mining division to the industry in reducing costs to meet low-metal

Testing fuel: A reduction of \$44,610 below 1932 appropriations for testing fuel would drop 19 men, from laborers to engineers and scientists.

Stop service of analyzing fuels bought by States of New York, New Jersey, Maryland, and cities in Pennsylvania, Delaware, and Maine.

Slow up payment on coal bought on Government contracts. Reduce by 60 per cent new analyses of coals.

Reduce by one-third work on fuel-economy work in District of Columbia.

Reduce by one-third output of fuel investigation at Pittsburgh.

Stop work on synthetic fuels.

Oil and gas: A cut of \$86,645 in oil and gas appropriation below this year's allotments will close the stations at Boulder, Colo.; Laramie, Wyo.; Dallas, Tex.; and reduce the San Francisco station one-half.

It will reduce the service now given the petroleum industry one-half.

It will drop 30 people.

Economics of mineral industries: The appropriation of \$225,000 carried in the amended bill is a reduction of \$62,820 below allotments for the current fiscal year. A reduction of this amount would necessitate:

First. Elimination of statistical offices at Denver, Colo.; Salt Lake City, Utah; San Francisco, Calif.; and Joplin, Mo.; and the discharge of the 14 employees constituting the staffs of those offices.

Second. Discharge of five employees of the Washington office engaged in the conduct of annual canvasses of minerals in the United States and compilation of mineral statistics.

Third. The Mineral Statistics Division would be unable to compile the regular annual canvass of minerals of the United States, thus breaking a continuous record extending over a half a century.

Each year for over 50 years separate reports have been issued covering the production, value, and various features of processing and marketing of individual minerals. These data provide essentially the only information available regarding current economic status of mineral industries.

It has been suggested that in so far as the American Bureau of Mineral Statistics compiles figures, the activity of the mineral-statistics division of the Bureau of Mines might well be dropped. However, it should be noted that the American Bureau of Metal Statistics compiles reports on only four minerals, namely, copper, lead, zinc, and tin, while the Bureau of Mines compiles statistics and issues reports on over 60 mineral commodities. Furthermore, figures of the American Bureau of Metal Statistics indicate only smelter production and do not represent the output of the mines, whereas the Bureau of Mines shows in great detail all of the figures regarding output of domestic minerals. The American Bureau of Metal Statistics no longer furnishes copper figures.

Fourth. Discontinuance by the coal division of (a) current surveys of coal stocks, (b) monthly report on the Northwest dock trade, (c) all studies of consumption and distribution of coal shipments and all analyses of marketing problems. All of these reports contain important market information of particular value to the coal industry in its present depressed condition. The discharge of four employees would be necessary.

Fifth. Discharge of two employees of the rare-metals and nonmetals division and curtailment of the economic reports on the rare metals.

Of the 25 employees who would be discharged, many are valuable, trained employees, who have been in the service for 20 years or more. The present average age of the staff of the mineral statistics division is 50.02 years. The discharge of such personnel is serious not only from the personal viewpoint of the employees so discharged but from the viewpoint of the Government which will lose the services of individuals having years of experience in the specialized work in which they are engaged. Such experience and training can not be purchased in the open market. On the other hand, it does not represent a marketable asset from the viewpoint of the discharged employee.

Stop service of analyzing fuels bought by States of New | Probable effect of curtailment of activities of the safety division

One of the activities of the safety division of the United States Bureau of Mines is the training of employees of the mining and allied industries in methods of giving first aid to the injured; this training not only is of utility in the saving of pain and misery as well as lives—and it is estimated that at least 200 lives are saved annually as a result of this type of Bureau of Mines work—but also the training has the very good effect of making those who receive it "safety conscious," with the result that they take measures toward avoidance of accidents; and actual records by mining companies show that the first-aid trained employee is but one-half to as low as one-eighth as likely to get injured as is the untrained man.

During the past five years the Bureau of Mines field safety forces, comprised of about 60 instructors, have given a full course of this type of safety training to over 400,000 persons engaged in work in the mining and allied industries, and since 1910 over 600,000 have been trained.

Due to numerous extra precautions taken in coal mining by those engaged in it and partly as a result of the above work as well as due in some part to other safety activities of the Bureau of Mines, the number of persons killed in 1931 in the coal mines of the United States was but about 1,430, which is 554 fewer than in any other year in the present century and is 970 fewer than the average annual number of fatalities for the past 25 years. The coal-mining fatal-accident rate in 1931 was by all odds the lowest for any year in the history of coal mining in the United States.

The safety forces of the United States Bureau of Mines have been but little increased during the past 8 or 10 years, but the amount of work done has been increased several fold, as may be indicated by the fact that while over 110,000 persons were given the full course of training in first aid both in 1930 and in 1931, the total for 1923 was but 14,941, and for 1924 but 17,767.

If the services of safety division were curtailed, for instance as if three of the mine rescue cars and personnel should be dispensed with, there would undoubtedly be a material decrease in the number of men trained not only in first aid but in other forms of safety-and in first-aid training this decrease would probably amount to at least 15,000 full courses-and the Bureau of Mines would be in a most embarrassing position if a disaster should occur in the regions deprived of these cars as we would unquestionably be blamed severely if there should be any suspicion even that lives were lost through failure of the Federal Government to give its accustomed prompt aid at time of mine disaster. Of even more seriousness is the fact that the excellent coal-mine safety record of 1931, with its 1,430 killed as against an annual average of 2,409 for the past 25 years, would be very likely soon to revert to the high figures of the past because there is absolutely no question that the forces of the safety division of the United States Bureau of Mines through the numerous safety approaches have been the "spark plug" which has kept much of the safety work in mining especially to the front during the past few years.

The Bureau of Mines' new accident-prevention course in bituminous-coal mining for mine officials was launched during the year, and between 1,000 and 2,000 mine officials took the full course, which requires several weeks for a presentation. There were circulated approximately 400,000 copies of the 100 or more different safety publications issued during the year and in most instances these publications were sent direct to those likely to read and use them; considerable numbers of chapters of the Holmes Safety Association were organized and kept in working order during the year, and in connection with them the mimeographed Holmes Notes giving about 20 pages of safety data were issued monthly; in addition the bureau's safety personnel cooperated in many ways with numerous organizations such as the National Safety Council, National Coal Association, Lake Superior section of the National Safety Council, Coal Mining Institute of America, Mine Inspectors Institute, and dozens of other organizations.

The Bureau of Mines is also performing a number of excellent services to the mining industry in activities on accident statistics. Nation-wide accident data are assembled and published on fatal and nonfatal accidents and on mine disasters, and the results, as given to the public, are correlated, with the ironing out of most of the kinks due to local differences in the methods of keeping of records.

During the period between January 28, 1931, and November 3, 1931, or more than nine months, there was not a major disaster—one with five or more fatalities—in any bituminous or lignitic mine in the United States. This surpasses any other period of immunity from major disasters in the history of bituminous coal mining for the past 30 or more years. That this is no mere matter of luck is susceptible of very definite proof, and one of the agencies which has aided materially in bringing about this very fine record is rock dusting, the explosion-prevention method long advocated by the United States Bureau of Mines and now being adopted by many progressive coal-mining companies.

There is no question that had it not been for effective rock dusting there would have been at least three major disasters in bituminous mines during the nine months of immunity from them. In one case a trolley-locomotive trip of loaded coal cars wrecked in a mine in which over 75 men were at work, and while the electric arc from the short-circuited wrecked trolley wires ignited the dust cloud with resultant death of the motorman and his helper, the explosion, which had a good start, died as it encounterrock-dusted surfaces in going away from the wrecked trip. There is the best of reason for the belief that if this mine had not been rock dusted the death list would have been in the dozens, possibly in the scores.

In another case, also involving a trolley-locomotive trip wreck, in which a ventilation door was left open and explosive gas accumulated, the gas was ignited by an arc due to operation of the trolley locomotive while trying to rerail the cars, and the resultant explosion killed one of those working on the trip and the second man was recovered alive, though he had been very close to death. There was considerable violence locally, but rock dust stopped the explosion before it got a really good start, which was decidedly fortunate, as there were 150 men in the mine, which is decidely gassy; hence there is good reason to believe that many, if not most, of the 149 men who came out alive owe their lives to the free use of rock dust.

In another case 235 men were working in a decidedly gassy and dusty mine when an explosion of gas by ignition from an electric arc killed 2 electric mining-machine workers and blew out numerous wooden ventilation stoppings, but the explosion failed to penetrate to the other parts of the mine—where 233 others were employed—chiefly because the effectiveness of the rock dusting prevented the coal dust from feeding the flame from the gas explosion.

In these three occurrences the rock dust "fad" more than paid for all of the rock dusting which has been done in the United States during the past year, and if the probable damage to the mines were included, the savings made by rock dusting in these three cases would almost if not entirely cover the expense of all of the rock dusting done to date in the coal mines of the United States. At any rate it is reasonable to believe that if it had not been for rock dusting the death list from these three explosions would have been well over 100 and might have been over 400, and the excellent record of the nine months from January 28, 1931, to November 3, 1931, would not have been made.

# HEALTH DIVISION

The health division deals with the conditions that affect the health of the workers in the mineral industries. Its studies and reports cover a wide range of subjects, from diseases due to poor sanitation, as hookworm and typhoid, to those resulting from other environmental surroundings, as silicosis from exposure to dust.

The value of the studies is indicated by the number of investigations made in cooperation with the industry, as hydrogen-sulphide poisoning in cooperation with the Amer-

ican Petroleum Institute, silicosis with the Tri-State Zinc & Lead Ore Producers Association, and carbon-monoxide poisoning with the New York and New Jersey Bridge and Tunnel Commissions. New York City is much interested in all the diseases associated with mining, due to the great amount of tunnel operations. The ventilation of the New York vehicular tunnel was based upon the studies referred to above. The prevention of silicosis, which occurs among miners exposed to siliceous-rock dust, and which has been found among many of the drill operators and other workers in tunnel construction, has been studied by this division for a number of years and the best means for its mitigation determined. In one district this study has already resulted in a definite decrease in compensable diseases and accidents, with considerable saving to both employees and employers.

Many of the employees of the health division are paid from moneys allotted by the cooperators; only a limited number of persons, who guide and supervise the studies, are paid from the funds of the Federal Government. The results of these studies, however, are available to the entire country. Any curtailment in the present appropriations and allotments to this division will mean the dismissal not only of personnel paid by the United States Government but also those paid by the cooperating companies, as the cooperative studies would necessarily have to be suspended with the dismissal of the supervisory and administrative personnel.

#### DEMOGRAPHIC DIVISION-ACCIDENT STATISTICS

The Bureau of Mines collects statistics of accidents as a basis for the conduct of investigations of means whereby accidents in mines may be prevented and as a means whereby progress in accident prevention may be measured. The statistics are used by mining companies, State mine inspectors, insurance companies, the United States Bureau of Mines, and others concerned with safety in mining.

These statistics focus attention on the causes of accidents, the places where the accidents occur, and the relative seriousness of mining hazards of different types. They show that preventable accidents are costing the mining industry approximately \$11,000,000 annually in compensation for injuries, exclusive of wage and other indirect losses, and that accidents have been reduced within the past 10 years more than 30 per cent in iron mining, 26 per cent in lead and zinc mining, 30 per cent in copper mining, and so forth, depending on the degree to which safety measures have been applied.

These statistics provide the only information available for learning the relative hazards of different types of mines or of mines in different States, and they afford the only comparable basis for measuring the success attending efforts to prevent accidents.

Without such statistics, accident-prevention work would necessarily be conducted in a haphazard manner, for it is only with a knowledge of why and where accidents occur that efforts can be coordinated and safety measures applied with economy and efficiency.

Fortunately in this instance the damage was discovered, I hope in time. As we go along under this mania, this insane mania of economy, Congress may be driven and forced from the outside by selfish people who have personal interests to service, and it is quite possible that many useful and efficient bureaus and departments of the Government may be impaired if not entirely destroyed.

I will check these various departments up from time to time, but to-day, as I have stated, I want to say a few words about the Bureau of Mines—one of the targets in this economy drive.

Gentlemen, I have made a survey of the very bureaus that are the target of this so-called economy committee. If this piece of paper instead of being a resolution were a can of baked beans, you would be indicted under the pure food and drugs act for misbranding. [Laughter and applause.]

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. Woon].

Mr. WOOD of Indiana. Mr. Speaker and Members of the House, the so-called Economy Committee, appointed by the Speaker of the House, has been at work every day since appointed. I do not think the gentleman from Michigan meant what he said, when he declared that up to to-day the committee had done nothing. He is misinformed; we have been doing much. We have ascertained that in order to accomplish what Congress desires we should accomplish, it is going to require some matters of legislation.

There are two ways whereby the committee can function and give the relief that Congress sought in our appointment: Reduce appropriations, and we do not need any authority from this body upon that proposition; but if we are to do away with any of the bureaus and commissions, if we are to consolidate some, in order to do away with a great deal of waste motion, and waste money, we will require legislation

Suppose we should ascertain, or come to the conclusion that a given bureau should be abolished, and, not being permitted to report a bill, we recommend to the House that it be referred to the proper legislative committee, what would happen? That committee, earnestly trying to accomplish its purpose in ascertaining the facts, would commence just where we began, and in the end it would be confusion worse confounded.

Now, if we are in earnest and honest in the declaration that we want to do away with the useless Government bureaus, if we are honest in saying to the country that we want to accomplish economy in various governmental affairs, if this committee is worthy of trust in the first place, why should it not be given the power when they come to the conclusion that a bureau should be abolished, that certain legislation should be reported directly by it to carry out the purpose that Congress had in mind when the committee was appointed. I say not to do that thing is to say that we did not mean what we said we did when the committee was appointed.

I take it that every Member of the House is earnest and honest in his or her attempt to reduce public expenditures. The country press, the metropolitan press all over the country is full of articles saying that this bureau and that bureau is useless and demanding their discontinuance.

There is no politics in this matter. The people are not divided politically when it comes to saving money to the Treasury. [Applause.]

I want to say to you that there is a better chance to-day, under the existing conditions, under the depression, that has called to the attention of every voter of the country the necessity of economy in Government expenditures—I say we are in a better situation to-day than we have ever been in before to accomplish the things that have been talked about for years. [Applause.]

Mr. OLIVER of Alabama. Will the gentleman yield? Mr. WOOD of Indiana. Yes.

Mr. OLIVER of Alabama. Take, for example, the recommendation that the gentleman said the committee might want to make in reference to the elimination of bureaus. That might involve two or more committees. If so, you might have to refer that legislation to two or more committees.

Mr. MICHENER. That could not be, because the jurisdiction of the committee is to take care of that very thing.

Mr. MICHENER. Mr. Speaker, this resolution has provoked considerable discussion. Personally I want to be thoroughly understood as not being opposed to anything that will bring about economy, if we pursue a course that is intended by those who know the procedure of the House to get that result. I think that is all there is to this. So far as the privileged status is concerned, it does give this committee exceptional authority; it permits it to bring in bills just as this resolution was brought in to-day. Let us hope that in the future a thing like this will not happen, and that we will not bring up a bill of such vast importance, reflecting as it does to such an extent on at least two of our great committees of the House, and practically without notice.

We believe in charity. We all appreciate that this Expenditures Committee is a great committee, set up for specific work, and now to come in and treat it in this way seems hardly fair. Let us give more consideration to real results, to what is going to happen, and what should happen, and less to publicity.

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. Yes.

Mr. McDUFFIE. Is the gentleman opposed to this resolution?

Mr. MICHENER. I answer that by saying that I am going to support the resolution, because I do not want to be placed in the light of standing in the way of anything that might result in economy. This resolution to-day is a vindication of the stand that I took, and I ask the gentleman to read my remarks, when the original resolution creating this committee was before the House.

Mr. McDUFFIE. I am delighted to know the gentleman is not opposing the present resolution.

Mr. COLTON. Will the gentleman yield?

Mr. MICHENER. Yes; I yield.

Mr. COLTON. It is a fact that the Committee on Expenditures is studying largely the same question that this Economy Committee is studying. Does the gentleman believe it is necessary, pending the report of this Economy Committee, for the Expenditures Committee to go over the same ground?

Mr. MICHENER. Oh, that is the ridiculousness of the whole thing. We have a standing committee which is going through all this work. They have held hearings for days and days. They are working on the thing, and then the gentleman comes along and creates a supercommittee to work along the same line.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. Sabath].

Mr. SABATH. Mr. Speaker, it is indeed gratifying to hear that the gentleman from Michigan [Mr. Micherel], after having violently attacked this resolution a few moments ago, with due and careful consideration, has finally agreed to support it.

Mr. Speaker, the gentleman from Wisconsin [Mr. Schafer], as well as the gentleman from Michigan [Mr. MICHENER], is trying to imply that there is politics behind this movement to bring about real and honest economy. I say to the gentleman, and to every Member of this House, that it is the honest aim of the Democratic majority to bring about economy, not empty and bombastic statements of economy which the Republican administration has given to the country for the last decade, but real economy. For 10 years we have been promised economy; yet, notwithstanding that fact, the appropriations and expenditures have continued from year to year and millions upon millions of dollars have been squandered while the Repubican Party was in full control of this House as well as the Senate, and while the Republican Presidents were deriving much acclaim for their supposed virtues of economy.

Mr. SCHAFER. Will the gentleman yield?

Mr. SABATH. No; I do not have time to yield now.

I said that the Republican administration has been making the Nation believe that it, like some of the spokesmen here to-day, believed in economy. If an examination were made of the expenditures, the country would find that hundreds of millions of dollars have been wasted, being expended not only on large numbers of useless officials and commissions, but on imprudent contracts granted by the Republican administration to a favored few.

The people of this Nation demand and insist upon real economy. They can not stand the great burdens. They look to the Democratic Party in this House to bring about the elimination of those criminal and wasteful expenditures which ran unchecked during the last 10 years under the Republican administration.

No. There is no politics behind this move. There is honest effort on the part of the Democratic Party to relieve the

people of the unnecessary burdens that the Republican Party has placed upon the backs of the American taxpayers.

Mr. Speaker, ladies, and gentlemen, I feel that the vast majority of the bureaucratic bureaus and commissions which have been established and which cost the Government millions of dollars annually should be eliminated. Experience has shown me that very little beneficial legislation was ever enacted upon the recommendation of the established commissions. Therefore, I am in favor of this resolution because it gives this economy committee the power to prepare and report bills and to give them preferential status so that there will be no delay in securing consideration and action. I assure you, and this is no idle gesture, these bureaus and commissions, this waste, red tape, and overlapping authority must go. To make that possible this resolution must pass.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. POU. Mr. Speaker, I yield two minutes to the gentleman from Tennessee [Mr. Byrns].

Mr. BYRNS. Mr. Speaker, there is but one thing involved in the consideration of this resolution. It puts it up to the House to say whether or not you want to put the Economy Committee in a position by which it can accomplish what you expect it to accomplish in the way of reducing expenses.

The committee has been conducting hearings ever since its organization. It is now getting to the point where very shortly it will come to the problem of preparing possibly some legislation and also some recommendations with reference to appropriations.

The gentleman from Wisconsin had a great deal to say about one bill. I want to say to the gentleman and to the Members of this House that the Economy Committee has not discussed any particular bill up to this time. Its entire time has been taken up in conducting hearings. I do not know what the Economy Committee will recommend, but I do say that when the Economy Committee recommends a bill seeking to cut down expenditures, it ought to have the privilege of presenting it to the House; the bill ought to have a privileged status, so that the House may take action upon it.

That is all this means. It does not mean anything else. If, as the gentleman from Michigan says, he really wants economy—and I do not contradict him—if you want really to do business and cut expenditures, then, in my judgment, there can not be any question but what this resolution should be adopted.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. POU. Mr. Speaker, I yield two minutes to the gentleman from Missouri [Mr. Cochran].

Mr. COCHRAN of Missouri. Mr. Speaker, the gentleman from Wisconsin seems to be very much exercised over this resolution. He has no reason to be alarmed. The gentleman seems to feel that it will interfere with the jurisdiction of the Committee on Expenditures. I can tell the gentleman from Wisconsin, just as the gentleman from Tennessee has said, there has been absolutely no discussion in the Economy Committee as to any consolidation. That committee is expecting the Committee on Expenditures to proceed as it has been proceeding, and has urged me to expedite consideration of bills before our committee.

We are to meet to-morrow; and if the members of the committee will be present then, they will have an opportunity to consider two bills upon which hearings have been conducted. We will commence hearings on a third bill on Thursday, the bill to consolidate civilian activities.

Mr. SCHAFER. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. SCHAFER. The proponents of the resolution indicated that the Economy Committee would report a bill dealing with consolidations.

Mr. COCHRAN of Missouri. Is there anything in the resolution which says it will report consolidations? I fail to find it.

Mr. SCHAFER. The proponents of the resolution so stated.

Mr. COCHRAN of Missouri. Will the gentleman please read the resolution? See for himself.

Mr. SCHAFER. Yes. It can cover consolidations, expansions, and everything under the sun, but it means nothing.

Mr. COCHRAN of Missouri. Did the selection of the Mapes committee insult the Committee on the District of Columbia?

Mr. SCHAFER. That was a different proposition.

Mr. COCHRAN of Missouri. Mr. Williamson, the ranking member of the Expenditures Committee, sat in the room and is a member of the Economy Committee. He approved of this resolution, the same as I did. I do not feel the Economy Committee is going to do anything whatsoever that the House and country will not approve.

Why, Mr. Speaker, the House expects something from the Economy Committee. Are we to sit every day, for months, and in the end simply advise the House we recommend certain reductions? Give the committee the power and you will get the opportunity to reduce Government expenditures. It will not be fair to the Economy Committee to deprive it of this right. It probably will bring in legislation that in the regular course should come from legislative committees. If a complaint is justified, and I do not feel it is, other committees of the House should complain, rather than the Expenditures Committee.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. POU. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. KVALE. Mr. Speaker, I demand a division.

Mr. POU. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 258, nays 116, not voting 58, as follows:

#### [Roll No. 30] YEAS-258

Goldsborough

Abernethy Cochran, Mo. Cochran, Pa. Cole, Iowa Cole, Md. Aldrich Allgood Almon Collins Condon Andresen Andrew, Mass. Connery Cooper, Tenn. Andrews, N. Y. Auf der Heide Corning Cox Crail Ayres Bachmann Baldrige Bankhead Crisp Cross Crosser Barbour Crowe Crump Beam Beedy Cullen Davis Bland Blanton Delaney Bloom DeRouen Dickinson Boehne Dickstein Boylan Brand, Ga. Brand, Ohio Dieterich Disney Dominick Briggs Browning Doughton Douglas, Ariz. Brumm Brunner Doxev Drewry Driver Buckbee Bulwinkle Eslick Fernandez Burdick Burtness Fiesinger Fish Fishburne Butler Byrns Canfield Fitzpatrick Flannagan Carley Fulbright Celler Fuller Gambrill Chase Garber Garrett Chindblom Christopherson Gasque Clague Gavagan

Gibson

Glover

Clark, N. C.

Clarke, N. Y.

Goodwin Granfield Greenwood Griswold Guyer Haines Hall, Ill. Hall, Miss. Hall, N. Dak Hancock, N. C. Hare Harlan Hart Hastings Haugen Hawley Hill, Ala. Hill, Wash. Hoch Hogg, W. Va. Holaday Hope Hornor Houston, Del. Huddleston Igoe Jacobsen James Jeffers Johnson, Mo. Johnson, Okla. Johnson, Tex. Johnson, Wash. Jones Karch Kelly, Ill. Kemp Kendall Kennedy Kerr Kinzer Kleberg

Kniffin

Kopp

Knutson

Lamneck Lanham Lankford, Ga. Larrabee Lea Lichtenwalner Lindsay Linthicum Lonergan Ludlow McClintick, Okla. McCormack McDuffie McGugin McKeown McMillan McReynolds McSwain Major Maloney Manlove Mansfield Michener Miller Milligan Mitchell Mobley Montague Moore, Ky. Morehead Mouser Nelson, Me. Nelson, Mo. Nelson, Wis. Niedringhaus Norton, Nebr. Norton, N. J. Oliver, Ala. Oliver, N. Y. Overton Owen Palmisano Parker, Ga. Parks Parsons Patman

Lambertson

	Patterson	Sanders, Tex.	Strong, Kans.	Warren
	Pettengill	Sandlin	Sullivan, N. Y.	Wason
	Pittenger	Schuetz	Summers, Wash. Sumners, Tex.	Weaver
	Polk	Selvig	Sumners, Tex.	Weeks
	Pou Prali	Shallenberger Shannon	Sutphin	West
	Purnell	Shott	Swank Swanson	Whittington Williams, Mo.
	Ragon	Shreve	Sweeney	Williams, Tex.
	Rainey	Sirovich	Swing	Williamson
	Ramseyer	Smith, Idaho	Tarver	Wilson
	Ramspeck	Smith, Va.	Thatcher	Wingo
	Rankin Rayburn	Smith, W. Va. Somers, N. Y.	Thomason	Wolverton Wood, Ind.
	Reilly	Sparks	Tierney Tilson	Woodrum
	Robinson	Spence	Timberlake	Wright
	Rogers, Mass.	Stafford	Tinkham	Yon
	Rudd	Stevenson	Underwood	
35	Sabath	Stewart	Vinson, Ga.	
		NAYS	3—116	
	Adkins	De Priest	Johnson, S. Dak.	
	Allen	Doutrich	Kading	Rich Sanders N V
	Amlie	Dyer Foton Colo	Kahn Kally Pa	Sanders, N. Y. Schafer
	Arentz Bacharach	Eaton, Colo. Eaton, N. J.	Kelly, Pa. Ketcham	Schneider
	Bacon	Englebright	Kurtz	Seger
	Beers	Erk	Kvale	Seiberling
	Black	Evans, Calif.	LaGuardia	Simmons
	Bohn	Finley	Leavitt	Sinclair
	Boileau	Foss	Lovette	Snell
	Bolton	Free	Luce	Snow
	Cable	Gifford	McClintock, Ohio	
	Campbell, Iowa	Gilchrist	McLaughlin	Swick
	Campbell, Pa.	Goss	McLeod	Taber Taylor, Tenn.
	Carter, Wyo.	Granata Hadley	Maas Magrady	Temple
	Cavicchia Chiperfield	Hancock, N. Y.	Mapes	Treadway
	Christgau	Hardy	Martin, Mass.	Turpin
	Clancy	Hartley	Millard	Underhill
	Colton	Hess	Moore, Ohio	Vestal
	Connolly	Hogg, Ind.	Murphy	Welch, Calif.
	Cooke	Hollister	Nolan	White
	Cooper, Ohio	Holmes	Parker, N. Y.	Whitley
	Coyle	Hooper	Partridge	Wigglesworth Withrow
	Crowther	Hopkins Howard	Peavey Perkins	Wolcott
	Culkin Dallinger	Hull, William E.	Person	Wolfenden
	Darrow	Jenkins	Pratt, Ruth	Woodruff
	Davenport	Johnson, Ill.	Ransley	Wyant
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				Romjue
	Beck	Estep Wont	Lankford, Va. Larsen	Steagall
	Boland	Evans, Mont. Frear	Lehlbach	Stokes
	Britten Burch	Freeman	Lewis	Strong, Pa.
	Cannon	French	Loofbourow	Sullivan, Pa.
	Carden	Fulmer	Lozier	Taylor, Colo.
	Carter, Calif.	Gilbert	McFadden	Thurston
38	Cartwright	Gillen	Martin, Oreg.	Tucker
	Cary	Golder	May Mead	Vinson, Ky. Watson
	Chapman	Gregory Griffin	Montet	Welsh, Pa.
	Collier	Horr	O'Connor	Wood, Ga.
	Curry Douglass, Mass.	Hull, Morton D.	Pratt, Harcourt J.	Yates
	Dowell	Keller *	Reid, Ill.	
	Drane	Lambeth	Rogers, N. H.	
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			mowing addition	nai pans.
	Until further	r notice:		
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	Mr. Larsen with	h Mr. Reid of Illi	1015.	
	Mr. May with	Mr Pratt		
	Mr. Tucker wit	h Mr. Lehlbach.		
	Mr. Steagall Wi	th Mr. Golder.		
	Mr. Collier with	h Mr. Horr.		
	Mr Drane with	Mr. Frear.		
	Mr. O'Connor	with Mr. Britten.		
	Mr. Taylor of C	Colorado with Mr.	Stokes.	
	Mr. Cartwright	with Mr. Beck. Kentucky with Mr.	French	
	Mr. Vinson of	th Mr Watson	. French.	
	Mr. Gilbert wit	th Mr. Watson. h Mr. Yates.		
			Pennsylvania.	
	. Mr Wood of C	Jeorgia with Mr.	Morton D. Hull.	
	Mr. Romiue Wi	th Mr. Carter of	California.	
	Mr. Gillen with	Mr. McFadden.		
	Mr Cary with	Mr. Thurston.	Donneylyente	
	Mr. Montet Wit	th Mr. Strong of I	cimsylvania.	
	Mr. Lozier with	Iontana with Mr.	Estep.	100
	Mr. Carden wit	th Mr. Sullivan of	f Pennsylvania.	THE RESERVE OF THE PERSON NAMED IN
	Mr Gregory wi	th Mr. Freeman.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
	Mr Douglass o	f Massachusetts v	vith Mr. Lankford	of Virginia.
	Mr. Chapman	with Mr. Loofbour	row.	5
	Mr. Martin of	with Mr. Loofbour Oregon with Mr. I	Mead.	
	Mr. Keller With	Mr. Boland.		
	Mr. Fulmer wit	th Mr. Griffin.		

Mr. Burch with Mr. Lewis.

could I would vote "yea."

Chamber when the roll was called.

Mr. O'CONNOR. Mr. Speaker, I can not qualify, but if I

Mr. EVANS of Montana. Mr. Speaker, I was not in the

The SPEAKER. The gentleman does not qualify. The result of the vote was announced as above recorded. A motion to reconsider the vote by which the resolution was passed was laid on the table.

#### PROHIBITION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have asked for this time to comply with a promise I made to a prominent citizen and friend of mine from Nashville, Tenn. This morning I filed with the Clerk a petition from Nashville on which it was stated there were 11,000 names favoring the Linthicum-Beck resolution. I promised to call it to the attention of the House. I made every effort to do so before the vote was taken, but was unable to secure recognition, the Speaker stating he would recognize no one for that purpose. This petition was presented to me about an hour and a half or two hours before the resolution was taken up and after I had already announced my position in the matter.

[Here the gavel fell.]

#### LIMITATION OF INJUNCTIONS

Mr. SUMNERS of Texas. Mr. Speaker, I present a conference report on the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, for printing under the rule.

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That no court of the United States, as herein defined, shall have jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute, except in a strict conformity with the provisions of this act; nor shall any such restraining order or temporary or permanent injunction be issued contrary to the public policy declared in this act.

"SEC. 2. In the interpretation of this act and in determining the jurisdiction and authority of the courts of the United States, as such jurisdiction and authority are herein defined and limited, the public policy of the United States is hereby declared as follows:

"Whereas under prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore, though he should be free to decline to associate with his fellows, it is necessary that he have full freedom of association, selforganization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment, and that he shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection: therefore, the following definitions of, and limitations upon, the jurisdiction and authority of the courts of the United States are hereby enacted.

"SEC. 3. Any undertaking or promise; such as is described in this section, or any other undertaking or promise in conflict with the public policy declared in section 2 of this act, is hereby declared to be contrary to the public policy of the United States, shall not be enforceable in any court of the

United States and shall not afford any basis for the granting of legal or equitable relief by any such court, including specifically the following:

"Every undertaking or promise hereafter made, whether written or oral, express or implied, constituting or contained in any contract or agreement of hiring or employment between any individual, firm, company, association, or corporation, and any employee or prospective employee of the same, whereby

"(a) Either party to such contract or agreement undertakes or promises not to join, become, or remain a member of any labor organization or of any employer organization;

or

"(b) Either party to such contract or agreement undertakes or promises that he will withdraw from an employment relation in the event that he joins, becomes, or remains a member of any labor organization or of any employer organization.

"Sec. 4. No court of the United States shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute to prohibit any person or persons participating or interested in such dispute (as these terms are herein defined) from doing, whether singly or in concert, any of the following acts:

"(a) Ceasing or refusing to perform any work or to remain

in any relation of employment;

. "(b) Becoming or remaining a member of any labor organization or of any employer organization, regardless of any such undertaking or promise as is described in section 3 of this act;

"(c) Paying or giving to, or withholding from, any person participating or interested in such labor dispute, any strike or unemployment benefits or insurance, or other moneys or things of value:

"(d) By all lawful means aiding any person participating or interested in any labor dispute who is being proceeded against in, or is prosecuting, any action or suit in any court of the United States or of any State;

"(e) Giving publicity to the existence of, or the facts involved in, any labor dispute, whether by advertising, speaking, patrolling, or by any other method not involving fraud or violence;

"(f) Assembling peaceably to act or to organize to act in promotion of their interests in a labor dispute;

"(g) Advising or notifying any person of an intention to do any of the acts heretofore specified;

"(h) Agreeing with other persons to do or not to do any of the acts heretofore specified; and

"(i) Advising, urging, or otherwise causing or inducing without fraud or violence the acts heretofore specified, regardless of any such undertaking or promise as is described in section 3 of this act.

"Sec. 5. No court of the United States shall have jurisdiction to issue a restraining order or temporary or permanent injunction upon the ground that any of the persons participating or interested in a labor dispute constitute or are engaged in an unlawful combination or conspiracy because of the doing in concert of the acts enumerated in section 4 of this act

"Sec. 6. No court of the United States shall have jurisdiction upon the hearing of an application for temporary restraining order or for an interlocutory injunction to grant a mandatory injunction, compelling the performance of an act in any case involving or growing out of any labor dispute as herein defined.

"Sec. 7. No officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, shall be held responsible or liable in any court of the United States for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in, or actual authorization of, such acts, or of ratification of such acts after actual knowledge thereof.

"SEC. 8. No court of the United States shall have jurisdiction to issue a temporary or permanent injunction in any

case involving or growing out of a labor dispute, as herein defined, except after hearing the testimony of witnesses in open court (with opportunity for cross-examination) in support of the allegations of a complaint made under oath, and testimony in opposition thereto, if offered, and except after findings of fact by the court, to the effect—

"(a) That unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat or unlawful act excepting against the person or persons, association or organization making the threat or committing the unlawful act or actually authorizing or ratifying the same after actual knowledge thereof;

"(b) That substantial and irreparable injury to com-

plainant's property will follow:

"(c) That as to each item of relief granted greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief:

"(d) That complainant has no adequate remedy at law; and

"(e) That the public officers charged with the duty to protect complainant's property are unable or unwilling to

furnish adequate protection.

"Such hearing shall be held after due and personal notice thereof has been given, in such manner as the court shall direct, to all known persons against whom relief is sought, and also to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect complainant's property: Provided, however, That if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient if sustained, to justify the court in issuing a temporary injunction upon a hearing after notice. Such a temporary restraining order shall be effective for no longer than five days and shall become void at the expiration of said five days. No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee) and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the court.

"The undertaking herein mentioned shall be understood to signify an agreement entered into by the complainant and the surety upon which a decree may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages of which hearing complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the court for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his ordinary remedy by suit at law or in equity.

"Sec. 9. No restraining order or injunctive relief shall be granted to any complainant who has failed to comply with any obligation imposed by law which is involved in the labor dispute in question, or who has failed to make every reasonable effort to settle such dispute either by negotiation or with the aid of any available governmental machinery of mediation or voluntary arbitration,

"Sec. 10. No restraining order or temporary or permanent injunction shall be granted in a case involving or growing out of a labor dispute, except on the basis of findings of fact made and filed by the court in the record of the case prior to the issuance of such restraining order or injunction; and every restraining order or injunction granted

in a case involving or growing out of a labor dispute shall or may be conferred or defined or limited by act of Coninclude only a prohibition of such specific act or acts as may be expressly complained of in the bill of complaint or petition filed in such case and as shall be expressly included in said findings of fact made and filed by the court as provided herein.

"SEC. 11. Whenever any court of the United States shall issue or deny any temporary injunction in a case involving or growing out of a labor dispute, the court shall, upon the request of any party to the proceedings and on his filing the usual bond for costs, forthwith certify as in ordinary cases the record of the case to the circuit court of appeals for its review. Upon the filing of such record in the circuit court of appeals, the appeal shall be heard and the temporary injunctive order affirmed, modified, or set aside with the greatest possible expedition, giving the proceeding precedence over all other matters except older matters of the same character.

"SEC. 12. In all cases arising under this act in which a person shall be charged with contempt in a court of the United States (as herein defined), the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the contempt shall have been committed: Provided, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct, or disobedience of any officer of the court in respect to the writs, orders, or process of the court.

"SEC. 13. The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. Upon the filing of any such demand the judge shall thereupon proceed no further, but another judge shall be designated in the same manner as is provided by law. The demand shall be filed prior to the hearing in the contempt proceeding.

"Sec. 14. When used in this act, and for the purposes of

"(a) A case shall be held to involve or to grow out of a labor dispute when the case involves persons who are engaged in the same industry, trade, craft, or occupation; or have direct or indirect interests therein; or who are employees of the same employer; or who are members of the same or an affiliated organization of employers or employees; whether such dispute is (1) between one or more employers or associations of employers and one or more employees or associations of employees; (2) between one or more employers or associations of employers and one or more employers or associations of employers; or (3) between one or more employees or associations of employees and one or more employees or associations of employees; or when the case involves any conflicting or competing interests in a 'labor dispute' (as hereinafter defined) of 'persons participating or interested' therein (as hereinafter defined).

"(b) A person or association shall be held to be a person participating or interested in a labor dispute if relief is sought against him or it, and if he or it is engaged in the same industry, trade, craft, or occupation in which such dispute occurs, or has a direct or indirect interest therein, or is a member, officer, or agent of any association composed in whole or in part of employers or employees engaged in such industry, trade, craft, or occupation.

"(c) The term 'labor dispute' includes any controversy concerning terms or conditions of employment, or concerning the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether or not the disputants stand in the proximate relation of employer and employee.

"(d) The term 'court of the United States' means any court of the United States whose jurisdiction has been gress, including the courts of the District of Columbia.

"SEC. 15. If any provision of this act or the application thereof to any person or circumstance is held unconstitutional or otherwise invalid, the remaining provisions of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

"SEC. 16. All acts and parts of acts in conflict with the provisions of this act are hereby repealed."

And the Senate agree to the same.

HATTON W. SUMNERS. A. J. MONTAGUE. Managers on the part of the House.

G. W. NORRIS, T. J. WALSH, JOHN J. BLAINE, Managers on the part of the Senate.

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 2 of the Senate amendment contains, in the statement of the policy of the legislation, the phrase "though he [the individual unorganized worker] should be free to decline to associate with his fellows." The phrase is not employed in the corresponding provision in the House bill. The conference agreement adopts the Senate provision.

Section 3 of the House bill and of the Senate amendment are identical, except for minor differences in punctuation. The conference agreement adopts the Senate amendment with minor changes in punctuation.

There are minor differences in the punctuation of section 4 (c) of the House bill and the Senate amendment. The conference agreement adopts the Senate provision.

Section 6 of the Senate amendment provides that no court of the United States shall have jurisdiction upon the hearing of an application for temporary restraining order or an interlocutory injunction to grant a mandatory injunction compelling the performance of an act in any case involving or growing out of any labor dispute as defined in the act. There is no corresponding provision in the House bill. The conference agreement retains the Senate provision.

Section 6 of the House bill provides that no officer or member of any association or organization, participating or interested in a labor dispute, shall be held responsible or liable in any United States court for the unlawful acts of individual officers, members, or agents except upon clear proof of actual participation in or authorization of such acts or of ratification, with actual knowledge of such acts. The section further provides that the liability of any such association or organization for unlawful acts of its members shall be similarly limited. Under the corresponding provision of the Senate amendment (sec. 7) no officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, is to be held responsible or liable in a United States court for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in or authorization of such acts, or of ratification of such acts after actual knowledge. The conference agreement adopts the Senate provision.

Section 7 (a) of the House bill, which deals with findings of fact necessary to be made by the court before a temporary or permanent injunction may be issued, prescribes as one of the classes of findings that unlawful acts have been threatened or committed and will be continued. The paragraph further provides that no injunction or restraining order shall be issued except against the person or persons, association, or organization making the threat or commitactual knowledge thereof.

The corresponding provision of the Senate amendment (sec. 8 (a)) requires a finding that unlawful acts have been threatened or committed and will be committed or continued unless restrained, and omits the provision including associations and organizations within the exception.

The conference agreement requires a finding that unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, and includes associations and organizations as does the House bill.

Under the House bill (second subdivision of sec. 7) notice of hearing must be given to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed. Under the corresponding provision of the Senate amendment (second subdivision of sec. 8) notice of hearing must be given to the chief of those public officers of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect the complainant's property. The conference agreement adopts the Senate provision except that "officials" is substituted for "officers."

The second subdivision of section 7 of the House bill expressly gives the court the power to fix the amount of the security in the undertaking filed by the complainant. There is no corresponding provision in the Senate amendment. The conference agreement adopts the provision of the House bill.

The third subdivision of section 7 of the House bill provides that the undertaking given by the complainant shall signify an agreement upon which a decree may be rendered upon a hearing to assess damages of which hearing the complainant and surety shall have reasonable notice. corresponding provision of the Senate amendment (third subdivision of section 8) contains no such provision with respect to hearing and notice. The conference agreement adopts the House provision.

The House bill (section 10) provides that, upon the request of any party to the proceedings, the court shall forthwith certify the entire record of the case, including a transcript of the evidence taken, to the Circuit Court of Appeals for its review. The Senate amendment (section 11) provides that upon the request of any party to the proceedings and on his filing the usual bond for costs, the court shall forthwith certify as in ordinary cases the record of the case to the Circuit Court of Appeals for its review. The conference agreement adopts the provisions of the Senate amendment.

The House bill (section 11) provides that, in cases arising under sections 3, 4, 5, 6, and 7 of this amendatory act in which a person is charged with criminal contempt of a court of the United States, the accused should enjoy a speedy public trial by jury. The corresponding provision of the Senate amendment (section 12) is broader in that it relates to all cases in which a person is charged with contempt in a court of the United States. The conference agreement applies only to cases arising under the act under consideration in which a person is charged with contempt in a court of the United States.

Section 12 of the House bill provides that the defendant in any proceeding for contempt of court may file a demand for the retirement of the judge sitting in the proceeding if the contempt arises from an attack upon the character or conduct of such judge and if the attack occurred otherwise than in open court. The corresponding provision of the Senate amendment (section 13) permits such demand if the contempt occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. The conference agreement re-

ting the unlawful act or authorizing or ratifying it after | House bill (section 14) in that separability with regard to persons and circumstances is included. The conference agreement adopts the Senate provision.

HATTON W. SUMNERS. A. J. MONTAGUE, Managers on the part of the House.

#### PROHIBITION

Mr. STALKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a speech I made over the radio.

The SPEAKER. Is there objection?

There was no objection.

Mr. STALKER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

When prohibition became a part of the American Constitution it became the law of every true American, wet or dry. The ques-tion of law enforcement involves the very existence of our form tion of law enforcement involves the very existence of our form of government—the preservation of law and order. I am not going to trespass upon your time by going back over the history of the adoption of the eighteenth amendment. It was ratified and adopted in the orderly procedure specified by the Constitution. The amendment is a part of the Constitution, the law of the land, binding upon every individual, every official, State or National, and striking down of its own force all laws in contravention of its terms. So long as it remains unchanged, no one can legally or morally manufacture or sell intoxicating liquor for beverage or morally manufacture or sell intoxicating liquor for beverage purposes anywhere within the wide domain of the United States. The American people do not favor any surrender to the boot-legger or the racketeer. This Nation has never retreated. It is

not in the mind to permit criminals and lawbreakers to revise its Constitution and repeal its laws. It demands that those in authority attack the foes of law and order. It wants the officials supplied with whatever legal machinery is necessary to win this

Prohibition, compared with other reforms at the age of 12 years, is comparable with the others in their infancy. If history reveals anything, it reveals how slowly a time-worn habit gives ground. It shows that to enforce a new law against an old, deep-rooted custom takes about as long as to accumulate the sentiment which passes the law. Take the American Constitution, passed in 1787. It made us a nation on paper. It was 12 years old when George Washington died. So great then were our troubles with the French that thousands believed the Constitution could never became a working reality. came a working reality

It takes time to build up reasonable enforcement of a new law. Where such a law is passed by the advanced majority the unconvinced minority must slowly come to a realizing sense of the economic virtues of the new idea. The idea must ripen into custom. The big cities come last into new reforms. But reform comes eventually, for an economic idea will always fight the way to the front. Prohibition came like the antislave trade act, where only the middle class were converted. The actitation power in the comes eventually, for an economic idea will always fight the way to the front. Prohibition came like the antislave trade act, where only the middle class were converted. The agitation now in the big cities means that the city is at last taking notice of this great social reform. Given time, it too will accept the mandate of the backbone of the Nation, the economic necessity of prohibition.

National prohibition in America is not a failure, nor is it going to be. This Government is based upon the proposition that when a constituted majority in a legal and orderly manner adopt a constitutional provision of law it is wholly binding upon all. This

to be. This Government is based upon the proposition that when a constituted majority in a legal and orderly manner adopt a constitutional provision of law it is wholly binding upon all. This Nation is what it is to-day because the minority, when a public question has been settled, abides by the will of the majority. There is no other way if this Republic is to endure and to carry out the purposes of those who founded it.

Thomas A. Edison said, "America will be irresistible in economics if it remains sober. You hear about restrictions of personal liberty in speaking of prohibition. What is civilization but restriction of personal liberty for the improvement of mankind?"

On his seventy-ninth birthday, Mr. Edison said to a reporter: "Prohibition is a good thing for the children of to-day. It is useless to try to change those who are used to drinking." He said further, "I am a teetotaler from alcoholic liquors. I always felt that I had better use for my head."

At a recent hearing before the Judiciary Committee of the House of Representatives, Director Amos W. W. Woodcock, of the Prohibition Bureau, gave testimony of the highest order. During this hearing he stated that if beer were made legal it would be difficult to confine it to designated places, and that enforcement of prohibition generally would be made more difficult. He cited figures to show that prior to 1920 a free market for beer did not decrease the desire to buy distilled spirits. He showed by reports and figures that the net cost of the Prohibition Bureau was small when fines and forfeitures were taken into consideration. He proved by official data that the prohibition law is enforced better than practically any other criminal law on the statute books.

In 1931, 86 per cent of all those arraigned as violators of the tically any other criminal law on the statute books.

administration of justice. The conference agreement retains the Senate provision except that "attack" is substituted for "contempt."

The separability clause of the Senate amendment (section 15) is broader than the corresponding provision of the

Would legalized beer return prosperity? It is said that our economic situation is bad; that millions of men are out of work. I regret this thoroughly. If men have no money to buy food, where would they get money to buy booze? Some say repeal the eighteenth amendment and immediately economic conditions will be better. Consumption of beer in England per capita is larger than in any country in the world, and it doesn't appear to have helped either the industrial or social situation; in England

either the industrial or social situation in England.

Germany stands third per capita in consumption of beer and rather high in the sale of hard liquor. The recent crisis in Germany was escaped and the nation saved from bankruptcy only through the good offices of a prohibition country, the United

States

The secretary of agriculture of the State of Pennsylvania re-cently declared: "Agriculture will not agree to lose the added markets that prohibition brings. The feed that would sustain enough cows to furnish the milk that now replaces beer and whisky is three times as great as the amount of grain that the liquor business used in 1917."

I am also glad to-night to answer the control of the control

I am also glad to-night to answer the unwarranted attacks made upon the young people of to-day. The editor of the Journal of the National Education Associa-The editor of the Journal of the National Education Association gives a most complete and convincing defense of the young people in our schools and colleges. He presented direct testimony from letters and from personal experience in field work. Of 312 letters received from college presidents, only 9 alleged that conditions were worse since prohibition.

The National Woman's Christian Temperance Union addressed an inquiry to 300 college presidents. Of 262 replies only 18—less than 7 per cent of the total—answered that conditions now are either worse than or about the same as before prohibition. From

than 7 per cent of the total—answered that conditions now are either worse than or about the same as before prohibition. From the large land-grant universities—which enroll about one-third of the college students of the country—the Woman's Christian Temperance Union received very interesting facts. Those presidents replied that during 1928 it was necessary to discipline for drinking only sixteen-hundredths of 1 per cent of all undergraduates. A simple calculation places the proportion at 1 student disciplined for drinking to 624 students not requiring such correction. One hundred and forty-seven of these college presidents stated that there is less drinking now at their institutions than there was before prohibition. Ninety-seven college presidents re-

stated that there is less drinking now at their institutions than there was before prohibition. Ninety-seven college presidents replied that there is either no drinking whatever at their institutions now or so little that it is unknown to the faculty.

I shall quote from large daily newspapers, covering a period of 60 years prior to the adoption of the eighteenth amendment, and prove conclusively to you that throughout the years of the legalized select the bootlegger speck-case, and poisonous liquior disized saloon the bootlegger, speak-easy, and poisonous liquor dis-

penser flourished.

I refer first to the article from an Albany (N. Y.) newspaper in 1858 stating that "only about 100 applications have yet been made for licenses in this city. Nearly or quite 500 are pursuing the traffic without a license or without exhibiting any desire to procure one. This contempt of a constitutional statute is to be

A New York City newspaper stated in 1860 as follows: "The extensive adulteration of liquors offered in the market as pure, and the introduction of poisonous ingredients into those which are pronounced healthful, may well excite alarm and call for the attention of our legislature. Why then should there be so much tention of our legislature. Why then should there be so much brain fever, delirium tremens, and so much sudden death among our young men who indulge at the bar? It can not be explained upon any common principles. An expert chemist of this city bought of an importer a bottle of what is called genuine champagne. An analyzation proved it to contain one-quarter of an ounce of sugar of lead. The same gentleman analyzed 16 samples of wines—port. sherry, and Madeira—in which not one drop of the juice of the grapes was found."

In 1866 the New York Times said, editorially: "Of the 10,000 drinking places in the city a very large proportion are unlicensed, and of these again nearly all are nurseries and receptacles of

and of these again nearly all are nurseries and receptacles of drunkenness."

The chief magistrate of New Jersey, in 1856, said: "It has been long known and incontestibly proved by statistical data that the great mass of crime and misery throughout the land may be directly traced to unrestrained indulgence in alcoholic liquor. It is the especial duty of the legislature to check the crime at its source, to shield the weak and helpless from suffering, and it ought to strive by judicial enactments to diminish this fruitful source of human degredation."

I quote as follows from an editorial in the Pittsburgh Leader, January 6, 1901:

"According to the report of Jail Warden Soffel, the total number of prisoners received at the jail in 1900 was 9,182. In the previous of prisoners received at the jail in 1900 was 9,182. In the previous year 8,440 prisoners were admitted, this being the largest number for any one year up to that time. The jail physician states that 95 per cent of the prisoners came to grief through the abuse of strong drink."

These abuses and bootlegging just mentioned occurred in the days of the licensed saloon. At the same time the Pittsburgh papers claimed that there were between 2,000 and 3,000 speak-

papers claimed that there were between 2,000 and 3,000 speak-easies and bootleggers in that locality.

I quote from an interview with J. Fanning O'Reilly, editor of the Liquor Trades Review, in the Pittsburgh Leader, January 31, 1898: "The evils of adulteration, imitation, and counterfeiting of labels," said Mr. O'Reilly, "are among the worst curses in the liquor business \* \* \*.

liquor business "It will surprise many of your readers to know that 90 per cent of the so-called imported goods sold in this country are spurious. It is also a fact that 75 per cent of so-called Pennsylvania and Kentucky whisky, although branded as such, never saw those States and is nothing but colored cologne spirits, touched up with other stuffs of that kind, with a very small percentage of the genuine article."

President Keefe, of the Liquor Dealers' Association of Pittsburgh, stated: "At the very lowest estimate the speakeasies, clubs, and other resorts damage the legitimate trade at least 40 per cent

Albert Eisele, head of the Cuyahoga County (Ohio) Liquor Dealers' Association, wrote in the Cleveland Free Press of February 12, 1915, that "more than 1,500 speak-easies are operating openly in

this city."
Thirty years ago brewers complained that they were paying a tax on intoxicating 4 per cent and 5 per cent beer, while wildcat competitors made a 2 or 3 per cent beer tax free, a situation unfair to the taxpaying brewers. The big brewers then proved conclusively that liquor intoxicates when it contains more than one-half of 1 per cent of alcohol.

Instead of talking glibly about the evils of prohibition, talk about the evils of the Government-licensed, Government-protected liquor traffic of the saloon days.

Has it occurred to you what the proposal to bring back beer involves?

To bring back beer would also bring back 92 per cent of the liquor trade.

It would make millionaires of brewers—money gathered from the families of those who drank the beer. It would not increase savings, the ownership of homes, the comfort of children, or their welfare and self-respect.

To bring back beer would give the brewers once again their old political despotism. The eighteenth amendment has helped America to achieve the removal of the open saloon which ruined

homes, encouraged gambling, and degraded politics.

It has reduced the consumption of alcoholic beverages by 70 per cent within a remarkably short time.

It has eliminated liquor advertising, which appealed to the crudest and lowest emotions to create new victims of the drinking habit.

It has aided and protected children and their mothers from the

neglect and brutality of drinking fathers. Following the eighteenth amendment has come the development of all types of schools. Millions of young people have a richer educational opportunity. High-school enrollment alone in the United States increased from 2,000,000 in 1920 to nearly 5,000,000 in 1930, the most remarkable advance in the history of civilization. civilization.

Are the prohibitionists on the run? Look at the facts of the

past 10 years.

Twenty-two States strengthened their original prohibition-en-

Twenty States retained enforcement laws with little change, despite ceaseless wet efforts for repeal or modification. Only five States repealed their enforcement laws.

One State, Maryland, has never enacted an enforcement law.

To sum up the decade—22 States strengthened, 20 States retained, and only 5 States repealed their enforcement laws. It seems to me this record indicates quite clearly that sentiment for prohibition, far from lessening, has increased measurably during the past 10 years.

The result of the vote taken in the Senate January 21, 1932, on a resolution introduced by Senator Bingham, which stated that the Senate "would welcome" any action taken by the governors of the several States to initiate State referenda on the repeal or modification of the eighteenth amendment and Volstead Act, was 55 votes against and 15 votes for the resolution.

My friends, I have endeavored to give you an outline of the history of the liquor business since 1850. It is replete with corruption, lawlessness, and debauchery. The wets have no ideas but what have been tried out over a period of years, and have failed. They have no solution. They simply want liquor. Bring back liquor—even wine and beer—and you bring back all the evils of the old saloon.

The only solution is prohibition. Under it progress is steadily being made. National prohibition in America is succeeding, and each year enforcement is improving. I thank you.

EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that I may revise my remarks on the motion to discharge the Committee on the Judiciary with reference to the Linthicum amendment.

Mr. STAFFORD. Mr. Speaker, I have no objection to revision.

Mr. BLANTON. Mr. Speaker, reserving the right to object, and, of course, I shall not, I want to ask my colleague if he does not think he ought to request that all Members have five legislative days in which to put their views on this subject in the RECORD. That is nothing but fair to other Members of the House.

Mr. SUMNERS of Texas. I shall be glad to do that, but I would like to have my request granted first.

The SPEAKER. The gentleman from Texas asks unanimous consent that he may revise the remarks he made this morning on the motion to discharge the Committee on the Judiciary in relation to House Joint Resolution 208. Is there objection?

Mr. STAFFORD. Mr. Speaker, I have no objection to revision.

The SPEAKER. Is there objection?

There was no objection.

THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the

gentleman from Nevada [Mr. ARENTZ].

Mr. ARENTZ. Mr. Chairman, early last week I asked the gentleman from Oregon [Mr. HAWLEY] for time to speak against this bill, because I did not like certain features of it. I felt I had studied it, and was inclined to oppose the entire bill. Of course, we did not have much time to put on the bill because it came before the House rather suddenly. Since that time I have been doing quite a good deal of thinking and have studied all phases of this bill. I have listened with a great deal of attention to the debate on the floor of the House. I have evolved in my mind a number of schemes that I thought were practical, but in each case I dismissed the plan as impractical, and at last I have come to the conclusion that the bill before us is about as good as we can get, and to-day I have asked for time to speak in favor of the [Applause.]

I think if a number of the gentlemen on this side of the House, as well as on the other side, would reconsider the statements many of them have made about the bill under consideration at least some of them would come to the same

It is not an easy matter to draft a revenue bill. You have got to mix courage with brains in order to produce a revenue You can not do it on the spur of the moment.

It has got to have a broad base and the revenue has to be easy of collection and must be certain. If the bill does not meet all these requirements, it is not the kind of bill we should vote for.

It is easy enough to find fault; but unless we can offer something constructive, I fear the bill will be defeated and something will be offered in its place that will be very unsatisfactory, indeed; unsatisfactory in amount of revenue raised, irregular as to amount, and one that falls hardest on the workers who are least able to pay.

We have heard remarks, stated in different ways, by the gentleman from Georgia [Mr. Crisp], by the gentleman from Illinois [Mr. RAINEY], and by Members on this side of the House; but I want to say particularly that the leaders on this side have expressed to you the fact that they have put their entire heart and soul in this bill, and unless this bill is passed they are going to bring out something here like a row of skyscrapers, with high points and low points, and when it comes to collecting the revenue we are going to find some of the high points have been cut off and that the revenue is not there.

I do not like one or two provisions in this bill. For instance, I am going to do everything I can, and I think the men on this side who are opposed to the bill, as well as the men on the other side of the aisle, should join with me in providing that processed meats, lard, bacon, and things of that sort should not be taxed; and, in fact, that all foodstuffs should not be taxed. I believe we should offer and pass an amendment providing that canned goods are to be excepted, because, after all, the testimony before the House is to the effect that it is not going to touch the table of the

poor man. Let us now live up to that agreement. Let us not do anything in this bill that will tax the table of the poor man, because the gentleman from New York [Mr. LAGUARDIAl is not the only man in this House whose heart is beating in sympathy for the man who works on the train or on the highway or in the shop. We all have sympathy for the man who works. I know that during these trying times my heart has fairly bled for them; but I want to say that if we vote for appropriations to provide work for the unemployed, we have got to vote to raise the revenue. I would feel in my own heart as though I had made a grievous mistake, that I was not being true to my cause or true to my office, if, after voting for the highway bill of \$132,000,000, I was not willing to vote for the revenue to provide the

Many of the men on this side who have spoken against this measure are men who voted for the highway bill; and in all conscience, my friends, I do not see how you can fail to vote for a bill to provide the necessary revenue, because, after all, you can not draw water out of the spigot without pouring water into the barrel somewhere, and that is what you are trying to do; and for any one individual in this House to set himself up as being able to present a revenue bill, after giving it a few minutes' or a few hours' thought, is setting himself up to be a mighty big man. The Ways and Means Committee has given many weeks of thought to this bill; other men have given many weeks and months of thought to the bill.

Personally, I believe we have got to raise money. We can not get away from that, and we are going to spend a certain amount of money while we are here, and the longer we stay here the more money we are going to spend. I do not believe we are being true to ourselves if we do not face the situation and be real Americans, regardless of political expedience or anything else, because, after all, we can not make a bill by demagoguery or by political expediency. This is not the way revenue bills are written. We have got to sit down and figure out who is going to pay the tax and whether the tax is resting too heavy on any one individual or a group of individuals.

The statement has been made that this bill will cost the average family \$20 a year. I have great respect for the gentleman from New York [Mr. La Guardia], and I hold him in very great esteem; but I think he is about 75 per cent off, because I can not figure that a man, as he states, spending \$1,000 is going to spend \$20 on account of this tax, because when you come right down to it, the man who has a \$2,000 income, and we must think of that man-we do not want to think, particularly with respect to this tax, of the man who makes four or five or ten thousand dollars a year or one hundred thousand dollars a year-we are thinking about the small man; and I want to say that the small man who spends \$1,000 on his household, whether for clothing, shoes, or food, is going to spend but a fraction of \$20. I would estimate the amount he is going to spend at nearer \$5

I believe it may be stated without fear of contradiction that out of \$1,000 spent by a family, \$400 would be expended on taxable items. In the hands of the manufacturer this amount of goods would shrink to \$200. The manufacturers' tax on this sum of goods would amount to \$4.50. Where \$2,000 is spent by a family for household expenses exclusive of rent, the tax, according to best authority, would not exceed \$9.

I am in favor of the payment of these sums toward the Federal revenue rather than to have a substitute bill under the provisions of which the tax can be passed on from one dealer to another until finally the consumer pays it all.

Mr. RANKIN. This sales tax will put a burden of \$5 on every man, woman, and child in the family.

Mr. ARENTZ. I am glad the gentleman has made that statement. Take the House Office Building. If the gentleman goes along the street he will see the material going in there-stone, concrete, lumber, and every conceivable thing. Who pays for that? That will be paid out of these taxes.

If you look at the freight trains going across the country you will find those cars are filled, not with food and clothing, but most of them are filled with industrial material, with steel, cement, machinery, lumber, and every other conceivable material going into construction. Now, to take the money that will be raised by this bill and divide it by the number of families, and say that that is the average that will be imposed upon each family is absurd. This estimate should be cut down 60 or 75 per cent.

Mr. RANKIN. The gentleman talks about the office building. That is years ago-

Mr. ARENTZ. Now, let us not get into a political discussion. We are talking about the amount that will be raised by this tax bill. We are not talking about Democrats or Republicans.

Mr. RANKIN. The gentleman is getting excite Mr. ARENTZ. No; I do not yield any further. The gentleman is getting excited-

Now, under this revenue measure, we must meet certain conditions. It must have a broad base, and this bill has a broad base. It must be equitable with reference to all taxpayers. I believe this bill is equitable. It must be collected at a minimum cost, and I believe this revenue can be collected at a minimum cost. It must not tax the products of the farm, and, with two exceptions, this bill does not. I hope something can be done to raise the price of theater and movie tickets before the tax is applied. I hope that this defect-because I call it that advisedly-can be remedied

and admission tickets up to 35 cents kept free from tax. [Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 40 minutes to the gentleman from Maine [Mr. NELSON].

Mr. NELSON of Maine. Mr. Chairman and members of the committee, if you will bear with me for a time, I desire to discuss with you an item in this revenue bill which to my mind is of great importance to the 130 Members of this House representing the Atlantic Seaboard States, from Maine to California. The item to which I refer is (d) (4) of section 601, and is apparently a tariff measure introduced into this revenue bill—a rather marked departure from the usual course of legislative procedure. If the real object of this item is the raising of revenue, then it is rightfully, if surprisingly, here; if, however, it is in truth and in fact a tariff measure inserted in this revenue bill, then, perhaps, I may be pardoned for suggesting its unfairness to those other industries, suffering as the oil industry is suffering during these times of depression, facing disaster from the wiping out of tariff protection through the depreciated currencies of foreign countries, waiting patiently at the front door of your committee, while oil, also seeking protection, slips in the back door and comes out as a tariff item in a revenue measure. However, I am here to question the wisdom rather than the justice of this action; and I do this with reluctance.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. NELSON of Maine. Yes.

Mr. STRONG of Kansas. Does the gentleman say that he is against the tariff bill?

Mr. NELSON of Maine. I will try and answer the gentleman in the course of my remarks. This committee has rendered such notable service to the Congress, there is so much to be commended in this bill, that I am sure the committee will bear with patience the criticism which I feel constrained to make of this one small alien tariff item lost in the mazes of a billion-dollar revenue bill. Doubtless the members of the committee felt that there were peculiar economic considerations, if not political and legislative ones, which justified or made necessary this unusual procedure. The only member of the committee who has discussed this item, the gentleman from Massachusetts [Mr. TREADWAY], frankly states that the first consideration prompting him to support this item was that it is in effect a tariff measure. If his position is that of the committee, we find that to overcome a deficit of a billion and a quarter dollars the committee found it essential to include in its revenue bill a single tariff item, dealing with a comparatively small

but \$5,000,000. Such a position would be ludicrous were it not so serious in its effects on a large section of the country.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. NELSON of Maine. Yes.

Mr. LINTHICUM. Did not the Treasury Department say it did not think it would produce any revenue? I notice in the brackets that the Treasury Department did not note any revenue that would be produced by it.

Mr. NELSON of Maine. I think that is true.

Mr. TREADWAY. Mr. Chairman, will the gentleman vield?

Mr. NELSON of Maine. Yes.

Mr. TREADWAY. The gentleman from Maryland is in error in his reference to the Treasury Department.

Mr. NELSON of Maine. Oh, I yield for anything connected with my remarks, but not for a colloquy between the gentleman from Massachusetts and the gentleman from

Mr. TREADWAY. Then let me ask the gentleman from Maine a question, in view of the fact that he agreed with the statement of the gentleman from Maryland. Is it not a matter of record that the Treasury Department said in their report that it would produce \$5,000,000?

Mr. NELSON of Maine. According to an exhibit which the gentleman from Massachusetts introduced into the Record last Friday, which purported to be the estimates of both the Treasury and the committee, there were an estimate of no revenue on the part of the Treasury and an estimate of \$5,000,000 on the part of the committee.

Mr. TREADWAY. The gentleman is mistaken about that.

Mr. LINTHICUM rose.

Mr. NELSON of Maine. Oh, just a moment. I enjoy this, but my time is limited.

Mr. TREADWAY. The gentleman is mistaken. Mr. NELSON of Maine. The gentleman from Massachusetts goes further and states that "this item is a tariff measure under guise of a tax bill." Those words, "under guise of," strike a rather discordant note, and somehow recall the old Biblical allusion of the voice of Jacob and the hands of Esau.

Again, if the gentleman's position is that of the committee, both Democratic and Republican members have selected from the many this one small tariff item, dressed it up to look like the revenue family, and bundled it into this revenue bill. [Applause.]

That is a difficult thing to believe, even of the Republican members of the committee who are committed to the theory of protection. It is much harder to believe of the Democratic members who are opposed to further tariff legislation.

The gentleman from Massachusetts states that he voted against this item in committee, thus doing violence to those altruistic and magnanimous sentiments which he expressed in the debate of last Friday. He is now for it, and by implication, at least, he relegates those who occupy his former position to the realm of selfish and narrow provincialism. He goes further and characterizes the statements of the opponents of this measure, arguments which once convinced him as fantastic and exaggerated.

How grievously, my friends, we statesmen here in this House are sometimes misunderstood and misrepresented by the folks back home! I hold in my hand a letter from the Associated Industries of Massachusetts and shall read an excerpt from it, not in condonation of the romantic statements which it contains but as evidencing the tendency of the people back home to misunderstand our action. This letter comments upon the fact that the Committee on Ways and Means at one time, convinced that the oil tax would produce no revenue, dropped the consideration of the tariff on oil. I now quote from the letter:

As soon as this fact was learned by proponents of a tariff duty or excise tax on imported oil they hurriedly brought together 40 Members of Congress from the States of Oklahoma, Kansas, Texas, and mid-continent fields, who threatened they would join with others in opposing the manufacturers' sales tax, which constitutes amount of gasoline, and promising at best a revenue of the principal revenue-producing item in the bill, unless an excise

of 1 cent per gallon on imported oil was provided for by the committee.

Fifteen members of the Ways and Means Committee, fearing that the revenue bill would fail of passage if the threat was not heeded, yielded to these importunities Saturday morning, March 5, and wrote the excise-tax rate into the bill as a means of saving the entire measure, while nine members of the committee opposed such a course

This action constituted an example of the misused power of a determined minority of less than 10 per cent of the House membership, and it is clearly apparent that a majority of the Ways and Means Committee acted under threat, well knowing that there can not possibly be any income derived under the proposal, inasmuch as the excise tax will automatically stop the importation into this country in any considerable volume of crude fuel oil and

I would suggest that the Members from Massachusetts correct this unfortunate conception of affairs as speedily as possible.

However, we are all liable to be misunderstood; each of us has his own problems to solve, must rely upon his own judgment, and do his duty as he sees it, unpleasant as it may sometimes be. It is not a pleasant task for me to oppose this oil item. I value the respect and friendship of the Members from the oil-producing States, and nothing that I may say here is in any way personal. I try to take a national view of each problem presented here. I have of this one. I have given it careful study, and that study tells me that this proposed tax is unprecedented, uneconomic, unwise, and unwarranted; that it would be in the interests of the major oil companies and of no material avail to the small producers; that in these times of economic distress it would strike a fatal blow to the industries of the Atlantic seaboard; and that it ought not to be enacted into law. Thus believing, I crave your indulgence that I may state at least a few of the reasons for that belief. If I am wrong in any statement of fact, or in any deduction from established facts, then I welcome correction from any Member of this House.

Mr. LINTHICUM. Will the gentleman yield for a question?

Mr. NELSON of Maine. I yield.

Mr. LINTHICUM. Is it not true that this tax would strike a vital blow at our merchant marine plying between the Atlantic seaboard and Europe, and practically put it out of business?

Mr. NELSON of Maine. I can not vouch for its truth, but it has been stated that this increase of 70 per cent on the fuel oil used by our shipping would wipe out all the benefit that was given to our shipping by reason of the merchant marine act.

Mr. LINTHICUM. By the subsidies which they now receive for carrying the mail?

Mr. NELSON of Maine. Yes.

TARIFF ON OIL MORE UNJUSTIFIED THAN EVER BEFORE

In the first place, I want to say, without fear of contradiction, that oil imports are to-day relatively less important as compared with the production, consumption, and exports of the United States than at any previous time in our history.

In 1922 when the tariff bill of that year was enacted imports of crude oil into this country were 130,000,000 barrels. Last year they were but 47,000,000 barrels, while the imports of both crude and refined were less than 86,000,000 barrels. In 1922, with imports far in excess of present imports, no tariff was placed on petroleum or its products.

In 1929, when the present tariff bill was written, the oil producers appeared before the House and Senate committees and asked for a tariff on oil. Imports of crude and refined were that year 108,500,000 barrels. The imports for 1930 were about 3,000,000 barrels less than those for 1929. The duty was denied by both House and Senate.

Last year, with imports about 20,000,000 barrels less than in 1930, a strenuous attempt was again made to place an embargo on foreign oil or to secure a tariff of \$1 a barrel plus 50 per cent ad valorem on derivatives. Although politics then entered into the contest, economics finally prevailed and no embargo or duty was placed against foreign imports of this commodity.

This year, for months there has been manifest here in Washington the existence of a large, active, and efficient oil lobby. From this lobby threats of economic and political reprisals have issued. Members of the House from the oil-producing States have been commendably active in what they believed was in the interests of their constituents, and many excellent speeches urging an oil tariff have been made on the floor of this House.

Last Monday the House Committee on Ways and Means, the majority of whom are members of a party historically opposed to unreasonable tariff duties, a party that has consistently criticized the Hawley-Smoot tariff bill as antagonistic to our best national interests, brought in this revenue bill containing a tariff on oil, although the imports during 1931 had fallen off 24 per cent from those of the previous year.

Mr. McCORMACK. Will the gentleman yield?

Mr. NELSON of Maine. I yield.

Mr. McCORMACK. While I am in absolute harmony with the gentleman's position and voted against the provision providing a tax on imported oil, it was not reported out as a party measure. The bill is not a party measure in any respect, and I am sure the gentleman would not want to have incorporated in the Record any accusations or charges which are not absolutely correct.

Mr. NELSON of Maine. I think the gentleman misapprehended what I intended to say, because I was about to proceed to pay my respects to the Republican members of the committee also.

I want to say, and I was about to say, that the position of the Republican members on the committee is equally difficult for me to understand. No Republican Ways and Means Committee of the past—and we have had some very able ones—has ever advocated or countenanced such a tax. No Republican administration, believing as they do in proper protection, has ever levied such a tax. Fuel, including oil, has always been on the free list, and for good reasons, which obtain to-day. Oil is a prime necessity in the production of every commodity, both in industry and in agriculture. Oil is a great, natural, irreplaceable resource, vital to the economic life of this machine age of ours.

Mrs. ROGERS. Will the gentleman yield for a question? Mr. NELSON of Maine. I yield.

Mrs. ROGERS. Is it not true that in 1920 the Democratic platform stated—

The Democratic Party recognizes the importance of the acquisition by Americans of additional sources of supply of petroleum and other minerals, and declares that such acquisition should, both at home and abroad, be fostered and encouraged.

Mr. NELSON of Maine. That is true.

Mrs. ROGERS. And also declared against any tariff on any fuel in the 1920 platform?

Mr. NELSON of Maine. The lady is speaking of the Democratic platform?

Mrs. ROGERS. Yes.

Mr. NELSON of Maine. Yes.

Mrs. ROGERS. May I make this further statement: Every report of the Federal Oil Conservation Board has urged the investment by Americans in foreign fields as a patriotic necessity. Upon this encouragement this American industry, carriied on by companies under American charters, with American workers and operatives and using American ships to transport their product to our shores, has risen and grown. Last year the Bureau of Mines reported to the Commerce Committee of the Senate as follows:

\* \* \* these American companies consistently received the assistance of the United States Government in their efforts to explore and develop oil lands in foreign countries. \* \* \* In its first report the Federal Oil Conservation Board advised "that our companies should vigorously acquire and explore such fields if of importance, not only as a source of future supply but supply under control of our own citizens."

Having thus encouraged American oil companies to develop foreign oil production \* \* \* it might be considered that there has been established an implied obligation to continue in the assistance of American companies engaged in foreign oil production and that the restriction or refusal of admission to the

United States of the oil so produced would be contrary to the encouragement which these companies have received while engaging in foreign oil exploration and development work.

Mr. LINTHICUM. Will the gentleman yield?

Mr. NELSON of Maine. I yield.

Mr. LINTHICUM. May I show the gentleman this summary of a statement which was filed by the gentleman from Massachusetts [Mr. Treadway]?

Mr. NELSON of Maine. I have it.

Mr. LINTHICUM. It shows there is no income designated by the Treasury Department.

Mr. HASTINGS. Will the gentleman yield?

Mr. NELSON of Maine. I yield.

Mr. HASTINGS. If there is no income to be derived, what possible objection could the gentleman have to this excise tax? It could not hurt anybody if there is no revenue collected and none derived.

Mr. NELSON of Maine. I will come to that in a minute.

Mr. HASTINGS. I would like the gentleman to answer it.
Mr. NELSON of Maine. I will be glad to answer it. Does
the gentleman want me to answer it now?

Mr. HASTINGS. At the gentleman's pleasure. I just want to say that if there is no revenue, then there is none collected.

Mr. NELSON of Maine. I will say to the gentleman if I do not answer it before I finish and the gentleman will call my attention to it, I will endeavor to do so; but if I now answer random questions on various phases of this matter, I can not make a connected statement or finish within the allotted time.

Mr. HASTINGS. There is one other question I would like to have the gentleman answer, if he will permit. During the last campaign Vice President Curtis went to Oklahoma representing the President of the United States, and in a number of speeches at Muskogee, Okmulgee, and Tulsa he specifically promised a tariff on oil.

Mr. NELSON of Maine. I know nothing about that, nor am I the keeper of the Vice President's conscience; but I do know what the Republican campaign textbook says.

Just a word more on oil before I forget it. I say this oil is vital, not only in the economic life of this Nation, but it is essential to our national defense. Secretary Lamont once very properly said that it furnishes the steam in our warships, the flight of our airplanes, the financing of our highways, and the turning of 80 per cent of our wheels. It is a natural resource that is irreplaceable. When this oil is once gone, or wasted, it is gone forever, and in that respect it differs from any other subject upon which you can place a tariff.

The lady from Massachusetts calls attention to the, at least implied, promise of the Democratic Party in their platform. I have here a copy of the Republican campaign textbook for 1928. It calls attention to the fact that there are on the free list a great number and variety of commodities peculiarly essential to the pursuits of agriculture, and cites crude petroleum, gasoline, and lubricating oil as "articles used by the farmer which are on the free list, and so forth," at least an implied promise to the farmers of this country that they should continue there.

Consulting the historic policies of the two great parties, we may well wonder how, to secure \$5,000,000 in revenue for a billion-dollar revenue bill, the Democrats could outtariff the most ardent protectionists of the past, and the Republicans could revoke their implied promise to the farmers of this country, reverse their historic economic stand, and enter upon this very doubtful venture—a venture that repudiates all their previous economic and conservation theories.

Mr. LINTHICUM. Will the gentleman yield?

Mr. NELSON of Maine. Yes.

Mr. LINTHICUM. Is it not true that the United States has only 18 per cent of the world's oil supply, that it is using 68 per cent of production all the time, and that eventually we will run out of oil if we limit it to the United States?

Mr. NELSON of Maine. I hope to touch on that subject of conservation later, as I believe it is the most important phase of this problem. What the gentleman says is true; but if he will pardon me, I will not take that phase of the subject up at this time.

The gentleman has suggested that the tariff experts have stated that this item will raise no revenue. I do not make that statement. This item is now in the bill, and I want to give you my idea of what it means and what it will accomplish.

I followed the public proceedings of the Ways and Means Committee. Wirt Franklin, representing these independents, appeared before the committee very properly and made a splendid presentation of his case. The tax which he suggested to the committee was 2 cents a gallon on crude oil, 2 cents on fuel oil, and 4 cents on gasoline, but the evidence from the opponents of that measure was conclusively to the effect that such rates would constitute a practic 1 embargo, and that no revenue would be received. Later the committee, as I understand it, submitted to the Treasury, for a report from its experts, the proposition of 1 cent on crude oil, 1 cent on fuel oil, and 2 cents on gasoline. If I am correct, the experts of the Treasury Department again reported that there would be no revenue expected from this 1 cent on crude oil, 1 cent on fuel oil, and 2 cents on gasoline.

I read from the Journal of Commerce of New York City, of February 23, 1932, quoting what purports to be the report of the Treasury officials. This says:

In the opinion of experts of the Department of Commerce such a tax (1 cent and 2 cents per gallon imported oil) would yield no revenue, since the levy would be added to the import price exceeds the margin of advantage under which oil is imported into this country, and would therefore exclude the products affected.

I ask you to note this: That a tariff of 1 cent on crude oil would produce no revenue; a tariff of 1 cent on fuel oil would produce no revenue; and a tax of 2 cents on gasoline would produce no revenue.

Later the committee submitted to the Treasury experts a new proposition, and that is the one which is included in this bill. That is 1 cent on crude oil, 1 cent on fuel oil, and 1 cent on gasoline. According to the exhibit which the gentleman from Massachusetts [Mr. Treadway] introduced Friday, on page 5978 of the Record, this new proposition was submitted to the Treasury, and the Treasury makes no estimate of revenue. The committee has an estimate of \$5,000,000.

It is apparent, at least to me, that that estimate was arrived at in this way: Last year we imported into this country 13,000,000 barrels of gasoline; 42 gallons in a barrel would be 546,000,000 gallons of gasoline, and at 1 cent you would have your five million and some-odd thousand dollars.

I ask you members of the committee this: If this is a revenue bill and if there is no revenue to be received from 1 cent on crude oil and 1 cent on fuel oil and the only revenue is to be derived from gasoline, why include in this revenue bill items covering both crude and fuel oil?

Of course, I should like to see this item of fuel oil dropped from this general item. You gentlemen know that this tax is not a tax on the country at large but is a tax on a special section of the country. Ninety-nine per cent of all the imports of crude and refined products of petroleum come to the Atlantic seaboard and are consumed there, and none of them goes into the interior.

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. NELSON of Maine. Yes.
Mr. McKEOWN. The gentleman is aware of the fact that
the whole of New England uses only 3,000,000 barrels of
fuel oil, which is less than the amount used in any other
part of the country except the South and the Mountain
States.

Mr. NELSON of Maine. I will now refer once more to a statement made by a member of the committee last Friday in regard to the arguments of the opponents of this measure. The gentleman used these words—a rather categorical statement:

The exaggerated statements of additional cost to the eastern coast, running as high as \$100,000,000, are ridiculous and can not be borne out by any authoritative evidence that can be submitted to this House.

The gentleman, of course, knows that in all contracts held by present purchasers in New England with foreign importers the companies insert a clause, which has been accepted by the buyers, that, in the event of a tariff duty, the same will have to be met by the purchaser. Doubtless these contracts are the same along the entire Atlantic seaboard. This territory now consumes 180,000,000 barrels of fuel oil per year. An increase of 42 cents per barrel would amount to \$75,600,000. In case no oil was imported and there was no increase in price and the eastern consumer obtained his oil from domestic sources, the average freight rates from various domestic points exceed those from Venezuela by from 40 to 60 cents, an increased cost of from \$72,000,000 to \$108,000,000. This does not take into account the \$6,000,000 to \$7,000,000 increase in cost of asphalt, the loss of 40,000,000 barrels of bunker-oil exports, the loss of foreign exports of petroleum and its derivatives, the injury to our shipping and ports, or the probable increase of 1 or 2 cents per gallon in the price of gasoline on the Atlantic coast. The estimate of \$100,000,000 loss is too conservative rather than too high.

Mr. LaGUARDIA. Will the gentleman yield on that?

Mr. NELSON of Maine. Yes.

Mr. LaGUARDIA. Is it not true that the argument which the gentleman is making might be applied to any

schedule of the tariff, if separately considered?

Mr. NELSON of Maine. Let me say to my friend that not every article or commodity is a proper subject for a tariff, and that I believe that oil is an article that should always be on the free list. This is not my judgment alone, but such has been the judgment of economists of the past. Such has been the judgment of all the Ways and Means Committees of both parties, and such has been the judgment of the great conservationists of the country and of those officers of the Government charged with this great public responsibility.

Mr. SANDERS of Texas. Will the gentleman yield?

Mr. NELSON of Maine. Yes.

Mr. SANDERS of Texas. Is it not a fact that the Ways and Means Committee in the first session of the Congress after Mr. Harding was inaugurated President passed on the matter and put a tariff on oil and it was later taken out at the request of the President?

Mr. NELSON of Maine. That is not a matter with which I am familiar. If the gentleman says that is true, I would

be very glad to accept it as a fact.

At this point allow me to enlarge somewhat on the various losses, already referred to, which the enactment of this tariff threatens:

# SHIPPING

Section 313 of the tariff act of 1930 provides for a drawback or refund of duties paid on imported merchandise upon the exportation of articles manufactured therefrom. This tax on oil is a tariff measure but does not enjoy the benefits of the existing tariff law. There is no drawback allowed here for exported fuel oil derived from imported crude. Every country in western Europe that imposes a tariff on fuel oil allows the oil to enter in bond and pay no duty when used for bunkering ships. In 1930 we delivered to foreign-bound steamships over 51,431,499 barrels of bunker fuel oil. To all intents and purposes this was exported. With no drawback of duty on fuel oil produced from imported crude, American shipping will be seriously handicapped. It is asserted that the effect of this provision would be completely to offset the aid extended to American shipping by the recent merchant marine act. This tax on foreign fuel oil promises to transfer to foreign ports the bunkering business of the eastern seaboard, amounting to approximately 40,000,000 barrels per year. An item in the financial news of a reliable New York paper states that it will destroy a business of 20,000,000 barrels annually from that one port alone.

As regards coastwise shipping, the present price of bunker fuel is about 60 cents on the Atlantic coast. This measure would increase the cost of fuel oil 70 per cent. It is doubtful if many of the shipping companies could absorb this increased operating cost and remain solvent. The fishing boats of Massachusetts alone consume 25,000,000 gallons of oil of such quality that the California oil alone could meet their requirements.

How can it profit the oil industry of the United States to lose the export of over 50,000,000 barrels of fuel oil annually

as bunker fuel in foreign-bound vessels?

As an illustration of the damage which will be wrought to the business of the ports along the Atlantic seaboard, let me refer to conditions at some of the New England ports.

The following table shows in short tons the volume of foreign petroleum and petroleum products received at the ports of Portland, Boston, Fall River, and Providence during the years 1929 and 1930, and the percentage relationship of such oil imports to the total foreign imports received at each port named during the years 1929 and 1930:

	1929		1930	
Port	Tons	Percentage of total imports	Tons	Percentage of total imports
Portland	75, 544 918, 557 807, 757 473, 073	Per cent 10½ 28 99½ 73	108, 515 751, 068 819, 864 545, 112	Per cent 13 26 99. 9 71

#### EXPORT TRADE

The second largest item in our rapidly diminishing foreign trade last year was that of petroleum and its derivatives, amounting to approximately \$270,000,000, against imports valued at \$93,000,000. Every year we export of petroleum and its products far more than we import. In 1927 this excess, in round numbers, was 69,000,000 barrels; in 1928, 62,000,000 barrels; in 1929, 54,000,000 barrels; and in 1930, 50,000,000 barrels.

Much of our exports are refined products representing a great value. The following figures represent the value of our exports and imports for the past three years:

1929:	
Exports	\$562, 373, 366
Imports	145, 447, 979
1930:	
Exports	495, 451, 835
Imports	146, 457, 393
1931:	
Exports	271, 402, 575
Imports	93, 896, 395

This tariff threatens to destroy the petroleum-export business of the United States. Deprived of this market, the Venezuelan producers will naturally turn to the markets to which we have formerly exported our products and will supplant American goods in those countries. Heretofore Venezuelan producers have cooperated with domestic producers in their efforts at proration. Last year, where American production was reduced 5½ per cent, Venezuelan production was reduced 28 per cent. The imposition of this tariff will destroy this mutual effort at conservation and leave the South American producer free to increase his production and fight for the foreign markets which were formerly ours.

# ASPHALT

Venezuelan crude is run for fuel oil and asphalt; American crude, for gasoline and lubricating, and so forth. A first-class, hard-surfaced country road will take 200 tons of asphalt per mile. Asphalt has sold this year at \$9 and \$9.50 per ton f. o. b. refinery. Ninety-three per cent of all asphalt used in the East and 54 per cent of all asphalt used in the United States is produced at Atlantic and Gulf refineries from the heavy imported crude oils. Under the proposed tax this asphalt-base crude oil would pay a tax of 42 cents per barrel. It takes 10 barrels of crude to produce a ton of asphalt. If the domestic price of asphalt were

increased in proportion to the tax, the extra cost of asphalt would be \$4.20 per ton, and the cost of hard-surface roads would be increased \$840 per mile. Appropriations for future road building would have to be increased or the mileage materially reduced. This would be a severe blow to the construction of country roads, so much needed. This tax on foreign asphalt crudes might well close the Atlantic asphalt refineries and force the East to obtain its asphalt from California at probable higher prices and higher costs of transportation.

The release of the Department of Commerce at Washington, dated May 15, 1931, and entitled "Reduced Asphalt Demand Met by Lower Refinery Output," shows that in 1930 54.8 per cent of all asphalt manufactured in the United States was made from foreign crude. It shows the following production by districts:

East coast	ction, 1930
Appalachian	44, 805
Indiana-Illinois	485, 891
Oklahoma-Kansas-Missouri	29, 743
Texas:	
Gulf coast	210, 305
Rest of State	239
Louisiana-Arkansas:	
Louisiana Gulf coast	312,065
Northern Louisiana and Arkansas	99, 360
Rocky Mountain	7, 522
California	629, 548
Grand total	3 326 378

Foreign crudes were used in the manufacture in the east coast, Gulf coast, and the Louisiana Gulf coast production.

The greater proportion therefore of the American production of asphalt from American crude was in California. The supply of heavy crude oil in California is limited.

Probably nowhere in the United States could there be secured the 16,000,000 barrels of asphalt required each year for road-building purposes in the eastern seaboard States, except at a prohibitive price.

#### GASOLINE

Sixteen to twenty per cent of all the gasoline used on the lantic seaboard is imported or derived from imported crude. Such importations enable the people of the East to purchase gasoline at prices comparable to those prevailing near the production and refineries of the Midwest.

Gasoline prices follow the price of crude. The Federal Trade Commission, in its report of 1928, page 3, states:

Gasoline prices were promptly advanced throughout the country whenever there was an advance in crude prices.

And on page 175 it is again stated:

As a rule, price advances in crude petroleum have been followed promptly by gasoline price increases.

It was testified before the Senate committee last year that in general there has been an advance of 1 cent a gallon in the price of gasoline for every advance of 25 cents a barrel in the price of crude. Past experience in the industry shows that an increase of 42 cents per barrel in the cost of crude oil would be followed by an increase of from 1 to 2 cents per gallon in the price of gasoline.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield the gentleman five minutes more.

Mr. NELSON of Maine. Now, I will revert to the question asked me by the gentleman from Oklahoma [Mr. Hastings]. He asked me why, if no revenue is to be derived from the bill, I complained.

Assuming, if you can, that the tax will have no effect on domestic prices of fuel oil, yet the ultimate consumer on the Atlantic seaboard may no longer avail himself of his natural advantage of cheap water transportation from South American ports, but must get his fuel oil by tank car or pipe line from the Southwestern States or California at an increase in transportation rates, which these industries can not absorb, which the pipe lines do not need, and which are of no benefit to the producers of petroleum.

According to the recent report of the Tariff Commission, the average transportation costs of a barrel of oil to the Atlantic coast for the years 1927-1930 were as follows:

From Venezuela	\$0.248
Average all domestic sources	. 8131
From California (1927–1929)	. 643
From Oklahoma (1930)	. 8466

If foreign oil is excluded by this act and there is no increase in price by domestic producers, then the consumers on the Atlantic seaboard will be penalized the extra cost of transportation, running from 40 to 60 cents per barrel, thus practically doubling their fuel bill, with the money going to the transportation companies and benefiting the oil industry in no way.

It has been suggested here that the eastern seaboard consumers might secure their fuel oil from west Texas crude at a cost of \$1.15 per barrel, viz, \$1 refining cost and 15 cents cost of transportation. That is, if the west Texas producer would forego his profit and sell to us at cost, and transportation figures continued at 15 cents, instead of the 77-cent average for 1927–1930, we could secure our fuel oil at twice its present cost, an increase that would ruin our industries already operating in the red.

Moreover, an attempt on the part of the oil industry in the mid-continental fields to supply the eastern seaboard fuel-oil requirements would demolish the industry's price structure throughout the United States. Neither should California deplete its reserves of gas and fuel oil upon which the industrial life of the Pacific coast depends for its continued existence. In 1930, the latest figures available, there were produced in California 114,700,000 barrels of gas and fuel oil and there were consumed in the Pacific coast area 114,060,000 barrels. The imports to supply the fuel oil and asphalt requirements of the East are a benefit rather than a detriment to the oil industry of the United States.

Mr. HASTINGS. The gentleman says it will cost 81 cents to get oil from the mid-continent field?

Mr. NELSON of Maine. It is not a question of what "the gentleman says," these are computations taken from the figures that were submitted to this Congress in the report of the Tariff Commission.

Mr. HASTINGS. Very well. The gentleman says that it costs 24 cents a barrel to get the oil from Venezuela. This tax is 1 cent a gallon, which would be 42 cents, and 42 and 24 make 66 cents. So, according to the gentleman's statement, he can get it cheaper from the mid-continent.

Mr. NELSON of Maine. I do not understand the gentleman's reasoning. Did not the gentleman from Oklahoma suggest on the floor of the House that the requirements of the Atlantic seaboard might be filled by oil from the west Texas field, delivered at a cost of \$1.15—\$1 for refining and 15 cents for transportation?

Mr. HASTINGS. I think the gentleman must be mistaken.

Mr. NELSON of Maine. Does the gentleman say that that was not in the matter that he put into the RECORD?

Mr. HASTINGS. I do not recall any such figures at all. All the figures I put in were mine, and I stand by them. I am sure if the gentleman looks up the RECORD he will find that he is mistaken about those figures.

Mr. NELSON of Maine. I want to say that the Atlantic coast can not economically use fuel oil from domestic sources. Each one of these mid-continental fields—mid-continental field, the California field—each have their own zones of service. Neither the California field nor the Texas field can produce fuel oil for use on the Atlantic coast without producing a great quantity of gasoline, and absolutely demoralizing the price structure of the whole petroleum industry in the United States.

Let me state here the reasons why I do not believe this tariff on oil will be of any considerable benefit to the independent producer.

DOMINATION OF OIL INDUSTRY BY LARGE INTEGRATED COMPANIES— ITS EFFECTS

The oil industry of the United States falls naturally into two distinct branches, each covering a specific field: (1) The production branch, having to do with exploration, development, and production of crude petroleum; and (2) the utilization branch, which concerns itself with the transportation, refining, storage, and marketing of the derivative products.

The great bulk of the crude oil produced in this country passes out of the ownership of the thousands who produce it into the ownership of a few hundred refiners. The cost of the raw material to the refiner is the sale price to the producer. Each desires to secure the greatest possible profits. Between the two branches an economic struggle is inevitable. Such an economic struggle, unequal and destructive, is now going on; and, together with disorganized, unrelated, and scattered production, is largely responsible for the ills of the independent producers. No tariff, import duty, or excise tax can restore right economic conditions, or, if restored, preserve them against the uneconomic and unfair practices of the great integrated companies.

In 1911 the Supreme Court of the United States dissolved the Standard Oil holdings into 34 separate units. To-day there is a domination of the oil industry as complete, unfair, and destructive as ever it was in the past, and it will take something more than a cent a gallon on the imports to the Atlantic seaboard to remedy these fundamental economic conditions.

Less than 100 large integrated companies absolutely dominate the industry and control the price of both crude oil and refined products. This domination is exercised through a firm hold on the transportation, refining, storage, and marketing facilities. Out of the thousands of oil companies in the United States you can select 10 of the so-called Standard companies and 10 of the great integrated non-Standard companies and those 20 companies will represent 80 per cent of the total capitalization of the oil industry (\$12,000,000,-000), produce practically one-half (48 per cent) of the total crude-oil production, own 90 per cent of the pipe lines, transport practically all of the oil, possess 73 per cent of the crude-refining capacity, and, what is still more vital, 93 per cent of the cracking capacity, own practically all of the 700,000,000-barrel storage capacity of the country and probably 85 per cent of the retail-distribution facilities. The remaining 20 per cent of the industry, producing 52 per cent of the crude oil, is made up of thousands of companies, organizations, and individuals; and it is these independent producers who are getting much the worse of this economic struggle.

Where in a given field the great integrated organization, through affiliated companies, owns the pipe line, the refinery on the pipe line, and the purchasing company, the unfortunate producers have but one means of transportation, the company's pipe line; but one consignee, the company's refinery; and but one purchaser, the organization's purchasing company. Having no storage capacity, but one means of transportation, one consignee, and one purchaser, the producer is obliged to accept the price posted by the purchasing company, however low it may be. There is no other purchaser and no other price.

These great integrated companies controlling production, transportation, refining, and storage can make their profits in any one of these divisions, and in that one which will most injure its competitor. For instance, the Humble Oil & Refining Co. in three years down in Texas, fighting the independents, lost \$20,000,000—that is, the oil company lost \$20,000,000—while the Humble Pipe Line Co. in that same period made \$79,000,000. It cost something to put the independents out of business, but the combination had a net profit of \$59,000,000.

The Independent Monthly, issued by the Petroleum Association of America, in its issue of July-August, 1931, gives the following illustration of the way in which the great integrated companies throttle the independents:

The posted price for crude oil is reduced at the well through what is known as the "service-charge system," brought to Texas by the Prairie Oil & Gas Co. and the Prairie Pipe Line Co., both Standard subsidiaries. Under this system a Texas subsidiary corporation purchases oil at the price posted by it at the well, transports it to tidewater, and there sells it to another subsidiary on the following basis, assuming, for example, the case of oil produced to-day in west Texas and transported to tidewater, the world market:

Posted price for 41° oil July 10, 1931, to producer Gathering charge, Humble tariff No. 43 (to pipe line), parent corporation Trunk-line charge to tidewater (to pipe line), to pare	12½ ent
Ship-loading charge (to pipe line), to parent corporation	40
Total at tidewater pumped aboard ship Service charge, or premium, to parent corporation	65 20
Base price on tidewater	85

In this set-up the parent corporation—the Texas subsidiary—receives 11 cents per barrel in transportation profit of the owned pipe line through ownership of pipe-line company stock, and 20 cents per barrel through buying and selling oil, or a total of 31 cents per barrel net profit on oil purchased for just 10 cents per barrel. This is to-day's frightful condition.

Under this system, before the costs of refining begin, we have a total net profit to the integrated companies of 84 cents per barrel on every barrel of oil that nets the producer but 10 cents, as follows:

Pipe-line earnings, per barrelService charge, or premium	\$0.11 .20	
Average reduction in posted prices	. 53	
Total profit per barrel	.84	

How can a tax of 1 cent a gallon on imported crude remedy in any substantial manner this condition in Texas, which is typical of general conditions throughout the oil industry?

Apparently there is still plenty of money being made in the oil business as a whole, even in these times of deep depression. According to Mr. Franklin, no independent company was able to pay dividends last year, yet the dividends of the Standard Oil group increased steadily from \$200,000,000 in 1926 to \$286,000,000 in 1930.

Meantime the pipe lines of the great integrated companies were doing a rather good business. I quote from an article on Control of Texas Oil By Transportation, by Harry Pennington, in the July-August, 1931, issue of the Independent Petroleum Association of America Monthly:

The Interstate Commerce Commission has compiled its statement No. 3,170 from sworn reports of common-carrier pipe lines for year 1930, and the following is copied from the statement, with prices taken from the Oil and Gas Journal:

Name of pipe-line company	Barrels of crude oil transported	Net income as reported	Divi- dends declared for 1930
Humble Pipe Line Co	172, 385, 186 97, 734, 137 77, 016, 459 30, 224, 892 42, 689, 125 15, 294, 741	\$18, 816, 057 10, 536, 479 10, 346, 992 3, 435, 396 9, 626, 402 1, 099, 061	Per cent 40 46 1338 400 93, 4 • 100

<sup>&</sup>lt;sup>1</sup> Earned \$10,346,922; on capital stock, \$3,500,000.

The foregoing earnings accrued to the parent corporation through ownership of the pipe-line company's stock.

On a per barrel basis of net earnings we have:

Net	profit
per	barrel
Humble Pipe Line Co	\$0.11
Magnolia Pipe Line Co	. 11
Gulf Pipe Line Co	. 13
Gulf Pipe Line Co. of Oklahoma	. 11
Texas Pipe Line Co	. 22
Texas Pipe Line Co., Oklahoma	.07
An average for the whole of	. 12

The Stanlin Pipe Line, said to be owned by the Standard of Indiana, paid 61.54 per cent.

Amend the interstate commerce act so as to apply to pipe lines the same prohibition against hauling its own products as now applies to railroads. Divorce transportation from production and you will have done far more for the independent producers than any tariff act can ever do. In private conversation the honest independent oil man will admit this statement to be true. A bill to accomplish the purpose is already before the House Committee on Interstate and Foreign Commerce.

MONOPOLY AND UNEQUAL AND UNEQUITABLE DISTRIBUTION OF PROFITS |

In February, 1931, Charles E. Bowles, statistician for the Independent Petroleum Association, in support of a proposed measure for the divorcing of the pipe lines from production, gave some very interesting figures before the Committee on Interstate and Foreign Commerce.

The total assets of the petroleum industry are \$12,000,-000,000, distributed as follows:

	Invested	Proportion received
Production Transportation Refining Marketing	\$6, 000, 000, 000 1 1, 500, 000, 000 1 2, 500, 000, 000 1 2, 500, 000, 000 1 2, 000, 000, 000	\$1, 101, 000, 000 346, 000, 000 593, 000, 000 3, 084, 000, 000 2 450, 000, 000
The consumers paid		5, 574, 000, 000

These figures might indicate that when the public are paying five and a half billion dollars for the derivatives of a raw product that netted the producers but a little over \$1,000,000,000, and which required comparatively little processing, they are paying a price that equitably distributed throughout the industry would be adequate for both the production and the utilization ends of the business.

Alfred M. Landon, chairman of Kansas delegation of the Governors' Oil Relief Conference, Independence, Ohio:

"To-day the greatest danger facing the oil industry is not from without but from within-and that danger is the elimination of competition through integration which is only a gentle-sounding phrase under which monopoly mas-

An excise tax will not do away with the domination of the business by the great integrated companies. These great combinations will still hold their transportation, refining, marketing, and storage facilities, and with them the power to oppress the independent producer, and the power to fix prices of both crude and derivatives, in spite of economic laws, in spite of any tariff of 1 cent a gallon on imported products. If there is any money to be made by this tariff, it will be these great integrated companies that will make it and not the independents.

Last year the Capper bill, providing for an embargo on import of oil, came before the Senate. Senator Ashurst, of Arizona, opposed it in the following words (Congressional Record, March

2, 1931, pp. 6722, 6723):
"We are asked, in behalf of the Sinclairs and Dohenys, to put

an embargo upon the importation of oil.

"Mr. President, there is a larger question here than the mere question of serving the oil interests and the Dohenys and the Sinclairs of this country. Are we going to levy a tax, already too heavy, upon every person who uses an automobile, upon every farmer who has a motor upon his farm, in order to swell the profits already great of the oil industry?" profits, already great, of the oil industry?

If the result of an excise tax is to increase prices of crude and gasoline, then the immediate beneficiaries of the law will be the great integrated companies who control the storage capacity of the country, and who will at once benefit to the extent of the 612,176,000 barrels of oil in storage in October, 1931, and the 43,000,000 barrels of gasoline stated by Wirt Franklin to be in stock at the present time. Pass this tariff item and you are taxing your manufacturers, your public utilities, your shipping, your home owners, your automobiles, not in the interests of the small producer, but in the interests of the great monopolies already bloated with excessive profits.

# OVERPRODUCTION

There is another evil inherent in the industry itself which no excise tax can ever reach. A recent issue of the Oil and Gas Journal points out that the principal reason for the turmoil of last year was the terrific volume of "overhanging potential" crude-oil production. When the year opened there was already a large overproduction of oil, and east Texas loomed like an approaching tornado on the horizon. The hearings before this committee last year revealed the fact-since corroborated by others-that the potential capacity of the wells now drilled is from five to eight times the manufacturers of New England and other sections to

consumptive needs, yet 18,955 producing wells were completed in 1926, 14,571 in 1927, 12,492 in 1928, 15,509 in 1929, and 11,558 in 1930. Thousands of these wells were opened up long after the industry found itself in distress from overproduction. Secretary Wilbur, in a recent article, stated: The present glut of oil will be looked back upon by our descendants with incredulity and with resentment." There is no suggestion of an oversupply in sight. Our reserves, measured against our assured future demands, are far from imposing. We have not found too much oil, but we are producing to-morrow's oil to-day.

Mr. Wirt Franklin, the oil expert who appeared before the Committee on Ways and Means in behalf of the independent producers in whose interest this tax is asked, making a fine distinction in words, claimed that there has been no overproduction; that the wells have been throttled down; that proration has been practiced by both domestic and foreign producers; that in 1930 domestic production plus all foreign importations failed to meet our consumptive needs by 23,000,000 barrels; and that in 1931 domestic production and foreign imports failed to meet our consumptive demands by 45,000,000 barrels; that thus it was necessary to withdraw 68,000,000 barrels from storage to meet the deficit during those two years.

Assuming these statements and these figures to be correct, then if there were no overhanging potential, if economic laws were allowed to work and were not set at naught by the domination of the great integrated companies, the price of oil during those years when production failed to meet consumption should have risen. There was that overhanging potential. There was an arbitrary domination of prices of both crude and derivatives by the great companies, and while the Standard group paid dividends of \$286,000,000 in 1930 and the pipe lines paid dividends ranging from 40 to 400 per cent, the price of oil to the independent producer went steadily down.

With a potential production in the United States from five to eight times consumptive requirements, available at any time by simply turning the valves of the pinched-in wellskept off the market only by proration and martial law-an artificial rise in prices through this tax would in the end hopelessly complicate the industry's real problem, that of controlling overproduction.

ATTEMPT TO FORCE AMERICAN PEOPLE TO PAY FOR PETROLEUM PROD-UCTS THE COST OF THE MOST INEFFICIENT AND EXPENSIVE PRODUC-

Of the 330,000 producing wells in the United States, Mr. Franklin states that approximately 300,000 produce an average of one and one-half barrels per day by pumping, some of which are in Pennsylvania, 40 years old. The world and the oil industry have moved forward in 40 years. In the great economic advance made possible by scientific inventions, improved methods and technical processes, individuals must inevitably suffer that the race may go forward.

When asked by Mr. Rainey as to the cost of a barrel of oil, Mr. Franklin states that the Tariff Commission found that cost to be \$1.09 per barrel. This cost includes interest on the investment at 6 per cent and depreciation. The figures of the commission, as this committee knows, were derived from the combined cost of all wells, of which 300,000 out of the 330,000 were these small high-cost pumping wells, producing an average of a barrel and a half a day. They represent the most inefficient and expensive production. The output of one Oklahoma gusher alone would be equivalent to thousands of these small wells in the old mid-continental fields. The free-flowing wells of east Texas alone have reached a production per day greater by 100,000 barrels than the daily average of these 300,000 high-cost wells combined. If the American consumer is to be charged at the rate of \$1.09 cost for oil for all time, if the high-cost well is to fix the price, then you are setting back the hands of time some 40 years and you are adopting for the oil industry the suicidal policy formerly practiced by the coal industry of making the consumer pay the excessive price at which the highcost coal mine could operate at a profit, a policy that drove substitute for the high-cost coal the cheap fuel oil of Mexico | Nelson]. If it had not been for the experience of the last and later, Venezuela.

The American petroleum industry has never supplied the fuel-oil requirements of the eastern seaboard consumers nor is this a case where foreign oil has displaced that of domestic production.

If it is true, as claimed by the oil people, that our supply of oil is inexhaustible and that there are vast fields as yet unexplored, then this policy is indefensible. If our supply is limited, and may fail national needs, then the importation of fuel oil for the needs of the Atlantic seaboard, practically the only part of the country unsupplied, is but a wise conservation measure.

The people of my State are ready and willing to bear their equitable share of the Federal taxes necessary to balance the National Budget, but they do not deem it fair that, in addition to the general tax of 21/4 per cent assessed against the country as a whole, a special tax of 70 per cent should be laid upon a particular section of the country by thus taxing a commodity that enters so importantly into the agriculture, the industry, the shipping, and the daily lives of the people of that section. Give us a tax bill that shall at least lay its burdens equally upon every part of the country.

# CONSERVATION

The conservation side of this problem should not be minimized. With perhaps 18 per cent of the world's known supply, we have been producing from two-thirds to seventenths of the total world output of crude petroleum for the past 15 years. The inadequacy of our American reserves has impressed itself on all responsible public officials. Conjectural and high-cost sources offer little of promise.

Looking for ways and means to conserve our national supply of oil, Congress provided for the creation of a Federal Oil Conservation Board, appointed by President Coolidge. In 1926 this board considered the matter of reserves and made several reports to the President of the United States. It recommended that American companies should acquire and vigorously explore the oil fields of Mexico and South America, that we might not become dependent upon foreign-controlled sources for our oil supply.

The Venezuelan crude now being imported comes largely from American operators who were encouraged and assisted by the Government to explore and develop these resources. May there not be at least some implied obligation on the part of this Government to deal fairly and consistently with these American investors?

In its report to the President of January, 1928, the board further states:

According to the present opinion of our best petroleum geologists, our total resources instead of being 68 per cent of those of the world are not more than 18 per cent. \* \* \* If the interthe world are not more than 18 per cent. \* \* \* If the international comparison is made, this country is depleting its supply several times faster than the rest of the world. depletion rate of our own resources can be brought more into accord with that of foreign resources only in one way \* \* \* by importing a greater quantity of crude petroleum. \* \* \*
Cooperation in the development of foreign oil fields, through technical assistance and further investment of American capital, would seem to be a logical conservation measure.

In its last report, that for 1930, the board most properly

Oil is an irreplaceable natural product and the oil resources of the country are limited. Increased production is not an index of the remaining resources but a record of depletion and a warning of impaired reserves. \* \* \* Even the most generous warning of impaired reserves. Even the most generous estimates place the date at which our oil reserves will be practically depleted, under present rates of consumption, in the comparatively near future. In the interests of national defense and industrial prosperity this generation should not be permitted to waste this irreplaceable natural product and thus seriously handicap future generations of Americans.

[Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. Hoch].

Mr. HOCH. Mr. Chairman, I had not expected to speak this afternoon, but I can not resist the opportunity to say a few words in answer to the free-trade argument of the distinguished Republican from the great State of Maine [Mr. it by law, I have seen them even in the State of Oklahoma

session, I would never have thought that I would ever find it necessary to come to the defense of one gentleman from the great section of New England who had spoken broadly in defense of the policy of protection, and defend him from attacks made by his colleague from the State of Blaine, of Reed, and of Dingley.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield? Mr. HOCH. I am very glad to yield to the gentlewoman from Massachusetts, although I am a bit uncertain as to whether she desires to defend her colleague from Massachusetts [Mr. TREADWAY], who spoke in behalf of protection. or to join in the attack upon him.

Mrs. ROGERS. I just wanted to ask the gentleman's opinion. Does he think that New England has ever asked for protection of any industry that would mean the destruction or the hampering of another industry? We have asked for protection and not for destruction. It seems to me that this is destruction.

Mr. HOCH. No one is here proposing a policy of destruction. We seek to save a great independent domestic industry from destruction. I hold in my hand the tariff act of 1930, and if I were to read the items of the tariff act in which New England is directly concerned I would use the rest of the afternoon. I refer to items as to which it has sent its representatives to Washington time and time again in behalf of the policy of protection. I am surprised to find that the great State of Maine sends a distinguished gentleman here who would raise his voice in behalf of those who have always made the same argument which he makes now against the policy of protection. If I had the time to read a large part of this tariff act-

Mr. SANDERS of Texas. Put them in the RECORD.

Mr. HOCH. I would read a large part of the act representing the successful efforts of New England industry to get protection for themselves. Not only have they succeeded in getting written into the tariff act all of the items that I could read—covering textiles, cotton, and woolen goods, shoes, fisheries, hundreds of other items including potatoes, which I gladly helped my friend from Maine [Mr. Nelson], who has just spoken, get protection on at the last session—but I call attention to a bill which the gentleman himself introduced at this session, which is entitled, "A bill for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes."

They now seek protection for their lobsters and ask an embargo.

I read from section 3 of that bill, recalling that the gentleman talked something about an embargo:

The importation into the United States, or any Territory or District thereof, of any lobster less than  $3\frac{1}{2}$  inches in length, measured from the rear of the eye socket along a line parallel to the center line of the body shell to the rear end of the body shell, or any lobster meat frozen, chilled, cooked, or in the raw state, unless hermetically sealed-

And so forth, is hereby prohibited.

The gentleman not only wants to hold on to protection on all of the industries in which his State is interested and to get further protective tariff on wood pulp and print paper. but now sounds a battle cry of embargo to protect the Maine

The gentleman speaks about an oil lobby. I can imagine with what pious fervor the manufacturers in New England hold up their hands in holy horror when they think about anybody down in Washington lobbying for a tariff on oil. It is true that there have been men here seeking to get protection for oil, and I say to you that they came out of a distressed condition as great or greater than ever confronted the State of the gentleman who has just spoken to you.

I come from a section that has many oil wells. I have seen not only the large producers, but the small men, the little producers, forced to the wall. I have seen them put into effect measures to protect their industry, and I speak advisedly, more than any industry I know of has done in America, to set their house in order. I have seen them do

do it almost at the point of the bayonet, seeking to find some means of saving from destruction those that were hit by this situation. I have seen them hold down their own domestic production, enforce it by State law, and yet I have seen that effort to conserve and save their own industry thwarted by a few great oil companies who are concerned with bringing in foreign oil to destroy the American independent producers. The gentleman talks about the increased price that they will pay for fuel oil. Let me predict to the gentleman from Maine and to other gentlemen who are here opposing this item that if you permit these few concerns which are interested in the importation of foreign oil produced by cheap foreign labor to have their way, they will in a comparatively short time have absolute control of the oil industry of the United States. Then let us see, after they have throttled the independent producers, what the manufacturing plants of New England will pay for their fuel oil. And what consumers of gasoline will pay for gasoline.

I say to you that the gentleman from Massachusetts [Mr. TREADWAY! who lifted his voice the other day in behalf of a fair deal for other industries who were seeking the same protection which you have sought and have secured for, lo, these many years, and which we of the Middle West have gladly helped to give you, was speaking for the interests of New England. He was speaking for New England interests not simply for to-day, but he was speaking for the interests of New England to-morrow.

I do not say it as a warning, but I say it as a fact, if you of New England can afford to come here and sacrifice the policy of protection when our industry is prostrate, we can get along without the policy of protection if you can do so. I bid them to think well before, at the behest of a handful of manufacturers of New England, disregarding the policy upon which New England has grown and prospered for these many years, they surrender such a policy. I say to you that in the long run New England will suffer more, in my judgment, from a betrayal of that policy than any other section of the country.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield to the gentleman from Kansas five additional minutes.

Mr. HOCH. Now, there has been talk about conservation. One of the great papers of Washington, the Washington Post, had a very powerful editorial the other day in behalf of conservation, in opposition to the oil tariff, and yet I think it was in Saturday's paper they had another equally powerful editorial calling attention to the exports of oil and saying, "Look at our vast exportations of oil which will be destroyed if we have an import duty on oil."

In other words, we can send out of the country all the refined products of oil in the shape of gasoline and yet remain true to this policy of conservation that is talked about so much. If we need to conserve oil for American use, what logic is there in worrying for fear our great exportations of oil products will be decreased? Does this vast exporting mean conservation for America?

Let me call the attention of New England to another matter, in their own interest.

Mr. GIFFORD. Will the gentleman yield for a word?

Mr. HOCH. Yes.

Mr. GIFFORD. Can the gentleman make it a little broader than New England? New England is tired of having to assume this whole burden when it comes to tariff matters. The gentleman should broaden the term and include all manufacturing sections of the country.

Mr. HOCH. Apparently the others have been able to get New England to lead the fight. Apparently they prefer that the attack that may result be centered upon New England rather than upon them, and I do not blame the gentleman from Massachusetts for seeking to avoid the consequences of the position which he has taken.

Mr. STRONG of Kansas. Will the gentleman yield? Mr. HOCH. I yield.

Mr. STRONG of Kansas. I wanted to suggest the gentleman broaden the term to apply to the fellows who are free traders on raw material.

Mr. HOCH. Yes; but I can not now take any further time on that

I want to call attention to another matter. I trust they will pardon a westerner for suggesting another phase. A month or so ago the State of Maine-or New England, I guess it was-sent a lot of manufacturers, boosters for business, out through the Middle West. They came there to promote the sale of New England products. The first thing they ran into in that great oil country was that it was prostrate; not only the producers of oil but the little farmers who were drawing a small income out of the production of this oil; and they found there was no buying power for the manufacturers of New England. They began to send some wires back to New England Members: "What is the matter with you people back there? They tell us out in Kansas and in Texas and Oklahoma that they can not buy the products of our industries because you have led the fight to destroy the industry which gives them a large part of their buying power."

I ask you from New England whether you can afford, in your own interest, simply because, as you conceive it, some of your people would be hurt by a tariff upon fuel oil, to help destroy the buying power of the great Middle West upon which you must depend for your markets when it comes to all of these other manufactures?

I ask the shoe people of Massachusetts, "Are you here protesting against protection to our industry?" I ask the textile industry of the State of Massachusetts, "Are you here objecting to our effort to get the same sort of protection which you have had?" I say to all these industries of New England, "Consider well whether you can afford in your own interest to lend yourself to helping destroy an industry which has been one of the great industries of this country, whose people are suffering as much as any people in this country because of this condition, an industry which, as I say, has done more than any other industry to save itself."

I challenge anyone to show me an industry which has imposed upon itself as much a measure of conservation, as much a measure of limitation of production as the oil industry. Show me where there is any industry in America which has done as much in its own right and by its own effort to meet this problem as the oil industry before it came to Washington for help. Show me one. I say to you-in all the category of these industries that have received protection-you can not show me one that has imposed upon itself the restrictions which the oil industry has imposed upon itself in an effort to meet this situation.

Mrs. ROGERS. Will the gentleman yield?

Mr. HOCH. I yield.

Mrs. ROGERS. Is it true that the people of the midcontinent area have sent telegrams saying that they would boycott the New England industries if their Members voted against a tariff on oil?

Mr. HOCH. I do not think they have. I will say, however, that I know of scarcely anything that might offer greater temptation to people to indulge in that kind of practice. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield the gentleman one additional minute.

Mr. GIFFORD. Will the gentleman yield?

Mr. HOCH. Yes.

Mr. GIFFORD. I want to ask the gentleman if he realizes that probably these people from New England-and I would like the gentleman to broaden it in order to take in the whole coast line-will vote for this bill even if they do not favor this matter of oil? Will Kansas and Oklahoma vote for this bill? According to newspaper reports, I do not think so. But I am asking: Will you vote for this manufacturers' tax in this bill if you do not obtain this tariff on oil?

Mr. HOCH. We do not put a tariff on oil as the price of any attitude we take. [Applause.] We will seek, I will say to the gentleman, to pass on this tax bill on its merits as a whole when it comes before us, and I hope the gentleman from Massachusetts will not determine his course solely upon the ground that it contains a little bit of help for the oil industry. [Applause.]

Mr. GIFFORD. I am for the bill, even if the tariff on oil is imposed, and that seems to be the attitude of Members from the Atlantic seaboard States in contrast to those from

the oil States.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. SANDERS].

Mr. SANDERS of Texas. Mr. Chairman, I intended to discuss at this time this revenue bill generally; but, since events have come about to change the thing a little bit, I am going to talk particularly on the oil question.

The gentleman from Kansas struck a very responsive chord in my heart in his speech, because when our good friend the gentleman from Maine [Mr. Nelson] was before our committee-and I do not criticize him for coming before the committee-he made an able argument, but while he was there it might be refreshing to you to know that I read to him a little dispatch that appeared in the paper that day. It reads this way:

Special train of manufacturers from Maine are in Topeka, Kans... to-day, and are going to Oklahoma and Texas boosting their products and seeking to find outlets for their goods. They will be in Ponca City, Okla., Oklahoma City, Fort Worth, Houston, and San Antonio, Tex. They were in Kansas City yesterday.

At the time I read that to the gentleman I told him that unless we got a little help on this oil situation he might as well wire his folks to go back home, because there was no use in going to a billy goat's house for milk; that if those in that section of the country could not get some help they were wasting their time in going down there and trying to sell their products.

The truth of this matter was brought out in the discussion of this bill, and I am going to refer to it. The gentleman from Maine [Mr. BEEDY]-and I have always thought well of Mr. BEEDY, but when he made a speech the other day, a purely partisan speech, I did not think quite so well of him. I think the gentleman from Massachusetts took care of him pretty well. Listen to this. Mr. BEEDY, when Mr. TREADWAY was speaking, said:

I was rather surprised to hear the gentleman from Massachusetts discussing this tax bill as a protective measure. I myself have never been able to object to protection where I thought it was needed, but it did seem to me a most strange procedure for the party in control of this House, which did not dare tackle an item in the tariff bill.

And so forth. Here was Mr. TREADWAY'S reply. Mr. BEEDY. Will not the gentleman finish that, please?

Mr. SANDERS of Texas. I will finish it, but I will say that the gentleman is the only Member of this House who has been unkind enough to say that this was a partisan bill. I will come back and finish that in a minute. I will say this now: That the Ways and Means Committee, composed of 15 Democrats and 10 Republicans, did not act in a partisan way. If any member of that committee will rise up and tell me that there was one partisan vote cast in that committee I will quit speaking now. I defy anybody to do Yet Mr. BEEDY, in another place in his speech, said that 15 Democrats could outvote 10 Republicans. Thank God, we have 25 men on that committee who, in framing this bill, have tried to put their country above their party, and it applies to everyone. But I will finish this if the gentleman thinks the Members will not look it up in the RECORD and read it.

Which did not dare tackle an item in the tariff bill, to put itself in the position of making an exception in one instance and giving what is clearly protection to one product and denying others of us the opportunity to have the same protection.

I am glad the gentleman asked me about that. The gentleman says we denied that opportunity to him, but I want to say to him that we did not deny him the right of going before the committee and advocating a tariff or tax, whatever you want to call it, on pulp. The gentleman from Maine [Mr. Nelson] came before the committee and made his statement, and the gentleman from Maine [Mr. BEEDY] had the same opportunity and the truth is that any Member of Congress or any witness could appear before the com-

I want to say that as a Democrat I believe in a tariff for revenue. If you can bring out a bill and show me where you can bring revenue into the Treasury of this country, I, as a Democrat who believes in a tariff for revenue, will be glad to support it. If you can present such a bill to me I will vote with you, and I will not be so provincial as to say I will not support you because it is not for my section.

Now, I want to get to the gentleman from Massachusetts [Mr. TREADWAY]. Mr. TREADWAY gave an answer that I had intended to come to later:

Mr. TREADWAY. Let me say two things. In the first place, it was a compromise as to amount. The gentlemen advocating a tax on oil wanted 2 cents. They accepted a compromise of 1 cent.

Mr. Beedy. But what about the principle?

Mr. Treadway. The principle is a principle that I have personally always advocated in this House—that we can not build a wall of protection around New England and not give it to anybody else.

This is the thought of a statesman and a patriot. That is one great trouble we have in the United States to-day. With all due respect to the New England States-and the gentleman from Kansas has mentioned this-they have had protection all around, but they have embodied in their life and in their legislative proceedings a principle of the old fellow who fell down on his knees and said, "O God, have mercy on me and my wife and my son, John, and his wifeon us four and no more."

And I say to you, that the time is coming when the South and the West may form a coalition, and unless all parts of the country are treated equally, you are not going to see the smoke curling up from your factories, but some folks are going to fold up their tents like the Arabs and as silently steal away. That is what is coming in this country and they seem to be distressed. The question has been asked and they can not understand why a committee composed of 15 Democrats and 10 Republicans would bring in what some of them call a protective tariff on oil.

Now, I am going to try to be fair in my discussion. In the first place, this is not a protective tariff, but let us suppose it is. Let us grant that these fellows who came in there and opposed it were right when they said it is a protective tariff on oil. Now, who is it that is doing this? My good friend, Mr. Nelson, and my friend, Mr. Beedy. All right; can you reconcile a Republican being against a protective tariff? I can not understand that. Right here is the platform; they have been pulling platforms here and I am going to pull the Democratic platform a little later on, but let us get their platform first. Here is their platform for 1928:

We reaffirm our belief in the protective tariff as a fundamental and essential principle of the economic life of this Nation.

If that is a principle, then I say to you that principles are immutable and as unchangeable as God Almighty. If it is a principle, and if it is right here on the floor of this House. then it is right whether it is in a revenue bill or a tariff bill or in any other kind of bill. If it is right to-day here on the Potomac then it is right in any State of the Union, and yet here are two men standing up here against it because it is a protective tariff.

Mrs. ROGERS. Will the gentleman yield? Mr. SANDERS of Texas. Yes: I yield.

Mrs. ROGERS. Is not this the first time that a tariff has ever been asked on a natural resource?

Mr. SANDERS of Texas. I will be pleased to say to the lady that I do not know whether it is the first time or not, and yet I do know that after Mr. Harding was inaugurated President of the United States the Ways and Means Committee considered a tariff on oil and they put it there, and it was later taken out at the suggestion of the President of the United States

Mr. ARENTZ and Mr. FINLEY rose.

Mr. ARENTZ. It is well to bear in mind that we have a | multiply and add, they can tell whether it will produce any tariff on manganese, lead, zinc, and on a great number of other natural resources.

Mr. SANDERS of Texas. Surely. That answers the lady's inquiry.

Mr. FINLEY. Does the gentleman know that up until 1913 there was a tariff of 45 cents to 67 cents a ton on soft

Mr. SANDERS of Texas. Yes.

Mr. FINLEY. That was taken off by the Wilson tariff and has not been put back.

Mr. SANDERS of Texas. I am thankful to all of you for helping me to answer the lady's question.

Mr. BEEDY. Will the gentleman yield a moment?

Mr. SANDERS of Texas. Yes.

Mr. BEEDY. I think the gentleman misunderstood my statement. If he will read the brief speech which I made on Friday he will see that I stated clearly that I favored protection wherever it can be shown that it is needed, and I did not say I was against this bill or against this item, but I did object to the fact, as my colleague has so well put it to-day, that one industry got in the back door and got this protection on an internal revenue bill and the rest of us were left out, and I submit that the gentleman from Maine [Mr. Nelson], who has addressed the House, if figures and facts can prove anything has proven that the facts do not justify the action taken by the committee.

Mr. SANDERS of Texas. I believe the gentleman thinks that; but has the gentleman ever read the testimony of Wirt Franklin before the committee?

Mr. BEEDY. No; I have not.

Mr. SANDERS of Texas. The gentleman has not read that. Then the gentleman should inform himself before he begins to discuss this matter. There is another thing I am going to ask the gentleman. If we were considering a tariff bill now, and if this item were in the tariff bill and a motion was made to strike it out, would the gentleman vote to strike it out?

Mr. BEEDY. I certainly would.

Mr. SANDERS of Texas. The gentleman certainly would. Mr. BEEDY. Because I do not think the facts which have been given here this afternoon, which I believe are unanswerable, would justify a motion to strike it out.

Mr. SANDERS of Texas. I am sure the gentleman thinks that; but there are others who think differently.

Mr. BEEDY. And I respect their opinion.

Mr. SANDERS of Texas. And I respect the gentleman's opinion, but I want to suggest that he read Mr. Franklin's testimony. Now, let us get a little farther along. I want to dismiss that question.

Here is an editorial that appeared in the Boston Transcript of Monday, March 7, 1932, and I want to read a paragraph from this editorial:

A drive for duties on petroleum and its products probably has been halted by the imposition of a tax of 1 cent a gallon on imported gasoline, oil, fuel and crude oil.

This is less than the American producers wanted and more than the importers felt they ought to pay, but it is not heavy enough to crush any industry.

My friends, it is not heavy enough to crush any industry; neither will it oppress any American citizens. Now, you talk about conservation, but first I want to give you some figures.

They say it will not produce any revenue. Well, when a man stands up and tells me that the electric lights are not shining above, I can not agree with him. When a man makes a statement to me that is against things I know, I can not agree with him. Now, I am going to ask you why it will not produce any revenue; and I am going to get the Democratic platform out because there are some of my friends over here who are shying around it like a country mule at a town-show tent, for fear they are going to vote for a tariff.

Here are the facts and figures. Listen; anybody can get these figures from the Commerce Reports; and if they can revenue.

Crude petroleum imported into the United States in 1930 amounted to 62,129,419 barrels. They say there are 42 gallons to a barrel. That would make 2,609,435,598 gallons. Now, that was imported into this country, and you can not deny that. It is like Will Rogers when he was asked how old he was and if he was born, and he said, "Yes; I am here." Franklin, in making his argument, advocated 2 cents a gallon. Multiply it by 2, and you will find it produces \$52,188,711.96.

Fuel oil was brought in here the same year amounting to 26,080,383 barrels, which would amount to 1.095,375,986 gallons, and multiplied by 2 cents a gallon, would produce \$21,907,519.72.

Now, of gasoline there was brought in 16,926,800 barrels. That would amount to 710,925,600 gallons, which, at 4 cents a gallon, would be \$28,437,024.

Of lubricating oil there was brought in 24,728 barrels, which would amount to 984,576 gallons. At 4 cents that would amount to \$37,943.04, and the total amount would be \$102,571,198.72.

Mr. NELSON of Maine. As I understand the gentleman, he does not agree with the experts from the Treasury Denartment?

Mr. SANDERS of Texas. I can answer that yes and no, because they have been on both sides of the creek. I will admit that Mr. Mills stated that it would not produce any revenue. If you are importing something, you can take a lead pencil and state whether it will produce revenue. Now, I have the figures here of the collections under this bill. It will produce something over \$58,000,000. If you will read the testimony before our committee and the evidence submitted on this, you will come to the conclusion, I believe fairly, that it will produce not less than \$40,000,000 of revenue.

Mr. HASTINGS. Will the gentleman give us the total, the aggregate of the sums that he says will be produced by the importations?

Mr. SANDERS of Texas. I have already given it, but I will give it again-\$102,571,198.72.

I want to be fair-you take one-half of that, and you can trim it down, yes, to one-third, and figure it any way, and it will produce a revenue of \$40,000,000.

Now, my friends, I want to say something to you as an American citizen. I do not like to read so much when I am talking. I hope that every Member of Congress will take the time to read the testimony of Wirt Franklin. He is an authority on oil, and I want to read you something he said. You talk of conservation. I say that outside of any revenue it might cost you in New England and up along the Atlantic seaboard, you better pay it. The testimony is that all of the nations that have a monopoly on oil are paying 35 to 38 cents a gallon for gasoline, and just as certain as we are here to-day that monopoly is being fastened on the people of the United States, and unless they get some relief in this bill the independents are going down, because they can not survive. You folks who are paying a little now and objecting to this will be paying a sight more if you do not agree to this. Listen to the plight of the independents. I read now from the Wall Street Journal of Saturday a week ago.

The Barnsdall Corporation, in 1931, lost \$3,268,937, and that is one of the biggest independent oil companies in the United States. From the same paper I notice that the Coast Richfield Oil Co. in 1931 lost \$3,632,913. These are the independents. They can not stand. Let me show you how this trust and monopoly is fastening its fangs on the American people. I read now from page 930 of the testimony:

The dividends of the Standard oil group from 1912 to 1930, inclusive, were \$4,019,929,872. For the last five years they have increased steadily, right through the period of depression, when a considerable portion of the industry was going into bankruptcy, and there have been thousands of them that have been closed out because this help has been so long delayed. To give the dividends of the Standard group only in round figures, in 1926 they were \$200,000,000; in 1927, \$213,000,000; in 1928, \$218,000,000; in 1929, \$269,000,000; and in 1930, \$286,000,000—the biggest dividends in all history, right during this period of distress.

Let me make this statement, and it ought to come close to the heart of every Member of the House and the Senate, because of its vital interest to the people of the United States, on a matter of conservation. This was news to me. I am going to read it to you out of the hearings. It was not disputed, and while I am on that point, let me tell you that one man who came up there and appeared for the big oil companies importing this oil, impoverishing the people of the United States, throwing 300,000 people out of employment, made the statement, when I asked him to put the figures into the RECORD as to how many natives were employed in Venezuela and how many Americans, that he could not tell. When Mr. Flemming was before the committee he said that they employed 1 American down there to 100

In the United States there are approximately 300,000 wells which produce an average of a barrel and a half a day each by pumping, some of which are, in Pennsylvania, 40 years old; but in the aggregate those wells produce 500,000 barrels a day, day in and day out. As a matter of fact, those wells are the backbone of the percentage industry in the United States but because of of the petroleum industry in the United States, but because of the low prices for the product during the last three years, thou-sands of those wells have been abandoned and plugged and lost

Now, let me visualize what that means. On these leases from one to three families live. The head of the family is the pumper, who takes care of these wells and operates them. The machinery is already established there: it has been bought and paid for. The investment in those wells runs into billions of dollars, and the labor employed is enormous. They pump every day, and they must be pumped every day, because practically all of them make some salt water, and if the salt water is not pumped off every day it destroys the wells.

Suppose this legislation fails, and the independents are put out of business, because these people can not survive. According to this testimony the salt water would go into the wells and the United States would lose 500,000 barrels of oil a day. That is a matter of conservation that ought to appeal to the patriotism of everybody in this country, irrespective of taxes or tariff. I read further:

Now, back of those 300,000 wells, the petroleum engineers estimate that there are anywhere from two to four billion barrels of reserves which would be produced over the next 30 or 35 years by the steady process of pumping these wells, giving employment to thousands of men supporting thousands of families on these leases, and if the wells are abandoned, as they must be eventually unless this condition is remedied, we have lost forever all that employment for these American citizens, and we have lost those res of from two to four billion barrels of oil, because after being abandoned, you could never afford to drill new wells for that sized wells and equip them with pump power, engines, and so forth, and operate them.

Mr. HOCH. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Texas. Yes.

Mr. HOCH. From the conservation standpoint I am sure the gentleman is absolutely right with reference to thousands of wells in the part of the country that I represent. Those small wells will produce a small amount of oil, and if they are not pumped the salt water will get into them and you will not only lose the wells but the field goes. The expense of exploring the field has been taken out in the flush production, and no one is going in to drill wells in a field where the wells will produce so small an amount as many of those wells produce to-day, and those millions of barrels of oil which will be saved if we keep on pumping will be lost if the owners are compelled to shut down.

Mr. SANDERS of Texas. The gentleman is correct. They are not only lost, but they are lost forever, and the United

States is deprived of their value. Mr. NELSON of Maine. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Texas. Yes.

Mr. NELSON of Maine. Did the gentleman read the hearings and the testimony of the Acting Director of the Bureau of Mines on the oil tariff before the Commerce Committee of the Senate, when he stated that ofttimes these wells yielded more than they did before they shut them down?

Mr. SANDERS of Texas. No. I did not read that testimony. Does the gentleman mean after they shut them down?

Mr. NELSON of Maine. Yes.

Mr. SANDERS of Texas. As the gentleman from Kansas said, nobody is going in and go to the expense of drilling again, so it means it is lost forever.

Mr. HASTINGS. Will the gentleman permit me in his time to say that of the 330,000 oil wells in the United States, 300,000 of them produce on an average only 4.7 barrels?

Mr. NELSON of Maine. Will the gentleman yield? Mr. SANDERS of Texas. I yield.

Mr. NELSON of Maine. Does the gentleman from Oklahoma [Mr. Hastings] think the American public ought to be charged for a barrel of oil, the average cost of which is this high cost which the gentleman mentioned, where they only pump a barrel and a half a day, when there are wells in the gentleman's section which gush thousands of barrels a day, and where down in east Texas they can produce more by a hundred thousand barrels than the 300,000 wells com-

Mr. HASTINGS. The gentleman is addressing his question to me. As long as those wells are already drilled and as long as they are connected with pumps, with many wells on one pump, they can continue to pump, but once stopped, they can never be reopened.

Mr. NELSON of Maine. Is it not true that they are the most inefficient and highest cost wells in the country?

Mr. HASTINGS. Oh, no. Oil was selling at \$1.45 three years ago and it ran down to 10 or 15 cents last August.

Mr. SANDERS of Texas. Mr. Chairman, I am afraid I can not yield further. My time is running on. I want to call attention to another man who testified before the committee. Many Members get up here and talk about the Ways and Means Committee like they were a set of pickpockets. There is a drainage bill pending; there is the soldiers' bonus bill, and we are going to pay somebody else something. How are we going to get along if we do not vote to put some money in the Treasury? We can not get along by just paying out and not collecting anything.

Now, I want to call attention to another man who testified, representing the American Federation of Labor. This oil problem embraces the destinies of over 22,000,000 who are directly interested in it. It is the third largest industry of the world, and you can not cripple it. You can not give it the "cold shoulder" any further in the Congress of the United States without hurting your country. I say this irrespective of the tariff tax, or whatever you call it.

This man is Mr. Harvey P. Fremming, who represents the American Federation of Labor, the American Wage Earners' Protective Association, the Brotherhood of Signalmen, the Brotherhood of Maintenance of Way, the Brotherhood of Firemen and Enginemen, the Brotherhood of Engineers, the Order of Railway Conductors, the Brotherhood of Railroad Trainmen. It might be that you would like to look up his testimony, which begins at page 1123 of the hearings.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield to the gentleman from Texas five additional minutes.

Mr. SANDERS of Texas. In the first place he goes on to say there are approximately 350,000 people out of employment on account of the distressed condition in the petroleum industry at this time. He is the man that I asked how they were paying down in Venezuela and other places, where they claimed they were employing American labor. This is the man who testified that they employ 1 American to 100 natives.

I have here a telegram which I would like you to listen to. This is dated February 3, 1932:

Drilling operations, South America: Driller, American, \$300 Drilling operations, South America: Driller, American, \$300 a month; all others are natives. Cap-head man, \$2.58 per day. Derrick man, \$2.24. Floor men, \$1.53. Production department: 1 American to practically 100 natives. Head well driller, \$3.40 a day; all others, including pumpers, \$1.53 a day. Refinery department same as production. Rig builder, \$3.40 a day down to \$1.53. All native figures quoted in American money. Information obtained from superintendent just returned from South America.

J. C. COULTER.

Another thing I want to mention. They say this is a protective tariff. At least the Republicans say that. If it is,

they should be for it in all good conscience. I want to say | that now of all times in the history of this Government men ought not to make partisan speeches on the floor of this House. [Applause.]

I was not a Member of Congress during the World War, but it was one of the glories of that time, as I have always understood, that Democrats and Republicans alike stood up for their country. "Peace hath her victories, no less renowned than those of war." Certainly as we are here, we are facing a crisis that is comparable to the World War, if not worse. No; we should not have any partisan speeches, but, according to the testimony and figures given by the Commerce Department, the people in Venezuela and other South American countries and other places can produce oil and place it any place on the Atlantic seaboard for \$1.03 a barrel cheaper than you can take it from any field in the United States and put it in the same place. They gave out two sets of figures. In the first set they said the difference was \$1.19. In the second set they said the difference was \$1.03. All right. If you put 1 cent a gallon on fuel oil, it means 42 cents a barrel. I want to ask you then how that is an embargo. When they have \$1.03 advantage. paying a tax of 42 cents, which it would amount to on a barrel, and subtracting that from the \$1.03 leaves 61 cents. You can see just how much advantage the foreigner has over the United States.

Assaults upon the excise tax upon foreign oil and foreign gasoline have been so exaggerated and so utterly unfounded that they would not merit any serious reply if it were not for the danger that some may actually credit the baseless figure offered. For instance, one gentleman in a formal statement charged that these proposed oil taxes would cost the people of New England \$100,000,000. He probably relied upon the interested propaganda of the enemies of the American petroleum industry and did not analyze the available data, thus adding one more to the number of those who have been deliberately misled on a question of national importance. If this absurd claim were true, it would mean that levying a 1-cent tax per gallon on crude oil would cause New England to pay an increased cost of \$33.33 on each 42-gallon barrel of crude oil which it consumes. According to the United States Bureau of Mines, New England in 1930 used 20,618,218 barrels of fuel oil. Only 15 per cent of this was foreign oil. That means that New England used just 3,000,000 barrels of foreign fuel oil in the latest year reported by the Bureau of Mines.

Therefore, if New England is going to have an increased cost of \$100,000,000 because of this levy of 1 cent per gallon on foreign fuel oil, of which she uses only 3,000,000 barrels per year, each barrel would carry an increased charge of \$33.33. Even if all the 20,618,218 barrels of fuel oil used by New England in 1930 paid the excise tax of 42 centswhich is palpably impossible—the increased cost to New England would still be \$90,000,000 less than the pure fiction figure given by the enemies of the American petroleum industry and accepted as fact by the misguided gentleman who made it public.

This is just a sample of the sort of arguments which the foreign oil importers are shrewdly scattering over the country in the hope of preventing the passage of this provision in the revenue bill.

It is curious that New England has apparently assumed the rôle of leadership in the fight against the foreign oil tax. New England is a comparatively small user of fuel oil. The six States comprising this section of the country use only 5.35 per cent of the total consumption of fuel oil in the Nation.

The Pacific coast consumes 27.28 per cent. The south-central section consumes 22.87 per cent. These sections of the country are almost a unit in supporting the excise tax on foreign oil. All together they use more than one-half of the total consumption of the Nation. New England, with a little over 5 per cent of this consumption, is protesting with a vigor whose justification is hard to find. Only the Rocky

section, using 2.70 per cent of the national total, rank below New England in the list of the fuel-oil consumption. These two sections are not manufacturing sections; hence, their low consumption totals.

The New England protest seems to be based very largely upon the strange assumption that New England factories are practically the sole consumers of fuel oil in that section. They ignore the fact that factories come rather far down in the list of fuel-oil users. Among the principal consumers of fuel oil are the railroads of the country, which in 1930 used 67,900,035 barrels. Incidentally the railroads generally are most ardently in favor of this legislation. They are taking no active part in the fight, since most railroad heads realize the inexpediency of railroads entering political contests to-day.

The general prostration of American business, which had as one of its causes the comparative ruin of the American petroleum industry and the loss of the purchasing power of many of the 22,000,000 persons resident in the oilproducing States, seriously affected the railroads by wiping out a tremendous amount of its most profitable freight movement. The railroads of the Nation use over three times as much fuel oil as all of New England, even if we do include in the New England figures the amounts used by the railroads in that section and by others who are utterly unrelated to the manufacturers and industries who are opposing this measure. The Army and Navy use millions of barrels of fuel oil yearly. Oil companies themselves use 53,436,945 barrels of fuel oil per year, or two and one-half times as much as all New England, including New England's railroads and the Army and Navy bases in New England used in that year.

Evidence has been presented repeatedly to the House as well as to the Ways and Means Committee that very large sums of revenue may be raised by an excise tax on foreign oil and foreign gasoline without any necessary increase in price to the consumer and without constituting any embargo on foreign oil or even causing any decreased shipments merely because of this very slight levy. The arguments offered against the measure when analyzed are a great deal like that one to which I referred in the beginning in which the preposterous claim is made that a tax of 42 cents per barrel on fuel oil would make the New England consumer pay an additional \$33.33 for that same barrel.

Such arguments belong in the realm of pure imagination. They can not be reached by plain, cold facts. Brought into contact with the chill atmosphere of official statistics they curl up and die. Unfortunately, the interested opponents of this tax, the importers of foreign oil, are unusually fertile and as rapidly as their swollen statistics are exploded they produce new ones equally exaggerated and equally difficult to treat on the serious plane of calm discussion. Without any personalities and without intending any reflections upon anyone and especially not upon those who are the innocent victims of a shrewd propaganda, may I be permitted the hackneyed quotation, "Figures won't lie, but liars can figure "?

Prosperity is not around the corner, but on the threshold if the movement of the stock market reported by the Wall Street Journal is any criterion. The action of the House Ways and Means Committee, including in the new revenue bill an excise tax on fuel oil is quite justified by the effect this has had upon securities, even though the measure has not yet been brought to a vote in Congress.

The traffic jam which has held all business at a standstill seems ready to be broken if this upward movement of oil stocks has any significance, which it surely must have.

The proposed excise tax is sufficiently low to not exclude foreign oil upon which it will constitute a very inconsiderable levy, but on the other hand it does afford encouragement to the prostrate American petroleum industry and promise better times. From the revenue standpoint this tax is one of the wisest we have suggested since even in the unlikely event that the importation of foreign oil should Mountain States, using 1.31 per cent, and the South Atlantic | be decreased, because of this very light tax, both Federal and State Governments will receive compensatory revenues from the revival of the American industry and the renewed employment of armies of oil workers now idle.

The statements of the Wall Street Journal on this very timely stock movement are worth quoting. In a special article in the issue of Wednesday, March 9, they remark:

Oil securities in Tuesday's trading reflected the better sentiment which has lately developed toward this group. One reason advanced for the more optimistic attitude, beyond the continued control over crude oil output and a better tendency in refining activities, is the proposed excise tax of 1 cent a gallon on imported oils, which has been approved by the House Ways and Means Committee. A considerable portion of the industry looks for final adoption of the impost, which they believe will have a beneficial effect, at least, temporarily.

While in their feature entitled, "Abreast of the Market," they call attention to the fact that "oils were active and strong on expectations of enactment of a 1-cent levy a gallon on imported crude, gasoline, and fuel oil."

Tax bills rarely promote prosperity, but at least one portion of this new revenue bill, the excise oil tax, seems certain to surpass the most sanguine expectations in producing much-needed revenue for the Federal Government and at the same time stimulating a basic industry whose downfall was intimately related to the current depression, since even the intimation of governmental favor starts a bull movement in the stock market. This confirms the statements made at the Ways and Means Committee hearings that the oil industry would lead in the return of prosperity whenever that happened.

This excise tax is not a tariff or embargo. It is a tariff for revenue, and it will bring a large amount of revenue into this Government if we give it a chance.

Mr. Chairman, my time is up, and I want to thank the committee for its indulgence. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 25 minutes to the gentleman from Illinois [Mr. Parsons]. [Applause.]

Mr. PARSONS. Mr. Chairman, it is rather embarrassing, in a way, for me to rise to speak in opposition to the manufacturers' tax contained in this bill, but I would not be consistent with my feelings and belief if I did not take advantage of the opportunity to-day to make some observations concerning the so-called sales tax.

The grizzly haired veteran from Illinois [Mr. RAINEY], who is a veteran of a thousand battles on the floor of this House and who is a member of the committee, has gone through these fights unscathed and undimmed for 30 years, almost a third of a century, until this hour.

It is not pleasant to oppose the acting chairman of the committee, the gentleman from Georgia, who is following so well in the footsteps of his illustrious father, but there do come times when we can differ among ourselves and yet show that love and respect which should grace us on occasions like these. What I shall say this afternoon will not be any personal criticism of the members of the committee.

I have listened with a great deal of interest to the discussion on oil. While I doubt the wisdom of placing a tariff bill in this particular revenue act, I for one am willing to support the gentlemen in their contention for a tariff on oil.

I happen to be one of those who believe in the old fundamental principle of a tariff to equalize the cost of production at home and abroad. It is very apparent that the oil industry needs some protection at this time.

Whose "baby" is this part of the revenue bill known as the sales tax? I have asked that question a number of times. Has it been proposed by the President of the United States? Has it been proposed by the Secretary of the Treasury? Has it been proposed by the Democratic Party? I have asked in vain. I have failed to get an answer. If any gentlemen on that side of the aisle can speak for the powers that be, I will yield time now for them to tell me where they stand upon this proposition.

No farther back than 1924 the Democratic Party went on record as opposed to a sales tax, but I remember that last fall the then Secretary of the Treasury announced that we should have a general tax upon every product, so that when the American people paid it they would become tax conscious and understand they were paying a tax to support

their Government. I want to say to you this afternoon that the people of America are already tax conscious. The local and city taxes, the road taxes, the school taxes, the State taxes, the county taxes, and the tariff tax which they are paying in tribute to the protected industries of this country, which in the past 12 years have increased more than 300 per cent, have made the American people tax conscious. We do not need this sales tax to bring the people to a realization that they are paying taxes. Let us hope that Mr. Mellon, when he appears before the Court of St. James, will remind Johnnie Bull to become tax conscious and pay us the \$159,000,000 England owes us. It will help to balance the Budget.

The big cry on this proposition is to balance the Budget. In the years of 1918 and 1919 the Federal Government expended \$32,743,000,000. In those same two years we had revenues of \$8,834,000,000. There was a deficit for those two years of \$23,909,000,000. How did we balance the Budget then? By the issuance of bonds—Liberty bonds bearing from  $3\frac{1}{2}$  to  $4\frac{1}{2}$  per cent, and most of them were floated on the basis of  $3\frac{1}{2}$  and 4 per cent. Are our people less patriotic to-day then they were in 1918 and 1919?

But how are we balancing the Budget now? On June 30 of last year we had a deficit of \$903,000,000. There is supposed to be a deficit on June 30, 1932, of \$2,123,000,000; and how are we balancing the Budget? By issuing bonds, of course. If we can float \$3,000,000,000 now to balance the Budget for this year, who will say that the little sum of \$600,000,000 can not be floated July 1, 1933?

On June 30, 1919, our debt was \$25,482,000,000. To-day it is about \$17,000,000,000. If we balance the Budget with the flotation of bonds, as I have indicated here, our public debt on June 30, 1933, will be \$4,856,000,000 less than it was in 1919.

Where is the patriotism of our financiers? If Government bonds were good securities in 1919; if they were good securities in 1929; if they are good securities now, when we are floating bonds to balance the Budget, why will they not be good securities on June 30, 1933?

It was brought out on the floor of the House here last week that the Secretary of the Treasury made a trip to New York and came back and reported that there would be no bonds offered for sale until the buyers knew whether or not this tax bill had some opportunity of passing. This, my friends, is an absolute threat to the Government of the United States. It is a threat to the Congress of the United States to say, "We will not buy the bonds unless you pass this tax bill."

The gentleman from Alabama [Mr. Huddleston] in a very eloquent appeal the other day talked about the farmers' group, about the oil group, and about the veterans' group. My friends, back in 1917-18, when the call went out to mobilize the greatest Army that America had ever assembled, almost 5,000,000 in number, if 1,000 of those boys-yea, if a single one of them had offered any resistance to the call that went out, he would have been summoned before a court martial and sentenced to death: and here in the year 1932, with a little deficit threatened of only \$600,000,000, we have the spectacle of the money interests of this country hanging a threat over the heads of the Members of Congress and over the heads of the American people to fasten upon them an iniquitous sales tax in order to make up a deficit on account of funds that they, the moneyed interests, have borrowed out of the Treasury of the United States.

Where were the proponents of this measure when the moratorium was under discussion here back in December? This was a nice little sum of \$252,000,000, or a little more than one-third the amount of the deficit. I remember when it was brought in here with a united effort on both sides of this aisle, without very much time for debate, telling us that we must pass it and rush it along, because the time was soon up when these nations would otherwise default and that we must give them another year, and what is 1 year means 2 years and perhaps 3 years or 5 years or 10 years in the payment of their debt. The same forces come in here now

and undertake to saddle the \$252,000,000 this year and \$252,000,000 next year upon the backs of the farmers and the laboring classes of this country in the form of a manufacturers' tax.

This is the most un-American tax that has ever been proposed by the Ways and Means Committee.

Where were the great industrialists and the great financiers when we had under discussion the Reconstruction Finance Corporation bill? It provided an immediate appropriation of \$500,000,000, with power to float a billion and a half dollars in bonds, direct obligations of the Federal Government, whose life is to be one year, and may be extended by the President for two years, every dollar of which, if it is to be used at all, must be used in the next two years. Where were the proponents of this measure then? Not a word was said about balancing the Budget.

The Federal land bank bill carried an appropriation of \$125,000,000, \$100,000,000 of which was for the bondholders and the other \$25,000,000 to pay the costs on land suits that had already been begun, to be later charged to the farmers' installments, and to this very hour not one dime of that has gone out to the farmers in any reserve district in this country.

Talk about balancing the Budget. Why did we not talk about balancing it then? We have appropriated more than \$1,000,000,000 without having said one word about balancing the Budget until now; and now we propose to come in here and raise \$600,000,000, the principal part of which will be paid by those that earn less than \$1,500 a year.

The gentleman from Alabama made reference the other day to the demagogue club. You know, some people believe that if you vote for a high, prohibitive tariff, if you vote bounties and subsidies to the great manufacturing interests, to the railroads, to the insurance companies, or to the banking interests, or if you make loans out of the Public Treasury for these beneficent institutions, it is great statesmanship; but if you rise in your place and undertake to defend the people whom you represent, you are called a demagogue.

My friends, if it is demagogy to stand up for the rights of the people you serve, if to stand up for the farming interests and for the labor interests—if that is demagogy, I am pleased to be placed in that class. [Applause.]

Now, let us see something about our taxes. We have an excise tax placed upon luxuries. They are exempt under this proposition from any further taxation, and I think that may be right. We have a tariff tax, which is nothing but a sales tax in principle, which is always passed on to the consumer.

If the tax is not too high, and it permits imports, the Government gets the revenue. If the tax is too high, and it shuts the door to the importer, the Government loses the revenue and the manufacturer gets the tariff tax, but nevertheless the consumer pays it.

We have an income tax as the one great source of revenue. Here is the principle of the income tax: It proposes to place upon those, not so much those who are able to pay, but it places the tax upon those who receive the greatest amount of protection from the Government, and are taxed in proportion to the protection which the Government gives them.

The rates are to be raised in this bill to bring in about \$225,000,000 additional revenue.

They come here with the report that 40 per cent is about as high as you can go in income and surtax rates, because if you go higher it will drive business out, and people will not undertake to accumulate the funds whereby they may have a profit out of which to pay an income tax.

I rather think that after all 40 per cent is about all they feel they can pass on to the consumer, and if you raise the tax any higher it will come out of their profit and not out of the consumer.

Of course, those who are on a salary have to pay the tax, for there is no way to pass it on. Those engaged in business, however, those who own stock in corporations, out of which their private incomes are realized, gage the

prices to produce the revenue, and those taxes are passed on to the consumer wherever possible.

I repeat again, that the proposed 40 per cent is about as much as they can pass on to the consumer, and therefore they do not like to have the rate raised any higher. I would go at least to 60 per cent in the higher brackets, where the rates were during the war.

The sales tax, or manufacturers' tax, is the opposite of an income tax. It proposes, in principle, to tax those, not in proportion to the protection that the Government gives them, but it proposes to tax them in proportion to the protection that they give the Government. That is the difference between an income tax and a manufacturers' tax. [Applause.]

The sections in this bill exclusive of the sales tax propose to balance the Budget, with the exception of about \$600.000.000. In 1930 there were 6,152 people who had an income of \$100,000 or more with total earnings amounting to \$1,556,000,000. If they spent all of their earnings upon which the sales tax is levied, they would contribute to the sales tax about \$35,000,000. To go further, in 1929 there were 736,357 persons who had an income of \$5,000 or more and whose total earnings were \$10,198,000,000. If they spent all their earnings, their tax would amount to \$229,455,000. If they did not spend but one-fourth of their income, about the average amount for living expenses, this group would contribute about \$57,000,000, and that is only one-tenth of the amount proposed to be raised. That leaves nine-tenths of the taxes to be raised on other people with earnings less than \$5,000.

In other words, one-tenth of this tax is to be raised out of the \$10,000,000,000,000 of those earning the highest salaries and the other nine-tenths is to be paid by those whose salaries range less than \$5,000 a year, and most of them in the \$1,200 class. Let us see how this tax works. It proposes to levy 2¼ per cent. The manufacturer, in sending his invoice, including his profit, for \$100 worth of goods, will add on the bill \$2.25. The wholesaler, receiving an invoice for \$102.25, will invoice to his jobber after adding 15 per cent profit to the amount of \$117.59. He in turn invoices it to the retailer with 15 per cent profit added, at \$135.25, and the retailer, who sells to the consumer, will add a profit of 30 per cent, so that the total retail price will be \$175.80.

Without the pyramiding of the tax, the consumer's price on that invoice would be \$171.92. The tax of the consumer, then, instead of being 2½ per cent is 3.88 per cent. In other words, the tax will range from 2½ per cent to 10 per cent, depending upon the percentages of profits. But to break it up and bring it down to the items sold in the grocery and drug and other stores, an item which sells for 5 cents will have added to it by the retailer, to provide for the 2½ per cent tax, 1 cent making the price of the article 6 cents. That makes the consumer pay tax at the rate of 20 per cent. If the article sells for 18 cents, the retailer will say that he has a tax to pay, and instead of adding 1 cent, he will make it even money and charge 20 cents. In that case the consumer will pay a tax of 11 per cent.

I want now to read a few extracts as to how the industries and the consumers feel this will affect them. Speaking of the sales tax one man said:

It will slow down business, and if they attempt to make the manufacturers pay this tax, they will find it the finest weapon they could have selected to kill all business and to bring this panic to a complete success in the cessation of every line of industry or endeavor.

Another one says in this morning's mail:

The proposed manufacturers' tax will prove to be not economic medicine but economic deadly poison.

Another says, and this is from the producers' packing industry:

Therefore, it becomes apparent that unless lard, sausage, cooked meats, and canned meats are exempt from the proposed tax, the growers of hogs of this country will receive approximately \$10,000,000 less for their hogs and cattle than they would if the foregoing products were exempted.

There you have it. With a tax to be raised of \$600,000,000, two-thirds of the total amount will be deducted from the producer, from the farmer, from the orchards, from the cotton grower, and all the rest, which will average \$400,-000,000. Therefore the total tax extracted, instead of being \$600,000,000, will be a cold billion dollars. When you add to that the excess profits which the retailer will add because of the manufacturers' tax, the consuming public in America will pay about \$1,800,000,000. While the Government gets \$600,000,000, the other \$1,200,000,000 will go to the retailer, the jobber, and the wholesaler through the reduction on price of raw materials and excess profits on retail sales.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. PARSONS. Yes.

Mr. FIESINGER. As I understand it, at the end of the fiscal year 1933 there will be a deficit of about \$3,500,000,000?

Mr. PARSONS. That is including all of last year and this year.

Mr. FIESINGER. As I understand, up to and including the fiscal year 1930 the Government paid off some \$3,496,579,492 under the act passed in 1923 to provide for a sinking fund.

Mr. PARSONS. Yes; those are funded from time to time.
Mr. FIESINGER. Every year so much is paid off on those
bonds.

Mr. PARSONS. Yes.

Mr. FIESINGER. As I understand the gentleman, if we take into consideration the payments of bonds provided for by the act of 1923 and did not provide the sum to be raised by the sales tax, the Government would not be behind at the end of the fiscal year 1933 in our debt-payment requirements of the act of 1923.

Mr. PARSONS. If the gentleman will pardon me, I can not yield further, as my time is limited. In order to bring this down to how it operates upon the farmer and upon the laboring man, let us take a concrete case and see how the tax will apply, and if it is once adopted, as has been prophesied here on the floor of the House, I think we will never get rid of it. Let us say that two children in the same community discover America. Their names are John and Susan. At the time of that discovery they are wrapped in swaddling clothes that are taxed with a sales tax. A few weeks of age, when the father has to carry them across the floor in the colicky hours of their growth, we find there is a tax upon the paragoric that is administered to them. They grow up and go to school, where they sit at desks that are taxed, and their pens and pencils and ink and paper are taxed. The only thing not taxed in that schoolroom is the bare textbooks. If in the library there are placed books for the perusal of those children, and if in the hours in the evening they seek, by the side of their fathers and mothers, to find out something about the outside world, they are still taxed if they purchase one of those books. Their shoes and their stockings, their buckets and dinner pails-every item they use and wear is taxed. When they sit down to eat at the table at night, every item of food that is sold in air-tight containers or in canned form is taxed.

They go on through childhood and grow up, and John and Susan decide to get married. After the marriage ceremony they decide to build a home, and on the lumber that goes into the house every stick is taxed. The nails are taxed. All the carpenter tools and instruments are taxed. The paint that goes on the outside of this structure is taxed. When they begin to furnish the house, the beds and bedding, the dressers and bureaus, glasses, chairs, tables, cabinets, stove, dishes, everything, including the kitchen utensils, are all taxed. But John and Susan work hard and pay the tax and get along. John goes out to farm. On all the harness he buys he must pay a tax. Every piece of farm machinery is taxed—the binder, the mower, the hayrake, the harrow, the cultivator.

So it goes on, year after year, year after year, according to the prophecy that has been made here that the sales tax has come to stay. Toiling, rejoicing, sorrowing, "Onward through life John goes, each morning sees some task begun, each evening sees it close; something attempted, something done, he has earned a night's repose," until at last he is gathered to his Father. The embalmer is called, and with taxed instruments he forces the taxed embalming fluid into his veins. The mother and children go down to select some of the things to put John away, and upon every stitch of clothing, upon the casket, and even upon the flowers that are furnished for the funeral a tax is paid.

The next morning, having placed John in his casket, bedecked with taxed flowers, they place him in a taxed hearse, and he starts on his last journey to the little church in the wildwood and there, on a taxed instrument, they play soft music, while the procession files into the church house. Thank God, on the things inside of the church, with the exception of the instrument, there is no tax.

And while the pastor waxes warm on the good deeds John has done and the good life he has lived, they are busy in the cemetery, with taxed pick and shovel and spade, preparing the grave for John. He is carried there and laid in his last resting place.

A few months later a taxed monument is raised to his memory, and on it is inscribed these lines:

Born on this earth was one John Brown; his lot, like ours, was up and down.

In duties he was never lax; his bane in life was heavy tax,

In duties he was never lax; his bane in life was heavy tax, From swaddling clothes of babes in arms to all that goes to make life's charms.

Awake, asleep, 'twas always here, it kept him in a constant fear And followed him throughout life's path; and this his choice of epitaph:

epitaph:
"He was taxed on boots, was taxed on shoes, was taxed on suits

and taxed on booze,
Was taxed on booze,
Was taxed on booze,
Was taxed on everything
that grows

that grows.

A tax attacked him when he was born, attacked him till he felt forlors.

If they increase, as in this bill, it won't be long until they will Impose a tax on growing corn and on the toots of Gabriel's horn."

[Applause.]

And the proponents of this bill exclaim great is the sales tax.

Yes; I am willing to balance the Budget. The Budget estimates submitted by the Bureau of the Budget have been slashed \$114,000,000. If the country is in such dire condition, let the President through his Budget Bureau, recommend further reductions. This he should have done last December. If the President is sincere in his desire for economy, if the leaders of both parties are sincere in their effort to effect economy, let them prove it by the recommendations which they make to the House. I, for one, am willing to slash appropriations to the bone; slash salaries and effect a balance of the Budget through that avenue rather than the levy of a sales tax. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, it has been stated several times that it requires no nerve to vote for an appropriation and against a tax bill. That argument is entirely unfair. It is a demagogic argument and is generally used when there is lack of good sound arguments. I do not approve of it. I realize that it is not considered good business for the Government to spend more money than it raises in revenue, but these are abnormal times, and, of necessity, a great many of the principles of good business are not applicable.

The gentleman from Indiana [Mr. Woon] on several occasions on the floor of this House has stated that the crisis we are facing to-day is comparable with the period of the World War; that it is more of a crisis than we were in during the World War. I heartily agree with him as to this. But we found this to be the case during the World War: There was an abundance of purchasing power in the country. There was a market for all agricultural as well as all manufactured products. To-day the purchasing power of our people is at a low ebb. There is practically no market for either agricultural or for manufactured products. To further reduce that purchasing power to the extent of \$600,000,000, as proposed by the Committee on Ways and

Means in this revenue bill, by imposing a manufacturers' excise tax, which is a sales tax in disguise, at this time is not only folly, but it would do nothing more than aggravate the present deplorable condition.

Now, what are the causes of present conditions?

Are they brought about because our people are not as optimistic as they should be and do not see prosperity right around the corner? Is it because occasionally we have not balanced our budgets? Is it because we have hoarded money? No, gentlemen; those are not the causes, although they may have been contributing causes. The real, basic cause is that our people to-day do not have purchasing power. They have not even the ability to buy the barest necessities of life.

And how was this brought about? When the war began the first people to feel the rise in commodity prices-and I am not talking about those people who were fortunate enough to be able to manufacture munitions of war, because that is extraordinary; they were saved the one big item in putting a product upon the market, namely, the advertising and sale of that article to the public, so that is abnormalbut the people who first profited by reason of the rise in commodity prices were the people in the agricultural districts. The first season they made very substantial profits without any material increase in their overhead. Then after that, being thrifty people and because the Government encouraged and demanded that they produce to capacity, these people put more acres under cultivation. They improved their buildings; they improved their machinery, and they did produce to capacity. In order to do this a great many of them were compelled to go to the banks and borrow the money with which to make the necessary improvements. They produced during the period of the war and they showed a real profit during that period. Then all of a sudden the war was over and the first people to feel the drop in commodity prices were the same people in the agricultural districts, and they were the first people to feel deflation. Things went on for a year or two and then their mortgages became due at the banks. A great many of them could not meet their payments. In 1921 and 1922 the farming industry went into a slump. Farming has been paralyzed ever since that time and farmers have had no purchasing power to speak of.

In the industrial centers we find there was prosperity during the period of the war. Even though commodity prices did rise, there was an abundance of work for all people, and following the war that prosperity continued by reason of construction that was deferred during the period of the war. Speculation was rife. The ball was rolling. Then when construction got back to normal and business began to fall off, people all over the country were brought to a realization of the fact that agriculture had been without purchasing power since 1922. So we find ourselves in this terrible depression, brought about mainly because of that fact.

There are other causes which have aggravated it—monopolistic control, to a large extent, of the production and distribution of a great many of the things we have come to deem the necessities of life.

To further reduce our national purchasing power now, is folly, gentlemen. In this bill it is proposed to levy a manufacturers' excise tax to the extent of \$600,000,000. Now, gentlemen, the tax is going to amount to a great deal more than \$600,000,000 before it is paid by the consumer. That has been our experience with taxes of this kind. In the highly competitive fields you will find that the tax is going to be absorbed by the producer who now receives very little for his product. In the fields that are not highly competitive it is going to be passed on not only to the consumer but also to the producer, and, in reality, instead of reducing our national purchasing power to the extent of \$600,000,000, gentlemen, I believe it would be conservative to say it will reduce the purchasing power of our people to the extent of at least \$1,000,000,000.

I am heartily in favor of that feature of the bill which raises the taxes on incomes. I would be in favor of raising those taxes more than you have raised them in the brackets of \$10,000 and above, because I believe that is sound in theory; it is basically sound, because if an individual or a corporation has, the ability to show a considerable profit, then, gentlemen, that individual or that corporation is able and should be willing to pay the tax. Those individuals and corporations which do not make a profit are not able to pay and do not have to pay a tax.

Where is the demand for this sales tax to balance the Budget, gentlemen? Does the demand come from the farmers who at the present time are practically without purchasing power and who in many cases can not even pay their taxes? Does it come from the laboring man, millions of whom are now working on part time and can not even buy the necessities of life? Or does it come from the 8,000,000 men who are out of work walking the streets to-day? I would like to know who is demanding that we balance the Budget at the expense of the farmer and the workingman.

Balancing the Budget did not seem to mean a great deal, gentlemen, when we were talking in terms of moratoriums and when we were talking in terms of the Reconstruction Finance Corporation. You did not talk about the saturation of the bond market when you authorized the issuance of \$1,500,000,000 worth of debenture bonds under the Reconstruction Finance Corporation.

We say that we are now facing a crisis similar to that of the World War, but at the time of the war there was no cry of the necessity for balancing the Budget. At that time there was no objection to issuing bonds to meet the crisis. There was no cry to balance the Budget during the last session of Congress, when the Treasury showed a deficit of \$903,000,000. Now, suddenly, there is the cry that we must make up this deficit, which has been accumulating over a number of years, by a program of exorbitant taxes in just one year, and to make matters worse the bill is to be paid by those who are least able to pay. It is to be taken out of the purchasing power of the farmer and the workingman.

I say to you, gentlemen, that I am in favor of striking out of this bill such obnoxious proposals as the sales tax disguised as a manufacturers' tax. I favor striking out the tax on theater admission of 50 cents or less and I favor striking out the tax on such food products as will reduce the price paid to the farmer who produces such products.

I believe that the deficit should be made up by a program of moderate taxation over a period of years, such program to include an increase in the tax to be paid on incomes of \$10,000 and over. I favor the issuance of Government bonds to cover such immediate needs as the Government may have.

Such measures will preserve our national purchasing power at this time; we dare not further decrease our national purchasing power by the amount which is called for in this bill. [Applause.]

Mr. HILL of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. McMillan].

Mr. McMILLAN. Mr. Chairman, I have asked for a few minutes during the consideration of this bill to make what I conceive to be a few essential observations on certain changes that in my judgment will benefit the proposed legislation. I am not going to undertake at this time to pay my respects to the committee that has had this bill under consideration, because that has already been done. Every one of us knows the work, the effort and the consideration necessary for this line of legislation, and the labor that is incident to its preparation; but, my friends, tax legislation is always a burden.

As has already been stated on the floor, and I join in the sentiment, none of us has any great pleasure in voting for tax bills. I am guilty, perhaps like many other Members of this House in the years that I have served here, in voting appropriations for one object or another; but we must not forget the fact that when we rise here in our seats and vote for appropriations, it is only natural that we must at some place find the money to put in the other end of the barrel. This is a condition that has brought about the situation here at this time.

The Treasury is running with a deficit; and as Members of this House—certainly as I see it and as I appreciate the duties of my job—we have got to have the courage and the manhood to stand up here and take care, first, of the Government of the United States, which every one of us has sworn to uphold.

My friends, with this in mind, and with a solemn obligation, as I see it, on the part of the membership of this House, I am prompted to stand up and support this bill at this time; but there are a number of provisions in the bill which I think can be improved.

First, there are the exempt articles under section 602.

This section refers, generally, to various articles of the farm. You will find here farm, garden products, fertilizer, and such grades of articles as are used chiefly for fertilizers, garden and field seeds, bran and shorts, and various other things. In subsection 5 of this section you will find where meat, fish, poultry, fresh, dried, frozen, chilled, salted, or in brine; and in subsection 6 you will find where bacon, hams, pig shoulders, and pig jowls, and so forth, are all exempt if they are not in air-tight containers.

Gentlemen, my conviction is that in this bill every line and every kind of food product ought to be exempt, without any exception whatever. [Applause.] It does not make any difference to me whether it is raised on the farm, or whether it is a dairy product, or whether it comes out of the sea, or whether it is grown in the air, if it is a food product it ought to be exempt under this bill.

In subsection 6, we have bacon, hams, and pig shoulders exempt, whereas canned foods are not exempt.

By nature alone, nature has given us advantages whereby we can take a ham, for instance, and smoke it and throw it in a sack and that ham will be preserved for an indefinite time. Unfortunately, this is not true of a tomato or an oyster or a shrimp. Nature has not been quite so nice to us in that regard. Why make any distinction so that in the case of a ham or a pig jowl, they can be exempt, and yet in the case of the tomato or shrimp or salmon, which are perishable foods, there is no exemption? Let us be consistent about this matter. This is my attitude about this provision of the bill.

Mr. GOSS. Will the gentleman yield there?

Mr. McMILLAN. I yield.

Mr. GOSS. I would like to call the gentleman's attention to page 263, subsection (j), where it says-

The term "farm products" means agricultural products in the broadest sense, not processed by any person other than the original producer thereof, or an association of such producers, organized and operated on a cooperative basis.

I take this to mean that a man or an association or a cooperative could even produce canned farm products without being taxed, but not the individual.

Mr. McMILLAN. Very true.

Mr. GOSS. And this shows another inconsistency with respect to this food proposition.

Mr. McMILLAN. Exactly. Why exempt the cooperatives?

Mr. GOSS. That is it, exactly.

Mr. McMILLAN. Why exempt such an organization? It is the food that I am interested in and not so much the organization or the concern that processes it.

Mr. FIESINGER. Will the gentleman yield?

Mr. McMILLAN. Yes. Mr. FIESINGER. Would the gentleman exempt the containers too, the bottles and all those things?

Mr. McMILLAN. No; I am not after the containers. I am not after the cans. That is a manufactured product.

Mr. FIESINGER. The gentleman is in favor of the tax on cans?

Mr. McMILLAN. I am after the food that goes into them. I am after the food and I am after trying to take care of the man who must spend his money to buy the contents of that container, the food or the necessity of life. That is what I am interested in.

Mr. LAGUARDIA. And no matter who manufactures it? Mr. McMILLAN. No matter who manufactures it, I am interested in the consumer. Why, my friends, you take a can of peaches, at 9 cents a can. That is a luxury to many

a family in this country. That family can not go out and buy fresh tomatoes or fresh asparagus. They buy them in a container, with the sugar as sweets that is so necessary to life.

Mr. PATMAN. We can not let the bars down for one and not for others. How about the purchase of a suit of clothes?

Mr. McMILLAN. I can go out and buy a suit of clothes for \$100 and another man may go out and purchase one for \$20. There is a latitude there. I am talking about an actual necessity-food.

Now, let us look at it from the standpoint of my country in the South, where for years and years we planted cotton, cotton; and here a few years ago we were pleaded with to cut out planting cotton, that we were raising too much, and plant something else, diversify the crop, and we did. We went out in my State and other Southern States to raising vegetables. We raised products that were perishable. What happened? The canner came along and took care of the very thing that we were trying to do, and now the farmers are being penalized by this kind of legislation. If you are going to pit a tax on the products raised by them, I say it is not fair. [Applause.]

Here you have hams and pig jowls, perhaps raised by the same man that raises the tomatoes, cabbages, and cucumbers, and other things.

[Here the gavel fell.]

Mr. HILL of Washington. I yield the gentleman five minutes more.

Mr. McMILLAN. Now, there is another element more or less personal with me that I am talking about here. I represent a coastal section of the country. Down in South Carolina there are oyster canners and shrimp canners, and those industries are operated all along the Atlantic coast of this country. I presume that on the west coast there are salmon canners. Now, I said a moment ago that you can smoke a ham, throw it in a sack, and that will be preserved by nature. The man who has got a ham is benefited to that extent, but that is not true of the oyster or the shrimp.

In the interior sections of our country they do not know, in many instances, what an oyster or a shrimp is. What are you going to do to these people who secure oysters or shrimp in cans? They never get one unless it is in a can, and it is not fair to tax them.

In subsection 5 you have meat and fish and poultry, fresh, dried, frozen, chilled, salted, or in brine. That is all right: you exempt it. But mackerel comes out of the same kind of a stream, salt water, to say the least, that the oyster and the shrimp does. In the case of the mackerel, you exempt it, and the shrimp and the oyster you do not. Let us be consistent—that is my attitude about it.

There is one other question I want to call attention to, and that is the matter of the admission tax. I am undertaking to the best of my ability to support this bill. Let us take the great mass of boys and girls in this country. They go to school from Monday through Friday, and during that time they save their nickels and dimes in order that they make take in a moving-picture show at the last of the week. That is true in my case. I have five boys. Four of those boys are in school. I know that on every Friday night those boys are interested in going to a moving-picture show.

The boys and the girls throughout this country take much pride in saving in order to take in a moving-picture show on Friday or Saturday night. That is a great joy and a pride and a comfort to the fathers and mothers in this country. I submit that the exemption of only 25 cents for admission for that sort of a tax is entirely too low, and that the exemption ought to be raised at least to 50 cents.

I hope the committee in its executive sessions during the mornings, before the bill is taken up for amendment under the 5-minute rule will take these matters into consideration and offer amendments on the floor to exempt all kinds of food, irrespective of what it is or where it is raised, and raise the exemption on theater ticket admissions.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. DOUGHTON. Mr. Chairman, I yield now to the gentleman from Georgia [Mr. PARKER].

Mr. PARKER of Georgia. Mr. Chairman, in the very beginning I want to state that I am opposed to this tax bill. As I listened on Saturday to the Hon. George Huddleston, the gentleman from Alabama and the erstwhile president of the Democratic Demagogue Club, plead for the passage of the nefarious measure, I was wondering if some substitute might not be offered that would save the country and at the same time unhand the man of average means in America who is being choked to death by those who contend that it is disloyal to stand here in this House of Representatives and beg mercy for the downtrodden.

I resent the inference that I am not loyal to my country because I will not vote for a sales tax on the necessities of life or for a protective tariff that is called a tax on oil. I have proven my loyalty to my country by leaving home, family, business, and friends in 1917 and going with the flag of our country—the Stars and Stripes—as a volunteer to Europe, and by following that flag for more than five and a half years.

I would like to follow the lead of such men as the gentleman from Alabama and others who believe as he does, but until they get closer to the people I can not do it.

I can not go back to Georgia and tell those honest sons of toil in my district that I voted to tax the overalls with which they hide their nakedness as they plow the soil of my native land. I can not tell them I voted to tax their cotton socks, their brogan shoes, and their wide-brimmed hats that protect their brains from the summer sun.

Will George tell his poverty-stricken friend down in Alabama that he voted to tax the cotton clothing that his overworked wife bought for the newborn baby? Will he tell him that he voted to tax the cradle that rocks it and the baby carriage in which it rides?

And if perchance the Angel of Death has visited the home of one of his esteemed friends and has taken from him the wife of his bosom and the mother of his children, will he tell him that he, George, voted to tax the medicine that failed to keep her alive and the shroud she wore on that last long journey from which no traveler returns? Will he tell him that he voted for a tax on the casket in which she was laid away? May God forbid that I shall ever have to answer such questions in the affirmative. I say with all my heart, "Let George do it."

When did the Democratic Party first subscribe to the doctrine of the protective tariff, about which they have raised such a row since the time before I was born? Vote for it? No. Not until the "sun grows cold and the stars are old and the leaves of the judgment book unfold."

I am too well trained in the principles of Democracy to do that. Call me unpatriotic if you will, or a demagogue, or an obstructionist, or a what not. My reply is a warning to you who know better and who should do better, and it may be summed up in the following quotation:

Vice is a monster of so frightful mien As to be hated needs but to be seen; Yet seen too oft, familiar with her face We first endure, then pity, then embrace.

Those who advocate the passage of this bill say foodstuffs shall be exempt from taxation, but if the same food is canned in order that it may be preserved and kept for use at a more convenient season, it must be taxed. Vegetables and fruit that my people have in such great abundance at certain seasons of the year are not to be taxed, but if the people are thrifty and save some of it for a rainy day, that portion of it that is preserved must be taxed.

When I think of the suggested tax on the movies I wonder if the daddies in this country are going to be able to stand the high cost of living and the boys and young men the high cost of loving. No doubt all of you have heard the old song "Take your girlie to the movies, if you can't make love at home." I wonder if this Congress wants to destroy this avenue of relief for pent-up affection.

avenue of relief for pent-up affection.

"But," say they, "what do you offer as a substitute?"

I am going to make a suggestion, but I fear it will not be adopted. I believe the Budget should be balanced as early

as possible, and my plan will save more money to the taxpayers of the country than the objectionable forms of taxation provided for in this bill will produce. Despite the fact that I voted against the foreign-debt moratorium and \$450,-000,000 of the Reconstruction Finance Corporation appropriation, I will vote to cut every appropriation to be made by this Congress, my own salary included, 25 per cent, and that will save the \$702,000,000 of the people's money that you fellows who now pride yourself on your loyalty donated only a few short weeks ago to foreigners and big business while you were then boasting of your generosity.

The President cracked his whip and you jumped. The cracking of the little pop whip of the people of America can be heard at this very moment in every nook and corner of the United States. Do you hear it? Will you heed?

Mr. DOUGHTON. Mr. Chairman, I now yield 15 minutes to the gentleman from Alabama [Mr. Patterson].

Mr. PATTERSON. Mr. Chairman, it is not a very envious position that I find myself in in rising to oppose this bill. I am glad that I can do so without going to the extent of some who have spoken in charging others who disagree with them with being demagogues and imputing to them unfair and unpatriotic motives. I can present my views without that. I think there is no man more deeply sincere in respect to his position in reference to this bill than I am. I oppose the sales tax provision for three reasons. First, because I believe it is the wrong principle of taxation. Next, because it adds an undue burden to that class of people who are already overburdened with taxation. Third, it is an admission that we accept the condition which the country faces and the standards of living that have been forced upon us as permanent and think there is no way around it. In doing that we seem to admit that there is no hope. When we pass this tax bill this Congress accepts the conditions that we have now and admits that it is its belief that there is no way of ever returning the country to prosperity, when the farmers and the other classes of our people may have an income sufficient to purchase the necessities of life and live in the way that Americans should and produce wealth, so that they can pay taxes in the American way, rather than have this oppressive, unjustifiable manufacturers' sales tax levied upon them. I oppose it with all the energy, power, and sincerity I have.

Now, I do not think there is any man in the House who has a higher regard for our Committee on Ways and Means than I have, and I am under deep obligations to the committee, and I have tried to let each one know how strongly I have felt this, and this is especially true of the acting chairman, who has rendered me many kindnesses and favors, and I can not refrain here from acknowledging my personal obligations to this committee and our acting chairman, Judge Crisp. I commend their splendid spirit of patriotism. I believe there is a better way to balance the Budget and return the country to prosperity than by laying this billion dollars of tax on the people of this country at this time, especially the sales tax. Such a tax as that in my judgment is un-American.

I think the most important things to do to-day is to return the country to prosperity and give the people a purchasing power. There is no chance of bringing the country back to prosperity and the conditions in 1926 without giving the people purchasing power. The farmer, laborer, and every other person who toils for a living needs purchasing power to-day. You can lay all the taxes you want to and back up big business with your finance corporations, and your foreign moratoriums, but you will never reach the heart of the thing until you bring the great mass of the people back to producing income, so that they can purchase the necessities of life. This bill will not do that.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield? Mr. PATTERSON. For a question.

Mr. BOYLAN. Will the gentleman tell us what his remedy is to do that?

Mr. PATTERSON. I am fixing to give something in a moment that will solve our problem. For instance, one thing that I would suggest is a bond issue, to put on a constructive program of public works, a public-improvement program, so that the people of this country, the laboring man and other people, would begin to earn and buy the manufacturers' product. This would stimulate business all along the line. I introduced some bills at the opening of this Congress calculated to do this and others have been introduced, and I believe more and more people are coming to realize the need of this kind of a program.

Then I would raise income taxes in the higher brackets much higher when we get to the million-dollar class than this bill does. In an emergency like this I would go to the war-time rate or higher.

Then I would bring about a limited expansion of the currency to stabilize the purchasing power of the dollar at or near the 1926 level and guarantee bank deposits and we should get some results.

Another thing would be to issue bonds and pay the soldiers' bonus. That will give more purchasing power to our people and discharge a debt we owe and is more urgent than paying the surplus we have on the national debt.

I want to call attention to what some of these people have to put up with now. The laboring man's wages, for instance, are \$10,000,000,000 less than they were a year or so ago. There is no use getting around it. And in this bill practically every article of food which the laboring man has to purchase is taxed. Some of the farmer's food is exempt. If he produces it at home he will not have to pay a tax on it, but practically every article of food a man buys in cans will have this tax. All of his clothes and things like that are taxed. It will be more than passed on. I do not think any man will fool himself by believing that this tax-call it a manufacturers' excise tax if you want to: it is that and more. it is a sales tax—with the incompetence that big business has shown in dealing with the conditions of this country and the power they have by monopolies and mergers, do not think for once this tax will not be passed on. They will not only pass on this 21/4 per cent, but they will more than pass it on. Our working people will have to pay it. Many of our people are without wages. Some of them are on half time. Practically none of them have the income which they had back in the days of prosperity. The income of the farmer in my State to-day is less than \$300. Much of his food will be taxed. All of his clothing, all of his farm implements will be taxed under this bill if it becomes law, which I hope it will not. These farmers and laboring people as well as the professional and small-business people are the great patriotic class of people which is always called upon when the country is in an emergency. The professional class of people, who live out of cans, people who live in the cities will be affected in practically everything they purchase-clothing, food, and all their amusements, and everything.

This bill will encourage the forming of trusts and mergers. We have already had 12 years of formation of great trusts and mergers. Not only bread trusts but various other trusts to raise the price of articles on the people. The incomes of the people have become less and less.

These great trusts have held up the prices of everything that these poor people have to buy. This will encourage more mergers and monopolies, because they will all want to get together so that they can pass it on to the consumer. I know that some differ with me on this proposition, but I feel that time will show I am right. I am perfectly willing to be called a demagogue if people choose to call me that because I am against this bill, because I am convinced that whenever this bill is passed, which I do not believe it will be, and this burden is passed on to the consumer, nothing could be done in this country that will retard the recovery of business and the recovery of the earning power of the people more than this bill.

We hear all this talk about balancing the Budget. I believe it is important to balance the Budget and think we should proceed to do that gradually and reasonably. I want to say one other thing. What a fine example we have to follow in following the people who advise us to balance the Budget and give all these estimates.

We are told that the fiscal year of 1931 ended with a deficit of about \$900,000,000. I am sure I am not mistaken when I say we are told that. How many of you remember in December, 1929, this same group that is advising this bill now, brought in here through the Ways and Means Committee a tax-gift bill? I will not respect it by calling a taxreduction bill. It was a tax-gift bill. The Under Secretary, who indorses this bill, who recommends this bill, with his chief, sent up here a bill giving back a portion of the taxes on incomes which were collected during the calendar year 1930. One-half of those collections were in the latter part of that year, and it was in the fiscal year 1931 they claimed they could afford to give this money to those who least needed tax relief. It would not do for me to say what I think of such a measure which turned out to be such a farce, and I will say a disgrace. They said the Treasury would stand that reduction of income taxes. Less than 25 Members opposed that; some of the Democratic Members on the Ways and Means Committee took the floor at that time and spoke for that bill and led us up the mountain toward the celestial city where we could view what they called the delectable mountains, and I challenge any man now to get up and say that it was sound legislation. That was the same group we are following to-day in this tax bill.

Here we were passing the Reconstruction Finance Corporation bill, the moratorium, and all these appropriations, and none of this group said anything about the large deficit we were going to have at that time. No. We were going to pass this bill and provide this money to loan the railroads and other big financial institutions, and you are obliged to admit, whether you call that sound legislation or not, such legislation by any government is an admission that something is wrong somewhere, and no one can defend such legislation as that.

In this bill, in spite of the fact that the laboring man's can of sardines is taxed, the farmer's plow and the plowstock and his cultivator and all those things are taxed, we find the newspapers, with all their big advertising and their leased wires, and so on, still undisturbed.

I was very much amazed at my good friend the gentleman from South Carolina a while ago, when he made a roaring speech against this bill, after saying he was going to vote for the bill. He got down here and did not find a single thing worthy of speaking for. He was speaking against it all the time.

I am glad if anyone wants to call me that; I am glad I can be called a demagogue when I am defending what I believe to be the great masses of the people of this country. I shall fight on and oppose this bill to the last, and I believe that enough Members can be found here to defeat it and strike out those iniquitous provisions which lay such burdens on our people as have never been laid before either in war or peace. It is indefensible, and I appeal to all those who believe in an American system of taxation to join in the defeat of this bill and raise the taxes with higher brackets on income and estate and gift taxes.

Those 30,000,000 farmers whose incomes are only about \$6,000,000,000 will pay three or four times as much in percentage of their incomes under this bill as that great wealthy class which we hear about. We have been told that 10 per cent of the people own around 90 per cent of the wealth of this country, and if they can get a bill passed like this and get a principle of taxation established like this in this country, of course, they will rejoice, because it will be just the beginning. It will be like that bill which was sent up by this same group last session. Some of you may not remember it, but it was offered during the last days of the session by the Ways and Means Committee, and that bill would have permitted Andrew Mellon and that group to take all of their money and put it in Government bonds and be free of the surtax or any taxes. You could not tax them a dollar under the surtax on anything-city, county, or State. That is the same group that is leading us to put this tax on the American people at this time. As I say, in my judgment it will retard business and cause a most unbearable burden on our people. It will reduce the earning power and the purchasing power of the farmer and the workingmen of this country, and it will cause us to be longer and longer in this depression.

Let me say again that when this Congress accepts this principle of taxation it will aid only the wealthy. They talk about courage. I tell you we should have more courage in being willing to do something to start the wheels of industry going in this country. We should not aid these great big corporations and financial institutions, who have brought this condition on the country and neglect the workingman and farmer. They have brought it on the country more than anyone else.

I challenge anybody to get up here and say that the big financial institutions of this country are not responsible for our present situation. I say that if they had done their duty, we would not be in our present situation, and there would be no necessity for the proposal of such taxation.

Mr. PATMAN. Will the gentleman yield?

Mr. PATTERSON. Yes.

Mr. PATMAN. Has the gentleman taken into consideration the fact that we were led to believe that England could not pay her part of the \$252,000,000, yet this week we were astonished to learn that England had paid to the international bankers in New York City \$150,000,000.

Mr. PATTERSON. We were led to believe that none of them could pay, but when we come to dig it up I think we will find that most of them can pay. I think some of the investigations carried on by the Senate have shown just where the international bankers have had their hand in these matters and how they have brought about this condition. They sold these securities to the small banks and got their profits out of them, but, of course, the small banks had to take the loss. Of course, they wanted to do all they could to keep their credits and collect what was due them. [Applause.]

I sincerely hope enough Members of this House can be found to save the masses when this comes up for vote. Our people are depending upon us. They can not have lobbyists. With me they need none. I hope we can all meet to challenge and save our people. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Bankhead, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

# EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert a short radio speech made by Otis Wingo, jr., son of the late Otis Wingo, a former Member of this House, and Mrs. Efficiene Wingo, a Member of this House at this time.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. STAFFORD. Mr. Speaker, that is a very dangerous precedent, and at this hour of the day I object. The matter can go over until to-morrow morning, when the gentleman from Massachusetts [Mr. Underhill] will be present.

# PROHIBITION

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my own remarks on the resolution to discharge the Judiciary Committee from the further consideration of H. J. Res. No. 208.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARLAN. A number of Members who are privately most heartily in sympathy with the purpose of the proposed resolution, to resubmit the eighteenth amendment to the vote of the people, have stated that they do not intend to vote for its consideration at this time for the reason that they

would prefer some other form of resolution. It is difficult to see how such a reason for not voting favorably to this resolution can be construed by the people of the United States as anything else than a subterfuge. Nor is it at all surprising that Members chiefly on the Democratic side of this House have been reticent to vote for this measure, where so many of our Members at least consider themselves to be in districts opposed to reconsideration of this amendment. These Members have used every argument to prevent other Democrats from voting for resubmission, the most cogent one being that in view of the present complexion of another legislative body it is unbelievable that this resolution could pass at all, and it is unfair to require Members seeking reelection to lose friends on a moot question. This argument has undoubtedly dissuaded a great number of those on the majority side from voting for consideration.

This question is one affecting the whole United States and not a particular congressional district; it is one to which the people of the United States are looking to this Congress for encouragement, and it is one which will probably more than any other affect the destinies of the Democratic Party in 1932. Ordinarily we would all be inclined to make the pathway of our colleagues representing an allegedly dry district as smooth as possible, but it is my intention to discuss this question frankly and from a purely political viewpoint, relegating for the moment the very serious economic and governmental questions which are also involved.

For the last 10 years the Republican Party has kept itself in power by keeping the control of the northeast section of the United States. They have kept control of that section by virtue of their tariff policy and because they have been able to tell the antiprohibition followers there that the Democratic Party with its dry incubus in the South will be wholly unable to afford any relief on the question of prohibition, and that they, the Republican Party, at the opportune time, will see that the rigors of prohibition are obliterated.

This same party has also worked hand in hand with the dry forces, accepted their political and financial support, and pretended to deliver rigorous support of the prohibition laws. Thus by holding the antiprohibition forces, who are for the most part for high protection, and the prohibition forces together, the Republican Party until 1930 was able to keep itself impregnable. At that time the collapse of the Republican tariff policy enlightened the antiprohibition voters, who turned to the Democratic Party, and as a result that party changed from a hopeless minority into a majority party in this Congress.

It is up to us to decide by our showing in this Congress, and at the national convention at Chicago, whether we contain the force within our party to consolidate these elements that have come to our support, or whether we shall again be relegated to an opposition minority roll. If by our action in this Congress we verify the statements which our Republican opponents have given, that they alone are the true antiprohibition party, we may now and for years to come say farewell to the support of the populous sections of this country.

We have no choice on this issue from a purely political viewpoint. If the Master Himself, reincarnated, were to be nominated at the head of the Democratic ticket on a strict prohibition platform—assuming that He could be persuaded to abandon His teachings and submit to such a program—the dry forces of the United States would still vote for Herbert Hoover for President. Out of ordinary gratitude they could do nothing else. So the choice left for the Democratic Party is, will it accept the support of the antiprohibition group or will it drive those forces to their former alliance with Republicanism?

But, you say you do not like the present resolution, and neither do I, although I shall certainly support it if a majority of this House do not agree to amendments which I believe proper. However, the time to consider those amendments is after this resolution, to call the proposed resolution up for discussion, is passed. May I read this resolution?—

Article XVIII of the Constitution is hereby amended so as to read:

"The Congress shall have power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, and the exportation thereof from the United States and all territory subject to the jurisdiction thereof, for beverage purposes: Provided, however, That such thereof, for beverage purposes: Provided, however, That such power shall not be construed or applied to abridge or deny the right of any State to authorize and regulate the manufacture. right of any State to authorize and regulate the manufacture, sale, transportation, or use of such intoxicating liquors wholly within the borders of such State; and such power of regulation or any power of the Congress to regulate interstate and foreign commerce shall not be construed to empower the Congress to authorize the shipment, transportation, or importation into any State of intoxicating liquors for beverage or other purposes, whenever the manufacture, sale, transportation, or use of such liquors has been prohibited by the laws of such State; and any such shipment or importation of intoxicating liquors into such State in violation of its laws is prohibited, and any such shipment or importation shall be subject to the laws of the State upon its portation shall be subject to the laws of the State upon its arrival therein."

Primarily I do not like the proposed resolution because it does not specifically contain a clause repealing the eighteenth amendment. It is merely a proposed amendment, to the eighteenth amendment, and leaves the original eighteenth amendment in the Constitution. This seems to me to be a palpable surrender of principle, to political expediency, and by retaining the eighteenth amendment in the Constitution we are continuing needlessly many of our present evils. Needlessly, because there is no voter who will vote for the proposed resolution who would not also vote for the repeal of the eighteenth amendment.

I should therefore strike out the words "Article XVIII of the Constitution is hereby amended so as to read" and add at the end of the resolution, section 2, "The eighteenth amendment to the Constitution of the United States is hereby repealed."

The courts have recently held that the eighteenth amendment is self-executing. That is, it does not necessarily require legislation to give it effect, in so far as it can become effective without legislation. See Ahlberg v. United States (271 Fed. 661), and Rhode Island v. Palmer (253 U. S. 350). The Beck-Linthicum resolution is merely an enabling provision allowing the Federal Government to pass resolutions and punitive laws, in the event the States do not pass these laws. But the States are nowhere granted authority to override the provisions of the eighteenth amendment. Therefore, the eighteenth amendment, in its self-executing power, will still declare the traffic in alcohol unconstitutional and will seriously jeopardize the validity or civil contracts even though the States do provide that the traffic in alcoholic liquors is not criminal.

Also the Beck-Linthicum measure authorizes a State to prohibit the transportation of beverages through that State. from one antiprohibition State to another, thus enabling Kansas to prevent the brewers of Missouri from shipping beer to Colorado, through Kansas. This, I submit, is little less than an absurdity. I therefore believe that the following clause should be added to the first paragraph of the Beck-Linthicum resolution: "Provided further, That the provision of clause 3 of section 8 of Article I of the Constitution of the United States is unaffected by this amendment as pertaining to shipment of all commodities through a State to a consignee beyond the borders thereof."

Furthermore, the Beck-Linthicum resolution perpetuates the fundamental error of the eighteenth amendment in that it includes a statutory provision which is not a part of the basic law. It perpetuates forever in the Constitution the Reed amendment to the Webb-Kenyon law. This may be the most wise and equitable law conceivable by the human mind. but it is nevertheless a law and should not be included in the Constitution. It is not necessary, because it is already part of the statutes of the United States. I would, therefore, strike out the following clauses at the end of the Beck-Linthicum resolution: "And any such shipment or importation of intoxicating liquors into such State, in violation of its laws, is prohibited."

In the event that this House decides to consider the Beck-Linthicum resolution, it is my purpose to offer the above amendments. But my views on the desirability of such amendments would be decidedly flimsy reasons for refusing to vote to consider the resolutions at all. Such a vote is stitution? Do we need to be reminded that "Congress shall

going to be very hard to explain to the constituents of your district or the people of the United States. And such a vote cast on the Democratic side of this House will constitute just one more burden for our party to bear in the coming election.

"THE HORROR OF IT "-A BOOK DEPICTING WAR'S REALITIES

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my remarks on a book entitled "The Horror of It."

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS. Mr. Spcaker, a little book entitled "The Horror of It," arranged by Mr. Frederick A. Barber, of Historical Foundations, and published by Brewer, Warren & Putnam, New York, came into my possession recently. The book is a camera record of the gruesome glories of the World War.

I asked Mr. G. P. Putnam, of this firm, if any of the photographs were supplied him by the Signal Corps of our War Department, and received the following reply from him:

I have for some time been interested in issuing a book which would, through the use of actual photographs depicting the horrors of war, drive home to those who look at it exactly what war means in human agony and suffering. After collecting from other countries typical pictures depicting the gruesome side of modern military operations. I sent a representative to the Signal Corps, who selected from their large collection of war pictures a group of photographs desired. When the nature of their use was divulged the War Department refused to give them out. Subsequently I wrote to the Chief of the Signal Corps again requesting the use of these pictures in a book which I frankly described as designed as a document against war, graphically illustrating the horrors of modern conflict. This request was turned down in a brief letter stating that "there are no pictures on hand such as you desire that are available for publication."

I then called upon Maj. Gen. Irving J. Carr, Chief of the Signal Corps. I explained to him frankly what I wanted and why. With equal frankness, he replied that the department would give out only those pictures which depicted the more pleasing aspects of war—that it was not "ethical, not decent, and against public policy" to release photographs depicting the repulsive side of war. General Carr said to me:

"To give out any such pictures would be against public policy." I have for some time been interested in issuing a book which ould, through the use of actual photographs depicting the

war. General Carr said to me:

"To give out any such pictures would be against public policy.

It would not be ethical; it would not be decent. Think of the gold star mothers the country sent to France. Over there they saw the lovely cemeteries in which lie the dead of the American Expeditionary Forces. Perhaps their boys lie there. These mothers carried home in their minds beautiful pictures of these well-kept resting places. That is what they should have—we can not spoil these memories."

I asked if these professions are the start of the second start of t

asked if these mothers and other mothers are not entitled to I asked if these mothers and other mothers are not entitled to evidence of the ghastly side of war, bringing home realization of what other wars inevitably will mean. Summed up, General Carr said that the Signal Corps would supply any pictures desired which show the pleasant features of military operations but entirely refused to let us have anything else.

My contention is that the Signal Corps pictures, except those involving secret military matters, should be available to any reputable taxpayer. To me it seems unsound that the Army should decide what war pictures a publisher may use. If the department actually could put into operation its edict, the public would only see those pictures which glorify war.

would only see those pictures which glorify war.

It is but fair to add that despite the Signal Corps' opposition we were actually able to include in the book certain American photographs which found their way into circulation some years ago, in addition to a selection of authentic pictures from Germany, England, and France, amazing in their stark and shocking reality. Please realize that no "atrocities" are included. The book has no bias of nationality and has blame for no one. Its purpose, as exemplified by its title, is simply to depict the "horror of it" as seen by the truthful camera—an unemotional document.

Under all the circumstances I suppose we could not expect any-

thing but opposition to its content and its purpose at the hands of the War Department.

It is evident that the War Department has refused the publication of the war pictures in its possession. Such material as might reveal military secrets which would be of use to a possible enemy would naturally not be given out for publication, but the taxpayers of this country have the right to expect the publication of this material now suppressed by the War Department. Not merely the taxpayers but the press should demand this material. It is strange that the press, so zealous regarding its freedom, should accept without protest this infringement of its rights.

We are now brought face to face with the problem. Should Congress, the elected representatives of the people of this country, tolerate in silence this violation of the Conmake no law \* \* of the press \* \* \*." Congress could not violate this provision, yet it permits a department of this Government to abridge the freedom of the press and thus carry on, in violation of the Constitution.

If all pictures in the War Department were denied to the press, individuals might be tempted to conclude that the department, fearful of creating a war mind, suppressed all visual aids on this subject. But the department does not merely pretend to suppress; it censors. As noted in the letter already quoted, it permits and encourages the publication of photographs that present the pleasant aspects of war. In fact, one branch of the department is assigned to this task of securing and publishing attractive photographs on war subjects.

Our Sunday editions carry these—marching soldiers, troops of men on horseback, cadet troops headed by well-dressed bands playing martial music, youngsters at target practice. girl majors in military uniforms saluting cadet officers. While this "afternoon tea" portrayal of war is being secured daily, and released daily by the War Department for the purpose of propagandizing the institution of war, why not reveal to the taxpayers the reverse side of the picture? Why not publish the real, the serious side of war? Why not tell the American people the whole truth? If the War Department does not feel called upon to publish the whole truth, it should not prevent the press from placing the truth before the people of this country. In other words, why prevent a citizen from publishing pictures of the realities of war? Why not portray the maimed, the dead, and the dying, as well as well-dressed troops marching to martial music down streets lined with joyous, cheering crowds? But the press is told by the War Department that the American public must not be told the whole truth.

In this regard we should compare ourselves with other countries. The countries of Europe have opened their archives to their citizens. Many of the photographs in this book have been secured from official sources in other countries. It should be observed that our citizens, denied permission to publish the whole war story by our War Department, have found these same pictures the common property of the citizens of other countries. The freedom in this country should be as great as that in any other country in this regard.

"The Horror of It" is a portrayal of the whole truth of the institution of war as revealed in the torn bodies and minds of individuals. It pictures not ambition and idealism but the physical clash of forces and soldiers as pawns of war. It is realism to the nth degree. In the face of this stark realistic portrayal of the whole truth of war, the War Department's idealistic presentation of war as marching troops, banners waving, bands playing, can no longer be carried on. The War Department's idealism must be replaced by the realism of war itself.

The Government of the United States should not favor, or permit, any department of the Government to carry out any system by which the people of this country should not be given the whole truth. It is only by this means that there can be a release of civilization from the nightmare of war.

# MASSACHUSETTS AND PROHIBITION

Mr. GRANFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRANFIELD. Mr. Speaker, our people have patiently waited for the arrival of this day. I am happy indeed that they have not waited in vain. For the first time since the ratification of the eighteenth amendment the Congress is given an opportunity to vote directly upon this very important issue. Many years have elapsed and a great many changes have taken place in the economic, social, and industrial life of America since the adoption of the eighteenth amendment. Millions of our people opposed and protested its ratification, and to-day, for the first time in 12 years, under Democratic control of the House of Representatives, we are to have an opportunity to express our

\* abridging the freedom of speech or opinions. This is merely the beginning of the movement to repeal the eighteenth amendment, and I am confident that it is a movement in a direction which will culminate in the ultimate repeal of this amendment.

As a Member of the Congress from Massachusetts, I take particular pride in my Commonwealth. It is a distinctive honor to be included in the membership in this House from Massachusetts. As I stand here to-day I take a great deal of satisfaction in the knowledge that Massachusetts has always stood for right against wrong. It was in the old Bay State that the first blow for liberty was struck; it was there in the guise of redskins the stout-muscled colonists threw the tea overboard and raised the cry that taxation without representation was tyranny. Massachusetts was bold and aggressive in her fight for right against might; she still possesses that same virile and indomitable spirit to-day. In 1918 the citizens of Massachusetts, impressed by the solemn promises of the advocates of prohibition, ratified the eighteenth amendment. A few years later the so-called Baby Volstead Act was enacted into law in an effort to give the experiment, noble in purpose, as alleged, a fair and just trial. For the years that followed the enforcement authorities of Massachusetts bent their every energy to enforce the liquor laws of the State and Nation. On November 4, 1930, by a vote overwhelming in its proportions the people of my Commonwealth repudiated the Baby Volstead Act and served notice on the Congress and on the other States of our Union that prohibition was a failure, and so, my colleagues, Massachusetts again rises in all its might against wrong. Massachusetts has repudiated the eighteenth amendment, and on March 13, 1931, by a joint resolution of both branches of the general court it called upon the Congress for action.

I incorporate at this point in my address the resolution to which I refer.

# THE COMMONWEALTH OF MASSACHUSETTS, A. D. 1931

Resolutions making application to Congress in accordance with Article V of the Constitution of the United States to call a constitutional convention to amend or repeal the Eighteenth Article of Amendment or to propose such an amendment for submission to the several States

Whereas a condition of widespread dissatisfaction prevails with workings and results of Article XVIII of the Amendments to the Constitution of the United States; and
Whereas it is desirable to attempt to improve, clarify, or quiet

such condition; and

Whereas the only methods for repealing or modifying said Article XVIII are set forth in Article V of the said Constitution: Therefore be it

Resolved, That the General Court of Massachusetts, acting in pursuance of said Article V, hereby requests that Congress call a convention under said article for the purpose of proposing an amendment or amendments to the Constitution amending, modifying, revising, or repealing said Article XVIII; or that Congress, acting in pursuance of said Article V, itself propose such an amendment or amendments; and requests that in either case the same be submitted for ratification by conventions in the several States; and be it further

Resolved, That the secretary of the Commonwealth forward forthwith to the presiding officers of both branches of Congress certified copies of these resolutions, attested by the clerks of both branches of the general court.

Adopted March 13, 1931.

A true copy, attest:

FRANK E. BRIDGMAN Clerk of the House of Representatives.
WILLIAM H. SANGER, Clerk of the Senate.

The Commonwealth of Massachusetts, office of the secretary, witness the great seal of the Commonwealth.

Secretary of the Commonwealth.

This resolution of the general court was no idle gesture: it was Massachusetts speaking out of its glorious past, issuing a mandate to her representatives in the Congress. I, as one privileged to represent her, deem it an honor to carry out her mandate to-day.

In addressing you this afternoon I can not forego the opportunity to recall to the attention of the Members of this House the list of impressive promises made by the advocates of prohibition some 12 years ago. Those men and women, undoubtedly sincere, promised to officially bury throughout the United States John Barleycorn, liquor was to disappear entirely from our country, crime would be banished, the saloon destroyed, poverty and the poorhouse would disappear, and prosperity on a permanent basis was to be insured. Our Federal penitentiaries were to be sold under the auctioneer's hammer. These promises have not been fulfilled. Our penitentiaries are overcrowded, the tide of liquor flows throughout the country unstemmed, the speak-easy supplants the saloon, and rackets of every description organized throughout the land, with the Nation's Treasury empty and 8,000,000 of its people unemployed. These, my colleagues, are the indisputable results of prohibition.

I am forced at this time to bring to the attention of the House the attitude of former Presidents William Howard Taft and Woodrow Wilson on this troublesome issue. Although these men were the real leaders of their day on this issue, only a small portion of our people followed their

Mr. Speaker, I incorporate in my remarks at this point certain correspondence between President Taft and Allen B. Lincoln, of New Haven, Conn., and President Wilson's veto of the Volstead Act.

WILLIAM HOWARD TAFT'S PROTEST AGAINST NATIONAL PROHIBITION AND EIGHTEENTH AMENDMENT

#### FIRST LETTER

New Haven, Conn., June 8, 1918.

My Dear Mr. Lincoln: I am opposed to national prohibition. I am opposed to it because I think it is a mixing of the National am opposed to it because I think it is a mixing of the National Government in a matter that should be one of local settlement. I think sumptuary laws are matters for parochial adjustment. I think it will vest in the National Government, and those who administer it, so great a power as to be dangerous in political matters. I would be in favor of State prohibition if I thought prohibition prohibited, but I think in the long run, except in local communities where the majority of the citizens are in favor of the

law, it will be violated.

I am opposed to the presence of laws on the statute books that can not be enforced and as such demoralize the enforcement of all can not be enforced and as such demoralize the enforcement of all laws. If I were in a local community in which I thought prohibition could be enforced, I would vote for it. If not, I would favor a high license, but I am not in favor of a national amendment which should force 12 or 15 great States into a sumptuary system which the public opinion and the real practices of the people of those States would not support. I think it is most unwise to fasten upon the United States a prohibitory system under the excitement of the war, which I do not hesitate to say every sensible supporter of prohibition in the end will regret.

Let the States which wish to do so prohibit. They have every means now of enforcing prohibition. There is a Federal law, sustained as constitutional, which forbids the importation into them of liquor from other States, and the whole field is open to State legislation and its enforcement. I don't drink myself at all, and I don't oppose prohibition on the ground that it limits the liberties of the people. I think that in the interest of the community, and

of the people. I think that in the interest of the community, and of the man who can not resist the temptation to drink in excess, if he has the opportunity to drink at all, other citizens in the community may be properly asked and compelled to give up drinking, although that drinking may do them no injury. My objections to prohibition are as I have stated them above. Sincerely yours,

WILLIAM H. TAFT.

# SECOND LETTER

POINTE-A-PIC, P. Q., CANADA, September 2, 1918. My Dear Mr. Lincoln: You asked me if you may hand to Mr. Osborn for publication my letter to you of June 8, 1918, on national prohibition. There are some reasons for my views which I would have elaborated had I expected the letter to be published. Therefore, please publish with that letter the following:

A national prohibition amendment to the Federal Constitution will be adopted against the views and practices of a majority of the people in many of the large cities and in one-fourth or less

of the States.

The business of manufacturing alcohol, liquor, and beer will go out of the hands of the law-abiding members of the community and will be transferred to the quasi-criminal class. In the communities where the majority will not sympathize with a Federal law's restrictions, large numbers of Federal officers will be needed for its enforcement. The Central Government now has very wide war powers. When peace comes these must end, if the Republic is to be preserved. If, however, a partisan political head of the Internal Revenue Department, or of a separate department created for the purpose, shall always be able through Federal detectives and policemen to reach into every hamlet and to every ward and to every purlieu of a large city and use the leverage of an intermittently lax and strict enforcement of the law against would-be dealers in liquor and their patrons, he will wield a sinister power, prospect of which should make anxious the friends of free constitutional government.

"A new broom sweeps clean." A temporary national prohibition law as a war measure may be effective. It is urged to stimulate war production in the emergency, and to take temptation from our soldiers, though it is doubtful whether the serious loss to the national revenue which it will entail may not outweigh the actual benefits. The immediate useful operation of such a law, or of a new State prohibition law, is not convincing evidence of its

or of a new State prohibition law, is not convincing evidence of its ultimate tendency and result.

The community must summer and winter it for years. After the law-abiding members of the business go out of the business and a complete readjustment follows, the pressure for violation and lax execution in communities where the law is not popular will be constant and increasing.

The reaching out of the great central power to brush the doorsteps of local communities, far removed geographically and politically from Washington, will be irritating in such States and communities, and will be a strain upon the bond of the national Union. It will produce variation in the enforcement of the law. Union. It will produce variation in the enforcement of the law. There will be loose administration in spots all over the United States, and a politically inclined national administration will be strongly tempted to acquiesce in such a condition. Elections will continuously turn on the rigid or languid execution of the liquor law, as they do now in prohibition States.

The ever-present issue will confuse and prevent clear and clean-

cut popular decisions on the most important national questions, and the politics of the Nation will be demoralized as the politics of States have been through this cause. The issue will never be

settled.

The theory that the National Government can enforce any law will yield to the stubborn circumstances, and a Federal law will become as much a subject of contempt and ridicule in some parts of the Nation as laws of this kind have been in some States.

We are acting now under the heroic impulse of a war, which stirs our feelings and makes us think we can have a millennium of virtue and self-sacrifice for the future. This is a fundamental error. I profoundly deprecate having our constitutional structure seriously amended by a feverish enthusiasm, which will abate to neglect and laxity in many States as the years go on.

If through the abnormal psychology of war the 36 States are

induced to approve a national prohibition amendment now, we can never change it, though a great majority of the people may come later to see its utter failure. Thirteen prohibition States can always be counted on to prevent a retracing of the foolish We shall thus hang a permanent millstone around our step.

Individual self-restraint, the influence of improved social standand criticism, and the restrictions enforced by employers of labor for industrial reasons have probably had more to do with moderating the evils of intoxication than statute law. I would not minimize, however, the advantage of the removal of the temptation of access to liquor by law when the law is backed by local public opinion and can be enforced.

Nor is my conviction affected by any sympathy with those who are engaged in the manufacture or sale of intoxicating liquors. It is now nearly half a century ago since the Supreme Court's interpretation of the Federal Constitution warned everyone engaged in the business that he invested a capital therein at the gaged in the business that he invested a capital therein at the full risk of its being declared unlawful, and of the consequent loss that future legislation might entail. Moreover, the demoralizing political power which salconkeepers and liquor manufacturers sought and wielded to protect their business from proper regulation, and the defiance they bid to reasonable public opinion, roused the just indignation of the electorate.

Many have voted, and now vote, merely to destroy the power of the saloon in politics, without regard to any other consideration. The saloonkeepers taught the Anti-Saloon League how to fight, and the latter has learned the lesson well and applied it, and often without any more scruple as to the method or means than its teachers. The liquor dealer thus is "hoist with his own petard.

I have never concealed my views on this subject, and it is a matter in which one should speak out. An intensively active minority, in favor of adopting an unwise policy, may win through the failure of the members of the majority, though opposed to the policy, publicly to declare themselves and to take the trouble to give effect to their opinions by their votes.

A minority like this, conceiving that it is moved by a moral issue, loses its sense of proportion and sacrifices other issues, no matter how vital to the Nation. Such minority visits with its condign punishment all public servants who oppose it on this issue, however useful to the State they may be. I would not impeach the high-minded motives of the great body of those who support national prohibition. It does awaken one's protest, how-ever, to note the manner in which the ordinary type of politician becomes a prohibitionist because he fears the balance of power that an active political minority may wield against his political fortunes. In the past he may have been subservient to the liquor dealers; in the present his practices may completely refute the sincerity of the principles he advocates; but he and men of his ilk would recklessly and selfishly hurry us into an irretrievable national blunder.

The regulation of the sale and use of intoxicating liquor should be retained by the States. They can experiment and improve. They have full power and the Federal Government has helped them by making it a Federal offense to import liquor into their borders, if they forbid it.

If the power of regulation is irrevocably committed to the National Government, the next generation will live deeply to regret it.

For these reasons, therefore, first, because a permanent national liquor law in many communities will prove unenforceable for lack of local public sympathy; second, because attempted enforcement will require an enormous force of Federal policemen and detectives, giving undue power to a sinister and partisan subordinate of the national administration; and, third, because it means an unwise structural change in the relations between the people of the States and the Central Government and a strain to the integrity of the Union, I am opposed to a national prohibition amendment.

Sincerely yours,

WILLIAM HOWARD TAFT.

### PRESIDENT WILSON'S VETO OF VOLSTEAD ACT

To the House of Representatives:

I am returning without my signature H. R. 6810, "An act to prohibit intoxicating beverages and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes, and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, dye, and other lawful industries."

The subject matter treated in this measure deals with two distinct phases of the prohibition legislation. One part of the act under consideration seeks to enforce war-time prohibition. The other provides for the enforcement which was made necessary by the adoption of the constitutional amendment. I object to and approve that part of this legislation with reference to warcan not approve that part of this legislation with reference to wartime prohibition. It has to do with the enforcement of an act
which was passed by reason of the emergencies of the war, and
whose objects have been satisfied in the demobilization of the
Army and Navy, and whose repeal I have already sought at the
hands of Congress. Where the purposes of particular legislation
arising out of war emergency have been satisfied, sound public
policy makes clear the reason and necessity for repeal.

It will not be difficult for Congress in considering this important matter to separate these two questions and effectively to legislate regarding them, making the proper distinction between tem-

late regarding them, making the proper distinction between temporary causes which arose out of war-time emergencies and those like the constitutional amendment of prohibition, which is now a part of the fundamental law of the country. In all matters having to do with the personal habits and customs of large numbers of our people, we must be certain that the established processes of legal change are followed. In no other way can the salutary object sought to be accomplished by great reforms of this character be made satisfactory and permanent.

WOODROW WILSON.

THE WHITE HOUSE, October 27, 1919.

It is unfortunate indeed that the people of our country failed to accept the leadership of such distinguished Executives as former President Taft and former President Wilson back in 1918. Had their leadership been accepted instead of the leadership of the Anti-Saloon League, America would not be confronted with its many social, economic, and industrial problems to-day.

Mr. Speaker, I am happy indeed to be able to stand on the floor of this Congress and vote to give the people of this country the right to again determine their attitude upon this question of prohibition.

# CALENDAR WEDNESDAY BUSINESS

Mr. CRISP. Mr. Speaker, it is of the highest importance that we make as much progress as we can with this tax bill. I have consulted with the majority and minority leaders, and I ask unanimous consent that business in order on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection? There was no objection.

# LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. STRONG of Pennsylvania, indefinitely, on account of sickness.

EXTENSION OF REMARKS-THE REVENUE BILL OF 1932

Mr. AYRES. Mr. Speaker, when we are informed by the Secretary of the Treasury that an excise tax on foreign petroleum will not bring any more than \$5,000,000 a year, and then when we are also informed on the same high authority that the various taxes suggested will provide \$5,000,000 more than is really needed, it is quite evident that there must be some motive behind these statements. The Treasury Department, under its former as well as its present Secretary, has been opposed to various measures for protection of the American petroleum industry against unfair competition of foreign oil which now enters duty free to the immense profit of a few great oil-importing concerns. Since Congress has the right to know just what influences are estimate of returns from corporation taxes for 1926; it made

being brought to bear upon any proposed legislation, surely one may be allowed to inquire whether it is Mr. Mills, the Secretary of the Treasury, who is making these suggestions or whether it is Mr. Mills, an otherwise interested party and the opponent of the restoration of a great American industry.

The superiority of a tariff or an excise tax on foreign petroleum and its refined products over many of the forms of sales tax now advocated ought to be self-evident. While it is not a matter of simple arithmetic, it does not involve any higher mathematics. The Federal Treasury would rereceive the revenues from whatever tax was levied on these foreign products, such as possibly 4 cents on gasoline, 2 cents on crude, fuel, and gas oils, and so forth. While no one could exactly estimate the amount of these which would be thus imported, I do not believe any oil expert would seriously challenge the statement that importation would not greatly decrease. Even if it did fall behind the 105,000,000 barrels of imported oil and refined products which entered this country at the very time that American producers had curtailed their production 109,000,000 barrels below the figures of the previous year, it would still be sufficiently large to net a pleasant revenue.

Any reduction in the importation of foreign oil would be compensated by the increased production of American petroleum, which pays heavy State taxes and also pays to the Federal Government large sums in corporation taxes, income taxes, and so forth. Those taxes have not been very considerable in the past few years when the foreign oil dominated the American market. If once fair competition is assured, however, they should increase greatly. Few tax proposals have had this form of adjustment by which the Federal Treasury profits and the State treasuries equally profit while an American industry is restored.

It is no argument against an excise tax to suggest that representatives of the Treasury Department do not expect it would produce large returns. In the words of the present Speaker of the House, made at the hearing of the Ways and Means Committee in considering the revenue revision bill of 1927-28, quoted on page 211 of the public hearings:

I might suggest, with reference to that, that the Treasury view-point with reference to rates and what should be taxed and what should not be taxed is not always persuasive.

The justification for this attitude toward Treasury estimates, as well as the justification of the skepticism with which we might view any statement of the Treasury on the proposed excise tax on petroleum, might be found in the following statement showing a comparison of anticipated and actual Government revenues as set up by the Treasury

The second secon	
For 1926:	
Estimated internal revenue	
Actual collections	2, 835, 999, 892
Underestimate	223, 499, 892
The return from corporation taxes was over- estimated by \$55,000,000, and that from mis- cellaneous internal revenue underestimated by approximately \$20,000,000.	
Individual income taxes estimated at	603, 800, 000
Actual collections	745, 392, 481
Underestimated	141, 592, 481
For 1927:	
Estimated revenue from corporation income	
tax	1, 120, 000, 000
Actual collections	
Underestimated	
Estimated individual income tax	
Actual collections	
Overestimated	57, 000, 000
Back taxes estimated	
	250, 000, 000
Actually collected	
Underestimated	81, 000, 000
Estimated miscellaneous internal revenue	619, 000, 000
Actual collections	
Underestimated	27, 000, 000
Total internal-revenue taxes underestimated	56, 000, 000
The 1927 actual surplus exceeded the estimate	
by	252, 000, 000

The Treasury Department was only wrong by \$223,000,000 in its estimate of the 1926 internal-revenue receipts; it was only wrong by the trifling sum of \$55,000,000 in its overof income taxes for that year.

The Treasury Department rather surpassed itself in its estimates for 1927. The actual surplus for that year exceeded the Treasury estimate by \$252,000,000. Throughout the record we may note that the Treasury Department has rarely been optimistic. Its mistakes have usually been underestimates just as in this estimate of the possible receipts from the excise tax on foreign petroleum. An underestimate of \$5,000,000 on corporation taxes, of \$57,000,000 on individual income taxes, of \$81,000,000 on back taxes, of \$27,000,000 on miscellaneous internal revenue, and of \$56,-000,000 on total internal-revenue taxes, are rather concrete illustrations of the tendency of Treasury Department experts to take a pessimistic view of any potential receipts.

The figures used in this statement, it should be noted, are for the years 1926 and 1927. Those were reasonably normal years. They were not characterized by stock-market crashes and depressions such as might make difficult any fair estimate for a more recent period. Business was reasonably stable and the available statistical material was not subject to such serious discount as might characterize similar data to-day. And yet, in those comparatively normal years the Treasury Department did not suggest any skillful marksmanship in hitting the target at which it aimed. It is a reasonable inference that the same expert opinions offered in regard to the possibilities of an excise tax on foreign petroleum are scarcely more accurate. They are probably just as pessimistic and as subject to this tendency to underestimate as the general reckonings made by Treasury officials.

#### SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood; to the Committee on Claims.

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter; to the Committee on Claims.

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball; to the Committee on Claims.

S. 681. An act providing for the sale of certain public lands to the city of Provo, Utah; to the Committee on Public

S. 1295. An act for the relief of Willie Hutchinson; to the Committee on Military Affairs.

S. 1719. An act amending the act of Congress entitled "An act authorizing the Wichita and affiliated bands of Indians in Oklahoma to submit claims to the Court of Claims," approved June 4, 1924; to the Committee on Indian Affairs.

S. 1975. An act to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act; to the Committee on Military Affairs.

S. 2883. An act prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore. and for the purpose of promoting the safety of navigation; to the Committee on Merchant Marine, Radio, and Fisheries.

S. 3154. An act authorizing the conveyance of certain lands to the city of Fallon, Nev.; to the Committee on Public

S. 3276. An act to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926; to the Committee on Public Lands.

S. 3376. An act for the relief of William Burke; to the Committee on Military Affairs.

S. 3475. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into

only the negligible error of \$141,000,000 in its underestimate | the Union of the State of Wyoming; to the Committee on Territories.

S. 3654. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws; to the Committee on Indian

S. 3908. An act to amend title 33, chapter 4, section 252, paragraph (a) of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters; to the Committee on Merchant Marine, Radio, and Fisheries.

S. J. Res. 7. Joint resolution for the amendment of the acts of February 2, 1903, and March 3, 1905, as amended, to allow the States to quarantine against the shipment thereto or therein of livestock, including poultry, from a State or Territory or portion thereof where a livestock or poultry disease is found to exist which is not covered by regulatory action of the Department of Agriculture, and for other purposes; to the Committee on Agriculture.

# JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 252. Joint resolution to authorize the Interstate Commerce Commission to make an investigation as to the possibility of establishing a 6-hour day for railway emplovees.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Tuesday, March 15, 1932, at 12 o'clock noon.

# COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Tuesday, March 15, 1932, as reported to the floor leader by clerks of the several com-

# COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

General legislation.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies (H. R. 9059).

COMMITTEE ON IMMIGRATION AND NATURALIZATION (10.30 a. m.)

Provision for exclusion and expulsion of alien communists (H. R. 1967 and H. R. 4579).

# EXECUTIVE COMMUNICATIONS, ETC.

483. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting a request that the Congress give consideration to immediate appropriation of the funds for the maintenance and improvement of existing river and harbor works in order that we may avoid the unemployment and dislocation which will rise from such delay (H. Doc. No. 272), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. KARCH: Committee on Foreign Affairs. H. J. Res. 193. A joint resolution providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; without amendment (Rept. No. 800). Referred to the Committee of the Whole House on the state of the Union.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. UNDERWOOD: Committee on Invalid Pensions. H. R. 10486. A bill granting pensions and increase of pensions to certain soldiers, sailors, and marines of the Civil War and certain widows and dependent children of soldiers, sailors, and marines of said war; without amendment (Rept. No. 791). Referred to the Committee of the Whole House.

Mr. UNDERWOOD: Committee on Invalid Pensions. H. R. 2548. A bill granting an increase of pension to Katherine L. Cushing; without amendment (Rept. No. 792). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 695. A bill for the relief of the estate of George B. Spearin, deceased; without amendment (Rept. No. 794). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 2757. A bill for the relief of Jack Schneider; without amendment (Rept. No. 795). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 5920. A bill for the relief of Rosa E. Browning; without amendment (Rept. No. 796). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 6382. A bill for the relief of Royce Wells; with amendment (Rept. No. 797). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 7301. A bill for the relief of William J. Fleming; with amendment (Rept. No. 798). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 8108. A bill to reimburse M. P. Creath for taxes illegally assessed; without amendment (Rept. No. 799). Referred to the Committee of the Whole House.

# PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURTNESS: A bill (H. R. 10487) to amend the act approved December 23, 1913, known as the Federal reserve act; to define certain policies to which the powers of the Federal reserve system shall be directed; to raise the commodity price level to the stage on which the greater part of the existing debts were incurred, and to stabilize it thereafter at that stage, in so far as it can be done by monetary and credit policy; to promote thereby the stability of commerce, industry, agriculture, and employment, and for other purposes; to the Committee on Banking and Currency.

By Mr. SMITH of Virginia: A bill (H. R. 10488) to appoint a commission to establish the boundary line between the District of Columbia and the State of Virginia; to the Committee on the District of Columbia.

By Mrs. NORTON: A bill (H. R. 10489) to provide for the extension and widening of Michigan Avenue in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. CORNING: A bill (H. R. 10490) to remove existing discriminations incident to certain land grants and to subject them to the same conditions that govern other land grants of their class; to the Committee on Interstate and Foreign Commerce.

By Mr. HOUSTON of Hawaii: A bill (H. R. 10491) to amend section 100 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; to the Committee on the Territories.

By Mr. HARTLEY: A bill (H. R. 10492) to regulate the shipment in interstate commerce, the manufacture, sale, importation, exportation, and use (except for lawful purposes) of explosives, brass knuckles, stilettos, machine guns, tear gas, tear bombs, and other weapons and instrumentalities used in the perpetration of crimes of violence; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGHTON: A bill (H. R. 10493) to provide for the coinage of a half-cent piece; to the Committee on Coinage, Weights, and Measures.

By Mr. MEAD: A bill (H. R. 10494) to provide a postage charge on notices to publishers regarding undeliverable second-class matter; to the Committee on the Post Office and Post Roads.

By Mr. SWING: A bill (H. R. 10495) amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands; to the Committee on the Public Lands.

By Mr. THATCHER: Joint resolution (H. J. Res. 333) proposing an amendment to the Constitution of the United States providing for the method of amending it; to the Committee on the Judiciary.

By Mr. JONES: Joint resolution (H. J. Res. 334) authorizing allocation of funds by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. UNDERWOOD: A bill (H. R. 10486) granting pensions and increase of pensions to certain soldiers, sailors, and marines of the Civil War and certain widows and dependent children of soldiers, sailors, and marines of said war; to the Committee on Invalid Pensions.

By Mr. BARTON: A bill (H. R. 10496) for the relief of the city of Lebanon in Laclede County, Mo., a municipal corporation; to the Committee on Claims.

By Mr. BLAND: A bill (H. R. 10497) for the relief of A. F. Amory; to the Committee on the Judiciary.

By Mr. BURTNESS: A bill (H. R. 10498) for the relief of Leslie Jensen; to the Committee on Claims.

By Mr. CONNERY: A bill (H. R. 10499) for the relief of Andrew J. Wendling; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 10500) for the relief of Joseph Leo Burns; to the Committee on Naval Affairs.

By Mr. DEROUEN: A bill (H. R. 10501) providing for an examination and survey of the Lake Charles Deep Water Channel, La.; to the Committee on Rivers and Harbors.

By Mr. FULMER: A bill (H. R. 10502) for the relief of the Rowesville Oil Co.; to the Committee on Claims.

By Mr. GIFFORD: A bill (H. R. 10503) to authorize the donation of certain land to the town of Bourne, Mass.; to the Committee on Military Affairs.

By Mr. HARE: A bill (H. R. 10504) for the relief of Farmers' Storage & Fertilizer Co., of Aiken, S. C.; to the Committee on Claims.

By Mr. HARTLEY: A bill (H. R. 10505) for the relief of Richard J. Barrett; to the Committee on Naval Affairs.

By Mr. HOPKINS: A bill (H. R. 10506) granting an increase of pension to Sarah E. Turpin; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 10507) granting an increase of pension to Martha E. Cottrill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10508) granting a pension to Elber Hostetter; to the Committee on Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 10509) for the relief of Frank P. Ross; to the Committee on Agriculture.

Also, a bill (H. R. 10510) for the relief of Earl A. Ross; to the Committee on Agriculture.

By Mr. KOPP: A bill (H. R. 10511) granting a pension to Carl H. Stellern; to the Committee on Pensions.

By Mr. NELSON of Maine: A bill (H. R. 10512) granting a pension to Isaac Heal, jr.; to the Committee on Invalid Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 10513) granting an increase of pension to Mary E. Schofield; to the Committee on Invalid Pensions.

By Mrs. OWEN: A bill (H. R. 10514) to authorize a preliminary examination and survey for a waterway from the ocean to Titusville, Fla.; to the Committee on Rivers and Harbors.

By Mr. SANDERS of Texas: A bill (H. R. 10515) for the relief of Dick Isbell: to the Committee on Claims.

By Mr. SUTPHIN: A bill (H. R. 10516) providing for the examination and survey of the channel in Shrewsbury River, N. J.; to the Committee on Rivers and Harbors.

### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4206. By Mr. CONNERY: Petition of veterans and citizens of Beloit, Wis., favoring immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4207. Also, petition of veterans and citizens of American Legion Post, No. 209, Akron, Ohio, favoring immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4208. By Mr. EVANS of California: Petition signed by approximately 77 citizens, opposing any resubmission of the eighteenth amendment to the States, etc.; to the Committee on the Judiciary.

4209. By Mr. GOODWIN: Petition of Emil Johnson and 37 other citizens, residents of and in the vicinity of Pine City and Braham, Minn., entering their protest against the enactment of House bill 8092, which is a bill seeking to compel barbers to observe Sunday in the District of Columbia, and thereby, if this bill is passed, establishes a dangerous legal precedent for a flood of Sunday blue law legislation, and expressive of their belief in the American ideals of separation of church and state, and expressing their belief in the free exercise of religion, and in opposition to any law that might interfere with the guaranties of civil and religious liberty; to the Committee on the District of Columbia.

4210. Also, petition of the city council of the city of Minneapolis, Minn., urging upon Congress the enactment of House Resolution 1 to provide for the immediate payment in full of all soldiers' adjusted-service certificates, and thus fulfill the obligation of the Government to the soldiers of the United States in the late World War; approved March 11, 1932; to the Committe on Ways and Means.

4211. By Mr. HAUGEN: Petition of 44 citizens of Rowley, Iowa, and vicinity, supporting the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4212. By Mr. LAMBETH: Petition of North Wilkesboro (N. C.) Woman's Christian Temperance Union, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures, and favoring adequate appropriations for law enforcement, etc.; to the Committee on the Judiciary.

4213. By Mr. HOGG of West Virginia: Petition of National Federation of Post Office Clerks, requesting that special-delivery messengers of Milwaukee be given a classification and be placed under the status of civil service; to the Committee on the Civil Service.

4214. Also, petition of Mingo County Unit of Railway Employees' and Taxpayers' Association, urging the enactment of such legislation as will provide relief for the railroads and their employees and safeguard the public against the present monopolized condition of the highways by unregulated forms of commercial transportation; to the Committee on Interstate and Foreign Commerce.

4215. Also, petition of Huntington Unit Railway Employees' and Taxpayers' Association of West Virginia, requesting Congress to enact such legislation as will provide relief for the railroads and their employees; to the Committee on Interstate and Foreign Commerce.

4216. By Mr. JAMES: Memorial of Antoni Augustynowicz, president, Audvzej Stachowicz, secretary, and Alex Sokotowski, treasurer, Group No. 1326 of the Polish National Alliance of North America. Ironwood. Mich., memorializing Congress

to enact House Joint Resolution 144; to the Committee on the Judiciary.

4217. By Mr. LINDSAY: Petition of National Live Stock Marketing Association, Chicago, Ill., opposing the 21/4 per cent tax on lard, sausage, cooked and canned meats as outlined in the inclosed statement; to the Committee on Ways and Means.

4218. Also, petition of Malt-Diastase Co., Brooklyn, N. Y., opposing the 35-cent per gallon on malt syrup or malt extract; to the Committee on Ways and Means.

4219. Also, petition of National Alliance of the Theater, New York City, opposing the admission tax of 10 per cent; to the Committee on Ways and Means.

4220. Also, petition of American Exporter, New York City, protesting against the inclusion of an impost on imported oil; to the Committee on Ways and Means.

4221. Also, petition of Ellis Ames, of Philadelphia, Pa., and 24 other citizens of various parts of the United States, favoring the passage of the Beck-Linthicum resolution; to the Committee on Ways and Means.

4222. By Mr. LINTHICUM: Petition of Frederick C. Shipley, of Fort Bayard, N. Mex.; Frank E. Morrison, of Halethorpe; R. M. Smith, of Brooklyn, Md.; Leo W. Shanks, Felix Lewandowski, George A. Griswould, Courtney E. Beaver, Dominick Pace, Kenneth Bowers, William West, Charles F. Funk, J. V. Le Brell, Howard Carr, M. Faby, William H. Hopkins, Marion R. McCauley, James Robinson, George D. Price, Clarence S. Britton, August F. Mack, Charles C. Cullison, G. N. Holden, and Lucy Baber, of Baltimore, Md.; and William M. Stuart, urging prompt passage of House bill 1, soldiers' bonus bill; to the Committee on Ways and Means.

4223. Also, petition of Ellen Hopkins, of East Orange, N. J.; Hector D. Jerekios, of New York City; Mrs. Irving Hardesty and Mattie Kronenberger, of New Orleans, La.; Alfred and Isabel Clark, of Doylestown; Ira E. Lady Post, of Biglerville; Mrs. W. C. McClellan, of Greensburg; Mrs. H. H. Bushnell, of Scranton; and Rev. George D. Kuns, of Doylestown, Pa.; Alice F. Drechsler, of Minneapolis, Minn.; Jane W. Ramsay, of New York City; Elizabeth Rankin and others; Louis V. Bennentt, of San Diego, Calif.; Anna I. Miller; and the Young Men's Christian Association, of Baltimore Md.; and the Women's International League for Peace and Freedom, of Minneapolis, Minn., indorsing House Joint Resolution No. 137 prohibiting exportation of arms and munitions; to the Committee on Foreign Affairs.

4224. By Mr. NELSON of Maine: Petition of R. H. Willis and 40 other citizens of Gardiner, Me., and Beulah Richardson and 16 others from surrounding towns, protesting against the passage of the compulsory Sunday observance bill, H. R. 8092, or any other compulsory religious measures that have been or shall be introduced; to the Committee on the District of Columbia.

4225. By Mr. PARTRIDGE: Resolution adopted by the Maine Woman's Christian Temperance Union at a State regional conference at Lewiston, Me., opposing the resubmission of the eighteenth amendment, and favoring adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4226. By Mr. PATMAN: Petition of American Legion Posts from the following cities and towns of Texas, submitted by O. W. Whitaker, department adjutant of Austin, Tex.: Port Arthur, McAllen, Brenham, Albany, San Marcos, Bryan, Pharr, Alice, Edcouch, Crandall, Goliad, McGregor, Willspoint, Woodsboro, Carrizo Springs, Houston, Weslaco, Garland, Moran, Ennis, Bronte, Robert Lee, Whitesboro, Cotulla, Rising Star, Bishop, Mount Vernon, Odessa, Aransas Pass, Marble Falls, Royse City, Mason, Liberty Hill, Cooper, Goldthwaite, Emory, Tyler, Marlin, Gatesville, Orange, Pecos, McKinney, Edna, Stamford, Sweetwater, Lometa, Cisco, Hamlin, Navasota, Georgetown, Blessing, Mount Pleasant, East Bernard, Farmersville, Lexington, Decatur, Archer City, and Junction, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

ski, treasurer, Group No. 1326 of the Polish National Alliance of North America, Ironwood, Mich., memorializing Congress of American Legion Post, No. 377, Houston, Tex., urging im-

mediate payment in full of the adjusted-service certificates; | ment in full of the adjusted-service certificates; to the Comto the Committee on Ways and Means.

4228. Also, petition of J. E. McMillan and 1,024 other citizens, business men, and veterans of Houston, Corpus Christi, Galveston, La Grange, Baytown, Bryan, Austin, San Antonio, Goose Creek, Nederland, Bastrop, Orchard, Orange, New Gulf, Seabrook, Johnson City, La Porte, Cedar Bayou, Conroe, Ingleside, Highland, Eagle Lake, Texas City, Hobby, Grapeland, Friendswood, Brenham, Yoakum, Victoria, Brownsville, Longview, Hearne, Taylor, Brookshire, Matagorda, Bertram, Pelly, Moulton, Hitchcock, El Campo, Kingsville, Alto Loma, Waco, Edinburg, Ore City, Sour Lake, Richmond, Needville, Rhomsboro, Raywood, Navasota, Sweetwater, Overton, Warrenton, Stepensville, Sherman, Plainview, Goldthwaite, Rosenberg, Sugar Land, Wallis, Wharton, Texarkana, Dallas, Huntsville, Elgin, Webster, Sealy, Wells, Gilmer, Georgetown, Fort Worth, Columbus, Cameron, Lufkin, Nacogdoches, Cuero, La Marque, Hockley, Marshall, Liberty, Port Lavaca, and Bellaire, Tex., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4229. Also, petition of J. A. Carter and 195 other citizens and veterans of Kelso and Longview, Wash., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4230. Also, petition of Charles A. Mayo and 94 other veterans of Seattle, Wash., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4231. Also, petition of E. D. Smith and 200 other citizens and veterans of Tacoma, Wash., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4232. Also, petition of Charles S. Yoakum and 485 other citizens and veterans of Boise, Idaho, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4233. Also, petition of W. W. McNair and 31 other citizens and veterans of Middleton, Idaho, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4234. Also, petition of Henry Johnson and 119 other citizens and veterans of Orofino, Idaho, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4235. Also, petition of John Martin and 29 other citizens and veterans of Clinton, Iowa, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4236. Also, petition of A. D. Tucker and 100 other citizens and veterans of Clarion, Iowa, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4237. Also, petition of John E. Hickey and 134 other citizens and veterans of Marshallton, Iowa, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4238. Also, petition of R. M. Little and 138 other citizens and veterans of Chattanooga, Tenn., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4239. Also, petition of Samuel T. Hawkins and 447 other citizens and veterans of Johnson City, Tenn., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4240. Also, petition of Chester G. McCarthy and 195 other veterans of Chelsea Naval Hospital, Chelsea, Mass., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4241. Also, petition of Joseph H. Busby and 55 other citizens and veterans of Richmond, Ind., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4242. Also, petition of L. C. White and 25 other citizens and veterans of Dunkirk, Ind., urging immediate cash pay-

mittee on Ways and Means.

4243. Also, petition of A. C. Copeland and 227 other citizens and veterans of Anderson and Elwood, Ind., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4244. Also, petition of Fred Z. Rankin and 80 other citizens and veterans of Tallahassee, Fla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4245. Also, petition of Vinson D. O'Brien and 199 other citizens and veterans of Helena and Butte, Mont., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4246. Also, petition of William Blum and 334 other veterans, National Military Home, Togus, Me., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4247. Also, petition of D. R. Green and 139 other citizens and veterans of Heidelberg, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4248. Also, petition of J. I. Crocker and 240 other citizens and veterans of Bruce, Sarepta, Pittsboro, and Calhoun City, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4249. Also, petition of R. M. Hendrix and 139 other citizens of Hattiesburg, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4250. Also, petition of Ed Wood and 139 other citizens and veterans of Verona, Tupelo, Shannon, and Dorsey, Miss., urging immediate cash payment in full of the adjustedservice certificates; to the Committee on Ways and Means.

4251. Also, petition of H. W. Rivers and 251 other citizens and veterans of Winona, Eupora, Stewart, and Kilmichael, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and

4252. Also, petition of Robert H. Hancock and 84 other citizens and veterans of Bay Springs, Sylvarena, Lake Como, Waldrup, Rose Hill, and Lavin, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4253. Also, petition of Barton Powell and 30 other citizens and veterans of Mize, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4254. Also, petition of E. D. Rander and 199 other citizens and veterans of Weatherly, Mendenhall, Shivers, Magee, Mize, Pineville, Raleigh, Pinalo, and Taylorsville, Miss., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4255. Also, petition of Clarence Shurbel and four other veterans of Ionia and Green Ridge, Mo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4256. Also, petition of C. E. Porter and 279 other citizens and veterans of Poplar Bluff, Mo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4257. Also, petition of Calvin Smith and 849 other citizens and veterans of Kansas City, Mo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4258. Also, petition of S. E. Foster and 139 other citizens and veterans of Appleton City, Mo., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4259. Also, petition of Charlie Johnson and 200 other citizens and veterans of Alton, Couch, and Thomasville, Mo., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4260. Also, petition of James E. Delaney and 54 other citizens and veterans of Glasgow, Mo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4261. Also, petition of G. W. Dale and 83 other citizens and veterans of Bardley and Doniphan, Mo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4262. Also, petition of William C. Snow and 449 other citizens and veterans of Fort Lyon, Colo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4263. Also, petition of Roy Shelby and 119 other citizens and veterans of Aurora, Colo., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4264. Also, petition of Jimmie Lee Baker and 479 other citizens and veterans of Tuskegee, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4265. Also, petition of M. T. Kelly and 700 other citizens and veterans of Russellville, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4266. Also, petition of T. C. Cowan and 81 other citizens and veterans of Piedmont, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4267. Also, petition of John R. Haley and 55 other citizens and veterans of Boaz, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4268. Also, petition of R. L. Chambliss and 53 other citizens and veterans of Mobile, Ala., and vicinity, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4269. Also, petition of James O. Sexton and 279 other citizens and veterans of Winfield, Eldridge, Guinn, Glen Allen, and Hamilton, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4270. Also, petition of Hugh Osborn and 47 other citizens and veterans of Hackleburg, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4271. Also, petition of S. M. Tidwell and 195 other citizens and veterans of Bear Creek, Haleyville, Phil Campbell, Tuscumbia, Belgreen, and Hodges, Ala., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4272. Also, petition of Coley L. Windham and 50 other members of American Legion Post, No. 78, Sampson, Ala., urging immediate cash payment in full of the adjustedservice certificates; to the Committee on Ways and Means.

4273. Also, petition of C. F. Dittmar and 500 other citizens and veterans of Whipple, Ariz., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4274. Also, petition of Orville O. Hanchett and 195 other citizens and veterans of Peoria, Ill., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4275. Also, petition of A. F. Woherb and 149 other citizens and veterans of Wichita, Kans., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4276. Also, petition of G. A. Taylor and 152 other citizens and veterans of Alma and Baxley, Ga., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4277. Also, petition of Edwin M. Cason and 156 other citizens and veterans of Atlanta, Ga., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4278. Also, petition of Edward S. Sheppard and 2,426 other citizens and veterans of Philadelphia, Pa., and vicin-

4260. Also, petition of James E. Delaney and 54 other ity, urging immediate cash payment in full of the adjusted-tizens and veterans of Glasgow, Mo., urging immediate service certificates; to the Committee on Ways and Means.

4279. Also, petition of W. D. Adams and 335 other citizens and veterans of Washington, Pa., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4280. Also, petition of William F. Poole and 17 other citizens and veterans of Athens, Pa., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4281. Also, petition of W. G. Schwarzbach and 70 other citizens and veterans of Portland, Oreg., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4282. Also, petition of Miles Loveland and 95 other citizens and veterans of Pittsburgh, Pa., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4283. Also, petition of Raymond C. Ranson and 223 other citizens and veterans of New Orleans, La., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4284. Also, petition of M. J. Foster and 255 other citizens and veterans of Monroe, La., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4285. Also, petition of J. S. Bronsard and 89 other citizens, business men, and veterans of Gueydan, Payne, Gretna, Jennings, Pineville, Lake Charles, Kaplan, Jeanette, Lafayette, and Forest Hill, La., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4286. Also, petition of Harry J. Stahl and 128 other citizens and veterans of Covington, Newport, and Dayton, Ky., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4287. Also, petition of Charlie F. Nichols and 92 other citizens and veterans of Ashland, Ky., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4288. Also, petition of John G. Smith and 45 other citizens and veterans of Hopkinsville, Ky., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4289. Also, petition of Richard Barlow and 111 other citizens and veterans of Covington, Ky., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4290. Also, petition of John Porter and 55 other citizens and veterans of Austinville, Monorat, Ivanhoe, and Cliffview, Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4291. Also, petition of Russell S. Sykes and 139 other citizens and veterans of Berkley, Portsmouth, and Norfolk, Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4292. Also, petition of W. W. Winfree and 174 other citizens and veterans of Etterick, Galax, Toshes, and Gretna, Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4293. Also, petition of L. K. Bryant and 223 other citizens and veterans of Lynchburg, Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4294. Also, petition of William G. James and 559 other citizens and veterans of Petersburg, Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4295. Also, petition of A. G. Stewart and 299 other citizens and veterans of Marion, Va., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4296. Also, petition of J. A. Willis and 83 other citizens and veterans of Beckley, Mabscott, and Crab Orchard, W. Va., urging immediate cash payment in full of the

adjusted-service certificates; to the Committee on Ways and | ment in full of the adjusted-service certificates; to the Means.

4297. Also, petition of James T. Watkins and 299 other citizens and veterans of Parkersburg, W. Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4298. Also, petition of R. B. Whitaker and 63 other citizens and veterans of Winding Gulf and Beckley, W. Va.; to the Committee on Ways and Means.

4299. Also, petition of D. W. Toney and 255 other citizens and veterans of Logan, W. Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4300. Also, petition of Otis M. Johnson and 449 other citizens and veterans of Wheeling, W. Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4301. Also, petition of Charles E. Shanks and 199 other citizens and veterans of Mannington, W. Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4302. Also, petition of Robert Burns and 279 other citizens and veterans of Wheeling, W. Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4303. Also, petition of Carl J. Benson and 449 other veterans of Bath, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4304. Also, petition of Oliver Y. Gray and 121 other citizens and veterans of New York City, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4305. Also, petition of Rudolph O. Bruns and 167 other citizens and veterans of Utica, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4306. Also, petition of Thomas Maloney and 64 other citizens and veterans of Syracuse, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4307. Also, petition of John M. Cook and 280 other citizens and veterans of New York City, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4308. Also, petition of John Raisner and 195 other citizens and veterans of Jersey City and Union City, N. J., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4309. Also, petition of Frank White and 29 other citizens and veterans of Edgewater, N. J., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4310. Also, petition of Warren F. Connolly and 139 other citizens and veterans of Newark, N. J., and vicinity, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4311. Also, petition of F. MacDougall and nine other citizens and veterans of Flint, Mich., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4312. Also, petition of Dale A. Hawley and 223 other citizens and veterans of Ironwood, Mich., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4313. Also, petition of W. J. Ashmun and 199 other citizens and veterans of Marquette, Mich., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and M ans.

4314. Also, petition of Leland B. Johnson and 364 other citizens and veterans of Grand Rapids, Mich., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4315. Also, petition of Curtis Mills and 199 other citizens and veterans of Jackson, Mich., urging immediate cash payCommittee on Ways and Means.

4316. Also, petition of Joe Perma and 196 other citizens and veterans of Pontiac, Mich., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4317. Also, petition of A. M. Haley and 111 other citizens and veterans of Bemidji, Minn., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4318. Also, petition of Edward F. White and 28 other citizens and veterans of Oelrichs, S. Dak., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4319. Also, petition of Ivor R. Thomas and 224 other citizens and veterans of Hot Springs, S. Dak., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4320. Also, petition of Joseph F. Podojil and 34 other citizens and veterans of Eagle Butte, S. Dak., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4321. Also, petition of William R. Hicks and 62 other citizens and veterans of Chesnee, Mayo, and Cowpens, S. C., urging immediate cash payment in full of the adjustedservice certificates; to the Committee on Ways and Means.

4322. Also, petition of H. L. Taylor and 102 other citizens and veterans of Belton, Anderson, and Pendleton, S. C., urging immediate cash payment in full of the adjustedservice certificates; to the Committee on Ways and Means.

4323. Also, petition of J. M. Lancaster and 76 other citizens and veterans of Drayton, S. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4324. Also, petition of J. E. Dearman and 167 other citizens and veterans of Spartanburg, S. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4325. Also, petition of Richard T. Green and 111 other citizens and veterans of Pacolet Mills, S. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4326. Also, petition of W. D. English and 223 other veterans of San Fernando, Calif., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4327. Also, petition of Leo C. Townsend and 161 other citizens and veterans of McAlester, Crowder, and Adamson, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4328. Also, petition of Albert Orner and 39 other citizens and veterans of Alderson, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4329. Also, petition of H. B. Hayes and 73 other citizens and veterans of Savanna, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4330. Also, petition of Henry Hakett and 279 other citizens and veterans of Allen, Lula, and Ada, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4331. Also, petition of Theodore E. Drumon and 649 other citizens and veterans of Syracuse, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4332. Also, petition of J. C. Northcutt and 97 other citizens and veterans of Oklahoma City, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4333. Also, petition of L. G. Beard and 362 other citizens and veterans of Ardmore, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4334. Also, petition of Joseph J. Conlon and 140 other citizens and veterans, Plainfield, N. J., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4335. Also, petition of Joe Cyril Maido and 76 other veterans of Denver and Burlington, Colo., urging immediate cash payment in full of the adjusted-service certificates;

to the Committee on Ways and Means.

4336. Also, petition of William Allee and 80 other citizens of Fort Smith, Ark., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4337. Also, petition of Willard H. Perry and 134 other citizens and veterans of Callao, Mo., urging immediate cash payment in full of the adjusted-service certificates; to the

Committee on Ways and Means.

4338. Also, petition of American Legion Post, No. 215, Fowlerville, Mich., submitted by Charles H. Coll, adjutant of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4339. Also, petition of American Legion Post, No. 580, Monaca, Pa., submitted by J. E. Chaffee, chairman of committee of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4340. Also, petition of American Legion Post, No. 54, Princeton, W. Va., submitted by B. E. Smith, commander, and L. L. Lambert, adjutant, of said post; urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4341. Also, petition of American Legion Post, No. 384, Willow Springs, Mo., submitted by James J. Curley, adjutant of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4342. Also, petition of American Legion Post, No. 114, Covington, Va., submitted by Cleveland Buchanan, service officer of said post, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4343. Also, petition of American Legion Post, No. 4, Rushville, Ill., submitted by William J. Long, commander of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4344. Also, petition of the following business firms of Dallas, Tex.: Victory Wilson (Inc.), M. Rude & Sons (Inc.), W. L. Douglas Shoe Co., Reynolds Penland Co., C. D. Hauger Co., Kaufman Hats (Inc.), Turner's Clothing and Furnishings, Baum & Co., Three Winners (Inc.), Stein Bros., and Dundee Clothes, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4345. Also, petition of American Legion Post, No. 159, Troy, N. C., submitted by E. A. Pipkin, adjutant of said post, indorsing immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4346. Also, petition of Veterans of Foreign Wars, Post No. 64, Johnson City, Tenn., submitted by Milton W. Daniel, commander, and Whit Marlin, adjutant, of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4347. Also, petition of American Legion Post, No. 452, Keewatin, Minn., submitted by F. J. Peiton, commander, A. B. Olson, adjutant, and John L. Suzick of said post, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4348. Also, petition of American Legion Post, No. 38, South Berwick, Me., submitted by Charles J. Bonsaint, jr., of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4349. Also, petition of American Legion Post, No. 149, Bremerton, Wash., submitted by John Hollingsworth, adjutant of said post, indorsing immediate payment in full of

the adjusted-service certificates; to the Committee on Ways and Means.

4350. By Mr. REED of New York: Petition of Mrs. Fred Johnson, citizenship director of the Woman's Christian Temperance Union of Jamestown, and others; the Ladies' Aid Society, Hartfield; Mrs. C. S. Casler, corresponding secretary of the Woman's Christian Temperance Union of Jamestown, and others; Rev. E. E. Evans, Olean; Rev. Otis Epperson and Rev. J. Archibald, Ellicottville; Rev. A. H. Nicholson, Rev. Walter W. Dailey, Rev. R. H. Eggleston, Rev. C. Clark Shedd, Rev. F. B. Schriner, and Captain Taylor, Salvation Army, Olean; all of the State of New York, protesting against the Beck-Linthicum bill to discharge the Judiciary Committee; to the Committee on the Judiciary.

4351. By Mr. ROBINSON: Petition signed by Rev. George C. Nothdurft and 26 other citizens, of Colesburg, Iowa, opposing the proposed amendment to the Constitution which will sanction State control of the liquor traffic. We want stricter enforcement of the eighteenth amendment, and ask you to use your influence and vote against the Beck-Linthicum resolution and work for a more dry Nation; to the

Committee on the Judiciary.

4352. Also, petition signed by Clara Oelfke, Elberta E. Sanborn, and 24 other citizens of Fairbank, Buchanan County, Iowa, deploring the recent action of the opponents of prohibition in securing 145 names to a petition that requests the discharge of the Judiciary Committee from considering the Beck-Linthicum resolution on the projected constitutional amendment to sanction State control of alcoholic liquor, and respectfully request that this projected amendment and its sponsoring resolution be turned down; to the Committee on the Judiciary.

4353. By Mr. RUDD: Petition of War Veterans' Sons Association, Brooklyn, N. Y., favoring the passage of House

bill 1; to the Committee on Ways and Means.

4354. Also, petition of Ellis Ames, Ballard Land Title Building, Philadelphia, and 24 other cities of the United States, favoring the passage of the Beck-Linthicum resolution; to the Committee on the Judiciary.

4355. Also, petition of National Livestock Marketing Association, Chicago, Ill., opposing the proposed sales tax of 2¼ per cent on lard, sausage, cooked and canned meats; to the Committee on Ways and Means.

4356. Also, petition of National Alliance of the Theater, New York City, protesting against the 10 per cent admissions tax; to the Committee on Ways and Means.

4357. Also, petition of American Exporters, New York, protesting against an impost on imported oil; to the Committee on Ways and Means.

4358. Also, petition of Malt-Disstase Co., Wyckoff Avenue and Decatur Street, Brooklyn, N. Y., opposing the tax of 35 cents per gallon on malt sirup or malt extract; to the Committee on Ways and Means.

4359. Also, petition of Allied Printing Trades Council of Greater New York, favoring the passage of the Romjue bill 8576; to the Committee on Ways and Means.

4360. By Mr. SABATH: Resolution memorializing the Congress of the United States to enact House Joint Resolution 144 to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4361. By Mr. SWICK: Petition of Beaver County Woman's Christian Temperance Union, Mrs. M. J. Patterson, Beaver Falls, Pa., president, most earnestly protesting against the adoption of the Beck-Linthicum resolution; to the Committee on the Judiciary.

4362. By Mr. SWING: Petition signed by 22 citizens of Orange, Calif., supporting the maintenance of the prohibition law and its enforcement, and protesting any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4363. Also, petition signed by 16 members of the San Bernardino County Chapter Reserve Officers' Association of the United States in support of the national defense act, and urging the United States to bring our Navy up to the treaty ratio, and protesting any reduction in the size of the Regular Army; to the Committee on Naval Affairs.

4364. Also, petition signed by 20 citizens of San Bernardino, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4365. Also, petition signed by 34 citizens of Dulzura and Barrett, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4366. Also, petition signed by 47 residents of San Bernardino, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4367. Also, petition signed by 22 members of the Imperial Valley Chapter, Reserve Officers' Association, supporting the national defense act and institutions created thereunder, and urging that the United States Navy be brought up to treaty ratio, and protesting any reduction in the size of the Regular Army; to the Committee on Appropriations.

4368. By Mr. WYANT: Telegram of Ella B. Black, president Pennsylvania Woman's Christian Temperance Union, representing 45,000 women, protesting against passage of Beck-Linthicum bill; to the Committee on the Judiciary.

4369. Also, petition of A. J. Bierer, J. A. Williams, and Joseph Giordano, of Greensburg, and Frank E. Walker, Mount Pleasant, both of the State of Pennsylvania, protesting against passage of revenue bill of 1932; to the Committee on Ways and Means.

4370. Also, petition of Mary E. Mitchell, president, and Lily Miller, treasurer, Woman's Christian Temperance Union of Belle Vernon; Mr. and Mrs. S. C. Daugherty and James Edge, of Jeannette; and Maude Taylor, of Irwin, all of the State of Pennsylvania, protesting against the passage of the Beck-Linthicum bill; to the Committee on the Judiciary.

4371. Also, petition of clergy of the Pittsburgh diocese of the Russian Orthodox Greek Catholic Church, favoring immediate Federal aid to relieve the distress caused by unemployment; to the Committee on Appropriations.

4372. Also, petition of J. F. Dietrich, of Greensburg; Wilbert B. Duncan, E. R. Goshorn, William M. Noble, S. B. Bishop, F. L. Moberg, of Latrobe; Elias Katz, burgess and Frank A. Maddas, president Victor Brewing Co., Jeannette; and Fred Vigne, Monessen, all of the State of Pennsylvania, urging support of the Beck-Linthicum bill; to the Committee on the Judiciary.

# SENATE

TUESDAY, MARCH 15, 1932

(Legislative day of Monday, March 14, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. JOHNSON obtained the floor.

Mr. FESS. Mr. President, will the Senator from California yield to enable me to suggest the absence of a quorum? The VICE PRESIDENT. Does the Senator from California yield for that purpose?

Mr. JOHNSON. I yield.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst Costigan Johnson Austin Couzens Jones Bailey Dale Davis Bankhead Kendrick Barbour Dickinson Keyes King La Follette Dill Barkley Bingham Fletcher Logan Blaine Frazier Long McGill George Bratton Glass McKellar McNary Metcalf Glenn Goldsborough Brookhart Broussard Bulkley Bulow Hale Moses Harrison Neely Byrnes Capper Caraway Hatfield Norbeck Norris Hayden Carey Connally Oddie Hebert Howell Patterson Copeland Hull Pittman

Robinson, Ark. Robinson, Ind. Schall Sheppard Shipstead Shortridge Smith Steiwer Thomas, Idaho Thomas, Okla. Townsend Trammell Tydings Vandenberg Wagner Walcott Walsh, Mass, Walsh, Mont. Waterman White

Mr. TOWNSEND. I wish to announce that my colleague the senior Senator from Delaware [Mr. Hastings] is unavoidably absent. I will let this announcement stand for the day.

Mr. ROBINSON of Indiana. I desire to announce the continued illness of my colleague the senior Senator from Indiana [Mr. Watson]. I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present. The Senator from California [Mr. Johnson] is entitled to the floor.

#### FOREIGN LOANS

Mr. JOHNSON. Mr. President, in conformity with the statement recently made I am going to devote myself, I hope, for a brief period, but I fear not, to a discussion of the foreign loans and the investigation recently held by the Finance Committee in regard to the foreign loans.

Mr. President, the story of our foreign loans is a sordid tale, at once grotesque and tragic. The picture presented by the testimony in the recent investigation under the Senate resolution introduced by me was by no means complete, but for the first time in our legislative history there were disclosed certain ugly facts which enabled us fairly to understand and thoroughly to resent what has been done to the investing American public. Within any ordinary time limits no investigation could uncover all details, and the purpose of the author of the resolution was, without expense or cost to the Government, with celerity to develop enough to indicate the tortuous ways of the security seller, the wrong done the unhappy buyer, and then, although the past might be remediless, by wise legislation to endeavor to prevent a recurrence in the future. The investigation of these foreign loans was unique in one aspect. It is the only investigation of consequence and importance ever carried on by the Senate without the expenditure of a dollar for assistants or expert aid. The small cost of this investigation has been solely for shorthand reporters and the telegrams which may have been sent by the chairman of the Finance Committee. No attorney was employed, no expert or technician assisted, and no aid of any kind or any character was paid for in the investigation, which in its sensational developments finally enabled our people to know how they had been separated by clever manipulators from their savings and which by its disclosures should be far-reaching in its results. I wish at the first opportunity that has been mine very gratefully to acknowledge my obligation to the members of the press, and particularly the younger members, who in their zeal for the truth and their enthusiasm for a just cause rendered me invaluable service. Without them the results attained never could have been accomplished. I never can forget the fine spirit with which these gentlemen, recognizing the difficulties under which we labored, gave so lavishly of their time and their effort that a dazed people, whose credulity had been played upon and whose pockets had been picked, might at least learn something of how it had been done. To the present Secretary of Commerce, the Hon. Robert P. Lamont, I am indebted for most courteous and helpful cooperation in all that I asked of him. The attitude of his department during this investigation stands in sharp contrast to that of another department of our Covernment.

Under existing circumstances the investigation, of course, was far from complete, but sufficient has been developed to enable us readily and logically to fill in the gaps and paint the complete picture. The loans, their extraordinary amounts, the mode in which all risks were passed on to our people, and the profits appropriated by our bankers; the utterly unrestrained duping of investors, the smug

in some degree shown by the testimony and afford us the highlights from which may be illumined the spaces between, and from which with accuracy we may understand how the game was played with a gullible people and the stakes appropriated by the supermen of finance.

Practically every State in the Union has now a blue-sky law, by which the State seeks to protect the investing public. It is only in the Federal Government where high finance in investments has been unrestrained. The sale of foreign securities was not only unrestrained by our Government, but the peculiar system adopted by the State Department enabled international bankers to foster sales, and either by direct reference or a mere statement of the fact to convey the impression that their securities were of a character satisfactory to our Government. For many years the State Department has asserted its practice to be one of noninterference. It has neither affirmatively approved nor disapproved loans made by international bankers abroad. In most instances, however, the international banker has advised the State Department of his intention to make a foreign loan, and under the fixed policy of the department has received a response stating merely "The Department of State offers no objection." The attitude of the department, as I understand it, has been that it has nothing whatever to do with loans abroad, even to governments, unless political reasons intervene. Of course, to investors, the statement, accurate in letter, that the particular investment had been submitted to the State Department and our Government had "no objection," was quite persuasive, and the ordinary American laboring still under the delusion that he participated by virtue of his citizenship in the Republic and that his Government would protect his interests as well as those of international bankers, fondly believed that if the State Department had no objection to his purchase of foreign securities his rights had been safeguarded. How his credulity was imposed upon, and how illusory was his belief concerning the protecting arm of his Government, his present plight demonstrates.

Prior to 1914 our experience as international bankers had been negligible. Suddenly we became a creditor nation. The banking houses of the Old World gave place to those of the new. Instead of the great English financiers ever in the front, the American house of Morgan took preeminence. This was the beginning of its great power, which has now so expanded that in the presence of its members the worshipful tread carefully and reverently. It finances not one government but many. Its knowledge is so omniscient and its power so great that without criticism, upon the theory of capacity to pay, it could lend to Italy \$100,000,000 at 7 per cent immediately after the United States Government had settled its Italian debt for 23 cents on the dollar in longdeferred payments, with interest at one-eighth of 1 per cent. In justice, however, it should be remarked that in the sorry competition for South American loans, it was testified that the house of Morgan and Kuhn, Loeb & Co. did not par-

With the world dominance of American bankers came the like meteoric rise of the American dollar. Money was plentiful. The people found themselves transformed overnight into investors. The mad orgy was on. Speculation ran riot; and speculation was encouraged not only by bankers greedy for profits but by the very Government itself. Of course, in one aspect the people themselves were to blame; but in another every rule of fair play, every tenet of fiduciary relation, every principle of forthrightness and honesty acquit those ignorant of finance who had been taught to rely upon their bankers for advice and aid and transfer the guilt to the men who knew, to the international bankers who coined the ignorance and confidence of their customers.

In a very recent and most interesting book by Thomas F. Lee entitled "Latin American Problems" the author describes what subsequently occurred in Latin America and what in only less degree is true concerning our foreign loans elsewhere. Mr. Lee says:

But with little experience in lending money to foreign peoples we became a creditor nation; the "Coolidge bull market" en-

complacency of the great financial prestidigitators, are all gulfed us; optimism ran riot; we discounted the future and headed in some degree shown by the testimony and afford us the on into our present embarrassment. During that unhappy period of spiritual and financial inflation perhaps the most difficult task of the international banker or of any investment banker was to find something in the way of reasonably safe securities to hand out in return for the dollars of an eager and confiding clientele. Our best professional economists had definitely stated that we had entered an entirely new economic era wherein most familiar laws (with the exception of the law of gravity) might be relegated to the limbo of things obsolete. It seemed unnecessary to look for anything except the element of profit. The banker's agent in the republics to the south of us, prodded by his principal to bring home something more to sell, was more interested in securing the loan at any price and on any terms than in its necessity on the one hand and the security of the bond buyer on the other.

It was interesting to observe the lofty tone adopted by our international bankers when testifying before the Finance Committee and their constant emphasis upon morality. Their professions did them infinite credit, of course. The story of what transpired, unfortunately, is somewhat at variance with these professions. They told us how good the loans were that they had made to foreign governments and to corporations abroad. They asserted, with a convincing emphasis to those accustomed to obeisance in their presence, that all the loans made were good and all would be paid. Fervently do we hope their predictions will be fulfilled, but the American who has put his all into beautifully colored lithographs that are promises to pay of a government which has defaulted in its interest may be pardoned a bit of skepticism.

We are assured that the governmental loans made to Europe by international bankers, through American investors, are not doubtful and every obligation will be faithfully met. The only bad loans of European governments apparently are those held by the Government of the United States for all the people of the United States. These may require readjustment, as our President says, and already we have granted one moratorium. No such contingencies, according to our international bankers, confront the loans made by them. Our people, all of them, have had imposed upon them one moratorium, an additional burden of \$250,-000,000, which have been utilized to pay short-term securities of international bankers. The high moralists among these bankers will doubtless persuade our Government, if essential to protect their own holdings, to grant further moratoria, and, indeed, if they can have their way, to scale down the debts due to all of the people of the United States that they may realize their own; and then, with statesmanlike seriousness, we will debate again the balancing of our Budget and the necessity for additional taxes upon our people.

The international bankers are purchasers of foreign securities only for sufficient time to enable them, at a profit, to pass them on to the general public. It is a beautiful system for them, out of which, of course, because of their acumen, their ability, their morality, their high sense of service to the American public, they have made their enormous fortunes. The system, in brief, is his: A foreign country desires a loan of \$100,000,000. Arrangements are made with one of our international bankers in respect to the loan. A contract is duly entered into by which the international banker buys the loan, say, at 90. He immediately takes in 1, 2, 3, or 4 of his associates at a step-up price of 91 or 92. The few associates who thus become a part of the loan select a larger body and a step-up price of 1, 2, 3 points is made.

The international banker to whom first is intrusted the loan makes his profit on the first step-up price to the very limited 2, 3, or 4 who join with him. This small coterie then make their step-up price of 1, 2, or 3 points, as the case may be, to the larger syndicate. The original international banker has thus relieved himself of responsibility and made his profit. He participates then in the second profit, and the second group have relieved themselves and made their profit in unloading upon the larger coterie. No liability now attaches to any of the original promoters of the loan. The larger group then formed allocate proportions of the loan to bankers and bond salesmen throughout the Nation. This last group may consist of some hundreds or even a thousand bankers in the United States. To them the issue is sold at a fixed price and they are to dispose of it at a fixed | higher price, which will enable them to make their profit. In the various profits the original houses participate, and the original houses, if of sufficient strength, can of course allocate to the ultimate group the proportions they assign with certainty of acceptance of these proportions, and then finally receive the ultimate purchase price. This mode may be varied at times with fewer syndicates. The spread, as the international bankers term it, between the original price, say, of 90 and the ultimate selling price, say, of 96 or 98, varies in different loans. The small banker, of course, is not crudely coerced into taking the allotment, which is given to him by the big New York international banker, but the small fellow knows full well that if he does not take what is allotted to him he will have his difficulties in the future. It is a perfectly safe game for the big international banker with his enormous connections, in which he really can not lose, and the profits from it are staggering.

During the progress of the investigation I received a number of letters from those who were interested in small banks, who complained bitterly of the compulsion put upon them. They told of how they had received allocations of foreign loans, how they accepted them because of abject fear, and the dire results that had resulted. I quote one letter, deleting names, that will indicate the results of the system:

The time seems opportune to put a curb on the bank "racket" of underwriting and bond selling.

And if ever there was a racket imposed upon the American people, almost worse than any other racket that late years have brought upon us from one cause or another, that racket is the racket that has been played upon American investors and those who were little able to stand the expense by the international bankers with the securities they retailed to our people.

I do not know-

Said this writer-

what caused the depression, but I think that the cupidity of bankers coupled with their crass ignorance of precedent and political economy contributed largely. It may interest you to have a good example of distribution of foreign bonds; indeed, of all bonds.

The capital of this bank-

It was a little country institution that was serving its patrons, and following its little way joyously, until compelled and coerced to take, at the hands of these great New York bankers, their allotment of foreign bonds—

The capital of this bank was \$125,000, and, according to the books, they had a surplus of something in the neighborhood of \$250,000. Thus the foreign bonds held by them exceeded the entire capital and surplus.

It seems to me incredible that the officers of this bank would select such securities of their own free will. Apologetic statements of their friends indicate that they were coerced by interested banks, and this is a subject that must engage the attention of the committee.

There are many ways in which the profits of the international banker are enhanced. He becomes the agent for a particular country concerning its securities. He deals with the sinking fund and retirement of bonds, for which, of course, he receives his compensation. In his capacity as representative, for what he does undoubtedly he receives his pay.

A system of late has grown up in this country under which oftentimes those who control the powerful banking institutions interest themselves as well in investment trusts. These trusts primarily were supposed to enable the investor to obtain technical advice and expert assistance, which, of course, the ordinary investor lacked. Without other knowledge on his part the investor approached the investment trust to secure his savings and to invest them in such fashion as to enable him to receive a modest income. The investor bargains for the disinterested and honest advice

and assistance which it is held out to him he hires when he deals with the investment trust. He learns in a period such as this, to his cost, that his investment trust, after all, was simply a part of the big international bank, and that this bank in some instances transferred a foreign loan from itself, at a profit, to its own investment trust, which in turn palms it off on the unwary customer.

Mr. John T. Flynn, an author of note upon investment trusts, has aptly described them to me in a recent communication:

The mechanism of investment banking houses is devised to take care of every phase of the business from selling a country or a corporation the idea of issuing bonds right up to selling the bonds themselves to the ultimate investor. One of the shameful phases of this excessive organization is the manner in which the investment banker has wandered across the line into the territory of the buyer and taken possession of the buyer's own machinery for buying, so that the investment banker finds himself on both sides of the bargain—representing the seller on one side of the counter and the buyer on the other. If a typical bond issuing and selling adventure can be followed from its inception to its very end it would be found that the investment banker has managed through many devices to control many of the instruments which the investor relies upon for exercising his choice. One of these, of course, is the investment trust.

The investment trust is organized to represent the buyer of securities—the distracted, bewildered, small investor who, in his ignorance of securities, goes to the investment trust under the impression that it represents his interests alone. It is one of the dark spots in the history of the last half-dozen years in this country that the investment banker—the merchant of securities—was permitted to take possession of the investment trust. Of course, in the portfolios of the investment trusts were found foreign bonds, and in many cases foreign bonds issued or marketed by the investment bankers who had organized and who controlled the investment trusts.

It is not easy to trace the influence of the sponsoring bankers in the selection of the foreign securities purchased by their trusts. As a matter of fact foreign securities were issued in large amounts by a limited group of investment houses. These same investment houses had investment trusts which they managed directly or indirectly. We can find in the portfolio of a given trust bonds marketed by the house sponsoring the trust and also bonds and stocks issued by other bankers who also had trusts, in whose trusts will be found the securities of the first bankers. In other words, there is at least some ground for suspecting that there was a good deal of back scratching by investment bankers and their investment trusts in the purchase of securities.

The investment trust, as thus described by Mr. Flynn, is simply another device of financial cajolery the ultimate result of which leaves the investor holding the bag.

The international banker constantly and unctuously dwells upon his extreme care in making foreign loans, his meticulous investigations, his yardstick of productivity, balancing budgets, and the like; but the indubitable fact established by the evidence is that in the keen competition among bankers for loans the rivalry was so pronounced that precautions and productivity were forgotten and only profits remembered.

During the period after the war and until the panic of the latter part of 1929 international bankers reversed the financial rule of the centuries, and in international loans the policy as described by Mr. Jones, of the Commerce Department, and others became one of the lender seeking the borrower rather than the borrower seeking the lender. Of course, under a system such as this, with lenders on the doorsteps of borrowers, pleading and begging for the opportunity to make a loan, and none too scrupulous as to how the privilege was obtained, it becomes obvious that the vaunted investigation of loans by bankers was little heeded. The bankers had just one thought and that was profits. The money so plenteous in the United States Curing that period, the anxiety of those who had little safely to place it in permanent investments, the peculiar financial intoxication which had communicated to all classes of society and all kinds of people, of course, contributed to the result and made it very easy for those international bankers, who were thinking of profits alone, to pass on to an unsuspecting public, but too anxious to invest, practically any kind of a loan under any circumstances.

The testimony of disinterested witnesses was ample to prove the kind of competition among international bankers, but we are not dependent upon these disinterested witnesses alone for our proof. The situation was very aptly described he sells them.

by Mr. Thomas W. Lamont, of J. P. Morgan & Co., in a speech made in 1927, the following excerpt of which is in the record. Mr. Lamont then said—and his word, of course, will be received with absolute verity by every man within the sound of my voice and every individual who in high position constitutes a part of American citizenship. Mr. Lamont says—and this, of course, we may take as absolute, and disregard, if we please, Mr. Jones, Mr. Corliss, and the various others who testified before the committee as to the fact—Mr. Lamont says, sir:

From the point of view of the American investor it is obviously necessary—

This was in 1927, by the way, and he did not appear to recollect it very keenly when the Senator from Oklahoma [Mr. Gore] called it to his attention; but in 1927 he said:

From the point of view of the American investor it is obviously necessary to scan the situation with increasing circumspection and to avoid rash or excessive lending. I have in mind the reports that I have recently heard of American bankers and firms competing on almost a violent scale for the purpose of obtaining loans

peting on almost a violent scale for the purpose of obtaining loans in various foreign money markets overseas.

Naturally it is a tempting thing for certain of the European governments to find a horde of American bankers sitting on their doorsteps offering them money. It is rather demoralizing for municipalities and corporations in the same countries to have money pressed upon them. That sort of competition tends to insecurity and unsound practice. The American investor is an intelligent individual and can be relied upon to discriminate. Yet, in the first instance, such discrimination is the province of the banker who buys the goods rather than of the investor to whom

I may be accused of special pleading in uttering this warning, yet a warning needs to be given against indiscriminate lending and indiscriminate borrowing.

This the language of Mr. Thomas Lamont, of J. P. Morgan & Co. Reverently I utter the words, sir; but this the language of the house of Morgan in 1927.

What an indictment by one of their own is this of the American banker! Competing on a violent scale to obtain loans in foreign countries! A horde of American bankers sitting on the doorsteps of European governments offering them money! Of course, it was a tempting thing for European governments, but what will be said of American international bankers engaging in practices of this sort, taking anything which might be offered for the profit that was in it, immediately to transport it across the sea and then in ambiguous prospectuses, in some instances designed to deceive, by virtue of their very reputation as investment bankers, soaking the American public.

The blame for what has happened may in part be laid at the door of the American public. The international banker

excuses himself because the public was overrich and mad to invest its money, and the banker asserts he but afforded the opportunity. But Americans have been taught not only confidence in their bankers, but something like reverence for them. Our people, in all matters relating to finances, over a long period had regarded the banker with a childlike confidence, and sought on occasions when any venture was taken with the family hoard his advice and counsel. The banker himself with money pouring in, with his fortune increasing beyond his wildest imagination, with his opportunities for getting rich overnight, and what he deemed his proud position in the financial world, began to regard himself as a superman, and soon in his egotism became convinced that the Lord had endowed him with a peculiar prescience and ability, which raised him into a royally created class, far more fortunate than his fellows, and far more blessed by a discriminating and wise Creator. He became convinced he was of finer clay than ordinary humanity. He was a self-made man who adored his creator. It is little to be wondered at if the ordinary investor with his modest life savings approached in some trepidation this gorgeous creature, begged the swollen banker for advice and counsel. and with gratitude accepted his direction. The poor investor, engrossed in his daily tasks, saw only one of God's anointed aiding him in preparing for a precarious future; but the anointed, none too proud to take any sum from any person upon any representation, thought only of the profits accruing. The international banker was the fount of all wisdom until the latter part of 1929. No economic problem but he could solve, no possible crisis but he could successfully meet and master. The hats of our people were doffed to this Jovelike creation. And then came the rude awakening, the smash of October, 1929, the repeated breaks thereafter, the ruin and the devastation all about, and the international banker stripped of his glamour and his pretense stood stark and naked before an astonished and a horrified people.

I append here a statement of the American holdings of European government issues showing their current value four months ago and their depreciation. Inserted in this list is the old Russian folly, merely that it may have a place in our story. The German lendings, some of that nation's outstanding citizens have recently complained, were made virtually because American bankers implored them to accept the loans. In this list are but 16 countries, which show actual cash invested by the public of the United States of \$1,600,000,000 and a depreciation of \$742,000,000.

Country	Par value of offerings now wholly or in part outstanding	Actual cash invested by public of United States	Par value of outstanding issues	Current value of outstanding issues	Depreciation from par	Depreciation (per cent)
Austria Bulgaria Denmark Estonia Finland Germany Greece Hungary Ireland Italy Norway Poland Rumania Russia Saar Territory Yugoslavia	13, 500, 000 151, 977, 500 4, 000, 000 70, 000, 000 711, 192, 600 26, 000, 000 44, 650, 000 187, 150, 000 170, 500, 000 122, 075, 750 5, 419, 500 75, 000, 000	\$127, 273, 900 12, 870, 000 146, 190, 540 3, 780, 000 65, 225, 000 656, 239, 950 23, 330, 000 43, 606, 100 14, 550, 000 176, 150, 000 165, 002, 325 114, 718, 250 4, 769, 160 73, 687, 500 11, 052, 500 45, 987, 200	\$132, 426, 000 13, 348, 537 149, 216, 750 4, 946, 500 62, 948, 260 649, 089, 110 25, 603, 000 42, 599, 300 3, 612, 600 171, 610, 655 166, 343, 000 188, 280, 030 5, 419, 500 7, 834, 000 7, 834, 000 49, 285, 000	\$91, 520, 130 5, 209, 605 114, 940, 310 2, 967, 900 36, 564, 370 277, 413, 160 14, 985, 480 13, 911, 530 2, 709, 375 137, 386, 302 135, 322, 146 61, 052, 800 3, 251, 700 5, 481, 170 22, 093, 000	\$40, 905, 870 8, 138, 932 34, 276, 440 1, 978, 600 26, 383, 880 371, 676, 950 10, 617, 520 28, 687, 770 903, 125 34, 224, 333 31, 020, 854 47, 227, 230 2, 167, 800 74, 250, 900 2, 352, 830 27, 192, 000	30. 3 62. 6 22. 1 40. 0 41. 0 57 41 60 25 20 10. 8 43. 9 99 30 55
Total	1, 792, 872, 000	1, 684, 437, 000	1, 667, 562, 000	925, 559, 000	742, 003, 000	43

The purposes of some of the loans to Germany by these international bankers seem incredible in view of the bankers' oft-repeated protestations. Loans were made for the construction of workmen's dwellings, for every conceivable kind of private enterprise, for the erection of bathing facilities, parks, playgrounds, and even apartment houses. Some were made to public utilities, electric roads, and so forth; some to manufacturing plants engaged in competition with Ameri-

can enterprise. Imagine these smug international bankers prating in our country of individual initiative, strenuously demanding the divorcement of government and business, forbidding with their influence and power Government operation of what even was built with the people's money, taking with avidity loans upon every conceivable activity of government abroad, while denouncing any kind of that governmental activity at home. They were willing for the money

there was in it to forego the principles abroad which they maintained with such vigor at home, or they had no such principles at all.

The depreciation in the German securities is exceeded by that of some other loans. It will be observed that Bulgarian securities have dropped in value 62 per cent, Hungarian 60 per cent, and those of some other nations in very large percentages as indicated.

The bankers were not without warning concerning the German loans. Unfortunately these warnings did not permeate to the investing public but in good faith the bankers selling these loans to the general public should have warned their customers.

In 1926 the then Secretary of State wrote to the international bankers concerning their German loans. In this letter, which does Mr. Kellogg infinite credit, he told the international bankers that they should—

Examine with particular care all German financing \* \* \* with a view to ascertaining whether the loan proceeds are being used for productive and self-supporting objects \* \* \*.

#### He added:

In this connection I feel that I should inform you that the department is advised that the German Federal authorities themselves are not disposed to view with favor the indiscriminate placing of German loans in the American market, particularly when the borrowers are German municipalities and the purposes are not productive.

And then, after referring to the Dawes plan and the attitude of the agent general and the transfer committee, he said:

It seems to the department, therefore, that before issuing such loans you should inform yourselves whether the transfer committee will place any priorities or obstacles in the way of transferring funds for the payment of principal and interest and that you should make clear to your clients the full situation.

Again on November 3, 1926, S. Parker Gilbert, agent general for reparation payments, in respect to certain German loans wrote:

I am constantly amazed at the recklessness of American bankers in offering to the public the securities of German States on the basis of the purely German view of article 248 of the treaty of Versailles.

And in this letter Mr. Gilbert quoted from Sir William Leese, in which the latter held that certain prospectuses of loans were "substantially untrue and misleading."

Then in October, 1927, Mr. Gilbert presented a memorandum for the German Government with which the international bankers were familiar. In this memorandum Mr. Gilbert said:

I have attempted to bring together in the foregoing pages the accumulating evidences of overspending and overborrowing on the part of the German public authorities, and some of the indications of artificial stimulation and overexpansion that are already manifesting themselves.

These tendencies, if allowed to continue unchecked, are almost certain, on the one hand, to lead to severe economic reaction and depression, and are likely, on the other, to encourage the impression that Germany is not acting with due regard to her reparation obligations.

These warnings were given to the international bankers not only by an official abroad, but from the American Secretary of State. The Secretary of State in unmistakable terms told the bankers they should make clear to their clients the full situation in reference to German loans. The bankers did nothing of the sort. Their prospective profits outweighed their sense of duty. The empty pockets of American investors who trusted them are their indictment.

It may be argued that the warnings were in respect to Germany alone, because of the complicated situation in reference to reparations, and this is quite so. But even this warning went unheeded and never was passed on to the poor purchasers. It would have been well if the State Department, instead of passively encouraging, had sounded its warning concerning loans of other countries; but since Kellogg's letter the department has been mute, and its gigantic energies have not been employed in behalf of simple, ordinary American investors.

From 1914 to 1930 nearly \$7,000,000,000 of European securities, governmental and corporate, were offered in the United States. In round numbers two and one-half billion of these are yet outstanding, and upon them there is a depreciation from par of nearly \$800,000,000.

# LATIN AMERICAN LOANS

Latin America, representing a large part of our continent and all of South America, notwithstanding its proximity, is little understood by our people. There ought to be between the people of this territory and our own the closest connections and the most cordial relations. These should exist first in our personal relations, for common interest binds us; and otherwise mere neighborliness dictates that the races south of us and our own should be closely knit. Latin America presents a fertile field for honest business and the finest opportunity for legitimate investment. But the business should be honest and the investment fair. These can be helped and fostered on our part by cultivating international relations that command confidence and respect, rather than relations which arouse suspicion and antagonism.

The investigation of Latin American lending by international bankers has been of inestimable aid in reestablishing the good opinion of our people formerly held by our neighbors. What they as peoples saw and felt in the financial transactions with our international bankers had led them to believe that the methods of some of these bankers were the methods of the whole American people, and that by our silence and apparent acquiescence we condoned anything done by men of our race for profit. For the first time, without fear or favor, we have laid bare, at least in some measure, the financial operations of international bankers of the United States with Latin America. We have stripped some of the hypocrisy from the near money great and have held up to the pitiless light of publicity some of their operations. In this we have performed not only a service to our own but no less a service, highly appreciated I know from my mail, to our Latin American brethren.

We endeavored by the testimony not only to prove defaults but to lay bare some of the reasons; and, in fairness, we showed not only the ultimate blame but some of the predisposing causes. We dealt with equal justice with those who took our money in foreign lands and those of our own who gave it to them. In government loans, of course, with wisdom and prudence exercised by both borrower and lender, there should be no defaults.

It is asserted, of course, by the agents for these loans, and by their apologists, here and elsewhere, that the defaults are due to the general world depression. It would be folly to say that this depression had not its influence, nor would any fair-minded individual claim that world conditions had not contributed to the defaults. But there was another contributing cause as well, and that was the mad anxiety of some international bankers to obtain foreign loans at all hazards and the ease with which the American investing public could be imposed upon. A few illustrations illumine the text. In one of the loans to Brazil by Dillon, Read & Co., eight millions were presumably to be used for the electrification of a railroad operated as a subsidiary by the Government. Just think of it, the electrification of a railroad owned by the Government! Suppose one suggested here that that should be done. What a chorus of dissent would be met from these gentlemen engaged in the international banking business. In the prospectus of the loan issued in 1922 under the title "Purpose of Issue" (and it must be remembered that upon the prospectus the loan was sold to the American people) it is stated:

The proceeds of the loan are to be used in part to provide for the electrification of the suburban division of the railway, which is owned by the Government of Brazil and is without bonded debt.

This prospectus, dated June 1, 1922, was for a loan upon bonds due in 30 years, bearing interest at 7 per cent per annum. Up to this time there has been no electrification of the particular railway.

The Bolivian loan of 1922 was made to bolster up a totter- | excellent work of Mr. Lee, to which I have referred. These ing régime. The later loan was at first disapproved by our Department of Commerce, and from the testimony that has been adduced the most casual investigation would have demonstrated its risk and perilous possibilities.

The very method in which the Peruvian loan was made, of which more hereafter, would put the merest tyro upon inquiry, and in addition one of the experts of the banking house offering the loan reported against it, and a well-known Peruvian in great detail advised all bankers that the defaulted loans should not be made.

It has been developed in respect to some of the Brazilian loans that in order that a favorable balance might be shown milreis of Brazil were converted into dollars, and in the conversion the milreis was computed actually at more than two and a half times its value.

In Chile one of the banks participating in some of the loans was a party to frenzied financial jugglery, which deprived Chile of the very revenue necessary to meet its external obligations.

The risk of the Colombian loans a schoolboy there could have understood, but as Mr. Corliss, of the Department of Commerce testified, representatives of international bankers were seeking the privilege of lending. He says at one time at least 20 of these representatives were competing with one another

The outstanding obligations of Latin America, which are held by people in the United States, aggregate, in round numbers, \$1,600,000,000. Their market value on the 1st day of January, 1932, was \$422,000,000, a depreciation of \$1,175,-000,000. The following is a list of these obligations, the figures of which are the latest at hand and from the very

figures I append without reading, if I may have permission to do so.

The PRESIDING OFFICER (Mr. Thomas of Idaho in the chair). Without objection, permission is granted.

The statement is as follows:

	Amounts issued	Principal amounts out- standing	Approximate market value, Dec. 31, 1931	Contraction in values from par
Argentina	\$420, 418, 500	\$390; 200, 000	\$160, 760, 000	\$229, 440, 000
Bolivia	68, 653, 500	59, 293, 000	3, 994, 480	55, 298, 520
BrazilChile	420, 030, 000	365, 850, 000	56, 648, 520	309, 201, 480
C 1 1 1	296, 112, 000 169, 435, 000	283, 016, 500 153, 306, 400	34, 929, 553 36, 817, 175	248, 086, 947
Description of the State of the	9, 800, 000	9, 180, 000	3, 634, 870	116, 489, 225 5, 545, 130
Cuba	180, 500, 000	117, 100, 000	70, 548, 100	46, 551, 900
Dominican Republic.	20, 000, 000	18, 400, 000	9, 246, 000	9, 154, 000
Guatemala	2, 515, 000	2, 300, 000	1, 035, 000	1, 265, 000
Haiti	16, 000, 000	11, 400, 000	6, 954, 000	4, 446, 000
Panama	21, 000, 000	19, 300, 000	11, 506, 000	7, 794, 000
Peru	94, 500, 000	91, 286, 000	6, 472, 030	84, 813, 970
Salvador	16, 500, 000	13, 100, 000	4, 641, 700	8, 458, 300
Uruguay	67, 757, 000	63, 844, 900	14, 820, 440	49, 023, 560
Total	1, 803, 221, 000	1, 597, 575, 900	422, 007, 868	1, 175, 568, 032

Mr. JOHNSON. The bonds which are in default in Latin America with the banking agency, the date of the default and the amount outstanding, are as set forth in a table which I have. Here, then, in detail is the statement of each particular issue in South America that is now in default, and this I ask permission to insert in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Record of foreign dollar bonds in default

	Coupon dates	Paying agent (New York)	Date of default	Remarks	Amount outstanding
BOLIVIA		THE THE PARTY OF T			
D	1 and 0 1	Chase National Bank	1931	Yesternat and alekton found and unit	A1 401 00
Republic of Bolivia, 6's, 1917–1940 Republic of Bolivia, 8's, 1922–1947 Republic of Bolivia, 7's, 1927–1958	M and N. 1	do do	May 1	Interest and sinking fund not paid	\$1, 431, 00 23, 267, 50
Republic of Bolivia, 7's, 1927-1958	J. and J., 1	Dillon, Read & Co	Jan. 1	Interest and sinking fund not paid	13, 590, 50
Republic of Bolivia, 7's, 1928-1969	M and S., 1	do	Mar. 1	do	
BRAZIL					
Federal Government:					
United States of Brazil, 8's, 1921-1941			100 Kg	The Brazilian Government announced Oct. 18, 1931, that interest on these bonds would be paid in scrip for a period of 3 years.	31, 352, 50
United States of Brazil, 7's, 1922-1952	do	do	do	dodo	17, 503, 00
United States of Brazil, 61/2's, 1926-1957	A. and O., 1	do		do	56, 108, 00
United States of Brazil, 6½'s, 1927–1957	A. and O., 15	do		do	39, 709, 00
State of Ceara, 8's, 1922-1947	J. and D., 1	First National Bank, of New York; and Inter- state Trust Co., of New Orleans.	June 1	Interest and sinking fund not paid; bondholders' protective committee formed under auspices of Interstate Trust Co.	1, 980, 03
State of Maranhao, 7's, 1928-1958	M. and N., 1	Bankers Trust Co	Nov. 1	Interest paid Nov. 1, but sinking fund not paid; no further remittances being made.	1, 682, 03
State of Minas Geraes, 61/2's, 1928-1958	M. and S., 1	National City Bank	Sept. 1	Interest and sinking fund paid Sept. 1, out of reserve fund; no further remittances being made.	8, 132, 00
	do	do	do	do	7, 812, 00
1929-1959. State of Parana, 7's, 1928-1958	M. and S., 15.	Chase National Bank	Sept. 15	Reserve fund used to pay interest; sinking fund not paid; no further remittances being made.	4, 642, 00
State of Pernambuco, 7's, 1927-1947 State of Rio de Janeiro, 6½'s, 1929-1959	M. and S., 1	White, Weld & Co	Sept. 1	Interest and sinking fund not paid	5, 233, 00 5, 961, 00
State of Rio Grande do Sul, 8's, 1921-1946.		and Bank of America.			
State of Rio Grande do Sul, 8's, 1921–1946.	A. and O., 1	Lee, Higginson & Co., and Ladenburg, Thal- mann & Co.		Oct. 1, 1931, interest and sinking fund paid; no further remittances being made,	5, 900, 50
State of Rio Grande do Sul, 7's, 1926-1966.	M. and N., 1	do	Nov. 1	Sinking fund paid Nov. 1, but interest defaulted	9, 713, 50
State of Rio Grande do Sul, 6's, 1928-1968. State of Santa Catherina, 8's, 1922-1947.	J. and D., 1 F. and A., 1	White, Weld & Co Halsey, Stuart & Co	Dec. 1	Interest and sinking fund not paid. Funding arrangement made in 1925, default on this agreement in May, 1928; new arrangement for lower schedule of payments; no payments made since February, 1930.	23, 000, 00 4, 704, 80
State of Sao Paulo, 8's, 1921-1936 State of Sao Paulo, 8's, 1925-1950	J. and J., 1	Speyer & Co	Jan. 11	Interest paid but partial default on sinking fund	4, 950, 00
State of Sao Paulo, 8's, 1925-1950	do	do	do	Interest paid partly from reserve fund; partial default on sinking fund.	14, 719, 00
State of Sao Paulo, 7's, 1926-1956	M. and S., 1	do		\$200,000 reserve fund on hand to meet Mar. 1, 1932, coupon	6, 914, 00
State of Sao Paulo, 7's, 1926-1956 State of Sao Paulo, 6's, 1928-1968			The second secon	Reserve fund used for July 1, 1931, payments; payments due	14, 698, 00
State of Sao Paulo, 7's, 1930-1940	A. and O.	do		Jan. 1, 1932, will not be made.  No default expected	31, 489, 00
Municipal governments:	LIVE TO PERSON			[12] 하면서를 보면 없었다면 하는 보는 그는 이 없는데 하면 그 사람이 되는 것 같아 되었다.	- TOTAL STREET
City of Porto Alegre, 8's, 1921–1961	J. and D., 1	Ladenburg, Thalmann & Co., and Lee, Higginson & Co.	Dec. 1	Coupon not paid.	3, 320, 00
City of Porto Alegre, 71/2's, 1926-1966	J. and J. 1	do	A STATE OF	Jan. 1 coupon not expected to be paid	3, 890, 00
City of Porto Alegre, 7's, 1928-1968	F. and A., 1	do		Feb. 1 coupon not expected to be paid  Apr. 1 coupon not expected to be paid  Coupon not paid  Coupon not paid	2, 211, 00
City of Rio de Janeiro, 8's, 1921-1946	A. and O., 1	Dillon, Read & Co		Apr. 1 coupon not expected to be paid.	8, 055, 00
City of Rio de Janeiro, 61/2's, 1928-1953	F. and A., 1	White, Weld & Co	Aug. 1	Coupon not paid	29, 492, 00
Oity of Rio de Janeiro, 6's, 1928-1933	1 1925, 1928, a	ld0	Oct. 1	1 1932.	1,770,0

Record of foreign dollar bonds in default-Continued

	Coupon dates	Paying agent (New York)	Date of default	Remarks	Amount outstanding
BRAZIL—continued					
Municipal governments—Continued Rio Grande do Sul consolidated munic- ipal loan, 7's, 1927-1967.	J. and D., 1	Chase National Bank	1931 Dec. 1	Coupon not paid	\$3, 912, 500
City of S ao Paulo, 6's, 1919–1943 City of Soa Paulo, 8's, 1922–1952 City of Sao Paulo, 6½'s, 1927–1957	M. and N., 1 do M. and N., 15.	First National Corpora-	Nov. 1 Nov. 15	May 1 coupon not expected to be paid Coupon not paid	9 127 00
CHILE		tion, of Boston.			,,,,,,,
National Government: Republic of Chile, 6's, 1926–1960	A. and O., 1	Hallgarten-Kissel, Kin- nicutt.	Oct. 1	Coupon not paid	40, 116, 000
Republic of Chile, 6's, 1928-Jan. 1, 1961 Republic of Chile, 6's, 1927-Feb. 1, 1931	J. and J., 1 F. and A., 1	National City Bank Hallgarten-Kissel, Kin-	Aug. 1	Jan. 1 coupon will not be paid	44, 152, 000 25, 935, 000
Republic of Chile, 6's, 1928-Sept. 1, 1981_ Republic of Chile, 6's, 1929-1982	M. and S., 1	nicutt. National City Bank	Sept. 1	dodo	15 577 000
Republic of Chile, 6's, 1930–1963 Republic of Chile, 7's, 1922–1942	M. and N 1	dodo	Nov. 1	do	24 745 000
Municipal governments: City of Santiago, 7's, 1928–1949	J. and J., 2	Hallgarten-Kissel, Kin- nieutt.		Jan. 2 coupon will not be paid	3, 600, 000
City of Santiago, 7's, 1930-1961.  Chilean consolidated municipal loan, series A, 7's, 1929-1950.	M. and N., 1 M. and S., 1	do	Nov. 1 Sept. 1	Coupon not paid.  Interest and sinking-fund payments on Sept. 1, 1931, made from reserve fund.	2, 175, 000 14, 684, 003
Mortgage bank: Mortgage Bank of Chile, 6½'s, 1925–1957.	J. 30 and J. 31_	Kuhn, Loeb & Co. and Guaranty Trust Co.	July 31	Service completely suspended; interest being deposited in Chile in pesos.	18, 882, 000
Mortgage Bank of Chile, 634's, 1926-1961. Mortgage Bank of Chile, 6's, 1926-1931 Mortgage Bank of Chile, 6's, 1928-1961 Mortgage Bank of Chile, 6's, 1929-1962	A. 30 and O. 31	do dodo	Dec. 31 do Oct. 31 Nov. 1	do	10,000,000
согомвіч					19, 900, 000
City of Medellin, 7's, 1926-1951			Control of the Contro	Coupon not paid; it is understood that funds have been deposited in Colombia.	2, 703, 000
City of Medellin, 61/2's, 1928-1954	do	Hallgarten-Kissel, Kin- nicutt.	do	dodo.	8, 527, 000
Nat 5 nal Government:		e efectivity served	Parago I		
Republic of Peru, 7's, 1927-1959 (tobacco loan).	- Ingilare Victor	J. & W. Seligman & Co	Sept. 1	Complete default on interest and sinking fund	Control of the Contro
Republic of Peru, national loan, first series, 6's, 1927-1960.	CAN STREET, ST. COLORS	J. & W. Seligman & Co.		do	STATES AND
Republic of Peru, national loan, second series, 6's, 1928-1961.  Provincial government: Province of Callao, 71/8's, 1927-1944.	A. and O., 1 J. and J., 1	J. & W. Seligman and National City Bank, J. & W. Seligman & Co.	Apr. 1 Jan. 1	Interest and sinking-fund payments due Jan. 1 and July 1, 1931, were met partly from the reserve fund; no further	24, 469, 500 1, 189, 000
dunicipal government: City of Lima, 6½'s, 1928–1958.	M. and S., 1	E. H. Rollins & Sons	Sept. 1	remittances.  Interest and sinking-fund payments due Sept. 1, 1931, were met partly from reserve fund.	2, 887, 000
URUGUAY					
City of Montevideo, 7's, 1922-10 2	J. and D., 1	Dillon, Read & Co	Dec. 1	Interest not paid	5, 684, 000

Mr. JOHNSON. The enormous sum of \$815,468,300 is thus in default. It is likely there will be some recovery of a part of this amount, but at best it will be only a part. That there should have been unloaded bonds of this character upon the small investor in our country, upon the representations of international bankers, whose fortunes exceed the wildest dreams of avarice, is appalling.

It is utterly inconceivable that international bankers did not know what the best-informed public opinion of Latin America was fully cognizant of. The bankers simply did not heed the facts. They gave no thought to the impoverishment of American citizens who trusted them. They acted, apparently, only for the profits. They were perfectly willing by their loans to maintain dictators in power and to be party to the suppression of every natural right of citizens of South American republics. Indeed, they contributed the money, in some instances, for the destruction of liberty itself, and heavy upon them is the responsibility not only for the financial ruin of a vast number of American citizens but for the destruction of personal and political rights in Latin American states. Because the consequences of the actions of some of our international bankers are so succinctly and ably stated by the Bolivian ambassador to this country, I quote his letter to me, written during the investigation and made a part of the record:

LEGACION DE BOLIVIA Washington, January 25, 1932.

The Hon. HIRAM JOHNSON,

The Hon. HIRAM JOHNSON,

The Senate, Washington, D. C.

MY DEAR MR. JOHNSON: I am inclosing my article, Three Revolutions, which was published in the Washington Post a year ago, and I would appreciate it very much if you could be kind enough

to have this article read at the next meeting of the Finance and Investigation Committee of the Senate and to have it included in the minutes, so it may serve as a reminder when any regulation should be studied toward checking the granting of loans, when I hope that my plea for the absolute refraining from making loans to dictatorial governments will not be ignored.

Lending money can only be detrimental to all parties concerned Lending money can only be detrimental to all parties concerned when the governments are running their countries without allowing freedom of public opinion or even permitting their congressmen to express their views regarding the loans. When the 1922 loan was contracted with Bolivia there were hundreds of people deported and jailed, and the press was absolutely muzzled during the negotiations, and when the 1923 loan was agreed upon even senators were persecuted and confined when they attempted to combat this herowing.

combat this borrowing.

It was in this way that American bankers helped such governments to remain in power and ruin their countries financially. The life of many a dictatorial and corrupt government has been prolonged or rescued by American bankers, and the money supposed to have been borrowed for the construction of public utilities. ties has been squandered upon mercenary supporters and spies.

Hoping this may be of use to you and congratulating you again upon the most laudatory results being obtained by your arousing of public interest in these matters of such vital importance to both North and South America, I beg to remain,

Your most sincere friend and admirer,

The Peruvians have a similar story to tell, which is well related by the present Peruvian ambassador to the Argentine Republic. I quote his letter to me during the progress of the investigation, and which was made a part of the record:

BUENOS AIRES, January 12, 1932.

Senator Johnson,

Capitol, Washington, D. C.

DEAR SIR: I have followed with very keen interest and attention the spectacular investigation of the sens regarding Latin American loans, specially Peru.

I am at present ambassador of Peru to the Argentine Republic, but for the last 11 years I was living in the United States and in Europe. Leguia deported me in September. 1919, and I was forced to live in exile till the end of his government, August, 1930.

As conditions in Peru were very familiar to me, I did everything to show the bankers and the American people the serious harm which every new loan inferred to Peru.

thing to show the bankers and the American people the serious harm which every new loan inferred to Peru.

The New York Journal of Commerce, the Wall Street Journal, the Chicago Tribune, La Prensa of New York have published during the last 11 years many articles in which I exhibited the danger of the uncontrolled debauchery of Leguia's government supported by a series of unjustified and onerous loans.

In the year 1926, and as a warning to the heavers who were

In the year 1926, and as a warning to the bankers who were trying to float the \$30,000,000 loan of that year, I sent to the Guaranty Trust Co. of New York, the National City Bank, Seligman & Co., Grace Co., and many other American concerns interested in Peruvian finance a very clear memorandum showing conditions in Peru and anticipating the future insolvency in which the country had to be thrown if such a loan should be floated. My advice was ignored. I include herewith a copy of said memorandum (1926).

The banker, F. Kent, of the Bankers Trust, went to South America to study financial conditions in Peru. After careful examina-tion of the matter, he expressed an unfavorable opinion with regard to the prospective loans.

Conditions in Peru were well known to the American commercial attaché and officers of the American Embassy in Lima.

I published several articles as a protest against the financial domination of my country and I delivered a lecture in Columbia University, New York City, under the auspices of the Instituto de las Espanas, January, 1928, when I made a public denunciation of the method employed by certain banks while dealing with Peru, and I then predicted the approaching insolvency of my country—victim of a very abusing financialism. But everything was ignored, and the big loan was floated.

Excuse, Mr. Senator, my intruding in this affair, but it is so

Excuse, Mr. Senator, my intruding in this affair, but it is so important to the vindication of my country.

I think that this letter will contribute a little to clear some

I authorize you to make use of this letter as you may consider it useful or proper.

Very truly yours,

FELIPE BARREDA. Peruvian Ambassador to the Argentine Republic.

I may add that the article upon the condition of Peru, its finances, its values, and the peril of its loans, was transmitted by the writer of the letter to various international bankers and the full and complete data concerning Peru thus presented may be found at pages 2107, et seq. of the record.

Not only were the facts detailed by these eminent gentlemen within the knowledge of our international bankers but a very distinguished research professor in international finances of Princeton University furnished them additional information. Prof. Edwin Walter Kemmerer, who testified before the committee, was president of a commission of financial advisers to the Bolivian Government in 1927 and made full and complete reports for himself and his commission concerning finances of Bolivia and Chile. These reports recommended the greatest care in regard to future loans, and the whole tenor was that such loans should not be

I refer to these particular matters and these specific loans because they are loans now in default, and because they are leans every penny of which is held by Americans who bought from these international bankers upon representations as to their validity and that they would be paid, when they knew, absolutely knew, they might never be realized.

Mr. Laurence Dennis, a gentleman of rare ability and an author of note, who has recently published a very remarkable volume entitled "Is Capitalism Doomed?" was at one time in the employment of J. & W. Seligman & Co., who sponsored the Peruvian loans that are hereafter referred to. Mr. Dennis spent a long time in Peru and investigated with thoroughness its finances. He stated repeatedly to the Seligman firm that the Peruvian loans were unsound and based his conclusions upon thorough and detailed investigations.

These very brief references to the record are made to demonstrate that there can be no defense of ignorance on the part of international bankers. They had at hand, and actually in their possession, the data proving the unsoundness of the loans they blithely floated in the United States, and they knew exactly what they were doing. If I am correct

in these statements, no more scathing arraignment could be made, and that the arraignment is justified no disinterested reader of the record here can deny. Loans were made Latin American countries sometimes to maintain dictators in power, dictators who laughed to scorn every fundamental principle of liberty and every cherished right of peoples. They were sometimes made to go hand in hand with concessions, out of which princely profits might be realized. They were sometimes made upon importunities of the bankers merely to lend. They were sometimes made simply to obtain securities of unproven value, to foist upon the American people, and the methods of thus obtaining doubtful securities violated the plainest concepts of decent business.

That the lenders paid little attention to how the money was expended by the borrowing government is perfectly plain from the testimony. And that all these things contributed to the condition which now exists can not be

But some of our international bankers in order to market their doubtful wares did not depend wholly upon the supposed superiority of their knowledge or the relations which existed between them and their customers. They not only concealed the facts and violated the fiduciary relationship, which should have been held inviolate; but to give a false appearance to the value of some of their loans, they deliberately "rigged" the market. I quote from the testimony of Mr. Dennis, than whom there is no more experienced expert:

There was one thing I do think was particularly wrong, and that is that before some of these weaker Latin American loans were floated the bankers would "rig the market" for a new issue of bonds. That is to say, they would bid up the issue of that country on the New York Stock Exchange three or four points and would sustain an artificial market.

and would sustain an artificial market.

Q. You used the phrase "rigging the market." How did they do that? How do they manipulate it to give a false value?

Mr. Dennis. You simply give orders to a broker to buy bonds. Suppose Peruvian bonds of a certain issue are selling at 84. You have a man to manage your syndicate; your market operations. He will buy at 86, 87, 88, 89, and 90. He will accumulate these bonds. These are not "washed" sales. Of course, "washed" sales are strictly forbidden by the New York law, and no one would make a "washed" sale, because it is a misdemeanor. These are genuine purchases. There is a genuine change of ownership. The man operating for the banker buys these bonds at higher prices until he gets them up to 91 or 92.

Q. He gives more for them than he can buy them for?

Mr. Dennis. Yes. The quotation to-day might be 88. He will

Mr. Dennis. Yes. The quotation to-day might be 88. He will bid 89, and then he will buy to-morrow at 90; all that are offered at 90. Of course, the minute you put in an order to buy, you raise the price, as you bid a little above the market price. If you start buying at the market price, the market price goes up.

Q. Why do they do that?

Mr. DENNIS. So as to create a quotation. The next day the paper comes out and shows those bonds were sold at 89 and then 90. The syndicate operator keeps an order with the broker to purchase those bonds at 91. Of course, no one sells any bonds at 90, because everyone can sell the bonds to the syndicate operator at 91. He keeps the price of the bonds at that level during the duration of the syndicate. He acquires a "long" position in those bonds. He may acquire two or three hundred thousand, or a million dollars' worth of those bonds. Then when the syndicate is closed and they pull the plug out he proceeds to sell those bonds slowly In so doing he may take a loss on these syndicate operations of \$200,000 or \$300,000. That will be debited against the loan as expenses of the loan.

The circumstances thus related may explain some of the extravagant expenses in connection with the selling of these loans as they appear in tabulated form in the record-

But, during the period of maintaining that fictitious price the bonds are offered to new investors at the offering price. You can not bring out a 6 per cent Peru bond at 91 when other issues of 6 per cent Peruvian bonds are selling at 88. A dealer goes to his clients and says, "Will you buy Peruvian bonds at 91?" The client says, "I can buy them at 88." The bankers have to bring all Peruvian bonds of that class up to 91 in order to offer a new issue at 91. Then, after the bankers have marketed the new issue, they will the plug and left the bonds find their proper level in a they pull the plug and let the bonds find their proper level in a free and open market.

That process is not called "rigging the market" in America, but it has been called "rigging the market" by the Queen's Bench in London.

Q. That is simply a little financial finesse.

Mr. DENNIS. I think it is wrong myself.

Q. What I am curious about is whether or not that is a general practice in reference to these foreign securities.

Mr. Dennis. It has been done quite often. It was done in the Peruvian bonds, and it was done in some others. It is a current practice. They call it "dressing up the market." That is what it is called.

Senator Johnson. For the rest of us.

The means by which some loans were obtained in Latin America were little short of infamous. The Peruvian loans were obtained by the purchase of the son of the President, and the very method should have restrained bankers with regard to either themselves or their clients from even dickering for them. The business was originally initiated by F. J. Lisman & Co., but the negotiations and ultimate consummation were by J. & W. Seligman & Co.

Juan Leguia was the son of the President of Peru. He was paid by Seligman & Co. a sum between four and five hundred thousand dollars after the loans had been obtained. Seligman & Co. claimed that they took over the negotiations from Lisman & Co. with an agreement to pay certain individuals commissions, and that among those who were to be thus paid was Juan Leguia. The extended examination of Mr. Breck, of Seligman & Co., left no doubt in the minds of those who heard it as to why this vast sum was paid to the son of the Peruvian President. Mr. Breck naïvely described the transaction as "illegal enrichment." Mr. Lisman describes it as blackmail. The characterization of it, however, is of little consequence. Whether it be called by one ugly name or another does not in the slightest degree alter the fact. The fact remains that in the mad race for Latin American loans some lenders had neither delicate sensibilities nor any particular scruples.

If this sum had been paid by the international bankers, and they themselves had furnished the money and it was now their loss, we might pass it by with a mere reference; but the bribe, for bribe it was, paid for the privilege of selling unsound Peruvian securities came out of the pockets of innocent American investors.

If a fair-dealing international banker in offering a bond issue had said to the American people that he had been required to pay either as blackmail, nuisance value, or bribery more than half a million dollars to obtain the privilege of marketing the securities, his sales would indeed have been limited.

Juan Leguia's account with Seligman & Co. was furnished to the committee, and it is remarkable that in this account his credits appear to be nearly \$900,000. Among the credit items of that account are \$60,000 from the National City Bank, \$4,000 from the Equitable Trust Co., \$10,000 from the Chase National Bank, \$22,000 from the Royal Bank of Canada. This itemized account was furnished so late in the proceedings that the items of these credits from other banks are unexplained, and Seligman & Co. claim they have no knowledge of the source of the moneys.

From the statement filed with the committee by J. & W. Seligman & Co. of the issues of loans originated by them, it appears that the first loan of \$15,000,000 was offered by Seligman & Co., the National City Co., E. H. Rollins & Sons, Graham Parsons & Co., F. J. Lisman & Co., and Ames, Emerich & Co.; the second loan of \$50,000,000 was offered by J. & W. Seligman & Co., the National City Co., Blyth, Witter & Co., the Guaranty Co. of New York, F. J. Lisman & Co., and Central Union Trust Co.; the third loan of approximately \$35,000,000 was offered by J. & W. Seligman & Co., the National City Co., Blyth, Witter & Co., Guaranty Co. of New York, F. J. Lisman & Co., and Central Union Trust Co. Of course, it may be that none of those in the original offering syndicate save Seligman & Co. knew of what had transpired in Peru; but to believe this is no tribute to their astuteness and sagacity but an awful wrench to our credulity.

THE BARCO CONCESSION AND THE NATIONAL CITY BANK LOAN TO COLOMBIA

The Government of Colombia granted a 55-year oil concession to Virgilio Barco in 1905. Barco developed the concession to the best of his limited resources but was unable to make a success of it. He came to the United States in 1917 and sold his concession. Subsequently E. L. Doherty

purchased a 75 per cent interest in it. On February 2, 1926, the Colombian Government canceled the concession. Just prior to the cancellation the Gulf Oil Co.-the Mellon interests-acquired an option for the purchase of the Doherty interests. The Carib syndicate acquired the other 25 per cent interests. Within a short period after the cancellation the Gulf Co. consummated its purchase. From 1926 the Gulf Co.—that is, the Mellon interests—and the Carib syndicate, which certain witnesses stated they believed to be the Morgan interests, had title to the concession. The decree of cancellation subsequently was affirmed and the matter under Colombian law was taken into the courts there. There was a long delay and the State Department intervened in behalf of the concession owners. The matter thus rested until Doctor Olaya became President of Colombia. In 1930 the National City Bank agreed upon a short-term loan of \$20,000,000 with the Government of Colombia. In March, 1931, while a considerable part of the loan had been retained by the National City Bank, a new concession was granted by President Olaya to the South American Petroleum Co., which was owned 75 per cent by the Gulf Oil Co.the Mellon interests-and 25 per cent by the Carib syndicate—supposed to be the Morgan interests.

I deal with this incident with extreme brevity because of the time limit in making this address. I hope some day in the future to deal with it more at length, to show by the map the extent of the particular concession that was granted and the mode in which the original purchase was made. I proceed now with the barest outline of this particular proceeding because it not only interests us from the standpoint of the Government dealing with those who have, but it interests us, too, from the standpoint of the denial to a Senate committee by the Secretary of State of this country of the right of legitimate testimony.

It was essential that this new concession be adopted and ratified by the Colombian Congress. During the session of Congress in 1931 the National City Co. withheld portions of its loan. The State Department intervened in the matter of the loan of the National City Bank and transmitted the views of the Colombian President to the bank officials. President Olaya frequently communicated with Mr. Caffery, the United States minister to Colombia at Bogota, and insisted upon the bank paying the balance of the loan remaining unpaid. In telegrams to the State Department President Olaya pointed out that he had done everything that the Americans had asked of him-had passed certain laws relating to petroleum and had settled the Barco concession, and having done what Americans had required he insisted that he was entitled to the remainder of his loan. These telegrams were either read to or the substance of them communicated by the State Department to the bank. The President of Colombia earnestly besought his Congress to settle the Barco concession. In substance, he said in official messages that the settlement of the Barco concession would enable him to obtain such money as might be required by his Government. His views were transmitted to the State Department and through the State Department to the National City Bank and its attorneys. The Senate of Colombia acted with celerity in approving and ratifying the new concession. The House, however, held the matter for a long time; and during all the time it was holding the matter and debating it, the National City Bank was withholding \$4,000,000 of the loan; and during the period of the withholding of the loan the State Department was, upon advices from Bogota, endeavoring to persuade the National City Bank to act. On June 18, the Colombian House of Representatives passed the Barco concession bill. On June 20 it was duly signed, and on June 30 the \$4,000,000 which had been withheld by the National City Bank was paid to Colombia. A mass of testimony was taken in relation to these transactions which culminated in the Secretary of State refusing to permit Mr. Caffery to testify or to be called as a witness, and refusing to permit the Senate committee to have the dispatches which had passed between Caffery, the United States representative at Colombia, and the State

Department in reference to the loan and the concession. The communications were refused the committee upon the theory that they involved our international relations and were confidential. The request was made of the State Department for mere transcripts of what had been communicated by the State Department to the National City Bank and its attorneys. This was refused.

Do you follow me? The State Department telephoned one dispatch practically verbatim to the attorneys for the National City Bank, told the National City Bank and its attorneys the contents of other dispatches; and when asked to produce only the transcript of that which they had told international bankers, they flatly refused and declined to do it!

The State Department was asked to delete whatever the department might deem of irritating or confidential character concerning international relations and give to the Scnate committee then the remainder of the telegrams which had been disclosed to the international bankers. This was refused. One of the grounds of refusal was the public which would be given to telegrams from a representative of ours abroad concerning another country.

Just follow that objection for a moment. The disclosure of these telegrams, however, was voluntarily made by Mr. White, of the State Department, in a statement he himself asked the committee to permit him to make; and the very telegrams that he recited in the presence of the press of the Nation, sitting there with him, the Secretary of State and he declined to give to the committee on the ground that they ought not to be given publicity. Marvelous reasoning! It appeals, I imagine, to many of our brethren. It has little appeal to me.

The specious response with which we have become familiar was made that any member of the committee might see the dispatches in confidence; and I replied for myself personally instantly that such a course would be in derogation of the dignity of a United States Senator, and that I would not consent to read a dispatch which I could not discuss with my fellow Senators, and I would not read in confidence dispatches which had been read to international bankers, and thus be precluded from comment or discussion of them. This, in brief, is the controversy which arose concerning the telegrams relating to the Barco concession and the loan of the National City Bank to Colombia.

I am not the keeper of the dignity of the United States Senate. I am the keeper of my own. For a Senator to read as confidential—and have his lips sealed thereafter—dispatches received by the State Department from a representative of the United States Government, which had been read to international bankers and their attorneys, would be, at least to one Senator, a pusillanimous and contemptible course of which he would not be guilty. The facts are that the National City Bank did not make its loan of \$4,000,000 until after the Barco concession had been passed by the Colombian Congress; that within a very few days after the Congress had acted the loan was made; that Caffery was wiring concerning the Barco concession during 1931 and while the Congress was in session; that the Secretary of State, in person, took up the loan of the National City Bank to Colombia; that the President of Colombia in at least two official messages to his Congress-they are in the record here-dilated upon the importance of settling the Barco concession, in one message asserting it should be done in order to "bring about the economic and financial restoration of the Republic"; and in another saying, "It can be said without exaggeration that it—the Barco concession—has projections not only within the country but also economic and financial ones in the international field," and it should be adopted by the Congress because "it opens propitious horizons for the financial possibilities of the Republic abroad. Frequent mention is made of the Barco concession in the correspondence between the National City Bank and its representatives in Colombia. The President of Colombia bitterly complained to the United States Government and to the international

bankers that he had done all that Americans asked, including the granting of the Barco concession, and was therefore entitled to the remaining portion of the National City Bank loan.

All of these facts indicate how inextricably connected were the executive and legislative action at Bogota concerning the Barco concession and the payment of the balance of the loan promised by the National City Bank. But, above and beyond all these things, the activity of our State Department, in view of its long-settled policy, may well be considered. Practically \$100,000,000 in bonds issued by the Government of Colombia and its political subdivisions are in the hands of our people and facing possible default. Neither by word nor deed is our Government, because of what it asserts is its definite policy, able to do aught for those who hold the doubtful securities of Colombia. It can, however, when the occasion, in its opinion, demands it, act for a Barco concession owned by the Mellon or the Morgan interests in Colombia and be the go-between in a short-term loan of the National City Bank to that country.

Whatever excuses may be made, however the lips of American representatives abroad may be sealed, despite the pretense of protecting confidential communications that only international bankers may know, we find the controversy about the Barco concession running side by side with the controversy about withheld moneys of the National City Bank; and the concluding episode of the controversy, the passage of the Barco concession, and the payment of the amount of the loan withheld. Thus the Mellon interests received their "due," the Colombian Government got its money, and the State Department kept its secrets.

Our people are less fortunate than our international bankers. The last two years have been years of disillusionment for the American people; and among the sad lessons they have learned, not the least humiliating is the lesson that their Government is little concerned with them.

In speaking as I have of international bankers, it should be observed, of course, that all are not guilty of the practices which are related and which we condemn. Necessarily, we must speak in generic terms; but so far as Latin America is concerned and in no less degree Europe, it would be difficult to overdraw the picture.

Three contributing causes have there been to the disastrous events of the past few years in the matter of our foreign loans and to the shameful, and even infamous, exploitation of the American investing public. The money madness of our people, the greed and even worse of international bankers, and the smug complacency and supine indifference of Government, have contributed to the unhappy result. The money madness of ignorant investors could have been fairly directed by international bankers who had some other thought than profit, and the propensity of the times could have been controlled by a Government alive to its responsibilities to its people. The governmental attitude is well illustrated in the letter of the Department of Commerce to Mr. O. C. Townsend, dated May 20, 1927, wherein the spirit of the Government and of that department during that critical time was thus described:

Right in this connection, I should like to emphasize that the spirit of the bureau follows the spirit of the American business, which is to make sales in spite of difficulties, or to find ways of doing seemingly impossible things. As officials we should be encouraging whenever possible and discouraging only in the last extremity. We are builders, promoters—even propagandists, although never to such an extent that we fail to recognize and point out difficulties.

Here is the doctrine of the Department of Commerce in 1927, just prior to some of the worst acts of exploitation by our international bankers. "We are builders, promoters, even propagandists, although never to such an extent that we fail to recognize and point out the difficulties." Builders, promoters, even propagandists! Behind a governmental policy such as this the worst of international bankers may hide, and the meanest of exploiters may skulk. When a government becomes promoter, even propagandist, if only in reference to small business transactions, scarcely can it

berate the so-called "merchant of securities" who himself! becomes "promoter" and "even propagandist."

Mr. President, not a tithe of the sorry, sordid tale has been related to-day. Enough has been mentioned to arouse the hot indignation of those who are intrusted with the people's welfare and to require them, if a sense of duty and responsibility yet remains with them, to do what lies in their power to prevent a recurrence in the future. It is my purpose to press with all dispatch the bills which I have introduced in the hope of curbing the nefarious practices with which this investigation has made us familiar. Publicity I would insist upon for all foreign loans, that there may be some place where inquiries may be made and details ascertained. Methods such as are employed by the various States in regard to securities offered within the State I would endeavor to have adopted by the National Government concerning foreign loans. Above all, had I the power, I would take this Government out of the lethargy that has characterized it. I would awaken it to its responsibilities to its investing people. I would make it the arbiter in the offering of foreign securities and thus compel it to do that which it has, in the interest of international bankers, so carefully avoided-express itself, so that instead of deceiving the American public it may enlighten it. In short, what is essential to be done from the standpoint of the Federal Government is but a part of the age-old contest to make that Government the kind of government of Lincoln, the sort that the Republic was intended to be-a government responsive to all its people and not to a single class.

Mr. HARRISON. Mr. President, I am sure all have been very much enlightened and edified by the very splendid speech of the distinguished senior Senator from California [Mr. Johnson]. It was able, informative, and convincing. I served upon the committee which carried on the investigation to which he has referred, and I recall very vividly that when the resolution of investigation was offered and passed, and the committee began its work, no one thought much would be gained from the investigation. But as one member of the investigating committee, I want to say what I think is due the Senator from California—that he is to be congratulated by the country on the painstaking manner and the ability displayed by him in making the investigation and getting all these facts, which I am sure will prove most beneficial in the end. It was a tremendous task, and the investigation was conducted by him practically single handed. The investigation should influence the Congress to pass some legislation on the subject which I am sure will prove beneficial to the country.

FIXING TERMS OF PRESIDENT, VICE PRESIDENT, AND CONGRESS

The VICE PRESIDENT laid before the Senate a letter from the Governor of the State of New York, together with an engrossed copy of a concurrent resolution of the Legislature of New York ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, which, with the accompanying resolution, was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

> STATE OF NEW YORK, EXECUTIVE CHAMBER Albany, March 11, 1932.

The honorable the PRESIDING OFFICER,

The honorable the Presiding Officer,

United States Senate, Washington, D. C.

Sir: I desire officially to inform you that the Legislature of the State of New York has ratified the proposed amendment to the Constitution of the United States passed at the first session of the Seventy-second Congress, relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and the method of succession to the Presidency and Vice Presidency.

I am inclosing herewith an engrossed copy of the concurrent resolution of ratification of the Legislature of the State of New York.

York.

Very truly yours,

FRANKLIN D. ROOSEVELT.

Concurrent resolution of the Senate and Assembly ratifying the proposed amendment to the Constitution of the United States, relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and the method of succession to the Presidency and Vice Presidency. (Assembly, No. 2265.)

Whereas at the first session of the Seventy-second Congress it was resolved by the Senate and House of Representatives of the

United States of America in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the said Constitution, viz:

# "ARTICLE -

"Section 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, and the section of the section o of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then

"Sec. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January,

and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall have failed to qualify, then the vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

person shall act accordingly until a President or Vice President shall have qualified.

"Sec. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President

whenever the right of choice shall have devolved upon them.
"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legis-

been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission: Therefore, "Resolved (if the senate concur), That the Legislature of the State of New York does hereby ratify the above-proposed amendment to the Constitution of the United States; and be it further "Resolved (if the senate concur), That the governor be requested to transmit a copy of these resolutions and preamble to the Secretary of State of the United States of America at Washington, to the presiding officer of the United States Senate, and to the Speaker of the House of Representatives of the United States."

STATE OF NEW YORK, IN ASSEMBLY, March 11, 1932.

This bill was duly passed, a majority of all the members elected to the assembly voting in favor thereof, three-fifths being present. By order of the assembly.

J. A. McGINNIES, Speaker.

STATE OF NEW YORK, IN SENATE. March 11, 1932.

This bill was duly passed, a majority of all the Senators elected voting in favor thereof, three-fifths being present. By order of the Senate.

HERBERT H. LEHMAN. President.

STATE OF NEW YORK, Department of State, ss:

I have compared the preceding copy of concurrent resolution of the senate and assembly, ratifying the proposed amendment to the Constitution of the United States relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and method of succession to the Presidency and Vice Presidency with the original concurrent resolution on file in this office, and do hereby certify that the serve is a correct transcript therefrom and of the certify that the same is a correct transcript therefrom and of the whole thereof.

Given under my hand and the official seal of the department of State, at the city of Albany, this 12th day of March, in the year one thousand nine hundred and thirty-two.

[SEAL.]

GRACE A. REANY,

Deputy Secretary of State.

# AMENDMENT OF WORLD WAR VETERANS' ACT

Mr. NORRIS. Mr. President, yesterday I made a motion to discharge the Committee on Finance from the further consideration of Senate bill 929. Under the rules the motion had to go over until to-day. I ask the Chair whether that | motion is privileged to-day.

The VICE PRESIDENT. It is just like a resolution; it went over for the day and will be laid down the first day after the Senate takes an adjournment.

Mr. NORRIS. Does the Chair decide, then, that before that question can come up in the regular way, we must have an adjournment?

The VICE PRESIDENT. The Senate will have to take an adjournment.

# PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by General Nelson A. Miles Camp, No. 1, United Spanish War Veterans, of Washington, D. C., favoring the passage of the so-called Gasque bill, being the bill (H. R. 7230) granting uniform pensions to widows and children and dependent parents of certain persons who served the United States in time of war, and for other purposes, which was referred to the Committee on Pensions.

He also laid before the Senate a resolution adopted by the Colorado Mining Association, Denver, Colo., protesting against reductions in the appropriations for the Bureau of Mines, especially in those items concerning the gathering of metal statistics, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the second annual convention of the Allied States Association of Motion Picture Exhibitors, at Detroit, Mich., favoring the passage of Senate bill 3770, to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, etc., and also the resolution (S. Res. 170) to investigate the organization, practices, and refinancing of the motion-picture industry, which were referred to the Committee on Interstate Commerce.

Mr. JONES presented a petition of sundry citizens, representing some 1,500 growers in the Yakima Valley, in the State of Washington, praying for the maintenance of the present tariff on cherries and protesting against continuous investigation of the tariff, which was referred to the Committee on Finance.

Mr. TYDINGS presented a resolution adopted by the Steamship Trade Association, of Baltimore, Md., protesting against the passage of legislation providing for the deportation of certain alien seamen, which was referred to the Committee on Immigration.

Mr. KEAN presented resolutions adopted by Group No. 323 of the Polish National Alliance, of Camden, N. J., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which were referred to the Committee on the Judiciary.

Mr. FRAZIER presented petitions of the Woman's Christian Temperance Unions of Bottinenau and Edinburg, N. Dak., praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification or repeal, which were referred to the Committee on the Judiciary.

Mr. BARBOUR presented the petition of members of Alpha Chapter of the Phalanz Fraternity, the Young Men's Christian Association, of Madison, N. J., praying for a cancellation of war debts due the United States from our former allies, with certain conditions, which was referred to the Committee on Finance.

He also presented a resolution adpoted by the Hoboken section of the Council of Jewish Women, of Hoboken, N. J., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented the petition of Essex County branch of the Central Verein of America in the State of New Jersey, praying for the immediate modification of the Volstead enforcement act and the ultimate repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Red

kidnaping a Federal offense and providing capital punishment therefor, which was referred to the Committee on the Judiciary.

Mr. BLAINE presented a memorial of 33 citizens of the State of Wisconsin, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the Woman's Christian Temperance Unions of Berlin and Brandon, Wis., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. BROOKHART presented resolutions adopted by the second annual convention of the Allied States Association of Motion Picture Exhibitors, at Detroit, Mich., favoring the passage of Senate bill 3770, known as the Brookhart bill, to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, etc., and also the resolution (S. Res. 170) to investigate the organization, practices, and financing of the motion-picture industry, which were referred to the Committee on Interstate Commerce.

He also presented a petition numerously signed by sundry citizens of Waterloo, Iowa, and vicinity, praying for retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

Mr. WALSH of Massachusetts presented petitions and letters, in the nature of petitions, numerously signed by sundry citizens of the State of Massachusetts, praying for the passage of the bill (S. 3677) to provide for the establishment of a system of pensions for railroad and transportation employees and for a railroad pension board, and for other purposes, which was referred to the Committee on Interstate Commerce

# RELIEF OF CLOSED TRUST COMPANIES

Mr. WALSH of Massachusetts. Mr. President, I present and ask to have printed in the RECORD and appropriately referred copy of a resolution adopted by the Board of Aldermen of Medford, Mass., urging the passage by Congress of legislation which would establish a fund similar to that of the Reconstruction Finance Corporation, but which would apply to the relief of closed trust companies, and would make possible the release of frozen assets.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

> CITY OF MEDFORD, IN BOARD OF ALDERMEN, March 1, 1932.

Offered by Alderman George P. Hassett:

Be it resolved, That the Representatives in Congress be urged to hasten the passage of laws which would establish a fund similar to that of the Reconstruction Finance Corporation, but which would apply to the relief of closed trust companies, and would make possible the release of frozen assets. This fund would prevent the sale of securities and mortgages now held by the closed trust companies at prices below the market value and would prevent home owners from seeking to place their mortgages in other banks or institutions at great inconvenience and cost: Be it further

Resolved, That a copy of this resolution be transmitted to United States Senators Walsh and Coolings and Representative DALLINGER.

In board of aldermen March 1, 1932; passed.

A true copy. Attest:

CHARLES A. WINSLOW City Clerk.

# REVENUE AND TAXATION

Mr. WALSH of Massachusetts. Mr. President, I also present copy of a resolution adopted by the Massachusetts Chamber of Commerce in opposition to a high tariff on petroleum products, together with a letter received by me from them relative to this subject, and favoring a general Bank, N. J., praying for the passage of legislation making revenue tax upon manufactures at the source rather than special taxes upon selected commodities and business. I ask that the resolution and letter be printed in the RECORD and appropriately referred.

There being no objection, the resolution and letter were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolution adopted by board of directors of Massachusetts Chamber of Commerce, in meeting assembled February 23, 1932

Whereas there are now pending before Congress several bills designed to diminish or restrict the importation of petroleum products; and

Whereas the enactment of such legislation would greatly increase prices for such products to New England consumers and impose an economic hardship upon the business and people of this section; and

Whereas it is believed such legislation would prove discriminatory in that it would adversely affect all Atlantic seaboard States while working to the advantage of other sections of the country; and

Whereas it seems inevitable that an embargo or high tariff on fuel oil would result in an increase in price which would oblige practically all large users of that commodity in Massachusetts to convert back to coal; including more than 1,000 of our industries, many apartment houses and office buildings, State and municipal buildings, churches, hospitals, and other institutions; and

Whereas an increase in the price of fuel oil would not only add to living costs of more than 100,000 Massachusetts families using oil for heat in their homes but would also seriously affect the prosperity and future growth of the business of manufacturing oil burners for homes, one of our most active and most rapidly growing industries; and

Whereas an embargo or proposed high tariff on petroleum products would seriously affect the business and recreational activities of our people through an estimated increase of \$30,000,000 per annum in the gasoline expenditures of our motoring public; and Whereas the serious shortage in asphalt that would result from an embargo, or the large increase in its cost that would follow the

imposition of a high tariff, would add to road-building and street-maintenance costs to an extent that would necessarily be reflected in the already burdensome tax rates of our cities and towns; and

in the already burdensome tax rates of our cities and towns; and Whereas the imposition of a special revenue tax upon imports of petroleum products would have the same effect as an embargo or a high tariff and would be even more discriminatory because the burden of the tax would be borne almost exclusively by New England and the other Atlantic seaboard States: Therefore be it Resolved, That the Massachusetts Chamber of Commerce, a federation of local chambers of commerce and trade associations with direct representation of each member organization upon its directorate by action of its board of directors and in behalf of the

torate, by action of its board of directors and in behalf of the business and other interests which it represents, does hereby record its disapproval and protest against all legislation designed to place an embargo or high tariff on petroleum products or im-pose a special tax on such imports.

Massachusetts Chamber of Commerce, Boston, Mass., March 4, 1932.

Hon. David I. Walsh,

Member United States Senate, Washington, D. C.

My Dear Senator: We are inclosing copy of a resolution which was adopted unanimously by the board of directors of the Massachusetts Chamber of Commerce on February 23, 1932. We believe this will be of interest.

For your information it may be well to advise that the Massa-chusetts Chamber of Commerce is a federation of 35 local cham-bers of commerce and trade associations, representing in the aggregate more than 26,000 business men in Massachusetts. Each member organization has direct representation upon the directorate of the chamber, in most instances the presidents of the respective organizations. This set-up enables our board to reflect, with reasonable accuracy, we believe, the sentiment of the interests

which they represent.

It may be well to also advise at this time that the Massachusetts chamber has been placed on record, through unanimous action of its board of directors, as favoring a general revenue tax upon manufactures at the source in preference to special taxes upon selected commodities and businesses. Respectfully yours,

C. C. MOWRY, Executive Secretary.

# CITIZENS' MILITARY TRAINING CAMPS

Mr. FLETCHER presented resolutions adopted by Jacksonville Chapter, seventh naval district, United States Naval Reserve Officers' Association, of Jacksonville, Fla., which were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas the citizens' military training camps conducted annually in various parts of this country are vital to an adequate national-defense structure and to the patriotic well-being of this Nation; and

Whereas thousands of youths are transformed into forceful, alert, energetic citizens, possessed of a new outlook on life and

are made more devoted to this State and Nation through training

whereas 53 such youths from Jacksonville will be afforded the opportunity this year to attend the camp at Fort Scriven, Ga., and more than 550 will have the opportunity of attending such camps from Florida; and

Whereas certain groups are desiring to eliminate such camps under the guise of economy: Now be it

Resolved by the Jacksonville Chapter, seventh naval district,
United States Naval Reserve Officers' Association, That this organization is opposed to any move which would bring about termination of these company he it for the company and the company of the company of the company and the company of the compa

nation of these camps; be it further

Resolved, That a copy of these resolutions be sent to each

Member of Florida's delegation in Congress and that a copy also
be sent to the Jacksonville Chapter of the United States Reserve

Officers' Association, an organization of Army reserve officers.

# WELFARE AND HYGIENE OF MOTHERS AND CHILDREN

Mr. JONES, from the Committee on Commerce, to which was referred the bill (S. 572) to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the welfare and hygiene of mothers and children, reported it with an amendment and submitted a report (No. 428) thereon.

Mr. BINGHAM, from the Committee on Commerce, submitted the views of the minority to accompany Senate bill 572, above reported by Mr. Jones, which were ordered to be printed (Rept. No. 428, pt. 2).

# ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented to the President of the United States the following enrolled

S. 1473. An act to authorize an appropriation for the relief of I. L. Lyons & Co.; and

S. 2822. An act for the relief of Anna Marie Sanford. widow of William Richard Sanford, deceased.

### EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

# BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Massachusetts:

A bill (S. 4083) for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass.; to the Committee on Claims.

A bill (S. 4084) for the relief of James Irving Gillis; and A bill (S. 4085) for the relief of Dominick Edward Maggio; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 4086) authorizing a preliminary examination and survey relating to the construction of a canal between the Columbia River and Willapa Harbor in the State of Washington; to the Committee on Commerce.

A bill (S. 4087) to amend section 217, as amended, of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved January 11, 1929; to the Committee on Post Offices and Post Roads.

By Mr. FESS:

A bill (S. 4088) granting an increase of pension to Ellen Stanyard (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4089) to authorize the Secretary of War to transfer to the Navy Department a tract of land at Fort Lewis in the State of Washington for use as an auxiliary landing field for naval aircraft; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4090) for the relief of Isaiah James Harrington; to the Committee on Naval Affairs.

By Mr. TYDINGS:

A bill (S. 4091) for the relief of Mildred F. Stamm; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 4092) for the relief of Myron M. Andrews; to the Committee on Finance.

A bill (S. 4093) granting a pension to Jennie Pool (with accompanying papers); and

A bill (S. 4094) granting a pension to Susan Harris (with accompanying papers); to the Committee on Pensions.

A bill (S. 4095) to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same," by extending its provisions to provide for the punishment of stealing from passenger or Pullman cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the stolen articles; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 4096) relating to the premium rate on certain policies of Government insurance; to the Committee on Finance.

By Mr. FRAZIER (by request):

A bill (S. 4097) to permit relinquishments and reconveyances of privately owned and State school lands for the benefit of the Indians of the Acoma Pueblo, N. Mex.; to the Committee on Indian Affairs.

By Mr. KEAN:

A joint resolution (S. J. Res. 121) providing that there shall be no increases in salaries of Federal employees during the fiscal year 1933; to the Committee on Civil Service. By Mr. WAGNER:

A joint resolution (S. J. Res. 122) directing the President of the United States of America to proclaim March 5 of each year Crispus Attucks Memorial Day for the observance and commemoration of the death of Crispus Attucks; to the Committee on the Library.

# MAP OF PROPOSED HOPI INDIAN RESERVATION

Mr. HAYDEN. Mr. President, I ask unanimous consent to have included in Senate Document 64 as an illustration a map of the proposed Hopi Indian Reservation. Some days ago I secured permission to have the document printed. It is important that this illustration be included in the document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MANUSCRIPT ENTITLED "FOREST BANKRUPTCY IN AMERICA"

On motion of Mr. Shipstead, it was

Ordered, That leave be granted to withdraw from the files of the Senate the papers accompanying Senate Resolution No. 420, Seventy-first Congress, third session, entitled "A resolution providing for the printing of the manuscript entitled 'Forest Bank-ruptcy in America,' prepared by Lieut. Col. George P. Ahern," which was presented to the Senate on January 26, 1931, there having been no adverse report thereon.

# MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

# INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the senior Senator from North Dakota [Mr. Frazier], which will be stated.

The CHIEF CLERK. On page 18, line 21, strike out "\$140,000" and insert in lieu thereof "\$113,000," so as to read:

The expenses incidental to the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands from which such timber is sold to the extent that the proceeds of such sales are sufficient for that purpose, \$113,000, reimbursable to the United States as provided in the act of February 14, 1920 (U. S. C., title 25, sec. 413).

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst Austin Bailey	Costigan Couzens Dale	Johnson Jones Kean	Robinson, Ark. Robinson, Ind. Schall
Bankhead	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shipstead
Barkley	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Black	Fletcher	Lewis	Smoot
Blaine	Frazier	Logan	Steiwer
Borah	George	Long	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McKellar	Townsend
Broussard	Goldsborough	McNary	Trammell
Bulkley	Gore	Metcalf	Tydings
Bulow	Hale	Moses	Vandenberg
Byrnes	Harrison	Neely	Wagner
Capper	Hatfield	Norbeck	Walcott
Caraway	Hawes	Norris	Walsh, Mass.
Carey	Hayden	Nye	Walsh, Mont.
Connally	Hebert	Oddie	Waterman
Coolidge	Howell	Patterson	White
Copeland	Hull	Pittman	

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. FRAZIER. Mr. President, this amendment is on page 18, line 21. It seeks to deduct from the \$140,000, reimbursable for the Klamath Indians, the amount of \$27,000. The \$27,000 is to come out of the appropriation for forest control, which amounts in the bill to \$66,420. If \$27,000 is deducted, a balance of \$39,420 would be left. In addition to that, there is also an item of \$20,000 for beetle control for the same timber.

In 1928, Inspector Trowbridge, of the Indian Bureau, made a report on the cost of operations for forestry on the Klamath Reservation. Among other things, he stated:

Construction of roads throughout the timbered area is, of course, necessary for fire protection, but this expenditure should be made from the 8 per cent reimbursable fund, the amount accruing for the fiscal year 1928 being \$94,631.49.

That was the year of the largest sales of timber on the Klamath Reservation.

The average per cent of cost for forestry operations the last 5-year period was less than  $3\frac{1}{2}$  per cent—

Although 8 per cent had been set aside-

and leaves a margin for sufficient funds for road construction. During the past 18 months roads have been constructed through timbered areas with agency funds, and this is objected to by the Indians. The total thus expended for 13 miles of roadway was \$24,952, which included 6 miles on the Kirk roadway, where there is very little travel, and beneficial largely for fire protection.

Trowbridge says that  $3\frac{1}{2}$  per cent is sufficient. The estimate of the amount of income from sales of timber for this past year is \$328,000. Eight per cent of that would be \$26,240. The average for the past five years of which Mr. Trowbridge speaks would be \$745,715 per year. Three and a half per cent of that amount would be \$26,100, which is almost the same as 8 per cent of the income they expected to have this past year from the sale of their timber.

Mr. President, if any private lumbering concern were in the same predicament the lumber interest there on the Klamath Reservation is in, the sales cut down from over a million dollars to about \$300,000, it would cut down expenses, it would cut down overhead.

Mr. President, as I stated, if the \$27,000 is cut out it still leaves \$39,420 for the protection and the care of these forests, and an additional sum of \$20,000 for beetle control, making a total of \$59,420 for the coming year. I believe that is enough. The Indians want the deduction made.

The money comes out of their funds. Their income is going ! to be cut down materially next year, and their overhead should be cut down, too.

Mr. SMOOT. Mr. President. I think it is almost unnecessary for me to repeat what I have already said twice while this amendment has been before the Senate. Last year the appropriation was \$250,000. The estimate for this year was \$150,000. The House cut that estimate to \$140,000. Thus the amount appropriated last year of \$250,000 is cut to \$140,000.

In the testimony before the committee it was stated that this ought to be done, that the House provision ought to stand, although as far as expense is concerned it is for the very purpose the Senator from North Dakota has stated. But the sale of the timber and the administration of it comprises one of the most important things to be done on the reservation. That is where the holdings of the Indians are. That is the property value they have as a band of Indians. Of course, we all understand that in the last year the sale of timber has been very materially decreased. In fact, they received from it this year less than \$350,000. The year before it was over \$1,000,000. To cut this item of \$140,000 still further, it seems to me, is unwise.

Mr. FRAZIER. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. Certainly.

Mr. FRAZIER. I would like to ask the Senator from Utah if he does not think the sale of timber on the Klamath Reservation will be less this coming year than it was last

Mr. SMOOT. No; I'do not think it will be less. I think it will be more.

Mr. FRAZIER. Those who live out there and know the situation think it will be less because of the low prices of

Mr. SMOOT. The lumber men generally have the same amount of decrease or increase in sales as occurs on the Klamath Indian Reservation, and they are looking forward to at least a 20 per cent increase in business this year. I rather think that will be about the increase on the Klamath Reservation.

Mr. FRAZIER. Even if there was a little increase, I would like to ask the Senator if he does not think that \$59,420, which would be left in the bill, is sufficient to take care of the situation?

Mr. SMOOT. If I did think that, I certainly would ask the Senate to adopt the amendment of the Senator from North Dakota, but I think its adoption would work a hardship on the Indians and that they would lose money by accepting the amendment. Therefore, I ask that the amendment be rejected.

Mr. HARRISON. Mr. President, may I ask the Senator from Utah if I correctly understood him to say that there will be a 20 per cent increase in the prices of lumber this coming year?

Mr. SMOOT. No; that is not what I said.

Mr. HARRISON. I understood the Senator to say that the lumber people expect a 20 per cent increase in the prices of their output.

Mr. SMOOT. I say the lumber people in the West think they will have a better sale for lumber than they had last

Mr. HARRISON. I merely wanted to get a slight ray of hope for improvement in the business situation, if I could get it from the Senator.

Mr. SMOOT. That is very nice of the Senator from Mississippi, and I am glad to give him any hope I can. It ought to make him feel happy.

Mr. HARRISON. Oh, yes; I feel very happy over the Senator's statement.

Mr. SMOOT. This item has been decreased from \$250,000 to \$140,000.

Mr. THOMAS of Oklahoma. Mr. President, the bill now before us contains an item for the payment of the expenses of the Osage Agency in Oklahoma. Last year the expense Indians and the timber contracts that are unfavorable to

was \$259,000. This year, at the request of the Indians, the amount has been cut to \$175,000. I ask unanimous consent to have printed in the RECORD at this point a statement in the form of a telegram from the tribal council of the Indians justifying the reduction to \$175,000.

The VICE PRESIDENT. Without objection, leave will be granted

The statement is as follows:

PAWHUSKA, OKLA., March 14, 1932.

Hon. ELMER THOMAS,

Hon. Elmer Thomas,

Senate Office Building, Washington, D. C.:

We, the undersigned, chief, assistant chief, members of the Osage
Tribal Council, respectfully request when Osage items from the
Interior Department appropriation bill are reached by the Senate
that you read the following telegram into the Congressional
Record on Tuesday, January 12, 1932:

"Members of the Osage Tribal Council and Osage delegates
representing the Osage Tribe of Indians in Washington presented
to the House Appropriations Committee for the use of the committee a statement showing what positions could be abolished
at the Osage Agency without impairing efficiency of the service
at this agency. This statement appears on page 703, before subcommittee of House Committee on Appropriations. The positions
recommended for abolishment in that recommendation were decided upon by the tribal council after a full investigation by committee consisting of members of the Osage Tribe and members

cided upon by the tribal council after a full investigation by committee consisting of members of the Osage Tribe and members of the Osage Tribal Council, which lasted nearly two months, and we are of the opinion that these positions can be abolished without impairing the efficiency of the service at this time.

"The total amount of salaries represented in that recommendation amounted to approximately \$40,200. The number of cars maintained for these positions at Osage tribal expense amounts to 10, the average cost of operation of each car being \$610 per annum. The abolishment of these positions, with the 10 cars eliminated, would have made a reduction in the Budget for Osage Agency of \$46,300. The House of Representatives Appropriations eliminated, would have made a reduction in the Budget for Osage Agency of \$46,300. The House of Representatives Appropriations Committee did deduct on the Budget estimate of \$210,000 \$35,000, leaving a total of \$175,000 for Osage Agency expense for 1933. With this deduction we are entirely satisfied. Beginning on page 122, hearings before the subcommittee of the Committee on Appropriations of the Senate, Superintendent Murphy, of the Osage Agency, submits a justification for the \$210,000 as asked for in House appropriation bill. Among other things itemized, purchase of new automobiles at \$4,000. This we charge is nothing short of extravagance. On page 128 of the same hearings the superintendent of Osage Agency becomes unduly alarmed about the interests extravagance. On page 128 of the same hearings the superintendent of Osage Agency becomes unduly alarmed about the interests of certain citizens of Fairfax and Hominy because of the abolishment of subagencies in these two places. Again on page 130 he reiterates the same thing, with the following language: "Protests will undoubtedly be made by the chambers of commerce and other persons in Hominy and Fairfax districts."

"We wish to call the attention of the Secret to the research

will undoubtedly be made by the chambers of commerce and other persons in Hominy and Fairfax districts."

"We wish to call the attention of the Senate to the revenues of the Osage Tribe for the year 1923, which amounted to \$30,-502,500. The appropriation made by Congress for Osage Agency expense for the same year was \$210,000. The tribal income for the year 1931 was \$2,827,169, and the appropriation for the Osage Agency expense was \$286,800. The administration expense of the Osage Agency has always been maintained from Osage tribal funds, this being the first time in the history of the Osage Tribe the Osage Tribal Council or its representatives have appealed to Congress to assist in making what deductions we think are absolutely necessary. With the \$175,000 as fixed now in the appropriation bill we are entirely satisfied until the next session of Congress, at which time we will furnish the members of the Appropriations Committee with a justification for further reductions in the appropriation for this agency."

Fred Lookout, chief; Harry Kohpay, assistant chief; Sam Kennedy, councilman; Dick Petsemole, councilman; Francis Revard, councilman; Frank Lessert, jr., councilman; Clement Denoya, councilman; Charles Brown, councilman; Simon Henderson, councilman; George Alberts accurations.

councilman; Simon Henderson, councilman; George Alberty, councilman; F. N. Revard, secretary; William Pryor, interpreter.

Mr. KING. Mr. President, when we recessed last evening I was challenging attention to conditions on the Klamath Reservation, and attempting to prove that items of appropriations carried in the pending bill were unwarranted. The senior Senator from Utah [Mr. Smoot], as I understood him, argued that the number of employees upon the reservation was less than indicated by me, and as shown in the House hearings commenced December 15 of last year, and continued into the present year. At the same time I exhibited a statement prepared and handed to me by Mr. Crawford, the intelligent representative of the Indian tribe, who has been in Washington for some time protesting against the policies of the bureau, the exorbitant demands made by it for appropriations from tribal funds to keep an army of white employees on the Klamath Reservation.

He has denounced the grazing policy imposed upon the

the Indians who own the timber and to the forestry policy which within a few years will leave the Klamath Indians propertyless and penniless.

I may say in passing that for several years Mr. and Mrs. Crawford have visited Washington as representatives of the Klamath Indians. They have appeared before the Bureau of Indian Affairs and pleaded for justice for the Indians, for reforms in the Indian Bureau; they have demanded reductions in the appropriations annually made by Congress, at the request of the Indian Bureau, appropriations from tribal funds which within a few years, if the bureau's policies are continued, will be exhausted.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. KING. Certainly.

Mr. SMOOT. I took it for granted that the Senator was speaking of forestry employees on the Klamath Reservation, only those engaged in forestry, and not all others. That is what I understood we were discussing. I now understand the Senator is discussing the question of all the employees.

Mr. KING. No; I stated, if I may be pardoned a repetition, that there were 50 so-called permanent employees who were denominated agency employees, and that there were approximately 103 employees, as I had been informed, who were called irregular employees. I added, however, in order to be entirely within the bounds of accuracy, that there were more than 50 of these irregular employees. What little work is performed by them is in the summer months and when the lumber mills are in operation. Most of them are unnecessary at any time, and none in the winter months if the permanent employees were required to perform a proper amount of labor. Yesterday I gave the names of the agency, or permanent employees, starting with Mr. Blair, the agent in charge, and went down the list of clerks and subclerks, supernumeraries, cooks, scalers, and others engaged in forestry service in the so-called permanent class.

Mr. SMOOT. The statement the Senator has just made, of course, takes in all the employees on the Klamath Reservation.

Mr. KING. Oh, no; my colleague is mistaken, if I understand his meaning.

Mr. SMOOT. Then I want to say that if it is only the forestry employees on the Klamath Reservation, there are 25 employees provided for in the bill, and no more.

Mr. KING. I do not agree with my colleague.

Mr. SMOOT. Then I ask permission to insert in the RECORD a list of every employee in the Forest Service on the Klamath Indian Reservation.

The VICE PRESIDENT. Without objection, leave is granted.

The list is as follows:

Forestry employees at Klamath

Posi- tion No.	Title	Gross salary
32	Forest ranger	\$2,00
46	Forest examiner	
47a	Forest ranger	2,00
48	do	
50	Forest assistant	2, 30
51	do	
52	do	
53	Forest guard	
54	do	
55	Scaler	
56	do	1, 92
58	do	1, 92
60	do	
61	Forest ranger	
66	Conjor forest ranger	
67	Senior forest ranger	1,74
	Forest guard	
68 77	Forest supervisor	
78		1, 92 1, 86
79	do	1,00
80	do	1, 98
81 82	Senior forest rangerdo	2, 40

Forestry employees at Klamath-Continued

Posi- tion No.	Title	Gross salary
83 93	Senior forest rangerScaler	\$2, 300 1, 240
	Total	52, 680 5, 160
	Net salaries	47, 520

Mr. KING. Mr. President, yesterday I gave a list of names of certain employees as shown by the House hearing. My colleague has just referred to a number of employees in the forestry work of the reservation, but he has not indicated all of them. On pages 620 to 623, inclusive, of the recent hearings before the subcommittee of the House Committee on Appropriations appear the names of more than 150 persons employed upon the Klamath Reservation. The pay roll for April, 1931, names more than 50 permanent employees, 27 of whom are forestry employees. There are 103 additional employees, their names appearing on the pages mentioned, as temporary scalers, line riders, liquor control, fire protection, road construction and maintenance, beetle control, agency grounds, and miscellaneous, miscellaneous improvements, and construction and maintenance of telephone lines. Congressman Murphy, when the hearings were in progress, called attention to the fact that the outside number of persons that had been employed in a regular way was 60, but that the irregular employees had reached 105 in June, 1931. The Indians have for years protested against the Indian Bureau forcing upon them an army of employees most of whom were unnecessary. It must be remembered that the Klamath Indians are civilized; they have their own homes upon their own allotments, and some live in towns and cities built upon the reservation. They are taxpayers, and their children attend the public schools. The statement is made in the House hearings (p. 624):

That the Klamath Indians have assimilated with the white people for over 40 years; you can not tell an Indian from a white man; the Indians know how to take care of their homes as well as their neighbors do.

Notwithstanding the fact that the Indians have their own homes and live not at the agency but in various parts of the reservation, the Government persists in maintaining a large agency center where no Indians live and an unnecessary number of employees, whom the Indians are compelled to support. The Government has unwisely and improvidently expended tribal funds to construct roads and buildings. There are nearly 200 buildings erected by the Government out of tribal funds not used by the Indians, many of which are unnecessary and should not be maintained. The Government furnishes the employees upon this reservation approximately 50 automobiles, the cost of operation and maintenance of the same being charged to the Indians.

Mr. Crawford has furnished me a list of the Government employees for 1931 on the reservation. Notwithstanding, as he has stated, the lumber operations have almost ceased, only two mills operating, the pay roll is still carried on through the winter months. "Civil-service employees have been doing irregular work around the agency, such as repairing buildings," and so forth. Mr. Crawford's memorandum, which I have before me, gives the names and the compensation of the bureau employees as of November 30, 1931. There are 50 of these so-called "permanent employees," and 103 irregular employees. He further adds that the Indians who formerly did some irregular work have been laid off in order to keep the white personnel.

Last summer out of 19 contracts, which we have, only two companies were able to make their annual cut on account of the lumber market, and still this large personnel has been carried on.

Mr. President, I believe my colleague is in error in assuming that this bill carries but \$140,000 for the expenses of the Klamath Reservation for the next fiscal year. This view has been challenged by the Senator from North Dakota [Mr.

FRAZIER]. In support of the position of the latter I invite attention to page 18 of the bill which carries an appropriation of \$225,000. The item is as follows:

INDUSTRIAL ASSISTANCE AND ADVANCEMENT

For the preservation of timber on Indian reservations and allotments other than the Menominee Indian Reservation in Wisconsin, the education of Indians in the proper care of forests, and the general administration of forestry and grazing work, including fire prevention and payment of reasonable rewards for information leading to arrest and conviction of a person or persons setting forest fires in contravention of law on Indian lands, \$225,000: Provided, That this appropriation shall be available for the expenses of administration of Indian forest lands from which timber is sold to the extent only that proceeds from the sales of timber from such lands are insufficient for that purpose.

Then there is an item of \$140,000 appearing in the paragraph beginning at line 17. It is to this item the amendment offered by the Senator from North Dakota applies. It reads as follows:

For expenses incidental to the sale of timber and for the expenses of administration, including fire prevention.

It will be observed that the language of these two items is substantially the same. The item of \$225,000 is for the administration of forestry and grazing work and the \$140,000 is for the expenses of administration and protection of forest lands.

The books and accounts of the Indian Bureau are so kept that it seems impossible to determine the purpose for which various items of appropriation are applied. Neither the Budget nor the appropriation bills afford satisfactory evidence of the uses to which appropriations are applied. There are evident duplications, and items are so scattered through the bill apparently dealing with the same subject or with cognate matters as to make it impossible to determine the amount of appropriations for various subjects or the extent of duplication and overlapping.

Complaints have been made for years against the book-keeping methods of the bureau and the plan adopted by which, from various funds apparently earmarked, subtractions may be made for utilization upon some other reservation or for different purposes. Bills are prepared which apparently limit appropriations to a particular object, but the language is so confusing and uncertain and often so broad that the appropriation may be diverted to one of a dozen various objects. Indian appropriation bills are filled with duplications and with appropriations, which, as I have stated, are so indefinite and ambiguous that they may be drawn upon to meet conditions in various reservations or situations which were not contemplated by Congress when the legislation was enacted.

Efforts have been made by the Senator from North Dakota to reform the bookkeeping and accounting system of the department and to make more specific and definite the appropriations and the purpose for which made. I am advised that the bill which he has offered has met with opposition at the hands of the bureau officials. Apparently they are opposed to a system of accounting that will enable Congress and the Indians and their representatives to determine the exact amounts appropriated for every and any purpose. As I have indicated, the item of \$225,000 is to aid in the preservation of timber on Indian reservations, for general administration of forestry and grazing work, and so forth. What part of this amount is to be used upon the Klamath Reservation the bill does not indicate. It may be that the entire amount will be expended upon this reservation. The item on page 19 for \$20,000 is specific and is to be expended for insect control on the Klamath Indian Reservation. However, on page 19, beginning in line 7, there is found the following provision:

For the suppression or emergency prevention of forest fires on or threatening Indian reservations, \$40,000, together with \$25,000 from funds held by the United States in trust for the respective tribes of Indians interested: *Provided*, That not to exceed \$50,000 of appropriations herein made for timber operations and for support and administration purposes may be transferred, upon the approval of the Secretary of the Interior, for fire suppression or emergency prevention purposes and allotments of funds so transferred shall be made by the Secretary of the Interior only after the obligation for the expenditure has been incurred.

Senators will observe that \$40,000 or \$25,000, or both, are to be appropriated for timber operations and for support and administration purposes. These amounts may be transferred for fire prevention and may be expended entirely upon the Klamath Reservation.

On page 33 of the bill appears an item of \$5,000 appropriated from the "funds held in trust for the Klamath Indians to be used for irrigation purposes." There are other items in the bill, including one for \$75,000, which may be drawn upon by the bureau to meet expenditures upon the Klamath Reservation. Then there are a number of items made reimbursable, and which in the discretion of the Indian Bureau may be used in connection with the same reservation as shown. It is, therefore, impossible to determine the total amount carried by the pending measure that may be expended by the bureau upon this reservation. It is unfortunate that appropriation bills do not clearly indicate for what appropriations are to be used and the special objects to which they may be applied. In view of these ambiguities, it is impossible for anyone to say what amount the Klamath Indians will be charged with to meet the bureau expenses for the coming year. It is obvious that the item of \$140,000 is only a part of the charge which they will be compelled to meet. An examination of the items which it may safely be assumed will be applied to the Klamath Reservation establishes that the Klamath Indians are charged with \$225 per capita, which must come out of their tribal funds. This is an unjust burden to be placed upon them in view of their development and situation. This burden is imposed in order to maintain Federal employees and sustain a bureaucratic organization.

Attention has been called to the fact that the expenses of the Indian Bureau have been increased from five or six million dollars a few years ago to \$28,000,000 for the fiscal year ending June 30 of this year.

The Klamath Indians desire to be emancipated from bureaucratic control, to organize into corporate form, and manage and control their own affairs. They have been pleading for this reform but have met with implacable opposition. Yesterday I briefly referred to the policy of the bureau in handling the timberlands of the Klamath Tribe. Speaking of these contracts which were forced upon the Indians, Senator Walcott, a member of the Committee on Indian Affairs, stated, as appears in the hearings of the committee on H. R. 15498 (February 25, 1931):

I admire the Indian; and I think he has had fearfully raw deals. I think that the Government, intentionally or otherwise, has taken from the Indian large tracts of land, and large tracts of valuable timber, and never paid him for it. \* \* \* We are dealing with human souls who were the owners of this whole country at the beginning, and who have gradually been forced down, and nearly out. I have seen the Seminoles in the 20 years I have known them—and I know them very well, some of them—decline from about 3,500 to less than 200 in that great, glorious area in the southwest corner of Florida which is a paradise. \* \* \* And so it is if you go all over the country and look at these sore spots. From my point of view the whole thing is a matter of administration. I do not think the Secretary can—I do not think he does—question the motive of this committee. I have never seen men who were apparently more sincerely in-

I have never seen men who were apparently more sincerely interested in the welfare of the Indian than there are in this group of which I am a member. \* \* \* We owe the Indian, from my own observation in this committee, a great many hundreds of thousands of dollars, and we have owed it for many years. \* \* \* There is no question in my mind that the United States Government has owed this money all the time; and so it goes, one abuse after another.

after another.

I went over some lumber contracts, that I, as a white man, having been connected with a large lumber business all my life, would no more think of making, would no more think of cutting the timber, no more think of letting it go, than I would think of cutting off my right arm. No more would I think of cutting stumpage at this time when it is the lowest in 20 years. Yet I am told by some of the Indians that a large contract may be let between now and next fall. It would be suicidal to the Indians to do a thing like that. We should wait until there is a market for stumpage before letting such a contract. It is distinctly an unfair contract from the Indians' point of view. \* \*

I sit here month after month in these committee meetings, and with a group of very intelligent Indians, presumably the best representatives of their various tribes. I have talked to them afterwards. They seem to know the problems perfectly; they seem to have fairly good solutions; I can not question their judgment; I certainly do not question their motives. Yet, here we are, a

group of white men who are supposed to be intelligent, making, as far as I can see, no headway at all; and we take hours in discussing these problems.

Mr. President, the various hearings reveal that the Indians have repeatedly protested against the timber contracts forced upon them by the Indian Bureau and their modifications. Some protests have been made because of the believed unreliability of the contractors and the bonding policies which did not afford adequate protection, and also for other reasons. But these protests have been unheeded by the bureau.

In passing may I say that investigations made by representatives of the bureau which revealed the need of reforms in the bureau were ignored by it. In September, 1930, the chairman of the Klamath Business Committee appealed to the President of the United States and stated that the needs of the Klamath Indians, briefly summarized, were: (a) Greater economy in the expenditure of tribal funds; (b) more businesslike methods in contracting tribal timber; (c) breaking down of influence between timber interests and grazing interests of Klamath County with bureau officials; granting to the Indians a voice in the management of their affairs; the reduction of power now in the hands of civilservice employees; an entire change in agency personnel; more money for the higher education of children, and to enable the Indians to engage in industrial pursuits. Similar appeals have been made at various times to the bureau. The Indians claim that their appeals have been in vain.

In the hearings before the subcommittee of the Senate of the Committee on Indian Affairs, January 13, 1931, Mr. Wade Crawford, speaking for the Indians, stated that there were several thousand white people on the reservation and 1,276 Indians; that there were 18 lumber companies that had contracts given them by the Indian Bureau.

The Indians are pitted against the timbermen's organization

and the woolgrowers' organization. \* \* \* We take the matter up with the Commissioner of Indian Affairs, and he has always made a decision in favor of those Ariars, and he has always made a decision in layor of those organizations. We don't any more have an Indian problem; it is an Indian Bureau problem, and if something is not done about it in the near future the lumbermen and the woolgrowers are going to ruin that reservation. I have a map here showing the reservation—which is colored—which shows the amount of timber under contract and the names of the companies which have contracting units. This map shows about three-fourths of the timber is under contract.

In the address or appeal to the President above referred to it is stated:

The Bureau of Indian Affairs has become such an unwieldy political machine that the so-called Indian problem has vanished and in its wake has followed the Indian Bureau problem. Bills that are introduced for the benefit of the Indians are, almost without exception, adversely reported by the bureau.

\* \* The Indians have tried to cooperate with the bureau and failed—neither can anyone else—because the bureau will not cooperate, and proof of this lies in the assertion of the Assistant Commissioner of Indian Affairs to the Klamath delegation, "We are running that establishment down there and do not intend to be dictated to by any United States Senators or anyone else.

The address contains an appeal to the President to effectuate reforms and to relieve the Indian property from the great inroads that are being made upon it, and continues:

I respectfully submit that the Bureau of Indian Affairs' conduct and administration of the Klamath timber, irrigation, health, education, and general agency administration are in no wise different than before the advent of the present administration. That is all proof of record and conditions that actually exist. \* \* \* The timber contracts, sheep-grazing permits, vouchers of administra-tion expenses will prove that the Klamath Indians' natural resources and the returns therefrom are handled to the interests the timbermen, woolgrowers' associations, and the members of the chamber of commerce; it is a wheel within a wheel. Mr. President, we respectfully make this appeal to you and pray that action, not idle talk, will henceforth be forthcoming from the Bureau of Indian Affairs, which action alone will prevent the impoverishment of the Klamath Indians within a very few years.

Mr. President, appeals of this character have frequently been made to the Indian Bureau, but the Indians contend that their appeals have been in vain. Evidence has been furnished to committees of Congress and to the Indian investigating committee of the unfairness to the Indians of the timber contracts. Notwithstanding the complaints, timber

contracts have been entered into and grazing contracts have been executed which the Indians believed-and their belief seems justified by the facts presented—have been distinctly disadvantageous to them.

The evidence shows that the grazing territory within the reservation has been in part destroyed by white sheep owners, who have overgrazed the lands and made it practically impossible for the Indians to develop the stock industry as they desired. In other words, the grazing lands have been largely turned over to the white sheepmen and cattlemen against the protests of the Indians. The Indians have complained that concessions were made by the bureau to lumber lessees in violation of the contract; that stumpage charges were not maintained, resulting in losses to the Indians, and that contracts were given to persons who were not competent or able to meet their obligations.

Lee Muck, an official in the bureau, after a thorough investigation of the reservation and the timber contracts, reported that lessees were insolvent and that substantial losses had been sustained in connection with the operations of a number of them.

Mr. Crawford called the attention of the chairman of the Indian Affairs Committee in a letter dated January 6, 1931, to the fact that on one contract the Indians suffered a loss of \$2.80 per thousand because the bureau accepted a bid from a defunct lumber organization which had been unable to fulfill its contract. Resolutions were adopted from time to time by the Klamath business committee requesting the Indian Bureau to refrain from giving contracts for the cutting of timber upon various units. It was claimed by the Indian representatives that since the timber was protected with tribal funds, that the sale of the same would deplete the Klamath resources; that the method pursued by the bureau in deducting 8 per cent in the timber cuttings resulted in the loss of thousands of dollars to the Klamath

Much could be said concerning these timber contracts condemned by Senator WALCOTT and which have been so disadvantageous to the Indians.

Concerning the action of the bureau in granting permits to white cattle and sheep men and the situation which has developed as a result thereof, Mr. Lee Muck in his report

Existing conditions in the stock industry at this writing are more severe than they were one year ago and action looking forward to the entire elimination of the sheep accommodated on the Klamath Indian Reservation would materially disturb economic conditions in the Klamath region, undoubtedly result in failures in the stock industry, hazard the credit structure of some of the local banking institutions, and seriously depreciate the value of the livestock loans made in Klamath and Lake Counties by the Federal Land Bank of Spokane, Wash.

Does this not mean that the Indian lands are to be held for the advantage of the white sheepmen and for the banks in the Klamath Reservation section? The interests of the Indians are not to be considered, but only the financial and economic structure of the white people in that vicinity.

This Government institution, which was created under authority of the Federal farm loan act for the purpose of stimulating the flow of capital from the Government and investors to the farm, has extended extremely liberal credit to the stockmen of Klamath County in order to assist in maintaining the industry on an even local. In view of the fact that these loans were a fine that there loans were a fine that there have been a fine of the fact that there loans were a fine that the second property and property and property and property and property and property and property are a fine that the second property and property and property are a fine that the second property are the second property and the second property are the second property and the second property are the second property are the second property are the second property and the second property are the second property are the second property are the second property and the second property are keel. In view of the fact that those loans were effected prior to the serious depreciation which has taken place in the value of livestock, the loans in this connection now reflect approximately 100 per cent of the total value of the livestock involved and the situation has resolved itself into one in which the Federal land bank is virtually in the sheep business with the owner holding only a comparatively limited equity. Any action, therefore, which will jeopardize the limited equity of the stock owners will seriously affect the value of the loans of the Federal land bank and through it the interests of the people of the United States.

Mr. President, no action was taken by the bureau following this report to terminate and restore the grazing lands to the Indians. I am not complaining because of its failure to immediately reverse the policy which it had pursued in the matter of leasing grazing lands to white men. I do complain, however, against a policy that subordinates the interests of the Indians in respect to their own lands and their own property to the interests of white men who have been

granted leases to lands which the Indians ought to have been permitted to graze, leases which were made over the protests of the Indians.

Mr. Muck continues:

In order that the pertinence of this contention may be fully In order that the pertinence of this contention may be fully appreciated, there is submitted herewith the call statement of the Federal Land Bank of Spokane, Wash., as at December 31, 1930, together with an analysis of the loans made by this institution to the stockmen of Klamath County holding grazing permits on the Klamath Indian Reservation—the former to exhibit the capital stock paid in the callable from the United States Treasury and the latter to present the facts with regard to the equity of the Federal land bank in the stock largely dependent on the Klamath Indian Reservation. Indian Reservation.

Mr. President, I have the exhibit, but shall not give the names of the debtors found therein. It might possibly affect their financial standing. I submit, however, the amounts due from various stockmen to the Federal land bank in Spokane. I might add there are other banks to whom cattle and sheep men who grazed the Indian lands were indebted.

The first name on the list which I have owed the Spokane Bank \$40,365.06, and the exhibit states the value of the debtor's sheep to be \$45,000. The next loan is \$47,470.75, and the reported value of the debtor's sheep is \$37,500. The next loan is \$9,300, and the number of sheep owned by the debtor is given as 2.500. The next debtor owed the bank \$8,100, and the number of his sheep grazing upon the reservation was 2,400, valued at \$12,100. The next loan is for \$34,000, and the number of sheep grazed by the debtor upon the reservation was 6,000. The next loan was \$5,000, the debtor owning 800 sheep. The next debtor owed \$4,000 to the bank; another lessee owed \$6,600. A partnership loan amounted to \$21,375, and the number of sheep owned and grazed by the association was 5,150. The next statement shows the owner owed \$19,150 and grazed 4,000 sheep.

I am advised that there were other lessees who are indebted to other banks, but I do not have the names nor the number of lessees nor the amount of their indebtedness.

Mr. President, it is contended by the Indians and others that these leases were made in violation of law, as they did not receive the approval of the Indians. They insist that no lease is valid that is not approved by the tribe.

Yesterday I received a communication from Indians residing upon the Fort Peck Reservation in which they voice their opposition to the policy of the bureau in leasing their lands without their consent and over their protests. A copy of the protest which has been forwarded to me is addressed the Congress of the United States and is as follows:

POPLAR, MONT., December 16, 1931.

To the Congress of the United States:

By request of the Fort Peck Indians, of the Fort Peck Indian Reservation, Mont., we, the undersigned officers of the general council of the Fort Peck Indians, do hereby present to you for your consideration resolutions adopted by the Fort Peck Indians at a mass council meeting held at Wolf Point, Mont., November 16, 1931, together with a petition indorsing and approving the action of the said mass council.

Respectfully submitted.

RUFUS RICKER, Sr. Vice Chairman General Council. MEADE STEELE Secretary General Council.

WOLF POINT, MONT., November 16, 1931. MASS MEETING

The mass meeting called by the chairman of the Fort Peck General Council, Joshua Wetsit, dated November 5, A. D. 1931, was called to order at 1.30 p. m., and the following officers were

Chairman, Isaac Miller.

Secretary, David B. Johnson.

The object of the meeting was announced, and the council proceeded to discuss the new policy covering agriculture and grazing leases. After a prolonged discussion the chairman asked the council how many members were in favor of the new leasing policy. There were none, and he asked how many were against it, and by a rising vote there were 62 against the new leasing regulations.

At this point Meade Steele moved the adoption of a resolution and the motion was seconded by Charles Owens, and by a unanimous vote of the council the resolutions were adopted as follows:

"Whereas the United States Department of the Interior has recently adopted a new grazing administration policy for the Indians by the issuance of new regulations; and

"Whereas it is understood by the Indians that the new leasing policy, as approved by the department, is not in line and is inconsistent with the intention of Congress to educate and civilize the American Indians into good useful citizens; and

"Whereas the new policy does not provide protection for the Indians as it is found to be most impracticable, ultimately most detrimental, and very dangerous to Indian welfare; and

"Whereas the department by its action has decidedly set the Indians back where they were 40 years ago—no voice, no knowledge, no consent in the management of their tribal affairs; and

"Whereas it is now time for Congress to reverse its attitude and position toward the American Indians and grant them an oppor-

position toward the American Indians and grant them an opportunity to work out their own problems, to permit them to decide for themselves what legislation is most beneficial for them in their struggle for life and existence: Now, therefore, be it

"Resolved by the council of the Fort Peck Indians, duly in session this 16th day of November, 1931, at Wolf Point, Mont., That the council hereby does enter its most emphatical and vigorous protest against the action of the Interior Department in attempting to coerce the several Indian tribes to accept its so-called new leasing policy, and the council hereby does most earnestly request Congress to enact immediately new legislation to adequately protect and safeguard the property and other interests of the American Indians and to encourage the Interior Department to put into effect new, humane, and enlightened Indian policies agreeable to effect new, humane, and enlightened Indian policies agreeable to

the Indians; be it further

"Resolved, That this council hereby does authorize and empower a delegation to carry this protest to Washington, D. C., with full power and authority to transact any and all tribal and other matters for the Fort Peck Indians, and the expense in connection with the visit of said delegation to Washington, D. C., shall be paid out of the Fort Peck tribal funds; be it further

"Resolved, That copies of these resolutions be immediately forwarded to the honorable Montana delegation in Congress and to warded to the honorable Molleting in the Interior.

"ISAAC MILLER, Chairman.

"DAVID B. JOHNSON, Secretary."

Then follows this note:

"Attest:

After the adoption of the resolution several members suggested that after authority was granted by the Indian Bureau a delega-tion is to proceed to Washington, D. C., under authority of this resolution.

Senators know that until authority is given by the Indian Bureau representatives of the Indians may not come to Washington to present their views to the bureau, or at any rate they may not have their expenses paid unless consent is given by the bureau.

The petition is signed as follows:

We, the undersigned, Fort Peck Indians, do hereby indorse and approve the action of the mass council meeting held at Wolf Point, Mont., November 16, 1931, in protesting against the new leasing regulations as approved by the Department of the Interior, and we further do hereby enter our protest against same.

There are several hundred names attached to the petition. but I shall not ask for their insertion in the RECORD.

Mr. President, the bureau has drafted a new form of lease accompanied by voluminous regulations. It is believed by many that the bureau, without the consent of the Indians, has no right to lease their lands. The statutes deal with leases I have before me; and as I interpret them, the bureau has acted without authority in granting leases upon grazing lands of the Indians as well as leases for the exploitation of timberlands. I am advised that the bureau attempts to differentiate between a lease and a permit. Apparently the bureau now concedes that it has no authority to grant leases without the consent of the Indians, but in order to carry out its purpose it grants permits. It seems to me that this is an evasion of the law and is a sophistical position to take, one which can not be supported.

The Klamath business committee recently passed a resolution, stating in effect, that necessary tribal range be reserved for the Indian stock; that any surplus range be granted under permits to cattlemen only, and that where leases are made to cattlemen or to Indian stockmen, above their regular number to be grazed free, that where trust allotments are enforced, the bureau pay to the Indian lessee his or her proportionate share of the lease money.

A memorandum sent me by the committee of the Klamath Reservation reads as follows:

If the department grants the 3-year grazing permit, it would result in a loss to the Klamath Tribe to the extent of \$13.92 for each An allotment, as Senators know, is that part of the reservation carved out of it and assigned or granted to a particular Indian. The memorandum states that there are 268 allotments within the tribal range and that figuring—

the land on an acreage basis, tribal and allotted land side by side, it figures \$6.08 for every 160 acres, but the department is contemplating giving each allottee \$20 per allotment. The total income that is paid in would be \$28,040; there is a total acreage of land to be granted under these permits of 690,178.81 acres.

land to be granted under these permits of 690,178.81 acres.

Of course, some of the allotted land is worth possibly \$40 or \$50 per allotment, but the department has set this arbitrary figure of \$20 without consulting the Indians, and which is also unfair to a great many of them. The department has asked them to sign a

power of attorney.

Mr. President, I have before me this proposed power of attorney. The document is a tribute to the ingenuity of the Indian Bureau. The Klamath Indians are asked to sign, notwithstanding its rather harsh terms and though the Indians have declared their opposition to it.

Again, reading from the memorandum:

The department has asked them to sign a power of attorney to the superintendent, and if the Indians do not sign such power of attorney permits will be granted for a 3-year period surrounding each allotment and they will use the Indians' land for nothing because he refuses to sign the power of attorney. The department asks the Indians to fence their land, and we all know out in that country that if we try to build a sheep-proof fence it would be entirely too expensive a proposition. It can thus be readily seen that this works a hardship upon the Indians. \* \* \*

The reason for the Indians' protest in this matter is that the sheepmen have put the Indians out of business and will continue to put them out of business. The records all disclose from testimony by Indians to Inspector Trowbridge and to Senator Frazier's committee information to this effect. The sheepmen have overgrazed the lands and have had an excess number of sheep in each grazing unit and have grazed the land right up to the Indians' ranches. The permits have been granted for a

6-month period in the past.

The Indians all know that their grazing lands were formerly one of the best grazing lands in the West prior to the department's putting sheep on these lands. Since that time they have seen it being wasted away each year, and it will take three or four years to put these lands back into their former condition.

seen it being wasted away each year, and it will take three or four years to put these lands back into their former condition.

In a letter dated June 11, 1928, addressed to Hon. CHARLES L. McNary, by E. C. Finney, Acting Secretary of the Department of the Interior, an argument is advanced against a tentative draft of a bill proposed to be introduced by Senator McNary. I quote from

such letter:

"Section 9 provides that no lease of tribal land shall be made, extended, or renewed for more than one year without the consent of the tribal council. The act of February 28, 1891 (26 Stat. L. 795, sec. 397, ch. 12, title 25, Indians, U. S. C.), requires the consent of the tribal council to leases of tribal land. Hence there is no

necessity for additional legislation of this nature."

The department is granting permits for this same area of land to the same sheepmen in order to get around the law above quoted and the Indians. Under the permit system it is forcing Indians to meet competitive bids which are unusually high, and they will not be able to make a success of running their stock. The fact is that all the sheepmen who are competing for this land against the Indians are people who have large loans from the Federal land bank of Spokane and the American National Bank at Klamath Falls.

Mr. President, the position of the Indians is that the law prohibits the Indian Bureau from executing leases without their consent, and that it is an evasion of the law to call leases "permits." The Indians insist that their interests should first be considered; that the grazing lands should be available to them and not turned over to white men. It has been brought to my attention that the policy of the department has, in a number of instances, destroyed the stock business of the Indians. I recall that upon one of the reservations the Indians owned a large number of cattle. In caring for them, they were furnished employment and the profits received from their herds contributed to their support. The Indian Bureau sold their stock, and the grazing lands were then leased to white men engaged in the cattle and sheep business. I think that it can not be disputed that reservations too often have been exploited by the whites to the serious injury of the Indians. The bureau for years has professed its desire to make the Indians independent and to enable them to engage in activities from which they might derive incomes, and yet the facts are that in many instances the policy pursued has prevented the Indians from becoming self-sustaining. I have had

many letters protesting against the leasing operations of the Indian Bureau, and Indians have complained to me that they have been driven from their own lands, which were turned over to white men.

The report of Mr. Lee Muck, to which I have referred, indicates that bankers and white communities were, in effect, protesting against any policy that would turn the grazing lands of the Klamath Reservation back to the Indians; and that the white lessees, and the bankers to whom they were indebted, and the white communities in and about the reservation were first to be considered. The interests of the Indians were to be entirely subordinated to the whites. Mr. Lee Muck's statement is that it would be unwise and that it would shake the financial fabric of the Klamath section if the bankers were to collect the loans from the sheepmen to whom the Indian grazing lands had been leased.

Mr. TYDINGS. Mr. President-

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. If a lease can not be granted for a period in excess of one year without the consent of the tribal council, why should not the tribal council have jurisdiction over leases of less than one year?

Mr. KING. Mr. President, the Klamath Indians, because of their advancement along the path of civilization and education, should have control over the leasing of their own lands. They are competent to pass upon this question. However, I do not concede that the bureau has authority to grant permits for any period whatever without the consent of the Indians.

Mr. TYDINGS. Is the basis of the present law the thought that the Indians are not able to manage their own

affairs through their tribal council?

Mr. KING. Doubtless that is the theory. I admit that some tribes are not competent to exercise unlimited control over their property. It has been found that in a number of instances where unrestricted title has been granted to the Indians and they have had the right to sell or dispose of their property without governmental supervision or control. the Indians have been despoiled and, indeed, robbed at the hands of persons not of their race. The Indian has not been a match for the wit of the white man; but there are some Indians whose progress has been such that they should have a substantial control over their own property. Certainly the Government should not lease it over the protests and without the consent of the owners. I believe there are many dark chapters showing the unjust policies pursued by the Government in dealing with the lands and property of the Indians. The Senator knows, too, that when a bureau is once established it never voluntarily relinquishes its power and authority. Indeed, it is always seeking more power, and the Indian Bureau, like all others, is infected with the same

Mr. TYDINGS. But does it not take more intelligence and more business acumen to make a lease for longer than one year which will be binding for a longer period than it does to make one for less than a year?

Mr. KING. Yes.

Mr. TYDINGS. So if the Indians have complete jurisdiction over the matter when it is in excess of a year, it seems to me they qualify to make leases which would be less injurious.

Mr. KING. The conclusion announced by the Senator can not be disputed.

Mr. TYDINGS. What argument is offered to deny to the Indians the right to have the power to make their own leases without the consent or approval of the Indian Bureau?

Mr. KING. I presume the bureau takes the position that the Indians are incompetent to manage their own affairs, and that it requires a powerful bureau of more than 6,000 Federal employees to control from 225,000 to 250,000 Indians. I repeat that most of the Indians do require the guidance of a generous and just guardian—one interested in their material and moral welfare. I am afraid the policy of the bureau

too often has rested upon the postulate that the Indians were a dying and degenerate race; that the lands which they and their ancestors had occupied from immemorial periods should pass into the hands of a more virile and dynamic race. Certain it is that the Indians have too often suffered unjust treatment and the protests made against the wrongs and injustices inflicted upon them have been unheeded by the Government.

Congressman Kelly, a few years ago, referred to the fact that the Indian Bureau in 1923 assigned a Government agent to every 10 Indian families. Since then the number of employees has increased. He added that for 90 years the Indians had been under the control of the Indian Bureau, and that—

\* \* During that time they have been forcibly driven off their homelands of the Eastern States and herded into reservations west of the Mississippi. These reservations whose bounds were laid out in sacred treaties have been cut in two, oftentimes without a word to the Indians concerned. Not a treaty made by the United States Government with the Indians has been kept, and these acts of faithlessness have either been initiated or approved by the Indian Bureau, this great protector of a helpless people. \* \* \*

I believe, however, that there are in the bureau those who are sincerely desirous of doing justice to the Indians in advancing them along the pathway of civilization. If only bureaucratic methods and mechanics could be abolished and common sense, practical and humane methods carried into effect, unhampered by archaic rules and precedents, then I believe a new day would dawn for the Indians, and their friends in the bureau and elsewhere would have occasion to rejoice over the unmistakable evidence that would appear of the inherent capacity and power of the Indians to reach a high standard of intellectual and moral development.

Mr. TYDINGS. It occurs to me that under the present system for leases of less than one year the whole procedure is in the hands of the bureau, but if they are for over a year the Indians may veto a lease made by the bureau. Why should not the action on these leases originate with the Indians, and with the veto power in the bureau, rather than have it as at present set up?

Mr. KING. The Senator's question is an argument in favor of greater authority being conferred upon the Indians to deal with their own reservations. I do not, however, concede that the bureau may grant permits or leases without the consent of the Indians; and whether the movement to lease or grant permits originates with the bureau or with the Indians, certainly the consent of the Indians should be obtained before any permit or lease is granted.

Mr. TYDINGS. And only when there is a chance of some fraud, or when the Indians' rights are to be prejudiced in some way, should the bureau step in. I do not know much about the Indian question, but I do know enough to realize that the treatment of the Indians by this Government has been one of the most outrageous chapters in its history; and I do know that those who have spent a lot of thought on this question, and who have reduced their findings to writing, as Col. Jennings Wise has in a book which deals in extenso with the Indian question, make all of us feel as if we have mistreated the Indians very severely, denied them their rights, taken their property, and quite often moved them from a good piece of land, which we had formerly given them, to an inferior piece of land, when the first land was found to be valuable.

With proper safeguards I would be inclined, from what I do know of the subject, to see the Indians have more rights to manage their own affairs.

Mr. KING. Mr. President, there are about 225,000 to 250,000 Indians under governmental control. We are spending upon them a sum which, if the bureau were efficient and practical, could be cut in half, and then the Indians would derive greater benefit than they now derive from these enormous appropriations.

Mr. TYDINGS. Mr. President, will the Senator permit a further interruption?

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Maryland?

Mr. KING. Certainly.

Mr. TYDINGS. As I have listened to the logic of the Senator's observations, I take it the Government is appropriating this money for white Indians rather than red Indians.

Mr. KING. I commend to my friend the testimony which has been given before committees of Congress and the reports made by the Interior Department with reference to the Indians. I have said that when I was in the House a few years ago the appropriation for the Indians amounted to \$4,000,000 or \$5,000,000 a year. For the fiscal year ended June 30 of this year it was \$28,000,000. Notwithstanding these increasing appropriations I submit that the evidence shows that the Indians, except in rare instances, have not made that improvement and development which the expenditures should have produced, and that the fault does not lie with the Indians.

Mr. TYDINGS. The Senator said the appropriation this year is about \$24,000,000, and that there are about 240,000 or 250,000 Indians in the country.

Mr. KING. Under the control of the Government—perhaps not so many.

Mr. TYDINGS. That would be \$100 per Indian. I was just wondering how much of the per capita appropriation of \$100 for those Indians under the control of the Government actually gets to the Indians in question.

Mr. KING. I do not know that I could speak accurately in answer to the Senator's question.

Mr. TYDINGS. I wonder if as much as 10 cents of the dollar really trickles down to the Indian who is supposed to be helped?

Mr. KING. The Klamath Indians have derived a considerable income from the sale of their timber, but the Indian Bureau has consumed no small part of the same to meet its expenses charged against the reservation. For instance, as I have before stated, there has been maintained upon the reservation a very costly bureaucratic organization with 50 permanent employees and more than 100 irregular employees. Large sums have been expended needlessly, wastefully, for buildings and roads and the payment of salaries of an army of unnecessary employees. It is apparent that with the reduced income from the sales of timber the Treasury of the United States will be called upon for contributions to meet the charges of this expensive bureaucratic organization. My recollection is that it costs \$225 per capita to meet the expenses of the bureau in connection with the Klamath Reservation; that is, there are more than 1,200 Indians upon the reservation, living in their own homes and in cities, not at the agency, engaged in their own business and in their own affairs, and yet the Government expends in the bureaucratic control of the reservation \$225 for each man, woman, and child. Substantially all of this sum is taken from the proceeds derived from the sale of Indian

Yesterday I called attention to a letter written by Mr. Blair, the present superintendent of the reservation, in which he states that because of the reduced receipts from the sale of timber "a serious crisis has arisen." He means, of course, that if these 150 employees are to be retained at the reservation, the receipts from the sale of timber will be insufficient to pay their salaries and to provide for the wants of the Indians. I think it is true that a "crisis is imminent," not only upon the Klamath Reservation but other reservations and that reforms must be executed if the Government is to discharge its duty to the Indians.

I hoped that under the administration of Mr. Rhoads, the present Indian Commissioner, important reforms would be adopted. I believe him to sincerely desire the welfare of the Indians, and with his humane qualities, I think important reforms would be made if he could free himself from the bureaucratic chains by which he is more or less bound. Bureaucracy enmeshes those who come within its grasp, and they are almost powerless to execute what their

hearts and judgments desire. I have known of men of courage and ability who accept service in Government executive organizations, believing that they could reform bureaucratic methods and introduce economies and policies that would inure to the advantage of the Government and the people. I have seen some, after futile efforts, resign their positions, confessing that the contest was too great and their ambitions unrealizable.

Mr. TYDINGS. According to the figures which the Senator has given there would be 1 civil-service employee for every 40 Indians.

Mr. KING. I think there are more than that. When appeals are made by the bureau they have always been buttressed by demands for larger appropriations and a larger personnel. When complaints have been made because of the condition of the Indians, the bureau has replied "Give us more men and higher salaries and we will do something." So the salaries have increased, the personnel has increased, and the bureau has grown until, as I have indicated, its personnel exceeds 6,000.

Mr. FLETCHER. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. Certainly.

Mr. FLETCHER. Has the Senator given any figures as to the Indian population to show whether it is increasing or decreasing?

Mr. KING. The figures I have seen are contradictory. I have figures in my office indicating the number of Indians in the United States under wardship and "free" Indians, as they are called, to be about 350,000. Those under control of the Government number about 225,000. I think my friend from Arizona [Mr. Ashurst] would be a better authority upon that than myself, although I have tried to learn the figures.

Mr. ASHURST. Mr. President, the Senator from Utah is substantially correct in his statement of the number.

Mr. KING. My information is that upon some reservations the number of Indians is constantly decreasing. I know of several reservations where the mortality is great and the decline in population compels the belief that unless the present rate of mortality is arrested it will not be many years before the Indians residing thereon will have reached the vanishing point.

I have been diverted by the questions which have been submitted from the memorandum furnished me by a representative of the Klamath Tribe. After referring to the Lee Muck report, from which I have read, the memorandum states that the report clearly shows that the sole purpose of granting these permits is to protect the banking interests.

The department has made an arbitrary figure in setting the amount of sheep that will be permitted on each unit in the grazing area. For example, the Chiloquin Ridge range-carrying capacity would be 1,800. The Indian only has 1,500 head of sheep for that particular piece of range. He would be forced to pay for 300 head even though he did not have that number. This same regulation applies to the Indian the same as to the white. These permits will tie up the Indians' tribal lands and allotted lands for three years.

Mr. President, I invite attention to Mr. Muck's report, concerning the Klamath timber leases, stating that the general plan of financing the lumber industry of the Klamath Basin has been largely one which has been characterized by a comparatively small original capital investment subsequently enlarged through the medium of paid-in surplus.

This procedure in connection with the conducting of operations of the magnitude which obtains has been made possible through the timber-sale policy in effect on the Klamath Indian Reservation and the liberal industrial-bonding policy which has evolved during recent years. As a result underfinancing has been the rule rather than the exception, and the indebtedness incurred has been comparatively heavy. During periods of prosperity the situation obtaining has not been one of serious concern, since sufficient income was realized with which to meet existing obligations.

Then he refers to the period of depression, to the overcapitalization, and to the results which have followed the depression. He says:

Overinvestment in plant and equipment is one of the very common business mistakes of the lumber industry generally. It is undoubtedly the chief cause of overproduction and the maladjustment of supply to demand which has continued to involve the lumber market during recent years. Next to undercapitalization and unbalanced financial structures, the lack of control in this connection has resulted in more business failures than has any other single ailment.

Proceeding, he says:

A consideration, therefore, of the annual production required to amortize the fixed investment which exists indicates that the total volume will be depleted in from 30 to 35 years; and that if this investment is increased at the rate which has characterized the district for the past 10 years, there is a serious danger of the present estimated life period of the industry being cut in half. There appears to be every reason to believe that the history of the lake States and that of the southern pineries is about to repeat itself in the Klamath district; and that unless conservative control measures are instituted, the next few years will witness the permanent devastation of these vast resources, the passing of the chief industry of the locality, and the economic demise of the community.

Although a policy which anticipates the wrecking of a substantial part of the productive industrial units of a dynamic business enterprise with a profit at its heels, for the purpose of insuring the perpetuation of the industrial life of the community into the distant future through the application of the principles of sustained forest yield, will undoubtedly meet with concerted opposition from the entrepreneurs of the locality, the time is rapidly approaching when it will prove necessary to choose between limited losses in plant investment as against the ultimate economic death of the entire community. Just what the future holds in the way of a solution to this involved economic problem is difficult of prediction and largely contingent upon the cooperation and coordination of the dominant factors. Perhaps it will prove possible to chart a practical intermediate course which would minimize the ultimate effect of the existing unbalanced condition. However, the die is cast—another top-heavy monument, devoid of a foundation of sound economic forest principles, has been erected to the lumber industry; and either the creators of this monument, the people of the community, or, as in the past, both factors will have to pay the fiddler.

That is the picture which this representative of the Government has painted with respect to the forests on the Klamath Reservation, referred to in such glowing terms during the debate upon the pending bill. In a few years, under the plan which has been adopted by the bureau, the forests will be exhausted, and the Indians, with their lands and timber gone, will be left without resources.

Mr. President, the policies which have been pursued by the Indian Bureau have been unwise and unsound, and yet it continues them and now demands large appropriations in order to maintain a horde of employees whose services are not essential.

The junior Senator from Montana [Mr. Wheeler] referred to the fact that while riding in this section with a representative of the Government, the agent in charge, he asked him how many scalers were employed, and the reply was there were some 12 or 15.

The Senator then asked if three would not be sufficient, and the agent confessed that three would be all that were needed; yet there are no separations from the service, and the Indians, from their tribal funds, must meet these unjust and unnecessary expenditures. When the tribal funds will have been exhausted, gratuities from the Treasury of the United States will have to be paid; the taxpayers of the United States will be called upon to care for the Indians, or they will be turned out to shift for themselves, without having been equipped and prepared to meet economic conditions.

Mr. President, I referred yesterday to Mr. Trowbridge, an inspector of the bureau, who, at its request, made an examination of conditions at the Klamath Agency. His report discloses that employees of the forestry department performed work for logging companies and received compensation from them therefor in violation of departmental regulations. In his report Mr. Trowbridge refers to a particular case of this kind. I ask to have inserted in the

RECORD at this point, without reading, and excerpt regarding it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

The Silvers case is really more aggravated than the others, as his duties specifically cover supervision over other employees, and he is expected to report any irregularities in the field. Being equally guilty he kept still. Furthermore, he had opportunity to disclose this transaction in the investigation conducted by Mr. Howarth and in his conference with Mr. Kinney. The superintendent had no knowledge of this transaction and discussion in his testimony is omitted, the incident arising subsequent to closing his examination. He was notified verbally, however, and intends to collect the amount of \$112 erroneously paid Silvers for the period he performed no duty for the Government.

Mr. KING. There is one interesting observation he makes concerning the Klamath Reservation, which I desire to read:

This reservation has been considered a sort of entrance school where practical experience is to be obtained by new employees in the Forestry Service, which may account for an excess number of employees at certain times.

That is, the Indians are to pay for the training of Federal employees who are seeking a civil-service status.

If this policy is to be continued the training should be carried on in a systematic manner, which evidently is not followed at this time.

Mr. Trowbridge further states that the cost of forestry operations was less than  $3\frac{1}{2}$  per cent of the timber sales, but notwithstanding that fact the bureau took from the Indians 8 per cent of all sums received from the sale of timber and, of course, has used the same in part payment of the enormous expenses incurred by the bureau. This course, it seems to me, is not fair to the Indians, and yet under the terms of this bill the Klamath Indians, as well as all other Indians, will have taken from the proceeds of their timber sales 8 per cent, though  $3\frac{1}{2}$  per cent only would meet the cost of forestry operations.

Upon the Klamath Reservation many miles of roads have been constructed, roads wholly unnecessary, but for which the Klamath Indians were compelled to pay. Some of these roads were of great benefit to the lumber contractors and they should have paid for the same. I have here [exhibit] a map of the reservation showing miles of roads threading the forests, built by tribal funds, most of them without their consent.

When we come to the irrigation items I shall submit some amendments, one of which will deal with the so-called irrigation project upon the Klamath Reservation. Several hundred thousand dollars have been wasted upon this project. The Preston-Ingle report recommends its abandonment. It is maintained almost wholly for the purpose of furnishing positions for bureau employees.

Mr. President, I submit that the pending bill carries items amounting to several millions of dollars which should be eliminated. Certainly, the motion of the Senator from North Dakota [Mr. Frazier] reducing the \$140,000 appropriation should prevail. The Indians are demanding that they shall not be compelled to have deducted from their tribal funds hundreds of thousands of dollars annually to maintain a large reservation agency and furnish jobs for more than 150 Federal employees thereon.

Mr. McKellar. Mr. President, I shall detain the Senate for a very few moments. I do not think I ever shook hands with more than two Indians in my life. If there are any Indians in my State or in the State in which I was born, I do not know it. Personally I know nothing about Indians. My reason for rising at this time and having a word to say about them is because of what I learned from the hearings before the subcommittee of the Appropriations Committee considering appropriations for the Indian Bureau for the next fiscal year. I just happened to be there when officials of the bureau were being examined in relation to this bill, and was struck very forcefully with the situation so far as the Klamath Indians were concerned.

As I understand, the Osage Indians in Oklahoma are the richest tribe of Indians in this country. Their riches are derived from oil lands. The next richest tribe is the Kla-

math Indians, and the reason of their riches is that they own very valuable pine forests in western-central Oregon, if I may so describe the location. Their entire reservation embraces about 1,800,000 acres, and they have about 800,000 acres of this wonderful pine forest land.

The Government is the trustee of those Indians and as such has been disposing of the timber from these pine forests, making contracts with those who cut the timber and to whom it is sold. The Government collects the money and is supposed to turn it over to the Indians. For a number of years during prosperous times the Government received from these forest contracts from \$1,000,000 to \$1,200,000 a year income from the sale of this timber. After paying the expenses the balance was distributed among the members of the tribe. There are about 1,200 members of this tribe on this reservation; and the result was that they sometimes received as much at one time, I believe, as \$1,000. That was about the limit of what they received.

Ordinarily, when the income from this timber was from a million to a million and a quarter dollars, the expenses were about \$200,000 to \$250,000. Then the depression came; and when the depression came the income from this timber fell, I think, the first year about 50 per cent. It was about \$500,000 instead of a million dollars. The expenses, however, remained the same. Then the next year the income fell again until it was about \$300,000—I am speaking only in round numbers—and the expense still was over \$200,000. This year, according to the testimony before our subcommittee, the income probably will be about \$300,000, and it will all be taken except about \$38,000. There probably will be \$38,000 to be divided among 1,200 Indians.

All of that is just a recital of facts as shown by this record.

I next come to what the American Government is doing as trustees for these Indians.

They have a bureau; and, as I recollect, there are 32 white persons on this Indian reservation carrying out the trust of making these contracts, selling the timber, collecting the money, and dividing the proceeds. The highest paid of the employees out there receives about \$5,000. I have forgotten whether the amount is \$4,800 or \$5,200. The lowest paid of the employees receives about \$2,200. They must have thought these salaries were sufficient or they would not have accepted the places; but what else did we find? We found that every one of these employees had an automobile at the expense of the Indians. We found that out of the Indian fund were paid the gasoline and oil bills and repair bills and upkeep bills of these automobiles for the purpose of carrying out this trust. In addition to that, we found that when the employees went from one part of the reservation to the other they received a per diem for food. They all have houses, no doubt. I am not sure that the evidence in this particular case discloses it, but they are there for the employees of the trustee.

Think of it for a moment! Here are these Indians out there, 1,200 of them, who own this land. The Government is acting as trustee; and the representatives of the trustee are going out there and virtually living on the fat of the land, having their automobile bills paid, each one of them having an automobile, each one of them having a home, each one of them getting a fairly good salary.

The proof in this case shows a remarkable situation about the scalers. I am not enough of a timberman to know what a scaler is, unless it is one who measures the timber. I assume that that is what it means. The Senator from Oregon [Mr. McNary], who comes from that State, bows his head and says that that is correct. The scalers probably do not work over three months in the year. Every other lumberman's scalers are paid only when they work, but not so with the Government scalers. They are paid the year around. They are paid salaries. They are furnished with virtually everything, and are paid a very excellent salary; probably, according to the proof, more than lumbermen there receive.

Under those circumstances they are asking that this go on. They are asking that these men whom we have put

there as trustees for our Government, to look after the affairs of the Indians, shall continue to get all the cream, while the cestuis que trust, as we call them in law, get simply what is left.

When timber sales were large the Indians got a very good sum. They got a very good income. Now, however, when timber sales are small, they are getting nothing but the husks. Our white trustees, however, are still drawing the same salary. They are still getting the same lagniappe, if we may call it that; and, Senators, I think we ought to do away with that situation.

Mr. President, at this point in my speech I ask that there may be printed in the RECORD without reading my examination of several of the witnesses, showing the facts I have stated. I ask leave that there may be printed in the RECORD in the morning, so that anybody interested in the Indians may know what the facts are, the testimony from page 152 to page 160 of the Senate hearings on this bill; again, from page 174 to page 183; again, from page 187 to page 188; and again, from page 194 to 197. I have marked the portions to which I refer on the copy of the hearings that I will hand to the reporter, so that he can see just what should be inserted. The testimony in that examination substantiates the statements I have made here about what we are doing for those Indians.

The PRESIDING OFFICER. Without objection, the matter referred to by the Senator from Tennessee will be printed in the RECORD.

The matter referred to is as follows (pp. 152-160):

\* \* I will say for the information of the committee that the Klamath appropriation for 1930 was \$164,000; 1931, \$148,000; 1932, \$136,000; and the original Budget estimate for 1932 was \$110,000. That shows a reduction of approximately 34 per cent in the appropriation from the Klamath funds over a 4-year period.

Senator Jones. The reduction has been made in the expenditures

on the reservation.

Mr. Rhoads, We have practically cut it to the bottom.

Senator Jones. With the help of the department?

Mr. Rhoads. Yes.

Senator McKellar. What was the percentage of decrease? Mr. Dobb. About 34 per cent. Senator McKellar. About 34 per cent?

Mr. Dodd. Yes, Senator McKellar. The price of supplies has decreased about 34 per cent, has it not?

Mr. Donn. But a good deal of this is for salaries of employees, Senator.

Senator McKellar. Yes; of course.
Mr. Dond. The situation there is this——
Senator McKellar (interposing). The salaries have not been de-

Senator McKellar (interposing). The salaries have not been decreased, of course.

Mr. Dodd. We have on that reservation a hospital; we also have an agency for the handling of the disbursement of Klamath funds; two per capita payments are made each year, and that involves a considerable amount of work. We have the timber operations. The employees engaged in timber activities are paid from the forestry appropriation, under the 8 per cent deduction item, but there are many and varied activities on the reservation that will come under this appropriation.

Senator McKellar (where are we going to get all of this money? I asked that question this morning.

Arr. Dopp. This money does not come from the Treasury, Senator; it is a part of the fund derived from their timber sales.

Senator McKellar. Of course, it comes out of the Treasury itself,
Mr. Dopp. This comes from funds of the tribe; this is not a

Treasury item.

Senator McKellar. I understand that; but it has to be paid out

Senator McKellar. I understand that; but it has to be paid out of the Treasury; the Treasury bears the burden, does it not?

Mr. Rhoads. No, Senator.

Mr. Dodd. The Treasury has no claim whatever on it; it simply lies there in the Treasury and draws 4 per cent interest, and the fund benefits to that extent.

Senator Smoot. Or is paid out to the members of the tribe.

Mr. Dodd. We use a large amount of the income of the Klamath Tribe in making per capita payments to the members of the tribe. Senator Jones. We could not use any of that money that comes into the Treasury for the operation of the Government?

Mr. Dodd. No; not a penny.

Senator Jones. No.

Senator McKellar. I am asking those questions because I am not acquainted with the operation and I would like to know. Out of this \$100,000 that you propose, how is that to be expended?

Mr. Dodd. How will it be spent?

Senator McKellar. Yes; how much for salaries?

Mr. Dodd. There would be spent for salaries of regular employees \$47,050.

\$47,050.

Senator McKellar, Are those Indian employees?

Mr. Dopp. Only a small per cent of the employees are Indian. About \$13,000 of it would be spent in miscellaneous and temporary labor, in which a large number of Indians would be employed. labor, in which a large number of Indians would be employed. The remainder of the appropriation would be used in the purchase of supplies for the hospital; the purchase of necessary agency supplies; travel on the reservation, and transportation of supplies. Senator McKellar. How much of it is for miscellaneous supplies, hospital and agency supplies?

Mr. Dodd. Under the revised figure which we have given you, about \$20,000.

Senator McKellar. And how much is for travel pay on the reservation?

vation?

Mr. Dodd. About \$2,500. Senator McKellar. How do they do their travel; that is, by

Mr. Dopp. That covers gas and oil for automobiles, tire repairs, and so forth.

Senator McKellar. About \$2,500?

Mr. Dodd. Yes.

Senator Jones. That is set out in the bill here, Senator.

Senator McKellar. Yes. Now, of that \$82,500, over half of it,
\$50,000, is not being spent or paid to Indians, but goes to outside persons?

Mr. Dond. A part of this appropriation. Senator McKellar. This is taken out of the Indian funds.

Mr. Dono. The superintendent in submitting his revised estimate gives the following items:

For health, \$19,156.39; for schools, \$1,120.

Senator McKellar. What was that figure?

Mr. Dopp. One thousand one hundred and twenty dollars. Senator McKellar. One thousand one hundred and twenty

dollars?

Mr. Donn. Yes.

Office expenses, administration—that is, general expenses of the agency office—\$22,675.20.

For construction and repair and maintenance of agency plant, \$3,242.55.

For the purchase of necessary furniture and other fixtures for replacing of worn-out equipment and necessary new equipment,

\$1.079.67.

For irregular labor on the reservation, \$6,380.
Senator McKellar. Now, what does that mean, Mr. Dodd?
Mr. Dodd. That means Indian employees on the reservation engaged in the upkeep of the property—2 men on the grounds, 1 operator for the telephone-exchange system, 2 employees engaged in the operation of the laundry, 1 housekeeper for the club, and 1 truck driver.

Senator Jones. How many Indians are there on this reservation? Mr. Dodd. About 1,200, in round figures. Senator Jones. Twelve hundred?

Mr. Dono. One thousand two hundred and eighty, to be more nearly accurate.

Senator Jones. Are there any grown-up Indians on the reserva-tion who do the work that has to be done or know how to do it? Mr. Done. Yes.

Mr. Dodd. Yes.

Senator Jones. Who are willing to work?

Mr. Dodd. The Klamath Indians have shown a willingness to do work on the reservation. The allotment for this year of \$25,000 from the road appropriation was for that purpose and the Indians working on that road got almost 100 per cent benefit from that. Senator Jones. Do you employ them only in that type of work or in other lines of activity?

or in other lines of activity?

Mr. Dond. My understanding, Senator, is that previously all the Indians that could be employed were not employed in the work of the reservation. However, this matter was brought to the attention of the office and the superintendent, and at this time the Indians are being given all available work on the reservation. Of course, it should be understood that they are employed in the positions that do not come under civil service. If an Indian is qualified to pass a civil-service examination and has a civil-service status he is given preference in the Indian Service over other applicants. other applicants.

Senator Jones. You are encouraging the Indians to do all of the

work they possibly can do. Mr. Donn. Yes.

Senator Jones. Of every kind?

Senator Jones. Of every kind?

Mr. Dodd. Yes, sir.

Senator McKellar. Let me ask you this: Here are salaries, a little less than half as much as is paid out for these Indians, and I would like to ask you what those salaries include; the amounts paid out to the individuals?

Mr. Dodd. The superintendent draws \$4,800 a year.

Senator McKellar. Four thousand eight hundred dollars.

Mr. Dodd. The physician \$2,000.

Mr. Dodd. Yes. The physician, \$3,000. Senator McKellar. Three thousand dollars for the physician; all right.

Mr. Dodd. There is one clerk at \$2,700 and one at \$2,300. Senator McKellar. All right. Mr. Dodd. Special officer, \$2,300. Senator Jones. What are his duties?

Mr. Dobb. Looking after law and order on the reservation, including liquor suppression.

A field nurse, at \$2,200.

A head nurse at the hospital, \$2,100.

There are three clerks, the average salary being \$1,840. Two nurses, one at \$1,800 and one at \$1,860.

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A day-school representative who is paid one-half of his salary from this source, the total amount of which is \$1,860.

There is a carpenter, at \$1,800. A stockman, at \$1,740.

Two junior clerks, at \$1,590; that is the average of those in that grade.

A cook in the hospital, at \$1,380. A laborer, \$1,200.

A police private, at \$540. We have also on the reservation a home demonstration agent position, at \$2,600.

I think that covers all of them.

Senator Hayden. All of those salaries are paid out of the tribal

Mr. Dopp. Yes; except the day-school representative. One-half

of his salary is paid out of this fund.

Senator Hayden. If there was a material reduction in this appropriation, would it be necessary to curtail the work on the reservation?

Mr. Dopp. It would be necessary to make curtailments in the work, and to withdraw employees who are considered absolutely necessary to properly administer the affairs of this reservation.

Senator Hayden. It might be the desire of the Indians not to

pay this out of their funds, but to shoulder it on the taxpayers; that would be very advantageous to them.

Mr. Donn. The law-and-order cost on the reservation runs between \$10,000 and \$12,000. I do not have the exact figures just now; the cost of all of the items would be about \$84,000.

Senator McKellar. I am just in ignorance about it. I do not know just how the money is expended, but it just occurs to me that when we are spending \$100,000 and over \$50,000 is for administration purposes, it is rather a large item.

Mr. Dopp. And you must remember that the income of the

Klamath Indians up until last year has been over \$1,000,000 a

Senator McKellar. If it were over \$1,000,000,000 a year, it would not justify us in paying it out in undue amounts for administration of the Indian business, even if it were a billion; it would not be right for us to take it from the Indians.

Mr. Dopp. What would be the method to follow in that case,

Senator McKellar. As I say, I am not familiar with it. But I think that where there is an expenditure of \$100,000 out of their funds on the reservation for the benefit of the Indians and we are to pay over half of that for administration expenses, I am frank to

by any over hair of that for administration expenses, I am Irank to say that it looks like it is too much.

Mr. Scattergood. For all purposes?

Senator McKellar. In salaries of office help, clerks, etc.

Mr. Scattergood. That item includes payments for law and order, administration of the tribal funds, upkeep, and maintenance of

Senator McKellar. Even though it included everything. Senator HAYDEN. What will be the income for this year?

Mr. Dobb. There will be a very large reduction; perhaps less than \$500,000; possibly not more than \$250,000.

Senator HAYDEN. The same situation exists there as we find in the other national forests; they can not sell their timber. Yes; the timber operation has practically closed.

Senator Hayden. They can not find buyers for the timber. Mr. Dodd. No; and they are not operating; we have large timber

Mr. Dond. No; and they are not operating; we have large timber mills there and they can not operate, of course, without finding a purchaser for the timber.

Senator Jones I think, perhaps, Senator McKellar is not familiar with the kind of work that has to be performed there, Mr. Dodd. Would you mind just giving him some idea of the scale of work that has to be performed on that reservation?

Mr. Dodd. In this particular reservation they have a very valuable timber asset; valued several years ago at \$25,000,000, but down below \$20,000 000 now. There is grazing on the reservation that

below \$20,000,000 now. There is grazing on the reservation that has to be handled. As I said, there is collection and supervision of the money from the timber operations on the reservation; the collection of the amounts due to the Indians and the disbursement of the amount that goes into the individual Indian's hands each year. The handling of the details in connection with that work alone amounts to a great deal. We maintain a hospital on the reservation; we maintain law and order on the reservation, and may I say that there is a very broad field of endeavor on the reservation of activities of unscrupulous persons.

Senator Hayden. How much are the per capita payments? Mr. Dodd. They have varied, Senator. In 1928 we made two per capita payments of \$300 each.

In 1929 we made two payments of \$300 each.
In 1930 we made two payments of \$300 each.
In 1931 two payments; \$400 and \$300.
In 1931 two payments; one of \$300 and one of \$250.
Senator Hayden. That means that every man, woman, and child

gets about \$2 per day for their individual use?

Mr. Dodd. Yes.

Senator HAYDEN. For each year that such amounts are paid out?

Senator HAYDEN. For each year that such amounts are paid out?
Mr. Dodd. Yes.
Senator McKellar. Why not, if they own it? The thought I
had in mind is that we should be very careful about what we pay
out of their own money; this entire fund is their money, and we
ought to be careful how we spend it.
Senator HAYDEN. Absolutely.
Senator McKellar. And if they have Indians there who desire
to do the work, and could do the work, they should be permitted

to do it.

Senator Smoot. Do I understand from your statement, Mr. Dodd, that you think you could get along if you had \$75,000?

Mr. Dodd. No; we want \$100,000.

Mr. Dodd. No; we want \$100,000.

Senator McKellar. They wanted \$25,000 more than that.

Senator Hayden. I have stated before, and I am going to take that position at all times, that I do not favor paying out one cent of the fund to the Indians per capita. I am glad to say that in Arizona the Navajo Indians do not want any money paid from the funds to themselves and are opposed to any per capita payments; they want it expended for the benefit of the whole tribe.

Mr. Dodd. Yes; that is true in other tribes.

Senator Hayden. What is expended from the fund they want to

Senator HAYDEN. What is expended from the fund they want to go for the development of their roads, the improvement of their reservation, and for the upbuilding of the institutions that will benefit all of the tribe. I have always opposed any payment to them on a per capita basis of the funds derived from sales of timber or other property they own. Now, on the basis of the payments made here, these Indians receive \$2 a day, on the average. Senator McKellar. If they own it, why should they not re-

ceive it?

Senator HAYDEN. They receive it in benefits for the whole tribe. Senator McKellar. It looks to me like you have too many em-

ployees there on the pay roll.

Mr. Dodd. Let me say this, Senator—

Senator McKellar. That is my idea. I think you have too much of the amount going for administration.

Senator Smoot. I think you picked out an unusual one to ques-

tion.

Senator McKellar. That may be true. I raised some question about grasshoppers the other day in the agricultural bill.

Mr. Dodd. That is all we have at present, Senator.

Senator Smoot. Mr. Crawford, did you want to be heard?

STATEMENT OF WADE CRAWFORD, DELEGATE FROM THE KLAMATH INDIANS, CHILOQUIN, OREG.

Mr. Crawford. Mr. Chairman, I am the authorized delegate of the Klamath Tribe. My name is Wade Crawford, Chiloquin, Oreg. Mr. Chairman and members of the committee, I would like first to call your attention to the information that the Indian Bureau is now giving you as to the value of our property. I notice in the hearings on the House side that Mr. Dodd valued our timberland at about \$24,000,000. He has just now stated to you that it was something like \$20,000.000.

Mr. Dobb. Below \$20,000,000; and that was the estimate based on a more recent revision of the value of the timber on the reserva-

tion Mr. Crawford. I would like to call your attention to this fact, that there is a letter, written to Senator Frazier, signed by Commissioner Rhoads, under date of February 3, 1932. It is an argument against the bill which Senator McNary has introduced, in advance of the report on the bill. Here is what the commissioner says about the value of the timber:

"The land timber on this reservation would probably be appraised at \$10,000,000 to \$12,000,000."

That is the information that was furnished by the commissioner

to Senator Frazier in response to inquiries concerning Senator McNary's bill. He estimated the value of the timber to be between \$10,000,000 and \$12,000,000. Now they come before this committee and say it is worth from \$20,000,000 to \$24,000,000 when they are asking for large sums of tribal funds to be used for employees'

Senator Smoot. What is the annual amount of the income on

the average?

Mr. Crawford. I beg your pardon? Senator Smoot. What is the annual income on the reservation, on the average?

Mr. Crawford. The annual income? This year it was \$238,000. Senator Smoot. What is the lowest you have ever had? Mr. Crawford. It has run for the last five or six years around \$1,000,000.

Mr. Scattergood. It has been as high as \$1,400,000. Now, with reference to the estimated value of the timber, nobody knows just what it is, whether it would be \$10,000,000 or \$25,000,000. No one can tell.

Senator Smoot. Is the timberland being depleted; cut faster

than the timber is being grown?

Mr. Crawforn. It can not be grown as fast as it is being taken

Senator Smoot. The timber is being depleted? Mr. Crawford. Yes.

Senator Smoot. Have you any idea how much the depletion is each year?

Mr. CRAWFORD. I do not have the correct figures with me, but I can secure them, showing the amount that is being taken each year, so far as that goes.

Mr. Smoot. That is, the amount that is being cut?

Mr. Crawford. Yes.
Senator Smoot. The thought I had in mind is, can you give us in idea as to how long it will be before the timber will be entirely gone?

Mr. CRAWFORD. The superintendent of the timber project has

estimated that it will be entirely depleted in 20 years.
Senator McKellar. In what length of time?

Mr. Crawford. The entire amount will have been taken off of the tribal land, at the rate they have been going, in 20 years.
Senator McKellar. That is the only source of the tribal funds?

Mr. Crawforn. And the tribe has no further income from any source than timber and grazing; they have no independent money

source than timber and grazing; they have no independent money coming into their fund.

Mr. Scattergood. If I might interject a thought right there, Senator, as to just what is being done in regard to the timber. The scale of cutting that is now being carried out, which is being done on a scientific basis, means that it will be about 15 years, as I remember it, before they will need to cut down the present scale of cutting. When they reach that point, the amount of annual cut will be reduced so that thereafter it will be on a proportion in direct ratio to the actual growth of timber, so that thereafter the growth and the cut will bear about the same proportion.

Senator Smoot. What is the policy followed now in cutting

Mr. Scattergood. They are not cutting below certain sizes and

Mr. SCATTERGOOD. They are not cutting below certain sizes and certain age timber now.

Senator McKellar. That is a question I wanted to ask.

Senator Smoot. Do they cut chiefly the old trees?

Mr. SCATTERGOOD. They are cutting largely now the trees that are ripe, and those, if left standing, would decay. That is the policy below followed. being followed.

Senator McKellar. I do not think it should ever be depleted.
Mr. Scattergood. Under the policy being pursued it will not be.
The amount cut now is large, because the old, ripe trees constitute the largest proportion of the timber area.
Senator Smoot. It seems to me that the forest ought never to be

Mr. Scattergood. A very scientific method is being followed with Mr. Scatteregood. A very scientific method is being followed with the great timber companies that are operating there under contract. They are following the plan laid down by the bureau of taking the ripe trees, the trees that would soon begin to decay. That is the reason the cut is large now. At the end of about 15 years, however, the rate of cut will be reduced in order to keep it well within the increase in the growth of timber.

Senator Smoot. Following the same policy used in Switzerland

and Germany?

Mr. SCATTERGOOD. Yes.

Senator Smoot. I do not see why that forest should ever be exhausted. I think it should be there for the Indians for a hundred or two hundred years.

Mr. Scattergood. That is exactly the line that we are working on and the plan is to provide an asset for the Indians for years to come, and it is only to be taken to the point where nature would destroy the timber that the cutting is to continue.

Mr. Crawford. I would like to state that the policy that is being

followed on the Klamath Reservation, is they are cutting timber, leaving about 3,000 feet on each acre of ground for reseeding; that is, about 3,000 feet of good, healthy trees for reseeding. But when you come to consider the fact that it takes from 200 to 300 years to grow those trees it can not be possible for them to have timber to cut over on each 40 or 50 year basis, as I understand their plan to be.

Senator Jones. They do not cut the trees of all sizes now, do

Mr. CRAWFORD. No; they have a certain scale; all trees that are 6-inch tops, I understand

Mr. SCATTERGOOD. Six-inch tops?

Mr. CRAWFORD. Yes.

Mr. Crawford. 163.

Senator Jones. What size butts?

Mr. Crawford. For all timber. It varies; there are some tops at 6 inches, and they may be 4 feet across the butts.

Senator Smoot. Do you mean to say that it takes 250 years to grow one of those trees?

grow one of those trees?

Mr. Crawford. Yes; it takes from 200 to 300 years to grow the kind of timber we have there.

Senator Smoot. That is an unusual length of time. You can go through the Sihlwald Forest and for miles and miles in every direction the trees will be numbered. You can take the numbers of those trees and go to the office and get the exact amount of growth each year with just the same accuracy that you could of a man, and sometimes very much more completely.

Mr. Crawford. I would like to say, Senator, that I have an article which I have submitted to Senator Frazier and which I will be glad to submit to the committee showing the age of the

will be glad to submit to the committee showing the age of the timber in the Klamath Indian Reservation and giving full information about the growth of that timber.

Senator Bratton. What do you think should be done about

the matter?

Mr. Crawford. I would not like to enter into a technical discussion and take up the time of the committee, but I would like to say that the timber contracts should be rewritten; I feel that they should be rewritten.

# (Pages 174-183)

Mr. Scattergoop. You came here the first day that Congress

Mr. Scattergood. You came here the second opened?

Mr. Crawford. I will say, right at this point, that I wish the Indians in prior years had sent a representative down here to give you the true information regarding the actual conditions of the Klamath Indian Reservation. And I would like also to call to your attention that the appropriations that have been made have been running around \$274,000 per year, being paid out of the tribal funds of the Klamath Indians, for the last 10 years. Senator Jones. Do you have any suggestion to make as to how this can be avoided?

Mr. Crawford. I would suggest that the appropriation be handled more along business lines that are applied to white men.

Senator Jones. Do you think this appropriation ought to be cut down very greatly?

Mr. Crawford. I argue that the \$110,000 should be reduced to \$55,000 on the agency item, and I think it should be run on a business basis, according to the income. When the income was \$1,000,000 a year, then Congress appropriated \$274,000 for the operation under that large income. Now it has reduced, decreased to \$328,000, and I think that the appropriation should be limited and the expenses should be reduced in proportion to the income.

Senator Jones. How do you think we could cut down the operating expenses to \$55,000?

Mr. Crawford, I argue that it should be half.
Senator Jones, How could we do it?
Mr. Crawford. By cutting off all of the items there except health

Senator Jones. What employees would you do away with? It is easy enough to cut the \$110,000 to \$55,000 on paper, but how would you handle it?

Senator McKellar. Which one of the employees would you eliminate?

Senator Jones Welling and Senator Senator

Senator Jones. Yes. Senator McKellar. That is the question we would like you to answer.

answer.

Senator Jones. Just which employees would you dispense with?

Mr. Crawford. I had a list of the employees here. I would say that according to the justification submitted by the superintendent to the Commissioner of Indian Affairs under this revised

estimate that it has some things that should be eliminated.

Senator Jones. Which one of those items?

Mr. Crawford. Under this revised estimate he has personal services, regular, \$48,000.
Senator Jones. Now, what service in that would you dispense

with, or how much would you recommend?

Mr. Crawford. I would recommend that personal services of \$48,000 be reduced to \$24,000.

Senator Jones. Which one would you cut out?

Mr. Crawford. The number of those employees that exceed that

amount in appropriations

amount in appropriations.

Senator Jones. Just indicate which ones you would cut out, the positions that are now filled.

Senator McKellar. The sum you mentioned there was \$48,000. Now, the first one on the list received \$4,800. Would you cut him

Mr. Crawford. Here is the list. Senator McKellar. I have the list before me. I am just taking

them item by item.

Mr. Crawford. I would take the first one, the salary of the day-school representative.

Senator McKellar. What position?

Mr. Crawford. The day-school representative.

Senator McKellar. The day-school representative; this indicates \$840.

Mr. Crawford. The amount asked for him is over \$1,800.

Senator McKellar. \$840.

Mr. Crawford. \$1,860.
Senator McKellar. You would cut him off?
Mr. Crawford. Yes; the tribal fund is now paying 45 cents for each Indian that attends the public school. That is for inspection, and for that particular purpose the Indians have to pay that tax in addition to paying a regular tax to the county, and that is paid out of the tribal fund and is being used also to pay for education.

Senator McKellar. Now, what does this man do who fills that

Mr. Crawford. He goes around and inspects different schools. The vouchers show that he runs around to different parts of the reservation and to different parts of Oregon.

Senator McKellar. To the public schools?

Mr. Crawford. To the Indian schools and the public schools,

both. Mr. Dopp. One-half of his salary and expense is paid from the general school appropriation covering the work in the State of California, and only one-half of the amount comes out of the Klamath fund. The only part that is paid for out of the Klamath fund is the part for inspecting the public schools and seeing to it that proper service is rendered for the expenditures made. One-

half of it is paid out of money provided for work in other territory, Senator McKellar. Mr. Crawford, you think that is unneces-

Senator McKellar. Mr. Campon. I do, when the tribal fund is paying 45 cents on each Indian that attends public school in Klamath County.

Senator McKellar. I am just asking what do you think of it?

Mr. Crawford. And I think it is unfair. When we pay Klamath County that rate I do feel that it is unfair to make us pay this man's salary out of the tribal fund. If we did not pay the money to Klamath County it would be a far different story.

Mr. Scattergood. Does he not also have to see that the children attend school?

Mr. CRAWFORD. Yes; he runs around in an automobile.

Mr. Chawford. He, he this around in an advonoble.

Senator McKellar. Does he have a car?

Mr. Crawford. He runs around over the Indian reservation and gets his expenses paid, mileage, gasoline and oil, hotel bills; that is all included; that is what he gets.

Senator McKellar. He has an automobile?

Mr. Crawford. He is furnished an automobile, gets his hotel bills and expenses paid.

Senator Jones. You do not need a truant officer, you think?

Mr. CRAWFORD. No: not when he is-

Mr. Scattergood (interposing). He is giving only part of his time there.

Mr. CRAWFORD. When he is in the States of Oregon, California, Nevada, or visiting those places, he is getting his expenses paid when he visits them.

This \$1,800 all goes in as a part of those expenses

Senator McKellar. What other services do you think we ought

Mr. Crawron. They have a great many clerks there in the office that I think should be dispensed with. They have some eight or nine clerks, and I do not think it is necessary to have all of them. I think I would eliminate some of those clerks. It seems to me that a part of them are not necessary.

Mr. SCATTERGOOD. Which ones of them would you eliminate; can you tell us which ones?

Mr. Crawford. I would eliminate some of the assistant clerks. I do not see any reason for keeping them; I would cut down some of the assistant clerks—Mrs. Lamb, Mrs. Andrews.

Mr. SCATTERGOOD. What are their titles; what is the nature of

their duties?

Senator Smoot. Yes; what service do they perform?

Mr. Crawforn. I do not think it is necessary to have a large force to argue with the Indians about their tribal funds; that is what Mr. Blair says they are doing. I have the item here, list of them which I will insert in the record, or I can read it if you

Senator Smoot. Which of the employees do you recommend that

Senator McKellar. Yes.

Mr. SCATTERGOOD. And their positions.

Senator Smoot. Mr. Crawford, which ones do you recommend should be fired?

Mr. CRAWFORD. Well, it seems to me that some of the assistant clerks should be eliminated.

Senator Smoot. I know, but which particular ones?
Mr. Crawford. They are in the agency, in the office.
Senator Smoot. It is your contention that the office does not

need that much help?

Mr. Crawford. No; I do not think so. What I wanted to say was that Mr. Blair stated to the Commissioner of Indian Affairs that they are not doing their work out there but arguing with the few Indians about their expenses and the amount paid out of the tribal fund. Now, I would like to read from a letter dated September 4, 1931.

September 4, 1931.

Senator Smoot. This is in the record.

Mr. Crawford. Yes; from C. M. Blair, addressed to the Commissioner of Indian Affairs, under date of September 4, 1931. He says: "I have a feeling that we are making practically no progress in developing this situation, particularly with reference to the Indians themselves. We have no organization doing extension work whatever. Outside of the forestry organization, we are doing practically nothing except try to control the expenditures these people are making from their own and their children's funds."

Senator Swoot. He was wanting some additional help them.

Senator Smoot. He was wanting some additional help there? Mr. Crawford. And he said all they do is to argue about the

Mr. CRAWFORD. And he said all they do is to argue about the individual Indians getting money.

Senator Smoot. But he wanted additional help.

Mr. SCATTERGOOD. When he refers to children, he is speaking about minor children; and there is a tremendous amount of

supervision necessary.

Senator McKellar. You are asking here for an increase over the 1932 appropriation of \$6,610, are you not, to be used in increasing salaries?

Mr. Dodd. I do not think we are increasing salaries, Senator. Senator McKellar. That is what it says here.
Mr. Dodd. This [indicating] represents the actual expenditure.

Mr. Dodd. This [indicating] represents the actual expenditure. Senator McKellar. The Interior Department appropriation for 1932; this says here that an increase was made of \$6,610 with another item of \$310, which makes a total of \$6,920.

Mr. Dodd. That is a balancing statement. If you will notice under the head of the 1931 appropriation, it shows the actual expenditure, and the statement that you read, showing an increase, is a balancing statement between \$40,130 actually expended and the total gross authorized salaries for the fiscal year 1932 of \$470,50.

pended and the total gross authorized salaries for the fiscal year 1932 of \$47,050.

Senator McKellar. Yes; but that must have some meaning here in the 1932 appropriation. You have got a net amount of \$6,610 plus \$310, or a total increase, net, of \$6,920. That must have some meaning or it would not be in here.

Mr. Scattergood. We have not increased the expenses; the expenses have been going down each year. I do not remember that restriction items but I know that the expenses of the scenary have.

particular item, but I know that the expenses of the agency have been growing less and less each year.

Senator McKellar. I am simply reading from the bill.

Mr. Dopp. The reason for that difference is that the position of the superintendent was not paid from this appropriation in 1931. Senator McKellar. No

Mr. Done. He is paid from it in 1932, and it comes in here on this appropriation.

Senator McKellar. Yes.

Mr. Dopp. Heretofore he was paid from what we call the school authorization, as I recall the Klamath pay roll.

Senator Hayden. That is a transfer in the item of the super-

Mr. Dopp. That is what I was explaining. That is not a payment from the Klamath funds, but a general authorization contained in the school section of this bill.

Senator Hayden. Yes.

Mr. Dodd. And that item was not considered proper there. Its logical place was under the agency appropriation, and is changed from school activity to agency activity.

Senator Hayden. Then the amount was simply deducted and

transferred?

Mr. Dodd. Yes; this is a balancing statement in this table. Senator Hayden. The deduction was made from one table and

must show up somewhere. Mr. Dopp. Yes.

Senator Smoor. The appropriation for last year was \$136,000 and the estimate for this year is only \$110,000.

Mr. SCATTERGOOD. Yes. Senator McKellar. How much of the \$136,000 have you left? Mr. Dodd. \$25,000. Senator McKellar. Available?

Mr. Dodd. Yes.
Senator McKellar. Available?
Mr. Dodd. Yes.
Senator McKellar. What becomes of it?
Mr. Dodd. It is still in the Treasury to the credit of the tribal fund, and it will not be withdrawn unless for emergency use.
Senator McKellar. That would be \$110,000 expended.
Senator Smoot. That is not taken out of the tribal fund.

Senator Smoot. That is not taken out of the tribal rund.

Senator McKellar. Now let us get back to these clerks. There are two assistant clerks here for \$1,710. What do they do?

Mr. Dodd. They may be handling the individual Indian's money account, or they may be handling some other subject, or they may have some general clerical work in the office; I can not tell offhand.

Senator McKellar. You do not know that?

Mr. Dopp. I am not familiar enough with the office work at that agency to tell you.

Senator McKellar. Now, the field matron-what are her duties? Mr. Dopp. She works around all over the reservation, in the homes on the reservation.

Senator McKellar. \$1,680?

Mr. Dodd. Yes.

Mr. Dodd. Yes.

Senator McKellar. What do the junior clerks do?

Mr. Crawford. While you are on that point, I would like to say that the field matron spends most of her time with her friends around Portland and other places, and does very little work on the reservation. She is not a nurse, by any means.

Senator McKellar. Does she have a car?

Mr. Crawford. Yes; and her expenses paid.

Senator McKellar. Traveling expenses?

Mr. Crawford. Yes.

Mr. Crawford. Yes.
Senator McKellar. How many cars have they out there, or how many cars have been bought for their use?
Mr. Crawford. I think all told there are 43 automobiles.
Senator McKellar. That have been bought with tribal funds?

Mr. Crawford, Yes.
Senator McKellar, And they are maintained?

Mr. CRAWFORD. Yes.

Senator McKellar. And the repairs and maintenance paid from tribal funds?

Mr. CRAWFORD. Yes.

Mr. Crawford. Yes.
Senator McKellar. What does the stockman do?
Mr. Dodd. He looks after the grazing work on the reservation.
Mr. Crawford. There are two stockmen there, Senator, that I would like to call to your attention. There are two stockmen whose duties are practically the same, the one in the forestry.
Mr. Phillips handles grazing work, and also Mr. Lovelace, who is under the agency's jurisdiction, and the other under the forestry, but their activities are practically the same; Mr. Lovelace's salary should be eliminated. Mr. Phillips has two assistants with him aside from the line riders.

Senator McKellar. What account is that?
Mr. Crawford. The forestry item.
Senator McKellar. Forestry?
Mr. Crawford. Yes.

Mr. CRAWFORD. Yes.

Senator McKellar. Now, there is a carpenter here. What about the carpenter?

Mr. Dopp. He is employed in handling and maintaining build-Mr. Dobb. He is employed in handing and maintaining buildings at the agency, and there are times when he has to assist in home construction on the reservation.

Senator McKellar. What about him, Mr. Crawford?

Mr. Crawford. Mr. Bourell.

Senator McKellar. What does he do?

Senator McKellar. What does he do?

Mr. Crawford. I will say right there that we have on the reservation at least 25 Indian carpenters that can do the work as well as he; some of them are better equipped, far more equipped than this man Bourell to do carpenter work. We have advocated all along that when there was any building to be done that the Indians should be permitted to put up the buildings; that if they will advertise the jobs the Indians will bid on them, and the highest bidder would get the work.

Seneter Haven You have a number of them who are willing.

Senator Hayden. You have a number of them who are willing

Mr. Crawford. Yes; the contract would have to be looked after by the superintendent, but he can check up on it and see that the contract is carried out.

Senator McKellar. Does the carpenter have an automobile? Mr. Crawford. Yes. Senator McKellar. The stockman?

000

500

7,000

Mr. Crawford. Yes. I will say that every employee out there, the 53 regular employees, have the use of a car. There are 43 cars on the reservation

Senator McKellar, Does the superintendent have an automobile?

Mr. CRAWFORD, Yes.

Senator McKellar. Does the physician have one?

Mr. Caawford. Yes. Senator McKellar. Does the home demonstration agent?

Mr. Crawford. That office has not been filled for the last year, but when she was there she had one.

Senator McKellar. There is no appropriation for this year. The

principal clerk, does he have an automobile?

CRAWFORD, Yes.

Senator McKellar. The financial clerk?

Mr. CRAWFORD, Yes.

Senator McKellar. The home demonstration agent?

Mr. Crawford. Yes. Senator McKellar. How about the field nurse?

Mr. Crawford. Yes. Senator McKellar. The field nurses have the use of an auto-

Mr. CRAWFORD. Yes.

Senator McKellar. What do they use it for?
Mr. Crawford. Use it in going around and visiting the Indians' homes on the reservation.

Senator McKellar. How about the head nurse at the hospital?

Mr. Scattergood. I will say that we have a number of Indians
on the reservation who do not know how to use the hospital, and it is necessary for the nurse to go 15 or 20 miles out to visit the family when they need attention.

Senator McKellar. What about the nurse, the head nurse, at

the hospital, does she have one? Mr. Donn. No.

Senator McKellar. The head nurse does not?

Mr. Dopp. No.

Senator McKellar. There is one. I will put a mark there.

Senator McKellar. There is one. I will put a mark there. What about the clerks, do they have automobiles?

Mr. Dodd. I do not think that any one of the assistants does.

Mr. Scattergood. I might say there, Senator, that the reservation is about 35 miles, north and south, and it is just as far east and west, and the Indians are scattered very widely. They are not concentrated in any particular place, and anybody that wants to go out there and see them, unless they want to go on foot, and spend their time walking, will have to have some means of transportation to get them from place to place.

Senator McKellar. How many cars are there in use on the reservation?

Mr. Dong Forty, three of all kinds

Mr. Dodd. Forty-three, of all kinds.
Senator McKellar. On the reservation?
Mr. Dodd. On the Klamath Reservation.
Senator McKellar. What kind are they?

Senator McKellar. What kind are they?

Mr. Dodd. Twenty-one trucks.

Senator McKellar. Twenty-one trucks?

Mr. Dodd. Yes; there are 2 coupés with pick-up bodies; 15 coaches, 3 coupés, and 2 touring cars. Now, those machines are used in the forestry service, and in the road work—

Senator Jones. How are those automobiles used?

Mr. Dodd. They are used in the activities on the reservation. When you consider the fact that the gross income of the Klamaths in 1928 was \$1.183.000, it will give you an idea of the activities on

in 1928 was \$1,183,000, it will give you an idea of the activities on the reservation.

Senator McKellar. It does not make any difference what the

gross income is, we ought not to take it away from them.

Mr. Dopp. I was simply saying that there were a number of

activities requiring attention.

Senator McKellar. But we are trustees of that fund, and it would make no difference whether the income was a million or a thousand, it is our duty to safeguard the expenditure of it.

Mr. Scattergood. But there is this point, Senator, to keep in mind, this income comes from the operations of timber companies that are scattered throughout this forest in widely separated areas.

Senator McKellar Vee.

Senator McKellar, Yes.
Mr. Scattergood, And each one of the companies when operat-

Mr. Scatteredow. And each one of the companies when operating has to be checked up.
Senator McKellar. Have you got roads all through the timber?
Mr. Scatteredow. I beg your pardon?
Senator McKellar. Do you maintain roads through the forest there?

Mr. Scattergood. It has been our policy, wherever possible, when a railroad track has been taken up to put in a road, at least, in such places that it will facilitate the Forestry Service in getting about in fighting fires.

Senator McKellar. Do you have those all over the Indian reser-

Mr. Scattergood. The road-building program has been largely built up, extensively built up, more in the nature of providing facilities for fire fightings. There is a great risk to this enormous asset from forest fires, as many of you know, who are familiar with the western areas, and you realize that in the past two years many forests have suffered enormous damage from forest fires. A timber fire may break out and burn hundreds of thousands of dollars in valued timber in a short while, so it is necessary for us to maintain our forest-fire fighters, and in order to get around over the forest it is necessary to have this machine equipment for them. forest it is necessary to have this machine equipment for them

Then in addition to that each one of these lumber-cutting companies have to have a scaler, a man to go there and indicate the trees, pick out the trees that the lumber company is to cut down. All of that work has to be supervised every day that the companies are at work, and in order for them to get back to camp it is necessary to have some means of transportation. Those automobiles are in operation by the men in the actual service, marking trees, fighting fires, and performing the activities of people at work on the forest, supervising the work in the field, and the operation of these companies. of these companies.

Mr. Scattergood. It is quite large.
Mr. Crawford. A million eight hundred thousand acres.
Senator Oddie. How much?
Mr. Crawford. Something like 1,800,000.

Mr. Scattergood. And a considerable part of that is timber? Mr. Crawford. There is about 800,000 acres of timber. Mr. Smoot. One million eight hundred thousand in the reservation?

Mr. CRAWFORD. Yes; of the tribal land.

Mr. Crawford. Yes; of the tribal land.

Mr. Scattergood. And how much in timber did you say?

Mr. Crawford. And 800,000 acres of timberland.

Now, for your information I would like to say this, that I think they have reduced the time to \$75,000, according to the justification submitted here by the superintendent to the Commissioner of Indian Affairs, and he is asking for \$54,500 for salaries and wages, and I want to put in the record, for your information, a list showing that when you deduct the \$54,500 from the \$75,000, it leaves \$20,500 for general administration and \$54,500 will go to salaries and wages alone. I will submit that for the record.

(The paper above referred to is as follows:)

Revised estimate; proceeds of labor, Klamath Indians, support, 19	
Personal services:	
Personal services (regular)	\$43, 500
Wages (irregular)	10,000
Wages (irregular) Medical services (irregular)	1,000
Total, personal services	54, 500
Supplies and materials:	
Stationery and office supplies	500
Medical and hospital supplies	4,500
Scientific and educational supplies	25
Fuel	
Gasoline for passenger-carrying vehicles	2,000
Forage and other supplies for animals	
Provisions	
Sundry supplies	
Oil for passenger-carrying vehicles	
Total, supplies and materials	18, 925
Communication service:	78/148/
Telegraph service	100
Telephone service	
Other communication service	CONTRACT OF THE PARTY OF THE PA
the time of the continue and sharp also we come the least	
Total, communication service	405
Travel expense:	
Commercial transportation	500
Subsistence while in travel status	1,000
Miscellaneous travel expense	

Total, travel expense	_2, 000
Transportation of things: Freight and incidental charges.	1,000
Printing, binding, and photographing: Printing and binding	100
Furnishing of heat, light, power, water, and electricity	1,000

Repairs and alterations:  Miscellaneous repairs and alterations	2,000 2,000
Total, repairs and alterations	4,000

Special and miscellaneous expenses: Expenses (not elsewhere classified)	1,0
Grants, subsidies, and contributions: Burial expense	5

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Equipment:	
Passenger-carrying vehicles	3,000
Furniture, furnishings, and fixtures	500
Miscellaneous other equipment	1,000
Transporting and conveying and telephonic and tele-	
graphic equipment	2,000
Fire-prevention and fire-fighting equipment	500

Total equipment\_

Structures and parts, and nonstructural improvements	
Excavations, roads, embankments, and surfacing Nonstructural improvements (telephone)	\$2,000 1,000
Total, structures and parts, and nonstructural improvements to land	3,000
Reimbursable loans to Indians	5, 000
Total	98, 430

Mr. Scattergood. I would like to have the privilege of inserting in the Record also the statement of the superintendent.

Senator McKellar. Yes; we would like to have that.

## (Pages 187-188)

Senator Smoot. You think that about three-fourths of the employees could be dispensed with?

ployees could be dispensed with?

Mr. Crawford. I think that it should be reduced by half, cut down our expenses by half.

Senator Smoot. In what way?

Mr. Crawford. Well, I would say that when the income is cut that the expenses should be cut; we have about 19 timber contracts that are alive now, and a number of these companies are not living up to their contracts. Seventeen of them are not operating, and if they are, it is on such a scale and does not require any use of the workers that we have there now.

Senator Smoot. In what way do you think the cost could be reduced; which of the salaries could we dispense with?

Mr. Crawford. I think that the contract should be lived up to. Senator Smoot. Do they not live up to them?

Mr. Crawford. No: they do not; they certainly do not live up to their contracts.

to their contracts.

Senator Smoot. Wherein do they fail?

Mr. Crawford. These contracts are given to them to take the Indian timber, running over periods from 15, 18, and 19 years; they sign up the contract, and the people that have them do not live up to their contracts.

Senator McKellar. You want the contracts changed?

Mr. CRAWFORD. Yes. Senator McKellar. In what way?

Mr. CRAWFORD. I would say that the long-term contracts are not desirable.

Senator Smoot. In what way have they failed to live up to the contracts? Can you point out the changes in the contracts that you would suggest that would take care of those that are not living up to them?

Mr. Crawford. There have been individual contracts that have been drawn up for three to five years, but where their time has expired the commissioner has extended time.

Over a period of years, more than the amount specified, the annual cut is supposed to be made each year. It is not lived up to. And as time goes on and the increase in price in stumpage has risen from 20 to 40 cents a thousand in three years; and the next three years the commissioner will take that off, and it will go back to the original adjustment of the stumpage as an adjustment between the lumber people and the Indian Office. That is ment between the lumber people and the Indian Office. That is all a matter of record.

Well-

Senator Smoot. I know, you have put it in the record.

Mr. Scattergood. The Indians have no capital of their own to risk in this business. It is not their capital that is invested in the plants, and whatever the costs are to cut, you understand, they pay a royalty on that, and they are cutting that, and it is to their own interest to cut it just as fast as they can, as fast as they can dispose of their products. We hope always that they will live up to their minimum and exceed those, and that they will be successful; but if they do not, then that tribe has not lost anything. The tribe has been the beneficiary from their lands, an income, to a greater extent than any tribe in this country outside only of the Osages from their oil income, and there have been times, however, as there are to-day, during times of depression, when these companies ask the privilege of not cutting and moving out the timber.

Senator Smoot. Not cutting any amount? Mr. Scattergood. The contract allows the exercise or discretion on the part of the Commissioner of Indian Affairs in deferring that

Senator Smoot. Then they have not violated their contract?

Mr. Scattergood. Then they have not violated their contract?
Mr. Scattergood. They have not.
Mr. Crawford. I challenge that statement, and we will let the contracts and the reports speak for themselves.
Mr. Scattergood. I would like to say this, as far as the testi-

mony of this witness is concerned-

Mr. Crawford (interposing). All of our lumber mills closed last fall. All of the mills are closed. There are only two of the mills that went on and made their annual cut, but all of them are closed since that time.

Everybody knows that the same people are being carried on during the winter months, and the men that are drawing enormous salaries are carried on the pay rolls now, and doing irregular work, such as repairs to bridges, and doing outside jobs around the agency, which the Indians have been put out of. The Indians have been put out of the employment and they are letting these civil-service employees take their place.

Senator McKellar. Which of these employees—Mr. Crawford (interposing). And that has been going on ever

Senator McKellar. Which employees have been carried on the rolls of the department?

Mr. CRAWFORD. For instance, here is a list for November: Albert Christey, scaler, and there are two forest rangers, another forest ranger, another ranger, Mr. Weaver, an assistant ranger, another ranger, forester, assistant forester, guard, five scalers, two forest rangers, forest guard, supervisor, four more scalers, and a ranger. Senator McKellar. Your idea is that the Government has no use for these because the mills are shut down, and ought not to keep them on the Government has revently

keep them on the Government pay roll?

Mr. Crawford. Those men are not scaling logs when the companies are closed down. They can not work out in the timber, when there is 2½ or 3 feet of snow out in the woods. Those men are doing odd jobs, as I said, around the agency.

## (Pages 194-197)

Mr. Crawford. I would like also to submit the pay roll for December of 1931, for the record, with all of the foresters, and scalers, their titles and their monthly salary.

(The matter referred to is as follows:)

Albert Christy, scaler	\$140.00
Micholas Welter, senior forest ranger	171.66
Earl L. Silvers, senior forest ranger	176.67
Warren B. MacMillan, forest examiner	200.00
Silas O. Davis, ranger	151.66
Harold Weaver, forest assistant	183.33
Edward Weave, ranger	160.00
Edwin Wessen, junior forester	151.60
Arlie W. Toole, forest assistant	171.63
Floyd H. Phillips, forest assistant	171.68
Alfred E. Hart, guard	
Marion J. Gober, scaler	
Clarence A. Middebusher, scaler	140.00
Olic K. Pace, scaler	150.00
	145.00
George C. Hepworth, scaler	145.00
Frank G. Maness, scaler	155.00
Robert D. Holty, forest ranger	151.66
Allen F. Space, ranger	171.66
James S. Andrews, forest guard	130.00
Frederick R. Moffat, supervisor	250.00
Philip J. Duffy, scaler	145.00
Roy Rice, scaler	140.00
Clyde W. Flinn, scaler	150.00
Lloyd E. Lanb, scaler	150.00
Stranley J. Johson, ranger	171.67

Mr. CRAWFORD. I would also like to submit for the record a letter written by C. M. Blair, setting forth the financial condition of the reservation, which he paid out. This is a very interesting letter. The figures in September, 1929, show that our income was \$222,000, and in 1930 it was \$102,000; in 1931 it went down to \$22,000.

Senator Smoot. You are like some of the balance of us, are you not?

Mr. Crawford. That was the income in the month of September for those three different years. I submit that information for the record.

(The letter above referred to is as follows:)

KLAMATH INDIAN AGENCY. Klamath Agency, Oreg., October 10, 1931.

COMMISSIONER OF INDIAN AFFAIRS, Washington, D. C.

Sm: I wish to refer to the financial situation facing the Klamath jurisdiction and the Indians enrolled here.

jurisdiction and the Indians enrolled here.

I have office letter of September 28, 1931, giving information in response to my radiogram of September 25, to the effect that the total resources in the Treasury of tribal funds of the Klamath Indians on June 30, 1931, were \$793,967. On June 30, 1930, the tribal resources were \$1,085,687.42, showing a reduction in resources during the last fiscal year of nearly \$300,000. The proceeds received from timber sales from January 1, 1931, to the present date is approximately \$328,000, and all logging camps have closed down. We are making a per capita payment this month of about \$270,000. If one is made next spring, it will amount to approximately \$200,000. Adding the operating costs for this fiscal year, there is going to be very little left on June 30, 1932. It is indicated below: indicated below:

Per capita payment, October, 1931  Per capita payment, April, 1932 (estimated)  Operating expense, fiscal year 1932 (estimated)	\$270,000 200,000 175,000
	645, 000
Tribal funds, June 30, 1931Estimated expenditures	793, 967 645, 000
To which should be added timber sales for fiscal year	148, 967
1932, estimated not to exceed	250,000
	398 967

It will be seen that not more than \$400,000 can possibly be available for operating expenses of this agency and per capita payments during the fiscal year 1933. Does this not indicate

a critical situation? I do not believe your office wishes to take the last available dollar out of tribal funds. As far as I am able to learn, the lumber market is in bad shape, and it is going to be some time before there will be any considerable recovery. It seems apparent to me that your office will need to ask for supplementary assistance in operating this agency next fiscal year from gratuity appropriations. I feel it is my duty to call this situation to your attention at this time when appropriations are being considered by the committees of Congress. I realize that during times like this it is essential for the Federal appropriations to be reduced rather than increased. However, I feel that serious consideration must be given to the immediate future at Klamath. I have tried to show in this letter how the income of this tribe is being reduced. The following figures will probably throw additional light on the situation:

Timber sales during September, 1929 (approximately) .... \$222,000

Timber sales during September, 1929 (approximately) \_\_\_ \$222,000
Timber sales during September, 1930 (approximately) \_\_\_ 102,000
Timber sales during September, 1931 (approximately) \_\_\_ 22,000

Very little in the way of surplus has been built up in tribal funds. The money has been paid out about as fast as it comes in. I feel that the situation here will be critical next year unless some change is made

Very respectfully,

Mr. Crawford. And I would like to also submit this letter for the record, written by Mrs. Crawford and Mrs. Du Fault, setting forth some very interesting figures and argument in regard to the expenditures of the Klamath Indians which shows the per capita cost to the Indians of \$130 per capita, this being taken from the tribal funds.

Now, we say that the Indians do not pay taxes. We are certainly taxed to the extent of the per capita \$130 for every member of that tribe, taxed for that, and besides that, 150 of those Indians are paying taxes to the county, so we are doubly taxed.

(The letter above referred to is as follows:)

1028 WEST FIFTH STREET,
Santa Ana, Calif., February 11, 1932.
MY DEAR SENATOR: We are in receipt of the information that the Interior bill for the fiscal year 1933 has been reported to the House with a reduction of \$45,000 for Klamath. The Klamath House with a reduction of \$45,000 for Klamath. The Klamath Indians, according to the records, will have the sum of \$398,967 in the Treasury of the United States for the fiscal year 1933. The bureau's request was for \$212,000—the reduction of \$45,000 reduces the appropriation to \$167,000. There are 1,280 enrolled Klamath Indians, which brings the per capita tax to approximately \$130 and a per capita credit in the Treasury to approximately \$180. Thus it is readily ascertained that the statement of J. Henry Scattergood, Assistant Commissioner of Indian Affairs, to the subcommittee on appropriations, 1933 House hearings, that only 8 per cent of the revenue of the reservation is expended for administration is erroneous and entirely misleading. You will readily see from the above and from the evidence sub-

sexpended for administration is erroneous and entirely misleading. You will readily see from the above and from the evidence submitted by Mr. Wade Crawford, chairman of the Klamath business committee, to the subcommittee in the House hearings—Interior bill 1933—that it will be impossible for the Klamath Indians to retain upon their pay roll 22 forestry employees with a salary scale from \$1,560 to \$3,000, with not one single camp or mill operating upon the reservation at the present time. Many of the wives of the forestry employees are in the agency office on the regular pay roll at a salary of not less than \$1,800.

We have read with much disgust the justification in the House hearings, 1933, of Mr. J. P. Kinney, Chief Forester in the Bureau of Indian Affairs, for the retention of the forestry personnel at Klamath. Surely the Congress will never accept such a justification. There is not a corporation, bank, or any industrial institution on the Pacific coast, and we doubt any other place, that is retaining their former personnel, waiting for better times to happen, expending approximately 50 per cent of the liquidated capital assets to do so; it is positively unheard of during the present crisis in the Nation's affairs and any other time, for that matter.

We know for a positive fact that the 22 forestry employees on the pay roll at Klamath are doing odd jobs repairing bridges, signs, machinery, etc. That so unjust and extravagant a situation

the pay roll at Klamath are doing odd jobs repairing bridges, signs, machinery, etc. That so unjust and extravagant a situation will be tolerated by the Congress is entirely inconceivable to us. The scaler and ranger positions should be abolished. The contention of Mr. J. P. Kinney that the men are retained to look after obsolete right of ways on the reservation is a filmsy excuse to keep the civil-service employees on the Klamath pay roll.

The per capita distribution to these Indians, numbering 1,280, can not possibly exceed \$150 for the fiscal year 1933; and as stated above, the bureau is requesting a per capita tax of approximately \$130. The majority of these people are children, dependent upon the per capita payment for food, clothing, and education; many are old, infirm people entirely dependent upon the per capita pay. are old, infirm people entirely dependent upon the per capita payments for the actual necessities of life.

The industrial condition for which the bureau is largely responsible has created this situation. Surely the humane relation of the Government of the United States to the Indians, together with the economic and industrial conditions obtaining, will be

with the economic and industrial conditions obtaining, will be considered during these grave times.

We respectfully request that the opinion of Mr. Levi Walker, purporting to be the opinion of the Klamath Indians, be not considered. Admittedly, he is not familiar with the conditions on our reservation.

We beg of you to give this matter your most earnest and careful consideration and to lend your support to a reduction in the appropriation for Klamath equal in amount to the grave situation

there obtaining. The trust funds of the Klamath Indians in the Treasury of the United States are liquidated capital assets and not income, and an appropriation of \$167,000 from a capital of \$398,967, part of which is to be expended for salaries and wages of scalers and rangers in a forest where no lumber activities are being conducted, is the height of injustice and extravagance.

Respectfully submitted.

IDA M. CRAWFORD, Secretary Klamath Business Committee. CELIA R. DU FAULT.

Mr. McKELLAR. So I want to say that I shall very cheerfully vote for the amendment offered by the Senator from North Dakota [Mr. Frazier] to reduce this \$140,000 item, on page 21, by the sum of \$27,000. I believe that is the amount of the reduction. This is taken out of the Indian fund. This is to go to these unfaithful trustees. After having examined these gentlemen and examined other witnesses before the subcommittee, I want to say that in my judgment those who are serving or claim to be serving the American Government as trustees for the American Indians on the Klamath Reservation are unfaithful trustees; and if I were the head of the Indian Bureau I would discharge every one of them, from top to bottom.

I do not believe the Indian Bureau is going to do it, however. Why do I say that? For the reason that Mr. Dodd, a member of that bureau here in Washington, when I was asking about what I thought were the very large appropriations for our employees out there, said, "Why, Senator, that does not come out of the Government. That comes out of the Indian fund." In other words, if I understood his language and I think I did-his argument was, "Oh, it does not make any difference so long as it does not come out of the Govern-You "-meaning myself-" represent the Government. ment. You want to cut down the appropriations for the Government. That does not make any difference in this case, because we are charging this money to the Indians.'

In other words, the idea seemed to be that the Indian Bureau had a perfect right to despoil these Indians of what was theirs; and I believe that is what is being done on the Klamath Reservation. For that reason I shall very cheerfully vote for the amendment of the Senator from North Dakota, in justice to these Indians. In my judgment, Senators, we could cut that appropriation down to \$25,000, and send one man and a few scalers out there, and the task would be better performed under a set-up like that than it is by these unfaithful trustees.

I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER ].

Mr. SMOOT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst Austin Bailey Bankhead Barbour Bingham Blaine Borah Bratton Brookhart Bulow Capper Caraway Carey Connally	Couzens Dale Davis Dickinson Fess Fletcher Frazier George Glenn Goldsborough Gore Hale Harrison Hatfield Hayden	Johnson Jones Kean Kendrick Keyes King Lewis Logan Long McGill McKellar McNary Metcalf Moses Neely	Oddie Robinson, Ark. Schall Sheppard Shipstead Smith Smoot Steiwer Thomas, Idaho Thomas, Okla. Trammell Tydings Vandenberg Wagner Walsh, Mont.

The VICE PRESIDENT. Sixty-seven Senators having answered to their names, a quorum is present.

Mr. KING. Mr. President, I send to the desk a telegram and ask that it be read in connection with the remarks which I made a moment ago about the grazing permits which are being issued now.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

POPLAR, MONT., March 14, 1932.

Hon. JOHN COLLIER,

37 Bliss Building, Washington, D. C.:
Upon telegraphic instructions from Dixon, superintendent has arbitrarily set grazing fee rate at 61/2 cents per acre in bids to be submitted and opened Tuesday. As result of grazing conference white livestock men have been granted their wishes, but Indians have received the worst of deal and they will be in much worse condition. Department is still attempting coercion upon Indians grazing matter. Please enter our emphatic protest for the Fort Peck Indians.

MEADE STEELE.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from North Dakota [Mr. FRAZIER].

Mr. SMOOT. Mr. President, I want to call the Senate's attention to the fact that the pending amendment is found on page 18, reducing the appropriation of \$140,000 by \$27,000. The appropriation for this purpose last year was \$250,000. We cut off \$110,000. This is "for expenses incidental for the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands," and so forth. The department says that if any further cut is made in this appropriation great risks will be run.

I ask for the yeas and nays.

Mr. KING. Mr. President, I think it is incorrect to assume that under the terms of the bill only \$140,000 are appropriated for and may be used upon the Klamath Indian Reservation. I stated a few moments ago that the bill carried several appropriations which were specifically designed to be used in connection with the administration of the Klamath Reservation and that there were other items of appropriation from which the Indian Bureau might obtain large sums to be employed by it in connection with its administration of all matters connected with the Klamath Reservation. It is my contention that the item of \$140,000 is not the sole fountain from which the bureau may draw supplies to be used for and in behalf of the Klamath Indians and their reservation for the ensuing year. It is true the \$140,000 is one of the items from which certain expenses may be met; but in my opinion the \$225,000 item found in line 12, page 18, is an available fund which may be drawn upon by the bureau to meet expenditures incurred by it in connection with the Klamath Reservation. The paragraph in which this item is found states that this amount is for the-

Preservation of timber on Indian reservations and allotments other than the Menominee Indian Reservation in Wisconsin, the education of Indians in the proper care of forests, and the general administration of forestry and grazing work, including fire prevention and payment of reasonable rewards—

The \$140,000 item upon which my colleague lays particular stress contains similar language. It states-

That it is to be used for expenses incidental to the sale of timber and for the expenses of administration, including fire prevention of Indian forest lands from which such timber is sold—

It is to be observed that there is nothing in the language of the bill which specifically charges this \$140,000 to the Klamath Reservation. The purposes for which it may be used are as indefinite as are the purposes so far as shown by the bureau for which the \$225,000 just referred to may be employed, and I might add in passing that the Budget is as uncertain and indefinite with respect to these appropriations as are the appropriations in the bill to which I have just referred.

In addition to these two items, on page 19 an appropriation of \$40,000 is provided-

For the suppression or emergency prevention of forest fires on or threatening Indian reservations \* \* \* and \$25,000 in addition from funds held by the United States in trust for the respective tribes of Indians interested.

Obviously the Klamath Tribe is interested in the prevention of forest fires, and so forth, and also has "funds in trust" so that the funds of this tribe may be drawn upon for the entire \$25,000.

There is a remarkable provision in the paragraph containing the two items of \$40,000 and \$25,000 just referred to, which reads:

That not to exceed \$50,000 of appropriations herein made for timber operations and for support and administration purposes may be transferred, upon the approval of the Secretary of the

Interior, for fire suppression or emergency prevention purposes, and allotments of funds so transferred shall be made by the Secretary of the Interior only after the obligation for the expenditure

It is difficult to determine just what is intended, but the interpretation which seems to be not only justified but inevitable is that the \$50,000 might be drawn from the \$40,000 and the \$25,000 or from the \$225,000 or the \$140,000 and taken from tribal funds and used in part upon the Klamath Reservation or any other reservation upon which timber is grown. One is justified in criticizing the ambiguities and uncertainties found in the language of the bill.

In addition to these items there is a further item of \$75,000 found in line 8, page 57, which is a tribal fund taken from the Klamath fund exclusively to be used by the bureau for agency maintenance. If my colleague is right that the agency maintenance is to be taken from the \$140,000 fund, then I ask what is the \$75,000 item just referred to to be used for? The item of \$75,000 follows a heading found on page 55, which states that-

For general support of Indians and administration of Indian property under the jurisdiction of the following agencies, to be paid from the funds held by the United States in trust for the respective tribes, in not to exceed the following sums, respec-

Then follows a number of items of appropriations to various reservations, including the "Klamath Reservation in Oregon" and an item of \$75,000 which I have just mentioned. There is also an item of \$20,000 found on page 19, to be paid from the funds of the Klamath Indians "for insect-control work on the reservation." There is also an appropriation of \$5,000 found on page 33 of the bill, line 9, to be paid from the tribal funds and to be expended for miscellaneous irrigation activities upon the reservation."

I therefore respectfully insist that the appropriations available for use upon the Klamath Reservation for the next fiscal year are in excess of the \$140,000, which has been the subject of debate.

Mr. SMOOT. Mr. President, I repeat what I said, and I shall read from the bill itself in order that Senators may see whether I made a misstatement or not. The bill provides:

For expenses incidental to the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands from which such timber is sold to the extent that the proceeds of such sales are sufficient for that purpose, \$140,000.

Mr. President, I say without a moment's hesitation, and I appeal to the Senator from North Dakota to verify my statement, that for that identical purpose the appropriation last year was \$250,000.

Mr. FRAZIER. That is correct.
Mr. SMOOT. That is what I said. Further, I ask the Senator from North Dakota whether the pending amendment is not to decrease the appropriation of \$140,000 by \$27,000. Is not that correct?

Mr. FRAZIER. That is correct. Mr. SMOOT. That is what I said.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from North Dakota [Mr. Frazier].

Mr. FRAZIER. Mr. President, I thought we were ready to vote; but inasmuch as the senior Senator from Utah [Mr. Smoot], who has charge of the bill, made a statement, I want to make one.

The pending amendment proposes to cut \$27,000 out of the appropriation of \$66,420 of the funds of the Klamath Indians to take care of the forests. There is also included in the bill an appropriation of \$20,000 for beetle control in the same forests, which will make a total of \$59,420, if the amendment is adopted, for the control of those forests.

Mr. President, with sales going down from \$1,000,000 to approximately \$300,000, I believe the amendment should be

Mr. HARRISON. Mr. President, is there anything in conflict between what the Senator from North Dakota has said and what the senior Senator from Utah [Mr. Smoot]

and the junior Senator from Utah [Mr. King] have said? There is no conflict about it, is there?

Mr. FRAZIER. No; I do not think so.

The VICE PRESIDENT. The yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a pair to-day with the junior Senator from South Carolina [Mr. Byrnes], but I understand he would vote as I intend to vote on this question. Therefore I shall vote. I vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. Reed], which I transfer to the Senator from South Carolina [Mr. Byrnes], and vote "yea."

Mr. SMITH (when his name was called). I have a pair with the Senator from Indiana [Mr. Watson]. In his absence, being unable to obtain a transfer, I withhold my vote.

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. Wheeler], who is absent. Therefore I withhold my vote.

Mr. WAGNER (when his name was called). I have a general pair with the junior Senator from Missouri [Mr. Patterson]. I have been unable to ascertain how he would vote if present, and therefore I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. Glass]. In his absence, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. JONES. I have a general pair with the senior Sen-

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am unable to obtain a transfer, and so I can not vote. If at liberty to vote, I should vote "nay."

Mr. SMITH. I transfer my pair with the senior Senator from Indiana [Mr. Warson] to the Senator from Ohio [Mr. Bulkley] and vote "yea."

Mr. HATFIELD (after having voted in the affirmative). I have a general pair with the senior Senator from North Carolina [Mr. Morrison]. Not knowing how he would vote on this question, I withdraw my vote.

Mr. McKellar (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. Townsend], who is absent. I transfer that pair to the Senator from Missouri [Mr. Hawes] and allow my vote to stand

Mr. LOGAN (after having voted in the affirmative). I transfer my pair with the junior Senator from Pennsylvania [Mr. Davis] to the senior Senator from Alabama [Mr. Black] and allow my vote to stand.

Mr. SHEPPARD. I wish to announce that the followingnamed Senators are absent on official business:

The Senator from Nevada [Mr. Pittman], the Senator from Alabama [Mr. Black], the Senator from Missouri [Mr. Hawes], the Senator from Virginia [Mr. Glass], the Senator from Ohio [Mr. Bulkley], and the Senator from Louisiana [Mr. Broussard].

Mr. FESS. I wish to announce that the junior Senator from Indiana [Mr. Robinson] is absent on official business. He has a general pair with the junior Senator from Mississippi [Mr. Stephens].

I also wish to announce that the senior Senator from Indiana [Mr. Warson] and the senior Senator from Delaware [Mr. Hastings] are absent on account of illness,

The following-named Senators are detained at a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. Norbeck], the Senator from Virginia [Mr. Glass], the Senator from Delaware [Mr. Townsend], the Senator from Ohio [Mr. Bulkley], and the Senator from Connecticut [Mr. Walcott].

I announce the following general pairs:

The Senator from New Mexico [Mr. Cutting] with the Senator from Massachusetts [Mr. Walsh];

The Senator from California [Mr. Shortridge] with the Senator from Georgia [Mr. Harris];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Washington [Mr. DILL];

The Senator from South Dakota [Mr. Norbeck] with the Senator from Kentucky [Mr. Barkley];

The Senator from Delaware [Mr. Hastings] with the Senator from Tennessee [Mr. Hull]; and

The Senator from Connecticut [Mr. Walcott] with the Senator from Nevada [Mr. PITTMAN].

The result was announced—yeas 52, nays 7, as follows:

YE	AS-52	
Copeland Couzens Dale Fess Fletcher Frazier George Glenn Goldsborough Gore Harrison Hebert Howell	Kean Keyes King Lewis Logan Long McGill McKellar McNary Metcalf Moses Neely Norrie	Nye Oddie Robinson, Ark. Schall Shipstead Smith Steiwer Thomas, Okla. Trammell Tydings Vandenberg Walsh, Mont. White
		Maria Adami
Hale Hayden	Kendrick Sheppard	Smoot
NOT V	OTING-37	
Dill Glass Harris Hastings Hatfield Hawes Hull Johnson Jones La Follette	Morrison Norbeck Patterson Pittman Reed Robinson, Ind. Shortridge Stephens Swanson Thomas, Idaho	Townsend Wagner Walcott Walsh, Mass. Waterman Watson Wheeler
	Copeland Couzens Dale Fess Fletcher Frazier George Glenn Goldsborough Gore Harrison Hebert Howell  NA Hale Hayden  NOT V  Dill Glass Harris Hastings Hatfield Hawes Hull Johnson Jones	Couzens Dale King Fess Lewis Fletcher Logan Frazier Long George McGill Glenn McKellar Goldsborough McNary Gore Metcaif Harrison Moses Hebert Neely Howell Norris  NAYS—7  Hale Kendrick Hayden Sheppard  NOT VOTING—37  Dill Morrison Glass Norbeck Harris Patterson Hastings Pittman Hatfield Reed Hawes Robinson, Ind. Hull Shortridge Johnson Stephens Jones Swanson

So Mr. Frazier's amendment was agreed to.

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I ask may be read.

The VICE PRESIDENT. Let it be reported for the information of the Senate.

The CHIEF CLERK. The Senator from North Dakota offers the following amendment: On page 28, line 18, after the word "act," insert the following additional proviso:

Provided further, That no part of this appropriation shall be available for the extension of canals or ditches in connection with the Michaud division.

Mr. FRAZIER. Mr. President, this amendment does not change the amount of the appropriation in any way. I have a letter from the Indian council of the Fort Hall Reservation, to which the item relates, and also from the water users' association on the same reservation, composed of white farmers. They are all opposed to any of the appropriation being used at this time for the Michaud unit. I hope the Senator from Utah, who has charge of the bill, will accept the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. FRAZIER. Mr. President, I send to the desk another amendment which I offer.

The PRESIDENT pro tempore. Let the amendment be read for the information of the Senate.

The CHIEF CLERK. On page 61, line 17, after the numerals "\$400,000," insert the following:

Of which \$100,000 shall be immediately available for road and bridge construction on the Navajo Reservation.

So as to read:

For the construction, repair, and maintenance of roads on Indian reservations not eligible to Government aid under the Federal highway act, including engineering and supervision and the purchase of material, equipment, supplies, and the employment of Indian labor, \$400,000, of which \$100,000 shall be immediately available for road and bridge construction on the Navajo Reservation.

Mr. FRAZIER. Mr. President, this makes immediately available \$100,000 out of the \$400,000 for road purposes for

the Navajo Indians. I have pictures here showing the need for roads and bridges on this particular reservation.

Mr. HARRISON. Mr. President, is this a saving out of the funds of the tribe or out of the Treasury of the United States?

Mr. SMOOT. It is not a saving.

Mr. HARRISON. I want to get it clear in my own mind. Mr. ASHURST. Mr. President, in reply to the question of the eminent Senator from Mississippi, this is only a limitation or allocation of moneys appropriated. It does not

propose any additional appropriation at all. Mr. HARRISON. But it is money out of the Treasury of

the United States and not out of the tribal funds?

Mr. ASHURST. The original appropriation is a gratuity out of the Treasury.

Mr. HARRISON. Referring back to the amendment just agreed to, was that a saving out of the tribal funds?

Mr. FRAZIER. It is all out of the tribal funds.

Mr. HARRISON. I am glad to know that one economy we have been able to effect is from that source. Of course, such economies ought to be effected with relation to funds coming from the Treasury of the United States rather than funds of the Indians, funds which the American Government has treated so very badly in the past.

Mr. FRAZIER. I am sure the Senator from Mississippi is interested in saving the money of the Indians as well as

money in the Treasury of the United States.

Mr. HARRISON. Absolutely; but it is a peculiar thing that we can not make some of these savings in funds of the Treasury of the United States as well as in funds of the Indians. We ought to employ our talents for retrenchment in some way that would affect the funds in the Treasury of the United States.

Mr. SMOOT. We have an "economy bloc" now and so we can have any kind of an amendment we want to appropriation bills.

Mr. McKELLAR. I hope the Senator from Utah will

accept the economy amendment Mr. SMOOT. I did not say "economy amendment"; I

said we now have an "economy bloc."

Mr. BLAINE. Mr. President

Mr. FRAZIER. I yield to the Senator from Wisconsin.

Mr. BLAINE. I am merely seeking information. Will the amendment result in retarding the construction of highways in other Indian reservations?

Mr. FRAZIER. I do not think so. There are \$400,000 appropriated, and the amendment allocates \$100,000 to be available at once for this particular reservation.

Mr. BLAINE. How many reservations are there in the United States?

Mr. FRAZIER. I do not know the exact number, but this is probably the largest one in the United States, and they are in need of roads. The committee drove all over there last spring, and we got stuck several times. Here [exhibiting] are two photographs of a scene where hay was being hauled and the truck went down into the quicksands. It is shown that in endeavoring to pull the truck out with a tractor they pulled it in two.

Mr. SMOOT. Mr. President, I should like to say that all this amendment does is to make \$100,000 immediately available instead of waiting until June 30.

Mr. BLAINE. Yes; but for one reservation and not for all the reservations.

Mr. SMOOT. Out of the \$400,000 appropriated, \$100,000 are made immediately available for one reservation.

Mr. BLAINE. Let the amendment be stated again.

The PRESIDENT pro tempore. The amendment will again be stated for the information of the Senate.

The CHIEF CLERK. On page 61, line 17, after "\$400,000," it is proposed to insert "of which \$100,000 shall be immediately available for road and bridge construction on the Navajo Reservation."

Mr. BRATTON. Mr. President, will the Senator yield? The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from New Mexico?

Mr. FRAZIER. I am glad to yield.

Mr. BRATTON. Mr. President, the situation on the Navajo Reservation is bad, due to an extremely severe winter, perhaps an unprecedented one, but it is no worse on the Navajo Reservation than it is on the Zuni Reservation. I wonder if the Senator from North Dakota would not include the Zuni Reservation, so that the item will be both for the Navajo and the Zuni Reservations?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. BRATTON. I am speaking by the courtesy of the Senator from North Dakota.

The PRESIDENT pro tempore. The Senator from North Dakota has the floor. Does he yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. SMOOT. I find that all this appropriation is made immediately available. Therefore the amendment of the Senator from North Dakota simply means that \$100,000 of the total amount is to be expended on this particular reservation.

Mr. BRATTON. In view of that statement, would the Senator from North Dakota include the Zuni Reservation, so that it may go along with the Navajo Reservation?

Mr. FRAZIER. There is no question but that the Zuni Reservation needs assistance; but whether or not \$100,000 will be sufficient for the two reservations I am not in position to say.

Mr. BRATTON. Of course, the Commissioner of Indian Affairs would be at liberty to use any part of the remaining

Mr. FRAZIER. I have no objection to including the Zuni Reservation.

The PRESIDENT pro tempore. The Senator from North Dakota modifies his amendment; and as modified it will now be stated.

The CHIEF CLERK. It is proposed to strike out the word "reservation" and insert the words "and Zuni Reservations," so that it will read:

Of which \$100,000 shall be immediately available for road and bridge construction on the Navajo and Zuni Reservations.

Mr. BLAINE. Mr. President, may I inquire of the Senator from North Dakota how many miles of highway on these two reservations are in need of reconstruction?

Mr. FRAZIER. I can not give the figure accurately, but the Navajo Reservation is, I think, the largest reservation in the United States.

Mr. BLAINE. Can the Senator give the number of miles approximately?

Mr. FRAZIER. Perhaps the Senator from Arizona [Mr. ASHURST] can give it.

Mr. ASHURST. Mr. President, the main reservation and the smaller reservations that happen to be within it embrace roughly about 20,000 square miles.

May I say a word for the amendment? The chairman of the Senate Committee on Indian Affairs [Mr. Frazier] was kind enough to show me the amendment before he offered it. I expressed my unqualified approval of it, and for the following reasons. It will be remembered that in the Indian appropriation bill for the past three or four years there has been carried a sum of money—for the first two years, \$250,-000; last year, \$500,000; and this year, \$400,000—to be used by the Commissioner of Indian Affairs on any reservation in the United States for the purpose of building roads and bridges wherever, in the judgment of the commissioner, such roads or bridges were necessary. Sums as low as \$500 were spent on one reservation and as high as \$20,000 on another reservation. As I have stated to the Senate upon two different occasions—and the Senators from New Mexico have likewise adverted to the condition-snowstorms of unusual ferocity have overwhelmed that great reservation. On account of the tremendous snowdrifts trucks carrying food and fuel were unable to negotiate the distances, and horsemen were not able to make headway, the roads being impassable.

The mission at Ganado, for example, although it had on hand a very good supply of coal, ran out of fuel, and those living there were obliged to take refuge in the basements of three buildings for many weeks. Throughout the area the roads are now absolutely impassable. In my judgment, \$100,000 ought to be spent in reconstructing the roads on that reservation, and I am very glad that the Senator from New Mexico has secured the inclusion of the Zuni Reservation. I think that is proper.

It may be said that a large proportion of the total sum is to be spent in New Mexico and Arizona. That is quite true, but it simply happens that they are the particular States within whose borders are the reservations the roads of which have been allowed to reach a shocking condition of disrepair; they happen to be the States out of which this enormously large reservation was carved. An appropriation, if it is justly needed, is not properly assailable merely because it is large. From my examination of all the facts in the case I believe that this appropriation is not only needed but that another \$50,000 will be required in order to do the work efficiently. However, I do not feel that an amendment providing \$150,000 additional would be adopted by the Congress, and, so far as I am concerned, I am advocating the amendment offered by the Senator from North Dakota and think it should be adopted. While it is well known to the Senate and the country that the esteemed chairman of the Committee on Indian Affairs and I have hotly disagreed on many subjects respecting the Indians, yet I am in hearty accord with his amendment; I congratulate him on his wisdom, his judgment, and his courage in offering it, and I hope it will be agreed to.

Mr. BLAINE. Mr. President, I want to ask a favor of the Senator from North Dakota. I desire to call his attention to the fact that on the Odanah Indian Reservation, in the northern part of my State, the snows are very deep and there are a great many swamps, necessitating portages between inland lakes. I have been appealed to by those Indians. Without roads it is utterly impossible for them to get about their reservation and to cultivate the many hundred acres of land which they are perfectly willing and anxious to cultivate, and from which they could obtain a living. The Indian Bureau tells me that it is utterly impossible to build such roads with the small amount of money that is appropriated in this bill, and if one-fourth of the total sum is to be taken away from all the other reservations, we are treating those reservations thus deprived of this amount rather unfairly. So I ask the Senator from North Dakota if he will not include the Odanah Reservation in his exceptions. It is a mighty appealing situation, and I see no help for these Indians unless something can be done to open up the territory where they are trying to make a living by their own hands and their own efforts.

Mr. FRAZIER. Mr. President, the Navajo Indians, I think, have been more neglected than probably any other large group of Indians in the United States. In comparison there has been less improvement on their reservation than on any other reservation. They have been self-supporting for all these years through the maintenance of their flocks, the sale of wool, and the sale of Navajo blankets. They are a wonderful group of people. Unfortunately this winter they have had bad storms; their sheep have died by wholesale; over 200,000 sheep have perished during the storms this winter, and probably many more of them will die during the spring before the grass shall grow. They are in need of financial assistance right now to keep body and soul together. They are asking for work. I had a letter from a trader only yesterday in which he said that six or seven Indians, ragged, cold, and hungry, had walked 20 miles to ask for work; they were not asking for anything else, but asking for work. If this money can be made available for those Indians, it will give them a chance to earn a living; and the same thing applies to other reservations.

Mr. BLAINE. The same story may be told of Indians on other reservations. The same or a similar story may be told of the Indians on reservations in my State. It is just a matter of treating them all alike. I do not know but that this appropriation should be increased; but we can not increase it under the rules of the Senate; and I am just appealing to the Senator in behalf of the Indians in Wiscon-

sin to whom I have referred, who are in a desperate situation, that they may have an opportunity to work. That is all they are asking for.

Mr. FRAZIER. Of course, the remainder of the appropriation will be applied to other reservations in carrying on road work that has been started.

Mr. BLAINE. But the fact is that this appropriation is inadequate for the purposes; and when the appropriation is reduced by 25 per cent it is made still more inadequate.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. Frazier] as modified.

Mr. JONES. Mr. President, I hope the amendment will not be agreed to.

Under our general law we provided for \$250,000 for roads on Indian reservations throughout the country and then increased the amount to \$400,000. If we divide it up now by action of Congress, the money will go for an entirely different purpose than it was intended it should go for in the first instance.

If there is a special condition on the Navajo Reservation, it ought to be met in a special way, so far as that is concerned. The senior Senator from Utah [Mr. Smoot] suggests that that can be done under the law. That is true; but the appropriation we have made in this act is under the general law and pursuant to the general law that authorizes us to appropriate the money. If it is desired to appropriate it for a special purpose, it ought to be appropriated separately from the other amount and for that special purpose; but when we go to dividing up this \$40,000, Senators can see how Congress can distribute it.

I hope the amendment will be rejected and that we will take the amount in the bill and it will be distributed by the department. If in addition to that amount, however, it should be desired to provide an additional amount, very well.

Mr. KING. Mr. President, will the Senator yield? Mr. JONES. I yield.

Mr. KING. For information, will this money be expended by the Indian Bureau or by the Bureau of Roads?

Mr. JONES. It will be expended by the Indian Bureau on the Indian reservations. That is true.

Mr. KING. The bill as it is reported carries, as I understand, \$400,000, without allocation to any particular reservation.

Mr. JONES. Yes. We passed a general law authorizing appropriations for roads of this kind on Indian reservations, and this is pursuant to that law.

Mr. KING. This \$400,000, then, would fall within the terms of the law to which the Senator refers?

Mr. JONES. Yes.

Mr. KING. And would be distributed or allocated as the bureau thinks would be wisest?

Mr. JONES. Yes. There are 10 or 12 reservations in my State.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. Frazier], as modified.

The amendment, as modified, was rejected.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. The Senator from Tennessee offers the following amendment: Insert at the proper place in the

That in view of the decreases of all prices of material and in many cases decreases in costs of labor, and in view of the depleted condition of national revenue, and in the interest of economy and for the purpose of aiding in balancing the Budget, each and every item of appropriation and the totals thereof in this bill, except salaries fixed by law, are hereby decreased by 10 per cent; and the President is hereby authorized and empowered to consolidate and/or abolish bureaus, divisions, in whole or in part, and make any other changes in administration he may deem advisable in conducting this department so as to economize appropriations made herein and keep expenditures within the reduced appropriations made for its several activities herein set out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I have a few words to say about this amendment. The latter part of it, of course, is subject to a point of order if any Senator wishes to make it. I take it that the point of order will not be made.

Mr. SMOOT. I will make the point of order, Mr. President.

Mr. McKELLAR. The Senator will make the point of order?

Mr. SMOOT. I certainly will.

Mr. McKELLAR. Meanwhile I have the floor, and at the proper time the Senator can make the point of order if he desires.

Mr. President, the President of the United States has sent to the Congress a communication asking for the very authority that is given him in part in this amendment. The only difference between what the President has asked for and what this amendment proposes is that while the authority is given to him, at the same time appropriations for the Interior Department are reduced 10 per cent all along the line.

In other words, if this amendment should be adopted, what we would virtually do would be to give the President \$50,000,000 for running the Interior Department instead of \$55,000,000, as is proposed by the bill. In the aggregate, giving round numbers only, the bill carries about \$55,000,000. If the President desires to economize—and I assume, of course, that he does—my judgment is that the Secretary of the Interior, under the direction of the President, can run this department just as well on \$50,000,000 as he can on \$55,000,000; and I desire to say that it is my purpose to offer a similar amendment to all of the appropriation bills providing for the support of the various departments of the Government.

There is being discussed in the House to-day what is known as the sales tax. It is a tax designed to balance the Budget. The tax bill that is now being discussed over there proposes to raise something like \$1,200,000,000, and it is said that that amount is necessary in order to balance the Budget. I presume it is. About half of the total additional tax is to be raised by a sales tax.

I desire to say very frankly at the outset that I am utterly opposed to a sales tax. I think that whatever taxes we ought to impose should be imposed upon those people who are best able to pay the tax, and not upon those people who are least able to pay the tax. I realize that it is right and proper to say, "If you do not favor the sales tax, what do you believe should be substituted for it?" I desire to tell the Senate what I believe should be substituted for it.

The first provision I would make would be to reduce all appropriations as recommended and as passed by the Congress, even after they are considered, by the amount of 10 per cent. Of course, we shall have to make exceptions to that. The first exception is the interest on the public debt. We can not reduce that. That will have to be paid in full. I take it that the sums to be allotted to the soldiers of all wars will have to be another exception. A third exception will have to be the President's salary and the salaries of members of the judiciary, and so forth. With those three exceptions, it seems to me that we can reduce by 10 per cent all the other appropriations carried by the Congress without injuring the administration of the departments a particle, but that on the contrary there will be brought about under this provision a system of consolidating bureaus and divisions in each of the departments which will not only bring about a saving of 10 per cent but will give us a better administration of the Government's affairs for a less amount of money.

So it is my purpose, as I stated a moment ago, to offer this amendment to every appropriation bill as it comes up. It is true that the agricultural appropriation bill is in conference, and we would have to pass a joint resolution about it if we agreed to this reduction of expenses for the various departments all along the line.

Senators, I never believed anything more sincerely or firmly in my life than that if we accomplish this saving in

the administration of each one of the departments we will bring about a better administration of the Government; and it will be infinitely better to reduce appropriations than to put additional taxes upon the American people. I do not know how various Senators think about it; but the idea, at this time of perhaps the greatest depression we have ever known, of imposing upon the American people, and especially upon the consuming public, this enormous sum in taxes, when we can save enough out of present recommendations to do virtually the same thing.

I think it is absolutely indefensible for us to take the course of taxing the people instead of cutting down appropriations. We ought to cut down the appropriations. It is absolutely necessary. We can get a better administration of the Government if we do; and I want to say that we shall have to come to it before the present condition is over. The American people can not pay the increased burden that we will attempt to put upon them. We are spending money this year just as if our Treasury were full, when we already have a deficit of \$2,000,000,000; and if we go on we shall have a bigger deficit next year, notwithstanding the additional \$1,200,000,000 that we are going to impose according to the pending tax bill.

So much for the reduction of appropriations. Senators will want to know how I would make up the rest of the deficit that would result from failure to enact the proposed sales tax.

Mr. President, I come to an old friend when I come to the next item I would change. That old friend is war-tax refunds. In the first years they were very small, did not mean much, were just corrections of mistakes made. But the refunds of taxes since 1922 have not been a matter of bookkeeping, they have been a matter of business. That is one of the best businesses there has been in this country. Up to date we have refunded in cash, largely of excess-profits taxes paid during the war, \$1,345,845,165.90. But that is not all we have refunded. We have refunded in credits, credits on current taxes, a much larger sum than that. We have refunded, largely of 1917 and 1918 taxes, paid during the war, the enormous sum of \$2,530,317,850.28, making a total of taxes refunded, and very largely of excess-profits and income taxes paid during the war years, the enormous sum of \$3,876,164,016.18. Virtually \$4,000,000,000 has been refunded in the last 10 years in the way of refunds of war taxes, on account of mistakes made in assessing war taxes.

Senators will remember the case that was brought to our attention some few years ago when the Treasury Department refunded to the United States Steel Corporation, on account of an error committed in paying its taxes in 1917, the enormous sum of \$59,000,000, \$26,000,000 in cash, \$33,000,000 in credits on current taxes. So the American Government has refunded, in the way of cash and by credits, the enormous sum of nearly \$4,000,000,000.

What is happening in that regard now? Senators will remember that we passed a bill limiting those refunds. We required publicity in their making, and that saved over \$100,000,000 the first year after that provision was enacted. But what is the situation now? Last year the Government refunded in cash \$69,000,000 and in credits \$213,000,000, a total of \$282,000,000, and it is proposed this year to refund in cash some \$89,000,000 more, and, in addition, the credits will run it up to nearly \$300,000,000.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. LONG. As I understand it, this bill was finally reported by the committee about 30 days ago, was it not?

Mr. McKELLAR. Which bill?

Mr. LONG. The bill the Senator is now debating, to which he is offering his amendment.

Mr. McKELLAR. Yes.

Mr. LONG. It was reported about 30 days ago?

Mr. McKELLAR. It was proposed in the House soon after Congress met. It was then debated and passed in the House and sent over to the Senate. I think it has been several weeks that we have had it.

Mr. SMOOT. Since February the 24th.

Mr. LONG. Is it not the Senator's understanding that the country has become a great deal more "Hooverish" in the last 30 days?

Mr. McKELLAR. No; I can not say that that is my understanding.

Mr. LONG. I mean in the effect on the general economic welfare, it is getting "Hooverish" throughout the 48 States, so that 90 cents means more than a dollar meant when this bill came here.

Mr. McKELLAR. I can not be certain about that. But I want to say this, that for the first quarter of the present year there has been a cash refund already of \$22,000,000, and of credits of \$64,000,000, and, based on that, if we adopt an amendment which I have prepared, and which I will offer at the proper time, an amendment which will suspend the payment of refunds and the making of credits for refunds on war taxes, there will probably be brought to the Treasury somewhere in the neighborhood of \$250,000,000 for this year. Certainly it will bring \$200,000,000. The two items alone will save 10 per cent, and the suspension of the refund provision, referring to war-tax refunds, will bring about a saving of \$450,000,000, in my judgment.

I sent to the Secretary of the Treasury for the figures, asked him to have an examination made as to both of these items, and I want to read in part what he said about it; I am going to put the whole letter in the RECORD later. He stated:

In your first paragraph you request estimates, first, as to the amount which will be saved to the Federal Government by the amount which will be saved to the Federal Government by the enactment of a resolution reducing appropriations, with certain exceptions, by 10 per cent, and, second, what would be saved by the enactment of a resolution providing for the suspension of consideration by the Treasury Department of claims for refunds of taxes paid during the period of the war. As indicated in my telephone conversation with you to-day, the Treasury is not able to furnish you with this information at the present time. The desired estimates would require a detailed analysis of appropriations and of pending claims for refund. tions and of pending claims for refund.

I get the figures, however, from the House hearings, on page 331. At this point I ask that the table on page 331 of the House hearings on the Treasury Department appropriation bill, Seventy-second Congress, first session, be printed as a part of my remarks, so that Senators may have the figures before them.

The PRESIDENT pro tempore. Is there objection? There being no objection, the table was ordered to be printed in the RECORD, as follows:

Statement showing internal revenue receipts, additional assessments and collections, and overassessments of internal-revenue taxes (refunds, abatements, and credits) for fiscal years 1917 to 1931, inclusive, and first three months of fiscal year 1932

		Amount of addi- tional assess- ments and col- lections result- ing from office audits and field investigations	Overassessments allowed by bureau		
Fiscal year	Total internal revenue receipts		Amount of re- funds of taxes illegally col- lected	Amount of credits and abatements	Total
117 118 119 120 121 122 123 124 125 126 127 128 129 129 130 131 1rst quarter 1932	\$809, 393, 640, 44 3, 698, 955, 820, 93 3, 850, 150, 078, 56 5, 407, 580, 251, 81 4, 585, 587, 061, 95 3, 197, 451, 083, 00 2, 621, 745, 227, 57 2, 796, 179, 257, 06 2, 584, 140, 288, 24 2, 835, 999, 892, 19 2, 865, 683, 129, 91 2, 870, 535, 537, 68 2, 939, 054, 375, 43 3, 040, 145, 733, 17 2, 428, 228, 754, 22 455, 144, 328, 12	\$16, 597, 255, 00 29, 984, 655, 00 123, 275, 768, 00 466, 889, 359, 00 416, 483, 708, 00 266, 978, 873, 00 275, 216, 858, 00 2735, 216, 858, 00 2735, 214, 497, 00 2414, 251, 490, 00 2415, 855, 476, 00 2416, 669, 507, 00 2416, 585, 476, 00 231, 480, 00 281, 629, 605, 00 281, 629, 605, 00	\$887, 127, 94 2, 083, 565, 46 8, 654, 171, 21 15, 639, 952, 65 28, 656, 357, 95 48, 134, 127, 83 123, 992, 820, 94 137, 008, 225, 65 4 151, 886, 415, 60 174, 120, 177, 74 103, 858, 687, 78 142, 393, 567, 17 190, 164, 339, 48 126, 836, 333, 32 69, 476, 930, 25 69, 476, 930, 25 22, 051, 345, 02	(1) (1) (1) (1) (1) (1) (1) (1) (2) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1	\$887, 127, 94 2, 088, 565, 46 8, 654, 171, 21 15, 639, 952, 65 28, 656, 367, 95 182, 371, 597, 88 430, 576, 702, 89 492, 635, 001, 30 378, 040, 924, 34 513, 357, 878, 27 366, 151, 291, 99 341, 5*7, 819, 31 418, 95.9, 634, 20 326, 773, 540, 19 283, 208, 265, 88 86, 595, 184, 74
Total	46, 915, 744, 440, 28	5, 809, 619, 959. 00	1, 345, 846, 165, 90	2, 530, 317, 850, 28	3, 876, 164, 016, 18

No record available; credits first applied in fiscal year 1922.
 Estimated; based on amount of claims allowed in 1922 (\$182,371,597.88) less refunds allowed in 1922 (\$48,134,127.83).

THOMAS TOOK	may moreomente its torrer.			
1923		\$132, 525, 380. 55	1928	\$45, 685, 725, 88
1924		161, 515, 217. 33	1929	50, 865, 425, 55
1925		144, 646, 530. 53	1930	36, 124, 226, 60
1926		148, 867, 165, 26	1931	50, 425, 493, 68
1927		32, 704, 156. 33	First quarter 1932	12, 424, 569. 35

Includes \$17,777,642.45 refunded taxes under provisions of section 1200 of the revenue act of 1924 (25 per cent refunds of 1923 individual income taxes).
Includes \$206,115.29 refunded taxes under provision of above section of law.

Mr. McKELLAR. Mr. President, I want to say that, in my judgment, probably three-fourths of the four billions paid in refunds of taxes during the last 10 years is nothing in the world but legalized graft. If we had that money in the Treasury to-day we would not have to be taxing the American people. Who have drawn these big sums? Who have drawn these \$4,000,000,000? People of great wealth in this country, who paid taxes in war time, when they were selling to the Government and when the taxes were included in the price of the goods which our Government and other governments bought. So I think we can easily expect somewhere in the neighborhood of \$250,000,000 out of those two items of savings.

It is said, what is your precedent for it? My precedent for it is this, that in 1917 Senator Coe I. Crawford, of the State of South Dakota, introduced a bill to suspend the consideration of all claims by the Court of Claims on certain war claims. They had been entering judgments in such claims for years. He stopped that. None have ever been paid since. That is just exactly what we ought to do in this case. When our Government is almost facing bankruptcy refunds are being made secretly. No one ex-

cept the Treasury Department knows about it until after it is done. They are paying back between two and three hundred million dollars a year in refunds, refunds in the way of credits and refunds in the way of cash. It seems to me that under those circumstances we could follow the precedent that was set by Senator Crawford in 1917, and simply suspend, until this provision should be repealed, the operation of that law.

The next item to which I want to call attention, where we can do something to take the place of the proposed tax, I will now state. If we are to levy any additional taxes, we ought to put those taxes on the people who are able to pay them. The House of Representatives has reported a provision which, it is estimated, will yield \$112,000,000 in additional income taxes. They increased the rates in all of the smaller brackets. They took away the large exemptions which the general run of the public have had for a number of years. Then when they come to incomes of \$100,000 and over they impose a surtax.

In my judgment, that should be a graded tax. Where the amount is \$100,000 and less than \$200,000, I propose to leave the tax at 40 per cent. Where it is over \$200,000 and under \$400,000, I propose to make it 50 per cent. Where it is over \$400,000 and under \$600,000, I propose to make it 60 per cent. Over \$600,000, I propose to make the tax 65 per cent.

It is said that will be hard on industry. There are 10,000,000 people unemployed in this country, many thousands of them hungry. If a man who has an income of a million dollars a year has to help the Government out at such a time, it will mean no distress to him. If he has an income of a million dollars, and has to pay a tax of, say, 65 per cent, he still will have a very large sum which he would have difficulty in spending. There is no reason in the world why he should be personally discommoded at all if such a tax were placed on his income. He would not suffer any deprivation. There would be enough for him to get along on. So that ought to be increased.

I am sorry to say that under the figures sent me by the Secretary of the Treasury that will mean an increase of only \$14,000,000 in return.

As shown by the House bill, the House proposes to increase the corporation tax by 1 per cent. That will be passed on to the consumer, but supposing it is left there, it will yield \$26,000,000.

I next come to the provision for an estate and gift tax, which it is estimated by the House committee will yield \$50,000,000. It will be perfectly proper to add to the tax on the larger incomes so as largely to increase that sum, probably not less than \$50,000,000 in that item.

The House proposes to tax stock transfers. Senators, we ought to tax stock sales. I think a large part of our financial woe, a large part of the cause of the present depression, comes from stock gambling on the stock exchanges, and we might easily put a small tax on such transactions, which would bring the Government an enormous income

In these various ways it seems to me that we can easily propose something to take the place of the sales tax. We should not enact the sales tax. But the key to the arch is the reduction of expenditures of the Government. The first step taken in remedying the present situation is to bring down the appropriations for each department, with the exceptions I have named, 10 per cent. Whenever we do that there will be precious little need of making these other proposals. There will be no need for the sales tax at all.

I hope that the Senate will this afternoon show its interest in economy. Everyone connected with the Government is constantly shouting about economy, but when it comes to a vote there is always some reason why they can vote on the other side. We will go out on the hustings and talk about economy, but here is where we practice economy for the Government, if at all. It is the only place where it can be done. The only place where we can accomplish economy for the Government is in the Congress. I appeal to the Senate this afternoon, when we shall vote on this matter, to vote favorably upon it.

Mr. President, I ask that there be printed in full the letter from Mr. Ballantine, Under Secretary of the Treasury, part of which I quoted earlier in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT, Washington, March 14, 1932.

Washington, March 14, 1932.

My Dear Senator: In response to your letter of March 12, 1932, the following is submitted in answer to the questions upon which you have asked for information:

you have asked for information:

In your first paragraph you request estimates, first, as to the amount which would be saved to the Federal Government by the enactment of a resolution reducing appropriations, with certain exceptions, by 10 per cent; and, second, what would be saved by the enactment of a resolution providing for the suspension of consideration by the Treasury Department of claims for refunds of taxes paid during the period of the war. As indicated in my telephone conversation with you to-day, the Treasury is not able to furnish you with this information at the present time. The desired estimates would require a detailed analysis of appropriations and of pending claims for refunds.

desired estimates would require a detailed analysis of appropriations and of pending claims for refunds.

As already explained to you informally in connection with your second inquiry, the Budget for the fiscal year 1933, as summarized in the table on pages 25 and 26 of the Annual Report of the Secretary of the Treasury for the fiscal year 1931, includes amounts due in that year from foreign governments on their

obligations to the United States. That is to say, the estimated receipts for the fiscal year 1933 already include \$195,094,690 for interest and \$74,831,881 for principal, making a total of about \$270,000,000. On the other hand, expenditures for 1933 include \$69,138,800 which represents the portion of the receipts due from foreign governments which would be required to be applied to the retirements of outstanding government obligations. I have interpreted your question as referring to the full fiscal year 1933, although you mention specifically the first month of that fiscal year; it so happens that no payments are due from foreign governments in the month of July, the first due in that fiscal year being a relatively small amount in the month of November. For the most part, the payments are made in December and June.

the most part, the payments are made in December and June. It is understood on the basis of our conversation that your third inquiry concerning the additional taxes which would be collected should the capital gains and losses provisions of the present law be repealed was intended to cover merely the repeal of the loss provisions. As I have already explained, the disallowance of losses incurred from dealings in property in a given year as deductions against income might in many cases make the collection of the tax impossible, since the proposal would mean that an individual whose operations in a given year had resulted in profits which were subsequently wiped out by corresponding losses would in fact have no income from such operations with which to pay the taxes due on his profitable transactions. The Treasury is not in a position to furnish an estimate of the effect of your proposal upon the revenues. Statistics tabulated from individual income-tax returns do not show the total amount of income received from profitable transactions, but rather the net amount of profit or loss for each return.

of profit or loss for each return.

As regards your request for estimates of the probable effect on revenues of certain increases in the surtax rates applicable to higher brackets of income, which would increase the maximum surtax rate to 65 per cent on amounts of income in excess of \$600,000, it is estimated that in view of the sharp reduction which has taken place in the income reported in these high brackets the rates in question would provide about \$14,000,000 of revenue in the fiscal year 1933 in addition to the \$112,000,000 of additional revenue which it is estimated that the provisions of H. R. 10236 would yield exclusive of the effect of the administrative provisions of that act.

As to the question of finding relief in the present budgetary situation from a reduction in the sinking-fund retirements, as required by existing legislation, it should be borne in mind that the program upon which the Ways and Means Committee of the House of Representatives is acting is one which calls for the balancing of the Budget for the fiscal year 1933, exclusive of statutory debt retirements for that year. The amount of the deficit on the basis of the existing revenue law is estimated at \$1,738,000,000. This figure includes \$497,000,000 of statutory debt retirements, so that the deficit, exclusive of the latter amount, is \$1,241,000,000, or \$5,000,000 less than the amount provided for in the committee's program.

By the provisions of the Victory Liberty loan act approved March 3, 1919, as amended, the sinking fund was created and a definite program of debt retirement was set up with a view to assuring the orderly reduction of the public debt. The Treasury would be strongly opposed to any measure which would essentially alter this program even in years when, as in 1931 and the current fiscal year, increase in the debt is unavoidable, and when, as proposed for the fiscal year 1933, there will be no net reduction in the public debt. It is essential that the Government should continue to charge its Budget with an annual contribution to the sinking fund as provided for in the law. By so doing, it recognizes and accepts its obligation to fulfill the sinking-fund requirements which constitute a part of its undertaking with the holders of its obligations.

I regret that your letter did not reach the Treasury until this morning, so that it has been impossible for me to respond as promptly as you had hoped.

Verq truly yours,

A. A. BALLANTINE, Under Secretary of the Treasury.

Hon. Kenneth McKellar, United States Senate, Washington, D. C.

Mr. VANDENBERG. Mr. President, I want to be heard on the point of order, if a point of order is to be made against the latter part of the amendment submitted by the Senator from Tennessee.

The PRESIDENT pro tempore. The point of order has not yet been made. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. ROBINSON of Arkansas. Mr. President, it does not seem possible, upon the consideration of this amendment, to settle the problems relating to a new revenue measure. Nevertheless every reduction that is made in expenditures under the general appropriation bills diminishes the magnitude of the problem relating to the balancing of the Budget. I know that it may be said that a horizontal reduction in appropriations is an unscientific method of accomplishing economy; but, Mr. President, it is a practical method of

accomplishing an end with which almost every Member of | this body has avowed himself in sympathy.

When we analyze the increased expenditures of the Federal Government it becomes very apparent that Congress has yielded to entreaties and demands for the broadening of the sphere of Federal activities and for the intensification of Federal efforts. That process has not yet stopped. It is in progress now. There is not a Senator who hears me but daily receives urgent requests from constituents and from others for the establishment of some new Government agency, for the expenditure of additional Federal funds, and at the same time our mail is filled with appeals for the elimination of proposals for increasing the revenue.

We can not determine those questions on a single bill or amendment, but we can determine whether we are going to adopt an effective policy of making certain that we will operate the Government within the aggregate amount of its revenues. It is the Budget system crystallized and intensified. In years gone by we have frequently seen general appropriation bills fail of passage and in order to avoid extraordinary sessions of the Congress there have been passed joint resolutions making available lump-sum appropriations to be administered by the various departments of the Government, the specific appropriations for which had failed. This end can be accomplished in that way if we have a disposition to take hold of it and try to work it out.

The Department of the Interior is a very good one on which to begin. Many of its bureaus have become more or less antiquated or obsolete. Some of its principal activities have been diminished to the extent that the bureaus controlling them could be easily abolished. An outstanding citizen of this country, a gentleman of broad experience in both private and public matters, a student of the great problems which underlie the difficulties with which we are now confronted, in an article published by the National News Syndicate, has frankly advocated the abolition of the Department of the Interior. We have heard dozens of speeches made on the floor of the Senate advocating the reduction in size of the Federal Government. It is one of those things about which one speaks eloquently, but if anything is to be done there is only speechmaking and feeble action. This gentleman, Mr. Charles S. Barrett, formerly and for many years president of the Farmers' Union, expresses the opinion that the Department of the Interior may be abolished and such activities as are essential to be carried on may be transferred to other departments and continued there and notable economies thus accomplished. I ask unanimous consent to have printed in the RECORD at the end of my remarks the article to which I have referred.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See Exhibit A.)

Mr. ROBINSON of Arkansas. As has already been stated, we are constantly talking about reducing the size of the Federal Government and reducing Federal activities. This amendment is not sufficient, in my judgment, to accomplish the balancing of the Budget because, when we have done this, we have only done a small part of what it will be necessary to do. It is about time that some one who favors abolishing bureaus, boards, commissions, and departments should specify some bureaus or boards that might be abolished.

It is about time we were getting down to a practical view of the subject. We all realize that it is not an easy thing to do. It is much easier to talk about it than it is to carry it into effect. It may be that we will go on seeking new sources of revenue and raising existing tax levies until the burden will become so oppressive that the whole structure will crumble in ruin. It is quite possible that might come if this so-called depression should continue throughout a prolonged period.

But the point I am emphasizing is if we are in earnest, if we want to take hold of this subject and demonstrate our earnestness, it is a practical way of accomplishing a wholesome end to make a horizontal reduction. We must admit when we present the issue that it will occasion difficulties

and inconvenience. It may in some instances impair in a degree the efficiency of the service. But if the paramount object to be accomplished is to reduce Government expenditures and avoid imposing constantly increasing burdens of taxation, the time is at hand when we should take hold of the subject and deal with it aggressively and courageously.

## EXHIBIT A

ABOLISH THE UNITED STATES INTERIOR DEPARTMENT

By Charles S. Barrett

The politicians, the statesmen, and everybody else rave against the centralization of power in Washington. The demand for the abolishment of departments, bureaus, and commissions is universal. The cry for reduction in taxation is also heard on every versal. The cry for reduction in taxation is also heard on every hand. This cry and demand are going to continue unless some one does something more than talk.

If the people, the dear people, knew how they had been imposed upon in this matter there would be more hell to pay than you have ever heard of. Just think of the number of men in Congress who have been here from 5 to 25 years, who came here talking about abolishing something or other and are still talking about it. They know that it sounds well to the voters.

#### PERFECT PLACE TO START

There were several speeches made about this same matter in the Senate last week. My dear friend, James Hamilton Lewis, made a great speech, but he did not say anything about what particular department he would abolish. Now, Mr. Voter, let us put the boys on record. We are telling them where to start. The Interior Department should be abolished. It is a perfect place to I defy anyone to go over the record of this department as well as scrutinize its operations to-day and not agree, if he will be honest with himself, the Government, and the people, that not only is this the place to begin abolishing something but that a distinct service to the country will be rendered by abolishing

#### UNWHOLESOME REGINNING

Frankly, I shudder to think of the iniquities growing out of the Interior Department. Whatever, if any, arguments there were for justifying the establishment of this department have long ceased to exist. The tens of millions of dollars annually to be saved by abolishing this department would prove valuable in our important and necessary economy program.

The Interior Department, as many will recall who watched its inception and have followed its operations, was fostered and promoted through unwholesome motives of special interests who used this department to purioin much of our choicest public domain in the West. Not only did this mark its inception but all through the long years of its operation this department has been charged with incompetency and often flagrant graft.

# SOME SCANDALS

One of the greatest, if not the greatest, scandals in the history of the Nation occurred through the machinations of this department. Information coming into my hands leads me to believe that there is prejudice, inefficiency, and congonance in that department

My readers may, and most naturally will, ask, "What is to be done about handling matters of routine and detail in the various activities now under this department?" The answer to this is one of the easiest our statesmen could be called upon to make. In fact, it is so easy that they can scarcely find any excuse for delay in giving the Government and the people relief by abolishing this well-termed "iniquitous department."

# EXCUSE FOR DEPARTMENT GONE

The excuse for creating this department was primarily to handle our vast public domain—the free or public lands in the West. Then from time to time additional duties were allocated to it.

Now, our public domain is practically gone. What has not been purloined with the knowledge and consent of officials of this department is of such minor value that we rightly may consider the public domain as a thing of the past. Of all the other activities of this department their allocation among existing departments would add to efficiency in handling them and could be done without serious burden on their existing machinery.

# PUT SECRETARIES TO WORK

This might go to the extent of making some department Secretaries so busy they would be compelled to remain at their desks and work instead of traveling over the country making political speeches in support of whatever administration was in power. This might prove a political hardship, but would add immensely

to the efficiency of government.

The activities of the Interior Department in their order as named in the appropriation bill before Congress for funds to carry on the operations of the department taken in the order named almost automatically reallocate themselves.

# ALLOCATIONS NOT DIFFICULT

The General Land Office rightly belongs under the Department of Agriculture. What department is so adapted to handle everything in the land program? The Agriculture Department should embrace the Bureau of Indian Affairs. Scarcely an item of this bureau now but what the Department of Agriculture has an interest and an activity in. Let it take them all over.

The Bureau of Reclamation should never have been anywhere except under the Department of Agriculture. Geological Survey belongs in the Department of Commerce along with the Bureau of Mines. National Park Service, in view of forests, grazing lands, and roadways is logically for the Department of Agriculture.

## SENSIBLE REPLACEMENTS

The Office of Education could well be allocated to the Depart-

The Office of Education could well be allocated to the Department of Commerce in the best of wisdom. Government in Territories is so related to matters in which the Department of Agriculture now exercises great activity that Territories could wisely be allocated to this department.

St. Elizabeths Hospital belongs under the War and Navy. Columbia Institution for the Deaf and Howard University, along with Education, could well go under the Department of Commerce, as could the Freedmen's Hospital, where it would be as well administered as under the Interior Department, and likely well administered as under the Interior Department, and likely with greater efficiency.

#### WORD TO FARMERS

The allocation of these activities is neither a difficult nor serious problem. The great issue is whether or not we shall permit the inexcusable continuance of the Interior Department. We have a right to call upon our statesmen to make good their complaints against centralization of government in Washington and begin some abolishing when the department to be abolished is so plainly discerned and the wisdom of abolishing it is so apparent.

In this connection I want to say a word to the American farmer.

As you know, I headed a great national farm organization for nearly a quarter of a century. In that entire time it was never said or even intimated that I ever at any time misled, or tried to mislead, the American farmer.

# TIME FOR ACTION

I am telling you now that you have been abused and defrauded through this department of government and that now is the time to strike for its abolishment. You do not need any consent from any Government official nor have to fill out any question-naire. You only need to draw on your own intelligence and your own self-interest in better, more efficient, and honest Government to spur you to action.

You write now to your Senators and Representatives in Congress. Not one of them but knows of iniquities in this department. Many of them agree that the department should be abolished. These need to know of your interest and support. The others can be incited to action by your insistence and demands if they are made impressive enough.

## RESULTS ARE CERTAIN

I know that there are bold, brave statesmen who claim that they pay no attention to communications. But I am telling you, out of a quarter of a century of experience watching Congress, that your letters and telegrams are heeded, especially when they come in vast numbers. They have never failed.

I am going to give you some startling facts in my statement next week concerning this department. These facts, based upon the records, and proven before I even thought of giving them to you, I know will stir your interest and action as I have been stirred. The scrutinizing eye of official investigation, where men and records can be summoned under oath may yet be necessary. Such an investigation of this department has never been made.

# TURN TALK INTO ACTION

We are going into this fight with justice on the side of abolishing such a sore and useless spot in governmental life. The voice of every statesman, nearly, with a vote in Congress, has already been raised against useless departments, bureaus, and commissions.

Now is the time for them to give some commendable per-

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. McNARY obtained the floor.

Mr. SMOOT. Mr. President-

Mr. McNARY. I yield to the Senator from Utah to make the point of order, if that is his desire.

Mr. McKELLAR. Mr. President, will not the Senator from Utah let it go over until morning so we can discuss it? I do not believe the amendment is subject to a point of order. I am not at all sure that it is.

Mr. VANDENBERG. Mr. President, I desire to discuss the point of order, too.

Mr. SMOOT. Then I will merely enter the point of order, and the Chair need not rule on it until to-morrow.

The PRESIDENT pro tempore. The Chair will not rule upon the point of order until Senators have been heard.

# PROPOSED SALES TAX

Mr. NEELY. An exceedingly able and timely editorial entitled "The Sales Tax Confiscatory," appeared last Monday in the Wheeling Intelligencer, which is the leading Republican newspaper of West Virginia.

The editorial was written by the Hon. H. C. Ogden, one of the country's most famous newspaper proprietors and one of West Virginia's most capable and influential men.

I ask unanimous consent that the editorial be read from the Secretary's desk:

The PRESIDENT pro tempore. Out of order and, without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the Wheeling Intelligencer, March 14, 1932] THE SALES TAX CONFISCATORY

Secretary of the Treasury Mills is certainly an official of a buoy-

ant and airy disposition. Burdens which rest heavily on the ordinary man are disposed of by Mr. Mills as mere bagatelles.

Referring to the proposed 2½ per cent manufacturers sales tax, Mr. Mills expressed the belief that it is so low that practically no one will feel it,

Either Mr. Mills never conducted a manufacturing operation and employed labor, or his path has been an unusually rosy one. Instead of a 2½ per cent sales tax being negligible, it is more accurate to say that it approaches confiscation. If Mr. Mills will take a day off and study the income-tax returns that will be piling into the Internal Revenue offices during this week, he will find that the large majority of the manufacturers of the United States did not earn, in 1931, a profit of 5 per cent on their sales. He will find that a very large percentage of them earned no profit.

He will find that the average profit of a highly successful manufacturer is barely 10 per cent of the volume of sales.

A proposal, under these conditions, to exact a 2¼ per cent tax means, in short, a special revenue tax of the most prosperous, of 22½ per cent of their profits, and on many of them the complete confiscation of their profits, and on many more, the loading of an extra burden on heavy losses already incurred.

Manufacturers in the United States to-day pay an 11 per cent income tax. Add to that, in the case of the most prosperous, 22 to 25 per cent more, and we have approximately a 35 per cent income tax imposed on manufacturing industries. The manufacincome tax imposed on manufacturing industries. The manufacturing of the country is the basis of the country's prosperity. The men who work in the mills and factories and produce create The men who work in the mills and factories and produce create the market for the American farmer. The factories employ more than half of our working population. To put a tax burden upon these industries, ranging from 35 per cent of the income to 100 per cent of the income, would be to create the greatest hindrance to the return of national prosperity.

Why should any man in his senses seek to build a factory and employ labor, take all the chances of accidents and loss, for the purpose of paying 35 per cent of his profits in taxes if he has profits, and the further purpose of pocketing all of his own losses if he has losses?

if he has losses?

In the judgment of this newspaper, there are many less objectionable ways of raising necessary revenue than the saddling of such a burden upon business. An income tax is much more equitable. A luxury tax is far to be preferred. Finally, a reasonable bond issue, repaying to the American people part of the five or six billion dollars they have advanced toward retirement of the public debt in excess of legal requirements, might well be undertaken.

This is a time to assist business by encouraging employment, not to lay upon it a confiscatory tax.

# PROHIBITION OF SOVIET IMPORTS

Mr. ODDIE. Mr. President, on behalf of the representatives of a large number of patriotic, civic, labor, business, and social organizations, I presented this morning a petition to the Hon. Ogden L. Mills, Secretary of the Treasury, protesting against the importation of Soviet products under the provisions of section 307 of the tariff act of 1930. I now ask permission to have the petition and the accompanying data published in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

PETITION FOR THE ENFORCEMENT OF SECTION 307 OF THE TARIFF ACT OF 1930, AGAINST SOVIET PRODUCTS

MARCH 15, 1932.

Hon. Ogden L. Mills, Secretary of the Treasury, Treasury Department,

Washington, D. C. Mashington, D. C.

Mr. Secretary: We desire to submit for your consideration certain facts and observations relating to the importation into the United States of articles produced by convict or forced labor in the Soviet Union, together with extracts from the constitution, laws, and decrees in force in that country, and other evidence of the practices of the Soviet régime, all of which have a direct bearing on the enforcement of section 307 of the Tariff Act of 1930. The department has been advised by representatives of labor and agriculture, manufacturers, and producers of raw materials, individually and collectively, that imports produced under the conditions of virtual slavery which exist in the Soviet Union are a serious menace to many branches of industry and agriculture in

the United States. The Treasury Department is also aware that for years past patriotic societies, separately and together, have painstakingly investigated and established by unimpeachable evidence the true nature of the economic system which prevails within the boundaries of the U. S. S. R. It is the belief of all these organizations that American political and economic institutions are imperiled as a result of the commercial war which is being waged by the dictatorship in Moscow upon all civilized society.

In the light of these facts, and particularly in light of the position taken by the United States concerning the recognition of the Soviet régime, we can not believe that the Treasury Department will dispute the fact that section 307 of the tariff act of 1930 was

will dispute the fact that section 307 of the tariff act of 1930 was enacted to protect American industry from the competition of forced labor as that term applies to conditions of labor in Soviet Russia. The intent of the statute is clear upon this point.

The existence of forced labor throughout Russia is a matter of

The existence of forced labor throughout Russia is a matter of general and common knowledge. Communism or state socialism as it exists in Russia involves unified economic effort and makes complete and rigid control over all economic activity essential. This is not a matter of dispute. It is a fundamental element and well-known principle of the soviet system.

We may expect to find evidence of this policy in the constitution and laws of Soviet Russia. Article 9 of the constitution declares that labor is a duty of all citizens. Article 61 of the criminal code makes refusal to perform compulsory services or to carry out work of national importance a criminal offense. Article 11 of chapter 3 of the labor code provides that where there is a 11 of chapter 3 of the labor code provides that where there is a deficiency of labor for the execution of important state tasks all deficiency of labor for the execution of important state tasks all citizens may be called to labor duty by a special resolution of the Council of People's Commissars. This is the basic law of the Soviet Union and its constituent republics. No one will dispute the fact that the 5-year plan of the U. S. S. R. is the "important state task" provided by the laws.

Abundant evidence of the active and effective enforcement of these laws relating to labor is already in the files of the Treasury Department. You also have in your possession a mass of decrees and other pronouncements taken from official Russian sources, a

and other pronouncements taken from official Russian sources, a number of which are attached hereto as illustrative exhibits, which definitely establish that "forced labor" in the commonly accepted sense of that term prevails throughout Russia. Therefore there is no need to take time here and now to reexamine this mass of

detailed evidence.

It is our belief that the evidence already in the possession of the department establishes that "forced labor," in the commonly accepted sense of that term, is a fundamental part of the Soviet system. Any evidence secured hereafter could do no more than corroborate the evidence which already is in the possession of the department. It is improbable that the Treasury Department will be able to secure any facts relating to specific shipments of Soviet products. It may, therefore, be reasonably concluded that the question of whether or not section 307 is an effective bar against the products of "forced labor" as it exists in Russia rests on facts already before the department, and must be decided upon the basis of these facts.

of these facts.

We are not asking that the Treasury Department declare its views as to the desirability or undesirability of excluding Soviet products under section 307. We are asking whether, under section 307, the intent of Congress to exclude the products of "forced labor" will be effectively enforced against the products of that country. We assert, in that connection, that all the facts are now before the department and that a prompt decision as to the action which the department intends to take should be rendered. If you believe the law is defective, it is our purpose to urge the enactment of effective legislation. We are hopeful that the decision of the Treasury Department will make this unnecessary.

This is a matter of deep and vital interest to the patriotic societies interested in the future welfare of the United States, as well as to American labor and American industry. If you, as the executive officer of the Government charged with the enforcement of the tariff act, are of the opinion that you do not have the

of the tariff act, are of the opinion that you do not have the means of enforcing section 307 against Soviet products, we ask a definite statement to that effect so that we can then present the matter to Congress for the necessary legislative action for the protection of American labor and industry from this ruinous and unfair competition and for the preservation of our economic,

political, and social institutions.

American Alliance (Inc.), Walter L. Reynolds, secretary.

American Coalition of Patriotic Societies, John B. Trevor, chairman of the board.

American Farm Bureau, Chester H. Gray, Washington repre-

American Legion, John Thomas Taylor, legislative representa-

American Legion Auxiliary, Mrs. Frederick C. Williams, national president.

American Machine & Metals (Inc.), V. C. Stephens, treasurer. American Manganese Producers' Association, J. Carson Adkerson,

American Manganese Development Corporation, Anthony J. Molesphini, secretary.
American Security League, Amos A. Fries, president

American Vigilant Intelligence Federation, H. A. Jung, man-

ager-director.

American War Mothers, Mrs. L. H. Stone, national president.

American Women's Legion, Mrs. Dorothy C. Bettelheim, presi-

Amherst Mining Co., George H. Crosby, jr., treasurer.

Anglo-Saxon Federation of America, John Walter Stephens, chairman.

Anthracite Cooperative Association, Joseph F. Noonan, president.
Anthracite Institute, Brice P. Disque, executive director.
Arizona Asbestos Association, Lewis H. Brown, president.
Bear Canyon Asbestos Co., A. S. Blagden, president.
Berst-Foster-Dixfield Co., Ned G. Begle, president.
Brown Co., W. R. Brown, assistant treasurer.
Chamber of Commerce of the State of New York, J. Barstow

Smull, president.

Crown, Zellerbach Corporation, M. R. Higgins, president.

Dames of the Loyal Legion, National Society, Mrs. Rhoda C. Y. Schelly, national president.

Daughters of the American Revolution, National Society, Edith

Hobart, national president general.

Daughters of the Revolution, National Society, Mrs. Eugene J.

Grant, president.

Daughters of the Revolution, of New Jersey, Charlotte C. Ay-

crigg, State regent.

Daughters of Union Veterans of Civil War, Harriet J. Goetz,

Disabled American Veterans, Thomas Kirby, national legislative chairman; Vivian D. Corbly, national adjutant.

Domestic Manganese & Development Co., H. A. Pumpelly, vice

president.

Evergreen Mines Co., D. C. Pettyjohn, assistant to general manager.

Fraternal Order of Eagles, J. C. Canty, grand worthy president. Hy-Grade Manganese Co. (Inc.), Charles H. Massie, manager. Hy-Grade Manganese Production & Sales Corporation, N. H. Mannakee, president

Independent Petroleum Association of America, Wirt Franklin,

Industrial Defense Association (Inc.), Edward H. Hunter, executive secretary

Joint Conference on the Russian Situation, George F. Zimmer,

assistant to president.

Johnson City Central Labor Union, John B. Holcombe, president.

Junior Order of the American Mechanics, John H. Noyes, legislative representative.

Junior American Vigilant Intelligence Federation, Rachael E.

Holmes, president.

Kentucky Cardinal Coal Corporation. J. C. Stras, president.

Leonia Women's Republican Club, Mary P. Shelton, regent.

Long Leaf Yellow Pine (Inc.), O. N. Cloud, secretary-manager.

Manganese Mines Co. of America, L. B. Hungerford, secretary.

Merchant Tailors' Society of the City of New York, John J. T. MacNamara, secretary.

Military Order of the World War, John Ross Delafield, commander in chief.

Minnesota Sintering Co., Stanley B. Trayer, superintendent. Montana Prince Mining Co., Clinton J. Hanson, assistant treas-

National Confectioners' Association, Walter C. Hughes, secretary. National Defense Committee of American Legion, Amos A. Fries, member.

National Exchange Club, Alfred A. Jenkins, national president; Herold M. Harter, national secretary. National Immigration Legislative Committee, Demarest Lloyd,

chairman.

National Grange, Fred Brenckman, Washington representative. National Lumber Manufacturers' Association, C. W. Bahr, economist

National Patriotic Council, Mrs. Noble Newport Potts, president

National Patriotic League (Inc.), H. Ralph Burton, vice president and general counsel.

National Patriotic Association of Chicago, Rachael E. Holmes,

executive secretary.

National Security League (Inc.), R. L. Bullard, president.

National Society Sons and Daughters of the Pilgrims, A. C. Reeves, governor general.

National Society United States Daughters of 1812, Mary Logan Tucker, chairman national defense committee. National Sojourners (committee of 13), F. W. Sopford, C. A. C.,

president.

Naval and Military Order Spanish-American War, Robert Lee Longstreet, commander in chief. New Hampshire Timberland Owners Association, W. R. Brown, president

New York, Ontario & Western Railway Co., J. H. Nuelle, presi-

North Range Iron Co., D. C. Pettyjohn, assistant to general manager.

Order of Independent Americans, A. S. Losh, State councilor,

Pennsylvania. Patriotic Builders of America, Mrs. William Cummings Story,

president

Patriotic Order Sons of America, Herman A. Miller, secretary. Penn Anthracite Mining Co., Charles Dorrance, president: "Speaking for 1,000,000 citizens of the State of Pennsylvania whose names have already been affixed to petitions to the President of the United States for the exclusion under section 307 of Russian anthracite, we wish their signatures as being considered signed to similar petition dated March 15, 1932, to Secretary of Treasury."

Reserve Officers Training Corps Association, Col. Orvel Johnson, executive secretary

Ridgewood Unit Republican Women, Katharine H. Stratton, vice president.

Silver Prince Mining Co., Inglis M. Uppercu, vice president. Society of Colonial Wars, Norman S. Dike, governor. Society of New England Women, New York City Colony, Mrs. L. Grant Baldwin, chairman.

Sons of the American Revolution, Josiah A. Van Orsdel, president general.

New England Lumber Manufacturers Association,

Elisha R. Bitgood, president.

Southern Pine Association, C. C. Sheppard, president.

Southern Vigilant Intelligence Association, George B. Helmer, president.

Southwestern Virginia (Inc.) (a regional chamber of commerce),

Trenton Potteries Co., John A. Campbell, president.
Trout Mining Co., V. C. Stephens, treasurer.
Union League of Michigan, Walter C. Cole, vice president.
United Daughters of the Confederacy, Mrs. James Harvie Dew (New York).

United States Air Force Association, Col. J. Edward Cassidy,

United States Air Force Association, Col. 3. Edward Cassilly, director general.

U. & S. Mining & Development Co., Leslie L. Savage, president. Veterans of Foreign Wars of the United States, Darold D. DeCoe, commander in chief; L. S. Ray, chairman legislation committee. Veterans of Foreign Wars, Ladies' Auxiliary, Dora E. Raffensperger, national president.

Virginia Federation of Women's Clubs, American citizenship committee, Helen Norris Cummings, State chairman. Westchester Security League, Mrs. Henry Perez, president's representative.

West Coast Lumbermen's Association, W. B. Greeley, secretarymanager.

West Coast Manganese Corporation, Ernest A. Wiltsee, vice

west Coast Ranganese Corporation
president.
White Band (Inc.), J. W. Scott-Sanders, brigadier general,
department of mobilization.
Whitmarsh Mining Co., J. D. Enright, secretary.
Women of Army and Navy Legion of Valor, Mrs. Charlotte Rock,

national president Women Descendants Ancient and Honorable Artillery, Mrs. Julia

A. Jewett, president.
Women's Patriotic League of America, Mrs. Joseph L. McCarthy, president; Mrs. F. E. Grant, chairman committee on subversive

PARTIAL LIST OF MEMBERS OF CONGRESS ACCOMPANYING DELEGATION TUESDAY MORNING, MARCH 15, TO PRESENT A PETITION THAT IMPORTS OF MANGANESE, LUMBER, MATCHES, COAL, OIL, PULPWOOD, ASBESTOS, AGRICULTURAL AND ALL OTHER PRODUCTS FROM SOVIET RUSSIA BE PROHIBITED ENTRY INTO THE UNITED STATES

Senators: Henry F. Ashurst, Arizona; James F. Byrnes, South Carolina; C. C. Dill, Washington; Frederick Hale, Maine; Carl Hayden, Arizona; Matthew M. Neely, West Virginia; Peter Norbeck, South Dakota; Tasker L. Oddie, Nevada; Frederick Steiwer, Oregon; and Thomas J. Walsh, Montana.

Representatives: Samuel Arentz, Nevada; Carl G. Bachmann,

Representatives: Samuel Arentz, Nevada; Carl G. Bachmann, West Virginia; Robert L. Bacon, New York; Fred A. Britten, Illinois; George F. Brumm, Pennsylvania; Thomas G. Burch, Virginia; Wesley E. Disney, Oklahoma; Edmund F. Erk, Pennsylvania; Edward E. Eslick, Tennessee; Hamilton Fish, Jr., New York; John W. Fishburne, Virginia; Godfrey G. Goodwin, Minnesota; Robert S. Hall, Mississippi; Willis C. Hawley, Oregon; David Hopkins, Missouri; Ralph Horr, Washington; Thomas A. Jenkins, Ohio; Lamar Jeffers, Alabama; Bolivar E. Kemp, Louisiana; Samuel A. Kendall, Pennsylvania; John C. Ketchum, Michigan; Charles H. Martin, Oregon; Malcolm C. Tarver, Georgia; Schuyler O. Bland, Virginia; Martin Dies, Texas; Zebulon Weaver, North Carolina; William Williamson, South Dakota; and Mell G. Underwood, Ohio.

Exhibits, description, and source of information		
Exhibit No.	Description	Source
1	Extract from the constitution of the R. S. F. S. R.	Art. 9,
2	Extracts from the criminal code of the R. S. F. S. R.	Arts. 20, 61, 133, and 135.
3	Labor code of the R. S. F. S. R. (1922 edition, with amendments up to 1931).	Ch. III, arts. 11 and 12.
4	Annex No. 3 to labor code: Conditions of Labor in the Preparation and Floating of Timber.	or their month over the
5	Circular of the People's Commissariat of Justice of the R. S. F. S. R., dated Jan. 14, 1929, No. 5.	Published in the Bulletin of Financial and Economic Legislation, No. 8 of 1929, p. 56.
6	Instruction of the People's Commissariat of Agriculture of the R. S. F. S. R., dated June 1, 1929.	Published in the Bulletin of Financial and Economic Leg- islation No. 26 of 1929, p. 35.
7	Decree of the Council of People's Commissars of the R. S. F. S. R., dated Oct. 5, 1929.	Published in the Bulletin of Financial and Economic Leg- islation, No. 42 of Oct. 18, p. 40.
8	Decree of the central executive committee and the Council of People's Commissars of the U. S. S. K. of Nov. 23, 1929, as to criminal responsibility for the production of inferior goods and failure to observe standards.	Published in the Bulletin of Financial and Economic Leg- islation, No. 3, Jan. 27, 1930, p. 51.

Exh	ibits, description, and source of	information—Continued	
xhibit No.	Description	Source	
9	Decree of the central executive committee of the R. S. F. S. R. (VTSIK) and the Council of People's Commissars of the R. S. F. S. R., dated Feb. 13, 1930.	Collection of Laws of the R. S. F. S. R., 1930, No. 9, Ch. 107.	
10	Circular of the People's Commissariat of Labor of the R. S. F. S. R. and of the directorate of timber floating of the Supreme Council of National Economy of the U. S. S. R. of Feb. 13, 1930, No. 24, regarding the supply of workers for timber floating during the 1930 season.	Bulletin of Financial and Economic Legislation, No. 11 of Apr. 17, 1930, p. 41.	
11	Circular of the People's Commissariat of Labor of the U. S. S. R. and R. S. F. S. R., of the Supreme Council of National Economy, of the People's Commissariat of Agriculture, and of the Collective Ferry Admissiration	Published in the Bulletin of Financial and Economic Legis- lation, No. 8 of Mar. 17, 1930, p. 56.	
12	of the U. S. S. R., Mar. 3, 1930. Circular of the People's Commissariat of Labor of the U. S. S. R. in agreement with the People's Commissariat of Transport and the central committees of the Local Transport Union, dated Mar. 22, 1930.	Published in the Bulletin of Financial and Economic Legis- lation, No. 16 of June 7, 1930, p. 47.	
13	Decree of the People's Commissariat of Labor of the R. S. F. S. R. of Sept. 12, 1930, No. S3, regarding measures for securing workers for loading and unloading operations in the autumn of 1930.	Published in the Bulletin of Financial and Economic Legis- lation, No. 27 of Sept. 27, 1930, p. 64.	
14	Decree of the Central Executive and the Council of People's Commissars of the U. S. S. R., Nov. 3, 1930.	Published in Izvestia of Nov. 12, 1930.	
15	Decision of the People's Commissariat of of Labor of the U. S. S. R. regarding the reorganization of the labor market.	Published in Izvestia, Nov. 5, 1930.	
16	Decree of the Council of People's Com- missars of the R. S. F. S. R. of Dec. 8, 1930, concerning the employment of women in industry and in state and	Published in Izvestia of Dec. 20, 1930.	
17	cooperative administrations.  Decree of the Central Executive Committee and Council of People's Commissars of the U. S. S. R., dated Dec.	Published in Izvestia of Dec. 17, 1930.	
18	<ol> <li>15, 1930.</li> <li>Decree of the People's Commissariat of Labor of the U. S. S. R. of Dec. 23, 1930, No. 374, concerning the registra- tion and dispatch to work of persons seeking work.</li> </ol>	Published in Izvestia of Dec. 29, 1930.	
19	Resolution of the central committee of the All-Union Communist Party, of Oct. 20, 1930, relative to measures for plan-governed supply of labor man- power to national economic life, and struggle against the tendencies to fre- quent change of employment.	Izvestia, No. 292, Moscow, Oct. 22, 1930.	
20	Resolution of the People's Commissariat of Labor, No. 314, dated Oct. 9, 1930, relative to suspension of unemployment allowances and the employment of those not working.	Za Industrializatsiu, No. 239, Moscow, Oct. 11, 1930.	
21	Resolution of the People's Commissariat of Labor of the U. S. S. R., of Jan. 16, 1931, concerning the sending back to work on the railway lines of persons who formerly worked in the railway service.	Izvestia, No. 18, Jan. 18, 1931. Moscow.	
22	Resolution of the People's Commissariat of Labor of the U. S. S. R. defining persons who are regarded as malicious	Izvestia, No. 19, Moscow, Jan. 19, 1931.	
23	disorganizers of production.  Order of the People's Commissariat of Labor, the Supreme Soviet of National Economy, and the Kolkhozcenter	Za Industrializatsiu, Moscow, No. 207, July 29, 1931.	
24	regarding the recruitment of workers. Circular of the People's Commissariats of the U. S. S. R. and the R. S. F. S. R., of the Collective Farm Central Administration of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the People's Commissariat of Agriculture of the U. S. S. R., dated Mar. 3, 1930, U. S. S. R. Labor Commissariat's No.	Supply of man power to seasonal (periodical) industries (literally: * * to seasonal branches of national economic life), collection of directives * * issued by the Commissariat of Labor of the R. S. F. S. R., Moscow, 1930. (Published in Moscow Izvestia, No. 8, 1930.)	
25	87, concerning the assignment of labor man power to work in seasonal indus- tries.  Excerpts from resolution of the central	Izvestia, No. 14. Moscow, Jan.	
	executive committee of the U. S. S. R. concerning the training of skilled laborers for the national economy of the U. S. S. R., signed by president of the central executive committee—M	14, 1931.	
26	Kalinin, and secretary of the central executive committee, A. Ennkidze. Resolution of the Collegium of the People's Commissariat for Supply of the U. S. S. R. of Jan. 13, 1931, No. 42.	Informative bulletin of the cen- trosoyuz of the U. S. S. R. and R. S. F. S. R., Nos. 4-6, Mos-	
27	Resolution of the all-Russian central executive committee and Soviet of People's Commissars of the R. S. F.	cow, Jan. 31, 1931, p. 36. Izvestia, No. 45, Moscow, Feb. 15, 1930.	

description of the all-Russian central executive committee and Soviet of People's Commissars of the R. S. F. S. R., concerning measures for the expansion of timber procuring and timber floating operations.

Exhibits, description, and source of information—Continued

Exhibits, description, and source of information-Continued

Exhibit No.	Description	Source	Exhibit No.	Description	Source
28	Decision of the Collegium of the People's Commissariat of Labor of the U. S. S. R. instituting criminal liability for evading mobilization.	Za Industrializatsiu, No. 225, Sept. 25, 1930.	53	Excerpt from an article regarding de- sertions of workers from various dis- tricts; emphasis on necessity of kulak labor.	Pravda Severa, Archangel, No. 87, Apr. 18, 1931.
29	Circular No. 13 of the People's Commis- sariat of Justice of the R. S. F. S. R. of Feb. 6, 1931, regarding extension of cooperation by organs of the prosecut-	Bulletin of Financial and Eco- nomic Legislation, No. 14, p. 27, May 17, 1931.	54	Excerpts from an article entitled "Party work in the forest."  Deserters of labor to be prosecuted	Lumber operations of the third year of the 5-year period, page 65, Archangel, 1931. Krasnaya Gazeta, Leningrad,
	ing office to the carrying out of lumber operations. To the Kray and Oblast prosecutors.		56	Excerpts from an article entitled "The seventh plant splits a thousand beams	Mar. 17, 1930. Pravda Severa, Archangel, No. 93, Apr. 26, 1931, page 5.
30	Excerpts from statute of the board of management attached to the chief administration of places of confinement of the People's Commissariat of the Interior of the R. S. F. S. R. "Combine of factory labor colonies of the State administration of places of confinement and enterprises of the committee of assistance" under the abbreviated name "Combine F. T. K.	Sobrante Uzakoneni I Raspori- azheni Raboche Krestianskovo Pravitelstva R. S. F. S. R. No. 45, June 18, 1930.	57	per day—A still greater number should be split." Recommends punishment for absentee workers.  Instruction concerning the preferential supply to members of shock brigades, issued by the Secretary of the All-Union Central Soviet of Labor Unions; Vice People's Commissar for Supply; Vice President of the Administration of the Centrosoyuz.	Trud, No. 95, Moscow, Apr. 7, 1931.
81	Gumz." Directions issued by the court of the northern territory concerning lumbering 1930-31. Courts officially ordered	Sudebnaya Praktika (court practice) of the R. S. F. S. R., No. 17-18, Dec. 30, 1930, p. 18.	58 59	Summary of resolution of the central committee of the All-Union Com- munist Party of Feb. 5, 1930. Advertisement for deserter.	Economic Life, No. 30, Moscow, Feb. 6, 1930.  Izvestia, No. 43, Moscow, Feb.
. 32	to increase their output of convict lumbermen.  Translation of excerpts from the Soviet press saleting to labor in the forests of	Newspapers published during the period Nov. 22, 1929-Nov.	€0	Central committee plan regarding party and labor-union work and the training of Cadees for the Nizhni-Novgorod	13, 1931. Pravda, Moscow, No. 113, Apr. 24, 1631.
33	the U.S.S.R. Translation of excerpts from the Soviet press relating to labor in the coal mines of the U.S.S.R.	26, 1930. Newspapers published during the period Dec. 1, 1929-Oct. 25, 1930.	61	automobile plant (excerpts from). Newspaper article "Production trial of rapacious workers and deserters from	Izvestia, No. 48, Moscow, Feb. 18, 1931.
34 35	Newspaper article "The march of the farm laborers to the Donetz Basin." Resolution of the Northern Kray Com- mittee of the All-Union Communist	Izvestia, No. 211, Moscow, Aug. 2, 1930. Pravda Severa, Archangel, No. 24, p. 1, Jan. 31, 1931.	62	the transport service."  Newspaper article "Severe measures should be applied toward labor deserters."	Izvestia, No. 42, Moscow, Feb. 12, 1931.
36	Party (of Bolsheviks) regarding lumber operations and the work of	Prayda, Moscow, Sept. 19, 1930.	63	Order of Shadunts, Chairman of the Board of the Central Asiatic Cotton Combine, dismissing Deserter	Za Industrializatsiu, No. 12, Moscow, Jan. 12, 1531. Pravda Vostoka, Tasakent, No. 210, page 1, Aug. 2, 1331.
	An article regarding the decree of the Council of Labor and Defense of Sept. 14 (1930 ?) to stimulate lumbering by attaching extraordinary committees of six to respective district executive committees and the central executive committees and the central executive com-		65	Gorielov.  Notice from the Moscow Oblast Prosecution Department publishing names of labor deserters and giving warning	Za Industrializatsiu, No. 228, Sept. 28, 1930.
37	mittees of automonous republics.  Article entitled "Compulsory timber service in Urals—Extraordinary triumvirates formed."	Za Industrializatsiu, Moscow, Sept. 23, 1930.	66 67	of criminal prosecution.  Excerpt from newspaper article relative to leniency shown to labor deserter.  Advertisement for deserter.	Za Industrializatsiu, No. 129, Moscow, May 12, 1931. Za Industrializatsiu, No. 49, Mcscow, Feb. 19, 1931.
38	Article entitled "Compulsory service	Pravda, Moscow, Sept. 27, 1930.	68	do	Za Industrializatsiu, No. 47,
39	Excerpts from article entitled "Deserters should be returned to the forest and to timber cutting."	Pravda Severa, Archangel, No. 53, p. 3, Mar. 7, 1931.	DO DA	do	8, 1931, Moscow,
40	Explanation of the plenum of the Su- preme Court of the R. S. F. S. R. of Mar, 16, 1931, Protocol No. 3, regarding	Bulletin of Financial and Eco- nomic Legislation, No. 16, June, 7, 1931, p. 74.	0.00	do	26, 1931.
	the manner of serving terms of compul- sory labor for members of collective farms sentenced to compulsory labor		72	do	24, 1931.
41	by the courts.  Excerpts from a speech of Comrade  Krylenko at the conference of the People's Commissariat of Justice and of	Soviet justice, No. 12, p. 6, Apr. 30, 1931.	73 74	do	
	representatives of the press on Apr. 4, 1931, subject "Tasks of the press con- nected with the struggle for revolu- tionary legality in the period of recon-		75 76	do	26, 1931.  Za Industrializatsiu, No. 55, Moscow, Feb. 23, 1931.  Economic Life, No. 196, Oct. 19,
42	laks who have failed to execute the tasks set must be brought to court within 5 days"	Pravda Severa, Archangel, No. 94, p. 8, Apr. 27, 1931.  Pravda Severa, Archangel, No.	77	Judgment Over Labor Deserters.  Message of the central committee of the All-Union Communist Party (of Bolsheviks): To all party, economic, labor union, and Communist Youth	1930. Izvestia, No. 243, Moscow, Sept. 3, 1930.
43	Excerpts from an article entitled "To supervise daily the actual execution of set tasks by all kulaks." Excerpts from article entitled "The	94, p. 1, Apr. 27, 1931.  Pravda Severa, Archangel, No.	78	organizations (excerpts from).  Explanation of the types of penitentiary colonies.	Small Soviet Encyclopedia, vol. 8, column 977, Moscow, 1931.
44	blows dealt to the enemies of floating should be increased." Criticism of lenity toward kulaks and well-to-do peasants.	114, p. 2, May 24, 1931.	79	Description of Bab-Cubs convict timber camp (sketch of a small timber camp).	Solovetskie Ostrova, the month- ly journal, the organ of the management of the Solovetsky camp of the O. G. P. U., No.
45	Excerpts from article regarding the float- ing program being threatened by de- crease in laborers.	Pravda, Moscow, No. 145, p. 3, May 28, 1931.	80	Namenana artiala giuing advassa living	camp of the O. G. P. U., No. 7, p. 10; printed and published at the Solovetsky Island camp in the White Sea, July, 1926. Ekonomicheskaya Zhizn, Mos-
46	Excerpts from an article entitled "The work of collective farms."	Lumber operations of the third year of the 5-year period, p. 66, Archangel, 1931.	81	Newspaper article giving adverse living conditions of lumbermen in the north- ern forests; causes. Excerpt from an article on "State trade	cow, July 29, 1928.  Vsia Moskva, 1930.
47	Newspaper article, "To answer in court for evading mobilization. Explana- tion of the prosecuting department of the Republic."	Za Industrializatsiu, No. 216, Moscow, Sept. 14, 1930.	82	collection enterprise of the Moscow places of confinement."  Excerpt from English language article	V. O. K. S., No. 2, p. 7, 1931.
48	Compulsory labor service for nepmen	Kraspaya Gazeta, Leningrad, Aug. 30, 1930.		entitled "Obligatory labor or forced labor;" a defense of obligatory labor.	
49	Excerpt from newspaper article relative to guaranteeing an ample supply of labor for construction.	Economic Life, Moscow, Aug. 29, 1930.	83 84	Excerpt from an article on penal labor colonies.  The replacing of prisons by labor colo-	Soviet Penal Labor Law, Mos- cow, 1931 (p. 90). Soviet Penal Labor Law, p. 89,
50	Newspaper article "Not a single log to be left in the water; the program to be executed in full."	Pravda, No. 272, Moscow, Oct. 2, 1930.	85	nies for convicts (excerpts from). Convict timber colonies trebled since	Moscow, 1931. Sovietskoye Ispravitel-no-trudo-
51	Excerpt from a resolution of the Moscow Soviet, dated Oct. 4, 1930, relative to establishment of canteens and ration- ing of goods.	The Izvestia of the Moscow Oblast executive committee, No. 109, of Oct. 10, 1930.		1929.	voye Pravo, the official university course on Soviet peni- tentiary labor justice published by the Commissariat of the
52	member of the control commission, relative to institution of legal proceed- ings against the presidents of the	Pravda, No. 289, Moscow, Oct. 19, 1930.	200	Definition of Ishan coloniar (second)	Interior of the R. S. F. S. R. for the State Institute for studying crime and criminals, Moscow, 1931.
	Rodvin and Ustiansk rayon executive committees,		86	Definition of labor colonies (excerpts)	Small Soviet Encyclopedia, Moscow, 1930.

Exhibits, description, and source of information-Continued

Exhibit No.	Description	Source
87	Order dated Oct. 23, 1931, of Lintin, acting director of the chief administration of penitentiary labor institutions to the Kray and Oblast boards of management of penitentiary labor institutions; concerning the remuneration	Sovietskava Yustitsia, No. 30, p. 33, Nov. 7, 1931.
88	for the labor of persons banished and performing penitentiary labor. Circular No. 105 of Sept. 14, 1931, signed by Lintin, acting director of the chief administration of places of confine- ment, to the chiefs of the Kray and Oblast boards of management of places of confinement, etc., regarding the industrial and financial plan for the fourth quarter of 1931.	Sovietskaja Yustitsia, No. 28, page 31, Oct. 10, 1931.
89	Excerpts from article entitled "Shame- ful situation on the Vamsherenga River"—lumber work threatened by distortion of socialistic organization of workers.	Pravda Severa, Archangel, No. 108, p. 3, May 17, 1931.
90	An order of the central executive com- mittee, and of the Soviet of People's Commissars of the U. S. S. R. dated June 30, 1931, regarding privileges to peasants migrating for seasonal work.	Za Industrializatsiu, Moseow, No. 179, July 1, 1931.
91	Resolution of the central executive com- mittee and Soviet of People's Com- missars permitting enterprises, insti- tutions, and organizations of the socialized sector to hire workmen and employees without applying to labor	Izvestia, Moscow, No. 259, p. 4, Sept. 19, 1931.
92	organs.  Summary of lecture by Comrade P. I.  Stuchka at sector of law of the Institute of Soviet Construction and Law on "The transition from compulsory labor by court sentence to voluntary labor."	Sovetskaya Yustitsia (Soviet Justice) organ of the People's Commissariat of Justice of the R. S. F. S. R., Apr. 10, 1931.

# EXHIBIT No. 1

EXTRACT FROM THE CONSTITUTION OF THE R. S. F. S. R.

ART. 9. The Russian Socialist Federated Soviet Republic recognizes labor as the duty of all citizens of the Republic.

# EXHIBIT No. 2

EXTRACTS FROM THE CRIMINAL CODE OF THE R. S. F. S. R.

ART. 20. Measures of social protection of a correctional character are the following:

(b) Deprivation of liberty in correctional labor camps in remote parts of the U. S. S. R.

(c) Deprivation of liberty in general places of confinement.

(d) Compulsory labor without deprivation of liberty.

(g) Banishment from the R. S. F. S. R. or from a particular locality, with or without compulsory settlement in other localities, or with or without prohibition to reside in particular localities.

ART. 61. Refusal to perform compulsory services or national tasks

or to carry out work of national importance entails:

For the first offense—A fine, imposed by the competent authorities, not exceeding a limit of five times the cost of the task, service, or work imposed. For the second offense—Deprivation of liberty or compulsory labor for a period not exceeding one year.

Acts committed by a group of persons by previous agreement, in manifestly active opposition to the authorities in the execution of such service, task, or work, entail deprivation of liberty for a period not exceeding two years, with confiscation of property in whole or in part, with or without banishment from the locality

concerned. ART. 133. \* Arr, 133. \* \* \* The subjection of workers, in violation of the regulations on the protection of labor, to conditions of work which deprive or might deprive them of their capacity for work entails deprivation of liberty for not more than two years or compulsory

labor for not more than one year or a fine not exceeding 500 rubles.

ART. 135. The obstruction of the lawful work of factory and local committees, of trade-unions, or of their delegates, entails deprivation of liberty or compulsory labor for not more than one year, or a fine not exceeding 1,000 rubles.

# EXHIBIT No. 3

LABOR CODE OF THE R. S. F. S. R. (1922 EDITION, WITH AMENDMENTS UP TO 1931)

# Chapter III

The procedure to be followed in drawing citizens of the R. S. F. S. R. to labor duties:

S. R. to labor duties:
Article 11. In exceptional cases (struggle against natural calamity, lack of labor for the execution of extremely important State tasks) all the citizens of the R. S. F. S. R., with the exceptions given in articles 12 to 14, may be drawn to work by way of labor duty in accordance with a special resolution of the Soviet of People's Commissars or of organs invested with authority by the Soviet of People's Commissars.

Paragraph 1. The procedure to be followed in drawing to labor duties for struggle against natural calamity (earthquakes, catastrophes, train accidents, fires, floods, epidemics, freeing of rallways from ice and snow, struggle against mass attacks of pests, locusts,

beasts of prey, etc.) shall be regulated in accordance with the provisions concerning the manner of drawing the population to labor and transportation duties, approved by the All-Russian Central Executive Committee and the Soviet of People's Commissars of the R. S. F. S. R. on July 18, 1927, amended on January 1 and July 30, 1928, on August 19, and on September 16, 1929. \* \* \* Paragraph 5. Persons who are drawn to participate in labor or transport duty and who do not present themselves at the appointed place and time, or refuse to perform such duty, shall be held responsible under article 61 of the criminal code.

Paragraph 8. The mobilization of the members of the city soviets for leading work in the village soviets and rayon executive committees in the regions of complete collectivization has been provided for by the circular of the Presidium of the Central Executive Committee of the U. S. S. R., dated February 16, 1930. (Collection of decrees of the U. S. S. R., No. 12, art. 140.)

Paragraph 10. The People's Commissariat for Labor of the U. S. S. R. in concurrence with the Supreme Soviet of National Economy of the U. S. S. R., has been entrusted with the carrying out of a mobilization of specialists on the floating of lumber, and on the improvement of floating routes, including the mobilization of practitioners and students. \* \*

Concerning the transfer of engineers and technical workers from the administration to production at enterprises of the timber industry, subordinate to the Supreme Soviet of National Economy of the R. S. F. S. R., see resolution of the People's Commissariat for Labor of the U. S. S. R., No. 13).

Article 12. The following persons shall be exempt from calling up for compulsory labor service: (a) Persons temporarily incapacitated for work on account of illness or injury during the period of eight weeks before confinement, and women during a period of eight weeks after confinement; (c) nursing mothers; (d) men disabled in employment or in the war; (e) women with children under 8 years o

Additional exceptions and relaxations in respect of various kinds of compulsory labor service shall be specified by the C. P. C., the C. L. D., and the P. L. C., with due regard to health, family circumstances, the nature of the work, and conditions of life.

#### EXHIBIT No. 4

ANNEX NO. 3 TO LABOR CODE: CONDITIONS OF LABOR IN THE PREPARA-TION AND FLOATING OF TIMBER

Young persons over 14 years of age may be employed on light work such as the preparation of bast, or bast fiber and tan bark, and on the trimming of small wood.

No work shall be done on the following holidays:

(a) January 1, New Year's Day.
(b) January 22, anniversary of the 9th of January, 1905.
(c) March 12, anniversary of the overthrow of autocracy.
(d) March 18, anniversary of the Paris Commune.

(e)

May 1, day of the International. November 7 and 8, anniversary of the proletarian revolu-(f)

# EXHIBIT No. 5

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF JUSTICE OF THE R. S. F. S. R. DATED JANUARY 14, 1929, NO. 5

(Published in the Bulletin of Financial and Economic Law, No. 8, of 1929, p. 56)

Effective application of the law of May 21, 1928, regarding forced

To all presidents of regional, provincial, and district courts and the procurators of these courts.

Copies to the people's commissariat of justice of the autono-

mous republics and distributing commissions.

By decree of a joint meeting of the All-Union Central Execu-

By decree of a joint meeting of the All-Union Central Executive Committee and the Council of People's Commissars of the R. S. F. S. R. of the 26th of March, 1928, the people's commissariat of justice was instructed to take urgent measures to insure that thereafter the sentence of short-term deprivation of liberty should not be imposed as a measure of social protection.

In fulfillment of this Government decree, the People's Commissariat of Justice and the supreme court, in a letter of instructions dated August 20, 1928, directed the courts to pass sentence of short-term deprivation of liberty with the utmost circumspection and to substitute in all cases wherever possible forced labor, fine, discharge from post, expulsion, and other measures of social protection, in accordance with the appropriate article of the 30th of July, 1928, the People's Commissariat of Justice decreed that distributing commissions everywhere should immediately transfer to forced labor all prisoners sentenced to short-term deprivation of liberty not exceeding one year.

Notwithstanding the above-mentioned directions, the actual position continues to be most unsatisfactory. Not only have courts not comprehended the perfectly clear and unmistakable instructions of the Government, but they have also failed to carry out the not less categorical and direct instructions of the People's Commissariat of Justice. As a result, whereas the number of persons in the Republic sentenced to deprivation of liberty not exceeding one year was, on the 1st of March, 1928, 24,583, or 24.8

sons in the Republic sentenced to deprivation of liberty not exceeding one year was, on the 1st of March, 1928, 24,583, or 24.8 per cent of the total number of those incarcerated; those in custody pending trial, 36,024, or 32 per cent; and the total number

deprived of liberty, 111,806; on the 1st of December, 1928, the number sentenced to deprivation of liberty not exceeding one year was 31,026, or 27.3 per cent; those in custody pending trial, 29,216, or 25.7 per cent; and the total number deprived of liberty,

Thus, instead of the anticipated marked reduction, we have an absolute and real increase in the number of short-term prisoners and only a slight fall in the number of those in custody pending

An investigation carried out simultaneously showed that local forced labor was not, in most cases, organized, and this fact was cited by several courts as their reason for continuing the old line

of penal policy.

The People's Commissariat of Justice, considering the continuance of such a state of affairs absolutely intolerable, cancels Circular No. 149/9 of the 23d of November, 1928, and in extension of earlier circulars instructs as follows:

1. The strictest measures are to be taken to insure that from the moment of receipt of this circular by the local courts the people's court shall thenceforth pass no sentence of short-term deprivation of liberty not exceeding one year. The courts are notified that in any case of any infringement of this instruction being established, the judge who passed the sentence shall himself be indicted for nonfulfillment of the orders of the Central Government and shall learn from personal experience the meaning of forced labor.

Exceptions, which should be exceedingly rare, may be admitted only in the case of habitual criminals sentenced more than twice. In such cases, as a rule, the sentence should be permanent banishment to some distant place, in accordance with article 35 of the criminal code.

2. The courts are instructed, in all cases where the sentence 2. The courts are instructed, in all cases where the sentence under the criminal code is deprivation of liberty not exceeding one year, to pass without exception sentence of forced labor, fine, expulsion, or other measures of social protection, in accordance with the rules laid down in article 51 of the criminal code, and on no account to permit, in evasion of the present instruction, the passing of long-term sentence of deprivation of liberty for minor extensivel offences. criminal offenses.

## EXHIBIT No. 6

INSTRUCTION OF THE PEOPLE'S COMMISSARIAT OF AGRICULTURE OF THE R. S. F. S. R., DATED JUNE 1, 1929

(Published in the Bulletin of Financial and Economic Legislation No. 26, of 1929, p. 35)

Procedure for the utilization of forced labor in forestry and improvement work

# GENERAL INSTRUCTIONS

The present instructions are the first attempt to utilize on timber and improvement work the labor of persons sentenced to forced labor without detention under guard. Considering this experiment of exceptionally great importance, the People's Commissariat of Agriculture instructs all agricultural organizations to begin forthwith from the current season to explore all existing begin forthwith from the current season to explore all existing possibilities of utilizing the labor of persons sentenced to forced labor for forestry and improvement work of a mass character and to establish for this purpose permanent relations with the Bureau of Forced Labor. In putting into practical effect the utilization of forced labor agricultural organizations must observe the rules laid down in the following instructions:

1. Forced labor of persons sentenced thereto without detention under guard shall be utilized for forestry and improvement work in accordance with the directions contained in the instructions of the People's Commissariat of the Interior of the R. S. F. S. R., dated the 28th of November, 1928, regarding the utilizations.

F. S. R., dated the 28th of November, 1928, regarding the utilization of forced labor without detention under guard (Bulletin of the People's Commissariat of the Interior, No. 45, of 1928).

2. Persons serving a sentence of forced labor in the localities where their work or service for hire is carried out must be sup-

where their work or service for hire is carried out must be supplied in these localities with living quarters and food if the place of work is situated more than 10 kilometers from their place of residence, and also with special service clothing where such is prescribed for seasonal work. At the request of the person sentenced the cost of these supplies may be paid in cash, but only after completion of the whole period of forced labor, or in the event of the completion of the work prior to the completion of the term of forced labor. term of forced labor.

5. Forced labor, as a rule, is utilized for work of an unskilled character, and standards of labor output are fixed for each type of work carried out by forced labor.

The standards of labor output are the average standard prescribed for such work by decrees of departments of labor or customatical decrees of the standard of the stan

tomarily accepted by State organizations where such work is their principal work.

# EXHIBIT No. 7

DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R., DATED OCTOBER 5, 1929

(Published in the Bulletin of Financial and Economic Legislation, No. 42, of October 18, p. 40) Authorization of local executive committees to enforce compulsory

labor for the carrying out of work of loading and unloading grain cargoes

The Council of People's Commissars of the R. S. F. S. R.

In accordance with the decree of the central executive committee of the U.S.S.R. of the 25th of September, 1929, to authorize the Councils of People's Commissars of Autonomous Republics, regional and provincial executive committees to enforce temporarily compulsory labor in carrying out the loading and unloading of grain cargoes up to the 1st of February, 1930.

## EXHIBIT No. 8

DECREE OF THE CENTRAL EXECUTIVE COMMITTEE AND THE COUNCIL OF PEOPLE'S COMMISSABARS OF THE U. S. S. R. OF NOVEMBER 23, 1929, AS TO CRIMINAL RESPONSIBILITY FOR THE PRODUCTION OF INFERIOR GOODS AND FAILURE TO OBSERVE STANDARDS

(Published in the Bulletin of Financial and Economic Legislation, No. 3, January 27, 1930, p. 51)

Side by side with the immense growth in quantity of the production in state industry, there has recently been observed, in a series of cases, a falling off in the quality of goods produced not only for the open market but also for the needs of state industry and transport. Numerous enterprises are trying, by lowering the quality of the products, to solve the very important problem of how to lower costs by rationalization and by increasing the productivity of labor. This phenomenon acts as a serious obstacle to the work of the socialist reconstruction of the national obstacle to the work of the socialist reconstruction of the national economy, and also does great harm to the interests of workers and peasants, as consumers, of goods. In order to insure the work of socialist construction, it is essential that there should be a definite quality of production.

With the object of intensifying the struggle against the production of inferior goods and the failure to observe fixed standards, the Central Executive Committee and the Council of People's

Commissars of the U. S. S. R. decree—

That on the basis of the second part of article 3 of the fundamental principles of the penal code of the U. S. S. R. and allied republics (U. S. S. R. Collection of Laws, 1927, No. 12, par. 122), the executive committees of the allied republics be instructed to provide in their criminal codes:

 As penalty for the systematic or mass production of inferior goods by industrial or commercial enterprises—deprivation of liberty for not more than five years, or forced labor for not more than one year.

(2) As penalty for failure to observe the standards laid down—deprivation of liberty for not more than two years, or forced labor for not more than one year.

DECREE OF THE CENTRAL EXECUTIVE COMMITTEE OF THE R. S. F. S. R. (VTSIK) AND THE COUNCIL OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R., DATED FEBRUARY 13, 1930

(Collection of Laws of R. S. F. S. R., 1930, No. 9, Ch. 107)

No. 107. Regarding the measures to be taken in order to increase the productivity of the timber industry

The Vtsik and the Council of People's Commissars decree The Vtsik and the Council of People's Commissars decree—
1. Rural soviets are empowered to undertake, as a self-imposed task of the village as a whole, a definite task in preparing and hauling timber (by this is understood the employment of their own means of haulage) in those districts where a resolution has been passed by a general meeting of citizens (a rural assembly), and where, in connection with this undertaking, the self-imposed task has been allotted amongst the separate economic units; and in cases where the decision of the rural assembly has not been executed, to inflict summary fines upon those economic units which have not fulfilled the said decision, not exceeding five times the value of the work allotted to them. In case of default of

which have not fulfilled the said decision, not exceeding five times the value of the work allotted to them. In case of default of payment of fines so inflicted rural assemblies are empowered to sell by public auction the property of the persons so fined.

Means of haulage belonging to rich peasants (kulaks) who do not fulfill their allotted tasks of preparing and hauling timber are liable, by the decision of the rural assembly, to confiscation for the needs of the timber program.

2. In the event of any person or persons resisting the fulfillment of the allotted task in the preparation and haulage of timber, and likewise should any person or persons refuse to fulfill their allotted task, the rural assembly is empowered to institute criminal proceedings against such person or persons under article 61 of the proceedings against such person or persons under article 61 of the Criminal Code of the R. S. F. S. R.

Criminal Code of the R. S. F. S. R.

3. The fines which are so imposed on separate economic units which have not fulfilled, in accordance with the resolution passed in a rural assembly, the self-imposed task undertaken by the village as a whole for the preparation and haulage of timber, are compulsorily allotted in the following proportions: As to 25 per cent to the funds devoted to the cooperativization and collectivization of poor peasants and as to 75 per cent to the local budget. This applies to cases where the fines have been imposed either summarily by rural councils or by judgment of the court under article 61 of the Criminal Code of the R. S. F. S. R.

4. Central executive committees of the autonomous republics

4. Central executive committees of the autonomous republics and provincial executive committees are empowered, in regions where the preparation and haulage of timber is carried out, and where the preparation and haulage of timber is carried out, and where it is found that all other means of providing an adequate supply of labor and/or means of haulage have been exhausted, to institute compulsory paid labor and/or haulage in order to fulfill the needs of timber preparation and transport.

Rich peasant (kulak) elements are to be engaged, having regard to local conditions, at a lower rate of pay.

The present decree is to be put into force by telegraph.

## EXHIBIT No. 10

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE R. S. F. S. R. AND OF THE DIRECTORATE OF TIMBER FLOATING OF THE SUPREME COUNCIL OF NATIONAL ECONOMY OF THE U. S. S. R. OF FEBRUARY 13, 1930, NO. 24, REGARDING THE SUPPLY OF WORKERS FOR TIMBER FLOATING DURING THE 1930 SEASON

(Izvestia of the People's Commissariat of Labor, No. 8, of 1930, p. 174; Bulletin of Financial and Economic Legislation, No. 11, of April 17, 1930, p. 41)

To the people's commissariats of labor of the autonomous republics, to the regional and provincial departments of labor, and

Timber-floating work during the 1930 season should be regarded as an especially important part of the politico-economic campaign.

The production program (R. S. F. S. R.) of timber floating for the 1930 season has been laid down at a figure of 91,300,000 cubic

meters, which shows a general increase in the volume of timber floating of more than 80 per cent as compared with last year.

This increase in volume has occasioned a considerably increased demand for workers in comparison with last year, and it is thus necessary to attract to this work fresh contingents of workers who have never before been engaged in it.

In view of all these circumstances, the state of the labor market for the fortherning them.

for the forthcoming timber-floating operations promises to be especially strained, and this renders it necessary to establish the most rigorous discipline in the labor market and the observance of a "shock tempo" in all work of the labor organizations connected with the preparation and carrying through of the timber-floating comparison.

nected with the preparation and carrying through of the timber-floating campaign.

The People's Commissariat of Labor of the R. S. F. S. R. and the directorate of timber floating of the Supreme Council of National Economy of the U. S. S. R., in conformity with the existing directions regarding the carrying out of timber-floating operations during the 1930 season (decree of the special plenipotentiary of the Council of Labor and Defense for wood and timber preparation of January 15, 1930, the decree of the collegium of the People's Commissariat of Labor of the U. S. S. R. and of the Supreme Council of National Economy of the U. S. S. R. of January 30, 1930, No. 31) recommends the acceptance, for guidance on the territory of the R. S. F. S. R., of the said regulations and of the following procedure for securing workers for the timber-floating campaign:

tions and of the following procedure for securing workers for the timber-floating campaign:

(1) On the basis of information regarding the need for labor received from economic organizations (in conformity with the circular of the People's Commissariat of Labor of the U. S. S. R., the Supreme Council of National Economy of the U. S. S. R., the People's Commissariat of Transport, the People's Commissariat of Labor of the R. S. F. S. R., the Supreme Council of National Economy of the R. S. F. S. R., and the People's Commissariat of Agriculture of the R. S. F. S. R. of August 14, 1929, regarding workers for wood and timber preparation and timber floating during the 1929–30 season (Izvestia of the People's Commissariat for Transport of the U. S. S. R. for 1929, No. 36), the People's Commissariat of Labor of the autonomous republics and the regional, provincial, and area labor departments must hasten the regional, provincial, and area labor departments must hasten the preparation of plans of operation for providing labor for the timber-floating campaign in the districts under their control.

The plans of operation shall include the most exact territorial subdivision or distribution of the labor markets for timber-floating analysis of the labor markets for timber-floating workers are included.

floating workers amongst individual economic organizations and lay down hard and fast calendar periods for the supply of labor

lay down hard and fast calendar periods for the supply of labor for timber floating.

(2) When plans of operation are drawn up the most serious attention must be paid to the correct definition of the demand and available supply of labor.

Plans for the supply of labor for timber-floating operations must be elaborated in collaboration with the chiefs of the timber-floating areas concerned, on the basis of the actually attainable standards of output and with a view to increase the productivity of labor.

of labor.

When determining the existing reserves of labor, the transition to collective agriculture methods must be taken into account, and in this connection it is necessary, through the local collective farm groups, to discover a surplus of labor which can be used for timber-floating work, and to conclude, with the collective farm groups, agreements regarding the procedure for obtaining collective farm workers for timber-floating operations. Each district shall be limited, for the purpose of the supply of workers, to a definite timber-floating river (although several organizations may be working on that river). The recruiting of pilots and specialists for the construction of timber-floating shoots may be effected for for the construction of timber-floating shoots may be effected for several timber-floating rivers in one and the same district.

(3) Agreements with collective farms regarding the procedure for attracting labor, and also agreements with timber-floating organizations regarding the procedure for placing workers at their

organizations regarding the procedure for placing workers at their disposal, are to be concluded by the labor organizations in all districts not later than February 25, 1930.

(4) All timber-floating organizations at present conducting timber-preparation work must at once start to detail, for timber-floating work for 1930, those workers who are now engaged in preparing timber but who are willing to do timber-floating work. The allotment of workers for timber floating and for timber-preparation work is to be effected similarly (circular of the People's Commissariat of Labor of the U. S. S. R. and Supreme Council of National Economy of the R. S. F. S. R. of February 21, 1929, No. 54, regarding the supply for the season 1929-30 of

timber-preparing organizations with detachments of workers—"Izvestia of the People's Commissariat of Labor of the U. S. S. R.," 1929, Nos. 9-10).

The following is the general procedure for the allotment of labor:

(a) Strict attention must be paid to the class line (circular of People's Commissariat of Labor of the U. S. S. R. of November 19, 1929, No. 360, regarding intensification of the work of labor organizations in the class selection of labor cadres—"Izvestia of the Peoples Commissariat of Labor of the U. S. S. R.," 1929, Nos.

48-49);
(b) It is to be carried out with the participation of representatives of the agricultural and forest workers' trade-unions;
(c) Allotted workers are to be registered in group nominal rolls in duplicate, one of which is to be kept by the timber-floating organization and the other by the group;
(d) Immediately after the allotment of workers engaged on timber preparation the timber-floating organization must notify those labor organizations to whom were submitted requests for

those labor organizations to whom were submitted requests for workers, with information regarding the number of workers allotted, their trades and the districts in which they reside:

(e) Summoning of workers detailed for timber-floating opera-tions (in those cases where it is impossible to effect a transfer of workers from timber preparation to timber floating without causing a stoppage of work) is to be undertaken direct by the timber-floating organizations themselves and an immediate notification made to the labor organizations;

(f) Organizations must start immediately the allotment of forest

workers for timber floating without waiting for the end of the timber-preparation work, in order that the allotment may be fully effected not later than March 5, 1930.

(6) The recruitment of workers for timber-floating work is to be effected only through the machinery of the labor organizations. The transfer of this recruitment to the timber-floating organizations themselves is only allowed in exceptional cases by mutual agreement on conditions of the complete operative subordination to the labor organizations of all recruiting operations carried out, and the places where the economic organizations carry out recruitment independently must be fixed not later than February

(7) In those places where the labor organizations have special machinery for the recruitment of workers for wood and timber preparation this machinery must be used also for recruiting work-

The cadre of recruiters must be carefully examined, and class

enemies and unsuitable persons eliminated from it.

(8) All operations of the labor organizations in connection with the recruitment of workers must be paid for by the timber-floating organizations. On making agreements regarding the procedure for the recruitment of labor the timber-floating organizations must pay the departments of labor an advance of not less than 35 per pay the departments of labor an advance of not less than 35 per cent of the total amount of remuneration accruing to them for producing the whole number of workers asked for.

(9) In every hamlet or village where timber-floating recruits are living a delegate is appointed from amongst them.

The appointment of a delegate is made by the person conducting the requirement in agreement with the right of persons of the results and the results of the ressent of the results of the results of the results of the results

the recruitment in agreement with the village workers' committee.

It is the duty of the delegate to inform workers of the proposed

dates for starting work and also to organize the assembling of the workers for travel to the place of work in accordance with the notifications received from the labor organizations or economic organizations. The delegate can not exercise any other functions. When considerable groups of workers are sent off a delegate of the

When considerable groups of workers are sent off a delegate of the labor organization must be present.

(10) The dispatch of workers to the place of work must be effected according to a fixed plan to be drawn up jointly by the labor organization and the economic organization concerned. If under this plan the workers must be transported a long distance, the labor organization must in good time, through the appropriate organization (commercial and cooperative), arrange that on the journey the workers receive their food regularly and are provided with articles of food of which there is a shortage.

rided with articles of food of which there is a shortage.

In conformity with the plan mentioned, every workers' delegate must be informed where and when workers are due to arrive for the execution of the work or for entrainment and subsequent journey to the place of work. Information in this sense must be given to the delegate not later than five days before the day fixed for the dispatch of workers.

(11) On arrival of the workers at the place of work the functions of delegates cease.

The distribution of the workers on individual tasks and the appointment of the superintending personnel is carried out solely by the administration of the economic organizations irrespective of their former grouping and of the delegates appointed to represent them.

Note.-All contracts for executing timber-floating work concluded by timber economic organizations with the All-Russian Association of Timber-Cooperatives and with the general directorate of local timber preparation work are unaffected by the present circular.

(12) When carrying out timber floating during the 1930 season, (12) When carrying out timber hosting during the 1800 scass, the timber-floating organizations must prepare to create cadres of permanent workers for timber floating by trying to utilize these selected cadres of workers for other work in the period between timber-floating campaigns, for instance, for loading and unloading, etc.

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Timber-floating organizations must at the end of the timber-floating season of 1930 allot for their work in 1930-31 not less than 50 per cent of the timber-floating workers engaged with them

during the present season.

(13) Labor organizations in agreement with the chiefs of tim-ber-floating areas must register all trained workers, such as pilots. shoot-construction specialists, the operative personnel connected with steam tugs, etc., sending them to work in timber-floating organizations in an organized manner.

(14) In connection with the regulation of labor and living conditions of workers on timber-floating work the timber-floating

organizations must take the following measures:

(a) The provision of dwellings for timber-floating workers with the necessary fittings, and the introduction of control over the

sanitation of these dwellings.

(b) The provision of each place of work and each rafting unit with the necessary quantity of standard medicine chests, organizing with the assistance of health detachments the training of persons in charge of medical supplies, and also sanitary educational work amongst the timber-floating workers.

(c) The maximum realization of rationalization measures of floating, with a view to increase the productivity of

labor, etc.

labor, etc.

(15) Recruitment of workers for timber-floating operations must be carried out with the maximum utilization of local reserves of labor, and in this connection it is necessary to start extensive recruiting operations in the villages and obtain for this task the help of all village authorities (village soviets, peasants' mutual assistance committees, etc.).

(16) Departments of labor in conjunction with the chiefs of timber-floating areas should at once institute a verification of the preparations on the spot for conducting timber-floating operations, and also for the creation of normal living conditions on timber-floating work.

Local departments of labor and chiefs of timber-floating areas

Local departments of labor and chiefs of timber-floating areas must give practical indications to their subordinates on the basis of these directions.

## EXHIBIT No. 11

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. AND R. S. F. S. R., OF THE SUPREME COUNCIL OF NATIONAL ECONOMY, OF THE PEOPLE'S COMMISSARIAT OF AGRICULTURE, AND OF THE COL-LECTIVE FARM ADMINISTRATION OF THE U. S. S. R., MARCH 3, 1930

(Published in the Bulletin of Financial and Economic Legislation, No. 8, of March 17, 1930, p. 56)

No. 87. Regarding the dispatch of labor from collective farms to seasonal branches of the national economy

8. The dispatch to work of members of collective farms must be carried out only upon the order of labor organizations, or, with their authority, upon the order of economic organizations direct; the first to be dispatched, qualifications being equal, should be the farm laborers and poor peasants from among the members of collective farms.

These orders must state:

The number of persons liable for despatch, by separate professions and trades;
(b) The date of dispatch;

(c) Place of dispatch;
(d) Exact address of the place of destination, with instructions as to where and to whom the draft must report,
The administration of the collective farm is held responsible if it dispatches members of collective farms according to their

If it dispatches members of collective farms according to their professions or trades, but not in accordance with the order.

9. The administration of the collective farm must, immediately upon receipt of the order, itself issue orders to those of its members who are liable to be dispatched. These orders must state the date of departure and the place of assembly.

The nonfulfillment by members of a collective farm of an order of the administration must be considered as the nonfulfillment of the rules governing the internal affairs of the collective farm.

10. Administrations of collective farms must, not later than three days after the dispatch of their members to work, inform area labor organizations and the area collective farm unions of the time of dispatch and the strength of the draft, according to separate professions and trades.

# EXHIBIT No. 12

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. IN AGREEMENT WITH THE PEOPLE'S COMMISSARIAT OF TRANSPORT AND THE CENTRAL COMMITTEES OF THE LOCAL TRANSPORT UNION, DATED MARCH 22, 1930

(Published in the Bulletin of Financial and Economic Legislation, No. 16, of June 7, 1930, p. 47; No. 121, regarding loading and unloading operations)

To the People's Commissars of the Allied Republics, and to the Chief Inspectors of Labor in Transport

4. Any demand for labor in respect of the following is considered as a matter of extreme urgency and is to be satisfied immediately and completely: The loading and unloading of grain on railway and water transport and all enterprises connected with transport work (grain dumps, flour mills, groat mills, elevators, train warehouses, grain drying plants, etc.); the loading and unloading of import and export goods in all ports and stations (timber export, etc.).

7. Refusal to do loading and unloading work, without adequate excuse, by any unemployed person who has been passed as suitable for such work, entails his being struck off the register and loss of unemployment benefit, according to the general rules laid down. (Decree of the People's Commissariat of Labor of the U. S. S. R., dated February 21, 1930, No. 59; Izvestia, People's Commissariat of Labor of the U. S. S. R., 1930, No. 8.)

## EXHIBIT No. 13

DECREE OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE R. S. F. S. R. OF SEPTEMBER 12, 1930, NO. 83, REGARDING MEASURES FOR SECUR-ING WORKERS FOR LOADING AND UNLOADING OPERATIONS IN THE AUTUMN OF 1930

(Published in the Bulletin of Financial and Economic Legislation, No. 27, of September 27, 1930, p. 64)

No. 27, of September 27, 1930, p. 64)

In view of the irregularity in the supply of workers for loading and unloading operations, and also the forthcoming increase in goods turnover during the autumn in connection with the transport of consignments of grain and other foodstuffs, the People's Commissariat of Labor of the R. S. F. S. R. decrees:

1. In the event of a dearth on the spot of detachments of porters for loading and unloading work during September-November, 1930, all those unemployed on the register of the labor organizations, whether they be physical or intellectual workers, who are physically fit and generally suitable for such work, must be compulsorily dispatched to work.

pulsorily dispatched to work.

A refusal by the unemployed worker to undertake loading and unloading operations without valid reasons is to be considered as a refusal to perform work of any kind, with the consequences arising therefrom (removal of his name from the register, depriva-

tion of relief, etc.).

## **Ехнівіт** No. 14

DECREE OF THE CENTRAL EXECUTIVE AND THE COUNCIL OF PEOPLE'S COMMISSARS OF THE U. S. S. R., NOVEMBER 3, 1930

(Published in the Izvestia of November 12, 1930)

(a) Regulations regarding disciplinary punishments in respect of transport

transport

2. As "duty offenses" are regarded the infringement of rules of an internal character and other rules, regulations, and instructions defining the duties and obligations of workers, as well as the nonfulfillment of the orders of heads of departments.

As "duty offenses" are also regarded failures on the part of the head of a department to use his disciplinary authority to combat duty offenses committed by workmen under his control.

Disciplinary punishments are inflicted also in respect of duty offenses not entailing criminal proceedings.

3. The present regulations establish the following disciplinary punishments:

(a) Reprimand.

(a) Reprimand.(b) Severe reprimand.

(c) Arrest for a period not exceeding three months with service.

Note on (c).—The worker serving this sentence is lodged in prison and freed daily in order that he may carry out his usual

(d) Arrest for a period not exceeding three months without

(e) Degradation to lower-grade work for a period not exceeding a year.
(f) Discharge.

(g) Discharge, without permission, for a period not exceeding the year, to serve in transport work in any capacity or in any

one year, to serve in transport work in any capacity or in any definite work.

Note 1.—The regulation regarding detention of a person under arrest, and the place of arrest, shall be determined by instructions issued by the commissiariat of communications in conjunction with the O. G. P. U. and the commissariat of internal affairs of the allied republics.

7. Disciplinary punishments, such as arrest, can be inflicted by heads of departments who have the right to engage or discharge the workman in question.

the workman in question.
Arrest may be inflicted—

(a) For a period not exceeding three days—by heads of administrative stations, by heads of constructional sections, and subsec-

(b) For a period not exceeding seven days—by heads of regional railways, directors of repair shops, heads of regional sea basins, chiefs of commercial ports, heads of regional (district) road transport organizations.

(c) For a period not exceeding 15 days—by directors of rail-ways, managers of sea-fleet basins, managers of local State river fleets, heads of the chief road transport organizations of allied republics, heads of constructional administrations, heads of regional (district) offices of the transport union organizations, heads of exploitation and planning administrations, the chief director of railways, heads of all-union branch combines and central administrative organizations of the Commissariat of Communications.

Note 1. The chief director of railways and heads of branch combines and central administrative organizations of the Commissariat of Communications can arrest all workmen subordinate to them with the exception of those appointed by the Commissar

of Communications.

11. Any of the heads of departments above mentioned may, within the limits of the rights prescribed to him for inflicting disciplinary punishments, inflict directly such disciplinary punishments.

ments without referring to his immediate superior.

15. The infliction of a disciplinary punishment does not preclude the institution of criminal proceedings for the same offense. However, in cases where the sentence has not yet been carried out, the enforcement of such punishment is postponed until judgment has been pronounced in the criminal case. The withdrawal of the charge, or an acquittal on the criminal count, does not preclude the county of the distribution of the criminal count, does not preclude the execution of the disciplinary punishment unless the reasons for acquittal or withdrawal of the prosecution are based on a refutation of the evidence relevant to the offense. In such cases the disciplinary punishment can not be inflicted later than 15 days after receipt of notice of acquittal or discharge, by the official

who sentenced the accused.

17. Before a disciplinary punishment can be inflicted, the head of the department must demand an explanation from the accused. The accused may, not later than three days after the remand has been made, furnish either verbal or written explanations. Failure to give an explanation within that period is to be no obstacle to

the infliction of the punishment.

19. Disciplinary punishments inflicted in respect of a worker are indorsed on his personal record, the worker signing a declaration to the effect that it is done with his knowledge. At the same time notice of the conviction is sent to the district in which the convicted person is employed, in such manner as to insure that the conviction is brought to the notice of all workers in his district.

#### EXHIBIT No. 15

DECISION OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. REGARDING THE REORGANIZATION OF THE LABOR MARKET

(Published in Izvestia, November 5, 1930)

Having heard the report of Comrade Vasileva, a member of the Collegium of the People's Commissariat of Labor, on the reorganization of labor exchanges, the Commissariat of Labor has recognized as essential the reorganization of the labor exchanges as directorates of labor cadres charged with the organization and

control of the preparation of labor and with supplying it to the national economic system according to plan.

Directorates of labor cadres will be organized in all industrial areas. In nonindustrial areas and rural districts recruiting offices will be established. The directorates must carry out their work

in close contact with the economic trade-union organization and the great mass of the working public.

The hiring of labor must be effected exclusively through the directorates of labor cadres. Only by their permission may the economic organizations themselves effect the engagement and recruiting of labor.

The most important branches of national economy must have the first call on labor, in particular the coal industry, unskilled labor in the metal industry, transport and capital construction in the heavy industries (glant factories).

The directorates of labor cadres must select and register as workers both adults and young persons from among the toilers of the urban and rural population. The selection of labor must be effected according to class origin, qualification, and physical conditions.

The directorates of labor cadres are entrusted with the control over the regular supply of labor to enterprises. Any excess of labor must be transferred to other important branches of industry

in which there is a shortage of labor of these cadres.

The number of persons having the right to register at the direct torates of labor cadres and to be assigned to work is considerably

extended.

The Commissar has recognized that it is essential to register The Commissar has recognized that it is essential to register and assign to work the undermentioned categories of persons seeking work (provided they are not deprived of electoral rights): Members of trade unions, members of workers', employees', and students' families who have slack periods in their work; the children of workers, employees, and farm laborers, even if they have no specialized training and have not worked for hire; members of workers' and employees' families serving in the Red Army, and less persons discharged from the Red Army, provided that they also persons discharged from the Red Army, provided that they have applied to the directorates of labor cadres not later than one year from the day on which they were taken on the register of the organs of the local military command.

The following are also subject to registration: Members of in-

dustrial cooperatives who have worked in such enterprises for not less than three years; men invalided out of labor or the army; farm laborers; poor peasants; members of cooperative farms; and all single women who have worked for not less than six months in workshops organized by organizations for the protection of

mothers and children.

Persons seeking work and registered at the directorates of labor cadres do not enjoy any unemployment benefits.

All persons registered at the directorates of labor cadres must be sent to work not later than three days after the day of registration. Soldiers and persons discharged from the Red Army are sent to work on the day of registration.

To industrial enterprises there will be sent, besides the basic cadres of workers, members of workers' families, members of industrial cooperatives, farm laborers, and poor peasants of the villages. Members of "shock" workers' families enjoy a preferential right to be sent to and engaged on work in industrial and transport enterprises in which members of their family are working.

Persons who have been combed out of establishments and enter-prises under the first category are registered at the directorates and told off for unskilled labor only.

Persons combed out under the second and third categories are egistered on a general basis, but they can not be sent to work in

those districts, departments, and enterprises in which they have been forbidden to work by the combing-out commission.

Deserters and "fliers" are placed by the directorate of labor cadres in a special register and for six months are not sent to work in industrial enterprises but are employed on physical gang labor.

In industrial enterprises but are employed on physical gang labor. Persons who refuse work offered for which they are particularly qualified are placed on a special list with deserters and "filers" and are sent to physical gang labor. If they refuse the latter, they are struck off the register altogether.

Illness vouched for by medical certificates, and lack of living accommodation on transfer to work in another place, are considered valid reasons for refusing work. Women with husbands and children can not be sent to work in another place without their own consent. their own consent.

## EXHIBIT No. 16

DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R. OF DECEMBER 8, 1930, CONCERNING THE EMPLOYMENT OF WOMEN IN INDUSTRY AND IN STATE AND COOPERATIVE ADMINISTRATIONS

(Published in the Izvestia of December 20, 1930)

In order to satisfy the labor demands of rapidly developing in-dustry and other branches of national economy, and in order to attract more and more women into active socialist construction, it is essential to develop the employment of women in all branches of the national economy. The increased attraction of women into industry will, in addition, make possible the maximum utilization of local labor resources and will contribute to the creation of solid

of local labor resources and will contribute to the creation of solid and permanent workers' cadres.

Past experience of the employment of women in the industrial life of the country fully demonstrates the possibility and propriety of an extensive employment of women even in those branches of national economy in which women have hitherto not worked all or only in negligible numbers. Meanwhile the directors of at all or only in negligible numbers. Meanwhile the directors of state and cooperative institutions and organizations do not show the requisite initiative and perseverance in the matter of the

extensive utilization of women as workers.

## EXHIBIT No. 17

DECREE OF THE CENTRAL EXECUTIVE COMMITTEE AND COUNCIL OF PEO-PLE'S COMMISSARS OF THE U. S. S. R., DATED DECEMBER 15, 1930

(Published in Izvestia of December 17, 1930)

Procedure for the engagement and distribution of labor and the campaign against the fluidity of labor

The immense successes in the socialistic industrialization of the country and the rapid tempo of collective and state farm con-struction have brought about the complete liquidation of unemployment.

In this connection it has become necessary, simultaneously with the training of new labor cadres, to utilize more fully and rationally the existing labor forces in all branches of the national

Planned utilization can only give the best results if it is coupled with measures permitting the wider extension of socialistic forms and methods of work (socialist competition, shock-brigade tactics, etc.). At the same time planned utilization of labor is impossible without a decision and systematic campaign against all disorganizing elements in production.

In view of the above, the Central Executive Committee and the Council of People's Commissars of the U. S. S. R. decree:

1. Labor organizations are charged with the duty of insuring the planned distribution of labor within the limits approved by the competent planning organs.

2. All undertakings, institutions, organizations, and individuals are obliged to engage workers and employees only through the

labor organizations, except in the cases mentioned in this decree.

3. The employment of persons who have passed through higher educational institutions or technical schools is effected in accordance with the special laws regarding their allocation to employment.

The People's Commissariat of Labor of the U.S.S. R. shall fix the category of persons to be registered with labor organizations as seeking employment, and the procedure to be followed in placing them in employment. In this connection it should be borne in mind that persons who by their social position are nearest to the working classes should be set to work in industry and transport.

5. As an exception to article 2 of this decree, the following persons may be engaged without resort to the labor organizations:

(a) Responsible administrative-technical workers and special-

ists;

(b) Workers leaving one undertaking, institution, or economic organization for another with the consent of the management of the undertaking, institution, or organization in which they are

employed;
(c) Apprentices to handicraft workers, or to craftsmen working on their own or employing not more than two hired workers;
(d) Poor peasants, male or female, in 1-man peasant farms,

(d) Poor peasants, male or f and shepherds in peasant farms;

(e) Domestic servants;

(f) Other workers, by special agreement with the labor organi-

Lists of the situations for which, in accordance with (a), the employer is permitted to engage workers directly, and also the procedure for making agreements under (f) shall be fixed by the People's Commissariat of Labor of the U. S. S. R.

8. In order to insure a supply of skilled workers and specialists, for enterprises of the most important branches of the national

8. In order to insure a supply of skilled workers and specialists, for enterprises of the most important branches of the national economy (iron and steel, coal and chemical industries, machinery construction, capital construction, transport, and the electrical industry) at the expense of the less-important branches or the less-important undertakings of such branches, the People's Commissariat of Labor of the U. S. S. R. has the right, on notifying the economic organizations and in agreement with the tradeunions, to carry out, with the sanction of the Council of Labor and Defense, the transfer of skilled workers and specialists to other branches of the national economy or to other localities for utilization in the work for which they are specially qualified.

other branches of the national economy or to other localities for utilization in the work for which they are specially qualified.

13. Malicious disorganizers of output, who leave their work in the socialized sector without authorization and without satisfactory excuse, are not, in the event of their applying for work to labor organizations, given employment in industry or transport for a period of six months.

The People's Commissariat of Labor of the U. S. S. R. is instructed to define within one month the category of persons falling within the purview of this article.

14. Persons registered with the labor organizations who refuse without satisfactory excuse to accept employment on work for which they are specially qualified, and to which they are directed by the labor organizations, are removed from the register for a period of six months.

# **Ехнівіт** No. 18

DECREE OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. OF DECEMBER 23, 1930, NO. 374, CONCERNING THE REGISTRATION AND DISPATCH TO WORK OF PERSONS SEEKING WORK

(Published in Izvestia of December 29, 1930)

The severe shortage of labor caused by the tremendous growth of socialist construction necessitates the bringing in of fresh cadres into all branches of the national economy. To this end it is essential to widen the circle of persons registered by the reorganized labor exchanges (administration of cadres).

The registration of persons seeking work

1. All members of trade-unions may be registered at the re-

organized labor exchanges.

Of the number of persons who are not members of tradeunions, such of the following as have the right to vote at the
elections for the soviets may be registered:

- unions, such of the following as have the right to vote at the elections for the soviets may be registered:

  (1) Children of wage-earning and salaried employees, persons in military service; those under training in educational centers (although they may not have previously been employed for remuneration and have not received any special instruction);

  (2) Wives, divorced wives, and widows of wage-earning and salaried employees, of those in military service, and of students (although they may not have previously been employed for remuneration or received any special training);

  (3) Other members of families of wage earners and persons in military service whose work for remuneration has been interrupted, irrespective of the length of such interruptions;

  (4) The members of families of wage-earning and salaried employees who are dependent on those called up for service in the Workers' and Peasants' Red Army.

  (5) Members of families dependent on wage-earning and salaried employees who are sent to work on collective state farms; and members of urban soviets who are selected for aggricultural work.
- (6) Wage-earning and salaried employees whose work for remuneration has been interrupted, irrespective of the length of such interruptions;

(7) Persons discharged from the Workers' and Peasant's Red Army, if they have applied to the reorganized labor exchanges not later than one year from the time of their discharge from the Workers' and Peasants' Red Army;

(8) Those who have been discharged from service with the

militarized auxiliary forces and the militarized fire brigades, at the expiry of their period of service, or as the result of reductions of establishment or on account of illness, if they have applied to the reorganized labor exchanges not later than one year from the time of their discharge from the auxiliary forces;

- year from the time of their discharge from the auxiliary forces;

  (9) Former Red guards and Red partisans;

  (10) Persons who have received an order of the Soviet Union;

  (11) War and labor invalids who have been classified as such by a committee or medical board in accordance with their medical condition and their vocational calling, and are recognized as fit for labor (having regard to their disability), and also the wives, divorced wives, widows, and children of labor and war in-
- (12) Former members of artels, which are incorporated into the system of industrial cooperatives, in cases where such members have worked in cooperative workshops and undertakings during the three years prior to their leaving the artels, and have applied to the reorganized labor exchanges not later than six months after their leaving;
- (13) Children of members of industrial cooperative organiza-tions and of individual handicraft workers;

(14) Inventors who are the holders of patents or certificates

from organizations which assist inventors;

(15) Farm laborers, poor peasants who work their land themselves, members of collective farms and their children;

(16) Mothers living alone and women living alone, who are registered with the public-health or social-insurance organizations:

(17) Women who belong to the aboriginal population of the

East

(18) Persons who have undergone any form of sentence (deprivation of liberty, compulsory labor, etc.), if, before proceedings were instituted against them, they belonged to one of the categories enumerated above, and had applied to the reorganized labor exchanges not later than six months after they had undergone their sentence.

2. Reorganized labor exchanges must also register persons who 2. Reorganized labor exchanges must also register persons who are not working at their own occupations, should they desire to transfer to another job in their own trade or profession, if there is a shortage in that trade or profession. Such persons must not be removed from their work by the reorganized labor exchanges until they can be given work in accordance with their qualifications. This article does not apply to persons who are employed in transport, in constructional work, or any seasonal work.

3. The persons enumerated in article 1 are only to be registered at the reorganized labor exchanges nearest to their permanent place of residence.

Members of collective farms must be registered at the office of the collective farm which communicates lists of registered collective farm which communicates lists of registered collective

the collective farm which communicates lists of registered collective farm workers to the nearest reorganized labor exchange.

4. Registration with the reorganized labor exchange does not

4. Registration with the reorganized labor exchange does not give the right to any form of privilege.

10. Malicious disorganizers of production, or persons who, of their own free will, leave their work in socialized undertakings will not be sent to work in industry or transport for six months after applying to the reorganized labor exchanges.

A special register of such persons shall be kept by the labor exchanges

The class of person falling within the scope of this article shall be defined in a special decree of the People's Commissariat of Labor of the U. S. S. R.

11. Persons refusing, without good reason, an offer of work in their own trade or profession (even if in another part of the country) or refusing to undergo training in another trade or profession if their own trade or profession is slack, will be removed from the register for a period of six months.

Such persons, in the event of their applying for work within the period during which they are off the register, may be utilized in mass physical labor (forestry, timber-preparation work, peat cutting, loading and unloading operations, snow clearing, etc.)

The following will be considered as adequate reasons for refusal

The following will be considered as adequate reasons for refusal to take up work offered by the reorganized labor exchanges:

(a) Illness, if supported by a medical board attached to the administration of the cadres.

(b) A refusal based on the nonreceipt of sufficient living accom-

modation on transfer to a new locality.

(c) The refusal by a wife of work which would entail her departure from the place where her husband resides.

# EXHIBIT No. 19

[Source: Moscow Izvestia, No. 292, October 22, 1930]

MEASURES FOR PLAN—GOVERNED SUPPLY OF LABOR MAN POWER TO NATIONAL ECONOMIC LIFE, AND STRUGGLE AGAINST THE TENDENCIES TO FREQUENT CHANGE OF EMPLOYMENT

# (Translation)

Resolution of the Central Committee of the All-Union Communist Party of October 20, 1930

Party of October 20, 1930

The tremendous success of the socialistic industrialization of the country and the rapid rate of building up collective farms and Soviet farms have led to the complete elimination of unemployment in the Soviet Union and have created the need for additional hundreds of thousands of laborers. The shortage of labor man power in industry and in other sectors of national economic life has in the current year become a difficulty (literally, "tight place") which prevents the adoption of rapid rates of progress in socialistic construction work. The proper solution of this question is the most important economic-political task which, in all its gravity, confronts the organs of the commissariat of labor.

Notwithstanding this the Commissariat of Labor has been display-

Notwithstanding this the Commissariat of Labor has been display-ing a clearly bureaucratic attitude to economic tasks and instead ing a clearly bureaucratic attitude to economic tasks and instead of organizing a speedy distribution and utilization of the required labor man power it has been paying allowances to hundreds of thousands of so-called "unemployed" who were drawing tens of millions of rubles, no measures whatsoever being adopted against malingerers and floaters. The apparatus of the Commissariat of Labor as well as its local organs were unable to adapt their activities to the tasks of the reconstructive period confronting them; they were displaying an unpermissible slackness in the work and sundry individual officials in prominent positions were trying to tney were displaying an unpermissible slackness in the work and sundry individual officials in prominent positions were trying to camouflage the existing defects in the apparatus in connection with the task of solving the principal problems in the sphere of procuring labor man power, thereby bringing about a sham welfare.

The Central Committee of the All-Union Communist Party regards these facts as manifestations of practical right-wing opportunism within the former management of the Commissariat of Labor of the U. S. S. R.

With a view to guaranteeing to industry and the other sectors of national economic life sufficient labor man power, the Central Committee of the All-Union Communist Party has resolved:

Noting the extreme slowness and lack of plan in the matter of 1. Noting the extreme slowness and lack of plan in the matter of training labor man power for the most important branches of national economic life, such as metallurgy, the mining industry, the chemical industry, the transport service, and construction work, to make it incumbent upon the Supreme Soviet of National Economy, the Commissariat of Ways of Communication, and the Commissariat of Labor of the U. S. S. R. to arrange for these branches a plan-governed training and distribution of labor man power, appointing for this purpose personally responsible persons, who are to supervise the training and the correct distribution of laborers to the various establishments.

The supplementary man power of skilled labor required for the

The supplementary man power of skilled labor required for the year 1931 for the principal branches of industry amounts to 1,300,000, and this number must be found by training and retraining suitable persons, this to be done by the various organs of industry, the transport service, and the Commissariat of Labor, through the schools of works and factory apprenticeship, through the metallurgical apprentice schools, through accelerated training courses in industry itself, through the Central Institute of Labor, and through brief training courses arranged by the organs of labor, and also by means of promoting the existing cadres to work

requiring higher skill.

To make it incumbent upon the Commissariat of Labor, the Supreme Soviet of National Economy, the Commissariat of Ways of Communication of the U. S. S. R., and the All-Union Central Soviet of Labor Unions to draw up within 20 days a practical plan for training labor man power for the year 1921 for the needs not only of the existing enterprises but also of these these are power. not only of the existing enterprises but also of those that are now in course of construction, and to furnish them with all that is necessary not only for the training of laborers but also for satisfying their needs in respect of housing, etc.

2. In view of the acute shortage of labor man power in all

branches of economic life, to instruct the Commissariat of Labor to register at the labor organs the following categories, apart from those catagories of toilers which are now entitled to such

registration:

(1) Members of families of laborers and employees who are not members of labor unions and who have not been working without interruption, no matter how long these periods of interruption

(2) Children of laborers and employees, even without special

training and not employed for hire.

(3) Wives and widows of laborers and employees who are not members of labor unions and have no special education.

(4) Members of cottage-industrial cooperatives who were formerly working for hire, and children of cottage workers who are working without hired help.

(5) Farm laborers who are not members of labor unions, bed-naks, and collective farm workers.

Such registration has to take place according to the place of permanent domicile, and is not to imply any privileges in connec-

tion with unemployment.

To instruct the Commissariat of Labor, jointly with the All-Union Central Soviet of Labor Unions and the interested organizations, to elaborate within 10 days a method of assigning to work all these persons registered in such a way that members of families of laborers, cottage workers who are members of industrial cooperatives, and farm laborers and bednaks may be sent to the sundry industrial enterprises.

In the event of any of the persons registered refusing to accept the work to which they have been assigned, they are immediately to be taken off the lists by the pertinent organs of labor.

Within 20 days the labor exchanges are to be recognized, so that they may prepare and distribute labor man power in a plan-

they may prepare and distribute labor man power in a piangoverned way.

3. With a view to supplying the principal branches of national
economic life with skilled (literally, qualified) labor, to grant the
Commissariat of Labor of the Union and the commissariats of
labor of the several federal republics the right, by agreement with
the labor unions and in response to indentations on the part of
the economic organs, to remove and transfer skilled laborers and
specialists from less-important branches of national economic life,
enterprises and institutions to more important ones, such as the enterprises, and institutions to more important ones, such as the coal branch, berrpis metallurgy, the transport service, and large capital construction work, as well as from one rayon to the other.

4. To make it incumbent upon the Supreme Soviet of National

4. To make it incument upon the Supreme Soviet of National Economy, the Commissariat of Labor, and the All-Union Central Soviet of Labor Unions to check and scrutinize systematically the qualifications of laborers with a view to transferring them to higher posts, raising their skill and qualification through specially

organized training courses

Such skilled-labor man power as will be found by the economic organs and labor unions to be employed outside the sphere of their specialty at the given enterprises shall be transferred to other

their specialty at the given enterprises shall be transferred to other enterprises in a manner to be established by the organs of labor.

5. For not releasing labors and persons of the administrative-technical personnel who are subject to such transfer for incorrectly utilizing persons belonging to trades in which a shortness of man power is felt at the given enterprise, for luring laborers and technical personnel away from other enterprises, for violating the rules established in the collective contracts in regard to wages, and for employment of labor over and above the numbers required under the plan the managers of enterprises and institutions and also members of the technical personnel who avoid transfer shall also members of the technical personnel who avoid transfer shall be held responsible.

6. In view of the strong tendencies on the part of laborers and the technical personnel to change their places of employment frequently, and noting also the insufficiently energetic struggle against this phenomenon, to make it incumbent upon the economic of the content of the

against this phenomenon, to make it incumbent upon the economic organs and the labor unions to adopt the following measures for the secure attachment (adscription) of labor and technical personnel to the given establishments:

(a) With a view to preserving the existing cadres of skilled
laborers at the works and factories, to prohibit, for the next two
years, the nomination of laborers from the workbench to any
posts in the administration apparatus, nominating laborers from
the workbench only for higher posts in the sphere of direct
production work at the factory, and in the sphere of labor union
activities:

production work at the factory, and in the sphere of labor union activities;

(b) Laborers and members of the technical personnel who have rendered good account of themselves in the sphere of direct production work (as members of labor shock brigades and participants in socialistic emulation), who are putting out work of the highest quality, and also persons who are employed at a considerable length of time at a given enterprise, who are coming forward with valuable proposals, suggestions, and inventions, shall be given encouragement by being granted preference in the matter of obtaining housing accommodation, of being sent to higher technical and other training establishments, to homes of rest, and to health resorts, in the matter of being sent abroad for their studying technique and the organization of production, and in the matter of supply with goods in respect of which a shortage of supply is experienced, etc.;

(c) Members of the family of a laborer belonging to a labor shock brigade, such as wife or husband, and children, shall have preference in respect of admission to work at the industrial enterprises at which the principal members of their families are employed. Such persons shall enjoy preference in the matter of admission to training courses, to works and factory apprentice schools, to higher technical, and other training establishments.

7. Laborers who have been employed for two years, commencing with November 1, 1930, in the mining industry, the metal industry, the chemical industry, the building-material industry, and at large construction works shall be entitled, in addition to the ordinary leave of absence established by law, to three days' extra leave, or a monetary compensation in lieu thereof amounting to three days' wages; also laborers employed in the textile industry and in the transport service shall be entitled to an extra leave of absence over and above the ordinary leave established

dustry and in the transport service shall be entitled to an extra leave of absence over and above the ordinary leave established

leave of absence over and above the ordinary leave established by law, to the extent of three days, or to a monetary compensation amounting to three days' wages.

8. To instruct the Commissariat of Labor of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the Commissariat of Ways of Communication, jointly with the State Plan Commission of the Union, and with the All-Union Central Soviet of Labor Unions, to elaborate by January 1, 1931, suitable measures for eliminating the motley character in the matter of wages of laborers of equal skill, employed at one and the same enterprise or at different enterprises of one and the same district. To instruct the Commissariat of Labor, jointly with the Su-

instruct the Commissariat of Labor, jointly with the Supreme Soviet of National Economy, to prepare cadres for the technical standarization of labor at the various interprises, and to increase the control exercised by the organs of labor in the matter of technical standardization of labor at the several enterprises; and with this end in view to increase the cadres of the

labor organs by means of organizing special courses.

9. Being aware of the fact that industrial establishments have been contaminated by socially alien elements, it shall be incumbent upon the Commissariat of Labor of the U. S. S. R., jointly with the Supreme Soviet of National Economy and the All-Union Central Soviet of Labor Unions, to adopt measures for

elimination.

Deserters and floaters shall be deprived, for a period of six months, of the right to be sent to work at industrial enterprises. It shall be incumbent upon the Commissariat of Labor of the U. S. S. R. to revise the rules regulating the internal life of establishments, as well as the tables providing fines and measures of punishment, in such a way as to promote the strengthening of labor discipline, the rational utilization of labor man power, and to stimulate the attachment (adscription) of the laborers to the enterprises.

10. Noting the fact of self-attachment (self-adscription) on a mass scale of laborers belonging to labor shock brigades for periods covering the time required for completion of the 5-year plan, this initiative on the part of the laborers should be given every encouragement; the All-Union Central Soviet of Labor Unions should be instructed to start a broad explanatory campaign among the labor masses concerning the importance of such initiative for the successful execution of the industrial and financial tive for the successful execution of the industrial and financial plan, and to see that this should take place on the principle of voluntary participation; in this connection the said soviet should in no case permit the collective contracts being set aside nor should it tolerate any administrative pressure.

11. Noting the exceedingly unsatisfactory composition of the body of qualified party workers in the apparatus of the labor organs, it shall be incumbent upon the secretariat of the control committee to map out measures for strengthening the Commissariat of Labor of the Union, as well as its local organs, by an

infusion of qualified party workers.

12. With a view to intensifying the practical work of the labor unions in the organs of labor, the All-Union Central Soviet of Labor Unions shall be instructed to map out concrete measures for drawing the labor masses into the work of the organs of labor,

bringing those masses as near as possible to the direct operative work of the organs of the Commissariat of Labor (preparing qualified cadres of laborers and specialists, questions of protectional labor, wages, schedule, and rationalization work).

13. To instruct the Commissariat of Labor of the U.S. S. R. to

draw up and carry out, within one month, the necessary altera-tions in labor legislation and social insurance in conformity with

## EXHIBIT No. 20

[Source: Moscow Za Industrializatsiu (For Industrialization), No. 239, October 11, 1930]

THE PAYMENT OF UNEMPLOYMENT ALLOWANCES HAS BEEN SUSPENDED. THE UNEMPLOYED ARE IMMEDIATELY SENT TO WORK

Resolution of the People's Commissariat of Labor No. 314, dated October 9, 1930

## [Translation]

The People's Commissariat of Labor has resolved:

1. In view of the immense shortage of labor in all spheres of national economy, insurance-fund officers are instructed to suspend

the payment of unemployment allowances.

No assignments for the payment of unemployment allowances have been provided by the budget of social insurance for the supplementary quarter of October-December, 1930.

2. It is incumbent upon the organs of labor to take all measures

2. It is incumbent upon the organs of labor to take all measures toward the immediate dispatch to work of unemployed—in the first place, persons entitled to unemployment allowances.

3. The unemployed should not only be directed to the fulfillment of work in accordance with their specialty but should also be directed to other work not demanding specific qualifications. Simultaneously, the organs of labor, taking local conditions for their point of issue (the need in one or another specialty), should haveled the state of metallicians.

their point of issue (the need in one or another specialty), should develop more broadly the work of restraining and training.

4. No excuses whatsoever, excepting that of sickness, confirmed by a medical certificate, for refusal to engage in work offered should be taken into consideration. Refusal to work will lead to removal from the registration lists of the labor exchange. Medical certificates must be issued to the unemployed by medical consultations and by medico-control commissions. An allowance reckoned as an unemployment allowance but paid from the security appropriation against temporary disability is paid to those unemployed who possess hospital certificates.

5. Personal responsibility for the timely and regular putting into effect of the present resolution is placed upon the managers of labor departments (and where labor departments do not exist, upon the directors of labor organs) and upon the chairmen of insurance offices.

insurance offices. 6. Article 1 of the present resolution is to be put into effect by telegraph.

TZIK HON. People's Commissar of Labor of the U.S.S.R. KOTOV

Chief of the People's Commissariat of Labor of the U.S.S.R.

# EXHIBIT No. 21

[Source: Moscow Izvestia, No. 18, January 18, 1931]

RESOLUTION OF THE PEOPLE'S COMMISSARIAT FOR LABOR OF THE U. S. S. R., OF JANUARY 16, 1931, CONCERNING THE SENDING BACK TO WORK ON THE RAILWAY LINES OF PERSONS WHO FORMERLY WORKED IN THE RAILWAY SERVICE

# [Translation]

In view of the importance of the railway transport for socialistic upbuilding work, and in order to obtain the required railway personnel, the People's Commissariat for Labor of the U. S. S. R.

resolves:

To send back to work on the railways all former transport workers of the categories enumerated below who have worked on the railways within the last five years.

1. Directors of enterprises and institutions (except transport enterprises and war industries) are bound to ascertain, with the help of local public organizations, and to discharge within 10 days from the day of publication of this resolution, paying them two weeks' wages as a discharge allowance, all persons belonging to the categories enumerated below, submitting lists of such persons to the local labor departments:

(a) Engine drivers and their assistants.

(b) Skilled laborers who have repaired rolling stock (lock-smiths, turners, smiths, boilermakers, founders, mechanics, welders, electric welders, fitters, assistant foremen, etc.).

(c) Skilled laborers of the line service (station masters on duty, station masters, employees in the line service offices, officials for making up trains, chief conductors, train dispatchers, rolling-stock foremen, instructors of engine drivers, instructors-inspectors for the repair of rolling stock and for the line service, etc.).

(d) Engineers and technical transport specialists.

2. Persons guilty of detaining and hiding persons who are re-

2. Persons guilty of detaining and hiding persons who are required to be sent back to the transport service will be held responsible for such acts by the labor organs in accordance with

3. Chiefs of railway lines have to submit to the labor organs within 10 days from the day of publication of this resolution, through the chiefs of regional stations, depots, and sections of the line, requests for transport personnel.

4. Special officials at the local labor departments shall be appointed for the general direction of the registration of transport workers, and of their distribution among railway lines, coordinating their work with the administration of the respective railway district and the Railway Workers' Union.

5. Former transport workers enumerated in article 1 of this resolution must appear within five days after their discharge from their former post, at the local labor department at their place of residence, in order to obtain information concerning their new

appointments.

appointments.

6. In case there should be no demand for transport workers at their place of residence, chiefs of railway lines shall send them to other sections of the same railway line. In case there should be no demand for labor on the whole line, chiefs of lines must immediately inform the People's Commissariat for Labor of the U. S. S. R., and the Labor and Personnel Administration of the People's Commissariat for Ways of Communication, stating the number and qualification of the available transport workers, so that they may be transferred to other railway lines.

7. Republican, regional, and oblast labor departments must submit every five days to the People's Commissariat for Labor of the U. S. S. R. and the People's Commissariat for Ways of Communication reports concerning the dispatch of workers to the railway service, stating the number of persons who have been sent back, their qualification, the places to which they were sent, and from where they were taken.

8. The entire work of sending back former transport workers

8. The entire work of sending back former transport workers to the railways must be completed on or before March 1, 1931.

9. In view of the great importance of the recruitment of skilled laborers for the transport service, the people's commissars for labor of the constituent republics and the chiefs of labor departments are made personally responsible for the timely fulfillment of this recolution. of this resolution.

Penalties will be imposed on persons guilty of nonfulfillment and delay in fulfilling this resolution.

TSIKHON, The People's Commissar for Labor of the U. S. S. R. RUKHIMOVICH,

The People's Commissar for Ways of
Communication of the U. S. S. R.
ALEXEEV,
Member of the Collegium of the People's Commissariat for
Labor of the U. S. S. R. and Chief of the Department for
the Training and Supply of Labor.

## EXHIBIT No. 22

[Source: Moscow Izvestia, No. 19, January 19, 1931]

DEFINITION OF PERSONS WHO ARE REGARDED AS MALICIOUS DISORGAN-IZERS OF PRODUCTION—RESOLUTION OF THE PEOPLE'S COMMISSARIAT FOR LABOR OF THE U. S. S. R.

# [Translation]

In order to make the fight against disorganizers of production more effective the People's Commissariat for Labor of the 'f. S. S. R., in accordance with article 13 of the resolution of the Central Executive Committee and Soviet of People's Commissars of

tral Executive Committee and Soviet of People's Commissars of December 15, 1930, "concerning the employment and distribution of labor and the struggle against the fluctuation of labor" (Izvestia of the Zik of the U. S. S. R. and the Vzik, No. 346, of December 17, 1930), resolved as follows:

1. The following persons shall be regarded as malicious disorganizers of production:

(a) Persons who have left their work in enterprises and institutions of the socialized sector on their own authority without notifying the administration in due time, without awaiting their replacement by other laborers, and before the expiration of the term of work agreed upon when hired.

(b) Persons who have left on their own authority the work to which they were assigned after the completion of their education,

(b) Persons who have left on their own authority the work to which they were assigned after the completion of their education, if they left their work before the expiration of the fixed term.

(c) Persons discharged on account of violation of labor discipline, which found its expression in:

(1) The willful damaging and spoiling of instruments, machinery, and materials.

(2) Systematic loafing.
(3) Systematic production of defective goods.
(4) Absence from work without good reasons.
(5) Refusal without good reasons of work if such a refusal has caused the nonfulfillment of the production program or of an

urgent task.

(6) Leaving work before the end of the working day (or work on duty), if this work was important for the whole or part of the enterprise, also if thereby the lives of the laborers were endangered (electric power station, engine department, boiler department) ment, locomotive, etc.).

(7) Hooliganism in production.

(8) Reporting for work in a drunken condition.

(9) Insulting the administrative and technical personnel dur-

ing the execution of their official duties.

(10) Stealing of property belonging to the enterprise or in-

stitution.

2. The reasons for discharge must be entered by the administra-

tion in the labor booklet.

If a discharged person is not in agreement with the reasons given for his discharge, he is entitled to file a complaint in accordance with existing regulations.

3. Persons enumerated in article 1 of this resolution applying for work to the cadre administrations of the labor organs must be registered separately and must not be sent to work in industry and transport before the expiration of six months.

KRAVAL Assistant People's Commissar for Labor of the U.S.S.R. ALEXEEV,

Member of the Collegium of the People's Commissariat for Labor of the U.S.S.R. TSYBULSKI

Coordinated with the All-Union Central Soviet of Labor Unions.

## EXHIBIT No. 23

[Source: Moscow Za Industrializatsiu, No. 207, July 29, 1931] TO ALL LABOR ORGANS, COLLECTIVE FARMS AND COLLECTIVE FARM ORGANI-ZATIONS, AND TO ALL ECONOMIC ORGANIZATIONS

## [Translation]

For the practical execution of all directives of the party and government, and with a view to assuring the successful progress of the operations for supplying national economic life with labor cadres in the second half of the year 1931, the People's Commissariat for Labor of the U. S. S. R., the Supreme Soviet of National Economy of the U. S. S. R., and the Kolkhozcenter of the U. S. S. R., with the concurrence of the People's Commissariat for Agriculture of the U.S.S.R., the All-Union Central Soviet of Labor Unions, and the People's Commissariat for labor of the R.S.F.S.R.,

establish the following rules for guidance:

1. The commissariats for labor of the several constituent republics and the oblast labor sections, jointly with the economic organs, and with the participation of the collective farm unions shall, within 10 days, sum up the results of the recruitment of labor in the several rayons and localities where recruitment is labor in the several rayons and localities where recruitment is being done, and, taking into consideration the new orders and applications of the economic organs for the recruitment of labor in the third and the fourth quarters, they shall inform the rayon organizations of how many and what workmen, and by what economic organs, will be recruited within the territory of the given rayon in the course of the second half year. In this connection partial alterations may be introduced in the allocation of recruitment rayons, taking into consideration any new conditions in the recruiting of labor as well as the progress of the execution

in the recruiting of labor as well as the progress of the execution of the orders made in the several rayons.

2. The rayon labor organs, jointly with the economic organs, and with the participation of the rayon collective farm unions, and basing themselves on the tasks given them, shall apprise every economic organ of what village soviets and collective farms have been estimated to it for purposes of recruitment. In design this economic organ of what village soviets and collective farms have been assigned to it for purposes of recruitment. In doing this the number of the able-bodied population under the given village soviet, the number of collective farm members, the economic strength of the one or the other collective farm, and its production plan shall be taken into consideration.

3. In allocating the rayons and localities for recruitment, the labor organs shall assign to the economic organs for recruitment those rayons which customarily used to provide migratory labor for these economic organs for work endeavoring to arrange mat-

those rayons which customarily used to provide migratory labor for these economic organs for work, endeavoring to arrange matters in such a way that in any given locality, or collective farm, such recruitment is carried on, if possible, only by one economic organization. In this connection the larger labor-employing concerns and the collective farms should be permanently assigned (in Russian zakrepit), and such assignment to one another must be put into effect before the end of 1931.

4. Not later than 10 days after having been notified by the labor organs to which collective farms they have been assigned for purposes of recruitment, the economic organs shall conclude with them contracts concerning the designation by them of migratory workmen and assistance in the matter of recruitment. These contracts are to be mutually binding obligations (Articles 5

contracts are to be mutually binding obligations (Articles

and 6).

5. The collective farms shall assume, as a rule, the following obligations:

(a) To adopt measures for the best possible organization of labor within the collective farm, and for making the largest possible surplus of labor available for migratory work.
(b) To designate the number of migratory workmen required by the economic organ, and let them go to work with the economic organ without impediment.
(c) In lieu of providing migratory labor, the collective farms

(c) In lieu of providing migratory labor, the collective farms may conclude a contract for carrying out a certain task by their members, such as, for instance, the cutting and removing of timber on and from a given tract, the carrying out of loading operations at a given landing stage or wharf, in the course of a given period of time, etc.

6. The economic organizations shall assume, as a rule, the following obligations:

(a) To render to the collective farm assistance in the matter of organizing labor by means of detailing their own workers to the collective farm for a temporary period, or, if the collective farm supplies large number of laborers, by maintaining at the collective farm at the expense of the given economic organ a

special worker for organizing labor;

(b) To render to the collective farm assistance in the matter of drawing up the production and labor plans, and in the matter

of improving the financial and accounting work of the collective farm by means of temporarily detailing their own economists, plan workers, and accountants to the collective farm;

(c) To grant to the collective farms for each migratory workman supplied special sums for improving their production work in conformity with the rules established in the resolution of the People's Commissariat for Labor of the U. S. S. R., dated July 17, 1931 (No. 202), concerning the granting by economic organs of special sums to collective farms for the purpose of providing migratory labor: migratory labor;

(d) To organize at the enterprise or at the collective farm training courses for training qualified cadres from among the number of the collective-farm members for the needs of the enterprise as

well as of the collective farm.

7. Apart from the obligations enumerated in articles 5 and 6, the economic organs and the collective farms shall be entitled to include on their own initiative in the contracts also other provisions concerning mutual aid that would assure the amplest possible supply, by the collective farms, of migratory labor to the permanent as well as seasonal branches of natonal economic life.

Soviet farms and soviet timber farms shall be entitled to take upon themselves the obligation of rendering assistance to a collective farm situated in the vicinity by supplying it with implements of production, draft power, and in the shape of repairing at its workshops the agricultural implements of the collective

Enterprises may send to the collective farms artisan brigades for repairing implements and to supply at fixed prices any metal scrap, shavings, etc., that can be utilized at the collective farm.

Building organizations may render assistance to collective farms

by drawing up projects for, and supervising building work at the collective farms.

collective farms.

8. Land and collective farm organs shall be instructed to set aside from the total amount of agricultural machinery in every rayon—a special reserve of such machinery for distribution to those of the collective farms that are supplying the largest numbers of migratory laborers. In this connection not only the absolute numbers of migratory laborers provided by the given collective farm shall be taken into consideration but also the percentage of such migratory labor in comparison with the total number of able-bodied members of the collective farm. Special privileges shall be given to collective farms which have fulfilled, and overfulfilled, their contracts with the economic organs.

and overfulfilled, their contracts with the economic organs.

The norms and the mode of preferential supply of agricultural machinery to collective farms (on the basis of this article) shall be established not later than August 1 by the commissariats for agriculture and the kolkhozcenters of the several constituent republics, but in the R. S. F. S. R. by the corresponding kray and

oblast organizations.

9. At the same time that contracts are concluded with the col-lective farms, the recruiting organizations shall conclude then and lective farms, the recruiting organizations shall conclude then and there individual or group contracts with the collective-farm members, stipulating the duration, nature, and place of work, the housing accommodation and the food supply to be furnished, traveling expenses to and from the place of work (at the completion of the term of the contract), per diems, and principal conditions of work (wages, rate of pay, etc.), in conformity with the resolution of the People's Commissariat for Labor of the U. S. S. R., of March 30, 1931, sub No. 180.

30, 1931, sub No. 180.

10. In view of the great importance attached to the speedy effectuation of the directives of party and government, concerning the adoption of new methods of procuring labor man power, it shall be incumbent upon the commissariats for labor, the kolkhozcenters, and the economic combines of the several constituent republics, upon the kray and oblast labor sections, collective-farm unions, and economic organizations to mobilize the necessary number of workers for the speediest possible effectuation of this directive, and also to send to the more important localities where migratory work is being conducted, as well as to outlying districts, workers of their staff for the purpose of rendering assistance in the matter of inaugurating the new methods of procuring labor man power. of procuring labor man power.

11. The economic organs and recruiting organizations must overhaul their recruiting staffs by August 1 and replenish them with seasoned and qualified workers who are conversant with conditions of production as well as with the conditions prevailing in the rayons where the recruiting of labor is to be done. At the same time, responsible persons shall be selected in all recruiting organizations for supervising the recruiting of labor.

12. Information concerning the execution of this instruction must be submitted not later than by August 5, 1931.

TSIKHON People's Commissar for Labor of the U.S.S.R. FIGATNER

Supreme Soviet of National Economy of the U.S.S.R. GEL Kolkhozcenter of the U.S.S.R.

Concurring:

DZHIAN,
People's Commissar for Agriculture of the U. S. S. R.
ALEXSANDROV, All-Union Central Soviet of Labor Unions. SHELISHEV Commissar for Labor of the R. S. F. S. R.

#### EXHIBIT No. 24

[Source: Supply of man power to seasonal (periodical) industries (literally: \* \* to seasonal branches of national economic life, collection of directives \* \* \* issued by the Commissariat of Labor of the R. S. F. S. R., Moscow, 1930]

CIRCULAR OF THE PEOPLE'S COMMISSARIATS OF LABOR OF THE U. S. S. R. AND THE R. S. F. S. R., OF THE COLLECTIVE FARM CENTRAL ADMINISTRATION OF THE U. S. S. R., THE SUPREME SOVIET OF NATIONAL ECONOMY OF THE U. S. S. R., AND THE PEOPLE'S COMMISSARIAT OF AGRICULTURE OF THE U. S. S. R., DATED MARCH 3, 1930, U. S. S. R. LABOR COMMISSARIAT'S NO. 87, CONCERNING THE ASSIGNMENT OF LABOR MAN POWER NO. 87, CONCERNING THE ASSIGNMENT OF LABOR MAN POWER TO WORK IN SEASONAL INDUSTRIES

(Published in Moscow Izvestia, \* \* \* No. 8, 1930)

#### [Translation]

The rapid rate of development of socialistic construction work and the growth of industry require a correct organization of the labor market in the seasonal industries.

labor market in the seasonal industries.

In connection with a number of rayons and okrugs having adopted wholesale collectivization, the supply of man power to industry depends wholly on the labor drawn from the collective farms. The collective farms and the various labor organs should therefore apply themselves to procuring man power for seasonal industries with particular care and in an organized way.

In connection therewith, the People's Commissariats of Labor of the U. S. S. R. and the R. S. F. S. R., the Collective Farm Central Administration of the U. S. S. R., and the People's Commissariat of Agriculture of the U. S. S. R. urge the following rules to be taken into consideration:

into consideration:

 Man power should be directed to seasonal industries in a plan-governed and organized way, on the basis of agreements to be concluded by the organ of the People's Commissariat of Labor, concluded by the organ of the People's Commissariat of Labor, or by economic organs authorized by them, with the respective boards of management of collective farms. The Collective Farm Central Administrations of the several federal republics are to apportion within three days to the sundry oblasts and okrugs their share of the control figures concerning seasonal labor required, passed down from the Collective Farm Central Administration of the U. S. S. R.

2. By way of further particularizing the control figures, the okrug labor organs, jointly with the okrug collective farm combines, are to formulate within a week plans for levying man power from the individual collective farms in conformity with the plans for supplying labor to the sundry branches of national economic life, such as the building trade, timber floating, agriculture, loading and unloading work, etc., and for distributing such man power

ing and unloading work, etc., and for distributing such man power between the various rayons and economic organs.

Construction laborers who are members of collective farms should be the first to be attached to building enterprises figuring in the pertinent lists as concerns entitled to preferential treatment

in the perturbed state as contents that the presential treatment in the matter of supply of labor man power.

3. Immediately upon elaboration of the plans for the utilization of man power, as referred to in article 2, the okrug organs are to conclude agreements with the managing of the collective farms, concerning man power to be directed from the collective farms to work in seasonal industries.

All operations in connection with the conclusion of agreements must be completed by April 1.

4. Only the labor organs are entitled to conclude agreements with the administration boards of collective farms concerning the sending of members of collective farms to work in seasonal industries. The economic organs may conclude such agreements only

tries. The economic organs may conclude such agreements only on special authority from the labor organs.

Members of collective farms, attached in 1920 to economic organs in conformity with the resolution of the commissariat of labor of the U. S. S. R., dated July 16, 1929, sub No. 225, concerning the organization of national economic life (vide izvestia of the Commissariat of Labor, No. 30), are to be summoned for work in compliance with the rules set forth in that resolution, through the administration boards of the respective collective farms. The administration board of the collective farm is to notify the member the administration boards of the respective collective farms. The administration board of the collective farm is to notify the member of the collective farms of such a summons being received. (This appears to be the meaning of the passage which in the Russian text is an obvious error, reading: "The collective farm members are to notify the administration board \* \* \* of such summons \* \* being received." Translator's note.) In no case shall the boards of management of collective farms prevent collective-farm members attached to industrial enterprises from proceeding to work consequent upon such summons.

5. In the agreements concerning labor man power, the following data must be given:

data must be given:

(a) The numbers of laborers, according to their trades and specialties, that will be placed at the disposal of the labor organs or the economic organs, including also the number of women and juveniles under 18 years of age.

(b) The approximate duration of the work if the labor man power is to be placed directly at the disposal of the economic

organs.

(c) The time when the laborers are to be dispatched.
(d) The places of destination and the period of time within which the laborers are to arrive at destination.
(e) Traveling conditions.

6. In such agreement must be provided in all cases the sending, along with the qualified laborers, also of a certain number of

semiqualified and nonqualified laborers within the limits of the plan mentioned in article 2, who at the place of work are to be attached to brigades of qualified workers.

7. The remuneration of the work of the collective-farm members

is not to exceed the rates of pay stipulated in the collective contracts of the pertinent economic organs.

8. Members of collective farms are to be dispatched to work only on the strength of requisitions issued by labor organs or upon the authority of the latter, on the strength of requisitions issued directly by the consenies are contracted in the strength of requisitions. issued directly by the economic organs; in the event of qualifications being alike, the first to be sent are farm laborers and bedniaks from the number of collective-farm members.

In such requisitions should be stated:

(a) The numbers of seasonal laborers to be sent, specifying of what trades and most lates.

what trades and specialties.

(b) Time of sending them.

(c) Place where to be sent from.

(d) Exact address of place of destination, stating where and

to whom to report.

The board of management of the collective farm is to be held responsible for dispatching collective-farm members whose trade or specialty does not correspond to what is stipulated in the requisition.

9. Immediately upon receipt of the requisition the board of management of the collective farm is in its turn to issue orders to those of its members who are to be dispatched for work. In these orders the time of departure and the place of assembly should be stated. Noncompliance with such orders of the board of management on the part of members of the collective farm is to be regarded as nonfulfillment of a resolution of the board of management as well as nonfulfillment of the rules regulating the internal

life of the collective farm.

10. Not later than three days after its members have been dispatched for work the boards of management of collective farms are to inform the okrug labor organ and the okrug collective-farm combine of the time of dispatch, and the number of persons dispatched, specifying their trades and specialties.

11. Managing boards of collective farms may recall their members engaged in seasonal work in the socialized sector of national economy before the completion of such work only with the consent of the economic organs for which the respective collective-farm members are working.

12. When drawing up their production plans the boards of management of the collective farms are held:

agement of the collective farms are held:

(a) To make provisions for such numbers of collective-farm members being sent to seasonal work in national economic life as are stipulated in the plans for utilizing their man power, mentioned in article 2, but at any rate not fewer members than were actually sent to such work in 1929;

(b) To distribute the volume of work over the various periods of the year between the individual collective-farm workers in such a way as to assure the number of workers required within the limits of the plan for seasonal work being sent in full.

a way as to assure the number of workers required within the limits of the plan for seasonal work being sent in full.

Any construction work within the limits of the collective farm itself should be done as a rule during the slack time in the seasonal industries, and in the summer period only such work should be attended to as can not be delayed on account of climatic con-

13. The organs of labor and the okrug collective-farm combines should provide in their plans the supply of man power to seasonal industries, and the extension of the markets for seasonal labor by means of using the man power of such collective farms and rayons that would be able to supply man power to all seasonal industries.

14. The okrug labor organs must keep special records of the man power dispatched from the collective farms to seasonal work. Once a month they are to submit to the territorial and oblast labor sections, and to the okrug collective-farm combines, and the latter to the labor commissariats of the federal republics, and the oblast collective-farm combines, respectively, tables containing data concerning the man power sent from the collective farms to the various seasonal industries, as well as the number of seasonal workers left at the collective farms.

15. The labor commissariats of the federal and autonomous re-

publics, and the oblast and territorial labor sections should immediately send their representatives to all the principal regions requiring seasonal labor for the purpose of assisting the okrug labor sections in their work of preparing an organized distribution of the seasonal laborers from the collective farms.

SPECIMEN OF AGREEMENT CONCERNING THE SUPPLYING OF LABOR MAN POWER FROM COLLECTIVE FARMS TO SEASONAL INDUSTRIES, APPROVED BY THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S. S. R. AND THE COLLECTIVE FARM CENTRAL ADMINISTRATION ON MARCH 12, 1930, SUBLABOR COMMISSARIAT'S NO. 106

In the town of \_\_\_\_, \_\_\_\_, 1930. We, the undersigned, \_\_\_\_\_ labor section (or economic organ, as the case may be) \_\_\_\_\_, hereinafter called the labor section (or the economic organ), represented by \_\_\_\_\_ acting on the basis of an authority issued by the \_\_\_\_\_ labor section on \_\_\_\_, sub-No. \_\_\_\_, on the one hand and the administration board of the collection. issued by the \_\_\_\_\_ labor section on \_\_\_\_, sub-No. \_\_\_\_, on the one hand, and the administration board of the collective farm "the collective farm," represented by \_\_\_\_\_ acting on the basis of an authorization issued by the administration board of the collective farm, dated \_\_\_\_\_ No. \_\_\_\_, on the other hand, have concluded the following agreement in conformity with the circular of the People's Commissariat of Labor, the Collective

Farm Central Administration, the People's Commissariat of Agriculture, and the Supreme Soviet of National Economy of the U. S. S. R., dated March 3, 1930:

1. The collective farm undertakes to appoint and send to work, in conformity with requisitions of the labor section (or the economic organ), in the period between \_\_\_\_\_ and \_\_\_\_\_, 1930, members of the collective farm to the total number of \_\_\_\_\_, the various trades being represented in this total number as follows: \_\_\_\_\_ follows:

Among the persons sent should be \_\_\_\_\_ women, and \_

Among the persons sent should be \_\_\_\_\_ women, and \_\_\_\_\_juveniles between 16 and 18 years of age.

2. The labor section (or the economic organ) should issue requisitions for members of the collective farm to be sent to work in such time that the members of the collective farm would have three days for preparations.

3. As regards trade and qualifications, the workers appointed by the collective farms should fully answer the requirements stated in the requisitions.

stated in the requisitions.

4. The collective farm undertakes to dispatch the appointed members of the collective farm to the full number stipulated to that place which has been specified by the labor section (or the economic organ) not later than three days after the receipt of each separate requisition.

5. Within three days after the execution of each requisition received the collective farm shall be bound to inform the labor section and the Okrug collective farm combine of the execution

of the requisition.
6. The labor section (or the economic organ) undertakes to provide work for the appointive collective-farm members to the total number and of trades as specified in article 1 not later than on \_\_\_\_\_, 1930, and for a period of not less than \_\_\_\_\_ months.

The labor section (or the economic organ) is to provide such ork in \_\_\_\_\_ rayon or in \_\_\_\_\_ of the economic work in \_

organ. Note.-NOTE.—The dates of dispatching the collective-farm members and the duration of their work are to be fixed on the basis of the plans for supplying labor man power to the various seasonal branches of production and on the basis of the latter's working plans.

7. In sending its members to work the collective farm is to

7. In sending its members to work the collective farm is to furnish them with lists certified by the administration board of the collective farm, such lists to contain information concerning the deductions to be made from the earnings of the said members for the benefit of the collective farm.

8. The labor section undertakes to give work to the members of the collective farm not later than five days after they have arrived at their place of destination, in conformity with the corresponding requisition, and to furnish them with housing accommodations not later than 48 hours after their arrival

responding requisition, and to furnish them with housing accommodations not later than 48 hours after their arrival.

Note.—If the agreement is signed directly by the economic organ authorized to do so by the labor organs, article 8 is to be eliminated and to be replaced by the following: "The economic organ undertakes to furnish work to the arriving collective-farm members not later than within 48 hours and housing accommodations not later than within 24 hours."

9. All collective-farm members start work on the conditions of the collective contract in operation at the given economic organ. 10. From the moment the collective-farm members are dispatched to work outside the limits of the collective farm the latter ceases to be responsible for them.
All claims of the economic organ against the collective-farm

members at work, and vice versa, of such collective-farm members against the economic organs, are to be settled in the ordinary

The economic organ is to notify the collective farms of any violation of the rules regulating internal life on the part of the collective farm members at work.

11. The collective farm undertakes not to recall its members from work before the expiration of the season for the particular kind of work, not even in the period of the agricultural summer season.

12. This agreement is to become effective on the day it is

signed.

13. The legal addresses of the contracting parties are (of the labor section, and of the economic organ)-

## EXHIBIT No. 25

[Source: Moscow Izvestia, No. 14, January 14, 1931]

RESOLUTION OF THE CENTRAL EXECUTIVE COMMITTEE OF THE U. S. S. R., CONCERNING THE TRAINING OF SKILLED LABORERS FOR THE NATIONAL ECONOMY OF THE U. S. S. R.

## [Translation of excerpts]

\* \* \* Having heard and discussed the report made by the People's Commissar for Labor of the U. S. S. R., concerning the training of skilled laborers for the national economy, the Third Session of the Central Executive Committee of the U. S. S. R. resolves as follows:

resolves as follows:

1. The People's Commissariat for Labor of the U. S. S. R. and the economic organs are instructed to take measures to insure in due time, that the number of laborers and employees (not including the seasonal branches) are increased in 1931 by 2,000,000 persons, in strict accordance with the national economic plan of the U. S. S. R. (control figures).

First of all, heavy industry, transport, industrial building work, and the most important branches of agriculture must be supplied with skilled labor.

The People's Commissariat for Labor of the U. S. S. R. is inof labor and defense, plans for the training, utilization, and distribution of skilled labor for 1931 throughout the U. S. S. R., according to branches of national economy, and according to

regions.

The State Plan Commission, Supreme Soviet of National Economy, and the People's Commissariat for Labor of the U. S. S. R. are instructed to elaborate within two months a plan for mechanizing the production process in those branches of national economy where the greatest shortage of labor is felt (coal, building work, peat production processes in the production of the production timber procurement, loading and unloading work, peat produc-

tion, etc.).

2. National economy must be supplied with skilled labor by way of training new cadres, as well as by the more rational utilization of the existing cadres (struggle against excessive labor, and labor fluctuation at the enterprises and institutions, improvement of the organization of labor, etc.).

Chiefs of economic organs and enterprises (Supreme Soviet of National Economy, People's Commissariet for Maria of Commissariet for Maria

Chiefs of economic organs and enterprises (Supreme Soviet of National Economy, People's Commissariat for Ways of Communication, People's Commissariat for Agriculture, People's Commissariat for Supply, Centrosoyuz) shall be made personally responsible for the rational utilization of labor man power.

The People's Commissariat for Labor of the U. S. S. R. shall be charged with the supervision of the execution of this resolution, instituting proceedings against persons guilty of concealing excessive numbers of laborers and of an irrational utilization of labor, as well as against persons who do not fight against labor fluctuation, which is the most disorganizing factor in production.

3. The People's Commissariat for Labor of the U. S. S. R. must become the fundamental organizing, regulating, and planning center in matters pertaining to labor and labor utilization. All departments and organizations are bound to conduct their planning and operative work in the spere of labor, by agreement with the People's Commissariat for Labor of the U. S. S. R. Cultural and social work must be conducted in such a manner as to support the organs of the People's Commissariat for Labor of the U. S. S. R. in the matter of recruiting and training labor man power, and in the matter of struggling against labor fluctuation.

The People's Commissariat for Labor of the U. S. S. R. is instructed to transform and strengthen its organs within the shorts

The People's Commissariat for Labor of the U. S. S. R. is instructed to transform and strengthen its organs within the shortest possible period of time, in order to accelerate and improve the quality of work, fighting at the same time against all forms of red tape in supplying national economy with labor.

4. \* \*

5. The training of skilled labor cadres (besides raising the qualification of laborers by way of socialistic emulation, shock brigades, start-to-finish brigades, industrial-financial counter plans, etc.) must take place in the following manner:

(a) Through the factory schools ("fabzavuch"), schools organized at industrial building work ("strotuch"), schools organized at agricultural building work ("selkhozuch"). These three forms of education must become the fundamental form of training skilled laborers from among juveniles.

The factory schools, "strotuch," and "selkhozuch" schools must, in addition to the usual number of pupils, train in 1931 700,000 juveniles—children of workmen, employees, handicraft workers, labor hands, collective farmers, bedniaks, and acredniaks—so that the number of pupils would reach a total of 1,200,000 persons. Of this number at least 100,000 must be children of labor hands. About 50 per cent of all persons accepted at the factory schools must be girls. must be girls.

(b) Through brief training courses organized by labor organs, especially by the branches of the Central Labor Institute (TSIT). The brief training of skilled laborers must be organized by the organs of the People's Commissariat for Labor of the U. S. S. R. at institutions attached to the enterprise, building work, or establishment. In 1931 at least 500,000 persons must be trained in such a manner.

such a manner.

(c) By promoting laborers from a lower to a higher qualification. This promotion to higher qualification must embrace, in 1931, not less than 600,000 men by way of direct promotion and through evening lectures, schools for youths, and production courses.

It is necessary at the same time to increase the instructing of laborers directly at production, introducing the highest forms of expanization of labor.

organization of labor.

6. The principal sources for the supply of national economy with

skilled labor shall be:

(a) Family members of laborers and employees.(b) Labor hands.

(c) Persons occupied in handicraft-production cooperatives.

(d) Collective farmers. (e) Bedniaks and seredniaks from the individual sector of

agriculture.
7. Particular attention must be paid to the raising of the qualification of women, and their participation in production.
The People's Commissariat for Labor of the U. S. S. R. is in-

structed to elaborate within two months, and to submit for approval to the Soviet of People's Commissars of the U. S. S. R. measures to increase the participation of women in production. For this purpose living conditions must be changed (creation of public dining rooms, dwellings, creches, infant schools, laundries, canteens, etc.), in order to liberate the women from unproductive, stupefying domestic work.

9. The unused reserves of labor man power at collective farms must be maximally utilized. The People's Commissariat for Labor of the U. S. S. R. is instructed to elaborate corresponding measures within one month, with the concurrence of the People's Commissariat for Agriculture of the U. S. S. R. and the Kolkhozcenter.

M. KALININ. President of the Central Executive
Committee of the U. S. S. R.
A. ENUKIDZE,
Secretary of the Central Executive
Committee of the U. S. S. R.

Moscow, Kremlin, January 10, 1931.

#### EXHIBIT No. 26

[Source: Moscow Informative Bulletin of the Centrosoyuz of the U. S. S. R. and R. S. F. S. R., Nos. 4-6, January 31, 1931, p. 36]

THE INTRODUCTION OF A UNIFORM SYSTEM OF SUPPLY TO THE TOILERS ON RATION TICKETS IN 1931

Resolution of the Collegium of the People's Commissariat for Supply of the U. S. S. R. of January 13, 1931, No. 42

### [Translation]

For the purpose of establishing a uniform system of supplying the population with main food products and manufactured goods, of making the ration supply documents uniform, and of facilitating the work of the local organs in the matter of issuing ration tickets, the Collegium of the People's Commissariat for Supply of the U. S. S. R. resolves:

1. The population of all cities of the U. S. S. R. is to be divided from January 1, 1931, for the purpose of issuing ration tickets into the following categories:

### First group-Laborers

"A." Industrial laborers.

"B." Other laborers, persons occupied in manual labor, and some other categories placed on the same level.

## Second group-" Toilers"

Employees, members of laborers' families, members of employees' families, and other toilers.

## Third group—Children up to 14 years of age

2. To Group "A" belong-

(a) Laborers in industrial enterprises.
(b) Laborers (and persons placed on the same level) occupied in the railway, water, and local transport service, communication

(b) Laborers (and persons placed on the same level) occupied in the railway, water, and local transport service, communication service, communal household, according to the attached list. (This list has not been translated, as it was not considered of sufficient importance.—Translator's note.)

(c) Persons occupying elected post at the place of their permanent work (for the length of time they occupy elected posts), if these persons belonged to Group "A" prior to their election.

(d) Laborers promoted to higher posts, formerly supplied under Group "A," during the first year of their service in institutions.

(e) Engineer and technical personnel, working directly in production—in a factory, plant, at structural or construction work, building of railway lines, investigation work, etc.—as well as scientific workers and apprentices in factory laboratories.

(f) Commanding and political personnel of the Red Army and Navy, of the O. G. P. U. troops, militarized defense force of the People's Commissariat for Communications, People's Commissariat for Post and Telegraph, Supreme Soviet of National Economy of the U. S. S. R., from the third category upwards, as well as the younger commanding personnel serving in excess of the length of active military service, if they do not receive rations in kind from the stocks of the war department.

(g) Active militiamen and active workers of the criminal investigation department.

vestigation department.

(h) Students, instructors, and permanent teachers in factory

3. To the first Group "B" belong:

(a) Laborers and persons occupied in manual labor not directly in production in industrial enterprises (cold-storage rooms, slaughterhouses, stores, elevators, soviet farms, pig-breeding establishments, etc.)

ments, etc.)

(b) Laborers (and persons put on the same level) employed in the railway, water, and local transport service, communications service, and communal households, according to the attached list.

[Translatora's Notz.—This list has not been translated, as it was not considered of sufficient importance.]

(c) Persons occupying elected posts at the place of their permanent work, if they belonged to Group "B" prior to their election.

(d) Laborers promoted to higher posts, formerly supplied according to Group "B," during the first year of their service in institutions.

institutions

(e) Handicraft workers who are members of cooperatives, workas well as invalids working in production artels; persons performing cartage work according to contracts concluded with state organs or cooperatives for a period of at least one year, provided they work the whole working day.

(f) Students in industrial schools, industrial technical institutes, and labor faculties, in transport and communication schools,

as well as the permanent teachers in these schools.

Note.—The list of these educational establishments must be confirmed by a commission formed in accordance with article 12

of this resolution.

(g) Pensioners with personal documents from the People's Commissariat for Social Welfare, People's Commissariat for Finance, and the People's Commissariat for Military and Naval Affairs; members of the Society of Political Convicts, incapacitated for work, and of the Society of Old Bolsheviks.

(h) Persons performing manual labor, working in institutions and enterprises of the society and constraint trade establishments.

and enterprises of the sanitary department, trade establishments,

etc.

etc.

4. To the second group belong employees, members of families of laborers of Groups A and B, students in nonindustrial schools, technical schools, and training courses, pioneers (except those persons who have documents from the People's Commissariats for Social Welfare, Finance, Military, and Naval Affairs), invalids depending only on their pensions, unemployed, and other toilers who are performing socially useful work and who do not exploit others for profit and who are not in the service of the Government, cooperative and other public institutions and organizations—particularly persons who receive a share of the profit in cooperative and other organizations—handicraft workers who are not members of cooperatives, individual craftsmen with registration certificates (personal craft certificates of the first category), invalids with gratis certificates, persons performing cartage (provided they are not connected with agriculture), private physicians, masseurs, artists, sculptors, economists, private teachers registered in educational organs, members of the board of legal advisers, and other persons of free professions, as well as persons dependent on others.

5. To the third group belong children up to 14 years of age (born in 1917, regardless of the date of birth) of all groups of the population (regardless of the occupation of their parents).

6. The ration tickets shall be issued exclusively in places entered in the lists of the People's Commissariat for Supply of the U. S. S. R., special list and list No. 1, and in places entered in the lists No. 2 and No. 3 of the kray (oblast) supply departments; the number of persons to be supplied on the basis of these lists shall be established by the People's Commissariat for Supply of the

7. In cities where the supply according to the special list and lists Nos. 1, 2, and 3 takes place simultaneously the issue of ration tickets to the population shall take place according to groups of the population mentioned in article 1, as follows:

(a) Laborers, employees, and members of their families must receive ration tickets with distinguishing marks of those lists to which their enterprises belong.

(b) Other toilers, not connected with a certain enterprise or plant, must receive ration tickets issued for the corresponding

group according to the lowest list. There are, let us suppose, three factories and an important railway junction in a certain city. One factory belongs to the special list, the railway workers to list No. 1, the remaining factories to list No. 2, and the rest of the population to list No. 3. In such a case the ration tickets must be issued as follows:

The laborers, employees, and members of their families without independent earnings must receive ration tickets of groups I "A," I "B," and group II of the special list, without any distinction lines.

lines

Railway workers, laborers, employees, and members of their families must receive ration tickets of group I "A," I "B," and II of the same color as those of the special list, but with one vertical line on all coupons.

Laborers, employees, and members of their families of the other two factories must receive ration tickets I "A," I "B," and II with two vertical lines on each coupon.

Laborers, employees, members of their families, and other toilers of the city must receive ration tickets I "A," I "B," and II with three vertical lines on each coupon.

of the city must receive ration tickets I "A," I "B," and II with three vertical lines on each coupon.

Children up to 14 years of age of all groups of the population must receive ration tickets of group III. They have to be supplied from the special children's supply fund of the respective city.

8. Seasonal laborers (builders, peat workers, persons occupied in loading, etc.) have to be organized into a special supply group, to be supplied according to special rations and according to special half-monthly coupons.

9. The following categories of the population are to be deprived of their ration tickets, together with the members of their families regardless of whether or not they reside with them, if they are materially dependent on the head of the family (excluding children under 14 years of age):

(a) Disfranchised persons, and persons performing no public useful work; lessees living on earnings not derived from labor; owners and coowners of special offices, hospitals, bureaus, etc., if they use hired labor; lessees of trade and industrial establishments, and persons who have invested money in such establishments; private contractors and suppliers, private brokers, traveling agents of private enterprises; servants of religious worship of all faiths and doctrines, teachers and supervisors of religious communities; artists working for church councils and religious societies; publishers and editors of religious magazines, etc.

(b) Market, bazaar, and street venders; owners of tea rooms, beer shops, dining rooms, and similar establishments.

(c) Persons who have changed from a nontolling occupation to a toiling one, if less than one year has elapsed since the change

(d) Persons who purposely fail to procure registration documents showing their occupation or profession, as well as persons who fail to produce documents showing that they perform public useful work, or showing that they are unemployed, or materially dependent on some one else.

10. In order to improve the work concerning the issuance of ration tickets, the Centrosoyuz is instructed to designate within 10 days a person from among the members of the management, and to create a special organization for the practical fulfillment of this resolution, registration of the population, and registration

of the ration tickets issued.

11. The Centrosoyuz is ordered to elaborate within one month 11. The Centrosoyuz is ordered to elaborate within one month a detailed instruction concerning the issuance of ration tickets in a centralized manner; in particular, to submit for confirmation to the People's Commissariat for Supply of the U. S. S. R., an instruction concerning the issuance of ration tickets according to groups in cities, where there are enterprises belonging to the special list, and lists Nos. 1, 2, and 3.

12. All oblast and kray supply departments are advised to form, during the time ration tickets are issued to the urban population, special commissions for the supervision of this work, consisting of the following persons: representatives of the kray or oblast executive committees, of the supply departments, workers' and peasants' inspection, central workmen's cooperative, and the labor union soviet.

union soviet.

union soviet.

13. During the time ration tickets are issued, a strict registration of the entire urban and suburban population must take place under the control of public opinion and of the laborers, organizing an actual inspection of the occupants of every house.

14. The kray or oblast supply departments shall issue obligatory orders making the administration of dwelling houses responsible for the strict fulfillment of all instructions concerning the issuance of section tickets.

of ration tickets.

Volkov,
Vice People's Commissar for Supply of the U. S. S. R.
Kumykin,

Assistant Manager of Affairs of the People's Commissariat for Supply of the U. S. S. R.

### EXHIBIT No. 27

[Source: Moscow Izvestia, No. 45, February 15, 1930]

RESOLUTION OF THE ALL-RUSSIAN CENTRAL EXECUTIVE COMMITTEE AND SOVIET OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R., CONCERNING MEASURES FOR THE EXPANSION OF TIMBER-PROCURING AND TIMBER-FLOATING OPERATIONS

## [Translation]

The All-Russian Central Executive Committee and Soviet of

The All-Russian Central Executive Committee and Soviet of People's Commissars of the R. S. F. S. R. have resolved:

1. In cases when a general meeting of citizens (village meeting) has resolved to assume, as a task self-imposed by the whole village, the execution of certain work pertaining to the procurement, haulage, and floating of timber (including also cases when the undertaking stipulates the use of own teams), and when, in consequence, the undertaking has been allocated to each of the several farm holdings, the village soviets are permitted to impose of their own administrative authority on farmers who have failed to their own administrative authority on farmers who have failed to carry out in due time the above-mentioned resolution of the village meeting, fines up to three times the value of their quota, and in case of nonpayment, to sell at public auction the property of the persons concerned.

The teams belonging to kulak farm holdings which have failed to execute their quots of timber haulage and floating are to be appropriated by resolution of the village soviet for the needs of timber procurement.

2. In cases of resistance to the execution of timber procure ment and timber floating, as well as in cases of group refusal to carry out the above-mentioned work, the village soviets are instructed to start against such persons criminal proceedings in accordance with the corresponding sections of article 16 of the criminal code of the R. S. F. S. R.

3. (Summary.) This article provides that 25 per cent of the money received as fines is to be applied to the fund for assisting the indigent peasants to become members of cooperatives and collective farms, while the remaining 75 per cent is to be applied to the revenues of the local budget.

4. In cases when all other means of supplying logging and floating work with labor and teams have been exhausted, the central executive committees of the autonomous republics and the executive committees of krays and oblasts are permitted to proclaim logging and floating work a forced service and to commandeer labor and teams for a remuneration.

Persons belonging to the kulak class shall be made to perform that work at reduced pay, depending on local conditions.

The present resolution is to be made effective by telegraph.

M. KALININ, President of the All-Russian Central Executive Committee.

A. KISELEV, Vice President of the Soviet of People's

Commissars of the R. S. F. S. R. Moscow, Kremlin, February 13, 1930.

EXHIBIT No. 28

[Source: Moscow Za Industrializatsiu, No. 225, September 25, 1930] CRIMINAL LIABILITY FOR EVADING MOBILIZATION.—DECISION OF THE COLLEGIUM OF THE PEOPLE'S COMMISSARIAT OF LABOR OF THE U. S.

### [Translation]

The Collegium of the People's Commissariat of Labor of the U. S. S. R. discussed yesterday the progress of the mobilization of specialists for construction work on a large scale, and decided to institute legal proceedings against persons who resist such mobilization, as well as against engineers and technicians who have been already removed from their former work but have not yet proceeded to their new places of destination. It was proposed to make public the lists of such specialists, and to institute criminal proceedings against them for desertion from production

It was further resolved to investigate without delay how the mobilization of the specialists in the Ukraine is going on, and if it should transpire that the situation has not changed for the

better, to institute legal proceedings against the workers of the Ukrainian People's Commissariat of Labor.

The mobilization must be finished by all means by October 1.

The collegium has instructed the Cadres sector, jointly with the various public organizations, to scrutinize the work of the organs of the commissariat of labor in connection with the mobiliza-tion of specialists, and subsequently to institute proceedings against those of the workers who have been displaying insuf-ficient energy in the pursuit of this work.

#### EXHIBIT No. 29

[Source: Bulletin of Financial and Economic Legislation, May 14, 17, 1931, p. 27]

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF JUSTICE OF THE R. S. F. S. R. OF FEBEUARY 6, 1931, NO. 13.—REGARDING THE EXTENSION OF COOPERATION BY ORGANS OF THE PROSECUTING OFFICE TO THE CARRYING OUT OF LUMBER OPERATIONS

To the Kray and Oblast prosecutors. Copy: To the prosecutors of autonomous republics.

### [Translation of excerpts.]

On January 26, 1931, the Soviet of Labor and Defense approved the resolution regarding the results of the lumber operations during the special quarter of 1930 and regarding the measures to be taken to carry out lumber operations in the first quarter of 1931.

taken to carry out lumber operations in the first quarter of 1931. The nonexecution of the plan of the special quarter (36.3 per cent of marketable lumber was prepared, 36.2 per cent being shipped; 58 per cent of fuel was prepared, 42 per cent being shipped), the necessity to execute in full the plan of the trust lumber industry for 1931, and, particularly, the elimination of the gap which occurred in the special quarter, demand that all local organs take the most active part in carrying out that work. The organs of the prosecutor's office, some of which last year also devoted sufficient attention to lumber operations, should increase the pace of their work and should regard it as one of the first order. It is imperative to effect supervision over the work of the lum-

It is imperative to effect supervision over the work of the lumber trusts with regard to the execution of industrial programs and plans and to the bringing of the latter down to the lower economic plans and to the bringing of the latter down to the lower economic units, particular attention being devoted to questions pertaining to the recruiting of labor and horsepower, to their transfer from one rayon to another, and to the execution by the organs of labor of the orders they receive, and by collective farm and forest cooperatives of contracts for the supply of labor.

Decisive struggle against all kinds of kulak sallies and kulak resistance should be carried on, the guilty persons being brought to court under the chapter of counter-revolutionary crimes.

Kulaks and well-to-do peasants who do not fulfill the tasks set to them in connection with lumber operations should be brought to court under article 61 of the criminal code.

to court under article 61 of the criminal code.

The rates of speed attained in examining cases pertaining to grain collections should be attained in cases pertaining to the undermining of lumber operations.

The work of participation of organs of justice in the campaign of lumber operations should be clarified in reports submitted every 10 days.

ROGINSKY, Acting Prosecutor of the Republic.

## EXHIBIT No. 30

[Source: Sobrante Uzakoneni I Rasporiazheni Raboche-Krest-Ianskovo Pravitelstva R. S. F. S. R., No. 45, June 18, 1930]

STATUTE OF THE BOARD OF MANAGEMENT ATTACHED TO THE CHIEF AD-MINISTRATION OF PLACES OF CONFINEMENT OF THE PEOPLE'S COM-MISSARIAT OF THE INTERIOR OF THE R. S. F. S. R. "COMBINE OF FACTORY LABOR COLONIES OF THE STATE ADMINISTRATION OF PLACES OF CON-FINEMENT AND ENTERPRISES OF THE COMMITTEE OF ASSISTANCE" UNDER THE ABBREVIATED NAME "COMBINE F. T. K. GUMZ."—AP-PROVED BY THE PEOPLE'S COMMISSARIAT OF THE INTERIOR ON FEBRU-ARY 25, 1930

## [Translation of excerpt] 1. General provisions

Paragraph 1: In accordance with the resolution of the All-Union Central Executive committee and of the Soviet of People's Commissars of the R. S. F. S. R., dated May (date illegible), 1926, "concerning management boards attached to state institutions"

and with the resolution dated September 27, 1926, and articles 227-231 of the penal labor code for the purpose of realizing an effect of labor correction on the convicts and of utilizing the labor of persons condemned to compulsory labor without keeping them under guard, as well as of granting temporary labor to persons liberated from places of confinement and to members of families of convicts, an enterprise named "Combine of Factory Labor Colonies of the State Administration of Places of Confinement" (and of enterprises of the committee of assistance) will be established under the general supervision of the People's Commissariat of the Interior and of its chief administration of places of confinement, and will be situated in Moscow. and will be situated in Moscow.

Paragraph 2: The combine of factory labor colonies will con-

sist of:

 Weaving and knowledge
 Metal-stamping colony.
 Chemical colony. Weaving and knitting colony.

3. Chemical colony.
4. Silicate colony.
5. Colony of nonmining deposits.
6. "Kombinat" colony.
7. Burepolomsk factory labor colony.
8. Kazan factory labor colony.
9. Sardansk factory labor colony.
10. Vetluga lumber camps.

11. Avdotino-Tikhvin agricultural colony.
12. "Yushino-Voskresenskoe" agricultural colony.
13. Agricultural colony "Lobanovo."
Paragraph 3: The combine is an independent economic unit acting upon the principles of economic calculation, is entitled from the ing upon the principles of economic calculation, is entitled from the day of registration of the present statute at the People's Commissariat for Trade to all rights of a juridical person, and carries responsibility only within limits of the property, which is at its disposal and has not been exempted from circulation.

The Chief Administration of Places of Confinement, the People's Commissariat of the Interior of the R. S. F. S. R., and the state treasury are not held responsible for the debts of the com-

Note.—From the moment of registration of the present statute, the statutes of "the combine of industrial enterprises of the VKPZ," and of the "trade and collection enterprises of Moscow places of confinement" are regarded as no longer valid.

Note 2.—The statute of the combine of Factory Labor Colonies will be submitted for registration to the People's Commissariat for Trade of the R. S. F. S. R. within two weeks from the date of

receipt of the funds granted to the enterprise.

Paragraph 4: For the purpose of realizing its task, the combine is granted the right to perform all operations authorized by the

such as:

(a) The right to conclude every kind of contract, obligation, and agreement pertaining to its economic and industrial ac-

tivity;

(b) The right to purchase all material, property, and equipment required for production and to sell the product of enterprises entering into the combine, and of places of confinement of the

(c) The right of obtaining credit in state and cooperative institutions for the purpose of developing industry;
(d) The right of opening industrial enterprises, departments, stores, warehouses, etc., within the limits of the R. S. F. S. R. Paragraph 5: In its industrial and trade activity the combine will be subject to all acting regulations regarding industry and trade if such regulations are not amended in respect of enterprises of places of confinement by the Pengl Labor Code of the Prises.

trade if such regulations are not amended in respect of enterprises of places of confinement by the Penal Labor Code of the R. S. F. S. R. and by subsequent provisions in development thereof.

Paragraph 6: The industrial activity in enterprises of the combine is effected by: Convicts, persons condemned to compulsory labor without being kept under guard, and by persons under patronage (among them by members of the families of the convicts), hired employees being only admitted in the capacity of instructions, warehouse, responsible bookkeeping, and administrative technical personnel

Note.—Free hired labor is permitted within limits established the People's Commissariat of the Interior by agreement with the People's Commissariat for Finance.

Paragraph 7: With the exception of cases provided for by general regulations and instructions of the People's Commissariat of the Interior of the R. S. F. S. R. to the Chief Administration of Places of Confinement, and by the present statute, no state institutions or official persons are authorized to interfere in the administrative, economic, and operative activity of the combine.

Paragraph 8: The combine will have a stamp representing its

## EXHIBIT No. 31

COURTS OFFICIALLY ORDERED TO INCREASE THEIR OUTPUT OF CONVICT LUMBERMEN

(Published in Sudebnaya Praktika (Court Practice) of the R. S. F. S. R., No. 17-18, December 30, 1930, page 18, edited by P. I. Stuchka, President of the Supreme Court of the R. S. F. S. R.)

[Translation]

Directions issued by the Court of the Northern Territory Concerning Lumbering, 1930-31

Having observed in its letter that in the conditions of the northern territory lumbering is the most important economic-political campaign of the present year, the court of the territory directs

that the organs of justice of the territory, and in particular those situated in the districts of the timber industry, shall devote ex-

ceptional attention to lumbering.

Each people's judge shall be firmly aware that lumbering during the present year will be carried on in circumstances of acutened

The kulak, with a view to disrupting the lumbering program, will strive to disrupt lumbering operations, will in every way injure these operations, will carry on hostile agitation and not shun any means of kulak terrorism.

Therefore, fierce and crushing combat against the kulak is the chief task of the organs of justice of the territory during the

present lumbering campaign.

The lumbering campaign demands the adherence to the class-line with exceptional strictness. While dealing crushing blows at the kulak, while isolating him at the proper moment, the court must, in regard to the seredniaki, the bedniaki, and collectivized peasants, be an organ to influence them and must apply to them measures of judicial repression which, like other pronouncements of the court, will play the part of instruments to mobilize their labor power; the court must be a means of uniting their ranks in the interest of fulfilling the lumbering program of the present vear.

year.

The court must also wage decisive war on persons allowing inactivistlessness, open practical opportunism, which are unquestionably harmful to the progress of lumbering.

Each people's judge in this extraordinarily responsible lumbering campaign must decide cases not only quickly and in full agreement with the policy of our party but must also take an active part in the campaign, must be bound up in the closest way with the timber industry of his district, must know the conditions of work in the forests and, together with the whole of the soviet public spirit, must be in the first ranks of the champions fighting for the execution of the lumbering program of the present year.

This is why the court of the territory, not limiting itself to the giving of mere political directions to the local courts of the territory, considers as absolutely necessary at the same time to form

giving of mere political directions to the local courts of the territory, considers as absolutely necessary at the same time to form the whole machinery of justice in such an organized way that this or that section of the people's court, especially sections situated in the district of the timber industry where lumbering is in progress shall not be distinguishable from champions on the front for the fulfillment of the lumbering program.

fulfillment of the lumbering program.

For the direct and vital management and control of the whole of the lumbering campaign the court of the territory itself enters into this organization by attaching its members (to it) as responsible directors of a number of sections of the people's court. In view of what has been explained above, the people's courts and the court of the territory, in an organized way at the front for the struggle to fulfill the lumbering plan, shall be formed in the following way.

the following way:

1. Each people's judge, especially if he is in the lumbering district, shall thoroughly study all the places and sections of work and the speed at which they are working.

2. The people's court shall vigilantly look out for weak spots in the work, ascertain the reasons for diminishing the speed of work, discover persons guilty of disrupting work and those guilty of reducing speed.

3. Each people's court of a district in which direct lumbering or a timber industry is not being carried on shall nevertheless not release lumbering from its field of vision. The people's court shall in these cases help forward the mobilization of the living labor power in its district and the mobilization of the means necessary for lumbering operations, shall further the supplying of lumbering districts with grain products, means of transport, of lumbering districts with grain products, means of transport, and the like. The judge in such a district shall attentively watch the activity of the kulak, who unquestionably will strive in every way to injure and impede the recruiting of living labor power and the supplying of lumbering districts with all necessities. Here it is necessary to make timely discoveries of the undermining activities of the kulak, the wrecker, and the opportunist and to direct against them betimes the sharp edge of products. tunist and to direct against them betimes the sharp edge of prole-tarian judicial repression.

4. On the other hand, for the purpose of imparting constant instruction, for observation and rendering necessary and timely assistance to the people's courts in connection with the lumbering campaign, and to enable full responsibility for this campaign, members of the court of the territory shall be attached to groups of districts engaged in lumbering and the timber industry, and each member shall be held personally responsible for the work of the people's courts in matters concerning lumbering in the group of districts under his charge.

of districts under his charge.

Thus, for the real and full execution of the lumbering program this year and in order to render the greatest assistance to the lumbering operations, the court of the territory instructs:

1. In order to make clear the extent of the lumbering plan in the district served by each people's court—to maintain the closest contact with directive and economic organs (the timber industry and others) in charge of the program for lumbering and study in detail the measures which are being taken by these organs to insure the full execution of the lumbering program.

2. To maintain also throughout the lumbering campaign the closest contact with the prosecuting inspectorate for general and real judicial work for the fulfillment of the program for the current year.

current year.

3. To be constantly informed about the progress of the lumbering campaign in the separate sections of the front and to

LXXV--385 direct the chief judicial blows of proletarian repression against the sections which, influenced by wrecking and extreme carelessness, are the most backward.

4. To work on mass political lines throughout the lumbering

campaign in conjunction with the prosecuting inspectorate, to explain the decisive importance to the whole 5-year plan of the fulfillment of the lumbering program.

5. During concrete cases before the court of wrecking and rup-ture of the lumbering plan by the class enemy, to reveal without mercy the essential class nature of his activity.

6. Also without mercy to lay bare any opportunist attitude on the part of administrators toward the class enemy, the kulak.
7. In respect to kulak class enemies brought to justice for willful refusal to fullfil duties undertaken by them, to apply to them article 61, part 3, of the Criminal Code.

 In all other cases counterrevolutionary agitation by kulaks, their wrecking activity on the front of combat for the lumbering program—to qualify their activity under articles No. 58-No. 10 and 58-No. 7 of the Criminal Code.

9. To qualify terrorist acts on the part of kulaks under article 58-No. 8 of the Criminal Code.

10. In regard to seredniaki, bedniaki, and members of collective forms.

farms, who may also be prosecuted for activity which disturbs lumbering and for refusal to perform the tasks self-imposed by the village assembly, the measure of social defense applied must agree with the political condition set forth in paragraph 11 of the present directions, and must follow the line of exerting influence on them by this or that judicial pressure which must preferably be in the form of compulsory labor.

11. All persons sentenced to compulsory labor by the people's court must be utilized to serve their sentences in lumbering.

12. The same order to be established for the regional court of

Komi with regard to the Komi region.

13. On receipt of these directions the court of the territory must be immediately informed of the initial measures taken by the

local courts.

14. Every 10 days the people's courts shall send reports to the organizing department of the court of the territory, with detailed information of the work done by them for the fulfillment of the lumbering program, set out as follows to show:

(1) What has been done by the judge in his district to secure maintenance of the speed of lumbering.
(2) To what degree public-political work has been unfolded among laborers; how the initiative of the timber-felling masses is manifesting itself (socialist emulation, shock service, etc.); in what ways productivity is being increased; and, particularly, what the judge has done to improve these stimuli.

(3) Class warfare in connection with lumbering (unfulfillment of prescribed standards, abandonment of work, wrecking, destruction of property, striving for personal gain, tolerant attitude toward the kulak; what work the judge has publicly undertaken to

combat these phenomena).

(4) What faults are observed in the work of the organizations for lumber work and supplies in the districts under report, and what is being undertaken by the judge to remove these faults (abuses, indifference, inebriety, cheating of laborers, withholding wages, living conditions of timber hewers, forest service, and what judge has done to remove these deficiencies)

(5) How many journeys the judge has undertaken into the forest, the number of reports and conversations (themes).

(6) The number of demonstrative trials.

(7) The total number of prosecutions in connection with lumber work and the number of condemned: Kulaki, seredniaki, bedniaki, officials;

Length of time taken in bringing cases to court;

15. The first report by all people's courts must be dated November 10; i. e., for the first 10 days of November, and subsequently reports must be sent to the organizing department of the court of the territory every 10 days with the highest degree of punctuality.

## Ехнівіт №. 32

[From the Moscow Economic Life, No. 249, October 27, 1930] (Translation of excepts from the Soviet press relating to labor in the forests of the U. S. S. R.)

## TIMBER CUTTING PROGRESSING SLOWLY

Leningrad, October \* \* \* In the timber-cutting districts the cadres of qualified workers are being mobilized for the purpose of sending them to the timber areas. (From our own corre-

[From the Moscow Economic Life, No. 269, November 22, 1929] A SHOCK-BRIGADE TEMPO MUST EE ADOPTED IN THE TIMBER-CUTTING AREAS

\* \* As was the case in the grain-purchase campaign, also the measures adopted for pushing the cutting and preparing of timber, meet, as the rule, with active resistance on the part of the kulak groups in the timber-growing regions. The sabotaging work of the kulaks should be countered by the development of mass political activity in the districts where timber-cutting operations are going on. The best cadres of timber cutters should be lined up and organized, methods of socialistic emulation should be sampled more broadly among the various timber collectives as be applied more broadly among the various timber collectives, as well as within them; labor shock brigades should be organized, and in a general way the vast experience in mass work, which has been accumulated in the recent past at industrial establishments as well as in the villages, should be turned to account at the timber-cutting operations \* \* \* timber-cutting operations

[From the Moscow Economic Life, No. 272, November 26, 1930] FROM LOBOV'S SPEECH AT THE SECOND SESSION OF THE FOURTEENTH ALL-RUSSIAN CENTRAL EXECUTIVE COMMITTEE ON THE SUBJECT OF PREPARING TIMBER FOR SALE

 \* \* Things are bad also in regard to labor man power which is not furnished in a sufficient measure with food supplies and dwelling accommodation; the average wages of the laborer in the timber industry is lagging behind the average pay in other branches. The question of labor should be solved in a radical way, if we indeed mean to colonize on a broad scale the large, timber-growing areas, more particularly in the north. We should also increase supervision and control so that the timber specialists may be dispatched to work in the timber industry direct, as well as in forestry work. In the current year, 180 specialists who have completed their course of training at the Leningrad Forestry Academy, have settled down in Leningrad offices. This way of utilizing workers of the highest qualification should no longer be tolerated.

[From the Moscow Economic Life, No. 284, December 10, 1929]

SVARDIOVAK, December 8.—The Ural Oblast committee has resolved, in view of the shortage of labor, to mobilize in the oblast 10,000 Communist Youth Unionists to help in the timber-cutting operations. This mobilization is to be completed by February 1,

ARCHANGEL, December 9.—The timber cutting in the territory is still going on at a slow (literally, creeping) pace. Instead of 27 per cent of the plan for the year, only 14.4 per cent was completed by December 1. For his lack of activity, for neglect, and for fallure to create cadres of permanent laborers, the director of the Archangel timber collective, Tiurikov, has been removed from his post. A number of directors have been reprimanded, and they have been warned that they will be dismissed and legal proceedings taken against them if by December 15 they will not have extended the timber operations on a larger scale. (From our own correspondent.)

[From the Moscow Economic Life, No. 8, January 10, 1930]

IN THE TIMBER-CUTTING REGIONS SOMETHING IS WRONG-PROCEEDINGS AT THE BUREAU OF THE CENTRAL COMMITTEE OF THE ALL-UNION LENINIST COMMUNIST UNION OF YOUTH

The last session of the bureau of the central committee of the All-Union Leninist Communist Union of Youth dealt with a report

The Communist Union of Youth dealt with a report concerning the situation in the timber-cutting regions.

The Communist Union of Youth has mobilized a huge army of 50,000 for work in the timber regions. However, the economic organs which have become used to the unorganized ebb and flow of voluntary peasant labor have turned out unable to absorb this vast army of new woodcutters.

Notwithstanding the exceedingly nonsolicitous attitude to the Youth Unionists on the part of the timber-cutting collective groups, the first results of the work of the Youth Unionists were positive. Part of the Moscow Youth Unionists have exceeded the daily output of 3½ cubic meters as established for the local weedcutters.

The bureau of the central committee of the All-Union Leninist The bureau of the central committee of the All-Union Leninist Communist Union of Youth has recognized that the principal causes of the plan of output of timber not being fulfilled are carelessness and inactivity on the part of the timber organizations, which border close on the criminal. It has been resolved to apply to the plenipotentiary of the Soviet of Labor and Defense in the matter of timber operations, Comrade Syrtsov, with a view to having legal proceedings instituted against the specific persons who are guilty of this. It has been resolved to appoint responsible workers from the central committee of the All-Union Leninist Communist Union of Youth to be furnished with pertinent auworkers from the central committee of the All-Union Leninist Communist Union of Youth, to be furnished with pertinent authority from the central committee of the said union, from the Soviet of Labor and Defense, and from the Central Control Commission and the Labor-Peasant Inspection—to scrutinize the situation in the timber-cutting areas, and to adopt the necessary measures. Further, to submit to the Central Control Commission and the Labor-Peasant Inspection the question as to the advisability of a speedy scrutiny and purse of the timber correlations. ity of a speedy scrutiny and purge of the timber organizations from top to bottom, with utilization for this purpose of the light cavalry of the Communist Union of Youth and of the shock brigade of the central committee of the agricultural and forest

[From the Moscow Economic Life, No. 21, March 27, 1930]

THE APPARATUS OF THE WHITE RUSSIA TIMBER TRUST SHOULD BE HANDED OVER TO THE COURT

\* \* The people of the White Russia Timber Trust have failed to mobilize public opinion around the timber opera-

In the Hainikov subdistrict the jobbers of the White Russia Timber Trust were paying the kulaks, who had been mobilized on the basis of the cartage liability law, at the same rate as the bedniaks and seredniaks who are working of their own free will. \* \* \*

All this has led up to the cartage liability becoming disorganized, and it proves that the apparatus of the White Russia Timber Trust as a whole does not carry out and is not able to carry out the tasks confronting it.

[From the Moscow Economic Life, No. 26, April 2, 1930] MOBILIZATION OF SPECIALISTS

To the 28 organizations engaged in the floating of timber, approximately 1,100 specialists should be assigned, principally raftsmen and partly hydrotechnical workers. In Moscow the Commen and partly hydrotechnical workers. In Moscow the Commissariat of Labor of the Union has recently created a mobilization headquarters, upon which it is incumbent to extract from the various institutions the persons required for floating timber. The raftsmen and hydrotechnical workers who have crept into the various offices will be sent out where there is really a crying need for them; that is, into the thick of the forests and to the floating timber and rivulets.

floatable rivers and rivulets.

On the premises of those headquarters there is a lively coming and going all day long. Young and old are putting in an appearance, and the headquarters staff ascertain their ability and assign them then and there to suitable work.

In the course of four or five days about 150 persons have been mobilized. On the whole, the mobilization is going on satisfactorily, but some of the institutions are reluctant and are trying to keep the workers at their offices out of sight. By orders of the Commissar of Labor, Comrade Unglanov, the said headquarof the Commissar of Labor, Comrade Unglanov, the said headquarters has lodged a complaint with the Moscow oblast prosecutor, Comrade Maryshav, against the timber department of the Supreme Soviet of National Economy of the R. S. F. S. R. and against the administration of the Northern Rallways, which do not want to let their specialists go. The managers of the said institutions will be legally proceeded against. The same will be the case in respect to a number of other economic workers.

Among the mobilized are a few score of students of the third and fourth year at the hydrotechnical section of the Timiriazov.

and fourth year at the hydrotechnical section of the Timiriazov Agricultural Academy. The majority of these young people are quite willing to go, but there is a small group of students displaying selfish tendencies. The students' committee and the party germ call of the academy should give attention to this

Along with the above, another fact should be noticed, namely, the voluntary mobilization for timber floating of 12 prominent specialists of the water section of the Wood-Exploring Institute. All these people are sent to the weakest sector of the front—to the

[From the Moscow Izvestia, No. 253, September 13, 1930] THE TIMBER FLOATING UNDER THE MENACE OF DISORGANIZATION-THE TIMBER PROPAGANDA CAMPAIGN HAS YIELDED INSIGNIFICANT RESULTS

LENINGRAD, September 12 (by telegraph from our own correspondent).—A conference of the timber-floating organizations of the important basin of the Rivers Sjasa, Oyati, and Pasha has taken place. The managers of the floating operations in the basin of the River Oyati and Sjasa stated that the timber now affoat will be icebound unless heroic measures are adopted. Every one of the timber-floating managers is indebted to the laborers in tens of thousands of rubles, which negatively tells on the question of enrolling new laborers.

[From the Moscow Izvestia, No. 257, September 17, 1930] NOT A SINGLE CUBIC METER OF WOOD MUST BE ALLOWED TO REMAIN IN THE WATER OVER THE WINTER

The Soviet of Labor and Defense has mapped out a number of urgent measures with a view to assuring the floating, the shipment, and the unloading of timber. It has been decided to employ 182,000 laborers on this work. The Soviet of People's Commissars of White Russia, the territorial and oblast executive committees, and the Soviet of People's Commissars of the Autonomous Repub lics have been instructed to give within 24 hours to each rayon its tasks concerning the recruiting of labor man power, and to appoint for the purpose of promoting and controlling the execu-tion of this task the necessary number of responsible workers. The operations for recruiting labor should be started by the rayon executive committees immediately. It shall be incumbent upon the Commissariats of Labor of the U.S.S.R. and the R.S.F.S.R. the Commissariats of Labor of the U. S. S. R. and the R. S. F. S. R. to give by telegraph full directives concerning the conduct of recruiting operations, and to dispatch to the most threatened oblasts and regions responsible workers to take up the general management of operations. In addition to this, the official authorities, jointly with the timber organizations, labor unions, and cooperatives, are to elaborate within two days concrete measures for retaining the labor man power at their work of floating, loading, and unloading timber, resorting in this respect on a broad scale to the issue of bonuses and gratuities, issues of goods in kind, payment by the piece, etc. ment by the piece, etc.

For the work in connection with floating, loading, and unloading timber, as well as the necessary preparations, the required man power must be supplied fully not later than September 23, 1930. The Timber Trust of the Union, the various timber organizations, and the consumers' cooperatives shall be held to let the laborers

engaged in timber-floating operations have industrial merchandise only on the condition that the said laborers have fully completed the amount of work imposed upon them. [From the Moscow Economic Life, No. 172, September 21, 1930] THE TIMBER-FLOATING OPERATIONS IN JEOPARDY

\* \* Extraordinary committees of six have been organized in the timber-floating districts at the instance of the government, and additional quantities of food supplies and industrial merchandise have been made available for stimulating the said operations; the state steamship concerns have been instructed to attend tions; the state steamship concerns have been instructed to attend first of all, and in the greatest possible measure, to the timber-floating operations. All these measures render it possible to extend the timber-floating operations in an energetic way. This possibility has been all the more assured since the party organizations have mobilized for this purpose great numbers of Youth Unionists and party workers. The Timber Trust of the Union has given permission to its local branches in the most-threatened localities to temporarily stop work at the sawmills, employing all the labor for extracting from the rivers timber which has arrived.

The necessary measures for bringing about a change for the better have already been adopted. At present the outcome of the timber-floating operations depends only on the extent to which the local organizations will be able to materialize the broad powers and possibilities which have been given them. The efforts of all Soviet society, of all party, Soviet, and labor-union organizations must be concentrated upon the task of accomplishing the timber-floating program by the middle of October in order to avoid the floating program by the middle of October in order to avoid the excessively high percentage of damage to rafts, and to reduce as much as possible delays in operations. The timber-floating campaign must fully satisfy the requirements of our timber-export plan, as well as the colossal requirements of our capital construction region. tion work.

[From the Moscow Economic Life, No. 173, September 25, 1930] DISORGANIZATION OF TIMBER-FLOATING OPERATIONS IN THE NORTHERN REGIONS

Archangel: The figures characterizing the carrying out of the serious apprehension. \* \* \* On September 15 there was a shortage of 37,000 laborers. Just now a mobilization of labor is being carried on with a view to filling in this breach.

[From the Moscow Za Industrializatsiu, No. 277, September 27, 1930]

SHORTAGE OF LABOR CAUSES DISORGANIZATION OF TIMBER FLOATING

SHORTAGE OF LABOR CAUSES DISORGANIZATION OF TIMBER FLOATING. The telegraph reports from Leningrad:

"The menace that the timber may remain over the winter on the spot where it has been taken out of the rivers increases ever more and more. On September 25 the quantities which had not yet to be pulled out of the water amounted to 828,000 cubic meters, or 11.2 per cent. Four hundred and fifty thousand cubic meters, or 7.1 per cent, are yet to be bound into rafts.

"There is an acute shortage of labor. Instead of 45,000 laborers, only 11,370 are employed in the timber-floating operations. The labor liability against pay, which was proclaimed by the rayon executive committees, has yielded unsatisfactory results, since the rayon executive committees fail to adopt any measures against those who shirk that liability."

[From the Moscow Za Industrializatsiu, No. 231, October 2, 1930] ALARMING CONDITIONS IN THE SPHERE OF TIMBER FLOATING-INSTEAD OF 175,000 CUBIC METERS, ONLY 30,000 CUBIC METERS PER DAY ARE BEING FLOATED

\* \* Just now energetic measures are being adopted for improving the prevailing situation. A broad mobilization of the laborers of the saw mills, of collective farm workers, of bedniaks and farm laborers, is being carried on with a view to supplying man power to the timber-floating operations. The saw mills in Archangel and Maimaksa have yielded 1,300 laborers, the laborers from Vologda have sent 1,530, from Velikiy-Usting 1,600 men. In all, about 9,000 laborers have arrived in the course of the last few days to carry on the floating operations. At present more than 17,000 laborers are employed on this work.

[From the Moscow Za Industrializatsiu, No. 234, October 5, 1930] THE RIVERS WILL SOON BE ICEBOUND-THE TIMBER-FLOATING OPERA-TIONS SUFFER FROM SHORTAGE OF LABOR

(Telegram from Leningrad)

Matters concerning timber-floating operations in Leningrad oblast have become exceedingly serious during the first part of October. In the course of the past five days the labor man power engaged in floating operations has increased by 5,690 men. However, this increase is not by a long way sufficient. In all, 17,475 laborers were employed on October 1, which is 41.7 per cent of the total number of laborers required. This increase of labor man power must be considered insufficient, the more so as the time for floating timber is drawing near an end. The rayon executive committees and the village soviets are not enforcing the man power must be considered insunction, the more so as the time for floating timber is drawing near an end. The rayon executive committees and the village soviets are not enforcing the labor liability law with sufficient energy, and they do not adopt any measures of coercion against those who are shirking this work. In the basins of the rivers Lovat, Pasha, Siassa, Siad, Mata, Volkov, Luga, and Pliussa the loading of river craft is proceeding very slowly owing to the shortage of labor.

[From the Moscow Za Industrializatsiu, No. 236, October 8, 1930] NOT SUFFICIENT LABOR FOR THE TIMBER-FLOATING OPERATIONS-CRIM-INAL PROCEEDINGS AGAINST THOSE WHO ARE RESPONSIBLE FOR THIS

At the People's Commissariat of Labor of the R. S. F. S. R. a conference took place yesterday concerning the question of how sufficient labor could be furnished for the timber-floating opera-tions. The plenipotentiaries of the Commissariat of Labor for tions. The plenipotentiaries of the Commissariat of Labor for the northern territory, for Karelia, the Urals, the western Oblast, and the Nizhni-Novgorod territory rendered account of their activities. Not only the various labor organizations but even some of the plenipotentiaries have failed to cope with the tasks imposed upon them. The conference decided to send to the northern territory the member of the Collegium, Comrade Mikhailov, who will adopt there extraordinary measures in the matter of recruiting labor man power and controlling the activities of the labor organs. As regards the chief of the labor section of the northern territory, who has failed to carry out the necessary measures in connection with recruiting of labor man power, it was resolved to connection with recruiting of labor man power, it was resolved to bring this to the notice of the public prosecutor, with a view to instituting legal proceedings against the above-mentioned person. For the purpose of stimulating the recruiting of labor man power and for supervising the work of the various labor organs special plenipotentiaries shall be sent to Karelia and to the Urals.

[From the Moscow Pravda, No. 259, September 19, 1930]

\* \* The very strained situation of the timber floating made it necessary for the Soviet of Labor and Defense (September 14) to introduce extraordinary measures in order to insure the fulfillment of the log-floating program.

On the basis of this resolution of the Soviet of Labor and De-

On the basis of this resolution of the Soviet of Labor and Defense, special extraordinary commissions, composed of six members ("schresvychainiya shesterki"), have been created at the regional executive committees and central executive committees of autonomous republics. At the most important floating places similar regional extraordinary commissions have been created.

The People's Commissariats of Labor of the U. S. S. R. and of the R. S. F. S. R. and their local organs have been requested to guarantee that on September 23 100 per cent of the number of laborers according to the distribution scheme of the Soviet of Labor and Defense will be available.

In view of the shortage of carts for the timber-floating work, the Soviet of Labor and Defense has advised the local executive committees and the autonomous republics in case of necessity to introduce compulsory labor service. \* \*

In order to insure the successful fulfillment of the floating operations, the Soviet of Labor and Defense instructed the economic and cooperative organs to supply manufactured articles only in case of a fulfillment of the work according to the program. \* \*

[From the Moscow Za Industrializatsiu, No. 226, September 26, 19301

## TIMBER-FLOATING OPERATIONS IN DANGER

\* \* In case of necessity to mobilize for the (ac. timber floating—translator's note) operations the local population by introducing compulsory labor service.

[From the Moscow Za Industrializatsiu, No. 226, September 26, 1930]

## DANGER SIGNAL AT TIMBER FLOATING

\* \* The principal difficulty is, as heretofore, the shortage of labor. The People's Commissariat of Labor has merely issued a circular order to the labor organs to recruit, according to the resolution of the Soviet of Labor and Defense, 182,000 laborers. Such circulars are naturally insufficient. \* \* \*

In the Western Oblast the timber-floating operations are taking place under the control of shock brigades. The brigades have been sent to the places where timbering is being carried on. In the Ivanove Oblast all laborers of the Volgoless and Sevvoctlesa have declared themselves mobilized to help in the matter of timber floating. \* \*

[From the Moscow Za Industrializatsiu, No. 226, September 26, 1930]

## THE SEVVOSTLESA REMAINS IDLE

There are few laborers, the recruiters are idle, the indebtedness to the laborers for unpaid wages is one of the causes why laborers leave the work.

[From the Moscow Pravda, No. 267, September 27, 1930]

STALINGRAD, September 26.—The presidium of the city soviet has declared compulsory labor service from September 24 up to the end of the unloading work. In the first 10 days of September discharging work has become worse; instead of 105,000 logs only 94,760 have been unloaded.

[From the Moscow Izvestia, No. 277, October 7, 1930] BATTLE ORDERS TO MEMBERS OF THE COMMUNIST UNION OF YOUTH The central committee of the Communist Union of Youth has resolved to bind all committees and germ cells of the union in timber floating regions, particularly in regions where the timber

must be immediately taken out from the water, to organize de-tachments, battalions, collective groups, and brigades of members of the Communist Union of Youth who are not occupied in the cities and villages, and to use them until the end of the timber floating operations for taking the timber out of the water.

[From the Moscow Pravda, No. 270, October 9, 1930]

Archangel, October 7.—\* \* In order to obtain the required number of laborers for the floating operations the extraordinary commission has authorized in particularly threatened places of the coast region the introduction of compulsory labor service, increasing at the same time the political educational work among the masses.

[From the Moscow Pravda, No. 279, October 9, 1930] 17,000 LABORERS AVAILABLE, 43,000 REQUIRED

LENINGRAD, October 8.—The conditions of the timber-floating operations in the Leningrad region continues to remain extremely strained. Up to October 1 there were occupied 17,475 men, or 41.7 per cent of the required number. The regional executive committees and the village soviets have made very poor use of the compulsory labor service law and are not applying sufficient measures of coercion with respect to those who do not report for work.

[From the Moscow Za Industrializatsiu, No. 223, September 23, 19301

#### 50 PER CENT OF LUMBER LIES IN THE WATER

\* In regions where timber-procuring operations are unsatisfactory compulsory labor service has been introduced. Extraordinary commissions composed of three persons (troiki) have been formed.

[From the Moscow Economic Life, No. 200, October 24, 1930] DRIVE OUT THE OPPORTUNISTS

The regional executive committees take a conciliatory

attitude toward the kulaks. The latter have been leaving work and going home unpunished. \* \* \*

Goldin (the director of the Verkhne-Totensk Timber Works—translator's note) has been discharged, excluded from the party, and turned over to the court.

[From the Moscow Izvestia, No. 292, October 22, 1930] LABOR MOBILIZATION OF THE POPULATION IN THE NORTH

ARCHANGEL, October 21 (Rosta).—The labor mobilization, declared by the regional executive committee for floating operations, clared by the regional executive committee for floating operations, takes place successfully. Individual villages are sending 400 to 500 draftsmen for floating work. The peasants of many villages have shown an example of exceptional conscientiousness. In the Vinogradov region 720 peasants of the Pavline village voluntarily turned for floating operations. Some economists and opportunists met the labor-mobilization order with great dissatisfaction. The manager of the Goginsk timber camp sent 100 mobilized back to their homes. The brainless persons and saboteurs have been turned over to court. turned over to court.

[From the Moscow Pravda, No. 297, October 27, 1930] MISUNDERSTANDINGS IN THE MATTER OF LABOR MAN POWER MAKES THE KULAK CONTENT

As a result of the misunderstandings in the matter of labor man power the kulaks now and then succeed in escaping from the timber procurement and floating operations.

## EXHIBIT No. 33

## [Sources indicated below]

(Translations of excerpts from the Soviet press relating to labor in the coal mines of the U. S. S. R.)

[From the Moscow Za Industrializatsiu, No. 179, August 2, 1930] A DESERTER FROM THE LABOR FRONT

Artemovski 1. Rykovsky, the secretary of the party committee of the "Kresny Profintern" Mine, reports that Altunia, the assistant president of the Artsmov Okrug Soviet of Labor Unions, who was attached by the Okrug committee of the Communist Party to the mine in order to increase the production, has deserted from the enterprise.

[From the Moscow Pravda, No. 208, July 30, 1930]

The All-Union Central Soviet of Labor Unions has decided to send to the coal regions within a fortnight seven brigades to assist the local regions within a forthight seven brigades to assist the local organizations in raising production. Five brigades will be sent to the Donetz Basin, one to the Moscow coal basin, and one to the Kize district. To each brigade shall belong one member of the presidium of the central committee of the union, one specialist, and one economic worker from among the responsible workers of the Seyuzugol Trust. [From the Moscow Izvestia, No. 252, September 12, 1930]

DESERTERS FROM THE COAL FRONT HAVE BEEN EXCLUDED FROM THE COMMUNIST UNION OF YOUTH

KHARKOV, September 11 (Tass).—The mobilization of the members of the Communist Union of Youth was conducted in Chernogov very poorly. The Okrug Committee of the Communist Union of Youth treated the matter in a purely formal manner. As a result 75 men of those mobilized deserted.

The Central Committee of the Communist Union of Youth of the Ukraine has decided to exclude deserters from the Communist Union of Youth. Bureaus of germ cells, in which deserters have appeared, have been dissolved. The Chernigov bureau of the Communist Union of Youth has been severely reprimanded for inefficient management of mobilization and for the poor quality of the persons mobilized. Prytko, the secretary of the Okrug committee. mittee, has been discharged.

[From the Moscow Za Industrializatsiu, No. 188, August 13, 1930]

COAL IS NECESSARY FOR THE COUNTRY; IT WILL BE SUPPLIED—THE PRESIDIUM OF THE SUPREME SOVIET OF NATIONAL ECONOMY OF THE U. S. S. R. CONCERNING MEASURES TO LIQUIDATE THE BREACH IN PRODUCTION

\* \* The laborers are deserting (the mines) for the harvest (on their own or on other farms) and for work in collective and soviet farms on account of the unsatisfactory distribution of food and as a result of bad material and living conditions. \* \* \*

[From the Moscow Izvestia, No. 223, August 14, 1930] TO CREATE NORMAL CONDITIONS FOR THE NEW LABORERS

ARTEMOVSK, August 13 (TASS) .- The experiment of the work of farm hands in the mines of the Donetz Basin (reference is made to the mobilization of 10,000 farm hands for work in the coal mines—translator's note) has shown that they quickly become accustomed to the work and that they conscientiously approach their duties.

The miners' organizations, however, are not creating everywhere satisfactory working conditions for the farm hands. Cases have been noted where certain backward miners have ridiculed the farm hands, causing them to leave the mines. \* \* \* Out of 417 farm hands who arrived in an organized manner in July at the mines only 165 have remained.

[From the Moscow Za Industrializatsiu, No. 196, August 22, 1930] NO UNEMPLOYED PERSONS FOR RECRUITMENT

The recruitment of 6,000 farm hands for the Ural coal-mining industry has broken down. \* \* \* The local organs of the People's Commissariat of Labor and the organizations of the Union of Agricultural and Forest Workers have failed to support the Ural Coal Trust. The Ural Coal Trust sent 17 miners to receive the farm hands and assigned special funds. In spite of this on August 1 there were recruited only 800 men instead of 4,500. \* \* \*

[From the Moscow Za Industrializatsiu, No. 212, September 10, 1930.]

WHO WILL BE BROUGHT TO TRIAL FOR THESE OUTRAGEOUS ACTS AND WHEN?

According to the directions of the Soviet of Labor and Defense, According to the directions of the Soviet of Labor and Defense, in the month of September not less than 5,000 new laborers were to have been sent to the Donetz Basin. \* \* It is necessary now to examine carefully the results of the transfer of 10,000 farm hands which was to have been completed at almost this time. It must be said openly—that in the process of the transfer of this group, enormous organizational mistakes have been made, as a result of which a part of the farm hands have left the mines.

[From the Moscow Pravda, No. 292, October 22, 1930.]

The number of laborers who have not yet been sent (of those called for—translator's note) is as follows:

	Number
From the—	laborer
Black Soil region	9, 60
Central Volga region	
Bashkir Republic	1, 60
Moscow Oblast	
Ural Oblast	1, 89
Western Oblast	
Lower Volga region	
Nizhny-Novgorod region	
North Caucasus region	
Far East	3'
Central Asia	
Kazakatan	79
Ukraine	8, 0

For the most important building work there must still be chosen:

	borers
Black Soil region	4.073
Western Oblast	4, 530
Tvanovak Ohlast	3, 010
Ivanovak Oblast	1, 854
Nizhny-Novgorod region	1.050
Lower Volga region	500
Tartar Republic	424
	424
For timber-floating operations there are still lacking:	
From the—	
Northern region	58,000
Urals	
Leningrad Oblast	24,000
Nizhny-Novgorod region	15,000
Karella	7,000
Bashkir Republic	6,000
Ivanovsk Oblast	12,000
Siberia	10,000
Far Eastern Republic	3,000
Western Oblast	3,000
Moscow Oblast	3,000
White Russia	3,000
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[From the Moscow Za Industrializatsiu, No. 252, October 25, 1930] BOLSHEVIK SPEED IS REQUIRED-TO FINISH URGENTLY THE TRANSFER OF COLLECTIVE FARMERS, FARM HANDS, AND MEMBERS OF THE COM-MUNIST UNION OF YOUTH TO THE COAL MINES

\* \* In order to insure uninterrupted work at the mines, timber-floating operations, timber procurement, and construction, it is necessary to supply them with labor man power. The party and labor-union organs have given a battle order to the labor organs, "to complete the recruitment of 193,000 collective farmers, organs, "to complete the recruitment of 193,000 collective farmers, farm hands, and members of the Communist Union of Youth, and their transfer to coal regions not later than October 18"; "to furnish immediately 150,000 laborers for the important building work"; "to supply at once a sufficient number of laborers for timber-floating operations"; "to insure the timbering operations with a steady supply of labor totaling 964,000 laborers, without horses, and 1,109,000 laborers with horses (drivers) during the special quarter. (Translator's Note.—The quarter beginning October 1, 1930.)

[From the Moscow Economic Life, No. 277, December 1, 1929]

\* Two thousand miners are working at the Rykov mine. Only 300 of them are regular working at the Rykov mine. Only 300 of them are regular workinen of the staff; 150 are kulaks (translator's note—members of the upper strata of the peasantry), the classification of whom has been determined upon the strength of reports from the village soviets, according to their wealth, or according to their talk and tendencies. There are no bedniaks. (Translator's note—members of the lower classes of the peasantry.) With the exception of 150 criminals sent to work in the mines as a punishment for their crimes, the rest are seredniak laborers (translator's note—the seredniaks are members of the middle classes of the peasantry), but the type of seredniaks who are more like kulaks than like bedniaks \* \* \*

## EXHIBIT No. 34

[Source: Moscow Izvestia, No. 211, August 2, 1930]

THE MARCH OF THE FARM LABORERS TO THE DONETZ BASIN-20,000 FARM LABORERS TO THE COAL-MINING AND METALLURGICAL INDUS-

## [Translation]

[Translation]

Kharkov, August 1 (TASS).—The central committee of the Communist Party of the Ukraine approved on July 31 the initiative of the union of agricultural and forest laborers concerning the organization of a march of the farm laborers to the Donetz Basin to work there. (The word "march" is, of course, used here only in a figurative sense—Translator's note.)

The central committee enjoins the local party organizations to render to the said union all the necessary aid in the matter of organizing that march, which is meant to be a broad political campaign for the purpose of eliminating the tendency toward frequent change of employment on the part of the laborers and for the complete execution of the industrial and financial plan of the coal-mining industry.

for the complete execution of the industrial and financial plan of the coal-mining industry.

On August 15 the organizations of the agricultural and forest laborers' union are obligated to send to the Donetz Basin 10,000 farm laborers. After that, the mass dispatch of farm laborers to the coal-mining and the metallurgical industry must be continued so as to have not less than another 20,000 men sent there.

The Okrug Party committees shall be held to release immediately the 200 party members who were mobilized by the All-Ukrainian committee of the union of agricultural and forest laborers and who are acting as lower-grade workers of the union, so that they may be sent at the head of the farm-laborers' march to the Donetz Basin for permanent work there.

The Okrug Party committees, the Rayon Party committees, and

The Okrug Party committees, the Rayon Party committees, and the central committee of the agricultural and forest laborers'

union shall be held to cater for the political requirements of the farm-laborer groups departing for the Donetz Basin, by organizing meetings, publishing leaflets, and by arranging cinema and radio shows. More particularly, the organizations of the Communist Union of Youth are to appoint a Youth-Unionist political instructor to each group of laborers.

The central committee has made it incumbent upon the Coal Trust and the All-Ukrainian committee of the Miners' Union to adopt suitable measures for creating adequate conditions for the farm laborers to work in.

farm laborers to work in.

The local as well as the central press organs have been instructed to give broad publicity to the march of the farm laborers to work in the Donetz Basin.

The central committee has resolved to deal in the second half

of August with the information concerning the progress of the propaganda campaign in the matter of recruiting farm laborers for work in the Donetz Basin.

## EXHIBIT No. 35

[Source: Archangel Pravda Severa, No. 24, p. 1, January 31, 1931] RESOLUTION OF THE NORTHERN KRAY COMMITTEE OF THE ALL-UNION COMMUNIST PARTY (OF BOLSHEVIKS) DATED JANUARY 29, 1931

[Translation of excerpts]

The Kray committee proposes:

To approve the decision of the secretariat of the

4. \* \* To approve the decision of the secretariat of the Kray committee to send up to 500 students to the lumber camps.

5. To see to the execution of set tasks by the kulaks and the well-to-do holdings and to subject to severe punishment those who do not execute the tasks. Under the threat of strictest responsibility not to permit kulaks to make payments instead of executing set tasks. Increased set tasks must be introduced with regard to well-to-do peasants, although they should not be placed on an equal basis with kulaks (the worst sections turned over to the kulaks should not be given to well-to-do peasants).

6. To propose to the Kray Court to organize in a period of three days for the entire period of lumber operations a start-to-finish court brigade for rapid examination of cases in the various localities and to subject kulak and well-to-do peasants to severe punishment for nonexecution of tasks. To bring to court, at the same

ment for nonexecution of tasks. To bring to court, at the same time, persons who maliciously fail to execute self-obligations and who agitate for the breaking down of the lumber operations (on the basis of the decree of the All-Union Central Executive Committee of February 13, 1930).

## EXHIBIT No. 36

[From Pravda, published at Moscow September 19, 1930] "EXTRAORDINARY SIXES" TO STIMULATE LUMBERING

## [Translation]

\* \* On the basis of the decree of the Council of Labor and Defense September 14, extraordinary committees of six are being attached to the respective district executive committees and being attached to the respective district executive committees and the central executive committees of autonomous republics. In districts of mass congestion of timber, special district committees of six for floating operations are also being organized.

The People's Commissariat of Labor of the R. S. F. S. R. and the local organs have been ordered to secure 100 per cent of the demand for labor by September 25, according to the apportionment of the Council of Labor and Defense.

ment of the Council of Labor and Defense.

Taking into account also that the timber-floating operations are insufficiently supplied with hauling power, the Council of Labor and Defense has ordered the local executive committees of districts and autonomous republics to introduce compulsory labor service for hauling wherever necessary.

At the same time the supplementary grants have been made of money, fodder, food, and manufactured goods necessary for the completion of the floating operations.

In order to carry out the floating with success the Council of Labor and Defense has bound the economic organs and the cooperatives to issue industrial products exclusively to laborers who complete the tasks which have been set for them \* \* \*. The floating of timber is in extreme difficulty. An abrupt change must be achieved. must be achieved.

The whole public spirit of state, party, and labor in the floating districts must be mobilized to overcome all obstacles with

The organs of the state and the Communist Party must throw their best forces into this sector in order to move the great mass of laborers into the floating operations and thus liquidate the danger which has arisen of the freezing in of 25,000,000 cubic meters of timber.

The breach in the fulfillment of the timber-floating plan must be repaired in the shortest possible time, cost what it may.

## **Ехнівіт** No. 37

[From Za Industrializatsiu, published at Moscow September 23, 1930]

COMPULSORY TIMBER SERVICE IN URALS-EXTRAORDINARY TRIUMVIRATES

[Translation]

[Translation]

\* \* In the districts which SVERDLOVSK, September 21.— \* \* In the districts which are backward in their lumber work, compulsory labor service has been proclaimed and extraordinary committee of three have been formed.

#### EXHIBIT No. 38

[From Pravda, published at Moscow September 27, 1930] COMPULSORY SERVICE FOR UNLOADING TIMBER [Translation]

STALINGRAD, September 26.—The presidium of the town soviet has proclaimed compulsory paid labor service from September 24 until the unloading be completed.

### Ехнівіт №. 39

[Source: Archangel Pravda Severa, No. 53, p. 3, March 7, 1931] DESERTERS SHOULD BE RETURNED TO THE FOREST AND TO TIMBER CUTTING

## [Translation of excerpts]

The Kray committee of the All-Union Communist Party (of Bolsheviks) has intrusted labor-union organizations and labor organs with checking up on the laborers and employees taken into the employ of enterprises and institutions subsequent to December 1, in order to disclose kulaks who leave the rural districts for industrial plants and thereby evade the execution of self-obligations connected with lumber operations.

On February 27 the commission on the utilization of disclosed labor resolved to transfer 40 per cent of the laborers employed by the plants and who arrived from the countryside in an unsystematic manner, after December 1, to timber cutting, irrespective of whether they were employed through or without the medium of the labor exchange the labor exchange.

Carpenters employed in an unsystematic manner through or without the medium of the labor exchange will be placed by the city construction plants, dwelling-house associations, and other organizations of nonshock-troop importance at the disposal of the labor exchange for shipment in an organized manner to shock-troop construction plants. troop construction plants.

#### A. K.

#### EXHIBIT No. 40

[Source: Bulletin of Financial and Economic Legislation, No. 16, June 7, 1931, p. 74]

EXPLANATION OF THE PLENUM OF THE SUPREME COURT OF THE R. S. F. S. R. OF MARCH 16, 1931, PROTOCOL NO. 3—REGARDING THE MANNER OF SERVING TERMS OF COMPULSORY LABOR FOR MEMBERS OF COLLECTIVE FARMS SENTENCED TO COMPULSORY LABOR BY THE COURTS [Translation]

To explain that members of collective farms where all articles of production have been socialized (artel) sentenced by the court to compulsory labor for a term not exceeding three months, serve, as a general rule, their terms at the collective farm on the same basis as the laborers and employees sentenced to compulsory labor. basis as the laborers and employees sentenced to compulsory labor. The members of those collective farms sentenced to compulsory labor for a period of three months and over may be sent to work outside the collective farm, with the exception of cases when the board of management of the collective farm presents a well-founded request to the compulsory-labor bureau regarding the sending of the person sentenced to work at the respective collective farm. In the latter instance the person sentenced serves his term of compulsory labor by sentence on the same basis as persons condemned to compulsory labor at their place of employment—i. e., from 25 to 50 per cent of their income is subtracted for the profit of the compulsory-labor bureau. The members of associations for mutual tillage of the soil who are sentenced to compulsory labor serve their term on general principles in accordance with instructions from the compulsory-labor bureau.

## EXHIBIT No. 41

[Source: Soviet Justice, No. 12, p. 6, April 30, 1931]

TASKS OF THE PRESS CONNECTED WITH THE STRUGGLE FOR REVOLUTIONARY LEGALITY IN THE PERIOD OF RECONSTRUCTION—SPEECH OF COMRADE KRYLENKO AT THE CONFERENCE OF THE PEOPLE'S COM-MISSARIAT OF JUSTICE AND OF REPRESENTATIVES OF THE PRESS ON APRIL 4, 1931

## [Translation of excerpts]

entirely facing production. We have reconstructed everything—both penal labor camps which are within the jurisdiction of the OGPU and not within ours and our penal labor institutions, both agricultural or factory and plant colonies, and houses for persons of age, and even exile at compulsory labor—on principles of production, and have made them assist the cause of socialistic upbuilding.

We may well be proud of the fact that our places of confinement, if they are still called places of confinement, though in the majority of cases they lack the principal characteristics of usual places of confinement—bars, locks, sentinels whom they sometimes have in a very limited number (100–120 men selected from among the convicts themselves to guard 5-10,000 convicts—do not cost a single kopeck to our proletarian state. Our lumber camps, our peat production, our homes for criminals under age, have been transformed into factory and plant educational insti-

tutions in order to produce after two to two and one-half years of study splendid cadres of qualified laborers out of men who enter places of confinement as waifs. \* \* \*

#### EXHIBIT No. 42

[Source: Archangel Prayda Severa, No. 94, p. 3, April 27, 1931] KULAKS WHO HAVE PAILED TO EXECUTE THE TASKS SET MUST BE BROUGHT TO COURT WITHIN FIVE DAYS

[Translation of excerpts]

In a number of localities set tasks are not given to the kulak In a number of localities set tasks are not given to the kulak and well-to-do households, or are given at the wrong season, control by the fishing organizations to whom the kulaks turn over their production, by the rayon executive committees, by the village soviets, and by the rayon prosecutors over the execution of those tasks is almost completely lacking.

As a result, in a number of rayons the kulaks and well-to-do households have not been brought to court for nonexecution of

set tasks on fishing.

The kray prosecuting office has proposed to the rayon prosecutors to bring to court within five days the kulak and well-to-do elements who failed to execute the tasks in the first quarter and to continue bringing them to court in the future.

#### EXHIBIT No. 43

[Source: Archangel Pravda Severa, No. 94, p. 1, April 27, 1931] TO SUPERVISE DAILY THE ACTUAL EXECUTION OF SET TASKS BY ALL KULAKS

## [Translation of excerpts]

All responsibility being taken for the statement, it must be admitted that the placing of set tasks of floating upon kulaks and the well-to-do part of the population is not satisfactory. Not a single kray organization connected with floating can tell the number of kulaks drawn into the floating campaign; no one controls the setting of tasks.

Control should exist in order to give a timely blow to the right deviators and "left" perpetrators of excesses who distort the party line of policy in regard to the struggle against kulakdom. Undoubtedly the system of distributing "control figures" and tasks to the kulak and well-to-do part of the population must be considered as such a distortion.

Such "control figures" were sent to all village soviets of the Konoshsky Rayon.

Konoshsky Rayon. \* \* \*
The control figures indicated 3 kulaks in the Tretinsky village The control figures indicated 3 kulaks in the Tretinsky village soviet, 2 kulaks in the Poduzhsky, and I kulak in the Khmelnitsky village soviet clear that if the chairman of the Khmelnitsky village soviet does not decide to overexecute the "control figures," the kulaks in the village soviet will evade the floating campaign, for who will believe that there is only one kulak in the whole village soviet? Such "management" is typically of a right opportunistic nature.

It is known that at the lumber camps in a number of rayons, the kulaks continuously and maliciously ignored set tasks, and deserted from the lumbering districts. This occurred because the opportunistic village soviets failed to exercise pressure over the kulaks, delayed the taking of repressive measures.

There should be more kulaks working at floating than at the There should be more kulasis working at hoating than at the lumber camps. Set tasks should actually be set tasks. The most severe repressions should be brought to bear upon the kulak from the very first day of his absenting himself from the floating, and he should be compelled under all circumstances to execute the set

At the floating the kulak, in the same manner as at the lumber camps, should work on an increased quota. At the floating in the same manner as at the lumber camps, the kulak should be placed in the worst sections.

## EXHIBIT No. 44

[Source: Archangel Pravda Severa, No. 114, p. 2, May 24, 1931] THE BLOWS DEALT TO THE ENEMIES OF FLOATING SHOULD BE INCREASED [Translation of excerpts]

SEMENOVSKOE, 23.—The criminal investigation department of the Bereznitsky rayon is reconstructing its work in connection with the tasks of floating at a plainly insufficient pace. Criminalinvestigation brigades were sent but a few days ago, after great delay, to the floating regions. Trials of kulaks and well-to-do peasants for evading log stripping have taken place so far in only two localities of the rayon—Semenovskoe and Krivaya Gora. Not a single kulak or well-to-do peasant has been brought to trial for nonexecution of tasks connected with log floating, notwithstanding its termination—at any rate, the rayon prosecutor's office knows of no such case.

Criminal-investigation stations, notwithstanding categorical demands, give the public prosecutor's effice no information regarding the starting in court of cases connected with floating. An evident inertness and tardiness in the starting of floating cases against the kulak and well-to-do peasants is prevalent. EXHIBIT No. 45

[Source: Moscow Pravda, No. 145, May 28, 1931, p. 3] "WONDERS" ON THE SHORES OF RIVERS WHERE FLOATING IS TAKING PLACE

[Translation of excerpts]

The most alarming thing is the decrease in laborers at floating. According to the data of the Soyuzlesprom (All-Union combine of timber and woodworking industry) over 11 per cent left within 10 days, and only 63 per cent of the labor needed for the floating was on hand as of May 20.

In order to execute the floating program it is imperative to suspend immediately the outflow of labor, to verify the execution of self-obligations, and to achieve the complete attendance of the laborers in the forests and at the floating.

#### EXHIBIT No. 46

[Source: Lumber operations of the third year of the 5-year period. Archangel, 1931, p. 40]

THE WORK OF COLLECTIVE FARMS

[Translation of excerpts]

Collective farms which conceal their labor power and refuse to Collective farms which conceal their labor power and refuse to take part in lumber operations under various pretexts are not to be tolerated on any account. They are in substance pseudo-collective farms, inasmuch as one can not imagine collective farmers or their leaders who do not go hand in hand with the general line of party policy and who do not take into consideration the basic fact that lumber operations are the most important economic and political task in the Northern Kray.

All collective farms which evade lumber operations should be subjected to severe self-criticism and strict condemnation.

. All collective farmers who are able to work should be awakened. should be embraced by self-obligations by means of summons and direct agitation, and measures should be taken to assist in the incessant struggle against kulakdom and its agents.

## CONCERNING SELF-OBLIGATIONS

In the third, the decisive year of the 5-year period, self-obligations as voluntary promises obtained on a basis of mass explanatory work and carried out and executed in a public manner must play an immense political and economic rôle.

The village soviets and the entire farm hand, bedniak, and seredniak cadres of activists in the rural districts must be drawn into the organization of the lumber operations campaign.

In order to do this it is necessary for the lumbering enterprises

In order to do this it is necessary for the lumbering enterprises to report their programs of lumber operations in the respective rayon to the rayon executive committee upon which it is incumbent to calculate the labor and horsepower in every village soviet, the lumber operations efficiency of the population, the distance of the lumber operations rayon to the respective village soviet, etc., and to assign the tasks to the individual village soviets in accordance therewith.

accordance therewith.

The village soviet, after having been assigned the task of the rayon executive committee, is charged with working out that task at meetings of farm hands and bedniaks, to which should also be drawn active seredniaks and managers of lumber districts. It is incumbent upon the village soviet, after having discussed the question in the bedniak and farm-hand groups, to summon a plenum and to assign at the latter tasks to individual villages

plenum and to assign at the latter tasks to individual villages out of a calculation providing for the full execution of the plan. Supervision over the execution of the plan by each village and each elective district must be entrusted by the plenum to a member of the village soviet.

The member of the village soviet, after getting this task, must subject it to a preliminary discussion at the meetings of farmhand and bedniak groups, seredniak activists being also drawn in, and must then bring it out for discussion by the general meeting of citizens of the village. It is incumbent upon the farmhand, bedniak, and seredniak active workers to draw up a preliminary draft of the execution of the plan, assigning its execution to individual holdings in accordance with the labor and horseto individual holdings in accordance with the labor and horse-power of each holding and the production capacity of such power. These activists must also specify the quota of tasks for kulak holdings.

If the meetings of activists are carried through skillfully and sensibly, if all explanations are made during its course, it will be easy to bring about the acceptance of the execution of the plan on a basis of self-obligation—voluntariness—by the general meeting of the citizens.

## EXHIBIT No. 47

[Source: Moscow Za Industrializatsiu (For Industrialization), No. 216, September 14, 1930]

TO ANSWER IN COURT FOR EVADING MOBILIZATION. -EXPLANATION OF THE PROSECUTING DEPARTMENT OF THE REPUBLIC

## [Translation]

The Moscow oblast assistant prosecutor, Comrade Kabakov, has informed our collaborator that the prosecuting department of the Republic has proposed that judicial reprisals be resorted to

against specialists who evade mobilization and transfers to the most responsible sections of socialist upbuilding work.

In cases like these the prosecuting department of the Republic recommends the application of article 61 of the Criminal Code, providing for a "refusal to perform important state work, or to perform labor important to the state in general."

### EXHIBIT No. 48

[From Krasnaya Gazeta, published at Leningrad, August 30, 1930] COMPULSORY LABOR SERVICE FOR NEPMEN

## [Translation]

#### Corvee

Tomsk, August 29.
Compulsory labor service has been introduced for men between the ages of 18 and 45 years living on income not derived from labor. Nepmen are being used for unloading trucks and barges.

### Ехнівіт №. 49

[Source: Moscow Economic Life, August 29, 1930]

[Excerpt from newspaper article]

"\* \* The catastrophic labor situation in a number of the largest construction undertakings \* \* \* has forced the People's Commissariat of Labor to take drastic measures for guaranteeing an ample supply of labor to these enterprises \* \* \*. The provincial and regional labor departments have been instructed to execute the instruction of the center in order to make sure that they will supply the amount of labor required from them; not only should men be recruited, but they should be taken from their work in less important enterprises, if necessary."

#### EXHIBIT No. 50

[Source: Moscow Pravda, No. 272, October 2, 1930]

NOT A SINGLE LOG TO BE LEFT IN THE WATER—THE PROGRAM TO BE EXECUTED IN FULL

## [Translation]

The special plenipotentiary of the Soviet of Labor and Defense, The special plenipotentiary of the Soviet of Labor and Defense, for timber operations, Comrade S. I. Syrtsov, has issued a resolution by which the full responsibility for the execution of the timber-floating program is laid upon the territorial and oblast executive committees, and upon the soviets of people's commissars of the autonomous republics. The mentioned organs shall be held to carry immediately into effect all the extraordinary measures stipulated in the resolution of the Soviet of Labor and Defense, with a view to finishing the timber-floating operations before the rivers are icebound.

It has been made incumbent upon the extraordinary timber-floating committees of six to ascribe all laborers engaged in

It has been made incumbent upon the extraordinary timberfloating committees of six to ascribe all laborers engaged in
timber floating to their particular job till the work is fully
completed. From the goods and supply reserves set aside for the
persons engaged in the timber-floating operations, certain quantities of dry goods, fancy goods, ready-made clothing, tobacco, and
sugar shall be assigned for granting bonuses and gratuities to
laborers engaged in timber floating who have exceeded the stipulated standards of speed and volume of work and who have
accelerated and speedily completed their work.

The committees of six shall be bound to adopt energetic measures
for completing with the least possible delay the operations in
connection with floating the timber down the small rivers, with
clearing the river banks of timber, and with recovering sunken
timber. All the able-bodied population of the territory adjacent
to the river banks shall be mobilized for this work under the
provisions of labor liability against remuneration. The committees
of six are bound to accelerate as much as possible the floating
and the dispatch of rafts, and at the places of destination to have
the timber removed from the water before the waterways are the timber removed from the water before the waterways are icebound.

The initiative of the laborers should be broadly utilized, also The initiative of the laborers should be broadly utilized, also the method of friendly challenges (i. e., of challenging some other organization to perform one or the other piece of work as in competition—translator's note) and self-obligations, the moving of shock brigades and shock groups from localities where the floating has been finished to districts where it is lagging behind; furthermore, the patronage of works and factories situated in the vicinity over the various districts and divisions where timberfloating work is carried on should be organized.

Comrade Syrtsov urges strictest discipline among the laborers and the administrative personnel, not the slightest stopping of work, and nonattendance to work on the part of the laborers to be tolerated. The responsibility for any breaches of labor discipline in connection with timber-floating work shall first of all fall upon the administrative staff.

The controsoyuz is instructed to organize strict supervision and control over the arrival and unloading in due time of all merchandise and food supplies addressed to the regions where timber-

chandise and food supplies addressed to the regions where timberfloating operations are going on.

The Commissariat of Ways of Communication, jointly with the
central committee of the Union of Water Transport Workers and
with the timber trust of the union, shall immediately establish
the system and the rules for granting bonuses and gratuities in
the shape of industrial products to the crews and masters of tug
boats for maximum of work performed in the matter of towing and clearing timber.

It shall be incumbent upon the state political administration (OGPU) to render, in its sphere of activity, every assistance in all matters connected with the acceleration of timber-floating operations.

### EXHIBIT No. 51

[Excerpt from a resolution of the Moscow Soviet, dated October 4. 1930]

[Source: The Izvestia of the Moscow Oblast Executive Committee, No. 109, of October 10, 1930]

1. In the sphere of the workers' supply at the largest and most important industrial enterprises, canteens shall be opened for supplying at least 275,000 laborers and their families, in accordance with the plan of the Moscow oblast executive committee and the Moscow soviet.

Moscow soviet.

2. \* \* To attach in the current quarter of the year the population of Moscow to shops for the supply of the most important rationed goods (meat, fats, sugar, soap, eggs, milk.)

To take away ration booklets: (a) From persons engaging in trade on the markets and bazaars and from street vendors; (b) from persons deprived of the right of franchise, and from persons doing no useful work.

\* \* \*

### EXHIBIT No. 52

[Source: Moscow Pravda, No. 289, October 19, 1930] INSTITUTIONS OF LEGAL PROCEEDINGS AGAINST THE PRESIDENTS OF THE RODVIN AND USTIANSK RAYON EXECUTIVE COMMITTEES

#### [Translation]

[Translation]

Archangel, October 18.—By decision of the territorial (party) committee and territorial executive committee, the presidents of the Rodvin and Ustiansk rayon executive committees have been removed from their posts and legal proceedings have been instituted against them, because they have been guilty of criminal inactivity in the matter of floating timber down the Vaga River. They permitted 500,000 logs to be carried into the Dvina River, besides, the crews deserted the rafts, and the rigging was cut. Thanks to the efforts of the timber floating committee of six, 300,000 logs have been recovered by now.

300,000 logs have been recovered by now.

The public prosecutor of the territory as well as the courts are adopting rigorous measures for intensifying the punitive policy in adopting rigorous measures for intensifying the punitive policy in respect of kulaks who are maliciously evading participation in the timber-floating operations. According to information received from the rayons, this directive is being ignored by the rayon organs of justice. Thus, for instance, the kulak Ilyin, who refused to take part in the timber-floating operations, and who induced a group of raftsmen to follow his example, was sentenced by the Kargopel rayon court to a fine of only 200 rubles. The kulak Vereschchagin was sentenced to three months at forced labor, with a deduction of 50 per cent from his wages, for having refused to participate in the timber floating. Similar facts were not infrequent in the practice of the Kargopol court. The public prosecutor of the territory and the president of the court of the fused to participate in the timber floating. Similar lacks were not infrequent in the practice of the Kargopol court. The public prosecutor of the territory and the president of the court of the territory have given orders that the Kargopol people's judge and the acting public prosecutor be removed from their posts.

SEMAKOV,

Member of the Control Commission.

## EXHIBIT No. 53

[Source: Archangel Pravda Severa, No. 87, April 18, 1931] [Translation of excerpts]

- \* \* A mass exodus of labor was permitted in the Blagoveshchensky Rayon, 60 per cent, and in the Rovdinsky Rayon, 70 per cent; the same may be noticed in other village soviets. The Puiskaya commune admitted desertion from the woods of 40 haulers. \* \* The commissioned comrades should insist upon the execution of individual tasks by the kulaks. The errors of the Krayryba (Fishing Trust), which recruited fishermen for its brigades from among the kulaks, must be corrected. All the kulaks from the brigades must be transferred to actual fishing and forced to execute the task set to them. \* \* to execute the task set to them.

## EXHIBIT No. 54

[Source: Lumber operations of the third year of the 5-year period, Archangel, 1931, p. 65]

PARTY WORK IN THE FOREST [Translation of excerpts]

Party germ cells should not forget that lumber operations are

the front of class struggle. Kulaks should be compelled to execute increased quotas, and all evaders should be brought to court.

## EXHIBIT No. 55

[From Krasnaya Gazeta, published at Leningrad March 17, 1930] LUMBERMEN TO BE PROSECUTED FOR LEAVING WORK-DESERTERS OF LABOR TO BE PROSECUTED

## [Translation]

CHEREPOVETS, March 16.—The program of production of the lumbering work of the northern and western Timber Trusts has

been fulfilled to the extent of 60 per cent, and 50.5 per cent of the hauling program. During the last 10 days the execution of tasks set has decreased by 3.6 per cent. During the last 10 days the number of timber hewers has fallen by 7,078 and horses by 4,238. The executive committee of the region has issued categorical orders to the district executive committees, to village soviets, and the Timber Trusts to prosecute timber hewers and carters who arbitrarily leave lumbering operations.

#### EXHIBIT No. 56

[Source: Archangel Pravda Severa, No. 93, April 26, 1931, p. 5] THE SEVENTH PLANT SPLITS A THOUSAND BEAMS PER DAY-A STILL GREATER NUMBER SHOULD BE SPLIT

[Translation of excerpts]

Instead of straining all forces to save the gold currency, the 29th plant is loafing; one beam a day per laborer is being split. . .

\* \* \* Absentees and simulators should be entered upon the blackboard and should be brought to trial at the labor tribunal.

## EXHIBIT No. 57

[Source: Moscow Trud, No. 96, April 7, 1931]

THOSE WHO WORK BETTER SHALL BE SUPPLIED BETTER-AUTHORITY HAS BEEN GRANTED TO COMPADELY TRIBUNALS TO TRANSFER DISORGANIZERS OF PRODUCTION TEMPORARILY TO A LOWER SUPPLY CATEGORY— INSTRUCTION CONCERNING THE PREFERENTIAL SUPPLY TO MEMBERS OF SHOCK BRIGADES

[Translation]

1. In order to coordinate the supply work with the fulfillment of the production plan, increase of labor productivity, struggle against labor fluctuations, and in order to stimulate the introduction of socialistic forms of labor (socialistic emulation, creation of shock brigades) in the works, factories, mines, and in the transport service, an out-of-turn and preferential supply to members of shock brigades as well as their preferential supply to

bers of shock brigades, as well as their preferential admission to social-cultural establishments, shall be organized.

Members of shock brigades (laborers, technicians, and specialists) who have fulfilled and overfulfilled their share of the plan in quantitative and qualitative respects shall enjoy a preferential

supply.

The cooperatives, workmen's cooperatives in the factories, canteens, and shop cooperatives will be charged with the execution of the out-of-turn and preferential supply to members of shock brigades, with the participation in the work of the labor-union organizations in the factories and the factory management.

The registration of members of shock brigades, the general and individual checking of the results of work (fulfillment of the industrial-finance plan, productivity of labor, labor discipline), as well as the registration of loafers and floaters, shall be accomplished by the factory management (the assistant director for labor matters, and the production conferences).

The factory committees and the production conferences must grant every possible support to ascertaining the best members of shock brigades, as well as pseudomembers, loafers, and floaters, by appealing to the socially conscious workers in the factory and by organizing trials of such persons at comradely tribunals.

by organizing to the socially conscious workers in the factory and by organizing trials of such persons at comradely tribunals.

The factory and shop organizations of the labor unions are charged with the organization and the systematic control of the out-of-turn supply to members of shock brigades from canteens, buffets, and itinerant buffets, and of the issue of special supply

tickets for the supply of manufactured articles.

tickets for the supply of manufactured articles.

2. For this out-of-turn and preferential supply to members of shock brigades, the latter will receive in addition to the usual food-ration tickets a special "supply card for members of shock brigades" ("kartochka udarnika"). These cards will be issued for one month. In case of nonfulfillment of the fixed share of the production plan, or in case of violation of labor discipline, these cards may be taken away from the respective person, upon the advice of the brigade, by the factory management before its expiration. The cards shall be issued by the shop cooperative bureaus through the intermediary of the shock brigades according to lists, confirmed by the shop management in agreement with the shop confirmed by the shop management in agreement with the shop committee, in accordance with the results of work of the respec-

tive member of a shock brigade during the preceding month.

The factory management and the factory committee have the right to put laborers who formally do not belong to shock brigades but who overfulfill their share of the production plan on the same supply level as members of shock brigades. Information concerns supply level as members of shock brigates. Into marchi concerning the number of special cards issued must be supplied by the factory committee to the management of the workmen's cooperative of the factory, or to the central workmen's cooperative, which has to supply the required quantity of food and manufactured articles according to the number of cards issued, to the canteens

or to the workmen's cooperative of the factory.

Bearers of "supply cards for members of shock brigades" shall receive food and manufactured articles from the canteens, buffets, and itinerant buffets, out of turn, or during hours specially fixed for the supply to members of shock brigades.

3. Industrial articles and foodstuffs which are received in a limited quantity at the dining rooms and canteens, shall be issued, first of all, on cards of members of shock brigades.

A system of advance orders for the supply of food products on cards of members of shock brigades shall be organized in the canteens, if possible, with a delivery of such foodstuffs to the place of residence.

of residence.

4. The distribution of special tickets for the supply of industrial goods of which there is a shortage (so-called deficit goods. translator's note)—overcoats, suits, footwear—shall take place in such manner that those members of shock brigades who have produced the best results of work in quantitative and qualitative respects, labor discipline, etc., shall be supplied first, in accordance with regulations established by the factory committee, factory workmen's cooperative, and cooperative bureau. When distributing the supplies, industrial articles issued to the laborers as a premium, must be taken into consideration.

5. The issue of premiums to the best members of shock bri-

5. The issue of premiums to the best members of shock brigades, in the form of manufactured articles issued free of charge from the premium fund of the enterprise, shall take place by decision of the factory management and the factory committee.

The selection of members of shock brigades entitled to premiums shall take place by decision of the brigades, the shop, and factory tries.

factory trios.

The issue of premiums shall take place once in a quarter, on the basis of the fulfillment of the industrial finance plan for the

preceding quarter.

On the basis of the amount of the premium fund, approved by the factory management and the factory committee for the cur-rent quarter, the cooperative bureau shall submit to the central workmen's cooperative and to the workmen's cooperative of the factory a demand for a certain quantity and assortment of required industrial articles, one month before the beginning of the quarter.

The exact quantity and assortment of the goods destined for premiums shall be fixed by a commission attached to the supply department, composed of representatives of the supply department, the labor-union organization, the cooperatives, and the economic

organs.

The issuance of industrial articles destined for premiums shall

take place on special tickets or according to special lists.
6. Besides the preferential supply of industrial articles and food products to members of shock brigades, they shall enjoy:

(a) The preferential right to receive apartments and a prefer-

(a) The preferential right to receive apartments and a preference in the supply of firewood.
(b) The right of preferential admission to health resorts, rest homes, sanatoriums; preferential admission of their children to children's homes and creches.

(c) The right to be supplied with theater tickets on special terms

7. Trials of loafers and floaters in the various shops shall be organized in comradely tribunals. Willful loafers and floaters must be transferred by decision of comradely tribunals to a secondary

be transferred by decision of comradely tribunals to a secondary supply group for a term of not more than three months.

8. Loafers and floaters who have been ordered by comradely courts to be transferred to a lower supply category are obliged to deliver their ration tickets to the workmen's cooperatives of the factory or to the cooperative bureau. The cooperative bureau must issue to them new supply cards for terms and according to the category indicated in the decision of the comradely tribunal.

In case of a refusal of the loafer to comply with the decision of the comradely court, the following penalties shall be applied: Non-admission to the canteen and discharge from the factory.

9. Laborers who leave the factory shall get the final wages due them only after presentation to the factory management of a note showing that their names have been crossed off the lists of the canteen and of the dining room.

canteen and of the dining room.

Loafers and floaters who have been transferred by decision of comradely tribunals to the second supply category shall get the final wages due them only after exchanging their supply tickets for supply cards in compliance with the decision of the tribunal, and upon presentation of a note showing that their names have been crossed off the lists of the canteen.

VEINBERG Secretary of the All-Union Central Soviet of Labor Unions.

Volkov,
Vice People's Commissar for Supply.
KHLOPLIANKIN,

Vice President of the Administration of the Centrosoyuz.

## EXHIBIT No. 58

[Source: Moscow Economic Life, No. 30, February 6, 1930] RESOLUTION OF THE CENTRAL COMMITTEE OF THE ALL-UNION COM-MUNIST PARTY OF FEBRUARY 5, 1930

## [Summary]

The resolution proposes to the kray committees, oblast committees, and central committees of the various national sections of the party that:

1. In view of the unsatisfactory progress of seed collection on the collective farms, "which threatens to frustrate the sowing campaign," a postponement of the dates for the completion of the collection of seed stocks shall be permitted up to February 25 in certain regions and up to February 15 and February 20 in other sections.

2. Work in connection with the sowing campaign should be concentrated mainly on collection of seed, since no sowing campaign is possible without seeds. In this connection a general check should be made as to whether the resolution of the People's Com-

missariat of Agriculture of the U. S. S. R., providing for the explaining of the seed-collection program in detail to every collective farmer has been everywhere carried out, and steps should be taken

farmer has been everywhere carried out, and steps should be taken to hasten the execution of the tasks enumerated in this resolution.

3. "Those inactive leaders of land organs and collective farm organs who prove unable to perform their duties with respect to the due collection of seed must be given the most severe punishment, including dismissal from office and trial in court. All those removed from office should be immediately replaced by qualified workers really capable of doing administrative work."

4. "Until the completion of the collection of seed stocks on the collective farms and until after the organization of socialized machine the collective farms and until after the organization of socialized machine."

collective farms and until after the organization of seed stocks on the collective farms and until after the organization of socialized machinery and horse stations and machinery and tractor stations, persons mobilized for the sowing campaign shall be prohibited from leaving the collective farms."

from leaving the collective farms."

The resolution also enjoins the People's Commissariat of Foreign and Domestic Trade of the U. S. S. R.:

1. "To prohibit grinding of spring wheat delivered by peasants in regions of wholesale collectivization until after the program of seed stocking has been completely executed."

2. "To permit the acceptance of flour in exchange for selected seeds, the appropriate equivalents to be fixed within three days in agreement with the People's Commissariat of Agricuture of the U. S. S. R."

This resolution also provides that each section of the Control

This resolution also provides that each section of the Central Committee of the Party must acquaint itself with the latest summaries of the People's Commissariat of Agriculture of the U.S.S.R. regarding the progress of preparations for the sowing campaign.

#### EXHIBIT No. 59

[Source: Moscow Izvestia, No. 43, February 13, 1931. Advertisementl

### [Translation]

Attention: Writers mobilized for the sowing campaign. A general meeting of writers mobilized by the federation for the sowing campaign, as well as those who signed voluntarily, is to be held on February 13, 1931, at 5 p. m., in the Club F. O. S. P., Vorovsky Street 52.

Attendance is absolutely obligatory.

Korenev, Organization Secretary.

### EXHIBIT No. 60

[Source: Moscow Pravda, No. 113, April 24, 1931]

PARTY AND LABOR-UNION WORK AND THE TRAINING OF CADETS FOR THE NIZHNI-NOVGOROD AUTOMOBILE PLANT

## [Translation of excerpts]

The central committee proposes:

To instruct the vato and the avtostroy to attach all the technical personnel to definite sections of the automobile plant in accordance with their specially strictly prohibiting the departure of the laborers contracted from auto industry, particularly of those who obtained special training in the United States of America. To make it incumbent on the People's Commissariat for Labor to return, within 20 days, all workers of the avtostroy who received special training in the United States of America and who left to work in other branches of industry or in the transportation branch

work in other branches of industry or in the transportation branch.

## EXHIBIT No. 61

[Source: Moscow Izvestia, No. 48, of February 18, 1931] PRODUCTION TRIAL OF RAPACIOUS WORKERS AND DESERTERS FROM THE TRANSPORT SERVICE

## [Translation]

On February 16, in the building of the People's Commissariat for

On February 16, in the building of the People's Commissariat for Ways of Communication, a public-production trial of deserters and violators of the directions of the party concerning the mobilization of specialists for the transport service took place.

Before a large audience composed of engineers, economists, and scientific workers of the transport service appeared nine prominent workers. Among them were: Endimionov, chief of the central experimental bureau for standardization (TSNIB); Bogoslovski and Simonov, two workers of the labor unions at the same institution; Sherov, Ponomarev, Dishev, Gosdimer, Terentiev, Skvozniakov, specialists

specialists.

The act of indictment shows clearly in what a poor and bureaucratic manner the workers of the People's Commissariat for Ways of Communication and the administration of the Moscow junction treated the directions of the Government concerning the mobilization of specialists for the strengthening of the transport service. Instead of drawing general attention to this problem, the chier and the labor-union workers at the various departments have displayed red tape, have started endless correspondence, and have protected loafers, simulators, and rapacious workers.

For more than two weeks they frustrated in a criminal manner the sending of "the irreplaceable specialists" to the transport service. Instead of organizing a decisive struggle against bureaucratism, Bogoslovsky and Simonov conducted a bureaucratic correspondence and negotiated as to "who was to be sent."

The court resolves to exclude Endimionov, Sherov, and Ponomarev from the labor union, to prohibit their employment in the

transport service, and to turn their case over to the transport collegium of the supreme court to institute proceedings for sabotage; to reprimand Bogoslovsky and Simonov, and to elect other persons in their place as labor-union representatives; to create a special counts; to discharge Terentiev as an invalid, transferring him to the social welfare department. As regards Skvoznikov, who expressed the desire to be transferred to the transport service, the court took notice of his statement.

The sentence of the court was accepted with satisfaction by the audience.

### EXHIBIT No. 62

[Source: Moscow Izvestia, No. 42, February 12, 1931] SEVERE MEASURES SHOULD BE APPLIED TOWARD LABOR DESERTERS

### [Translation]

KUZNETSKSTROY, February 11 (Rosta).—The best part of the engineers and technicians of the Kuznetskstroy works, together with the labor class, under the most difficult conditions, are actively struggling for the execution and overexecution of the construction plan. At the same time, individual specialists at the plant interfere, by their antipublic actions, with the progress of construction. A vivid example is the disgraceful action of 11 engineers and technicians, who ran off during the most responsible period of the work

The extended plenum of the bureau of the engineering and technical section having heard the report of Comrade Peters, head of the cadres department, regarding the desertion of 11 engineering and technical workers, issued a resolution in which it stigmaing and technical workers, issued a resolution in which it stigmatized the malicious deserters who abandoned responsible sections while construction work was in full sway. "We expel those deserters from the ranks of the engineering and technical section," states the resolution, "and we request the building committee to expel them from membership in the labor unions. We demand that all public organizations, where these deserters have found refuge, dismiss them from work and deprive them of their status as engineering and technical workers. Those deserters and all their followers are close allies of the "industrial party." We consider the action of Engineer Korzukhin as that of sabotage. Under various pretexts he attempted to desert the plant area. We expel him from membership in the engineering and technical section and demand that a public exemplary trial be instituted in his case.

his case.

In connection with the resolution of the extended plenum of the bureau of the engineering and technical section the presidium of the building committee has resolved:

To approve the decision of the plenum of the bureau of the engineering and technical section with regard to the expulsion from labor unions and the dismissal from work at the sections where they are now employed of the specialists: V. S. Banige, G. I. Novozhilov, P. V. Sinyarev, V. A. Kuvakin, A. K. Ponomarenko, M. F. Bykov, N. A. Kuznetsov, V. I. Stepanov, V. I. Dorofeyev, G. F. Zhydkov, Lukashenko, for desertion from the labor front, but to repeal the resolution of the bureau of the engineering and technical section with regard to depriving them of their status as engineers and technicians.

To approve the sentence of the labor tribunal of the Marten.

To approve the sentence of the labor tribunal of the Marten workshop providing that Engineer Korsukhin be expelled from the union, dismissed from work, and deprived of his rights.

## EXHIBIT No. 63

[Source: Moscow Za Industrializatsiu, No. 12, January 12, 1931. Advertisement]

## DESERTERS FROM THE LABOR FRONT

## [Translation]

Engineer Sergoi Vladimirovich Pikov and Evsey Yakovlevich Makhno, two young specialists who had been working at the Primorski rayon administration of the coal-mining industry of the east, having been directed there by order of the People's Commissariat for Labor, as well as V. V. Grushevsky, ordered by a traveling document of the former Soyuzugol for work at the Vostugol, dis-

document of the former Soyuzugol for work at the Vostugol, disgracefully ran away from the labor front.

It is requested that all institutions and public organizations report the whereabouts of the above-named persons to the address: Moscow, Krasnaya Place, GUM third line, third floor, apartment 205, Moscow office of the Vostogol (Eastern coal. Translator's note), telephone 2-88, 76.

## EXHIBIT No. 64

[Source: Tashkent Pravda Vostoka, No. 210, August 2, 1931, p. 1] DESERTER GORIELOV-ORDER TO THE CENTRAL ASIATIC COTTON COMBINE [Translation]

To dismiss Comrade Gorielov without dismissal allowance and To dismiss Comrade Gorielov without dismissal allowance and with annotation in his labor booklet from the employ of the Central Asiatic Cotton Combine and Central Asiatic Cotton Institute for categorical refusal to leave for Vakhsh (no data available), an All-Union shock-troop construction plant.

Shadunts,

Chairman of the Board of the Central Asiatic Cotton Combine.

## EXHIBIT No. 65

[Source: Moscow Za Industrializatsiu, No. 228, September 28, 1930] FROM THE MOSCOW OBLAST PROSECUTION DEPARTMENT

The Moscow oblast public prosecution department hereby brings to the knowledge of Soviet public circles the names of the specialists who have been mobilized for the Magnitnaya-Gora construction works, the Kuznetsk construction works, and the Cheliabinsk tractor construction works, but who have evaded mobilization.

cheliabinsk tractor construction works, and the Cheliabinsk tractor construction works, but who have evaded mobilization:

(1) Ochagovsky, (2) Khlobnikov, (3) Ivanov (All-Union Oil Trust), (4) Pishvanov (VZO), (5) Izvekov (All-Union Coal Mining Trust), (6) Cherepakhin (N. I. S.—P. T. E. U.), (7) Teryaev (central offices for energetics), (8) Barabanov (central offices for energetics), (8) Barabanov (central offices for energetics), (9) Ageyev (transport equipment combine), (10) Golubovsky, (11) Poebedinsky, (12) Morgunov (heavy-machine building), (13) Pashehenko (Glass and China Trust), (14) Fritzberg (VTO), (15) Efremov, (16) Gladilyn (building combine), (17) Shpakovsky (Moscow Soviet of National Economy), (18) Galkin (ROMP), (19) Kontaedalov (ROMP), (20) Gurlev (Flax and Hemp Trust), (21) Gorokhov, (22) Somenov, (23) Sukhanov, (24) Vinogradov (Commissariat of Internal Affairs), (25) Ioffe, (26) Vsevolodsky, (27) Sviatsky, (28) Sutulin (Moscow oblast communal department), (29) Ishchenko, (30) Volkov (Commissariat of Internal Affairs), (31) Pekliashenin (Nonferrous Metal Trust), (32) Egorov, (33) Blinkov, (34) Debzhinsky (Supreme Soviet of National Economy of the U. S. S. R.), (35) Shkaev (Union Timber Trust), (36) Steinman (OROMETALL), (37) Raevsky (Union of Unions), (38) Margelin, (39) Volfson, (40) Spassky, (41) Orlaznov, and (42) Kiriushkin (Moscow Soviet of National Economy).

Any of the above persons who, within 24 hours from the moment of publication of this list in the newsreper Za Industrialia.

Any of the above persons who, within 24 hours from the moment of publication of this list in the newspaper Za Industrializatsiu, will not have reported in person at the places to which they have been assigned, will be criminally prosecuted in accordance with the second part of article 61 of the criminal code.

Assistant Moscow Oblast Prosecutor.

H. KABAKOV.

#### EXHIBIT No. 66

[Source: Moscow Za Industrializatsiu, No. 129, May 12, 1931, p. 4]

FROM THE EDITOR'S MAIL

[Translation of excerpt]

The stubbornness of deserter Klevetsky knew no bounds. Having finished his two months' term of convict labor at the sentence of the oblast labor session (for refusal to go to Yakutia), Engineer Klevetsky refused to depart for the Bashkir Republic. The board of management of the State Electro-Technical Plant (GET), where Klevetsky obtained employment, while having knowledge of this fact, continued, however, to take steps toward obtaining permission for him to remain in Moscow. (From a letter of the cadres sector of the All-Union Soviet of National Economy of the R. S. F. S. R.).

## **Ехнівіт** No. 67

[Source: Moscow Za Industrializatsiu, No. 49, February 19, 1931, p. 4, c. 5. Advertisement]

## [Translation]

The board of the All-Union motion picture and photography combine SOYUZKINO requests all organizations, institutions, enterprises, and individuals knowing the whereabouts of Engineer Ermakov, a deserter from the labor front, to advise thereof to Moscow, N. Gniezdikovsky, House No. 7, Soyuzkino.

All the purging of the trust of the All-Union chemical industry

Ermakov was removed from managerial work and detailed to production work. Concealing this fact, he entered the service of the Soyuzkino with the position of chief engineer of the division for

technical and economic planning.

technical and economic planning.

Notwithstanding the order given by the administration, and the resolution of the engineering and technical section, Ermakov refused to depart for his work on production (construction of a motion-picture film factory at Shostka).

Ermakov was dismissed as belonging in the second category, by the purging commission of the Soyuzkino, having been forbidden to occupy any managerial positions, and having been instructed, under obligation, to proceed to outlying districts.

## EXHIBIT No. 68

[Source: Moscow Za Industrializatsiu, No. 47, February 17, 1931. Advertisement]

## [Translation]

Citizen Roman Makarovich Malyar, an engineer in the food industry, a graduate from the Kiev Institute of National Economy in 1929, and who was sent by the Soyuzkonserv to work in the outlying districts

## HAS DESERTED

It is requested that, in accordance with the resolution of the People's Commissariat for Labor, all Soviet, labor union, and public organizations refrain from employing him and that they report concerning his whereabouts to: Moscow, Center, Petrovka, No. 7. Sovuzkonserv.

#### EXHIBIT No. 69

|Source: Moscow Za Industrializatsiu, No. 38, February 8, 1931, p. 4, c. 5. Display advertisement]

## [Translation]

While the yearly report at the Dubensky plant (Dubna, Tula Province) was being compiled, E. N. Shcherbakov, accountant-instructor, deserted-escaped, and the plant administration of the Dubensky plant requests all organizations to apply to him the laws regarding deserters of labor.

#### EXHIBIT No. 70

[Source: Moscow Za Industrializatsiu, No. 25, January 26, 1931, p. 4, col. 6]

## [Translation]

The northern Caucasus Kray office of the "Selstroy" and the northern Caucasus Kray Labor Department hereby make it publicly known that M. A. Tomashevsky, a technician employed in grain soviet farm No. 3, and A. N. Krashennikov, a foreman in grain soviet farm, No. 8, have abandoned their work without turn-

grain soviet farm, No. 8, have abandoned their work without turning it over and have run away, thereby disrupting the execution of urgent work connected with the upbuilding of agriculture.

The northern Caucasus "Selstroy" and the Kray Labor Department proclaiming technicians N. A. Tomashevsky and A. N. Krashennikov to be fraudulent deserters of labor, request that they be not employed and that, in case they apply for work, local organizations be informed in order that they might be sent back to Rostov, to the Kray office of the "Selstroy."

SELSTROY,
Northern Caucasus Kray Office of the
Northern Kray Labor Department.

neg/fk

#### EXHIBIT No. 71

[Source: Moscow Za Industrializatsiu, No. 23, January 24, 1931, Advertisement]

## [Translation]

Matvei Petrovich Ovchinnikov and Petr Petrovich Zotov, foremen employed at the Chusovsky metallurgical plant on the construction of a tunnel between furnaces 1 and 3, have run away without turning over their work and special clothing, as well as money in cash. The first slipped away on December 27, 1930; the second on January 12, 1931. Tikhon Vasilievich Kaveshnikov, a laborer and blacksmith, has also run away.

It is requested that all organizations knowing the whereabouts of the above-named persons take measures toward their detention through the administrative department.

## EXHIBIT No. 72

[Source: Moscow Za Industrializatsiu, No. 21, January 21, 1931. Advertisement]

## [Translation]

Constructor A. A. Maximenko, at a time of responsible planning of coke and chemical plants, deserted from the Dnepropetrovsk Planning Office of the Giprokoks.

Organizations and persons who know of his whereabouts are requested to advise thereof.

## EXHIRIT No. 73

[Source: Moscow Za Industrializatsiu, No. 18, January 18, 1931. Advertisement1

## [Translation]

To all economic organizations:

It is requested that the place of work of Citizen Ivan Dmitrievich Vasiliev, a graduate of the Vyaznikovsky Textile Technicum, be reported to: Station Vyazniki, factory "Rosa Luxemburg."

This party was contracted by us and, after finishing his studies, deserted from work, having obtained a month's vacation.

We request the economic organizations where Vasiliev has obtained employment to turn him immediately over to us.

## EXHIBIT No. 74

[Source: Moscow Za Industrializatsiu, No. 16, January 16, 1931. Advertisement1

## [Translation]

The administration of the Constantinovsky Electrokoltso employed Engineer Pykhteyev, a former resident of the city of Tver, who, having obtained a wage advance, ran away.

It is requested that all institutions where Citizen Pykhteyev is

working report this fact to: Elektrokoltso Administration, village of Konstatinovka, Donetz Basin.

ADMINISTRATION.

## EXHIBIT No. 75

[Source: Moscow Za Industrializatsiu, No. 53, February 23, 1931, p. 4, c. 3. Advertisement]

## [Translation]

Fedor Mikhailovich Kondratiev, a technician, deserted on December 12, 1930, from the Liudinovsky plant in the Western

Province without turning over his work to the shop management.

He was graduated from the technical school in 1930. The plant administration requests all enterprises knowing Kondratiev's whereabouts to report thereon.

#### EXHIBIT No. 76

[Source: Moscow Economic Life, No. 196, October 19, 1930] COMRADES' COURT IN JUDGMENT OVER LABOR DESERTERS

## [Translation]

The comrades' court at the Commissariat of Ways of Communication, presided over by Comrade Kefalidi, with Comrade Diakonov acting as social prosecutor, has been examining the charge brought against a number of workers of the central communication station (probably meaning the central telegraph and telephone station. Translator's note) of the transport service, who are members of the union (what union? Translator's note), the women Lebedeva, Drieger, and Mikhalenko, of having hounded the activist female worker, Kulikova, who is a scout of the battling post (meaning member of a sort of germ-call at the given establishment. Translator's note), and also of having intentionally frustrated sundry measures for the consolidation of labor discipline.

The workers of the telegraph: Privato, Isaaiov, Yuroshkevich, Efimov, Kuchinsky, Kassatkin, and Tsukanov are charged with systematic nonattendance to work, with inebriety when coming to work, with neglect in the performance of their duties, with disorganization of the surrounding milieu, with propaganda against the shock-brigade movement, and with intentional frustration of measures meant for the consolidation of labor discipline.

The entire body of workers of the said central telegraph and telephone station of the transport service is charged with insufficient vigilance, and with absence of class sentiment. As a result of this, class-alien elements, idlers, and drunkards managed to creep into the apparatus of the station. By the preliminary investigation and the examination in court all the charges were fully proved.

The court found that the activities of the group of class-alien elements had not met with rebuff on the part of the body of workers. The leading body of activists failed to display sufficient initiative, energy, and decision in the matter of reeducating those who were lacking in class consciousness and of driving the class aliens out of the apparatus. The unsatisfactory social composition, the low cultural level, and the political illiteracy of the considerable majority of workers of the said central station were the principal causes of the bad conditions in regard to labor discipline. The court resolved to expel from the union and dismiss from the service the following persons: The women Frechistenskaya, Lebedeva, and Drieger, and the men Issalev, Tsukanov, Kassatkin, Yuroshkevich, Kuchinsky, Efimov, and Privato.

Taking into consideration the difficult conditions of her family life—she has a baby in arms—the court decided to give her a comrades' warning. The woman Smirnova was given a public reprimand. In addition to this the court bound her over to raise the level of her political education.

The court further decided to forward the evidence concerning the party member Nikhailov to the bureau of the party collective, broaching the question as to his continuance in the ranks of the party. The court pronounced the social work of the entire body of workers of the central station to be unsatisfactory, and suggested that it be raised to a due level, turning to account the lessons taught by this trial. To the branch committee it was suggested to broadly develop class educational work on the basis of socialistic emulation and participation in the shock brigade movement

As regards Comrade Kulikova, the court recommended her as an exemplary worker and suggested that more responsible work be intrusted to her.

The decisions of the comrades' court were carried into effect.

## EXHIBIT No. 77

[Source: Moscow Izvestia, No. 243, September 3, 1930]

TO ALL PARTY, ECONOMIC, LABOR-UNION, AND COMMUNIST YOUTH
ORGANIZATIONS—MESSAGE OF THE CENTRAL COMMITTEE OF THE ALLUNION COMMUNIST PARTY (OF BOLSHEVIKS)

## [Translation of excerpts]

One month hence the new fiscal year—the third year of the quinquennium—will begin. This approaching year raises a number of most intricate and most responsible economic and political problems. It will be of decisive importance for the execution of the 5-year plan in 4 years, and it must assure the shifting of not less than one-half of all peasant households to the socialistic path—the path of collectivization.

The execution of this gigantic economic program is possible only with a most active and immediate mobilization of all the forces of the working class, of all party organizations, all labor unions, the entire Communist Union of Youth, and all economic organizations without exception. Failure to realize this fact means failure to remember the fundamental Bolshevik obligation to secure the success of the upbuilding of socialism, and it represents a direct crime committed against the party, in the very first instance, by all the leaders of these organizations.

Mere verbal recognition of the general line of the party, and failure to adopt in actual fact drastic and prompt measures for mobilizing the whole working class for the execution of this economic program is unworthy of Bolsheviks and represents the worst form of right-wing opportunism in practice.

economic program is unworthy of Boisneviks and represents the worst form of right-wing opportunism in practice.

Only by immediately developing operations for preparing the execution of the production program of industry for the next year will it be possible to assure the realization of the Bolshevik paces of the development of industry adopted by the Sixteenth Congress of the Party.

Especially important to the execution of the industrial plan this year have been the changes which occurred in the economic situation and which were felt most keenly in the labor problem and, first of all, in the problem of the excessive turnover of labor. The enormous extent of socialistic industrialization, the employment in this connection of all the old staffs of workingmen and of a huge number of new workingmen, especially from the villages, and the simultaneously developing collective and soviet farm organization, together with the yield of a heavier crop, have caused most serious changes as compared with the period when there were still considerable numbers of unemployed in the cities and when the excess of working hands made itself felt particularly on the small individual farms.

These changes in the small individual farms.

These changes in the situation were not taken into account by the economic organs and by the labor unions. Yet this implies on the one hand, and influx into the industrial enterprises of new workingmen who have not gone through the training of large-scale industry and who are often imbued with the selfish spirit of the petty proprietor; on the other hand, it involves the departure of a certain number of such workingmen for the village, especially during the harvesting period and during the distribution of the crop. Instead of rendering themselves a clear account of the existing situation and adopting the necessary measures (by developing proletarian public opinion, by a proper adjustment of the workingmen's supply organizations, and by special rewards for the best producers), so as to attach the working personnel firmly to the enterprise, and instead of fighting resolutely against the selfish elements who accidentally find their way into the estabiishments ("rovers," etc.), the economic organs and the labor unions, as well as the party organizations, have displayed absolutely intolerable passivity in this matter, and thus permitted an excessive turnover of labor to take place.

It is especially necessary to point out the bureaucratic attitude assumed by the organs of the People's Commissariat of Labor and by certain labor unions toward economic problems. Suffice it to say that, in the presence of an obvious labor scarcity at factories and other industrial plants, in the mines and at construc-

It is especially necessary to point out the bureaucratic attitude assumed by the organs of the People's Commissariat of Labor and by certain labor unions toward economic problems. Suffice it to say that, in the presence of an obvious labor scarcity at factories and other industrial plants, in the mines and at construction works, in all industrial regions, the organs of the People's Commissariat of Labor have until recently confined themselves to the printing of bureaucratic "data" regarding hundreds of thousands of unemployed, and paid out tens of millions of rubles in benefits "for unemployment," conducting no struggle against the selfish elements, against rovers refusing to work, etc.

Not less bureaucracy and incapacity in solving new problems has been displayed by the consumers' cooperatives, which did not know how to carry out the necessary reorganization of their work in order to accomplish the task of firmly attaching the laborers to the industrial plant and which failed to mobilize all their productive possibilities to obtain an effective improvement in the supply of the laborers to promote mass control by the workingmen and workingwomen over the work of all cooperative organs. To a certain extent the organs of the People's Commissariat of Foreign and Domestic Trade are also responsible for it.

As the most striking manifestation of the confusion prevailing

As the most striking manifestation of the confusion prevailing among the economic organs and labor unions and of the fact that they have failed to adopt prompt measures for the struggle against the excessive turnover of labor, which is undermining labor discipline and carrying disorganization into industry, may be regarded the labor situation which has arisen because of the new economic situation in the enterprises of the All-Union Coal Mining Combine in the Urals in a number of building enterprises, and even in certain enterprises at Moscow and Leningrad, and which has resulted in serious failures of production programs.

omenia in the Urais in a number of building enterprises, and even in certain enterprises at Moscow and Leningrad, and which has resulted in serious failures of production programs.

The inability to organize and take the lead in the tempestuously growing activity of the working class still remains the principal and decisive defect in the economic work. Notwithstanding the gigantic scale of socialistic rivalry and of shock-troop work at factories and mills our economic, labor-union, communist youth and party organizations not infrequently lag behind in this respect, and at times they trail behind the proletarian activists in an

factories and mills our economic, labor-union, communist youth and party organizations not infrequently lag behind in this respect, and at times they trail behind the proletarian activists in an opportunistic manner, for example, at Sormovo and other places.

The development of socialist rivalry and shock-troop work is in no small measure promoted by bringing the tasks of the production program all the way down to each workshop, labor brigade, and work bench. On the other hand, socialistic rivalry and shock-troop work are rising to a higher level on the basis of the development of proletarian activity, of a utilization of the productive achievements of the shock-troop workers, and of their initiative in rationalization, as well as on the basis of a practical use of proposals from workingmen as regards utilization of powerful additional sources of production. This finds its expression in the elaboration of the industrial and financial counterplan by the workingmen at the factories and mills; its significance lies in a greater saving of the resources of the enterprise when carrying out the production, but more particularly in a further acceleration of the Bolshevik pace of industrial building operations. The in-

dustrial and financial counterplan acquires particular importance as a method for the effective enlistment of all laborers in the cause of socialistic upbuilding and as a most important means of fighting

counterrevolutionary sabotage.

In reality, however, in many instances the party and other factory organizations not only fail properly to support the initiative of the workingmen in the elaboration of the industrial and finanof the workingmen in the elaboration of the industrial and financial counterplan, but there is also lacking the necessary organization of socialistic rivalry in diverse and ever new forms (start-to-finish shock brigades, "social towage" (the use of the press and of other agencies of what is known as "Soviet public opinion," but mostly the direct help rendered by a successfully operating establishment, to speed up the operations of industrial and other enterprises lagging behind scheduled performance—Translator's note), and others). Yet without this it is impossible to make sure of Rolsheyik speed in the development of socialist industry. Inand others). Yet without this it is impossible to make sure of Bolshevik speed in the development of socialist industry. Instances of sham shock-troop work in industry and in transportation are still numerous, and there is still a purely formal bureaucratic attitude toward rivalry. There are quite a few party members who do not understand the rôle and the obligation of communists in the enterprises to act as skirmishers in the struggle for the execution of the industrial and financial plan.

for the execution of the industrial and financial plan.

Among the economic workers who actually stand at the advanced outposts of socialistic upbuilding work, there is not infrequently a lack of consciousness of the exceptional responsibility they assume for their work, and there is no understanding of their positive duty to combine the firm establishment of individual authority of chiefs at the enterprise with the ability to rest, in all their activities, for support upon the party, labor-union, and Communist Youth organizations, upon all the communist and nonparty active elements among the workingmen and working women.

The most serious defects of socialistic rivalry and shock-troop work have found their expression in the failures of production

work have found their expression in the failures of production which have revealed themselves and in the grave danger of a breakdown of the industrial and financial plan of the current year.

The situation which has been created in industry demands determined and immediate measures for the mobilization of the forces of the whole party and of the whole working class, so as to execute the industrial plan of the current year adopted by the party. This is the more necessary and the more urgent, since the closing of the gap which has been disclosed in the industrial and financial plan represents the principal condition for assuring the execution of the production program for the third year of the the execution of the production program for the third year of the quinquennium.

This involves the following fundamental tasks of the party and of the whole working class.

1. All forces of the party and Communist Youth organizations, of the labor unions and economic organs must be devoted to advancing the cause of socialistic rivalry and shock-troop work, to the support of the initiative taken by the workingmen in this matter in all its forms (start-to-finish shock brigades, "social towage," and others). All forces must be devoted to the promotion of the industrial and financial counterplan in the factories and mills, in the mines and at construction works, on the railways, and on the waterways

The central committee wholly and fully supports the initiative taken by the All-Union Central Soviet of Labor Unions in the organizations, during the month of September, of an extensive campaign by the labor unions for the industrial and financial counterplan and for the organization of an All-Union shock-troop day on October 1. The central committee points out the fact that this campaign will become an effective means for stopping the gaps in the industrial plan and that it will assure the execution of the production schedule only if all labor-union organizations will be drawn into this campaign immediately, in actual fact, and not merely by word of mouth.

2. Measures which will assure a decisive strengthening of labor

2. Measures which will assure a decisive strengthening of labor discipline and an effective struggle against disorder and against loafing must be adopted at once. These measures must assure an early change with a view to increasing the output of labor and to the actual realization of the principle of individual authority of chiefs in economic management, without which it is impossible to overcome the difficulties which have arisen in

industry.

3. The development of technical initiative among engineers and echnicians must be assured, and the training of new staffs of

technicians must be assured, and the training of new staffs of the working class must be pushed by every means, by a more determined and persistent promotion of the more advanced workingmen to managing posts and especially those workingmen who organize rivalry, so as to overcome inertia, bureaucracy, and opportunistic lack of confidence in the ability of the working class.

4. For the purpose of combating the excessive turnover of labor at the enterprises, a whole system of measures must be carried into effect, which will assure the firm attachment of the workingmen to industry by the appropriate development of proletarian public opinion, by means of workingmen's "self-obligation" in the face of proletarian public opinion to work at the given enterprise not less than a stipulated period, and by applying all measures of social pressure, including a boycott, against malicious deserters from production, as well as by providing for various forms of premiums and of supply allotments which would induce the laborer to work long periods of time at the factory.

In view of the fact that a number of legal provisions, and in particular the statutes on labor exchanges, do not in the present economic situation satisfy actual requirements, there must be an

economic situation satisfy actual requirements, there must be an immediate revision of these laws, with a view to repealing those sections which obstruct the fight against rovers, deserters from production, etc.; at the same time a more extensive employment

of the working youth at production, as well as of the wives of the workingmen and other toilers, should be secured.

5. The organization of supplies for the workingmen is of ex-ceeding importance for the execution of the industrial and finan-

cial plan.

For the purpose of improving the distribution system, the co-operatives must promote those forms of distribution which have operatives must promote those forms of distribution which have justified themselves in practice and which safeguard to the greatest possible extent the interests of the workingmen engaged in production (shop canteens, the attachment of workingmen who are shareholders to their own stores, a merciless struggle against thievery in the cooperative system, stronger reprisals for abuses with ration tickets, purchase cards, etc.). In the industrial regions they must push the organization of suburban farms (vegetable, dairy, livestock). The party, labor-union, Communist Youth, and economic organizations must render every possible aid in fostering initiative among the workingmen in such matters, strengthen the cooperatives, and by all means promote mass control by workingmen and workingwomen over the operations of the cooperative system.

cooperative system.

6. The press has performed important work, on the basis of a promotion of self-criticism, in mobilizing the laboring masses for the execution of the industrial and financial plan. At the same time, in many instances, the press, confining itself to a superficial campaign agitation, has failed to obtain an intensification of the struggle against the most glaring, concrete defects of economic work, and has not been able to manage the task of a prompt organization of the masses to cope with the new problems which have come to the fore because of the changes in the economic

7. A determined fight must be carried on against the slackening pace of work due to summer vacations which, in a number of economic organs, have taken the intolerable shape of leaving institutions without management and which represent one of the most serious obstacles to the execution of the current industrial and financial plan and to the preparation for the third year of the quinquennium. Without an immediate and thorough eradication of this kind of laxity, which represents one of the obvious manifestations of opportunism in practice, the mobilization of the party forces and of the workingmen for closing the gap and carrying out the industrial tasks will remain mere words.

These are the most important problems of the day.

The production program of the current year and the economic plan of the third year of the quinquennium signify a practical program of socialistic upbuilding and a fully deployed offensive against the capitalistic elements all along the front. nomic organs, have taken the intolerable shape of leaving insti-

The overcoming of the difficulties which face us depends, first of all, upon our work, upon our ability to wage a consistent and uncompromising fight against disorder and bureaucracy within our organs, but especially upon our ability to mobilize the working class, which represents a source of rapidly growing and practically inexhaustible revolutionary energy, in the cause of the struggle for communishm for communishm.

The industrial and financial plan is in danger. This threatens the program of the third year of the quinquennium. Let us draw from this a Bolshevik conclusion, namely:

All forces of the party, all forces of the working class, must rally to the execution of the industrial and financial plan, to assure the execution of the program of the third year of the quinquentium.

## EXHIBIT No. 78

[From the Small Soviet Encyclopedia, vol. 8, col. 977, published at Moscow in the beginning of 1931 by the Communist Academy of the Central Executive Committee of the U. S. S. R.]

## [Translation]

## CONVICTS FOR HEWING TIMBERS-PENITENTIARY COLONIES

Penitentiary labor colonies are establishments with a semifree Penitentiary labor colonies are establishments with a semifree régime. In their interior arrangement they resemble economic organizations. Labor colonies, which facilitate the utilization of the labor of prisoners and the instilling into them of the habits of labor, are becoming the fundamental type of prison during the reconstructive period. Penitentiary colonies are of two types, the open and the closed. Open-labor colonies are organized chiefly beyond the towns (for agriculture, road making, timber hewing, peat cutting, etc). Closed penitentiary colonies are transformations of the prison buildings and isolators, which are most adapted for factory production.

## EXHIBIT No. 79

[Extracts from Solovetskie Ostrova, the monthly journal, the organ of the management of the Solovetsky camp of the O. G. P. U., No. 7, p. 10, printed and published at the Solovetsky Island camp in the White Sea, July, 1926]

O. G. P. U.'S SKETCH OF A SMALL CONVICT TIMBER CAMP-DESCRIPTION OF BAB-CUBA CONVICT TIMBER CAMP

## [Translation]

Bab-Cuba is 3 versts from the town. Bab-Cuba is a marine gulf, broad and calm, which at ebb tide pushes out its waters, and over the whole of its broad expanse shimmers the yellow of the

drying sand.

This spring Bab-Cuba became vociferous with the screaking of saws, the chopping of hatchets, the "stimulating" cries of gangers. The sawmill, which had been idle, sprang into activity.

Tons and sometimes hundreds of people swarmed round the mill and blended with the yellow-gray sands of the ebb tide. But unusual work is now going on at the sawmill. Through its gloomy corridor, over the thick movable lifting chain, over the lines of the trolley wheels, pass thousands of enormous tree trunks, driven to the bank in rafts. The mill lifts these trunks, passes them along, and throws them out to be turned into sleepers, with which operation the whole "bourse" on the bank of Bab-Cuba is now occupied.

In May a contract was concluded between the Karelian Timber Trust and the management of the Solovetsky camps, by which the camps undertook to provide a great working artel for the summer season to serve the enterprise of Bab-Cuba. During the summer months 150,000 trunks must be transformed into finished

raliway sleepers by the Solovetsky artel.

Immediately after the contract was signed, artels of up to 200 men were formed out of the number of prisoners confined in the Kem convict prison camp. These artels began at once continuous work, and at the present time the whole shore of Bab-Cuba makes the impression of a real "bourse," strewn with timber merchandise transformed in the process of the work.

This work is quite different in pheroters from other work.

chandise transformed in the process of the work.

This work is quite different in character from other work. It goes on the whole 24 hours round. This does not mean, of course, that the people do not close their eyes during the 24 hours, but the different scenes and the purely local conditions (the tide) do not stop the work either by day or at night.

The sawmills are worked entirely by laborers of the Solovetsky artel. Each member of the artel earns money for the camp, amounting on an average to 2 rubles per day. The prison laborer gets the benefit of a tenth part of his earnings, which is handed out to him once a week

gets the benefit of a tenth part of his earnings, which is handed out to him once a week.

Of all the work at Bab-Cuba, floating is the only part which is performed by nonprisoners. For this process the Karelian Timber Trust has engaged freemen laborers. Thus, there is a peculiar sort of emulation between the two classes of laborers. The floaters are interested in delivering the rafts to the shore in good time. The prisoners, for their part, who perform all the other forms of labor, strive not to log behind the floaters in working up the timber. the timber.

Work goes on in the conditions produced by this voluntary and peaceful competition. Two offices are at work side by side. One is in a big new house with a mezzanine which has recently been put up. This is the office of the sawmills. The employees in it are all in the service of the Northern Timber Trust (Severo-

less), with the exception of one bookkeeper, who is from the Solovetsky Islands.

The other office is in an old gray barrack. This is the office

The other office is in an old gray barrack. This is the office which carries out all settlements and manages the whole life of the Solovetsky artel. There the accounts are kept from day to day. An account of the results of the day's work is given to the office of Severoless, in return for a receipt to acknowledge that this work has been performed.

In this old barrack which has turned brown, there are figures, rattling of counting boards, and reports without end. This is the place for the rations and medical aid, and the rare placing in the cells of an erring "leopard."

And what about the life? There is life only in repose. The minutes do not suffice for anything else. Everything else will come later, when the summer months are over, when the trolleys have conveyed 140,000 newly finished sleepers to the railway trucks. Life consists only of labor and rare periods of repose—repose in the new barracks, in the smell of fresh wood, pitch, and shavings.

Bab-Cuba is a peculiar corner, separated from everything, a strange settlement cut off from towns, from the world, from songs. Nothing but the whistles of passing locomotives.

And the silent salls of the sea, sometimes shining on the hori-

zon, far away where the gray sands of the ebb tide and the broad, smooth surface of the White Sea begins.

smooth surface of the White Sea begins.

On this shore, above the gray sands, by the toil on the timber "bourse," people are repairing their lives.

They are hewing them with their hatchets, they are planning them, too. And from the bare rocks above the wretched Karelian coast, they look out toward the islands seen in the distance. And they think \* \* it must be they think of how good it will be when a fresh life for them begins, a life which may be likened to a railway sleeper, newly hewn and planed.

## EXHIBIT No. 80

[From Ekonomicheskaya Zhizn, published at Moscow, July 29, 1928]

DWELLINGS OF LUMBERMEN LIKE THE LARS OF WILD BEASTS—IN THE NORTHERN FORESTS—INTERRUPTION IN FINANCING—PLANTATION METHODS OF USING LUMBERMEN AND THEIR TEAMS-REGULATION OF LABOR—SUPPLY OF BREAD AND FODDER, SOMETIMES NONE, OTHER TIMES TOO MUCH—LAIRS OF WILD BEASTS INSTEAD OF DWELLINGS—CULTURAL AND EDUCATIONAL WORK

## [Translation]

## (From our Cheropovetsk correspondent)

A great number of lumbermen in the period of their operations have been left in an extremely difficult position through the inter-ruption of special credits. Thus the local industrial combine re-ceived nothing at all in one quarter instead of the 232,000 roubles which figured in the industrial finance plan. Advances date at different times and places. All this retarded lumbering operations,

and sometimes even threatened them with disruption. The lumbering organization had to be maintained, but lumbering operations came to a standstill. Besides this another trouble happened: Recruiting agents appeared in the district enticing happened: Recruiting agents appeared in the district enticing the peasants with earnest money, promising all kinds of good things, and they carried off hundreds of people with their horses to Murmansk, to Archangel, and other less distant places. By this the lumbering of the local organization was endangered. The recruiting agents were dealt with by suitable measures. The agiotage was lessened and the question of the distribution of labor brought back into the channel planned. Outrageous cases of deceiving the peasants by the recruiting agents must be noted. In some localities the conditions proved to be considerably worse than those promised prior to departure. Many peasants having sold their horses trudged hundreds of versts and returned to their native villages crushed and often ill. The prosecuting magistrates have taken up the question of these plantation methods of recruiting labor, but this should not prevent a further investigarecruiting labor, but this should not prevent a further investiga-

It must be mentioned that extraordinarily difficult work in severe winter is carried out mostly under extremely unfavorable living conditions. The men in charge of lumbering operations (especially those engaged in annual cutting) have made insufficient provision of dwellings for haulers and hewers. Thus, after the work-

ing day the hewers return to rest in primitive smoke huts.

They crawl in (not walk but literally crawl) as into a wild beast's lair; the air is oppressive, smoke hurts the eyes. They dry, warm, and rest round the open log fire. Medical aid is often no better. \* \* often no better.

#### EXHIBIT No. 81

[Source: Vsia Moska, 1930]

STATE TRADE COLLECTION ENTERPRISE OF THE MOSCOW PLACES OF CONFINEMENT

[Translation of excerpts]

Plant "Shtampmet" (aluminum articles)—B. Ekaterininskaya 4. telephone 5-79-69.

Handkerchief, filling, stocking, and knitting workshop—Sretenka, 11, telephone 5-06-37

Photolaboratory—Belinskovo Ulitza, 4, telephone 2-11-01.
Factory labor colonies: Burepolm (lumber plant and timber camps)—Sherstki junction, Moscow-Kursk railway; Vetluga (lumber camps)—Yakshanga station, Northern railway; Zavidovo (peat operations)—Zazidovo station. October railway; Kimro-Kaliazin (gravel production)—city of Kaliazin; Kriukovo (brick plants)—Valikara station. October railway: Lienezovo (brick plants)—Lienezovo (brick plants) (gravel production)—city of Kallazin; Kriukovo (brick plants)—Li-kriukovo station, October railway; Lianozovo (brick plants)—Li-anozovo station, Sevelovo railway, telephone 2-77-67; Second Mos-cow (joiner-carpenter, mechanical locksmith, radio equipment)— M. Ivanovsky p., telephone 2-55-00, 1-36-14, 4-04-62; Sardansk (lumber plant)—city Mozhga, Votsky Oblast.

## Ехнівіт №. 82

[Source: V. O. K. S., No. 2, 1931, p. 7, K. Radek] OBLIGATORY LABOR OR FORCED LABOR

[Excerpt from English-language article] .

Just because the adversaries of the new régime daily see this they can not imagine that obligatory labor should not in practice to forced labor.

They pick out those cases where there exists forced labor in our country, in order to generalize them and to represent our whole labor system as a system of forced labor. We never concealed that we apply force to representatives of the overthrown class. We are destroying the kulaks as a class on the basis of all-around collectivization of peasant farms. This is a fact which we never concealed, which we consider as a great accomplishment of our country. Yet we do not at all aim at the physical destruction of country. Yet we do

After having come to power, we have left the old tsarist ministers and the capitalists alive, and still less can we want the physical destruction of the comparatively numerous class of the kulaks. Shall we then keep them in prison? Even if it were possible to put thousands of people in prison, the socialist government would not take such measures without absolute necessity. Our mission consists not in the physical destruction of the kulaks and the proposentatives of the explicitive classes but in foreign than the representatives of the exploiting classes but in forcing them to begin a laboring life under adequate conditions. Not until they have entered this laboring life and have forgotten their dreams of restoration of their former privileged position can we leave them the possibility to move about freely or allow them to enter our factories and our collective farms and undermine our work from within. We put them on distant sectors of the economic

front, where they have to earn their livelihood by heavy labor.

The proletariat does not renounce force even in regard to the more backward members of its own class which are too slow in overcoming the habits of grafting inherited by them from capital-ism. Comradely tribunals, verdicts of workers' general meetings, and the fight of proletarian public opinion—all these are means of forcing which we do not renounce for a moment. We would be very glad if capitalist morality and capitalist views on labor would suddenly perish in our country, together with capitalism. But, unfortunately, mass habits and views have a persistent life and often survive when the conditions which have molded them have already disappeared. The working class, which builds a new and better society not for itself but for the whole mass of the people, for the vast sea of peasantry, which has up to now known only hard toil, has a right to apply force, because the working class applies this force not in the interest of a minority but in the interest of that mass of the majority of the people whose vanguard

#### EXHIBIT No. 83

[Source: Soviet Penal Labor Law, Moscow, 1931. E. Shirvindt and B. Utevsky, p. 90]

## [Translation of excerpts]

The resolutions of the sixth congress of legal workers speak already of the necessity to expand the network of penal labor colonies. But only in 1929, when the "fetishism of window bars" proved considerably shaken there appeared economic preliminary conditions for the application of convict labor at mass work requiring much labor power and, in connection therewith, for the growth of labor colonies.

One principal form—penal labor colonies—was founded instead of the complicated and variegated system of places of confinement. The places of confinement in which existed sufficiently powerful The places of confinement in which existed sufficiently powerful industrial enterprises, requiring much labor, were transformed into colonies of a closed type (i. e., bound by the walls of the respective place of confinement). As to all the convicts not engaged in work at such enterprises, they are brought out to places of mass work where they create open colonies, agricultural, irrigation, connected with mining, the building of roads, etc. Certain of these colonies (for example, road constructing, irrigation) are considered as movable, not established firmly in one place, but traveling together with the transfer of the work to a new spot.

The following table shows the results of the work performed in

The following table shows the results of the work performed in

Type of colony	Number of colonies as of Sept. 1, 1929	Newly or- ganized and reor- ganized after Sept. 1, 1929
Lumber operations	6 17 4	19 12 26

## EXHIBIT No. 84

.

[Source: Soviet penal labor law, Moscow, 1931, E. G. Shirvindt and B. S. Utevsky, p. 89]

1. The replacing of prisons by labor colonies for convicts.

#### [Translation of excerpts] .

The desire to bring convicts out of the prisons into institutions with a semifree system, from the cities into the rural districts stimulated the creation of factory and plant colonies in the rural districts, in addition to agricultural and economic colonies. Particularly large colonies of that type were created in the Leningrad and Moscow Provinces. It is sufficient to say in order to characterize these colonies that the number of convicts at the Lianozovo-Krukov factory (Lianozovo Station, 14 kilometers from Moscow on Savelovo railway) labor colony exceeds 3,000 during the summer months. The colony is entirely self-sufficient. The brick factories which are situated within the territory of the colony and which were in a dilapidated condition have been rebuilt, developed, and now produce during the summer about 30,000,000 developed, and now produce during the summer about 30,000,000 bricks.

## EXHIBIT No. 85

[From Sovietskoye Ispravitelno-Trudovoye Pravo, the official university course on Soviet penitentiary labor justice, published by the Commissariat of the Interior of the R. S. F. S. R. for the State Institute for Studying Crime and Criminals, Moscow, 1931]

## [Translation from page 90]

Places of confinement which have producing enterprises of sufficient power and labor capacity are transformed into colonies of the closed type (i. e., limited by the walls of the place of confinement). But all the prisoners who are not occupied in such enterprises are taken out to the places of mass labor, where they form open colonies—agricultural, improvement, mining, road making, etc. Some of those colonies (e. g., road making and improving) are regarded as mobile, and are not fixed to one spot but move as the place of work changes to a new place.

The result of what has been done in this direction may be seen from the following table:

Type of colony	Number of colonies before Sept. 1, 1929	Number of colonies organized and reor- ganized since Sept. 1, 1929
For preparing timber Agricultural Manufacturing	6 17 4	19 12 26

It is not difficult to see that the change from closed places of confinement to the system of labor colonies is quite in keeping with the principles of Soviet corrective-labor policy, explained in article 4 of the corrective-labor code of the R. S. F. S. R. and that the corrective-labor reform which has been made is in complete harmony with the basic foundations of the Soviet corrective-

This circumstance is the best proof that the organization of the Soviet penitentiary is right, expressed as it was with full deliberation as early as 1918 and given its real form in 1929.

#### EXHIBIT No. 86

[Source: Small Soviet Encyclopedia, Moscow, 1930, vol. 8, p. 978] [Translation of excerpts]

Labor colonies are:

2. Penitentiary-labor institutions with a semi-free régime ap-2. Peninentary-labor institutions with a semi-free regime approaching in their inner organizations corresponding economic enterprises. Labor colonies which give a wide possibility of rational application of the labor of persons deprived of freedom and of inculcating in them labor habits are becoming in the reconstructive period the basic type of places of confinement. Labor colonies are of an open or closed type. Open labor colonies are organized principally outside cities (agricultural, road, lumber, and need production, etc.) peat production, etc.).

## EXHIBIT No. 87

[Source: Sovietskaya Yustitsia, No. 30, p. 33, November 7, 1931] TO THE KRAY AND OBLAST BOARDS OF MANAGEMENT OF PENITENTIARY-LABOR INSTITUTIONS AND TO THE BOARDS OF MANAGEMENT OF PENI-TENTIARY-LABOR INSTITUTIONS OF THE AUTONOMOUS REPUBLICS CON-CERNING THE REMUNERATION FOR THE LABOR OF PERSONS BANISHED AND PERFORMING PENITENTIARY LABOR

## [Translation]

The following procedure to be followed in remunerating the labor of persons banished and performing penitentiary labor is hereby established:

labor of persons banished and performing penitentiary labor is hereby established:

1. The remuneration for the labor of persons banished and performing penitentiary labor who, while proceeding to their place of banishment are held in places of confinement, shall be paid on a basis similar to that of all persons deprived of freedom but without deductions to the permanent funds.

2. At the place of banishment the persons banished and performing penitentiary labor, both those working in economic organs or working in enterprises of penitentiary-labor organs, shall have, as regards the conditions of labor and the remuneration for the same, an equal status with workers (rabotnik) of a similar qualification, who perform the same work by labor contract.

A definite percentage decreasing with every year and which is calculated at the rate set for workers (rabotnik) performing work by labor contract, shall be deducted from the earnings of persons banished by penitentiary-labor organs as indemnification for expenses incurred in connection with banishment and penitentiary labor.

In addition thereto, a certain percentage shall be deducted during the first years of banishment which goes to the personal-supply fund of the person banished.

3. No deductions or assessments shall be made from the remuneration for the overexecution of quotas, for overtime work, or from any kind of premium for achievements of an industrial nature.

4. The amount of salary paid directly to the person acroning it

nature.

4. The amount of salary paid directly to the person earning it, of the assessments therefrom, and of the deductions for the supply fund shall be established for all persons banished and executing penitentiary labor in the following form:

All other deductions and assessments from the earnings of persons banished and performing penitentiary labor (for example for the extension of production, for cultural work, etc.) shall be categorically prohibited:

	In percentage of total earnings		
Term of banishment	Immediate- ly issued to person ban- ished	supply	Deducted by peni- tentiary- labor organs
First year Second year Third year Fourth year and following	65 75 85 95	10 10 5	1. 25 1. 5 0. 0 5. 0

5. The issuance of money from the supply fund, belonging to the person banished and performing penitentiary labor, shall be permitted by order of the respective penitentiary-labor organ, provided there are valid reasons therefor, such, for example, as the arrival of his family, and provided six months have elapsed since the beginning of the term of banishment.

At the end of the term of banishment or of the term of peni-tentiary labor accompanying banishment, all the money listed in the supply fund of the person banished shall be issued to him

personally.

6. If the annual term of banishment expires in the middle of a

6. If the annual term of banishment expires in the middle of a month the salary shall be calculated at a new rate only from the beginning of the next month. If the first year of banishment, for example, ends on November 12, 1931, 75 per cent of the salary will start being issued only beginning with December 1, 1931.

7. The procedure to be followed in remunerating persons banished and performing penitentiary labor, which is established by this circular, shall be introduced on November 1, 1931. The terms indicated in paragraph 4 shall be calculated from the moment the term of banishment actually begins and, therefore, persons who at the present time have been banished for over a year shall immediately receive 75 per cent of their earnings.

The chiefs of boards of management of penitentiary-labor institutions in krays and oblasts, where banishment takes place, are instructed immediately to take the necessary steps to carry into effect the system of remuneration of persons banished and performing penitentiary labor, which is being introduced by the chief administration of penitentiary-labor institutions, to make the persons banished broadly acquainted therewith, and to explain that deductions from their earnings are substantially decreasing with every year of banishment.

Linting

Acting Director of the Chief Administration of Penitentiary Labor Institutions.

October 23, 1931.

### EXHIBIT No. 88

[Source: Sovietskaya Yustitsia, No. 28, p. 31, October 10, 1931. Circular No. 105]

TO THE CHIEFS OF THE KRAY AND OBLAST BOARDS OF MANAGEMENT OF PLACES OF CONFINEMENT. TO THE CHIEFS OF THE BOARDS OF MAN-AGEMENT OF PLACES OF CONFINEMENT IN THE AUTONOMOUS OBLASTS, AND TO THE CHIEFS OF THE BOARDS OF MANAGEMENT OF PLACES OF CONFINEMENT IN AUTONOMOUS REPUBLICS, REGARDING THE INDUS-TRIAL AND FINANCIAL PLAN FOR THE FOURTH QUARTER OF 1931

## [Translation]

1. The preliminary summary of the execution of the industrial enterprises and by mass works of penitentiary-labor institutions for the first six months of 1931 serves to show that the industrial and financial plan of the first six months has been underexecuted to a considerable degree, as may be seen from the following table:

Name of Kray (Oblast) board of management of places of confinement	Percentage of execution		
	Plan for six months	Yearly plan	
East Siberian Far Eastern Western Western West Siberian Uvanovo Industrial Leningrad Moscow City of Moscow Nizhny-Novgorod Lower Volga Northern North Caucasus Central Volga Ural Central Black Earth	79, 7 107, 3 122, 4 70, 4 74, 5 84, 6 84, 9 99, 0 79, 5 (1) 118, 9 94, 3 94, 0 139, 9	39. 2 73. 7 44. 6 30. 4 37. 4 41. 6 38. 9 45. 4 45. 4 31. 9 45. 5 6. 7	

1 No full report.

2 No information.

Notwithstanding, the labor conditions which, in general, are favorable, the execution of the six months' industrial and financial plans failed at the majority of places of confinement.

If we examine the principal industries in the penitentiary-labor institutions, we shall find that they have executed the industrial and financial plan for the first six months as follows:

Name of industry	Percentage of execution	
	6 months	Year
Woodworking Metal articles Leather and footwear	71. 7 85. 6 84. 1 70. 3 105. 3 109. 4 82. 2 ,135. 7	31. 6 38. 4 47. 6 19. 7 47. 8 58. 7 42. 4 61. 0
Leather and footwear  Silicate and nonmineral mining  Textile  Clothing and dresses		
Food Paving (bridge building)		

The principal industries (woodworking, silicate, metallurgical articles, leather and footwear) show a considerable underexecution of the industrial and financial plans also if examined from the point of view of various branches.

Refraining from analyzing the reasons for this underexecution until it receives the reports of the boards of management of places of confinement, the Chief Administration of Places of Confinement notes that the control figures for the first six months of 1931 have been underexecuted in a number of krays and oblasts and in the most important industries.

2. In accordance with the instructions of the State plan commission of the R. S. F. S. R. concerning the procedure to be followed in working out the quarterly plan for the fourth quarter of 1931, the Chief Administration of Places of Confinement

(1) To devote particular attention to the plan of the fourth quarter, introducing therein all corrections suggested by the course of execution of the industrial and financial plan for the course of execution of the industrial and financial plan for the first six months and for the third quarter, and to provide therein the maximum industrial tasks for enterprises producing building materials, for enterprises connected with the food industry, and for all enterprises of light industry (textile, sewing, clothing and dresses, leather and footwear, etc.) within the limits of the industrial and financial plan of these enterprises.

(2) To devote particular attention to the completion in the fourth quarter of all work of extension and reconstruction and of capital repairs in order to complete it by January 1, 1932

(3) To devote particular attention to questions connected with the organization and productivity of labor and to questions connected with the mechanization of industrial processes.

(4) To work out with particular care measures assuring fodder

base to animal husbandry.

3. The Chief Administration of Places of Confinement proposes to the chiefs of the boards of management of places of confinement to devote the maximum of attention to the careful working out of plans for the fourth quarter on the basis of the above instructions, and to the necessity for filling the gaps which have occurred in the execution of the industrial and financial plan, and instructs them to forward to the Chief Administration of Places of Confinement on October 15, 1931, at the latest, a precise quarterly industrial and financial plan for the fourth quarter of

Acting Director of the Chief Administration of Places of Confinement.

SEPTEMBER 14, 1931.

## EXHIBIT No. 89

[Source: Archangel Prayda Severa No. 108, May 17, 1931, p. 3] SHAMEFUL SITUATION ON THE VAMSHERENGA RIVER [Translation of excerpts]

[Translation of excerpts]

Sherenga, 16. Fifteen thousand cubic meters of lumber on the Vamsherenga River, Rovdinsky Rayon (Rovdinskoe—Archangel Province, 450 km. from Archangel) is threatened with being stranded. \* \* \*

\* \* Instead of the 185 laborers required for the river by the plan, only 50—6 per cent were working at the most necessary time during the first days. Due to laxity on the part of the village soviet, the laborers stayed home.

At the hottest time of the work Pyshkina, chairman of the village soviet, forwarded a list of 44 men to the person responsible for work on the river with the request to let them go home, supposedly for the purpose "of carrying out the sowing campaign." The raftsmen, having learned of the list, began deserting for home, and others followed their example.

And at the decisive fighting moment, when the water was in good condition, about 50 raftsmen left the river, thanks to the opportunistic chairman of the village soviet.

But this is not all \* \* Pyshkina, the chairman of the village soviet, entered kulak Kostyleva and lishenets Shylov upon the lists of organized brigades consisting of bedniaks and seredniaks

lists of organized brigades consisting of bedniaks and seredniaks and working on the Vamsherenga River.

These brigade members listed by an opportunist from the village soviet for work of sluicing and floating lumber, worked the whole time, without set tasks, on an equal base with all raftsmen before the very eyes of Fedotov, who was responsible for work on the river, and of Pervushin, a representative of the rayon executive committee.

The list of persons whom the village soviet authorized to leave floating work for the sowing campaign included the name of Nesgovorov, a well-to-do-peasant.

Thus is the brigade method, the method of socialistic organization of raftsmen being shamefully distorted.

## EXHIBIT No. 90

[Source: Moscow Za Industrializatsiu, No. 179, July 1, 1931] PRIVILEGES TO PEASANTS MIGRATING FOR SEASONAL WORK. RESOLUTION OF THE CENTRAL EXECUTIVE COMMITTEE AND SOVIET OF PEOPLE'S COMMISSARS OF THE U. S. S. R.

## [Translation]

Moscow, Kremlin, June 30, 1931.—In order to induce members of collective farms, as well as individual farmers to migrate for seasonal work, the Central Executive Committee and Soviet of People's Commissars of the U.S. S. R. have resolved;

I. Privileges to members of collective farms migrating for seasonal work

The following privileges shall be established for members of collective farms who conclude contracts concerning work to be performed in the state industry (including titmber procurement, floating operations, peat production, fishing, etc.), transport, soviet farms, as well as in state construction enterprises, and con-

struction enterprises of the consumers' and dwelling cooperatives:

1. Members of collective farms migrating for seasonal work shall be relieved from the payment of all kinds of contributions from their wages to the social funds of their collective farm.

2. In order to assure the participation of members of collective farms who migrate for seasonal work in the distribution of monetary income and income in kind of the collective farms, work must be given to them in preference to the other members of the farm, after their return from migratory work.

3. When distributing the harvest of the collective farm, a part of it must be reserved for the supply of the members who migrate for seasonal work, at prices and in quantities established for the other members of the collective farm who have consciously performed their duties.

4. Members of the families of migrants who stay in the collective farm are entitled to participate in the work the same as other members.

members.

If the family of a migrant is unable to account for a number of work days sufficient to assure its supply with the required quantity of food and forage, or in case there are no persons fit for work in the family, the management of the collective farm is bound to deliver to them against cash and at the usual prices, the same quantity of food and forage which is granted to the other conscientious members of the collective farm.

other conscientious members of the collective farm.

Note.—If the able-bodied members of the family of a migrant refuse to perform work in the collective farm, the family shall not enjoy this privilege. The migrant himself, however, enjoys the privilege set forth in article 3.

5. Migrants are entitled to participate in the distribution of dividends of a collective farm the same as other members, on the basis of the extent of their socialized property.

6. Members of the families of collective farmers who have migrated for seasonal work enjoy the same privileges regarding medical attention and supply of deficit goods, as the other members of the collective farm. Members of these families enjoy the preferential right of admission to schools, training courses, etc., in order to improve their qualification.

7. Members of the families of collective farmers who have migrated for seasonal work are entitled to the support of the collective farm on the same principles as the other members (supply of implements for the cultivation of vegetable gardens, supply of

- 8. Collective farmers who have migrated for seasonal work shall be exempt from payment of the agricultural tax assessed on the nonsocialized part of their holding, including the tax from non-agricultural occupations.
- 9. The contracts between economic organizations and collective farmers migrating for seasonal work must provide for the following: The supply of the migrant with—

  (a) Food and dwelling.

  (b) Payment to the migrant by the economic organizations of

- the actual traveling expenses from the place of residence to the place of work, and return (after expiration of the contract).
- (c) Payment to the migrant of a per diem allowance of 2.50 rubles while traveling.
- 10. The above-mentioned privileges shall apply to the following persons:
- (a) Collective farmers migrating for seasonal work according to contracts concluded with the respective economic organs.
  (b) Other members of collective farms, if they are able to present certificates from economic organs certifying that they have
- been working there.
- 11. Collective farmers migrating for seasonal work, who have left their work before the expiration of their contract, forfeit their rights to the above-mentioned privileges.
- II. Benefits to collective farms which conclude contracts with economic organs, undertaken to designate members for migratory work, or facilitating the recruitment of their members for such work

The following benefits shall accrue to collective farms which onclude contracts to designate migratory workmen or facilitate their recruitment for migratory work in state industry, transport, soviet farms, as well as in state construction enterprises, and construction organizations of the consumers' and dwelling cooperatives:

12. In the contracts concluded between economic organs and collective farms concerning the designation of workmen or concerning their recruitment, a special clause must be included establishing that the economic organs must grant special funds to the collective farms for the improvement of their production, according to the number of collective farmers who have signed contracts with economic organs for migratory seasonal work.

13. The People's Commissariat for Agriculture of the U. S. S. R. and the soviets of people's commissars of constituent republics are charged with supplying with agricultural machinery preferentially those collective farms which designate considerable numbers of collective farmers for seasonal migratory work.

14. The soviets of people's commissars of constituent republics are charged with extending to such collective farms preferential

treatment when establishing schools and other cultural-educational institutions, crèches, children's homes, etc.

15. The consumers' cooperative system must establish privileges for collective farms which supply the largest number of members for seasonal migratory work, when appropriating funds and equipment for the organization of social-cultural institutions

(dining rooms, etc.).

16. The above-mentioned privileges shall apply to those collective farms which assure the actual fulfillment of the contracts concluded with economic organs concerning the designation of laborers for seasonal migratory work or facilitating the recruitment of such laborers.

III. Privileges to individual farmers migrating for seasonal work

17. The agricultural tax assessed on the income of individual farmers derived from nonagricultural occupations shall be reduced by one-half for individual farmers migrating for seasonal work, who fulfill conscientiously their obligations to the economic

18. Individual farmers migrating for seasonal work shall be supplied with food and dwelling at the place of work and shall be paid their traveling expenses and granted daily allowances while traveling on the same basis as members of collective farms migrating for seasonal work. (Art. 9.)

#### IV. Measures concerning the organization of recruitment of seasonal migratory labor

- 19. When compiling their production plans the collective farms must register those of their members who are specialists in certain kinds of work (coal miners, peat workmen, joiners, carpenters, bricklayers, etc.). Those collective farmers must be given the opportunity by the collective farm to work in industry, transport, soviet farms, at structural work, and only a minimal number left for work on the collective farm.
- 20. Managements of collective farms must immediately issue certificates to collective farmers declaring their intention to migrate for seasonal work, showing that they are members of a collective farm.
- 21. Managements of collective farms shall be held responsible for detaining members who desire to migrate for seasonal work.

  Managements of collective farms are forbidden to recall their

members from work before the expiration of the contract.

22. The Kolkhozcenter of the U.S.S.R. is instructed to issue within 10 days instructions to collective farms concerning the designation of workmen for seasonal migratory work, and concerning the active support of economic organs in the matter of recruiting labor, and in the struggle against the nonfulfillment of contracts by members of collective farms migrating for seasonal

## V. Amendments in the legislation of the U.S.S.R.

23. The following amendments resulting from this resolution shall be made in the existing legislation of the U. S. S. R.:

(1) Article 26 of the Consolidated Agricultural Tax Law for 1931 (Collection of Laws of the U. S. S. R., 1931, No. 19, article 171) shall be supplemented by the following paragraph "d":

"d. The nonsocialized part of the property, including income from nonagricultural sources, of those members of collective farms who have obligated themselves to work in state industry (including timber procurement and floating work, peat production, etc.), transport, soviet farms, state construction enterprises, as well as construction establishments of the consumers' and dwelling co-operatives, shall be completely exempt from taxation. Members of collective farms who leave their work before the expiration of their contracts shall forfeit this privilege."

(2) The above-mentioned law shall be supplemented by article 64/1, reading as follows:

Privileges to persons migrating for seasonal work.

"64/1. In assessing the agricultural tax on the farmstead of an individual farmer migrating for seasonal work, who has concluded a contract for work in state industry (including timber procurement and floating operations, peat production, etc.), transport, soviet farms, state construction enterprises, as well as construction enterprises of the consumers' and dwelling cooperatives, his earnings from such work shall be assessed only at one-half of the scale stipulated in article 47. The migratory seasonal workman forfeits this right if he violates the contract concluded with the economic organ."

(3) The note to article 15 of the standard charter of an agricultural artel (Collection of Laws of the U. S. S. R., 1930, No. 24, article 255), shall read as follows:

"Note.—Of the amounts earned by members of the artel from

seasonal migratory work, from 3 to 10 per cent shall be deducted for the common funds of the artel. The actual percentages shall be established by the artel or by the association of collective

"Those migratory workmen who have obligated themselves for work in state industry (including timber procurements and floating operations, peat production, etc.), transport, soviet farms, state construction enterprises, as well as in construction enterprises of consumers' and dwelling cooperatives, shall be relieved from the

payment of these contributions. These members shall forfeit this privilege, however, if they leave the work before the expiration of the term provided in their contract."

M. KALININ,

President of the Central Executive

Committee of the U. S. S. R.

V. Molotov (Skriabin), President of the Soviet of People's Commissars of the U.S.S.R. A. ENUKIDZE, Secretary of the Central Executive Committee of the U.S.S.R.

#### EXHIBIT No. 91

[Source, Moscow Izvestia, No. 259, September 19, 1931, p. 4] RESOLUTION OF THE CENTRAL EXECUTIVE COMMITTEE AND SOVIET OF PEOPLE'S COMMISSARS PERMITTING ENTERPRISES, INSTITUTIONS, AND ORGANIZATIONS OF THE SOCIALIZED SECTOR TO HIRE WORKMEN AND EMPLOYEES WITHOUT APPLYING TO LABOR ORGANS

## [Translation]

The Central Executive Committee and Soviet of People's Commissars of the U. S. S. R. have resolved:

1. To permit enterprises, institutions, and organizations of the socialized sector to hire workmen and employees in cities, as well as in rural districts directly without applying to labor organs.

2. To instruct the People's Commissariat for Labor of the U. S. S. R. to submit within 10 days to the Soviet of People's Commissars of the U. S. S. R. the alterations in the legislation of the U. S. S. P. Regulting from the recent that recent views of the U. S. S. P. The alterations in the legislation of the U.S.S.R. resulting from this resolution.

M. KALININ,
President of the Central Executive of the U.S.S.R. YA. RUDZUTAK,
Vice President of the Soviet of People's
Commissars of the U. S. S. R.

A. ENUKIDZE,
Secretary of the Central Executive
Committee of the U. S. S. R.

Moscow, Kremlin, September 13, 1931.

### EXHIBIT No. 92

[Source: Sovetskaya Mustitsia (Soviet Justice), organ of the People's Commissariat of Justice of the R. S. F. S. R., April 10, 1931]

THE TRANSITION FROM COMPULSORY LABOR BY COURT SENTENCE TO VOLUNTARY LABOR—AT THE SECTOR OF LAW OF THE INSTITUTE OF SOVIET CONSTRUCTION AND LAW, A LECTURE BY COMMADE P. I. STUCHKA WAS HEARD, IN WHICH ONE OF THE MOST VITAL PROBLEMS OF CRIMINAL-LAW POLICY WAS TOUCHED UPON-WE PRINT HERE A SUMMARY OF THIS LECTURE

Introduction: The science of criminal law has for its object the fight to overcome the phenomenon designated by the historical name of "crime." It conducts this activity under the motto of "The struggle against crime." But the word "crime" is nothing but a pernicious survival of bourgeois science. While among the bourgeoisie it still had the practical significance of a naturalbourgeoisie it still had the practical significance of a natural-born trait (the anthropological or physiological school) or of a peculiar "condition" created by social environment (the socialist school) or of a "criminal type" of a psychological or, generally speaking, pathological kind, to us it represents a purely abstract conception, from which it is attempted to draw concrete conclusions (cf. the word "crime" in the Short Soviet Encyclopedia). To this corresponds another abstract term, measure of social protection, from which in turn the conception of crime is deduced in the opposite manner ("everything that entails punishment"). The abstract conception of crime is analogous to abstract legal rights. "The criminal," "the criminal world," etc., as a specific category or bourgeois concepts or, more exactly, products of the bourgeois state and law. In order to launch an effective struggle, it is necessary in the very first place to demolish this breeding place of abstract ideas and to formulate this problem concretely as a class struggle in some cases and as a means of introducing or consolidating a new cultural, social, and working discipline in other cases.

other cases.

1. To us, the problem of criminal-law policy has always been in a considerable measure a labor problem. To the bourgeoisie, deprivation of liberty, pure and simple, to which productive labor was sometimes added, or, more properly, tolerated, as it were by way of a supplement—had become an almost exclusive, or, at least, ideal "equivalent of recompense" or "punishment." Deprivation of liberty and senseless physical labor served the bourgeoisie at the same time as a means of isolation and intimidation, and, as the same time as a means of isolation and intimidation, and, as a result, a means of depriving the convict of his opportunity to commit further criminal acts, or of restricting it by physically or mentally crippling him (insanity, religious hypocrisy, etc.). Such a view was unacceptable to us in principle, in so far as the convicted did not belong to a class hostile to us, because our standpoint has been that of a utilization, and even further extension, of the labor of prisoners.

2. For this reason we attempted as far back as in 1918, when we took over from the old society the deprivation of liberty as a means of punishment, together with its jails, at once to shift the center of gravity to compulsory labor, which in our country obligatorily accompanies the confinement of an accused or a con-

victed individual. Basing ourselves upon the constitution then in force, under which labor duty was consistently introduced in our country ("he who does not labor shall not eat"), we naturally did not exempt from this rule the prisoners, and among them also

did not exempt from this rule the prisoners, and among them also those awaiting trial.

3. At the same time, however, basing myself upon the preeminence of the labor principle, I introduced for the first time a special kind of "measure of social protection" (then still "punishment"—compulsory labor without confinement—organizing simultaneously on this principle, outside of the cities, farm colonies for compulsory labor without confinement, making, of course, a certain selection among those condemned to deprivation of liberty among whom no inclination to escape was presumed to exist.

4. However, compulsory labor without confinement met with a most hostile attitude: (a) among the labor unions, which had firmly adopted the traditional point of view of the trade-unions of capitalist society, opposed to the "competition" of "cheap" labor; (b) among the administrators, who failed to organize such labor properly, with the result that this measure actually turned

labor; (b) among the administrators, who failed to organize such labor properly, with the result that this measure actually turned out to involve no punishment whatsoever; (c) among large strata of our public, who had inherited from the bourgeoisie the faith in prisons as a universal remedy, and who accordingly regarded every escape of a convict from work as serious harm. Theft and many other crimes were regarded as considerably less dangerous to society than escape from prison or from compulsory labor. Only through constant struggle has it been possible to retain compulsory labor without confinement in our system as a measure compulsory labor without confinement in our system as a measure

compulsory labor without confinement in our system as a measure of social protection.

5. As a result we had a steadily mounting budget of expenditures on the execution of court sentences (reaching a maximum of 16,000,000 rubles for the R. S. F. S. R. in 1928). At the same time there was a chronic overcrowding of the prisons and the necessity for their purely mechanical unloading by means of general and specific amnesties.

of general and specific amnesties.

6. The triumph of industrialization, which is being inaugurated by the Soviet Government at an unprecedentedly rapid rate, alters the relationships also on this front, and the enormous demand for labor meets our policy of crime suppression, which aims to apply the labor principle in a more concrete manner to the utilization of the labor of prisoners for the general purposes of socialist upbuilding. But this requires at the same time a more strict division of the prisoners themselves according to the class principle, setting apart as a special group the incorrigible elements of a positively hostile class, who are to be subjected to a régime differing from that applied to the whole remaining mass; also, of violators of social discipline according to their qualifications, occupations, state of health, age, etc.

mass; also, of violators of social discipline according to their qualifications, occupations, state of health, age, etc.

7. The year 1930 was conspicuous for the fact that in the R. S. F. S. R. the inauguration of corrective-labor measures was decisively and concretely shifted to a paying basis. The budget for 1930 reduced this item to 10,000,000 rubles. For 1931 this appropriation disappeared entirely, for not only is the covering of all expenses expected but even a certain balance.

8. At the same time there has been allotted from the "revenue" of compulsory labor, in 1931, a credit of 1,000,000 rubles for turning the places where the juveniles are confined into model factory schools which are to train the confined juveniles as highly skilled factory workers. The same aim is pursued by the system of work for adult convicts in production at prisons. The necessity arises for utilizing technical skill of a criminal character for the purpose of rationalizing the convict's capacity for work and encouraging the corresponding technical inventive faculties. faculties.

9. The problem of unemployment in prison has been solved; there are no longer any unemployed excepting those unable to work either because they are too old or ill or "malicious" loafers or still awaiting trial and not bound to perform labor

duty.

10. From these facts follow new problems:

(a) A fight against "malicious" unemployed in prisons;

(b) Elimination of invalids among the prisoners;

(c) Effective check-up of those temporarily incapacitated by

illness;
(d) Drawing also those prisoners still awaiting trial into obligatory labor, but (1) regulating the so-called prevention of relations with the outside world (usually a purely fictitious matter in the ordinary houses of detention for prisoners awaiting trial and (2) working out a plan of compensation (at the expense of the state or of those responsible for the imprisonment) for those "innocently" convicted, compensating them

ment) for those "innocently" convicted, compensating them also for unpaid labor at the house of detention.

11. The paying basis—this important problem which until now had prevented us from going deeper into the problem of reducing the number of "crimes"—has now been established. But there is the danger that this achieved object may turn into an end in itself, when the whole system of our social-protection measures, in so far as they are not aimed at the class enemy, has it for its object to transfer those brought to trial, and those convicted, to the general category of toilers, and after that to discover practical methods for obviating the necessity of resorting to such measures. Besides, there lurks a certain fictitiousness in the fact of the paying basis; it is done at the expense of compensation of losses for those who have suffered them, and in the very first place for the state.

12. The question arises: Is it "normal" that there should exist

in our country, side by side, two categories of toilers, of whom the basic mass works voluntarily at socialist upbuilding, and—more broadly speaking—at production in general, and the others under

compulsion, but for the same object? Is there no way of find-

compulsion, but for the same object? Is there no way of finding that bridge which would enable the second group to join the basic one, freeing itself from measures of compulsion? This is the most important problem of the immediate future.

13. Our approach to this subject was usually either of a bourgeois-philanthropic character, i. e., a purely mechanical imitation of the bourgeoiste (e. g., the so-called "patronates" (semipublic societies for aid of released convicts) or naïve (simply to turn the "criminal," through improving his literacy, into an "honest" member of society), or Utopian (in an atmosphere of deprivation of liberty, to "correct" a person), and so forth.

The results of all these measures thus far have proved negligible, and this not only for lack of funds. It is necessary to find a new approach.

a new approach.

a new approach.

14. There is no doubt that the only solution can be to destroy the artificially instilled solidarity of the criminal elements—this coalition upon the platform of imprisonment shared in common—and that a naturally reliable means in this struggle may be the instilling of labor and class solidarity in the minds of convicted toilers. Already Marx and Engels had shown how painfully slow is the birth of the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class consciousness of solidarity because "separate individuals forms a class contributed for the class contribu rate individuals form a class only in so far as they have to wage a common fight againt a certain social class; in all other things they face each other in hostility as competitors." But "a social they face each other in hostility as competitors." But "a social class becomes en entity existing independently of its constituent individuals, so that the latter find the conditions of their existence prearranged; the class prescribes their station in life, and their personal progress with it; it subjects them to itself. • • • This subjection of the individual to the class is at the same time turned into their subjection to all kinds of ideas \* \* \*."
(Marx and Engels. See Arkhiv 1, p. 243.)
15. Instead of feeling aversion to the "criminal world" or of

15. Instead of feeling aversion to the "criminal world" or of being fascinated by it as by something revolutionary (recall the popularity of the play "In the Abyss," and its songs), it is necessary to approach the convicts in the most sober manner as ordinary people, in so far as they are not diseased. And this approach can be a class approach only.

It is necessary to enlist the public (the labor unions) for serious participation in the work among the imprisoned tollers and for their benefit suppressing the prejudice against them in the same way as the prejudice of the trade-unions of bourgeois society against "unaffiliated" unemployed. Labor-union methods alone can painlessly and successfully organize anew the transfer back from compulsory labor or again to the general community of toilers. The means are: Propaganda by the example, concrete assistance in the transfer, while discarding mere adaptations from bourgeois "science" and practice, e. g., the so-called progressive system of confinement, hated in the West because it places the "political prisoner" as an incorrigible outside the advantages of this system, if for no other reason.

16. Only after solving this problem shall we be able to put

16. Only after solving this problem shall we be able to put properly the question of preventive measures against the perpetration of crimes, in so far as they have not been due to class motives, and the question of the efficacy of social protection measures generally and of individual measures particularly; and all these questions, too, we must put in a new way.

The Canadian Government, relating to the question of goods manufactured or produced by forced labor, took direct and effective action, placing an embargo against certain soviet products affecting her internal affairs, issuing the following statement:

"The Government is convinced that there is forced labor in the

cutting and transport of timber and in the mining of coal; that political prisoners are exploited; that the standard of living is political prisoners are exploited; that the standard of living is below any level conceived of in Canada; and that, broadly speaking, all employment is in control of the Communist Government, which regulates all conditions of work and seeks to impose its will upon the whole world.

"This is communism, its creeds and its fruits, which we as a country oppose and must refuse to support by interchange of trade."

trade.

We submit herewith articles and extracts from various publications, books, etc., with reference to the enforcement and interpre-tation of the laws, decrees, and statements hereinbefore sub-

[Birmingham Bureau of Research on Russian Economic Conditions, Russian Department, University of Birmingham] COMPULSORY LABOR IN THE U. S. S. R.

[Excerpt from Memorandum No. 1, May, 1931]

The question of compulsory labor in the U.S.S.R. has lately The question of compulsory labor in the U. S. R. has lately drawn upon itself a great deal of attention in the European and American press, and, as always happens, with burning questions of such a nature, it has become the subject of a large number of contradictory assertions and denials. Some of these statements, though issued from responsible quarters, are either based on insufficient information (Cf. Mr. Gillet's statement in the House of Commons on May 11, that "he had received information from all quarters on the question [compulsory labor] for the last 18 months and he still found it very difficult to know exactly the true position of Russia" (the Times, May 12, 1931)) or else contain incomprehensible inaccuracies.

Let us take one striking example. M. Molotov, the president

Let us take one striking example. M. Molotov, the president of the people's commissars, in his report to the Sixth Congress of Soviets, made the following statement on the imposition of compulsory labor in the Soviet Union. "In our lumbering dis-

tricts which are now so much discussed abroad, we employ at present 1,134,000 persons, who all work in normal conditions of free labor; convict labor has nothing to do with the lumbering industry." Further on the report provides information on the use industry." Further on the report provides information on the use of convict labor on certain municipal and road works in the north where 60,000 convicts are employed, and M. Molotov states once more: "As you see, compulsory labor and convict labor have no relation with our lumbering industry, and with products manufactured for export. These facts can not be denied by those who are engaged in antisoviet campaigns generally, and in the antisoviet campaign against compulsory labor in particular." (Italics by the editor, Izvestia, March 2, 1931.)

are engaged in antisoviet campaigns generally, and in the antisoviet campaign against compulsory labor in particular." (Italics by the editor, Izvestia, March 2, 1931.)

However, it is sufficient to be acquainted with Soviet legal practice to deny this statement. Compulsory labor is used and to a very large extent in the lumbering industry. Thus, for instance, at its plenary sitting (minutes of the 18th of February, 1930) the supreme court of the R. S. S. F. R. dealt with the question of "increasing punishments for offenses connected with the lumbering industry and the rafting of timber" and passed the following resolution: "Those who deliberately refuse, or make attempts at refusing to fulfill their share in the work, the village assembly has undertaken in respect of hewing, carting, or shipping timber, are liable under article 16 of the Criminal Code."

"Whenever circumstances permit, the courts in passing judgment on the bednyaki and the serednyaki (the peasants are divided into three categories: The bednyaki, the serednyaki, and the kulaki, or poor, middle, and well-to-do peasants) must as a measure of social defense preferably impose a punishment of compulsory labor in such a way as to make the offenders available for work in the cutting and rafting of timber." (Italics by the editor, quoted from the Legal Practice of the R. S. S. F. R., supplement 2 of Sovietskaya Yustitsia, Moscow, 1930, No. 3.)

In a circular issued by the northern district court concerning lumbering work for the 1930-31 season we find the following order: "For the purpose of securing the execution of this year's lumbering program, and also for the purpose of giving the maximum assistance to the lumbering works, offenders of the enemy

lumbering program, and also for the purpose of giving the maximum assistance to the lumbering works, offenders of the enemy class, the kulaki, who are accused of deliberately failing to fulfill their obligations in connection with the lumbering industry, shall be made liable under section 3 of article 61, of the criminal code. All those sentenced by the people's courts to compulsory labor shall be made to serve their punishment at a lumbering station. The District Court of Kom shall enforce the above regustation. The District Court of Rom shall enforce the above regulation in its own district, and furnish every 10 days, detailed schedules of the work done by the people's courts in connection with their assistance to the lumbering industry." (Italics by the editor; quoted from the Legal Practice of the R. S. S. F. R., Moscow, No. 17-18, 30-XII-30).

If the above regulations speak unequivocally of the use of compulsors labor for the autiting and rafting of timber the president

pulsory labor for the cutting and rafting of timber, the president of the people's commissars could not have been ignorant of a practice known to every judge in the country. Thus, in forming our judgment on the question of the use of compulsory labor in the U. S. S. R., we shall have to sift most carefully any official dec-

From information provided by the legislation and the legal and administrative practice of Soviet Russia, we have established three principal categories of cases in which compulsory labor is used:

1. Direct compulsory labor inflicted by the courts and the various administrative bodies as a punishment for offenses.

2. Compulsory labor concealed under a cloak of imposed

services

3. Indirect administrative compulsion to accept work, exercised through limitation in free choice of work, and restriction with regard to changing of occupation and the right to refuse work of a certain character, etc.

We will now examine each category.

I. DIRECT COMPULSORY LABOR

The criminal code of the R. S. S. F. R. divides compulsory labor into

(a) Compulsory labor with detention under guard.
(b) Compulsory labor without detention under guard.
Article 52 of the Correctional Labor Code of the R. S. S. F. R. runs as follows:

runs as follows:

"Work is obligatory for all able-bodied persons under arrest, and the administration of 'houses of detention' (a euphemistic designation of prisons, police stations, and other institutions where offenders are kept under arrest) shall take steps to provide all able-bodied convicts with such work." (Collection of codes of the R. S. S. F. R., Moscow, 1928, 4th official edition, p. 720. Cf. Russia, No. 1, 1931, Cmd., 3775, p. 61 and ff.)

This work shall be carried on in:

1. Houses of detention.

Houses of detention.
 Correctional-labor camps.

3. Labor colonies. (Agricultural, technical, and industrial.) (Arts. 46 and 62.)

For the purpose of achieving the greatest possible productivity

of convict labor in the detention houses a system of remuneration by results and piecework will be adopted." (Art. 73.)

"The proceeds of convict work shall belong to houses of detention and shall be expended (1) for the organization of production, (2) for the purchase of raw material, (3) in payments for technical staff, (4) in remuneration to sentenced persons. \* \* The net profits derived by the houses of detention from the inmates' work will be distributed in the following manner: (a) 40 per cent toward expansion of production, (b) 12.5 per cent toward improvement of food supply, (c) 15 per cent as a contribution to the relief committee for the assistance of ex-offenders, (d) 20 per cent to the penitentiary fund of the supreme administration of houses of detention, and (e) 12.5 per cent to the fund of the inspectorate of the houses of detention, for the payment of bonuses to the organizing industrial staff." (Art. 79.)

The work is carried on both in the houses of detention and in other places. In the latter case the convicts have to stay out of

other places. In the latter case the convicts have to stay out of prison for a considerable time, and a daily return to the house of detention is not required. (Cf. for details: Arts. 53-81 of the above code, pp. 720-724.)

As we see, the work of those detained in prisons is organized on a commercial basis for the purpose of making a profit to develop production.

develop production.

Compulsory labor without detention under guard is classified under three headings. They differ as to the limitation of personal freedom they impose on the person affected.

1. Compulsory labor carried out at the domicile of the person sentenced, and not exceeding a term of six months.

2. Compulsory labor carried out both at the domicile of the sentenced person or in provincial, district, or regional centers for a term exceeding six months.

term exceeding six months.

 Compulsory labor for wage earners who serve their term of compulsory work in the place of their employment, in which case their remuneration does not exceed the minimum wage fixed by the state for the locality. (The Labor Legislation of the U.S.S.R., by E. N. Danilov, Moscow, 1929, p. 202.)

The organization of compulsory labor without detention under guard is intrusted to a compulsory-labor bureau. (Ib., arts. 24 and 25 p. 203.)

and 25, p. 203.)

and 25, p. 203.)

"Whenever the Bureau of Compulsory Labor or its branches find it impossible to utilize the work of those lable to compulsory labor in their industrial establishments they shall transfer them to other establishments selected by agreement with the People's Commissars of Labor, or with its local branch offices." (The Correctional Labor Code of the R. S. S. F. R., arts. 28 and 29.)

"Persons who serve a sentence of compulsory labor without detention under guard, at their habitual place of employment, shall receive 50 per cent of their wages for the period of their sentence; the balance shall be paid to the Bureau of Compulsory Labor or its branches." (Art. 33.) "As a general rule, all persons serving sentences of compulsory labor except those who come under article 33, shall receive no remuneration for their work. Payment of wages to persons who are sentenced to compulsory labor ment of wages to persons who are sentenced to compulsory labor without detention under guard shall not exceed the minimum wage fixed by the government, and can only be allowed when the court sentence states that the person in question is without other means of subsistence. No compensation is paid for the use of the tools and implements of the person under sentence. If bednyaki and serednyaki provide their own livestock, a refund in accordance with a fixed scale will be allowed for the cost of fodder." (Labor Legislation of the U. S. S. R., art. 34, p. 205.)
"The profit accruing from the deductions made in the wages of

"The profit accruing from the deductions made in the wages of persons sentenced to compulsory labor shall be distributed in the following manner at the end of every year: (a) 70 per cent for the extension of the Compulsory Labor Bureau and its branches, (b) 15 per cent to a relief fund for the assistance of exoffenders, (c) 10 per cent to the penitentiary fund of the Supreme Administration of Houses of Detention, (d) 5 per cent for bonuses to the members of the organizing and technical staff of the Compulsory Labor Bureau." (Labor Legislation of the U. S. S. R., art 36a.)

art. 36a.)
We thus see that compulsory labor without detention under guard may be applied to every branch of industrial and economic activity. A person sentenced to compulsory labor can be made to continue the work done before the imposition of compulsory labor, but for his work he will receive considerably less than normal pay, and is bound to give the use of his implements or his animals free of charge. Most of the net profit (70 per cent) received by undertakings working on compulsory labor is used for increasing the production of those undertakings.

The imposition of such compulsory labor without detention under guard, which is a peculiar feature of the Soviet legislative system, is very extensively used as a punishment by the criminal courts and by the administrative bodies of the Soviet State. Thus the criminal statistics of the U.S.S.R. for 1927 show that sentences of compulsory labor without detention under guard formed 21.2 per cent of the total number of sentences; 216,339 persons out of 1,020,469 were sentenced to compulsory labor with-

persons out of 1,020,469 were sentenced to compulsory labor without being detained under guard. (Statisticheskoe Obozrenie, Moscow, 1930, Nos. 3-4, pp. 88, 94.)

Of the total number of administrative fines imposed during the first half of 1929, 7.7 per cent, or 114,765 persons, were fined with compulsory labor without detention under guard (Statisticheskoe Obozrenie, 1930, No. 5, pp. 101-104), and this form of compulsory labor has become especially widespread since 1928. In fact, on March 26, 1928, the All Russian Central Executive Committee and the Council of the People's Commissars of the R. S. S. F. R. issued an enactment defining their policy in respect of punishments and houses of detention and ordering a more extensive application of compulsory labor without detention under guard. The commissars of justice and the commissar of the interior were instructed to make effective use of compulsory labor as a means for repressing crime and to prepare a bill for future enactment. The guiding principles of the bill were to make compulsory labor free of cost to the state and remunerative to the state industries. (Ezhenedelnik Sovietskoy Yustitsii, Moscow, 1928, No. 14, pp. 417-418.)

In July, 1928, the People's Commissariat of Justice and the People's Commissariat of the Interior issued a circular to the effect that all sentences of imprisonment for a period not exceeding one year should be commuted to compulsory labor without dentention under guard. (Statisticheskoe Obozrenie, 1929, No. 5, p. 107.)

As a result of these enactments the provincial judges, when passing sentences, have almost consistently begun to impose compulsory labor instead of short-time detention under guard. (The Legal Practice of the R. S. S. F. R., 1930, No. 9, p. 2.)

It is to be regretted that no statistical data have been published regretions the extent of the reserved to the processive technique.

lished regarding the extent of the repressive measures taken by the criminal court. As to the administrative fines, the increase in the imposition of compulsory labor as a punishment is represented in the following table (first half year of 1927 equals 100):

	Adminis- trative fines	Compul- sory labor
First half year of 1927 Second half year of 1927 First half year of 1928 Second half year of 1928 First half year of 1928	100 115 138.6 138.5 148.6	100 114. 1 218. 5 248. 2 408. 6

We see that as compared to 1927 the total administrative fines increased by 48.6 per cent, while the corresponding increase in the imposition of compulsory labor amounted to over 300 per cent,

the imposition of compulsory labor amounted to over 300 per cent, 1. e., was four times more frequent than in 1927. There are also indirect indications that the imposition of compulsory labor was considerably more frequent in cases dealt with by the criminal courts. (See Statisticheskoe Obozrenie, 1929, No. 5.)

In any case, in 1929 no fewer than 350,000 persons were sentenced to compulsory labor without being placed under guard, and together with those who were kept in the houses of detention (in the R. S. S. F. R. on January 1, 1929, there were 118,888 persons under arrest.—Statisticheskoe Obozrenie, 1929, No. 5, p. 105) about 450,000 to 500,000 persons served sentences of compulsors and the sentences of compulsors. 105), about 450,000 to 500,000 persons served sentences of compulsory labor in various agricultural settlements, factories, worknops, labor colonies, prisons, and deportation regions.

The draft of the New Criminal Code for the R. S. S. F. R., pre-

pared in 1930, considers the imposition of compulsory labor as one of the fundamental and guiding principles of criminal law. In this code the forms of compulsory labor not connected with incarceration are worked out in much greater detail. (Draft of the New Criminal Code for the R. S. S. F. R., Moscow, 1930, arts.

The 1930 policy of wholesale collectivation is known to have caused a new flood of repressive measures (expulsion of kulaki, the persecution of those who failed in the sowing campaign or in the persecution of those who failed in the sowing campaign or in fulfilling their contracts or contractual agreements, etc.), and one may safely assert that at present the number of those who serve sentences of compulsory labor by far exceeds the figures of 1929. In a report read by Professor Auhagen in January, 1931, at the research institute of Prof. M. Sering, 500,000 persons were stated to be engaged in compulsory labor in the north of Russia and in Siberia. (Der Deutsche Forstwirt, No. 11, June

## II. CONCEALED FORMS OF COMPULSORY LABOR

In accordance with the Labor Code of the R. S. S. F. R., the population may be called upon to render transport services and execute work either in cases of elemental calamities, with which the government and municipal bodies are unable to cope, or for the purpose of assisting the Red Army when under mobilization orders. (Soviet Labor Legislation, p. 384.) Nevertheless, the imposition of compulsory labor and transport services is given a much wider scope. The method practiced for enlarging the applicawider scope. The method practiced for enlarging the applica-tion of such compulsion assumes the form of the so-called self-imposition. Thus, for instance, a village assembly may by a tion of such compulsion assumes the form of the so-called self-imposition. Thus, for instance, a village assembly may by a majority of one vote undertake an obligation to carry on a certain amount of work, and even those who did not participate in passing the resolution are considered bound by the self-imposed obligation of the village assembly. The nature of the work carried out by such self-impositions is very varied, and frequently affects large groups of the population. We will only quote here a few instances of such self-imposition and of its consequences: During the spring sowing operations the plenary sittings of the supreme court of the R. S. S. F. R. issued a circular to the effect that a willful refusal by an individual peasant owner to perform his respective share in the sowing plan, self-imposed upon the village by the village assembly, would make him liable to punishment under article 61 of the Criminal Code. (The Legal Practice of the R. S. S. F. R., 1930, No. 2, p. 2.) As we have seen, the punishment provided for in that article is either compulsory labor, a money fine, or detention under guard. In support of the lumbering and rafting activities of the various state work, the plenary sitting of the supreme court of the R. S. S. F. R., again issued a similar circular making any willful refusal by an individual householder to do his full share of the self-imposed work a punishable offense under the same article 61 of the Criminal Code. (The Legal Practice of the R. S. S. F. R., 1930, No. 3, p. 1.)

These circulars further instruct the courts "to qualify the

1930, No. 3, p. 1.)

These circulars further instruct the courts "to qualify the offenses committed by the class enemy, the kulaki, in connections so as to make tion with the lumbering and rafting operations, so as to make them liable under section 3 of article 61 of the criminal code.

As regards the serednyaki, the bednyaki, and the members of the kolkhosy (collective agricultural units), who may be tried for any act hampering the lumbering operations or for a refusal to do their share in the work "self-imposed" by the village meeting, the punishment inflicted shall preferably be that of compulsory labor." (The Legal Practice of the R. S. F. R. 1930, Nos. 17 and 18, p. 19). At the same time the local courts are instructed to "cooperate in the fulfillment of the 'industrial' plans." See for instance the instructions concerning the "responsibility for acts hampering the execution of the indusrial' plans." See for instance the instructions concerning the "responsibility for acts hampering the execution of the industrial financial plan" or the regulations concerning the breaking of the contractual agreements contained in No. 16 of the Legal

of the contractual agreements contained in No. 16 of the Legal Practice of the R. S. S. F. R. for 1930.

Lately these concealed forms of compulsory labor in various industrial operations have become very widespread. There are no statistical data covering these forms of compulsory labor, but as we have already stated, it is quite sufficient for the village meetings to undertake a certain "self-imposed" liability, to bind all householders, including those who did not participate in the assembly. As administrative pressure can be exercised in every sphere of Russian economic life, it is easy to influence village meetings into passing such "self-imposed" resolutions. The U. S. S. R. daily press is full of instances of such resolutions, which are in substance nothing but a concealed form of compulsory labor imposed on large numbers of persons belonging to the agricultural and industrial classes. agricultural and industrial classes.

### III. INDIRECT COMPULSORY LABOR

Article 4 of the Labor Code of the R. S. S. F. R. reads as follows: "Any labor contract or agreement tending to impair the conditions of labor unfavorably as compared with the regulations of the present code shall be considered null and void." (Collection of Codes of the R. S. S. F. R., 275.) Nevertheless, a number of enactments issued lately contradict the spirit of the labor code and tend to lower the conditions of labor in the U. S. S. R. instance, the labor code decreed grants for the unemployed (art. 176), yet on October 11, 1930, the People's Commissariat for Labor issued an enactment suppressing these grants, and ordering the unemployed to take on work irrespective of their vocational qualifications; and no reasons excepting illness, confirmed by a qualifications; and no reasons excepting liness, confirmed by a hospital certificate, were to be considered valid for refusing to undertake work offered by the respective authorities. (Economicheskaya Zhisn, Moscow, October 11, 1930.) This enactment was issued at the time when there were over a million unemployed in the country. (For information on unemployment see the Bulletin No. 83 of Prof. S. N. Prokopovich, Russian Economic Service Progress 1930.) Work of all kinds was provided for the Service, Prague, 1930.) Work of all kinds was provided for the unemployed, and a refusal to accept such work deprived the person concerned of the right to obtain work for a period of six months. Subsequently, the Central Executive Committee of the Soviet and the Council of the People's Commissars, issued a further decree abrogating the article of the labor code which prohibited the compulsory transfer of a working man from one undertaking to another, or from one locality to another. (The Labor Code, art. 37.) On the contrary, the regulation of the Central Executive Committee submitted that: "In order to pro-Labor Code, art. 37.) On the contrary, the regulation of the Central Executive Committee submitted that: "In order to provide with skilled workmen and specialists the most important branches of the paid industries (the metal works, coal mines, chemical industries, machine industries, capital construction industries, transport undertaking, and electrical industries), as against the less important industries, the People's Commissariat of the U. S. S. R. be authorized, subject to approval by the council for labor and defense, to transfer such skilled workers and specialists from one undertaking to another, and from one locality to another; to preclude from receiving employment in transport and industrial undertakings those who maliciously disorganize the industrial operations by wilfully leaving the socialized industries without good cause; to take off the register for a period not exceeding six months persons registered in the labor exchanges, who refuse, without showing good cause, to accept work offered them within their vocational specialty." (Za Industrializatiu, Moscow, December 17, 1930.) In further development of this enactment the Labor Commissariat of the U.S.S.R. and the All-Russian Federation of Trades Union issued a regulation which runs as follows: "Persons who wilfully leave employment in the socialized industries without giving sufficient a regulation which runs as follows: "Persons who wiltuly leave employment in the socialized industries without giving sufficient and previous notice to the administration of the works, without waiting until they are replaced by others, or before the expiration of their agreement; persons who leave their works more than once within 12 months, even if their agreement was concluded for an indefinite period; persons who leave before the appointed time the work to which they were sent, after having been given the necessary training; persons who refuse to undertake a certain kind of work without showing good cause for so doing, are hereby declared malicious disorganizers of industry; such persons, when applying for work to the appropriate labor organization, shall be entered on a special register and shall not be admitted to industrial and transport undertakings for a period of six months." (Economicheskaya Zhisn, Moscow, January 20, 1931.)

Subsequently a new enactment was issued ordering the retrans-

fer to the transport industry of all persons who, during the five preceding years had been engaged in railway work. (Economicheskaya Zhisn, Moscow, January 18, 1931.) Irrespective of their wishes all these persons were compelled to leave the work on which

they were engaged, and return to work in the transport industry.

Lately a new enactment was promulgated ordering the issue of labor books to workmen; these books were to contain all the fines imposed upon the holder, the causes of any of his dismissals from

employment, and the general characteristics of his work. (Za

Industrializatiu, Moscow, February, 12, 1931.)

It should be added that recently it has become a widespread and frequently adopted practice to transfer skilled workmen from one sphere of work to another (see, for instance, the order of the People's Commissariats of Labor, Agriculture, and Finances. This order deals with the transfer of agricultural specialists to work connected with the spring-sowing campaign. All state, cooperative, and social undertakings are ordered to "send out within three days of the publication of the order 60 per cent of all agronomists, veterinary surgeons, zoology technicians, and agricultural engineers. These specialists are to be directed to take part in the engineers. These specialists are to be directed to take part in the sowing campaign and must remain engaged in the campaign for two months." (Socialisticheskoe Zemledelie, Moscow, February 12, 1931)), or, on the contrary, to attach skilled workmen permanently to one undertaking.

The outcome of this practice is that the conditions recently created in the U. S. S. R. restrict very considerably the free choice of work the right to dealine any kind or conditions.

of work, the right to decline any kind or conditions of work, the freedom to change work or even the right to accept work in any freedom to change work or even the right to accept work in any given locality. A refusal to proceed to work in another locality may not only bring about the loss of employment for a period of six months, but will also be entered in the labor book of the offender, who would thus be stigmatized as a "malicious disorganizer of industry" and made to feel the effects of such a stigma when compelled to apply for work again.

It is obvious that all the enactments enumerated have created conditions tantamount to indirect compulsion, for the population is offered work under conditions dictated by the state or its representative organizations. Economic compulsion is greatly engaged.

sentative organizations. Economic compulsion is greatly

sentative organizations. Economic computation is greatly enhanced by administrative pressure.

From all these facts, we are entitled to conclude that compulsory labor is practiced in the U. S. S. R. in variegated form, and in many spheres of the economic life of the union. The extent to which compulsory labor is practiced is very considerable and affects hundreds of thousands of people. The use of compulsory labor is the direct conscious of people.

its direct, concealed, or indirect forms is not only a judicial measure of repression but also a policy intended to promote industrial and commercial development and profit.

[Reprinted from the London Times, May 18, 1931] THE RUSSIAN CONSCRIPTS-I. LABOR IN THE TIMBER CAMPS-MOBILIZATION LAWS

Publications which have been issued recently at Moscow show that five chief forms of labor are employed in the timber industry of Soviet Russia:

Labor of local peasants.
 Indentured labor raised on the countryside in other districts and other "republics."

3. Statute labor.

4. Labor of imprisoned convicts.

5. Labor of unimprisoned convicts.

The labor of the local population in the timber regions if performed according to the general plan of timber operations is called in the official Soviet terminology "self-obligations" or "self-imposed tasks."

The task which each village is called upon to impose on itself The task which each village is called upon to impose on itself is planned by the Soviet timber department and submitted to the general meeting of the respective villages for confirmation. Disfranchised members of the community (kulaks, priests, and other "class enemies") are not allowed to attend the meeting, and one-quarter of the total number of voters in the village is sufficient for a quorum. If fewer than half of the voters present abstain from raising their hands in objection, the task is formally recorded as voluntarily undertaken.

From this stage onward there is no preferes that the fulfill.

recorded as voluntarily undertaken.

From this stage onward there is no pretense that the fulfilment of the "self-obligation" is optional. It has acquired the force of Soviet law and is binding on all able-bodied members of the community, whether they be present at or absent from the meeting. The assembled peasants then distribute the different parts of the task among the individual villagers, and instructions issued from Moscow require them to bear heavily on the disfranchised or declassed members of the community.

## THE PENALTIES

When the "self-imposed" system was first introduced the peasants showed insufficient zeal in fulfilling their tasks, and the Government ordered that article 61 of the criminal code should be applied to all defaulters. On February 15, 1930, Kalinin, as chairman of the All-Russian Central Executive Committee, issued chairman of the All-Russian Central Executive Committee, issued a new decree amplifying this article in its application to delin-quents on the "self-obligation front." Under this decree delin-quents who fail to fulfil "self-imposed" tasks undertaken for them by the village assembly shall be summarily fined up to five times the value of the work undone, and in default of payment their possessions shall be sold by auction. The horses and hauling equipment of kulaks may also be confiscated. If peasants resist in groups, the penalty is imprisonment with compulsory labor up to two years and the confiscation of the whole or part labor up to two years and the confiscation of the whole or part of their possessions, with or without subsequent banishment from the locality. These penalties had already been prescribed by the Criminal Code for offenses of general state importance; the new decree added that in the event of necessity the local authorities should proclaim paid compulsory service in the locality for hewing and floating timber, the wages paid to kulaks being less than those of other peasants. The local peasantry in the great timber regions are insufficient for carrying out the Soviet plan for felling and floating timber, especially since the introduction of the extended program for exporting timber according to the 5-year plan, which began its course on October 1, 1923. The import of more than a million indentured laborers for timber service in forests and on rivers has been planned for 1931, and, according to Pravda of January 10, 1931, the collective farms and the timber cooperative artels are to supply 900,000 of these, which is "half the total number of laborers required."

#### DRAFTS OF WOMEN

The raising of gangs of indentured lumbermen has been en-The raising of gangs of indentured full between has been entrusted exclusively to the Commissariat of Labor, and the rules are laid down in decrees published in "Izvestia of the People's Commissariat of Labor of the U. S. S. R." on January 25 (pp. 35, 36), February 10 (p. 52), and February 28 (p. 99), 1931. The Commissariat of Labor orders each collective farm to "detail" a definite number of laborers to be sent to one particular timber (or other) organization on conditions which have been arranged by the commissariat and the hiring organization. The management of each collective farm must sign a contract before a given date (this year March 10) binding itself to supply the number of men, women, and juveniles required. In order that the greatest number of men may be detached without injury to the agricul-tural plans, the commissariat has ordered all collective farms to replace men by women for farm work as much as possible. But women are drafted from the farms for hewing and floating timber, too. On March 15, 1931, Pravda wrote that the female gangs in the forest and on the rivers were giving better results than men

in some places.

Peasants who have not been enrolled in collective farms are drafted into timber gangs by special recruiting agents sent to the villages by the Commissariat of Labor, and assisted by an "active group" of Young Communists which has been formed in each village to support the recruiting agent. Each village is ordered to detail a definite number of men, and these have nothing to do with drawing up the contract of service, as this has been concluded for them in advance by the Commissariat of Labor with the organization for which their labor is required. The "uncollectivized" peasant, like the peasant on a collective farm, can also not choose his master or the place where he is to be sent. These details have been arranged for him by the labor planning department, but the rules require that the recruiting agent shall inform him of the name of his master, the period for which he has been mobilized, and some other important conditions of the contract. The peasants are organized into gangs of 40, one of each gang is appointed "foreman" and is given a list of his men, a representative of the hiring organization meets the gangs and the recruiting agent at a "railway station, an embarcation wharf, or some other agent at a "failway station, an embarcation whart, or some other spot," and gives the recruiting agent a receipt, certifying that he has accepted delivery of the gangs, according to contract. If a recruiting agent fails to fulfill his "fixed task," he is prosecuted as a criminal. (Izvestia September 21 and October 6; Za Industrializatsiu, October 8, 1930.) Administrators, Judges, and public prosecutors are treated in the same way if they are slack in supporting

ecutors are treated in the same way if they are slack in supporting recruiting agents. (Pravda, October 19, 1930.)

During the 1930 season, neither the system of "self-obligation" nor the employment of indentured laborers had worked efficiently, and they were supplemented by the proclamation of "compulsory-labor service" on a great scale. On September 14, 1930, the council of labor and defense ordered the formation of "extraordinary sixes" or "committees of six" in the timber regions. A "six" was attached to each local executive committee in order to proceed the fulfillment of the lumbering program. Commade S. I. mary sixes or committees of six in the timber regions. A "six" was attached to each local executive committee in order to enforce the fulfillment of the lumbering program. Comrade S. I. Syrtsoff, chairman of the Soviet of People's Commissars of the R. S. F. S. R., was endowed with special powers and placed in authority over these "sixes" (Pravda, September 19; Izvestia, October 6, 1930), and he ordered them to "go to the farthest limits in their measures" to stimulate the transport of timber to the ports for export. The council of labor and defense had ordered the introduction of compulsory service wherever necessary; Syrtsoff issued instructions to "mobilize" all able-bodied inhabitants of districts along streams for compulsory paid labor in order to get timber hauled and floated, and published in Izvestia the statement that he had called upon the O. G. P. U. (political police) to help accelerate the operations. At the same time the council of labor and defense ordered the cooperatives to issue no industrial products to any laborer who failed to complete the timber task set for him, but men who exceeded certain standards of work should be given sugar, makhorka, and some other goods as special bonuses to stimulate them and their fellows. (Izvestia, October 6, 1930.)

## COMPULSORY SERVICE

COMPULSORY SERVICE

Compulsory labor for preparing and transporting timber had been officially introduced in many places before this general order was issued. In April the authorities at Archangel introduced compulsory lumber service in the Archangel region and the whole northern district where timber was being prepared for export and ordered the "mobilization of all political, economic, and cultural resources" to hurry on the work. In some parts of the Archangel region force was used to keep laborers at their timber tasks. (Izvestia, April 6 and 9, 1930.) In Karelia overtime service and work during holidays were admitted in July. At Tomsk class enemies were conscribed in August for compulsory labor in unloading trucks and barges. Instead of "sixes," the authorities in the Urals enforced compulsory timber service in September by means of "extraordinary trios" in districts where lumber work

was backward. (Za Industrializatsiu, September 23, 1930.) At the same time compulsory labor was proclaimed at Stalingrad (Tsaritsyn) for unloading timber, but this was apparently timber for syn) for unloading timber, but this was apparently timber for domestic uses and not for export. On September 28 Izvestia published an official statement from Leningrad complaining that the introduction of compulsory labor had not removed the difficulties in transporting timber. On October 6 the same newspaper (the official organ of the Soviet Government) published a similar report of conditions at Petrozavodsk, and Pravda amplified it on October 9, complaining that insufficient compulsion was being applied to delinquents.

October 9, complaining that insufficient compulsion was being applied to delinquents.

Izvestia wrote on October 22 that after compulsory service had been introduced 720 peasants in one district even went voluntarily to serve in the timber-floating operations, but some "blockheads and wreckers" had been prosecuted for failing in their duty. An order was issued by the council of labor and defense that work should go on continuously day and night and that steamers should not cease their operations even during fog. The difficulties continued in the new year, and the Archangel correspondent of Izvestia (January 8, 1931) telegraphed that self-imposed tasks were "being enforced" badly by the local authorities. On January 16, 1931, Krasnaya Gazeta stated that an anonymous person at an election meeting in Leningrad dared to present a written question asking when forced labor would be abolished. Krasnaya Gazeta replied that the questioner himself deserved to be sent to forced labor for making such an inquiry which should be addressed to "Westminster Abbey" and not to a soviet election meeting. A poet was prosecuted as a counterrevolutionary and the whole staff of a journal dismissed at Smolensk in March for publishing a poem with uncomplimentary references to labor conditions in Soviet Russia. applied to delinquents.

#### DESERTERS

But it is not only peasant laborers who are pressed into lumbering service. The compulsory mobilization and dispatch of certain classes of employees to the timber and other "fronts" has certain classes of employees to the timber and other "fronts" has long become a regular practice, and men who evade this service are denounced and punished, their names being published in special "lists of deserters." Advertisements calling on all citizens to apprehend individual "runaways" are very frequent in the Soviet press. (See Za Industrializatsiu, September 25, 28, November 26, 1930; January 16, 18, 21, 24, 26, February 8, 11, 12, 17, 18, 19, 23, 28, March 13, 28, 1931; Trud, August 30; Izvestia, February 13.) The most recent general mobilization of specialists for compulsory timber service was carried out in February and March in fulfill.

The most recent general mobilization of specialists for compulsory timber service was carried out in February and March in fulfillment of a decree issued by the supreme economic council. In March the Commissariat of Labor ordered the institutions and enterprises of the state and the cooperatives to give up all men who had experience in floating, and these were compelled to leave their present positions to serve two months in floating timber.

On April 26, 1931, Izvestia published a decree by the Commissariat of Labor ordering all men who had worked on sea-going and river craft within the last 10 years to give up their occupations and go back to work permanently on the water. Organizations employing these men were instructed to dismiss them within five days after receipt of the orders of the commissariat and not to give them any "leaving grant," to which they are nominally entitled under article 89 of the "Labor Code" (the code is translated in Blue Book Cmd. 3775, p. 10). Retired captains of sea and river craft, engineers, mechanics, mates, boatswains, firemen, and others who had attempted to change their professions since 1921 were ordered to report themselves within five days and be allotted their posts under the water-transport department. since 1921 were ordered to report themselves within five days and be allotted their posts under the water-transport department. This decree was to be applied not only to the transport of timber but also to all overriver and sea freight. The decree adds that all who evade or abet others in evading this service are to be prosecuted in the ordinary way, which means that they are liable to fines, confiscation of possessions, imprisonment, and compulsory labor under article 61 of the Criminal Code.

It has been pointed out above that the withholding of "leaving grants" is a violation of the Soviet Labor Code, but it should be observed that the whole system of recruiting, mobilizing, and shunting labor about as practiced at present is illegal according to this code. Article 37 lays down that "a wage-earning or salaried employee shall not be transferred from one undertaking to

to this code. Article 37 lays down that "a wage-earning or salaried employee shall not be transferred from one undertaking to another, or removed from one locality to another without his consent." The code is held up to the outside world as representing the conditions which govern labor in the Soviet Union; but if it has ever been anything more than a display card, it has long ceased to have any practical application inside the Soviet frontiers.

## [Reprinted from the Times, May 19, 1931] II.—LIFE AT THE "FRONT"—SHORTAGE OF FOOD

According to the plans for this year, there are about 2,000,000 laborers working on the timber "front." Some 900,000 of these are drafted from collective farms and timber cooperative artels, and they are distributed over vast areas of forest, from Karelia to the far east of Siberia. The conditions under which the men live are not and can not be uniform. The plans drawn up at Moscow prescribe that the laborers be provided with barracks and food supplies, the feeding being on a collective basis as far as possible; but complaints continue to come from the forests that the lumber organizations neglect this part of the program. Barracks have been put up at the chief centers in some of the timracks have been put up at the chief centers in some of the tim-ber regions, but they are not sufficient to keep pace with the new

All through last winter demands kept pouring into the forests from Moscow for a greater output of marketable timber; consequently the living conditions of the lumbermen could not receive adequate attention, and they remained on the whole in the ceive adequate attention, and they remained on the whole in the same stage as they were at the beginning of last year. Volume I of "Lesa i Lesnaya Promyshlennost S. S. S. R." ("Forests and the Timber Industry of the U. S. S. R."), which was published at Leningrad in 1930, gave a brief description of conditions prevailing in the northern territory, where the chief industry is the preparation and transport of export timber.

When the men arrive at the place of work in the forests, no

barracks or huts have been prepared for them; they have to construct log cabins for themselves and begin work as soon as possible. The cabins are mostly of two types, the only difference between them being in their height. One type is only 2 to 3 feet high, the other is high enough for a man to walk in "if he keeps his back bent." The walls consist of logs laid one upon another. One layer (sometimes two layers) of logs is put on the top of this in lieu of a roof. A log fire is kept burning in the middle of the hut, and the men lie around this fire in their spare time, their only bedding being straw and the brush of fir trees, which is strewn directly on the ground. Ekonomicheskaya Zhizn, in its issue for July 29, 1928, described these cabins as being like "the lairs in which wild bears live," except for the fire and the smoke, which filled them, as they had no chimneys. "Forests and the Timber Industry" explains further (p. 437) that occasionally, though rarely, one comes across cabins which have petroleum lamps, and that in 1928 the Comissariat of Labor had started making plans to improve living conditions, as these were the chief reason for the reluctance of peasants to enter the lumber industry. barracks or huts have been prepared for them; they have to con-

#### NEGLECTED PLANS

The complaints which continue to come from the forests show

The complaints which continue to come from the forests show that until the end of 1930 the plans of the commissariat had been neglected. On November 17, 1930, Pravda wrote:

"In a number of trusts the constructing of dwellings for timber laborers is quite unsatisfactory, the reason given being a shortage of constructors and—a shortage of building materials!"

On October 24, 1930, Izvestia had state of that in the Komi region of the plant of the complex of the construction of the complex of the co

many responsible timber officials did not even know that there were any plans for constructing dwellings, that only 58 forest cabins had been constructed instead of the 758 which were shown in the plans. These are not isolated complaints, but taken from great number which have been received from all of the timber districts. On October 7 Izvestia stated that no building of barracks for hewers and haulers was in progress in Karelia; on September 17, 1930, Za Industrializatsiu explained that laborers abandoned work at Archangel chiefly on account of bad living conditions; Pravda stated on November 17, 1930, that wherever barracks might be found in the Khabarovsk region, it was impossible to live in them.

The maintenance of food supplies in the lumber regions during the last two years has been a problem with which the Soviet au-thorities have found great difficulty in coping. The cooperatives and the Commissariat of Trade in charge of this department have time and again been the subject of special decrees instructing them to adopt heroic measures and throw great quantities of food and fodder into the lumbering centers. Adequate consignments have figured in the programs and have, to a great extent, been dispatched to their northern destinations, but the chief difficulty has been the distributing of supplies among the far-flung localities and the prevention of pilfering on the way.

## PRESCRIBED RATIONS

The daily rations prescribed by the Commissariat of Trade were:

For timber hewers: 1 kilo flour, 150 grammes groats. For timber haulers: 600 grammes flour, 150 grammes groats.

horses: 600 grammes oats.

In districts where lower standards had been established, these were to remain in force, but in no districts should the prescribed limits be exceeded. This does not mean that in all districts the men actually received flour and groats. In some localities they remen actually received flour and groats. In some localities they received corresponding quantities of bread; at others they had the option of taking different products or taking their meals at collective eating houses, organized by the authorities; but this option could obviously not be general, in view of the fact that a large proportion of the lumbermen were employed in remote places where no special facilities for feeding existed. Supplies were maintained satisfactorily in some regions, but in many places they were very precarious. Forests and the Timber Industry, which has already been quoted, says that men in the forest suffer very much from bad supplies of water, being obliged to drink ground water and in very extreme cases to use thawed drink ground water and in very extreme cases to use thawed snow. Epidemics of stomach illnesses have in some cases been caused by the bad supplies of water.

At the end of February (February 25), 1930, Izvestia wrote that the rations of free lumbermen in the Urals were not so good as received by convict lumbermen working at the same place; and they were obliged to herd together in filthy barracks, while the 10,000 convicts employed in lumbering by the same organithe 10,000 convicts employed in lumbering by the same organization had quarters which were comparatively far superior. In August the Commissariat of Labor ordered an investigation of what had been done by the different organizations for the housing, collective feeding, and bathing of timber hewers. Investigations of this nature appear in the program from time to time, but if they are carried out, the results are not, as a rule, made public. Complaints were published in October that the feeding

of lumbermen in Karelia was neglected. On November 17, 1930, Pravda gave a general description of conditions in the timber industry, pointing out that the organization of food supplies was lame. The Commissariat of Trade, the cooperatives, and the

ame. The Commissariat of Trade, the cooperatives, and the grain department contented themselves with planning and distributing foodstuffs on paper, but did not see that the consignments really reached their destinations as planned.

There are no signs that the authorities are overcoming the difficulties of feeding lumbermen regularly. On January 8, 1931, Izvestia wrote that in one part of the Nizhni Novgorod territory "the supplies of the timber hewers are in an abominable state. Symetimes there are not even the most ovaluate results. Sometimes there are not even the most ordinary products. As to cultural service, this exists exclusively on paper." On March 7, 1931, Izvestia stated that in the northern territory (including Archangel) the arrangements for collective feeding were most un-satisfactory, and the people who were fed on this system found that they would do better if they could take their rations of products and make their own arrangements for cooking them. In the middle of April the Central Control Commission and the Workmen and Peasants' Inspectorate considered the report of the bureau of complaints, and came to the conclusion that the arrangements for feeding men engaged in floating timber had worked out badly.

#### BONUSES

On September 13, 1930, Izvestia wrote that in Karelia every manager of the floating operations owed the laborers under him some tens of thousands of rubles. Za Industrializatsiu published a similar complaint in regard to the Vyatka region a fortnight later, stating that the debt to lumbermen had become enormous, and they were deserting the floating operations. Syrtsoff, who was empowered to carry out a shock campaign in all the important timber regions, gave orders that men should be "bound to their posts" and induced to remain there and work harder by the imtimber regions, gave orders that men should be "bound to their posts" and induced to remain there and work harder by the immediate introduction of a system of bonuses, in which crews and captains of river craft should also be entitled to share. At first sugar, makhorka, and other articles of everyday consumption were offered, but a few weeks later the Commissariats of Trade and Labor issued joint instructions that henceforth bonuses should not consist of bread, fodder, groats, sugar, tea, fats, fish, meat, vegetables, makhorka, or soap, but clothing should be given instead. The reason why the giving of foodstuffs and soap was stopped is not explained. The value of bonuses should be calculated according to the amount by which a laborer exceeded his quota of work, and should range from 2 to 16 per cent of the recipient's wages. The instructions forbade the giving of bonuses to convicts engaged in lumber work. (Pravda, November 13, 1930.) During the last few months the Soviet press has published a great number of testimonials, ostensibly sent to the newspaper offices or given to correspondents by individuals and organizations engaged in preparing and transporting timber, certifying that the conditions in which they work are satisfactory and promising to respond to accusations of compulsory labor and other slanders circulated abroad by exerting themselves to the utmost to produce still more timber and fulfill the 5-year plan. Some of these testimonials may be genuine, but it is quite certain that none but favorable testimonials could be sent abroad legally or published in the Soviet Union.

There is no real evidence that the living conditions of lumbermen have improved since last year, when the official Soviet press published the descriptions cited above. As late as March 7 this year Izvestia published a general article on conditions in the lumber industry under the heading "Alarm in the Forest," and

this year Izvestia published a general article on conditions in the lumber industry under the heading "Alarm in the Forest," and although the language is more guarded than that of earlier descriptions and the kulak is blamed for conspiring with foreign enemies to create disorder in the timber industry, the unwillingness of laborers to serve in the lumber industry is admitted. Izvestia says that although the advantages offered to the backward strata of the peasantry are quite obvious, these listen to cunning antisoviet agitation and will not hurry into the forest. The article explains that the timber trusts are themselves largely to blame for the slow development of operations, especially in the northern territory, because they keep men at work for months before informing them of the conditions of payment for their work, and have not yet organized a satisfactory system of feeding them.

## [Reprinted from the London Times, May 20, 1931] III. COLONIES OF CONVICTS-CLASS-WAR COURTS

According to the new University Course for students of penitentiary-labor justice in the Soviet Union, published at Moscow this spring, the number of special convict colonies for felling and hewing timber has increased threefold since 1929, when all prisoners serving periods of more than three years' confinement were transferred to the O. G. P. U. Before September, 1929, there were only six of these convict timber colonies, but since 1929 the number has risen to 19. The University Course (p. 90) explains that all prisoners who are not employed within the walls of places of confinement are taken out to the places of mass labor, where they are known as a labor colony. Volume 8 of the Small Soviet Encyclopedia, which has been published this year, describes the

Encyclopedia, which has been published this year, describes the labor colonies under the new system as follows:

"Penitentiary-labor colonies are established with a semifree régime. In their interior arrangement they resemble economic organizations. Labor colonies, which facilitate the utilization of the labor of prisoners and the instilling into them of the habits of labor, are becoming the fundamental type of prison during the reconstructive period. Penitentiary colonies are of two types, the

open and the closed. Open labor colonies are organized chiefly beyond the towns (for agriculture, road making, timber hewing, peat cutting, etc.). Closed penitentiary colonies are transforma-tions of the prison buildings and isolators, which are best adapted for factory production."

Besides these 19 timber colonies there were 142 convict state

farms in 1928, cultivating over 60,000 acres of arable land, and,

farms in 1928, cultivating over 60,000 acres of arable land, and, although no figures are available to show the number of convict farms to-day, they are officially described as "increasing from year to year." There are 26 "manufacturing convict colonies," too.

When the prison reform was carried out in 1929, Krylenko, the public prosecutor, explained that the object of organizing the new colonies or convict camps was to free town prisons and make prison establishments pay their own way, as the camps would have to exist entirely on their own earnings, and thus bring about an enormous saving for the State budget. A start was to be made he said by immediately transferring about 30,000 prison. be made, he said, by immediately transferring about 30,000 prisoners to the camps of the O. G. P. U.

## PROFITS OF EXPLOITATION

The University Course says the change of policy has been very useful in diverting prisoners to productive work just at the time when all financial resources had to be mobilized for the 5-year plan; and the reformed places of confinement have justified the hopes which were then raised, for, although total figures are not available for last year, the balance sheets of seven of them situated near Moscow show a net profit of more than 2,500,000 rubles. But the profits would have been still greater if the class war in the villages last year had not borne heavily on the prisons by increasing the number of inmates, who, though they had not yet been organized for work, had nevertheless to be maintained. maintained

of the O. G. P. U. are officially "isolated from The camps society," and the conditions in them are not discussed or de-scribed, as a rule, in the ordinary Soviet press. Izvestia men-tioned 10,000 convicts as working for the timber industry in the Ural forests in February last year, and complained that they had better housing and feeding conditions than freemen lumberers working at the same place. Prayda, on November 13, 1930, published in outline a decree issued at Moscow, in which prison laborers are referred to as working in the lumber industry.

prison laborers are referred to as working in the lumber industry. The convicts are employed under contracts concluded directly by the O. G. P. U. and the timber organizations on the basis of article 78 of the Penitentiary Labor Code of the R. S. F. S. R.

This code lays down rules for the employment of persons sentenced after a hearing in the court, or summarily by the administrative authorities, to compulsory labor without imprisonment. This form of punishment may legally be inflicted for a period not exceeding one year. Article 34 of the code stipulates that "as a rule" no wages shall be paid for this labor, an exception being made if delinquents are allowed to work out their sentences at the places where they are ordinarily employed: but the organiat the places where they are ordinarily employed; but the organizations for which unimprisoned convicts work must pay an amount equivalent to what their wages would be into a special fund to be used for the extension of forced-labor workshops and

## ORDERS TO THE JUDGES

The judges and the whole machinery for administering justice in the timber regions have received direct instructions to demonstrate their efficiency in the production of this class of labor for felling and hewing timber. Sudebnaya Praktika (Court Practice), the official periodical journal edited by P. I. Stuchka, president of the Supreme Court of the R. S. F. S. R., published on December 30, 1930, instructions to local judges, prosecutors, and court officials of the northern territory (the most important region for export timber, comprising almost the whole of the former Provinces and districts of Archangel, Vologda, Vyatka, North Dvina, and a part of Komi). They are ordered to make the fulfillment of the timber program their first care, to make themselves "champlons on the lumber front," and to use the courts as much as possible to stimulate the zeal of lumbermen. The courts must prosecute the campaign by means of fierce and crushing war against the kulak and strict adherence to the class line when dealing their blows. But they must also bring judicial pressure The judges and the whole machinery for administering justice dealing their blows. But they must also bring judicial pressure to bear on the middle and poor peasants, and their pronounce-ments must be instruments for mobilizing labor man power to

ments must be instruments for mobilizing labor man power to fulfill the lumber program.

Every judge is ordered to act quickly and in harmony with the present policy of the Communist Party, to bind himself closely to the timber industry, and to keep in the front ranks of the fighters for timber. The court must direct and control the whole lumbering campaign, must "make timely discoveries" of undermining activities by the kulaks, wreckers, and opportunists, and make them feel "the sharp edge of proletarian judicial repression." Each representative of the court shall be personally responsible for the success of lumbering operations in the districts placed under his direct supervision. The court shall "show no mercy," and all cases not specified in the instructions shall be qualified under article 58, paragraphs 7, 8, and 10, of the Chiminal Code (where the penalty prescribed is death by shooting). The court shall force peasants to fulfill the "self-imposed" tasks undertaken for them by the village assemblies, and in its decisions shall give preference to the sentence of compulsory labor, to be served in all cases in the lumbering operations.

The instructions are wound up with a few directions to the

The instructions are wound up with a few directions to the local courts to send in reports once every 10 days, explaining what political work the court has done among lumbermen, how the judges are waging class warfare, how many times each judge has

gone into the forest personally, how many demonstration trials have been arranged, how many kulaks, other peasants, and officials have been prosecuted in connection with their lumber work, etc

Although these instructions were not published until December 30, they were sent to the local officials in October, 1930, for immediate application. On January 10, 1931, a circular was published, which Krylenko, as deputy commissar of justice of the R. S. F. S. R., had sent to all prosecutors in the Republic, urging them to stimulate lumber operations by immediately prosecuting all persons who had failed to carry out the Government's instructions for the proguragent of laborers and teams to work in the tions for the procurement of laborers and teams to work in the forests, as the highest administrative officials in each timber region were to be held personally responsible for the successful recruiting and delivery of man power, and cases were to be hurried through the courts as fast as possible.

#### THE PURGE

The number of persons administratively condemned to labor in the forests was augmented in December and January by the sifting of allen elements from Soviet factories and the excluding of all disfranchised persons from employment in other forms of labor. The sifting campaign was explained in Trud, of December 6, 1930. Special committees of five were appointed at all factories and enterprises to examine the workmen and employees occupied there. Persons who, when under examination, manifested that their mentality was "alien to the working class" were enrolled in manuallabor gangs and sent to "hew timber, cut peat, etc." The examination began with all the persons who had for the first time obtained employment in Soviet industry during the preceding three years, and 100 of the biggest enterprises were selected to start the years, and 100 of the biggest enterprises were selected to start the experiment. When these were finished another batch would be taken, until the whole of the Soviet industrial and other enterprises were purged. Whether the sifting has been completed has not yet been made known.

On December 23, 1930, the Commissariat of Labor decreed that On December 23, 1930, the Commissariat of Labor decreed that no disfranchised person nor any person dismissed from employment and put on the list of "first category dismissals" should be given employment except in manual-labor gangs for "hewing timber, lumber work in the forests, floating timber, procuring peat, loading and unloading freight, combating snowdrifts, etc. These persons might refuse the work offered, but article 4 of the decree instructs that they be then struck off the register and not be eligible for any work at all for the period of one year. It appears only fair to include this class of unfortunates among the forced laborers, although official Soviet terminology describes them as free and their service as voluntary. In the villages, the counteras free and their service as voluntary. In the villages, the counterpart of these town-dwellers is the kulak class of peasants. There is no satisfactory definition to explain what a kulak is at the present time, and the standards by which a man may be relegated to this class are by no means fixed. One who has been officially dubbed a kulak is an outcast from society, and the law appears to afford him no protection at all. He may not save himself even by pooling his possessions with his fellow peasants and joining a collective farm. His goods are confiscated and he is banished to the north or to some part of Siberia. But he remains an outcast even there. Administrators who show symptoms of mercy for this quarry, which the Government continually orders them to bait, are themselves prosecuted as criminals. In Pravda of October 19, Ekonomicheskaya Zhisn of October 24, 1930, and Izvestia of January 8, 1931, complaints appear from the timber regions that officials are too gentle with kulak lumbermen, and are consequently being prosecuted.

cials are too gentie with kuiak lumbernien, and are consequently being prosecuted.

On February 18, 1931, Trud admitted in a leading article that the element of cruelty against sections of the community was necessary under the Soviet system, but the Soviet Government acted with "exceptional mildness" in sending their class enemies, the kulaki, to lumber work instead of killing them. No records are available to show the death rate among the kulaki deported to the timber regions from the temperate parts of central and courts. Puesta but it must be appallingly high: and it is certain south Russia, but it must be appallingly high; and it is certain that only a small proportion can survive the hardships to which they are admittedly subjected by the Soviet authorities and the cruel weather of the north.

It should be borne in mind that all the information in Soviet newspapers and books passes through official channels before reaching the press, and nothing can be printed without official sanction. The publications cited above are all the official organs of one or another of the Soviet Government departments or the Communist Party of the Soviet Union, and the citations have, therefore, the weight of official documents.

### [Leading article-reprinted from the Times, May 20, 1931] THE RUSSIAN DANGER

In another column of this page is printed the third and last of a series of articles on the Russian conscripts, a dispassionate attempt to discover the truth about conditions in the Russian attempt to discover the truth about conditions in the Russian timber camps, so far as that truth is revealed in the official decrees of the Soviet Government and in the Russian press. As nothing can be published in Russia without official sanction, all the information used in these articles may be regarded as official. No use has been made of affidavits from escaped prisoners or of any source that has not the imprimatur of the Soviet authorities. No attempt is made in them to draw inferences or to pass judgment. They merely set out the facts, not as they are seen by the hapless convicts and so-called free laborers sent to hew and transport timber for the foreign markets, but just as they are described by the Soviet authorities themselves when they are addescribed by the Soviet authorities themselves when they are addressing their own people—not, of course, when they are talking propaganda for export. Even so, the conviction they carry is inevitable, except to those who are firmly resolved to keep the wool pulled over their own eyes, that the conditions are deplorable—such, in fact, as would not be tolerated for a day by any civilized people, and that a deep discredit rests on any country which encourages an industry carried on with so much cruelty its products naturally are cheaper than those of its

competitors. These three articles deal exclusively with labor conditions in These three articles deal exclusively with labor conditions in the lumber trade, but it is a fair assumption from them that the same ruthless organization is characteristic of the whole campaign to carry out the 5-year plan. Only a people of whom the masses are too ignorant and too disorganized to offer any resistance, and who have through long generations become callous to suffering and oppression, would endure such dragooning. If it can go on enduring, the small but enthusiastic and well-disciplined minority which controls every lever of power in Russia will succeed in its ambition to create a huge industrialized slave will succeed in its ambition to create a huge industrialized slave state, monopolizing the whole production, trade, and industry of nearly 150,000,000 of people. The creation of such a huge monopoly under a single centralized direction will confront the rest of the world—organized as it is on the basis of free labor, free exchange, and free competition—with problems for which no solution is yet visible, but for which a solution will have to be found if a great catastrophe is to be avoided. If the directors of this monopoly were inspired by the most benevolent intentions toward the rest of the world, it would still be impossible to watch the growth of their power without the greatest anxiety; but every student of their utterances in their own press—they naturally use a different language when they are negotiating with foreigners for credits and other concessions—and every student of the activities of the Comintern and the Profintern knows that they are animated by an implacable hatred and a fierce desire to rethe activities of the Comintern and the Profintern knows that they are animated by an implacable hatred and a fierce desire to reproduce in other countries the horrors and the oppression they have inflicted upon their own. Anxiety can only be deepened by the weak complacency with which foreign governments, bankers, industrialists, and traders allow the Soviet organization to use them for its own purposes and to play them off one against the other. In that respect our own Government have played, perhaps, the most pittable rôle of all.

In Monday's debate Mr. MacDonald proudly described himself

the most pitiable rôle of all.

In Monday's debate Mr. MacDonald proudly described himself as a "realist" who "faced the facts," but only succeeded in exhibiting himself as a victim of weak self-delusion. His whole speech was quite unworthy of the occasion. Opening with a cheap and foolish gibe at the Times news service in Riga, which, with consistent fidelity, transmits to London the information published in the Russian press, he devoted practically the whole of the rest of his time to an elaborate tu quoque, arguing that in his time at the foreign office Sir Austen Chamberlain had been just as at the foreign office Sir Austen Chamberlain had been just as patient with breaches of Russian engagements as the present Government have been. He is evidently not a reader of the Krasny International Profsoyuzov, the official organ of the executive bureau of the Profintern, the Red Trade Union International, or he reau of the Profintern, the Red Trade Union International, or he would not have ventured to challenge the accuracy or the fairness of our Riga correspondent. And the parallel with Sir Austen Chamberlain's patient handling of Soviet provocations could only have been intended to elude the point of the indictment. Neither Sir Austen nor Mr. Baldwin ever gave the House of Commons the explicit pledges which were given by Mr. MacDonald and Mr. Henderson when they resumed relations with Russia. The complaint explicit pledges which were given by Mr. MacDonald and Mr. Henderson when they resumed relations with Russia. The complaint is that, having given those pledges, either light-heartedly or victims of the self-delusion to which they fall victims in all their dealings with Russia, they have since made no attempt to carry them out. It is true they are in what is for them a very difficult position, being forced to choose between breaking the promises they gave in the most emphatic terms to our own country and making it plain to Moscow that the Comintern and similar organizations must cease their anti-British activities if relations are to continue. This, however, they have not the moral courage to do. The Soviet diplomatists, having thoroughly bamboozled them during the negotiations and having treated them with open contempt ever since, have now established over them a moral ascendancy which they are incapable of breaking. It is not as if they had no means of bringing pressure to bear. Quite apart from the worthless pledges which Mr. Henderson believed himself to have extracted from the Soviet Government, they have other weapons in their armory. But they are afraid to use them and prefer to allow their pledge to the house to remain a dead letter. More than that, they persist in guaranteeing credits, already amounting to several millions of pounds, to finance the 5-year plan, and thus put more power into the hands of those who are openly working for their overthrow and for the destruction of the British Empire.

[Bulletin issued by International Entente against the Third International, Geneva, Switzerland]

FORCED LABOR ESTABLISHED BY LEGISLATION IN THE U. S. S. R. FOR THE EXECUTION OF THE 5-YEAR PLAN

The difference between free labor and forced labor may be

"In free labor the worker has the right to choose the kind of work and the category of workers in the factory to which he will belong; he can discuss the amount of his wages and the terms and conditions of his work, either individually or through his trade-

union; he is free to choose his house and where he will live; he has right of redress before the courts against his employer and the

right to strike. He spends his wages as he pleases.

"We are quite aware that, as in the case of all liberties and human rights, the above liberties and rights are not without exceptions, but they incontestably exist. If they are suppressed, work ceases to be free and becomes forced labor, of which the following are the characteristics:

following are the characteristics:

"(1) There is no free market for labor.

"(2) The employer alone has the absolute right to choose the kind of work, the category of workers, and the factory in which the worker is to be engaged.

"(3) The employer fixes the place of residence and the quarters.

"(4) If the worker refuses to submit, the penalty is loss of work and consequently of wages.

"(6) The right to strike is refused.

"(7) The worker enjoys no trade-union protection.

"(8) The employer fixes unilaterally and without appeal the amount of the wages and the terms and conditions of work.

"(9) The worker can only procure the food and clothing which he needs for himself and his family by means of cards received from the employer.

from the employer.
"(10) The worker enjoys no rights."

We shall show that this régime of forced labor has just been set up in the U.S. S. R. by the most recent legislation.

For this purpose we will take one by one the conditions which determine the character of forced labor and will set down below each the text of the Soviet laws.

These texts are mainly:

The decree of the central executive committee of the council of people's commissars of the U. S. S. R. of December 15, 1930, published in the Pravda of December 17, 1930. Our reference will indicate this as the decree.

The order of the Labor Commissariat of the U. S. S. R., No. 374, of December 23, 1930, on the mode of registering and sending to work persons in search of employment, published in Isvestia of December 29, 1930. We shall call this the order in our references.

#### (1) THERE IS NO FREE LABOR MARKET IN THE U.S. S. R.

"Registration of persons in search of work. May be registered at the direction of cadres; all members of trade-unions and 18 categories of persons enjoying electoral rights." (Order, sec. 1.) Other persons can not find work. In fact:

"All the undertakings, the economic establishments, and individuals are compelled only to engage workers and officials through

the labor organs, with the exception of cases mentioned in the present regulations." (Decree, sec. 2.)

The exceptions referred to only prove the rule, for they concern only a very small minority of workers in industry, commerce, and administration, a minority purposely circumscribed and subject to special regulations.

(2) THE EMPLOYER, THAT IS TO SAY, THE STATE, ALONE HAS THE EIGHT TO CHOOSE THE KIND OF WORK, THE CATEGORY OF WORKERS, AND THE FACTORY IN WHICH THE WORKER WILL BE ENGAGED

He proceeds to this by means of the registration of which we have just spoken.

"The organs of production will assure the rational distribution of labor within the limits laid down by the corresponding organs of the plans of production." (Decree, sec. 1.)

"The Labor Commissariat of the U. S. S. R. will divide into categories the persons who are to be registered in the labor organs as persons in search of employment and will direct their sending to work." (Decree, sec. 4.)

The dispatch to work should be done in taking strict account of

The dispatch to work should be done in taking strict account of the principles of class selection and in conformity with the demands of the employer concerning the qualifications of the workers." (Order, sec. 7.)

The heads of the undertakings are required to set at liberty within the time intended by the labor organs, the workers who are to be transferred to another undertaking according to sections 7 and 8 of the present regulations." (Decree, sec. 9.)

## (3) THE EMPLOYER FIXES THE PLACE OF RESIDENCE AND THE QUARTERS

To assure a sufficient number of qualified workers and specialists in the undertakings of the most important branches of national economy (iron and steel, chemical, and coal industries, machine making, industrial constructions, transport, and elecmachine making, industrial constructions, transport, and electrical industry) to the detriment of the less important branches of national economy or less important undertakings, the Commissariat of Labor of the U. S. S. R. has the right, on the demand of the economic organs, to proceed after agreement with the unions and ratification of the labor and defense council, to transfer trained workers and specialists to other branches of national economy or to other regions so that they may be used according to their specialty. (Decree, sec. 8.)

The workers, mechanics, and engineers who have distinguished themselves in the organization of "shock brigades," the participants in these brigades or in the "socialist emulations," as well as all who have worked for a very long time in the same undertaking or have made interesting propositions for the rationalization of production or inventions, will benefit by the following advantages:

advantages: (a) If they live in mediocre lodgings, they will be the first to receive new lodgings from the reserve of lodgings of the under(e) The members of their families, in case they apply to the labor organs for employment, will be sent, as far as possible, where the heads of the families are employed. (Decree, sec. 11.)

It is therefore a privilege to be able to work in the same place as the head of the family. This shows how far the right of the State to dispose of the individual is carried in the U. S. S. R., and gives the measure of forced labor. The only exception is for a married woman.

(4) IF THE WORKER REFUSES TO SUBMIT, THE PENALTY IMPOSED ON HIM IS THE LOSS OF WORK AND THEREFORE OF WAGES OR DISPATCH TO THE HARDEST LABORS

"Persons who refuse without plausible reasons the work in their own trade offered them (even if this work necessitates removal) as well as those who refuse to change their occupation if their own is 'stagnant' are struck off the books for a period not exceeding six months.

"Should these persons apply to the direction of cadres for work before the expiry of the period of prohibition, they may be used for mass bodily work (forestal exploitations, turf cutting, loading and unloading, snow sweeping, etc.)." (Order, sec. 11.).

(5) NO APPEAL IS POSSIBLE AGAINST THE DECISIONS OF THE EMPLOYER-THE STATE

Neither the decree nor the order contains any provision permitting the worker any appeal whatever against the decisions taken in arbitrary application of the above provisions.

(6) THESE PROVISIONS APPLY ALSO TO WORKERS ON THE COLLECTIVE FARMS

"The members of collectivist undertakings may have themselves registered at the direction of the 'kolkhoze,' which will send the lists to the nearest direction of cadres." (Order, sec. 3.)

(7) THE RIGHT TO STRIKE IS REFUSED

The Soviet Labor Code provides for compulsory arbitration in article 172.

For the solution of a dispute with an undertaking or state institution, an arbitral tribunal is organized by the labor organ at the request of one of the parties. In this case acceptance of the tribunal is compulsory for the other party."

The undertaking or state institution thus prevents all strikes by asking for the organization of the tribunal, and as it is the "labor organ," that is to say, another institution of the employer state, which organizes the arbitral tribunal, the employer-state is thus both judge and adversary.

Voitinsky, the Soviet jurist, comments on this provision as

"In the undertakings of the state and in its institutions, the Communist Party and the trade-unions naturally reject the strike as a method of defense of the interest of the workers. The strike can not be recognized as a normal means of settling disputes concerning labor between the workers and the administration of the undertakings and the institutions of the state, the administration being here the organ of the proletarian state." (Voitinsky, Soviet Labor Law, p. 115.)

(8) THE WORKER IS NOT PROTECTED BY HIS TRADE-UNIONS; ON THE CONTRARY, THIS LATTER ASSISTS IN THE TYRANNY EXERCISED BY THE STATE EMPLOYER OVER THE WORKER

Article 157 of the Labor Code determines the activity of the trade-unions in the sense of a cooperation in the normal course of production in the state undertakings. It is no longer a matter of defense of the interests of the worker in relation to the employer, but of support given to production.

And yet, according to article 151 (ibid.), these unions alone have the right to represent the workers for the discussion of collective contracts and in disputes with the employer. And, moreover, it is only the superior organs of the unions which are admitted to this representation.

The meetings of workers called to examine the clauses of col-tective contracts can not modify them in any way, since it is only the higher organs which are qualified to contract in the name of the workers, and these latter have no right of veto.

Now, the communists form 12 to 15 per cent of the total membership of the unions, but they form the enormous majority and up to 100 per cent of the higher organs of these unions.

Tomsky was ejected because he wished to return to a real protection of the workers by the unions. He and his partisans were replaced by "pures."

According to the Pravda of July 1, 1930 (No. 179), this is the present point of view:

"As soon as the trade-unions took into consideration the needs of the workers, they no longer took the standpoint of those of the state industry. The Soviet Government, through the organs of the party, simply removed all those persons who were at the head of the trade-union movement in the U. S. S. R."

In these conditions it may be affirmed that the trade-unions, being alone qualified to conclude labor contracts in the name of workers but making common cause with the employer state, this latter fixes unilaterally and without appeal the amount of wages and the terms and conditions of work.

(9) THE WORKER CAN ONLY PROCURE THE FOOD AND CLOTHING WHICH HE NEEDS FOR HIMSELF AND HIS FAMILY BY MEANS OF CARDS PRO-CURED FROM THE EMPLOYER STATE

This is a fact of public notoriety. We only mention it to complete the picture of the total subjection in which the Socialist state which governs the U. S. S. R. holds the worker.

In truth, under the U. S. S. R. the worker has become a serf, taxable and liable to forced labor at pleasure. The state disposes of him as it likes. It is true that this is in the logic of Marxism and socialism. The worker is no longer anything but an inert portion of the mechanism of the state, to be moved about or thrown aside at the will of the dictators.

JANUARY, 1931.

[Extracts from Forced Labor in Soviet Russia, by William Armstrong Fairburn]

\* \* When men are drafted or conscripted into an army, When men are drafted or conscripted into an army, they lose all their liberty of action; they become part of a machine. They are required and compelled to obey any and all orders; they are given no personal choice. This condition exists in Russia in toto. There can be no such thing as unemployment in a conscripted military army; in this sense there is none, or should be none. In Russia, for the Soviet Union is at war—at present primarily in the economic redm; it drafts all the labor that it wants marily in the economic realm; it drafts all the labor that it wants and discards into a sort of human junk pile those whom it does not want; and all who can work and are permitted to work are assigned tasks like soldiers, and are subjected to discipline far more severe, exacting, and humiliating than that affecting any army or any other people in the world. In a military army, men are given a periodic leave of absence; in Soviet Russia (within the confines of the border of the union) there are no such relaxing \* sessionsthe pressure of drastic discipline is relentlessly and constantly maintained, both at work and when away from work. Soldiers in military armies in "capitalistic" countries have liberty of thought, but not so in Russia. Every printed and informative word, radio program, "movie" and "talkie," stage performance, etc., is censored, and secret police and spies abound on every hand, so no man knows who his enemy is, and no man dares to express himself freely and honestly.

There can be no such thing as "unemployment" on a plantation operated entirely with slave labor. Slaves are held in bond-

tion operated entirely with slave labor. Slaves are held in bondage and in a state of compulsory subjection and servitude. Slaves to live must work and be useful to their masters. If they do not work, they die; if they do but little work or indifferent work, and if they are careless and damage property and tools, they are punished; if they attempt to escape they will either be recaptured and severely treated or shot; they can not wander from one plantation to another; they can not choose their jobs. If they are obedient to the commands of their owners and work well, they will be fed housed and clothed. This is the condition existing in be fed, housed, and clothed. This is the condition existing in Russia to-day among the most favored of the population. A large percentage of the Russian people, however, have neither the social standing in the eyes of the dictator nor enjoy the great boon of food, housing, and clothing that is granted the plantation slave. slave.

Russia is a vast and soulless prison for its people, who are robbed of all freedom, individuality, and self-respect. They can not escape from its boundaries, and, to live, they must work as decreed by the State when, where, and as arbitrarily decreed.

Russia is governed by an arbitrary autocratic dictator, who functions through committees, the Communist Party, the trade-unions, the International, the army, and O. G. P. U. He controls some two million members of the Communist Party (about 1¼ per cent of the population) and they in turn control the trade unions and the proletariat; there are unions for every class of work, and the possession of a trade-union card carries with it such tremendous benefits and privileges that it is natural for adult workers of all types, if they want to live, to desire to be enrolled. \* \* The Soviet State is the sole employer of labor, the sole purveyor

of food and of other articles of consumption, and the sole importer and exporter of goods. All workers in Russia are employed by the state and must bup or otherwise receive their sustenance from the state. \* \* All workers are deprived of the privilege of her state and must bup or otherwise receive their sustenance from the state. \* \* \* All workers are deprived of the privilege of bargaining or of selling their services; they have no voice with regard to wages, or working hours or days—all are arbitrarily decreed by the state. \* \* \* All work performed in Russia is exacted by the state from any and all persons of working age, without regard to sex, under the menace of the penalty of withholding food, shelter, and the necessities for sustaining life, for its nonperformance, and, to perform this work, the worker does not offer himself voluntarily, but is conscripted, drafted, and compelled by force to serve when, where, and as arbitrarily directed. No labor in Russia is free. All labor in Russia is forced labor.

Eve Garrette Grady, wife of an American mining engineer, who recently returned from Russia, states in an article printed in the

recently returned from Russia, states in an article printed in the

Saturday Evening Post on June 20, 1931:

"Congress has defined forced labor for American tariff-regulation purposes as labor for which one does not voluntarily offer oneself, and for the nonperformance of which there is a penalty. According to this definition one may unqualifiedly state that there is no line of industry, no human endeavor in Soviet Russia to-day in which there is not forced labor.

"First of all, it must be understood that Soviet Russia is under absolute military dictatorship.

\* \* \*

"Consider the following decree of the Commissariat of Labor published on November 5, 1930: 'Skilled workmen refusing the work offered to them are put onto unskilled heavy labor, and if they refuse this, they are struck off the employment register.'

\* \* Just exactly what does being 'struck off the employment register 'mean? It means, first, that a man is deprived of his food book—the greatest calamity that can befall a Russian. Loss of the food book means the loss of the right to buy in the stores—in other words, starvation by slow inches. Second, he is ejected from his lodgings. Only those on the employment register have the right to shelter, the right to a roof over their heads.

\* \* It means that he can not buy medicine or even see a doctor, for only those in good standing on employment registers have that privilege. Furthermore, he becomes a social outcast, a pariah, for no man or woman is going to run the risk of giving him succor. The Argus-eyed secret police, the O. G. P. U., are ever alert to apprehend friends of deserters from the glorious cause of building for socialism."

alert to apprehend friends of deserters from the global distinction building for socialism."

"The Soviet Government holds the people of Russia in the hollow of its hand. It pulls the strings and they dance. It tells them where to work, and if they refuse, it exacts a penalty. Yet every time the subject of forced labor is mentioned abroad, there are shrieks of rage and shouts of fury; in fact, as I write, I can hear the Bolsheviki crying from the housetops: 'You are telling capitalistic lies'."

capitalistic lies'."
Prof. Paul Haensel, of Northwestern University, who was associated with the University of Moscow for more than 20 years, when he held the chair for public finance, and with the School of Economics in Moscow, in an article Labor Under the Soviets, in Foreign Affairs magazine, stated:

#### LABOR UNDER THE SOVIETS

#### By Paul Haensel

When the Soviet Government boldly adopted the 5-year plan it had three aims in view: First, to bring about the rapid industrial-ization of Soviet Russia—a natural desire for a government bent ization of Soviet Russia—a natural desire for a government bent on socializing a peasant country; second, to liberate the country from foreign dependence and to make it economically self-sufficient; third, to increase the military strength of the Red Army. The plan also had important international aims, and these constitute a further reason why no effort has been spared to carry it to fulfillment. (Gf. my recent book, the Economic Policy of Soviet Russia, published in English by P. S. King & Son, London, 1930, 200 pp., and in German by J. C. B. Mohr, Tubingen, 1930, under the title "Die Wirtschaftspolitik Sowjetrusslands.")

In spite of many failures in both quality and quantity of achievement, the results of the 5-year plan have as a whole been quite remarkable. To no small extent this has been due to the enthusiasm of the workers in the state factories. But the chief cause of what progress has been made is to be found in the dras-

cause of what progress has been made is to be found in the drastic exploitation of the working class and in the pressure which has been put on all other classes. The methods applied by the

has been put on all other classes. The methods applied by the Soviet Government in dealing with labor would be impossible in normal times in any civilized democratic country.

The system of piece-work wages has been introduced wherever possible. This system is contrary to all socialistic conceptions, but the Soviet rulers realized very well that they had a powerful incentive with which to increase the productivity of labor and an important means of swelling the profits of the employer, i. e., the state. A special order signed by the presidium of the Central Council of Trades Unions and the Supreme Council of National Economy on December 13, 1930, seeks "to regulate wages by encouraging laborers to increase the quality and output of by encouraging laborers to increase the quality and output of their labor, by means of the utmost possible application of piece-work wages, and by forcing skilled laborers (or unskilled laborers where there is a lack of such) to remain in their respective fac-

Means like these stimulate the worker's zeal to increase production; on the other hand, the quality of production is lowered, and the worker's health suffers. Overstrain is very noticeable among Soviet workmen and the administrative personnel.

In order to spur the workers on to still further efforts, special "shock brigades" of experienced communist workmen are sent on tours to the various factories. They work as foremen and "stimulate the enthusiasm" of the rest. Experienced and highly "stimulate the enthusiasm" of the rest. Experienced and highly paid foreigners are also employed for the purpose of increasing the efficiency of the Soviet workmen. Competitions, too, are held in all factories, and special premiums, gifts, and decorations are awarded to those who produce the most. The names of inefficient or delinquent workmen are exhibited on special blackboards or published in the newspapers for public derision.

Needless to say, such devices as these are condemned by all traditional trade-unionist practice.

The production of the Soviet factories has been greatly increased.

The production of the Soviet factories has been greatly increased by the introduction of two measures which—it should be noted were not foreseen at the time the 5-year plan was inaugurated, namely, the abolition of Sundays and the adoption of the so-called uninterrupted working week, and the introduction of a

7-hour working day with two or three shifts. Thus the Soviet factories work 360 days a year and 21 hours (3 shifts of 7 hours each) a day. Under this system every laborer gets a day of rest after four days of toil, but the work at a factory never stops. It is interesting to note that under the present arrangement the Russian workman works on the average 10 days more in the year than he did during the Tsarist régime, when Sundays and many holidays were observed and factories closed. With the introduction of the uninterrupted week, the clerical staff and employees in institutions were ordered to work one hour more than was the case before, viz seven hours and no increase of staff was allowed. case before, viz, seven hours, and no increase of staff was allowed.

case before, viz, seven hours, and no increase of staff was allowed. The 7-hour working day was introduced in October, 1929, and will be applied to 92 per cent of all workmen in state factories in 1931. It was a clever measure to increase the profits of the state factories, because three shifts of seven hours each insure a higher yield on capital investments and reduce the overhead charges. The main reason why the Government added a third shift, however, was to absorb the large number of unemployed. On April 1, 1930, some 1,300,000 unemployed were registered, in comparison with a total number of workmen in all state factories of only 2,500,000. By adding a new shift the Government achieved a considerable saving on the unemployment doles. siderable saving on the unemployment doles.

#### LABOR UNDER THE SOVIETS

Nevertheless, the system has its dark spots. In particular, it Nevertheless, the system has its dark spots. In particular, it entails the introduction of night work and, consequently, lower efficiency. A special investigation by the shock brigades of the Central Council of Trades Unions in the Moscow and Leningrad factories revealed an "absolutely inadmissible attitude of the night shifts of workmen toward their factories. The workmen arrive too late for work, the machines are kept idle, the workmen sleep during working hours, and such a state of affairs is now usual." (Izvestia, October 20, 1930.)

In order to eliminate the constant friction which existed be-

In order to eliminate the constant friction which existed be-In order to eliminate the constant friction which existed between the factory managers and the Communist Party "cells" (which exist in each organizations) or the trade-unions, it has been ordered that henceforth all authority and responsibility within a factory shall rest exclusively with the manager, who is entrusted with the selection of the technical and administrative staff. "On appointing or discharging any worker, the management shall be bound to take into consideration the opinion of the Communist Party or the factory trade-union representatives, which in the event of disagreement concerning any appointment or dismissal shall be entitled to appeal to a higher body of the party or trade-union. But such a course shall not invalidate the enforcement of the management's decision." This principle of the independence of the factory management, adopted at the

the enforcement of the management's decision." This principle of the independence of the factory management, adopted at the end of 1929, has since been applied with increasing rigor. One of the reasons for poor efficiency in the Donetz coal mines is stated to be that the principle of "one-man power" has not been fully adopted there, and orders have been given that it is to be adhered to strictly in the future. (Izvestia, December 17, 1930.)

The execution of the 5-year plan involves an enormous investment of capital. The necessary funds are accumulated by means of high taxation, compulsory loans, and artificially high profits in state enterprises. The state factories are monopolistic. The prices of manufactured goods are kept at a very high level (computed at about 250 per cent of the prices prevailing in the international market). (See Kontrolniye Ziffri, 1928–29, Moscow 1929, p. 280), while wages and salaries are low. vailing in the international market). (See Kontrolniye Ziffri, 1928-29, Moscow 1929, p. 280), while wages and salaries are low. The average wage of a workman in a Russian factory to-day amounts to 3 rubles, 10 kopeks a day. This is nominally about \$1.60, but the purchasing capacity is much smaller; according to the computation of a German economist, it is equivalent to about 3.50 Reichsmarks, or 87 cents a day. (Cf. Berkenkopf, in Schmoller's Jahrbuch, August, 1930, p. 35. Soviet leaders frequently emphasize the Government's expenditure of large sums for "welfare" projects. A large item is the expenditure for creating new dwellings, which represents ordinary investment (it is ridiculous to count capital invested in workmen's dwellings in the wages' fund). Workmen do not get free housing; they spend on the average about 14 per cent of their wages on housing, heating, and light.)

and light.)

The great pressure exercised to increase production, the low wages, the inadequate and unbalanced food supply, and the bad housing conditions resulted in 1930 in a "catastrophic" flight of housing conditions resulted in 1930 in a "catastrophic" flight of workmen from the factories. During the three summer months of last year the Leningrad factories engaged 225,000 new workmen and during the same period 134,000 workmen left. In some cases the turnover reached 125 per cent. Not only workmen, but engineers and technicians began to leave the factories.

The Government ordered drastic measures against all these "deserters." A general mobilization of specialists has now been pro-

serters." A general mobilization of specialists has now been proclaimed; engineers who do not remain at work or do not accept positions offered by the state are to be criminally prosecuted. (See the official Soviet paper Za Industrializatsiu, September 25, 1930.) Mobilizations of this kind, which hardly differ from mobilization in time of war, have been applied many times lately to engineers, teachers, railroad workers, and students. By an order of October 4, 1930, not less than 50 per cent of the students in all mining schools were commandeered for work in the Donetz mines, and their period of study has consequently been prolonged for one year. On January 29, 1931, all students in agricultural institutes and schools were mobilized for the spring sowing campaign.

<sup>&</sup>lt;sup>1</sup>Professor Haensel left Soviet Russia in 1928 and has written a book on the Economic Policy of the Soviet Russia, which deals with this subject. From 1921 to 1928 he was president of the financial section of the Institute of Economic Research, attached to the Commissariat for Finance of the U.S.S.R.

The latest and most drastic mobilization was that of all railroad workers in January, 1931. All who were ever employed in any sort of railroad service, including porters, have to appear before the labor boards for assignment to railway work. Criminal proceedings will be taken against defaulters and against employers who conceal such workers. Also, the Central Government Board of Collective Farms has recently given orders (January, 1931) that the collective farms shall send laborers regularly to industry and threatens defaulters with criminal prosecution. Moreover, the Government proclaimed a series of coercive measures designed to prevent the large labor turnover and to punish those who refuse the jobs offered to them. In the aggregate, these various measures amount to the introduction of forced labor. All unemployment doles have been abolished since October 1, 1930. Instead of labor exchanges, special boards for recruiting workmen have been organized.

been organized.

The Government has also attachked the labor problem from other angles. A law passed on December 15, 1930, prescribes: 1. Factories are allowed to engage workmen or clerical employees only through the governmental boards whose duty it is to recruit and assign labor. 2. Skilled laborers and specialists engaged in occupations alien to their qualifications are to be employed in the work for which they are fitted. 3. Willful disorganizers of production—that is, those who leave their jobs without permission and for no reasonable cause—shall not be assigned new jobs in industry or transport for six months (which means that they will be unable to get work for that period). 4. Registered candidates who refuse a job which is offered them without giving a reasonable excuse are to be suspended from the register for a period of not more than six months (which means that during this time they are prevented from getting a job). 5. Directors who employ laborers irregularly or in excessive numbers, or offer higher wages than prescribed, or entice laborers from other undertakings, or resist the orders of labor boards with reference to the transference of employees to other places, shall be punished by their respective authorities or the labor boards. 6. Workers in the mining, metal, chemical, textile, and building-material industries, in transport, and in important new construction undertakings, who have worked not less than two years, beginning on November 1, 1930, shall receive for each year an additional leave of three days or an equivalent remuneration in cash.

In the new regulations issued by the Labor Commissariat workmen and other employees who systematically disregard discipline are to be dismissed without warning and without payment of the regular two weeks' dismissal compensation; moreover, it is forbidden to employ them in industry or transport for the

In the new regulations issued by the Labor Commissariat workmen and other employees who systematically disregard discipline are to be dismissed without warning and without payment of the regular two weeks' dismissal compensation; moreover, it is forbidden to employ them in industry or transport for the next six months; and not only shall willful disorganizers of discipline be dismissed but a criminal prosecution shall be started against them. The administration is given the right to fine a delinquent workman or to withhold his wages either for the time lost or to compensate for spoilage of materials or for using raw materials which are defective if he has not informed the administration beforehand about them. Workmen leaving a factory or dismissed before the lapse of a year shall have their wages cut for each day of leave they enjoyed during the year. (Every workman has the right to a two weeks' leave once a year.) Willful disorganizers include men who leave a factory without waiting for the appointment of a substitute.

for the appointment of a substitute.

Another regulation (published December 1, 1930) binds to their respective jobs all building laborers engaged in construction work. Labor deserters, "fliers" and "graspers" (those demanding excessive wages), are not to be allowed to take up construction work or work in factories preparing building materials, but should be sent for six months for "physical mass work" (i. e., unloading, wood cutting, etc.); in case of their refusal to do such work, their names must be erased from the registers of the labor boards. This means they will not be allowed to get other jobs. Further, the authorities threaten workers who decline assignments with eviction from their homes—a severe threat indeed, considering the acute housing shortage in the cities.

from their homes—a severe threat indeed, considering the acute housing shortage in the cities.

In order to prevent "flying" from work, other drastic measures have been proclaimed. These include the introduction of black lists in all the principal factories as a means of preventing workmen who have left one factory from getting work in another (this became necessary partly because some skilled workmen left their factories and reappeared elsewhere as unskilled workmen), and the expulsion of delinquent workers from the trade-unions—a very severe measure, depriving the worker and his family of many civic rights. Those who remain at work receive special premiums and privileges, such as the admittance of their children to the universities, better housing, etc. For example, in order to induce miners in the Donetz region to stay on the job, the Government promised to give each a special premium of 13 pounds of wheat flour a month on condition that he maintained a normal output. Members of the Communist Party or Communist Youth organization, as well as peasant laborers, are from time to time "mobilized" and sent to the factories to replace "flers." Labor Commissar Tsikhon is now urging the introduction of "behavior passports" for workmen, these to be produced whenever a man seeks employment. (Izvestia, January 4, 1931.)

output. Members of the Communist Party or Communist Youth organization, as well as peasant laborers, are from time to time "mobilized" and sent to the factories to replace "filers." Labor Commissar Tsikhon is now urging the introduction of "behavior passports" for workmen, these to be produced whenever a man seeks employment. (Izvestia, January 4, 1931.)

Railway workmen must submit to an even more drastic rule. According to a law passed on November 3, 1930, they may be punished for breaches of discipline by reprimand, by imprisonment for not more than three months with or without the deduction of 50 per cent of their wages, by reduction in rank, or by dismissal. These various forms of punishment are meted out to them by

their respective chiefs and are executed by the O. G. P. U. The law expressly provides that protests shall not postpone the execution of the sentence. It should be noted that a special tribunal exists for dealing with serious delinquencies on the railways.

exists for dealing with serious delinquencies on the railways.

The new military conscription law of August 13, 1930, provides that military service for the usual 2-year period may be performed in factories, and military instruction is given to such recruits during their employment. On occasion they may remain voluntarily for further work after the two years are up, serving as military instructors. On the other hand, recruits who by reason of their class status are deprived of the right to serve "with arms" in the Red army (traders, clergymen, etc., and members of their families) are to be assigned compulsory work for two years under the direction of the labor boards.

Extensive use is now being made of compulsory work in order

Extensive use is now being made of compulsory work in order to maintain the supply of different commodities. Wherever necessary the population, chiefly peasants, are compelled to appear for work with horses and vehicles. This procedure is followed, for instance, in the transportation of timber, wood for fuel. (The Izvestia of December 17, 1930, describes the "castatrophic situation" in wood cutting in central Russia.) The reports blame the kulaks (well-to-do peasants) who "in many districts scarcely get any 'hard assignments' (in wood cutting and transportation) and become so insolent that they beat and kill poor wood cutters." It is urged that the kulaks be given "hard assignments" wherever this has not yet been done and that no mercy be shown in dealing with them, hay rafting, and so on. (Cf. the decree issued by the council of labor and defense on September 21, 1930, on hay collecting. In October, 1930, the situation with regard to wood rafting became critical. The Government issued orders "to bind" (zakrepit) all laborers engaged in this work till the end of the rafting season; to engage as helpers by means of "compulsory paid work" all the able-bodied population along the rivers where wood rafting is done; and to insist on the "utmost discipline" in dealing with absenteeism. The administration was charged with full responsibility and the O. G. P. U. was directed to help the management.—Izvestia, October 6, 1930.)

It should be borne in mind also that the Soviet Government uses another powerful weapon to compel the population of certain districts to do "prescribed work," namely, the threat not to supply the district with manufactured goods or with necessities such as salt and sugar. All railways and other means of transportation are in the hands of the Government, and no private automobiles exist; outside supplies, therefore, depend entirely on the Government. In this way the Government is able to force the population into submission without having actually to send military detachments to enforce its orders.

The most severe pressure, however, is that which springs from fear. Intimidation takes every conceivable form. Every official knows that if any Government plan or order is not fulfilled, he may be held responsible, whether or not he is directly to blame. Officials very often are simply scapegoats for the governmental blunders. Nobody is safe in this respect, and for the slightest misadventure people directly or indirectly responsible are shot, imprisoned, exiled, starved, or humiliated. There is no redress, and, of course, escape by emigration is impossible. By ordinary standards this amounts to a refined system of slavery.

and, of course, escape by emigration is impossible. By ordinary standards this amounts to a refined system of slavery.

In the matter of grain collection, all well-to-do peasants (as a rule, those whose produce is valued at over \$300 a year are considered kulaks) receive orders every year as to the amount of grain and other agricultural products which they are to turn over to the Government. This is in addition to the regular heavy taxes which they have to pay. In case they do not fulfill the requirements they undergo very severe punishment. The following item is taken from a list of innumerable similar cases related in Izvestia on October 30, 1930:

"In the village of Denissovka three kulaks who willfully withheld their assignments of grain have been sentenced to 3, 5, and 10 years in jail, in addition to being fined. In the Lebedinsky district several kulaks have been fined. In the Gadiach district the local soviet has confiscated the property of several kulaks who did not surrender grain."

It might be noted at this point that for murder of father or mother the highest penalty in Soviet Russia is 10 years' imprisonment. For withholding grain the punishment may be more severe; in addition to 10 years in jail the delinquent may be sentenced to a heavy fine and have his property confiscated.

There can be no doubt that convict labor exists, particularly in the porthern timber districts of Furnacean Pussia but it is

There can be no doubt that convict labor exists, particularly in the northern timber districts of European Russia, but it is extremely difficult to get reliable details. However, Sir Hilton Young, M. P., recently published (the Times and Daily Telegraph, December 16, 1930. Conditions in the Soviet concentration camps were described by a former O. G. P. U. official in the New York Times, January 31, 1931. The number of prisoners in these camps was given as 662,200) the story of three Russian prisoners who escaped from Archangel timber camps and who described the appalling conditions under which the prisoners work there. In a letter in the London Times on December 31, 1930, these reports were confirmed by an English eyewitness. "These men," he remarks, "are certainly not convicts as civilized people understand the word, nor are they of convict type. They are slaves pure and simple."

Persons sentenced to forced labor have been used in lumber and forestry work since 1929. This is confirmed by the soviets themselves in an order, issued June 1, 1929, by the Commissariat

of Agriculture (from which the following paragraph is taken), quoted in the recent British Blue Book ("Russia No. 1 (1931): A selection of documents relative to the labor legislation in force in the U.S. S. R." Cmd. 3775) on the subject:

"The present instructions are the first attempt to utilize on timber and improvement work the labor of persons sentenced to forced labor without detention under guard. Considering this experiment of exceptionally great importance, the People's Commissarlat of Agriculture instructs all agricultural organizations to begin forthwith from the current season to explore all existing possibilities of utilizing the labor of persons sentenced to forced labor for forestry and improvement work of a mass character and to establish for this purpose permanent relations with the bureau of forced labor."

The whole economic system of Soviet Russia to-day is based on pressure and forced labor. No doubt great masses of workmen earnestly believe, or are made to believe, that they will achieve a true and happier socialistic state in the near future. Present sufferings are always described as temporary and it is promised that the communist golden age will dawn on that not-distant day when the capitalist regimes existing in the rest of the world fall in hopeless disaster. But there is no victory of socialistic methods of "planned economy" over the "chaotic system" of capitalist production. There is merely a display of fanatical brute force.

## [Translation]

## FORCED LABOR IN SOVIET RUSSIA

(From researches made by the committee for study of economic conditions, formed by the Russian Commercial, Industrial, and Financial Union, and comprising N. H. Denissoff, president; I. Avnatamoff, P. H. Apostol, Prof. M. V. Bernatzky, P. A. Bourishkin, Prof. K. I. Zaitzeff, N. Isnar, M. A. Kritzky, Prof. A. P. Markoff, Prof. A. Michelson, V. N. Novikoff, I. Poplavsky, B. N. Sokoloff, Prof. P. B. Struve, and Prof. N. S. Timasheff, members.)

#### I. Industrial proletariat

The public opinion of Europe and America has lately become more and more interested in one of the most characteristic facts connected with the carrying out of the 5-year plan in U. S. S. R.—which is forced labor. The interest this question has aroused is connected with the carrying out of the 5-year plan in U. S. S. R.—which is forced labor. The interest this question has aroused is quite comprehensible and natural. As stated in the preface to the statute of the International Labor Bureau, the efforts made by the civilized countries to create more humane conditions of work, would be a failure should only one country establish its labor regulations on a different basis. The entire world is at present carrying on trade with the soviets, in spite of the fact that if forced labor is really employed in Russia, the competition of Soviet goods manufactured by such labor will impede social progress in all the other countries.

## CONVICT LABOR

The object of this report is to throw more light on this question which begins to worry the entire civilized world. The public opinion pays the greatest attention to convict labor in U. S. S. R. The use of convict labor has indeed taken in U. S. S. R. an unprecedented development as it can be seen from a number of special decrees issued in 1930 and approved by the last session of the All-Union Central Executive Committee. According to these decrees, any sentence of imprisonment for a period longer than three years is to be served by the convict in work camps under the supervision of O. G. P. U. (General State Political Administration). Moreover, of O. G. P. U. (General State Political Administration). Moreover, the tribunal has the right to replace any sentence of imprisonment foreseen in the criminal code by deportation connected with hard labor. Such tribunal decisions do not at all depend upon the maximum term of sentences, as stipulated in the Criminal Code, and the tribunal can, in every case, sentence to deportation and hard labor for a period up to 10 years. The number of people who have been deported and sentenced to hard labor (mostly for opposition to "collectivization") without any judgment, simply by order of the Government, and this both for offenses foreseen in the decree of August 10, 1930 (regarding hard, labor), and often

by order of the Government, and this both for offenses foreseen in the decree of August 10, 1930 (regarding hard labor), and often without any lawful justification, is also very considerable.

However significant the question of convict labor is another fact, that of compulsory work applied to all the workers in U. S. S. R., and especially to those employed by the industry and the railways, is still more important. One can show the importance of this question only by carefully analyzing the recent Soviet decrees and regulations, as the Soviet Government—which is attentively watching the campaign raised abroad for the limiis attentively watching the campaign raised abroad for the limitation of trade with U. S. S. R., as a country employing forced labor—has composed its decrees in such a way as to render their meaning not easily comprehensible abroad.

### LABOR REGULATIONS IN THE PERIOD OF N. E. P. (NEW ECONOMIC POLICY)

The soviets have attained the above object without difficulty owing to the fact that in the period of N. E. P.—when the intention of the soviets was to apply "economic methods of capitalistic countries in earnest and for long"—the position of workers, both industrial and agricultural, was in many cases similar to that of workers in "bourgeois" countries. Though the contents of labor contracts were in U. S. S. R., more than anywhere else, regulated by a special law, the conclusion and breaking off of such contracts were always done, during the N. E. P., of free accord between the two agreeing parties. Outside of very special cases, nobody could

then be compelled to work for the state, if he wanted to earn his living otherwise. Those who wanted to work were free to choose their place of work. Moreover, at that time, there were no indications in the law that the right of free work, in any branches of industry, did not belong to all the citizens, but only to certain categories of people.

This labor statute still exists in U.S.S. B. and the Belsheriks.

This labor statute still exists in U. S. S. R. and the Bolsheviks, referring to it, can assure even now that their labor regulations are based on the principle of free agreement. However, in one of the last copies of the Soviet publication, Soviet Justice (No. 30, 1930), there is a very remarkable article which calls attention to the anomalous fact that Soviet labor regulations enacted in 1922— 23 have remained unchanged though the Soviet economic policy has since then been greatly modified. In the publication, For Industrialization (Nov. 15 and 16, 1930), is a report on a conference about labor, in which it is openly stated that the existing labor regulations impede the social reconstruction and must be revised, such a revisal to be done in the nearest future, as officially appropriated in Expessive of Jonus 4, 1931. announced in Isvestia of January 4, 1931.

#### THE RIGHT TO WORK

In fact, such a revisal of labor regulations has begun long since, and there can be no question any more of free agreement as basis of Soviet labor regulations. It is to be noted that such a revisal of labor regulations has been closely connected with a number of measures taken by the Government and which have changed the right every citizen had to work, into a privilege of only a few

classes of people.

This change has been gradually and inconspicuously operated by a number of decrees and instructions to trades-unions, issued since 1926. Such decrees and instructions to trades-unions, issued since 1926. Such decrees and instructions directed that, on one hand, those who had not been heretofore employed by the soviets should not be registered on the labor exchange, and on the other hand, those who were not registered on the labor exchange could not be applicated by applications.

hand, those who were not registered on the labor exchange could not be employed by anyone.

Subsequently began the enslavement of the industrial workers. In autumn, 1930, the problem of labor was such that it obliged the soviets to revert to the policy suggested in its time by Trotzky (at the end of military communism), which seemed to have been forgotten long since. Trotzky's opinion was that the development of Soviet production could not be carried out without forced. of Soviet production could not be carried out without forced labor. His belief was that the fiction of free labor must be rejected and replaced by the obligation for everybody to work, such an obligation to be enforced, if necessary, by penalties. (Terror and Communism, p. 133.) The same ideas were repeated in a slightly different form in the program of the Communist Party, issued in

## THE PROBLEM OF LABOR

What were the above-mentioned conditions which compelled the Bolsheviks to attach the industrial workers to respective enterprises? The labor problem of that period can be characterized by the so-called "changeability of labor." In one of the Soviet publications, this fact is called the "chief disease of industry and even of agriculture." (For Industrialization, August 2, 1930.) No figures as to this movement of labor are, or can be obtained from figures as to this movement of labor are, or can be obtained from Soviet official sources. However, there are interesting figures obtained in this respect from private sources. In the Donetz region for the six months of the last economic year, 167,000 workers; i. e., about 75 per cent, have left their work and been replaced by others. In some of the factories on the Ural, 30 per cent of all the workers have been changed. (Isvestia, August 18, 1930.) The most remarkable figures are, however, those given for the district of coal mining and forges, which development is considered to be most important for the 5-year plan. In this district, during one month, 94 per cent of all the workers have been changed. This leaving of factories did not only apply to ordinary workmen. As seen from the report of Kaganovich made at the session of the Communist Party (Pravda, July 1, 1930), the same movement was to be noticed among the technical personnel and the communists. The Soviet Government had no illusions as to the reasons which prompted the workers to leave so easily one place for another.

The Soviet Government had no illusions as to the reasons which prompted the workers to leave so easily one place for another. In the publication For Industrialization (July 29, 1930) this is explained on one hand by the fact that the conditions on the labor exchange were such that each worker had the hope to find somewhere else better conditions of work and a higher salary, as the salaries paid by various enterprises differed very much, and, somewhere else better conditions of work and a higher salary, as the salaries paid by various enterprises differed very much, and, on the other hand, also by poor living conditions, insufficient protection of labor, and difficulties for the workers to supply themselves with necessities. The Economic Life (August 22, 1930) adds to these reasons another very important one—the revival of the so-called meshechniks. ("Meshechnik" means a person who carries a bag. When food supply became so difficult in cities, especially division will be a supply became so difficult in cities, especially division will the some supply the sound of the sound ries a bag. When food supply became so dimcult in cities, especially during military communism, crowds of people were going with bags to the villages, exchanging there everything they could against food products, which they were bringing back in their bags.) This revival of meshechniks showed that workers were leaving factories simply because they could not live on the very low remuneration they received both in money and in products.

## SALARIES

Such a statement may seem questionable from the standpoint of Soviet official data as regards workers' salaries. According to these data, toward the last session of the Communist Party (June-July, 1930) the average salary of workers represented 139 per cent of pre-war salaries, and by adding to it payments for social insurance and payments made to divers funds for the improvement of workers' living conditions it reached even 167 per cent. It is true that, according to official data, the increase in salaries has lately considerably slowed down and in certain cases even ceased entirely. According to information given by Soviet Trade (September 1, 1930), the nominal salary was in 1929–30 8 to 9 per cent higher than the same salaray for the previous year. However, as the cost of living has risen exactly to the same extent, the salary in reality has remained the same. According to data given in the report of the December session of the central executive committee of the All-Union Communist Party and of the central controlling commission (Isvestia, December 17), the nominal salary has increased 12 per cent during the second year of the 5-year plan. There is no mention, however, of an actual increase in salaries—i. e., an increase in salaries which would have been greater than the increase in the cost of living—which mention would certainly have been made if such an actual increase existed. At the same time, the communists who are in opposition to Stalin's policy are all the time calling attention to the decrease in salaries (for instance, Pravda of the Communist Youth, December 7, 1930).

If the above given official figures, as to an increase of 39 or 67 per cent in salaries, were exact, Soviet workers should be satisfied with their lot. But these figures, as it was openly acknowledged by Kalinin on a local conference of the Communist Party in the lower Volga district, "can appear to many not at all convincing if one takes into consideration the great need experienced by the workers in articles of first necessity and especially in food products. What is then the reason," continued the speaker, "for this apparent disagreement between the figures of salaries received by workers and their insufficient means of living? The reason lies in the fact that the high salaries mentioned as those of the entire working class are only the salaries received by a small category of workers." (Pravda, June 19, 1930.)

In these conditions, the figures given by Soviet statistics, as to

In these conditions, the figures given by Soviet statistics, as to the increase in salaries, lose all their significance. This is not all. In figuring out the actual salary received by a Soviet worker in comparison with pre-war salaries, one must remember that in Soviet Russia there are two different prices for the same article, whether it is sold at an established price by governmental or semigovernmental institutions, or by private dealers. The difference between these prices has always been very considerable in U. S. S. R., but at present it is enormous. The Soviet press, in autumn 1930, is full of indications that the prices in the free market are eight, ten, and even twenty times higher than those established by the Government.

It is, therefore, necessary, in order to be able to correctly compare present and pre-war salaries, to figure out: (1) What percentage of necessities the worker can buy from the Government and what percentage he has to get in the free market; and (2) what is the real index of prices in the free market.

In both cases, Soviet statistics are very insufficient. The calculation is based on the presumption that the worker buys in the free market 20 per cent of the things he needs. (Economic Survey, October, 1929.) However, Stalin himself acknowledged at the session of the Communist Party that this figure has increased to 25 per cent. (Pravda, June 29, 1930.) According to other official data it has in reality reached 44 to 47 per cent. (For Industrialization, July 25, 1930.) The relation between the index of prices in the free and in the official market is 2.23. (For Industrialization, July 25, 1930.) In reality, it is much more considerable.

In thus making the necessary corrections in the calculation of Soviet statisticians, one sees that the real salary received by the workers does not represent 139 per cent of the pre-war salary, but about 70 per cent. To this must be added that: (1) The figures of salaries given by the soviets represent only the salaries received by a privileged class of workers; and (2) that about 15 per cent of all the salaries are retained by the Soviet Government for the buying of governmental bonds, "voluntary" contributions to all kinds of workmen's associations, etc.

Such inferences as to the real salary of a Soviet worker, based on Soviet statistical data, have been confirmed by an interesting document recently published in the German press. (Dortmunder Zeitung, Dec. 12, 1930.) It is the relation of experiences through which have passed several German miners who went to work in the Donetz district at an invitation of the soviets. This relation is especially interesting because its authors not long ago were convinced communists and played leading parts in local communist organizations. The following extracts relate to the question of workmen's salaries and their standard of living.

"The 140 rubles which were promised us when we were still in Germany were not fully paid to us for all kinds of reasons.

\* \* \* The Russian workers receive 3 rubles 50 kopeks a day, but young working women not more than 21 rubles a month, so that they have to revert to prostitution to earn some more.

"The food was bad, though we German workers received more

"The food was bad, though we German workers received more than the Russian workers, who had to work as much as we did. The dinner was uneatable, but it was forbidden to complain.

"The Russian workers have no shoes. They put on old bags on their feet and are in rags.

"In order to live the life of a German unemployed, who exists on the allowance granted by the Government, the Russian worker should earn twice the salary he earns at present."

This statement of German workers shows that the salary received by Russian workers is even insufficient for their exceedingly small needs.

But perhaps such a low salary is compensated by light work?

It is well known that the Bolshevik law has from the very beginning established an 8-hour working day. After the tenth year of Bolshevik power working hours were even officially reduced to seven hours a day.

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However, these official figures again do not concern all the workers, but only a small part of them. In fact, the working day is much longer. A long time ago has been established a system of overtime work, and lately all kinds of surplus work in the form of "socialistic competition" among the workers, etc. The Soviet press mentions a 10 and even 12 hour working day. (Work, Feb. 10, 1930, and Pravda of Communist Youth, Jan. 5, 1928.)

The above-mentioned statement of German workers gives on

The above-mentioned statement of German workers gives on this question interesting information: "We could not even think of a 6-hour working day (officially established in mines). We were compelled to do a certain amount of work, and to accomplish it we had to work 11 hours. To that must be added several hours to get to the place of work and back."

were compelled to do a certain amount of work, and to accomplish it we had to work 11 hours. To that must be added several hours to get to the place of work and back."

Thus, according to the testimony of German workers, the working day is more than 12 hours long, even in such hard work as coal mining.

coal mining.

There are also indications about, on one hand, impossible housing conditions in which the average Soviet worker has to live and the insufficient measures taken for his protection, and, on the other hand, the fictitiousness of social insurance and all the other privileges the Soviet worker is supposed to obtain, by giving a certain amount of his salary to the fund for the betterment of the workmen's standard of living. What has been said above is, however, sufficient to prove that the conditions of life of Russian workers are absolutely unbearable.

## NEW CONDITIONS ON THE LABOR EXCHANGE

Nevertheless, the present conditions on the labor exchange appear to be such that it seems to be precisely the time for the Russian worker to improve his position. Though the success of Soviet industrialization, as announced by official statistics, seems rather doubtful, one thing is certain, that the demand for labor on the part of state enterprises has greatly increased. On one hand, the establishment of uninterrupted work (i. e., the abolishment of Sundays and holidays, each workman getting one day off after five days of work), and, on the other hand, the development of industry are sufficient reasons for it.

It is true that the country has enormous reserves of labor owing to peasant "overpopulation." But the Soviet factories are not open to all those who want to enter them, as, first, it would upset the political program of the soviets to take all the applicants in, because elements antagonistic to communism would penetrate in the working class (such as former rich peasants, deprived of their means of existence), and, secondly, because it would upset the plans of the soviets regarding the peasants whom they are otherwise compelling to join the collective farms.

Therefore, the Soviet Government, as it will be seen further,

Therefore, the Soviet Government, as it will be seen further, has but carefully increased the number of people who can work in the factories and has so organized their being accepted by factories, that the less passive elements fall off after their first contact with the administration. The result is that the reserves of labor for industries and railways have remained very limited. As regards skilled workers, their number is more limited than ever. It would have seemed, therefore, that not only the specialists but even the workers who are a little more skilled than the average could have put forward their desiderata and improved their position. But this would have upset the main object of the 5-year plan, which is to reconstruct industry with the help of cheap labor and at the cost of the health and life of Russian workers.

The opportunities which are opened to workers in U. S. S. R. are indeed quite different from those which they would have under a normal economic régime. In U. S. S. R., the trade-unions, as it has recently been confirmed by their president, Shvernik, at a session of the Communist Party (Pravda, July 14, 1930), are not intended to represent the interests of the workers before their employer—the state—but to facilitate the enlisting of workers for the "social reconstruction." Since a long time already, strikes are considered inadmissible in state enterprises (Voitinsky, working regulations of U. S. S. R., Moscow, 1925, p. 115).

Therefore, the only possibility the workers have to improve their condition and take advantage of the present state of things, is to change one factory for another in search of a better position. Thus the "changeability of labor" appears as a peculiar reaction of the working class against the impossible living conditions created by the Soviet Government.

The soviets could solve this problem only in two different ways, either by improving the condition of workers and thus making it unnecessary for them to change their place of work, or to attach them to the enterprises where they were needed. The first solution would have meant for the soviets the giving up of the 5-year plan, and therefore the Government decided for the second solution.

#### DISTRIBUTION OF LABOR

Consequently, from September to December, 1930, the Government decreed a number of measures which though increasing the ment decreed a number of measures which though increasing the number of people who could work in factories at the same time made it obligatory for those who accepted such work to be employed only in the factory where they were first appointed by the Government. The significance of this reform is explained in Clause I of the decree of December 15, 1930, issued by the Central Executive Committee of U. S. S. R., and can be summarized by the following sentence: "Labor is to be systematically distributed by labor organizations." Thus, the idea of Trotzky is, in this new decree, embodied in a law.

labor organizations." Thus, the idea of Trotzky is, in this new decree, embodied in a law.

The decrees regarding labor issued during the autumn of 1930 refer to: (1) The classes of people who are to be sent to work in factories; (2) methods of labor distribution; (3) the obligation for the worker to accept any work offered; (4) penalty for not complying with this obligation.

#### WHO HAS THE RIGHT TO WORK

WHO HAS THE RIGHT TO WORK

The decree of December 15 (p. 4) definitely establishes "the classes of people who can be registered by work organizations as being in search of work." Those privileged classes are defined in the decree of the Labor Commissariat of December 23 (Isvestia, December 29 and 30). Besides those who have already worked in Soviet enterprises, the following persons will be permitted to register in order to find work: (a) Wives and children of Soviet workers and employees, and with some limitation other members of their families; (b) members of workers associations ("artel") if these associations are comprised "in the system of professional cooperation," and their children; (c) farm hands, poor peasants, col-

associations are comprised "in the system of professional cooperation," and their children; (c) farm hands, poor peasants, collective farmers, and their children; (d) former red soldiers during one year after the end of their service.

Class distinction is fully maintained: People who belong to "socially antagonistic elements" not only are not registered (par. a, clause 9, decree of December 23) but if they already work and their origin is found out they are immediately discharged (par. 1, p. 9, decree of October 20, 1930, issued by the central executive committee of the All-Union Communist Party).

In order to prevent the number of workers to decrease, meas-

In order to prevent the number of workers to decrease, measures were also taken to restrict the possibility the workers had to be transferred from factories to offices to higher posts. The decree of October 20, 1930 (par. a, p. 6), prohibits the promotion of any worker before two years have elapsed since the worker has begun work in an enterprise.

### METHODS OF LABOR DISTRIBUTION

In the decree of December 15, page 2, distribution of labor is thus defined: "All the enterprises, institutions, farms, and individuals can engage workers and employees only through labor organizations" organizations.

organizations."

It is true that there are cases when workers, who already work in an enterprise, can change their factory for another without referring for that purpose to "labor organizations" (called now personnel administration). But this can be done only with a special permission from the management of the said enterprise. (Par. b, p. 5, decree of December 15.) This measure will evidently permit to transfer from one enterprise to another the eventual surplus of labor.

Special regulations concern students who have graduated from

Special regulations concern students who have graduated from universities. (Decree of December 15, p. 5.) They can accept work only in the enterprises which belong to the same department as the university they were studying in.

Exceptions to the above regulations as to the hiring of workers

Exceptions to the above regulations as to the hiring of workers and employees are applied to a very restricted class of people. In centers of minor importance such exceptions are, however, applied more generally. Thus everywhere only "responsible executive and technical workers" are exempt from passing through "labor organizations" in order to obtain work. (Above decree, par. a, p. 5.) In minor centers, however, the following persons can be hired directly without referring to such "labor organizations": (a) Farm hands to work on individual farms (farms not belonging to peasants who have been declared "kulaks"—rich peasants; (b) shepperds (without the above restriction): (c) apprentices to be peasants who have been declared "kulaks"—rich peasants); (b) shepherds (without the above restriction); (c) apprentices, to be employed by workmen who either work at home or have a small workshop, but do not employ more than two hired persons; (d) charwomen. (Above decree, pars. c, d, e, p. 5.) As seen above, these exceptions do not concern industrial workers who are compelled to follow the regulations regarding the "distribution of labor."

To these regulations must be added a decree which can be characterized as "the abolishment of unemployment."

The decree of the Labor Commissariat published in the Isvestia of October 11, 1930, prescribed all the organizations for the hiring of labor to take immediate steps to find work for the unemployed, especially for those who had a right to an allowance, and all allowances to unemployed were at the same time canceled. In order to facilitate the carrying out of this measure it was decreed that the unemployed must be put to work not only according to their profession but must be employed at any kind of work which did not demand a special qualification.

## OTHER RESTRICTIONS OF THE LIBERTY OF WORK

The regulations regarding the "distribution of labor" have greatly restricted the right of the worker to choose his work or to change it. Other regulations have still more restricted liberty of work. A number of measures compel the worker to (a) accept a new kind of work, even if he does not want to leave his old

work, and (b) to remain at his post, even if he would like to

work, and (b) to remain at his post, even if he would like to leave it.

This concerns only skilled workers and specialists. This measure can be applied to them in two cases: (1) If they are not employed in the branch of industry they are skilled in and (2) if skilled workers are not proportionately distributed among the more and less important branches of industry. The first case is referred to in the decree of December 15, paragraph 7, which stipulates that all skilled workers and employees of enterprises which are situated in the "socialized" parts of the country (where "collectivization" and industrialization have intensively been carried out) must be so distributed among the various enterprises as to work in the branches they are skilled in (they thus can be employed not only in industrial enterprises but in state farms, collective farms, timber industry, etc.). There are indications in the Soviet press that such a distribution of labor has already begun. (Evening Red Paper, December 28, 1930.)

In the second case the decree of December 15, paragraph 8, authorizes the transfer of specialists and skilled workers (a) in general, from less important enterprises to more important ones, and (b) in the same branch of industry, from less important enterprises to more important ones, even if they are situated in a different part of the country. In both cases the acceptance on the part of the worker for such a transfer is not required.

There is no open interdiction for the workers and employees to leave their work, but it naturally derives from all kinds of penalties for abandoning work.

alties for abandoning work.

### PENALTIES FOR ABANDONING WORK

The penalties inflicted to workers for not following the regu-tions of the "systematical distribution of labor" are the following:

(a) As far as the refusal to accept the work offered by the Government is concerned, the most severe punishment is applied to workers, especially to the former unemployed. The refusal to accept the work offered is immediately followed by the exclusion of such a person from the list of workers, i. e., his exclusion from the privileged class, having the right to work. The only acceptable reason is illness, which must be attested by a document from a hospital. (Decree of October 11, p. 4.) The exclusion from the list of workers is final. It is evident, therefore, that the measthe list of workers is linal. It is evident, therefore, that the measures taken by the Government for abolishing unemployment have in fact put the unemployed in such a position that they have to choose either to take any kind of work, even cutting wood in the far north, or to lose not only their allowance as unemployed but even their right to work, and therefore starve. This measure is explained by the fact that the Soviet Government found it superfluous to continue to give the unemployed the same food rations it was giving to other workers, and considered that the best solution was to put all the unemployed to work, even if this work was not the one they were used to, so that they should earn the food they were given.

The tood they were given.

The other cases are mentioned in the decree of December 15, paragraph 14. This paragraph states that all those who have refused without any acceptable reason, to work in the branch they are skilled in and where they were appointed by the labor organization, are barred from the list of workers for a period up to six months. This category comprises those who refuse to change their line of work, though there is constant unemployment in their profession. Decree of December 23, 1930, par 11.

their line of work, though there is constant unemployment in their profession. (Decree of December 23, 1930, par. 11.)

(b) As to the transfer of specialists to other places of work, the nonexecution of such orders is put entirely on the responsibility of the management. (Decree of December 15, par. 15.) Evidently it is supposed that the latter will know how to compel the workers to change their place of work, if necessary by threatening to discharge them. The tribunal has another view on the subject and sentences to hard labor those specialists who have refused to change, when ordered, their place of work. (Pravda, January 6, 1931.) 1931.)

(c) The penalty for leaving work without permission is the measure through which the enslavement of workers has really begun. Already on September 26, 1930, the Isvestia communicated a circular letter of the Labor Commissariat of the Highest Council of National Economy, and of the all-union council of trades-unions, which directed to take away from those harmful bunglers. unions, which directed to take away from those narmful bunglers, loafers, and tramps their pay book, i. e., depriving them in fact of their right to work. At present this question is regulated by paragraph 13 of the decree of December 15, which states: "If the harmful disorganizers of production who leave of their own will and without acceptable reasons the work in enterprises of the socialized sector, apply for work to labor organizations, they must not be given work in industry or on railways during a period of six morths."

To this principal measure of punishment—the deprival of the right to work always or only a period of time—are sometimes added other measures, in Provinces. Thus in Ukrainia the harmful loafers and deserters of work are deprived of the right to receive food products and other necessities from the state. (Ivestia, October 1998) tober 11, 1930.)

## COMPLETE ENSLAVEMENT OF WORKERS

If considered separately, each of the above measures might appear not so exceedingly strict; but when put together, they constitute a system which has abolished any freedom of work.

Let us suppose for instance, that a worker registered with the

personnel administration would refuse the work offered to him.

He will then lose, forever or for a period of time, the right to be given any kind of work. We know that not only the Soviet institutions and enterprises but also all the private concerns and individuals can not hire a worker without applying to these labor organizations. If the person who refused work offered by these labor organizations can not otherwise find work as shepherd or farm hand (and a woman as a servant), this person will simply starve. Moreover, in connection with the development of col-lectivization and the ruination of the well-to-do classes in Soviet Russia such positions which the outcasts can fill, become rarer and rarer.

Let us suppose now that a worker has decided to change his place of work. If the management of the concern he worked in protests against his leaving his work, he will find himself in a very difficult position, as the labor organizations will refuse to register

him and give him any other work.

Finally, let us suppose that a worker refuses to be transferred to a new post, when ordered by his employers to do so. In that case he will be discharged. The personnel administration will register him (there is no legal reason for refusal), but evidently

will send him to the post he has just refused.

We see that in final analysis all this clever system of enslavement is based on the fact that the worker is economically dependent on the state. The above-mentioned measures contribute to dent on the state. The above-mentioned measures contribute to enslave the worker precisely because he can not escape their network. The industrial worker is bound to state industries and railways, and there he can work only by submitting to the orders of his employer as to the place and conditions of work, however unbearable such conditions might be. The worker has always to obey as it is the only possibility for him to keep his right to a ration (i. e., to be supplied with food in exchange of part of the money he earns). There can be no doubt as to the fact of the enslavement of the Russian workers. There can also be no doubt money he earns). There can be no doubt as to the fact of the enslavement of the Russian workers. There can also be no doubt that the condition of Russian workers answers the paragraph 307 of the new tariff regulations of the United States, which says: "The term 'compulsory work' in the present regulation, means any work or services required from any person under the threat of a punishment for not executing this work, and work which a worker is not performing of his free will." As seen above, for not accepting the work offered by the personnel administration, the worker is inflicted as severe a punishment as being put, for a worker is inflicted as severe a punishment as being put, for a period of six months, in the category of those who have not the right to work. Moreover, work which can not be left without fear of the same kind of punishment, can not be considered work done of free will.

The civilized world must realize that in buying Soviet products, it is buying products manufactured by means of forced labor. In making such deals, it is wrecking the noble program of social progress projected in the above-mentioned preface of the Statute of the International Labor Bureau, by allowing competition to exist between the production of its free workers and the production of forced labor employed by a country which, in bitter irony, is called the "country of workers and peasants."

## II. Agricultural proletariat

# HIRED LABOR BEFORE N. E. P. (NEW ECONOMIC POLICY). INTERDICTION OF HIRING LABOR IN PEASANT FARMS

Before the introduction of N. E. P., the problem of hired agricultural labor did not exist in Soviet Russia. The existence of agricultural proletariat was legally admitted only in "sovkhoz" (state farms), i. e., in those few remaining landin "sovkhoz" (state farms), 1. e., in those few remaining landlords' estates which were not divided among the peasants and
which were transformed into state farms. In the peasant farms,
the hiring of labor was officially prohibited. The idea was that
the land, stock, and implements must be either divided among
peasant families who can cultivate their land themselves or be
taken by the so-called "kolkhoz," 1. e., collective farms (communities and all kinds of associations for the cultivation of land), where there should be no workers and employers, every-body working on the same terms. The cultivation of land by sepa-rate peasant families was the prevailing type of farming adopted by the peasants hamiles was the prevaining type of farming adopted by the peasants, but the soviets, through all kinds of repressive measures and in having the land constantly subdivided among the poorest peasants, soon stopped all development of individual farming. The peasants producing strictly for their own needs and having entirely retired from the market, there could be, at that time, no question as to any extensive hiring of labor.

### THE BEGINNING OF A SHARP WEALTH DIFFERENTIATION BETWEEN THE PEASANTS DURING THE TIME OF MILITARY COMMUNISM

The above, however, does not mean that, at that time, there did not exist in villages a movement of differentiation between the peasants, as to property owned. On the contrary, one can assert that it is precisely during this period of the so-called military communism and the following famine that the weakest elements of the peasants not only lost all they could have acquired during the revolution, but even what they had before the revolution. It is in this period that personal property, especially stock, began to pass from the hands of the lower peasant class to the upper class of peasants, the latter having been able, during these upper class of peasants, the latter having been able, during these hard times, to store away surplus of corn, which they gave to other starving peasants in exchange for various personal belongings. At that time also appeared those crowds of "biedniaks" (poor peasants), who, after the origination of N. E. P., passed into the class of farm hands. THE GROWTH OF AGRICULTURAL PROLETARIAT LEGALIZED DURING THE PERIOD OF N. E. P.

This transformation of "biedniaks" into farm hands was dividual farms, such labor was more or less legally authorized only in 1925, during the so-called new N. E. P. period. The law then established working hours and salaries for such hired labor, and the obligation for the employer to insure his workers and give them an allowance in time of disease, etc. The contracts were to be made in a written form and be registered in the village soviet. Special tribunals of peace, to settle differences between workers and employers, were attached to each communal executive committee. All the workers had to be organized into tradeunions. The number of such legally authorized and recognized agricultural workers was rapidly increasing and it reached toward 1927 (together with the workers employed in "sovkhoz") the important figure of 7,500,000. (On the Agrarian Front, Nos. 6-7, 1928, p. 85.) 1928, p. 85.)

## THE DIFFICULT FINANCIAL SITUATION OF THIS LEGALLY AUTHORIZED AGRICULTURAL PROLETARIAT DURING THE N. E. P.

What was the position of agricultural workers at that time? It was very bad, as confirmed by trade-unions' representatives, Soviet leaders, and Soviet press. The law regarding the protec-tion of work remained dead letter. "The greatest number of was very bad, as confirmed by trade-unions' representatives, Soviet leaders, and Soviet press. The law regarding the protection of work remained dead letter. "The greatest number of employers and workers do not know the working regulations at all "states, for instance, Poverty, May 21, 1927 (publication especially concerned with peasant life). The legal standing of farm hands both in peasant farms and in state farms was not better than before the revolution, and their financial situation much worse. The salary a farm hand received was, according to the statement of Molotoff on the XV Session of the Party (in 1927), 6 roubles 75 kopeks per month. Several Soviet economists consider it to be slightly higher, but they also recognize that the salary of farm hands represented (in 1926) less than two-thirds of the pre-war salary. (On the Agrarian Front, No. 7, p. 83.) These figures concern not only farm hands employed on peasant farms, but also the workers employed on state farms. The latter are engaged for a certain period of time and paid at the end of their term. In peasant farms the system of engaging journeymen was more usual. "The study of the budget of state farms," it was stated at a conference of "workers of fields and forests," has shown that the salary of the greatest part of the workers is insufficient for the very restricted needs. If one compares the salaries received by workers in "sovkhoz" with those they formerly received in landlords' estates, one will find that these salaries have decreased 25 to 30 per cent.

## SURREPTITIOUS EMPLOYING OF HIRED LABOR

However, the majority of agricultural workers were not those "authorized" farm hands. As stated above, the process of sharp property differentiation between various classes of peasants, which property differentiation between various classes of peasants, which started during the period of military communism, took a definite shape in the first years of the N. E. P. All the peasant communities were divided into "real property owners" and "pseudoproperty owners," the latter having become in fact but farm hands, working for the benefit of their richer neighbors. The relative freedom in passing contracts for the hiring of labor and in leasing land, which was established in 1925, was an insufficient remedy to this division of the village into two distinct classes. The wealthy peasants were afraid to show their power too apparently, as the Government has never stopped its fight against them. The result was that the village life was subordinated to a peculiar system of was that the village life was subordinated to a peculiar system of relations between the various classes of peasants, which entirely escaped the Government. A "biedniak" (poor peasant) or "seredniak" (middle peasant) officially appeared as landowners employing hired labor, because they officially rented the implements and stock of richer peasants, sometimes even the services of the latter as journeymen. In fact, it only meant that the land of these "bledniaks" or "seredniaks" has passed into the hands of their richer neighbors, who employed them as farm hands, giving them part of the crops in payment for their land and services.

## THE GREAT NUMBER OF "PSEUDOFARMS"

What was the number of such "pseudofarms"? It was very great. There can naturally be no exact statistical figures as to such illicit methods of farming, but one can judge of their expansion by the following fact: In 1926, in western Siberia, 40 per cent sion by the following fact: In 1926, in western sideria, to soviet of farms had neither stock nor implements, according to Soviet of farms had neither stock nor implements, according to Soviet of farms had neither stock nor implements, according to Soviet statistics. (On the Agrarian Front, 1927, No. 6, p. 121.) This figure seems to be more or less an average figure for entire Russia; instance, in Ukrainia farms which had no stock represented 44.8 per cent. (On the Agrarian Front, Nos. 11-12, p. 27.) If one takes into consideration that, according to Soviet press, the collective farms existing at that time were in majority organizations in which the richest peasants exploited surreptitiously the poorest peasants, by compelling them to work as farm hands, one can say, without fear of exaggeration, that after 10 years of Bolshevik power, at least one-half of the Russian rural population was changed into proletarians and, without legal status, made dependent on the richer peasant class.

THE PRESSURE EXERCISED BY THE GOVERNMENT ON THE WEALTHY PEAS-ANTS AND THE STILL GREATER IMPOVERISHMENT OF THE "BIEDNIAKS."

The Soviet Government did not cope with this situation by The Soviet Government did not cope with this situation by improving the condition of the poorest peasants and regularizing their relationship toward the wealthy peasants, but by ruining the wealthy peasants and by kindling against them class hatred among the lowest classes of the village. This naturally resulted in a still greater impoverishment of the "biedniaks." As farming under the pressure of the Soviet Government was regressing, the under the pressure of the Soviet Government was regressing, the demand for help in the farms fell considerably, creating the so-called problem of "peasant overpopulation," and the peasants who had no personal property were simply starving. Thus the interruption of the growing wealth of a class of peasants and the ruination of the richest peasants (in which the Bolsheviks did fully succeed) did not diminish poverty in villages but, on the contrary, made the poverty still greater.

THE CHANGE TO "GENERAL COLLECTIVIZATION"

The change in Stalin's policy, according to which all the farms in Russia had to be "socialized," has entirely altered the aspect of the labor question. Hired labor now exists mostly in state farms. For the rest, the hiring of labor is strictly prohibited only in the districts of "general collectivization." During the period of the violent carrying out of the program "the liquidation of the kulaks (rich peasants) as a class" this applied to enormous territories; but later on, after the famous "retreat" of Stalin, many collective farms fell to pieces and at present individual farms are again the majority. However, the wealthy peasant class received from the soviets such a blow that it could not recover. Therefore the hiring of labor, though not prohibited at present as a general rule, is very limited. Individual farming is doomed to disappear. The future belongs to a new type of collective farms—large agricultural enterprises subordinated to a strict supervision and control on the part of the state and comstrict supervision and control on the part of the state and comprising a great number of peasant farms, with all their land, stock, and implements. In the next few years all peasant Russia will have to accept this new régime. All the farmers will have to join large collective farms, which will take possession of their land and personal property.

HOW IS WORK ORGANIZED IN THE COLLECTIVE FARMS CREATED BY STALIN?-DIFFERENT KINDS OF COLLECTIVE FARMS

How is work organized in these collective farms? In fact, they are state farms, which though supposed to be supervised by elected members of the collective farms, in reality are supervised elected members of the collective farms, in reality are supervised by appointed boards of directors, which are headed by communists sent by the Government for that purpose. However, there exists still a great difference between the "sovkhoz" (state farms) and "kolkhoz" (collective farms). The peasants employed in "sovkhoz" are mere workers who receive a salary for their work. The members of the "kolkhoz" are officially not workers, they are not hired, they live from the revenue of the "kolkhoz," and if they receive any money it is not as a salary but as an advance payment of such revenues. of such revenues.

IN THIS DIFFERENCE LIES THE REASON OF THE ENSLAVEMENT OF COLLECTIVE FARMERS

This difference between state farms and collective farms is not to the benefit of collective farmers. When compared to workers in state farms, the collective farmers are in a still greater bondage. The fact, precisely, that collective farmers are not mere workers who receive a salary for their work, but that they are bound to the collective farm as (officially) its collective owners, is the reason of their enslavement.

TOO MANY MOUTHS TO FEED IN "COLLECTIVE FARMS"

state farms workers are engaged only when needed and at established salaries. It is otherwise in the collective farms where there is no relation between the labor needed and the number of peasants who constitute a collective farm. Land is taken away from a group of farmers, their property is "socialized," and though for the time being the farmers themselves continue to live though for the time being the farmers themselves continue to live in their houses and keep their household belongings, they all depend on the collective farm for their food and other necessities. Already at its origination every "kolkhoz" includes a certain number of people who represent "superfluous labor." Soviet economists figure this excess of rural workers to represent about one-half of all the agricultural labor needed. (On the Agrarian Front, 1930, No. 6, p. 42.) If a "kolkhoz" adopts machinery for the cultivation of land, this excess of labor is still greater. The technical improvement of collective agriculture in U. S. S. R. will only considerably increase this surplus of labor and this "peasant overpopulation," owing to which the "kolkhoz" have too many mouths to feed in comparison to the labor they need.

THE STATE DOES NOT WANT TO FEED THOSE UNWANTED MOUTHS

The Soviet Government is interested that these "mouths" should not put claim on the Government. The mass joining by peasants of the "kolkhoz" was called forth at the beginning by the desire of famished and desperate peasants to receive a governmental allowance, and the "retreat" of Stalin is to a certain extent a "counteraction," which for a time returned the peasants to their former "individual" condition, so as not to have to feed all this mass of starved peasants. Up to the present time, Stalin constantly reminds the local authorities that it is in-admissible to make any comparison between state and collective farms. The members of collective farms must not count upon

any help on the part of these collective farms, outside their share in the revenue.

IN ORDER NOT TO BE COMPELLED TO FEED THIS EXCESS OF WORKERS FOR NOTHING AND IN ORDER TO RECEIVE CORN FOR ITS OWN NEEDS, THE GOVERNMENT HAS ORGANIZED FORCED LABOR

The object of the Government is not only to escape feeding "collective farmers," but also to get as much corn as possible from the "kolkhoz." For that purpose, the Soviet Government has established forced labor in the "kolkhoz." Collective farmers are bound to the "kolkhoz." Those who "voluntarily" have joined a "kolkhoz" will not be given land, stock, and implements if they left it. "The kolkhoz is not a thoroughfare," said ments if they left it. "The kolkhoz is not a thoroughfare," said Molotoff at the last session of the party. Where can "collective farmers" go? Any stimulus of work is dead in the "kolkhoz." The maximum ambition of the "kolkhoz" peasant is to be fed. It is very much in Russia at the present time, and this makes the peasant remain in the "kolkhoz." but does not make him work any more intensively. Everybody must be fed in the "kolkhoz." The efforts of the Soviet Government to introduce a piecework system in the "kolkhoz" was unsuccessful precisely because of the necessity to feed all the members of the "kolkhoz." What is there to do? The only thing is to organize forced labor. All the workers of the "kolkhoz" are divided into gangs and sent to work under the most strict discipline. By thus organizing labor the "kolkhoz" are resembling those rare estates in the old times of serfdom in Russia, when the landlords took the land and stock away from peasants in order to organize production on a large away from peasants in order to organize production on a large

TO USE THE WORKERS WHICH ARE NOT NEEDED INSIDE THE "KOLKHOZ" THE GOVERNMENT HAS ORGANIZED FORCED LABOR OUTSIDE THE KOLKHOZ"

Forced labor inside the "kolkhoz" under the form of a daily "communistic" service (during the time of serfdom in Russia "communistic" service (during the time of serdom in Russia peasants could be made to work for the landlord only three days a week; this "communistic" exploitation of the peasants would have been considered unlawful in those old times) does not solve the problem of the excess of labor. At the time of serfdom the peasants who were not needed on the estate went away to cities or other centers to earn their living by all kinds of trades, paying only the landlord certain dues. This was rather beneficial for the serf; he paid the landlord a sort of income tax, but otherwise was free and often made a fortune, and sometimes even an important career.

important career.

In Soviet Russia the peasant has nowhere to go, as there is no free economic intercourse on the entire territory of Russia. Here, also, the Bolsheviks have to apply compulsion. They have already found a solution of the above problem. Officially, part of the "collective farmers" is put on the "dues" system. In fact, another comparison seems to be more adequate. In the old days of serfdom landlords sometimes established their own factories, employing as workers their own peasants. It was a much more harder service than the work in the fields. Stalin, in transferring part of the "collective farmers" to factories or organizing gangs for all kinds of nonagricultural work, is, in fact, creating a new type of servitude more cruel than the work in the "collective farms." Russia is gradually transformed into an enormous estate, which will produce and manufacture by means of forced labor everything it needs.

Stanley Baldwin, in a statement at the Conservative Party session, at Albert Hall, London, in 1931, stated:

"The Bolsheviks, by bringing engineers from Germany and the United States, and having forced labor at their disposal, are flooding England with cheap merchandise. That is not commerce, but a veritable economic war which is, perhaps, much more dangerous for England than actual warfare. The present situation in Russia can do nothing but having for the beant situation in Russia can do nothing but having for the beant situation.

sia can do nothing but bring fear to the hearts of us all."

We submit herewith official statements made by the various Secretaries of State and other officials with reference to the character and purposes of the Soviet régime, most of which is probably already in your files.

On August 10, 1920, Hon. Bainbridge Colby, Secretary of State, issued a statement against the recognition of the Soviet Union, from which we give the following quotations:

"That the present rulers of Russia do not rule by the will or the consent of any considerable proportion of the Russian people is an incontestable fact. \* \* \* At the moment when the work of creating a popular representative government based upon uni-versal suffrage was nearing completion, the Bolsheviki, although, in number, an inconsiderable minority of the people, by force and cunning seized the powers and machinery of government and have continued to use them with savage oppression to maintain themselves in power. \* \*

themselves in power. \* \* \*
"It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained. This conviction has nothing to do with any parmaintained. This conviction has nothing to do with any particular political or social structure which the Russian people themselves may see fit to embrace. It rests upon a wholly different set of facts. These facts, which none dispute, have convinced the Government of the United States, against its will, that the existing régime in Russia is based upon the negation of every principle of honor and good faith, and every usage and convention, underlying the whole structure of international laws the vention, underlying the whole structure of international law; the

negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals. The responsible leaders of the régime have frequently and openly boasted that they are willing to sign agreements and undertakings with foreign powers while not having the slightest intention of observing such undertakings or carry-

the slightest intention of observing such undertakings or carrying out such agreements. They have made it quite plain that they intend to use every means to promote revolutionary movements in other countries. \* \* \* "In view of this Government, there can not be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely allen to its own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the mind of one of the parties. We can not recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions, whose diplomats will be the conspire against our institutions, whose diplomats will be the agitators of dangerous revolt, whose spokesmen say that they sign agreements with no intention of keeping them." \* \*

On March 25, 1921, Hon. Charles Evans Hughes, then Secretary

of State, said: "It is man "It is manifest to this Government that in existing circumstances there is no assurance for the development of trade, as stances there is no assurance for the development of trade, as the supplies which Russia might now be able to obtain would be wholly inadequate to meet her needs and no lasting good can result so long as the present causes of progressive impoverishment result so long as the present causes of progressive impoverishment continue to operate. It is only in the productivity of Russia that there is any hope for the Russian people and it is idle to expect resumption of trade until the economic bases of production are securely established. Production is conditioned upon the safety of life, the recognition by firm guaranties of private property, the sanctity of contract, and the rights of free labor. If fundamental changes are contamplated involving due regard for the mental changes are contemplated, involving due regard for the protection of persons and property and the establishment of con-ditions essential to the maintenance of commerce, this Governditions essential to the maintenance of commerce, this Government will be glad to have convincing evidence of the consummation of such changes, and until this evidence is supplied this Government is unable to perceive that there is any proper basis for considering trade relations."

President Calvin Coolidge, at a joint session of the Senate and House of Representatives, on December 6, 1923, on the convening of Congress, stated:

"I do not propose to be the presentation of the senate and the post propose to be the presentation of the senate and the post propose to be the presentation of the senate and the post propose to be presentation."

of Congress, stated:

"I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go."

The Department of State, officially addressing the press, on September 18, 1922, said:

"The text of a statement by the Soviet authorities concerning

the inquiry recently made with regard to their attitude, should this Government consider sending to Russia in the future an expert technical commission to study and report on the economic situation there, has been received at the State Department. It is not different in purport from the text reported in press dispatches from Moscow September 15. In view of the definite refusal contained therein, the matter is considered to be ter-

On March 21, 1923, Hon. Charles Evans Hughes, Secretary of

State, stated, in part:

"Not only would it be a mistaken policy to give encouragement to repudiation and confiscation, but it is also important to remember that there should be no encouragement to those efforts of the Soviet authorities to visit upon other people the disasters that have overwhelmed the Russian people. I wish that I could believe that such efforts had been abandoned. Last November, Zinoviev said: 'The eternal in the Russian revolution is the fact that it is the beginning of the world revolution.' Lenin, before the last Congress of the Third International last fall, said that 'the revolutionists of all countries must learn the organization, the planning, the method, and the substance of revolutionary work. Then I am convinced,' he said, 'the outlook of the world revolution will not convinced, he said, the outlook of the world revolution will not be good but excellent.' And Trotsky, addressing the Fifth Congress of the Russian Communist Youths at Moscow last October—not two years ago, but last October—said this: 'That means, comrades, that revolution is coming in Europe as well as in America, systematically step by step, stubbornly and with gnashing of teeth in both camps. It will be long protracted, cruel, and sanguinary."

On December 19, 1923, the Department of State issued to the press a release for publication:

"The Department of State made public to-day the text of in-structions given by Zinoviev, president of the Communist Inter-national and president of the Petrograd Soviet, to the Workers' Party of America, the communist organization in the United States. The Department of Justice has assured the Department of State of the authenticity of these instructions. The Communist International, with headquarters at Moscow, is the organ of the Communist Party for international propaganda. The Soviet régime in Russia is the organ of the Communist Party for the governing of Russia. As Steklov, member of the Russian Communist Party and of the All-Russian Central Executive Committee and editor of the Izvestia, official organ of the Soviet régime, has stated in this official paper:

"The close organic and spiritual connection between the Soviet Republic and the Communist International can not be doubted.

And even if this connection had not been admitted many times by both sides, it would be clear to everybody as an established fact.

\* This connection is not merely of a spiritual but also of a rial and palpable character. \* \* \* The mutual solidarity material and palpable character. \* \* \* The mutual solidarity of the Soviet Republics and the Communist International is an accomplished fact. In the same degree as the existence and the stability of Soviet Russia are of importance to the Third International, the strengthening and the development of the Communist International is of great moment to Soviet Russia."

The following is an account from a content on titled "Economy."

The following is an excerpt from a statement entitled "Foreign Relations," by the Hon. Frank B. Kellogg, Secretary of State, published in 1928:

"\* \* No State has been able to obtain the payment of debts contracted by Russia under preceding governments or the indemnification of its citizens for confiscated property. Indeed, there is every reason to believe that the granting of recognition and the holding of discussions have served only to encourage the present rulers of Russia in their policy of repudiation and confiscation, as well as in their hope that it is possible to establish a working basis, accepted by other nations, whereby they can continue their war on the existing political and social order in other nations.

"Current developments demonstrate the continued persistence "Current developments demonstrate the continued persistence of Moscow of a dominating world revolutionary purpose and the practical manifestation of this purpose in such ways as render impossible the establishment of normal relations with the Soviet Government. The present rulers of Russia, while seeking to direct the evolution of Russia along political, economic, and social lines in such manner as to make it an effective 'base of the world revolution,' continue to carry on, through the Communist International and other organizations with headquarters at Moscow, within the borders of other nations, including the United States, extensive and carefully planned operations for the pur-States, extensive and carefully planned operations for the purpose of ultimately bringing about the overthrow of the existing order in such nations."

Hon. Charles Evans Hughes, now Chief Justice of the Supreme Court of the United States, in a 500-page memorandum submitted to the Senate on January 21, 1924, in his capacity as Secretary of

State, is quoted in part as follows:
"It is believed that the evidence presented by the Department of State (to a Senate committee considering the recognition of the Soviet Government) establishes the unity of the Bolshevik organization known as the Communist Party, so-called Soviet Government, and the Communist International, all of which are controlled by a small group of individuals technically known as the political bureau of the Russian Communist Party. Second, the trolled by a small group of individuals technically known as the political bureau of the Russian Communist Party. Second, the spiritual and organic connection between this Moscow group and its agents in this country—the American Communist Party and its legal counterpart, the Workers' Party. Not only are these organizations the creation of Moscow, but the latter has also elaborated their program and controlled and supervised their activities. While there may have existed in the United States individuals and even groups imbued with the Marxist doctrines prior to the advent of the Communist International, the existence of a disciplined party equipped with a program aiming at the overthrow of the institutions of this country by force and violence is due to the intervention of the Bolshevik organizations into the domestic political life of the United States. The essential fact is the existence of an organization in the United States created by the existence of an organization in the United States created by and completely subservient to a foreign organization striving to overthrow the existing social and political order of this country. Third, the subversive and pernicious activities of the American Communist Party and the Workers' Party and their subordinate and alied organs in the United States are activities resulting from the flowing out of the program elaborated for them by the Moscow group."

Moscow group."

In presenting this petition we wish to stress the close relationship and unity of the Communist Party, the Third (Communist) International, and the Soviet Government, as brought out in the various State Department statements given above, for the purpose of submitting that any statements made by any one of these organizations is equally binding on the other and has in reality the support and approval of the other groups, and that the use of three separate names for groups that have the identical purposes is solely as a subterfuge to avoid responsibility of one or

purposes is solely as a subterruge to avoid responsibility of one or more of the groups, the Soviet Government in particular.

The Third International is the child of Lenin, and its policies are dictated by the political bureau of the Communist Party. To illustrate the interlocking directorates of these three bodies, we give the case of Zinovieff (or Zinoviev) (who was referred to in the State Department reports): In 1924, Zinoviev ranked next to Stalin in power in the Russian Communist Party, when Lenin was the Soviet dictator, belong at that time a member of the political contents. was the Soviet dictator, being at that time a member of the politrical bureau and central committee of the Russian Communist Party; a member of the all-Russian central executive committee of the Russian Soviet Republic, and a member of the federation central executive committee of the Federation of Soviet Republics; and at the same time on the executive committee of the Communist International, and chairman of the presidium of executive committee. At the Fourth Congress of the International, speaking on the relations of the Communist International and the Communist Party, Zinoviev stated:

"It would be laughable to ask who has the advantages and who is the subject and who is the object. It is the foundation and

roof of the same building. One belongs to the other."

The attached chart, submitted as part of this petition, gives the actual connections of the high officials in Soviet Russia in the Communist Pary, the Third International, and the Soviet Government, and is submitted as evidence that the policies and actions of the one are identical to the other.

Chart showing control by the All-Union (formerty Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations

[Abbreviations are shown at the end of the table]

	All-Union (form	Bolsheviks).	nunist Party (of	Union of Soviet Socialist Republics (U. S. S. R.)				
Political bureau (I), (2) Mb: 10; Alt: 3	Organization bu- resu (1), (2) Mb: 10; Alt: 4	Central commit- tee (1), (2) Mb: 69; Alt: 67	Central control commission (1), (2), (33) Mb: 187	Central executive committee of the U. S. S. R. (Mb: 610) and its Presidium (x) (Mb: 27; Alt: 23) (3), (4)	Soviet of People's Commissars of U. S. S. R. (4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16) (52)	Soviet of Labor and Defense (STO) (14), (17)	All-Union Central Soviet of Labor Union (x), Pre- sidium (y), and Secretariat (2) (18, 14, 19, 20)	
Kaganovich	Control of the Contro	M. (8).		Kaganovich, L. M. (x). Kalinin, M. I.(P)		A STATE OF THE PARTY OF THE PAR	Kaganovich (x, y)	
Kirov Kosior, St Kuibyshev		Kirov, S. M Kesior, St. V Kuibyshev, V. V		Kirov, S. M. (x) Kosior, St. V. (x) Kuibyshev, V. V		Kuibyshev, V. V. (VP).	Kuibyshev (x).	
Molotov	and the second second	Molotev, V. M Ordzhonikidze, G.	Ordzhonikidze, G.	Molotov, V. M Ordzhonikidze, G.	Molotov, V. M. (P) (4). Ordzhonikidze, G. K.	Molotov, V. M. (P). Ordzhonikidze, G.	Ordzhonikidze (x)	
Rudzutak	Stalin	K. Rudzutak, Ya. E. Stalin, I. V. (GS). Voroshilov, K. E. Chubar, V. Ya. Mikoyan, A. I. Petrovsky, G. I.	K. Rudzutak, Ya. E. (P) (33).	K. Rudzutak, Ya. E. (x). Stalin, I. V. Voroshilov, K. E. Chubar, V. Ya. (x). Mikoyan, A. 1. Petrovsky, G. I.	(4). Rudzutak, Ya. E. (VP) (4). Voroshilov, K. E. (4) Mikoyan, A. I. (4)	K. Rudzutak, Ya. E. (VP). Stalin, I. V. Voroshilov, K. E. Mikoyan, A. I.	Rudzutak (x).	
Tenovary (A)				(P) (x).			Abolin, A. K. (y, z) (S).	
	Series and the series of the s	The second secon	Akulov, I. A	(x). Akulov, I. A.			Akulov (x).	
		Amosov, A. M. (A).		Amosov, A. M	Amosov, A. M. (AC)		Amosov (x, y).	
		Antipov, N. K	Andreyev, A. A. (33).	Andreyev, A. A. (x). Antipov, N. K	Andreyev, A. A. (6) Antipov, N. K. (AC)	Andreyev, A. A. (VP).	Andreyev (x).	
		Antselovich, N. M. (A).		Antselovich, N. M.	(7). Antselovich, N. M. (AC) (8).		Antselovich (x, y, z) (S). Avdeyeva, (x, y).	
	Bauman	Bauman, K. Ya. (S).	Belenky, Z. M	Bauman, K. Ya	Belenky, Z. M. (AC)		111403014, (2, 3).	
	Bubnov	Bryukhanov, N. P. (A). Bulat, I. L. (A) Bubnov, A. S Bukharin, N. I		Bryukhanov, N. P. Bulat, I. L. Bubnov, A. S.	(16). Bryukhanov, N. P. (AC) (9).			
		Bukuarii, N. I	Chemodanov, V.					
	Događov, (A)	Događov, A. I. (A). Eliava, Sh. Z. (A).		Dogadov, A. I Eliava, Sh. Z			Događov (x).	
Sa Page 5			Enukidze, A. S Evreinov, N. N	Enukidze, A. S. (S) (x). Evreinov, N. N	(10)	A CONTRACTOR OF THE CONTRACTOR	Evreinov (x, y, z) (S). Figatner (x).	
	Gamarnik	Gamarnik, Ya. B. Gei, K. V. (A)	Figatner, Yu. P	Gamarnik, Ya. B. Gei, K. V	Gamarnik, Ya. B. (AC) (11).		Figatner (x).  Gei (x).	
		Kalmanovich, M. I. (A).	Gusev, S. I	Kalmanovich, M.	Grinko, G. F. (4) Kalmanovich, M. I. (AC) (12).	Grinko, G. F Kalmanovich, M. I.		
		Khloplyankin, M. I. (A).	Kirkizh, K. O	Khloplyankin, M. I. Kirkizh, K. O	Khlopiyankin, M. I. (AC) (13).		Kirkizh, K. O. (x,	
	Kosarev (A)	Knorin, V. G Kosarev, A. V. (A)		Kosarev, A. V Khodzhayev, F.			у).	
		Kosior, I. V		(P) (x). Kosior, I. V	Kosior, I. V. (AC) (14) Krinitsky, A. I. (AC) (14).			
		G. M. Lyubimov, I. E		Krzhizhanovsky, G. M. Litvinov, M. M Lyubimov, I. E	Litvinov, M. M. (4) Lyubimov, I. E. (52) _		Lyubimov (x).	
	Lobov	Lobov, S. S. Lozovsky, S. A. (A). Manuilsky, D. Z.		Lobov, S. S.	Lobov, S. S. (52)		Lozovsky (x, y).	
		Mezhlauk, V. I.	Milyutin, V. P	Mezhiauk, V. I Milyutin, V. P	Mezhlauk, V. I. (AC) (15). Milyutin, V. P. (AC)		Melnichansky (x)	
	Moskvin	Moskvin, I. M. (AS). Mussabekov, G.		Mussabekov, G.	(14).			

Chart showing control by the All-Union (formerty Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations—Continued

	All-Union	(formerly Russian Bolshevil	) Comn ks)	nunist Party (of		U	nion of S	oviet Socialist	Republics (U. S. S. I	2.)
Political bureau (1), (1) Mb: 10; Alt; 3	Organization reau (1), (2) 10; Alt: 4		ommit-	Central contr commission (1 (2), (33) Mb: 14	), (Mb: 610)	of R	Com	of People's missars of U. S. (4, 5, 6, 7, 8, 9, , 12, 13, 14, 15, 2)	Soviet of Labor and Defense (STO) (14), (17)	All-Union Centra Soviet of Labor Union (x), Pre sidium (y), and Secretariat (z) (18, 14, 19, 20)
Petrovsky (A)	The second second		A COLUMN	the fall on sall	(P) (x).	м.	3 700			
	The second second second second			Ozersky, A. V Pavlunovsky, P.	I. Pavlunovsky P. (xA).		Pavlum (AC)	ovsky, I. P.		
	Postyshev	Perepechko (A). Pyatnitsky, Postyshev,	, I. A		Perepechko, Postyshev, P					(S) (x, y, z) (19)
		Rykov A	I	Rozengoltz, A. I	Rykov A I	N. P	Rykov,	A. I. (7)		Schmidt (x).
	Shvernik	Shvernik, N	N. M		Shvernik, N. (x). Skrypnik, N.					Schwartz (x). Shvernik, N. M (S) (y, z).
	Emirnov, A. P	Strievsky, E	K. K.	Soltz, A. A	Strievsky, K.	K				Strievsky, K.K.(y
	Tsikhon (A)	Tomsky, M	I. P		Tomsky, M.	P	Tsikho	n, A. M. (4)		Tsikhon, A. M
		Unshlikht,	I. S.		Unshlikht, I.		(AC)	ht, I. S. (AC)		(4, 3).
	<u></u>	Veinberg, (A). Yakovlev, Y	Ya. A	Yanson, N. M.	Yakovlev, Ya Yanson, N. M	a. A	Yakovi Yanson	ev, Ya. A. (4)	Yakovlev, Ya. A.	Veinberg, G. D (x, y, z) (S).
			102	Yaroslavsky, En (S).	1. Yaroslavsky,	Em.	127			Yuzefovich, I. S. (x).
	c	ommunist Interna	ational		Red Interna- tional of labor unions					
Political bureau (1), (2), Mb: 10; Alt. 3	Executive committee (x) international control commission (y) (21) and commission for Working out the program of Communist International (z) (22)	Presidium of executive committee (x) and political secretariat (y) (23)	es a vari sion: mur	ates to congress- nd members of ous commis- s of the Com- nist Interna- al (24)	Central Soviet (x) and execu- tive bureau (y) (25), (26)			I	Remarks (27*)	
Kaganovich	STORY OF THE STORY OF THE STORY	Control of the second of the second of the	100 CO 100 CO	novich (V, VI)		10-24		Moscow Ob	soviet of Moscow M l. Party Committee	(28).
Kalinin			Kirov	(VI)r (V, VI)		P. n	nb. 1904	(29). S. of Leningra Obl. E. C. ( S. G. of Ukrai	nian Party Central (	of Pres. of Leningrad Committee (31).
Molotov	folotov, V. M. (x, z).		Ordzh	r (V, VI) yshev (V, VI) tov (V, VI) nonikidze (VI) utak (V, VI)		P. n	nb. 1904 nb. 1906 nb. 1903 nb. 1905		tee on Fuel at STO ( sion of Review (17). is, of Review (8); C	
Rudzutak Stalin S Voroshilov S	talin, I. V. (x, z).	Stalin, I. V. (x)	Stalin Vorosi	(V, VI)		P. n	nb. 1898 nb. 1903	Peas. Insp. STO (32).	(33); P. of Com. of	n Transportation at
Chubar (A) Mikoyan (A) Petrovsky (A)						P. n	nb. 1907 nb. 1915 nb. 1897	Ukrain, Cor	n Sovnarkom (34); M n. Party (31). an C. E. C. (34); M n. Party (31).	
CARSON SECTION					(26).	P. n	nb. 1908 nb. 1922 nb. 1907	editor of True P. of Turkmen First Vice Pre	of "Red Intem, of I ad until Dec. 16, 1931 a Centr. Exec. Commesident of United Sta	abor Unions" (35); (36).— nittee (37).
			Amoso	ov (V)	Amosov (x)	Р. п	nb. 1914	istration (38 Mb. of Budge Railway Tr		(37); P. of C. C. o
			Antsel	lovich (V, VI)		P. n	nb. 1905	at STO (63) Mb. of Gospl Commis. U	t Commis. (37); P. of an of U. S. S. R. (	Com. on Inventions 40); Mb. of Budget

Charl showing control by the All-Union (formerty Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary Organizations—Continued

	c	ommunist Interna	ational	Red interna- tional of labor unions			
Political bureau (1), (2), Mb: 10; Alt. 3	Executive committee (x) international control commission (y) (21) and commission for working out the program of Communist International (z) (22)		Delegates to congresses and members of various commissions of the communist International (24)	Central Soviet (x) and executive bureau (y) (25), (26)	Remarks (27*)		
Petrovsky (A)			Bauman (VI) Belenky (V)		P. mb. 1907 P. mb. 1905		
			Bubnov (V, VI)	Bulat (vA) (26)	P. mb. 1902 P. mb. 1912	Mb. of Presid. of Budget Commis. of U. S. S. R. (37)	
			The second secon		The same work	Com-ar for Education of RSFSR (29); Mb. of Gospla of USSR (40); Mb. of Budget Commis. of USSR (37	
	Bukharin, N. I.		Bukharin (V. VI)		P. mb. 1906	Mb. of Presid. of VSNH of U. S. S. R. & Chief of i Scientific Research Sector (14).	
		Chemodanov (x, yA).			P. mb. 1924	Polit. S. of Young Communists International (41).	
			Chervyakov (V, VI)		The second second	P. of White Russian Central Executive Committee (42).	
			Dogadov (V, VI)	Događov (x)	P. mb. 1905	Mb. of Budget Commis. of USSR (37); Del. to Cong Profintern in 1928 (39).	
			Enukidze (V. VI)		P. mb. 1904 P. mb. 1898 P. mb. 1912	Mb. of Budget Commis. of U. S. S. R. (37). P. of Central Election Commission, U. S. S. R. (43)	
					P. mo. 1912	From Bergary of Profinters until Aug 1020 (44)	
	William Control of the Control of th	AND DESCRIPTIONS OF THE PARTY O	Company and the second		P. mb. 1903	Mb. of Presid. of VSNH of USSR (14); Mb. of Presid. All-Un. Sov. of Communal Economy (57). Mb. of Budget Commis. of USSR (37); Chief of PURE	
				DESCRIPTION OF THE PROPERTY OF	100	KA (45); VOIOSIIIOV'S SUBSTITUTE IN STO (46).	
			Gusev (V, VI)	Gei, K. V. (x)	P. mb. 1916 P. mb. 1919	S. of White Russian Party C. C. (47).	
	(YA)	(TA)				Chief of Press Dept. of Party C. C. since 1928 (48).	
	Khitarov (x, z)		Khitarov (VI)		P. mb. 1917 P. mb. 1919	P. of State Bank of U. S. S. R. (14).	
					P. MD. 1914	Mb. of Budget Commis. USSR (37); P. of C. C. Machine Building Workers (14); A. M. b. of E.	
	Vaccin V.C. (r.4 v.)		From (V VI)		D mb 1010	Bureau of Profintern until Ang 1030 (44)	
of the the second	Knorin, V.G.(xA, y)		Knorin (V, VI) Kosarev (V)		P. mb. 1910. P. mb. 1919	Mb. of Gosplan of USSR (49); S. G. of All-Un. Youn	
			Khodzhayev (V)		P. mb. 1920	Comm. Union (50). P. of Uzbek Sovnarkom (51).	
			Krzhizhanovsky (V)		P. mb. 1908 P. mb. 1915 P. mb. 1893	Mb. of Gosplan of U. S. S. R. (40). Mb. of Presid. of VSNH of USSR (62); Mb. of Gospla	
			Kizinzuanovsky (V).		P. mb. 1898	of USSR (62); VP of Academy of Science (30).	
					P. mb. 1902 P. mb. 1912	Mb. of Budget Commis. of U. S. S. R. (37).	
	Lozovsky, S. A.	(T. V.A)	Lozovsky (V, VI)	(US).	P. mb. 1900		
	Manuilsky (x, z).	Manuilsky (x,	Manuilsky (V, VI)		P. mb. 1904		
			Melnichansky (V)	Melnichansky (x).	P. mb. 1902		
			Milyutin (V, VI)	77.00	P. mb. 1917 P. mb. 1903	P. of Society of Agrarian Marxists (14).	
					P. mb. 1911 P. mb. 1919	Mb. of Presid. of VSNH of U. S. S. R. (14). P. of Trans-Caucasus Sovnarkom (53).	
					P. mb. 1917	P of Tadzhik Central Executive Committee (54)	
					P. mb. 1905 Pr mb. 1914	Trade Representative in England (55).  Mb. of Budget Commission of U. S. S. R. (37).  Mb. of Presid. of All-Un. Soviet of Communal Econom	
	Pyatnitsky (x)	Pyatnitsky (x,	Pyatnitsky (V, VI)	Pyatnitsky (x,	P. mb. 1898	(57); Del. to Congress of Profintern in 1928 (39).	
		у).	Postyshev (VI)	v) (26)	P. mb. 1904	Mb. of Commis. of Review (17); S. & Mb. of Politi	
			-1		P. mb. 1905	bureau of Ukr. Comparty (31).	
	Rykov, A. I. (x, z)		Rykov (V, VI) Sehmidt (V, VI)		P. mb. 1899 P. mb. 1905	Del. to Congr. of Profintern in 1928 (39); Mb. of Budge	
			Schwartz (V, VI)	Schwartz (x)	P. mb. 1899	Del. to Congr. of Profintern in 1928 (39); Mb. of Budge Commis, of USSR (37); Chief Arbiter at STO (56). Del. to Congress of Profintern in 1928 (39).	
			a	198)	P. mb. 1905	Mb. of Commiss. of Review (17); Mb. of Gospian, USS. (40): Mb. of Presid of VSNH of USSR (14).	
	Skrypnik N. A. (x, z).		Skrypnik (V)		P. mb. 1897	The state of the s	
	-2-11-11-1-11-11-11-11-11-11-11-11-11-11		Smirnov (VI) Soltz (V, VI)		P. mb. 1896	P. of All-Un. Soviet of Communal Economy (57).	
	Soltz, A. A. (y)				P. mb. 1000	mb. of Presid, of Supreme Court, RSFSR&F. of Conmission Private Amnesty Cases at VTSIK (58).	
			Stuchka (V, VI)		P mb 1007	Education of Ukr. SSR (34); Mb. of Politbureau of Ukr. Comparty (31).  P. of All-Un. Soviet of Communal Economy (57).  Mb. of Presid, of Supreme Court, RSFSR&P, of Commis, for Private Amnesty Cases at VTSIK (58).  Mb. of Budget Commis. USSR (37); P, of VSNH of RSFSR (29); Mb. of Presid. of VSNH of USSR (14).  P. of Supreme Court of RSFSR (58); Director of Moscov Institute of Soviet Law (50)	
	2)				P. mb. 1905		
			Tomsky (VI)	Tormosove /r	P. mb. 1905 P. mb. 1904.	1. 01 SOVIIM RUIL R.S.F.S.R. (29).	
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	TO COME AND DESIGNATION AND ADDRESS OF THE PARTY OF THE P	The state of the s	yA) (26).	P. mb. 1906	Mh of Budget Commission of H C 9 P (97)	
			Tskhakaya (VI)		P. mb. 1898	Mb. of Budget Commission of U. S. S. R. (37). P. of Trans-Caucasus Central Executive Committee	
	(y).		Ukhanov (VI)		P. mb. 1907	(51), P. of Moscow Obl. Exec. Com. and Mb. of Presid. of	
			Unshlikht (V, VI)	and the second	P. mb. 1900	One of the foundary of the MOPP in 1922 (60): P	
			Cusinikus (v, vi)	200000000000000000000000000000000000000	1. mo. 1900	Moscow Sov. & Moscow City Exec. Com.(14). One of the founders of the MOPR in 1923 (60); P. o "Oscaviakhim" of USSR & RSFSR (61).	

Chart showing control by the All-Union (formerly Russian) Communist Party of the Government of the Union of Socialist Soviet Republics and of the International Revolutionary

Communist Inte		ommunist Interna	tional	Red interna- tional of labor unions	
Political bureau (1), (2), Mb: 10; Alt. 3	Executive committee (x) international control commission (y) (21) and commission for working out the program of Communist International (z) (22)	Presiduum of executive committee (x) and political secretariat (y) (23)	Delegates to congresses and members of various commissions of the communist International (24)	Central Soviet (x) and executive bureau (y) (25), (25)	Remarks (27*)
Petrovsky (A)	Yaroslavsky, Em.				P. mb. 1913 P. mb. 1905 P. mb. 1898 P. of Central Soviet of Militant Atheists (Bezbozhniks)
	(xA).		Yuzefovich (V, VI)	Yuzefovich (x, y) (26).	(14). P. mb. 1917
e day te samuel			ABBR	EVIATIONS	
A	Alternate member.			MOPR	International Red Aid.
				Obl	Oblast.
A8	Assistant commissar Assistant secretary.			O. G. P. U	United State Political Administration, IIM. Society for Air and Chemical Defanse.
All-Un	All-Union.			OSOAVIAKI	IIM. Society for Air and Chemical Defanse.
All-Ukr	All-Ukrainian.			P	President.
C. C.	Central committee.			Presid.	Presidium.
C. E. C.	Central executive co	mmittee.		P. mb	Party member.
Com	Committee.			P. C	Party committee.
Com-ar	Commissar.		Complete Complete Complete	Profintern	Red International of Labor Unions.
Comm	Communist.			PURKKA	Political Administration of the Red Army.
Commis	Commission.			Repres	Representative. Revolutionary Military Soviet.
Congr	Congress.			Revvoensoviet	Revolutionary Military Soviet.
Colleg	Collegium.			8	Secretary,
Comintern	Communist Interna	tional.		8G	Secretary General.
Del	Delegate.			Sov	Soviet.
Distr	District.			Sovnarkom	Soviet of People's Commissars.
E. C	Executive Committe	00.		810	Soviet of Labor and Defense.
Edit	Editor.			Тт	Trade.
Educ	Educational.				Turkmen.
Empl	Employees.		HILL STORES	Uzb	Uzbek.
Ex	International Comm	ittee of Workman		VP	Vice president.
I. C. W	International Comm	neted of workmen.		VSNH	Supreme Soviet of National Economy.
InternMb	International.			VTSIK	All-Russian Central Executive Committee,  Data concerning party membership appearing in this column

#### SOVIET OF PEOPLE'S COMMISSARS OF THE U. S. S. R.

President, V. M. Molotov; vice presidents, Ya. E. Rudzutak, V. V. Kuibushev; commissar for foreign affairs, M. M. Litvinov; assistant commissars, N. N. Krestinsky, L. M. Karakhan; commissar for military and naval affairs, K. E. Voroshilov; assistant commissars, Ya. B. Gamarnik, M. N. Tukhachevsky, S. S. Kamenev; commissars for supply, A. I. Mikoyan; assistant commissars, K. V. Ukhanov, N. P. Bryukhanov, M. I. Khloplyankin, M. A. Chernov, P. Ya. Volkov, M. N. Belenky; commissar for workers' and peasants' inspection, Ya. E. Rudzutak; assistant commissars, N. K. Antipov, N. M. Antselovich, G. E. Prokofiev, Z. M. Belenky, A. I. Krinitsky; commissar for ways of communication, A. A. Andreyev; assistant commissar (first), I. N. Mironov, assistant commissars (second), G. I. Blagonravov; assistant commissars, P. S. Shushkov, A. M. Amosov, V. S. Shatov; commissar for foreign trade, A. P. Rosengeltz; assistant commissars, S. K. Sudyin, A. V. Ozersky, Sh. Z. Aliava, I. Ya. Veitzer; commissar for post and telegraph, A. I. Rykov; assistant commissars, A. M. Lyubovich, M. L. Granovsky; commissar for agriculture, Ya. A. Yakovley; assistant commissars, I. G. Birn, S. S. Odintsov, A. V. Odintsov, T. A. Yurkin, P. D. Akulinushkin, F. A. Tsylko, A. M. Markevich; assistant commissar (for forestry), A. V. Grinevich; commissar for labor, A. M. Tsikhon; assistant commissar, I. A. Kravel; commissar for finance, G. F. Grinko; assistant commissars, V. N. Mantsev, M. I. Kalmanovich, E. B. Genkin, R. Ya. Levin; commissar for water transport, N. M. Yanson; assistant commissars, V. I. Zof, V. I. Fomin, E. F. Rozental; commissar for heavy industry, G. K. Ordzonikidze (formerly supreme sovereign of national economy); assistant commissars for sasistant commissar for black metallurgy, A. I. Gurevich; assistant commissar for aviation industry, P. I. Baranov; commissar for light industry, I. E. Lyubimov; assistant commising; M. M. Kaganovich; assistant commissar for black metallurgy, A. I. Gurevich; assistant commissar for aviation industry, P. I. Baranov; commissar for light industry, I. E. Lyubimov; assistant commissars, I. G. Eremin, A. M. Fushman, M. M. Karklin, P. Ya. Voronova; commissar for the timber industry, S. S. Lobov; assistant commissars, I. G. Rudakov, A. K. Albert, K. Ya. Rozental; president of state plan commission (gosplan), V. V. Kuibyshev, vice president (first), V. I. Mezhlauk; vice presidents, I. G. Unshlikht, I. T. Smilga, V. V. Osinsky, V. P. Milyutin, G. I. Lomov, L. N. Kritzman.

# SOVIET OF PEOPLE'S COMMISSARS OF THE R. S. F. S. R.

President, D. E. Sulimov; vice president, D. Z. Lebed; vice president, T. R. Ryskulov; commissar for labor, M. M. Romanov; commissar for workers' and peasants' inspection, N. I. Ilyin; commissar for agriculture, A. I. Muralov; commissar for justice, N. V. Krylenko; commissar for finance, V. N. Yakovleva; commissar for supply, N. V. Elsmont; commissar for education, A. S. Bubnov; commissar for health, M. F. Vladimirsky; commissar for social

welfare, I. A. Nagovitsyn; commissar for communal economy, N. P. Komarov; commissar for light industry, K. K. Strievsky; president of state-plan commissariat, M. I. Rogov.

### SOVIET OF PEOPLE'S COMMISSARS OF UKRAINIAN S. S. R.

President, V. Ya. Chubar; vice president, A. M. Dudnik; vice president, A. K. Serbichenko; vice president, V. P. Zatonsky; vice president, D. I. Petrovsky; vice president, V. I. Poraiko; commissar for labor, K. M. Gulyi; commissar for workers' and peasants' inspection, V. P. Zatonsky; commissar for agriculture, N. N. Demchenko; commissar for justice, Polyakov; commissar for finance, K. F. Koval; commissar for supply, Malorov; commissar for education, N. A. Skrypnik; commissar for health, Kantorovich; commissar for social welfare, G. N. Pokornyi; commissar for light industry, K. V. Sukhomlin; plenipotentiary for military and naval affairs, I. E. Yakir; plenipotentiary for ways of communication, S. L. Shimanovsky; plenipotentiary for foreign affairs, S. S. Alexandrovsky; plenipotentiary for foreign trade, M. A. Kattel; plenipotentiary for water transport, S. N. Krupko.

SOVIET OF PEOPLE'S COMMISSARS OF WHITE RUSSIAN S. S. R.

# SOVIET OF PEOPLE'S COMMISSARS OF WHITE BUSSIAN S. S. R.

SOVIET OF PEOPLE'S COMMISSARS OF WHITE RUSSIAN S. S. R. President, N. M. Goloded; vice president, K. F. Benek; vice president, A. Ya. Kalnin; vice president, G. P. Grisevich; commissar for labor, K. F. Benek; commissar for workers' and peasants' inspection, A. Ya. Kalnin; commissar for agriculture, Rachitsky; commissar for justice, M. A. Levkov; commissar for finance, A. I. Khatzkevich; commissar for supply, Baltin; commissar for education, A. M. Platun; commissar for health, M. I. Barsukov; commissar for social welfare, P. U. Kalinin; commissar for light industry, G. P. Grisevich; plenipotentiary for military and naval affairs, I. P. Uborevich; plenipotentiary for foreign trade, A. Ya. Reder; plenipotentiary for post and telegraph, A. V. Dubin; plenipotentiary for water transport, N. D. Ershov.

## SOVIET OF PEOPLE'S COMMISSARS OF TRANS-CAUCASUS S. F. S. R.

President, G. Mussabekov; více president, S. M. Ter-Gabrielyan; commissar for labor, Ragimov; commissar for workers' and peasants' inspection, Dogadov; commissar for justice and public prosecutor, A. G. Dolidze; commissar for finance, Vagan Eremyan; commissar for supply, Svanidze; commissar for light industry, Kurulov; plenipotentiary for military and naval aff. Fedko; plenipotentiary for foreign affairs, N. F. Sivolap.

#### SOVIET OF PEOPLE'S COMMISSARS OF TURKMEN S. S. R.

President, Kh. Atabayev; vice president, Ya. M. Galperstein; commissar for labor, T. Gladyshev; commissar for workers' and peasants' inspection, Kullev Kary; commissar for agriculture, Tashly Anna-Muratov; commissar for finance, I. I. Kalnin; commissar for justice, Anna-Mukhamedov; commissar for education,

Artykov Anna-Kuli; commissar for health, I. V. Ventsenostsev; commissar for social welfare, A. Makarov; commissar for light industry, N. S. Sergeyev; plenipotentiary for military and naval affairs, Kh. Atabayev; plenipotentiary for ways of communication, G. I. Must; plenipotentiary for foreign trade, Berdy Atayev; plenipotentiary for foreign affairs, A. V. Zaslavsky.

#### SOVIET OF PEOPLE'S COMMISSARS OF UZBEK S. S. R.

President, F. Khodzhayev; vice president, I. D. Martynov; commissar for labor, I. Ibragimov; commissar for workers' and peasants' inspection, Karimov Abdulladzhan; commissar for agriculture, Burnashev Khanifa K.; commissar for justice, Mavlyanbekov Akhmed-bek; commissar for finance, Pulatov Kari-Yuldash; commissar for supply, Khodzhayev; commissar for education, Ramzi Mannan; commissar for health, F. T. Pridannikov; commissar for social welfare, Mavlyanbekov Bababek; commissar for light industry, Nasyrbayev Satter; plenipotentiary for ways of communication, I. P. Kravnikov; plenipotentiary for foreign affairs, G. A. Apresov; plenipotentiary for post and telegraph, Matkulov Alibek.

#### SOVIET OF PEOPLE'S COMMISSARS OF TADZHIK, S. S. R.

President, A. Khodzhibayev; commissar for finance, Islamov; plenipotentiary for agriculture in central Asia, S. K. Shaduntz; plenipotentiary for workers' and peasants' inspection and of party central control commission in central Asia, D. I. Manzhara; plenipotentiary for labor in central Asia, Dmitriev; plenipotentiary for foreign trade, Kasym Kariev; president of central Asia economic soviet (EKOSO), M. F. Boldyrev; president of the state plan commission (Gosplan) of central Asia, D. P. Rozit.

#### CHIEFS OF IMPORTANT STATE AND OTHER ORGANS

mission (Gosplan) of central Asia, D. P. Rozit.

CHIEFS OF IMPORTANT STATE AND OTHER ORGANS

Presidents of All-Union Central Executive Committee: M. I. Kalinin, G. I. Petrovsky, A. G. Cherviakov, G. Mussabekov, N. Aitakov, F. Khodzhayev, M. Nusratulla; president of All-Russian Central Executive Committee, M. I. Kalinin; president of Ukrainian central executive committee, G. I. Petrovsky; president of White Russian central executive committee, A. G. Chervyakov; president of trans-Caucasus central executive committee: F. Makharadze, A. Ananyan, M. Takhakaya; president of Turkmen central executive committee, N. Aitakov; president of Uzbek central executive committee, N. Aitakov; president of Tadzhik central executive committee, N. Nusratulla; president of the United State Political Administration (OGPU), V. R. Menzhinsky; vice president (first) of the United State Political Administration (OGPU); I. A. Akulov; vice president (second) of the United State Political Administration (OGPU); J. A. Balitsky; president of Supreme concession committee, L. B. Kamenev; president of supreme concession committee, L. B. Kamenev; president of the supreme court of the U. S. S. R., A. N. Vinokurov; president of the supreme court of the U. S. S. R., P. I. Stuchka; prosecutor of the U. S. S. R., P. A. Krasikov; president of the Moscow Soviet, N. A. Bulganin; president of the Leningrad Soviet, I. F. Kadatzky; inspector of military and naval forces of red army, R. A. Muklevich; president of Society for Air and Chemical Defense (OSOAVIAKHIM), I. S. Unshlikht; secretary general of peasant international (KRESTINTERN), I. A. Teodorovich; secretary general of All-Union Young Communists Union (VLKSM), A. V. Kosarev; political secretary of Young Communists International (KIM), V. T. Chemodanov; president of the central committee of the MOPR of U. S. S. R., E. D. Stasova.

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In this connection, we quote from the report of the special committee appointed by the House of Representatives to investigate the activities of the communists in the United States (H. Rept.

No. 2290, 71st Cong., pp. 7 and 8):
"The main principles of the Communist International are as follows: Overthrow and annihilation of so-called capitalist governmental power and its replacement by proletarian power; dictatorship of the working class; confiscation of property; arming of the proletarist; armed conflict by the proletarist against capitalism; no compromise with socialists remaining in the Second International its configuration of the Community International is tional. The main objectivity of the Communist International is to promote world revolution, in order to bring about a world-wide union of soviets, or dictatorship of the proletarist, with the capital

to promote world revolution, in order to bring about a world-wide union of soviets, or dictatorship of the proletarist, with the capital at Moscow.

"The Communist International is dominated by the Russian Communist Party and Soviet officials and could not exist without the whole-hearted support of the leaders of the Russian Communist Party and the financial backing of the Soviet Government.

"The two most important and powerful men in Russia, Joseph Stalin, the communist dictator who now holds two Soviet posts, and Viacheslaf M. Molotov, chairman of the Council of People's Commissars, are on the presidium or select committee that plans and controls all the policies of the Communist International, for spreading revolutionary propaganda in foreign countries in order to intensify class hatred and cause strikes, riots, sabotage, and revolutionary activities, leading to civil war and revolution.

"The Communist International is actually part and parcel of the Russian Communist Party and the Soviet Government. For diplomatic reasons, the Soviet Government denies that it is responsible for the propaganda that emanates from the Communist International, but this pretense has long been apparent and has again been unmasked by the recent appointment of its two outstanding leaders, Stalin and Molotov, to important positions in the Soviet Government.

"The Government of Russia, which is known as the Union of Socialist Soviet Republics (U. S. S. R.) is an autocratic self-constituted dictatorship by a small group of self-perpetuating revolutionists. Joseph Stalin, the secretary-general of the Communist Party, is the actual dictator. The Communist Party consists of 1,500,000 members, out of 150,000,000 people in Russia, but it controls the Soviet Government and the Communist International.

"The Political Bureau of the Central Committee of the Communist Party, or the Politbureau, is composed of 10 of the outstanding communist leaders, including Stalin and Molotov, and is the real power in Russia, effectively controlling and di

munist Party, or the Politbureau, is composed of 10 of the outstanding communist leaders, including Stalin and Molotov, and is the real power in Russia, effectively controlling and directing (1) the Soviet Government, which carries out the policies laid down by the politbureau and administers the affairs of Soviet Russia, and (2) the Comintern, or Communist International, which is the vehicle for the dissemination of revolutionary propaganda and directs and stimulates revolutionary activities throughout the world."

However, we believe that it is important to set forth the direct effect of the employment of forced labor in Russia is having in the world markets, where our own products of free labor are being sold, and how the plan of the soviets has materialized toward the ultimate aim of the destruction of our own economic system. In this connection, therefore, we again quote from House Report No. 2290:

"The question of trade relations with the Soviet Government is one of great importance and of interest to the American people. The wheat farmers of America, due to our large exportable surplus

of wheat, which largely determines the price of all wheat produced in the United States, have much at stake. \* \* "The export of wheat from Russia from 1918 until 1930 has averaged less than 10,000,000 bushels. The reason that Russian wheat has not flooded the European markets for the last eight years, or ever since the Soviet Government became stabilized after the civil wars between the red and white armies were ended, is that the Soviet Government for many years badly bungled the agricultural situation by antagonizing the peasants, who constitute 80 per cent of the Russian people.

stitute 80 per cent of the Russian people.

"The Communist Party in Russia consists very largely of members from the industrial centers, and is directed by city workers for their own benefit. The peasants were looked down on as inferior beings and were regarded as little better than animals to plant and harvest the food supply for the city workers. Consequently there was no cooperation between the communist city workers and the peasants, and the bulk of the peasants hated and feared the communists, who sent out expeditions into the farming country and confiscated most of the grain from the farmers on various pretexts, such as nonpayment of taxes or counterrevolution, or paid for it in worthless currency or receipts for Government bonds. The poor peasant became more and more exasperated and often found the more he harvested the less he had, so he began to plant only a sufficient amount for the needs of his asperated and often found the more he harvested the less he had, so he began to plant only a sufficient amount for the needs of his own family. The result was in effect-a gigantic, though undirected, strike by the peasants of Russia, which forced the Soviet Government to change its tactics. First, it permitted a modified free trade, and agriculture revived. Lately it has begun to create huge state farms and organize the peasants into enormous producing accordance. ducing cooperatives,

"The first step was a campaign to eliminate or liquidate the kulaks, or so-called rich farmers, who were bitterly opposed to communism. These kulaks were the more thirfty farmers who were able, through individual effort, to acquire a few cows and horses and live in a better house than the other peasants. These kulaks were not rich in the sense of American farmers, as they kulaks were not rich in the sense of American farmers, as they probably did not make over a couple of hundred dollars a year, yet the word went out from Moscow that they must be suppressed. A reign of terror ensued. Peasants were told that they could take away the property of any kulak who had as much as two cowsor two horses and the red army and police were used to wipe out the kulaks. In turn these farmers, the best in Russia, began in desperation to kill off their cattle, so that in 1928-29 it is estimated that 15,000,000 head of cattle were slaughtered, seriously impairing the milk butter and cheese supply of Russia, and also impairing the milk, butter, and cheese supply of Russia, and also production of beef.

"The ruthlessness of the Soviet Government in liquidating the kulaks aroused the sympathy of the peasants and caused wide-spread resistance and antagonism, so that Stalin issued an edict from Moscow that the kulak liquidation had gone far enough and that from now on only counter-revolutionists among the peasants would be suppressed. The warfare against the kulaks had brought about chaos in Russian agriculture, as the best farmers

and those who gave employment had been deported or ruined.
"With the kulaks largely eliminated, the communists had no "With the kulaks largely eliminated, the communists had no effective opposition to socializing the peasants. Huge state farms were organized in a hundred different parts of Russia. Some of these farms contained a half million acres of good wheat land. The peasants were likewise organized into enormous Government cooperatives. They entered voluntarily, as there was nothing else to do, as the Government was the only employer left and practically the only buyer. The success in the development of the state farms and collectives during 1930 was beyond the wildest expectations of the communists. In one year approximately 50 per cent of all the farmers of Russia were virtually socialized and formed into Government cooperatives, controlling 100,000,000 acres of arable lands. On the giant state farms the peasants are paid direct by the Government, approximately 15 cents gold per day, and in the cooperatives the Government buys the crop with depreciated paper currency and exports it to foreign countries for sale on a gold basis at seven times the currency it paid to the peasants.

"There is an almost inexhaustible supply of good wheat land in Russia, estimated at over 200,000,000 acres, all seized by the Government without compensation to the private owners, and a huge reserve of poorly paid peasant labor wihch, backed by American tractors, engineers, mechanics, farm specialists, brains, and credit, guarantee low production and wheat supremacy and moreously to the contract of the contr nopoly to the soviets.

"If it were not for the 42-cent duty a bushel on wheat, Russian wheat might, within a few years, be underselling the wheat produced by American farmers in our own markets in Chicago and Kansas City.

What applies to wheat with equal force applies to other grains, "What applies to wheat with equal force applies to other grains, such as barley, rye, and oats. In a lesser degree only, and progressing at a rapid rate, is the growth and development of enormous state farms and cooperatives for cotton, fruit, cattle, sheep, tobacco, and beet sugar. The production of cotton is under special Government concentration, and is making rapid headway in Turkestan, and may take care of all of the Soviet requirements and be a competitor in the world markets before very long.

"American lumber exports have averaged \$110,000,000 annually for a number of years, and rank just below our large agricultural exports of cotton, wheat, and tobacco. Every day steamers are

plying the Atlantic carrying pulpwood and lumber to New York and other eastern ports from the Russian forests for American manufacturers. It is something new to import Soviet pulpwood and lumber into the United States. In 1929 only 6,000 cords of pulpwood were imported from Russia, and in 1930 it is estimated that 200,000 cords were landed in the United States.

"The forest area of the Soviet Union covers about a billion and a half acres, much more than the forest area of the United States and Capada combined.

and Canada combined.

"Soviet lumber, like Soviet wheat, can undersell lumber produced by free American labor in the world markets.

"The testimony offered to the committee discloses that hundreds of thousands of aristocrats, former professional and business men, army officers, kulaks, and social democrats and other counterrevolutionists have disappeared into the forests without

leaving any trace. The mystery and the horror of the convict-labor camps is yet to be told in its lurid details.

"Oil resources of the Soviet Union are greater than those of any other country, according to the Commercial Handbook of the Union of Socialist Soviet Republics. There are three main fields, Baku, Grozny, and Emba. The production and export of oil from Russia is more than four times that of 1913. \* \* \* The depression in the American oil industry is very marked, and competition from Soviet sources is becoming serious on the world market. The Soviet Government pays nothing for the leases on the

"Witnesses testified before the committee that the Soviet Government has practically ruined the manganese industry in the United States by dumping its product into this country at a price far below our cost of production, which they claim is unfair competition, because manganese is an essential ingredient in the manufacture of steel, and the destruction of the manganese in-

manufacture of steel, and the destruction of the manganese industry in the United States places us at the mercy of Soviet Russia in time of war. The Assistant Secretary of War, Frederick H. Payne, stated in a speech recently:

"'Of the raw materials necessary to us in war none is more important than manganese. We take a deep interest in the efforts of the domestic manganese producers to develop processes that will enable the United States to utilize its large deposits of low-grade ore and be at least self-sustaining in this respect.'

"Convict labor should not be confused with forced or conscripted labor. It is claimed by Matthew Woll vice president of

convict labor. It is claimed by Matthew Woll, vice president of the American Federation of Labor, that practically all labor in Soviet Russia to-day comes under the category of forced labor, as compared to free labor in the United States or Europe. He testified before the committee that existing Soviet decrees provide that workers become deserters when they quit their jobs, that the unemployed must accept any position offered, and that skilled workers may be transferred to any part of the country without their consent. These restrictions on the freedom of the workingman, Mr. Woll claims, places him in practically the same position as a conscripted soldier.

"The United States, as a large exporter, is vitally concerned by any dumping of Soviet products in the United States or on the world markets. \* \* \*

world markets.

world markets.

"The United States has more to lose from the economic system in Russia, if it succeeds, than any other nation, as we are the largest exporters of agricultural products, such as cotton, wheat, tobacco, and other grain, and will have difficulty in holding our export markets against this kind of competition than can be anticipated from the Soviet system.

" " "

export markets against this kind of competition than can be anticipated from the Soviet system. \* \* \* "Boiled down to a reasonable conclusion, if the 5-year plan (of the Soviet Union) succeeds, the Soviet Union is to become a great money-making machine that it may finance communism and world revolution. To undersell the rest of the world in agricultural and industrial products is a part of the scheme to create unrest, ripening into revolution. "This activity would effect us ultimately in the destruction of

"This activity would affect us ultimately in the destruction of "This activity would affect us ultimately in the destruction of our grain and cotton markets; especially is this true of wheat and cotton produced by peasant labor on Government-owned and controlled land, practically without cost, and with which American labor can not compete. The same would be true in the industrial world. Russian products have already practically destroyed the manganese industry with us. It seemingly threatens our lumber and wood-pulp industries, as well as the anthractic coal and oil markets and the wrong strength indicates that convicte and immarkets, and the proof strongly indicates that convict and impressed labor are used especially in producing lumber and pulpwood.

Taken in connection with the acts and avowed purposes of the Soviet Union, the 5-year plan is not intended alone to benefit the home union and government and to improve the condition of the Russian people—it goes farther—its purpose is not to build up but to tear down and destroy.

to tear down and destroy. \* \* \* "

In stating that the "purpose of the 5-year plan is not to build up but to tear down and destroy," the committee referred to the statement of G. T. Grinko, vice chairman of the Union of Soviet Socialist Republics state planning commission, who is credited to a large part with being the author of this 5-year plan, contained in his book entitled "The 5-Year Plan of the Soviet Union," in the first chapter, under Planned Economy and Perspective:

"The 5-year plan is a program for the further extension and consolidation of the great October revolution. Nor should the great international significance of the plan be underestimated. For the first time in history a vast country, with inexhaustible

For the first time in history a vast country, with inexhaustible natural resources and a population of 150,000,000 free people, faces the world with an elaborate plan for upbuilding a socialist economy and culture—a socialist party. We fully share the view expressed in the editorial of the Pravda of August 29, 1929: 'The 5-year plan

is an important part of the offensive of the proletariat of the world against capitalism; it is a plan tending to undermine capitalist stabilization; it is a great plan of world revolution."

For more complete details relating to laws, decrees, and labor policies in force in Soviet Russia, we refer you to the following documents now on file in the Treasury Department:

A Selection of Documents Relative to the Labor Legislation in

Force in the Union of Soviet Socialist Republics, a document sented by the Secretary of State for Foreign Affairs to the British Parliament by command of His Majesty, in 1931, known as the British Blue Book.

Memorandum on the Control of the Distribution of Labor in

Memorandum on the Control of the Distribution of Labor in Russia, Based on Soviet Sources Available on October 22, 1930, compiled by the Department of State, United States Government. Part 2 (confidential) of Hearings Held by Committee of the House of Representatives to Investigate Communist Activities in the United States, and the report of that committee, House Report No. 2290, Seventy-first Congress.

#### AGRICULTURAL DEPARTMENT APPROPRIATIONS

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McNARY. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the President pro tempore appointed the senior Senator from Oregon [Mr. McNary], the senior Senator from Washington [Mr. Jones], the junior Senator from New Hampshire [Mr. Keyes], the senior Senator from Georgia [Mr. HARRIS], and the senior Senator from Wyoming [Mr. KENDRICK] conferees on the part of the Senate.

### EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore, as in executive session, laid before the Senate a message from the President of the United States submitting the nomination of Lawrence A Merrigan, of New Orleans, La., to be collector of internal revenue for the District of Louisiana, to fill an existing vacancy, which was referred to the Committee on Finance.

#### RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 12 minutes p. m.) took a recess until Wednesday, March 16, 1932, at 12 o'clock meridian.

#### NOMINATION

Executive nomination received by the Senate March 15 (legislative day of March 14), 1932

### COLLECTOR OF INTERNAL REVENUE

Lawrence A. Merrigan, of New Orleans, La., to be collector of internal revenue for the District of Louisiana, to fill an existing vacancy.

# HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 15, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

As the tides of each day break on the shore lines of our lives, give us strength, O God, to bear the load, to withstand the evil and the spirit of willingness to accept the good. O Master and Teacher of men, be Thou the inspiration and the standard of our daily conduct. Brighten the skies of our country and of all peoples. May they determine their services by the common fatherhood of God and the brotherhood of man. We pray that what we shall do this day shall meet Thy approval and contribute to the welfare of our fellow men. Keep alive that sacred flame in

our breasts that generates the moral and the spiritual power of our beings. With counsels of wisdom, prudence, and discretion direct us, and unto Thy excellent name be praises forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes:

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H.R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes:

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians; and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

The message also announced that the Senate had passed bills, a joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is

S. 95. An act to amend the second paragraph of section 6 of the civil service retirement act of May 29, 1930 (relating to persons retired for disability):

S. 266. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly;

S. 326. An act for the relief of Abram G. O'Bleness;

S. 1003. An act for the relief of Capt. Jacob M. Pearce, United States Marine Corps:

S. 1307. An act authorizing an appropriation for the alteration and repair of the buildings of Eastern Dispensary and . Casualty Hospital:

S. 1317. An act for the relief of the State of California;

S. 1406. An act to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.;

S. 2059. An act for the relief of Albert Ross:

S. 2062. An act for the relief of Adam Augustus Shafer;

S. 2148. An act for the relief of Clarence R. Killion;

S. 2290. An act for the conservation of rainfall in the United States;

S. 2335. An act for the relief of O. R. York;

S. 2355. An act to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes:

S. 2364. An act to authorize the Secretary of the Interior to extend or renew the contracts of employment of the attorneys employed to represent the Chippewa Indians of Minnesota in litigation arising in the Court of Claims under the act of May 14, 1926 (44 Stat. 555);

S. 2682. An act to amend section 5 of the Criminal Code; S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended;

S. 3362. An act to prevent fraud in the promotion or sale of stock, bonds, or other securities sold or offered for sale within the District of Columbia; to control the sale of the same; to register persons selling stocks, bonds, or other securities; to provide punishment for the fraudulent or unauthorized sale of the same; to make uniform the law in relation thereto, and for other purposes;

S. 3508. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians,

for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes," approved June 25, 1910, as amended;

S. 3536. An act for the relief of Jerry O'Shea;

S. 3570. An act to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools, approved January 25, 1927;

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of

Columbia, and for other purposes;

S. 3744. An act for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River:

S. J. Res. 116. Joint resolution relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act; and

S. Con. Res. 6. Concurrent resolution favoring the designation and appropriate observance of American conservation week.

#### DIRECT LOANS TO FARMERS

Mr. JONES. Mr. Speaker, I ask unanimous consent that the joint resolution (H. J. Res. 334) be rereferred from the Committee on Banking and Currency to the Committee on Agriculture, and that a similar resolution (S. J. Res. 116), which yesterday passed the Senate, be referred to the Committee on Agriculture when it is messaged over. I will state in this connection that I took the matter up with the chairman of the Committee on Banking and Currency and he agrees that the joint resolution should be referred to the Committee on Agriculture.

The SPEAKER. May the Chair suggest that the second request be deferred because the resolution has not come

over from the Senate.

Is there objection to the rereference of the joint resolution (H. J. Res. 334) from the Committee on Banking and Cur-

rency to the Committee on Agriculture?

Mr. SNELL. Mr. Speaker, reserving the right to object, and I do not know anything about this specific resolution, I do not see any of the Republican members of the Banking and Currency Committee on the floor at the present time I would like to ask the gentleman from Texas if he has conferred with them.

Mr. JONES. I will state that I consulted with the only one I could communicate with, and also consulted the chairman and the ranking member of the Banking and Currency Committee.

Mr. SNELL. Mr. Speaker, will the gentleman let this request go until later in the day?

Mr. JONES. I withdraw the request, Mr. Speaker.

### THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes; and pending that I would like to make this state-

At the conclusion of the deliberations of the House to-day we will have had five days of general debate on the revenue bill. To-morrow I am going to take up the question and see if we can reach an agreement as to when general debate shall close, because it is my purpose to have liberal debate under the 5-minute rule. When the House adjourns today we will have had more liberal general debate on this bill than has ever been had, I think, on any bill, and I simply make this statement to give notice that to-morrow I am going to see if we can not reach an agreement as to when general debate shall close.

Mr. HARE. Will the gentleman yield? Mr. CRISP. I will.

Mr. HARE. The gentleman means to-morrow when the House convenes at noon?

Mr. CRISP. Yes.

Mr. BLANTON. Mr. Speaker, may I ask the gentleman a question? In case the committee should not adopt the sales tax as provided in the bill, the gentleman from Georgia would then want the bill to go back to the committee and let the committee consider and put in new provisions, would he not?

Mr. CRISP. My answer to that is that I do not admit the premise; I think the sales tax will be adopted. [Ap-

plause.1

Mr. LAGUARDIA. The gentleman is an optimist.

Mr. BLANTON. I am firmly convinced that the sales-taxprovisions now in the bill will never be adopted.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The clerk read the title of the bill.

Mr. CRISP. Mr. Chairman, I yield myself five minutes.

This morning the Committee on Ways and Means considered the question of proposing several committee amendments to the bill. The committee decided that we would offer as a committee amendment an amendment eliminating from the manufacturers' tax canned fruits, canned vegetables, canned and smoked fish and canned meats. [Ap-

If these amendments are adopted it will practically mean that all food articles, except foods of luxury, are removed from the bill. You will recall there are broad basic exemptions of food products in the bill including meat, flour, butter, milk, and so forth, and if the amendment proposed by the committee is adopted, I repeat that practically all foods used by the ordinary man, rich and poor, except foods of luxury, would be removed from the imposition of the tax.

Mr. CULLEN. Mr. Chairman, I do not want to interrupt the gentleman, but that includes smoked fish?

Mr. CRISP. Yes; I stated that.

Mr. COLTON. Mr. Chairman, will the gentleman yield? Mr. CRISP. Yes.

Mr. COLTON. What about canned milk?

Mr. CRISP. Canned milk is already exempt. Milk, under the original text of the bill, in any form is exempt.

Mr. BEAM. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. BEAM. Has the committee given any consideration to lard and sausage and frankfurters? These are the poor man's food.

Mr. CRISP. The committee has given consideration to it, but has reached no conclusion in the matter.

The committee also took up the question of exempting from the tax admissions to State and agricultural fairs. We find that under the bill, admissions to State and agricultural fairs, where no profit inures to the stockholders, are already exempt, so there is no need to offer any amendment as to

The committee also further decided to offer an amendment exempting from the provisions of the tax telegraph messages, and press messages from bona fide correspondents of newspapers conveying news, when sent collect.

Mr. SABATH. I have not had a chance to examine the bill thoroughly. I would like to ask the gentleman if perfumes are taxed or untaxed?

Mr. CRISP. Perfumes will have to pay the general manufacturers' tax of 21/4 per cent.

Mr. LAGUARDIA. Flour and meat are exempt. Has the committee considered the advisability of taxing provisions made of flour?

Mr. CRISP. Flour and seminola are exempt.

Mr. LAGUARDIA. How about the products of seminola, like macaroni?

Mr. CRISP. My recollection is that things made from that, unless a manufactured product, are exempt. Shredded wheat biscuits, fine crackers, pay the manufacturers' tax.

Mr. McCLINTIC of Oklahoma. What attitude has the committee taken on agricultural implements?

Mr. CRISP. The committee regrets levying a tax on those things, but if we are going to have any basis for revenue, we can not broaden the exemption. The committee thinks that the bill shows great equity to the agricultural interests.

Mr. GLOVER. Has the committee considered the question of exempting electric power when used for pumping for rice and general farm use?

Mr. CRISP. That matter was brought up, but the committee reached no decision. The committee at its morning session did not have time to pass on everything. It will have other meetings.

Mr. WHITTINGTON. I want to call the gentleman's attention to the fact that power for the operation of cotton gins is very important, and that a tax would be a grievous burden on cotton production.

Mr. CRISP. That is like the other proposition I referred to.

Mr. WHITTINGTON. I can think of no greater article of necessity than lard, and I should like to see that exempt. Mr. CRISP. The committee has that question before it. [Here the gavel fell.]

Mr. CRISP. Mr. Chairman, for the purpose of answering inquiries I yield myself five minutes more.

Mr. NELSON of Missouri. I would like to inquire whether there is a tax on processed eggs, like frozen eggs and powdered eggs, and so forth?

Mr. CRISP. I can not answer the gentleman's question, and I do not like to give information about things I do not know.

Mr. BLANTON. Has the committee considered the advisability of placing a tax on sales on the stock exchange, and especially a tax of at least 10 per cent on short selling?

Mr. CRISP. The committee did put a 4 per cent tax on stock loans for short selling.

Mr. BLANTON. I believe that there should be a tax of at least 1 per cent on all sales on all stock exchanges and at least 10 per cent on short selling. Did the committee consider the ill advisability of putting a tax on theater tickets, something that affords the only amusement that the poor family has? I am not in favor of that tax. Poor people have the right to see a good picture show just the same as the rich who can and will afford to pay any tax.

Mr. CRISP. The committee decided that when we put a tax on clothing, farm implements, and so forth, there was no reason why theater tickets should not be taxed.

Mr. FINLEY. The committee has shown a praiseworthy desire to take care of the home. Has it considered the idea of exempting fuel for the home?

Mr. CRISP. We have, and the committee has put a tax

Mr. SABATH. I have read in the press that people who purchase perfume and cosmetics seem to have had plenty of money, and why not put a tax on the little things of that sort, and reduce the tax on the necessaries of life?

Mr. CRISP. If we should pick out a few luxuries only, it would be impossible to raise the money, and the committee thought it was equitable to broaden the base, and not single out a few industries to bear the burden.

Mr. SABATH. That would not be true.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LANKFORD of Georgia. At present the committee puts no tax on a cold drink when served at the soda fountain, but does put a tax on that same drink, if it is purchased in a bottle.

Mr. CRISP. My understanding is that where a soda fountain buys sirup, it pays a tax. The bottlers and the manufacturers will have to pay about a cent and a half on

24 bottles of coca-cola or other soft drinks if sold by the case.

Mr. WOLCOTT. Mr. Chairman, has the committee had under consideration the matter of the exemption of chicory, when used as a substitute or an adulterant of coffee, from the tax?

Mr. CRISP. The committee has not. If I am not mistaken, the gentleman wrote me a letter about that, but we have not passed upon it.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. Martin].

Mr. MARTIN of Massachusetts. Mr. Chairman, my good friend the distinguished gentleman from Maine [Mr. Nelson] yesterday gave a most logical and convincing résumé of the opposition to the excise tax on oil. I regret his voluminous facts were refuted, not by other facts but by an unjustifiable appeal to sectionalism and prejudice. It has been my experience when a cause is lacking in facts it generally relies on personalities. In all fairness it must be admitted the opposition to this excise tax on oil is not a New England fight. Every State along the Atlantic seaboard has just as much interest in this oil tax as have we of New England, and eventually I believe every consumer of gasoline and fuel oil and oil products throughout the country will be just as keenly interested, and I do not exclude the people of the States of Texas, Kansas, and Oklahoma.

The complaint of unfairness raised by the Representatives from the oil-producing States might stand on a more substantial basis if there own record were better. My mind goes back to June of 1930, when the shoe workers were appealing for a duty on shoes. I can remember, as if it were but yesterday, when the distinguished Speaker of this House moved an amendment which would have placed shoes on the free list and deprived the shoe workers of their protection. Where then were the voices of protection from the oil States?

Yesterday when I looked over the roll call I almost went blind as I tried to find a vote favorable to the shoe workers from the great State of Oklahoma. There was but one vote cast for the shoe workers from Texas, the empire State of the South, and that was cast by a splendid Republican Representative who has gone to his eternal resting place, one whom we all loved and admired for his sterling character and the fine service he rendered to the Nation. When I came to the State of Kansas, I found but one man who voted for a duty on shoes, and, strange to say, it was not the gentleman whose voice rang out here so eloquently yesterday. I am not criticizing the Representatives of the oil They voted as they believed they ought to vote; they voted as they believed their districts wanted them to vote. I can not find fault with that. But having done so, they can not with good grace criticize the gentleman from Maine [Mr. NELSON] when he comes up here and talks about a tariff on an item that has no place in the bill now pending. This item is distinctly a tariff item, and that is being included as a rider on a tax bill.

Mr. Nelson has a right to debate, even if he does come from New England, the inclusion of the subject matter of tariff in a tax bill, particularly when it is a commodity which is outside of the past tariff policy of the country. He has a right to debate a tariff item which has been disapproved by the platforms of the two great major parties of this country, and he has a right to do that without being subject to personal attack. We of New England have been taunted with boycott, retaliation, and reprisals. My answer to that is this: It is not new for New England.

We have been through that many times, as far back even as the days when the American colonies were subject to Great Britain. We could not be bullied in those days, and we can not be bullied to-day. It would be much easier and pleasanter in my personal relations here if I could sacrifice the interests of the people of my State and accept this bill as it stands with all its tremendous burdens. But the people of my State expect, and they have a right to expect, I will represent them faithfully and with the same loyalty as the able men from the oil-producing States represent the views

of their people. This I propose to do even if it does bring criticism.

I can not fail to consider this measure means an increase in the cost of gasoline to every farmer and automobile owner; I can not fail to recognize it means an average cost of increase of \$27 in the fuel bill of more than 100,000 homes in Massachusetts which burn oil in their heaters; I can not fail to consider this tremendous boost in the cost of fuel oil to the big industries in the eastern part of my State may well means the closing of some establishments with its consequent misery to thousands of workmen.

With this picture in mind, I can not sacrifice my people to make my own personal relations here a little pleasanter.

This feature of the bill is neither equitable nor just, does not rightfully belong in a tax bill, and will bring disaster to thousands of people. This heavy burden of a duty on oil falls not on New England alone, although it is particularly oppressive to my section of the country. Every State along the Atlantic seaboard feels it just as keenly as New England; and eventually, once a monopoly has been created for the oil producers, it will be felt by every consumer of gas and fuel oil in the country.

If this tariff is effective, it must do one thing, and that is to establish an embargo and "jack up" the prices of fuel oil and gasoline. If it does not do this, then the proponents of this legislation will be sorely disappointed. Let no Member who votes for this clause deceive himself upon this point. If he supports the committee proposal, he is voting to increase the cost of fuel oil and gasoline to the millions of consumers.

If this legislation is an embargo, then it has no place in a bill which is designed specifically to increase the revenue of the Government. If this legislation is not an embargo, then it will be no aid to the oil-producing States, and all that it will accomplish will be to place a heavy burden upon users of oil and gasoline in a period when it should be the purpose of the Government to assist rather than destroy enterprises which are struggling under adverse conditions; all gallantly trying to give employment to thousands of people, notwithstanding the fact that at the end of every month a deficit is written into the books. Either way you look at the question you are forced to the conclusion it is unwise legislation.

Who will benefit from this tariff? The small, independent oil company with whom we have sympathy and who has led the fight for this legislation? Unfortunately that will not be the case. Write this tariff into law and you make every person in this country pay tribute to a rich and powerful industry. In the words of George M. Cohan, the famous playwright, "Let us pass the hat for the Rockefeller family, poor devils." I noticed down in Florida the other day John D. ran out of the dimes he recklessly distributes. Pass this bill and his supply will be well replenished.

The immediate effect of the passage of this legislation will be to increase the price by 1 cent a gallon on the 665,870,000 barrels of oil in stocks in this country or, translated into money, an assessment of \$279,665,400. Of this vast storage of oil, the 20 big oil companies of the United States gather in 95.6 of the melon. Heading the list of beneficiaries is that infant industry, the Standard Oil Co. of New Jersey, with a rake-off of \$66,604,800; and then in the line comes the big brother, the Standard Oil of New York, the Texas Co., Standard Oil of Indiana, and numerous other Standard Oil subsidiaries.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. Not now. Unfortunately this is the beginning and not the end. Everybody knows the big oil companies of this country work in close harmony, and if an embargo is placed on imports the consumers of this country will be forced to pay a tremendous price before the adventure is ended.

This tariff is not in order in this particular bill, and even if it was it would not be justified in the spirit of American tariffs. An industry which exports more of its products than it imports is not in any particular need of governmental assistance. It has been able to go into the foreign markets

and win a substantial trade in competition with foreign companies. The exports of oil products in every year have been larger than imports. The industry has actually exported in 1931 more crude oil than in the previous year, while imports have substantially declined.

There is also to be considered the policy of conservation. Is it wise to deplete all our oil reserves in our period and leave the country entirely at the mercy of foreign countries

in the next or succeeding generations?

It was because of this policy of conservation the Government was prompted to urge American capital to go into Mexico, Venezuela, and Colombia to develop these fields. Having urged the opening of these fields, whose operations are directed chiefly by American nationals, are we treating them fairly now to say their products can not enter the markets of the United States? That is worth thinking about.

It is a new departure in a tariff policy that we are asked to make. No flat tariff has ever been laid on any fuel. Fuels of all sorts are articles of prime necessity in all production, agricultural and industrial; and protective tariffs aimed to protect and encourage American industry have always heretofore logically admitted all fuels free. Such a radical change should come, if it is to come, in a tariff bill.

The industries and people who consume this fuel and gas are patriotic American citizens. They are willing to bear their full share of any tax which is imposed to balance the Budget and pay the tremendous cost of Government. All they ask is that in a tax bill the burdens be evenly distributed and disguised tariff items be eliminated.

As it is, in the so-called sales tax, they will be called upon to bear a tremendous burden. Is it wise to make that burden heavier with this fuel tax?

The next phase is to consider the contribution to the balancing of the Budget. The Ways and Means Committee, in its report, estimates the revenue at \$5,000,000. The Treasury Department, when queried as to the revenue which would be derived from a 1-cent tax on crude and fuel oil, answered "Nothing."

Summing up, we find little, if any, revenue is anticipated from the item, and consequently, we must believe it is in the bill solely for the purpose of getting support for the bill from several Southwestern States. For this support, millions of American consumers of gas and crude oil are to have extracted from their pockets many millions of dollars.

Let me point out a few of the items gathered at random, which tell what it means to the struggling industries of my section of the country. The municipal light plant of Taunton will pay \$40,000 a year more, and that cost will be sent along either in the tax rate or higher lighting rates. The Whittenton Manufacturing Co. of Taunton will pay \$30,000 more for its fuel; the Mount Hope Finishing Co. of Dighton will pay \$80,000 a year more; the American Printing Co. of Fall River, \$157,000 more; the Sayles Finishing Co. of Pawtucket, R. I., \$125,000; and one of the Lawrence mills, \$200,000. The Plymouth Cordage Co. will also feel it heavily. These are only instances. Put this tax on these industries this year and you will deprive thousands of working people of employment.

We have been trying to build up a merchant marine in this country. No industry will be more severely hit than American shipping. Probably the only American coastwise shipping firm which is doing business at a profit is the Eastern Steamship Co. of Boston. This duty will cost that concern \$286,500.

This duty will deprive the great Atlantic seaports of the opportunity of selling "bunker oil." None of the big steamships will load here when they can do so abroad and avoid the tariff. A New York newspaper estimates this loss to New York City above 20,000,000 barrels a year. It is easy to visualize the jobs which will be lost in the area of New York City.

If there is one industry which has been prosperous in the past year, it is that industry which installs oil equipment in the homes. Over 100,000 homes in Massachusetts have been equipped and probably a million homes in the country

as a whole. One man well informed told me he estimated it would cost him \$27 a year if this duty goes into effect. Every person burning oil in the East will pay a similar tribute.

When we contemplate the cost to automobile owners, it is impossible to estimate. I repeat the only purpose of this legislation is to keep out all foreign oil and gasoline. Accomplish this end and the big companies which dominate the domestic market will be in absolute control. Is there anyone guileless enough to believe they will be more solicitous of the consumers than in the past when they accumulated fabulous profits?

To-day we find all the big companies in the East, and I presume it is the same in the West and the South, all working in complete harmony. Increases in gas prices are announced simultaneously and every company exacts the same price. The same conditions, quite often unfair conditions, are forced upon the dealers. The gas-station owner is forced to bow to these regulations or else he is out of business. Give these companies an absolute monopoly and the American consumer will pay a bill which will in the end demand Government regulation.

In conclusion, may I repeat what I said in the beginning. This is not a New England fight; it is a fight in the interest of consumers of gas and fuel oil in every part of the country.

If this battle is won by the powerful oil industries, the American consumer in every State can become reconciled to paying the heavy costs of this unwise departure from a traditional American policy. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, I shall not at this time discuss any details of the provisions of the pending bill. I may do that at some other time during the debate.

I desire now rather to show some of the fundamental reasons which impel me at this time to support this bill for an increase of Federal taxation. I am satisfied that the bill, as written, is as fair and as well balanced for the purpose of distributing the new and increased taxes as could be expected. Let me say, also, that the work of the Ways and Means Committee during the last two months has been the most distressing within my experience in this House. Perhaps I should feel compensated to some extent by the fact that I previously had the pleasure of assisting my colleagues upon the committee on three occasions in reducing the taxes of the people of the United States. However, at this time a very serious problem and a very dangerous situation confronted the committee. It seemed to me, at least, that a national emergency has arisen to which we must give immediate attention. The rising deficits in the Federal Treasury must be eliminated as soon as possible. The pending bill is estimated to produce the \$1,241,000,000 that will be necessary to balance the Budget for the fiscal year 1933. In one way or another our Budget must be balanced.

Mr. Chairman, the pending revenue bill, H. R. 10236, is essentially a temporary measure for the increase of the revenues of the United States to meet the deficit in the income of the Government caused by the reduction of tax payments under the existing law, the revenue act of 1928. The necessity for this legislation will appear from a brief résumé of the state of our national finances during and since the World War, which revolutionized our entire fiscal system by reason of the extraordinary drains on the Federal Treasury resulting from it.

At the close of the fiscal year 1915—that is, on June 30, 1915—the total gross debt of the United States was \$1,191,-362,078.53, against which there existed in the general fund a balance of \$158,141,780.79, making the total net cash indebtedness of the United States \$1,033,220,297.74. In the fiscal year 1916 our national debt began to increase, until at the close of the fiscal year 1919, on June 30, 1919, it reached the total sum of \$25,484,506,160.05, against which there was a cash balance in the general fund of \$1,251,664,827.54, making a net cash indebtedness of \$24,232,841,332.51. Debt reduction began during the fiscal year 1920 and ended with the fiscal year 1930, during which 11 fiscal years the national

debt was reduced by the total sum of \$9,299,196,328.62. Even during the last of these years, which closed on June 30, 1930, our national debt was reduced by the large sum of \$745,778,652.67, and at the close of that year there was a cash balance in the general fund of \$318,607,168.11.

As a matter of fact, the debt reduction in the fiscal year 1930 compared very favorably with the debt reduction in the preceding year 1929, when it was \$673,204,717.33, and in the fiscal year 1928, when it was \$907,613,730.42. It is, therefore, plain that the deficit, which appeared in the fiscal year 1931, and which for that year amounted to \$902,716,-845.07, came upon the Government suddenly by reason of the enormous losses in the income of our people during the calendar year 1930. This is shown by the fact that the income-tax collections during the fiscal year 1931 amounted to \$1,860,040,497.39, as against \$2,410,259,230.28 during the fiscal year 1930, showing a decrease of \$550,218,732.89, or 23 per cent. During the second six months of the fiscal year 1931 income-tax collections diminished 39 per cent as compared with like collections for the second six months of the fiscal year 1930. The larger decrease was in the income-tax returns for individuals, which was \$313,196,965.31, as compared with \$237,021,767.58 for corporations.

It is notable that during the fiscal year 1931 the miscellaneous internal revenue collections amounted to \$568,-188,256.83, as compared with \$629,886,502.89 for the fiscal year 1930, a decrease of \$61,698,246.06, or only 10 per cent. Also, the customs receipts during the fiscal year 1931 amounted to only \$378,300,000 as compared with \$587,000,000 during the fiscal year 1930, a decline of \$208,700,000, or about 36 per cent. It appears plain that the loss in customs receipts followed along with the loss in income or purchasing power of our people, while the receipts from excise taxes were more stable, because they were levied upon articles, principally tobacco, the consumption of which was not exceedingly reduced, though transferred to different forms, as, for instance, from cigars to cigarettes.

The total loss in revenue for the fiscal year 1931, as compared with the fiscal year 1930, was \$861,000,000. However, the actual expenditures of the Government during the fiscal year 1931, were only \$225,000,000 in excess of those for 1930, so that the change from a surplus of \$183,789,214.90 in 1930 to a deficit of \$902,716,845.07 in 1931 can not be laid to an increased expenditure in 1931.

While the total deficit between receipts and expenditures for the fiscal year 1931 was approximately \$903,000,000, the net increase of the national debt was actually \$615,971,660.28, by reason of payments made on account of principal through the sinking fund, amounting to \$440,000,000, and the increase of the cash balance in the Treasury during the year by \$153,000,000. However, it became necessary during the fiscal year 1931, to sell securities in the amount of \$507,000,000 to finance loans to veterans on their adjusted-service certificates, and therefore the total of new money taken out of the market by the Federal Government during the fiscal year 1931 was \$1,123,000,000.

Much has been said about the retirement or reduction of the national debt during the fiscal years 1920 to 1930, inclusive. It has been argued that these reductions were so large and so far in advance of sinking fund requirements that we may now safely increase the national debt by at least a corresponding amount and thereby avoid increased taxation at the present time. Of course, it is a novel argument that because indebtedness has been reduced in good times, it should be increased in bad times. The truth is, however, that with the application of the actual sinking fund requirements we have practically made no advance upon the reduction of the national debt beyond that intended or anticipated by the legislation passed by Congress in the authorizations for the Liberty and Victory loans for the prosecution of the war. In other words, the Government has little more than kept its actual pledge to the people when the enormous bonded indebtedness for the war was incurred. Of the \$9,299,196,328.62 actually applied on debt reduction since July 1, 1920, the following amounts have

146, 620, 599. 09

2, 409, 863.31

been received and applied upon the debt in strict accord- | occur? There are certain fixed charges and assumed obliance with provisions of law, viz:

Out of ordinary receipts for the cumulative \_ \$3, 187, 468, 300.00 sinking fund\_ Repayments of principal by foreign governments:

376, 904, 500, 00 In cash 205, 446, 800, 00 In United States bonds and securities\_\_\_ Payments of interest by foreign govern-ments in United States securities not re-issuable under the law and therefore au-906, 369, 150.00 tomatically applied to debt reduction \_\_\_. Other miscellaneous receipts, specifically allotted to debt retirement, as follows:

Franchise tax receipts-Federal reserve banks\_ Federal intermediate credit banks\_ Federal estate taxes paid in bonds and se-

66, 182, 600. 00 15, 224, 281. 75 curities not reissuable. Gifts, bail-bond forfeitures, etc\_\_\_\_\_

These various items make a total of \$4,906,626,094.15, which has been applied upon the retirement or reduction of our national debt pursuant to and in accordance with requirements of law, without reference to surpluses from time to time existing in the Federal Treasury.

In addition thereto the total sum of \$4,432,570,234.47 has been applied during these 11 years in reduction of the national debt from surplus receipts (\$3,459,512,575.04) and through reduction in the general-fund balance (\$933,057,-659.43). This sum of approximately \$4,432,000,000 may be said to have been applied upon the national debt in acceleration of legal requirements, with the reservation, however. that this amount may well be claimed to have been applied on the debt in lieu of the much larger amounts which were due our Government from our foreign-government debtors under the original terms of the advances to them. But even this amount of \$4,432,000,000 will be largely swallowed up in the deficits for the fiscal years 1931 and 1932, particularly when it is recalled that neither during the fiscal year 1932 nor the fiscal year 1933 is it contemplated to reduce the national debt even to the extent required by the sinkingfund provisions. The deficit for the fiscal year 1931 is over the dam. It amounted to \$903,000,000. The deficit for the fiscal year of 1932 is conservatively estimated at \$2,240,-000,000, not including the \$500,000,000 already appropriated for the capital stock of the Reconstruction Finance Corporation and the \$125,000,000 already set aside for additional capital for the farm loan banks. These amounts aggregate \$3,768,000,000 and the end for this session is not yet.

At the close of the fiscal year on June 30, 1931, the gross national debt was \$8,683,000,000 smaller than on June 30, 1919; but of this amount \$4,906,000,000 had been applied upon the debt automatically in accordance with existing legislation. Are we now to cast aside the small balance of probably \$600,000,000, which will represent our good works in tax reduction during an unprecedented era of national prosperity, largely due to unhealthy inflation, and which will probably be reduced by further expenditures ordered by this Congress? By July 1 next our national debt will again reach the figure of \$19,600,000,000, where it stood on July 1, 1926, before our late "boom" period, and any new appropriation made hereafter will increase that amount. Can we afford to permit our public debt to increase without attempting to balance the Budget? New bonds, new loans, will mean so much additional public debt, with increased annual payments for interest and amortization. It is a vicious circle, with a dangerous adder coiled in its center ready to spring at the throat of our national credit.

The Budget submitted by the President for the fiscal year ending June 30, 1933, contained total estimated expenditures of \$4.112.009.950. This was a reduction of \$369,243,450 below the expenditures for the fiscal year 1932. The pending bill, in order to secure the balancing of the Budget, assumes reductions in appropriations below the Budget estimate of \$125,000,000 and increased revenue through legislation affecting the Post Office Department of \$25,000,000. The alternative to increased taxes would be a further reduction of the expenses of the Government. Where might such reductions

gations which in all probability could not be materially reduced. These aggregate \$2,814,769,200 and are distributed as follows:

For payment of principal and interest on the public debt falling due during the fiscal year 1933\_\_\_ \$1, 136, 803, 400 For national defense (military and naval expenditures) \_\_\_\_ 694, 805, 800 For compensation, disability allowance, and hospitalization for veterans of former wars\_\_\_\_\_ 933, 160, 000

The administration of the absolutely essential governmental departments is estimated at a total cost of \$386,-819,400. Expenses out of trust funds for refunds of taxes and for the government of the District of Columbia are estimated at \$189,161,100. There remains a group of activities of the Federal Government estimated to cost during the fiscal year 1933 the total sum of \$722,160,250, which are not in the ordinary sense governmental but which relate to the welfare of the people in many relations and represent services and interests which have widespread sympathy and support throughout the country. Broadly speaking, these services and interests are public health; education; conservation of national resources; aids to agriculture, labor, aviation, industry, and trade, and the merchant marine; and public buildings and public parks. It would be possible to curtail the activities of many of these departments and bureaus and to permanently eliminate some of them from the National Budget, but it is as certain as night follows day that vehement and voluminous protests would descend upon the Congress from millions of people who are interested in the maintenance of these activities.

Personally I have opposed some of these expenditures in the past and will do so in the future. I believe not only the people of the States and of the Territories and of the District of Columbia have grown to rely too much upon the assistance of Uncle Sam but I am also convinced that the States and their Representatives have deliberately placed upon the Federal Government burdens which the States and local communities should themselves bear. In fact, the relationship between the Federal Government and the States should be one of the great issues in our country to-day. If the Federal Government is to continue giving aids and subventions to the States in the performance of the functions which under our system of government properly belong to the States alone, there should be an entire reorganization of our system of National and State administration. The National Government has practically no domain of its own which is served by these expenditures. They benefit and promote local interests and local institutions and in no sense pertain to the obligations of a central government to the populations of sovereign States. I shall list some of these bureaus and services, with the expenditures actually made for each of them during the fiscal year 1931, the last such figures which are available:

Independent establishments: ederal Board for Vocational Education\_\_\_\_\_ \$10, 285, 405 1,880,000 Federal Farm Board .... Federal Oil Conservation Board 17,500 362,010 Federal Power Commission\_\_\_\_\_Federal Radio Commission\_\_\_\_\_ 431, 360 Federal Trade Commission

National Advisory Committee for Aeronautics 1, 266, 500 Department of Agriculture: Office of Experiment Stations\_\_\_\_\_ 10, 428, 060 15, 319, 127 5, 404, 358 Bureau of Entomology\_. 2, 656, 395 Bureau of Biological Survey\_\_\_\_\_\_ Bureau of Public Roads\_\_\_\_\_ 1, 794, 710 109,000,000 Bureau of Agricultural Engineering

Bureau of Agricultural Economics

Bureau of Home Economics

Bureau of Plant Quarantine 525 200 6, 735, 953 234, 365 3, 293, 005 219,833 1,730,267 41,325 Building forest roads and trails\_\_\_\_\_ 9, 500, 000

Department of Commerce:	
Aeronautics Branch	\$8,929,660
Radio Division	598, 500
Bureau of Foreign and Domestic Commerce	4, 986, 531
Bureau of Fisheries	2, 337, 640
Bureau of Mines	2,064,530
Department of the Interior:	
Bureau of Reclamation	14, 368, 360
Geological Survey	2,904,000
Bureau of Education	3, 034, 600
Department of Labor:	
Children's Bureau	\$395, 500
Women's Bureau	179, 900
Employment service	820,000
Treasury Department:	
Federal Farm Loan Bureau	1, 011, 500
Public Health Service	11, 607, 498

These expenditures total the sum of \$242,984,491. The list is not submitted for the purpose of suggesting or approving action in any particular case, but it shows the nature of the establishments which might be subjected to radical cuts in expenditures without affecting the real governmental functions of the Federal administration.

Among the foregoing activities are many for which the Federal appropriations are expended by direct payments to the States and for cooperative work with the States, these being in fact activities of the States to which the Federal Government makes contributions. Such appropriations for the fiscal year 1932 included the following:

(a) For direct payments to the States:

)	For direct payments to the States.	
	Federal Board for Vocational Education Federal water power act	\$9, 694, 000.00 58, 275.00
	Agricultural experiment stations	4, 357, 000, 00
	Agricultural extension work	8, 672, 936, 00
	National forest funds	1, 640, 000.00
	Forest fire cooperation	1, 775, 000. 00
	Cooperative distribution of forest planting	
	stock	95, 000. 00
	Cooperative construction of rural post roads	159, 000, 000. 00
	Federal-aid highway system (total in Depart-	total and calculations
	ment of Agriculture, \$234,611,869.76)	59, 071, 933. 76
	Colleges for agriculture and mechanic arts	2, 550, 000.00
	Payment from receipts under mineral leasing	
	act	1, 500, 000. 00
	Various special funds (total in Department of	
	the Interior, \$4,707,000)	657, 000.00
	In the Navy Department, for State marine	
	schools	100, 000.00
	In the Treasury Department, to promote the	
	education of the blind	75, 000, 00
1	For cooperative work with the States:	TENED TO SECTION
	In the Department of Agriculture—	
	For forest roads and trails	12, 500, 000, 00
	For cooperative farm forestry	74, 000, 00
	In the Treasury Department, for the Public	
	Health Service—	
	Preventing the spread of epidemic dis-	
	eases	400, 000. 00
	Interstate quarantine service	68, 040, 00
	Studies of fural sanitation	2, 338, 000. 00
	- I I - I - I - I - I - I - I - I - I -	2,000,000.00

The total of these aids to the States aggregate the following:

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For direct payments	\$249, 246, 144, 76
You direct payments.	
For cooperative work	15, 380, 040, 00

Grand total of Federal aid to the States during the fiscal year 1932\_\_\_\_\_\_ 264, 626, 184. 76

Among the items for direct payments to the States I have omitted two which are sometimes listed among the foregoing, but which, in my opinion, relate to the national defense, clearly one of the necessary functions of the Federal Government. These items are:

With the exception of these two items relating to the national defense, all of the foregoing services are, strictly speaking, not governmental in character. They are activities and services in the Federal administration which are not essentially necessary for the maintenance of the Government and of our institutions as planned by the fathers of the Republic. Under the welfare clause in the Constitution we have, during the course of the years, generously built up a multitude of organizations and departments which serve very beneficial purposes, which are very convenient and very desirable for the people but which, in time of se-

rious distress, in time of a great emergency, and in a time of actual depression and loss of governmental revenues, might well be curtailed or postponed for a while.

I know I will be branded as a reactionary by many for making these suggestions and even for mentioning these services. I can see the spirit of Theodore Roosevelt stalking in these halls when anybody says something which might mean the curtailment of our policy of national conservation of natural resources. I can see many powerful organizations arise in their might when it is suggested that some of these activities might be reduced. But I submit seriously that many of these services might await a happier day in our financial situation for further Federal appropriations.

But we have another school of thought in this emergency. We have a new generation of greenback and freesilver economists. Even in this House there are those who would substitute printing presses and minting machines for the only force, aside from nature itself, which ever produced wealth, viz, human labor. We are told that government, forsooth, can produce values by dictum or fiat. These gentlemen would say: "Let there be wealth and, behold. there is wealth!" They would usurp the omnipotence of the Almighty, the omniscience of the All-Wise, the creative power of the Infinite. Thank God, our Nation is strong and efficient; we believe it represents the best of mankind; we are probably the best-favored people on earth; but we can not create values by mere word of mouth or stroke of pen. Nor will the beneficence or even the necessity of our purposes help us in overriding the laws of economics any more than the laws of nature.

Yet another, somewhat similar expedient is being proposed. It is thought and argued that we can continue borrowing indefinitely. During the war we succeeded in selling enormous amounts of national obligations by appealing to the patriotism of the people. Five million of our sons were in the military and naval service of their country. Many of those who remained at home had large incomes, which were paid out of the very money that was subscribed and invested in bonds. Patriotism was at the highest pitch in our history.

I personally headed an organization which canvassed a large population from house to house and from family to family and which permitted no one to escape from the purchase of Liberty and Victory bonds. Gentleman would apply those high-pressure methods now in selling peace-time securities. In my humble opinion it can not be done. Our bonds now will have to sell on their merits. Purchasers must be assured not only of adequate but absolutely certain returns. Low-interest securities can not be sold on a falling market except for very short terms which appeal to holders of large funds as a desperate means of getting some return for unprofitable holdings. Low interest on shortterm Federal securities is proof of an unhealthy economic condition. So also is high interest on long-term bonds. Both such transactions show an unwillingness and timidity in investing money for agricultural, industrial, and commercial purposes, which, after all, are the blood streams of our economic being.

Government securities find buyers, because the private pursuits of the people are not considered safe for investment. Such a situation does not promise well for the return of prosperity. Hoarding can be done in banks and unproductive securities as well as in vaults and mattresses. Funds, so hidden, do not benefit production and trade or give employment to the jobless. Besides, increased outputs of securities will increase the interest rates, not only on Government obligations, but on private investments as well. We get into another vicious circle where high money rates freeze assets, that should and would be available for reasonable returns from private enterprise, if the Government were not a competitive salesman of securities at every turn.

To my mind there are only two alternatives for the Congress, for wise and patriotic statesmanship, in the present unfortunate condition of the national finances. A combination of both would doubtless be the most satisfactory solu-

tion all around. The Budget must be balanced. Our income will not pay our outlay. What would a prudent man do in his own business, in like circumstances? Seek to reduce his expenditures and increase his receipts. The House Appropriations Committee has done commendable work in cutting the supply bills even below the Budget estimates. But it is their duty, after all, to propose allowances—as economical as possible, it is true, but reasonably adequate-for the agencies lawfully created to perform the functions of the Government. The present situation requires more than that. It requires, as I have said, the elimination, temporarily or permanently, of services and establishments, not absolutely necessary for the maintenance of the Federal Government in its constitutional operations. The Select Economy Committee, appointed by the House and given plenary powers, will be able to give consideration to the large aspects of this question. I urge them to act.

Our foreign relations, the national defense, the regula-tion of interstate and foreign commerce, the post-office service, and other matters specifically mentioned in the Constitution, including the preservation of the sovereign rights of the States-those are the chief concerns of the Federal Government, to whose exclusive attention we should address ourselves, particularly at a time when Federal revenues are inadequate and the States and local authorities are encroaching upon the taxing resources of the Republic. In spite of all of the expenditures by the Federal Government, outside of its own specific jurisdiction in and for the States, proposals for Federal taxation are constantly confronted with objections that the States have preempted some revenue field or that some special local condition created by the State itself renders the proposed Federal tax imposition inconvenient or unfair. I sometimes wonder whom we represent here, after all. Shall we legislate for this, that, or the other State, or for the United States of America? And if we do not protect the interests of the Federal Government, who is there to do it? Are we here to get all we can out of the Federal Government or should we give something to it? Are not these pertinent questions in the present inquiry? Should we not, must we not, subordinate local and even personal considerations in this national emergency which may involve the very permanency of the Republic? The national credit is at stake; the perpetuity of our institutions is involved in the balancing of this Budget, so necessary to restore confidence and stability. France recovered through economies from the greatest devastation wrought by the World War; Great Britain imposed tremendous tax burdens to regain financial stability: the German Republic has given new proof of commendable stamina in the face of enormous difficulties; shall we falter or stumble in the path of national honor on the road to prosperity, happiness, and peace? I am sure we shall not. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I was particularly pleased this noon to hear the chairman of the committee state that the committee would offer amendments to the bill taking off the tax on canned foods.

I think this will be of particular benefit to the farmers of the country, and I know it will be of particular interest and benefit to the farmers of my district. During the past few days I have received upward of 200 communications from the farmers of my district protesting against this tax, and I know now that in view of the fact the committee has recommended this amendment that this tax, of course, will not be imposed. I think it might be interesting, however, to refer to one of the communications I received from a prominent farmer of my district, a man who is representing his community in the American Society of Equity, a man who is a member of the Wisconsin State Legislature.

Last year he planted 10 acres of peas on his farm. Those of you who are familiar with the procedure of the canneries know that the cannery furnishes the seed to the farmer and charges him up with the value of the seed to be paid at the time the crop is harvested. Last year, after this particular farmer had settled up with the company, he owed the company \$9.75; in other words, he got \$9.75 less for his crop than it cost him for the seed, and he was obliged to perform all the work, provide the land, prepare the land for the seed, and harvest the crop. It was a total loss to him, and still, at the present time, we are considering a bill that will put a further burden on the farmers of this country. Although practically everything the farmer produces is exempt from this tax, nevertheless practically everything he buys is subject to a tax.

The farmer must pay 21/4 per cent as a tax on practically everything he buys, including all of his machinery and everything he buys to provide his family with the necessities of life.

I am glad that there is to be no tax on foodstuffs, because such a tax would be a heavy burden on the laboring man living in the city. We all know that he should not be required to pay additional taxes. I want to call your attention to the fact that a large part of all the money earned by the laborer is spent for rent and food. This is the bulk of his expenditure, and I am glad these items are not to be taxed. None of the necessities of life should be subject to a sales tax. The farmer, however, who is already suffering from too great a tax burden, must pay a tax on practically everything he buys, and therefore he is not getting a fair deal in this proposal. The farmer is paying too much of a tax and would carry even a greater burden under this bill than he is under existing law.

Mr. RANKIN. Will the gentleman yield?
Mr. BOILEAU. Yes.
Mr. RANKIN. The gentleman is mistaken about the food of the man in the city not being taxed, because, for instance, lard and lard substitutes, and things of that kind, are taxed under this bill.

Mr. BOILEAU. I thank the gentleman for the correction. I meant to say that a large percentage of the food of the man in the city would be exempt from taxation; but there are some commodities that are still taxed that ought not to be taxed, especially when there are so many of our people who are unable, under present conditions, to get enough money to buy the necessaries of life for themselves and their families.

I am absolutely opposed to a sales tax of any kind, because it is contrary to my idea of what a proper tax should be.

I believe we are going a long way from sound principles of taxation when, instead of placing the burden of taxation where it can best be carried, we place it upon the shoulders of those who are already overtaxed and who are already so overburdened that they find it impossible at this time to provide their families with a decent living.

We have also included in the bill a tax on amusements. It seems that every possible avenue has been thoroughly explored to see where there could be found some way of placing a tax on those who are least able to pay it. I maintain that a tax on the poor man's entertainment, the moving-picture show, is unfair and unjust, and I believe it is absolutely contrary to American principles to say that when a man provides his family with the luxury of a moving-picture show he must pay a penalty or must pay a tax before his family can enjoy that privilege. I am absolutely opposed to this amusement tax, and I hope the committee will strike this provision out of the bill when it is up for consideration under the 5-minute rule.

You may ask, and fairly, I believe, how we can raise a sufficient amount of money with which to carry on our Government. I believe this can be done easily and be done in such a way that the American people will not resent the tax but, in fact, will be pleased with having the opportunity of paying it.

I maintain that the American people are anxious that this Congress give them the right to engage in an industry that will not only satisfy the wishes of the vast majority of our citizens, but will also provide a great amount of needed revenue. I refer to the opening of our breweries and providing for a tax on beer.

Mr. GUYER. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. GUYER. Who is going to drink the beer?

Mr. BOILEAU. The people will drink the beer in those States that want to legalize beer.

Mr. GUYER. It is a poor man's drink, is it not?

Mr. BOILEAU. Yes.

Mr. GUYER. And he is the man who is going to pay that \$1,000,000,000 tax. Why do you want to saddle this tax upon the back of labor?

Mr. BOILEAU. I want to tell the gentleman that the people of the State of Wisconsin will gladly pay their share of the tax on beer.

Mr. GUYER. It is the poor man, however, who will pay the tax.

Mr. BOILEAU. The poor man will pay it if he wants to drink the beer. At the present time he can not drink the beer without violating the law, and I submit that the people in the States that want the beer will pay the tax gladly, and there is no State of the Union that will be obliged to legalize beer even if Congress does modify the Volstead Act. This matter should be left to the various States.

Mr. OLIVER of New York. They are paying the tax now to the bootlegger.

Mr. BOILEAU. They are paying now a very heavy tax to the bootlegger.

Mr. CHIPERFIELD. If the poor man can afford to pay the tax the gentleman mentions, why can not the poor man better afford to pay the sales tax? [Applause.]

Mr. BOILEAU. I will submit to the gentleman that the people of my home city of 25,000 population had three small breweries going before this prohibition law; and I want to say to the gentleman that if they were permitted to go ahead and make beer, these breweries would give steady employment all the year around to at least 100 men, and there would be 100 additional wage earners in my city. In addition to that, these three breweries are now in a state of collapse, so that at least 100 men would be given temporary employment to put the breweries back in proper condition. I submit that if these breweries were put back into operation they would give employment to quite a large percentage of the men who are unemployed, and these men would again be consumers, and they would again be in position to buy the manufactured products of other men engaged in other industries. I submit to you that the people of the State of Wisconsin and the people of practically every other State except Kansas, according to the Literary Digest poll, would be very pleased to have an opportunity to pay this tax. I may say to those of you who live in dry States, or States that are presumably dry, that I can not see why you should object to the people of my State paying this tax if they want to.

Mr. GUYER. I will tell the gentleman why. We do not want to put the burden that the gentleman is talking about on the poor man who is going to drink this beer.

Mr. BOILEAU. I have heard all kinds of arguments in favor of prohibition, but I have never before heard anybody holding out for prohibition in one breath and in the next breath saying that he is doing it to prevent the poor man from paying the tax. The American Federation of Labor represents the poor man. What is their sentiment? They have gone on record favoring a return of beer. Practically every organization or association in this country that has had a poll on this subject in recent years has unequivocally gone on record in favor of the restoration of this industry, not only as a means of raising revenue but also to give to the people something they want and to restore in this country a proper respect for law and order and give real relief to a vast number of people who are now unemployed, who would find employment if the Volstead Act were modified to legalize the manufacture and sale of beer.

Mr. McGUGIN. If we were to set aside the manufacturers' tax and the admissions tax, this would mean we would have to raise about \$700,000,000; is not that right?

Mr. BOILEAU. Approximately.

Mr. McGUGIN. What percentage of tax on beer would the gentleman think proper?

Mr. BOILEAU. Three cents on a pint of beer. Mr. McGUGIN. What percentage would that be?

Mr. BOILEAU. It would be much higher than 21/4 per cent, but the people would gladly pay it.

[Here the gavel fell.]

Mr. McGUGIN. Then the gentleman thinks the country could stand to pay \$15,000,000,000 for beer.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. NoLAN].

Mr. NOLAN. Mr. Chairman, I have sat here during the past few days listening to the discussion of the bill now before us, and from that discussion I am led to believe it is absolutely essential that we find some way to balance the Budget. I have been told also that the only way we can successfully do it is to pass this revenue measure.

I have listened to an appeal to patriotism on the floor of the House, insisting that it was the duty of every Member to support this measure as the only method whereby we can meet the present emergency.

I listened to the acting chairman of the committee deliver very clear, informative, and impressive discussion of the merits of the bill and the conclusions to which the committee had arrived. I want to compliment the committee on the work which they have done; but I do not feel as a Member of the House, in spite of the fact that we must pass a revenue measure, that I should accept everything in the measure.

There are some portions of the bill I want to support, and some I can not support. I am opposed to the sales tax. I am opposed to it because I do not believe that it is a defensible system of taxation.

We have found by experience that there is one tax that is equitable and fair, one which reaches those that should bear the burden of taxation, and that is the income tax.

We are told that it is impossible to secure sufficient revenue from the income tax to balance the Budget. I want to observe that there is not a cent paid in taxes but must come out of the income of the people, whether you take it by direct assessment on the income or by the indirect method.

One of the difficulties of the farmers at the present time is that they have not enough money to pay the direct taxes imposed upon their property. Their income is not sufficient to meet the taxes, and that is why a great many farmers find themselves in the unfortunate financial position that they are in. You may say that they are to blame for thisthat they are responsible in part—as we all are for the condition we are in at the present time.

For years there has been an effort in this country to induce Congress to pass a sales tax. It is un-American, and Congress would not consider it, if it were not brought up in this time of emergency. But they say it is a temporary measure. I feel that if this sales tax is adopted we never will get rid of it.

The strong argument in favor of a sales tax is that it is easy to collect and is a painless system of taxation. That is true. People get accustomed to paying it and they forget all about it, but that does not prove that it is a fair tax.

A great deal of the support for the sales tax comes from those who have been paying a large income tax. It is the old proposition of shifting the burden of taxation from the shoulders of those who can afford to pay the tax to the shoulders of those who can least afford the burdens of taxation.

The chairman analyzed the tax in so far as it applies to the man of small income. He took the family with an income of a thousand dollars, and said that half of that money was expended for necessities, and that half of that would be exempt, leaving a tax on one-quarter of the income, which would amount to \$6 when collected as a sales tax. Why, then, not assess him \$6 as an income tax and let him make that contribution direct to the Government?

I realize that many people are not aware of the taxes they pay; and if the taxpayers of the United States to-day had a statement of every cent of money they pay to maintain the Government in direct and indirect taxes, there would be a revolution. The people are carrying the burden largely through taxes they know nothing about, but still they are paying them.

We are told that if we eliminate the sales tax there is only one other alternative, and that is to accept proposals in many ways far more objectionable than the sales tax itself. It seems to me that this situation is not so serious that we have at this time to inaugurate a sales tax in this country. Balancing the Budget does not necessarily mean that we must raise by taxation all of the money that is necessary to maintain our Government. The Budget can be balanced in part by a reduction of expenditures, and, if necessary, the Budget can be balanced by utilizing the credit of the country, and we have not by any means exhausted our credit at this time. We are going through a period of depression, and we will carry ourselves through this period, and business will come back, and the sources of income that we have been depending upon in the past will be available for sources of revenue to maintain the operation of the Government.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield? Mr. NOLAN. Yes.

Mr. ANDRESEN. My colleague has suggested that we cut down the governmental expenditures. Can he suggest to the committee any governmental departments or bureaus that might be eliminated, or any program for curtailment of Government expenditures?

Mr. NOLAN. At this time I have no suggestions to make. We have a committee of this House that is making an investigation along that line. I do not know how far you can go.

Mr. KNUTSON. Both gentlemen, the gentleman who is speaking and the gentleman who asked the question, are proponents of a proposition to expend \$500,000,000 for the development of the upper Mississippi. We might cut that out for the time being, and that would help some.

Mr. NOLAN. That money has not been authorized, so

Mr. KNUTSON. The gentleman is proposing it.

Mr. NOLAN. We are not proposing any appropriation for that purpose.

Mr. LaGUARDIA. And I suppose there are some people who would want to stop all national activities, all improvements, all progress, in order to relieve the few bankers who have bankrupted and ruined this country.

Mr. NOLAN. We know it is doubtful whether any very great savings are going to be made by the Congress through reorganization or consolidation of governmental activities. That is a fine thing to talk about, but we have been talking about it for years, and nothing has ever been done about it. It is doubtful if anything will be done at this session of Congress which will amount to a great deal in the way of reduction of expenditures. But this Congress has been spending money. We appropriated \$500,000,000 for the Reconstruction Finance Corporation, and \$125,000,000 for the Farm Loan Banks, which makes \$625,000,000 that we have appropriated without knowing where the money will come from. We are told that the sales tax will produce in revenue \$675,000,000; just a little more than enough to cover these appropriations. Before this Congress adjourns we will be called upon to make, and we will make, other expenditures in addition to what we have already made. Where are we going to find this additional money? I am opposed to a sales tax because I believe it is not a proper system of taxation, that it is not based on any fundamental theory of taxation which is sound, and because I believe if it is once adopted and goes into force in this country, it will be a mighty difficult tax for us to get rid of. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, I am not satisfied in my own mind that we can not balance the Budget without this sales tax. I hold in my hand a copy of the individual income-tax return, with which gentlemen are familiar. This is the last day upon which this income tax can be made and paid. There are 55 items in it, and the first item is the question:

Are you a citizen or resident of the United States?

The fifty-fifth item is:

Balance of tax.

However, the fifty-fourth item is:

Income tax paid to a foreign country or United States possession.

That was interesting to me, and I asked the Treasury how much was paid by branch factories of the United States in foreign lands last year. They reported to me that for 1929 \$35,000,000 was paid in foreign countries. The point is that that money which is paid in foreign countries is deducted from the tax of the major corporation in the United States. If that corporation has a branch in Missouri, where they have a State income tax, and, say, in New Jersey, the home company had \$100,000 of income and the Missouri branch had \$5,000 income, they would deduct from the Federal income \$5,000 out of Missouri, and then would pay the taxes here on the \$95,000; but if a branch factory is in France and they pay \$1,000 tax over there and the total tax here is \$1,500, the \$1,000 is deducted from the \$1,500 of the tax itself. The last item of deduction is what you pay a foreign country, and that is taken out of the total tax paid in this country. We lost just \$35,000,000 that we ought to have had in the Treasury over here. If that is true, there may be many more similar places where we could pick up money. It looks unjustifiable to let them deduct \$35,000,000 paid by branch factories in foreign lands from the total tax due in America.

The gentleman from Iowa [Mr. RAMSEYER] proposed to lower the estate-tax exemption to \$50,000. That would make up probably \$200,000,000. That is nearly one-third of the proposed sales tax. I think there should be a general reduction which may come from this Economy Committee on all appropriation bills before this Congress adjourns, say, 5 per cent.

If we were to reduce these appropriation bills 5 per cent, we would be working at the thing in the proper manner to balance the Budget. There have not been any real reductions effected yet. Let us get at this thing and really reduce 5 or 10 per cent of all of our major appropriation bills and let them adjust that matter themselves, and then let us bring down this estate-tax limit. Let us go into the medium brackets of the income tax, \$30,000 or \$40,000, and raise them a little. I am not convinced in my own mind that the vanishing point on incomes of \$100,000 is just exactly 40 per cent. They tell us that is just exactly the place to stop. In war times it was 65 per cent. At this time we might make it 45 with safety.

Mr. RANKIN. Will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. RANKIN. They told us that same thing in 1921, yet those with incomes of a million dollars multiplied twentyfive times in seven years.

Mr. LAMBERTSON. I think we can go up on those incomes. We can go back in the middle brackets; we can pull down this estate tax, and we can pick up things like this \$35,000,000 that we lose in foreign lands and a few other items and make up this sales tax.

There has been a great deal said about nonpartisanship, and it does have some influence in making us think it is all right, because it is equally supported on both sides. I am not so sure but that it is unholy bipartisan as well as wholly nonpartisan on both sides. I am not so sure about it. Whenever this thing starts and we get this tax we will always have it. The Seventy-third Congress will have 40 more Members from the industrial sections. As the gentleman from Michigan said the other day, when the camel gets his nose under the tent he is going to stay there.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 20 minutes to the gentleman from North Carolina [Mr. Bulwinkle].

Mr. BULWINKLE. Mr. Chairman, the Government of the United States is at the present time confronted by a serious economic dilemma. The operating expenses of the Federal Government exceed its income, and this economic dilemma not only affects the Government but to all intents and purposes it likewise economically affects each individual citizen.

The Ways and Means Committee of the House, after weeks, nay, months of consideration, a consideration which has been nonpartisan, have reported to the House a revenue bill, H. R. 10236. Now, in Committee of the Whole, the Members of the House, after considering that measure with a view to ultimately raise sufficient revenue to pay the expenses of the Government in the future, and in short, as it is commonly termed, to balance the Budget, and by doing so to relieve the Government from this economic dilemma which is facing it. Questions have been asked by various Members of the House, as well as by private citizens, such as, Why has not the Budget been balanced and who is responsible for not balancing it and what is proposed by the Congress to remedy the present situation so that the credit of the Government might be stabilized? Before attempting, therefore, to discuss the provisions of the present bill now under consideration, I shall in a brief manner attempt in a way to answer these questions as to who is responsible for not having a balanced Budget and why it was not balanced. Without, therefore, engaging in any partisan debate, it is not amiss for me to remind the committee that until the 4th day of December last the Republican Party has continuously and without interruption had everywhere from a clearly working majority to a very large majority in the Sixty-sixth, Sixty-seventh, Sixty-eighth, Sixty-ninth, and Seventieth and Seventy-first Congresses, in both the Senate and the House. And from the 4th day of March, 1921, until the present time, with the exception of the organization and control of the present House by the Democratic Party, with Mr. GARNER as Speaker, the Republican Party has been in full and complete control of the United States Government in all of its branches. The raising of revenue, the expenditure of public money, and all other functions of Government rested in the hands of the Republican Party and the Republican administration, and no one can gainsay or deny this statement.

But upon several occasions I have heard Republicans say that the present condition is due entirely to the war and its aftermath. It, I say, is not amiss for me to remind you that the Republican Party, in its platform of 1928, under the title of finance and taxation, claimed that all these problems arising had been solved:

The record of the United States Treasury under Secretary Mellon stands unrivaled and unsurpassed. The finances of the Nation have been managed with sound judgment. The financial policies

have yielded immediate and substantial results.

In 1921 the credit of our Government was at a low ebb. We were burdened with a high public debt, a load of war taxes, which in variety and weight exceeded anything in our national life, while vast unfunded intergovernmental debts disorganized the economic life of the debtor nations and seriously affected our own by reason of the serious obstacles which they presented to commercial intercourse. This critical situation was evidenced by a serious disturbance in our own life which made for unemployment. Today all these major financial problems have been solved.

And in addition to this, their candidate for the present President of the United States, in his speech of acceptance, also claimed that the Republican Party had solved all the financial problems which affected this Government arising from the war:

The Republican Party came into authority nearly eight years ago. It is necessary to remind ourselves of the critical conditions of that time \* \* \*. No party ever accepted a more difficult task of reconstruction than did the Republican Party in 1921. The record of these seven and one-half years constitutes a period of rare courage in leadership and constructive action. Never has a political party been able to look back upon a similar period with more satisfaction. Never could it look forward with more confidence that its record would be approved by the electorate.

It might be well also to quote from the keynote speech of we should fail to balance the Budget for the future, we would the chairman of the Republican National Convention, deliv-

ered at Kansas City, Mo., on June 12, 1928, which entered to a great extent into the success of the Republican Party in solving the financial questions arising from the war, and which stated:

This achievement was made possible only on the sound economic policy of the Government under the present leadership and was not at the expense of efficiency in administration nor at the loss of any needed appropriation.

He likewise stated that-

This achievement was not the result of accident but rather of management.

Even during the last three years, with the deficit of \$900,-000,000 facing us in 1931, nothing was done by the administration; and even though we have a deficit which it is estimated will be from two and a quarter to two and a half billion dollars for the fiscal year ending June 30, 1932, for nine months the administration did nothing, although it could have called Congress into session.

It is needless therefore for me to say anything further along this line, but it is necessary for me to remind you that during all these years that the Republican Party was in control of the Government the appropriations were not decreased; additional employees were placed upon the Government pay roll; and this party is justly chargeable for this and can not relieve itself of the responsibility for the present governmental deficit while it has been in control of the Federal Government. They even went so far in their platform as to pledge to the people of the United States a continuation of these policies which they had carried through in the seven and a half years preceding.

There is therefore no question but that a deficit exists. There is no question whatever but that the operating and running expenses of this Government far exceed its income; and there is no question but that the Budget is not balanced and that this is a Republican deficit that we are confronted with to-day. But, be that as it may, this does not in any way relieve any Member of the Congress from the responsibility that he owes to his constituents and the Government of the United States. We can in no wise shirk that responsibility which rests upon us as Members of the House of Representatives.

Nor can we who are Democrats, who are in the majority party in the House of Representatives, at present shirk the responsibility that goes with the majority party; and, as has been so well said, the House of Representatives itself can not shirk its responsibility in inaugurating and proposing this revenue bill. This responsibility is placed upon us by the Constitution. But there may be those who say-and I heard it among the Members of the House on both sides of the Chamber-that it is not necessary to balance the Budget. Balancing a Budget means nothing more nor less than that the Government shall collect sufficient revenue to pay its operating expenses and that the credit of the Government will not be imperiled by borrowing to meet these annual expenses. No individual can continue to maintain his credit if his annual expenses exceed his annual income. Nor can a partnership or corporation continue to do business when its annual expenses of doing business exceed its annual income. Bankruptcy will immediately overtake the individual, the firm, the partnership, or the corporation; and so it is with a government, whether that government be Federal, State, county, or municipal. Destroy the credit structure of a government and you immediately bring disaster. Already we note that the expenses of operating the Government for the fiscal year ending June 30, 1931, created a deficit of \$900,000,000, and the deficit for the present fiscal year ending June 30, 1932, will be \$2,500,000,000; and that if no new law were enacted but the Government collected the revenue under the existing law there would be an estimated deficit of \$1,700,000,000 for the fiscal year ending June 30, 1933.

The deficit of \$900,000,000 for the past year and the estimated deficit for the present year of \$2,500,000,000 has been or will be taken care of by the issuance of Treasury notes, thereby increasing the national debt. If, therefore, we should fail to balance the Budget for the future, we would seriously affect the credit and stability of this Government

of ours. We would destroy all that we hoped to accomplish when we passed the Reconstruction Finance Corporation act, the Steagall banking bill, and other remedial legislation. We would destroy confidence in the very Government itself. There is no way that can be devised to pay the expenses of the Government except by money secured through taxation. Not only is it our responsibility, our service to this Government, to raise revenue but it is also our duty to courageously see that the expenses of the Government are reduced. There are certain items of expense that can not be reduced, it is true, for it is costing practically \$1,100,000,000 a year for hospitalization, compensation, and allowances for the veterans of all wars. The interest on the public debt and the sinking-fund account will approach another \$1,100,000,000. But you will notice from the report of the Ways and Means Committee on this bill that it is contemplated that Congress will save \$150,-000,000 in addition to the reduction in governmental expenses which was contemplated in the Budget for 1933 and which amounts to \$370,000,000.

We will then have to increase or raise additional taxes of \$1,100,000,000. How shall it be raised? That is the question. The Ways and Means Committee, by its nonpartisan patriotic work, has presented to the House this bill. Many of the provisions of the bill are noncontroversial. I have heard no objections from anyone as to lowering the exemptions on personal incomes. And the increase in personal income taxes do not seem to incite a controversy at all, with the exception that there are some who would increase the amount over 46 per cent. And the same view applies to the estate tax and the corporation tax. The controversial part of this bill seems to be the manufacturers' tax, the admission tax, and a few other items, but mainly these two. No one has opposed any kind of a sales tax more than I have opposed it during the time that I have been in and out of Congress, but an emergency exists to-day, an emergency nearly as great as that which existed in time of war, and it is my duty as well as yours to courageously meet the situation that does exist, regardless of what the future may hold in store for each of us.

If this manufacturers' tax were to be placed as a permanent means of obtaining revenue, I doubt very much if I would vote for it; but as an emergency measure I make this pledge to the House and my constituents that if I remain in Congress I shall use my full power and my vote against a continuation of this tax. I have heard it said that we should not attempt to balance the Budget by a bill in the House; that we should pass a bill increasing the taxes some and then let the Senate do the rest. To my mind this is absolute cowardice. I have heard it likewise said that we could put a tax on all articles-for instance, on men's hats that retail for over \$3 each, with an exemption to those below. There would probably not be one hat out of a hundred that would be sold for less than \$3. And while, as I said, I have never approved of a sales tax and that I would not support this bill at the present time if it were not on account of the great emergency that exists, an emergency which extends not only to the Government but to every financial institution and every individual in America, yet I realize that new sources of revenue had to be found, and, as so well said in the report of the Ways and Means Committee on the manufacturers' tax, this bill meets the requirements in that-

First. The rate must be low, so that undue burdens will not be imposed.

Second. Certainty, both as to liability and amount, must be attainable in advance of the sale.

Third. Pyramiding must be prevented.

Fourth. The tax must be imposed uniformly and without discrimination.

Fifth. The law must present the least possible number of difficult administrative problems—such as the questions of classification arising in connection with exemptions.

Sixth. Adequate authority must be granted to assure a sound, smoothly functioning, and flexible administration.

I am extremely gratified to support the amendment which will further relieve manufactured foodstuffs from the provisions of this bill, and I shall support such amendments. I hope and trust that if it is possible to do so that there will be no tax at all on any article of food that is a necessity. And only a tax on that food which may be termed luxury.

I realize as well as anyone that this tax will not be a popular tax, but I also realize that if the Budget is not balanced the effect upon the individuals in the United States will far exceed the amount of tax that they will have to pay under this provision.

There is more or less controversy upon the admission tax and, in my opinion, all agricultural fairs or exhibitions should be exempt and, if possible, if it is absolutely necessary, as it seems to be for an admission tax be placed, I would like to see that no tax be charged on any other admission where the admission did not exceed 50 cents. By all means I am firmly convinced that any tax on admission to agricultural fairs or exhibitions should be removed. The oil-importation tax is another tax which I do not approve of and which I believe on account of the small amount of revenue that it produces could be well left out.

But, as stated before, taking everything into consideration. including the emergency that exists in the country to-day, the necessity of maintaining the credit and stability of the Nation, the ultimate good that will come to the individual citizens of the Nation, I firmly and conscientiously believe that it is my duty as a Representative in this Congress to support this bill, and I shall therefore support it. [Applause.1

#### Increases in taxes proposed

(Estimated additional revenue for fiscal year 1933)

Manufacturers' excise tax at 24 per cent	\$595, 000, 000
Income tax: Individual	112, 000, 000
Corporation	
Estate and gift taxes	35, 000, 000
Admissions tax at 10 per cent on admissions of 25	
cents and over	90, 000, 000
Stock transfers and sales, increase from present rate of 2 cents to 4 cents, and application of tax of	
4 cents to loans of stocks	28, 000, 000
Lubricating oil, 4 cents per gallon	25, 000, 000
Malt sirup, 35 cents per gallon; grape concentrates,	
40 per cent ad valorem; wort, 5 cents per gallon	
Telegraph, telephone, and radio messages, 5 cents on messages costing 31-49 cents, and 10 cents on	
messages costing 50 cents or moreGasoline, gas oil, fuel oil, and crude oil imports,	35, 000, 000
1 cent per gallon	
Reduction in postal deficit	25, 000, 000
Administrative changes	100, 000, 000
Administrative changes————————————————————————————————————	100, 000, 000
Total additional revenue	1, 121, 000, 000
Reduction in expenditures	
Total additional revenue and reduction in	
expenditures	1, 246, 000, 000
Amount required to balance the Budget 1	1, 241, 000, 000

Excess over requirements \_\_\_\_

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, the passage of this bill with the sales-tax provision in it would, in my opinion, be one of the greatest betrayals of the American people that was ever committed by the American Congress and one that would be everlasting.

It is an attempt to unload onto the masses of the American people the great burden of taxation of the Republic. That attempt has been going on by the possessors of large fortunes for many years. They have been attempting to get a sales tax levied in order that they might place on the shoulders of the toiling masses of the country the burden of maintaining this Government in order that they may pyramid their own fortunes and pass them on down from generation to generation.

This bill levies a tax even on the man in the bread line. It taxes the very clothes in which he is shivering, the shoes

<sup>&</sup>lt;sup>1</sup> Exclusive of statutory debt retirements.

in which he tramps the streets looking for work, and the and scrape. Let me show you what it meant, and I want meager rations with which he feeds his hungry children.

Behind it is the impulse of the predatory interests that have been striving for years to pass this load on to the masses of the people in order that they might escape.

I was very much amused to see high-tariff advocates from New England and from Kansas spit fire at each other about the tariff on oil and lobsters. They reminded me of a bunch of horse thieves who horsewhipped one of their number for stealing on Sunday. [Laughter.]

The Wall Street Journal said this morning that we who are opposing this sales tax would be defeated because we are not organized. Well, we are going to organize, and we are going to do it this afternoon. [Applause.] The American people are going to be heard from on this proposition,

and don't you forget it. [Applause.]

This sales-tax provision violates every principle of Democracy. Some one asked why it wasn't brought in here when we were in control of the House years ago. I will tell you why. In those days there were giants in this House. There was that old Roman, Champ Clark, whose heart beat in sympathy for the American people. Before they could get such a measure before this House, they would have to bring it in, politically speaking, over his dead body. [Applause.]

There was that giant from North Carolina, Claude Kitchin, who was not only the Democratic leader, but was chairman of the Ways and Means Committee. If he were even alive to-day, you could not get this thing on to Capi-

tol Hill, much less into the House. [Applause.]

Then there was Finis J. Garrett, that young Demosthenes, who led us for years in our fights against the predatory interests, and also that distinguished Democrat, who now towers at the other end of the Capitol, Cordell Hull of Tennessee. If they were Members of the House now we would not be confronted with this measure because it would never have come out of the committee. [Applause.]

Those men who come with vulnerable records, such as the gentleman from Illinois [Mr. Chindblom], who has just spoken, tell us that above all things we must balance the Budget. I agree with the gentleman from Iowa [Mr. Ramseyer] that that is not the most important issue before us. The most important issue is that of bringing back commodity prices, putting our people to work and taking them out of the bread line, in order that we may enjoy prosperity for the people rather than that we may pass a bill that will enable the profits of favored interests to escape taxes in the future. [Applause.] Besides, I shall show you before I close how we can balance the Budget without imposing this injustice.

In the last 10 years, during the time that the gentleman from Illinois [Mr. CHINDBLOM] has been on the Committee on Ways and Means, there has been the greatest concentration of wealth in this country that has ever been known in all the history of mankind. During the war those who made their profits out of that conflict, those who grew rich out of that unfortunate affair, who coined their money out of the blood and tears and suffering of men, women, and children of the world, began to place their wealth beyond the pale of taxation by investing in those tax-exempt securities which the Government was compelled to issue, and which your States, counties, and municipalities and mine were compelled to issue, to meet the expenditures incident to the high prices which then prevailed. In 1921-22, not satisfied with the enormous profits they had made during the war, they had passed the Fordney-McCumber tariff law, the highest protective tariff act, the most unconscionable protective tariff that was ever levied in a civilized country in time of peace up to that time—a tariff that levied a tax on everything that the American people buy from the swaddling clothes of infancy, to the lining of the coffin in which old age is laid away.

It even went beyond that and placed a tariff upon the tombstones that mark their last resting places. It soon bled the agricultural States white. It took from those people who produced wheat and corn and cotton and other agricultural commodities all of the money that they could rake

and scrape. Let me show you what it meant, and I want you to take this home, you sales-tax advocates, and read this, and then I am going to show you what else you are putting on them.

For years after that law was passed it cost the American people \$4,000,000,000 a year. Of that \$4,000,000,000, \$600,000,000 went into the Treasury, and \$3,400,000,000 went into the pockets of the beneficiaries of that law. Those beneficiaries have invariably placed their gains beyond the pale of taxation. There is only one way to reach them, and that is through the inheritance tax, to which I shall refer again in a moment.

In order that your constituents may understand, if you have a county in your district of 30,000 people, it costs them thirty times \$40 or \$1,200,000 a year. Every single county in the United States with 30,000 people during those times paid this tribute to Rome of \$1,200,000 a year.

Your people in the wheat and corn and cotton growing States got nothing in return. No wonder you are bled white, no wonder your States to-day are struggling and your counties and municipalities are struggling under the burden of taxation.

During that time some of the so-called leaders of organized capital took some of the so-called leaders of organized labor and organized agriculture up onto the mountain top and showed them the cattle of a thousand hills and said, "All this will be ours if you will join in passing the Esch-Cummins law and in passing the Fordney-McCumber tariff law, for we will boost your wages and your prices and incidentally double our incomes." Some of them fell, and as a result of that distortion of the power of government a few of those alleged leaders of labor found their way into the Cabinet, while organized capital placed their wealth in tax-exempt securities, and the great mass of the laboring people to-day find themselves in the bread line, and the farmers find themselves in bankruptcy. It is time to wake up. Not only has it concentrated the wealth of this country and broken every agricultural State, not only has it strung bread lines down the streets of every city in America, but it has provoked retaliation on the part of foreign countries until to-day the map of the world is a barbed-wire entanglement of tariff barriers, behind which world trade has become stagnant and world commerce has become paralyzed.

Let us see what all this amounted to. There finally came the greatest economic crash ever known in all the history of the world, a crash from which we may not soon recover. Let us take some concrete results, and I hope the gentleman from Illinois, and the other members of the Ways and Means Committee supporting this bill, will not leave the Chamber.

In 1921 there were 21 individuals in the United States with incomes of \$1,000,000 a year and more. In 1928 there were 511 individuals with incomes of \$1,000,000 a year. They multiplied twenty-four times.

In 1921 there were 63 individuals in the United States with incomes of from \$500,000 to \$1,000,000 a year. In 1928, seven years later, there were 983. While our people were growing poorer, while they were having their farms sold from under them in your State and mine, their homes being swept away, those men with enormous incomes multiplied from ten to twenty-five times. They placed their wealth in that ark of the covenant, known as tax-free securities, and now warn us not to touch them. One object behind this bill is to keep us from raising the inheritance taxes and making them pay their pro rata share of the expenses of this Government [Applause.]

During that time the same members of the Ways and Means Committee who are supporting this bill brought in a bill to fund the foreign debts. England had proposed to pay us in 25 years, and to pay the same interest rate we were paying, but instead of accepting that a debt-funding commission was appointed. They extended all those loans over 62 years and reduced the interest so much lower than we are paying that it cost the American people \$8,000,000,000. Why? What was behind it? Those international bankers who had their money invested in foreign countries and

wanted to weaken our security in order to strengthen theirs. That is what was behind it.

Another thing. This same committee brought in bills that reduced the income taxes of those with large incomes, \$750,000,000 a year. If that had not been, we would now have several billion dollars with which to meet this deficit; but instead of that they reduced the income taxes on the large income-tax payers and the inheritance on large estates more than \$750,000,000 a year.

In 1924, I believe it was, they returned or remitted \$232,-000,000 as a bonus, or a dole, to the big income-tax payers. Not only that, but two years ago they voted to give back \$160,000,000 to income-tax payers before we ever passed a single appropriation bill. A dole, if you please! They said, "Why, we have a surplus." The Treasury Department can show a surplus or they can show a deficit. It is just owing to whether they want to defeat appropriations or whether they want income taxes returned.

In the last nine years the Treasury Department has paid back to these big income-tax payers more than \$3,394,508,218. For what? They said they had made mistakes in making out their income-tax returns. Does any man with ordinary intelligence believe that they made mistakes amounting to \$3,000,000,000? They did that without even consulting Congress. They did not even consult the Committee on Ways and Means.

Not only that, but when we met this time you were asked to give \$260,000,000 in moratoria to foreign countries, and Wall Street was so badly scared for fear they would pay that money that they even sent a member of the House of Morgan before the Ways and Means Committee, who did not appear to know anything about the transaction. The facts are those European countries had the money to pay, and would have paid it if the Treasury Department and the State Department had not stopped them. That would have taken up \$260,000,000 of this deficit that you are now asking us to make up by imposing this unconscionable burden upon the backs of the great masses of the American people.

In 1929, just after Mr. Hoover's election, as soon as you met you were going to give us farm relief. What did you do? Instead of giving us relief from a tariff that we were then struggling under you raised it and helped provoke this retaliation to which I have just referred.

Some men have called my attention to the fact that we have a State sales tax in some States and say they can not understand the difference. The legislature of my State is now struggling with a sales tax. They are doing it because they are unable to pay the interest and the sinking funds on the bonds held by people who are escaping the income taxes. They are doing it because they must do something to save our farms and our homes. They are struggling with a question much more stupendous from their viewpoint than we have to deal with here, but if they had these enormous fortunes and had the power of taxing them that we have to-day there would be no doubt about what they would do. They would never impose a sales tax.

Let me show you what this bill does. It is the easiest thing in the world to figure out. You are raising in the first year \$600,000,000 by this sales tax. That means \$5 per capita. In my State we have 2,000,000 people. It means a burden of \$10,000,000 a year on them. That is, if they just collect the amount of the tax alone, but when it is doubled, as it will be, two or three times, it will mean on the people of my State fifteen or twenty million dollars a year—people who are already bled white and ground into the dust by these indirect taxes you have imposed in the last 10 years.

Not satisfied with having added to the iniquity under which we are now suffering, you increased the tariff in this bill. Of all things on earth, to increase a tariff that has produced the very calamities we are suffering from to-day is the most inexcusable thing I have ever known.

I do not mean just putting this burden on top of the tariff, but they increased the tariff 2½ per cent. It makes a double additional burden on the American people.

In addition to that, they gave a bonus, if you please, to manufacturers of articles to be shipped into foreign countries of 21/4 per cent. If a firm manufactures two tractors and sends one to Maine to plow potatoes with or down to Kansas to cut wheat with or down to Mississippi to run a cotton gin, we pay 21/4 per cent tax on it under this bill. But if they send it to Russia to be used in raising wheat or cotton in competition with the American farmers, that tax is left off. In other words, they are giving our competitors a bonus of 21/4 per cent.

This sales-tax provision is unconstitutional, and it would, in my opinion, be set aside by the Supreme Court. Direct taxes are forbidden by the Constitution. The manufacturers' sales tax, as provided in this bill, is a direct tax. It has been held that you may levy a sales tax on certain specified articles and escape the penalties of that provision, but when you make a sales tax general and then attempt to specify exceptions you come clearly under that provision of the Constitution which forbids and prohibits this kind of legis-

Not only that, but this bill is unnecessary. As I said, it is unnecessary at this time, because we have the power to raise taxes otherwise.

The distinguished gentleman from Illinois [Mr. CHIND-BLOM] seems to fear we are going to inflate the currency. Of course we are going to inflate the currency, if we ever get out of this panic. We are going to have to inflate it in some way. We can raise this \$600,000,000 by setting aside sufficient gold to make a 40 per cent reserve and then issue United States Treasury notes against it, just as Lincoln did during the Civil War. That can be done without imposing this burden on the masses of the people. In my opinion we have a sufficient gold reserve to issue two billion or two and a half billion dollars worth of Treasury notes without in any way impairing our gold reserve.

There are other things which we might tax. Those of you gentlemen who are willing to crucify the rest of mankind on a cross of gold, as Mr. Bryan said, and those of you who are afraid of inflation, might take the other horn of the dilemma. I will show you the means by which you can get all this money out of taxes and yet not impose a burden on the people who are unable to pay. Suppose we should tax all deals on the stock exchanges of the country? That might help to prevent another catastrophe such as the one through which we are now passing; it might prevent the pyramiding of prices and deluding innocent purchasers into investing their money in worthless securities, and would bring in a great deal of revenue.

We can raise the income taxes in the higher brackets. We can put them where they were during the war, when the maximum was 65 per cent. We are in a war now. Do not deceive yourselves, and you are just now in the skirmish line. Wait until you go back home. Then you will see the main battle, and some of you are going to need some stretcher bearers if this bill passes. [Applause.]

I am in favor of raising the inheritance tax, beginning with 1 per cent on the first \$10,000 above \$50,000, exemptions allowed, and going up to 70 per cent when you get as high as \$15,000,000 or more. Some men are going to say that is too much. Let me ask any of you gentlemen whether the people of your State, your county, and your communities are not paying more taxes because these men escape taxation? Your people are paying all their incomes and then seeing their homes sold from under them. Your people are under a great burden of taxation in order to meet the payments on those bonds which are now held by those people who have large estates and who, as a rule, are escaping their part of the burden of taxation and some of them paying no taxes at all.

Mr. TARVER. Will the gentleman yield? Mr. RANKIN. For a question; yes.

Mr. TARVER. Is the gentleman aware that under section 810 of this bill it is actually proposed to refund a considerable amount of inheritance taxes already collected?

Mr. RANKIN. I am not at all surprised.

Mr. TARVER. Is the gentleman advised as to the amount | to do here at the moment to take care of the issue that is of money in this revenue-raising bill which will actually be taken out of the Treasury by that section of the bill?

Mr. RANKIN. No; not fully. But I can not yield further. If we should raise inheritance taxes to 70 per cent, it would not bother these rich men as long as they live. As a rule, they have escaped all income taxes. If those men had paid taxes in proportion to their wealth all down through the years, they would have paid a much larger proportion than the 70 per cent proposed on their estates. But to-day we have concentrated wealth in this country until about 5 per cent of the people of the United States own more than 90 per cent of the wealth. The only way to reach it is through this inheritance tax, and, as I say, I am in favor of raising it to 70 per cent when you get to \$15,000,000.

This will help to break up those large estates and turn them back through the channels of our economic life, and thereby give the coming generations of young Americans a chance in this life.

In this way we will raise \$560,000,000, practically enough to wipe out this deficit. When we have done this, and when we have raised the income-tax rates to where they should be, then if we have not enough money to pay the deficit I am in favor of floating short-term bonds for the balance. Then when we have reinflated the currency and stimulated commodity values these large incomes will come back, just as they did in 1924, 1926, and 1928; and then if we have not sufficient money, if we are not getting sufficient revenue, it will be our duty to reduce expenses to bring our expenditures within our revenue.

Mr. SIROVICH. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. SIROVICH. Can the gentleman tell us by what means the gentleman can justify imposing a tax of 10 per cent on theaters and motion pictures and 21/2 per cent as a general sales tax when in Europe they subsidize the theater while here we tax culture?

Mr. RANKIN. No. This theater sales tax is another thing. Our States are already taxing them. The small picture show that sells tickets for 10 or 15 or 20 cents is already paying a tax in my State. This bill invades and usurps the field of taxation that our States must have. [Applause.]

I want to appeal to every Democrat on the floor of this House; I want to appeal to every Republican on the floor of this House who has at heart the interests of the great masses of the American people, whose welfare we must look after and protect, to help us to strike this sales tax provision from this bill, so that we may not impose an extra burden on the man who is already burdened to death.

Raise the inheritance taxes, raise the income taxes, tax luxuries and tax transfers on the stock exchange, but let us go back to the American people and say, "We are not going to burden you to death; we are not going to place a tax on you that is unjust and one that will finish the destruction of your economic existence." [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 25 minutes to the

gentleman from Washington [Mr. HADLEY].

Mr. HADLEY. Mr. Chairman, I question whether further debate at this time will be very fruitful of good results, and yet it is an open forum and the debate has thus far, I am sure, been informing and profitable. Necessarily there is now much repetition. I have no desire to discuss the bill except to say something that will help and further it, as I have helped to draft it in committee.

My only purpose in taking the floor is to make reference to a few of the fundamental things which I think must be controlling on the minds of the committee here in determining its action upon the bill.

The gentleman from Mississippi [Mr. RANKIN] is always entertaining and forceful. He has made a splendid argument from his viewpoint, but much of it, if you will pause to consider it, is collateral to the issues that are presented here. I shall not undertake to review the gentleman's argument on matters that are collateral, because we have enough

presented by the pending bill.

What is the issue? The fact is before us that we will have an estimated deficit for 1933, which fact is well understood. of \$1,241,000,000, and the question is, What are we going to do about it? Shall we provide for it? This is the first question. The second question is, How shall we provide for it? The first question, in my view, is not debatable, but the second one may well be debated.

The committee has produced a plan. It may not be the best plan, but it is the best plan the committee could agree upon, and in the judgment of the committee it is the best plan under the existing circumstances which can be adopted to meet this emergency.

When we faced this fact and determined we would undertake to balance the Budget for 1933, of course, the committee naturally turned at once to the ordinary sources of revenue, including income taxes. Naturally, it went to the income schedules first. We gave them quite thorough consideration. The gentleman from Mississippi who has just taken his seat has advocated a return to the abnormal taxes of the war period and the period subsequent thereto. The committee has been all over that subject. The gentleman from Mississippi ignores the principle of the law of diminishing returns altogether in his argument. This question was fought out not only on the floor of this House but throughout the country. It was an issue for years after the war as to how far you could go in these schedules of income and corporation taxes and produce revenue.

It was the deliberate judgment of the Congress and of the country that there is a line beyond which you can not go

and produce revenue.

Many of the members of the committee who have brought this bill to you were members of the committee through all that epoch when that contest raged throughout the country. They had the benefit of the experiences of that period, of the hearings repeatedly held upon the subject, and they had the benefit of the best advice that experts in the country could give them on tax and fiscal questions; and we have further considered that subject again this year. We have analyzed the matter in the light of the experience of the country and the experience of the Treasury Department itself, and we have determined that when we have gone to 40 per cent in the upper brackets plus the normal tax of 6 per cent we have gone at least to the line of diminishing returns. I myself am of the opinion that it is very doubtful whether 46 per cent will produce as much revenue to the Government as a lower rate. To raise the surtax rates above those recommended in the bill will defeat revenue rather than produce it. What we are now concerned with is the vital task of raising additional revenue in excess of that available under existing law.

I am convinced that to go farther will destroy revenue rather than increase it. The gentleman from Mississippi has raised this question here, and I ask you to pause and hesitate, and read the hearings in years that have gone by, having regard for the judgment of the people as reflected by the representation they have had heretofore on the question that faces us now.

What we want here is a program that will produce revenue. We must have it, we can not deal with fanciful figures based on irresponsible speculation on what the result may be.

We have brought you a program, which, although not the original recommendation of the Treasury, is approved by the Treasury now in respect to the administration features of the manufacturers' tax, its feasibility, and the revenue it will produce. No one has questioned the fact that it will balance the Budget. The only question is whether it is the best method to adopt. When you consider some other method it is vital to consider whether it is a method that has demonstrated its capacity to produce the required revenue.

When we began this work in committee we raised the income taxes to the limit of capacity to produce revenue. We raised the corporation tax to the point of diminishing revenue. We raised the estate tax, we doubled it.

The gentleman from Mississippi stressed the point that he would produce the balance required from the estate taxes. Why, my fellow Members, how much money do you think we could realize from that source during the next two years? These returns from estate taxes will not come immediately nor in largely increased amounts. In the years to come, as a matter of policy, it may produce the amount estimated, but we are concerned in getting revenue during the emergency.

What is the situation? I will call your attention to a statement of the Secretary of the Treasury. You probably heard it over the radio last Saturday, but the press the next morning carried it, and I want to quote one paragraph from it:

But when the United States Government closed the fiscal year 1931 with a deficit of over \$900,000,000, when it will close the fiscal year 1932 with a deficit of as much as two billion and a half dollars, and when the prospective deficit of the fiscal year 1933 amounts to more than \$1,700,000,000, the time has come beyond all question to put our financial house in order.

Do you realize that in these three years the deficit, in the judgment of the Secretary of the Treasury, will amount to the huge sum of \$5,000,000,000? The question is, What will we do about it? Of course, the House is not going to pass a bill that will not balance the Budget.

I am satisfied of that, but what I fear is that in the desire to modify and rearrange the burden the House may make the mistake of adopting a system here which will be inconsistent with the emergency program and will not be productive of the necessary revenue, in which event the result will be financial chaos for the Government. Of course, the committee had the benefit of the Treasury's views during the preparation of this bill, in the executive sessions as in the open hearings. The bill is now before the country, and I want to read another extract from the address of the Secretary of the Treasury. It is argued here that it is not necessary to balance the Budget, though I think that is argued upon the part of a small minority. I shall not dwell upon it at any length. If it were serious, the subject certainly ought to be deliberately analyzed.

I think the Members of the House and the atmosphere of the debate have fully evidenced their intention to balance this Budget for the fiscal year 1933, that they recognize that the faith and credit of this Government must not be impaired; and that if the integrity of its obligations are impaired, so will the integrity and obligations of private citizens be impaired, as will all values throughout the country. That matter is in a nutshell briefly and comprehensively stated in this paragraph of the Secretary's statement:

Our private credit structure is inextricably bound to the credit of the United States Government. Our currency rests predominantly upon the credit of the United States. Impair that credit and every dollar you handle will be tainted with suspicious

and every dollar you handle will be tainted with suspicion.

The foundation of our commercial credit system, the Federal reserve banks and all other banks which depend upon them, is tied into and dependent upon the credit of the United States Government.

Impair that credit to-day and the day after thousands of development projects—they are still going on—will stop; thousands of business men dependent upon credit renewals will get refusals from their bankers, thousands of mortgages that would otherwise be renewed or extended will be foreclosed. Merchants who would buy on credit will cancel orders, factories that would manufacture on part capacity at least will close down.

would buy on credit win cancer orders, factors to the utacture on part capacity at least will close down.

Impair the credit of the United States Government, and all that we have sought to accomplish in the course of the last few months is, to a large extent, nullified. The renewed courage and confidence that have replaced the fear and uncertainty which prevailed almost universally will once more grow weak and hesitant.

After going to the limit on the income, corporation, and estate taxes, how much did we derive in increased revenue over and above that of the present law? Under the estimates of the Treasury, only \$168,000,000. We did not want to go into extraordinary avenues for taxes unless we had to. We then consulted the current situation. Through our chairman we consulted the chairman of the Committee on the Post Office and Post Roads and found we might possibly through legislative channels be able to derive \$25,000,000 of saving from that source; and we consulted the situation with respect to the general supply bills which have been

passed and are passing through Congress for the fiscal year. It was the judgment there that we could perhaps realize \$125,000,000 of savings.

Then, through our subcommittee on administrative provisions, by blocking up holes and leaks in existing law which we felt could be corrected, it was the judgment that we would save there \$100,000,000. That makes \$250,000,000, which, added to the \$168,000,000 derived from income taxes and estate taxes, makes in all \$418,000,000. That is approximately one-third of the total increased revenue required to balance the budget for 1933, leaving \$823,000,000 required to do the job. After exhausting the resources of the increased rate in the income-tax schedule, the estate tax, and an added gift tax, as well as all other sources of saving, we found that we could raise only one-third and would have to raise \$823,000,000 additional. It was at that point that the committee, staggering under that presentation of facts, resorted to the question of policy, and what was it? Shall we proceed on a narrow base to a few industries and load them with the burden, or shall we expand it to a broad base and spread the burden wide and thin? We decided upon the latter policy and that is all that is involved here. The question is, Will you in the Committee of the Whole center this burden upon a few industries, upon a few people, or will you broaden the base to the extent that the burden will be so light when generally dispersed that it will not be destructive of the business interests of the country? If you center it upon the few, you will not only load them beyond their capacity to bear the burden, but it will be destructive of the revenue we expect to derive; and furthermore all the backwash from that disaster to these industries will be felt by all the industries of the land, and instead of doing something that will be effective to restore prosperity, you will be contributing to the continuance of the present depression. What the committee has sought to do is not only to bring something here that will work administratively, something that will produce the necessary revenue for the Government, but something that also will further operate as an immediate aid to prosperity in this country. The fact is, and gentlemen must know that it is true, that the great financial centers of the country have held their assets liquid, not only to protect those whom they represent, stockholders or otherwise, but to absorb the Government requirements. They are not going to permit this Government's credit to be impaired if it can be helped. They must retain a liquid status to meet the situation, and while that condition obtains there is nothing adequate to back up the great credit facilities which we have set up in this country during the last few months.

But if you balance this budget, if you set up something in this bill that it is known will do the job, rather than something that is chimerical, speculative, and uncertain, then the flow of money from the money centers will again be directed and deflected through normal channels, in support and furtherance of these credit facilities which we have provided through legislation at this session of Congress. When that happens, then the people, through those channels, will have the benefit of the money that is now locked up, to protect credit and the impaired securities of this Government.

Now, it will not be long until we reach the amendment stage in the consideration of this bill, and that will be the time to discuss the details more in particular, but when we do reach that stage I hope this committee will keep in mind the outstanding purpose of the bill—that it is to raise revenue, and the certainty of the revenue; the certainty that it is adequate and the certainty that we are not overburdening those who can not stand the burden, and that you will distribute it so that all will be able to live under it.

I have noticed several forms of proposed amendments that have been suggested. I have one here that was furnished by courtesy of the gentleman from New York [Mr. LaGuardia]. The gentleman is always helpful and constructive; at least he means to be and usually is in his activities here, but in this case I feel he has failed to rise to the level of his usual conception of constructive effort.

This schedule which the gentleman proposes is arranged in 14 groups. It places the entire burden, which the gentleman estimates would raise \$518,500,000, upon 14 groups of interests; and the first one is a stamp tax on checks and drafts, which the gentleman estimates will raise \$95,000,000.

Now, irrespective of the merits of that subject, bearing in mind what I have said about the necessity of raising revenue and making it certain that we will get it, we have to have something that will pass this House. Is it believed that this House will support a tax so distinctly a nuisance tax as a tax on checks and drafts? If not, then there is \$95,000,000 of revenue that can not be raised without other substitution. Can you substitute it intelligently on this floor? Obviously not.

Then there is a tax suggested on contracts, covenants, conveyances, and things of that sort. I was a member of the committee which drafted the bill of 1921, 1924, 1926, and 1928, and I remember, as the gentleman from Illinois suggested a while ago, that those were easy days, when we were taking taxes off. I remember the appeals that came to us from all over the country. You gentlemen who were here then will remember the appeals that you received for relief from the burdens of war and nuisance taxes. We were then wafted on a wave of general prosperity, a rising tide of income, easy-to-pay taxes, and the people were just as restive and complaining about them then as you have ever known them under any situation.

Now, what a different situation! We are in the trough of a financial sea, attempting to rise out of it; and yet it is proposed to go back, by this schedule and by others suggested here, to those nuisance taxes of the war and the subsequent period, under which we suffered so long.

I shall not discuss all of these suggestions. There is one of a corporation tax estimated to raise \$50,000,000. You do not need to be told by anybody that the corporations of the country are largely in the red. The gentleman's schedule avoids the suggestion of a capital-stock tax, because of its well-known unpopularity during the war and after the war, that it is a tax of a capital nature; but the gentleman suggests a different name for it, and that is about all. The gentleman suggests a graduated system of corporate registration, which he estimates would realize \$50,000,000 out of corporations, out of impecunious stockholders, most of them who are struggling, like all individuals are struggling in an individual capacity to-day, to get out of this depression. Not only would this not raise the revenue but in my opinion it would not pass this House under any circumstances. The gentleman proposes a tax on automobiles and accessories.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield to the gentleman from Washington five additional minutes.

Mr. HADLEY. I wonder if it is the thought of the gentleman who offers this substitute for the manufacturers' sales tax that a tax on automobiles would pass this House?

The committee was well advised of the sentiment of the country upon this. The committee was well advised of the sentiment of the House upon it, and it was certainly its judgment that such a tax would not pass this House, even under the circumstances of an emergency; and it did not adopt it. It rejected it. It is now brought forward in this substitute suggested by the gentleman from New York, and is supposed to raise \$68,500,000.

I will mention one more of the 14 groups. There is suggested an increase of 1 cent on first-class mail, which is estimated to raise \$135,000,000. I will not discuss that on its merits at all, but if you gentlemen who are so much concerned about passing on some of these consumption taxes, so called, upon the people at the bottom of the financial ladder, if you are so disturbed about that, what do you think they will say when they find their postage increased 50 per cent?

That is a tax that they will see and feel. If you are so jealous of their interest in one particular, why not in others? This schedule will not bear analysis from the standpoint of practicability. I am not attempting to discuss it on its

merits but only upon the advisability of substituting it for the well-conceived, well-worked-out program which the committee has submitted to you, known to be administratively feasible and known to be adequate to produce the necessary revenue.

You may take any schedule that is brought here by way of substitute for this bill, and you will find when analyzed it will result in uncertainty and inadequacy.

I have worked on the bill with the committee for two months and more. I know there never was a harder job submitted to a committee; and while it is not a perfect job, I believe it is a good one and merits unqualified support. We are not jealous of it at all. Personally I am only jealous of it to the extent of doing the thing which will accomplish the result which the country so much needs at the present moment.

I have no interest in the controversy suggested by the gentleman from Mississippi among the Members of his own party. I served here with the distinguished and lamented gentlemen who have gone to whom he referred. We can not speak for them, of course; but I have no doubt if they were here and faced this situation to-day they would not permit a bill of this kind to be wrecked nor the credit of this Government to be impaired by ill-conceived and illadvised amendments.

Mr. PEAVEY. Will the gentleman yield?

Mr. HADLEY. Yes. Mr. PEAVEY. The gentleman has spoken of the intense demand that comes from the country for balancing the Budget. Will the gentleman tell from what sections of the country that demand comes and from what class of people of the country such a demand comes?

Mr. HADLEY. Will the gentleman state his question again?

Mr. PEAVEY. The gentleman has spoken of the intense demand that comes from the country at this time for the balancing of the Budget. Will the gentleman tell us just where that demand emanates?

Mr. HADLEY. It emanates from the whole country. Mr. PEAVEY. From the farmers?

Mr. HADLEY. From the whole country. I deliberately believe that. I do not believe that any of the protests which have been filed against this bill have been filed because the petitioners are in favor of impairing the credit of the United States, farmers or anybody else. The farmers are just as much interested as you or I in balancing the Budget. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include certain quotations.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GARBER. Mr. Chairman and members of the committee, I am sure I express the hope of this committee for the early restoration to health of the distinguished chairman of the Committee on Ways and Means. He has rendered invaluable service to the committee and the country. He has been a Member of the House for a quarter of a century and has devoted his life to the public service. I am sure I express the appreciation of this House in saying that we are deeply indebted to the temporary chairman of this committee, the distinguished gentleman from Georgia, who, in n:y judgment, gave one of the most fearless and able expositions of this bill that this discussion has disclosed. I like CRISP. The House likes CRISP for his democracy, because he is one of us. Let me say to you that the name of CRISP is typical and representative of the American family at almost every fireside in this country.

We are deeply indebted to the excellent services rendered by the senior ranking member of this committee. His presentations of public questions are always filled with concrete information, facts, and figures, however much you may differ with him in regard to his conclusions.

I feel the House appreciates the services rendered by every member of that committee in its work of weeks and months with the most difficult problem that perhaps has ever been presented to any committee of this House in recent years. I believe the membership of this House has respect for the deliberate judgment of this committee composed as it is of a seasoned personnel, with the public interest of the country as its paramount consideration.

I have not been privileged to hear all of the arguments presented. I was not privileged to hear what I am sure was an able presentation by the distinguished gentleman who sits before me, Doctor Crowther, of New York; neither have I read his presentation in support of this bill.

It is not my purpose to consider the various provisions which have been so ably presented, but I am informed that a direct attack was centered upon the provision which provides for an excise tax of only 1 cent per gallon on crude, fuel oil, and gasoline.

It is my purpose, so far as I am able, to give you some direct information regarding the relationship of this tax to the third largest industry in the United States.

Whenever we think of oil we think of monopoly, we think of the Standard, we think of the Dutch Shell, we think of the crooked dealings, we think of the policy that has been inimical to the public interest of this country by the great major companies in oil. But in this instance the facts are reversed.

I want to talk to you Democrats for a moment. In this instance the facts are reversed. It is not big capital investment seeking a special privilege; it is not monopoly that is asking for protection; it is the independent producers that are asking for protection in order to preserve the competition which protects you and the public interest in reasonable prices for oil products at filling stations.

The facts are reversed. Now, which side are you on in this contest for this little insignificant tax in this bill, which is for revenue only? Which side are you going to ally yourselves with, you Democrats who have always claimed that your party stood for the championship of the underdog, the common masses as against the intrenched influences of the country?

Mr. HOWARD. Will the gentleman yield?

Mr. GARBER. For a question.

Mr. HOWARD. I would like to answer the gentleman's question.

Mr. GARBER. Well, the gentleman has my permission, if it is not too long.

Mr. HOWARD. Speaking for one individual Democrat it is easy for me to say now that I intend to follow the long line of Democratic precedents and vote against anything in the name or nature of an infamous sales tax. Is that plain?

Mr. GARBER. That is very plain, but this is not a sales tax, it is an excise tax upon the importation of the products of the subsidiary companies, of the major companies of this country. It is regrettable to listen to the distinguished gentleman from Nebraska in his desertion of the principles and policies of his party in refusing to come to the assistance of the struggling independents in this country.

The oil industry, perhaps, contacts more people daily, outside of food products, than any other industry in this country.

Mr. ARNOLD. Will the gentleman yield for a question? Mr. GARBER. I yield.

Mr. ARNOLD. I am fully in accord with the gentleman's idea with respect to this tax on importation of crude oil. Can the gentleman give us any idea of the extent to which the importation of crude oil will be stopped by the tax of 1 cent per gallon?

Mr. GARBER. I will be very glad indeed to cover that point.

Mr. ARNOLD. That is a very vital issue in the matter.

Mr. GARBER. I will be pleased to answer the gentleman in so far as I am able to do so.

The tax of 1 cent on crude may, possibly, minimize or lessen the importations of crude oil and fuel oil and gas oil. It will not lessen, in fact, it will encourage, it will increase

the importations of gasoline. Why? Because it takes three and one-third barrels of crude to make one barrel of gasoline. Mind you, the tax is 42 cents a barrel on each of the commodities. Therefore there will be concentrated in one barrel of gasoline three and one-third barrels of crude. So that instead of paying three and one-third times 42 cents on crude, they will be permitted to ship in that quantity of crude in the form of gasoline for 42 cents a barrel.

There is no compensatory duty whatever. We suggest that an amendment should be adopted to cure this inequality; that it ought to be commensurate with the duty on crude, which would be about 3 cents per gallon on the gasoline.

Mr. ARNOLD. I shall be very glad, indeed, to join with the gentleman in getting a tax of 3 cents a gallon on the importation of gasoline.

Mr. GARBER. I certainly appreciate that cooperation from the distinguished gentleman whose influence and whose judgment is so respected by the membership of this committee.

I know the two thoughts that are lurking in your minds—exhaustion of the product and increase in price—and I regret that my time is so limited I shall be unable to present to you authorities which will show that the quantity of crude petroleum in sight is sufficient to supply this country for 70 years, and with coal and shale for the next 500 years, and that the matter of its exhaustion is simply propaganda put out by the major companies for their own sinister purposes, and has now been abandoned except by the distinguished gentleman from Dayton, Ohio, who reechoed the stale propaganda that has been relegated to the junk or wastebasket long since.

Think of the gentleman from Ohio restating an exploded proposition that has been purely manufactured for monopolistic purposes! The gentleman from Dayton, Ohio, from the very heart of protected industries, is president of the Federated Humane Society of Ohio. Let me suggest to the gentleman that he put a little of the humanity of his organization into his political economy and support a proposition that will give employment to 350,000 American citizens who are out of employment in the oil fields of this country. [Applause.]

Then the question is: Will it increase the price at the filling station? What are you paying now? You have your cheap imports. You have your imports that are products of peon labor, that are dumped into the Atlantic seaboard by the major oil companies. You are paying the same price for your lubricating oil, for your gasoline, that the consuming public is paying in the mid-continent fields. There is no difference in the price, although you are securing these cheap oils.

Who then gets the difference? Answer this question. Who is reaping the profits if the public is not receiving the benefits of cheap importations?

Why, the dividends declared by the Standard group in 1930, the year of our lowest depression, were the highest in all the history of those companies, exceeding a total of \$286,000,000.

Seventy per cent of the imports of crude oil and 90 per cent of the imports of refined products originate in the Maracaibo Basin in Venezuela.

The 1930 report of the Tariff Commission made a year ago showed a difference in production costs of crude delivered on the Atlantic seaboard of \$1.19 per barrel. Its latest report shows a difference of \$1.03 per barrel, the difference being occasioned by the recent discoveries of oil reservations in Texas. In all fairness, it must be stated that such did not take into consideration the difference in the quality of the several products. While such differences is a matter of controversy, the report, however, did specifically find that the mid-continent and Gulf coast oil was being delivered at the Atlantic ports at a cost of \$1.90 per barrel, that the refining costs by refiners on the Atlantic coast was 73 cents per barrel, making a total cost of \$2.63 per barrel of refined products.

The commission further found that the value of such product was \$2.74, leaving a profit of 11 cents per barrel or 5.78 per cent upon the amount of cost investment for mid-continent and Gulf coast oil.

The report also found that the cost of a barrel of Maracaibo Basin crude delivered at the Atlantic ports was 87 cents per barrel, but the cost of refining was 30 cents per barrel, making a total cost per barrel of \$1.17. The commission found the value of such product to be \$1.71, leaving a profit on the Maracaibo Basin import of 54 cents per barrel, or 62 per cent of the cost investment.

This specific finding of fact discloses enormous profits being made on the free imports of oils, profits made from the consuming public in our market. It discloses the reason for the determined opposition of the importing companies to any tariff or tax on oil imports, from which the consuming public receives no benefit. They pay the same price for the untaxed imported products of peon labor in foreign countries that they pay for the home-taxed products of American labor.

Of all industries the industries of oil should have been the least affected by this period of depression because the consumption of their products was even greater than before; but because of their inability to stabilize production to domestic consumption because of the flood of cheap importations this was not so, and the price of crude oil was depressed from \$1.45 to as low as 10 and 15 cents per barrel. It is now 77 cents per barrel, much below the cost of production.

The consuming public has never received the benefits of the oversupply of oils or the importations of cheap oils from foreign countries. The prices of lubricating oils and gasoline have varied but little, if any. They sold for the same price at the filling station when oil was selling at 10 cents per barrel or \$1.45. All the benefits have gone to the monopolistic importing companies.

If you Democrats are diplomatic, if you are disposed to go into the coming campaign with the advantages which are at your disposal, why do you not demonstrate to the public, here and now, that you are for the independent producers, the under dogs, in this great fight with the major oil companies of the country?

The major oil companies—and there are four of them, the Standard group, the Dutch Shell, the Gulf, and the Pan-American—have their thousands and thousands of subsidiary companies. Here is your opportunity; and let me say that you have a leader as the Speaker of this House, one of the great Democrats of the country, who has cooperated in developing this issue and supporting the under dog in this great fight which is now precipitated upon this floor by this little, insignificant tax.

Let me give you a brief glimpse of the background of this fight. The major industries of oil represent a capital investment of \$12,000,000,000 by 2,250,000 investors, and furnish employment to approximately 2,000,000 employees.

Surrounded by surpluses, our industries are in the midst of depression. The initial step to recovery is to adjust production to consumption and this results in unemployment which in turn becomes a vicious circle affecting all.

In the production of oil we have two classes, the one confining its operations to exploration, development, and production, while the other class is engaged not only in production but in transportation, with its own pipe lines, tank cars, and trucks, with its own refineries and marketing facilities and filling stations. This class is also engaged in production abroad in Mexico, Venezuela, and other countries, where it also has its pipe lines, refineries, and tankers. In these countries it produces oil and its refined products for export into this market. This class is composed of what is known as the "Big Four" and their subsidiary companies.

Such companies are exploiting the oil fields of Mexico and Venezuela for the export of crude and its refined products to their parent companies in this country so that conservation by curtailment of production here gives them a better

market in this country. They are the foremost champions of conservation and curtailment in this country while exploiting the fields in foreign countries to supply this market.

They are, therefore, opposed to any tariff or tax upon such imports. Here, with funereal, ministerial attitude, they sanctimoniously chant the hymns of conservation and curtailment by proration and mournfully act as the pallbearers of the independents, while their subsidiaries exploit foreign fields with cheap labor for cheap oils for enormous profits from an unsuspecting public in this market.

The big four, importing 82 per cent, are commonly known as the Standard Oil group, the Royal Dutch Shell, and the Gulf. It must be remembered that they are also domestic producers of crude. They are in control of the pipe lines, of the refineries, and of the wholesale and retail distribution of oil and its refined products. They produce 50 per cent of the crude oil, control 90 per cent of the pipe lines and 85 per cent of the refined products, including fuel oil and gasoline, sold in this country.

These companies, which control 90 per cent of the transportation and 85 per cent of the refined products, can dump enough imported cheap oils into the market at any time to break it for crude and destroy the independent producer or the independent refiner who is forced to carry a stock of such raw material.

The uncertainty created by free imports with unlimited resources of oil stocks and capital creates anarchy in the market for the independent producers and refiners. Thousands have been forced out of the business, their properties appropriated by the major companies, and, if the policy of free imports continues another year, the competition of the independents will be destroyed and the monopoly in this market will be complete. The oil reserves of this country will be in control of the major companies, the companies that control the transportation, the refining, and the marketing industries of oil. When that condition is brought about the consuming public will be completely at the mercy of monopoly, which the Supreme Court in 1911 declared to be against the public interest.

Ninety-five per cent of the oil lands in Mexico are owned by capital foreign to that country. Practically 100 per cent of the oil lands in Venezuela are owned by capital foreign to that country. The oil lands in those countries are owned by the major companies in this country. They secured large concessions from the government upon a 10 per cent royalty basis.

To illustrate: The Pan-American Transport Co., having 27 subsidiary companies of its own and itself being a subsidiary of the Standard Oil Co. of Indiana, has a concession in Mexico of 2,500,000 acres. It also has a concession of 3,000,000 acres in Venezuela. Upon this land they pay no rentals; they simply pay a royalty of 10 per cent of the production when it is produced. The same monopolistic conditions exist in Colombia, Peru, and Trinidad. The major companies have an absolute monopoly of the oil lands in foreign countries with the exception of Russia, a complete monopoly of oil production in foreign countries, a complete monopoly of the refining industry in foreign countries, a complete monopoly of all the revenues derived from oil and its products in foreign countries.

The citizens of those countries have no investments in oils. The major companies, which includes the Dutch Shell, do not import oil products produced by the citizens of those countries. They do not import oil products produced by the capital of those countries. They import the products produced by their subsidiaries in those countries; so it is not a matter of trade between countries or between the citizens of countries but strictly a matter of free imports by the major companies in this country from their subsidiaries in foreign countries.

Contrast this production investment of these companies in foreign countries with the production investment of the producers of this country. Those engaged in the production industry here have no concessions from the Government. They must lease the land from the individual owners for which they must pay a bonus for the lease, \$1 per acre rental annually, and give a royalty interest therein all the way from 12½ per cent to as high as 50 per cent. The royalty interests are reserved to each of the landowners. Under normal conditions they are of market value. The royalty interests are capitalized and sold in distributive shares to thousands of investors and the annual rentals total millions of dollars to the landowners of whom the greater number are the farmers.

The point is, there is no distribution of benefits in monopolistic foreign production. The royalty interest to the Government is the only consideration. There are no rentals, no bonuses, and no royalty interests to individual land owners. All these interests are retained by the producing

Here, in such industry, there is wide distribution of benefits, perhaps a wider distribution of direct benefits than in any other industry.

In monopolistic foreign production there is employed only 1 white person to every 100 peons. In domestic production, the employees are all American citizens and paid American

Such is the difference between the distribution of foreign development by monopolistic companies and the development by producers in this country.

There are more oil States than there are wheat States, more oil States than there are corn States, more than there are cotton States, more than there are steel States or iron States. The oil States represent a population of 22,000,000 people. That is the difference between the distribution; one is monopolistic and the other is distributed more widely than the interests of any other industry in this country.

There is another phase for you to consider: Foreign monopolistic development pays no taxes. It does not contribute a single dollar to the maintenance of the subdivisions of the Government of this country.

Mr. GLOVER. Will the gentleman yield? Mr. GARBER. I yield for a question.

Mr. GLOVER. The gentleman has spoken of the Democratic Party. I happened to be in Congress at the time you had the oil question up, and you had oil people here asking for a tariff on oil. You had something like a hundred majority on the Republican side. Can the gentleman tell us why you did not get your majority to give you a duty on oil?

Mr. GARBER. In reply to the gentleman I will say that our failure then is no excuse for inaction of the Democratic Party now. There may have been different reasons operating during the latter part of the session, when that matter was presented.

Regarding the question of taxation, oil and oil products are the most highly taxed of the products of any industry in this country. From the very inception when oil is produced it begins to pay a tax. It pays a production tax of 3 cents ad valorem, a tax regardless of whether there is any profit made on the production or not. It pays a corporation tax and a capital stock tax. Those taxes are paid whether it makes anything or not.

In other words, oil in 1931 paid a total tax of \$754,000,000, or about 87 cents per barrel.

Mr. FIESINGER. Will the gentleman yield?

Mr. GARBER. Yes.

Mr. FIESINGER. I want to say to the gentleman I am for the oil tax, but I am receiving considerable propaganda from farm organizations. They seem to be writing letters to Members of Congress.

Mr. GARBER. For or against the tax?

Mr. FIESINGER. Against the tax. Now, the oil people have a great many farmers. Why is it that the farm organizations are writing letters against this tax?

Mr. GARBER. I am satisfied that the farmers in the oil States are not sending in this propaganda.

[Here the gavel fell.]

Mr. GARBER. May I have 15 minutes additional? Mr. WATSON. I will yield to the gentleman five minutes. Mr. FIESINGER. The gentleman thinks that the big oil

companies get back of the farmers' organizations?

Mr. GARBER. No doubt that is the result of the sinister influence of the major oil companies in developing propaganda in opposition to this tax.

Mr. FIESINGER. They are telling the farm organizations that the price of gasoline and other products will be increased?

Mr. GARBER. That is it exactly. This is a fight against the greatest monopolistic influence that there is in the United States or in the world.

Mr. HART. If the gentleman will yield, I will tell you where you are getting the propaganda from. They had the same thing during the consideration of the Muscle Shoals bill, where the International Cyanamid Co. got up the propaganda, yet the farm organizations asked the Congress to accept their bid; and these oil companies are getting the propaganda through the American Farm Bureau.

Mr. GARBER. Yes; they often resort to respectable agencies to accomplish their purpose. What would this tax do if it was what it ought to be, if it prohibited the cheap products of foreign countries-and why should it not, when we have an oversupply in this country, when we have more oil than we know what to do with, when we have 350,000 of our citizens out of employment? What would it do? It would simply give a job to our unemployed to supply our home market. That is what it would do, and nothing more. The price would regulate itself and conditions would improve.

The competition in this country in this industry, especially the producing competition, is absolutely sufficient to protect the consuming public from any unjust exaction. It would simply give our own producers the right to raise the curtailment of production; to uncap their wells and produce a little more than they are permitted to do now.

During the years 1929, 1930, and 1931 oil imports, free of duty, were admitted into this country in the value of \$377,321,374. And this, too, during a period of severe depression, when our citizens were out of employment and begging for work. And this, too, at a time when we had an oversupply of oil and refined products in this country, when we had such an enormous potential supply that we were compelled to curtail our production in the flush production States down to only 9 per cent of our potential production. These imports of millions of dollars of cheap oil products were admitted free of duty during this period when our own producers were curtailing their production, discharging their employees, and sacrificing their investments and their properties.

During the year 1930 we shut in, by proration, 109,000,000 barrels of oil and let in, by free imports, 105,000,000 barrels. As rapidly as we emptied our tanks they were filled up to overflowing with a flood of cheap oils by the importing com-

This drastic curtailment was at a tremendous sacrifice of the independent producers. Not so with the importers. They had their free imports of cheap oils, their pipe lines, their refineries, their marketing facilities, and filling stations to make up their losses in curtailment here.

What industry in the United States has had the selfrestraint and control to voluntarily, and by statute, curtail its production to as low as 9 per cent of its potential production? It was only accomplished and brought about by the cancellation of leases, totaling millions of dollars, to the farmers-\$46,000,000, to be exact.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. ARNOLD. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. GARBER. During this time that we curtailed our production this period of three years-1929, 1930, and 1931to as low as 9 per cent, the independents discharged their labor and canceled their leases. The major oil companies gobbled up the properties of the independents at forced sales, in bankruptcy, put thousands of independent producers and crude refiners out of business, and secured the benefits. This is a deliberate, premeditated plan of the big companies to crush out the little, independent producers and the competition which they afford. It is simply a step, and the last step, in securing a complete monopoly of oil products in this country. I see the distinguished gentleman from North Carolina [Mr. Doughton], who seems to be interested in this statement. In 1911, after five years of litigation and investigation, the Supreme Court of the United States approved the finding of fact by the circuit court that the major oil companies were exercising such a monopolistic control in this country that it was inimical to the public interest and decreed their dissolution and disintegration. Gradually, after years, in a sinister way, silently, stealthily, these companies have been coming back together, gradually absorbing the control of which the Supreme Court divested them in that famous decree of 1911; and the big value of your support of this little insignificant tax will not be the little revenue that it will bring into the Government, but it will be the preservation of competition furnished by these independent producers and refiners for the benefit of the consuming public.

Which would you rather do, pay an additional cent in tax to preserve this competition or pay the additional tax to the monopoly when they secure complete and absolute control? That is the question for you to determine in regard to your attitude and support of this provision.

This provision is viciously opposed by the major companies through respectable agencies. Who appeared before the Ways and Means Committee? The independent producers and the American Federation of Labor, who understood the issue. They understood it and they demanded from that committee the degree of protection to this industry that has been accorded to every other American industry; and of all the places whence opposition should come, the Atlantic seaboard, and especially New England, is the last place where one would expect to find it-the home of protection, which has built up factories and manufacturing establishments. The gentleman from Maine [Mr. Nelson], who has been working 24 hours every day to secure an embargo on lobsters not exceeding 31/4 inches in length. viciously opposes this little insignificant tax to protect a great industry with thousands of men out of employment. Think of it! Think of the sordid, selfish, picayunish, narrow policy of such opposition by the gentleman from Maine to protect a baker's dozen of fishermen scattered along his rock-bound coast and his denial of the principle and policy of protection to an industry whose employees are 90 per cent American citizens, and are represented in 20 different States in the Union. [Applause.]

I distinctly recall the occasion when the three gentlemen from Maine stood upon this floor proclaiming their regularity, their fealty to the Republican Party and protection, demanding an increased duty on potatoes. On former occasions it had been the products of the factories of Maine, then it was the potatoes of Maine, and now it is lobsters, not exceeding 3¼ inches in length, "measured from the eye socket to the rear end," mind you. [Laughter.]

Oh, yes; Maine demands protection for the products of her factories, for the products of her manufacturing establishments, for her potatoes, and last but not least, for her lobsters! It is millions for protection for the products of Maine but not one cent for oil! Protection on the products of Maine does not raise the price to the consumer. Oh, no! It employs labor and creates prosperity, but protection on oil is a "robber tariff" and the consumer pays it all. Oh, yes! Protection is O. K. for Maine, but all wrong for the producers in the 20 different oil States in the United States. Is it—can it be that there is a Standard of Maine? Perish the thought!

The Atlantic seaboard buys 36 per cent of its crude, 16 per cent of its gasoline, and 49 per cent of its fuel oil from the free imports of the major companies, while we have an oversupply of oil with 350,000 oil workers out of employment in our own country. Such companies have led the opposition to any restriction on free imports. They have opposed a tax, a tariff, or an embargo on such imports, even when they are dumped in from Rumania or by the Russian Soviet for the express purpose of destroying the competition of the independent American producers who are but asking the

privilege of supplying the American market with American products. And yet the seaboard States with their factories and manufacturing establishments is the home of protection, a protection that has built up and maintained their factories and their plants in flourishing prosperity since such conditions prevailed anywhere in the United States!

Now, when these oil States ask, with greater merit than they ever presented in support of their claims, for a small degree of the protection they enjoy in cooperation with the major companies they repudiate protection and demand a continuation of free trade in oil products.

Gentlemen, New England, especially, can not afford such a selfish, narrow, sordid policy. The market for your products is outside of your tariff wall. It is in the oil-producing States with their 22,000,000 of consumers and the adjoining agricultural States with 20,000,000 more. Here is the greatest market in the world for your products of iron and steel, of textiles, and the various other products of your thriving industrialism. It always has been. Do you want it to continue?

From out of New England comes the confession of one of your great leaders, the gentleman from Massachusetts [Mr. Treadway], as to the unwisdom of your course. In the discussion of this subject, he said:

Let me remind my New England friends that our section has, ever since the first tariff bill was written, asked for protection to our industries. Let me remind them, too, that many sections of the country feel that our neck of the woods has received more favorable consideration than it merited. Even in the last tariff act New England made certain appeals to Congress for her industries, which were heeded. I do not need to enumerate them at this time. My colleagues should bear these facts in mind before they seek to deny to other sections of the country what we of the East have asked of Congress from time immemorial.

For several years past a wide area of this country in the States of Kansas, Oklahoma, and Texas has been clamoring at the doors of Congress for the protection of its local industry, namely, the production of oil. Its appeal has gone unheeded. To-day, through the instrumentality of a tax, the people of that section think

For several years past a wide area of this country in the States of Kansas, Oklahoma, and Texas has been clamoring at the doors of Congress for the protection of its local industry, namely, the production of oil. Its appeal has gone unheeded. To-day, through the instrumentality of a tax, the people of that section think that to a certain extent they are accomplishing their purpose. I for one propose to help them with my vote. I do this for at least two reasons. First, protection to their industry, call it tariff or tax. They consider this measure as a means of protecting their industry exactly as we in the East have asked and received protection for our industries. Second, it is a contributing item in the big measure before us, one factor in the effort which is being made to balance the Budget and maintain the credit of the United States Treasury.

Most fantastic statements have been made relative to the cost of this item upon the taxpayers of the Atlantic coast. It has also been stated that it would not produce revenue. The lowest estimate we have had of the revenue it would produce is \$5,000,000, which of itself is well worth while when every possible effort is being made to secure the aggregate amount needed for Budget balancing.

The exaggerated statements of additional cost to the eastern coast, running as high as \$100,000,000, are ridiculous and can not be borne out by any authoritative evidence that can be submitted to this House. Assuming, however, that the entire additional tax of 42 cents per barrel is added to our fuel bill, this is not out of proportion to the additional possibilities of sale of our industrial products to the section of the country which is asking for this help. If that section of the country can come into our market with its fuel oil, payment can be made in our products and we ourselves would be the direct beneficiaries in the employment of labor for our home industries.

Contrast this broad, statesmanlike utterance of the trade policy for New England with the selfish, short-sighted policy of the opposition. The gentleman's recognition and assurance of cooperation created a friendly feeling and appeal that will return her tenfold in trade for the increased cost, if any, for her fuel.

New England must reciprocate with protection for the products of the oil States or they will reciprocate with free trade for New England. They will level the protective wall to a revenue or competitive basis to the same level as their own. We have offered reciprocity; we prefer it to retaliation. We are one family, citizens of a common country. If we are Americans, then why not act like Americans, vote American, buy American products, and give our employment to our fellow Americans at home. [Applause.]

The following editorials from the Washington Herald, the Enid (Okla.) Morning News, and the Blackwell (Okla.) Tribune portray conditions in the oil industry and the im-

perative need for remedial legislation:

[From the Washington Herald, January 25, 1932]

TARIFF ON OIL NEEDED

The problem of prosperity for numerous States in the Union would be solved overnight by a prohibitive duty on imported petroleum.

No State would be injured.
On the contrary, the Nation in general would profit both directly and indirectly by the stimulus to this particular national

industry.

Money now sent abroad would be spent at home.

American money now furnishing employment to labor in other lands would perform a more legitimate function in furnishing employment to American labor.

Fair prices would be assured by the very vigorous competition of American producers against other American producers which universally exists, while there would be an end to the present cutthroat competition forced upon them by excessive importations of forcing oil of foreign oil.

Such cut-throat competition prevents a fair return to capital and labor and general employment. Thus the country as a whole suffers from the foreign competition which is disrupting the

domestic industry.

It is one of the many paradoxes of our present national problems that the United States is at once the world's greatest producer and greatest importer of oil.

Domestic production is decreasing, owing largely to the ruinous effect of foreign competition; but importations continue to represent a large amount of money sent out of the country to give

employment to foreign labor.

Last summer there was a movement to induce the President to order an embargo on imported oil, but there was no authority for him to do so, and, even if there had been, there was no evidence of his inclination.

Fortunately, a presidential embargo is not necessary. Adequate protection for American oil can be afforded by a constitutionally imposed high tariff on imported oil.

Congress and the President can do what the President alone could not do to restore prosperity to this important national

Prosperity must begin somewhere, and it would begin at once in the oil-producing States of the Union if Congress imposed a high duty on imported oil.

# [From the Enid (Okla.) Morning News] " BUY AMERICA"

President Hoover has added the weight of his influence to the "buy American goods" movement, by writing a letter to John Garner, Speaker of the House of Representatives, suggesting regulation, which will provide for the numbers of control of the provide for the numbers of control of the provider of the numbers of the Garner, Speaker of the House of Representatives, suggesting regulation which will provide for the purchase of supplies made in the United States by our Government Departments. Under the law which has been in effect for some time, Government departments must purchase from the lowest bidder. As foreign goods, made in countries with cheap labor and low living conditions, can be sold generally at a less price than American goods, this often results in the forced purchase by the United States Government of supplies made abroad. In his letter to Speaker Garner the President said in part: ident said in part:
"It would be of substantial advantage to American manufac-

"It would be of substantial advantage to American manufacturers and producers if Congress should authorize all departments and executive establishments uniformly to give this preference, and I suggest the enactment of legislation providing that in advertising for proposals for supplies heads of departments shall require bidders to certify whether the articles proposed to be furnished are of domestic or foreign growth, production, or manufacture, and shall, if in their judgment the excess of cost is not unreasonable, purchase or contract for the delivery of articles of the growth, production, or manufacture of the United States, not-witherending that articles of foreign origin may be offered at a withstanding that articles of foreign origin may be offered at a lower price.

Two bills for the purpose outlined have been introduced, one by

Two bills for the purpose outlined have been introduced, one by Representative Florence Kahn, of California, and the other by Representative White, of Ohio. Mrs. Kahn's bill provides that all materials and supplies purchased by any department, and all materials and supplies furnished by contractors doing work for the Government, shall be produced within the limits of the United States, unless there is express authorization to the contrary by law or unless the material is used for experimental purpose or can not be manufactured in this country. Mr. White's bill would leave a limited discretionary power with departmental heads.

There can be no question of the value of legislation of the kind at this time. Surely Uncle Sam, above all purchasers, should buy and use American-made goods wherever possible. What we need in the United States is a speeding up of the campaign to buy American goods. In Great Britain a "buy British goods" campaign has been in progress for several months and the British magazines are full of advertisements pushing this campaign. It is just as necessary for our well-being that the Americans buy American-made goods as it is that the British buy British-made goods. On the Continent the nations are pushing and encouraging goods. On the Continent the nations are pushing and encouraging the sale of home products, too, and Uncle Sam can not afford to lag behind in this movement.

The consumption of American-made goods keeps the money at home and affords additional employment for American workers.

[From the Blackwell (Okla.) Tribune, July 18, 1931] MORE FOREIGN OIL

Importations of crude oil are increasing. There is nothing in that fact to cause surprise. The surprising thing would be for there to be no increase in imports. The history of the move for curtailment of oil production in the United States has been that as domestic production in the United States has been that as domestic production decreased, importations of foreign oil increased. Why should there be reason to expect anything but increased importations as the shut-down plan goes into effect? The Pan-American Petroleum Co., a subsidiary of the Standard Oil of Indiana, has increased its importation approximately 140,000 barrels a week. Of course, in response to a request by Hoover, the big oil-importing companies agreed to limit importations for the sand less than a property of the sand less than a property of the sand less than a property of the sand less than a sand less than the sand less than the

Hoover, the big oil-importing companies agreed to limit importations for a time, and less than a month ago the Pan-American Co. agreed to a 25 per cent curb on imports, but what of that?

The agreement to cut importations entered into by the Pan-American, the Dutch Shell, the Standard of New Jersey, and the Gulf Coast Co., Secretary Mellon's company, was limited to 90 days, and that term expired recently. Also, it was recently that the series of drastic cuts began which forced the price of oil down to 10 cents a barrel. A shut-down of domestic production having been thus forced, what was there to expect but an increase in oil imports. imports.

For the week ending July 11, 1,202,000 barrels of crude and refined foreign oil were received at "the principal United States ports," which means New York and Baltimore. That imports will be increased to meet the shortage caused by the shut-down of producing wells in this country is to be expected as a matter of course. It is all working out according to plans carefully made and ruthlessly executed by the big corporations.

#### [From the Blackwell (Okla.) Tribune, November 12, 1931] THE OIL SITUATION

During the past 10 years there has been imported into the United States over a billion dollars worth of crude oil and refined products. About three-fourths of this total was crude oil and the other one-fourth "tops" or gasoline, a little kerosene, and practically no lubricating oil. In fact, until Venezuela came into the oil picture almost all of our imports were low-grade crude oil and fuel oil.

fuel oil.

Recently Russell Brown, attorney for the Independent Petroleum Association, called our attention to the fact that in the past five years foreign oil valued at over half a billion dollars had been dumped into our already overloaded market. This, indeed, had a very depressing effect on the domestic market and the oil industry in the United States. And during the past five years the larger percentage of this oil, which has been dumped on our market, has been refined products. This change has been due to the building of two huge refineries on islands just off the Venezuelan coast. The combined capacity of these two refineries is about 375,000 barrels per day, or more than one-seventh of the present capacity of all the refineries in the United States. of all the refineries in the United States.

These two huge refineries ship a substantial part of their refined products into the United States in competition with our domestic industry, and at prices with which our American oil men can not compete.

On account of this importation of foreign crude oil, over 2,000,000 men in the oil industry in the United States are out of work, due to the present price of oil. Most of the oil produced at the present time in the United States is produced at a loss to the operator.

operator.

Governor Murray has helped the oil industry in the United States by the forced shutdown of the Oklahoma fields during the past summer, which shutdown was joined in by Texas and other States. Governor Murray's program forced the price of crude oil from 10 to 20 cents per barrel, in the mid-continent fields up to 85 cents per barrel. The program of Governor Murray has helped the oil industry, but President Hoover should have handled the situation himself by declaring an embargo on foreign oil.

# [From the Blackwell (Okla.) Tribune, April 29, 1931] OIL AND THE FARMER

Are the farmers of Oklahoma financially interested in measures to put the oil industry back on its feet? In other words, are the farmers financially interested in the effort to secure a tariff on oil? Grant County records for April 18, 19, and 20 show agreements

67 landowners of that county to reduce rentals to oil companies, by 67 landowners of that county to reduce rentals to oil companies, which means that the 67 landowners will receive less for their oil leases. There is nothing in the legal notices to show how much the 67 reductions total, so it can not be stated here how much less money the landowners will receive for their leases and we don't know how many more such reductions have been made or will be made. Grant County is not one of the big oil counties of the State, but 67 agreements to lessen lease prices in three days shows something of what is happening all over the oil section of Oklahoma. We are afraid to venture a guess as to the total loss to farmers of revenues from that source; our guess probably would be much too low, but the loss amounts to hundreds of thousands of dollars annually, and to that loss must be added that caused by

the failure of oil companies to renew expired leases.

Why are oil lease prices decreasing? It is hardly necessary to ask that question or to answer it. To-day's prices for crude oil tell the story. For 65 years after the completion of the first oil well at Titusville, Pa., the average price in the United States for crude oil

at the well was \$1.33 per barrel; to-day the average price is about 60 cents a barrel. With oil at 60 cents a barrel, oil leases are worth less than 50 per cent as much as with oil at \$1.33 a barrel, just as a farm lease is worth less when wheat is 60 cents a bushel than it would be with wheat worth \$1.33 a bushel. What has forced oil prices down to the present point? Enormous importations of foreign oil. What would check those importations and restore oil and oil leases to their former values? A tariff on oil. Oh, yes; the Oklahoma farmer is financially interested in the effort to secure a tariff on oil.

Perhaps no other argument is needed, but here is the same proposition stated in another form. For the 4-year period ending December 31, 1930, production of crude oil in the United States was 725,000,000 barrels more than for the preceding four years. The price received at the well was \$159,000,000 less than for the 720,000,000 barrels less oil produced in the preceding four years. It is not hard to understand why the farmers of the State are forced to take less for leases on the oil lands they own, and it is just as easy to understand how they would be benefited by a tariff on oil.

Mr. ARNOLD. Mr. Chairman, I am directed to yield 20 minutes to the gentleman from Missouri [Mr. Cannon].

Mr. CANNON. Mr. Chairman, I desire to concur in the tribute paid by the gentleman from Oklahoma to the chairman of the committee which reported the pending bill. His career in the House is another corroboration of the belief which I have always entertained on the influence of heredity. In all the long line of Speakers who have presided over this body, there is none who was abler; none who occupies a higher place in the parliamentary history of the House than his distinguished father. It is eminently appropriate that his son should be carrying on his great work.

But, Mr. Chairman, it is a peculiar psychological quirk that no two men can at all times agree on all questions, and I consider it a real misfortune that I am not, in this particular instance, able to concur in the recommendation which the chairman of the committee has felt constrained to make in presenting this bill. In fact, the bill is one of those controversial measures on which comparatively few have been able to fully agree in all respects.

But out of all the differences of opinion that have been expressed on the subject in the last several days, there is one spot of common ground. There is one thing on which every Member who has yet spoken has agreed, and that is that the sales tax, sometimes called the "manufacturers' tax," has many objectionable features. Even the warmest advocates of the sales tax, while insisting that it is the only practicable method of balancing the Budget, concede that it is highly objectionable, and submit that it is offered here only as a last resort. They justify it solely on the ground that it is proposed as a temporary expedient, and they assure us that it is offered purely as an emergency measure, and they wish us to understand that as soon as normal conditions return and the emergency has passed they expect to dispense with it. But it is agreed, both by those who advocate it and those who oppose it, that sales taxes in any form are highly objectionable, even for the laudable purpose of balancing the Budget.

Its proponents imply, if they do not state in so many words, that if there were any other legitimate means of raising the revenue required to balance the Budget they would not propose a sales tax. And they would have us believe that it is recommended only because no other feasible method of raising revenue is available.

In view of this protestation I venture to relieve their embarrassment by suggesting other methods of securing funds to make up the deficit, methods which are free from the objectionable features of the sales tax. I do so with some diffidence, but inasmuch as the committee and the Treasury Department are unsophisticated in tax matters and are circumscribed in facilities for securing information on the subject, I beg to point out various sources of potential revenue which they have inadvertently overlooked. Up to this time the Treasury Department in its determined search for some form of taxation which would balance the Budget without invoking the evils of the sales tax have been able to find only such nuisance taxes as the increase in postage, the tax on checks, the various stamp taxes, and kindred forms of taxation which harassed us during the war. And so I desire respectfully to call to their attention certain other methods of raising revenue which can be utilized in this

emergency without invoking the sales tax or other nuisance taxes which they have suggested as alternatives.

For example, why not repeal section 141 of the revenue act authorizing corporations to consolidate their tax returns? Under the provisions of this section of the revenue act every great trust in America to-day is avoiding taxes which their small competitors must pay. There are twenty and odd thousand corporations in America, with branches in every State, which do not make individual tax returns. The mother corporation makes one return for all subsidiaries and thereby escapes millions of taxes; and the statement has been made in the Congressional Record that one man. Mr. Andrew Mellon, profiting by this section of the revenue act, saved \$1,000,000, and that one corporation has saved as high as \$5,000,000. It is estimated that if this section of the revenue act was repealed, such giant corporations as the Standard Oil Co., the United States Steel Trust, the Pittsburgh Coal Co., General Motors, and numerous public utilities would pay into the United States Treasury every year more than \$100,000,000 in additional revenue.

Why not let these profitable industries, one of them paying its president a bonus of \$1,500,000 a year, another granting its president a bonus of \$2,383,000 a year, and all of them receiving immeasurable benefits from the Government, be allowed to contribute to its support instead of taking it from the food and clothing of the poor? A day laborer stepping into a grocery for his lunch of a piece of bologna and crackers or a can of sardines and spaghetti would pay a tax on every article he ate. While the president of the United States Steel Trust, receiving \$40,000 a week, could go into the Waldorf-Astoria and order a sirloin steak and French rolls with Florida strawberries without paying a penny's tax on any of it. Why not repeal this little section of the revenue act and let these twenty-odd thousand corporations pay what other corporations pay instead of taking it out of the meager lunch of the laboring man?

Now, Mr. Chairman, this is not an impracticable suggestion. It is backed by the highest authority in this House. It is the identical proposal made by John N. Garner, of Texas, now Speaker of the House. In 1929, speaking on this subject, Mr. Speaker Garner recommended the repeal of this provision of the revenue act. And had it been repealed at the time he urged it a very large part of the deficit which is now reported would have been avoided and it would not have been necessary for the Treasury Department and the Committee on Ways and Means to come in here to-day proposing the levy of a sales tax on the necessities of life.

If, in the opinion of the Speaker of the House, it was a good thing in 1929 when the need was not so great as to-day, why is it not a good thing in this crisis when they are claiming that there is no other feasible method of balancing the Budget but the imposition of a sales tax on every man, woman, and child in America. It would raise \$100,-000,000 at a minimum, and yet the Treasury Department has entirely overlooked it in their frantic search for means of reducing the deficit.

Strike out section 141. Consolidated returns of corporations. On pages 108, 109, 110, 111, and 112 strike out line 19 of page 108 to line 3 of page 112, inclusive.

That is proposition No. 1. That is the first alternative. Second. Repeal sections 31 and 131 of the revenue act.

Sections 31 and 131 of the revenue act provide that taxes paid by an American corporation to any foreign government may be deducted from its domestic tax. And I want to call your attention to an important phase of the deduction. Whenever an individual or corporation pays a local tax in any State or in the District of Columbia such local tax is deductible from the net income on which tax is computed. But under section 131 of the current revenue act when an American corporation with branches in foreign countries pays a tax on such assets abroad it makes the deduction—not from its taxable income but from the tax after it has been computed.

Under the benign influence of our tariff laws a great number of American corporations have established branches

abroad, and many of them have heavy investments in practically every foreign country.

Just across the international line in Canada there are duplicates of numerous manufacturing plants of the United States. When I was at Niagara Falls some time ago I saw there in close proximity, plants belonging to the same corporation that were practically identical, producing the same commodity, one in Canada and one in the United States, the Canadian plant being established there in order to avoid the tariff.

What is the effect of the establishment of these foreign branch factories? We are not only deprived of the revenue from the taxes formerly paid when their products were manufactured in the United States, but we are also deprived of markets for American products which are consumed in these factories as raw materials.

The raw materials consumed in these factories are now purchased in foreign markets and from foreign producers, while American cotton, American oil, American ore, American coal, American grain, and other American products are left to congest our own markets and pile up a surplus that drags down the price of every American commodity.

In addition to the loss of a market for our raw materials American labor suffers. According to latest estimates, branch factories of American corporations now in operation abroad are employing half a million foreign workmen instead of the half million American workmen who would be employed in these industries if they operated within the United States as formerly.

With the lack of employment in the United States to-day, with armies of unemployed walking our streets, what a boon it would be to American labor if these plants were operated at home and these pay envelopes were being delivered every Saturday to our own workmen.

However, if our tariff laws are to continue to drive American industries abroad, and our other producers are to be deprived permanently of this market for their products; if they must take the jobs of half a million American citizens and give them to half a million foreign workmen, let us at least eliminate this exemption and secure full payment of taxes on the income from these foreign investments. If this section of the revenue act had been repealed by the last Congress it would have brought into the Treasury of the United States in the last year over \$35,000,000. Why did not the Treasury Department, in its anxious search for revenue, recommend the payment of this \$35,000,000 by corporations with branches all over the world instead of taking it out of the farmer's tractor, the laborer's overalls, the housewife's market basket, and the children's toys?

Strike out section 31 and section 131. Credits of taxes of

On pages 103, 104, 105, 106, 107, and 108, strike out line 3 of page 103 to line 7 of page 108, inclusive.

That is proposition No. 2. That is the second alternative. Third. And let me ask you here how would you like to have a method of taxation which would bring into the Treasury of the United States not the paltry amount which they propose to raise by a sales tax but an annual revenue of \$6,000,000,000? What would you think of a method of taxation which alone would produce every year three times the amount of the total deficit in the United States Treasury-a method to which nobody would object-a method which would shear the pig and get the most wool with the least squeal?

I do not suggest this happy solution on my own responsibility. It is a tax proposed by one of the most eminent legislative authorities on the subject, not only in the United States but in the world to-day.

Here is the proposition as he formulated it. This is the form in which he offered it as an amendment to the revenue act in the United States Senate in 1929:

There shall be levied, collected, and paid on all sales or agreements or contracts or options for sales of shares of stock of any corporation at, or under the rules and usages of, any stock exchange, or other similar places, \$5 for each \$100 of the selling or buying value, whichever may be the greater, or fraction thereof, of the stock covered by such sale agreement, contract, or option—

if the seller has not had the legal title to or the beneficial interest in the stock for at least 60 days prior to the sale agreement, contract, or option.

This amendment, if adopted in 1929, would have produced a revenue, according to the computation of a former Secretary of the Treasury, of \$6,000,000,000 annually. If I were drafting it originally I would not put the rate so high, but I am offering it as originally proposed. Its adoption would not only have provided an adequate revenue, but it would have been attended by many other beneficial results. One of the evils accentuated by the present financial depression is the practice of short selling. So deleterious has been its influence and so seriously has it retarded business recovery that the President recently addressed a message to Congress on the subject, and it is everywhere the subject of widespread condemnation. The proposed tax on the sale of stocks would go far toward remedying the evil. It would discourage short selling; it would discourage gambling in stocks; it would stabilize the market and curb both bulls and bears, and so benefit both the producer and the consumer.

It taxes the market rigger and the stock gambler, while the sales tax penalizes the farmer, the workman, and the tradesman. Which class do you think can better afford to contribute to the support of the Government?

The fourth applies the same principle to the commodity exchange. It is a tax on options; a tax on futures. Every year there are millions of bushels of imaginary wheat and millions of bales of cotton that never grew thrown on the market. On the Chicago exchange alone last year every bushel of corn raised in the United States was sold eighteen times. These unlimited quantities of make-believe products passing through the exchanges suspend the law of supply and demand. They depress the price to the producer and boost the cost to the consumer. Compensation for toil on the farm and the cost of daily bread in the city are governed not by harvests and consumption but by curb deals in margins and options and eddying whirlpools of phantom grain in the wheat pit. Here is the remedy:

There shall be levied, collected, and paid a tax of one-fourth of 1 per cent of the selling or buying value of all sales or agreements or contracts or options for the purchase or sale for future delivery of cotton, grain, and all other farm products without intending that such products shall be actually delivered or received, or offer ing to make or enter into a contract whereby any party for whom or in whose behalf such contract is made, acquires the right or privilege to demand in the future the acceptance or delivery of cotton, grain, or other farm products without specifying the grade to be delivered, and being thereby obligated to accept or deliver such cotton, grain, or other farm product of the grades and quantities specified in said contract.

Such a tax would produce a rich revenue. There would be no protest from those who paid it, for the gambler never quibbles over the commission retained by the "house." And simultaneously it would reduce gambling in agricultural products and meet with the approval of every farm organization and every labor union in the United States.

That is proposition No. 4—the fourth alternative to a sales

The fifth alternative provides for an increase in the estate tax. The estate tax, or as it is usually termed, the inheritance tax, is among the most meritorious of all forms of taxation. It conforms to every rule of scientific taxation. It is adequate; it is certain; it is the least obnoxious; and it taxes in proportion to ability to pay. The inadequacy of the present rate of inheritance taxes is indicated by the following tabulation, showing the rate levied by Great Britain as compared with the tax proposed in the pending bill:

Estate tax

Net estate (before specific exemption)	Tax under existing law (be- fore credit for State taxes)	Total tax under bill (before credit for State taxes)	British tax
\$100,000	0	0	\$8,000
	\$1,500	\$3,000	26,000
	12,500	25,000	100,000
	41,500	83,000	260,000
	489,500	979,000	2,000,000
	1,334,500	2,669,000	5,000,000
	9,333,500	18,667,000	25,000,000
	19,333,500	38,667,000	50,000,000

Note the low tax on inheritances proposed by the bill as compared with the tax imposed by England—a tax that is being levied, collected, and paid to-day. The pending bill reported on the advice of the Treasury Department taxes a \$200,000 estate only \$3,000. The English revenue law taxes the same estate \$26,000, and in like proportion through all the upper brackets. The rates provided in this bill should be increased to yield at least \$500,000,000 additional revenue, instead of taxing the school boy's lunch basket and the widow's bowl of soup.

That is proposal No. 5. It provides for millions of dollars in revenues which seem to have been overlooked by the Treasury in its efforts to find substitutes for the sales tax.

The seventh is an old friend. It served us well in our last emergency. It is the excess-profits tax:

Reenact title 3 of the revenue act of 1918.

An excess-profits tax is one of the most admirable taxes that can be levied. It does not tax a corporation until it begins to profiteer. It brings in revenue from those most able to pay and it protects the consumer from exorbitant prices. It first permits an exemption of \$3,000. Then it allows a profit of 8 per cent. After all expenses are paid and \$3,000 allowed and a dividend of 8 per cent on the capital stock—water and all—is declared, then on the remaining profit above the \$3,000 and the 8 per cent the corporation pays a reasonable tax. If the corporation is satisfied with a fair profit there is no tax. Only the profiteers pay the tax. The last year it was in force it brought into the Treasury \$486,000,000, and it protected the consumer from the profiteer. But the bill by providing a sales tax prefers to tax the man who pays excess profits instead of the man who charges excess profits.

That is proposal No. 6. It is the sixth alternative over-looked by the Treasury Department.

Eighth—and most imperative of all, Mr. Chairman—there should be an increase of income taxes in the higher brackets. The degree to which the larger incomes are favored in the pending bill is little short of a scandal. Although we are told that an emergency has been precipitated by the Treasury deficit and that a crisis impends unless the Budget is promptly balanced, the income taxes of the wealthiest class in America are below the schedules of the act of 1918 and far below the schedule now in force in England and other European countries. Here is a table showing comparative rates under the three schedules:

Comparison of income tax on individuals under revenue act of 1928, proposed revenue bill of 1932, revenue act of 1918, and present English schedule

MARRIED PERSON WITH NO DEPENDENTS, \$5,000 EARNED INCOME; DEPENDENTS, \$5,000 EARNED INCOME

[British tax figures on investment income. United States figures on total income. In 1918 law there was no differentiation between earned income and investment income. British pounds are expressed in dollars at \$5 per pound.]

Net income	Tax under 1928 act	Tax pro- posed	Tax under 1918 act, United States	Present tax in Great Britain
\$550	W Larg		0	
\$800 \$800			0	\$6, 25
\$1.000			. 0	\$6. 25 31. 25
\$2,000			0	203, 12
	0	\$2,50	\$60,00	453, 12
14 000	\$5, 63	20, 00	120.00	703. 12
55,000	16.88	37.50	180.00	953, 12
86,000	31. 88	57. 50	250.00	1, 110, 62
7.000	46, 88	77, 50	630.00	1, 473, 12
8.000	69. 38	115, 00	770, 00	1, 683, 12
9,000	99, 38	155, 00	920, 00	1, 983, 12
10,000	129, 38	195, 00	1, 070, 00	2, 203, 12
12,000	219, 38	312, 50	1, 390, 00	2, 830, 62
14,000	339, 38	472, 50	1, 730, 00	3, 512, 50
316,000	479.38	652, 50	2,090,00	4, 012, 50
318,000	639.38	852, 50	2, 470, 00	5, 007, 50
20,000	819.38	1, 072. 50	2, 870.00	5, 562, 50
22,000	1, 019. 38	1, 312, 50	3, 290. 00	6, 117, 50
24,000	1, 239, 38	1, 572, 50	3, 730. 00	7, 327, 50
26,000	1, 479. 38	1, 852, 50	4, 190, 00	7, 947, 50
28,000	1, 719, 38	2, 152, 50	4, 670, 00	9, 190, 00
30,000	1, 979. 38	2, 472, 50	5, 147. 00	9, 850. 00
35,000	2, 659, 38	3, 362, 50	6, 510. 00	12, 200. 00
40,000	3, 399. 38	4, 372. 50	7, 970. 00	14, 550. 00
45,000	4, 209. 38	5, 512. 50	9, 560. 00	17, 175. 00
50,000	5, 079, 38	6, 772. 50	11, 270. 00	19, 800. 00
60,000	6, 999. 38	9, 672. 50	15, 070. 00	23, 760. 00
70,000	9, 159. 38	13, 072. 50	19, 370. 00	31, 370. 00

Note the low tax on inheritances proposed by the bill as | Comparison of income tax on individuals under revenue act of ompared with the tax imposed by England—a tax that is present English schedule—Continued

MARRIED PERSON WITH NO DEPENDENTS, \$5,000 EARNED INCOME; DEPENDENTS, \$5,000 EARNED INCOME—continued

Net income	Tax under 1928 act	Tax pro- posed	Tax under 1918 act, United States	Present tax in Great Britain
\$80,000	\$11, 459, 38	\$16, 972. 50	\$24, 170. 00	\$35, 850. 00
\$90,000	13, 859, 38	21, 222. 50	29, 470. 00	43, 300. 00
\$100,000	16, 259, 38	25, 672. 50	35, 270. 00	48, 110. 00
\$150,000	28, 759, 38	48, 672. 50	67, 270. 00	78, 485. 00
\$200,000	41, 259, 38	71, 672. 50	101, 270. 00	110, 235. 00
\$300,000	66, 259, 38	117, 672. 50	173, 270. 00	156, 185. 00
\$500,000	116, 259, 38	209, 672. 50	323, 270. 00	307, 610. 00
\$1,000,000	241, 250, 38	439, 672. 50	703, 270. 00	615, 220. 00

#### SINGLE PERSON WITH \$5,000 EARNED INCOME

\$550			0	\$6, 25
\$800			0	37.50
\$1,000			0	62, 50
\$2,000	0	\$15,00	\$60.00	265, 62
\$3,000	\$16, 28	32.50	120.00	515, 62
\$4,000	28, 13	50.00	180.00	765, 62
\$5,000	39, 38	67.50	240 00	1, 015, 62
\$6,000	61, 88	95, 00	610.00	1, 273, 12
\$7,000	91, 88	135.00	750.00	1, 530, 62
\$8,000	121.88	175.00	890.00	1, 750, 62
\$9,000	151.88	215.00	1,040,00	2, 040, 62
\$10,000	191.88	262, 50	1, 190, 00	2, 265, 62
\$12,000	311.88	402, 50	1, 510, 00	2, 908, 12
\$14,000	431, 88	562, 50	1, 850, 00	3, 570, 00
\$16,000	571, 88	742, 50	2, 210, 00	4, 080, 00
\$18,000	731. 88	942, 50	2, 590, 00	5, 060, 00
\$20,000	911.88	1, 162, 50	2, 990, 00	5, 625, 00
\$22,000	1, 111, 88	1, 402, 50	3, 410, 00	6, 190, 00
\$24,000	1, 331. 88	1, 662, 50	3, 850, 00	7, 390, 00
\$26,000	1, 571, 88	1, 942, 60	4, 310, 00	8, 010, 00
\$28,000	1, 811, 88	2, 242, 50	4, 790, 00	9, 245, 00
\$30,000	2,071,88	2, 562, 50	5, 290, 00	9, 912, 50
\$35,000	2, 751, 88	3, 452, 50	6, 630, 00	12, 262, 50
\$40,000	3, 491, 88	4, 462, 50	8, 090, 00	14, 612, 50
\$45,000	4, 301, 88	5, 602, 50	9, 680, 00	17, 237, 50
\$50,000	5, 171, 88	6, 862, 50	11, 390, 00	19, 862, 50
\$60,000	7, 091, 88	9, 762, 50	15, 190, 00	26, 940, 00
\$70,000	9, 251. 88	13, 162, 50	19, 490, 00	31, 430, 00
\$80,000	11, 551, 88	17, 062, 50	24, 290, 00	35, 920, 00
\$90,000	13, 951, 88	21, 312, 50	29, 590. 00	43, 355, 00
\$100,000	16, 351, 88	25, 762, 50	35, 390, 00	48, 175, 00
\$150,000	28, 851, 88	48, 762, 50	67, 390, 00	78, 550, 00
\$200,000	41, 351, 88	71, 762, 50	101, 390, 00	110, 300, 00
\$300,000	66, 351, 88	117, 762, 50	173, 390, 00	170, 460, 00
\$500,000		209, 762, 50	323, 390, 00	307, 675. 00
\$1,000,000		439, 762, 50	703, 390, 00	615, 350. 00

MARRIED PERSON WITH NO DEPENDENTS AND MAXIMUM EARNED INCOME \$30,000 UNDER 1928 ACT; \$12,000 PROPOSED

\$550			0	0
\$800			0	\$6. 25
\$1,000			0	31. 25
\$2,000			0	203. 12
\$3,000	0	\$2.50	\$60.00	453. 12
\$4,000		20.00	120.00	703. 12
\$5,000	16.88	37. 50	180.00	953, 12
\$6,000	28. 13	55, 00	250.00	1, 110, 62
\$7,000	39. 38	72.50	630.00	1, 473, 12
\$8,000	56. 25	100.00	770.00	1, 683, 12
\$9,000	78.75	135, 00	920.00	1, 983, 12
\$10,000	101, 25	170, 00	1, 070, 00	2, 203, 12
\$12,000	168, 75	260, 00	1, 390, 00	2, 830, 62
\$14,000	258, 75	420, 00	1, 730, 00	3, 512, 50
\$16,000	363, 75	600, 00	2, 090, 00	4, 012, 50
\$18,000	483, 75	800.00	2, 470, 00	5, 007, 50
\$20,000	618.75	1, 020, 00	2, 870, 00	5, 562, 50
\$22,000	768, 75	1, 260, 00	3, 290, 00	6, 117, 50
\$24,000	933, 75	1, 520, 00	3, 730, 00	7, 327, 50
400 000	1, 113. 75	1, 800.00	4, 190, 00	.7, 947, 50
	1, 293. 75	2, 100, 00	4, 670.00	9, 190, 00
Ann 1000	1, 488. 75	2, 420, 00	5, 147, 00	9, 850, 00
				12, 200, 00
\$35,000	2, 168. 75	3, 310. 00	6, 510. 00	
\$40,000	2, 908. 75	4, 320. 00	7, 970. 00	14, 550. 00
\$45,000	3, 718. 75	5, 460. 00	9, 560. 00	17, 175. 00
\$50,000	4, 588. 75	6, 720. 00	11, 270. 00	19, 800, 00
\$60,000	6, 508. 75	9, 620. 00	15, 070. 00	23, 760. 00
\$70,000	8, 668. 75	13, 020. 00	19, 370. 00	31, 370. 00
\$80,000	10, 968. 75	16, 920. 00	24, 170. 00	35, 850. 00
\$90,000	13, 368. 75	21, 170. 00	29, 470. 00	43, 300. 00
\$100,000	15, 768. 75	25, 620. 00	35, 270, 00	48, 110. 00
\$150,000	28, 268. 75	48, 620. 00	67, 270. 00	78, 485. 00
\$200,000	40, 768, 75	71, 620. 00	101, 270. 00	110, 235, 00
\$300,000	65, 768. 75	117, 620. 00	173, 270. 00	156, 185. 00
\$500,000	115, 768, 75	209, 620, 00	323, 270. 00	307, 610, 00
\$1,000,000	240, 768, 75	439, 620, 00	703, 270, 00	615, 220, 00

SINGLE PERSON AND MAXIMUM EARNED INCOME, \$30,000 UNDER 1928 ACT; \$12,000 PROPOSED

\$550				\$6, 20
\$800				37.50
\$1,000			0	62, 50
\$2,000	0	\$15.00	\$60.00	265. 62
\$3,000	\$16.88	32, 50	120, 00	515. 63

Comparison of income tax on individuals under revenue act of 1928, proposed revenue act of 1932, revenue act of 1918, and present English schedule—Continued

SINGLE PERSON AND MAXIMUM EARNED INCOME, \$30,000 UNDER 1928 ACT; \$12,000 PROPOSED—continued

Net income	Tax under 1928 act	Tax proposed	Tax under 1918 act, United States	Present tax in Great Britain
\$4,000	\$28, 13	\$50.00	\$180,00	\$765, 62
\$5,000	39, 38	67.50	240.00	1, 015, 62
	56, 25	90.00	610.00	1, 273, 12
\$6,000 \$7,000	78, 75	125, 00	750.00	1, 530, 62
\$8,000	101. 25	160.00	890.00	1, 750, 62
	123, 75	195, 00	1, 040, 00	2, 040, 62
\$9,000	153, 75	230.00	1, 190, 00	2, 265, 62
\$10,000 \$12,000	243.75	350.00	1, 510, 00	2, 908, 12
	333, 75	510.00	1, 850, 00	3, 570, 00
\$14,000		690.00	2, 210, 00	4, 080, 00
\$16,000	558, 75	890.00	2, 590, 90	5, 060, 00
\$18,000				
\$20,000	693.75	1, 110.00	2, 990. 00	5, 625. 00
\$22,000	843.75	1, 350, 00	3, 410. 00	6, 190. 00
\$24,000	1,008.75	1,610.00	3, 850, 00	7, 390. 00
\$26,000	1, 188. 75	1,890.00	4, 310, 00	8, 010, 00
\$28,000	1, 368. 75	2, 190, 00	4, 790.00	9, 245. 00
\$30,000	1, 563, 75	2, 510.00	5, 290, 00	9, 912, 50
\$35,000	2, 243, 75	3, 400. 00	6, 630. 00	12, 262, 50
\$40,000	2, 983. 75	4, 410. 00	8, 090, 00	14, 612, 50
\$45,000	3, 783. 75	5, 550. 00	9, 680.00	17, 237. 50
\$50,000	4, 663. 75	6, 810.00	11, 390, 00	19, 862, 50
\$60,000	6, 583, 75	9, 710.00	15, 190, 00	26, 940. 00
\$70,000	8, 743, 75	13, 110, 00	19, 490, 00	31, 430, 00
\$80,000	11, 043, 75	17, 010, 00	24, 290, 00	35, 920, 00
\$90,000	13, 443, 75	21, 260, 00	29, 590, 00	43, 355. 00
\$100,000	15, 843, 75	25, 710.00	35, 390, 00	48, 175. 00
\$150,000	28, 343, 75	48, 710, 00	67, 390, 00	78, 550, 00
\$200,000	40, 843, 75	71, 710, 00	101, 390, 00	110, 300, 00
\$300,000	65, 843, 75	117, 710, 00	173, 390, 00	170, 460, 00
\$500,000	115, 843, 75	209, 710, 00	323, 390, 00	307, 675, 00
\$1,000,000	240, 843, 75	439, 710, 00	703, 390, 00	615, 350, 00

The advocates of the sales tax have charged that proposed income-tax schedules are confiscatory. If they are confiscatory, what of the schedules now being paid in England, from whose legislative system we adopted the fundamental principles of American jurisprudence, and where traditional estates entailed for a thousand years are being broken up to meet current taxes? When ancestral acres handed down from contemporaries of William the Conqueror are being sacrificed to balance the English budget, why not permit our own multimillionaires to sacrifice a portion of their income, without touching the principal, to balance ours?

But the most inexplicable feature of the pending bill is that it provides no graduation of schedules for incomes above \$100,000. In every other country and in all previous revenue acts of our own country, the rate has been graduated through both the lower and the upper brackets. But in the bill here proposed the rate is stationary after passing incomes of \$100,000. Note the graduated increase in the act of 1918 and the stationary rate of 40 per cent in the pending bill, as indicated in the comparative table of schedules below:

Net income	Rate under 1918 act	Rate under bill
\$100,000. \$150,000	Per cent 48 52	Per cent
\$200,000 . \$300,000 . \$500,000 . \$1,000,000	56 60 63 64	40 40 40
All over \$1,000,000	65	40

This is proposal No. 7. This is the seventh alternative for the sales tax overlooked by the Treasury in its survey of possible methods of raising revenue to balance the Budget. Great incomes should be as patriotic during this crisis as during the war. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Missouri five additional minutes.

Mr. CANNON. Mr. Chairman, the sales tax is the most indefensible tax known to history. It is the last resort of despotism, and our Republic has never had recourse to it

even in the stress of war. It burdens the poor and favors the rich. It penalizes the wages of labor and patronizes the unearned increments of wealth. A man with an income of from \$400 to \$1,500 a year and who necessarily spends his entire income in support of his family must pay a tax on his entire income. But a man with an income of \$25,000 a year and who supports his family on \$5,000, pays tax on only one-fifth of his income. The smaller the income the heavier the burden; the larger the income the lighter the burden. It is not a tax in proportion to ability to pay or in proportion to henefits derived from the Government.

or in proportion to benefits derived from the Government.

The very name of "manufacturers' tax" is a misnomer.

The idea that the manufacturer will pay it is absurd. He will take it out of the price he pays for raw material. He will take it out of the wages of labor. And he will add it to the price he charges the consumer.

To study its effect on the price of raw material let us consider the packing industry. It is a matter of common knowledge that the profit of the packing house has averaged one-half cent on every dollar for the last several years. As a matter of fact, the packing industry last year operated at a loss. It can not possibly absorb a tax of even one-half of 1 per cent, much less  $2\frac{1}{4}$  per cent.

This is the testimony not of the packers but of the farm organizations and agricultural journals. A 21/4 per cent tax on lard, sausage, processed meats, and cooked and canned meats must be passed back to the farmer in the reduced price paid for his livestock and would cost the livestock producers of the country approximately \$10,000,000 a year, when prices are already below cost of production. There is no alternative except to add the tax to the price paid by the consumer. The wages of labor have already been reduced to a minimum and can not be further deflated. If the tax is added to the retail price, it will reduce the amount of sales and further restrict the market for raw material and the demand for labor. The consequent reduction in the consumption of agricultural products and the corresponding increase in unemployment would have a most disastrous effect on the country at this time. Industry would slow down, business recovery would be retarded, and all progress gained through remedial legislation would be lost. Employment is now at a critical stage.

The total wages paid factory workers dropped from \$1,009,000,000 in September, 1929, to \$472,000,000 in January, 1932, a decrease of 53.2 per cent. The number employed fell from 9,182,000 to 5,776,000. The average earnings declined from \$109.85 per month to \$81.77 per month. The total number of unemployed men in the country at this minute is estimated at 7,000,000, with 3,000,000 employed part time. Labor can not sustain a further increase in unemployment. And the manufacturer's tax means further loss of employment. Increased cost of commodities invariably decreases demand. And decreased demand necessarily involves idle factories and idle labor. Adoption of a sales tax would be the greatest blow to labor in the history of American industry. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CANNON. Advocates of this tax suggest that it is an emergency measure, a stop-gap, a temporary expedient, to be abandoned as soon as the special occasion for it has passed. But there is no reason to believe that once adopted it will ever be abandoned. The Canadian people were told by the Borden government when the Canadian sales tax was enacted that it would be retained only a year or two, but they have never been able to shake it off.

In fact, the influences back of this bill frankly avow their intention permanently to substitute the sales tax for the income tax.

A great chain of newspapers which has campaigned since the close of the war for a sales tax and which recently claimed through its editorial columns credit for the introduction of this bill in the House carries continuously on its editorial pages this slogan: Federal sales tax and excise taxes to replace the income tax, which has degenerated into a racket.

That is the explanation of this determined drive to impose a sales tax on the American people. This great chain of papers, decrying labor retrenchments while it dismisses employees and lowers the wages of its own staff, filling its pages with "sob stories" of the kidnaped child while it attempts to reduce the living standard of every child in America, seeks to tax the ice-cream cone, the stick of wholesome candy, the educational motion picture ticket in the hands of American children in order that vast incomes may go untaxed to accumulate more money to buy more newspapers to dominate American politics for self-seeking interests

The income tax they seek to abolish is the fairest tax in the world. If a man has no income he pays no tax. He ought not to pay a tax. If he has an income he pays a tax. He ought to be glad to pay it.

No written authority on the subject of taxation, either ancient or modern, can be cited in support of a sales tax. Not a single economist in any college or university in the land indorses such a system of taxation. Both Theodore Roosevelt and William Howard Taft earnestly supported the income tax and it is one of the proudest boasts of the Democratic Party that the law became effective under the administration of Woodrow Wilson. Thomas Jefferson, the founder of the Democratic Party, denounced indirect taxes as "infernal" and "odious." And opposition to such forms of taxation has been a tenet of the Democratic Party from that day to this. The Democratic National Convention of 1924 adopted a platform specifically condemning the sales tax, and the convention at Chicago next June will reaffirm that declaration.

Enactment of such a tax would effect an abandonment of the principle of taxing in proportion to ability to pay and would amount to renunciation of everything for which the Democratic Party has stood for a hundred years.

Nor can the bill be modified or amended to admit the tax in any form. It can not be disguised or camouflaged or minimized. When the King of England was asserting his right to tax the Colonies the English made the price of tea so low that even with the tax it was cheaper per pound at Boston than in any other port in the world. But it was not the tax itself our forefathers objected to. It was the principle of the tax. And that is the basis of our objection to the sales tax—it is the principle involved.

This law if passed becomes effective within 30 days. There will be ample time before election for the people to realize by sad experience just how the burden of government has been shifted to their shoulders. And judging by the signs of the times, if this tax is enacted there will be a Boston tea party at every voting precinct in the country next November. [Applause.]

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. Martin].

Mr. MARTIN of Oregon. Mr. Chairman, the debate which has been going on on the floor for the last week reminds me of a debate which occurred over in the other body at the end of the Spanish-American War. There was a bill up then to reorganize the Army and discharge the volunteers. The volunteers were anxious to get out of the service, and their retention was costing the Government a million dollars a day. In spite of all this an old distinguished Senator, who was representing the downtrodden, spoke against the bill day after day. It was costing the Government a million dollars a day for that speech. At last the Secretary of War became a little bit anxious, and he asked another how the old Senator was going to vote, because nobody could tell. The Secretary of War said, "How is Senator So-and-So going to vote on this bill?" His colleague said, "I do not know; but he is like the razorback hogs down in my State. When they crawl under the rail fence they squeal like hell, whether they are coming or going." [Laughter.]

That is the way with some Members who have spoken on this bill—they squeal like hell. [Laughter.]

I wish I could put into the hands of every voter that remarkable speech by our colleague from Alabama [Mr. Huddleston] delivered last Wednesday. I would like our countrymen to know what heavy expenses we have to pay for many Members of this House. I, like him, paid my own election expenses in the last election, and I propose to pay my election expenses next year, and not have them paid out of the Public Treasury.

Probably all of our town, county, and State treasuries are bankrupt, and they are appealing to Congress for help. We have Members here who wish to accede to the demands, because there are votes behind them. They will vote anything out of the Treasury, but they will not vote anything into the Treasury. I am not going to join that crowd. [Applause.] I am not going to vote money out of the Treasury until I see it placed in the Treasury.

Now, on that premise, realizing as we do, knowing as we do, that the Government is running behind about \$4,000,-000 a day, how are you going to relieve the situation, how are you going to put the money into the Treasury that you propose to take out?

There are two ways, and one is by the issue of bonds. I think the bond-issue business has about reached the end of its rope. In my home paper the other day they advertised for a sale of State bonds at  $4\frac{1}{2}$  per cent interest, and they did not get a bid. The cities and counties in my district to-day are borrowing money from the banks against the first tax payment, which comes in May. I believe that the Government can not float its bonds much longer at a reasonable rate. I think the day is coming when the United States bonds, if we keep this up, of spending without producing revenue, will end, and that means collapse.

If we can not float bonds to satisfy the spenders, the only thing left is to balance the Budget. If we put money into the Treasury as we pass it out, we will balance the Budget. That is what we are up against, the balancing of the Budget. For one, I am going to vote to balance our Budget.

Now, the opposition seems to gather around the sales tax. The old Members of the House, the old leaders, the old experienced leaders, the ones who get on the Ways and Means Committee, have gone into this matter thoroughly, they have examined it thoroughly, they are experts, and after all, our Democratic friends will be held responsible for action on this bill, and therefore we must follow the leaders. To follow the leaders is the only way that battles are won.

Despite some gentlemen attempting to show me that this committee has betrayed its trust and has been unwise, I am going to follow the leaders of my party and the leaders on the Ways and Means Committee, because they are the experts and have examined all of these things that have been rehashed here. The great cry, of course, is to soak the rich a little bit more. I have no brief to speak for the rich, though I wish to God I belonged to their class, but when you are taxing the great rich men, when you are taking from them 46 per cent of their income, when you take 40 per cent of their wealth when they die, I think that is soaking them like hell, because if you go out in the market and sell a man's property and exact 40 per cent, anybody with common sense knows that finally means confiscation. But while you are so anxious about these multimillionaires, think about your poor little devils with only \$100,000 or \$150,000 or \$200,000. What is going to happen to them when they die? I shall not go a step further in soaking the rich than the able men of this committee have gone, and I think they have gone the limit. If you are going to put more money into the Treasury, I think we have to examine these taxes that were recommended by the Treasury Department, these excise and nuisance taxes, which the committee discarded. One was the increase of postage from 2 to 3 cents. I know that you all received scores of letters protesting against that, those of you who have people who write letters and who

would buy 3-cent stamps. The other day a gentleman on the floor, whose constituents do not use many 3-cent stamps, suggested that that was a fine thing, but the rest of the country is opposed to that. Then it was proposed to increase the automobile tax. We all know that automobiles now are taxed the limit.

The automobile manufacturers are willing to pay the manufacturers' tax, but are not willing to be singled out and taxed when other manufacturers are not taxed. Then complaint is made about the poor people who will have to pay this 21/4 per cent. To-day there passed through this town one of the biggest clothing jobbers in my city. He just came from New York where he had been buying the spring stock. I asked him about this clothing tax. I thought of all people he would be the shoat who would vell like hell. He said, "Why, it does not amount to anything, the wholesaler will absorb that. The wholesalers have been giving 2, 3. and 5 per cent discount anyway for payment in cash, and they will readily absorb this." As the distinguished acting chairman of the Committee on Ways and Means pointed out in his preliminary speech, a man on an income of \$1,500 will probably pay only about \$8. Is that correct?

Mr. CRISP. That is correct.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. CRISP. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. MARTIN of Oregon. Mr. Chairman, I have some figures here that I wish to call to your attention about the effect already of not balancing this Budget and not paying as we go. Any sensible man will pay as he goes, he will not keep running into debt and hoping to God that something will happen to take him out of it. Ten months ago the Government sold bonds carrying an interest rate of 11/2 per cent. A few days ago the Government sold \$300,000,000 of similar bonds, with interest at 31/8 per cent. Ten months ago the Government sold bonds carrying 11/2 per cent, and the other day to refund them it had to pay 3% per cent. That shows how it is going. Even so, the lenders demanded an assurance that the Government would balance the Budget; that is, would avoid further deficit. For only so may the Government avoid further borrowings, each increase of which must make security less and interest rates higher. Not only do Government issues impose a growing burden upon the taxpayer, but so long as the Government may be expected to borrow, lenders will hold funds to loan to it rather than to borrowers with less credit. That is common

The Budget must be balanced, therefore, first, to maintain the Federal credit; second, to keep down the tax rate and the tax burden; and, third, to prevent interference with the normal flow of business credit, upon which in the end correction of the unemployment situation must depend. They are the people that we have to look out for. It is not well for the Government to absorb all the money there is in the country, but we should keep it free and liquid for the use of manufacturers and the correction of unemployment.

There is no difference of opinion among informed men that the Budget must be balanced, and still there are those who, for selfish or private advantage or through ignorance, propose printing all the money that may be needed to pay Government expenses. And outside Congress there are similar ideas advanced, as, for instance, by John A. Simpson, president of the Farmers' Union, whom the press reports to favor the issue of prosperity bonds. Did you ever hear of that before—bearing no interest and made legal tender? What a magnificent scheme that is. Start the printing presses and fill us full of money.

Any man of common sense would on theoretical grounds condemn such schemes as unsound in practice. Any man of integrity would reject them as dishonest. But it is unnecessary to theorize. History is full of examples of their failure. For these we may pass by the ruin of Germany by its unlimited issue of paper money and review only a few cases in our own national life.

Mr. GARBER. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. GARBER. I agree with the gentleman in regard to the importance of balancing the Budget, but what would the gentleman say to an increase on the transfer of stocks for purposes of short selling—an increase from 4 per cent to at least 10 per cent—to put a brake on the gambling on stock exchanges of the country?

Mr. MARTIN of Oregon. I think the committee has taken care of that. They raised it from 2 to 4. They were surrounded, in writing this bill, by the greatest experts in this country. They devoted nearly four long, weary months to it, and I am going to take their judgment. I am not going to give a saddle-bad opinion about it. I am a new Member. I respect and I revere them.

Now, after the Civil War in 1867 we had outstanding \$1,600,000,000 six per cent bonds that would soon be callable. Their face was in dollars but interest was payable in gold. There was a panic. In the year following was a presidential campaign. Pendleton, of Ohio, was a Democratic candidate. I must painfully confess that the lovers of rag money are very prevalent in my party. Pendleton advocated redemption of the bonds with legal tender additional to that already issued and greatly depreciated. More rag money. More rag money. To this effect a plank was adopted in the Democratic platform. The debtor class in Ohio and States west were so pleased with the idea that Republicans did not dare openly to oppose it, but Pendleton was not nominated, and the Democratic candidate was not elected.

As a step toward resumption of specie payments Congress in 1866 had authorized a slow retirement of greenbacks outstanding, but this was soon stopped by the law of February, 1868. The outstanding greenbacks were reduced from four hundred and thirty-three to three hundred and fifty-six millions.

During the panic of 1873 the amount was increased to \$382,000,000—as much as was deemed to be authorized. Business demands for currency had made a greenback dollar worth 90 gold cents. But the West again demanded inflation, and Congress authorized eighteen millions more in February, 1874. Grant vetoed the bill. At the fall elections his party was beaten, but before its Congress went out it passed the resumption act. The demand for inflation of prices, which is a demand for deflation of money, subsided, and in the autumn of 1875 Hayes was chosen Republican Governor of Ohio on a sound-money platform.

On December 17, 1878, greenbacks were at par for the first time since their first issue in 1861. On January 1, 1879, gold payments were resumed.

Under the plea of "absolute necessity" and against administration opposition, the United States issued unsecured notes made legal tender except for import duties. There were fifty millions in July, 1861, one hundred millions in February, 1862, one hundred more early in 1863, and two hundred more were authorized in 1864. The amount never exceeded \$433,000,000. From the beginning these greenbacks, as they were called, never sold at par with gold. The dollar was worth about 40 cents through 1864, but fell as low as 35 cents.

In the South, bonds and notes were issued by both central government and the States. Rapidly sinking in value, they were finally so depreciated that towns, counties, insurance companies, and mining companies issued promises to pay. Before the end more than \$1,000,000,000 of Confederate notes were worthless. So valueless were confederation promises to pay that its bonds were not exchangeable for supplies, and a tithing system had to be applied to agricultural products to support its armies.

# IN REVOLUTIONARY TIMES

Continental paper money was issued at first in small amount and for a year passed at par of specie. In two years \$3 in bills would buy \$1 in coin. A year more and the ratio was 38 to 1. In March, 1780, when the circulation was nearly \$200,000,000, it was 50 to 1. Soon after it declined to 100 to 1. Then Congress accepted payment of taxes at

40 to 1 and on the same basis exchanged some 5 per cent securities for bills. Currency thus withdrawn was destroyed. After 1790, another \$6,000,000 was withdrawn at 100 to 1. About \$75,000,000 was never redeemed and was a total loss to its holders. Continental money was in such contempt that in 1780 a joker led his dog, plastered with bills, through the Philadelphia streets, amid the laughter of the spectators.

The States also issued bills to nearly \$200,000,000 in amount. The depreciation was enormous and the great part was never redeemed.

The issues of these currencies constituted a forced contribution upon the people and involved great sacrifice, [Applause.]

Mr. HILL of Washington. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, I have heard so far a number of our colleagues who are opposed to the sales tax, who so far have not yet, in my opinion, given this committee or this House a substitute for the sales tax. Everybody seems to agree that we have to balance our Budget, yet we have had debate after debate upon this floor in which we seem to find all sorts of objections to the sales tax as proposed by a committee of this House.

On last Thursday while on this floor I was fortunate enough to hear a speech made by the gentleman from Ohio [Mr. Mouser]. It seemed to me at first the gentleman was going to support the tax, but after his talk developed and after the gentleman from New York [Mr. Crowther] asked him a question, I came to the conclusion that the gentleman was opposed to the sales tax. On page 5704 of the Record I asked a question of the gentleman from Ohio [Mr. Mouser], and I suggested to him light wines and beer. The gentleman said in answer to my question:

I think the gentleman's argument is simply injected here at this time to create an issue foreign to the matter under discussion.

I submit, Mr. Chairman, that what I asked the gentleman from Ohio was not foreign to the question under consideration. I wonder how many Members of this House have given any thought—I mean serious thought—to the minority statement in the back of the majority report on the revenue bill of 1932, and how many Members have read on page 54 the supplementary statement made by Messrs. Cullen and Sullivan of New York and McCormack of Massachusetts?

I know that my statement to you may not be in full accord with your opinion. I say to you that if we had followed the able report of those three distinguished men on this committee which deals with the subject of beer not only would we balance the Budget but we would have a surplus, and yet the very men who are opposing a sales tax do not want beer in this country.

Now, Mr. Chairman, who is behind the objection? Why should not the people have the opportunity? Why not try that plan out? Here we are with a deficit running into the billions, and here is a plan submitted by the minority group of the committee that will bring in the revenue that is sought to balance the Budget. Not only that but it will create new industries in the United States and it will employ over 2,000,000 people.

Let me give some figures that I have here from Great Britain on beverages alone. As a matter of fact, every household, to a great extent, is a brewery. The Government does not get the benefit of that revenue. Some gentlemen have said that the reason we do not want legalized beer is because they have it in their homes. That is true, but the Government is getting no benefit from the brewers in the brewing houses.

Mr. GARBER. Will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. GARBER. Would not the imposition of a tax on beer be tacit legal recognition of a traffic that is prohibited by the Constitution and the Volstead Act?

Mr. DICKSTEIN. That may be true; but the Volstead Act is not the Constitution. The Volstead Act is simply the enforcing act of the eighteenth amendment. We, as Members of this Congress, can define without any difficulty

what constitutes intoxicating beverages, and if we are serious enough to-morrow or the next day, we can have a bill on this floor which will give you all the revenue you want. I am very thankful to the gentleman for asking me that question. We can amend the Volstead Act and we can define what constitutes intoxicating beverages. As a matter of fact, when you did pass the Volstead Act we fixed one-half per cent; if I am correct, that was simply guesswork, because there are numerous authorities who claim that 2.75 per cent or even 3 per cent is not intoxicating. To some people almost anything is intoxicating while to others it is not.

Mr. GARBER. Would not the imposition of a tax require substantive law to recognize such a traffic as legal, and would not that require a majority vote in Congress?

Mr. DICKSTEIN. Surely a majority vote is required to pass any bill, unless it is a constitutional amendment, which would require two-thirds of the House.

Mr. GARBER. Would not that require a majority vote? Mr. DICKSTEIN. We could amend the Volstead Act and we can define very clearly what constitutes intoxicating beverages.

Mr. GARBER. It would require a majority vote to amend the Volstead Act, would it not?

Mr. DICKSTEIN. Let us define the difference between the Volstead Act and the eighteenth amendment. To amend the eighteenth amendment we would have to get a twothirds vote of the Congress; while, as to the Volstead Act, we would only have to have a majority vote to legalize and define what shall constitute intoxicating beverages.

I will now give you some figures as to beverages, such as beer, in Great Britain. Persons employed in breweries—and I am confining myself only to the subject in question—and dealing with malt and bottling, 115,000; wholesale dealers, 6,000; retailing on premises, 400,000; retailers off of premises, 54,000; in registered clubs, 12,000; barley growers, 35,000; in hop industry, 14,000; and other allied trades, 35,000, making a total of 671,000 employed in that particular line of endeavor.

Persons directly and wholly dependent on the above as shareholders and stockholders, 440,000; persons indirectly dependent on taxation, and so forth, 500,000, making a grand total of 1,611,000 people usefully employed. If we had the same number engaged we could solve our troubles without much difficulty.

Personally I am not a drinking man, but it seems to me that with all the arguments against a sales tax and with all the arguments that were presented on this floor against every tax in the world, there has not been one man, who has spoken in opposition to the sales tax, who was willing to take into consideration in the slightest degree the question of taxing beer.

I want to point out to you, ladies and gentlemen of the committee, that you can legalize beer and yet have some power of regulation by the Government. There is no one quarreling with anybody pertaining to regulation. I would be willing to support any bill that will give you all the protection you want so far as traffic in illegal liquor is concerned.

If you would take this action on beer, you would put this country at rest; you would bring happiness to every home, and you would put millions of people to work. The legalization of beer would make a new industry in the United States; it would bring to this industry new capital—capital that is being hidden in almost every corner of this country. We talk about hoarding. Sometimes I do not blame people for hoarding, because there is not a bank which seems to be safe. In the last few years many have taken out their money, and they have done so because it seems you are not safe anywhere in dealing with the banks the way conditions are to-day.

Now, the population in Great Britain is approximately one-third of that of the United States. So you can well see that if you base it upon the figures I have indicated—1,611,000 people usefully employed and with the population of Great Britain approximately one-third of that of the United States—we can supply our own statistics as to how the same situation would affect the people of this country. In Great

Britain approximately one person out of every six finds employment in connection with the brewing of beer in that country. In France and Germany, by reason of the numerous sidewalk restaurants, gardens, cabarets, and music halls, the ratio is substantially greater.

We must not forget that in addition to the persons directly employed in the brewing of beer there are others who are vitally affected, such as coal miners, railroads, farmers, contractors, truck drivers, glass workers, bottle manufacturers, people engaged in the cork industry, and many other industries too numerous to mention, particularly those engaged in the real-estate business.

Mr. McCORMACK. Will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. McCORMACK. May I also suggest that the intensive use of machinery has resulted in the displacement of at least 2,000,000 of our workers; and in order to assure them of employment, even in normal times, we have got to have some new industry to reabsorb them, and the creation of this new industry would be of great importance in that respect.

Mr. DICKSTEIN. The gentleman is correct, and he has made a very clear statement in his minority views. As a matter of fact, in order to bring the situation clearly to the attention of the committee I have procured some official figures which show as follows:

Home brew, which literally floods this country, has a surprisingly low alcoholic content-2.12 to 3 per cent by volume. It is generally believed that by reason of its sudden "kick" it has a strong percentage of alcohol, but this is not the case—it is the ether and glycerin, unable to escape from the bottle, which hits the brain and provides the mistaken idea of strong alcoholic reaction. Just how good is it for this Nation to have millions of "etherized brains"?

Home brew shows 95 bacteria to the 1,000, while brewery beer shows about 3 to the 1,000. The kidneys can throw off this excess of bacteria just so long and then the health of millions of people becomes impaired. This alone is a very

serious matter.

Gentlemen, consider the tremendous quantity of foodstuffs in the form of sandwiches and other edibles which would be consumed incident to the use of this beverage. The brewing of beer entails, as a natural consequence, the raising of hops, barley, and other cereals which the farmer will be able to raise in large quantities at a profit to himself and with great benefit to the community and to the country at large. It is an oversupply of farm products which has compelled this House from time to time to pass legislation for the relief of the farmer, and which has made it necessary for the Government to incur tremendous debts to take the surplus production off the hands of the farmer.

The benefits which our Government will derive by the elimination of appropriations to the farmers for their relief will certainly be beneficial to the Treasury and beneficial to

the country.

I know the farmer does not want that kind of relief. I voted, so did many of my colleagues from New York, to support you on the farm proposition. We are still willing to vote to support you on any proposition that will help the farmer, but, gentlemen, the farmer does not want that kind of charity. He wants to go on his own. He wants to produce the crops that he toils for every day. He wants to have a market, he wants to be independent, he wants to sell his crop and get his money.

I say that this is enough argument and sufficient ground for the Members of this House to give the matter serious consideration. Let us not appropriate money for relief, but let us enable our people to stand on their own feet.

As I pointed out a moment ago, I believe that the example given by this House in exhibiting a spirit of nonpartisanship in passing legislation which will benefit such a large part of our country should be encouraged in every way. From time to time there have been voices raised criticizing some features of our proposed tax legislation, and there is quite a difference of opinion as to which part of our population should be compelled to bear the larger burden of this new revenue legislation which is so necessary in order to balance our Budget. We all agree, however, that the sanest way of approaching this problem would be by way of spreading the tax burden in such a way as not to lay an undue burden upon any particular portion of the people of this country, and spread it as evenly as possible. I say that if you will give us beer back, with a tax of \$12 a barrel, the burden will be spread as evenly as possible; and, furthermore, the revenue can be easily checked up, because we collect it at the source, and the Government could have in its Treasury within 30 days after the bill is passed the revenue from this industry for the purpose of the functions of Government.

As I stated at the outset of my remarks, at the present time I am concerned merely with the revenue features of the proposed legislation, but I can not lose sight of the fact that in addition to its productiveness as a revenue measure the legislation itself will certainly be beneficial to the country from the standpoint of preventing bootlegging.

It was never the intention of the framers of the eighteenth amendment, which is now a part of our Constitution, that people should be prevented from obtaining for their use nonintoxicating beverages, and it requires a great deal of imagination and a lot of perversion of fact to reach the conclusion that beer is an intoxicating beverage.

It is regrettable that just because the saloon was for many years a standing reproach to our American civilization, particularly in great cities, that Congress saw fit to combat the evil of the saloon with the greater evil of total prohibition.

I hold no brief for the person who is a habitual drunkard or for one who would spend his life's earnings in drinking hard liquor. I believe the record of this country prior to the eighteenth amendment did not show as much flouting of the law and disrespect for its enforcement as has been engendered by that unhappy experiment to control our personal habits by legislation.

But aside from the eighteenth amendment, I do not believe that any law can control this body if it sees fit to amend its own statute, known as the Volstead Act, as heretofore pointed out, which placed restrictions upon the sale of beverages far beyond and above those which were intended by the eighteenth amendment.

The Volstead Act declared every beverage containing more than one-half of 1 per cent of alcohol as intoxicating and paid no attention to the known facts which showed that beverages like beer were not, in fact, intoxicating. I do not believe anyone can point to any statistics which will sustain the theory that beer is intoxicating. Hard liquors, of course, cause intoxication, and their use is expressly prohibited by the Constitution. Beer, on the other hand, has only a mild alcoholic content and under proper safeguards can be safely manufactured, sold, and distributed without harm to anyone who wishes to use it.

I have been unable to obtain statistics on the sale and consumption of beer in other countries except Great Britain, but I have sufficient information as to the consumption of beer in this country prior to its prohibition.

The production of beer in the United States in 1914, which is the last year prior to the war-time restrictions in the production of beer, was 66,189,473 barrels. On the basis of the population of to-day, the production would amount to approximately 85,000,000 barrels; so that if a tax were placed on the basis of \$12 per barrel, the Government would derive a revenue of over \$1,000,000,000 per year.

Now, let us stop for a moment and consider how easily we can obtain this additional revenue by the simple expedient of legalizing nonintoxicating beer for sale and consumption in the United States.

From the standpoint of the consumer, near bear can be purchased to-day for \$8 per barrel. With \$12 taxes added, the cost would then be \$20 per barrel. A barrel contains 256 pints, and even if retailed at 15 cents per pint the retail price per barrel would be \$38.40, so that the spread between the price charged to the retailer and that charged to the consumer would be approximately \$18 per barrel. allowing for a substantial profit to the retailer and yet not burdening the consumer too much.

We all understand, of course, and we have definitely committed ourselves to the elimination of the saloon, that the saloon can not come back under any circumstances. The sale of the beer as contemplated is not to be a sale over the counter in saloons. We propose to distribute our beer directly in containers to the public and will not permit its sale and consumption on the premises except in bona fide restaurants.

Authority to sell nonintoxicating beer would result very speedily in a great increase of transportation in connection with the manufacturing and retailing of the beer; and our railroads, which are at present groaning under a heavy load of moving freight at low rates because of the business depression, would immediately find great stimulation in the transportation of beer. A million men thrown out of employment will be immediately reemployed in this new industry, as I have pointed out. A general revival of business will speedily result in an increase in security values and will lift this country out of its present depressed situation almost magically.

In times like the present it needs a stimulant to bring about confidence in success of business ventures, and the step taken by Congress in legalizing the sale of nonintoxicating beer will be interpreted by the business community as a sign of optimism, and it is just such optimism which is sorely needed as a stimulant to business revival.

Much might be said against a good many provisions of our proposed revenue act, but I do not believe that a word of censure can be uttered against this legislative proposal. Remember, this tax is payable only by those who derive satisfaction from the consumption of nonintoxicating beer. It is not a general burden to be assumed by every inhabitant of this country, as is, for instance, the income tax or the estate tax. It is not even to be compared to the amusement tax, which is imposed again in this proposed revenue act. This is a tax solely payable by the consumer of beer and will only result in a diminution in the drinking of hard liquor.

This legislation will promote temperance, because it will substitute for illicit hard liquor nonintoxicating beer which will be legalized by this act. Many people who now habitually drink hard liquor and pay profits reaching in tremendous sums of money to bootleggers and other violators of law, will turn their attention to the harmless drinking of nonintoxicating light beer, which will result in pleasure to themselves and a revenue to the Government. It is hard liquor which causes drunkenness and which is perhaps responsible for the eighteenth amendment in its sweeping prohibition of all alcoholic beverages whether intoxicating or not.

It was never the intention of the framers of the eighteenth amendment to forbid all beverages which were not in fact intoxicating.

Mr. Chairman, ladies, and gentlemen of the committee, let us wake up on one of the greatest burning questions of time; let us sit at the round table and reason this thing out as statesmen and as Americans. If we do that, we will lift the burden of our present overtaxed people who have been loaded with taxes both by communities, cities, States, and the Government, and who no longer can bear the burdens and keep up with the present times. The proposal that I make before this honorable body is in my opinion-and I think should be in the opinion of every legislator of this great National Government—that we must once for all face the facts and amend our laws in such a way that we may not only relieve the burdens of our people on taxation, but also, I am sure, rid this country of bootleggers, violators of the law, and restore peace, prosperity, and law enforcement.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. Bachmann].

The CHAIRMAN (Mr. BRIGGS). The gentleman from West Virginia is recognized for 10 minutes.

Mr. BACHMANN. Mr. Chairman, I am opposed to the sales-tax provision in this bill. If that provision is retained, as much as I regret to do so, I must vote against the passage of this bill.

We have had a gross sales tax in the State of West Virginia for the last 15 years. It has proven very unsatisfactory. We have not been able to repeal it. We have manufacturing concerns in the State of West Virginia to-day that are and have been losing money; and yet when the end of the year comes around, these concerns must pay the sales tax on their gross business.

If this provision is retained in the bill, and the Federal Government imposes an additional sales tax of 21/4 per cent on the manufacturing concerns of West Virginia, it is believed that it will be necessary to close some of the manufacturing industries in that State.

It is all right to pay a tax to the State and the Government out of the profits made by manufacturers and industries, but they can not pay a tax on their gross business unless they have sufficient money to enable them to carry on. This proposition is a serious one to all manufacturing industries in the State of West Virginia.

It is believed by many that even though the sales tax be just and reasonable in principle, there is still some question whether or not the Federal Government should take that tax away from the individual States, because just as sure as I am standing here to-day, if we adopt the principle of the sales tax as contained in this bill, the Federal Government will never relinquish that tax in your day or mine.

I am familiar with the provisions of the bill providing for the collection of the tax for only two years, but I say to you now, that if we adopt this provision, the Federal Government will always maintain that form of taxation.

Let me read to you a telegram which I received from a prominent manufacturing concern in West Virginia:

West Virginia manufacturers unable to pay additional sales tax. Suggest Congress devote more thought to reducing salaries, commissions, and expenses as all other business and industry has been obliged to do. Further sales-tax burdens will result in stifling initiative and industries in West Virginia.

I have a letter from a prominent citizen in the northern part of my State, in which he says:

If there ever was a damnable, discriminatory class proposal to be inflicted upon a line of industry already grossly overburdened and struggling for very existence, it is this. \* \* \* It is just another scheme to saddle national burdens upon one class, allowing all the rest to escape, and to transfer what the entire Nation should contribute onto the shoulders of producers of certain States. A recently proposition tain States. A rascally proposition.

I have before me an editorial which appeared under date of March 14 in one of the leading newspapers in the State of West Virginia, the Wheeling Intelligencer. It sets forth the condition confronting the people of our country, and I ask unanimous consent that I may insert the editorial in the RECORD.

The CHAIRMAN (Mr. BRIGGS). Is there objection? There was no objection. The editorial is as follows:

## THE SALES TAX CONFISCATORY

Secretary of the Treasury Mills is certainly an official of a buoyant and airy disposition. Burdens which rest heavily on the ordinary man are disposed of by Mr. Mills as mere bagatelles.

Referring to the proposed 2½ per cent manufacturers' sales tax, Mr. Mills expressed the belief that it is so low that practically

no one will feel it.

Either Mr. Mills never conducted a manufacturing operation and employed labor, or his path has been an unusually rosy one. Instead of a 2½ per cent sales tax being negligible it is more accurate to say that it approaches confiscation. If Mr. Mills will take a day off and study the income-tax returns that will be piling into the internal-revenue offices during this week, he will find that the large majority of the manufacturers of the United States did not earn in 1931 a profit of 5 per cent on their sales. He will find that a very large percentage of them earned no

He will find that the average profit of a highly successful manufacturer is barely 10 per cent of the volume of sales.

A proposal under these conditions to exact a 2½ per cent tax

means in short a special revenue tax of the most prosperous of

22½ per cent of their profits, and on many of them the complete confiscation of their profits, and on many more the loading of an extra burden on heavy losses already incurred.

Manufacturers in the United States to-day pay an 11 per cent income tax. Add to that in the case of the most prosperous 22 to 25 per cent more, and we have approximately a 35 per cent income tax imposed on manufacturing industries. The manufac-

turing of the country is the basis of the country's prosperity. The men who work in the mills and factories and produce create the market for the American farmer. The factories employ more than half of our working population. To put a tax burden upon these industries ranging from 35 per cent of the income to 100 per cent of the income would be to create the greatest hindrance to the return of national prosperity.

Why should any man in his senses seek to build a factory and

employ labor, take all the chances of accidents and loss, for the purpose of paying 35 per cent of his profits in taxes if he has profits, and the further purpose of pocketing all of his own losses

if he has losses?

In the judgment of this newspaper there are many less objec tionable ways of raising necessary revenues than the saddling of such a burden upon business. An income tax is much more equitable. A luxury tax is far to be preferred. Finally, a reasonable bond issue, repaying to the American people part of the five or six billion dollars they have advanced toward retirement of the public

debt in excess of legal requirements, might well be undertaken.

This is a time to assist business by encouraging employment, not

to lay upon it a confiscatory tax.

Mr. BACHMANN. Mr. Chairman, I appreciate the fact that the Secretary of the Treasury and the members of the Ways and Means Committee have agreed upon a measure which, in their judgment, would balance the Budget. All of those gentlemen have given deep study and consideration to a means of providing revenue. I agree that the Budget ought to be balanced; but if we have to drive manufacturers out of business, if we have to add to the unemployment that already exists, if we have to pay that price for balancing the Budget, then this Government is big enough and rich enough to continue a year longer with an unbalanced Budget. Let us not add to the already distressed conditions of the country. I do not know how many States have a sales tax like that of West Virginia. I tried to find out from the gentleman from Oregon [Mr. HAWLEY], and he said he thought there were five or six. Certainly it can not be doubted that those States that have a sales tax must bear an additional burden if this provision of the bill is maintained.

I have heard comparisons made here on the floor of the House of Representatives as to how satisfactory the tax works in other countries. We are told the sales tax works fine in Canada and in other countries, but they forget that in Canada and in other countries the great bulk of the revenue raised from the sales tax comes from a tax on intoxicating liquors. We have no intoxicating liquors legalized in this country that we can tax. Therefore, to compare the operation of the tax in another country is not a fair comparison as to how a sales tax will work in this country.

Mr. LAGUARDIA. And Australia is broke.

Mr. DICKSTEIN. Will the gentleman yield?
Mr. BACHMANN. Yes.
Mr. DICKSTEIN. What is the amount of money derived from the sales tax in the State of West Virginia?

Mr. BACHMANN. I do not have the figures. I am aware that any Member who is opposed to any of the provisions of this bill ought to have something to offer instead. I do not believe the Federal Government should adopt this form of taxation when the manufacturers and the people of the country have not had an opportunity to study the result of a tax of this kind. If we pass this bill without the sales tax, it provides revenue amounting to \$700,000,000. I think we can get along for another year with a deficit of \$600,-000,000 without harming anybody.

The people of West Virginia do not favor a sales tax. In my opinion, the situation throughout the country is the same. We will hear from the manufacturing industries of this country just as sure as you gentlemen are sitting here on the floor of this House to-day if we pass this sales tax, because it can not be satisfactory. It is an unjust tax.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. ARNOLD. Mr. Chairman, I am directed to yield 10 minutes to the gentleman from Oklahoma [Mr. Hastings.]

Mr. HASTINGS. Mr. Chairman, the bill known as the revenue bill was only reported to the House on Monday last, March 7, 1932. Copies of the report on the bill could not be secured until March 9. There was a night session of the House for the consideration of private bills that night. The

bill was taken up for consideration on Thursday, March 10. Some impatience was exhibited by the members of the Ways and Means Committee because those who do not share their views with reference to the bill were not prepared to go on with the debate when the bill was called up for consideration. The bill contains 278 printed pages. The hearings on the bill contain 1,237 pages, and the report has 57 pages.

This revenue bill rewrites the entire Federal statutes covering taxation. No man who is not an expert on tax legislation could possibly familiarize himself with the details of this bill if he were to give his entire time to it for several weeks. Not only is the revenue bill rewritten, but here and there throughout the pending bill are amendments which can not be understood by the average citizen of the country without closely studying the context and without knowing the decisions of the departments and the Board of Tax Appeals where the laws have been construed.

I find no fault with any Member with whom I find myself in disagreement. I accord to everyone the same high purpose, the same patriotic motives, and the same right to express himself upon the questions involved in this bill that I ask for myself.

This bill runs counter to every thought I have had on the subject of taxation. Finding myself in disagreement, I feel constrained in my own behalf, and on behalf of the splendid citizens whom I have the honor to represent, to give voice to the reasons that impel me to vote against the bill.

The report indicates that it is estimated this bill will raise \$1,246,000,000 additional revenue. It is urged that chaos will reign if the Budget is not balanced. It is insisted that the best way to balance the Budget lies along the lines of the recommendations carried in this bill.

I can not support the bill for a number of reasons. shall not detain the House as to all the details. I am unalterably opposed to the 21/4 per cent manufacturers' excise or

It is estimated that \$595,000,000 will be raised through the sales-tax provision. It was urged in the debate that all of this would not be passed on by the manufacturers to the consumers. It was admitted, however, that most of it would be. In my judgment a very large percentage of the \$595,-000,000, or as much as possible, will be pyramided and passed on to the consumers. I do not see how this can be successfully controverted. No one denies that part of it will be passed on to the consumers; and, of course, in time all of it will be, and, in addition, added costs and expenses will increase the amount. It will be passed on to the consumer just as the gasoline tax in every State is paid by him.

You are raising \$1,246,000,000, and in this one item alone you are making the great mass of the people of the country bear a disproportionate part of this burden. They are already overtaxed, and they are unable to pay them. The homes of many are being foreclosed from over their Their livestock is being taken away from them, yet in the face of these facts we are asked to place half of the burden of all of these additional taxes upon these people.

Now, everyone knows that the wealthy eat but little more and wear but little more clothes than the average citizen who earns \$2,500 per annum or less. If this be true, each citizen as a consumer, regardless of ability to pay, would be taxed practically the same on account of the sales tax.

The second item contained in the report of the committee has reference to the amount to be collected from income taxes. It is estimated that from the individual income taxes \$112,000,000 additional will be collected and from corporation taxes \$21,000,000, or \$133,000,000 in all. Yet you take \$595,000,000 from the consuming masses of the plain people of the country and only \$133,000,000 additional from the wealthy of the country.

I do not have the exact figures for 1931 before me; but the Treasury advises that in 1930, 6,000 individuals paid taxes on incomes of more than \$100,000, and that 149 paid on incomes of \$1,000,000 or more. In 1929, 15,000 paid on incomes of \$100,000 or more, and 513 paid on incomes of \$1,000,000 and over.

This bill lowers the exemption on single persons from \$1,500 to \$1,000 and on the heads of families from \$3,500 to \$2,500, and graduates the tax on incomes up to only \$100,000. I have never known why we should stop at \$100,000. If a graduated income tax is right in principle, why should we not graduate the rate to a figure greater than \$100,000. No one has ever discussed it or satisfactorily explained it. No one can explain it.

In 1929, of the 513 persons who reported incomes of \$1,000,000 or more, some had incomes of \$10,000,000, yet the individual who had an income of this amount paid no higher rate than the person who had an income of only

\$100,000.

I oppose this bill for the reason that the rate is not graduated in the higher brackets so as to exact a greater share from those best able to pay. I have no prejudice against wealth provided it is honestly acquired and legitimately used, but I have always maintained that wealth should bear its fair proportion of the burden of Government, local, State, and Federal.

It is now estimated that 4 per cent of the population of our country own 80 per cent of the wealth of the Nation. They are not willing to share their proportionate part of the

tax burden of the Government.

If one person were to own all of the land in a single township or a county, he would be required to pay the ad valorem taxes on all of his holdings. The same should be true of wealth. The more the individual makes and the greater his returns, the more he should contribute to the expenses of government. I do not think there is any answer to this argument.

If an opportunity is afforded, I am going to vote for an increase on income taxes in the higher brackets over

\$100,000.

This bill protects those in the millionaire class in the higher brackets from paying a higher graduated rate and passes on the amount estimated to be collected through a sales tax of \$595,000,000, with costs and expenses added, to the consuming public. To the agricultural class this means to relieve wealth of its fair proportionate share of Government and places it upon the farmers who received around 25 cents per bushel for wheat at harvest time, 12 to 15 cents for oats, 18 cents for corn, 1½ cents per pound for cotton, and for all other farm products, including livestock, less than the cost of production.

The bill under consideration provides for the collection of a tax of 10 per cent on admissions to theaters of 25 cents and over, and it is expected to collect \$90,000,000 under this provision. I do not object so much to the collection of an admission tax from the larger theaters where higher admissions are charged; but I believe that the movies, which are the amusement places of the great middle class of the people, should be exempt from taxation, and for that reason will oppose this provision and vote to strike it out of the bill, or amend it in accordance with this suggestion.

I do not favor the provision taxing telegraph, telephone, and radio messages, although this provision is not so objectionable as other provisions of the bill.

A tax of \$5,000,000 is to be collected by a tax of 1 cent per gallon on crude-oil imports, and on imported gasoline, oil, and fuel oil.

The oil industry is greatly depressed. The price of oil has fluctuated from \$1.45 per barrel to 15 cents per barrel in August of 1931. Thousands of the oil workers are out of employment.

I have urged a tariff of \$1 per barrel on imported oil and 50 per cent of the value of refined products imported for the protection of the domestic-oil producers of this country. This I was unable to get during the last session of Congress. I joined with others in urging that an excise tax of 2 cents per gallon on imported crude petroleum and 4 cents per gallon on imported gasoline and other derivatives be levied, but instead an excise tax of only 1 cent per gallon is imposed. This is not sufficient. I fear it will have but little appreciable effect upon the domestic price of crude petroleum.

Such a slight concession to the oil industry, reported by the Treasury Department to raise no revenue, and by the Ways and Means Committee of the House to protect the oil fraternity to the amount of only \$5,000,000, is not sufficient to justify a vote to change the fiscal policy of our country and impose a tax burden of \$595,000,000, pyramided with costs and other expenses, upon the consuming masses of the country.

The Tariff Commission found that the difference in the cost of production of oil in this country and in Venezuela was \$1.03 per barrel. An excise tax of 1 cent per gallon will shut out but little imported oil from that country. The four large companies can afford to import oil and can do it cheaper, after paying the excise tax of 1 cent per gallon, than oil can be delivered from the mid-continent field through pipe lines to the eastern seaboard. Let no one be deceived. While we welcome the provision it is a disappointment in that it does not go far enough to afford adequate relief to the oil industry. This is only half a loaf but it is better than no bread.

Now, everybody knows that by incorporating a manufacturers' tax in this bill it means we are embarking upon a policy different from any method of taxation we have ever had before in this country. Many are advocating a general sales tax. This, in my judgment, is the first step in that direction. It is urged that this tax is only temporary. My reply is that once made a part of our fiscal policy it is much easier to get it retained and extended and made permanent law than to get it enacted originally. Such was the boast of the gentleman from Pennsylvania [Mr. Watson]. I am opposed to it because, as I have already pointed out, it passes the burden on to the ultimate consumer.

Those who advocate the sales tax hope to substitute it for the income tax, and thereby shift the entire tax burden from the wealthy and those best able to pay to the consuming

masses of the country.

It is urged that there are liberal exemptions from the imposition of the manufacturers' sales tax as to farm products. This will not materially help the great agricultural class because the farmer raises his own food and feed for his work stock. Hence he will not be affected to any considerable extent by the exemption. Of course I favor the exemption of farm products in the interest of the consuming masses who must purchase them.

The gentleman from Alabama [Mr. Huddleston] makes an adroit speech but one that will not bear analysis. He

insists there are two questions to be met:

First, that we should raise sufficient revenue to balance the Budget; then ho places the anticipated deficit far in excess of the revenue estimated to be raised by the pending bill.

The second question he urges is as to the best way to go about raising the money. On the second question his speech is a distinct disappointment.

Discussing the sales-tax provision, which is estimated to raise \$595,000,000 of revenue to balance the Budget, he says:

Taxes are bad, and a sales tax is particularly bad. It is levied upon poverty and not upon wealth. It is levied upon a man's needs and not upon his ability to pay. It is levied upon what men may consume and not according to the benefits which are derived from government. They violate every fundamental of taxation.

Yet he offers no substitute for this provision that taxes poverty, that is levied upon a man's needs and not upon his ability to pay, upon what men consume and not upon the benefits derived from government, and that "violates every fundamental of taxation."

How one can vote for a provision after such a severe condemnation is not made clear by the remainder of the speech.

He resorts to the strategy of many clever lawyers in making their pleas to the jury. When they find themselves unable to discuss the merits of their case they do one of two things: Either they attempt to lead the minds of the jury away from the condemning facts or heap a tirade of abuse or ridicule upon the opposing witnesses in an attempt to discredit them.

The gentleman from Alabama [Mr. Huddleston] did both. He first attempted to lead the minds of the Members of the House away from the sales-tax provision through reference to other legislation previously enacted and which he criticized as not being meritorious, including the amount appropriated for the revolving fund for the use of the Farm Board.

Assuming his criticism is just, how could that justify a vote in support of a sales-tax provision that taxes poverty, levies upon what men consume and not upon benefits of government, and, finally, that "violates every fundamental of taxation"?

He then refers to Members who favor legislation for the benefit of the ex-service men. How does that justify voting to tax poverty through a provision fundamentally unsound?

He resorts to ridicule, to the delight of the Members of the House, to take the minds of the Members away from the odious, indefensible sales-tax provision, that is a tax upon poverty, and upon the consuming masses, not levied in accordance with the benefits received, and that "violates every fundamental of taxation."

I can not vote for a provision that violates every fundamental of taxation. I must search for some other source of taxation more equitable, more defensible, and not a tax upon poverty, where the entire burden does not fall upon the consuming masses but is distributed among those better able to pay and in proportion to the benefits received.

I am always delighted with oratory. I enjoy ridicule, but before I lay the heavy hand of the taxgatherer upon the consuming masses whom I am privileged to represent, before I agree to violate every fundamental of taxation, I am not content with criticism of the legislation as not justified nor in ridiculing the lack of courage of Members with whom I have served for years, but I must carefully search for other sources of taxation. I must try to find some method that does not "violate every principle of taxation" before I open the door to the taxgatherer and permit him to place his heavy hand upon the poor and oppressed people of my district and State.

Those who oppose the bill are challenged to offer a substitute to balance the Budget in lieu of the methods proposed in the pending bill.

In reply, permit me to say in the first place that a revenue bill of such magnitude can not be safely framed by amendment on the floor of the House; and if the vital provision, the sales tax, that raises a very large part of the revenue, is eliminated by amendment, then the bill should be recommitted to the Committee on Ways and Means, with directions to the committee, with the assistance of its experts, to frame and report another bill in accordance with the general instructions of the House. The committee has the advantage of the hearings, has the assistance of experts, and of course the members of the committee are better able to estimate how much revenue alternative methods of taxation would raise.

If an amount approximately sufficient to balance the Budget can be secured from an income tax in the higher brackets, and from estate taxes, then the recommitting of the bill might not be necessary.

As suggestions to the House and to the committee, permit me to say I would sharply reduce all the expenditures of our Government. Our expenditures for the fiscal year 1931 aggregated \$5,071,711,693.56. Our appropriations and estimated expenditures for the current year are \$5,178,-524,967.95. The Committee on Appropriations has sharply reduced the appropriation bills so far as reported for 1933. In my judgment, aside from the interest on the public debt, the requirements of the sinking fund, and the appropriations for the Postal Service and Veterans' Administration, which is to cover pensions, disability compensation for exservice men, hospitals, and other like expenditures, a careful study by a courageous subcommittee would find a way of reducing the balance of our expenditures by at least 25 per cent without in any way impairing the efficiency of any department or necessary bureau or commission.

I have before me the appropriations for the fiscal year 1887 under Cleveland. They amounted to \$383,245,913.54. During the fiscal year 1891, under President Harrison, our Federal expenditures were \$463,383,480.46. The expenditures for the fiscal year 1895, under Cleveland's second administration, were \$492,477,759.97. Advancing four years more to the fiscal year 1899, under McKinley, our expenditures increased to \$892,656,775.65. Whenever a commission is authorized or bureau created it immediately begins to expand and year after year additional appropriations are required.

The best way to economize is to reduce expenditures. This can and should be done. Every individual and every family pursues this policy. Whenever it is found that the individual or family does not have sufficient money to meet current expenses they are reduced and every effort is made to live within the income. We should apply a surgeon's knife to these appropriations. I would reduce all salaries in the higher brackets, including heads of bureaus, Cabinet officers, and Members of Congress.

Another suggestion as to where additional revenue may be raised is the estate tax. The present bill only doubles the old rates. Up to \$50,000 the rate is 2 per cent. Up to \$100,000 it is only 4 per cent, and the rate does not go to 40 per cent except as to incomes of \$10,000,000 and over.

It is estimated that a sufficient amount could be secured through an estate tax if the same rates were used as are provided for income taxes.

In my judgment nothing is fairer than an estate tax, and nothing will do more to redistribute the wealth now held by a few persons than a higher estate tax. If higher rates were levied there would be no necessity for a sales tax and the Budget could be balanced without the sales tax.

In December we extended over a period of 10 years the payment of \$252,000,000 interest on our foreign obligations. We are asked now to transfer this amount in the form of a manufacturers' sales tax upon the great masses of the overburdened people of our country. I can not do it. In all of our foreign-debt adjustments we have remitted \$10,705,618,006.90. The total amount remitted or canceled must be borne by the taxpayers of our country. We are now reaping the whirlwind of our own folly. I voted against all of these settlements.

It is urged that chaos will reign if we do not balance our Budget. This is simply a statement. We are passing through a most serious economic depression. Under similar circumstances every individual and every head of a family finds it necessary to borrow money to tide them over temporarily. First, we should reduce our expenditures. We should cut down our appropriations; and if it be found that our revenues do not meet all the reduced requirements of our Government, I do not agree that chaos would reign if we borrowed money to tide us over temporarily.

In the first place, I shall support an amendment to eliminate the manufacturers' tax provision. I shall vote to cut out the admission tax of 10 per cent on admissions to movies where the charge is 40 cents or less. I do not favor the tax on telephone and telegraph and radio messages and will vote to cut that out; and, as I have already indicated, I favor increasing the income tax in the higher brackets so as to exact a greater share from those who are immensely wealthy. I believe that with the consolidation of Government activities, the abolishment of bureaus not needed, and with the reduction of governmental expenditures, our Budget can be balanced without a sales tax; and if we find that we can not balance the Budget, I favor continuing the temporary issuance of bonds to carry us over the period of depression. I would much prefer that plan than to have our fiscal policy changed and this additional burden of taxation placed upon the great mass of people of the country who are now paying more than their fair share by reason of the tariff. During the calendar year of 1931 the total amount collected through tariff duties was reduced to \$353,-970,000, but in ordinary years it approaches \$600,000,000.

Everyone knows that the added cost of tariff duties is passed on and paid by the consuming public. Through the

tariff the average citizen pays more than his proportionate part of the burden of government. This bill adds \$595,000,-000 as an additional burden. Action upon this measure should have been withheld for at least a month so as to afford time to study and analyze every detail of its complicated provisions. If the reaction of the people throughout the country could be secured. I have no doubt that the salestax provision would be overwhelmingly defeated.

I have only called attention to a few of the more apparent objections. I can not vote for this bill because it relieves wealth of its fair share of the burden of government and places it upon the consuming masses.

No one, in my judgment, can justify a vote to spread over and pass on to the consuming masses, already overburdened and depressed, the tax burden that should rightfully be borne by those who have accumulated vast fortunes by reason of governmental protection and benefits received, both legislative and administrative. [Applause.]

The following is a list of Federal expenditures since 1887:

Congress	Total appropriation	President
First session Forty-ninth Congress, fiscal year	<b>\$383, 245, 913. 54</b>	Cleveland
1887. Second session Forty-ninth Congress, fiscal year	365, 430, 333. 41	Da
1888. First session Fiftieth Congress, fiscal year 1839 Second session Fiftieth Congress, fiscal year 1830 First session Fifty-first Congress, fiscal year 1891. Second session Fifty-first Congress, fiscal year	422, 867, 168. 11 395, 430, 284. 26 463, 383, 480. 46 524, 381, 815. 60	Do. Do. Harrison, Do.
1892. First session Fifty-second Congress, fiscal year	507, 376, 397, 53	Do.
1893. Second session Fifty-second Congress, fiscal year	519, 535, 293, 31	Da
1894. First and second sessions Fifty-third Congress,	492, 477, 759. 97	Cleveland
fiscal year 1895. Third session Fifty-third Congress, fiscal year	496, 982, 585. 01	Da
1896. First session Fifty-fourth Congress, fiscal year	515, 852, 380. 27	Do.
1897. Second session Fifty-fourth Congress and first session Fifty-fifth Congress, fiscal year 1898. Second session Fifty-fifth Congress, fiscal year	528, 735, 878. 33 892, 656, 775. 65	McKinley Do.
1899. Third session Fifty-fifth Congress, fiscal year	698, 912, 982. 83	Do.
1900. First session Fifty-sixth Congress, fiscal year	705, 653, 298. 01	Do.
1901. Second session Fifty-sixth Congress, fiscal year	730, 241, 862. 51	Do.
1902. First session Fifty-seventh Congress, fiscal year	801, 682, 773. 42	Roosevelt
1903. Second session Fifty-seventh Congress, fiscal year	752, 741, 659. 25	Do
1904. First and second sessions Fifty-eighth Congress,	781, 288, 214. 95	Do
fiscal year 1905. Third session Fifty-eighth Congress, fiscal year	818, 191, 283. 26	Do.
1906. First session Fifty-ninth Congress, fiscal year 1907. Second session Fifty ninth Congress, fiscal year	881, 953, 644. 09 919, 163, 823. 18	Do. Do.
1908. First session Sixtieth Congress, fiscal year 1909 Second session Sixtieth Congress, fiscal year 1910. First and second sessions Sixty-first Congress,	1, 006, 431, 726, 96 1, 044, 433, 622, 64 1, 039, 550, 617, 01	Do. Do. Taft.
fiscal year 1911. Third session Sixty-first Congress, fiscal year	1, 022, 759, 948. 52	Do.
1912. First and second sessions Sixty-second Congress,	1, 021, 349, 990. 63	Do.
fiscal year 1913. Third session Sixty-second Congress, fiscal year	1, 098, 602, 065. 65	Da
1914. First and second sessions Sixty-third Congress,	1, 122, 471, 919. 12	Wilson.
fiscal year 1915. Third session Sixty-third Congress, fiscal year	1, 114, 490, 704. 09	Do.
1916. First session Sixty-fourth Congress, fiscal year	1, 628, 411, 644. 81	Do.
1917. Second session Sixty-fourth Congress and first session Sixty-fifth Congress, fiscal year 1918.	18, 881, 940, 243. 79	Do.
Second session Sixty-fifth Congress, fiscal year	27, 065, 148, 933. 02	Do.
1919. Third session Sixty-fifth Congress and first session Sixty-sixth Congress, fiscal year 1920.	6, 454, 596, 649. 56	Do.
Second session Sixty-sixth Congress, fiscal year 1921	4, 780, 829, 510. 35	Do.
Third session Sixty-sixth Congress and first session Sixty-seventh Congress to July 12, 1921, fiscal year 1922.	3, 909, 282, 209. 46	Do. Harding.
First session Sixty-seventh Congress, from July 13, 1921, and second session Sixty-seventh Con- gress to July 1, 1922, fiscal year 1923.	4, 248, 140, 569. 99	Do.
Second session Sixty-seventh Congress from July 2, 1922, and third and fourth sessions of the Sixty-seventh Congress, fiscal year 1924.	4, 092, 544, 312, 04	Do.
First session Sixty-eighth Congress, fiscal year 1925.	3, 748, 651, 750. 35	Coolidge.
Second session Sixty-eighth Congress, fiscal year 1926.	4, 151, 682, 049. 91	Do.
First session Sixty-ninth Congress, fiscal year 1927. Second session Sixty-ninth Congress, fiscal year 1928.	4, 211, 011, 352. 58	Do. Do.
First session Seventieth Congress, fiscal year 1929 Second session Seventieth Congress, fiscal year 1930.		Do. Do.

Congress	Total appropriati	President
First and second sessions Seventy-first Congress,	5, 071, 711, 693. 56	Hoover.
fiscal year 1931. Third session Seventy-first Congress, fiscal year 1932.	5, 178, 524, 967. 95	Do.

Mr. DOUGHTON. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, the question of the position of organized labor toward the sales-tax provision has been raised several times in the course of this discussion. I would like to announce to the House that Mr. William Green, president of the American Federation of Labor, has issued a statement, which will be published to-morrow morning, informing the American people that organized labor is unalterably opposed to a sales tax as an oppressive and unfair additional burden to the wage earners of this country, and he calls upon the friends of labor to do everything within their power to defeat the sales-tax provision of this bill. [Applause.]

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

#### PROHIBITION

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, yesterday 187 votes were cast in this House in favor of discharging the Committee on the Judiciary from further consideration of H. J. Res. 208, to submit to the people the question of modifying the eighteenth amendment.

An analysis of that vote shows that those 187 Members represent over 52,000,000 people of the United States. In this stupendous total there is not included the representation of the Member at large from Illinois [Mr. DIETERICH], nor, of course, there is not included the representation of three admittedly wet Members who were unavoidably absent, one in Virginia, one in Kentucky, and one in New Hampshire.

The following analysis is worth studying:

States	Districts	Population
Alabama	1 out of 10	247, 753
Arizona	1	435, 573
California	7 out of 11	1, 849, 226
Connecticut.	5	1, 606, 903
Illinois	16 out of 25	4, 521, 384
Indiana	5 out of 13	1, 398, 981
Iowa	1 out of 11	211, 359
Kentucky	1 out of 11	197, 604
Louisiana	4 out of 8	882, 715
	5 out of 6	1, 437, 868
	13 out of 16	3, 085, 947
	9 out of 13	2, 772, 076
Michigan		
Minnesota	5 out of 10	1, 190, 321
Missouri	5 out of 16	1, 402, 172
Montana	1 out of 2	211, 918
Nebraska.	1 out of 6	226, 074
Nevada	1	91, 059
New Jersey	12	4, 041, 334
New Mexico	1	423, 317
New York	32 out of 43	10, 020, 093
North Carolina	1 out of 10	408, 139
Ohio.	13 out of 22	3, 319, 168
Oregon	1 out of 3	338, 241
Pennsylvania	18 out of 36	4, 721, 873
Rhode Island	3	687, 497
South Carolina	1 out of 7	198, 03
South Dakota	1 out of 3	251, 40
Tennessee	1 out of 10	223, 218
Texas	3 out of 18	820, 314
	3 out of 10	641, 80
Virginia		
Washington	3 out of 5 2 out of 6	919, 430 549, 538
West Virginia.		
Wisconsin	9 out of 11	2, 481, 98
Wyoming	1	225, 56
Total	1 186 2435	52, 039, 943

<sup>&</sup>lt;sup>1</sup> 1 district in Illinois at large not counted. <sup>2</sup>Total House Membership.

Another interesting analysis of this vote by the New York Times divides these 187 votes as follows:

	Republican	Democrat
East South. Middle West Far West	47 0 39 11	33 22 29 3
Total	97	90

Against the proposition the dry vote is analyzed as follows:

product the man of the stiffer of the season	Republican	Democrat
East South Middle West Far West	35 6 57 14	1 89 23 1
Total	112	114

Wet votes were cast by a majority of the Representatives of 18 States.

The drys were in the majority in 26 states.

In four States the vote was evenly divided.

In only 14 States were no wet votes cast, and wet Members from 2 of these States were unavoidably absent.

Such a result surely portends the future—the certain repeal or modification of the eighteenth amendment.

## ABOLISHMENT OF USELESS OFFICES

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record and to include a letter from the Secretary of the Treasury, Mr. Mills.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, in furtherance of the spirit of cooperation between the House and the administration, looking toward effecting major economies, Ogden L. Mills, Secretary of the Treasury, has given his consent to the abolishment of 22 presidential offices under the department of which he is the head. These offices include 15 appraisers of customs and 7 surveyors of customs, and the salaries that are to be cut off range from \$3,200 to \$9,000 per annum. The total saving to be accomplished by the abolishment of these particular offices is \$111,000 per annum.

Secretary Mills's willingness that these offices shall be abolished should greatly improve the chances of this economy program being carried through to a successful eventuality. In former Congresses moves have been made in that direction and legislation has been brought in, but the friends of the incumbent officeholders have always combined and prevented favorable action. This year the Appropriations Committee has brought in legislation to separate these unnecessary officeholders from the service, and it has passed the House. The stamp of approval given to the legislation by Secretary Mills should go a long way toward overcoming opposition in the Senate.

## OFFICES DECLARED USELESS

These 22 presidential offices have been regarded as among the most luscious plums in the public service. As the offices are absolutely useless, there are no duties attached except of the most nominal character. In the entire Government service there are no more desirable sinecures than these, and none that are more sought after as political rewards. Every one of them should have been abolished long ago, but political pull has always prevented, and the taxpayers have had to keep on supporting these officials who have nothing to do but draw their salaries.

Secretary Mills's consent that the offices shall be wiped out is given in a letter in reply to a communication I sent to him. This correspondence, which will be of interest to those watching the economy program, is as follows:

HOUSE OF REPRESENTATIVES, COMMITTEE ON APPROPRIATIONS, February 20, 1932.

Hon. OGDEN L. MILLS,

Secretary of the Treasury, Washington.

Dear Mr. Secretary: No one appreciates more than I do your sincere and patriotic interest in holding appropriations to the minimum, to the end that unnecessary taxes shall not be imposed and the Budget may be balanced. In a spirit of coopera-

tion I am coming to you for information.

I will be obliged if you will send to me a list of surveyors of customs, showing their stations and the amount of duties collected at their respective ports. Also, I would like to have the same information in regard to comptrollers and appraisers of

customs

I need not remind you of the urgent demands that are made upon us for economies in the Federal service, and I would appreciate it very much if you would give me your candid opinion as to whether these positions (surveyors, comptrollers, and appraisers of customs) could be abolished. I know that various administrations of both political parties have made efforts in the past to abolish these positions, and it seems to me that if there is no need for them they should be abolished now when it is so necessary to conserve national finances.

sary to conserve national finances.

I assure you that I am interested in economies and would like to have your opinion as to the necessity of maintaining surveyors at various ports in the United States while no such offices exist at other ports where the collections are much larger. For instance, at Portland, Me., where, I understand, the customs collections amount to approximately \$160,000 a year, there is a surveyor of customs; while at Galveston, where customs receipts amount to \$5,000,000 or \$6,000,000 a year, no surveyor's office exists. I might multiply illustrations of this nature, but do not believe it is necessary to prove the point I am seeking to make.

If you will kindly send to me soon your opinion on the matters above referred to, I will be grateful.

Very sincerely yours,

Very sincerely yours,

Louis Ludlow.

Secretary Mills's reply is as follows:

TREASURY DEPARTMENT. Washington, March 5, 1932.

Hon. Louis Luplow.

Hon. Louis Ludlow,

House of Representatives, Washington, D. C.

My Dear Mr. Ludlow: I have your letter of February 20, 1932, relative to the proposal to abolish the offices of surveyors, comptrollers, and appraisers of merchandise in the Customs Service.

There are practically 300 ports of entry, and surveyors and comptrollers are appointed by the President at only 7 of these ports. While there are appraisers at practically all of the 300 ports only 16 of them are presidential appointees. The others are designated and appointed by the Secretary of the Treasury, but have all of the authority of an appraiser appointed by the President.

In the interest of economy and in cooperation with the Congress, I see no objection to the elimination of the presidential offices of surveyors and appraisers, except the appraiser at the port of New York.

off New York.

The situation with respect to comptrollers is quite different. The office of comptroller of customs, formerly known as naval officer, has existed since the foundation of the Government. He is a presidential appointee the same as the collector of customs, and presidential appointee the same as the collector of customs, and acts entirely separate and independent of the collector. The law requires that he shall verify all assessments of duties and allowances of drawbacks made by collectors, and in case of disagreement between him and the collector he shall report the facts to the Secretary of the Treasury for his decision. He is also required by law to examine the collector's accounts of receipts and disbursements of money and receipts and disposition of merchandise, and certify the same to the Secretary of the Treasury for transmission to the General Accounting Office.

There is a complete examination of every transaction by the collector and the comptroller, each independent of the other. It

collector and the comptroller, each independent of the other. It seems proper that the officer whose duty it is to review and revise the collector's account should not be of less rank than the collector himself. Differences necessarily arise and both officials should have equal standing. I think, therefore, that there are sound, practical reasons for retaining comptrollers of customs as presidential appointees.

I assure you of my desire to account the content of the

I assure you of my desire to cooperate in every way in reducing the expenditures wherever it may be done without injury to the service.

Very truly yours,

OGDEN L. MILLS, Secretary of the Treasury.

The presidential offices which it is believed will be wiped out at one stroke with the approval of the Secretary of the Treasury are as follows:

Appraisers of merchandise-Philadelphia, Pa., Boston, Mass., \$6,000; San Francisco, Calif., \$5,600; New Orleans, La., \$5,200; Baltimore, \$5,000; Chicago, \$6,000; Buffalo, N. Y., \$4,600; Detroit, Mich., \$4,600; Tampa, Fla., \$3,800; Cleveland, Ohio, \$4,600; Cincinnati, Ohio, \$3,800; St. Louis, Mo., \$4,600; Portland, Me., \$3,800; Pittsburgh, Pa., \$4,600; Portland, Oreg., \$4,400 ;total saving, \$72,200 per

Surveyors of customs-New York, N. Y., \$9,000; Philadelphia, Pa., \$5,600; Boston, Mass., \$5,800; San Francisco, Calif., \$5,600; New Orleans, La., \$4,600; Baltimore, \$5,000; Portland, Me., \$3,200; total saving, \$38,800 per annum. Grand total saving, \$111,000 per annum.

In other words, it looks as if the taxpayers will score a victory. Undoubtedly there are many other offices under the Government that may be abolished by the exercise of careful scrutiny and appropriate action. This is a good

TEMPORARY RELIEF OF WATER USERS ON IRRIGATION PROJECTS

Mr. HALL of Mississippi. Mr. Speaker, I call up Senate bill 3706, for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Mississippi calls up a bill, which the Clerk will report by title.

The Clerk read the title of the bill.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

Mr. MAPES. Mr. Speaker, reserving the right to object, is this the bill that was under consideration in the House a few days ago?

The SPEAKER. It is.

Mr. MAPES. What is the purpose of bringing it up at

this hour of the day?

The SPEAKER. The Chair understood, after talking with some of the gentlemen who are for and against this bill, that if it could be taken up at this time it could be passed in 15 or 20 minutes, since the opponents of the bill had come to some agreement with the gentlemen who favor it. Unless that can be carried out the Chair thinks that in good faith the House should adjourn.

Mr. BANKHEAD. In connection with what the Speaker has stated, it has been represented to the Committee on Rules that this legislation is somewhat emergent and is in the interest of the farmers in these irrigation districts. That is the real reason for expediting the passage of the

Mr. MAPES. Mr. Speaker, further reserving the right to object, I have not been able to be in the Chamber all the afternoon. May I ask whether there has been any statement made on the floor that this bill was to be brought up at this time of the day?

The SPEAKER. No statement was made in the Chamber, but the Chair will say that the minority leader [Mr. SNELL] and others who are interested in the bill, were asked about the advisability of calling it up, and they

agreed to it.

Mr. SNELL. If the gentleman will permit, there was no statement made in the House, but I had a message sent to every Republican Member from the telephone office that this bill would be called up at 5 o'clock. I was one of the gentlemen who objected to this bill being taken up the other day; but, as I understand the situation, the gentlemen proposing the legislation are willing to accept amendments that overcome the objections that were made the other day, and the Members who did object have agreed to these amendments.

Mr. MAPES. I would like to say that it seems to me a rather undesirable practice-when we are having general debate on a tax bill and a great many Members of the House have assumed there would be nothing else taken up during the day-to bring up a bill of this importance late in the afternoon, without any notice.

Mr. SIMMONS. Will the gentleman yield?

Mr. MAPES. Yes.

Mr. SIMMONS. Between 2 and 3 o'clock this afternoon I personally told the gentleman's colleague, Mr. MICHENER, that this bill was coming up, he having been very much interested in it.

Mr. MAPES. That is good; but what about the rest of the membership of the House? There are 435 Members of the House, and each one of them has a right to assume that important legislation of this kind will not be brought up so late in the afternoon following general debate all the afternoon on the tax bill.

Mr. SNELL. I took the trouble to send a message to every Republican Member of the House, advising him that this bill would be brought up at this time.

Mr. MAPES. Can the gentleman vouch for the Demo-

Mr. SNELL. I do not know. They can take care of their side themselves.

Mr. LaGUARDIA. It will not take 10 minutes to pass

this bill, and it ought to be passed.

The SPEAKER. Let the Chair say to the gentleman from Michigan that if there is any objection to this bill coming up at this time or any suggestion that the Chair is taking advantage of the membership of the House in permitting it to be called up at this time, the Chair will ask the gentleman from Alabama or some other Member to move to adjourn. The Chair, after consulting the minority leader and others, is not going to be put in the attitude of taking advantage of the House in permitting this bill to be called up without

Mr. BANKHEAD. Mr. Speaker, in order to bring the matter to a head, I demand the regular order.

The SPEAKER. The gentleman from Alabama demands the regular order. Is there objection?

Mr. GILCHRIST. Mr. Speaker, I object. The SPEAKER. The Chair lays before the House the following report from the Committee on Enrolled Bills.

Mr. GILCHRIST. Mr. Speaker, I reserve the right to object. I would like to know about this bill. I might possibly withdraw my objection.

The SPEAKER. The gentleman is out of order. The regular order was demanded. The gentleman has the right to object, and the gentleman has objected.

## ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills. reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other pur-

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H.R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes;

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians: and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Larrabee, indefinitely, on account of important business.

## SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows: S. 1317. An act for the relief of the State of California; to the Committee on the Judiciary.

## ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p. m.) the House adjourned until to-morrow, Wednesday, March 16, 1932, at 12 o'clock noon.

### COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Wednesday, March 16, 1932, as reported to the floor leader by clerks of the several committees:

### COMMITTEE ON PENSIONS

(10 a. m.)

Indian War legislation.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies (H. R. 9059).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Repeal of certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purpose of service and protection on American ships (H. R. 6710).

Provision for review of the action of consular officers in refusing immigration visas (H. R. 8878).

#### EXECUTIVE COMMUNICATIONS. ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

484. A letter from the Secretary of War, transmitting a report dated March 12, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Shark River, N. J.; to the Committee on Rivers and Harbors.

485. A letter from the Secretary of War, transmitting a report dated March 12, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Tittabawassee River and Chippewa River, Mich, with a view to the control of their floods (H. Doc. No. 273); to the Committee on Flood Control and ordered to be printed, with illustrations.

486. A letter from the Secretary of War, transmitting a ruling of the Comptroller General that in pursuance of section 2 of the Brookhart Act of July 3, 1930, it will be necessary for the War Department, not later than July 1, 1932, to adjust the salaries of employees in the field service to the rates paid for comparable duties in the department at Washington under the reclassification act of 1923; to the Committee on Military Affairs.

487. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, Office of Architect of the Capitol, for the fiscal year 1933, in the sum of \$16,100 (H. Doc. No. 274); to the Committee on Appropriations and ordered to be printed.

488. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, Office of Architect of the Capitol, for the fiscal year 1933, in the sum of \$2,660 (H. Doc. No. 275); to the Committee on Appropriations and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. LINTHICUM: Committee on Foreign Affairs. H. J. Res. 181. A joint resolution authorizing an appropriation for the expenses of the Sixteenth Session of the International Geological Congress to be held in the United States in 1933; without amendment (Rept. No. 801). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on the Public Lands. H. R. 8923. A bill authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana for use as a fish cultural station, game reserve, and public recreation ground, and for other purposes; with amendment (Rept. No. 802). Re- 1929; to the Committee on Immigration and Naturalization.

ferred to the Committee of the Whole House on the state of the Union.

Mr. SWING: Committee on the Public Lands. H. R. 10495. A bill amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands; with amendment (Rept. No. 805). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARE: Committee on Insular Affairs. H. R. 7233. A bill to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Islands: to continue in force certain statutes until independence has been granted, and for other purposes; with amendment (Rept. No. 806). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PETTENGILL: Committee on Military Affairs. H. R. 2922. A bill for the relief of Max M. Meyers; with amendment (Rept. No. 803). Referred to the Committee of the Whole House.

Mr. BACON: Committee on Claims. H. R. 5211. A bill for the relief of the heirs of Samuel B. Inman; without amendment (Rept. No. 804). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 6982. A bill for the relief of C. H. Hoogendorn; without amendment (Rept. No. 807). Referred to the Committee of the Whole

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOLDSBOROUGH: A bill (H. R. 10517) for increasing and stabilizing the price level of commodities, and for other purposes; to the Committee on Banking and Currency.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 10518) authorizing repayment of fees erroneously collected from certain homesteaders; to the Committee on the Public Lands.

By Mr. MAGRADY: A bill (H. R. 10519) providing import duties on coal and coke imported into the United States from foreign countries; to the Committee on Ways and

By Mr. SWING: A bill (H. R. 10520) to authorize retirement promotion of officers of the Army, Navy, Marine Corps, and Coast Guard in recognition of service in the World War, Spanish-American War, Philippine insurrection, and Boxer rebellion; to the Committee on Military Affairs.

By Mr. DICKSTEIN: A bill (H. R. 10521) to amend an act entitled "An act making it a felony with penalty for certain aliens to enter the United States of America under certain conditions in violation of law," approved March 4,

By Mr. JONES: A bill (H. R. 10522) authorizing repayment of fees erroneously collected from certain homesteaders; to the Committee on the Public Lands.

By Mr. DISNEY: A bill (H. R. 10523) to facilitate poor plaintiffs having meritorious causes to sue in the courts of the United States without depositing moneys or security for cost, and relieving their attorneys of any liability for costs; to the Committe on the Judiciary.

By Mr. CELLER: A bill (H. R. 10524) relating to the prescribing of medicinal liquors; to the Committee on the Judiciary.

By Mr. DISNEY: A bill (H. R. 10525) to aid farmers in obtaining loans from the Federal Farm Loan Board or other governmental agencies; to the Committee on Banking and Currency.

Also, a bill (H. R. 10526) to amend section 502 of the World War adjusted compensation act, as amended, and for other purposes; to the Committee on Ways and Means.

Also, a bill (H. R. 10527) to provide payment of adjustedservice credit to sisters, brothers, and estates; to the Committee on Ways and Means.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 10528) for the relief of A. W. Bean and J. A. Killinger; to the Committee on Claims.

Also, a bill (H. R. 10529) for the relief of Samuel Motter; to the Committee on Naval Affairs.

Also, a bill (H. R. 10530) making Richard F. Mackey eligible to receive the benefits of the civil service retirement act; to the Committee on the Civil Service.

By Mr. CELLER: A bill (H. R. 10531) for the relief of the Isbrandtsen-Moller Co. (Inc.); to the Committee on War Claims.

By Mr. COLE of Maryland: A bill (H. R. 10532) for the relief of John A. Pearce; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R.\*10533) for the relief of Samuel B. Lewis; to the Committee on Military Affairs.

By Mr. DISNEY: A bill (H. R. 10534) for the relief of James C. Bearskin; to the Committee on Claims.

By Mr. FIESINGER: A bill (H. R. 10535) granting an increase of pension to Thelera Robenalt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10536) extending the benefits of the emergency officers' retirement act to Fred P. Morgan; to the Committee on Military Affairs.

Also, a bill (H. R. 10537) granting a pension to Hannah M. Witzler; to the Committee on Invalid Pensions.

By Mr. HESS: A bill (H. R. 10538) granting an increase of pension to Mary Diker; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 10539) granting a pension to Virginia L. Davis; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 10540) for the relief of Marvin Bishop Atkins; to the Committee on Naval Affairs.

By Mr. JOHNSON of Texas: A bill (H. R. 10541) granting a pension to Mary E. Norwood; to the Committee on Pensions.

By Mr. McLEOD: A bill (H. R. 10542) for the relief of John Newman; to the Committee on Military Affairs.

By Mr. MAY: A bill (H. R. 10543) granting a pension to Samuel S. Miller; to the Committee on Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 10544) granting a pension to Elzira Lykins; to the Committee on Invalid Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 10545) granting a pension to Lina A. Langstaff; to the Committee on Pensions.

By Mr. PARKER of New York: A bill (H. R. 10546) granting a pension to Louise Stockwell; to the Committee on Invalid Pensions,

By Mr. PATTERSON: A bill (H. R. 10547) for the relief of Robert B. Ingram; to the Committee on Pensions.

By Mr. PERKINS: A bill (H. R. 10548) granting a pension to Sadie Smith; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 10549) granting an increase of pension to Charlotte Livengood; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 10550) granting an increase of pension to Olinsker Bradbury; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 10551) for the relief of Lyn Lundquist; to the Committee on the Public Lands.

By Mr. SHOTT: A bill (H. R. 10552) for the relief of P. C. Ballard; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 10553) granting an increase of pension to Georgie Y. Powell; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 10554) granting an increase of pension to Lizzie L. Spicer; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 10555) granting a pension to Roy L. Garr; to the Committee on Pensions.

By Mr. WELCH of California: A bill (H. R. 10556) for the relief of Erney S. Blazer; to the Committee on Military Affairs.

By Mr. WILLIAMS of Texas: A bill (H. R. 10557) for the relief of Rosa Wortham; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4373. By Mr. ANDREWS of New York: Resolution adopted by Group No. 1591 of the Polish National Alliance of the United States of America, urging Congress to provide legislation for the carrying out of the celebration of October 11 as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4374. By Mr. BACON: Petition of 15 residents of Center Moriches and East Moriches, N. Y., opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4375. By Mr. BLANTON: Petition of the First Methodist Church of Brady, Tex., opposing the repeal of the eighteenth amendment to the Constitution and against resubmission, and asking Texas Congressmen and Senators to vote against resubmission; to the Committee on the Judiciary.

4376. Also, petition of the First Christian Church of Brady, Tex., presented by M. L. Howard, Mrs. W. A. Pinkham, Mrs. A. B. Carrithers, and numerous other members, opposing the repeal of the eighteenth amendment and against resubmitting same, and asking Texas Congressmen and Senators to vote against resubmission; to the Committee on the Judiciary.

4377. Also, petition of the First Baptist Church of Brady, Tex., presented by Rev. Thorwald C. Jensen, of box 807, Brady, Tex., opposing the proposed resubmission of the eighteenth amendment and asking Texas Congressmen and Senators to vote against same; to the Committee on the Judiciary.

4378. Also, petition of the First Presbyterian Church of Brady, Tex., presented by Rev. P. D. Tucker, opposing the proposed resubmission of the eighteenth amendment to the Constitution and asking Texas Congressmen and Senators to vote against same; to the Committee on the Judiciary.

4379. By Mr. BOHN: Petition of citizens of Mancelona, Mich., supporting the prohibition law; to the Committee on the Judiciary.

4380. By Mr. BOYLAN: Letter from the National Alliance of the Theater, New York, N. Y., protesting against the 10 per cent admission tax on theater tickets; to the Committee on Ways and Means.

4381. Also, letter from the Malt-Diastase Co., Brooklyn, N. Y., protesting against the proposed tax on malt sirup and malt extract; to the Committee on Ways and Means.

4382. Also, letter from the National Association of Book Publishers, New York, N. Y., protesting against the proposed excise tax on books; to the Committee on Ways and Means.

4383. Also, letter from Bricklayers Union, Local No. 9, of Brooklyn, N. Y., stating that the above-named organization at its last regular meeting, held Tuesday evening, March 8, 1932, went on record in favor of the 2.75 per cent labor beer bill; to the Committee on the Judiciary.

4384. Also, letter from the Allied Printing Trades Council of Greater New York, New York City, N. Y., favoring House bill 8576; to the Committee on Printing.

5385. Also, letter from Pie Bakeries (Inc.), Brooklyn, N. Y., opposing sales tax on manufactured products; to the Committee on Ways and Means.

5386. Also, letter from Alexander McKaig (Inc.), New York City, N. Y., opposing tax of theater tickets; to the Committee on Ways and Means.

4387. By Mr. HADLEY: Petitions of a number of residents of the second congressional district of the State of Washington, protesting against the proposed compulsory Sunday observance bill; to the Committee on the District of Columbia.

4388. By Mr. HAINES: Petition of 102 citizens of Gettysburg, Pa., protesting against any measures looking toward modification of prohibition laws; to the Committee on the Judiciary.

4389. Also, resolution of Col. Richard McAlister Chapter, Daughters of the American Revolution, Hanover, Pa., favoring the following bills and joint resolutions:

H. R. 8549 to make it a crime to advocate or promote the overthrow or the destruction of the Government of the United States, etc., and enforcement of the provisions of tariff act, 1930, section 307, effective January 1, 1932, prohibiting the importation of goods produced or manufactured in whole or in part by forced labor; S. 37 to prohibit importation of any article or merchandise from Union of Soviet Socialist Republics: House Joint Resolutions 216 and 277, and Senate Joint Resolution 83 further restricting immigration into the United States; and S. 51 to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties; to the Committee on Immigration and Naturalization.

4390. By Mr. JOHNSON of Texas: Petition of Mr. and Mrs. J. D. Carmichael and 15 other citizens of Blum, Tex., favoring House bill 1 and opposing reduction of benefits to disabled veterans, and favoring repeal of the misconduct clause in the present veterans' legislation; to the Committee on World War Veterans' Legislation.

4391. Also, petition of Silas Woodard, route 1, Oakwood, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4392. Also, petition of H. H. Turner, postmaster, Rockdale, Tex., favoring House bill 7718; to the Committee on the Civil Service.

4393. By Mr. JOHNSON of Washington: Petition of sundry citizens of Lewis County, Wash., protesting against compulsory Sunday observance as provided for in Senate bill 1202 and House bill 8092; to the Committee on the Judiciary.

4394. By Mr. KELLY of Pennsylvania: Petition of Associated Societies of McKeesport, Pa., asking for direct vote of the people on the eighteenth amendment; to the Committee on the Judiciary.

4395. By Mr. KLEBERG: Petition of 13 farmers of Bexar County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4396. Also, petition of 88 farmers of Bishop, Nucces County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4397. Also, petition of nine farmers of San Patricio County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4398. Also, petition of 47 farmers of Comal County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4399. Also, petition of 113 farmers of Guadalupe County, Tex., protesting any change or modification of the agricultural marketing act; to the Committee on Agriculture.

4400. By Mr. KENNEDY: Petition of trustees of the American Hospital Association, recommending the facilities offered for the care of injuries offered civilian general hospitals; to the Committee on World War Veterans' Legislation.

4401. Also, petition of the Jesuit Educational Association, commending the efforts of the national committee on education by radio; to the Committee on Merchant Marine, Radio, and Fisheries.

4402. By Mr. LINDSAY: Petition of 28 citizens of Brooklyn, N. Y., protesting against the passage of House bill 8092 and Senate bill 1202; to the Committee on the District of Columbia.

4403. By Mr. MAGRADY: Resolution adopted by Local Union No. 160, United Mine Workers of America, Shamokin, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4404. Also, resolution adopted by Local Union No. 1781, United Mine Workers of America, Mount Carmel, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4405. Also, resolution submitted by John Zvoncheck, secretary, Local Union No. 2577, United Mine Workers of America, Natalie, Pa., favoring the Kelly bill, H.R. 7536; to the Committee on Interstate and Foreign Commerce.

4406. Also, resolution submitted by John C. Lauer, president, and J. C. Rumberger, secretary, Local Union No. 1669, United Mine Workers of America, Bear Valley, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4407. Also, resolution submitted by W. E. Hollister, secretary, Local Union No. 1796, United Mine Workers of America, Mount Carmel, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4408. Also, resolution submitted by C. W. Evans, secretary, Local Union No. 2596, United Mine Workers of America, Shamokin, Pa., favoring the Kelly bill, H. R. 7536; to the Committee on Interstate and Foreign Commerce.

4409. Also, resolution adopted by Woman's Christian Temperance Union of Benton, Pa., protesting against resubmission of the eighteenth amendment, and urging support of adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4410. By Mr. MEAD: Petition of Iowa Cooperative Live Stock Shippers Association and other associations, regarding tax on meat and lard; to the Committee on Ways and Means

4411. By Mr. PARKER of Georgia: Petition of citizens of the State of Georgia, protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4412. Also, petition of the Chatham County, Ga., grand jury, Leopold Adler, and Bishop Frederick F. Reese, of Savannah, Ga., and J. E. Purcell, of Atlanta, Ga., urging the enactment of regulatory legislation for busses and trucks engaged in transporting passengers and freight; to the Committee on Interstate and Foreign Commerce.

4413. By Mr. PEAVEY: Petition of Group No. 2659 of the Polish National Alliance of Lublin, Wis., seeking the observance of October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4414. By Mr. RAINEY: Resolution of ways and means committee of the Crawford Business Men's League of Chicago, Ill., petitioning the United States Government to stay out of the Orient; to the Committee on Foreign Affairs.

4415. By Mr. ROBINSON: Petition of H. Soballe, proprietor, the Eldora Creamery, and signed by many prominent

citizens of Eldora, Iowa, opposing the proposed manufacturers' tax on ice cream, based on the statement that it is a dairy product and should be exempt as are other dairy food products; to the Committee on Ways and Means.

4416. By Mr. RUDD: Petition of Romanoff Caviar Co., New York City, favoring the stabilization of prices and the elimination of profiteering; to the Committee on Ways and Means.

4417. Also, petition of Pie Bakeries (Inc.), Newark, N. J., protesting against the proposed sales tax; to the Committee on Ways and Means.

4418. Also, petition of Hotel and Restaurant Employees Alliance, Local 781, Washington, D. C., favoring organizing the House of Representatives restaurant; to the Committee on Accounts.

4419. Also, petition of Bricklayers Union, Local No. 9, of Brooklyn, N. Y., favoring the passage of the 2.75 per cent labor beer bill; to the Committee on the Judiciary.

4420. By Mr. SELVIG: Petition of Keewatin American Legion Post, Keewatin, Minn., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4421. Also, petition of Alvarado Post, No. 35, Alvarado, Minn., urging payment of bonus bill in full; to the Committee on Ways and Means.

4422. By Mr. SPENCE: Petition of citizens of Pendleton County, Ky.; to the Committee on the Judiciary.

4423. By Mr. SUMMERS of Washington: Petition signed by Emma Chubb and 23 other citizens of the State of Washington, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4424. Also, petition signed by L. T. Hansen and nine other citizens of the State of Washington, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4425. By Mr. SWICK: Petition of Frank Graham and five residents of Kiesters, Butler County, Pa., asking for immediate legislation to pay in full the adjusted-service certificates issued to the veterans of the World War; to the Committee on Ways and Means.

4426. Also, petition of Evelyn Fischer, 332 Hazel Avenue, Butler, and five other residents of Butler and Beaver Counties, Pa., asking for the enactment of immediate legislation for the payment in full of the adjusted-service certificates issued to World War veterans; to the Committee on Ways and Means.

4427. Also, petition of Howard Miller and five other residents of Prospect, Butler County, Pa., asking immediate legislation for the payment in full of the adjusted-service certificates issued to World War veterans; to the Committee on Ways and Means.

4428. Also, petition of John Wade and four residents of Cabot and Sarver, Butler County, Pa., urging the immediate enactment of legislation to pay in full the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

4429. Also, petition of W. Vane Ireland and six other residents of Butler, Butler County, Pa., urging immediate enactment of legislation to provide for payment in full of the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

4430. By Mr. SWING: Petition signed by 54 citizens of Gloria Gardens, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4431. Also, petition signed by 416 residents of Orange County, Calif., supporting the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4432. By Mr. WEST: Resolution of Coshocton County Pomona Grange, opposing a general sales tax, especially a tax on oil and gasoline; to the Committee on Ways and Means.

## SENATE

## WEDNESDAY, MARCH 16, 1932

(Legislative day of Monday, March 14, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLU-TION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes:

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H. R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes:

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians; and

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933.

#### CALL OF THE ROLL

Mr. BINGHAM obtained the floor.

Mr. FESS. Mr. President, will the Senator from Connecticut yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Connecticut yield for that purpose?

Mr. BINGHAM. I yield.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Robinson, Ind.
Bankhead	Dickinson	Kendrick	Schall
Barbour	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah :	George	Long	Stelwer
Bratton	Glass	McGill	Thomas, Idaho
Brookhart	Glenn	McKellar	Thomas, Okla.
Broussard	Goldsborough	McNary	Townsend
Bulkley	Gore	Metcalf	Trammell
Bulow	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hatfield	Norbeck	Wagner
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Oddle	Walsh, Mont.
Copeland	Howell	Patterson	Waterman
			WWW. 14

Mr. SHEPPARD. I desire to announce that the Senator from Kentucky [Mr. Barkley] and the Senator from South Carolina [Mr. Byrnes] are necessarily detained in their home States on important business.

Mr. BLAINE. I wish to announce that my colleague the senior Senator from Wisconsin [Mr. La Follette] is necessarily absent.

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. Hastings] is unavoidably detained on account of illness. I ask that this announcement may stand for the day.

Mr. ROBINSON of Indiana. I wish to announce the continued illness of my colleague the senior Senator from Indiana [Mr. Watson]. I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Woman's Christian Temperance Union, and indorsed by the Presbyterian Church, the pastor of the Baptist Church, and the pastor of the Methodist Episcopal Church South, all of Blue Springs, Mo., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. GEORGE presented the petition of Mrs. Leila B. Lyle and 76 other citizens of Crawfordville, Ga., praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification or repeal, which was referred to the Committee on the Judiciary.

Mr. REED presented a resolution adopted by the Woman's Christian Temperance Union of Mechanicsburg, Pa., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. TYDINGS presented a resolution adopted by Group No. 692 of the Polish National Alliance of Baltimore, Md., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by Fort Cumberland Post, No. 13, of the American Legion, in the State of Maryland, protesting against reducing the appropriations for the national defense, which were referred to the Committee on Appropriations.

He also presented 22 telegrams and 7 letters in the nature of memorials from sundry citizens, organizations, and institutions in the State of Maryland, remonstrating against the imposition of an import tax on gasoline and oils, which were referred to the Committee on Finance.

## REPORT OF THE COMMITTEE ON PENSIONS

Mr. McGILL, from the Committee on Pensions, to which was referred the bill (S. 1328) to confer to certain persons who served in the Quartermaster Corps or under the jurisdiction of the Quartermaster General during the war with Spain, the Philippine insurrection, or the China relief expedition the benefits of hospitalization and the privileges of the soldiers' homes, reported it without amendment and submitted a report (No. 429) thereon.

## EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-masters.

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the nomination of Charles H. Sherrill, of New York, to be ambassador extraordinary and plenipotentiary of the United States of America to Turkey.

Mr. HALE, from the Committee on Naval Affairs, reported favorably sundry nominations of officers in the Navy and Marine Corps.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES:

A bill (S. 4098) authorizing a survey of Green River, in the State of Washington; and

A bill (S. 4099) authorizing a preliminary examination of Green River, in the State of Washington, for the purpose of flood control; to the Committee on Commerce.

By Mr. KEAN:

A bill (S. 4100) for the relief of Harry Harsin; and

A bill (S. 4101) for the relief of Lauritis Sorensen; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 4102) to facilitate the acquisition of migratorybird refuges, and for other purposes;

A bill (S. 4103) to amend sections 392, 393, and 394 of title 18, United States Code, relating to interstate and foreign commerce in wild animals and birds, and for other purposes;

A bill (S. 4104) to amend sections 1 and 2 of the act of Congress of June 30, 1906 (34 Stat. L. 768; U. S. C. title 21), as amended: and

A bill (S. 4105) to amend the act entitled "An act to regulate foreign commerce by prohibiting the admission into the United States of certain adulterated grain and seeds unfit for seeding purposes," approved August 24, 1912, as amended, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. CAPPER:

A bill (S. 4106) to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes; and

A bill (S. 4107) to amend section 3 of an act, as amended, entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved June 10, 1926; to the Committee on the District of Columbia.

By Mr. BLAINE:

A bill (S. 4108) providing for pensions for Indians in old age; and

A bill (S. 4109) providing aid for Indians who are blind or blind and deaf; to the Committee on Indian Affairs.

By Mr. HULL:

A bill (S. 4110) granting a pension to David W. Jennings; to the Committee on Pensions.

By Mr. HAWES:

A bill (S. 4111) for the relief of A. H. Marshall; and

A bill (S. 4112) for the relief of Royce Wells; to the Committee on Claims.

By Mr. BINGHAM:

A bill (S. 4113) for the relief of Mary Murnane; to the Committee on Claims.

By Mr. REED:

A bill (S. 4114) transferring to the Public Health Service the Division of Vital Statistics of the Bureau of the Census; to the Committee on Commerce.

By Mr. JONES:

A joint resolution (S. J. Res. 123) to promote the conservation of health and the education of minor children residing on tax-free Indian lands of the Yakima Reservation, Wash.; to the Committee on Indian Affairs.

## PROPOSED ANTI-INJUNCTION LEGISLATION

Mr. NORRIS. Mr. President, a day or two ago, for the information of the Senate, I filed a copy of the conference report on House bill 5315, the so-called anti-injunction bill. The conferees on the part of the House have withdrawn the conference report, and I now notify the Senate that I am also withdrawing the conference report here. We shall have a further conference.

The VICE PRESIDENT. Without objection, the conference report is withdrawn.

" MEN OR MONEY "

Mr. JONES. Mr. President, I have an article entitled "Men or Money," by Mr. Mowbray French Pearson, of Spokane, Wash., which I ask to have printed in the RECORD. There being no objection, the article was ordered to be

printed in the RECORD, as follows:

## MEN OR MONEY

## By Mowbray French Pearson

There is one question this country is facing which will have to be settled. It is manifesting itself in various ways: Unemployment, the low price of wheat, the low price of cotton, the present crime epidemic, how to enforce the liquor law, the strike in the coal industry, and difficulties in other directions. This question is one of an adequate national plan of production and distribution. At the time of the Revolution, when most of this country was

At the time of the Revolution, when most of this country was wild land, all Congress needed to do was to pass the homestead law and every man had a chance to take up land and make his living. He could raise all he needed to eat, build his log house, cut his fuel from his own timber, and make his clothes from wild animal skins or wool. If he was willing to work—and there was unlimited work to do—he was absolutely independent. Production, distribution, and consumption were almost confined to his own family, at least as far as the frontiersman was concerned.

That is no longer true. Good land that used to be available for

own family, at least as far as the frontiersman was concerned.

That is no longer true. Good land that used to be available for homesteads can not be obtained by a young man. The result is the youth has to start working for some one else. If business is good, he can get a job; if there is a depression, he can not. He is compelled to do something and faces one of three dilemmas—unemployment, going into a field already overcrowded, or crime.

The Director of the Census reports to me that there were about 4,000,000 unemployed in 1920 and 1921. Other reports have made that much higher but we know there are from 1,000,000 to

that much higher, but we know there are from 1,000,000 to 5,000,000 out of work continually.

The urgency of this question is being talked of all over the world and particularly since the World War. The nations of Europe, and especially England, have had a tremendous number of unemployed. This has been perhaps their most serious prob-Europe, and especially England, have had a tremendous number of unemployed. This has been perhaps their most serious problem. For at least the last year, conditions have been getting worse in this country, until recent reports indicate there are 4,000,000 out of employment. In addition to the enormous number who are termed "unemployed," there are a far greater number who are considered employed but who have much spare time on their hands. I refer to the farmers, who constitute nearly half of our population. I believe Mr. Henry Ford estimates the farm produce of this country could be raised in 20 days. Whether that is true or not, the farmers have many days, and even months, when they have little to do. Mechanics, miners, and housewives have much idle time on their hands. These people have millions of wants—radios, automobiles, clothes, furniture. But they do not know how to turn their idle time into cash. At the same time the manufacturers of these articles are very anxious to sell their the manufacturers of these articles are very anxious to sell their wares. Our machinery of exchange is incomplete. To insure continuous good times it is absolutely necessary to provide a method whereby everyone can turn his idle time into cash with which to make the purchases he desires.

"Through machinery and better methods of work during the first 10 months of 1927, the index of factory output rose to 107, but the index of factory employment fell to 95. In other words, with 5 per cent fewer employees 7 per cent more goods were created." We are finding methods of increasing our output faster than we increase our distribution. There is no good reason for not distributing as fast as we produce, until every human desire

is satisfied. is satisfied.

This question is particularly important just now. The Haugen-McNary bill is up before Congress. That bill does not provide any method of regulating production; but, on the contrary, encourages production, thereby making a bad matter worse. If a bill should provide for limited production so as to help the wheat farmers, or all farmers, it would simply mean that those who were not allowed to farm would have to go into other overcrowded lines.

The coal strike is exactly the same question for another industry. There are too many mines and too many miners. If some of

There are too many mines and too many miners. If some of

them quit to relieve the overcrowded condition, they are obliged to increase the overcrowded condition in another line.

Almost all lines are overdone, as far as the apparent purchasing power of the people is concerned, but there are millions of people

power of the people is concerned, but there are millions of people who want things, who have idle time on their hands, but are unable to see how to turn their time into cash.

There is only one answer to this stagnation in the midst of prosperity; menace of overproduction, 1,000,000 to 5,000,000 unemployed, and at the same time tremendous public improvements that need to be done. The country so full of money that there is a "tale of thirteen billions" going abroad, and yet no money for public improvements at home. Millions of people wanting to buy things they have not and thousands of manufacturers wanting to things they have not, and thousands of manufacturers wanting to sell things, but a stoppage in the machinery of exchange so they can not trade. The way out of this maze of contradictions is a national plan of production and distribution.

Such a plan follows, divided into three parts. The first part would be carried out by the newspapers and magazines, with the help of a national commission. It would be a method of increas-

ing the machinery of exchange. The newspapers now carry large want-ad columns, but they charge for their space, and people do not advertise unless they are reasonably sure of results. The method is cumbersome and inefficient. They could supplement their want-ad page with a space printed like the following, for which no charge would be made:

Name: Mrs. Mary Smith. Address: R. R. 9. Town: Spokane. Phone: Lake 5389-R5. Want: I want an RCA radio I have seen advertised at \$95.17.

Give: In order to get that radio I can make some rag colonial rugs that are just in style with the present furniture at \$3 apiece. I can make one a day, so as to pay for the radio in about four months.

Mrs. Smith is not a salesman, so she would go without her radio before she would find a buyer for her rugs. The newspapers would send a salesman to her house, take a sample rug, and sell the rugs to the department stores. It would notify Mrs. Smith where to deliver her goods, and when she had delivered enough for a down payment, the radio would be sent to her home the same as in the case of any installment purchase. The newspaper would, of course, get a fee for this service. In fact it would get a double fee, one on Mrs. Smith's rugs and one on the radio. It might mean that the newspapers would make more money from the one ad space, for which no charge would be made, than on all the ad space, for which no charge would be made, than on all the other pages of its advertising.

other pages of its advertising.

It would get hundreds of replies in each day's mail, and, when tabulated, many would be found to match up; that is, one person would have to sell what another wanted to buy. If it could find no buyer for some articles offered, it would be in a position to advertise such articles or sell them to the stores. It would also be in a position, with the information in its possession, to advertise what people wanted and suggest ways for those with spare time to make the articles desired.

People will sign their names to an ad telling what they want or

time to make the articles desired.

People will sign their names to an ad, telling what they want or what they have to sell, ten times if it costs nothing to once if they have to go and pay hard cash. It would be one ad where the buyer could tell what he wanted. Every other ad that is printed is put in by some one who has something to sell. It would be stupid to let people with no money say they want million-dollar yachts, but if they are kept within bounds by requiring that they must put down how they want to pay for the article they want, either with some article they have or can make, or with time, stating the kind of work they can do, then we have some very definite information of real value, which is nowhere now available. We would have a record of the wants of the people and a record of idle time. Think of the stupendous possibilities if every farmer with no winter occupation could sign his name to an ad saying he wanted a radio or automobile and had four hours a day for five months that he can work to pay for it. How many million farmers would have some time? What could they accomplish? Add to these the mechanics, the housewives, and millions of people who do not have steady full-time jobs every day in the year. We could probably double our output and millions of people have could probably double our output and millions of people have things they now can not pay for. While the newspapers, department stores, and factories could

While the newspapers, department stores, and factories could handle this situation in large part, it would take a Government commission to fill in the weak spots. Maybe there would be no available work in certain localities. It would be the function of the Government commission to either make some public work there, or direct or transport the individual to a place where work was available. It should also tabulate the total of wants and the total of unemployment as a matter of public record. It could do this so as to avoid duplication and have an accurate basis on which to base production instead of a guess basis as at present.

at present.

Although it would enormously increase the sale of manufac-

Although it would enormously increase the sale of manufactured products, which, in turn, would put more people to work in regular channels, this new advertising method would not solve our economic problems completely. There would be some people out of work and nothing for them to do.

The second step in a national plan of production and distribution would be a national free employment department that not only found jobs for people when it could but actually put to work everyone who applied.

We have an enormous list of public work that should be done: Better roads in every section of the country. Good roads lessen the cost of getting farm produce to market and manufactured products to the farm; they materially lessen the cost of operating automobiles, which give a great deal of pleasure to innumerable people.

We are just commencing a new method of travel by air, and

We are just commencing a new method of travel by air, and to hasten its universal use we need landing fields everywhere, shops for repair work at most of them, and beacons to guide flyers both day and night.

A ship channel is needed from the Great Lakes to the sea via the St. Lawrence to lessen the transportation costs of all farm and manufactured products from the Mississippi Valley to the

Forests and dams are needed at the headwaters of the Mississippi and other rivers which flood their lower sections. Levees

too may be required.

The West is interested in two immense projects for reclaiming The West is interested in two immense projects for rectaining arid lands, developing their power, and using their water supply to the best advantage. They are the Columbia Basin and Colorado River projects. It will take many years to develop these, and they will be needed by the time they can be completed.

There is an enormous amount of work that can be done by power which is now done by more laborious methods, and we have numerous power sites undeveloped.

Our merchant marine must be kept up to date and adequate for our needs.

The Nicaragua Canal will soon be needed to supplement our present Panama Canal. There is no need to have idle men now and wait until ships have long delays at the canal before commenc-

g a new waterway. We want public buildings of all kinds, not only post offices and We want public buildings of all kinds, not only post offices and customhouses but auditoriums, art galleries, museums, and beautiful monuments commemorating men or events. All these things are outside the line of private endeavor. It is acknowledged we need most or all of these things—that they would be enormously beneficial—that they will have to be built sometime—and we know that there are seldom less than a million, and often as many as 5,000,000 men out of work. Why have work that needs doing and men wanting to work, and still have men remain idle? I think the answer is we think in terms of money instead of men. We say answer is, we think in terms of money instead of men. We say these improvements cost too much, and so we can not carry them

out. There is the fallacy.

Men or money? That is the question. In the past everything has been money. What is the cost; can we raise the money? We must have economy in government, and by that is meant little money passing through the Public Treasury. If there is a busi-ness depression, we call it a financial stringency and arrange to

money passing through the Public Treasury. If there is a business depression, we call it a financial stringency and arrange to throw some cheap money on the market to stimulate business. We assume that money is the cause of our troubles and that money will cure our ills. Money is of value as a medium of exchange, as a token of work performed. We must return it to its proper place as a token to be given a man for his work.

The man is the important thing. Instead of Congress asking, "Have we money enough to put in a certain piece of work?" it should ask, "Have we men available to do that work who can be spared from their regular industries?" If there are men who can not find employment in regular industries, then they are certainly available for public work. With a proper system that adjusts itself automatically. It is the duty of Congress, then, to decide what public work shall be done when the men are available, or if it shall be done in preference to industrial work. Congress would levy enough taxes so there would be a surplus in the Treasury all the time, which can be drawn against for any work approved. When there is a surplus of food, fuel, clothing, and shelter there is a surplus of wealth which can be taxed for public work. The men out of employment, who need these necessaries, would be given work to do, and in that way the wealth of the Nation would be distributed. If there is not a proper division of the wealth of the Nation, if some men are wealthy and others jobless, and the wealthy refuse to divide their wealth through the medium of giving jobs, the inevitable result will be a revolution like that in France or Russia, with all the horrors a revolution entails.

We are not likely to have extremes immediately, but with 5,000,000 out of employment, with the enormous army of farmers discontented, with the coal miners on strike, and with many other industries feeling there is room for improvement, only a spark is needed to set the whole country afire. An ounce of prevention is worth a pound of cure. It i

to stand pat and take the consequences?

Providing public work for men out of employment benefits both the laborer and the capitalist and not only the laborer. It is the duty of Congress to promote the general welfare which includes the opportunity for men to work when they desire. It must think in terms of men instead of in terms of money.

Overproduction is the cause of the low price of wheat, cotton, and other products. It is the cause of the coal strike which has been in progress for many months. There are too many men in those industries. Most industries are on the verge of the same condition, so it is impossible to send surplus men from one industry to another. If new business is stimulated as suggested earlier in this article, men would work where they were needed, but the McNary-Haugen bill will only make a bad matter worse by stimulated as suggested earlier. lating production. In the end it would have the same effect as the British export rubber bill and hurt those it was aimed to help. We have too much wheat. That is the reason for the low price. We must grow less wheat, but it is impossible to do that without providing something for the farmers to do who are obliged to stop farming.

As a nation, we are pretty well convinced that all work possible As a nation, we are pretty well convinced that all work possible should be done by private enterprise. There are certain kinds of work that have always been considered Government work; the line is fairly clearly drawn, and I will continue to make that distinction. There are some things too big for any individual or group of individuals to do. Those things have to be undertaken by the Government for the benefit of all the people.

The preamble to the Constitution of the United States says: "The object of government is to establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our

It is just as important a function to see that all our people have an opportunity to make a living as to see that the Nation is safe from invasion and domestic disorder. Of the two, death by the sword would be preferable to death by starvation. The Government is organized to promote the general welfare. The Government should do everything for the general welfare that individuals can not do for themselves, or that the Government can do better

than individuals can do it. There is no question but that, working individually we have failed to keep everybody busy all the time, we have failed in maximum distribution of what we produce. We must therefore look to the Government to supplement the work of individuals and corporations in order to insure maximum production and distribution. The Government does not owe any able-bodied person a living, but it certainly does owe everyone a chance to earn a living.

chance to earn a living.

It will therefore unquestionably be the function of the Government in the future to provide employment on public work to people it is unable to supply with jobs with private employers; not maybe, not perhaps, not sometimes—but always.

(Note—I recognize there is a vast quantity of public work in contemplation, which will help to do just what I am suggesting. It has several times been suggested that State and National Governments do their work, as far as possible, during periods of depression. Such a plan is a help, but not a remedy. It still leaves the fundamental situation the same.)

As this is a new idea, I will give a skeleton plan of operations. A national commission would be established to supervise production and distribution in the United States. This might be composed of the Secretaries of the Treasury, Agriculture, Commerce, and Labor, one man representing the farmers, one transportation, one communication, one the mines, one the banks, one the manuchants, one physician, one teacher, one labor, and one the manuchants, one physician, one teacher, one labor, and one the manufacturers. The four Secretaries to hold place ex officio, the 10 permanent members to be appointed by the President for 10 years, the term of one to expire each year. Not more than five permanent members to belong to one political party. The 10 permanent members to receive the same salaries as Cabinet officers. By selecting one person to represent the same salaries as Cabinet officers. permanent members to receive the same salaries as Cabinet officers. By selecting one person to represent each industry the commission would have an expert on its own body to speak for each industry. This commission would appoint a manager of production and distribution of the United States with a maximum salary of \$1,000,000 a year. The salaries of our big executives are now getting into big figures and in order to get a man big enough to fill this position we should choose one who has proved his ability in private enterprise. In order to keep it from being a political plum, the salary could be only 10 per cent above the applicant's earned income the previous year, with a minimum the same as for Cabinet members. This 10 per cent advance would be an inducement for a man to change positions. The salary thereafter could be increased 10 per cent each year, in the discretion of the commission. In order that the manager's job shall be permanent and nonpolitical during efficiency, he shall be removed only for cause and on the vote of 10 members out of 14.

It shall be the duty of this commission to first assist the news-

and on the vote of 10 members out of 14.

It shall be the duty of this commission to first assist the newspapers in writing the copy of ads which would enable the public to say what it wants to buy, and tabulating the results so as to know how to plan production; second, these ads would tell who was out of employment altogether and who had unoccupied time every day or periodically. This information would be tabulated. Lastly, these ads would tell what people could do, so the commission would have a record of the kind of people it had to provide with employment. with employment.

This information should show the trend of the desires of the people, so the factories could plan production ahead of time. It would show if there was a shortage of help along some line; and the man representing the teachers could see that the proper numof persons learned the required information or trade.

If the newspapers refused or neglected to do as the commission suggested, it could insert these ads at its own expense and absorb the expense or keep the fee that would be charged by the

suggested, it could insert these ads at its own expense and absorb the expense or keep the fee that would be charged by the newspapers.

Second, it would be the duty of the commission to maintain employment offices in every city of the United States with a population of 100,000 or more, and as many other places as they think advisable; these offices to keep records of the needs of all classes of employers and a record of all those who apply for employment, with the line of work wanted and qualifications. This information would dovetail in with the newspaper ads in such a way as to avoid duplication of work.

It shall be the duty of this commission to put to work, within 24 hours, every person who applies for work and whom it is unable to send to a position. This work may be common labor, or otherwise. The commission may furnish transportation or not, at its discretion, and pay such wages as it shall set. This would enable it to move men from congested centers to places that needed inhabitants, to move harvest laborers from Texas to Montana as the season progressed. The rising generation is always anxious to see the world and without ties; they can work and satisfy their curiosity at the same time. Later they can settle down and be willing to stay put.

Third, the commission, with the information it gathered and other data from the Department of Agriculture, and the Department of Commerce could go one step farther in its plan of production. For instance, the consumption of wheat is pretty well.

other data from the Department of Agriculture, and the Department of Commerce could go one step farther in its plan of production. For instance, the consumption of wheat is pretty well known, and data are gathered every year about the crop. If the crop is low one year, there is apt to be a big crop the next. The commission could quota the amount to be planted in each county and require that each farmer report the amount planted in acres and the amount paragraphs of the preceding five years. and the amount per acre received during the preceding five years. When the quota had been reached a warning would be issued and all those planting wheat after that time would be known and subject to the condemnation of their fellows for overplanting. Public opinion would probably take care of the result, but if not, and the quota were persistently exceeded, the farms producing the best results could be continued and the farmers just making wages told to quit. If no other work were furnished, this would be a hardship, but with the commission required to furnish other work there would be little injustice or hardship about it. The same methods could be used with factories or other producers. Quota the output of each plant according to the requirements of the industry; and if possible, let the industry work out the results itself. If possible, shut down the inefficient plants

and operate the others.

What would be the result if this plan were put into effect? First, we will consider the advantage to the employers. An employer can not sell his goods to a man out of work. The most important result is, then, it completes and puts into operation the machinery of exchange, which it was shown earlier in this article is now insufficient. It would increase the business of everyone. The ads, giving the people a chance to ask for what they want, would create an enormous amount of new business, and, giving the additional employment to everyone, would mean money

giving the additional employment to everyone, would mean money to buy with. Everyone would be busy and prosperous.

Second, it would give a reasonably accurate basis on which to plan production so that a plant could be kept running continually. For this reason a small plant could do the work of a much larger one which was operated at full capacity one time and shut down another. There would be less capital investment. Steady employment would mean less labor turnover, and it is expensive to break in new men

to break in new men.

to break in new men.

We have enormous credit losses every year, and if these were traced back to the source, most of them are due to unemployment, which prevents the worker from paying the merchant; the merchant then can not pay the wholesaler, and so the evil grows. Insurance against business depression is one of the most important things to consider, especially since installment selling has come into vogue. We have not had a real depression since this new system started, but if we do, and millions of men are thrown out of work and unable to pay their installments, the goods will be thrown back on the sellers. If such a thing should happen, we would have a tremendous catastrophe. A little more in taxes for public work which would come back to another pocket in increased business, would be mighty good insurance for the business of this country. of this country.

As the farmer's problem is strongly considered right now, I will briefly point out how it will help him. Everyone has to eat, and as the people who actually die of starvation in this country are negligible in number, it might be thought that the farmer would not be affected. When men are out of work, however, they live on bread and beans; whereas if they have good wages, they buy beefsteak and oranges. Besides increasing the consumption of his higher-profit goods, it gives an opportunity for the farmers on the poor farms to get into another occupation. Now the farmers feel poor farms to get into another occupation. Now the farmers feel every other line is crowded, too, and so they continue to raise cotton or wheat because they do not know what else to do. Economic conditions compel them to find a niche to fit into, although it may not be the right one. This plan would take the place of the Haugen-McNary bill with much more satisfactory and permanent results for the farmers, as well as for the rest of the country. Now, we will look at this plan from the standpoint of the worker. First, there would be the knowledge and feeling that he could always get a job that he need never so hungry even for a

could always get a job, that he need never go hungry even for a day, that his family need never be in want. A few years ago the day, that his family need never be in want. A few years ago the Alexander Hamilton Institute published a picture at the top of one of their advertisements, entitled "The Three Fears." It showed a comfortable living room, with a wife, husband, and two children by an open fire. The husband was gazing abstractly at the fire. In the background were three apparitions, with long grasping fingers reaching toward the family. One was called "The Fear of the Loss of the Job," another the "Fear of the Loss of Health," and the third, the "Fear of Dependent Old Age." These three fears haunt the rich and poor alike.

Statistics show that only 3 or 4 out of 100 go through life.

fears haunt the rich and poor alike. Statistics show that only 3 or 4 out of 100 go through life and are well off at the end. Take the recent case of J. Ogden Armour, who is reported to have lost \$1,000,000 a day for 100 days; \$100,000,000 in 4 months. He said, "I would not have believed it possible to lose money so fast." What rich man dare say it may not be his turn next? There is good cause for fear. Isn't it worth something to eliminate "the fear of the loss of the job" from every man and woman in America for all time? The loss of a job means that if the family has saved something, those savings for home, furniture, insurance, or luxury go for something to eat, and maybe the home is lost, the insurance allowed to lapse, and the luxuries that make life worth while have to be dispensed with. Isn't that feeling of security worth some addi-

dispensed with. Isn't that feeling of security worth some additional taxes to achieve?

It would be interesting to know how many men and women are unmarried to-day because of economic conditions. How many of these people would be happier married than single? A newspaper vote to determine that question might be very interesting. Is it worth while for the Government to help make people happy or should it just let them scramble for something to eat?

Great Britain, Germany, and other countries give unemploy-ment insurance. In other words, they pay people to loaf. Isn't it better to put the unemployed at some of this work we need

the better to put the unemployed at some of this work we need done, and pay for the work?

The general public is interested in the effect of this plan. Crime has been on the increase, and we have just had a report from a crime commission. The report deals mostly with moron policemen who are unable to catch the criminals and inefficient courts that do not convict. Little is said about lessening the cause for crime. The desire for money is not the only reason people com-

mit crimes, but it certainly is one of the principal reasons. If people can always get money honestly, there is no question but that there will be less crime than now, when some people are virtually forced to steal because they can not get work. Money spent in worth-while public work is better than if spent for police, lawyers, judges, and jails. The liquor question seems to be a paramount issue in the coming campaign. It is my opinion that the liquor question would vanish into thin air if every bootlegger could get a job. Now courts and juries have a feeling of sympathy for the criminal, thinking the poor devil had to do something to make a living. Conviction would be much easier if there were not the slightest doubt that the criminal chose to steal rather than to work.

if there were not the slightest doubt that the criminal chose to steal rather than to work.

The cost. It may be a good idea to give work to everybody, but look at the billions it would cost. A million to five million men on the Government pay roll all the time. It would certainly bankrupt the country. Nonsense. I have shown the saving to the business interests in various ways; how the workers would benefit and how the public expense could be lessened for courts and jails, but even if we ignore all these results, the cost would be absolutely nothing.

absolutely nothing.

I do not mean that the people who build roads for the Government will not ask for pay, nor do I mean that pay will be provided by magic. I do not even say taxes will not be increased. They may be increased or they may be lessened per person if there should be an increased number of people working for private employers subject to tax, due to stimulated business and the lessened cost of Government, or because of less crime. I am the lessened cost of Government, or because of less crime. I am inclined to think the taxes would be less per capita than at present. What I really mean when I say the cost would be absolutely nothing is that now we produce all we need to eat, wear, our fuel, houses, and a host of other things, and still have a million men idle. If put to work, these idle men would build public improvements; roads, for instance, that would save the users more than their cost. Suppose a farmer has to pay \$5 a ton to get his produce to market because of poor roads, and by building a good road he can save \$1.50 per ton. He can afford to pay that \$1.50 in a road tax until the road is paid for, when he saves money. The road therefore costs him nothing.

pay that \$1.50 in a road tax until the road is paid for, when he saves money. The road therefore costs him nothing.

Coal mining is occupying public attention just now. In the Utah field, I believe, the miners are paid \$1.12½ a ton. They mine 10 and 12 tons a day under reasonable conditions, but work only about 200 days a year. Their wages run from \$1,800 to \$3,000, according to how good they are, and how much business the mine gets. Some expert miners who mine 15 to 18 tons a day in a mine which offers continuous employment make more than most bosses and ride around in Packard cars. If miners got

the mine gets. Some expert miners who mine 15 to 18 tons a day in a mine which offers continuous employment make more than most bosses and ride around in Packard cars. If miners got 90 cents a ton for the 200 mining days and \$4 a day working on the Colorado River project, they would make just about the same amount at the end of the year, the public would pay less for its coal and more in taxes. In the end the public would pay the same, the miners would get the same, but we would have a big public work accomplished by men who would otherwise be idle. The public has to pay the miners enough for the 200 days they work to provide a living wage for the whole year. That is the cause of the coal controversy.

If we put a million more men to work at worth-while public improvements, we have created that much additional wealth for the Nation, and it is made by people who would otherwise be idle. Now we have to pay those people enough money for the time they work to live during the time they do not work. The public improvements would therefore cost us nothing. If we should continue to give these people the same wages they are now receiving, and they earned additional money from this public work, they could spend this extra money for luxuries such as radios, and it would go back into circulation, and part of it find its way to the Government in taxes. Either way, the Nation is ahead.

The two parts of the plan so far given—the buyer's ad and the

ahead.

The two parts of the plan so far given—the buyer's ad and the national employment system—show no interference on the part of the Government with private business. Idle men would just be put to work, and taxes enough raised to cover the additional expense. It must be seen to that the work they do is worth while, and taxes enough are raised to cover the additional exwhile, and taxes enough are raised to cover the additional expense, if any. The man who helps build the Great Lakes-St. Lawrence waterway, and saves the Illinois farmer freight on his wheat to Liverpool, is worthy of his hire. He was given a job when he wanted work, he could take it or leave it, the farmer was not interfered with, and neither was the manufacturer. Every thing is the same except that the machinery of exchange has increased and we are getting much-needed public work done as fast as there are men available. Now we may admit that a new improvement is good, but Congress discusses forever whether we have the money to spend. If there are idle men, of course we have the money, because that shows we have a surplus of wealth, or there would be no idleness. Therefore, take some away from the fellow with the surplus to use in public work, and give it to the man out of a job. In exchange, see that the taxpayer and the public get good value for their money.

the man out of a job. In exchange, see that the taxpayer and the public get good value for their money.

It is now understood how the buyer's ads, with the help of the national commission, would make it possible for millions of people to express their desires and have those desires gratified within their earning capacity. We would also have a record of the wants of the people and their idle time, both complete idleness and partial idleness.

This buyer's ad method of stimulating exchange might create so much new business there would be no idleness, but if every-one could not find work the national employment system would

come into operation, and by applying for a job one would be provided. There is enough useful work between Panama and Alaska to keep everyone busy. It may not be in the particular line the applicant is used to, but it might be a good thing if a banker and a professor had to rub elbows with a ditch digger. It would give many a man a different point of view and get us back to real democracy. There is no question that both parts of the plan so far suggested would materially increase the machinery of exchange. They probably would not bring perfection but a very great improvement. There might still be too much wheat grown or too many coal mines, with a resulting overproduction of those commodities. If farmers are allowed to sow and reap without knowing what the total need is or the total planting, it is out knowing what the total need is or the total planting, it is really surprising that the law of supply and demand makes the crop as close to the requirements as it is. But this old rule-of-thumb method is both financially painful and out of date in this age of accurate facts. There is no reason for not carefully estimating the needs of the Nation and then arranging to plant enough to amply supply those needs with just enough surplus for a proper carry-over. The Department of Agriculture has the machinery for getting those facts after the crop is in for the benefit of the board of trade. Why not do their tabulating beforehand for the benefit of the farmer? With a few years' practice we could budget the entire requirements of the Nation and get maximum results from our efforts. results from our efforts.

results from our enorts.

Get this clearly. As long as there is an individual in this country who wants something and he is willing to work to get it and there is another individual who is idle and wants to supply that article, the machinery of exchange is not complete until those two individuals can exchange commodities, even if one is in Maine and

the other in Oregon.

Congress has assumed that this country is a vast arena where men fight for a living. Congress makes the laws which are the rules to go by. We do not all start from scratch. Some have big tracts of land handed to them, some big factories, some exceptional ability, and some just their hands. The judges are the umpires to see they observe the rules of the fight. Each one grabs what he can. In the days of barons it was physical strength and military prowess—now it is mental ability and financial shrewdness which make one wealthy. There is no systematic method of orderly production and distribution.

We are not ready for socialism, "from everyone according to his ability, to everyone according to his need," but we are ready to give everyone all that he is able to earn. To insure him all he is able to earn, we must change this country from a fighting arena to an orderly factory with a list of earning powers of each family, Congress has assumed that this country is a vast arena where

to an orderly factory with a list of earning powers of each family, and the various vocations possible with preferences shown both by the worker and a vocational member of the Federal employment department. To counterbalance this would be the number, ages, sex of the members of the family, their requirements in food, ages, sex of the members of the family, their requirements in 100d, clothing, fuel, shelter, and other necessities. If there was a surplus the family could signify its desire for a radio, automobile, or anything it wanted to buy with the surplus money. There would then be a reasonably accurate basis on which to plan production. When the various budgets had been matched up it would be seen whether there would be a surplus of labor which it would be seen whether there would be a surplus of labor which would have to be employed on public work or a shifting of labor from one industry to another to make production equal demand. What a blessing to the manufacturer if he could be told on January 1 that the budgets called for a million sedans and a half million coupes of his make and he could plan accordingly. I do not mean that we would ever reach 100 per cent perfection in these budgets, but I do mean they would be a vast improvement over just guessing, and experience would eventually make them

pretty accurate.

This is not so visionary as would at first appear. We did almost exactly that thing at the time of the World War, but hurriedly and poorly. If we have another war, we will have to do it again. We had better have the benefit of an orderly procedure in again. We had better have the benent of an orderly procedure in peace times, and then in case of necessity we can get onto a war basis quickly and efficiently. I doubt if it would be necessary to use compulsion to put this plan into effect. If those who filled out the budget sheets were supplied first with both jobs and eats, as well as radios and automobiles, and those who did not fill out a budget got only what was left, there would be very few budgets not filled out. The total of the budgets might prove we were getting national indigestion from overeating. Maybe the health of the Nation would be materially improved if rations were provided for us. Who knows?

provided for us. Who knows?

If this plan were carried out, not with the idea of interfering with personal liberty but in order to increase personal efficiency, so that every person could have every want satisfied up to the maximum of his earning capacity, so that his energy could be used in doing work instead of looking for work, we should cer-

tainly have a happier country.

The buyer's ad part of the plan would enable the newspapers to get a large additional revenue; it would enormously increase the volume and profit of the stores and also the factories. More business with less intense competition would certainly help them immensely. The only part the national commission would have would be to assist the newspapers in making their totals and in making exchanges in different parts of the country. It would act for merchandise stores as the Federal reserve bank does for the banks now banks now.

The national employment department would begin where the ad failed to produce 100 per cent results, but still only presenting an opportunity which is now lacking. There would be no com-pulsion. In addition to furnishing work the public improvements would make for quicker transportation, and the possibility of adding charm as well as utility to our highways in the form of shade, fruit, nut trees, or other ornamentation. Instead of the usual two drainage ditches, which are both unsightly and dangerous, this beauty would be much appreciated. Think of the labor that might be saved if all the power sites were developed and what a big increase there would be in production. That would not mean unemployment as now but would mean that more people could get things they want. Everybody busy all the time. Do we get things they want. Everybody busy all the time.

want it?

And last the national commission could really begin to function by budgeting the entire requirements of the Nation, obtaining their ends by planning and publicity, rather than compulsion, to the end that the entire strength of the Nation would go to producing exactly what we want, no more, no less. This would solve the problem of the wheat farmer, the cotton grower, the coal miner, the textile trades, and all industries. It would provide a minimum wage for the workers of this country. It would truly mean mass production and mass distribution.

provide a minimum wage for the workers of this country. It would truly mean mass production and mass distribution.

It is difficult to visualize the tremendous possibilities of this plan, but by referring to Henry Ford we can perhaps get a faint idea of its possibilities. With a little over 100,000 men in his Detroit plants, his output in production is about 8,000 cars a day, or 2,400,000 a year. The average life of a car is at least five years, which makes it possible for him, with his present capacity, to have 12,000,000 cars on the road. That is about half the cars in the United States at the present time. We know that is just about his record. Twelve million people driving cars made by only 100,000 men. Even admitting that Ford gets more output per man than is usually the case, think of the tremendous possibilities if 1,000,000 men were continually employed that are now idle. But it is estimated that right now there are 4,000,000 idle, or enough to make forty times Ford's output. But that is not idle. But it is estimated that right now there are 4,000,000 idle, or enough to make forty times Ford's output. But that is not all. That only takes into consideration the men who are completely idle. There are 11,000,000 farmers in this country, and they are clamoring for more prosperity. Most of them can do little more than a few chores during the winter. It is safe to say that 25 per cent of their time is lost, or the equivalent of 2,780,000 men idle every year. These men are counted as working. Add this number to the 4,000,000 who are called unemployed, then add the housewives, newlyweds, and many who live in apartments and can do their work in three or four hours a day, and we would probably have a total of at least 10,000,000. a day, and we would probably have a total of at least 10,000,000 out of the 40,000,000 employed according to our 1920 census, who would like to work if they knew how to turn their idle time into

One hundred times as many people willing to work and unable to turn their time into cash as made half the automobiles in the United States. What could we accomplish if we directed these people's energies? How many roads that are now rough or mudholes could be made good, how many power plants could we put up and increase the use of labor-saving devices? How many audi-toriums could we build for the best drama, music, and public assemblies?

With the buyers saying what they want and a powerful Government agency trying to help them get it—how much would this increase the business of all the factories in this country? The business-conditions map shown in the Nation's Business for June, 1928, shows a little section in Montana, North and South Dakota, and another little patch in Arizona and Texas as good. About as much more is shown as bad. The rest of the country shows business fair. There is no reason for not having it all good all the

It would mean that every individual could have everything that he desired up to his earning capacity without considering lost time. With greatly increased power facilities the earning power per person would be increased, but that would not mean more idleness, as is at present the case. It would mean that people could buy more things. More home owners, better furniture, better clothes, warmer and more comfortable houses, more children going to the universities, more travel, more of the good things

going to the universities, more travel, more of the good things of life, instead of just something to eat and a roof.

Competition would be the same as now. Each radio factory would advertise its set, but it might know months in advance when the buyer's ads were sent in whether its set was preferred, or its competitor had gotten the business. Styles would still change, but there would be advance warning, so there would not be the heavy losses there are at present. We could have maximum production, but only of things that are salable.

We now grow enough food, make enough clothes, build enough houses, and mine enough fuel for our necessities. What these additional people would produce would be extras, more permanent wealth; they would get the things they now feel they can not afford. There would be such a stimulus given business as has never been known, but it would not be a boom. It would be a steady, permanent increase of production until every want was filled. But who can imagine the time coming when we would not want more? People's wants have increased tremendously in the last 25 years. The next 25 will see everyone wanting an airplane, a better radio, with a television attachment; better homes, built of steel and stone, architecturally beautiful and structurally plane, a better radio, with a television attachment; better homes, built of steel and stone, architecturally beautiful and structurally permanent instead of cheap wooden houses built by contractors without good taste and put together with materials that are a fire menace and in 25 years are old and shabby. Homes are loved that can be handed down through the generations and that mellow and become more beautiful with age. These better homes would call for furniture that would likewise be better, and workmen who make good things get more satisfaction and happiness from their work than those who turn out the poorer grades of goods.

The benefit of this plan would go to all the people—the farmers, the factories, and the wage workers.

It is said a nation is great according to what it does for its children, to relieve suffering, and for its dependents.

Unemployment robs children of much their parents would otherwise give them; it creates untold suffering and makes dependents. Let's have everybody busy. The answer is up to

America.

Note.—This article is compiled from data collected over a period of 15 years and manuscript completed in 1928.

#### PHILIPPINE INDEPENDENCE

Mr. COPELAND. Mr. President, in the New York Herald Tribune for the 10th of March there is a very interesting editorial on the subject of Philippine independence. This editorial makes reference to an impartial survey which has been made on the present state of American public opinion on the subject of Philippine independence. I ask unanimous consent that the editorial and the survey be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, March 10, 1932] IN NO UNCERTAIN VOICE

The Philippine-American Chamber of Commerce has done the people of this country a rare service in having an impartial agency make and publish a nation-wide survey of recent newspaper commake and publish a nation-wide survey of recent newspaper comment upon the Philippine-independence controversy. This compilation, the result of a close check upon the editorial columns of 412 papers of good repute, reveals, at a moment when the Senate and the House are both solemnly considering bills to alienate unconstitutionally 63,000,000 acres of the public domain, that 275 journals, or 67 per cent, are vigorously opposed to independence in the present or the near future. It shows that 107, or 26 per cent, are noncommittal; and that 30, or 7 per cent only, would indorse immediate and unconditional independence. This means that of those committed to a policy, just over nine-tenths—and the division seems to bear no relation to local or party prejudice—are decidedly against any scheme for denouncing our obligations to a people economically, politically, and strategically unprepared to

decidedly against any scheme for denouncing our obligations to a people economically, politically, and strategically unprepared to survive if cut adrift.

While the Cuban sugar lobby, which is now superlatively active in Washington, has contrived to form big blocs in both Houses of Congress and to have clauses inserted in the disgraceful bill, now before the Senate, catering to their interests and to the pretended interests of certain agricultural sections, these powerful dictators of legislative opinion have enlisted just one Minneapolis paper in their support.

paper in their support.

Throughout the southern and middle western cottonseed, beet-sugar, and dairy farming States scores of influential organs have sugar, and dairy farming States scores of influential organs have indignantly protested against the campaign of misrepresentation on Capitol Hill, under cover of which the Cuban sugar lobby's congressional agents have had the effrontery to pretend that Philippine independence would be in the American farmer's interests. A great body of the opinion expressed, especially in the South and West, to which the sugar interests have addressed themselves, is substantially the Richmond News-Leader's verdict that to jettison the islands so that their dependent agriculture may be excluded is "economic foul play."

While a majority of those who oppose independence are in support of the administration's contention that they are not—and may never be—economically or politically prepared, a minority opinion is based on the fear that the islands would be submerged in "oriental turmoil." In contrast to this perfectly honest contention is the amazing argument advanced by nearly half of the journals that advocate independence that because Japan wants and intends to seize the islands, we should get out quickly to avoid complications.

avoid complications.

avoid complications.

There is a small minority of editorial writers in all sections of the country who take it sorrowfully for granted that ultimate Philippine independence is their unavoidable doom, in such phrases as "independence, if it must come"—with which fatalistic resignation this newspaper has no patience. But it is of more interest to note that, despite years of misleading talk about our "promises" and "pledges" to the Filipino, there are six newspapers only out of the entire catalogue which base their verdicts, one way or another, upon the assumption that any such "pledges" one way or another, upon the assumption that any such "pledges are binding upon the American Nation.

The survey is a revelation, justifying real pride in the American people's strong sense of responsibility to the Philippines, as revealed in the press, and as it is not revealed in the conspiracies that go on among the members of our highest legislative bodies to betray the national interest and the national honor.

PHILIPPINE INDEPENDENCE—A SURVEY OF THE PRESENT STATE OF AMERICAN PUBLIC OPINION ON THE SUBJECT, AS EXPRESSED IN EDITORIAL COMMENT THROUGHOUT THE UNITED STATES DURING THE PAST 12 MONTHS

(This survey has been independently conducted, at the request of the Philippine-American Chamber of Commerce, by Ten Eyck Associates)

Introduction

THE PHILIPPINE PROBLEM

Ever since the United States acquired the Philippine Islands. the Philippine-independence movement has been with us. There

have been periods of quiescence, when little was heard of it. And there have been periods of bitter debate, when not only Filipinos but Americans have considered the independence question a major political issue.

Filipinos but Americans have considered the independence question a major political issue.

We are now in one of these periods of active interest. Filipino agitation has been strong. American Senators and Representatives have been badgered by their constituencies, some of which are anxious to block the competition which they feel is offered to American products by tariff-free Philippine goods. After fresh investigation, former Governor General Davis, Secretary of War Hurley, and President Hoover have all made fresh statements of their positions on the issue. Several bills are now before the Congress, demanding action. Finally, the present turmoil in the Far East has called to the attention of the general American public the extreme importance of the Philippine question.

During the past year every imaginable argument for and against immediate Philippine independence has been brought forward. Questions of human rights, questions of America's prestige in the Far East, questions of Filipino immigration, questions of the competition of Philippine products in American markets have been so intermingled that it has been almost impossible for the dispassionate observer to discover which way the country was leaning. But one question, stated and restated by observers who have gone to the Philippines to investigate on the spot, has been steadily gaining ground as the major issue. This is the economic question: If the Philippines are given their independence to-day and pushed outside the American tariff wall, can they maintain themselves economically? And if not, have we the right to push them out?

Governor General Davis, Secretary Hurley, President Hoover, together with many other observers, feel that there is much which must still be done, much time still to pass, before the Philippines can become economically independent, and that upon this time political separation must wait. They are, therefore,

which must still be done, much time still to pass, before the Philippines can become economically independent, and that upon this time political separation must wait. They are, therefore, against immediate independence.

Some groups of Americans, representing producers of articles with which Philippine duty-free imports are claimed to compete,

feel that in this time of depression no opportunity for reducing competition should be lost. They are, therefore, either in favor of immediate and complete Philippine independence or for an immediate application of the tariff, in one form or another, to Philippine products.

Philippine products.

There are, of course, other questions involved, chief among which is the danger to which the Philippines, independent or otherwise, are exposed in the present state of tension in the Far East. But these are the two major opposing points of view, and in recent months they have been expressed sufficiently often and with sufficient force so that the country at large has had an opportunity to consider them and to make up its mind upon their relative merits. In the past, although the Filipinos themselves have always had the country's sympathy, American opinion has been against granting them their independence. What has been the effect of the debates of the last year? Has there been a real change in American public sentiment on the question, and, if so, what is the nature of this change?

The following analysis of editorial opinion on the subject, as

The following analysis of editorial opinion on the subject, as expressed in nearly every State in the Union during the past 12 months, represents an attempt to answer these questions. Inaugurated at the request of the Philippine-American Chamber of augurated at the request of the Philippine-American Chamber of Commerce it has been impartially conducted by an independent research organization, Ten Eyck Associates; it is based upon a careful scrutiny of the entire American newspaper press for any expression of opinion on the issue, from clippings supplied by an independent and impartial news-clipping service; it covers a period of one year ending February 20, 1932.

Editorial opinion

THE NEW ENGLAND STATES

(Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)

New England, on the Philippine question as in other matters, takes her tone from Boston, and in this case Boston opinion is clear and unanimous. The Boston American (Feb. 12, 1932) says: "It is to the interest of both the American and the Philipsays: "It is to the interest of both the American and the Philippine peoples that they continue their present relationship until its future can be considered in calmer times." "It would be a mortifying spectacle," says the Christian Science Monitor in a widely quoted editorial (July 20, 1931), "to see the United States readjust its Philippine policy to fit the balance sheets of a select group of industrial and agricultural interests." "There can be no dispute," adds the Boston Transcript (June 27, 1931), "about the soundness of the argument that the economic interests of the Philippines and their inhabitants require the present status of the islands as United States dependencies to be left undisturbed for at least another generation." "We are obligated to grant the islands independence," echoes the Boston Herald (October 31, 1931), "but we are equally obligated to start them upon an independent career with a government so stable and an economic position so sound as to afford reasonable assurance of their permanent success when on their own." Finally, the Boston Traveler manent success when on their own." Finally, the Boston Traveler (December 5, 1931) is short and to the point: "Perhaps the Philippines should be free. We don't think so, for a while at least."

One paper, the Lowell Sun, dissents, saying that "the best course would be to give the Filipinos their freedom under some sort of international protection that would safeguard their independence against aggression by Japan or any other power." (January 28, 1932.) But from other parts of New England come many echoes of the same feelings that Boston holds.

Portland Press-Herald: "Independence can very well wait until circumstances are more favorable, and in waiting the Philippines have all to gain and nothing to lose." (February 15, 1932.)

Waterbury Republican: "The United States can not suddenly withdraw from the islands without flagrantly betraying the very people who asked for independence. The menace of seizure by larger, or flooding of emigration from Acids or the breaking down withdraw from the islands without flagrantly betraying the very people who asked for independence. The menace of seizure by Japan, or flooding of emigration from Asia, or the breaking down of the country through economic pressure in a world of keen competition would be too great. Time may come when the United States may relieve itself of responsibility for the Philippines, but that time seems to be beyond the horizon now within our vision." (May 20, 1931.)

Hartford Times: "In view of all the circumstances and conditions, the Secretary's [Mr. Hurley's] stand seems to be well taken. \* \* The advice to proceed slowly and cautiously possesses the elements of soundness." (February 12, 1932.)

Bangor Daily News: "As the cards lie, it would seem that the safest and best thing for our sunburned brothers of those fruitful isles is to remain under the benevolent management of Uncle Sam

isles is to remain under the benevolent management of Uncle Sam and the protection of his big stick." (June 10, 1931.)

Portland Evening News: "Without retreating at all from the

position that the Philippine Islands must eventually be free, this country should find it easy to concur with Secretary Hurley that the time for independence is not yet at hand and will not be at any predictable time." (February 13, 1932.)

Portland Evening Express: "There would be no objection from

anyone in this country to granting the islanders their independence if we believed that they would survive the severance of their relations with us. Most Americans who have any knowledge of the subject do not believe that under existing conditions they would, and, therefore, to cut them loose to shift for themselves would be to shirk the responsibilities that our past relations with them have entailed."

Haverhill Gazette: "The Filipinos have the inherent right to independence which all peoples possess. It would be nothing less than contemptible cruelty, however, to cast them adrift solely to erect a tariff wall against them." (October 31, 1931.)

Lowell Courier-Citizen: "Uncle Sam \* \* \* can hardly afford to let go until the islands are fit to go it alone. When that will be no one knows." (January 6, 1932.)

Worcester Evening Gazette: "America is bound to see that before the islands are cut adrift they are able to maintain themselves." (June 19, 1931.)

Providence News Tribuna: "Secretary Hyptorical and the contempts of the con Haverhill Gazette: "The Filipinos have the inherent right to

Providence News Tribune: "Secretary Hurley's statement is a convincing document against the proposal of those on both sides of the Pacific—American farmers in certain lines as well as Philippine enthusiasts for freedom—that we shall terminate our connection with the islands. Some day? We are pledged to that under given conditions. But not now or soon." (February 12,

Providence Journal: "Well-informed Americans will agree that it would be bad for the Philippines as well as for us to grant them their independence in the early future." (February 10, 1932.) Other papers, scattered throughout the New England region, which hold the view that economic self-sufficiency is the prerequi-

which hold the view that evolutine sensual terms in the process site to political separation, include the Danbury News, which calls immediate independence "hardly wise"; the Ansonia Sentinel; the Norwich Bulletin; the Waterbury Democrat; the Meriden Journal; the Hartford Courant; the Hampshire Gazette; the Worcester Telegram, which observes that "America is bound to see that before the islands are cut adrift they are able to maintain themselves"; the Springfield Union, which whole-heartedly back Governor General Davis's view; the Springfield Republican, which says that "when independence is granted, the conditions of the grant should be considerate of Filipino interests," and that "nothing harsh or be considerate of Filipino interests," and that "nothing harsh or callously selfish need disfigure the disposition of the problem"; the Gardner News; the Gloucester Times; the Fitchburg Sentinel, which feels that "political independence to-day would be an illusion"; the Bath Daily Times; the Waterville Sentinel; the Bangor Commercial; the Kennebec Journal; the Manchester Union; the New-

## THE MIDDLE ATLANTIC STATES

## (New York, New Jersey, Pennsylvania)

(New York, New Jersey, Pennsylvania)

New York City, ever the home of alarmism, contributes at least one opinion which represents a frank shrugging off of American responsibility for the Philippines. "One thing that will probably happen in the next 20 years," states the New York News (January 20, 1932), "is the taking of the Philippines by Japan. We can quit these islands now in peace, or we can wait for a humiliating national adventure there. Which is it to be? The Philippines are a nuisance to us, and we owe them nothing." This argument, however, is opposed by many calmer heads in equally influential positions, among them the Philadelphia Bulletin, which writes (July 14, 1931): "If this country should end free trade with the Philippines, it would forfeit its present hold on this important section of the Far East as an export outlet. American agriculture, tion of the Far East as an export outlet. American agriculture, no less than the manufacturing industry, would stand to lose immensely by such a reversal of previous policy."

Other journals, small and large, back the administration's present stand in favor of waiting for the Filipinos to achieve economic independence before making further moves in the direction of political independence. The following are examples:

New York Journal: "Mr. Hurley said that it would be criminal folly to turn the islands loose in the Far East while a war is raging in China, the end of which none can yet foresee. The fact is that it would be sheer lunacy. There should be no change

whatever in the present status of the Philippines, now or for years to come." (February 13, 1932.)

New York Times: "There is no abandonment of the hope ultimately to set up a self-governing Filipino republic, but the strong and prevailing conviction at present was well set forth by Secretary Hurley when he declared to the House committee that the

tary Hurley when he declared to the House committee that the people of the islands are not yet ready for it, either economically or politically." (February 12, 1932.)

New York Sun: "It would be a cowardly thing to give independence to the Filipinos now." (February 13, 1932.)

New York Herald Tribune: "\* \* \* the idea of cutting the Philippines adrift for this or that selfish or cowardly reason will be as criminally foolish a hundred years from now as ten, and that the Congress could do the Filipino no greater service than by giving the islands a fixed status under the American flag \* \* \* Secretary Hurley has made a bold and devastating sweep of practically all the humbug with which this Philippine question of practically all the humbug with which this Philippine question has been obscured. The logical sequel to his splendid use of the broom would now be a constructive program for the permanent improvement of these islands as inalienable American prop-

nent improvement of these islands as inalienable American property." (February 12, 1932.)

New York Mirror: "For the present we ought not to surrender our possessions in the Pacific." (February 12, 1932.)

Brooklyn Eagle: "On the whole, we think it would be well for the Filipinos to distrust the sugar and tobacco Greeks even bearing gifts. Their best policy is a waiting game." (February 13, 1932.)

Albany Evening News: "The Philippines are not ready economi-

Albany Evening News: "The Philippines are not ready economically for independence. It would be a mistake and a danger to grant it now." (July 2, 1931.)

Newark Evening News: "It is up to us to go through with it to an end more conclusive than just granting independence because we are tired of the Philippines, or because some of their products compete with ours." (February 15, 1932.)

Philadelphia Record: "Because of free importation of competing goods from the Philippines, western farm States are demanding that the islands be cut adrift. Congress and the State Department will surely not decide so momentous an issue on grounds so localized. If western farmers need and deserve protection \* \* \* ways of furnishing that protection will be found other than that of casting the island folk loose without assurance that their independence can be maintained." (July 5, 1931.)

Pittsburgh Press: "The right of the Philippines to their independence can not be denied—their right to have it whenever they

pendence can not be denied—their right to have it whenever they want it. But this imperialistic chapter in our national history

Pittsburgh Press: "The right of the Philippines to their independence can not be denied—their right to have it whenever they want it. But this imperialistic chapter in our national history will not be made any brighter if we cut them loose for the reason, and in the brutal manner, advocated by those interests which claim to be hurt by Philippine competition." (July 16, 1931.)

Philadelphia Public Ledger: "Those American politicians and beet-sugar growers who are largely responsible for the renewal of the agitation for independence are not the true friends of the Filipinos. Nothing worse could happen to these people than to be deprived of the beneficent guardianship of the United States." (July 27, 1931.)

Philadelphia Inquirer: "If the Philippines are ever to become completely independent, it must be under far different conditions than those which now exist." (October 30, 1931.)

Wilkes-Barre Record: "We have seen by the fearful plight of other nations the danger of adopting self-government prematurely. We do not want to make ourselves responsible for a repetition can that misfortune in the Philippines. We do not want to expose the natives to revolution on the inside and aggression from the outside, due to native incapacity." (January 21, 1932.)

There are but few comments indicating an opposite attitude. The Brooklyn Citizen writes (February 13, 1932): "The Citizen, as it has frequently stated, is in favor of granting independence to the Philippines as soon as the islanders consider that they are ready for it, irrespective of the opinions of the men in Washington." The Jersey City Journal, combating the argument that independence would throw the Filipinos into the hands of the Japanese, says (February 13, 1932): "There are not yet any good reasons stated why the United States could not enter into a treaty with the Philippines and with China, Japan, and the other nations, which would effectively guarantee the islands against invasion." Two papers not mentioned above are inclined to wish we were out of the dilem

surrender "-the Meadville Republican, and the Washington (Pa.)

## THE SOUTH ATLANTIC STATES

(Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia)

Editorial opinion not only in the Nation's Capital but through the entire south Atlantic region is strongly against immediate

independence for the Philippines and is particularly bitter against the activities of the so-called American sugar lobbyists. "The fact that Japan is engaged in an imperialistic spree should be sufficient to silence the demands of the Filipinos for independence at this time," writes the Washington Post (February 13, 1932).
"There is not the slightest indication that the islands could main-"There is not the slightest indication that the islands could maintain their freedom under present conditions in the Orient." The powerful Baltimore Sun is equally strong in its warning (July 14, 1931): "We can not afford to rush headlong into a grant of political freedom that might spell economic subservience and failure." As to the efforts of American agriculturalists to block Philippine competition, the Washington Herald calls their statements "false propaganda," saying (December 1, 1931): "The truth will be dragged into the light of day by a Senate investigation of the false propaganda which special interests have financed for the nefarious purpose of deceiving the American farmer." The Atlanta Georgian goes deeper into the question and arrives at the same conclusion. "The total exclusion of Philippine sugar from this country," says that paper (December 5, 1931), "would not affect the situation in the least, so far as the American sugar producer is concerned. It would only mean the admission of more Cuban sugar, as American sugar interests in Cuba well know.

\* \* Thousands of American farmers have been deceived by this propaganda."

Two smaller papers, the Williamson (W. Va.) News (January 28, 1932) and the Martinsburg (W. Va.) Journal (February 2, 1932), both tend to regret our possession of the Philippines, but 1932), both tend to regret our possession of the Philippines, but make no specific independence recommendations. "Our experience in colonial expansion" they say, "has not been a happy one. We wouldn't miss much if we had never had Porto Rico, the Virgin Islands, Hawaii, or the Philippines." One other paper, the Norfolk Virginian-Pilot (February 15, 1932), attacks Mr. Hurley's views, saying: "By what right does Mr. Hurley assume that the Philippine Islands, once set free and their independence regularized by solemn treaties recognized by the powers, will be regularized by solemn treaties recognized by the powers, will ne less safe from international robbery and spoliation than any other small nation incapable of insuring its independence by its own army and navv?"

army and navy?

Other South Atlantic journals, however, oppose the granting of immediate independence in forthright terms, as will be seen from

immediate independence in forthright terms, as will be seen from the editorials quoted below.

Baltimore News: "In view of the grave developments on the mainland of Asia, Congress should postpone indefinitely further consideration of all proposals to end American sovereignty over the Philippines, now or at any fixed date in the future \* \* \*. To abandon the Philippines to their fate until they are prepared economically, politically, and from a military point of view to maintain their independence would be a desertion of duty." (February 10, 1932.)

Jacksonville (Fla.) Times Union: "The Government of the United States surely can not be a party to bring about disaster

United States, surely, can not be a party to bring about disaster to the Philippines, which have received the protection of this Government in order that they might advance sufficiently to become capable of administering their own government." (May 29,

1931.)

Lakeland Ledger and Star-Telegram: "As a matter of fact, the Philippine Islands are not ready for independence. It is impossible to conceive how they could make such an advance in 33 years as to enable them to govern themselves." (October 29, 1931.)

Atlanta Constitution: "On the face of all the reliable data obtainable in the Philippines, the people over there are distinctly not now fit to take upon themselves the burdens and critical obligations of national sovereignty. In the present state of world affairs, and particularly as they are in the Orient, scarcely anything more lamentable could happen to the Filipinos than to hand them their sovereignty. We can not now afford to throw up our obligations and scuttle off the islands, leaving the people to the possible evils of their own follies and inefficiencies, or to the envy and rapacity of oriental neighbors." (October 29, 1931.)

Columbus Enquirer-Sun: "The Filipinos will do well to retain

Columbus Enquirer-Sun: "The Filipinos will do well to retain American protection, at least until they have established economic security and a considerable degree of international understanding."

security and a considerable degree of international understanding."
(February 24, 1931.)

Macon Evening News: "Since economic conditions are more often responsible for the collapse of governments than political oppression or ineptitude, it is vitally important to the United States that the Philippines should have a sound agricultural and industrial footing before being granted independence. Otherwise, Soviet crusaders would probably sweep immediately into the Philippines from China." (February 27, 1931.)

Winston-Salem Journal: "The present economic conditions the world over make the present a poor time to launch the Philippines out upon a sea of individual national existence. It is very doubtful whether any jury of international statesmen could be assembled that would render a verdict of independence for the Philippines at this time." (November 2, 1931.)

Durham Herald: "The Filippinos could not likely make the grade if left to paddle their own canoe, and would soon fall into trouble of a serious nature. It is not impossible that Japan would like

if left to paddle their own cance, and would soon fall into trouble of a serious nature. It is not impossible that Japan would like to have the islands as a naval base." (October 31, 1931.)

Asheville Times: "There is no warrant for the agitation to set free at this time a people not yet prepared to stand alone in either politics or economics." (October 31, 1931.)

Greenville News: "Sugar producers want to put a tariff on Philippine goods, and they see no way of doing that except by having the islands set up as an independent nation. So they are for Philippine independence. The question, of course, should not

be considered from any such selfish grounds, and Mr. Hoover's pronouncement is a wholesome curb to a movement of that sort." (October 29, 1931.)

Richmond News-Leader: "To build up Philippine agriculture on the assumption that the market is to be open, and then to close the gates, is economic foul play." (October 28, 1931.) Norfolk Ledger-Dispatch: "The United States is committed to

Norfolk Ledger-Dispatch: "The United States is committed to independence for the Filipinos eventually. But the time for that independence is not yet at hand." (January 24, 1931.)

Parkersburg News: "Entirely out of the question at this time is Philippine independence. The situation in the Far East has shown this country that America must control the Philippines and Hawaii for bases of military operations." (February 13, 1932.)

Wheeling Intelligencer: "Philippine independence at this time is ill-advised." (February 13, 1932.)

#### THE EAST SOUTH CENTRAL STATES

### (Alabama, Kentucky, Mississippi, Tennessee)

The tone is set for this mixed region by a considered editorial in the Lexington (Ky.) Leader. "Some of the Democratic newspapers," says that journal (July 29, 1931), "seem to have undergone a change of heart about the problem of Philippine independence. They continue to speak of American occupation and control as 'imperialism,' and to talk of ultimate independence, but they do not think that the time has come to set the Filipinos control as 'imperialism,' and to talk of ultimate independence, but they do not think that the time has come to set the Filipinos adrift. \* \* It may be that the Philippines will at some distant time be given independence. \* \* \* But as time passes and the financial and economic ties between the two countries are strengthened, the demand for independence will probably grow less and less vociferous." This prediction is followed by the following judgment as applying to the present: "Many Filipino leaders have changed their minds about immediate independence. It would prove to be a calamity, an act of scuttling, and a black mark against this country. It would, at the same time, prove a bad move from the standpoint of national defense."

These same general sentiments find echo throughout the region in a number of strong journals. A selection appears below.

Birmingham News: "While this country is willing to grant that independence avidly sought by the politically minded islanders in due course, Americans will hardly feel like dropping them like a hot brick because of fears that Japan will come swooping down to capture them." (December, 1931.)

Paducah Sun-Democrat: "Before striking out for themselves politically, the Filipinos should take a lesson from Cuba and secure their economic independence. Cuba has seen some rough sledding economically because of its separation from our country." (November 16, 1931.)

Talladega Home: "The argument from the sugar interests that the Philippines should be freed so that their

Talladega Home: "The argument from the sugar interests that the Philippines should be freed so that their sugar crop would come under the United States tariff ban for the benefit of the sugar growers is not very statesmanly. Looking at everything from a dollar standpoint is one reason why so much injustice is

done by legislation." (July 20, 1931.)

Mobile Register: "If the islands are to be independent, they must also be self-reliant and able to hold their own in the con-

flicts that rage in the Far East." (July 19, 1931.)

Anniston Star: "America should see the Philippines through, guiding them and upholding them until such time as they can make their way without assistance." (March 5, 1931.) Tuscaloosa News: "The duty and obligation remains to hold

Tuscaloosa News: "The duty and obligation remains to hold things together until the people are able to stand upon their own feet." (March 9, 1931.)

Louisville Courier-Journal: "The present is obviously no time to set the Philippines adrift." (February 11, 1932.)

Meridian Star: "For America to withdraw the protection of our flag from our oriental wards might mean Philippine economic destruction from within as well as military oppression from without. America will no doubt continue the present policy of watchful waiting—guidance and protection until the Filipinos are in all essentials ready for self-government." (March 15, 1931.)

Knoxville Journal: "While a love of liberty and dream of independence holds them to remember America's pledge to them of ultimate independence, in all sane process of government they would delay their national dream until liberty and prosperity may become one and the same thing." (March 1, 1931.)

One small journal, the Kingsport (Tenn.) Times, feels otherwise about it, and takes the attitude, condemned by those papers in-

about it, and takes the attitude, condemned by those papers about it, and takes the attitude, condemned by those papers interested in upholding national responsibility, that we would be wise to get out from under (November 30, 1931). "It would seem that it would be the part of wisdom to give the Philippines their independence \* \* \*. We have no part in the endless wars and hates of Europe and Asia \* \* \*. And our connection with the Philippines certainly does entangle us to a considerable extent with Asiatic military and diplomatic affairs."

Many other journals throughout the region, however, stand Many other journals throughout the region, however, stand squarely on the position that political independence must wait upon economic independence, which means a postponement of action for the present. Included in this group are the Gadsden Times; the Ashland Independent, and the Natchez Democrat, both of which urge the Fllipinos to "take a lesson from unhappy Cuba and establish their economic independence before demanding political separation"; the Hattiesburg American, which urges that we "help the Fllipinos gain economic independence that they may be truly prepared for political independence"; the Vicksburg Herald; the Laurel Leader-Call; and the Chattanooga News, which says that the arguments for delayed independence "must command attention."

THE WEST SOUTH CENTRAL STATES (Arkansas, Louisiana, Oklahoma, Texas)

In this region, particularly in Louisiana, one would expect strong arguments in favor of protecting American products, especially sugar, against Philippine encroachment, and, indeed, the New Orleans States makes the following forthright statement (January 17, 1932): "A large number of Americans believe, including a great many in Louisiana, that the sooner we give the Philippines their independence we shall be the better off for doing so." From their independence we shall be the better off for doing so." From the same city, however, comes a clear and forceful statement of the opposing point of view on the Philippine import question. "Some of the islanders point out," writes the New Orleans Tribune (November 18, 1931), "that even were the islands independent, it is entirely unlikely that copra, the dried coconut-meat fiber, from which oil is extracted, could be made dutiable under any reasonable tariff. It is the raw material for large soap and other industries in the United States, which could be expected to fight such a tariff. Within the last few years realization has been spreading tariff. Within the last few years realization has been spreading that many pleas for tariffs by advocates of regional protection have been in a high degree ill advised." From Texas the San Antonio Express sounds a similar note of warning (October 29, 1931):
"Congress \* \* should consider the islands' value as a purchasor of American group has a purchasor of American group has been absolute that the protection of the purchase of chaser of American goods before checking the imports of Philippine sugar, copra, and manila hemp."

The drive against Philippine independence before the islands have achieved economic self-sufficiency is taken up in other parts

of the region also.

The Okmulgee Sunday Times-Democrat: "The Philippines have much to do yet before they are ready for independence. It would be an ignoble end to put the Filipinos on their own in the middle, of the experiment." (April 12, 1931.)

The Tulsa World: "The Philippines are not in an economic

position to go into world affairs."

The Houston Chronicle: "In the present disturbed condition of

the Far East, it would be unfortunate, to say the least, for the Filipinos to be cast adrift." (October 29, 1931.)

Fort Worth Star-Telegram: "There are a great many Americans Fort Worth Star-Telegram: "There are a great many Americans who regard the duty-free sale of Philippine products in this country as an imposition upon American producers. It will be a sad day for Filipinos if this view takes hold in America sufficiently strong enough to hasten 'freedom' for the islands. It will be the same sort of freedom as that coming to a man who is kicked out of a place of safety and comfort into a jungle of discomfort and danger." (April 31, 1931.)

Beaumont Enterprise: "Informed opinion is overwhelmingly opposed to granting complete autonomy to the Philippines until the Filipino people are better equipped to govern themselves and the islands are placed on a firm economic foundation." (February

(February islands are placed on a firm economic foundation."

12, 1932.)

Beaumont Journal: "Independence at this inauspicious time would be a dangerous thing." (November 3, 1931.)

Denison Herald: "Much as it may displease some of the Filipino politicians, the Stars and Stripes will probably continue to float over Manila." (February 14, 1932.)

Dallas Times-Herald: "The simple fact is that complete independence for the islands is out of the question at this time." (November 1, 1931.)

Dallas Morning News: "The present is no time for complete in-dependence. The Far East is in turmoil and in all the East there is the sinister threat arising from Bolshevist propaganda." (April

One paper, the Oklahoma City Oklahoman (February, 1932), dis-One paper, the Okianoma City Okianoman (reordary, 1932), dissents, saying: "Many will believe that America has played the good Samaritan rôle for the Filipinos long enough, and that this country would be well rid of its far-eastern holdings, particularly since Americans are no longer welcome over there. Secretary Hurley speaks for the administration, but it is improbable that he

aks for a majority of the American people."

speaks for a majority of the American people."

Other papers scattered throughout the area here considered, however, again attack the argument for independence because of Philippine competition or urge waiting for economic self-sufficiency. They include the New Orleans Times-Picayune; the Muskogee Phoenix; the Houston Press, which cries out against "self-ish interests" and "abrupt severing of economic bonds "; the San Antonio Light, which calls the sugar argument "false propaganda"; the Galveston Tribune; the Temple Telegram; the Waco News-Tribune; the Austin Statesman; the Denison Daily Herald; the Gainesville Daily Register, which says "the Filipinos might well wait for the dawn of a better day before they ask for complete independence"; and the Lake Charles American-Press.

## THE EAST NORTH CENTRAL STATES

## (Illinois, Indiana, Michigan, Ohio, Wisconsin)

This region seems nearly unanimous in condemning the efforts of American farm groups to force through an independence measof American farm groups to force through an independence measure on grounds of national self-interest, and lays particular stress upon the high obligation of the United States to safeguard the welfare of the Filipino people. Typical of these sentiments is an editorial which appeared in the Milwaukee Sentinel (January 24, 1932), saying: "A group of energetic lobbyists are busy pumping Members of both Houses of Congress full of specious arguments for the case of Philippine freedom. \* \* It is to be hoped that the administration will take the first opportunity to discredit this Cuban propaganda." From Michigan comes a similar view, in the Ann Arbor News (July 16, 1931): "Uncle Sam has a moral responsibility that must not be submerged by lobbyists and politicians." Ohio echoes the sentiment when the Dayton Journal writes (November 2, 1931): "America can not quit and leave the

islands to a fate that would include bloody civil war, foreign intervention, and ultimately, no doubt, a mandate that never would be surrendered by the holding power." Illinois, represented by the Decatur Herald, repeats bitterly (October 31, 1931): "If the Filipino gets independence within the next decade, it will not be because Americans still burn with the political idealism of Jefferson, but because the arrangement looks like smart business." And finally from the Muncie (Ind.) Evening Press (October 31, 1931) comes the reiterated warning: "Those who have studied the question can not escape the conviction that American responsibility to the Philippines demands retention of present control for the welfare of the natives themselves."

Backing these selected comments are a mass of editorials from all over the region here considered. A few of them are quoted

below.

Dayton Herald: "The future of the islands is safer in American hands than in those of insular politicians. This trust can not be relinquished with honor until national development in the islands has reached such a point that their political and economic safety is assured." (February 13, 1932.)

is assured." (February 13, 1932.)

Springfield (III.) State Journal: "When special interests are urging the concession of immediate independence for selfish reasons America should display not only more magnanimity but more intelligence upon doing the right and just thing for the

Chicago News: "Not devotion to high principle but selfish material considerations have caused a notable accession of strength to the Philippine-independence movement." (November 2, 1931.)

La Fayette Journal-Courier: "The fact remains that if we were

to get out of the archipelago we should leave a lot of brown babies

to get out of the archipelago we should leave a lot of brown babies adrift to be snapped up by the waiting Nippon. We are not getting out." (November 9, 1931.)

Fort Wayne Gazette: "Having been in sovereign occupancy for a third of a century we can not now get out without leaving 'the little brown brother' in some state of security both economically and politically." (November 2, 1931.)

Indianapolis Star: "There is probably more sentiment to cut the islands adrift in the ranks of American Congressmen than among the Filipinos themselves. The demagogues from a few sugar-beet States, echoed by a handful of other agricultural representatives, may be expected to clamor for independence. Their motives would be selfish. Such legislation would be little short of wanton neglect of a national responsibility." (May 28, 1931.)

Jackson Citizen-Patriot: "In view of unsettled political conditions in the Far East it is especially important that the United States should maintain its present sphere of influence. To free the Philippines at this time undoubtedly would mean their surrender to domination by another foreign power." (November 9, 1931.)

Kalamazoo Gazette: "To cast them off suddenly for the avowed Kalamazoo Gazette: "To cast them off suddenly for the avowed purpose of combating their trade would be hardly in keeping with the spirit in which we are supposed to have been exercising our suzerainty all these years." (August 1, 1931.)

Battle Creek Enquirer: "No right-thinking American wishes to surrender the Filipinos to the certain ill fortune which would attend the withdrawal of United States protection." (August 5, 1931.)

Lansing State Journal: "We understand all about the fine theories involved and we have kindly enough feeling for 'our little brown brothers,' but our judgment tells us that it is good neither for them nor for the Orient to turn them loose at this time." (January 5, 1932.)

Grand Rapids Press: "The Philippines are not yet developed either politically or economically for independence." (February 15, 1932.)

15, 1932.)
Detroit News: "Would it not be better to wait a while, develop more diversified industries, and achieve a more balanced economic situation?" (October 31, 1931.)
Marion Star: "Uncle Sam hasn't attempted to hide the fact that the Philippines represent a hot potato in his hands, but a potato that he can't very well drop lest it turn cold and be picked up by another party with a great need for cold potatoes. The other party might be Japan, for instance." (January 12, 1932.)
Cincinnati Inquirer: "Premature independence would be dangerous both for this country and the island government." (January 27, 1932.)

ary 27, 1932.)
Cincinnati Times-Star: "The conclusion is inevitable that the Cincinnati Times-Star: "The conclusion is inevitable that the economic dependence of the islands on the United States is such that political independence would mean economic suicide. In fact, one big commercial house in Manila has taken out insurance against Philippine independence!"

Oshkosh Daily Northwestern: "When politicians and selfish interests prate and shout about immediate independence for the Philippines it would be well to investigate their motives."

Philippines, it would be well to investigate their motives." (August 25, 1931.)

Milwaukee Journal: "When you have a child you do not turn it Minwatkee Johnshi. When you have a child you to not turn it loose in the world all at once. You expect it to grow up. In the same way we shall have to give increasing freedom of action to the Filipinos until they finally attain a dominion status and then, if they want it, complete independence." (November 24,

One moderately strong paper holds some doubts in the matter. The Fort Wayne Journal Gazette says: "If America has any notion, as some urge should be the fact, of washing hands off the bloody affair between China and Japan and permitting the entire situation in the Far East to develop and work out as it may without any intervention by us, the sooner we clear out of the Philippines the better. Otherwise, we can not clear out."

Many other papers, however, back the stand that there should be no independence, or no independence until economic self-sufficiency has been attained. Among them are the Adrian Telegram; the Flint Journal; the Grand Rapids Herald, which says that "some independence must come, but not yet and not too soon"; the Saginaw Sunday News; the Pontiac Daily Press; the Iron Mountain News, which says, "the times invite a closer cuddling under the friendly arm of Uncle Sam"; the Sandusky Register; the Steubenville Star; the Youngstown Vindicator; the Columbus Dispatch, which calls postponement "the better part of wisdom"; the Toledo Blade; the Pomeroy Tribune; the Lowell-ville Journal; the Springfield Sun; the Chicago Daily Tribune; the Chicago American; the Chicago Herald-Examiner; the Chicago Evening Post; the Jacksonville Journal; the Quincy Herald-Whig; Many other papers, however, back the stand that there should Chicago American; the Chicago Herald-Examiner; the Chicago Evening Post; the Jacksonville Journal; the Quincy Herald-Whig; the Rockford Star; the Rock Island Argus; the Danville Commercial News; the Racine Times Call; the Racine Journal News; the Kenosha Evening News; the Green Bay Press-Gazette; the Superior Evening Telegram; the Rhinelander News; the Kokomo Tribune: the Anderson Herald; the Fort Wayne News Sentinel.

### THE WEST NORTH CENTRAL STATES

(Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota)

"We seem about ready," says the Des Moines (Iowa) (November 1, 1931), "to grant autonomy to the Filipinos not because they want it but because our sugar growers and dairymen want it." This states the issue for the region, which answers it variously. In answer to the proposal of independence the St. Louis Globe-Democrat lays down the law (November 1, 1931): Louis Globe-Democrat lays down the law (November 1, 1931):

"One point on which Filipino politicians and all other Filipinos may be certain is that they can not eat their cake and keep it too. They can not have both independence and the special American concessions that have been the life of Filipino prosperity." The Minneapolis Tribune, commenting upon proposals for a progressively increasing tariff against Filipino products, says (September 18, 1931): "If such a transition is possible only at the expense of the American farmer, and if it simply means that the dairy farmer must submit a great deal longer to a competition he should not have to undergo, then we believe some more abrupt shift to autonomy is in order." The strong St. Paul Pioneer Press, however, takes a much less radical view of the problem (September 25, 1931): "The interest of the dairy farmer in end-(September 25, 1931): "The interest of the dairy farmer in ending competition with imported coconut oils is one weighty factor for consideration in connection with the Philippines. What they stand to gain is not so much as they are being led to expect. By no means does all, or even most, of the imported copra products go into butter substitutes. Their interest in Philippine independence is certainly not such a one as precludes their sharing whole-heartedly in a wish that America meet the problem with whole-heartedly in a wish that America meet the problem with full regard for every obligation that is owed the Filipino." And the St. Louis Post-Dispatch, one of the strongest papers in the region, sounds the final note of warning against precipitate action (July 20, 1931): "We would be false to our pledges and would abandon our altruistic aims, and would doom our unparalleled undertaking to establish a republic in the Philippines, if we withrew prematurely, before our task is finished."

Other strong organs in the region have expressed candid opin-

ions on the question. A few are quoted below.

Joplin Globe: "To grant the Filipinos independence when they are in no wise able to govern themselves and have no prestige to protect themselves from the ambitions of different nations of the Orient would be a poor way for us to carry out the obligation of humanitarian service we have all along pretended and believed to be our aim." (July 14, 1931.)

Kansas City Star: "Until the necessary foundation for political

independence is laid in a self-supporting economy, the conclusion of the Secretary of War must be accepted that the best interests of the Filipinos and of the United States are served by a continuation of the status quo." (February 14, 1932.)

Kansas City Times: "We should not be keeping faith with the

Kansas City Times: "We should not be keeping faith with the Filipinos if we should give them political independence while they are still economically dependent." (November 10, 1931.)

Kansas City Post: "Japan's treatment of China will delay Philippine independence indefinitely." (February 2, 1932.)

Topeka State Journal: "Premature withdrawal might upset

stability, with unfortunate consequences to the peace of the world." (April 23, 1931.)
Wichita Beacon: "Our insular possessions in Pacific waters will

wisely wait for a more auspicious time before insisting upon political separation from the Stars and Stripes."

Emporia Gazette: "Their (the sugar trusts') Senators will vote to sever all connections with the islands. This would mean unemployment and suffering in the Philippines and higher prices for the American consumer. And what could be nicer if you happen to be a beet-sugar producer?" (December 18, 1931.)

Lincoln State Journal: "The granting of immediate independence would be a disaster for the Philippines \* \* \*." (October

Omaha Bee-News: "When the new Congress assembles its members will be bombarded with demands to haul down the American flag over the Philippines upon the ground that a great mass of Philippine products are coming into this country in direct competition with American farm products. American farmers should not allow themselves to be swindled by false propaganda of this cort." (July 11, 1021) sort." (July 11, 1931.)

Fargo Forum: "Sufficient time for sound economic adjustment is most desirable." (October 30, 1931.)

Sioux Falls Argus-Leader: "The United States should grant the Filipinos their freedom, but ordinary decency requires that we properly prepare this child we have adopted before casting it out upon the cold world."

Duluth News-Tribune: "Immediate independence under present

conditions would be a calamity." (September 26, 1931.)

Duluth Herald: "The present agitation in this country for immediate freedom for the Filipinos would be more impressive if it did not so palpably come from people who care more for shutting out Philippine sugar for the sake of their own beet sugar than they do about human freedom and the sanctity of the word

than they do about human freedom and the sanctity of the word America has given to free the Philippines as soon as it had a right to do it." (October 31, 1931.)

St. Cloud Times: "If independence is to be given them (the Philippines), as a matter of fair play there should be an economic adjustment for the benefit of both them and the United States. The problem is too big and too important to be solved by merely getting out from under." (September 22, 1931.)

Sioux City Tribune: "The moral obligation this country assumed in attempting to make the Philippines self-sufficient has not yet been fully discharged. In the very nature of things the Little Brown Brother is apt to remain the white man's burden for some time to come, however discomforting the facts may be." (October 31, 1931.)

(October 31, 1931.)

Dubuque Telegraph-Herald: "Immediate independence is not

Dubuque Telegraph-Herald: "Immediate independence is not the right course to pursue, because it will destroy the Filipinos economically \* \* and will push them unprotected into the midst of Asiatic militarism and imperialism." (September 3, 1931.) Cedar Rapids Gazette: "It is to the interest of the United States, both sentimentally and practically, to devote some attention to the economic security of the Philippines before turning them loose in a world that has even our own veteran industrialists hereldered." (Sentember 1, 1931.)

tion to the economic security of the Philippines before turning them loose in a world that has even our own veteran industrialists bewildered." (September 1, 1931.)

Mason City Gazette: "We believe that the islanders are in no sense prepared for independence, that to grant independence would throw the conflicting races and religions at each other's throats overnight." (August 10, 1931.)

Three papers, one in Minnesota and two in Missouri, are inclined to minimize our responsibility in the Philippines and to wish we were out of them. "If they can not successfully paddle their own canoe now," says the St. Cloud Times-Journal, "they will not be better prepared in 5 or 10 years. If they want to be free, let them go with our blessing. If they can not make a go of it, Japan is close at hand." The St. Louis Star adds (February 12, 1932): "Considering the best interests of the islanders, independence may be a mistake. But isn't the making of mistakes one of the rights of man? If the Filipinos are making a mistake, and are anxious to make it, they should be allowed ing a mistake, and are anxious to make it, they should be allowed to do so." Finally, the St. Louis Times says (February 10, 1932): "It may not be to-morrow or within half a century that she

(Japan) will assert her influence in the Philippines, but the time will in all probability come. Meanwhile, we should be well out."

Other papers throughout the district, however, seem generally opposed to immediate independence, taking their stand behind those who, with President Hoover, believe that economic inde-

pendence must come first.

In Iowa, other papers backing this stand include the Council Bluffs Nonpareil, which calls it "sound and sensible"; Wallace's Farmer; the Iowa City Press Citizen; the Davenport Times; the Waterloo Daily Courier; the Atlantic News; the Fort Dodge Messenger and Chronicle.

senger and Chronicle.

In Kansas, the same stand is also taken by the Iola Register, which says, "It would indeed be a tragic joke if the Philippines should be finally given their independence for no other reason than to help the sugar interests of Cuba"; the Leavenworth Times, which says, "They must wait until they are strong enough to fight their own battles;" the Newton Kansan-Republican, which says, "the time is not now;" and the Hutchinson News.

Additional Minnesota papers which have expressed themselves as backing this stand include the Rochester Post-Bulletin; the Faribault News: the Albert Lea Tribune: the Brainerd Daily

as backing this stand include the Rochester Post-Bulletin, the Faribault News; the Albert Lea Tribune; the Brainerd Daily Dispatch; the Crookston Times.

From Missouri comes further backing for this position, from the Hannibal Courier Post, which calls immediate independence, "not keeping faith with the Filipinos;" the Kansas City Journal

"not keeping faith with the Filipinos;" the Kansas City Journal Post, which calls waiting for economic independence "eminently sense;" the Springfield Leader; the Columbian Missourian.

Nebraska adds backing to the "no political independence before economic independence" stand from the Kearney Hub, which says, "There is no way to let them go at present;" in North Dakota the Jamestown Sun and the Grand Forks Herald take the same stand; and in South Dakota five more journals—the Huron Huronits, the Aberdeen American the Mitchell Republican the Huronite, the Aberdeen American, the Mitchell Republican, the Yankton Press and Dakotan, and the Vermilion Plain Talk-have gone on record as backing the same view.

## THE MOUNTAIN STATES

(Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Wyoming, Utah)

In these regions, as one would expect, the debate between those who wish to eliminate Philippine competition with American agricultural products and those who wish to deal with the Filipinos unselfishly becomes acrimonious. Those in the first category are well represented by the Great Falls (Mont.) Tribune, which says (January 28, 1932): "Those who have reasons of their own for expressing Philippine independence contend that the Filipine opposing Philippine independence contend that the Filipinos are not yet ready for self-government. But that argument does not

seem substantiated. \* \* \* The Philippines should be put on the same tariff basis as any other foreign domain. The Filipinos are willing, even anxious, that this should be done. Propaganda are willing, even anxious, that this should be done. Propaganda—it is nothing more than that—has spread the report that the Filipinos have abandoned their efforts and wish to remain under the American wing." The Ogden (Utah) Standard Examiner (February 19, 1931), adds: "Many Americans, including the sugar people, would not be opposed to granting an immediate separation. The holding of the islands may eventually involve us in trouble with Japan." The Loveland (Colo.) Herald sounds the same note (January 2, 1932): "Let them (Senators Costraan and La Folgers) insist upon independence for the Philippines (a matter of LETTE) insist upon independence for the Philippines (a matter of long-deferred justice) and thus give relief from the unfair competition from those islands to our sugar and fruit and other industries." Hotly opposed to such sentiments, however, are such papers as the influential Rocky Mountain News, which says (July 15, 1931): "This imperialistic chapter in our national history will papers as the influential Rocky Mountain News, which says (July 15, 1931): "This imperialistic chapter in our national history will not be made any brighter if we cut the Philippines loose for the reason, and in the brutal manner, advocated by some of those interests which claim to be hurt by Philippine competition."

Other papers throughout the region are equally strongly opposed to such action, as the quotations below indicate.

Sheridan Press: "Any attempt to give the Philippines their independence for mercenary reasons is very apt to prove a boomerang. It would be foolish to give it to them for the sake of a high tariff." (November 19, 1931.)

Colorado Springs Gazette: " \* \* the hypocritical contention that the Philippines ought, of right, to be free. \* \* \* The

Lewistown (Mont.) Democrat News: "It might be well for us

to maintain the status quo in the islands pending a further development of Japanese ambitions." (January 21, 1932.)

Lewiston (Idaho) Tribune: "There are certain to be those who will defy the voice of the President and demand independence because of tariff gains or losses. Their demand should be ignored, their voice and the president and demand should be ignored. their votes cast aside by a militant majority." (October 31,

## THE PACIFIC STATES

## (California, Oregon, Washington)

(California, Oregon, Washington)

A note of scorn for those who would retain the Philippines to protect the interests of the Filipinos comes from the Yakima (Wash.) Herald. "If the United States must retain control of the Philippine Islands because the Filipinos need a free market in which to sell their agricultural products," says that paper bitterly (November 10, 1931), "why should not generous old Uncle Sam abolish the tariff barrier against other nations struggling to attain economic security?" Overwhelming, however, is the opposition to this point of view. "It would be shameful," says the Fresno Bee (October 28, 1931), "to set the islands free and then, as some Congressmen have proposed, to slap a ruinous tariff on Philippine products." "Independence could be granted the islands now only in violation of obligations assumed in good faith," writes the Long Beach Sun (May 13, 1931). "To let them go now would be an utter waste of the sums expended, the creation of a condition of chaos, and then the grabbing of the islands by Japan." Both the Los Angeles Examiner and the San Francisco Examiner (November 28, 1931) characterize the claims of American agricul-Both the Los Angeles Examiner and the San Francisco Examiner (November 28, 1931) characterize the claims of American agricultural interests as "false propaganda," while the Seattle Post Intelligencer adds (October 28, 1931): "Thousands of American farmers have been deceived. The Philippines are the best customers for American dairy products." Finally comes the Hollywood Citizen with a new view of the problem which is in favor of postponing independence for reasons peculiar to the region (November 2, 1931): "Exclusion of foreign competition (in Filipino commerce) has enabled the United States to build up a good trans-Pacific commerce which it is feared will be lost by granting trans-Pacific commerce which it is feared will be lost by granting freedom to the islands."

freedom to the islands."

Other papers along the Pacific coast also back the "no independence without economic security" stand and attack the proposals of the American agricultural interests. In addition to the San Francisco Examiner (February 11, 1932) and the Los Angeles Examiner (February 10, 1932), which have again expressed themselves strongly in the matter, the following may be noted:

San Francisco Chronicle: "The American market is the chief support of Philippine business. An unprepared stoppage of this outlet would be sheer disaster." (October 28, 1931.)

Fresno Republican: "Shall the United States turn the Philippines loose only to see them tied up again, through their own acts or weakness, to some other world power? No." (October 28, 1931.)

Stockton Herald: "Independence will come for the Philippines. But it can not materialize before the people show that they are prepared to survive economically, establish a stable government, and be prepared to protect themselves from menacing neighbors." (February 11, 1932.)

"The islanders must bide their time." Stockton Record:

tober 30, 1931.)

Santa Barbara Daily News: "The big question is whether the islands are ready for complete self rule, and whether, as an independent country, they could follow the trail of independence without slipping into an economic morass. Well-informed persons agree that the Philippines are not ready to cope with such a test,

and it seems apparent that the present campaign to force the issue

is born of selfishness pure and simple." (July 20, 1931.)
Riverside Enterprise: "It would be a safe guess that the United
States will not soon say good-by to the little brown brothers."

(May 28, 1931.) Covina Argus: "The Filipino is not fit to govern himself. Everybody but the Filipino knows it. But some day Uncle Sam Everybody but the Filipino knows it. But some day Uncle Sam will get tired and pull out, leaving them to their own devices, and they will be gobbied up by Japan or some other nation that has plans for their exploitation." (July 3, 1931).

Modesto News Herald: "So gross a betrayal (the plan to put a tariff on Philippine products) of a people supposed to be under our protection that one imagines a self-respecting burglar or safe blower would view it with disgust." (July 7, 1931.)

Portland Oregonian: "Agitation for independence of the Philippine Islands, which was formerly the specialty of idealists, has been taken up by others whose motives are grossly materialist."

been taken up by others whose motives are grossly materialist."

(July 24, 1931.)
Walla Walla Bulletin: "Right now the less there is talk about Philippine independence the better." (February 11, 1932.)

An inevitable conclusion: The American people do not believe in either the wisdom or the justice of granting Philippine independence at the present time

The editorials quoted in the foregoing, as has already been stated, have been gathered for the purposes of this survey with the assistance of an impartial and responsible news-clipping service. The mass of comment leads, as the reader has seen, to the inevitable conclusion that, as a whole, the American people to-day are in full agreement with those who feel that the Philippines should not now be given political independence and more specifical independence and more specific. are in full agreement with those who feel that the Philippines should not now be given political independence, and, more specifically, should not be given political independence until their economic independence is assured. Nowhere has the belief been seriously stated that economic independence is at present attained or is likely to be attained in the near future. Eventually independence, yes, but not immediate independence; this is the spirit that is obviously moving the American people, with heavy stress upon the dishonorable cruelty of cutting our island dependencies off from their largest market in present world circumstances. The feeling is also strong that in the present turmoil of the Far East, with American interests intimately involved with the Sino-Japanese dispute, and international relations in such delicate equilibrium that the introduction of new factors might upset them irrevocably, there exist additional and compelling reasons for not at present disturbing the Philippine status quo.

Statistical table

#### Statistical table

#### NEWSPAPERS WITH CIRCULATIONS OF 20,000 OR OVER AGAINST IMMEDI-ATE INDEPENDENCE

partial list of newspapers with circulations The following is a partial list of newspapers with circulations of 20,000 or more which have gone on record during the past year as either specifically against immediate Philippine independence, or specifically against the independence arguments of American producing groups, or definitely in favor of a policy of no political independence until economic independence has been assured. Newspapers with circulations under 20,000, holding similar views, have been excluded from this table, there being so many of them that their inclusion would have made the table unwieldy and difficult of evaluation. The newspapers represented in this table difficult of evaluation. The newspapers represented in this table alone represent a total circulation of 15,589,740, in 34 States, and alone represent a total circulation of 15,589,740, in 34 States, and may be taken as a fair example of the present state of American public opinion on the question. It is hardly necessary to add that newspapers with circulations over 20,000 not included in this table are of course not necessarily for immediate independence; the great majority of them have expressed no view on the issue. Indeed, it has not been considered necessary to present a table listing those newspapers with circulations over 20,000 which have taken a stand for immediate independence, since, as the text of this pamphlet indicates, their number is negligible.

# Newspapers with circulations of 20,000 or over against immediate

independence					
City and State	Newspaper	Circulation			
ALABAMA					
Birmingham		79, 984 21, 309			
CALIFORNIA					
Fresno. Do. Hollywood Long Beach Los Angeles. Do. Oakland San Francisco. Do. COLORADO	Republican Citizen Sun Examiner Herald-Express Tribune Chronicle	20,000 28,140 206,578 339,050 79,065			
Denver	Rocky Mountain News.	39, 775			
HartfordDo		39, 675 59, 098			
Washington Do		73, 923 66, 743			

Newspapers with circulations of 29,000 or over against immediate | Newspapers with circulations of 20,000 or over against immediate

City and State	Newspaper	Circulation	City and State	Newspaper	Circulation
FLORIDA			NEW YORK		
Jacksonville	Florida Times-Union	49, 458	Albany	Evening News	47, 638
Miami	Herald	38, 886	New York	Eagle Herald-Tribune	100, 021 325, 432
GEORGIA	The state of the s		Do		
	Constitution	87, 879	Do	Mirror	584, 508
Atlanta		74, 067	Do	Sun	291, 560
Do		83, 536	Γο Do		460, 794 39, 649
LLINOIS ILLINOIS	te de dront en tront de	19.00	Rochester	Democrat-Chronicle	82, 353
ILLINOIS		F00 000	Do	Journal Gazette	
Chicago	American Daily Tribune	503, 896 813, 708	Schanectady		23, 331 50, 203
Do	Evening Post	38, 476	Do	Journal	62, 112
Do	Herald and Examiner.	422, 076	Do	Post-Standard	59, 719
Do	News Commercial News	412, 939 27, 858	Utica	Observer-Dispatch	35, 311
Danville Decatur	Herold	24, 929	NORTH CAROLINA		
Quincy	Herald-Whig	26, 534	Charlotte	News	23, 010
Springfield	Illinois State Journal	38, 755	Charlotte	110#3	20,010
			OHIO		
INDIANA	0	49 077	Cipcinnati	Enquirer	97, 561
Fort WayneDo	Gazette News-Sentinel	43, 077 48, 492	Do	Post	
DoIndinapolis	Star	112, 178	Do.		
Do	Times	73, 026	Cleveland Columbus	Dispatch	129, 445
Muncie	Star	23, 337	Dayton	Journal	26, 311
IOWA			Do	Herald	46, 225
	Gazette	35, 162	Steubenville	Herald-Star Blade	20, 404 129, 581
Cedar Rapids Davenport	Daily Times	25, 328	Youngstown	Telegram	35, 610
Dubucua	Telegraph-Herald	33, 128	Do		35, 127
Sioux City	Tribube		OKLAHOMA		-41000
Waterloo	Dany Courier	01,001	The state of the s	D. H. O.L.	
KANSAS			Oklahema CityTulsa	Daily Oklahoman	98, 804 73, 147
Topeka	State Journal	20, 589	Tuisa.		10, 131
			PENNSYLVANIA	United the season legislation of	JAN SENDEN
KENTUCKY	SILLS STREET TO SEE STREET		Frie	Daily Times	33, 976
Lexington	Leader	20, 861	Philadelphia	Bulletin	
Louisville	Courier-Journal	98, 077	Do		
LOUISIANA			Do		141, 137
New Orleans	Times-Picayune	100, 397	Pittsburgh	Press	179, 260
Do	Tribune		Do	Sun	161, 675
			Wilkes-Barre	Record	28, 316
MAINE	months of the course	the finishing	RHODE ISLAND		
Bangor	Daily Commercial	20, 979	Providence	Journal	45, 044
PortlandDo	Evening Express Press-Herald	24, 174 39, 512	Do		30, 232
D0	11035 1101 01101	00,012			L CHILL
MARYLAND			SOUTH CAROLINA		12 180 - 11
Baltimore	News	155, 774	Greenville	News	28, 657
Do	Sun	147, 555	SOUTH DAKOTA		
MASSACHUSETTS		75	Sioux Falls	Argus-Leader	33, 647
	American	253, 320	Siody Palis	Algus-Deader	60, 011
Boston	Christian Seience		TENNESSEE	TOTAL PRINT DESCRIPTION	DILL DISC
20	Monitor.	All manifesters	Knoxville	Journal	35, 348
Do	Herald		Memphis	Evening Appeal	85, 655
Do			TEXAS	S in to reserve and control	The moves
Springfield	Union	38, 443	Beaumont	Patamaia	00 047
Worcester	Gazette		Dallas		
Do	Telegram	46, 649	Do	Times-Herald	64, 221
MICHIGAN	OP E Office Ten	no la com	Fort Worth	Star-Telegram	50, 281
Detroit	Free Press	204, 616	Do		83, 784 72, 194
Do	News	295, 186	Do	Press	50, 034
Do	Times		San Antonio	Express	41, 791
Flint Grand Rapids	Journal Herald		Do	Light	46, 251
Do	Press	£4, 654	VIRGINIA		The Early
Jackson.	Citizen-Patriot	_ 26, CO9	Norfolk.	Ledger-Dispatch	
Kalamazoo		28, 562	Richmond	News-Leader	67, 780
Pontiae Pontiae			WASHINGTON		The same
Saginaw	Sunday News	27, 325	Seattle	Post-Intelligencer	95, 305
			Do	Times	27, 682
MINNESOTA		RATE OF THE	WIROWATH	CONTRACTOR OF THE PROPERTY OF	
Duluth		40, 117 34, 655	Milwaukee	Journal	156, 040
Do			Do	Sentinel	80, 727
St. Paul	Pioneer Press	76, 369	Superior	Telegram	20, 484
			Total circulation		15, 589, 740
MISSOURI		A PARTY AND A STATE OF	Total Circumiton		10,000,110
Joplin	Globe News-Herald	21, 646	Note.—The newspaper-circulation dat	a used in this table are from the	international
Do	Journal Post	12, 492 85, 492	year book number of Editor and Publish	er for 1932.	ter Hacional
Do	Star	291, 908	The total number of newspa		on record
Do	Times	290, 297	during the past year as specific	ally against immediate	independ
St. Joseph		40, 267 227, 893	ence, as discovered by this surve		
Springfield	Leader	22, 893	have gone on record during the		
STANTING THE TRANSPORTER		-	of the islands, the survey indica		
NEBRASKA		TANK GET	of course, have expressed no opin		
Lincoln.					C to the
Omaha	Bee-News	47, 537	INTERIOR DEPARTM	ENT APPROPRIATIONS	200 7 185

Evening News.....

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the

Interior for the fiscal year ending June 30, 1933, and for | as to whether certain persons are starving is rather obscure.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. McKellar]: and the Senator from Connecticut [Mr. Bing-HAM ] is entitled to the floor.

Mr. BINGHAM. Mr. President, I was very much interested in the remarks made by the Senator from Tennessee [Mr. McKellar] yesterday, and particularly in the first part of his amendment proposing a general cut of 10 per cent in the amount appropriated by the bill, with the exception of certain specified items. I shall vote for the reduction. I only wish that the Senator from Tennessee and his friends over in the House of Representatives were as anxious to prevent a tremendous expenditure for additional Federalaid roads at this time.

The House of Representatives on the 27th of February pushed through, under very strict rules preventing any amendment, a bill providing for Federal aid for roads, an emergency bill which has been referred to several times on this floor, in their anxiety to have it passed, not only by the Senator from Tennessee but by the Senator from Nevada [Mr. Oddie], the Senator from Kansas [Mr. McGill], and the Senator from Arizona [Mr. HAYDEN]. The bill provides for \$120,000,000 to be given to the States, and some \$16,-000,000 for Indian roads and forest roads and trails. stated by the chairman of the committee reporting the bill, it really means an expenditure on the part of the Federal Government in 1932 of \$266,000,000, because the \$120,000,000 is merely to enable the States to match another \$120,000,000 which the Federal Government must give them when they get the new Federal aid to help them match the other

On February 27 that bill passed the House, notwithstanding all the protestations made by the Democratic leaders of the House that they desire to keep expenses down and cut appropriations down and not introduce bills providing additional authorizations for appropriations. On February 28 I sent out to the governors of the several States a telegram asking them two questions. The first was based on the fact that it had been stated on the floor of the Senate by a Senator that there were millions of people starving in the United States—I have forgotten the exact number he mentioned—and also on the statement of various Senators that there are 10,000,000 unemployed in the United States. That statement has been repeated several times in the Senate. I asked each governor if he would be so kind as to send me a wire telling me how many starving people there were in his State and how many unemployed there were in his State. I have received answers from very nearly all the governors. The replies are very interesting, and I ask to have them inserted in the RECORD at the close of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit A.)

Mr. BINGHAM. Briefly summarizing them, none of the governors, with the possible exception of the Governor of Pennsylvania, admits there are any persons starving in their States. The Governor of Pennsylvania states that starvation is widespread, but that there are no means of finding out how many are starving. He does state, however, that in Philadelphia the allowance of \$4.38 per family per week is not sufficient to prevent starvation. But none of the governors in any other State admits there is anyone starving. Some of them were quite annoyed with me for asking the question, thinking it was a reflection on their States. Of course, I had no intention of making any reflection on any State. I was merely trying to ascertain the facts.

Mr. WALSH of Montana. Mr. President

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Montana?

Mr. BINGHAM. I yield.
Mr. WALSH of Montana. Will the Senator read the questionnaire he propounded? It occurs to me an inquiry

Some might construe that as meaning that they were not having sufficient food, and others might not consider they were starving until they died.

Mr. BINGHAM. I merely asked, "How many persons in your State are starving and how many persons are there desiring work who are unable to secure work?"

Mr. WALSH of Montana. What does the Senator mean by starving"? "Starving" means a continuing process.

Mr. BINGHAM. I meant the same thing that one ordinarily means when using that word, as, for instance, when it is stated on the floor of the Senate that "millions of people are starving." I wanted to find out how many there are. Apparently, most of the governors so understood it. All but one of them replied that there are none.

Mr. WALSH of Montana. Will the Senator read the questionnaire itself?

Mr. BINGHAM. I regret that I have not a copy of the telegram, but I used the word "starving" in its ordinary

However, the question regarding starvation does not immediately concern the bill. The bill which I am discussing is an attempt to provide money to put the unemployed at work.

It is entitled "A bill to authorize supplemental appropriations for emergency highway construction with a view to increasing employment."

The bill is being urged for immediate adoption as an emergency measure designed to relieve unemployment. In its present form the relief is very unfairly apportioned among the States. The greatest amount of unemployment occurs in the industrial States rather than in the large Western States. The apportionment of this fund among the States gives the larger amount to States large in area with extensive road mileage rather than to States with extensive unemployment.

So far as I have been able to learn from figures furnished by the Department of Commerce and published in the RECORD a few days ago, the distribution of unemployment shows-and I mention a few States specifically, for example—that Arizona contains three-tenths of 1 per cent of the unemployed persons in the United States. I mention Arizona because the junior Senator from Arizona [Mr. HAYDEN] has been very active in asking for the passage of the bill. In the apportionment of this fund Arizona would receive 1.4 per cent, or four and one-half times as much as she would be entitled to under a fair distribution of the emergency relief fund.

On the other hand, the State of Michigan, with 6.2 per cent of the total unemployed, receives only 3 per cent of the relief fund, or less than one-half of what she is entitled to. To put it the other way around, the unemployed in Arizona get eight times as much relief as the unemployed in Michigan.

The Senator from Kansas [Mr. McGill] made a long speech the other day in favor of the bill. Kansas has ninetenths of 1 per cent of the total unemployed in the United States. Under this bill she would receive 2.6 per cent of the relief fund, or three times as much as she is entitled to. Massachusetts, on the other hand, with 5.1 per cent of the unemployed, receives only 1.4 per cent of the relief, or less than one-third of what she is entitled to. In other words, Kansas gets nine times as much relief, under this measure, as does Massachusetts.

Let us take another example: The Senator from Tennessee [Mr. McKellar] asked me the other day if I would agree to fix a time for voting on the bill. Tennessee has ninetenths of 1 per cent of the total unemployed and under this measure she receives 2.1 per cent of the relief, or more than twice as much as she would be entitled to under a fair distribution of the fund. Contrast this with Rhode Island, which has 1.1 per cent of the total unemployed and receives only five-tenths of 1 per cent of the relief, or onehalf of what she is entitled to. In other words, Tennessee gets four times as much relief for her unemployed as does the State of Rhode Island.

Let me give one other example of the operation of the bill reported by the Senator from Nevada from the Committee on Post Offices and Post Roads. Nevada has one-tenth of 1 per cent of the unemployed but receives under this bill 1.3 per cent of the relief, or thirteen times as much as she is entitled to on a basis of unemployment. Connecticut has 1.6 per cent of the unemployed and receives six-tenths of 1 per cent of the relief fund, or only about one-third of what she is entitled to. In other words, Nevada receives thirty-four times as much relief for her unemployed per capita as does the State of Connecticut. Surely it can hardly be claimed that this is an equitable distribution of a great emergency relief fund.

Let me put the matter in another way. How much per capita of unemployed, according to the latest figures received from the governors of the States and printed in the RECORD to-day, would this relief fund amount to? I am not now taking the percentages as furnished by the Department of Commerce, but the figures as furnished by the governors. According to these figures the relief varies from \$5.07 per capita of unemployed in Illinois to \$631.21 per capita of unemployed in Nevada. By the statements of their governors, then, this relief fund would provide one hundred and twenty-four times as much relief for Nevada as for Illinois. Surely no one can claim that this is an equitable distribution of a great national relief measure.

For the unemployed in the State of Ohio there would be allotted from this fund \$9 per capita, but in the State of Idaho the amount would be \$75.42 per capita, or eight times as much. For the unemployed in the State of Pennsylvania there would be allotted from this fund \$5.26 per capita, while in the State of Utah they would receive \$110.97, or twentyone times as much. For the unemployed in the State of Connecticut there would be allotted \$9.16 per capita, while for the unemployed in the State of Wyoming there would be \$616.32, or sixty-seven times as much. However, in fairness to Wyoming, let it be said that the Governor of Wyoming, in reply to my telegram, telegraphed as follows:

Wyoming is able and willing to handle its own relief situation and has not requested and will not request assistance from either the Federal Government or other States.

Of course, all this money is virtually coming out of the taxpayers' pockets. In that connection it is well to remember that the chairman of the committee reporting the bill stated that this emergency fund of \$120,000,000 will provide a total of \$250,000,000 for Federal participation with the States in 1932, in addition to the \$16,000,000 carried for forest roads and Indian trails. In other words, this bill actually will cost the Federal Government \$266,000,000 in 1932. Where is this money going to come from?

We are now spending \$8,000,000 a day more than we are receiving, and this bill would add another million dollars a day to this deficit for the next nine months. Who is going to pay the bill?

Proponents of this legislation object to our using figures showing the internal-revenue collections because they point out that a large part of the revenue collected in North Carolina is paid by cigarette smokers all over the United States, and a large part of the revenue collected in New York is earned by companies operating in many Western and Southern States. I think it will be agreed, however, that the payment of income taxes shows a fair distribution of where the tax money must come from. This seems a fairer means of arriving at the distribution of taxes. On this basis, New York pays 33 per cent, Pennsylvania 9 per cent, Illinois 9 per cent, Michigan, Ohio, and California 5 per cent, Massachusetts 4 per cent, New Jersey nearly 4 per cent, Missouri 2 per cent, and Connecticut nearly 2 per cent. These 10 States will have to raise about 80 per cent of the money distributed by this bill, whatever it may be. Their apportionment of it is only 30 per cent. Perhaps the argument will be used that as they are the richest States they must bear the burden. In any event, they will have to bear it. But what makes the bill really unfair and unjust and un-American is that they of Nevada turned back to that State; but, as I have re-

have 65 per cent of the unemployed, and yet they get only 30 per cent of the relief fund. In other words, the unemployed in the States that have to pay the larger share of the bill only get half as much relief from it as do the unemployed in the other 38 States.

There would be far more relief in the States where unemployment occurs if they would levy a special tax on their citizens to meet the needs of their own unemployed. In that case their unemployed would get the entire benefit of the burdens placed upon the taxpayers instead of getting only a fraction of it.

It is safe to say that of the money which must be raised from the taxpayers of New York the unemployed of that State would get less than \$1 in every \$6. Of the money which must be raised from the taxpayers in Pennsylvania the unemployed would get less than \$1 out of every \$2.50; so also would the unemployed in Illinois, Massachusetts, and New Jersey. The taxpayers of Michigan must raise nearly 6 per cent of the fund. The unemployed of Michigan will only get 3 per cent of it. In other words, the unemployed of Michigan would be twice as well off if Michigan kept the money which she must raise for this purpose and used it for the unemployment of her own citizens.

In times of plenty and great prosperity it may be fair to say that the more prosperous States should be taxed heavily to provide roads and other benefits for the less fortunate States. But in this day when there is a far greater proportion of unemployment in the States that have to pay the larger share of the bills surely it is not fair that their unemployed should receive so much less benefit from the taxpayers' burden than they are entitled to under a fair distribution of the benefits of this so-called emergency relief legislation proposed, as stated in the title of the bill, "with a view to increasing employment."

Mr. ODDIE. Mr. President-

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nevada?

Mr. BINGHAM. I yield.

Mr. ODDIE. The Senator from Connecticut has made a number of statements and drawn a number of comparisons in which the State of Nevada was referred to. The population of the State of Nevada is small in comparison to its area, but the Federal Government, as I have previously stated, owns practically 90 per cent of the area of the State, and the people of that State pay from their own pockets large amounts of money to maintain roads built by the Federal Government over Government-owned lands in the State, roads which are used principally by the people from all the States.

Mr. President, the Senator has tried to show from his tables that this emergency road money will not be distributed equitably, and consequently that the benefits will not be distributed fairly between various sections of the country; in other words, that the more populous centers will not get as much benefit as will the States containing smaller

Mr. BINGHAM. Mr. President, I yielded for a question only and not for a speech. I hope the Senator will make his speech in his own time, and I decline to yield further at present.

Mr. ODDIE. May I say just a word further about this one question?

Mr. BINGHAM. I decline to yield further at the present

The VICE PRESIDENT. The Senator from Connecticut declines to yield.

Mr. BINGHAM. Mr. President, the statement the Senator from Nevada makes is very appropriate in relation to ordinary road legislation, the kind of road legislation we pass every year, and I have great sympathy for his position; in fact, so far as I am concerned, I should be delighted to have the lands belonging to the Federal Government in the State peatedly stated, the point now is that this bill is an emer- | Unemployed and proposed appropriation for supplemental highway gency relief measure; it is explicitly stated that it is to relieve unemployment. The Governor of the State of Nevada telegraphs me that there are only 2,500 unemployed in Nevada, and under this bill Nevada would get \$1,578,025, or \$631.21 per capita of unemployed.

Mr. ODDIE. Mr. President-

Mr. BINGHAM. Just a moment. I can not yield just The point is not whether there should be more roads built at public expense in the State of Nevada. I am not now making an argument against the usual road fund, the usual Federal aid to roads. I am making an argument against this extremely unfair distribution of aid. The larger States of Illinois, Pennsylvania, Michigan, Ohio, New York, and Massachusetts, with their large industrial populations, have a far greater percentage of unemployment per capita than have the Western States, as is admitted by telegrams from the governors. A fair distribution of this fund would be in accordance with the number of unemployed in each State; but that we are unable to determine, so that the next most fair thing, Mr. President, is a distribution of it in accordance with population.

Mr. President, I should like to read one or two telegrams which are very heartening to those who, like myself, regret to see the tendency to lean on the Federal Government for aid in times of general distress. In order that I may not be accused of partisanship in this regard I shall read first from a telegram received from the Governor of Maryland:

Your wire of February 28 received. It is difficult to estimate Your wire of reprury 28 received. It is dimcuit to estimate accurately number of unemployed in Maryland. Estimates vary from 30,000 to 50,000. I do not know where you get the idea that anybody is starving in this State. No such condition as that exists here. We are taking care of our unemployed through the regular community and welfare agencies without the necessity of any appropriation from the State government or from any county or city government. county or city government.

ALBERT C. RITCHIE. Governor.

I will now read one from a State that generally goes Republican—the State of Maine:

No one starving in Maine, to my knowledge. Unemployment relief work has brought number actually unemployed nearly down to normal for this time of year.

The Governor of Indiana replies:

There are no people starving in Indiana. From 80,000 to 100,000 unemployed. Relief agencies adequate. Indiana takes care of her

Mr. President, I have already asked that these telegrams may be printed in the RECORD, and I will ask also to have printed in the RECORD a table showing the number of unemployed according to the census of 1930 as contrasted with the governors' figures recently received in reply to this questionnaire; the proposed appropriation for supplemental highway work, for emergency relief, and its allotment among the States; the amount per capita of unemployed which would be granted to each State under this division, and the amount according to the governors' figures.

I have already called attention to some of the more striking examples. I will mention a few others, reading the list according to the governors' figures.

This unemployment relief bill would furnish per capita of unemployment in Arizona, \$88-I omit the cents; in Arkansas, \$44; in California, \$9; in Colorado, \$45; in Connecticut, \$9; in Idaho, \$75; in Illinois, \$5; in Indiana, \$34; in Kansas, \$43; in Maryland, \$25; in Minnesota, \$22; in Missouri, \$37; in Montana, \$168; in Nevada, \$631; in New Hampshire, \$21; in New Mexico, \$301; in New York, \$32; in Ohio, \$9; in Oklahoma, \$36; in Oregon, \$36; in Pennsylvania, \$5; in Texas, \$25; in Utah, \$110; in Virginia, \$90; in West Virginia, \$41; in Wisconsin, \$14; and in Wyoming, \$616. I have only mentioned States whose governors gave me their estimate of unemployed.

The VICE PRESIDENT. Without objection, the table referred to by the Senator from Connecticut will be printed in the RECORD.

The table is as follows:

State	Uner	nployed			per capita uployed	
	Census, 1930	Governors' figures	supplemental highway work	Census, 1930	Govern- ors' fig- ures	
Alabama	29, 900	TO THE RESERVE OF	\$2,550,053.00	\$85, 28		
Arizons	9, 100	20,000	1, 762, 636, 00	193, 69	\$88, 13	
Arkansas	18, 300	45, 000	2, 091, 431, 00	114, 28	44, 87	
California	189, 800	500,000	4, 669, 711, 00	24, 60	9, 33	
Colorado	30, 200	50,000	2, 255, 281, 00	74. 67	45, 10	
Connecticut	50,800	85,000	779, 324. 00	15, 34	9. 16	
Delaware	3,900		600, 000. 00	153.84		
Florida	38, 700		1, 629, 204, 00	42, 35		
Georgia	39, 600		3, 120, 191, 00	78, 79	100 21 0 2	
Idaho	7, 400	20,000	1, 508, 485, 00	203, 84	75, 42	
Illinois	282, 800	1,000,000	5, 077, 245, 00	17.95	5. 07	
Indiana	86, 300	90,000	3, 060, 266, 00	35. 68	34, 00	
Iowa	31, 500		3, 173, 493, 00	100.74		
Kansas	28, 100	75,000	3, 276, 334.00	116.59	43, 68	
Kentucky	42, 200		2, 259, 648, 00	53. 54		
Louisiana	39, 400		1, 740, 196.00	44, 16		
Maine	21,000		1, 070, 600. 00	50.98		
Maryland	31,600	40,000	1, 015, 296. 00	32.16	25. 38	
Massachusetts	161, 400		1, 712, 774.00	10.61		
Michigan	197, 000		3, 783, 179. 00	19. 20		
Minnesota	55, 200	150,000	3, 373, 560, 00	61. 11	22. 48	
Mississippi	15, 400		2, 160, 628. 00	140.03		
MISSOURI	81, 400	100,000	3, 761, 014. 00	46. 20	37. 61	
Montana	15,000	15,000	2, 525, 108. 00	168.34	168, 34	
Nebraska	19,000	*********	2, 557, 683. 00	13. 46		
Nevada	3, 100	2, 500	1, 578, 025. 00	509.04	631, 21	
New Hampshire	13, 500	27, 500	600, 000. 00	44. 44	21, 81	
New Jersey	140, 300		1, 659, 121. 00	11.82		
New Mexico	6, 500	6, 500	1, 962, 340. 00	301.89	301. 89	
New York	428,000	184, 906	6, 057, 965, 00	14. 15	32.76	
North Carolina	44, 100	***********	2, 890, 203. 00	65. 53		
North Dakota	7, 400		1, 940, 325. 00	262, 20		
Ohio	214, 600	500, 000	4, 501, 069. 00	20. 97	9, 00	
Oklahoma	45, 300	80, 363	2, 893, 101. 00	63.86	36.00	
Oregon.	31, 400	54,000	1, 996, 128. 00	63. 57	36.96	
Pennsylvania	325, 500	1,000,000	5, 621, 052. 00	16. 16	5. 26	
Rhode Island	36, 100		600, 000, 00	16. 62		
South Carolina	19, 200		1, 666, 492. 00	86. 79		
Carrage South Dakota	4, 500		2, 002, 076. 00	44. 49		
Tennessee	30, 100	200 000	2, 609, 757. 00	86.70		
Texas	95, 200	300,000	7, 668, 024. 00	80. 54	\$25. 56	
Utah	10,900	12, 500	1, 387, 190. 00	127. 26 72. 28	110.97	
Vermont	8,300	05 000	600, 000. 00		06.00	
Virginia Washington	35, 300	25, 000	2, 258, 196. 00 1, 905, 627. 00	63. 97 41. 06	90. 32	
West Vissisia	46, 400	20.000				
West Virginia	35, 300	32,000	1, 316. 720. 00	37. 30	41.14	
Wisconsin	64,000	200, 000	2, 992, 438. 00	46.75	14.96	
Wyoming	4,900	2,500	1, 540, 811. 00	314. 45	616.32	

Mr. BINGHAM. Mr. President, it may be interesting to note, in view of the criticism made of my estimate of the number of unemployed the other day by the Senator from New Mexico [Mr. Bratton] when he said that I was the only person of whom he knew who did not think there were 10,000,000 unemployed in the United States, that the census of 1930 gives a total of the two kinds of unemployed-

Mr. LONG. Mr. President-

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Louisiana?

Mr. BINGHAM. Just a moment. I am not quite through with this statement.

The VICE PRESIDENT. The Senator from Connecticut declines to yield.

Mr. BINGHAM. Of the two kinds of unemployed; that is, those who have no job and those who have a job but are not employed in it. The census of 1930 gives the figure at about 3,187,000. My present estimate, increased by the figures I have recently received, and giving a liberal allowance to States not reported, brings the total up to about 6,000,000.

I have gone over these figures with a group of interested and keen young men this morning, and they have come to the conclusion that a fair estimate of the number of unemployed in the United States, according to the best figures which we have been able to obtain, is about 6,000,000, and not 10,000,000.

Mr. BRATTON. Mr. President-

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from New Mexico?

Mr. BINGHAM. I yield.

Mr. BRATTON. Despite the figures given by the Senator from Connecticut, I still adhere to the firm belief that the true facts are that at least 10,000,000 people are out of

employment in this country.

The Senator a while ago referred to starvation among the citizens of the country. I do not mean to say that 10,000,000 people are starving, or bordering on starvation; but I reaffirm the belief that there are 10,000,000 people out of employment in the country, and that that condition does present a very serious problem to every right-thinking citizen of the country.

Mr. BINGHAM. Mr. President, "A man convinced against his will is of the same opinion still."

## EXHIBIT A

Copy of telegram sent to each of the governors of the States on

February 28:

"Will you please let me know by telegraph reply collect how many people in your State are starving, also how many can find no employment of any kind?

" HIRAM BINGHAM."

MONTGOMERY, ALA., February 29, 1932.

Hon. Hiram Bincham,
United States Senate:
The statistical information is not available for me to answer questions asked in your telegram.

B. M. MILLER Governor of Alabama.

PHOENIX, ARIZ., February 29, 1932.

Hon. HIRAM BINGHAM

United States Senate:

Re telegram. People are not actually starving in our State. Mr. D. W. Fountain, State director of unemployment relief in Arizona, estimates that there are 20,000 unemployed wage earners in Arizona, of whom 8,000 are in actual distress. The unemployment situation is bad all over Arizona and in all lines of endeavor. It is particularly acute and distressing in our large copper-mining camps where the mines have either curtailed production drastically camps where the mines have either curtailed production drastically or ceased producing altogether because of low prices for copper. We believe that the quickest relief in our copper-mining areas would come through the enactment by Congress of an adequate tariff against foreign copper entering this country. The competition of cheap-labor copper from the Latin American countries and Africa is forcing our Arizona copper mines out of business. The plight of the copper mines is reflected in business, livestock, and agricultural industries, as the copper camps have been the best customers. Our State has gone its financial limit in providing highway and other work for jobless citizens. Our problem of unemployment is intensified by large numbers of jobless transients who come to this State because of its equable winter climate. I believe that failure of Congress to enact legislation providing for immediate highway and other public work for relief of unemployment would be a tragic mistake.

Geo. W. P. Hunt,

GEO. W. P. HUNT, Governor of Arizona.

LITTLE ROCK, ARK., March 4, 1932.

Senator Hiram Bingham,
United States Senate:
Your telegram of February 28 delivered to my residence during absence. Am directing reply to question by mail.
HARVEY PARNELL, Governor.

Bureau of Labor and Statistics, Little Rock, March 5, 1932.

Senator Hiram Bingham,

United States Senate, Washington, D. C.

My Dear Senator: Governor Parnell has transmitted to this department your telegram of March 3 with instructions to forward the information requested.

There are approximately 45,000 people unemployed in this State from the group of 283,000 gainfully employed other than in agriculture during normal times. Of course a great majority of our

from the group of 283,000 gainfully employed other than in agriculture during normal times. Of course a great majority of our population is rural and not included in these figures.

Naturally, there are many families struggling for existence, and many being cared for by our relief organizations, which are sorely taxed and in need of funds, but we do not have any record of people actually starving.

Trusting this is the information you desire, I am,

Very truly yours,

WAR ROOMSERRY

W. A. ROOKSBERY, Commissioner of Labor.

SACRAMENTO, CALIF., March 3, 1932.

Hon. HIRAM BINGHAM,

United States Senator, Senate Office Building.

Dear Senator Bingham: Replying your wire February 28, we are not advised of any starving people in this State. Our unemployment commission roughly estimates that there are approximately 500,000 unemployed in this State, which includes all dependents.

With kindest regards,

JAMES ROLPH, Jr., Governor of California.

DENVER. Colo., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate: Unemployment problem Colorado now at its most acute stage. We badly need passage Federal emergency highway appropriation to furnish work. Local relief agencies still able, in a limited way, to cope with demand for food.

WM. H. ADAMS, Governor of Colorado.

DENVER, Colo., March 5, 1932.

Senator Hiram Bingham:

Jesse F. Wellborn, chairman Denver Employment (Inc.), after careful survey Denver and good general knowledge Colorado, estimates number totally unemployed this State to be more than 50,000. State-wide surveys now being made will enable us make information more specific in short time.

WM. H. ADAMS. Governor.

HARTFORD, CONN., March 2, 1932.

Hartford, Conn., March 2, 1932.

Senator Hiram Bingham:

It has not been brought to the attention of the Connecticut Unemployment Commission at any time that anyone in Connecticut is starving or near starving; regard to the number of unemployed, the commission states there is no way to get dependable figures. The commission is now making a survey to determine changes in employment in all industries in the State between the peak of employment in 1929 and the trough of unemployment in late 1931 and early 1932. The survey to date indicates that the number of unemployed in the State is probably between eighty and ninety thousand. eighty and ninety thousand.

WILBUR L. CROSS.

DOVER, DEL., March 1, 1932.

HIRAM BINGHAM,

United States Senate:

There is no record of anyone ever having starved in Delaware, and there is part-time employment now in the State for all who want it.

C. D. BUCK. Governor.

TALLAHASSEE, FLA., February 29, 1932.

HIRAM BINGHAM,

United States Senate:
No persons, to my knowledge, are starving in Florida. Many are in need of employment.

DOYLE E. CARLTON, Governor.

ATLANTA, GA., March 3, 1932.

Hon. HIRAM BINGHAM,

United States Senate, Washington, D. C.: Inasmuch as no definite survey has been made, it is impossible to give exact figures on unemployment and sufferers from unemployment in Georgia.

RICHARD B. RUSSELL, Jr., Governor.

Boise, Idaho, February 29, 1932.

Hon. HIRAM BINGHAM.

United States Senate:

To our knowledge, no one in Idaho starving. Have surplus farm products on hand. Considerable unemployment at present. Emergency Federal aid for road construction would help immensely.

C. BEN Ross, Governor.

Boise, Idaho, March 4, 1932.

Hon. HIRAM BINGHAM.

Senator:

Government employment bureau, Boise, estimates 20,000 unemployed in Idaho.

C. BEN Ross, Governor.

SPRINGFIELD, ILL., March 2, 1932.

Hon. HIRAM BINGHAM, United States Senate:

While there is much destitution in Illinois, none of our people are actually starving, due to unemployment relief funds provided both privately and by the State. We estimate that approximately 1,000,000 people in Illinois are unable to secure employment, although able and willing to work.

Louis L. Emmerson, Governor.

INDIANAPOLIS, IND., February 29, 1932.

Senator HIRAM BINGHAM:

There are no people starving in Indiana. From 80,000 to 100,000 unemployed. Relief agencies adequate. Indiana takes care of her own.

HARRY G. LESLIE, Governor.

TOPEKA, KANS., February 29, 1932.

Hon. Hiram Bingham,

Senate Office Building, Washington, D. C.:

None starving. Thousands can not find employment. If you

None starving. Thousands can not find employment. If you are interested in relieving our unemployed, you can not do so more

effectively than by working and voting for the additional hundred and thirty-two million emergency Federal-aid bill for highways. With these additional funds available Kansas immediately could do with these additional funds available Kansas immediately could do more for actual unemployment relief than through any other action of Congress. Congress unhesitatingly has voted generous Federal aid to foreign governments, banks, corporations, railroads, and industry. Here is an opportunity, through local public improvements widely distributed through the agricultural States, directly and immediately to benefit the unemployed. Ninety cents of each dollar of Federal aid for highways goes to labor directly or indirectly. Question of source of Federal funds should not mitigate against this bill when not raised in consideration of previous appropriations. Passage of this bill alone can not force a Federal sales tax on the people if previous appropriations have not already made such a tax necessary. Kansas people ask the administration and all Members of Congress, regardless of party, to see that this Federal aid for unemployment is passed immediately. Through the reduction of Federal-aid appropriation in the agricultural bill from one hundred twenty-five millions to one hundred millions, and through repayment clause of previous \$80,000,000 Federal aid, Kansas this year will suffer curtailment of more than \$1,000,000 in Federal aid, thus reducing ordinary and needed benefit to unskilled labor to that extent at a time when the need is greatest. the need is greatest.

HARRY H. WOODRING. Governor.

TOPEKA, KANS., March 4, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

I am informed by the State labor department there are at least 75,000 seeking employment in Kansas at this time, many receiving temporary aid from cities and towns where there are emergency employment committees. Thousands of others receiving direct charity from cities and counties.

HARRY H. WOODRING, Governor.

AUGUSTA, ME., February 29, 1932.

HIRAM BINGHAM,

United States Senate, Washington, D. C.:
No one starving in Maine, to my knowledge. Unemployment relief work has brought number actually unemployed nearly down to normal for this time of year.

WILLIAM TUDOR GARDINER.

ANNAPOLIS, MD., February 29, 1932.

Hon. HIRAM BINGHAM.

United States Senate:

Your wire February 28 received. It is difficult to estimate accurately number of unemployed in Maryland. Estimates vary from thirty to fifty thousand. I do not know where you get the idea that anybody is starving in this State. No such condition as that exists here. We are taking care of our unemployed through the regular community and welfare agencies without the necessity of any appropriation from the State government or from any county or city government.

ALBERT C. RITCHIE, Governor.

Boston, Mass., February 29, 1932.

HIRAM BINGHAM, United States Senate:

Massachusetts law requires local departments of public welfare Massachusetts law requires local departments of public weitare to care for needy citizens. Due to their work and the fine assistance of groups of citizens we feel confident that there is no starvation in Massachusetts. Attempts to determine number unemployed have been unsuccessful because of rapidly changing conditions and because many of so-called white-collar workers do not register at employment bureaus. In general Massachusetts communities are handling the situation in splendid fashion.

JOSEPH B. ELY, Governor Commonwealth Massachusetts.

LANSING, MICH., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:
Disinclined to estimate extent of unemployment in advance of report on survey now in progress. Facts at hand indicate Michigan well able to care for its own. Special legislature session will be called shortly to deal with emergency problems.

WILBUR M. BRUCKER

ST. PAUL, MINN., February 29, 1932.

Hon. HIRAM BINGHAM

Hon. HIRAM BINGHAM.

Senate Office Building, Washington, D. C.:

In answer your wire requesting information unemployment conditions in Minnesota. A complete survey of Minnesota finished last October estimated 134,020 persons therein not engaged in any employment. The number has increased, and a conservative estimate would be 150,000 at the present time who are unable to find any kind of employment. These figures are exclusive of persons living on farms.

FLOYD B. OLSON. Governor of Minnesota. JEFFERSON CITY, Mo., March 1, 1932.

Hon. HIRAM BINGHAM,

United States Senate: As far as I know there are no people starving in Missouri; and I am sure if any person is hungry he need but let it be known and he will have food. It is estimated that there are about 100,000 people out of employment in Missouri.

HENRY S. CAULFIELD, Governor of Missouri.

HELENA, MONT., February 29, 1932.

Hon. Hiram Bingham,

United States Senate, Washington, D. C.:

Re your telegram 29th. Nobody starving in Montana. Red
Cross at sometime furnished relief to 9,800 farm families. March
program contemplates aid to 7,000 families. Estimated unem-

ployed, 15,000.

J. E. ERICKSON, Governor,

LINCOLN, NEBR., March 4, 1932.

Hon. HIRAM BINGHAM, United States Senate:

Replying to your telegram as to how many people starving in Nebraska, will say that no one is starving here. However, the generous people of our State have been feeding, through public donations, about 8,000 people, and also feeding their livestock in nine severely drought-stricken counties in northern Nebraska. nine severely drought-stricken counties in northern Nebraska. Public contributions of more than 1,000 carloads of food, feed, and clothing have been donated, and donations are continuing to carry these people along, but they will need a great deal of assistance for the coming year to live on as well as to feed their stock while they are growing another crop. The emergency road fund by the Federal Government enabled us to greatly relieve the unemployment situation by employing men and requiring the construction work to be done by hand and team labor, but that money is now exhausted and another Federal appropriation for road construction is badly needed to help our unemployed tide over this dreadful economic depression.

Charles W. Bryan.

CHARLES W. BRYAN, Governor of Nebraska.

CARSON CITY, NEV., February 29, 1932.

Senator HIRAM BINGHAM,

United States Senate, Washington, D. C .:

Re telegram 28th, no starving people in Nevada. Approximately 2,500 people unable to find employment of any kind, of whom one-half are at city Las Vegas in connection with construction of Hoover Dam, Colorado River.

F. B. BALZAR, Governor.

CONCORD, N. H., February 29, 1932.

Senator HIRAM BINGHAM:

Much malnutrition among New Hampshire needy. Between 25,000 and 30,000 have no work at all; 30,000 to 40,000 more working only part time, many of them for less than living wage. This answers your telegram to Governor Winant.

JAMES M. LANGLEY, Chairman New Hampshire Unemployment Commission.

SANTE FE, N. MEX., March 4, 1932.

Hon. Hiram Bingham,

United States Senate, Washington, D. C.:

Replying your telegram February 28, asking how many people in New Mexico are starving, also how many can find no employment of any kind, will say that, after making careful check in all counties, that we have 6,000 to 7,000 individuals in need of employment, and we have approximately 16,000 persons in New Mexico now receiving or in immediate need of food relief. With assurances of esteem

ARTHUR SELIGMAN

Governor of New Mexico.

ALBANY, N. Y., February 29, 1932.

Hon. Hiram Bingham.

United States Senate, Washington, D. C.:

Have referred your telegram to Jesse Isidor Straus, chairman of the temporary emergency relief administration, with request that he give you all available figures.

FRANKLIN D. ROOSEVELT.

STATE OF NEW YORK, TEMPORARY EMERGENCY RELIEF ADMINISTRATION, New York, March 1, 1932.

Hon. HIRAM S. BINGHAM.

Hon. Hiram S. Bingham,

United States Senate, Washington, D. C.

Dear Senator Bingham: I have a telegram from Governor Roosevelt, asking that I reply to a telegram you sent him requesting information as to "how many people in your State are starving, also how many can find no employment of any kind."

It is very difficult to reply specifically to your questions. At the moment, as far as we know, 72,964 persons are receiving work relief, and in the month of January 91,136 families received home relief under the Wicks Act (ch. 798 of the laws of 1931 of the State of New York). Our records on February 27 indicate that 98,442 individuals required but were not receiving work relief and it is individuals required but were not receiving work relief, and it is

assumed that the major portion of this group was investigated. In addition, 34,560 individuals were registered at work bureaus and did not receive work relief, and our assumption is that this entire group had not been investigated.

All of this information is necessarily incomplete because certain cities and counties did not report fully and promptly last week, and it is assumed that of these nonreporting districts perhaps 13,500 additional individuals might be in need of relief.

In New York City and in Buffalo the estimates are admittedly low, due to incompleteness of records in these cities. Of the 58 cities and the 57 counties, 11 did not come in under the act. The act required affirmative action on the part of each municipal corporation in order to come within its provisions. What the conditions in these nonparticipating municipal corporations are is entirely unknown to us.

I regret that I can not give you more accurate information.

Very truly yours,

JESSE ISIDOR STRATIS.

BISMARCK, N. DAK., February 29, 1932.

HIRAM BINGHAM:

Replying your telegram to-day, there are no persons starving in this State. Any report to that effect is sheer nonsense. While number of unemployed is larger than normal, condition is not as serious as in industrial centers.

GEO. F. SHAFER, Governor.

COLUMBUS, OHIO, March 1, 1932.

Senator Hiram Bingham,

United States Senate:

All governmental subdivisions of Ohio, aided by community funds and other private charities, are utilizing every available resource to meet needs for relief in Ohio. Bare food needs are resource to meet needs for relief in Onio. Bare food needs are being met up to present time. Have no authentic record of any present cases of starvation. Impossible to state definite number of those who can find no employment of any kind. Many are employed part time or are on rotation basis. Many receive odd jobs locally, of which no records are available. Believe that number of unemployed who can find no work of any sort to be under 500.000.

GEORGE WHITE, Governor,

OKLAHOMA CITY, OKLA,

HIRAM BINGHAM,

United States Senate:
Number of people starving in Oklahoma, if any, unknown. Eighty thousand three hundred and sixty-three out of employment, shown by recent survey; also 17,346 aged and infirm. Only \$400,000 State relief funds available.

W. A. PAT MURPHY Commissioner of Labor.

SALEM, OREG., February 29, 1932.

Hon. HIRAM BINGHAM.

Hon. Hiram Bingham,

United States Senate:

No persons in Oregon actually starving; 43,000 registered unemployed, without work of any kind, but being fed.

Julius L. Meier, Governor.

SALEM, OREG., March 2, 1932.

Hon. HIRAM BINGHAM,

Hon. Hiram Bingham,

United States Senate, Washington, D. C.:

Since sending telegram dated February 29 am informed by J. M.
Devers, in charge of unemployment, there are in State 54,000
registered unemployed, with approximately 160,000 dependents.
Approximately 11,000 men given employment one week per month
on highway work, remainder unemployed and dependents being
cared for through charity, private and public. Charity funds will
be exhausted by spring, necessitating drive for additional funds.
Practically all public work available is State or county highway
work. State made available one and a quarter million dollars,
city of Portland and Multnomah County each provided one million
by bond issue, making over three million for emergency unemployment. These funds will soon be exhausted, leaving thousands
destitute and dependent on public for necessities of life. destitute and dependent on public for necessities of life.

Julius L. Meier, Governor.

HARRISBURG, PA., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

At least 1,000,000 people are unemployed in Pennsylvania. Philadelphia gives \$4.38 per family per week for relief. That is practically starvation. Relief given in many other places far less. Underfed children have increased 30 per cent in Pennsylvania schools in one year. Suffering in coal regions east and west especially severe. We know starvation is widespread, but no one has anymerated the starving. Unemployment is costing Pennsylvania. especially severe. We know starvation is widespread, but no one has enumerated the starving. Unemployment is costing Pennsylvania wage earners a billion dollars a year. I regard the refusal of standpat Democrats and Republicans in the Senate to give relief to suffering people after giving two billions in dole to big business as most scandalous and indefensible preferring of money to human beings in my experience. beings in my experience.

GIFFORD PINCHOT.

COLUMBIA, S. C., March 3, 1932.

HIRAM BINGHAM, United States Senate:

There are many people in South Carolina who are suffering. I know of none who are starving for food or freezing from lack of fuel or shelter. There is a vast number who can find no employment. I hesitate to make definite statement for the lack of statistics and information. A mild winter has contributed greatly to the relief of our people. Much could be done to improve our situation

I. C. BLACKWOOD, Governor.

PIERRE, S. DAK., March 1, 1932.

Senator Hiram Bingham,

United States Senate, Washington, D. C.:

Red Cross has averted any possibility of people starving in this
State. Less fortunate of our people are being fed by Red Cross
and local organizations. Three times as many unemployed in
towns and cities compared with normal times.

WARREN GREEN, Governor.

NASHVILLE, TENN., March 3, 1932.

Nashville, Tenn., March 3, 1932.

Senato Office Building, Washington, D, C.:

In re telegram Governor Horton, please be advised we have no starving people in Tennessee; have never had, and do not expect to have. People do not starve in this State. Tennesseeans are real people and will always look after their own. Comparatively few people in Tennessee willing to work are out of employment, and this number is being gradually reduced. Tennessee and Tennesseeans are in good shape. Thanks for inquiry.

Charles C. Gilbert.

Chairman Tennessee's Committee to Aid Employment.

AUSTIN, TEX., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate:
From our best information we have no reports of actual starvation. Probably 100,000 people destitute living on charity and invisible aid; 300,000 unemployed.

R. S. STERLING, Governor.

SALT LAKE CITY, UTAH, March 3, 1932.

Senator HIRAM BINGHAM,

Washington, D. C.:

More than 50,000 persons in Utah would be starving if it were not for relief extended by counties, cities, and charitable organizations. There are in excess of 12,500 heads of families who can not find employment. These figures are based upon actual surveys. GEORGE H. DERN.

MONTPELIER, VT., March 4, 1932.

Hon. Hiram Bingham,

United States Senate:

Telegrams received. There are no people starving in Vermont.
Difficult to state how many are unable to obtain employment of any kind, because at this time of the year there are quite a number of seasonal unemployed in Vermont. Many have insufficient work but work created locally to care for unemployment furnishes some work to most of those who otherwise might have none.

STANLEY C. WILSON,

Governor of Vermont.

RICHMOND, VA., February 29, 1932.

Hon. HIRAM BINGHAM,

United States Senate: Answering your wire, Virginia, in common with other States, suffering from unemployment. Number who can find no employment of any kind estimated at about 25,000. Passage by Senate of House bill advancing road money to States will give employment to many and hasten return of normal times.

JNO. GARLAND POLLARD, Governor of Virginia.

RICHMOND, VA., February 29, 1932.

Hon. HIRAM BINGHAM

United States Senate:

Second telegram received. So far as I know, nobody in Virginia is starving in the sense that they are dying for food, but in Virginia, as in all other States, there are many suffering for want of sufficient food and clothing.

JNO. GARLAND POLLARD, Governor of Virginia.

CHARLESTON, W. VA., March 2, 1932.

Hon. HIRAM BINGHAM,

Hon. Hiram Bingham,

United States Senate:

Have delayed acknowledging receipt of your telegram 1st instant to Governor Conley expecting his return to city. However, his return has been delayed and he is not expected back until next week. We have no reports of any deaths from starvation, although many are in need because of inability to find employment. employment.

VINCENT LEGG, Private Secretary to the Governor. CHARLESTON, W. VA., March 3, 1932.

Hon. HIRAM BINGHAM, United States Senate:

Last survey showed 64,000 unemployed in West Virginia. However, about half of this number are occasionally able to get a day's work.

Private Secretary to the Governor.

Madison, Wis., February 29, 1932.

HIRAM BINGHAM:

Two hundred thousand entirely out of work.

THOMAS M. DUNCAN, Secretary to the Governor.

CHEYENNE, WYO., February 29, 1932.

Hon. HIRAM BINGHAM

Senate Office Building, Washington, D. C.:

I know of no community in Wyoming where people are starving. Wyoming is able and willing to handle its own relief situation and has not requested, and will not request, assistance from either the Federal Government or other States. The unemployed in Wyoming probably does not exceed 2,500, including coal miners who will probably be out of employment in the next two or three weeks. Our unemployed probably does not exceed 1 per cent of our population. Enactment of legislation providing for additional road construction would materially aid our labor situation.

A. M. CLARK, Acting Governor.

Mr. BORAH obtained the floor.

The VICE PRESIDENT. A point of order has been made against the pending amendment, and the Chair is ready to rule.

Mr. McKELLAR. Mr. President, may I say to the Senator from Idaho that after consulting with friends of the amendment on both sides, I believe the amendment is subject to a point of order. The Senator from Utah [Mr. Smoot] states that he is going to make the point of order. Therefore I will withdraw the amendment, and at the proper time I shall move to recommit the bill to the committee with instructions to report back a 10 per cent reduction on the gross amount of the bill.

#### JUDGE JAMES H. WILKERSON

Mr. BORAH. Mr. President, I do not rise to discuss matters connected with the pending bill. I desire to say a word about another matter.

There appeared in this morning's Washington Post an editorial on Judge Wilkerson. I shall not read the entire editorial, but there is a statement in it to which I wish to call attention:

Judge Wilkerson's nomination has been held in the grip of a few Senators who happen to have power to block a report. Weeks have passed and the Senate has not had an opportunity to reward this faithful public servant by approving his promotion.

Why does the Senate permit a subcommittee to block a vote on the confirmation of this nomination? How much humiliation must be dealt out to Judge Wilkerson before he is to be rejected or accepted by the Senate?

I think it proper to make a statement of fact in regard to that matter, and a statement of fact only, because I do not propose to argue the merits or demerits of Judge Wilkerson's nomination.

When the subcommittee was appointed it was immediately convened. Those who were opposing Judge Wilkerson asked for time in which to present the facts. At that time Mr. Donald Richberg, the attorney for the wage earners in Chicago, who were in a controversy over the wage question, was detained by his work in Chicago. He stated that it would be impossible for him to attend upon the committee for some time. We were compelled, therefore, to wait upon his attendance.

After Mr. Richberg appeared, those who were supporting Judge Wilkerson also asked for time in which to present the facts. The committee gave them time to the extent of two weeks. One of the parties interested in the matter was ill and could not attend, and therefore we allowed that length of time.

Afterwards the Bar Association of Chicago desired to be heard, and the committee desired to hear the bar association. But the committee of the association was not prepared at that time to present the matter and asked for time.

The bar association desired to familiarize itself with the record and to present the facts in the light of the record; time was thus extended for those who were supporting Judge Wilkerson to enable them to present the matter as fully as desired.

We are now waiting upon the bar association to present the final facts in regard to an important matter. Only this morning I received a telegram from Chicago, from the bar association committee, reading as follows:

Expect to send you written report in matter of Brundage appointment as receiver for St. Paul Railroad in two or three days at latest. Have been delayed in investigating facts because of absence of number of persons most familiar with the facts.

MEGAN. MILLER, HAIGHT.

Committee of Chicago Bar Association.

There has been no delay upon the part of the subcommittee itself. It has urged these people, with as much urgency as seemed proper, to present the facts upon both sides. We did not desire to preclude a full presentation, but we have in no instance failed to come together and to hear them when they were prepared to present the facts. I do not think either the proponents or opponents sought to delay the disposition of this nomination.

Judge Wilkerson is now on the bench, and I presume that nothing is being lost in the way of public service or the public interest by the fact that he may be delayed for a reasonable time in taking his position, if he is confirmed, upon the court of appeals. I desire to say, of course, that Judge Wilkerson is in no sense responsible for the editorial view. It has no bearing whatever upon his fitness or unfitness for the position, but I thought it proper to state these facts in the interest of justice to the subcommittee, as well as to all parties interested.

Mr. GLENN. Mr. President, the subcommittee in charge of the Judge Wilkerson matter needs no testimonial at my hands. It is headed by the able, distinguished, and wholly fair Senator from Idaho [Mr. Borah]. With him are serving other Members of the Senate of equally high character and reputation and standing in this body and in the country.

I desire to say, however, as one of those who indorsed Judge Wilkerson for nomination that the subcommittee have been diligent and prompt; and to those appearing upon behalf of Judge Wilkerson and in his interest they have at all times been most courteous. At this time I desire to express my thanks for the consideration which has been given to those appearing in behalf of and sponsoring the nomination and confirmation of the judge.

It is true that some considerable time has elapsed; but it has occurred exactly as has been stated by the Senator from Idaho. The delay has been occasioned at the request of both the proponents and the opponents of Judge Wilkerson. I have had occasion at one time to ask a week's continuance, owing to illness; and I recall and desire to mention the fact that the chairman of the subcommittee and the members of the subcommittee were kind enough to meet in special session at my request a few days ago to hear the statement of an aged witness, Mr. Frank J. Loesch, who happened to be here in Washington. They held that hearing upon very short notice, and at considerable inconvenience, as I was informed, to the chairman of the subcommittee and to certain of the other members.

I desire to say nothing further.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had recommitted to the committee of conference the report of that committee on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

Mr. SCHALL. Mr. President, I desire to make a speech to-day of some length, because to-morrow 32 farm cooperatives are holding in this city their convention. It seems to me it would be a friendly act to summarize the arguments that appear to me in behalf of the Farm Board and the cooperatives, as well as to air some of the malicious and unjust charges being circulated by organized propaganda against them, to both of which their attention should be called.

Mr. President, the farmers are not able to meet their bills; they do not receive enough from the sale of their products to pay interest and taxes; they are unable to buy the manufacturers' products and output, and the factories of this country are closed because the buying power of the American farmer and producer has vanished.

When the farmer borrowed his money and mortgaged his farm in 1920 wheat was selling at \$3 a bushel, and it would take only 1,000 bushels of wheat to pay off a \$3,000 mortgage. Similar conditions confronted the cotton grower, the farmer who sold livestock, and the producer who sold his dairy products. When they borrowed on their farms in 1920 they were able to sell their products and livestock and their cotton for anywhere from four to six times as much as they receive for these same products now. To-day, with wheat selling at 50 cents a bushel, with cotton prices demoralized, with dairy products and livestock selling for a song, it will take six times the amount of the farmer's products to liquidate his debt.

One of the chief causes of the destruction of the credit of the American farmer and producer was brought about by the Federal reserve bank and its operations in deflating the American farmer. The Federal reserve bank is the financial agency of this Government, but in the enactment of the Federal reserve law and in its practice and operation no provision has been made for the proper financing of the farmer and producer. I have introduced a bill, S. 4058, which if passed will permit Federal reserve banks to discount first liens on improved farm lands, and I hope it may be given such attention that it will remedy this discrimination against the farmer.

The farmer's collateral is excluded and farm mortgages are not allowed to be used as a basis of credit. On the other hand, industry, the banks, the railroad companies, and the trust companies have been taken care of by the Federal reserve bank. The withdrawal of credit will ruin any business; the refusal to finance agriculture, on the part of the Federal reserve bank, is directly responsible for much of the condition that afflicts the farmers to-day.

This condition has not been given the attention it deserves by either of our major political parties or by the Congress of the United States. Because of our failure to take speedy and adequate action to rehabilitate agriculture, we find that the bankruptcy of the American farmer and producer is reflected in our closed factories, in our ruined banks, and the jobless men and women of America. Forty per cent of the population of this country is rural or dependent upon rural activities.

The American farmer and producer constitutes approximately 35 per cent of the buying power of this Nation, and that buying power has ceased to operate. Such a condition can not and must not endure. You can burn down your cities, but if the farm is left intact they will spring up overnight, but if the farm is not paying the cities will rot and grass grow in the streets, a thing which has happened.

When the manufacturers, the banking interests, or the insurance interests have asked for legislation in their behalf, it has been freely and willingly granted by Congress, but when we pass a law to reestablish agriculture, which is the basic industry of this Nation and upon which the prosperity of American labor depends, we find that those who have the privilege of making millions from the toil and the effort of the American farmer seek to poison the minds of the public and the Members of Congress against this law.

During all this time the traders in the farmers' commodities have been in control of the marketing system, they have fought every effort to give to the farmer and producer the cost of production or the right to own and control his own marketing system. The manufacturer, the industrial and

financial magnates have gone along paying little heed to the demands or conditions of the agricultural interests of this

For years everything seemed rosy-mills and factories were running, labor was well employed, and no one was willing to listen to the cry of the American farmer and producer. To-day our mills and factories are closed and millions of men and women are tramping the streets. When 60,000,000 people have lost their buying power; when there are between six and ten million men and women walking the streets of our country looking for work, it is time that the financial giants and the industrial leaders of our country give some attention to the problems of the farmer.

The only people who are not in a position to fix the price of their labor-the compensation for what they raise-are the American farmers. Unless the agricultural marketing act is upheld and strengthened the farmer will be powerless to bargain collectively for the sale of his products. No marketing system should have the right arbitrarily to fix the price that the farmer and producer should receive for their products. Why should we expect to eat the food or wear the clothes obtained from the products of the farmer for less than cost?

#### FULFILL OUR PLEDGES

In 1928 both major political parties admitted the need of legislative remedy. The Republican platform contained this pledge:

We promise every assistance in the reorganization of the marketing system on sounder and more economical lines, and, where diversification is needed, Government financial assistance during period of transition.

The Republican Party pledges itself to the enactment of legis-lation creating a Federal Farm Board clothed with the necessary powers to promote the establishment of a farm marketing system, of farmer owned and controlled stabilization corporations or associations to prevent and control surpluses through orderly distribution.

favor, without putting the Government into business, the establishment of a Federal system of organization for cooperative and orderly marketing of farm products.

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success.

## The Democratic platform promised:

Farm relief must rest on the basis of an economic equality of

ram relief must rest on the basis of an economic equality of agriculture with other industries. To give this equality a remedy must be found which will include, among other things:

(a) Credit aid by loans to cooperatives on at least as favorable a basis as the Government aid to the merchant marine.

(b) Creation of a Federal Farm Board to assist the farmer and stock raiser in the marketing of their products, as the Federal Reserve Board has done for the banker and business man.

We pledge the party to foster and develop cooperative marketing associations through appropriate Government aid.

## PRIVATE COMMODITY GAMBLERS CONTROL CREDIT

Those promises have only been partially fulfilled. The agricultural marketing act, as passed, was not as I wanted it. I was for the equalization fee, and I still think that law is inadequate without the equalization fee, which will furnish the machinery for taking care of the surplus of the farmer and avoid the piling up of grain where the world can see it and thereby continue a menace to higher prices. A measure should be passed to take care of the surplus and feed it out gradually to the foreign market, accepting such salvage as it brings. The protected home market is the thing sought.

During a period of 75 years prior to the enactment of the agricultural marketing act there had grown up a monopoly of commodity exchanges. For the last three decades the farmers have tried, through the cooperative movement, to have something to say about the fixing of the prices of their commodities.

The hearings before the Federal Trade Commission are filled with a record of intrigue, of corruption, of the spreading of false rumors against cooperative organizations, which have resulted in destroying these cooperative agencies. Hundreds of millions of dollars are made by private dealers belonging to these exchanges in the handling of the farmer's products in practically every grain, livestock, or dairy center of distribution. These same members of the commodity exchanges are often the stockholders and directors in banks, trust companies, and insurance companies, and because of this they control credit. Private elevator companies and commission merchants have for years loaned to the farmer, at excessive rates of interest, the money so necessary to enable him to move his crops or to sell his stock or products to meet the seasonal demands. When cooperative organizations desired money to assist in moving the farmer's crops, the banks, which were controlled by these same gamblers in the farmer's commodities, refused credit and discriminated against them.

At recent hearings before the House and Senate Committees on Agriculture, as usual when anything is attempted to be done for the farmer, we were admonished not to interfere with private business no matter how extortionate their profits or reprehensible their methods.

What is private business? If it is the banking business, it is the handling of the people's money, and the Government should give some attention to this. If it is the manufacturing business, does not that concern the consumers? When big business puts billions of dollars into foreign loans, they feel they should do so without this Government having a word to say about it; but when it becomes necessary to protect those loans with American troops, they are the first to squeal for Government aid. They are then willing to have Government in business as they wrap your flag and mine about them and to the strains of martial music cheer our boys on their march to the grave.

A living wage to the toilers and farmers of America is our job. Our biggest business is to leave as a legacy to our children and our children's children the opportunity to make a living; to stop forever the centralization of wealth and the enslavement that follows it.

Another slogan they advance for our lock step is that we should not subsidize the farmer. They argue that it should be the "survival of the fittest," that the cooperative and private trader fight it out. When the crops are to be harvested and sold; when the livestock is to be put upon the market, the problem is how to finance those crops and livestock. It is at this point that the unequal status is revealed. The private gambler in the farmer's commodities finds a ready welcome into the banks and financial institutions and can obtain the finance and credit which go to the very heart of this fight. Let the cooperative organizations start for that same bank or financial institution, and stealthy feet stick out to trip him on his way and he is suavely told that he can not receive credit, and the result is that the cooperatives can not finance the farmers in the marketing of their crops. This is not the "survival of the fittest," but of cunning and conniving greed.

The agricultural marketing act gives to the cooperative organizations the equality that is necessary for a fair fight for the "survival of the fittest."

## INDEPENDENCE

The claim is made that we must not destroy the independence of the farmer; that he has a right to run his farm the way he pleases and to trade with whom he pleases. Under this so-called independent system the farmer has become a bankrupt. He is not an independent individual. He is dependent upon crop and weather conditions, upon surpluses and world markets, upon credit arrangements, including finance bonds and insurance, upon manipulations of the market, and cooperation is his only salvation.

When the farmer sells his grain he has nothing to say about the price. That price is arbitrarily fixed by the private grain trade and, until recent times, has depended upon the foreign market.

The Liverpool price of grain has dominated and dictated what the farmer has received.

## UNFAIR PRACTICES

An investigation by the Federal Trade Commission, made at the request of the equity cooperative exchange, showed cars of grain shipped by the farmers to private dealers who are members of the Grain Exchange of Minneapolis were handled as many as 11 times by different commission firms, and that commissions or profits were charged against

the farmer's grain every time it was handled. This cost the farmer from 12 to 15 cents a bushel. This law was passed to allow the cooperatives to keep control of the grain from the time it leaves the farmer's hands until it reaches the mill, to put an end to the looting of the farmer. Before its passage the American price for the farmer's grain was from 16 to 17 cents below the Liverpool market.

During the time the Farm Board was stabilizing grain prices our farmers received from 14 to 22 cents above the Liverpool price. The record shows that after the Farm Board ceased stabilization the farmer received  $1\frac{1}{2}$  cents above the Liverpool market instead of receiving 16 or 17 cents under the Liverpool market, as was the condition before the passage of the agricultural marketing act.

The average wheat crop of this country during 1929, 1930, and 1931, was approximately 800,000,000 bushels a year. If a saving of 17 cents a bushel were made, this would mean that the farmer received \$136,000,000 more for his grain after the passage of the act than he would have received. Twenty-two cents above the Liverpool price would add to this amount \$176,000,000 more, making a total of \$312,000,000 saved to the wheat farmer, to say nothing of the hundreds of millions saved to the farmer raising other commodities. It must not be forgotten that the power to stabilize the price of grain, whether exercised continually or occasionally by the Farm Board, has a deterring effect upon short selling, and has prevented a further drop in the price of farm products. As a result of the increase in prices in grain there was inevitably a raise in price in livestock, cotton, and other farm products in sympathy with a stability which was given to the grain market during the stabilization operations.

The hearings before the Federal Trade Commission and Congress, with their disclosures of the abuses and unfair practices of the private grain and cotton exchanges, are a sufficient reason for the demand that is now being made by the farmer for legislation that will enable him to control and finance his own marketing system.

The interrelated connections between the banking interests and the private commodity exchanges of this country are well known. These connections have and will always oppose every effort of the producer to get away from the exactions and the tribute which the farmer has been compelled to pay to the gamblers in farm commodities and make plain the necessity of continuing the agricultural marketing act.

A greater emergency confronts this Nation to-day than during the World War when we gave to Julius Barnes unlimited power to fix grain prices. With that unlimited power, an arbitrary price, "a pegged price," but "pegged downward," was fixed. Financial support and the additional enactment of the equalization fee would put teeth into the agricultural marketing act and enable the farmer to market and sell his products without dictation, to enjoy the benefit of the protective tariff in his home market, and to get that equality "between agriculture and industry," which both the Democratic and Republican platforms solemnly promised.

The future of America depends upon the success of the tillers of the soil. The man who plants the seed, who gambles with nature, who takes his chances against drought, floods, heat, and cold is entitled to a fair deal for the "survival of the fittest." The agricultural marketing act does not give to any agency, cooperative or private, a monopoly of handling the products of the farmers. Only through a centralized agency, nation-wide in scope, can we ever hope to make a success of the agricultural marketing act. The "survival of the fittest" slogan will apply to the grain and cotton exchanges and the boards of trade if in fair competition they can render the same or better service to the producer.

The farmers have not forgotten that the traders in wheat, cotton, livestock, and dairy products grudgingly gave their assent to the passage of the agricultural marketing act because they thought thereby to defeat the equalization fee and figured they could control the Farm Board and hang onto the monopoly which they had of handling the farmer's products.

When President Hoover's appointees began to function, to the utter consternation of the traders, they made an honest effort to help the farmer and really to assist in the development and growth of the cooperative movement. This was not at all what the gamblers expected, and immediately a flood of malicious, subtle, false, and destructive propaganda was turned loose upon Congress and the public.

Section 5 of the agricultural marketing act specifically provides certain powers and duties of the Farm Board which are of the highest importance to every farmer and producer:

SEC. 5. The board is authorized and directed (1) to promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof.

(2) To encourage the organization, improvement in methods, and development of effective cooperative associations.

Only by this method can the farmers and producers become independent of the gamblers in the farmer's commodities, and he has a right to expect that protection.

Chairman Stone, of the Federal Farm Board, correctly stated the purpose of the agricultural marketing act when he said:

A marketing system operating to their interest (i. e., the interest of the farmer and producer) and adjustment of production to the probable consumer demand are perhaps the most basic needs of American farmers.

#### Mr. Stone further said:

The agricultural marketing act offers aid to farmers, through organized effort, to make the necessary adjustment. It commits the Government definitely to the support of cooperative marketing. The Farm Board's main job is to assist in the development of the national cooperative movement.

One of the first conclusions reached by the board was that the sales activities of cooperatives handling a particular commodity, such as grain or livestock, should be centralized in a single agency if the interests of the grower were to be served best in merchandising his product. \* \*

Local cooperative associations, whose members are the people on the farm, constitute the foundation of all the central marketing organizations, which mean the latter are built from the farmer up. In every instance the plan of organization was developed by a majority of the cooperatives handling the commodity and without dictation from the Farm Board. These central associations are farmer owned and controlled, great care being taken to see that they are set up on a sound financial basis, and that they have competent management. Their services are open to all farmers on an equitable basis.

## STABILIZATION OF PRICES

In an effort to protect the farmer against a falling market and against a world-wide depression, which have existed during the time these efforts have been carried on by the Farm Board, the price of grain was stabilized. Everyone knows that this action of the Farm Board resulted in upholding to some extent the credit structure necessary to give the farmer a fairer price. As a result of this program hundreds of millions of dollars were saved to the farmers of this country and this money, in these times of world depression, was spent by the farmer with the local merchant and deposited in the local banks, resulting in a distinct, actual benefit, not only to the farmer but to the merchants, to the laboring men, and to the bankers in these communities.

Whatever loss the Government may have sustained as a result of these stabilization operations has inured to the benefit of the farmer, who is certainly entitled to this little recognition, since his Government, under the Democrats in 1920, through the Federal reserve banks, started their deflation policy of the farmer. Any loss as a result of the stabilization of grain prices is worth all that it has cost. The money which the farmers received under such a program is all that has enabled those still left on the farms to stay there.

## MILLIONS LOST

During war-time control this Government lost hundreds of millions of dollars in order to protect the railroad interests of this Nation and to stabilize the prices which they would receive for their services. The farmer renders just as great and important a service as do the railroads or the financial interests of this country. He is entitled to every bit as much consideration in solving his difficulties and in enabling him to get back on his feet as any other interest in the land.

The business of handling and marketing the farmer's crops, of meeting the unfair and dishonest competition of the commodity gamblers, of watching the price and protecting the seller every hour of the day is just as intricate and as involved and important as any other business.

#### ONE NATION-WIDE COOPERATIVE

In an effort to utilize the services of the cooperative organizations of this country the Farm Board realized that it would be essential to deal with one central organization which would give all of the cooperatives the opportunity to enter into such a national set-up on a fair and equitable basis.

As Mr. Stone stated before the Senate Agricultural Committee in the recent hearing:

Mr. Stone. The objective of the Farmers' National Grain Corporation is to bid a price on grain bought from its members based on the terminal market that is nearest to it, less a sufficient amount to take care of the handling charge of the grain, with a reasonable commission on the transaction. In other words, the Farmers' National Grain Corporation largely operates the same as does a grain merchant on any of the markets, only its objective is entirely different from the objective of the grain merchant. The objective of the grain merchant is to buy grain as cheap as he can and sell it as high as he can to make as much money as he can.

Senator Wheeler. Isn't that the same plan that we have here?
Mr. Stone. No. The objective of the Farmers' National Grain
Corporation is to bid a price for the members' grain as high as
they can to enable them to get their money back and make a
reasonable commission in the transaction. Whatever it makes
goes to its stockholders. That, in my opinion, has had a very
beneficial influence on the price of grain, even though the price
level has been low.

The Farmers' National Grain Corporation was organized under the direction of the Farm Board. It is a nation-wide cooperative organization. It—

Is primarily a merchandising agency and has made no effort to effect any feature of monopolistic control of the product. \* \* \*

The greatest single service the Farm Board has rendered grain producers has been in helping to bring together into one national cooperative agency, Farmers' National Grain Corporation, practically all of the larger grain cooperatives in the country. This nation-wide organization enables growers to carry the producers' influence into the terminal grain markets, to represent their interest in shaping rules and regulations under which grain is to be sold, and to make the marketing system function more directly in the interests of the farmers.

Another service is that of avoiding market congestion. Even with facilities crowded to the limit, judicious handling of supplies through Farmers' National was instrumental in avoiding what otherwise might have been serious gluts at terminal markets during the 1930-31 season. (Second annual report of the Federal Farm Board.)

In carrying out the loan provisions provided for in the agricultural marketing act the Farm Board pursued the only safe and sensible method of dealing with this problem.

That was to loan to one nation-wide cooperative and to enable all cooperatives and farmer producers to enter into such nation-wide cooperative organization and obtain the benefits of such a loan program.

It would have been unbusinesslike for the Farm Board to deal with and loan to thousands of individual cooperative organizations and individual farmers without any reference to their financial standing or their ability to repay these loans

It was also important and the Farm Board was necessarily interested in the financial structure of the cooperative organizations who would handle the farmers' products and in the ability and personnel of the management of such organizations to the end that they would function efficiently and wisely for the benefit of the producer.

If the Farmers' National Grain Corporation can and does render better service to the producer, it follows that the cooperative organizations will enter into and become a part of its set-up and organization in the marketing of products.

This act has been in force a little over two years, and yet the grain cooperative organizations operating under the provision of the agricultural marketing act handled a total of 196,000,000 bushels of grain in 1931, as compared with 67,000,000 bushels handled by all grain cooperatives operating on terminal markets in 1927–28. This grain was handled at a cost of less than 1 cent a bushel. Contrast this

cost of less than a cent a bushel for handling the grain with the 12 to 15 cents the farmers have been paying for years to the private grain traders for the same service and you must conclude that the farmer is unqualifiedly for the retention of this act. Similar gains and similar growths have been made in all the cooperatives, and similar benefits have accrued to the farmers in the handling of other products. The organizations representing the farmer are unanimous for the retention of this act.

Mr. Louis J. Taber, president of the National Grange of the United States, representing one of the largest farm organizations of the Nation, unhesitatingly approves the farm marketing act. This great organization, the National Grange, recently adopted, among others, the following resolutions:

Resolved, That—
2. The nation-wide cooperative marketing machinery, which has been expanded and developed during the two years under the agricultural marketing act as never before in any equal period of American experience, must be further extended and strength-

4. The Federal Farm Board, handicapped by a measure inadequate to meet the needs of a difficult situation, has nevertheless contributed greatly toward developing and strengthening the cooperative movement.

Showing the reaction of the American farmer, Mr. E. A. O'Neal, the president of the American Farm Bureau Federation, said:

I want to say for the act that I think, as a farmer—that is the only interest I have personally, and for my farmers—that the act itself has been very, very helpful to the cooperative organiza-tions of the Nation. \* \* \* They have been very much dis-couraged with the way the surplus was handled, but I say this, that I think frankly the stabilization activities in wheat and cotton by the Farm Board were honest endeavors to do a job for the farmer.

I think the farmer ought to be in charge of his own marketing system, Senator Gore, and anything you can do to help him do it I am in favor of. You have done it for every other group. Why not do it for the farmer?

Mr. John Simpson, president of the Farmers' Union of America, representing hundreds of thousands of farmers, also expressed the need when he said:

We believe it is a fair proposition to put to Congress to say that every consumer should be willing to pay the farmer the cost of production for what they use of the American farmers' products.

Another line that is needed for farmers is finance if the farmers are to survive. Fundamental with this also is the fact that agriculture must be vital to the Nation. This Nation can not afford to see agriculture destroyed. It is a vital part of the Nation. That is the reason why you are seeking a way to make agriculture secure. If agriculture is to survive, the farms must be refinanced at much lower rates of interest. The Farmers' Union is back of Senator Frazzer's bill that, as I understand, when it will be beintroduced, will provide for 1½ per cent interest rate and 1½ per cent on the principal—3 per cent a year. We are back of that bill because this Government is financing Italy at 1.1 per cent and then gave them a moratorium. We feel like farmers ought to have a rate of 1½ per cent.

There are two major things that we would like to see done. First, refinance the farm mortgages of the country on the basis as outlined in the Frazier bill, and to find some way of building on the marketing act a program of guaranteeing cost of produc-Another line that is needed for farmers is finance if the farmers

the marketing act a program of guaranteeing cost of production.

Let me call the attention of this body to the following significant opinion expressed by Mr. Simpson, of the Farmers' Union, in response to a statement of my colleague:

Senator Brookhart. Over in New York the gamblers get all the money they want at 1 or 2 per cent.

Mr. SIMPSON. Senator, we farmers feel that we ought to be worth as much to the Nation as the gamblers of New York.

Mr. Ralph Snyder, chairman of the National Committee of Farm Organizations, representing 16 farm bureaus and cooperative organizations, in the recent hearing before the Agricultural Committee of the Senate called their attention to the resolution adopted by these organizations in the following language:

Our faith in the efficacy of the agricultural marketing act remains unshaken. We hereby serve notice on its enemies who are working overtime to accomplish its defeat that this act and its proper and effective administration will receive our unqualified

support. We favor any such constructive amendment to it that may strengthen the measure and express our willingness to work to that end with any and all friendly groups.

Let us not forget that Mr. Taber, president of the National Grange, Mr. O'Neal, president of the Farm Bureau Federation, Mr. Simpson, president of the Farmers' Union of America, and Mr. Snyder, representing 16 nation-wide cooperative organizations, are speaking for practically 3,000,000 farmers and producers in the United States, or more than one-half of the farmers of the Nation. The basic principles of this act are sound and workable and the mistakes which have been made, if any, can be overcome and rectified.

If, in the set-up of the national livestock organization, the Farmers' National Grain Corporation, or the American Cooperative Cotton Association, there have been some mistakes made in the administrative features, this by no means furnishes a justifiable basis for destroying the marketing act or passing amendments that will cripple and hamper its operation. The farmers of America can not be organized in a day or a week. The distribution of agricultural products has been built up by the handlers in grain for their own purposes.

It is because of the fear that the efforts that are being made to give the farmers an honest and a fair marketing system may succeed that we find unjustified attacks being made against the Farm Board and the agricultural marketing act. Every opportunity is used by the private grain trade to broadcast unfounded and dishonest charges against the cooperatives. Many of the newspapers of this country are willing allies in this campaign of deception. The cooperatives are semipublic institutions and at all of their meetings they disclose the detailed information of the affairs of their associations and these are given to the public, and rightly so. The mistakes and vicious practices of the private grain trade are seldom known. The privately owned grain institutions keep all of their affairs to themselves, including their intrigues and their manipulations of the market.

#### ORGANIZED PROPAGANDA

The agricultural marketing act has been under constant attack. There was recently held before the Governor of Minnesota a hearing which consumed some 10 weeks of time, involving charges against the Farmers Union Terminal Association, which is a cooperative. Under the guise of seeking to remove the railroad and warehouse commissioners of Minnesota, a complaint was filed with the governor of my State containing 14 separate charges of misconduct upon the part of the railroad and warehouse commission and the Farmers' Union Terminal Association. Half of the petitioner's complaint in the proceedings was devoted to an attack upon the agricultural marketing act and Stabilization Corporation and the Farm Board. It had nothing to do with the matter which was to be heard by the governor. Its only purpose was to destroy the faith of the people in the agricultural marketing act and in the cooperative movement.

At the close of this hearing 11 of the charges made in the petitioner's complaint were dismissed. Three charges remained to be considered by the governor, all of which involved the sale of wheat contained in what is known as Elevator M in the city of Minneapolis, by the Farmers' Union Terminal Association to the Grain Stabilization Corporation.

The complaint of the petitioner in this case attacked the integrity of the officers and officials of the Farmers' Union Terminal Association, a cooperative. The Grain Stabilization Corporation, the purchaser of this grain, made no complaint as to its grade or quality and when the testimony was completed it was clearly shown that there was not a single bit of evidence to sustain the charges made in the proceedings. The governor unhesitatingly found that there was no evidence to justify him in removing the railroad and warehouse commission, and it was ordered-

That said charges be, and the same are hereby, dismissed, and said petition for the removal of said railroad and warehouse commission be, and the same is hereby, dismissed. Dated this 18th day of February, 1932.

In order to understand the exact situation it might be well to explain that the governor's party is Farmer-Labor, that the railroad and warehouse commissioners are Republicans. The governor has, for cause, the right to remove these officials and fill their places with good Farmer-Labor workers, whose removal would have allowed him to increase his machine by three commissioners and through them 570 husky, partisan workers. He never would have held the hearing if some one had not persuaded him that the chance of removing the railroad and warehouse commission was good, which makes his decision of especial significance.

The governor, in further commenting upon the record in this case, had the following to say:

The testimony given does not justify any finding of misconduct on the part of the Farmers' Union Terminal Association.

Notwithstanding that every charge made to discredit the Farm Board and agricultural marketing act, and the Farmers' Union Terminal Association, was found to be untrue, yet the fact remains that when this charge was made it was broadcast in the headlines of all the papers in the Northwest, creating in the minds of the people and the farmers distrust in the Farm Board and in the agricultural marketing act. Their object was to broadcast the charges and to herald them through the newspapers; then to bring it to bear on Washington to assist their destructive plans. Those who know the conditions in the Northwest realize that the grain traders of Minneapolis were responsible for this hearing. Further information can be secured from the argument of Tom Davis, for years a leading northwest progressive counsel for the Farmers' Union Terminal Association, which I introduced into the record, and a reading of this argument will convince anyone that this hearing was inspired and financed by the Grain Exchange of Minneapolis.

### FALSE PROPAGANDA

Many of the same charges which were presented to the Governor of Minnesota were issued by one J. W. Brinton in a book entitled "Wheat and Politics." Congress is undoubtedly familiar with this book, for I am informed that every Member has received copies of it.

In this book the author points an accusing finger at the Farmers' National Grain Corporation of being organized within the State of Delaware. Of course, they are organized in the State of Delaware. If they sought the advice of any reputable lawyer, he certainly must have advised them to organize in a State where the laws of that State would not hamper their operation. It might be necessary for them to sell 50,000,000 bushels of wheat in 10 minutes, and if they were organized in many States this could not be done without a lot of red tape, meeting of the board, and a few other things that would restrict immediate action and might entirely frustrate their deal. They must be organized where they have such freedom of action as have their private competitors. Delaware stands alone the most unrestricted State in the Union. Merely because some of the richest and most powerful corporations in the country are organized in that State is no reason why a cooperative should not avail itself of similar opportunity. They should be commended, not condemned, for their sagacity.

Until Mr. Brinton was refused a position with the Farmers' Union Terminal Association he wrote article after article favorable to the Farmers' National Grain Corporation, the Farm Board, and the marketing act.

It would be interesting to know what contact the author of this book has made with the private dealers in grain and cotton and what assistance they rendered in its circulation and distribution.

Mr. Brinton applied to the Farmers' National Grain Corporation and to the Farmers' Union Terminal Association for a position as a lecturer and speaker as late as July, 1931.

Brinton sent his agent, Mr. Hutchinson, to Kansas City, Mo., to sell to the private grain trade and to the members of the grain exchange of that city his book entitled "Wheat and Politics." Mr. Hutchinson, in making a report of his activities in Kansas City, on October 26, 1931, wrote a very enlightening letter to Brinton, in which he says:

While working in Kansas City I promised them that I would not have any correspondence with the office.

Mr. President, the following quotation explains why the grain trade were so careful to exact such a promise:

I never run across anything just like this to sell. Every member of the board would give all his old boots and shoes to see this get to the public, but there were three things that stood in the

First was the storage of Government grain in the terminal elevators. They are afraid if anything was done that the grain would be ordered out, and the only people making any money there are those that have grain for storage; and the president of the board, Mr. Theis, was the heaviest interested, and he blocked the game.

Mr. President, the only restraining influence is clearly shown here to be the money they were receiving from the Government for the storage of grain.

Mr. Hutchinson continues:

Second was the liability. Mr. Theis insisted that if the Farm Board did not sue you for libel that they stood convicted of every count on the calendar, and they felt that anyone helping to distribute the book was equally suilty with yourself.

tribute the book was equally guilty with yourself.

Third, they felt that from your past record that the only reason for writing this book was because you did not get a place with the Farm Board and was merely squawking, and that as you had retained all the evidence that you have in the book and was now making it public that if you were able to secure any evidence of their making purchases that you might use the same in after years.

In other words, Mr. President, they were willing to deal with him, but they did not want to get caught. They were glad to have the falsehood circulated, but feared responsibility. We have here, Mr. President, from the mouth of Brinton's own agent, a picture of the real character of the author of Wheat and Politics.

Again, from the Hutchinson letter more enlightenment:

In this connection I would suggest that you write to Mr. C. E. Thompson, 933 Board of Trade Building, Kansas City. I explained things to him quite thoroughly; he is a bright fellow, is acquainted with the members of the trade, and I believe can do some business.

I worked the live stock exchange, met with the board of directors, and worked it hard, and I believe that something will come of it.

# Further on he writes:

At Salina I found quite a little interest, but the three objections mentioned above cropped out; I, however, arranged with the Ted Branson Grain Co. to take over the sale, with the backing of the board of trade.

Mr. President, hundreds, if not thousands, of these books have been purchased by members of the grain trade and sent to managers of elevator companies and to leading farmers and grain dealers all over the country. There is more "chaff and poison" in this book than there is "wheat and politics."

This book not only attacks the farm marketing act but seeks to destroy the cooperative movement through false-hoods concerning its leaders.

Mr. C. E. Huff, now the head of the Farmers' National Grain Corporation, to whom he pays his compliments, was for years the president of the Farmers' Union of America. For over 25 years he was a leader in the cooperative movement in Kansas, where he still has his own farm. His experience was gained as a practical farmer. In 1927 he was the president of the Kansas Farmers' Union, having a membership of approximately 40,000. His work as president of the Farmers' National Grain Corporation has met with the approval of the Farm Board and of the cooperative organizations of the country, who realize that he has handled the business of the farmers honestly and efficiently.

Another "satan" in his romance, Wheat and Politics, is M. W. Thatcher, general manager of the Farmers' Union Terminal Association.

He makes the false charge that Mr. Thatcher was indicted. He never was indicted, as the following letter from the present Governor Shafer, of North Dakota, dated January 16, 1932, will verify:

In this grand-jury session both Lofthus and Thatcher appeared at their own request and testified. The grand jury returned an indictment against Lofthus but none against Thatcher.

I appeared in the hearings above referred to, including the grand-jury session, as an assistant attorney general of North

Dakota. There was no immunity granted to Mr. Thatcher or to any other witness who testified before the grand jury. The State did not ask the grand jury for an indictment against Mr. Thatcher on the perjury charge. This was not because of any intention on the part of the prosecutor to grant him immunity, but because we did not consider that the evidence presented was sufficient to support an indictment.

Further corroboration, if needed, is in a letter from Mr. William E. Green, dated February 4, 1932, who at the time was State's attorney of Cass County, N. Dak.:

The matter was handled entirely by the attorney general of North Dakota and was in charge of Hon. George E. Shafer, now governor, and then assistant attorney general of North Dakota. It is my best recollection that the complaint was prepared by the attorney general's office and sent to me for signature, together with the statements of the facts upon which the complaint was based, and that I signed the complaint on the strength of the investigation which had been made by the attorney general's office. The complaint against Mr. Thatcher was dismissed on motion of the State.

I do know that I never at any time as State's attorney gave any promise of immunity to Mr. Thatcher in return for an offer to testify for the State, nor was any requested. I also recollect being advised by Mr. Shafer at the time of the grand-jury proceeding that he did not intend to ask for any indictment against Mr. Thatcher, because, in his opinion, the evidence presented did not warrant an indictment.

The efforts made by Brinton to injure the cooperative movement by destruction of Mr. Thatcher are as futile as were those of the grain traders in the recent hearing before the Governor of Minnesota.

Every Senator knows the unworthy devices used to destroy the faith of the people in a public servant, as I know the dishonest methods used against me.

One of the chief agencies which spread these unjust charges against the Farmers' Union Terminal Association was a newspaper known as the Minneapolis Journal. This paper is the mouthpiece of the Minneapolis Grain Exchange and the grain gamblers. The Minneapolis Journal has always opposed every progressive movement in this country. I speak from personal experience, for during my last campaign for reelection this same paper spent most of its time in trying to poison the public mind and in distorting and misrepresenting my record as a public servant.

For the success of the cooperative movement, the opponents know that the cooperatives need such men as Mr. Huff and Mr. Thatcher. If they can destroy the faith of the people in such men, they accomplish their purpose to destroy the cooperative movement.

### EXCESSIVE SALARIES

One of the criticisms leveled at the Farm Board is that they and the cooperative organizations who borrow money from them are paid exorbitant salaries,

In my opinion, the salaries paid to some of the officials of the National Grain Corporation are too large and should be reduced, but in comparison with the salaries paid to executives and managers of competing private grain firms they are not excessive. Many of the technical men employed in the grain trade receive salaries of from \$25,000 to \$40,000 a year. The National Grain Corporation in order to compete, is compelled to procure the best type of grain men obtainable. The individual farmer is not familiar with the technical demands necessary successfully to market his crop. He must have experienced men, and in order to secure them is forced to pay them salaries accordingly.

It would be unfair to handicap a cooperative handling grain and say that they can not pay salaries substantially in line with what their competitors pay. If we are to do this, then we should limit the salaries which can be paid by the private grain trade to their employees. This we can not do.

The salary paid the manager of the Omaha branch office of the Farmers' National Grain Corporation is \$15,000 a year. Contrast this with the salary of \$32,000 paid to the general manager of a private grain company in Omaha. The manager of the Omaha branch before he was employed by the Farmers National was receiving the identical salary, plus a bonus.

A bill is now before the Senate which provides that the Farm Board can not loan money to any cooperative that pays a salary in excess of \$15,000 to any of its employees

except by reason of existing contracts and agreements or of agreements which may be made before this amendment becomes a law.

The Farm Board in making loans to the National Cooperative organizations must have the right to investigate and know their ability to pay. It is illogical to say to a privately owned commodity organization, whether cooperative or otherwise, that they can not receive a loan from this Government unless they pay salaries which will compel them to obtain inferior men. The cooperative organizations are anxious to reduce their salaries, but they can not, in their infancy, do so and succeed. If they did, it would mean failure. That is why the private-grain trade is back of such an amendment and the cooperatives are not.

Another amendment is proposed to take away stabilization. This would hamstring the Farm Board. Take away from the Farm Board the power to finance the cooperatives and we again place them at the mercy of the private trader. Deny to the producer finance and credit, and we destroy the marketing act. The passage of such an amendment means that the political party responsible for its passage is going to say to the farmers that the promises contained in their platforms are not worth the paper on which they are written. It has been asserted that under the operations of the Farm Board the law of supply and demand does not obtain.

Chairman Stone, in answering this charge, says:

Again the groundless charge is made that the cooperative marketing program is intended to set aside the law of supply and demand. The facts are that just the reverse is true. An effort is being made to have the law of supply and demand operate for the seller as well as the buyer. The purpose is to meet organized buying of farm products on equal terms with organized produce selling of those products. Until this is accomplished, the producer will be at a distinct disadvantage.

Let us not be misled by insidious propaganda. If the marketing act is to be amended, let it be amended by its friends, not its enemies. If these amendments are successful, every gambler who has "sold short" in an effort to discredit this administration will rejoice. Every interest which wants to destroy the marketing act will be pleased. Every gambler of commodities of the farmer will laugh up his sleeve.

Surely, my Democratic colleagues will not stand for this. Surely, the Republican Party will not destroy its own child. The farmer is well aware that all salaries, whether paid to the farm cooperatives or the private-grain trade, come out of his pocket, and that the huge profits of the grain trade were extracted from his commodities, making such salaries possible.

The cooperative organizations can not compete against years of experience and valuable contacts unless they can hire men who know the business, who have had these same years of experience and already have these same powerful contacts.

The private farm commodity gamblers would be glad to have Congress say to a cooperative, "You are forbidden to hire men with contact, experience, genius to compete with us."

When in this world depression it is popular to talk of reduction of the cost of government these commodity gamblers have cunningly utilized the slogan of the hour, "Reduction of salaries—curbing of expenses," to put over upon Congress and the farmers their destruction of the agricultural marketing act. It is such genius of knowing how to handle opportunity that demands and gets large salaries.

Why should the cooperative organizations of this country not have the best brains, the best experience, the best connivers that money can buy? Will you tell me why the grain gamblers should want this Congress to give them a law which will enable them to monopolize all of the brains and ability which would make unsuccessful the cooperative movement?

This is a race between commodity gamblers and the farmers. It is a race to see whether or not the farmer shall own and control his marketing system; it is a race toward economic freedom for the farmer; it is a race toward a square deal for the toilers and tillers of the soil. In that kind of a race all that the farmer needs is an even start, and then

he will take care of himself. Give him the same kind of | mount, equipped with equal lung power, with equal strength, muscles that are built for the race or intrigue; above all else, give him a horse that has been trained for the race and a jockey who knows the other fellow's game.

These connivers know that the repeal of the act is impossible and they are trying by amendments to accomplish the same end. If the principle proposed in the amendment prohibiting the Farm Board from loaning money to a cooperative that pays a salary in excess of \$15,000 a year is a good principle, let us make its application general.

# AGRICULTURE MORE IMPORTANT

Not only are salaries in excess of \$25,000 paid to general managers and expert operators in the grain and commodity exchanges, but it is well known that there is practically not a president of a railroad of any size in this country, or a vice president or general manager, who does not draw an annual salary of not less than \$25,000, and some of them draw salaries as high as \$80,000.

I am informed that the Reconstruction Finance Corporation has made a loan of over \$20,000,000 to the Wabash Railroad, whose president, according to reports, receives a salary of \$60,000 a year. This railroad last year did a business of \$60,000,000. The Farmers' National Grain Corporation during the same year handled a business of over \$200,000,000, and the president of the Farmers' National Grain Corporation receives a salary of \$15,000 a year.

If salaries were to be governed by volume of business, the salary to be accorded the president of the Farmers' National Grain Corporation, to be consistent with the salary given to the president of the Wabash Railroad Co., would be three times such an amount, or \$180,000 a year, when as a fact he receives one-twelfth of this amount, although he is the head of an organization that handled more than three times as much business as the Wabash Railroad.

Why did we not hear an outcry that the Wabash Railroad president was receiving too large a salary? What the farmers are wondering about is why the Farm Board and the cooperative organizations are singled out.

The president and vice presidents and chairmen of boards of directors of hundreds of national banks in this country pay their officers salaries ranging all the way from \$25,000 to \$100,000 a year.

The president of the New York Life Insurance Co. in 1928 drew a salary of \$126,600. The vice president drew a salary

The president of the Metropolitan Life Insurance Co. in 1928 drew a salary of \$200,000, or almost equal to the total salary paid the President of the United States and his entire Cabinet. One of the vice presidents drew a salary of \$175,000; another, \$135,000; another, \$125,000; and two other vice presidents salaries ranging from \$25,000 to \$45,000.

Are we doing anything, can we do anything, to stop the Reconstruction Finance Corporation from loaning money to the banks, railroads, or insurance companies who pay salaries in excess of \$15,000 to their officers? Why should the Democratic Party, who promised in their platform "we pledge the party to foster and develop cooperative-marketing associations through appropriate Government aid," now single out the cooperatives and say that they can not borrow money from the United States without limiting all the salaries they pay the men they hire, while at the same time giving free license to the Reconstruction Finance Corporation to loan money to the railroads, banks, and insurance companies regardless of the salaries they pay?

Why should the Republican Party, who in their platform in 1928 said, "We promise every assistance in the reorganization of the marketing system on sounder and more economical lines and, where diversification is needed, Government financial assistance during the period of transition," in fulfillment of which promise they passed the agricultural marketing act, now say to the farmers that the promise made in 1928 is not good?

Why should either the Republican or the Democratic Party stab the farmers in the back, and by indirection deprive

them of every opportunity to make a success of the cooperative movement? To adopt such amendments is to say to the American farmer and producer that the Republican as well as the Democratic Party have no regard for their promises.

We passed the agricultural marketing act as an effort to fulfill the promise made in the Republican platform. Our Democratic colleagues assisted in its passage in order to show their willingness to fulfill the promises made in the Democratic platform.

The farmers of this country are taking a leaf from the textbook of the power companies, the railroads, and big financial institutions, and like them are becoming less conscious of party. They are wondering if we are willing to continue to give to the farmer the same kind of deal that we have unhesitatingly accorded to the banker and the business man of this country.

### AN OPEN MARKET

Charges have been made that the Farm Board in handling the products of the farmers limited the handling and sale of this grain to the Farmers' National Grain Corporation and the cooperatives.

In a recent hearing before the Senate Agricultural Committee the following appears:

Senator Thomas of Oklahoma. Mr. Stone, did I understand you to say this morning that the Farmers' National Grain Corporation was the exclusive agency for the buying and selling on the exchanges?

Mr. Stone. No; it is not. Senator Thomas of Oklahoma. What other agencies are used by

the Federal Farm Board?

Mr. Stone. There are several other agencies used, and I will be glad to furnish you the names of those which they use.

There was then furnished to the committee the "list of agencies, corporations, firms, and brokers used by the Grain Stabilization Corporation in buying and selling wheat."

The importance of this list is that more than 100 private grain dealers were used by the Grain Stabilization Corporation in the buying and selling of wheat. (See pp. 56-57, Report of Hearings before the Committee on Agriculture and Forestry, United States Senate, on the agricultural situation, November 24, 25, 27, and 28, 1931.)

This is a sufficient answer to the unfounded charge of monopoly.

It must be borne in mind that during all the years that the cooperatives have been fighting for a fair marketing system they have been met at every turn by inability to finance themselves in handling their products. They could not turn to the private banks and the private financial institutions, because these private institutions are too closely allied with the private grain and cotton exchanges of this

This is why the Farm Board sought, under the provisions of the agricultural marketing act, to finance the marketing program of the cooperative agencies of this country, and it is one of the chief reasons why the agricultural marketing act was passed. Unless the cooperative organizations of farmers and producers can be adequately and safely financed there is no hope for the cooperative movement in this country. This money that has been spent in an effort to stabilize prices and in assisting the farmers to market their products cooperatively has been well spent.

The Farm Board should be a militant body of men, fighting the propaganda that is leveled against them, and should not apologize for the attacks of the private gamblers in products. The Farm Board has failed to keep the Congress fully and fairly informed of the progress it is making. The Farm Board should demand of the Federal Trade Commission that an investigation be had of the private grain trade and of their methods used to destroy the marketing act.

The farmers are entitled to an investigation covering not only the Farm Board and cooperatives but the private grain trade as well.

The private cotton dealers of this country raised a fund of over \$100,000 for publicity purposes and for the purpose of destroying or securing the repeal of the agricultural marketing act.

I particularly call attention to pages 393 and 394 of the hearing before the Committee on Agriculture and Forestry of the United States Senate on November 24, 25, 27, and 28, 1931.

The private grain trade wants the Farm Board and the cooperatives investigated, and there is no reason why they should not be; but before passing such a resolution let us see to it that an investigation is also had at the same time of the activities of the gamblers in the farmers' commodities.

Such an investigation will convince this body and everybody in this country that the attack now being made against the Farm Board and the agricultural marketing act is unfounded and only a self-serving propaganda. The grain trade's object is to headline through the newspapers that the Farm Board and the cooperative organizations are under investigation, in order to poison the public mind. What should be had is enough money so that the investigation can lay before the people the actions of the Farm Board alongside the actions of the private grain trade, and this will show "who's who and what's what."

To desert the American farmer now would be worse than treason. To take a backward step in this fight for progressive legislation would be rank cowardice. The rights of the farmers, who conduct the basic industry of this Nation, must be safeguarded. We must see to it that the marketing act is not rendered ineffective.

If those opposed to the marketing act can offer anything better for the benefit of the farmer, let them do it, and I am sure Congress will give it consideration. Now is the time when the farmers of America are demanding relief. Now is the time to stand up and be counted. This is no time for unfounded charges against the marketing act or the Farm Board. This is no time for tearing down the only law that can possibly protect the producer.

I call upon my colleagues to join with me in constructive legislation, giving to the Farm Board greater power, giving to the marketing act greater strength, putting, if you please, into the marketing act teeth by inserting the equalization fee.

Our foreign markets for grain have declined to a point where they are relatively unimportant; and this may be a permanent condition. It may be that the same fate in the foreign markets will overtake the cotton producer. Who knows but that Russia in five years will be able to furnish a substantial part of the cotton and wheat which the entire world will require? I am for America and the American farmer and cotton grower. We should be against any step that will not give to the American farmer and cotton grower full protection and full relief. The farmer should have a fair and full price in a domestic market for the wheat and cotton he raises.

We give an American market to American industry and rightly so. Why should not the farmer have the American domestic market 100 per cent?

Shall it be said that we are unwilling to give to the farmers what we willingly grant to the railroads, to industry, and to the manufacturers of this Nation? This discrimination against the farmer must stop. It is the cause of our unemployment.

The Republican Party is demanding protection for agriculture, and in the passage of the agricultural marketing act has taken a forward step in giving that protection to the producers; but we have not done enough. We should do more.

If the Farm Board fails to function as it should, then let us see to it that we have a Farm Board that will function for the benefit of the farmers.

The American laborer to-day is without a market, and men and women are walking the streets begging for work, and why? Because we have failed to protect the producers, the farmers, the cotton growers, and livestock raisers. The direct result of this is that the farmer can not buy; and, having destroyed the market for the manufacturers and producers, you have taken away the chance of men and women to work. Not until the farmers are put on a basis

of economic independence can we ever hope again to give to labor a living wage.

We heard no outcry when industry was given the protection of an American market. We heard no outcry when the railroads were given aid. No complaint was made when the banks and the insurance companies were assisted. The moment an attempt is made to give the farmers the same privileges, however, we find that selfish interests seek to destroy the very industry that means the prosperity of this Nation. None are so dense as those who are unwilling to face the facts. We gave billions to the Reconstruction Finance Corporation for the rearrangement of credit.

The only program that will reconstruct the commerce of this Nation is that which will give to those who produce the raw materials the cost of production. Will the Government deny over one-third of the population of this country the cost of production? The people of this Nation must have food, and are going to have food. It is for the home life of this Nation that I am pleading; for we all realize that no civilization has ever endured unless the tillers of the soil have been protected.

We have arranged for over \$3,000,000,000 of credit for 60 per cent of the Nation. If agriculture were to have its proportion of 40 per cent, it would be entitled to an appropriation of \$2,000,000,000.

Representing the agricultural and industrial interests of Minnesota, I desire to go on record as approving the agricultural marketing act and urging the Congress of the United States to strengthen and uphold it.

I am for America and for American industry and American standards. We shall never have American standards unless we also protect the 40 per cent which represents agriculture. The fight that the producers of this Nation are making for economic justice is a gigantic fight. The opposition to such equality is carried on by powerful private, selfish interests, and there has been no let-up in the efforts of these interests to destroy the faith of the people in the cooperative movement.

If the United States is to endure, the people of this country must have a free and honest market.

# INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

Mr. McKELLAR. Mr. President, at this point I ask leave to withdraw the amendment concerning the 10 per cent reduction, which I offered yesterday afternoon.

The VICE PRESIDENT. Without objection, the amendment is withdrawn.

Mr. McKELLAR. Now, if there are no other amendments to be offered—

The VICE PRESIDENT. The Chair will inquire. The bill is open to amendment. Are there other amendments to be offered?

Mr. FRAZIER. Mr. President, I have two or three amendments yet to offer. I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 55, in line 3, after the word "activity," the Senator from North Dakota proposes to insert:

Provided further, That no part of the money appropriated in this act shall be used for the payment of the salary or expenses of a special commissioner to negotiate with the Indians.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. FRAZIER. Mr. President, this amendment provides for the elimination of a man known as special commissioner to negotiate with the Indians. The man in question is Mr. H. J. Hagerman, who lives in New Mexico. Mr. Hagerman has been a member of the Pueblo Lands Board, which had to do with the settling of the valuation of lands on the pueblos of New Mexico. There were two other members

on that board with him, and their report was made and their work completed the 1st of last July. At least, their work was supposed to have been finished at that time.

A subcommittee of the Committee on Indian Affairs, in making an investigation, found, after visiting those pueblos and taking testimony, that there seemed to be a great deal of dissatisfaction on the part of the Indians, and also on the part of many white settlers there, with the Lands Board, of which Mr. Hagerman was a member, on the ground that it had been rather arbitrary, and that it had not carried out the instructions set out in the act which authorized the appointment of the board to make the settlements.

On January 6, 1932, the subcommittee of the Committee on Indian Affairs made a report upon this matter, and, after setting forth the reasons why they came to the conclusion, made recommendations which resulted in a bill being introduced by the Senators from New Mexico, which will be referred to later. Another report by the subcommittee, dated February 16, 1932, summed up their conclusions in this

The subcommittee recommends that Mr. Hagerman's position be abolished, and that there be no future appropriation for his salary and expenses, and that he be removed from the Government

These reports were signed by me as chairman of the subcommittee, by the Senator from Montana [Mr. WHEELER], and by the Senator from Oklahoma [Mr. Thomas]. There are four members on the subcommittee at present, the senior Senator from Wisconsin [Mr. La Follette] being a member, but he did not attend the hearings and, therefore, did not sign the report, as he said he was not familiar with the situation. Therefore the report was signed by only the three members who were present at the hearings. No action has been taken by the department upon this recommendation.

I now want to read an editorial from the New Mexico State Tribune of February 2, 1932, and I might say that when there was some discussion and a hearing held in regard to Mr. Hagerman's situation about a year ago by the Committee on Indian Affairs this paper came to the defense of Mr. Hagerman very strongly. But this editorial is on the other side. It is as follows:

[From the New Mexico State Tribune, February 2, 1932] HAGERMAN SHOULD RESIGN

H. J. Hagerman, special commissioner to the Navajos, should resign. His usefulness in the Indian Service has long since ended. The Tribune has reached this conclusion reluctantly. During this controversy over the Pueblo Lands Board we have been neither

this controversy over the Pueblo Lands Board we have been neither for Hagerman nor against him. But we have seen evidence pile up against the commissioner, evidence that convinces us that his services to the Indians should be discontinued.

Mr. Hagerman has had a long and useful life of public service in this State. We do not question his honesty or his ability.

We do charge that he has long since lost interest in the welfare of the Indians; that he has become an administration bureaucrat, indifferent to the Indian good, if not, indeed, actively arrayed against what has proved to be their best interests. His heart is not with the Indians he represents.

We believe Hagerman should resign for the following reasons:

We believe Hagerman should resign for the following reasons: In his administration oil lands worth millions passed from ownership of the Navajos to private hands.

He has, with Indian Bureau complacence, occupied two essentially incompatible posts, commissioner to the Navajos and member of the Pueblo Lands Board.

As the dominant figure on the Pueblo Lands Board Hagerman

has ignored the findings of the board's own expert appraisers and

has given to both Indians and non-Indians amounts far below the appraised values of land lost.

As a result of his activities on the lands board it has been necessary to go to Congress asking relief for the Indians he

Hagerman's services to the Indians have been such that they are arrayed against him, have been forced to employ counsel to defend themselves against their own appointed protector and to seek relief from the results of his ministrations to them.

He has taken credit for threatened litigation that will cloud water rights of both Indians and non-Indians, rights already conceded by the lands board. The litigation will throw into confusion property values throughout the Rio Grande valley and do

inestimable harm to its inhabitants.

If the matter were left to a vote of the Indians in New Mexico, Mr. Hagerman, we are convinced, would be deposed to-morrow. For these reasons we believe Mr. Hagerman should resign. If he does not resign, Congress should eliminate his salary from the next appropriation bill.

That comes from one of the big daily papers published in New Mexico, the New Mexico State Tribune.

Mr. KING. Mr. President, is the Senator just entering upon a discussion of the Hagerman case?

Mr. FRAZIER. Yes.

Mr. KING. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. FRAZIER. Mr. President, I do not know whether it will do any good or not, but I know there is a great deal of interest being taken in this amendment. I know there has been a good deal of lobbying done by some connected with the department, from the Bureau of Indian Affairs, and by others from the outside. Therefore I yield for that purpose.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Couzens	Johnson	Reed
Dale	Jones	Robinson, Ark.
Davis	Kean	Robinson, Ind.
Dickinson	Kendrick	Schall
Dill	Keves	Sheppard
Fess		Shipstead
Fletcher		Smith
Frazier	Logan	Smoot
George	Long	Steiwer
Glass	McGill	Thomas, Idaho
Glenn	McKellar	Thomas, Okla.
Goldsborough	McNary	Townsend
Gore	Metcalf	Trammell
Hale	Moses	Tydings
Harrison	Neely	Vandenberg
Hatfield	Norbeck	Wagner
Hawes	Norris	Walcott
Hayden	Nye	Walsh, Mass.
Hebert	Oddle	Walsh, Mont.
Howell	Patterson	Waterman
Hull	Pittman	White
	Dale Davis Dickinson Dill Fess Fietcher Frazier George Glass Glenn Goldsborough Gore Haie Harrison Hatfield Hawes Hayden Hebert Howell	Dale Jones Davis Kean Dickinson Kendrick Dill Keyes Fess King Fletcher Lewis Frazier Logan George Long Glass McGill Glenn McKellar Goldsborough McNary Gore Metcalf Hale Moses Harrison Neely Hatfield Norbeck Hawes Norris Hayden Nye Hebert Oddle Fatterson

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

Mr. FRAZIER. Mr. President-

Mr. KING. Mr. President, will the Senator yield before he proceeds?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. Certainly.

Mr. KING. Just as I was called from the Chamber a few moments ago, the Senator from North Dakota was making reference to some newspaper. Was it a newspaper published in New Mexico?

Mr. FRAZIER. I invited attention to and read an editorial of February 2, 1932, appearing in the New Mexico State Journal. It urges the resignation of Mr. Hagerman and sums up with the statement that if he does not resign his salary should be stricken from the appropriation bill.

I also have another editorial from the Albuquerque Journal in reference to the same subject.

Mr. KING. Does it, too, urge that the services of Mr. Hagerman be dispensed with?

Mr. FRAZIER. Yes. It takes the same position. It comments especially upon the action of Mr. Hagerman on the Pueblo Lands Board.

Mr. KING. May I inquire whether or not it is a Republican paper?

Mr. FRAZIER. I am not posted on the politics of either of these papers.

Mr. President, as I stated previously, after the Pueblo Lands Board had been in operation for a number of years, supposed to carry out the mandates of Congress contained in an act of that body, and had finished their work, it was found by the subcommittee on Indian Affairs, as was stated before that committee by many witnesses in their testimony, that the general feeling was that the land board had not given the Indians or the white settlers a fair deal. After the report by our subcommittee was made, to which I referred a few moments ago, and in order to carry out the wishes of that report on the Pueblo Lands Board action, a bill was prepared by the Senators from New Mexico [Mr. Bratton and Mr. Cutting to authorize an appropriation to pay a part of the liability of the United States to the Indian pueblos therein named under the terms of the act of June 7, 1924, and for other purposes. That bill is Order of Business No. 223 on the calendar of the Senate at the present time. It provides for paying the Indians what the Committee on Indian Affairs felt they were entitled to and what practically all the witnesses who came before our committee out there in New Mexico felt the Indians were entitled to have.

After the Hagerman board had worked on the proposition for some six or seven years and spent several hundred thousand dollars, it was determined that they have not been fair to the Indians and that a bill ought to be introduced which would give the Indians fair payment for their lands and also fair treatment to the white settlers who had taken land on the reservation.

I also have some letters from Indians out in that section of the country who know the situation very well. A number of Indians appeared before our subcommittee and made very strong statements. Practically all who testified on this particular subject stated that Mr. Hagerman had been of no benefit to the Indians. I have a letter from one of the most prominent Indians of the Navajo Tribe. I shall not mention his name. I have found from our experience on the subcommittee that where Indians have gone on record opposing the Bureau of Indian Affairs they have been penalized and punished because of their testimony. Therefore, I shall withhold the name, but I am going to read the letter. It is dated February 27, 1932, and addressed to me:

Some time ago I saw in the Albuquerque paper that your committee recommended the resignation of Mr. Hagerman. I was very glad to see that.

Mr. Hagerman has been in the service about seven and one-half years and has never done anything for the Navajos. The most we have ever seen him is five or six times at the tribal council at different places. I hate to say this, but he has never done the Navajos any good, and I do not believe he has done the Government any good, either.

Government any good, either.

His position is unnecessary. Outside of the tribal council, I have seen him only four or five times on the reservation. Mr. Hagerman did not go out among the Navajos; he never talked with them except at the council. In all his actions he never consulted the Navajos.

At each tribal council we brought up the land question. The minutes will show that we asked for more land, but Mr. Hagerman never got up a proposal covering what we wanted. It looks to me as if the Senate committee came out to see what was best for the Navajos and for the Government. I think your committee found out that Mr. Hagerman did not do anything for the Navajos. In fact, several of the Indians told you so. You were convinced yourselves that Mr. Hagerman should be removed.

The Commissioner of Indian Affairs seems to be trying to shield Mr. Hagerman against your people. It looks as if he is taking up

The Commissioner of Indian Affairs seems to be trying to shield Mr. Hagerman against you people. It looks as if he is taking up much of his time looking after the Hagerman affairs instead of Indian affairs.

I also have letters from other Indians. Another one comes from the official interpreter of one of the tribal councils of the Navajos. He is a man that appeared before our committee, a well-educated Indian. He writes a very intelligent letter. This is under date of March 4, 1932. I am going to read only a part of it and withhold his name also:

The Government has been very generous with its promises, but it has utterly falled in actual performance when it came to keeping those promises. The past winter thousands of sheep have died for lack of food, and many of our people have themselves gone hungry.

Mr. SMOOT (from his seat). Of course, that is not Mr. Hagerman's fault.

### HAGERMAN IN THE STORM DISASTER

Mr. FRAZIER. The Senator from Utah says sotto voce that is not Mr. Hagerman's fault. Mr. Hagerman was appointed commissioner by the Secretary of the Interior to deal with those Indians. Instead of being out there in the crisis which faced the Indians, the worst they have suffered in the last 50 years, according to the Senators from those States, what was he doing for the Indians out there? He has done nothing for them. He has been here in Washington during that time conferring with the department, coming to Congress and lobbying for his own position, to try to hold his own job.

Mr. SMOOT. I suppose he ought to have stopped the snowstorms out there!

Mr. FRAZIER. He ought to have been on the job and trying to do something to help take care of the Indians.

Continuing with the letter:

The Indians who live some distance from the railroads have been shamefully neglected during the times of the deep snow the past winter.

The wishes of the Navajo people have always been ignored in whatever they demanded. The representative of the Government, Mr. Hagerman, never comes around to talk over our affairs with us or to discuss our needs.

Yet his title is "commissioner to negotiate with the Indians," and the Navajos comprise the great majority of the Indians in that section of the country.

The Government also promised that appropriations would be made for us so that funds would be available for schools and hospitals. But at the present time it is estimated that there are more than 5,000 boys and girls on this reservation of school age for which no schools are provided.

It was a part of Mr. Hagerman's work, if he had any interest in the Indians, to see that schools were provided. We had testimony before our committee, when the same matter came up only recently, showing that the bureau had taken Indian children away off the reservation to boarding schools, hundreds of miles in some instances. I do not blame the parents of those Indian children for protesting against having their children taken off the reservation several hundred miles away from home for years at a time. They want schools on their reservation. We had our attention called to cases on the Navajo Reservation where children of Indian parents were taken by force, if you please, kidnaped from their parents, and taken away to Government schools and kept there, their identity lost; they never came back, and their parents never have known and do not know this day what happened to those children. Mr. Hagerman has been there as commissioner for those Indians all these years.

No effort has been made by the Government to help students who have returned to the reservation from schools, although we have repeatedly asked for it.

At the tribal council meeting at Fort Wingate, N. Mex., last July, 22 out of the 25 delegates, alternates, and committeemen objected to having Mr. Hagerman preside. But the wishes of the Navajos had to give way to those of Commissioner Rhoads, who insisted that Mr. Hagerman be permitted to preside at the meeting. Commissioner Rhoads even went so far as to promise to have Mr. Hagerman removed from office if he continued to be objectionable to the Navajos. We mention this merely to show you how unpopular Mr. Hagerman is with the Navajo people, to whom he is supposed to minister.

The Navajo people have always maintained a high regard for Government officials, and especially for Commissioner Rhoads, but they fail to see why he insists upon upholding and keeping a man like Mr. Hagerman when he knows that Mr. Hagerman is objectionable to the whole Navajo Tribe.

We believe that it is for the best interests of our people that Mr. Hagerman be removed from office and the position he occupies abolished.

I have another letter, from the president of one of the councils out there. I want to say in regard to these councils that when Secretary Fall or Commissioner Burke, under Secretary Fall, appointed Mr. Hagerman to deal with the Indians—he was called "commissioner of the Navajos" at that time—a set of regulations was worked out in regard to the establishment of a Navajo council. Mr. Hagerman was sent out there to put it across. He called the Indians together. Under those regulations they were given a certain length of time to hold a general council meeting to elect councilmen. If within a certain number of days the councilmen were not elected, they would be appointed by the Secretary of the Interior on the recommendation of the superintendent. They went ahead and formed their council.

There was another provision that Mr. Hagerman, the man who represented the department, was to be there, and that they could not hold a council meeting without his being there, and that he should preside at that council meeting. It was also provided that they should sign their power of attorney to Mr. Hagerman, especially granting authority for the signing of oil leases.

The other letter written by the president of the council urges the same thing, that Mr. Hagerman has not been of any benefit to the Indians and that he should resign.

I want to say just a few words about the oil leases. In one corner of the State of New Mexico oil was discovered. After that discovery this position was made for Mr. Hagerman; he was appointed under the Fall administration to go out there and deal with the Indians. He obtained from those Indians a power of attorney to sign oil leases. There was one lease especially that has been in controversy for some time, and there has been a great deal said about it. The lease in question was on what is known as the Rattlesnake structure. One of the first developments in that region where much oil was found was on the Hogback structure, which was about 8 or 9 miles away from the Rattlesnake structure. One of the engineers from the Bureau of Mines, a Mr. Nowels, made a report in regard to the Hogback structure, in which he told how good the wells were and what a high grade of oil was there found. He said that the other leases which were going to be made in the near future embraced lands which were practically as good from a geological standpoint as those of the Hogback structure, and lands in the Rattlesnake structure were among them.

The lease was sold at public auction on the 15th day of October of the year in question. There was only one bidder on the Rattlesnake structure. In the lease there were involved 4,080 acres of land. The one bid was for \$1,000 for the 4,080 acres of land. That was the so-called bonus that went to the Indians. Mr. Nowels made his report, which was transmitted by the Bureau of Mines to the Commissioner of Indian Affairs two days before the lease was made. It was held that that was not sufficient time, but under the regulations the Secretary of the Interior had the right to reject any or all bids. The Secretary of the Interior in this case did not approve of the Rattlesnake sale until the 4th day of December, seven weeks after the sale was made. In the meantime Mr. Hagerman urged the commissioner to hurry up the approval of that lease; and I want to read just a portion of what he stated in his letter. The letter from Mr. Hagerman was under date of November 28, 1923. The sale was made on the 15th of October. This letter is addressed to Hon. Charles H. Burke, and among other things Mr. Hagerman says:

I recommend that they be approved as soon as possible, as the test of these areas, especially the Rattlesnake structure, is highly desirable.

The lease of the Rattlesnake structure had been sold for \$1,000. It embraced 4,080 acres, and I venture to say there is not a man in this Chamber or a man who knows the oil game any place who would have sold a structure of that kind, embracing 4,080 acres, for \$1,000.

Mr. Hagerman said that it was very highly desirable that this lease be approved as soon as possible; and on the 4th day of December, seven weeks after the sale was made, and after they had all kinds of time to study the report of Mr. Nowels that had come in on the 13th of October to the department, the sale was approved and went through. Within a year's time there was sold a half interest in 200 acres of that Rattlesnake structure for \$600,000, and within three years' time another interest in it was sold for between three and four million dollars, according to Mr. Hagerman's own figures. I just mention this to show that, in the opinion of the subcommittee of the Committee on Indian Affairs, Mr. Hagerman did not fairly represent the Indians, that he did not work for their benefit and did not work for what seemed to us to be the best interests of the Indians.

The department has stated that he has been doing a great deal to bring about exchanges of land. There are many acres of what are known as checkerboard lands in Indian reservations. When railroads were built through that region they were given the odd sections of land for a certain number of miles on each side of the railroad track, and much of that land was in Indian reservations. The Indians wanted to get rid of this checkerboard arrangement so that they might have their reservation all in one block instead of being checkerboarded either with railroad lands or with the lands of individuals to whom the railroads had sold.

The outstanding efforts of Mr. Hagerman to rectify this checkerboard arrangement was up in what is known as the Walapai district or reservation. I want to read a paragraph or two from a statement made by an official or attorney of the Indian Rights Association in a letter written by him. He states that Mr. Hagerman and two superintendents had been sent up there by the department to appraise this land and to make some deal, to exchange the lands between the Indians and the railroad interests; and this official of the Indian Rights Association states that on May 21 they called on the officials of the railroad company "and came to an agreement about the division of the spoils and agreed to give the railroad company the eastern portion, the wooded land, where the grass holds out better than on the treeless prairie," and also, to "give the railroad company the valuable springs-Peach Springs."

On May 22 they called the Walapais-

Indians in question-

in council and talked about half an hour or so—only heard from two Indians on their claim, and then adjourned and left for the Mojave Reservation near Needles.

The letter goes on to state that these Indians followed Mr. Hagerman and one of the superintendents away down to another reservation, 100 miles away, and pleaded with Mr. Hagerman in regard to their land claims, but he told them, according to the statement, to go back home and consult with their own superintendent.

So far as I know, that is the outstanding effort Mr. Hagerman has made in regard to the lands of the Indians in whom he is supposed to be interested, whom he is supposed to represent and to be working for.

Mr. Hagerman was appointed to this position as special commissioner; and while holding that office, at least during the first part of his term and while on the land board, he was also head of the Taxpayers' Association of New Mexico. The Santa Fe Railroad, of course, is or was undoubtedly one of the big factors in that association, and Mr. Hagerman admitted that the railroad company put up a thousand dollars—I think it was, or perhaps a little more than that—for the expenses of that association.

Mr. KING. Mr. President, will the Senator yield?
The VICE PRESIDENT. Does the Senator from North
Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. The Senator challenged attention a moment ago to a letter which was written by an official of the Indian Rights Association. Was that Mr. Brosius, who has been connected with that organization for many years?

Mr. FRAZIER. Yes.

Mr. KING. As has also Mr. Rhodes, as I understand, the president of the commission. Is that the Senator's understanding?

Mr. FRAZIER. The present commissioner was a member of that same organization before he became commissioner.

Mr. President, if anyone can convince me that Mr. Hagerman has done anything outstanding for the benefit of those Indians, I will be glad to withdraw my amendment to strike out the item for his salary and expenses. I have another amendment which, if the pending amendment shall be adopted, I will offer, to reduce the amount of the total appropriation by \$8,500, \$6,500 representing his salary and \$2,000 his expenses.

I do not think I need to take any more time. I could read from the hearings for several hours, if necessary, but I do not believe that it is necessary.

Mr. President, the subcommittee, after holding hearings in Washington, in New Mexico and Arizona and visiting the reservations, unanimously came to the conclusion that if Mr. Hagerman ever had any real interest in the Indians or had done anything for their real benefit the time of his usefulness had long since gone by and that he should resign or be removed from the office. We so recommended but the department took no action. I am sorry to be forced to take

this means of bringing about his removal, but I can see no other way out of it.

Mr. SMOOT obtained the floor.

Mr. HAYDEN. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arizona?

Mr. SMOOT. I yield to the Senator, if he desires.

Mr. HAYDEN. I should like to speak in my own time relative to this amendment.

Mr. SMOOT. I shall not take very long. I myself desire to speak on the amendment.

Mr. President, this is the old personal fight, it seems to me, which has been brought to our attention heretofore. This is not the first time it has come up. When the question arose last year practically the same speech was made then upon the floor of the Senate as has been made to-day.

I want now to call the attention of the Senate to what the Senate of the State of New Mexico has had to say in regard to this "awful" man. I read the resolutions which were adopted by the Senate of the State of New Mexico:

JANUARY 27, 1931.

RESOLUTION OF THE SENATE OF THE STATE OF NEW MEXICO REGARDING CHARGES MADE AGAINST HERBERT J. HAGERMAN

Be it resolved by the Senate of the State of New Mexico, Whereas the Hon. LYNN J. FRAZIER, chairman of the Committee on Indian Affairs of the United States Senate, has been so flagon Indian Anairs of the United States Senate, has been so hag-rantly imposed upon and wrongly informed by designing and ma-licious persons that he was led to make use of the privileges and immunities of his position to attack the character and official integrity of our fellow citizen and former Governor of New Mexico. Herbert J. Hagerman, Federal commissioner to the Navajo Tribe of Indians, charging Commissioner Hagerman with conniving at and abetting an alleged fraud in the sale of an oil lease on cer-tain lands of the Navajo Indians, the State Senate of New Mexico deems it an act of justice to advise the Hon. LYNN J. Frazzer and the Members of the United States Senate of the following uncontrovertible facts:

1. That the sale of the lease known as the Rattlesnake Structure was at public auction, which had been duly and extensively advertised and at which a large number of prominent oil interests

were represented.

2. That during the morning of the day of the auction the said lease was put up for sale by the auctioneer four times, no one bidding, and when it was put up in the afternoon, a fifth time, there was only one bid, that of \$1,000.

3. That the fact that the lease became valuable was one of the incidents, not to say accidents, of the oil business, just as it was one of the incidents that at the same auction the Gypsy Co. bld in the Tocito structure for \$46,000 and abandoned it after it had drilled two costly dry holes, and E. A. Carlton, of Colorado Springs, bid in the Table Mesa structure for \$18,000 and abandoned it after drilling into nothing more valuable than water.

4. The Commissioner of Indian Affairs, the Hon. Charles H. Burke, was present and actually in charge of the auction; Commissioner Hagerman being little more than a looker-on.

In view of the undeniable facts be it therefore

In view of the undeniable lacts be it therefore Resolved by the Senate of New Mexico, That the charges against the integrity and efficiency of H. J. Hagerman, Federal commissioner to the Navajo Tribe of Indians, is condemned and reprobated as inexcusably slanderous and scandalously reckless as to facts, and that we request the Hon. LYNN J. Frazier to make due and honorable correction of the same and that he denounce upon the floor of the United States Senate, where he made the charges, the person or persons guilty of imposing upon his credulity; and

Resolved, That copies of this statement and these resolutions be sent to the Hon. LYNN J. FRAZIER and to the Hon. WILLIAM H. KING, United States Senator from Utah, who abetted the scandal, and to United States Senators SAM G. BRATTON and BRONSON CUT-TING and Congressman Albert G. Simms, in order that justice may be done to former Governor Hagerman, who is looked upon by the senate of New Mexico as a man of high character whose integrity has not been questioned in this State.

W. HOCKENHULL President of the Senate.

Attest:

R. H. POOLER, Chief Clerk of the Senate.

Mr. President, I have here numerous letters from officials of the Indian associations speaking of Governor Hagerman in the highest terms. I have here an editorial from the New York Times of January 28, 1931. A year ago, when this question was up before the Senate, I received a telegram from Floyd Lee, as follows:

I am sending you to-day, by air mail, copy of resolutions regarding Hagerman which unanimously passed New Mexico Senate.

Those are the resolutions I have just read. The telegram said that he was sending them, and I have just read a copy

Former Senator H. O. Bursum sent me a telegram reading as follows:

Charges against Hagerman very unjust and without justification. Our people believe him honest and capable. The Indian oil lease complained of was sold at public auction to highest bidder, in the same manner as all other leases sold at auction at the same sale, after advertising for bidders. Hope the item of salary eliminated may be reinstated in the bill.

I have here a letter from the Indian division of the General Federation of Women's Clubs, signed by Mrs. Joseph Linden Smith, chairman.

Mr. FRAZIER. Mr. President, may I ask the date of that letter?

Mr. SMOOT. January 29, 1931.

Mr. FRAZIER. Those are old letters, I take it. Mr. SMOOT. They are dated last year, because nobody thought the matter was coming up this year after it was so overwhelmingly defeated at that time.

Mr. FRAZIER. Oh, Mr. President-

Mr. SMOOT. I mean to say, nobody out there thought so. We may have known it here, but they knew nothing about it. Therefore I have not written to them, and I did not do so last year. The newspapers in the Senator's State may have called attention to the fact that he intended to make a fight against Governor Hagerman. That may be true. I do not deny that; but this was the time that the fight was made here, and these letters were sent to me as a member of the Appropriations Committee having this bill in charge.

Mr. President, I shall not take the time of the Senate to put in the RECORD all the letters that I have here from New Mexico, and from the women's clubs, and from the Indian welfare associations. I shall not bother with putting them in the RECORD at this time. I only call attention to the fact. As long as the other editorials that the Senator has referred to have gone into the RECORD, perhaps I had better put in the one of January 28, 1931, from the New York Times.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the New York Times of Wednesday, January 28, 1931] A GROSS INJUSTICE-ATTEMPT OF A UNITED STATES SENATOR TO GET RID OF AN HONEST AND USEFUL OFFICIAL

To the EDITOR OF THE NEW YORK TIMES:

I want to call attention to a disgraceful attempt in the United States Senate to get rid of an honest official at a time when public interest is diverted to other matters.

Interest is diverted to other matters.

On January 21, in the course of a general assault on the Indian Bureau, Senator Frazier offered the following amendment to the Department of the Interior appropriation bill:

"Provided, That no part of the moneys appropriated for this act shall be used in payment of the salary or expenses of Herbert J. Hagerman, designated as special commissioner to negotiate with Indians, Santa Fe, N. Mex."

Senator Frazier made the following statements:

"1. That there is an appropriation for Mr. Hagerman 'as sort of general superintendent for a tribe in New Mexico and Arizona. There is a superintendent there who has the same duties to per-

form, and for that district. It is a duplication.'

"2. That Mr. Hagerman was removed from the office of Territorial Governor of New Mexico by President Roosevelt 'as soon as

Roosevelt came into office.'

"3. That Mr. Hagerman was appointed as special commissioner to negotiate with the Indians concerning oil leases by the then Secretary of the Interior, A. L. Fall.

"4. That Mr. Hagerman sold the lease of the 'Snake oil lands' for \$1,000, and that within a year the same lease was resold for a million dollars.

"5. That he [Senator Frazier] does not believe 'that such a man should be carried on the Government pay roll at all. In plain language, he is, in my estimation, a political fixer for the Indian Bureau in those two States.'

"6. There was organized a tribal council among the Navajos for the bureau. Assistant Commissioner Scattergood made the state-ment that the council functions admirably because there is no

dissension among the Indians.'

"7. 'Hagerman tried to organize some kind of a council among the northern pueblos and failed to do so.'"

Rarely has such a collection of misstatements, false inference, and plain untruths been assembled in one short speech.

I should like to take up Senator Frazzer's statements in order:

1. It is not true that Mr. Hagerman "is a sort of superintendent for a tribe in New Mexico and Arizona," nor is it true that "there is a superintendent there who has the same duties to perform and for that district." The Senator evidently did not trouble to learn for that district." The Senator evidently did not trouble to learn the terms of Mr. Hagerman's appointment or to inquire into his

for that district." The Senator evidently did not trouble to learn the terms of Mr. Hagerman's appointment or to inquire into his duties. His responsibilities cover some 75,000 Indians on more than 20 reservations in the States of New Mexico, Colorado, Utah, and Arizona. He is coordinating officer for the countless ramifications of the Indian Service within that large district.

A list of his duties would cover several typewritten pages. In connection with the Pueblo Lands Board he has helped pass upon 5.532 claims, correcting the wrongs which the notorious Bursum bill was intended to perpetuate.

2. It is not true that Mr. Hagerman was removed from office "as soon as Roosevelt came into office." He was appointed by President Roosevelt and resigned a year and a half later. His honorable record as governor is well known to all in New Mexico.

3. Although Mr. Hagerman was appointed first by Secretary Fall, the inference that he was one of that corrupt crowd is false. Senator Fazzier passed over the fact that he was appointed in 1923, after the scandals of the Bursum bill and Teapot Dome had been aired, at a time when Fall felt the need of a few honest gestures. Mr. Hagerman had held a number of appointive offices, both State and National, and had been for five years president of the New Mexico Taxpayers' Association, in which nonpolitical office he has been continued unbrokenly. His appointment as special commissioner was a reform measure.

office he has been continued unbrokenly. His appointment as special commissioner was a reform measure.

4. Mr. Hagerman did not merely sell the Rattlesnake oil lease (referred to by Senator Frazier as "the snake oil lands") for \$1,000. In compliance with the law and authorized by the Navajo Indians, he sold six leases at public auction, after wide advertising, from which the Indians received \$87,600 on what was practically wildcat territory. The geologist's statements on the Rattlesnake structure were so discouraging that it was difficult to get any bid on it at all. Only two of these, of which the Rattlesnake is one, have produced any oil; from these the Indians have received to date \$930,420.38, and the income is continuing.

5. The Senator's personal attack on Mr. Hagerman is best answered after the other points have been taken up.

6. This is a slighting reference to one of Mr. Hagerman's finest

6. This is a slighting reference to one of Mr. Hagerman's finest pieces of work, the creation for the Navajo Tribes, numbering over 40,000 and previously disorganized and divided into six jurisover 40,000 and previously disorganized and divided into six jurisdictions, of a true representative body elected by the tribe, holding a public annual meeting at which to consult with the Government and make known their needs and grievances. Through this council 40,000 of the most promising Indians in the United States are learning to govern themselves and handle their own affairs. Acting at a time of great corruption, Mr. Hagerman dared to set up an organization which guarantees for all time that no deal can be put over upon the Navajo Tribe without a thorough and public airing. The meetings are attended by representives of the Indian Rights Association, Eastern Association on Indian Affairs, and other such organizations. The Indians speak their minds freely, all their affairs are aired, and they are learning self-government. government.

government.

7. This statement that "Mr. Hagerman tried to organize some king of a council among the Northern Pueblos and failed to do so" was taken up and repeated in substance by Senator King, of Utah, who offered an amendment canceling the \$300 appropriated for the United States Pueblo Council. In actual fact, Mr. Hagerman, on instructions from Secretary Work, successfully formed a council of all the New Mexico Pueblos, which met three times to consider matters touching the Pueblos as a whole.

Anyone familiar with conditions in the Southwest knows that

Anyone familiar with conditions in the Southwest knows that Mr. Hagerman has been a tower of strength to those who are working to help the Indians. His reports on conditions wherever working to help the Indians. His reports on conditions wherever abuses or neglect occurred have been fearless and penetrating. Thanks to his efforts, and the support received from Commissioner Rhoads in Washington, conditions in the Southwest are better to-day than they have ever been in the history of the Indian

Bureau.

To call such a man a "political fixer" and say that he "should not be carried on the Government pay roll at all" is not only false—it is ridiculous. Mr. Hagerman is the type of honest and fearless public official of which this country should be proud.

The Navajo Indians have had long and unhappy experience of the vagaries of our Congress. They are no fools. They have always feared lest Mr. Hagerman might be taken from them because of his very honesty, and, anticipating some such action as Senator Frazier's, have repeatedly asked, both in council and as individuals, that he be retained. The esteem in which he is held by those most familiar with his work, both white men and red men, is shown by the instantaneous protest against the Senator's action by the Indians of Arizona, transmitted through Congressman Douglas, of that State, and by the unanimous vote of protest man Douglas, of that State, and by the unanimous vote of protest of the New Mexico State senate.

The attempt to deprive this Nation of the services of such a man

as Mr. Hagerman shows either gross ignorance or maliciousness.

OLIVER LA FARGE. Director Eastern Association on Indian Affairs. New York, January 27, 1931.

Mr. FRAZIER. Mr. President, that editorial was in the RECORD last year.

Mr. SMOOT. If it was in the RECORD last year, I will not ask to have it put in at this time if Senators interested in it will read it again.

Mr. FRAZIER. I have no objection to its going into the RECORD.

Mr. SMOOT. Very well. Then I think that is sufficient, Mr. President, without putting in other letters.

Mr. FRAZIER. Mr. President, a few moments ago, in my remarks, I referred to an editorial in the Albuquerque Journal. I did not read it; but since the Senator from Utah has brought up these old statements of a year ago, I desire to read this editorial. It is under date of February 5, 1932, and is headed:

#### NO BANDS FOR MR. HAGERMAN

There will be no bands out to play and no parade around the plaza in Santa Fe for Mr. Herbert J. Hagerman when he returns from Washington this time.

from Washington this time.

The special Indian commissioner and member of the Pueblo Indians lands board had successfully prevented himself from being removed from the Interior Department pay roll a year ago when he was accorded such a reception in Santa Fe.

Then he was defending himself as commissioner to the Indians. Now, he has run the gauntlet of a Senate committee investigation into the work of the extinct Pueblo lands board. But he still has hurdles to leap and the indications are that his days as special commissioner are numbered.

hurdles to leap and the indications are that his days as special commissioner are numbered.

He should have been displaced months ago. Only the amazing spectacle of stubbornness on the part of the Indian Bureau to the facts developed at the hearings in New Mexico last summer has held him on. It was evident to everyone else save the bureaucracy of the department that his usefulness had long since ended. The Journal contended after the hearings last summer that he should resign or be dismissed. Succeeding events have only strengthened that belief.

The recent hearing has devaloped that the Buchle Land and the state of the s

The recent hearing has developed that the Pueblo Lands Board expended \$400,000 in trying to arrive at just awards to the Indians for lands taken from them and to the white settlers for lands on which they settled from which they are now faced with

ejectment.

The awards were parsimoniously pared down by the board from

The awards were parsimoniously pared down by the board from the amounts fixed by appraisers, from \$1,892,878 to \$559,226. Mr. Hagerman did this as a member of the board, while at the same time supposedly representing the interests of the Indians.

The bill before Congress would add about \$750,000 to these awards to the Indians and settlers. It seeks to correct the injustice of the awards of the board.

The result of the work of the board has been to complicate instead of conclude the 75 years' indifference and injustices of the Government. Water-right conflicts have been injected into the recent hearings, and nothing has been done by Commissioner Rhoads, of the Indian Bureau, to correct obvious evils in the department so glaringly shown in the hearings here last summer. The partial report of the Senate subcommittee flayed the overhead expenses of the Indian agencies and use of money appropriated expenses of the Indian agencies and use of money appropriated for the Indians. All this has been ignored by the department in a supreme effort to save Mr. Hagerman.

a supreme effort to save Mr. Hagerman.

Mr. Rhoads was pressed at the conclusion of the recent hearings to throw light on the plans of the bureau of suing for the transfer of white water ownership to the Indians. He was asked to state whether the bureau was going to proceed or not. Yet the last word he gave the committee was to the effect that the Indian Office reserved the right to proceed with these suits, which had in effect been planned before the hearings. These threatened suits bear the earmarks of being used as a device for protecting Mr. Hagerman, but once they are filed none can tell where the matter will end.

Congress will have to be aroused to the necessity for action.

matter will end.

Congress will have to be aroused to the necessity for action. It should approve the Cutting-Bratton bill for additional awards to the Indians and white settlers. It should eliminate Mr. Hagerman's salary from the Indian Bureau appropriation, compel a revolutionary change in the administration of the Indian Bureau, and end the threat of water suits.

There is little, if any, division of sentiment in New Mexico over the matter. The obligation to do all this rests upon Congress.

I want to say that the sentiment in regard to Mr. Hagerman has changed a great deal. Even many of those who defended him so staunchly a year ago have rather deserted him at the present time.

Mr. HAYDEN. Mr. President, I desire to take occasion to enter my protest against this method of seeking to remove from office a worthy public official.

I know nothing about the controversies in New Mexico to which Mr. Hagerman has been a party. I am not familiar with the details of the decisions of the Pueblo land board. I speak here in behalf of the Navajo Indians of Arizona, with whom Governor Hagerman has been intimately associated for many years, and in behalf of other tribes of Indians in my State whose welfare he has well guarded.

There is no attack of any kind upon his honor, his honesty, or his integrity. No one has risen on this floor or elsewhere to make any challenge in those particulars. There can be differences of opinion, differences of judgment, as to what should or should not be done in a particular instance with respect to the affairs of any tribe of Indians; but that Governor Hagerman has been honest, that he has been sincere, that he has labored faithfully and diligently is not a subject of dispute.

I have talked many times with Governor Hagerman about every Indian tribe in Arizona. From my conversations with him I know that he is thoroughly familiar with every Indian reservation in the State. He has been in practically every Indian settlement in Arizona, and in talking with him I have found his judgment to be sound as to what is best to be done in behalf of the Indians.

The Senator from North Dakota has mentioned land exchanges within the checkerboard of the grant made to the Atlantic & Pacific Railroad Co. It was to submit his final report on that problem that Governor Hagerman was recently in Washington. In cooperation with the senior Senator from New Mexico [Mr. Bratton], I have asked to have printed as a Senate document the recommendations made by Governor Hagerman with respect to a settlement of that long-standing controversy. Anyone who will read that document and then say that there is anything in it which is adverse to the interests of the Navajo Indians suffers from some form of dementia. The whole report is pro-Navajo and pro-Indian, and so favorable to them that the chief reaction I have had from it is a vigorous protest from the governor of my State to the effect that Governor Hagerman's recommendations go entirely too far and do too much for the Navajos. No one can read the report-and it will soon be available—without finding that it shows clearly upon its face that it contemplates an extension of the domain to be occupied by those Indians and that they be given permanent title to a vast area of land.

With respect to land exchanges within the Walapai Reservation, to which the Senator has referred, let me say that I attended the hearing at the Valentine Indian Agency. The Senator from North Dakota himself was there, as was the junior Senator from Montana [Mr. Wheeler]. We listened to the evidence during the morning and afternoon. That was the only hearing in northern Arizona when I was privileged to be with the committee. I am sure that when we concluded the hearing that day there was no question in the mind of any Senator there that any unfair advantage was being taken of the Walapai Indians. It was conceded that if there was to be an exchange of lands at all, the proposal presented was fair and equitable to both the Indians and the railroad company.

What happened, as I understand from the extract read by the Senator, was that long prior to the time that the details of this proposed consolidation had been worked out Governor Hagerman went to the Walapai Reservation to make some preliminary investigations with respect to the matter. At that time the Indians wanted Governor Hagerman to say that they should have the entire reservation. That is what they were talking about, and that is what Mr. S. M. Brosius, of the Indian Rights Association—a very sincere man and an old friend of mine—really wants to see done. Mr. Brosius insists that there shall be no consolidation; that the entire 950,000 acres within the exterior boundaries of the Walapai Reservation shall be given to the Walapai Indians.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Utah?

Mr. HAYDEN. I yield.

Mr. KING. The letter from Mr. Brosius, a copy of which I have on my desk, discusses the unfairness of the division, and charges that the Indians were given the inferior parts of the reservation; that the advantages were against the Indians; and the complaint in that letter from which the

Senator read was not because they were not given the whole 950,000 acres but because they were given the worst part of it.

Mr. Brosius is a man of integrity and honor; and he challenges the good faith of Mr. Hagerman and the policy by which the Indians, as he believes, have been deprived of valuable rights.

Mr. HAYDEN. At the time Mr. Brosius wrote that letter he was not in possession of all the facts. He was misinformed as to the areas that were actually to be assigned to the Indians and the character of the land that they were to have. I remember talking with him about that time. Mr. Brosius insisted to me that all the valuable timberlands on the reservation—or the major part of them—were to be given to the railroad company; whereas, as a matter of fact, the best timber on the reservation is reserved for the Indians.

Mr. Brosius specifically mentioned certain springs of water, which, of course, are exceedingly valuable in that arid country, which would be taken away from the Indians. The report shows that the Indians retain title to the most valuable springs. The division of the Checkerboard area as finally worked out is a fair trade, without injustice to anybody.

The exchange was worked out by a representative of the railroad company which owns half the checkerboard and a representative of the Indian Bureau, who made an actual appraisal on the ground of every surveyed section of land within the Walapai Reservation to determine its grazing value. Upon the basis of appraised value the lands are to be consolidated. The Indians will acquire title to over 60 per cent of the lands; and, in addition to that, they get all of the unsurveyed area, which aggregates about 175,000 acres.

I am satisfied that any impartial jury that could examine the facts would decide that the trade was fair, and to the advantage of the Indians, if there is to be a consolidation of holdings at all. I speak for the Walapais. They are my constituents, and I know what they want. They do not want to divide their reservation with the railroad company. They insist that they are entitled to have the whole area upon the ground that their ancestors once occupied it, and therefore the entire reservation should belong to them.

The facts are, however, that at the time white people first came to Arizona and established contact with these Indians there were about 1,500 Walapais. To-day there are about 450 in the tribe, and only a comparatively few of them live upon the reservation. The only possible way that Congress can acquire the entire reservation for those Indians—because the title of the railroad company is perfect—is to buy the railroad lands and give them to the Walapais, which would require a cash appropriation of at least a quarter of a million dollars. I have said frankly to Mr. Brosius that I do not believe it is possible to induce the Congress to appropriate \$250,000 to buy a vast area of land for Indians who do not make use of the land that they now have.

I did not rise to speak entirely of that matter, however. I want to protest that the Senate is not the proper forum in which to determine whether or not somebody shall or shall not be employed in the Bureau of Indian Affairs. The American people elect a President; he appoints a Secretary of the Interior, who selects a Commissioner of Indian Affairs. Those are the responsible executive officials, and it is not a congressional function to step into the inner administration of a particular bureau and say, "This individual employee is not doing just exactly what the United States Senate thinks he ought to do, and therefore he shall be taken off the pay roll."

I have inquired of Senators who have served in this body for many, many years, and I am told, on that authority, that this is a wholly unprecedented motion. It is presented in a disguised form. It does not name Mr. Hagerman. I would have more respect for the motion if its sponsors were frank in naming whom they seek to remove from office.

I repeat my protest and now say that, so far as my contacts with Governor Hagerman are concerned, speaking from my own personal knowledge, I can assert that at no time, in no instance, have I found him failing in any way to look out for and support the best interests of the Indians of Arizona. There is no instance of record, no occasion at any time or at any place of which I know where he has done anything that was not in behalf of the welfare and advancement of those he has been appointed to represent.

That being Governor Hagerman's record, I must denounce this indirect method of seeking to remove him from his

Mr. LEWIS. Mr. President, I desire to encroach on the Senate while I pay a little heed to an editorial appearing in one of the leading journals of our community, also to advert to a criticism-in perfect propriety-on the part of one of the members of the distinguished Cabinet of our eminent President.

A short while ago on the floor I alluded to the constant profession of reorganization of departments, and, with it, I charged was the pretension of economy, in the threat to cut away certain of these organizations and release from the salary lists numbers who are enlisted upon them.

I then said, sir, that the distinguished gentlemen who are constantly asserting that this economy was needed, and that these changes should be had, never described what particular branch they favored cutting off, and never designated any particular list of employees whom they asked to have dismissed. I used that to illustrate that there was not in the minds of these eminent political masters any real intent of ridding this Government of any specific number of satellites or parasites. In some spirit of satire and gentle raillery I quoted something from Shakespeare's dialogue between Hamlet and Polonius which seems to have been treated as an accusation by me of hypocrisy and lack of good faith on the part of the high officials of our Government.

It is asked where does Lewis refer to any department that he claims should be abolished? Where, it is asked, have I described any who should be discharged, and where now do I propose any department that I claim should be amalgamated? The accusation is that I have named none, lest I shall "discharge those whose connections with the departments were inherited from the Wilson administration." This comment by my critics leaves the impression that a natural partisanship upon my part forbids that I should designate any department where some of those previously Democrats were still engaged.

Mr. President. I desire to accept the challenge of the estimable gentlemen, and acknowledge their perfect right to criticize. I also add that their criticism strikes me as one that needs to be replied to. I reply that, first, if I had in my power to carry out the need of the country, and the recommendations which have been intimated, I would start with calling the attention of the country to the fact that the department now called the Interior Department has no justification for longer existence in the Government of the United States.

Much of the public land of our country, some of which the distinguished former Senator who serves as Vice President of the United States and as President of this body has seen administered in his renowned State, throughout the West has been disposed of. Very few of the areas, as public land, remain, and little of those which do remain is of any

Fifteen thousand seems to be the number of those directly and indirectly engaged upon the salary list of the Interior Department. I propose that the Interior Department now be abolished as an obsolete branch, and whatever there may be of usefulness in it amalgamated with the Department of Agriculture and be treated as the land department. Thus we lessen the salary list, reduce the expenses, and cut off this bureau now more of adornment than of usefulness. The department dwells upon the history of its past rather than upon the value of its present. Rid our Government of that one department and \$15,000,000 would be saved.

I take the liberty of calling the attention of Senators to the fact that the farmers of this country are heartily in favor of this form of reorganization, if I am to judge from a splendid brochure which I see has been printed under the designation of the Hon. Charles Barrett, one of those who has been president of farm organizations and very active in cooperation with them for a considerable number of years, particularly as we have observed him around Congress.

I now take the second. There never was a blunder upon business and government created under an honest anticipation such as the creation of the Interstate Commerce Commission. In the days gone by there were busy gentlemen around the Senate ever impressing us with the great evil there was in the various forms of local government which we speak of as States. They demanded what they called "uniformity," but which to-day has passed into the more commonly designated phrase, often alluded to, of stabilizing.

The final result was that eminent representatives in government, beginning with Senator Cullom, of Illinois, one of my distinguished predecessors, and a Representative from Texas, Senator Reagan, then a Member of the House of Representatives, were the authors and sponsors of the bill known as the Reagan-Cullom bill, the cradle of the birth of the Interstate Commerce Commission. I ask the senior Senator from Utah whether that is not correct.

Mr. SMOOT. That is correct. Mr. LEWIS. They began the foundation of the Interstate Commerce Commission. There began a system by which a Federal commission at Washington took from every State of the Union little by little, until finally every power was evaporated and destroyed of the right of the State to sit in judgment upon the equity and justice of railroad rates in the shipment from one border of the State to the other. The farmer was denied a voice as to rates from his farm to his market. It was insisted, as asserted by the United States Supreme Court in the Shreveport, La., case, that as a road in a State had connections with roads in other States of the Union over which the products might pass they were treated as interstate commerce, wholly supervised by the Federal Interstate Commerce Commission, and completely denied to the States the privilege to protect their own.

The final result was that there was no more power in the local commissions whatever, and only the Interstate Commerce Commission was authorized to pass upon the question of the rates of freight and passenger rates in the dealings with the railroads.

What has been the result? Time and time again there has been an effort to ascertain the value of the railroads in order to reach what should be a just rate of freight under a measure sponsored by the distinguished senior La Follette. The fight went on, 15 years elapsed, and at the end of that length of time the necessity for the inquiry when it began was at an end. An expense of millions and millions had been incurred by our country, and the Supreme Court of the United States decided, in a case familiar to the distinguished gentlemen now sitting in the Senate, the O'Fallon decision, that the basis of the rulings of the Interstate Commerce Commission had for years been wholly wrong. By this announcement the standards were all set aside.

Now we turn to contemplate them. Sixty-five million dollars of the people's money has this great body expended in 10 years in the pursuit of regulation which has been held to be ineffective and invalid. The people of the sovereign States of the Union have been denied the privilege, under the theory of interstate commerce, of establishing local government or administering their own private affairs among their own people, leaving them without relief and promoting, at the instance of this institution, these large expenditures upon the part of the Government. This leaves us to-day with no source of relief to the shipper, none to the merchants, and no regulation, Mr. Vice President, by which any man can see where is the law that can govern the relative rates of freight by which others can be adjudged, guided by any precedent of the past.

I respectfully assert that with the Interstate Commerce Commission dissolved, and the subject returned back to the States, where, among the States themselves, they may by their own arrangement between their respective State commissions adjust the matters of their freight rates, added to whatever adjustment may be brought about by the heads of the companies and the managers themselves—that would get results satisfactory to the people and just to the community.

We would then have \$50,000,000 in 10 years expended saved and \$50,000,000 more to be expended in 10 years cut away, or \$100,000,000 saved to the people. The vast number of employees who have been going about the country in different forms of investigation resulting in no final result of benefit to mankind would have been cut off, and that much added to the salvation in the list of preservation.

I now at this moment make a suggestion. I hear these eminent Senators to-day discussing the Indian question. I am not so much learned upon Indians; that is, outside of cities where they participate politically at certain times and earn the title. [Laughter.] I think it is the poet Pope who alludes in a gentle way to "Lo, the poor Indian," alluding to him as seeing God in the wind. But where I exist he creates the wind and is of great value at certain times, depending largely on the count. [Laughter.]

As I look upon this question I observe the title "Committee on Indian Affairs," and, as I heard the distinguished junior Senator from Utah [Mr. King] and the senior Senator from North Dakota [Mr. Frazier] and my friend from Arizona [Mr. Hayden], I would imagine that among the Indians there must be a great deal of "affairs" that need some form of attention.

It seems to me, however, that to maintain this bureau to which these gentlemen allude is to indulge in an unnecessary luxury. Why should not the Indians, as a bureau, be added likewise to the Department of Agriculture, joining with the Geological Survey, the Bureau of Mines, and the National Park Service, all there aggregated within the service of agriculture, cutting off these multiplied pending expenditures, and letting this general agriculture department administer them as a part of that which is the public land. For the Indian, sir, being a ward of our country, would not be under the supervision of government in the manner he is if it were not that the desire is to preserve those segregated portions of the lands which we speak of as his "reservation," and treat as his right.

Mr. President, in this connection has it occurred to us that under the title of the Bureau of Education and the charitable institutions there is an expenditure of \$10,000,000, and that it is impossible to ascertain where it has gone, other than that it has gone for salaries in what is called "service"? If these organizations known as the Bureau of Education are to continue, and these charitable institutions, separately, of the Government are to be maintained as branches, let them be added to the Department of Commerce, and address themselves to such attention as is necessary to these several functions through the commerce heads of that department.

But here let not my honorable colleagues misunderstand me. When I refer to this bureau let it not be assumed that I approve of what I observed along the way of some theory of creating for the Federal Government the privilege to pass upon what should be the qualifications of the schools of the different States and likewise the standard of education as applied to the children. I utterly oppose it; and if the time should ever come when the matter is brought before this body and I am licensed by your generosity to speak upon the subject, I shall do all I can to disclose the most vicious example I have ever seen attempted to be foisted under the name of "education."

We have lately been celebrating George Washington's birth anniversary. We can not for the moment fail to recall that he makes great allusion to the education and freedom of the people; and if we are to violate one of the principal precepts in the preservation of the right to education, in the preservation to the citizen of his home and his family as distinguished and free from bureaucracy, then

we offended the memory of George Washington instead of perpetuating him in glory—

Mr. KING. Mr. President-

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator with pleasure.

Mr. KING. In view of the criticism which the Senator is very justly making against the Federal Government injecting itself into our educational system, may I invite his attention to page 10 of the bill, where we find the following item?—

For all expenses, including personal services in the District of Columbia and elsewhere, purchase and rental of equipment, purchase of supplies, traveling expenses, printing, and all other incidental expenses not included in the foregoing, to enable the Secretary of the Interior, through the Office of Education, at a total cost of not to exceed \$350,000, to make a study of the sources and apportionment of school revenues and their expenditure, \$50.000.

There is \$350,000 to ascertain the source of school revenues. We could, by sending a wire to the superintendents of education of every State, within 24 hours obtain the information, and yet \$350,000 was authorized for this useless and unnecessary expenditure, and out of the authorization \$50,000 is carried in the present appropriation bill.

Mr. LEWIS. Mr. President, I appreciate the contribution. I had a moment ago adverted to the matter, but I did not have the figures with accuracy as presented by the Senator from Utah.

I want to say, not to take too much time in discussion away from the main theme, that I observe we have a Shipping Board. My eminent leader on this side of the aisle and others participated with me in earlier days in the creation of that body. I ask why should that which now contributes \$14,000,000 to the deficit be continued? The senior Senator from Florida [Mr. Fletcher] a while since conducted an investigation into the whole phase and character of the Shipping Board and what had transpired with its administration and what had ended with its ships. From him we have a statement before us now that those ships for which the American people paid have been destroyed, many of them passed into the hands of the monopoly, some buried in the sea, some burned in the flame, all confiscated practically from the Government. We ask what is the use of that Shipping Board-and if it has any use and we desire to establish a form of transportation and shipment, why not annex it to one of the departments of business? Let it go to the Department of Commerce as a part of that organization instead of maintaining this separate expensive branch under very heavy expense put upon our people and inflicted upon the taxpayers of the land.

The last and final matter I take the liberty of offering is the Federal Trade Commission. Mr. President, the Federal Trade Commission likewise was created at a time when I was honored with a seat in this body. The theory was to create something of a supreme court of business. The Federal Trade Commission has in one instance or another done some good service, but ordinarily the investigations of that body have extended through a great period of time to ascertain whether a thing is wrongful or not, fraudulent or just. At the end of that length of time the whole procedure has evaporated and all the results that could have flowed are at an end. Hundreds of citizens are brought from their homes and their businesses to give testimony here in the Capital. Pending their long wait, much money, to the extent of millions of dollars, has been wasted with no results of any benefit to the citizens.

Here I now unite the Interstate Commerce Commission. In every one of the great instances where the Interstate Commerce Commission has assumed to pass judgment resort is taken to the courts on appeal or protest, and since everything has to wait until the courts have determined whether or not they will affirm the finding or reverse it, nothing in the form of relief is enjoyed by the citizen. I propose a complete change, that all of these subject matters be turned over to

the State has a grievance where he feels he has been wronged in a matter of his business or there has been an invasion upon it, or by the railroads because of freight rates which they regard unjust, at once they shall have the privilege of going into the Federal court, the nearest tribunal to them, and there set forth their grievances, and, under the system of law which I hope we can amend, have an immediate hearing and a decree involving their rights in order that judgment may be had hastily, for justice delayed is justice denied.

Mr. President, I present these suggestions in answer to criticism of me from eminent sources as to where I will at once begin to cut off. I have named what approximates in figures almost \$1,000,000,000 in the aggregated sum. I leave to the excellent sense of legislators of all parties where to provide the other \$1,000,000,000 to equal the deficit. But, alas, every time anything is suggested in the way of a saving of this kind there arises, as has been well said, the immediate defenders of that particular branch, and then to condemn those who tender it as a sacrifice. Sir, we can, if I may be pardoned the suggestion, imagine the distinguished heads of the great tribunals in protest, as here we catch the very echo from the oaks of Iowa or from the long-reaching eucalyptus of California. The moment the blade is lifted high or the ax leveled, comes the echo:

> Woodman spare that tree Touch not a single bough. In youth it sheltered me And I'll protect it now.

[Laughter.]

Mr. President, I propose the relief, and I trust it may be received by such audience as will recognize there are things to be done and that in doing them we may wrest the community from that clutch which literally grinds at their vitals in strains of taxation.

Mr. McKELLAR. Mr. President-

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Tennessee?

Mr. LEWIS. Certainly.

Mr. McKELLAR. The Senator would not omit the bureau misnamed the Bureau of Efficiency, would he? It is really the "Bureau of Inefficiency," and I am sure the Senator would not want to omit that bureau.

Mr. LEWIS. Mr. President, I will say to the Senator from Tennessee that my experience since returning to the Senate has not been able to observe anywhere other than in the Senate a true "bureau of efficiency." Here is one which operates so very efficiently that it heartily has my approval. I should not want to demolish it. If there be another one justly entitled to the appellation which the Senator from Tennessee suggests, I would be glad to have the list, that I might include it in this my list of those whose roots should now be laid under the ax and the further fungous growth be prohibited by turning upon it the light of burning truth. I thank the Senate.

Mr. KING. Mr. President, I regret that the Senator having charge of the bill did not accept this amendment as well as a number of others to which attention has been called. If that had been done, there would be no occasion for extended debate. I have examined the Budget as well as the House hearings and the Senate hearings dealing with items in the pending bill, and I respectfully submit that there is not a full disclosure by the Indian Bureau of all relevant facts which should have been presented in order that a fair and just appropriation bill could be prepared. There is no provision in the bill indicating the existence of a "special commissioner to negotiate with the Indians," nor that any part of the large appropriation carried in the bill was to be devoted to paying the salary and expenses of any such official. There is no law creating such a position and, I submit, no authority for the creation of such an office or authorizing the appointment of any person to fill such a position if created.

### UNAUTHORIZED SALARIES IN LUMP-SUM APPROPRIATIONS

Mr. President, too many appropriation bills have lumpsum appropriations or so-called special, or even general,

the jurisdiction directly of the courts, and if the citizen in | appropriations without anything to indicate in the bills presented the specific purposes for which the appropriations are to be used or the persons or officials or employees who are to be the beneficiaries of such appropriations. It is becoming too common for departments, bureaus, and executive heads to ask for large appropriations upon which they may draw for various purposes not enumerated or specified in appropriation bills. The result is that activities are carried on, positions created, and multitudes of persons employed without Congress being advised by appropriation bills or other measures concerning the same. This policy contributes to swelling the great army of Federal employees and the assumption by the Federal Government of a multitude of activities, many of which are not within the legitimate authority of the Federal Government. Certainly appropriations of the character indicated make for extravagance and inefficiency, for a multiplication of employees, a duplication of service, and for increase in the power and authority of executive agencies. The Indian Bureau has an enormous number of permanent or regular employees-more than 6,800-together with more than 2,000 so-called irregular employees-and a very large part of the appropriation of the Indian Bureau is consumed in paying the salaries. expenses, and compensation of these thousands of regular and irregular employees. My information is that more than one-half of the \$25,000,000 carried by the appropriation bill for the current fiscal year, ostensibly for the Indians, was expended in paying the salaries and expenses of the unnecessarily large army of persons in the Indian Bureau.

### FALL APPOINTED HAGERMAN WITHOUT AUTHORITY

In conversation with a Senator I was asked to point out the statute creating the office of "special commissioner to negotiate with the Indians" and also to indicate where the Indian Bureau found authority to name Mr. Hagerman for such special commissioner. I insist there is no such authority. However, former Secretary of the Interior Albert B. Fall in 1923 attempted to create this position and named Mr. Hagerman to fill the same. There was no necessity for such action, as there were many officials in the Interior Department and in the Indian Bureau who could have negotiated agreements if agreements were desirable. The agents upon the various reservations knew the Indians and their conditions, and one or more were available to negotiate agreements.

A year ago, when the Indian appropriation bill was under discussion, the Senate adopted an amendment providing that no part of the appropriation should be used for the payment of the salary or compensation of Mr. Hagerman. It was contended then, as it is now contended by the Senator from North Dakota [Mr. Frazier], that there was no reason for the appointment of a special commissioner, and that Mr. Hagerman was not a suitable person to fill such position if it legally existed. I think the discussion then, as well as the statements just made by the Senator from North Dakota, indicate the reason why Mr. Hagerman was appointed by Secretary Fall.

### PROPOSED ACTION A USUAL ONE

The Senator from Arizona [Mr. HAYDEN] has just stated that it is an extraordinary and unheard-of proposition to restrict the use of an appropriation as proposed in the amendment offered by the Senator from North Dakota. As I understood him, this is the first instance where the Senate has attempted by legislation to separate a Government official from a position. I respectfully insist that the Senator is mistaken. In many appropriation bills special items of appropriation and general appropriations have contained restrictions limiting the objects and purposes for which the moneys appropriated might be used. Appropriation bills frequently contain limitations which result in separating from Government service one or more employees. In the pending bill there are provisions which will result in cutting off salaries of employees the retention of whom the Bureau of Indian Affairs contend are important to the service. If the Senator's position is correct, then Congress would be compelled to appropriate for the salaries and compensation of every employee of the Government, whether needed or not, and to continue forever positions though they | should be abolished. Senators know that there are tens of thousands of employees in the Government who should be separated from the service. It would be a most extraordinary situation if Congress was powerless to abolish positions or to limit appropriations in such a manner as would result in separating from the service persons whose services no longer were required.

### HISTORY OF HAGERMAN CASE

For a number of years Mr. Hagerman has been paid from \$6,500 to \$9,500 annually out of appropriations made for the Indian Service. His was not a statutory position, and, as I have stated, there was no authority for his appointment. A year ago the Senate amended the Indian appropriation bill by prohibiting the payment of any portion of the amount carried in the bill to Mr. Hagerman. Unfortunately, the Senate conferees, when the bill went to conference, yielded to the House conferees, thus eliminating the Senate amendment.

Notwithstanding that the discussion at that time revealed the impropriety of retaining Mr. Hagerman upon the Government pay roll, the Indian Bureau, in an obstinate, capricious, and defiant manner, continued him in its service and paid him out of the funds appropriated for the bureau, many thousands of dollars. I might add that Mr. Cramton was then a Member of the House and was one of the conferees who led the fight, as I am advised, to defeat the Senate amendment. I make no criticism of Mr. Cramton in saving that he was a dominant influence in preparing and passing the House appropriation bills, and as a representative of the House upon conference committees. I might add that Mr. Cramton was not reelected to the House, but was soon thereafter given a position in the Interior Department and is now, as I am informed, employed in that department, in what capacity I do not know, but his activitiespart, at least-concern the Indian Bureau. Because of the attitude of the Indian Bureau and its obstinacy in keeping Mr. Hagerman upon the Government pay roll, it has given an importance to the Hagerman case entirely disproportionate to its merits, but the defiant position of the bureau compels Congress to deal once and for all with this matter.

Moreover the Indian Bureau has so identified itself with Mr. Hagerman and he is so much a part of it and its policies that in discussing the so-called Hagerman case the bureau and its policies and administration are necessarily involved. In other words, Mr. Hagerman is the representative of the bureau, and the bureau puts him forth as its representative and the symbol of its authority, so that when reference is made to Mr. Hagerman the methods and policies of the Indian Bureau are necessarily considered. The great naturalist Cuvier, from the bone of an animal, even though it were extinct, could determine the form and shape of the living animal. Without drawing any analogy, it may be observed that the controlling authorities in the Indian Bureau, having identified themselves with Mr. Hagerman and indorsed his course, approved his policies and demanded his retention as an indispensable part of the bureau, it is inevitable that the bureau and Mr. Hagerman should be regarded as more or less of an entity where the policies and procedure of the bureau are under consideration.

Senators know that the Indian Affairs Committee of the Senate is charged with the duty of making a thorough investigation of the Indian situation. A subcommittee was appointed, of which the Senator from North Dakota is chairman. In the course of that investigation-as the record shows-Mr. Hagerman and his connection with the Indian Bureau were discussed. The committee soon learned that his record in the bureau was unsatisfactory; that the Indians-whose rights it was assumed he was to protect-were hostile to him; and that to permit him to remain in the Government service would be unwise and highly improper. This conclusion was not reached until after a thorough investigation had been made and the interests of the bureau, as well as the Indians, had been fully considered.

The Indian Bureau refused to accept the findings of the

that there be further investigation of the matter. The committee, not having completed its work, again considered the Hagerman matter. During the investigations Mr. Hagerman testified at length. Hundreds of pages of testimony were taken, many witnesses testified, and numerous documents were incorporated in the record. After a complete investigation of the entire matter, the committee submitted a report to which I shall call attention. I do not think the junior Senator from Arizona [Mr. HAYDEN] can challenge, nor can any one challenge, the good faith of the members of the committee making the investigation. Probably they never heard of Mr. Hagerman until, in the investigation. he and his relations to the Indian Bureau were brought to their attention. The complaints made to them by Indians and others were of such a nature as to compel them to inquire into the official conduct of Mr. Hagerman. This they did impartially, and reached a conclusion which seems to me inescapable-a conclusion and judgment that would have been reached by any fair and impartial investigator.

Mr. President, I have confidence in the committee and believe that their judgment should be the judgment of the Senate. However, I have examined hundreds of pages of the record and have no hesitancy in saying that their conclusions regarding Mr. Hagerman are just and that it is the duty of Congress, if the Indian Bureau will not do its duty, to remove by legislation Mr. Hagerman from any connection with the Indian Service.

### TEXT OF SENATE COMMITTEE'S REPORT

The chairman of the Committee on Indian Affairs, for the committee, submitted a report under date of February 16. 1932, with respect to the "Charges of misconduct of Herbert J. Hagerman, special commissioner to negotiate with Indians and a former member of the Pueblo Lands Board." The report is as follows:

Pursuant to said resolutions and within the limits of its authority the subcommittee of the Senate Committee on Indian Affairs has conducted its survey and investigations generally among the various Indian tribes of the United States, and in pursuance of such investigation the subcommittee has held numerous hearings in Washington and within the States of New Mexico and Arizona inquiring into the charges of neglect of duty and misconduct of one Herbert J. Hagerman, special commissioner to negotiate with Indians in New Mexico, Arizona, Utah, and Colorado, and formerly a member of the Pueblo Lands Board. At the numerous and exhaustive hearings which were held in Washington, Mr. Hagerman was present, but in New Mexico and Arizona he failed to appear.

The printed testimony is found in parts 11, 17, 18, 19, and 20,

hearings of the subcommittee.

The subcommittee finds that said Hagerman in his said capacity as a member of the Pueblo Lands Board failed, neglected, and refused to comply with the mandate of Congress (act of June 7, 1924, 43 Stat. 636) creating and controlling that board, in that he failed, neglected, and refused to find the fair market value and to award fair compensation to the pueblos when ownership of land and water rights were extinguished through the actions of the board in violation of section 6 of said act of June 7, 1924.

And by reason of such failure, neglect, and refusal to comply with the provisions of the act the Government has been put to great expense, while the board has not disposed of the claims and great expense, while the board has not disposed of the claims and counterclaims of the Indians and white settlers as was intended by Congress and provided for in the act, but on the contrary has beclouded the situation, has complicated the issues by trying to read into the act and the judicial decisions an arbitrary and fantastic theory, has practically forced the Indians to institute independent suits of wholesale character, and has brought about a situation forcing Congress to legislate anew in order to accomplish the results plainly intended by the said act of June 7, 1924.

The subcommittee further finds that he has in numerous particulars reglected his duties as such special commissioner to necessity.

The subcommittee further finds that he has in numerous particulars neglected his duties as such special commissioner to negotiate with Indians in New Mexico, Arizona, Colorado, and Utah, with resultant serious injury to the property and the tribal interests of the Indians, and has completely lost the confidence of the vast majority of the Indians of the Southwest, who have petitioned the subcommittee that he shall no longer represent them or act in the capacity of such commissioner, and the committee is of the opinion that he is unfitted for the position assigned to him by the

opinion that he is unfitted for the position assigned to him by the Secretary of the Interior.

The subcommittee further finds that the said office of special commissioner to negotiate with Indians, etc., is an unnecessary extravagance on the part of the Government. It is the belief of the subcommittee that the superintendents upon the various reservations should be held responsible for the management of the affairs of the reservations to which they are assigned and should make their reports directly to the Indian Bureau rather than through some intermediary, and that if there are superintendents or agents incapable of managing the affairs of a reservacommittee, or, as stated, the action of the Senate, and asked tendents or agents incapable of managing the affairs of a reserva-

tion or unable to maintain the confidence and respect of the Indians, they should be replaced by men who have the necessary qualifications to handle the business and social problems involved. The present system of having superintendents report to Commissioner Hagerman makes for delay and inefficiency, stifles the enterprise of competent superintendents, and serves as a barrier behind which the Commissioner of Indian Affairs escapes responsibility.

The subcommittee's conclusions are supported by records, complaints, allegations, and admissions contained in the printed hearings, and in records, documents, and files of the subcommittee.

Wherefore, the subcommittee recommends that Mr. Hagerman's position be abolished, that there be no future appropriation for his salary and expenses, and that he be removed from the Government service

Respectfully submitted.

### HAGERMAN AND HAGERMANISM

Mr. President, it seems to me that in the face of this report the Senate should unhesitatingly and unanimously agree to the amendment offered by the chairman of the committee [Mr. FRAZIER] and thus get rid, once and for all, of Mr. Hagerman and close the chapter of Hagerman and Hagermanism. The report says that he should be removed from the Government service. The chairman has called the attention of the Senate to communications received by the committee from the Navajo Indians as well as Indians in New Mexico, other than those belonging to the Navajo Tribe, in which they strongly oppose Mr. Hagerman and declare that they are unwilling that he shall longer hold any position which will bring him into contact with them. It may not be inappropriate to mention that because of the failure of Mr. Hagerman to properly discharge his duty in connection with the Pueblo Indians, the able Senators from New Mexico-one a Republican and the other a Democrat-have felt constrained to introduce a bill in the Senate calling for compensation to the Pueblo Indians because of the wrongs inflicted upon them for which Mr. Hagerman is primarily responsible. I shall refer to this later in my remarks. I may add, however, that this bill, which would, in part at least repair the wrongs done the Indians, is violently opposed by Mr. Hagerman and by the chief officials of the Indian Bureau. Mr. Rhoads and Mr. Scattergood, and I think the Secretary of the Interior, in the face of the report of the committee and the mountain of testimony condemnatory of Hagerman, still doggedly and defiantly support him and also stoutly oppose the bill for the relief of the Pueblo Indians, though everyone who examines into the matter dispassionately and fairly will be compelled to the conclusion that these Indians should be compensated for the unjust treatment to which they have been subjected. Mr. Hagerman was supposed to represent the Indians and protect their rights. The record to which I have referred, composed of hundreds of pages of testimony, reveals the reasons why the Pueblo and the Navajo Indians, lacking confidence in Mr. Hagerman, desire that he shall no longer serve in the position which he is

Mr. President, it is obvious that if the Indians have no confidence in an official of the Government, he can be of but little service to them, and that it would be unjust to have him superimposed upon them.

# FACTS HAVE DESTROYED HAGERMAN'S SUPPORT

A few moments ago the senior Senator from Utah [Mr. SMOOT] read into the RECORD a statement made by some State officials of New Mexico more than a year ago, when Mr. Hagerman's case was before the Indian Affairs Committee as well as before the Senate. In that statement they denounce the Senator from North Dakota [Mr. Frazier] and indirectly criticize me for supporting him in his contention that Mr. Hagerman should no longer be forced upon the Indians by the Indian Bureau. My information-and it is authentic-indicates that those who supported the resolution of criticism entertain an entirely different view now. The leading newspapers of the State are opposed to Mr. Hagerman and definitely state that he should no longer be continued in the position which he now occupies. Editorials have appeared in two of the leading newspapersone a Republican and the other independent-which, in effect, support the action of the committee in calling for Hagerman's removal.

It is unnecessary to state what all Senators know. The investigating committee acted fairly toward Mr. Hagerman and only reported against him and in favor of his removal when the record overwhelmingly called for such action. The report that they made a year ago has been reinforced by a further investigation in Arizona and New Mexico at which Mr. Rhoads and other representatives of the Indian Bureau were present. I supported the committee a year ago, and I am supporting them now, notwithstanding the objurgations of the Indian Bureau and the Secretary of the Interior.

Apropos of the critical statement given to the press a few days ago by Secretary Wilbur, in which Mr. Collier and myself were criticized, I desire to have placed in the RECORD a copy of a letter written by Mr. Diego Abeita to Secretary Wilbur, dated March 14, 1932. I have asked the senior Senator from New Mexico [Mr. Bratton] whether he knows the writer of the letter. He answered in the affirmative. He will correct me if I am wrong, in stating that the writer is an Indian of education and considerable ability and of standing in the community.

Mr. BRATTON. That is a correct statement.

### A STATEMENT FROM THE PUEBLOS

Mr. KING. The writer of the letter, may I say, is secretary of one of the Pueblo councils, and as spokesman of such council, he takes exception to Mr. Wilbur's criticism. He particularly criticizes the Secretary for his, as I believe, unfair and unwarranted assault upon Mr. John Collier. He also resents the statement of the Secretary concerning Judge Hanna, who has served the Indians for years without compensation.

Mr. President, I ask that the letter, without reading, may be inserted in the RECORD.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

ISLETA PUEBLO. Isleta, N. Mex., March 14, 1932.

Hon. LYMAN WILBUR,

Secretary of the Interior, Washington, D. C.
DEAR MR. WILBUR: Acting through the election of the All-Pueblo Council, representing 13 pueblos, which met at Santo Domingo on March 12, I, as spokesman of the said council, hereby take exception to your statements to Members of the United States Senate as contained in an Associated Press dispatch of March 9, wherein you refer to Senator King's knowledge of our affairs as the work of John Collier, "a well-known and well-endowed lobbyist," whose word "can not be depended upon to be fair, factual, or complete."

John Collier is a friend of the Pueblo Indians, and he is recognized as such by us. It certainly is not to the credit of the Indian

Bureau that a sense of justice compels him to fight constantly for decent treatment for the Pueblo Indians.

A lobbyist, as we understand the term, is one who hides behind the curtain as he tries to control legislation. John Collier has not hidden behind anyone or anything while trying to obtain justice for us. On the other hand, the success of his actions has depended largely on the knowledge the public has obtained about

We resent and consider improper and unfair your designation of him and his associates, whom we have trusted to present our case to the Congress of the United States, as endowed lobbyists. The Pueblo Indians of New Mexico have never paid John Collier one cent to represent their interests against the neglect of the Indian Bureau.

As for our attorney, Judge R. H. Hanna, of Albuquerque, and our other attorneys, they are trusted by us with a task of undoing

our other attorneys, they are trusted by us with a task of undoing the harm done us by those whose duty it was to protect us. We regret to tell you that it is necessary for us at all times to be prepared to defend ourselves against the policy of your bureau.

You have told the Members of the United States Senate and the public that the statements of John Collier and his associates can not be considered as facts. In effect, you call him a liar; and this is a direct reflection upon the Indians of New Mexico who have charged him and Judge Hanna with the duty of presenting their side of this matter of the Pueblo Lands Board controversy. We therefore challenge you to prove your statement of March 9. As it now stands it plainly implies that we are a party to dishonest means to obtain justice for ourselves. Since this is utterly false, we demand that you retract your insinuations.

The 10 per cent fee-or, as you figured it out, \$75,000 joint fee if it is approved, is for the expenses of several law firms who have worked for several years on this matter. This work has been about equal to the work of the Pueblo Lands Board, which cost the Government at least \$250,000 and possibly \$400,000—estimates seem to vary. Indeed, if this lands board had done its task fairly and correctly, we should have been spared this heavy expense. But why didn't they do it? Their methods forecasted

another expensive fight for us, and why didn't your office correct them, when it could have done some good and spared us this expense? \* \* \*

Respectfully yours,

DIEGO ABEITA, Secretary Isleta Pueblo Council.

#### PRESIDENT ROOSEVELT REMOVED HAGERMAN

Mr. KING. Mr. President, the record shows that Mr. Hagerman was brought out of retirement by Secretary Fall, under whose administration oil lands belonging to the Government were leased or otherwise disposed of. These two men were friends and had been political associates. As stated by the Senator from North Dakota, Mr. Hagerman had been removed as Territorial Governor of New Mexico by President Roosevelt. Part 11 of the hearings shows the reasons for President Roosevelt's action; they also show the series of letters passing between the President, Mr. Hagerman, and Mr. Garfield. Mr. Roosevelt's action is stated in the following words:

It is a grave question in my mind whether I ought to remove you instead of requesting your resignation. Under no circumstances would I reconsider this action.

From January, 1923, until the conclusion of the hearings by the committee the record of Mr. Hagerman as special commissioner and as a member of the Pueblo Lands Board has been subjected to an examination by the Senate Incian investigating committee and the Senate Committee on Indian Affairs. Of course, I do not ask the Members of the Senate to examine the nearly 2,000 pages of testimony containing this record. I can only repeat that the record not only justifies but compels the report submitted by the committee and which I have placed in the Record. The hearings establish that Mr. Hagerman failed in his duty to the Indians and pursued a course disadvantageous to them and which has culminated in their entertaining for him a feeling of fear and repugnance.

### ESTABLISHMENT OF NAVAJO FIAT COUNCIL

The record supports the view that Mr. Hagerman attempted to destroy-and he was largely successful-the Navajo tribal organization which had existed among them for generations. He presented to the Navajo Indians regulations prepared by Secretary Fall, or under his direction, which had for their purpose the destruction of the tribal administrative system and the subjugation of the Indians to a tyrannous and bureaucratic control. These regulations compelled the Navajo Tribe to effect an immediate organization under the ægis of the Secretary of the Interior. The Indians were informed that if they refused to submit to the practical destruction of their tribal organization and the acceptance of these regulations, the Secretary would appoint tribal delegates. These regulations required the tribal council, which was the administrative and representative organization of the Indians, to meet only on Mr. Hagerman's call and only in his presence.

In July, 1923, this rubber-stamp Indian council that Mr. Hagerman, under the regulations referred to, had created, was required to and did sign over to Mr. Hagerman an unlimited power of attorney to deal with certain of their lands. Under this authority he was authorized to sign, in behalf of the Navajo Tribe, all oil and gas mining leases. I have before me these regulations, but I shall not take the time of the Senate to read, or because of their length have them inserted in the Record. I shall, however, briefly refer to two or three of the regulations:

Paragraph 1 permits that there should be appointed one

commissioner of the Navajo Tribe (Hagerman) who shall meet and confer at general headquarters at a point to be

designated by him.

Paragraph 2 provides that he shall have general supervision over each of the superintendents on the reservation and be charged with the general supervision of the affairs of the tribe. Notwithstanding the existence of tribal councils selected by the Indians, and which had been their governing body for perhaps centuries, the regulations declared that this bureau organization was created a continuing body, and that in the event the Indians or any superintendency failed or

neglected to elect a delegate or alternate the Secretary of the Interior was to appoint the same.

Paragraph 17 provides that the tribal council was to meet at such time and place as may be designated by the commissioner (Hagerman), after notice in writing, for the consideration of such matters as may be brought before it.

Paragraph 19 provides that no meeting of the tribal council shall be had "without the presence of the commissioner" (Hagerman).

Paragraph 20 gives the right to the Secretary of the Interior to remove any member of the council upon proper cause shown, and to require the election or appointment of some other delegate.

It is a matter of common knowledge that the Indian tribes from time immemorial have enjoyed their own tribal councils. The progress of the Canadian Indians is in part due to the recognition of the government of the tribal councils among the various tribes. These organizations have been of benefit and have been recognized by them as their official organizations. The new plan was to convert the tribal council or tribal governmental organization into a creature or rubber stamp of the representatives of the Interior Department. This seems to me to have been unwise, unfair, and unjust to the Indians.

### POWER OF ATTORNEY TO HAGERMAN

On July 7, 1923, this rubber-stamp council was called to meet by Mr. Hagerman, and acting under his direction there was executed and delivered to him an unlimited power of attorney, under which he was authorized to execute in behalf of the Navajo Tribe all oil and gas mining leases.

I should add that for a number of years prior to 1923 it was believed that the Navajo Reservation contained valuable oil deposits. Oil had been discovered upon the public domain in the same region, and legislation had been enacted by Congress providing for leasing the same. Requests were made for legislation providing for the leasing of Indian lands supposed to contain oil deposits. After Mr. Hagerman had obtained this power of attorney, he disposed of an oil structure of great value, containing an area of 4,080 acres, to two men, both of them his friends, and one of them, as I am advised, an intimate friend. The bonus consideration paid to the Navajo Tribe was only \$1,000. In less than a year these individuals had conveyed a one-half interest in 5 per cent only of the structure, receiving therefor \$300,000. In less than three years thereafter they disposed of a one-half interest in the leased oil structure for more than \$3,000,000.

# THE RATTLESNAKE OIL LEASE

The record shows that near Shiprock, N. Mex., and on the Navajo Reservation, there are two neighboring oil structures, one called the Hogback, the other the Rattlesnake. In the summer of 1923 it was established that the former possessed great value because of the quality and quantity of oil which it contained. It was of the highest grade and gave evidence of indefinite production. Less than 9 miles away, and as part of the same geological formation, was the Rattlesnake structure. Early in 1922 the Federal Bureau of Mines began an investigation, at the request of the Indian Office, of the Navajo oil fields. Some time prior to October 2, 1923, Mr. Kenneth B. Nowles, of the Bureau of Mines, reported that the Rattlesnake oil structure was equally as good as the Hogback from a geological standpoint.

The Senator from North Dakota [Mr. Frazier] referred to the testimony regarding this matter in his address a few minutes ago. The record of this report appears on page 4823, part 11, of the hearings. The Indian Bureau did make this report public. An affidavit, however, filed with the Senate Indian Investigating Committee August 4, 1931, shows that Mr. Nowles was in contact with Mr. Hagerman prior to the leasing of the 4,080 acres of the structure to the two friends of Mr. Hagerman. I refer to part 19 of the hearings, pages 10389 and 10390. I should add that the regulations, under which the proceedings were conducted resulting in the two friends of Mr. Hagerman obtaining a lease upon the structure, reserved to the Secretary of the Interior the authority to reject any and all bids. Secretary Fall had left

the department and his successor had been named. Mr. Hagerman urged upon the department that the lease be issued without delay, and on December 5, 1923, after the Secretary had withheld for seven weeks his approval, the lease was approved by him. As I have stated, in less than a year thereafter one-half interest in 200 acres of the 4,080 acres was sold to the Continental Oil Co. for a \$300,000 bonus paid to whites. The Navajo Tribe, however, received for the lease of the entire structure but \$1,000 as bonus. The Continental Oil Co. thereafter acquired a one-half interest in the Rattlesnake structure for between three and four million dellars of bonus.

I do not contend that this transaction proves any corruption upon the part of Mr. Hagerman or those who acquired the oil fields. It is, however, a fact to be considered in connection with the entire record and with the general attitude of Mr. Hagerman toward the Indians. It is to be weighed in determining whether he earnestly and loyally discharged his duty to the Indians who were under his supervision and whose rights he was supposed to sacredly guard and protect. It bears upon the question as to whether he was negligent or indifferent in the discharge of his duties and whether there is justification for the Indians believing that he should no longer have authority to handle or control any of their property or have any concern in their affairs.

#### MISREPRESENTATION OF NAVAJOS IN OIL LEGISLATION

I now call attention to a matter which it is contended proves that Mr. Hagerman was careless or indifferent to the rights of the Indians and failed to observe his duty as a guardian of the Indians. As Senators know, many reservations have been created by presidential order. About threefifths of the Navajo Indian Reservation belongs in this category. My recollection is that all Indian reservations created since 1868 have been by Executive order. Treaty making with the Indians was ended by Congress in 1868; however, Congress, by various enactments, including the general allotment act, has recognized the substantial identity of Indians' vested rights in treaty grants and Executive orders. That is to say, reservations created by Executive order gave to the Indians a valid title to the lands and mineral wealth therein. However, it was contended by some, including Secretary Fall and the Indian Bureau officials, that the Indians did not obtain valid and indefeasible titles to lands included within Executive order reservations. The contention, as I understand, was that the Indians, though not trespassers, acquired no rights which Congress or the public were bound to respect.

On June 9, 1922, Secretary Fall, holding that the Navajo Indians had no title to the lands within the Executive order reservation, sought to bring them within the provisions of the general leasing act of February 25, 1920, which authorized the leasing of oil and other mineral lands by the Secretary of the Interior. The validity of his order announcing his view, which, as stated, was a denial of the ownership of the Indians in and to the minerals within the reservation, was challenged. Manifestly the view of the Secretary was unjust to the Indians. They had occupied the lands within the Navajo Reservation, as well as other lands, for centuries, and the Executive order relating to a part of the lands which they and their ancestors had occupied for generations was, it seems to me, but a confirmation of their title. For the Government to question their right and to seek to deprive them of either the surface or the minerals beneath the surface of their ancestral domain and of the lands within an Executive order reservation was a most unethical, unjust, and reprehensible act. Fortunately, Attorney General Stone, in an important opinion dated May 27, 1924, repudiated the view of Secretary Fall and declared that the Indian title to Executive order reservations was coequal with treaty title, and that the general leasing act of 1920 had no application whatever to such lands.

### ATTEMPTED DESTRUCTION OF NAVAJO LAND-TITLE CLAIMS

It is obvious that if the position of Secretary Fall had prevailed the Navajo Indians would have been deprived of the oil and gas developed within their reservation. Senators know that much of the reservation is arid, barren, and rocky.

To have deprived the Indians of whatever oil resources might be found within the reservation would have been an act of the greatest injustice. Following the opinion of the Attorney General, the Indian Bureau attempted to secure the passage of a bill known as S. 3159, Sixty-ninth Congress, first session, the object of which was to deprive the Indians of a considerable part of the oil royalties derived from leases to Executive order reservations. This measure was an attack upon the Indian title to their lands and was an effort to prevent them from receiving the full benefits arising from the leasing of their own property. When this bill was pending in Congress Mr. Hagerman came to Washington to urge its passage. Senators will bear in mind that he was supposed to be the protector of the Indians. It was his duty to defend their rights and to guard them against any attack, whether by private persons or by the Federal Government itself. Under the regulations to which I have referred the Indians could only speak through the council, and their council could only meet when called by Hagerman and in his presence. Even though under the regulations of the Interior Department he was given such arbitrary and improper authority, the obligation rested upon him to advise the Indians of their rights, of the holding of the Attorney General, and to take such course as would protect them against the efforts of the Indian Bureau to deprive them of any part of the royalties or benefits arising from the leasing of their lands. Certainly it was his duty to explain the entire situation to the Indians and to advise them of their rights and against any course that would be disadvantageous to them. He appeared before the Senate Indian Affairs Committee and testified on February 25, 1926, in substance, that the Navajo Indians, through their council, had indorsed the plan and measure and were glad to surrender 371/2 per cent of the royalties, and if necessary would surrender 50 per cent. The council had not taken that position nor had they authorized Mr. Hagerman to make any such statements or representations. His testimony will be found in the printed Senate hearings of the Sixty-ninth Congress, first session, March 10, 1926, page 1000.

The bill was finally defeated, and legislation enacted providing that all royalties should be deposited in the Treasury to the credit of the Indians. In addition, the executive department was prohibited thenceforward from changing the boundaries of Executive order reservations. In this instance, Congress protected the rights of the Indians. The bold attempt of the Indian Bureau to deprive the Indians of their property did not succeed and, as stated, Congress went to the extent of providing by law that the boundaries of Executive-order reservations should not be made subject to attack by the Executive.

Mr. President, I regard this assault by the bureau and Mr. Hagerman upon the Indians as most unfair. I can not help but view the conduct of Mr. Hagerman as that of disloyalty to the Indians whom he should have protected. Mr. Hagerman appeared before the Senate investigating committee in January and February, 1931, and under cross-examination by the junior Senator from Montana [Mr. Wheeler] was forced to admit that the Navajo tribal council had never authorized him to surrender 371/2 per cent of their royalties to which they were entitled. If Senators will read the crossexamination, they will discover that Mr. Hagerman misrepresented the attitude of the Indians when he testified adversely to them in support of the Indian oil leasing bill offered in 1926, which was then under consideration. The junior Senator from Arizona [Mr. HAYDEN], I feel sure, was not aware of these facts or he would not have stated, as he did in his address to-day, that he knew of no action of Mr. Hagerman that was detrimental to the Navajo Tribe. I repeat that Mr. Hagerman incorrectly stated the facts as to the position of the Navajo Tribe, and the record shows that he had not been authorized to make the statements made or to yield any of their rights with respect to oil royalties. His attempt, during the cross-examination by Senator Wheeler, to explain his testimony before the committee in 1926, was most pitiful, and reveals that he was not frank and that he had not correctly stated the facts as to the desires and wishes of the Indians.

#### HAGERMAN AND PUEBLO LANDS BOARD

I now invite the attention of the Senate to Hagerman's record in matters pertaining to the Pueblo Lands Board, of which he was a member from 1924 to 1931. The examination of the record contained in part 20 of the Senate Indian investigating hearings establishes, in my opinion, that Mr. Hagerman, when recently testifying before the Senate Indian Affairs Committee on the Pueblo bill, failed to state the facts and apparently sought to misrepresent matters of material importance. His testimony with respect to the Pueblo Lands Board record becomes of more significance because Commissioner Rhoads and Secretary Wilbur have chosen to believe him in the face of his recent testimony, which, if believed, would establish that he not only failed to state the facts but misrepresented them before the Federal court two years ago. If his statement were true, it would force the conclusion that the two other members of the Pueblo Lands Board were not frank and accurate in their statements before the Senate investigating committee in their hearings last year.

For many years the Pueblo land situation was a controversial matter between the Indians and the white settlers in New Mexico. The Pueblo Indians had resided for many centuries on the lands in question and had received grants from the Spanish Crown, but many white settlers had entered upon some of the most valuable lands of the Indians and had established homes and engaged in agricultural activities. They had possessed themselves of the ancient Indian irrigation ditches and diverted water from various streams and used it in the irrigation and reclamation of the lands occupied by them. The record, I think, discloses that the white settlers entered upon the lands believing that they were subject to entry and that they could obtain valid titles to the same. The Indians unceasingly contended that they were trespassers and that their occupancy was illegal. The greater part of the Pueblo irrigated area was occupied by these white settlers, but the title to the same remained in the Indians. This situation, as I have indicated, was provocative of controversy and constant irritation. The white settlers in good faith were occupying the lands, making improvements thereon, and by their labors adding to the wealth and prosperity of the State. The Indians, owners of the lands, were suffering great want.

# THE SETTLEMENT WHICH CONGRESS ENACTED

In order that the matter in controversy might be determined, Congress passed an act on the 7th of June, 1924, so that the complicated issues might be determined. Under the law the white settlers were permitted, under certain conditions, to remain on the Indian lands, and acquire title thereto, the Indians to be compensated for the "fair market value" of the land whose title was to become extinguished. Under the provisions of the law the white settlers who had been on the Indian lands for 25 years with color of title, or 35 years without color of title, and who had in good faith paid the taxes continuously, were to obtain title to the land so occupied by them. The Indians, by this act, were to surrender their title, but were to have a just and fair compensation for the lands so to be given to the white settlers. The compensation was to be the "fair market value of their lands less the improvements placed thereon or therein by the white claimants." There was an additional proviso that the Indians should be compensated for the amount of their loss. which necessarily would be an amount greater than the market value of the land, because it took into account the loss of the use of the land for a period of many years during which the same had been occupied by the white settlers, although a perfect legal title was in the Indians.

# THE APPRAISERS DID HONEST WORK

In order to carry out the provisions of the act the Pueblo Lands Board was created, with three members. This board consisted of Mr. Hagerman, who represented the Secretary of the Interior, and the Attorney General named a representative and the President of the United States named a third. The outcome of the work of the board and consequent court actions have been to vest provisionally in the white settlers title to approximately 5,000 disputed parcels of land,

and to return to the Indians about 500 parcels. The record shows that Mr. Hagerman was a dominant figure and power in the board. The lands board appointed a board of appraisers, who were sworn officials and whose duty it was to appraise the values of all the lands in controversy. The record shows that these appraisers were men of character and integrity, who seriously and faithfully attempted to discharge their responsibilities. The appraisals, however, were low, but on the whole, so far as I am able to determine, were fairly equitable; certainly they were fair to the white settlers. Their appraisements and reports were duly submitted to the Pueblo Lands Board. Obviously this board should have approved their findings and appraisements, unless facts were brought to their attention showing error or mistake.

The Attorney General's representative and the President's representative were not residents of New Mexico; they were not familiar with land values or with the conditions upon the reservation. The first appraisals taken up by the Pueblo Lands Board were those dealing with the Tesuque pueblo. There the lands board awarded the Indians the full value which the appraisers had found, and Congress promptly voted the award of money without discussion. It seemed to have been conceded that the appraisements were fair and that the action of the lands board in approving the same required an appropriation in harmony therewith.

#### PUEBLO COMPENSATION SLASHED TWO-THIRDS

Immediately thereafter the Pueblo Lands Board, in dealing with the appraisals made with respect to the Nambe pueblo, reduced the appraisal figures of its own appraisers by two-thirds, and thereafter the lands board adhered to this policy and awarded to the Indians about one-third of the values found by the appraisers. There was no reason to justify this rejection of the findings of their own appraising board; no new facts were developed, but, arbitrarily and capriciously, under the control of Mr. Hagerman, the work of their own appraisers was rejected and the Indians were denied the awards to which they were justly entitled. Moreover, with respect to over 19,000 acres to which the title of the Indians was extinguished by the action of the lands board, not one cent of award was given.

# NEW WHOLESALE LITIGATIONS MADE NECESSARY

Mr. Hagerman's position was not that of a disinterested judge; certainly not that of a friend and guardian of the Indians. The explanations given by him to justify the action of the lands board in rejecting the findings of the appraisers, as well as of the law itself, are not frank; they do not rest upon facts; indeed, in my opinion, they are pretexts which can not be accepted. The action of the board was regarded as so unfair, and, indeed, so violative of the law under which the controversies were to be settled and compensation to be awarded, that the action of the Pueblo Lands Board was challenged by the tribes through independent suits as authorized by the act of June 7, 1924. The result is that the situation is chaotic, and litigation is in progress and more litigation is threatened, which will be highly disadvantageous to the white settlers as well as to the Indians, and harmful to the peace of the community.

In an action brought before the Federal district court of New Mexico-brought because of the action of the board-Mr. Hagerman testified that the making of compensation awards was left to him by his associates. This testimony appears in part 11 of the hearings of the Senate Indian Investigating Committee at page 4468. He then proceeded to explain that the awards, which the Indians contended were unfair and unjust, had been based not upon the appraisals by the board of appraisers which he and his associates had named but by going back 40 years in time and taking the estimated value of the lands with their appurtenant waters as of that date. This value, he testified, had been estimated at \$25 an acre. In some instances \$10 an acre had been added to cover possible Indian improvements upon the Indian lands 40 years before the appraisal. This position, of course, was an untenable one. The constitutionality of the act of June 7, 1924, was dependent on the award of present "market value" to the Indians. Their title to the land was a perfect fee simple title and their ownership was under the act was to be accomplished only by a form of condemnation procedure as of the present, not of 40 years ago. The act required the board to find the present market value; that is, the value as of the date that the Indian title was extinguished, and it was this value that the board's appraisers found but which Mr. Hagerman cut by two-thirds. The appraisers observed the law in finding what they conceived to be the present market value of the land with the appurtenant water. As Senators know, the Pueblos are located in what has been called an arid or semiarid region where water is important for the irrigation of the lands to make them productive. The water was, of course, an appurtenant to the land. The white settlers claimed not only the lands occupied by them and upon which were their improvements and homes, but also the water which they had used for domestic and irrigation purposes.

The court gave the settlers by final decree the land with its appurtenant water. The Indians, having the legal title to the land and the water, of course, claimed that they should be compensated for both; the Indians regarded the water as appurtenant to the land. That was the view of the appraisers; that was the view of all fair-minded persons; it should have been adopted by Mr. Hagerman and the award should have been made in harmony with this view. No wonder that the Pueblo Indians fear Mr. Hagerman and are opposed to his being retained in the position which he now occupies.

HAGERMAN'S REVERSAL OF HIS OWN TESTIMONY

As an excuse for rejecting the findings of the appraisers, Mr. Hagerman later, as I believe, adopted another position, and in doing so inaccurately stated what had been testified to by himself upon a former occasion. At any rate, he reversed his position. His new explanation was recently submitted to the Senate Committee on Indian Affairs in opposition to the pending Pueblo bill offered two months ago by the two Senators from New Mexico who believed that a great injustice had been done the Indians by the Hagerman board, and sought to repair the injustice by asking Congress to make an appropriation to partly, at least, compensate the Indians for the lands of which they were being deprived. Undoubtedly the two Senators would not ask the Federal Government to appropriate \$765,000 to the Pueblo Indians in part compensation for their lands if they had believed that Mr. Hagerman's board had not dealt unjustly with the Indians. Mr. Hagerman in his testimony stated, with many repetitions, that the reason for the low award which rejected the findings of the board of appraisers was that the Indians were not entitled to an award for the water because it still belonged to them. In cutting the appraised value twothirds, he is now attempting to do an injustice to the white settlers, or at any rate to create a situation which inevitably would result in litigation and prove a source of irritation both to the Indians and to the white settlers. As I have stated, the act of Congress was in effect a measure for the condemnation of the land and the water appurtenant thereto. The findings of the appraisers cover land together with the water used thereon. As a matter of fact, the awards made by the Hagerman board declared that they were in fact given to compensate for the land and the appurtenances thereto which included the water. The lands without the water would be of but little value to the white settlers, and any effort to deprive them of the water used by them for so many years could not be defended. If Hagerman's latest position is sound, there will be litigation for an indefinite period. The whites will resist the efforts to deprive them of the water, and if the Indians are compelled to accept the view of Mr. Hagerman and the Interior Department, they may feel constrained to seek in the courts to recapture the water which the whites have used and which has been decreed to the whites, with the land, by the lands board and also by the court. Mr. Hagerman's present position belies the testimony of Mr. Warner and Mr. Jennings, his associates on the lands board.

The awards of the board, as the report shows, establish that the water was treated by the board as being appurtenant to the land, and in the awards made the compensa-

an ownership in præsenti. The extinguishment of their title under the act was to be accomplished only by a form of condemnation procedure as of the present, not of 40 years ago. The act required the board to find the present market value; that is, the value as of the date that the Indian title

Mr. President, these matters are relevant to the issue now before the Senate. With this record, and with the hostility aroused among the Indians by reason of the position taken by Mr. Hagerman, it seems manifest that to further continue him in a position of control and authority over the Indians would be not only unwise but a serious mistake. The evasion of the lands act of 1924 by the Pueblo Lands Board has resulted in throwing back upon the courts the whole tangled subject of adjusting more than 5,500 claims and counterclaims

### THE WHOLE SETTLEMENT NOW JEOPARDIZED

As I have stated, the extinguishment of the Pueblo titles under the act of 1924 was made subject to the consent of the Indians themselves. The Pueblo Indians were given the right by the act to institute independent suits at any day within two years after the report of the Pueblo Lands Board had been filed. The Pueblos could reject the settlement contemplated in the act of 1924. In other words, they were not to be deprived of their lands without their consent, and it was assumed that the Pueblo Lands Board would make a fair and just finding and the Indians were content to leave the white settlers in possession of the lands which they had occupied, with the appurtenances thereto, if and when the Indians were assured a fair compensation for their property. Faced with the partial or total confiscation of their lands these tribes have proceeded to file omnibus suits in ejectment against the whites occupying the lands in question. The Pueblos have given as a reason for bringing these suits that their property is in part being confiscated because of the low awards of the Hagerman board and because of the board's refusal to make any award whatever for more than 19,000 acres to which the board by its findings sought to extinguish the Indian title.

The Indians do not want to engage in litigation; they desire an amicable adjustment of the matter; they believe that the white settlers were entitled to consideration. The settlers had, for many years, occupied and improved Indian lands; the Government had failed to protect the Indians; it had permitted the occupancy of the Indian lands, the building of homes and improvements upon the lands by white settlers, and, as I understand, the Indians felt that the white settlers had equities which should be recognized. If the awards of the board had been fair; if they had followed the plain directions of the act of Congress creating the board, and the findings of their own board of appraisers, there would be no litigation and the whole controversy would have been ended, and the white settlers and the Indians would have lived side by side in amity and peace.

### CONGRESS NOW COMPELLED TO LEGISLATE AGAIN

The disturbed condition came to the attention of the Senate investigating committee nearly a year ago, and the members of the committee proceeded to New Mexico and conducted extensive hearings. The committee found that the Pueblo Indians were right in their contention, and that the Government, because of the unjust finding of the Hagerman committee, should make an appropriation that would afford reasonable compensation to the Indians for the lands and water of which they were being deprived.

Mr. President, my colleague in his statement a few moments ago seemed to imply that the contest here is between the chairman of the committee, Senator Frazier, and Mr. Hagerman. I respectfully insist that this is not the issue at all. There is no contest between Hagerman and the committee. The committee were charged with the duty of investigating the Indian problem and the condition of the Indians. It was their duty to visit the Pueblos as they had visited other tribes and to ascertain the conditions of the Indians. After their investigation they found that Mr. Hagerman ought not longer to be retained by the Indian Bureau. The two Senators from New Mexico—one a Republican and one a Democrat—believing that the Indians had

not been fairly treated, introduced the bill to which I have referred. The suits in ejectment by the Pueblo Tribes have been permitted to lie inactive pending the anticipated action by Congress corrective of the action of the Hagerman board. I regret to say that at the expiration of one year after the filing of the first of these suits in ejectment, the Federal district court entered a nonsuit with prejudice for want of prosecution. I do not want to comment upon the conduct of the court. I can only say that to me it is inexplicable. The case has been appealed to the circuit court of appeals, where I hope the rights of the Indians will be fully protected.

In view of the situation the Indians have been compelled to go forward with litigation which they do not desire, and the pueblo of Picuris is now making service on more than 400 white settlers. The suits are in ejectment, and, as I have stated, they revive the whole controversy and disturb the peace of the white settlers as well as of the Indians and cause a condition harmful to the community. Yet even the white defendants acknowledge, I am informed, that in face of the Hagerman board's action the Indians have no other choice.

### SECRETARY WILBUR'S UNJUST ATTACK

At this point I desire to refer to the assault made a few days ago by the Secretary of the Interior upon Mr. John The statement contained a charge that Judge Hanna, an attorney for the Indians, was to receive a large fee, and the implication was that it was to constitute a part of the "fund of the Indian Defense Association," with which Mr. Collier is connected. Judge Hanna is one of the ablest lawyers of New Mexico, a man of character and standing. This criticism of Judge Hanna is unwarranted and is not creditable to the Secretary of the Interior. Judge Hanna has labored for years for the protection of the Indians, but with little compensation. He is still fighting their battles, with no promise of compensation. Of course, the Indians will be glad to compensate him if they can for the years of service rendered in their behalf. Whatever he may be paid by the Indians, contrary to the indictment of Mr. Wilbur, will not be a "fund" from which Mr. Collier's association may draw. Mr. Collier is merely a secretary of the organization which has done so much for the protection of the Indians. His organization has had the courage to fight the Indian Bureau and to protest against the injustices to which the Indians have been subjected. It is unfortunate that there are not more organizations interested in the welfare and protection of the wards of the Government.

Mr. BRATTON. Mr. President-

The PRESIDING OFFICER (Mr. Robinson of Arkansas in the chair). Does the Senator from Utah yield to the Senator from New Mexico?

Mr. KING. Certainly.

# JUDGE HANNA AND THE PUEBLOS

Mr. BRATTON. Being familiar with the entire situation and having enjoyed a personal acquaintance and a close association with Judge Hanna for several years, I take this occasion to express my emphatic disapproval of the statement emanating from the Secretary of the Interior recently to the effect that the moving spirit in that legislation is to bring about the payment of enormous attorney's fees.

The statement is not true in point of fact. The purpose of the legislation is to compensate the Indians for the lands lost through negligence on the part of the Government. The bill authorizes an appropriation of about \$775,000. It contains a provision for the payment of an attorney's fee in such sum as the attorney and the tribe or tribes may agree upon, and in no case to exceed 10 per cent. It has two safeguards. One is that no fee shall be paid until and unless the Indians agree. The other is that in no event shall it exceed 10 per cent.

A 10 per cent maximum is the usual provision in measures passed by Congress remitting Indian claims to the Court of Claims. In cases of that character it is not known in advance how much work the attorneys must do. In this case we know that several attorneys, Judge Hanna being the

chief one, have represented the Indians for seven or eight years in various matters of substantial controversy. They have appeared for them in some 23 or 25 different cases in court involving different matters.

It is true that the bill contains a provision authorizing the payment of a fee in such sum as the Indians may agree upon with the attorneys, but in no event to exceed 10 per cent. In my judgment a fee of 10 per cent of the total authorized sum would not be excessive. I do not know what the Indians and the attorneys may agree upon; but if they agree upon the maximum of 10 per cent, I should say it would not be unreasonable. The Indians will benefit if the legislation should pass with that sort of a provision in it.

So I join the Senator from Utah in expressing my disapproval of the statement of the Secretary of the Interior criticizing the legislation upon that ground.

Mr. KING. May I ask the Senator if the appraisement made by the board's appraisers had been followed whether there would have been any further legislation required and whether there would have been any of this litigation which is now before the courts?

Mr. BRATTON. That is true. If the figures fixed by the appraisers had been adopted by the board and the awards made accordingly, and the appropriations made in harmony, all of the controversy now confronting us would not have arisen; the situation would have been closed in a manner reasonably satisfactory to everyone concerned.

Mr. KING. Mr. President, the Hagerman board have spent a minimum of \$250,000 to meet their expenses. For eight years they have kept 20,000 people in a state of turmoil, and by their conduct have finally precipitated a situation worse than was the condition in 1924. My information is that not only are the Pueblo Indians hostile to Mr. Hagerman, but the white settlers feel that his services should promptly be dispensed with.

# HAGERMAN'S ASSAULT ON PUEBLO SELF-GOVERNMENT

Mr. President, in 1926 Mr. Hagerman, as the record of the investigating committee shows, attempted unsuccessfully to destroy the ancient intertribal organization of the New Mexico Pueblos. His purpose, apparently, was to create an organization which would be under his thumb and which could only move as he directed. As a member of the Pueblo Lands Board, all of the Pueblos were compelled to appear before him, sitting as a judge, in their contests over land titles with the whites and in their efforts to secure compensation from the Government. An elementary sense of the fitness of things, it would seem, would have prevented a person sitting as a judge from interrupting his judicial work in an effort to destroy the civil and communal institutions of the Indians appearing before his tribunal. In November, 1926, after the Pueblos had denounced the Indian oil leasing bill to which I have referred, Mr. Hagerman, presumably with the support of the Indian Bureau, summoned the Pueblo governors to Santa Fe. He told them that the time had arrived for the Pueblos to organize themselves into an organization which would be "official," meeting on Indian Bureau premises under Indian Bureau auspices, and generally conforming to the precedent which he had established with the Navajo tribal council. The Pueblos refused to allow Mr. Hagerman to organize them. They departed from Santa Fe and met in their own council of all the New Mexico Pueblos, at Santo Domingo Pueblo, and adopted a resolution couched in courteous language, repudiating the Hagerman and bureau scheme. I have before me copies of the resolution, one in Spanish and one in English. I will read a sentence or two from the latter.

SANTO DOMINGO PUEBLO, N. MEX., December 10, 1926. Sotero Ortiz, chairman of the meeting, stated the following motion:

"I make a motion of recommending in this meeting that each pueblo shall write to the Commissioner of Indian Affairs, telling him that we will be glad to meet with them if they call us through this council, not otherwise."

Mr. Ortiz's motion was duly seconded.

The motion was then explained, discussed, and restated in Span-

ish, as follows:
"The resolution was that the Council of All the New Mexico Pueblos recommends to each New Mexico pueblo that it shall immediately write a letter to the Commissioner of Indian Affairs, stating courteously that the pueblos are anxious at all times to confer with representatives of the Indian Bureau and will at any time attend a meeting for this purpose when called by the officials of the bureau, through the officers of the Council of All the New Mexico Pueblos, in the manner prescribed in the by-laws of the Council of All the New Mexico Pueblos. It is likewise recommended to each pueblo that in its letter to the Commissioner of Indian Affairs it shall state that it will not send a representative to any meeting of the so-called United States All-Pueblo Council or any general meeting except a meeting called through the officers of the Council of All the New Mexico Pueblos, and in accordance with the by-laws of that council."

The resolutions or recommendations above quoted were then voted upon and passed, as follows.

Then follow the names of the various pueblos that joined in adopting the resolution.

The record shows that the rubber-stamp council that Mr. Hagerman and the Indian Bureau attempted to create was not formed, though, as I am advised, the bureau and Mr. Hagerman still pretend that such an organization exists. However, the bureau renewed its efforts in 1927 and in 1928, but on both occasions, as the record shows, failed. Since 1928, neither Mr. Hagerman nor the bureau has tried to assemble the rubber-stamp council which they attempted to create and to which they gave the name of the United States Pueblo Council. I should add, however, that Mr. Hagerman has assumed and assisted the existence of such an organization, and the Indian Office each year has put into the Budget a \$300 appropriation for the expenses of this ghost council never created and which never meets. When the Indian appropriation bill a year ago was before the Senate this appropriation for the ghost council was challenged and stricken from the bill.

The Indians have believed that Mr. Hagerman and the bureau have desired to destroy their organization and to create a pliable Indian council to be dominated by Mr. Hagerman and the bureau. I should mention that each pueblo in New Mexico lives under a communal organization that existed hundreds of years ago. This organization was examined into by Spain when it took possession of the New Mexico area more than 300 years ago. Under Spanish influence the communal organization was developed into a complete system of domestic self-government. Its various branches, legislative, executive, and otherwise, are chosen by members of the tribe, and the governor and subordinate officials are chosen by election, and they serve without pay. Each pueblo has a body of civil and criminal law traditional in character, and a kind of supreme court which makes and modifies the basic custom law or organic law of each tribe. These pueblo organizations were maintained in full authority by Spain and later by Mexico, and in 1852 treaties were negotiated with the tribes by James S. Calhoun, the first Indian agent sent into New Mexico by our Government. I might state that these treaties, guaranteeing the domestic sovereignty of the tribal governments, were never submitted to the Senate for ratification, but were buried in the Indian office files. President Lincoln, however, in 1864, placed in the hands of each pueblo governor a silver-headed cane bearing his autographed signature in token of the acknowledgment by the United States of pueblo tribal sovereignty within domestic limitations. These Lincoln canes, along with canes several hundred years old, presented by the Spanish crown, are the indispensable tokens of authority passed on annually at each pueblo to the newly elected officers.

# ATTACKS AGAINST PUEBLOS RENEWED

Hostile as the Indian Bureau is to tribal organizations, it never disturbed the pueblo domestic governments, but after the failure of his pueblo council scheme, Mr. Hagerman became one of a group, which included the local Indian Bureau attorney, that prepared a bill introduced as H. R. 12615, Seventy-first Congress, second session. This bill proposed to subordinate the pueblo governments absolutely to the Indian Office. Section 3 went so far as to provide that the pueblo governments, with their political, judicial, and other branches, should be made over to conform to "rules and regulations and methods of procedure" to be laid down by the Secretary of the Interior.

The Pueblos denounced the bill, and their opposition and that of their friends prevented its passage. Mr. Hagerman's connection with this bill is shown by the testimony shown on page 4453, part 11, of the Senate investigating committee's hearings. His efforts in trying to secure the passage of this bill increased the animosity of the Indians toward him; and yet, as I have stated, the bureau is determined to force his authority upon these Indians as well as upon other Indian tribes.

The reason is clear why the Pueblos condemned Mr. Hagerman before the Senate investigating committee at its hearings in New Mexico. They regarded him as the enemy of their property rights as well as of their civil liberties. He has continued his opposition to them, and only recently appeared before the committee in opposition to the bill offered by Senators Bratton and Cutting, which was designed, as I have stated, to bring relief to the Pueblo Indians. It is believed by the Indians and others that he has influenced Commissioner Rhoads, so that the latter and his assistant, Mr. Scattergood, are bitterly fighting this just measure. To continue Mr. Hagerman, as special commissioner over the Pueblos, is to invite a complete destruction of the influence of the bureau over the Pueblo Tribes.

Mr. ROBINSON of Arkansas. Mr. President—
The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. I have been necessarily absent from the Chamber during a part of the debate, attending other business of the Senate. I should like to have the Senator state now whether Mr. Hagerman's position as special commissioner was created by authority of law or by mere act of the department?

Mr. KING. The position was not created by any act of Congress, and in my opinion there is no authority of law for such a position. Mr. Hagerman, who was a friend of former Secretary Fall, was given this high-sounding title of special commissioner to negotiate with the Indian tribes. The position was created solely by the flat of the Secretary of the Interior and at a time when there was considerable interest in the oil lands owned by the Government and by the Indians. Mr. Hagerman has been continued in this position, drawing a large salary and a considerable sum annually for expenses. The present Secretary of the Interior, the Indian Commissioner, and Mr. Scattergood are fighting with an intensity that is remarkable to keep him in office and to force him upon the Indians who are hostile to him.

Mr. ROBINSON of Arkansas. Can the Senator state from what item in the appropriations of the Interior the special commissioner, Mr. Hagerman, is paid?

Mr. FRAZIER. Mr. President, will the Senator yield? The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. KING. I yield.

Mr. FRAZIER. In reply to the Senator from Arkansas I will state that I have another amendment prepared to be offered if this amendment striking out the title goes through to deduct from the appropriation on page 54, line 19, the sum of \$8,500, which covers the salary of \$6,500 and \$2,000 expenses for the special commissioner to the Indians.

Mr. KING. May I add that Mr. Hagerman's name is not mentioned in the bill nor is there any reference to the position which he holds. His large salary and expense account are taken out of a lump-sum appropriation. This is an example of the pernicious practice which obtains of making large lump-sum appropriations which may be used for many purposes by heads of departments. That evil is particularly conspicuous in Indian appropriation bills. Many lump-sum appropriations are carried in this bill. It is impossible to determine what they will be used for except in a general way; but in some such appropriations large amounts are taken to pay individuals who are given some title or designated to fill some position not authorized by law. I repeat it is a vicious practice and should be prohibited.

SENSATIONAL NAVAJO ABUSES UNDER HAGERMAN

While Mr. Hagerman was serving on the Pueblo Lands Board he was connected with the Navajo Reservation in Arizona. The able Senator from Arizona [Mr. Hayden] a few moments ago referred to Mr. Hagerman and stated in substance that his work for the Navajos had been satisfactory. I can not help but believe that the Senator is unacquainted with Mr. Hagerman's activities and his relations to the Navajos. I should add that between 1923 and 1928, when Secretary Work separated Mr. Hagerman from his Navajo assignment, a number of sensational abuses prevailed on the Navajo Reservation. Some of them are cited in detail in part 11 of the hearings of the Senate investigating committee beginning at page 4479.

Mr. President, it is no pleasant task to discuss the Hagerman case or the maladministration of the Indian Bureau and the wrongs to which the Indians have been subjected. I would not do so if I believed that the Indian Bureau had acted wisely and justly toward our Indian wards. I would not discuss Mr. Hagerman except for the fact that the Indian Bureau and the Secretary of the Interior, in the face of all opposition, were determined to force him upon the Indians against their will and in the face of the record submitted to the Senate by one of its important committees.

# KIDNAPING OF INDIAN CHILDREN

As showing the lack of interest in the Navajo Indians by Mr. Hagerman, who was placed over the various agents on the reservations in a number of States, I shall briefly refer to some of the happenings upon the Navajo Reservation. A year ago during the discussion of the Indian appropriation bill I referred to some of the abuses upon reservations. For seven years under Mr. Hagerman's jurisdiction the cruel and brutal kidnaping and enforced confinement of Navajo children went ahead unchecked. The practice was inhuman and was a direct violation of an act of Congress which a Federal court had construed. After many of these abuses had been discussed in the Senate a year ago Mr. Hagerman and Commissioner Rhoads began to pay some attention to this evil, and an order was issued forbidding the continuation of this inhuman and illegal practice. When Mr. Hagerman was testifying before the Senate investigating committee, he did not even attempt to claim that during this seven years of his authority he had made a single move to correct this wrong or to call it to the attention of the commissioner or the Secretary of the Interior.

If Senators are interested in these kidnaping abuses, they will find the facts disclosed in part 11 of the hearings, pages 4481 to 4485. I have the hearings before me, and they are available not only to Senators but to the public. I shall not consume the time of the Senate by reciting other abuses which went forward under Mr. Hagerman's incumbency, with nothing done, or even claimed to have been done, by him to correct them.

### THE LEUPP SCHOOL CASE

I mention one matter, however, because of the position just taken by my friend from Arizona, conveying the impression to me, if not to others, that Mr. Hagerman's work upon the Navajo Reservation had been valuable and satisfactory. The matter I refer to shows financial waste and administrative blundering that are inexcusable. I refer to the Leupp Boarding School on the Navajo Reservation, 25 miles from Winslow, Ariz. This school, through a peculiar quirk in the bureaucratic mind, was located almost, or, as I am advised, actually, within the stream bed of the Little Colorado River; at any rate, it was so close to the water that whenever the river was flowing slightly over normal, the sewage system could not be operated, and when there was a slight rise above the level just mentioned, the school was isolated by a flood of shallow water. At any time it was apparent that the waters of the river might destroy the school and drown the occupants. Four hundred Navajo children were placed in this school and kept there. The Government during a 15-year period has sunk nearly a million dollars in the plant of this school. The Navajo Indians have protested, and they voiced their protest to the Senate investigating committee when it was at the school. The district engineer of the bureau, Mr. Neuffer, had issued warnings that the school could not be protected by dikes or drains, but neither the Indians nor the engineer could per-

Arizona. The able Senator from Arizona [Mr. Hayden] a suade the bureau. Six weeks ago, or a little longer, there was a rise in the river and the waters drowned out the substance that his work for the Navajos had been satisfactory. I can not help but believe that the Senator is unacquainted with Mr. Hagerman's activities and his relations to

### A CRUEL AND AWFUL CONDITION

Before the investigating committee testimony was produced showing the cruel, deplorable, and indeed, awful condition which existed at this school during Mr. Hagerman's administration. The record is summarized in the printed hearings on Senate Resolution 341, on February 23, 1927, of the Senate Committee on Indian Affairs, page 48 et al. The record reveals that the Indian children were mistreated, that they were denied proper food or care, and were exposed to diseases and epidemics which were the result of this indifference of those in charge. The record shows that children were kidnaped and taken by force, oftentimes from their parents by force, and placed in boarding schools. When complaints were made by employees, they were ignored and the employees discharged. I have before me this testimony, but I shall not take the time of the Senate to read the same.

### NO EFFORTS AT CORRECTION BY HAGERMAN

Notwithstanding the distressing and deplorable conditions upon the Navajo Reservation, Mr. Hagerman made no effort to bring about reforms. When he was testifying before the committee, he made no claim that he had interested himself to correct these abuses. His attorney, when defending Mr. Hagerman before the Senate committee at Santa Fe in May last, made no claim that Mr. Hagerman had attempted to correct the abuses at the Leupp school or any of the other abuses testified to by witnesses and established by documents submitted to the committee. There has been no denial of the record with reference to the situation at the Leupp school. I think the record shows that Mr. Hagerman, while drawing his salary and large sums for expenses, paid but little attention to the Navajo Reservation under his control. The Indians at Ganado, one of the large Navajo centers in Arizona, testified that he had made but one visit to this center and had not conferred with the Indians, but had stopped only long enough to buy gas for his car. The superintendent of the Fort Defiance jurisdiction, the largest and most accessible of the Navajo Agencies, testified before the Senate investigating committee that Mr. Hagerman had visited Fort Defiance only twice during the superintendent's tenure, which had lasted for two and a half years. At Ignacio, the headquarters of the Utes, the testimony showed that but one solitary visit had been made by Mr. Hagerman.

# HOPI REPRESENTATION DICTATED BY HAGERMAN

The spokesman of the Hopi Indian Tribes testified that their only contact with Mr. Hagerman had taken place when he interviewed them in a dictatorial manner with respect to the question, which was a delicate one, relating to the Hopi-Navajo tribal boundary. The Hopi spokesman testified that Mr. Hagerman had summoned the Indians to Flagstaff, 80 miles away, had dictated through the superintendent, Mr. Miller, as to what delegates should represent the Hopis; and at Flagstaff had conducted the intertribal negotiations in star-chamber fashion, totally destroying the confidence of the Hopis. This testimony appears in the hearings of the Senate Indian investigation committee, part 18, pages 9382 to 9386.

### STATEMENT OF S. M. BROSIUS

The record shows that Mr. Hagerman pursued similar methods in dealing with the Walapai Tribe of Arizona, as described by the attorney of the Indian Rights Association, Mr. S. M. Brosius, appearing on page 4610 of part 11 of the Senate Indian investigation hearings. I might add that Mr. Brosius for years has been connected with the Indian Rights Association, of which, I understand, Commissioner Rhoads was at one time president. Within the past few days, Mr. Brosius has visited me and protested against the course pursued by Mr. Hagerman in dealing with the Walapai Indians. I have a letter dated February 27, 1932, containing copy of a letter written by him to Senator Frazier, and copy of a letter written to Commissioner Rhoads under

date of August 15, 1930. I also have a copy of a letter written by Mr. Brosius to Miss Clara D. True, under date of August 23, 1930. In that letter he refers to the "serious matter before him" in dealing with the Walapai Indians. He states that he has "made a start by appealing for justice." He then adds that the Atlantic & Pacific Railroad Co. obtained a grant of land, part of which was located on the Walapai Reservation. He refers to the fact that the railroad did not receive the consent of the Indians. He then adds:

For more than 50 years the Indians have been objecting to the odd-numbered sections going to the railroad. While Commissioner Burke succeeded finally in inducing the powers that be to institute suit for the Indians, there is now an effort to force settlement of the issues by giving the railroad company the better portion of the reserve lands and give the Indians more land, but

portion of the reserve lands and give the Indians more land, but the worthless portion, or least valuable portion.

District Superintendent Faris and Governor Hagerman were appointed to go to Walapai and settle the issues. The above two, together with Superintendent Wattson, of the reservation, met the railroad officials on May 21 and came to an agreement about the division of the spoils and agreed to give the railroad company the eastern portion, the wooded land, where the grass holds out better than on the treeless prairie. And also gave the railroad company the valuable spring—Peach Springs. On May 22 they called the Walapais in council and talked about half an hour or so—only heard from two Indians on their claim—and then adjourned and left for the Mohave Reservation near Needles.

### HOW TO SETTLE INDIAN GRIEVANCES

This is the latest way to settle Indian grievances. Settle the differences before you see the Indians, then meet the redskins afterward and talk briefly, without disclosing what their decision was.

The Walapais followed Governor Hagerman and Faris 100 miles to Mohave-Needles and asked for further interview. Hagerman told them to go back home, that they had finished their investigation at Valentine (Walapai reserve), and their report was on the way to Washington. To go back home and talk with their agent, Watson.

### Mr. Brosius thereafter adds:

That it seems to me proper to show that Hagerman was not a disinterested judge to decide the case of the Walapais.

It would seem that Mr. Hagerman ought not to have authority over these Indians as desired and demanded by the Indian Bureau. The Senator from Arizona in his remarks a few minutes ago indicated that the letter of Mr. Brosius was "ancient history." The Senator must be in error, the letter is quite recent and Mr. Brosius within 10 days visited me and reaffirmed what is stated in this letter. If Mr. Brosius's view is accepted, it would seem that Mr. Hagerman is too closely allied to the railroad and may have arranged an exchange of lands disadvantageous to the Indians. It is apparent from the testimony in the record that whatever deal was consummated between the railroad and Mr. Hargerman it was without the consent of the Indians. Mr. Hagerman summoned them into council, talked a half hour or so, heard only two Indians, and then adjourned the meeting and at once departed for Needles, 100 miles away.

This episode reflects the general attitude of Mr. Hagerman toward the Indians over whom he is supposed to exercise a paternal care.

# EXCHANGE OF LANDS-NO ACTION ACROSS SIX YEARS

Mr. President, one of the first assignments of Mr. Hagerman after his appointment by Mr. Fall was to expedite exchanges and consolidations of land between the railroad, the public domain, and other parties, including Indians, in the State of New Mexico. These exchanges and consolidations had been authorized by the act of March 3, 1921, applicable to New Mexico. They were desired by all parties because the checker boarding of landholdings made grazing operations unsatisfactory and costly. The testimony before the investigating committee at its hearings in the Southwest last May, established that from 1923 to 1930 practically no exchanges or consolidations had been consummated. It is fair to say that regulations governing exchanges and consolidations, promulgated by the Commissioners of the Indian Bureau and the General Land Office, as well as by the First Assistant Secretary of the Interior, were cumbersome and undoubtedly retarded operations under the law. However, Mr. Hagerman, who was presumed to advance the interests

of the Indians, exhibited an indifference in the matter that is not compatible with the position which he held.

I should state that Secretary Work separated Mr. Hagerman from his Navajo assignment in 1928 for the reason that the latter was inactive, but Commissioner Rhoads restored to him his position and gave to him a wider assignment covering four States.

#### NAVAJO ALLOTMENT RIGHTS DENIED

I think the record will show that Mr. Hagerman after being reappointed by Mr. Rhoads made no effort to carry out the provisions of the law directing the allotment to the Navajos of portions of the public domain. There were more than 6,500 Navajos resident on the areas within the public domain in New Mexico which had been their home from time immemorial. Of course, their title was based on occupancy, but under the general allotment act of 1887, the Secretary of the Interior is empowered to vest title to each one of them to 160 acres of the public domain.

Without going into the details, I think I am safe in asserting that these Indians were entitled to an allotment as a matter of right, and not as a matter of discretion upon the part of the Secretary of the Interior. If their allotment rights were nullified, they would be compelled to buy with tribal funds or reimbursable moneys obtained from the Government lands upon which they might subsist. Mr. Hagerman in 1930 succeeded in having allotment agents removed and in 1931 he favored a policy that would result in the Indians being compelled to secure lands, not from the public domain but by purchase from the railroad company. As a matter of fact, of the lands purchased before November, 1930, 73 per cent of the acreage had been obtained from the Santa Fe Railroad and a larger per cent thereafter was tentatively arranged to be purchased for the Indians from the railroad. These purchases were made by Mr. Hagerman with tribal and reimbursable funds exclusively.

Mr. President, I have further data that I could submit showing the relations of Mr. Hagerman to the Indians over whom he had control and whose interests it was his duty to promote. I shall, however, pretermit a presentation of the same. These data which I omit, together with the data which I have submitted, lead me to the conclusion that it is unwise and certainly unfair to the Indians to permit the Indian Bureau to retain him any longer on the pay roll of the Government. I have no feeling in this matter. I am, however, deeply concerned in the welfare of the Indians. I have tried to be their friend for many years and expect so long as I am in public life to do what I can in a proper way to protect and defend them.

# HAGERMAN IS A SYMPTOM AND AN EXAMPLE

The Indians have been the victims of injustice; they have been robbed and pillaged; they have been driven from their ancestral homes by the pressure of the white race and often by the military forces of the Government. They have had occasion to fear the white man, and by reason of the treatment accorded them they have too often been driven to regard him as an oppressor rather than a friend.

The Indian question is still unsolved; the present administration has failed to remedy existing evils or to adopt measures which, in my opinion, will promote the advancement, happiness, and civilization of the Indians.

### INDIAN BUREAU POLICY TYPIFIED

And the attitude of the Secretary of the Interior and the Commissioner and Assistant Commissioner of the Indian Bureau toward the Hagerman affair is illustrative of the reactionary policies which have too long characterized the Indian Bureau. It has defended officials when they have been guilty of derelictions of duty, even flagrant offenses. It has ignored recommendations made by disinterested parties, and often by its own officials, which were calculated to effectuate reforms and to remedy proven evils. Its policy seems to have been to retain in position all persons who found refuge in the Indian Service; to constantly add to the personnel; to increase salaries and secure larger appro-

priations to be expended in multiplying positions and in extending the power and the authority of the bureau.

Before concluding, and in proof of the statement that the present officials of the bureau, as well as the Secretary of the Interior, have been determined to protect and to retain Mr. Hagerman, I call attention to an incident which occurred at the close of the hearings on the Hagerman case.

A JURY VERDICT IN ADVANCE OF THE TRIAL

A year ago, when the Hagerman matter was before the investigating committee, the Indian Bureau requested that the case be not closed until further investigations were had. This was assented to by the committee, and later it went to New Mexico to take evidence. Every opportunity was afforded Mr. Hagerman and his attorney and the bureau to present data explanatory of Mr. Hagerman's conduct or in extenuation of the derelictions charged against him. Mr. Hagerman, though he had testified before the committee in Washington, did not appear in New Mexico, where he resides. He sent his attorney, however, who was given every opportunity to speak for and present evidence on behalf of Mr. Hagerman, his client. At the conclusion of an exhaustive investigation into the Hagerman matter, and before the committee had had any opportunity to express an opinion or submit any finding, Commissioner Rhoads arose, and taking a paper from his pocket, proceeded to read what he claimed was a decision or judgment of the Secretary of the Interior and the Indian Bureau.

I have before me a photostatic copy of this remarkable document. Apparently Mr. Rhoads had forgotten-or else he was wholly indifferent to the extraordinary nature of his proceeding-that this document had been written in Washington and was dated April 17, 1931. It contained the signature of Secretary Wilbur, as of that date; also, his own signature and that of Mr. Scattergood. The facts in regard to this extraordinary situation in brief are these: The investigating committee went to New Mexico for the purpose, among other things, of investigating the Hagerman case. Commissioner Rhoads had specifically requested that such investigation be made, supplemental to the one which had occurred several months before in Washington. Mr. Scattergood accompanied the committee and was with it when it began its investigation on April 20. Commissioner Rhoads joined the committee about May 1 and was with it, as was Mr. Scattergood, throughout the entire investigation which dealt specifically with Mr. Hagerman. The investigation terminated May 8. Thereupon, as I have stated, Mr. Rhoads arose and read this remarkable document which evidently had been written in Washington and bears the date of April 17, 1931, and which he had doubtless carried in his pocket without revealing it to the committee during the several days spent in the investigation of Mr. Hagerman. This extraordinary performance indicates the determination of the Indian Bureau to ignore any recommendations of the Senate or its investigating committee and to contemptuously treat officials of the Government charged with important legislative responsibilities. If I were disposed to be critical, I would say that this fact alone demonstrates that perhaps Mr. Rhoads and Mr. Scattergood lack a proper appreciation of their responsibilities, and would justify Congress in questioning their findings and their claims concerning Indian matters under their jurisdiction. If a jury decided a case before it heard the evidence, and prepared their verdict before they went into the jury box, their verdict would be promptly set aside and the court and the public would have reason to question their future

Mr. President, I ask that this extraordinary letter or verdict of the jury in the Hagerman case, dated before the case was tried and heard, be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF THE INTERIOR, OFFICE OF THE COMMISSIONER OF INDIAN AFFAIRS. Washington, D. C., April 17, 1931.

As the reputation and character of H. J. Hagerman, special commissioner to negotiate with Indians, has been unjustly at-

tacked and misrepresented, the Bureau of Indian Affairs makes the following statement:

A careful review of H. J. Hagerman's past and present record demonstrates the absolute integrity and sincerity of the character of H. J. Hagerman. We desire to affirm that in our experience of Indian work rarely has anyone served the Indians with more idealism and devotion nor more effectively advanced their welfare. C. S. RHOADS,

Commissioner. J. HENRY SCATTERGOOD, Assistant Commissioner.

Approved:

RAY LYMAN WILBUR. Secretary.

Mr. SMOOT. Mr. President, I have a letter addressed to the President of the Senate by Secretary Wilbur which I ask to have printed in the RECORD.

Mr. ROBINSON of Arkansas. Mr. President, I understand the letter is a reply to an article by Mr. Charles S. Barrett, printed in the RECORD of yesterday's proceedings at my request, and assuming that if Mr. Barrett desires the privilege of answering the statement it will be accorded him. I have no objection.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> THE SECRETARY OF THE INTERIOR Washington, March 16, 1932.

The PRESIDENT OF THE SENATE.

MY DEAR MR. PRESIDENT: I note in the CONGRESSIONAL RECORD of March 15, 1932, a statement by Charles S. Barrett, inserted by Senator Robinson of Arkansas, entitled "Abolish United States Interior Department" (p. 6249). It may interest you to note the genesis of Mr. Barrett's attack, and I hope that you will place this statement in the Record, so that it will be publicly understood that an effort is being made by a lobby, conducted by Charles S. Barrett, against the Interior Department appropriation bill to influence the administrative and quasi-judicial functions of the War Minerals Relief Commission.

War Minerals Relief Commission.

The only point of contact that Mr. Barrett has had with this department over a period of years occurred about a week ago, when he injected himself into the adjudication of a war minerals relief claim involving \$622,000 filed by the Chestatee Pyrites & Chemical Corporation, now before the department. He called at my office on March 10, 1932, to secure information about this claim and was given a complete statement of its status. Before he left he asked for response the left he asked for response the left has a left he left he asked for payment of \$622,000 that afternoon. He called again later in the day with the two claimants, Messrs. Pratt and Ashcraft, and was referred to the Assistant Secretary of the Interior, whom he left almost immediately with the statement that he was going up to the Senate. An hour later he called a that he was going up to the Senate. An hour later he called a representative of my office on the phone and, with considerable vituperation, announced that he was going to "get the Interior Department" for not having settled this claim for \$622,000. He stated that since he had left the Interior Department he had seen 16 Senators, that he was going to have the Interior Department abolished, that he had stopped consideration of our appropriation bill on the floor of the Senate, that he had more "power" than many people gave him credit for, that he could "break" the officials in the department, that "skullduggery" existed in the department, that everybody knew we could not stand the light of day, and made similar threats to unduly influence the adjudicaday, and made similar threats to unduly influence the adjudica-tion of this claim. He was told that he could not compel me to handle a matter of this import because of any political or other pressure which he might bring to bear on the department. He has concentrated within the last week on bringing pressure

to bear on me from various sources which I have, in the interest of the public and for the good of the Government, been compelled to ignore, although consideration of the claim is going forward expeditiously regardless of his efforts. He has now placed before Congress an irresponsible recommendation to abolish the department which I would not consider worthy of answer except that it is damaging to the reputation of the officials of this department.

The facts in the claim are as follows:

The claim of this corporation was filed informally on March 4,

The claim of this corporation was filed informally on March 4, 1919, in the amount of \$914,172.73 for alleged loss incurred in producing and preparing to produce pyrites for war purposes.

On October 15, 1919, the Secretary of the Interior made an award to the claimant in the sum of \$223,529.17, which was accepted conditionally. Following consultation between auditors for the Government and representatives of the claimant the amount of the ernment and representatives of the claimant, the amount of the claim was reduced from \$914,172.73 to \$909,925.69.

On September 29, 1922, under an amendment to the act, the Secretary of the Interior made a second award of \$469,784.62, which was accepted and paid, thus making a total of \$693,313.79 paid on

In February, 1929, the Congress further amended the act to permit claimants to file in the Supreme Court of the District of Columbia a petition for review of the decisions of the Secretary on questions of law. This claimant filed two suits. One covered interest on borrowed capital, which had been denied in the consideration of the claim by the Secretary, and the other suit covered other items in dispute. By agreement of counsel the suit as to interest was made a test case. It was carried to the Supreme Court of the United States, and that court on December 7, 1931, held that interest should be considered in fixing the amount to be allowed claimants.

On December 15, 1931, the Secretary received the decree of the court and proceeded to carry out its mandate. Immediately there arose the legal question whether interest was to stop at March 2. arose the legal question whether interest was to stop at March 2. 1919, or be paid to the date of settlement, and the solicitor and the Attorney General were requested to give opinions on the question. While waiting for the opinion of the Attorney General (not yet received), George A. Pratt, of the Chestatee Co., and Lee Ashcraft, the chief creditor, requested that the interest be computed to March 2, 1919, and paid, without prejudice to either side, and on March 14 the Secretary ordered this to be done, with the result that, on March 16, 1932, there was certified for payment a third award to this company amounting to \$44,451.45.

The items contained in the second suit will be adjusted promptly upon termination of the litigation.

Of the amount of \$909,925.69 first claimed, the department has paid \$737.765.24, and the claimant now claims that approximately \$622,000 is still due.

\$622,000 is still due.

It will be seen that the Chestatee claim has had preferred consideration in the department since last December, as it was a test case for the payment of losses for interest on which the Supreme Court made its decision. It has been my policy in all these war minerals claims to expedite action. The Chestatee claimants have been before the department almost continuously since January presenting their cause, and everything has been done to advance final settlement. However, there is now no question for action in this claim before the Department of the Interior. The two pending items, payment of interest from March 2, 1919, to December 31, 1931, and the question of appealing on the decree of the Supreme Court of the District of Columbia for alleged losses of approximately \$100,000 being now with the Attorney General for decision. Sincerely yours, sideration in the department since last December, as it was a test

RAY LYMAN WILBUR, Secretary.

Mr. McKELLAR. Mr. President, as I stated this morning, at the proper time I intend to offer a motion to recommit to the Committee on Appropriations with instructions to report the same back to the Senate with amendments providing an aggregate reduction of 10 per cent in the amount of the appropriations contained in the bill as received from the House of Representatives. I ask unanimous consent to have the motion printed and lie on the

The VICE PRESIDENT. Without objection, the motion will be entered and printed and lie on the table.

Mr. McNARY. Mr. President, I should like to address an inquiry to the junior Senator from Utah [Mr. King]. Is it the wish of the Senator to have a roll call on the pending amendment?

Mr. KING. I will follow the desire of the chairman of the Committee on Indian Affairs, the Senator from North Dakota [Mr. FRAZIER].

Mr. FRAZIER. Mr. President, I am not particular about there being a roll call.

Mr. McNARY. I particularly wanted to know whether we could dispose of that amendment at this time. If there is to be a roll call, we can not. If the debate is concluded,

Mr. KING. The debate is concluded as far as I am con-

Mr. BRATTON. I shall take just a few moments before the vote is taken, whether by roll call or otherwise.

### PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, the Senate Committee on Territories and Insular Affairs have reported to the Senate a bill for the independence of the Philippine Islands, placing a limitation of 15 years.

The House committee, with practically the same unanimity as the Senate committee, has reported a bill whose philosophy is the same as the Senate bill, with a limitation of eight

The unanimity in the reports of these two committees is but a reflection of the attitude, as I understand it, of both Democratic and Republican leaders in both Houses. So it is quite evident that within a short time the subject will be debated in both branches of our Congress and some sort of a bill will be passed.

While the hearings were voluminous and many witnesses heard preceding the congressional discussion, some expert magazine writers and observers are beginning to investigate and discuss this question.

There has been some informal discussion of our ability to hold the Philippines under war pressure from a first-class

power, and our position there seems to be so little understood that I ask that an extract from an article in Current History for March, 1932, by Mr. Roy Veatch, describing the Conference for the Limitation of Armaments, which met in Washington in 1921, and the outcome of that agreement, may be inserted in the RECORD. Mr. Veatch makes it perfectly clear and understandable that in an effort to secure a limitation of armaments we deliberately and purposely (whether advisedly or not) agreed to an abandonment of the defense of the Philippines, and quotes several outstanding naval authorities:

In opening the Washington conference, Secretary of State Hughes made an unexpected offer to scrap the whole of the American building program of capital ships on which \$350,000,000 already had been expended. Japan, in turn, was to cancel her program and to accept a ratio of battleship strength with the United States of 3 to 5. In addition, strong pressure was brought upon Japan to end her long-standing alliance with Great Britain and to relinquish her recent gains in China.

and to relinquish her recent gains in China.

Japan would not accept such a ratio of naval inferiority unless she were guaranteed security in her own waters. Her own formula went to the heart of the problem with a demand that naval bases should not be developed in Guam and the Philippines. On this question hung the fate of the conference. The United States yielded finally and joined with Great Britain and Japan in an agreement (art. 19 of the naval treaty) to maintain the status quo as regards the fortification of naval bases in all the outlying possessions of these powers in the Pacific. This settled, Japan yielded on nearly every other point.

Most naval men in the United States were outspoken in their condemnation of the Government's policy of "scuttling" the naval building program and of relinquishing the power of absolute command of the seas. But their most vehement attack on the treaty was directed at the surrender of the right to fortify the Philippines and Guam, which to them was a disastrous anticlimax

Philippines and Guam, which to them was a disastrous anticlimax to the policy they had assisted in developing with such energy and consistency since the Spanish War.

Capt. Dudley W. Knox, United States Navy (retired), says in his book, The Eclipse of American Sea Power: "Without adequate bases at Guam and the Philippines to serve the Americaneses" these extensive and populous islands are virtually defenseless." In an address before the American Society of International Law In an address before the American Society of International Law in 1922 Rear Admiral Harry S. Knapp, United States Navy (retired), said: "The United States has yielded the possibility of naval equality in this region. \* \* \* Our military prestige has received a blow; and with the waning of military prestige political prestige wanes also. The treaty may very well mark the beginning of a decreared influence in the Far East, with attendant loss to our proper, if selfish, trade interests and to our altruistic purpose for China and Siberia."

The present Chief of Naval Operations, Rear Admiral W. V. Pratt, United States Navy, was the expert naval assistant to the Americans.

The present Chief of Naval Operations, Rear Admiral W. V. Pratt, United States Navy, was the expert naval assistant to the American commissioners at the Washington conference. Although a friend of the treaty, he admitted that "the active defense of our Philippine possessions, if such ever becomes a necessity, must now rest entirely upon the back of our floating naval establishment, geographically placed many thousands of miles away."

In other words, the Philippines could not be defended in case of war with Japan, and it is well understood that the Navy would abandon them, expecting the first blow to be struck there. They are a liability, not an asset, in time of war in the Pacific.

In the same issue of this magazine Mr. Raymond Leslie Buell, research director of the Foreign Policy Association, discusses the element of time and the responsibility of the American Congress for the situation that now exists:

Although the aim of the administrative and educational policy Although the aim of the administrative and educational policy of the United States in the islands has been to stimulate self-government, the economic policy dictated by Washington has made the Philippines artificially dependent upon the United States. Had a system of nondiscriminatory tariffs been established levying equal duties upon all imports, regardless of origin, a vigorous foreign trade would have developed with Japan, China, Indo-China, and the Dutch East Indies. But, despite the protest of the Philippine Assembly, the American Congress many years ago inaugurated free trade between the Philippines and the United States. At the same time exorbitant duties have obstructed trade States. At the same time exorbitant duties have obstructed trade with foreign countries, such as China or Japan. Thus the economy of the islands has become dependent upon the American

omy of the islands has become dependent upon the American market, located 7,000 miles away, and immediate independence by abruptly closing this market would jeopardize the economic and financial existence of the islands.

Until November, 1931, every political leader and party of importance in the Philippines was unanimous in the demand for immediate and complete independence; but, on November 9, Manual Ouegan president of the Philippine Senate and leader of Manuel Quezon, president of the Philippine Senate and leader of the Nationalist-Consolidado Party, which has a majority in the legislature, presented a 26-page memorial to the legislature. He stated frankly that, in view of the economic issues involved, the Philippines should substitute a demand for gradual independence instead of the traditional agitation for absolute and immediate independence. He proposed two alternatives:

(1) Immediate establishment of an independent government, with free trade between America and the Philippines for a period of 10 years, limiting the amount of sugar entering the United States free of duty to 1,000,000 tons and of oil to the amount that is exported at present, and with restriction of laborers going

to the United States.

to the United States.

(2) Immediate establishment of an autonomous government with all the consequent powers, including that of enacting measures considered necessary to meet the responsibilities of an independent government, when independence is granted, with the restrictions necessary to safeguard the rights of sovereignty of the United States in the Philippines. For a period of 10 years the trade relations between the United States and the Philippines and the labor immigration into the United States would be governed as stated in the first plan. At the end of 10 years absolute independence of the Philippines to be granted or the Filipino people to decide through a plebiscite whether they desire to continue with this kind of government or prefer to have one that is absolutely independent. lutely independent.

If the American Congress should refuse to accept either of these alternatives, Senator Quezon declared, the Filipino people

should then demand independence at all costs.

Continuing, Mr. Buell, in his interesting article, says:

Filipinos assert that the United States has repeatedly promised independence. Presidents Taft, Roosevelt, and Wilson encouraged the Filipinos in their national aspirations, and the American Conthe Flipinos in their national aspirations, and the American Congress provided in a preamble to the Jones Act of 1916 that it was the purpose of the people of the United States "to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein." Finally, the Filipinos urge that they are able to support a stable government. The racial and linguistic differences are the Filipinos are a greater it is maintained than to support a stable government. The racial and linguistic differences among the Filipinos are no greater, it is maintained, than such differences in Egypt, Iraq, Switzerland, or Yugoslavia. The proportion of literacy—only 50 per cent—is higher than in independent nations like China, Colombia, Mexico, Brazil, Portugal, Russia, and Siam. Despite Japanese aggression on the Asiatic mainland, Filipinos do not believe that the problem of defending themselves against attack, once independent, will be difficult. They expect the Philippines to become a member of the League of Nations and some of them urge a neutralization pact with of Nations, and some of them urge a neutralization pact with the United States, Japan, Russia, China, and other powers. Since the passage of the Jones Act in 1916 colored peoples in

Since the passage of the Jones Act in 1916 colored peoples in many parts of the world have received their freedom or at least a large measure of self-government. Thus, Egypt to-day has virtually thrown off outside control over its administration; India has been promised a measure of self-government considerably greater than that enjoyed by the Philippines. Great Britain has announced its determination to surrender its mandate over Iraq and to support the application of this State for membership in the League of Nations. It seems probable that France will take and to support the application of this State for membership in the League of Nations. It seems probable that France will take similar steps to relinquish its control over Syria. The people of the Philippines are fully as able to govern themselves as the people of Egypt, India, Iraq, or Syria. They have been promised independence by the United States, and they have been educated with independence as a goal. It is difficult to see, therefore, how the United States, which has always prided itself upon being "nonimperialistic," can oppose the movement for self-determination in the Philippines. tion in the Philippines.

Mr. President, these two articles briefly but effectively tell the story, first, that of the Pacific disarmament treaty of 1921, in which we agreed to retain the status quo as of 1922 in the defenses of the Pacific islands and the opinion of naval men.

The second article explains why some years are required for a balancing of economic conditions, and admits the claim of the Filipinos that these conditions were created by the United States Congress and not by the Filipinos, further substantiating their position that as we gave Spain 10 years at the conclusion of the Spanish-American War to adjust its trade relations before our laws were changed, that at least the same treatment should be accorded the Filipinos for a similar period of readjustment.

### SMITH WILDMAN BROOKHART

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Prof. Ivan L. Pollock to the Political Science Club of the State University of Iowa

- 1. Unusual sensitiveness to the strength and direction of social and industrial tendencies with reference to their party and political bearings.
- 2. Acute and quick perception of possible courses of community conduct with prompt action accordingly.

  3. Facility in group combination and compromise—political diplomacy in ideas, policies, and spoils.

  4. Facility in personal contacts with widely varying types of

- 5. Facility in dramatic expression of the sentiment of large groups of voters, usually with voice or pen, fusing a logical formula, an economic interest, and a social habit or predisposition
- in a personality.
  6. Courage not unlike that of the military commander whose best-laid plans require a dash of luck for their successful com-

pletion.

I shall not attempt to present what I have to say about Senator BROOKHART in the order of these basic qualities but suggest them as valuable tentative norms, and I have kept them in mind in

presenting the data I have before me.

SMITH WILDMAN BROOKHART was born of pre-Revolutionary English stock in a log cabin on a farm in Scotland County, Mo., in 1869. He was educated in the public schools of southern Iowa and the southern Iowa Normal at Bloomfield. He studied law in and the southern lowa Normal at Bloomfield. He studied law in law offices at Bloomfield and Keosauqua and was admitted to the bar of Iowa in 1892. For a time he taught school and later practiced law and farmed. He was married relatively early in life and has four sons and two daughters. He operates his own farm just outside the city limits of Washington, Iowa, and produces fine crops of fruit and blooded livestock.

Senator Brookhart is gifted with tremendous physical vitality and maintains a very high degree of physical fitness. There is

and maintains a very high degree of physical fitness. There is not a stronger man physically in the Senate. He is big framed, broad shouldered, and short necked, with an abundance of brown broad shouldered, and short necked, with an abundance of brown hair. He has a round, stubborn, short-nosed face with many fine wrinkles around a really remarkable pair of gray eyes—the eyes of a sharpshooter. Physical fitness he regards as a necessity. He is not a drinking dry but a teetotaler as to liquors, tea, coffee, and tobacco in all forms. He has the physical capacity for the stress and strain of political campaigns, and for political contacts of all sorts. He is an ideal campaigner, first, because his morals and integrity are sound to the core; and second, because of his physical vitality. Mr. Louis H. Cook has said of him that "He can make a dozen meetings in a day, six days a week, and wind up as keen eyed and clear skinned as a child. He never believes that anyone is going to vote against him and never worries about the result." This untiring energy serves excellently in the arduous work in the This untiring energy serves excellently in the arduous work in the Senate.

Senate.

Psychologically, also, the Senator is well equipped for the hurly-burly of political life. He is endowed with an equable temperament that leaves him calm and placid after many trying situations that would unnerve less firmly balanced men. He maintains his good humor and evenness of disposition in the face of repeated rebuffs and defeats and galling criticisms. He is not cursed with an inferiority complex; but has rather an overwhelming assurance that he can not be wrong. In his committee work and on the floor of the Senate he is persistent but always fair and courteous. He is sometimes blunt and crude in his expressions, and somewhat given to calling names. He occasionally gets mad and voices his reactions in undignified terms, as in his recent reply to an insinuating attack by Representative Cyrenus Cole. In his personal relations with other Senators he is jovial and anything but a recluse. He takes his senatorial duties seriously and is absolutely honest. There is no pose in Brookhart, only a very simple and unaffected democracy. His manners and contacts are genuinely democratic.

democratic.

Senator Brookhart is not an orator of the Bryan caliber but he is a convincing speaker and can hold a crowd. His manner is disarming and his arguments plausible. "Although called an 'economic illiterate' by his former colleague, the late Albert B. Cummins, he always has a mass of facts and figures at his tongue's end, and these can seldom be contradicted successfully." "His speeches win over many people who came to sneer at him." He believes what he says. He is a hard hitter who takes himself with the utmost seriousness and has not a particle of fear in his make-up. Moreover, he never makes a formal speech in the Senate unless he is prepared to defend his position.

Senator Brookhart has the distinction of being one of the best rifle shots in America. He joined the Iowa National Guard in

Senator Brookhart has the distinction of being one of the best rifle shots in America. He joined the Iowa National Guard in 1894 and served almost continuously until the World War. He was a lieutenant of the Fiftieth Regiment Iowa Volunteer Infantry in the Spanish-American War; a major in First Iowa Brigade, Mexican border service; and major and lieutenant colonel of Infantry during the World War. While in the Iowa National Guard he became its champion marksman and its leader in rifle treining. He was central of the America Palma Plife Team which the Political Science Club of the State University of Iowa in February, 1932.

There being no objection, the matter was ordered to be printed in the Record, as follows:

A public man presents a problem, a situation to be analyzed and explained. In the present generation increasing attention is being given not only to the social environment out of which public men emerge, but also to the analysis of the individual qualities of the leaders, and finally to the interrelation of these qualities to the environment.

Professor Merriam has suggested the following basic qualities as a working list of the common attributes of the political leader:

Guard he became its champion marksman and its leader in rifle training. He was captain of the America Palma Rifle Team which won the world championship in 1912, and has been elected four times as president of the National Rifle Association of America. During the early years of the World War many European and American military authorities had concluded that infantry marksmanship was of no great importance; that a poor shot would get more hits in battle than a good shot. Brookharar went to Washington and "sold" the contrary idea to Secretary of War Baker, and was made chief instructor in marksmanship at Camp Benning and at Camp Perry schools and doubtless thereby made a substantial contribution to American success in the war.

As a small-town lawyer-farmer of the thinking type, reared in Iowa and beginning his professional career in 1890, Smith Brook-

HART naturally turned his attention to politics. He served three terms as county attorney in his home county and was ambitious to represent his district in Congress, but the Burlington Railroad would not let him. J. W. Blythe, general solicitor of the Burlington, with headquarters in Brookhart's district, ran the politics as well as the railroad. Instead of making peace with the railroad and so getting to Congress, Brookhart elected to fight the railroad. He supported Cummins as governor of Iowa, was a Bull Mooser, and chairman of the Republican State convention in 1912. From that time on Brookhart was more progressive than the controlling leaders of the Republican Party in his State. He broke with Cummins when the latter reversed his policy on the

broke with Cummins when the latter reversed his policy on the railroad question at the close of the war.

When Senator Cummins came up for reelection in 1920, the regulars were inclined to let him have the nomination by default; but Brookhart, who is no respecter of "regular" amenities, came out as an opposing candidate for the Republican nomination. The chief issue in the campaign was Cummins's famous relief hill. Brookhart relief of 7000 votes to 115 000 for Cumins. railroad bill. Brookhart polled 97,000 votes to 115,000 for Cumrailroad bill. Brookhart polled 97,000 votes to 115,000 for Cummins. This was a very respectable showing and made Brookhart the obvious leader of any radical movement which might follow. Normally there would not have been another senatorial election in Iowa until 1924, but Senator William S. Kenyon resigned in 1922, thus bringing another election two years earlier. Brookhart immediately announced his candidacy. The Iowa Old Guard was frantic and bungled the situation. Instead of giving the prestige of temporary appointment to an outstanding leader, Governor Kendall, who was friendly to Brookhart, appointed Charles Pressen Penublican State chairman and old-time regular. Charles Rawson, Republican State chairman and old-time regular, with the understanding that he would not be a candidate at the primary. The Old Guard tried in every way to defeat Brook-

primary. The Old Guard tried in every way to defeat BrookHART—that is, every way except the one way that would have
been effective. They did not present a real leader with a real
policy and an honest appeal to the people. They tried rather to
keep the people from having anything to do with it.

The direct primary has always been anathema to the Old
Guard, and the scheme was to prevent any choice at the primary,
thereby throwing the nomination into a stacked State convention. Iowa has a 35 per cent law. Three harmless candidates
came out to divide the vote and prevent a nomination. It was
soon evident that they were not making headway, and so Clifford
Thorne, a very able man, also from Brookhart's home town of
Washington, was brought out as a fourth candidate, and finally
a gallant soldier as a fifth candidate. Against these odds BrookHART got nearly 42 per cent of the vote and was nominated. He HART got nearly 42 per cent of the vote and was nominated. He frankly accepted the challenge of the Old Guard and made his

campaign on a Brookhart-against-the-field basis.

Now there are all kinds of Republicans in Iowa, and a candidate is usually safe as long as he can be classified as one of them. As the chosen candidate of the Republican Party, BROOKHART was anxious to be in good standing. But when the State convention met on August 2 it openly snubbed the colonel. The convention commended the work of Senator Cummins and of Governor Kendall, but it didn't even permit BROOKHART to make a speech nor did it seek his advice in drafting the State platform. It repudiated BROOKHART's whole platform but did not go so far as to repudiate him as the Republican candidate. BROOKHART took his snubbing philosophically and, without help from the organization and with little support from the press, waged his own campaign and was elected by a majority of 160,000 votes. And he spent less than \$500 doing it.

The Baltimore Sun said of this election: "The fight upon is usually safe as long as he can be classified as one of them. As

The Baltimore Sun said of this election: "The fight upon BROOKHART was the more violent because his platform was in conflict with almost every important policy of the administration. conflict with almost every important policy of the administration. For example, he stood squarely against the sales tax but stood out from first to last for the soldiers' bonus. He opposed the repeal of the excess-profits tax. He demanded the repeal or a radical modification of the Esch-Cummins Act, and he swallowed almost whole the platform of labor and farmer organizations. He denounced Newberryism in every county in the State."

Quotation from Louis H. Cook:

Quotation from Louis H. Cook:

"Insurgents are nothing new in Washington. They come and
go. Their best ideas are stolen and become orthodox. Most of
them wake up some morning to find themselves conservatives,
and the folks back home either heave a sigh of relief, or proceed to elect other radicals, depending somewhat upon existing economic conditions.

"So when SMITH W. BROOKHART, United States Senator, arrived from Iowa back in 1922, the elder statesmen received him with a quizzical air and started out to teach him the rules and the unwritten laws of what was once termed the greatest deliberative

body in the history of mankind.

"Both in Washington and in Iowa it was assumed that Senator BROOKHART, although elected as a crusader, would settle down in his seat, damn Wall Street and the railroads just often enough to keep him solid with the home folks out on the prairies, and

to keep him solid with the home locks out on the prairies, and make his peace with the regulars of his party.

"There seemed no particular reason why he should not. He had safely arrived at a dignity to which many aspire, but few are chosen. The United States Senate is one of the most select and exclusive of clubs, membership is so desirable. \* \* "Even the Republican organizations at home were willing to meet him half way. It never pays to quarrel with the man who controls the patronage.

But! Brookhart did not follow the easy path. He takes himself seriously, he has no fear, and he considered himself bound to work for the fulfillment of his campaign promises. His first major accomplishment was to direct the successful filibuster

against the notorious ship subsidy bill fostered by President Harding. This action demonstrated ability but did not make him popular with the regular Republican organization. His next assignment was chairman of the select committee of the Senate to investigate the administration of the United States Attorney General, Harry Daugherty. The task was one which the Senator was anxious to do.

The work was accomplished in the face of presidential opposition and opposition from the regular Republican organization, which sought to pack the committee for a whitewash. Brookhart bore the brunt of the burden with the assistance of Wheeler, of Montana, and Ashurst, of Arizona. Daugherty was forced to resign. In Mr. Daugherty's forthcoming book it is reported that Brookhart and Ashurst are given special attention, both being pointed out as traitorous Bolsheviks against whom the Attorney

General was seeking to save the country.

BROOKHART easily won the nomination in the June primary in 1924, but he played a lone hand and had a hard fight in the election in November. He was sympathetic to the candidacy of Robert M. La Follette for the Presidency and very outspoken in his criticism of Calvin Coolidge. Early in the fall he wrote to Chairman Butler, of the National Republican Committee, demanding that the committee secure the resignation of General Payer. ing that the committee secure the resignation of General Dawes as Republican candidate for the Vice Presidency. He was perfectly frank in his attitude toward the Republican platform and Candidate Coolidge. On October 3, 1924, he opened his campaign with this attack:

I belong to the farm bloc; the President belongs to the Wall

I was snubbed by the Coolidge-dominated Republican machine in the State because

"I was against Newberryism. The President was for it.
"I was against the ship subsidy. The President supported it.
"I was in favor of repealing the Esch-Cummins railroad law,

"I was in favor of repealing the Esch-Cummins railroad law, and the President opposed its repeal.

"I was in favor of investigating corruption in the departments. The President opposed the investigation.

"The President favored the Mellon tax bill. I helped amend the bill to revise reduction in favor of the common people.

"I favored the soldiers' bonus bill. The President vetoed it, and I voted to pass it over the veto. It succeeded.

"I favored the postal employees' bill. It was vetoed and I

"I favored to pass it over the veto. It succeeded.
"I favored the postal employees' bill. It was vetoed, and I will vote to pass it over the veto.
"I oppose giving Muscle Shoals to Henry Ford. The President favored selling it without much regard to price."

On the same day as this speech was made, the Republican central committee of Iowa issued a statement to the Republican voters of the State, characterizing the attack on the Republican nominees by Senator BROOKHART "as a repudiation and bolt from the Republican Party."

the Republican Party."

The Iowa Homestead, one of the few newspaper supporters of the Senator in the State, said: "Brookhart has placed his allegiance to the voters above his allegiance to a rotten and water-logged party leadership."

Coolidge carried the State by a large majority, but Brookhart scaled through with a bare 1,300 votes over his Democratic

rival. Steck.

When Brookhart took his seat in March, 1925, on the governor's certificate that he had been reelected under the Iowa laws, he was disciplined by the Republican organization along with Senators Ladd, Frazier, and La Follette for their opposition to Coolidge and Dawes during the campaign. This discipline was in the form of demotion from seniority standing on committees. In form of demotion from seniority standing on committees. In the meantime, a contest had been instituted by the Democratio nominee. After a long and bitter contest, the Senate, on April 12, 1926, adopted by a vote of 41 to 45 the report of its Committee on Elections and Privileges, which, after recounting the Iowa ballots and disregarding the Iowa election laws, reviewed the case and declared Daniel F. Steck elected. To the Republican organization Steck was given the toga on the ground that he was a better Republican than BROOKHART. The contest was bitter in the Senate. Senator James Watson, Republican floor leader, insisted that party regularity was necessary and that Senators who did not fully support the major platform and the party candidates during national campaigns were not Republicans and not to be considered as such in making committee assignments. Senator Watson, Republican floor leader, and Senator Ernst, Senator Warson, Republican floor leader, and Senator Ernst, chairman of the Committee on Privileges and Elections, frankly chairman of the Committee on Privileges and Elections, Irankly admitted that the regulars, both Republican and Democratic, saw a good chance to make BROOKHART a horrible example of discipline and used it. The Republican organization in Iowa opposed BROOKHART'S election in 1924 and aided and abetted Mr. Steck in his contest. It chortled with satisfaction when the Senate finally ousted BROOKHART and seated the Democratic contestant.

The ousting of Brookhart, however, cost the venerable Cummins his seat. The Brookhart-Steck contest was finally decided on April 12, only about seven weeks before the Iowa June primary of 1926. BROOKHART immediately launched his campaign for the senatorial BROOKHART immediately launched his campaign for the senatorial nomination on the Republican ticket in opposition to Senator Cummins, showing no more respect for the veteran Cummins than Cummins had 20 years before shown the veteran Allison. The result vindicated BROOKHART. He was nominated by 71,000 votes over Cummins and elected by a huge majority in the November election. On June 8, 1926, "The newspaper Iowa depends upon" ran the following headline: "The Republicans of Iowa have nominated Col. SMITH W. BROOKHART for United States Senator. They have defeated Senator Albert B. Cummins." Thus, within the last 10 years Brookhart has gone through I three bitter primary campaigns and three general elections, winning every time. Three times elected to the United States Senate without either the support of his own party leaders or substantial financial backing. The Republican leaders in Iowa have used every possible political weapon against Brookhart and are undepublied by now assembling their mentions of workers and the discontinuous contracts and the contract and doubtedly now assembling their munitions of war for another drive against him in the present year. The question asks itself, How

BROOKHART is essentially the product of the economic and political conditions of the agricultural Middle West, as they have existed during the past 40 years. His background is that of revolt, not so much against political bosses and patronage as against industrial oligarchy, against railroads, against powerful banking interests as instruments of attack upon agrarian prosperity and upon democracy. Agricultural distress and fear of plutocracy are the bases of his attitude.

In 1922 we had the low price of farm products and the high price of everything else: High interest, deflated credits, high freights, high taxes, and opposition to the Esch-Cummins law, to the Federal Reserve Board, to ship subsidy, and to Wall Street

influences generally.

In 1924 BROOKHART'S platform was much the same as his 1922

Louis H. Cook says: "BROOKHART never had but one political speech. He wrote it back in 1920, revised it in 1922, and has stuck to it ever since." Certainly he has continued to charge the Federal Reserve Board with deflating the farmers; to charge that railroad rates should be based upon the value of the stocks and bonds of the systems; to maintain that business should be limited to earnings of not to exceed 6 per cent; and to urge that agriculture and commerce should be conducted as cooperative ventures on a profit-sharing basis. The nonpartisan league of Wall Street continues to be his obsession.

Wall Street continues to be his obsession.

Colonel Brookhart gets support in Iowa because the people believe that he is sincere and because he voices a lot of protests which touch a sympathetic spot in the hearts of common people. He is a leader of the people, voicing the views of the masses of citizens as against the views of men who represent the oligarchies of business and partisan politics. He is honest and fearless and the mouthpiece of inarticulate, unorganized people with grievances. Some years ago during the campaign a disgruntled regular opposing Brookhart before a farm audience made this guery. ances. Some years ago during the campaign a disgrunted regular opposing Brookhart before a farm audience made this query: "Why do you support Brookhart? You don't expect him to help you any, do you?" Some one from the audience spoke up in answer, "Well, maybe not. But he hollers for us, and that's more than anybody else does." It is something "to holler" for people

than anybody else does. It is something to holler for people who are in distress, and it is service to do all that one can do to help even though that be not enough to save them.

It is charged that BROOKHART never has been representative of It is charged that BROOKHART never has been representative of the political thought of Iowa. It may be true, but how is the political thought of a people to be determined? He certainly rep-resents the political thought of many individual Iowans even though it may not be that of the self-constituted guardians and directors of the Republican Party organization in the State. The

directors of the Republican Party organization in the State. The farmers do vote for him.

Why does the intelligentia of Iowa try to appear so superior to Brookhar? This question puzzles me and I have not found a satisfactory answer. Why does Brookhar have no support from the Iowa press? Why does The Register conduct a constant sniping campaign against the Senator? For one reason he is not regular in the accepted sense. He thinks for himself and acts on his own convictions even though it may be at his own expense politically. Brookhart is not a good follower. He is not amenable. politically. Brookhart is not a good follower. He is not amenable to party direction. He is too forthright, too individualistic.

Brookhart has powerful enemies. He is painted as a radical, he is caricatured as crude by the big out-of-State newspapers, and

I venture to say that many good people in Iowa have gotten their whole impression of BROOKHART from this artificial source of information. His mistakes are played up; his crudities are emphasized. They are accepted at their face value and some good people blush when they have to admit that they have such a man for

United States Senator.

They would not need to blush if they followed his work in Congress. He is working at his job. He gives a good account of himself in committee work and in committee hearings. He is fearless on the floor of the Senate and a study of his record will show that fundamentally he is consistently representing the best interests of the common people of the United States. To take this stand, if one's interpretation is sound, may not be good politics,

but it approaches statesmanship.

Party irregularity is serious, but having a proper leaven of irregulars may cause the party to rise and prevent its sinking into

BROOKHART has been called "an apostle of agrarian revolt." His first responsibility as United States Senator as he sees it is to battle relentlessly for the best interest of the American farmer. His panacea for all farm ills is cooperation, which he preaches in season and out of season. His objective is to secure for agriculture a basic equality with other industries, and this can only be done by governmental control of the exportable surplus. His stand on banking, on the railroad question, on the tariff, on power control, and on taxation is in each instance determined by the relation of each of these or the effect of each upon agriculture. To use his

own words, he says:

"I think most of our economic organizations have been formed with little regard to the ultimate welfare of agriculture. I think agriculture has been an incident all the time. I think the farmers

have been numbered as so many units as a basis for profit, and somebody else has arranged the rate of profit. \* \* \* Agriculture from the economic standpoint has never had a square deal in ture from the economic standpoint has never had a square deal in the United States. Its economic condition always has been at the mercy of somebody else. It has always been the victim of other economic organizations. The farmers are entitled to a system of laws that will raise agriculture to the same artificial level of all other great industries—the only alternative would be to repeal the laws that have given these discriminations."

It is fashionable among Brookhart's political enemies to attack his economic platform as unsound. If we go back to fundamentals we find that Brookhart bases his program for farm relief on what he calls cooperative economics in contrast to competitive eco-

calls cooperative economics in contrast to competitive ecohe calls cooperative economics in contrast to competitive economics. He maintains that competitive economics based on the so-called law of supply and demand, which is a fiction rather than a law, has broken down. He holds that under present-day conditions of combinations, of consolidations, of monopolies, and of artificial conditions interposed by law wherein it is estimated that from 80 to 95 per cent of the people who go into competitive business ultimately fail, failure of the system is obvious. That any system which results in such percentages of failures is without defense and must be rated as a failure per se.

In his proposed system of cooperative economics in which he envisions cooperation in production and in processing in distribu-

envisions cooperation in production and in processing, in distribu-tion, in marketing, and in transportation, in credit, and in education, Brookhart means cooperation as a complete economic system that will do everything in human civilization that competition is now doing. He simply means a system organized and operated primarily for service rather than for profit. He means business organized on the principles of the Sermon on the Mount.

BROOKHART works to secure the acceptance of his cooperative economics, but he is a realist also and does not stand and wait for the better day to arrive. Agricultural relief is needed now. He favored the original McNary-Haugen bill but sought to substitute his own plan of export control patterned after the war-time grain control act administered by Mr. Hoover and Julius Barnes for the succeeding farm bills. He supported the export debenture feature of the Federal Farm Board act and voted for the act without the debenture feature only because it was the best that could be had at the time. He opposed the Smoot-Hawley tariff bill and voted

The annual accretion of wealth in this country for the past century has been about 4 per cent. Out of this margin must come all dividends and profits. BROOKHART maintains that agriculture deserves its share, and since the cards have been stacked against the farmer he advocates the extension of the functions of the Federal Farm Board to enable it to consider our whole agricultural effort as one big farm with a surplus of some two billions' worth of products which must be handled as a single problem. He would relate earnings to the actual rate of wealth increase and empower the Farm Board to purchase the agricultural surplus at a rate

the Farm Board to purchase the agricultural surplus at a rate which would pay the actual cost of production plus 4 per cent.

The board being the sole agency for handling the surplus would be in a position to dispose of it without serious loss. Since the population is increasing and the agricultural surplus is decreasing, he maintains that the surplus problem will disappear within a reasonable time. This, he holds, would do for agriculture what steel and other industries have been able to do through organization, combination, and tariff protection. He compares the deflation of agriculture from 1919 to 1923, which amount is estimated. tion, combination, and tariff protection. He compares the defla-tion of agriculture from 1919 to 1923, which amount is estimated at \$32,000,000,000, with the permission extended to the railroad companies under the Esch-Cummins Act to inflate to the amount of seven billions after having received a direct subsidy from the Government of \$529,000,000 during the first six months of operation after being turned back to private control.

I quote a paragraph from a speech made by the Senator in

"If we are going to handle this proposition, I want to handle it as any business man would handle it if it were his single proposition.

The Halfard States is the big farm of this Congress. This as any business man would handle it if it were his single proposition. The United States is the big farm of this Congress. This big \$2,000,000,000-a-year surplus is the big surplus the Congress should handle, and since it has given this advantage to the railroads by law, by enactment of Congress; since it has given an advantage to the banking industry of the United States by creating a governmental reserve bank, controlled and operated by the Government, a board appointed by the President and confirmed by the Senate; since it protects the patented industries of the United States by law; since it fixes the value of every public utility by law and fixes a return of at least 7 per cent, and that when the American people are producing only 4 per cent; I say, since the Government has done these things for all these industries, it owes it to agriculture to do as much and go into the tries, it owes it to agriculture to do as much and go into the Treasury of the United States for that whole three thousand BROOKHART relates his stand on almost everything with its effect

on agriculture or else compares the attitude of the Government and administration with its attitude to comparable prob-lems in agriculture. In reply to President Hoover's telegram requesting support for his moratorium last summer, Senator BROOKHART gave a grudging support and read the President a lecture on the urgent necessity for a special session of Congress for the purpose of properly considering the moratorium proposal and the equally important necessity of looking after our own suffering agriculture, our great army of unemployed, and our pathetic horde of starving people at home. He urged upon the President's attention the truth of the old proverb that charity begins at home. Senator Brookhart has opposed the President's Reconstruction Finance Corporation proposal until it was amended in conference to provide \$200,000,000 for closed banks. He sees in this gigantic project another raid upon the Treasury of the United this gigantic project another raid upon the Treasury of the United States engineered by the same great banking corporations at whose door must be laid the responsibility for the present crists. He maintains that the only benefits will accrue to the railroads and the great banking houses, to wealthy bondholders, and to speculators. He turns the table on the President and the bankers and applies the term Bolshevik to the whole proposal, stressing the point that he is termed Bolshevik when he seeks aid for ing the point that he is termed Bolshevik when he seeks aid for agriculture and for citizens of the country who are in desperate need. He emphasizes the fact that the desirability of Government in business depends upon whose ox is being gored. He calls upon the President and Wall Street to aid now in the search for "rugged individualism." He maintains that the Government aids banking, transportation, shipping, not as service agencies, but as profit takers at the expense of the whole people.

Time will not permit a review of Brookhart's stand on other measures, but his position on outstanding problems may be noted in a sentence:

National economics: Relate earnings to the actual annual accretion of wealth.

Taxation: Graduated upon ability to pay as measured by income, excess-profits tax, and estates tax. Opposes sales tax.

Banking: Revision of Federal reserve law. Restrict use of funds

for speculation. Federal authorization of cooperative banking. Inflation to normal price level.

Railroads, inland waterways, shipping, busses, antisubsidy: Ef-

fective regulation in all phases of Government ownership and operation. Revision of Esch-Cummins law. operation.

Power, communications, radio: Safeguard public interest. Development for use or service, not for profit. Government operation of Muscle Shoals.

National defense: Adequate defensive arms only. Against extravagance.

Veterans' relief and bonus: Adequate but not extravagant, Universal conscription: Only with conscription of wealth.

Chain stores: Favors the Capper-Kelly bill of Seventy-first Con-

Tariff: Revision downward. Limit earnings of protected industries to 5 per cent.

Lame-duck sessions of Congress: Opposed. Favors constitutional amendment.

Corruption: Aggressive opposition and relentless exposure.

Injunctions: Restrict use of injunction in labor controversies. Agriculture: Place agriculture on a basis of equality with other industries. Improve conditions by removing discriminations.

(a) Provide surplus control.
(b) Adequate credit. Overhaul Federal farm-loan system. Authorize establishment o cooperative banking.

(c) Export debenture to counterbalance the tariff then the

equalization fee.

(d) Development of cooperation-

One man, one vote—capital does not vote.
 Limited earnings on capital.

3. Trade dividend.

Prohibition: Favors enforcement. Opposes revision. Foreign affairs: Cautious to point of suspicion. Opposed to entangling alliances. Objects to having Government pull chest-nuts out of the fire for international bankers. League of Na-tions, opposed to United States membership in. World Court, opposed to membership. Debt cancellation, opposed to cancellation. Favors use of American capital and energy at home. Opposed to tariff that encourages American capital to build manufacturing plants and use foreign labor behind foreign tariff walls. Favors Kellogg Peace Pact.

It did not make Brookhart an "economic illiterate" to disagree with Senator Cummins on the railroad question in 1920. Cummins was wrong. Brookhart was not "an economic illiterate" and his disagreement made him a United States Senator. Moreover, Brookhart has increased in stature during the past 12 years. over, Brookhart has increased in stature during the past 12 years. His energy, his physical strength, his persistence against great odds, his curiosity, his honesty, his courage, his self-confidence, his innate democracy, his desire to serve the best interests of his people have enabled him to achieve a position of real influence in the United States Senate. His colleagues in the Senate respect Brookhart as an adversary even when convictions on issues can not be reconciled. Brookhart's social philosophy is fundamentally sound. It may be that he does not have the constructive genius to secure its acceptance and to properly implement it, but his claim that the Government should play no favorites stands and nobody can succeed with a program without a majority. A radical in the United States Senate during the second decade of the nineteenth century was a voice crying in the wilderness. It remains to be seen what such a radical may accomplish during the third decade. third decade.

Mr. McNARY. Mr. President, I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate took a recess until to-morrow, Thursday, March 17, 1932, at 12 o'clock meridian.

# HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 16, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, as we are confronted with hard duties and at times with oppressive cares, we ask for grace sufficient to live each day right, neither being overpowered by temptation nor overwhelmed by burdens. Blessed Lord, we pray for that strength which triumphs over weakness, hope over fear, faith over doubt, and good cheer over despair. Father, make our lives large and full, so that they shall be altogether worth while. O take them and impart unto them such a spirit and such a satisfaction so that they shall be rich and helpful. By the manifestation of the truth, walking in the might of honor and uprightness, may we commend ourselves to the favor and esteem of all men. We thank Thee for Him who commands our supreme love. He is not only the Light of one age and one land but the Light of the world and the greatest personal revelation of a merciful God. All glory be unto His holy name, Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 7912) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McNary, Mr. Jones, Mr. Keyes, Mr. HARRIS, and Mr. KENDRICK to be conferees on the part of the Senate.

### THE RECK-LINTHICHM RESOLUTION

Mr. HESS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HESS. Mr. Speaker, the Beck-Linthicum resolution, as embodied in House Joint Resolutions 208 and 209, proposes a substitute for the present eighteenth amendment. It is designed to recognize and restore our traditional dual form of government, giving to the State control of local matters and to the Federal Government jurisdiction over national affairs. It is this duality which has been the distinguished feature of our Federal Constitution and from its inception has received the encomium of the best thought in the world.

The eighteenth amendment was a radical departure from this duality, in its failure to accept prohibition as a local matter.

The mere fact that what may fit Kansas, the only State out of 28 States which the recent Literary Digest poll shows to favor existing conditions, while New York, very much to the contrary decidedly opposes, is proof of the local nature of prohibition and likewise proof that you can not have one unbending, rigid prohibition law for both States. It is idle and futile to expect it to operate well. In the final analysis laws must fit the community for which they are intended; this in order that they may merit and command respect and observance.

When you multiply the problem of observance to include 48 States, composed of varied stock and ancestry, having varied ingrained habits and views on a proposition which only in the last 12 years has become acutely personal and criminal, it is easy to understand why national prohibition has failed.

The constant Federal appeal to the States for their help, as necessary, is significant. If State help is so sorely needed, that leads to the inevitable conclusion that the subject matter might as well be left entirely to the State's decision within its own jurisdiction.

Unfortunately, judicial construction has made nugatory section 2 of the eighteenth amendment, giving the States

concurrent power with Congress.

I am satisfied that investigation would disclose that many Members of Congress who voted for submission of the amendment did so because of section 2, with full expectation that due regard would be given to it. Thus a doubt is raised whether the amendment without section 2 would have received votes sufficient for submission.

This same doubt, but much more seriously, arises as to the ratification by the State legislatures. Who can tell to what degree section 2 influenced the concurrence of 46 States? It is not reasonable to believe that they were unaffected by it; that they wished to surrender their sovereignty in abject submission to the rigid will of Congress, overriding their own representatives in Congress. It is much more reasonable to believe, not having our hindsight now on the judicial construction given, that many legislators, perhaps in number sufficient to prevent ratification, relied on section 2 as affording some measure of development to the home-rule desire of the people of each State, consonant with local conditions.

Be such doubts dismissed as unimpressive, as dealing with accomplished facts, have you not to-day similar reaction, in that State after State which ratified the eighteenth amendment, now is repealing its prohibition laws? Such action means more than to make clear their legal and justified contention that national prohibition, being a supreme, all-pervading Federal law, must be enforced by Federal authority, with little help, particularly financial help, from the States. Can we not readily conclude, therefore, that the present desire, whatever may have been their past decision, is now firmly set on provisions, such as will be found in the Beck-Linthicum resolution?

This resolution is the joint product of many minds. It is presented by Members of the House, regardless of party lines. It follows recommendations made, I believe, by a majority of the members composing the Wickersham commission. Above everything else it restores to the States a power rightfully theirs. It applies and amplifies what section 2 was intended to cover.

While direct repeal of the eighteenth amendment would be preferable perhaps as simpler procedure, since that when accomplished would automatically restore jurisdiction to the States, this resolution carries appropriate safeguards to permit dry States to be as dry as they please.

The new amendment has other decided merits. Not the least is that it will stop recurrent congressional elections on the issue. It will relieve Federal courts of their crowded dockets and restore them to their old dignity. It will practically abolish the national prohibition department, saving considerable money. It will divert to the Government revenue now adhering to the pockets of criminal racketeers. It will put an end to the farce of "bargain-day" penalties, and of making room for new inmates in overcrowded prisons.

Vote for the resolution and place the liquor problem with the States. There, if I may venture to say, the ideal solution would be through local option, confined to the smallest political untis of township and municipality. This would produce local laws responsive to the will of the local community, and that community will should not be overridden by the votes of others.

# ANTI-INJUNCTION BILL

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the conference report on House bill 5315, the anti-injunction bill, be recommitted to the committee of conference.

The SPEAKER. Is there objection to the request from the gentleman from Texas?

Mr. DYER. Reserving the right to object, being one of the conferees, I am in hearty accord with the request of the gentleman from Texas.

The SPEAKER. Is there objection?

There was no objection.

#### KIDNAPING BILL

Mr. COCHRAN of Missouri. Mr. Speaker, I have handed to the Clerk a bundle of petitions signed by mothers in St. Louis urging the Congress to pass the bill I introduced making it a Federal offense to kidnap a person and move that person into another jurisdiction. The petitions were prepared and the signatures secured by the St. Louis Times, one of the leading newspapers of my city.

Mr. Speaker, the petition of the mother is a most sacred petition and her right to be heard and her voice heeded is

undisputed.

My bill does not seek to supersede the responsibility of the local authorities, but all I ask is that the Federal Government assist in apprehending the violator when the victim is taken across the boundary of the State where the victim was seized. The commerce clause in the Constitution prevents the States from extending its police power to an adjoining State, and it at the same time gives the Congress the constitutional authority to enact such legislation as I suggest.

I ask that the petitions be referred to the Committee on the

Judiciary where the bill is under consideration.

I might add the petitions contain thousands of names and represent many more thousand mothers as some petitions are signed by the entire congregation of churches, as well as represent all the members of numerous lodges and societies.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

### CHANGE OF REFERENCE

Mr. JONES. Mr. Speaker, I ask unanimous consent that Senate Joint Resolution 116 and House Joint Resolution 334 referred to the Banking and Currency Committee be rereferred to the Committee on Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. McFADDEN. Reserving the right to object, this measure was properly referred to the Banking and Currency Committee, and I think it should remain there, and therefore I object.

# EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, there is such a splendid editorial in the Washington Post this morning that I hope our friend from Massachusetts will not adhere to his regular rule and object to all editorials. I ask unanimous consent to extend my remarks in the Record by publishing that splendid editorial. It is of vital interest to every red-blooded American in the United States.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the Record, including an editorial. Is there objection?

Mr. UNDERHILL. Mr. Speaker, all editorials look alike to me, and I object.

### SALES TAX

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a letter which I this day have written to the Secretary of the Treasury on the subject of the sales tax.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LaGUARDIA. Mr. Speaker, under leave granted to me I hereby file a letter that I have this day mailed to the Secretary of the Treasury, the Hon. Ogden L. Mills. I believe the reference, therein contained, to a speech made by the honorable Secretary on December 14, 1931, and inserted in the Congressional Record of December 15, 1931, will be of special interest to the membership, now preoccupied on the subject of sales tax.

The letter follows:

MARCH 16, 1932.

Hon. Ogden L. Mills, Secretary of the Treasury, Washington, D. C.

My Dear Mr. Secretary: I heard your radio speech last Saturday advocating the so-called manufacturers' tax in the pending revenue bill. I am somewhat confused in reconciling your present enthusiasm for the sales tax with your learned and scholarly address delivered before the Economic Club of New York on Decem-

ber 14, 1931. The December 14 speech was so impressive, instructive, and informative that the distinguished gentleman from Oregon, the Hon. Willis C. Hawley, who is now sponsoring the sales-tax provision of the bill, had it inserted in the Congressional Record on December 15, 1931, the very day after you delivered this address. This was inserted by unanimous consent of the House of Representatives because we all felt that it was worthy of being made a matter of public record and that we could send it to our constituents at Government expense. This speech was made about three months ago. The condition of the Treasury is no different now than it was then. The deficit is no greater now can it was then. The administration has within the last few days stated that business conditions are a little better to-day than they were three months ago. I am firmly convinced that you spoke with delibera-tion, and I know you did with conviction, on December 14, when you stated:

"The attainment of our goals necessitates additional revenue in excess of \$900,000,000 in the year 1933. In the development of a program we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turnover tax, but rejected it, not only because it bears no relation to ability to pay and is regressive in character, but because of the enormous administrative difficulties and the lamost inevitable pyramiding of

the tax in the course of successive sales. "We studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in which is being administered with a fair degree of success in Canada. In Canada a tax is imposed at the rate of 4 per cent on the manufacturers' sales price, or the import value of all goods not exempt, which are produced or manufactured in Canada or imported into Canada. Retailers are exempt. It is distinctly not a turnover tax. Practically all raw materials of farms, mines, fisheries, etc., are exempt, as are most small manufacturers or producers, such as customs tailors, shoemakers, plumbers, opticians, et al. The extent of the exemptions is very great. They fill 10 closely printed pages and cover thousands of specific items and classes of items. \* \* \* The tax is unquestionably passed on and adds, therefore, to the cost of living.

on and adds, therefore, to the cost of living.

"With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion or the authority to administrative officers to make final decisions, it is more than doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border. Certain it is that many months would elapse before the necessary administrative machinery could be firmly established in this country. And we are in need of additional revenue now.

"In any event, we concluded that, on the whole, it is wiser for

"In any event, we concluded that, on the whole, it is wiser for us to resort to these forms of taxation with which we have had experience and are thoroughly familiar, rather than to embark on new and untried ventures. If this conception is sound, we have but to take a step backward and to relinquish temporarily the benefits of the tax reductions effected in the period of expanding revenues. It isn't necessary to retrace many steps and to return either to the revenue act of 1918 or of 1921, but what we desire can be accomplished by returning in principle to the general plan of taxation existing under the revenue act of 1924, with such changes as are appropriate in the light of existing conditions. The advantages of such a program are manifest."

I am in entire accord with you and, in keeping with the authoritative information contained in your speech, many of us are vigorously opposing the sales tax or manufacturers' tax, whichever you desire to call it, in the revenue bill.

Will you be good enough to give us your latest views on the subject?

With kind personal regards, I am,

With kind personal regards, I am, Sincerely yours,

F. H. LAGITARDIA

### THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, and pending that, I would like to see if I can get an unanimous-consent agreement as to closing the general debate on this bill. This morning I brought the matter up before the Ways and Means Committee and asked their advice as to how and when I should suggest closing debate. We have already had five days of general debate, which is an unusually long time. In the committee this morning the gentleman from North Carolina [Mr. Doughton] said he had requests from a number of gentlemen who desired to speak. He said it would be agreeable to him under the circumstances if general debate was to close when the House adjourned to-morrow. The Committee on Ways and Means directed me to make that request; and, therefore, I ask unanimous consent that when the House adjourns to-morrow general debate will be closed on the revenue bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that when the House adjourns to-morrow

general debate shall be closed on the revenue bill. Is there objection?

Mr. FERNANDEZ. Mr. Speaker, I reserve the right to object. Some of us from Louisiana would like to have a few minutes' time to discuss the bill. I shall not object if I am assured that I can get at least 10 or 15 minutes to-day or to-morrow.

Mr. CRISP. Mr. Speaker, the only reply that I can make to the gentleman is that I yielded half the time allotted to me to the gentleman from North Carolina [Mr. Doughton], opposed to the bill, to be allotted by him. The gentleman from North Carolina has used more than I have of the time allotted to me. As I understand it, the gentleman is opposed to the bill. Therefore, of course, he should get his time from the gentleman from North Carolina.

Mr. FERNANDEZ. Unless I am assured of some time, I shall be constrained to object.

Mr. CRISP. Mr. Speaker, I move that when the House adjourns to-morrow night general debate upon the bill be closed.

Mr. DOUGHTON. Mr. Speaker, will the gentleman withhold that motion for a moment?

Mr. CRISP. Yes.

Mr. DOUGHTON. Mr. Speaker, being in charge of the time on the majority side of the House, for those who are opposed to the bill, I have had many more requests for time than I anticipated. I have done all that I could to give those who oppose the bill on this side an opportunity to be heard and to agree to use as little time as possible. I did not know that debate would be concluded as early as it is desired; but I must say that the gentleman from Georgia [Mr. Crisp], in charge of the bill, has been very generous in the matter of debate. I have requests on this side from those who oppose the bill for something like seven or eight hours, not including any time to be used by myself. I would rather take no time than have them denied time.

I am going to support the chairman in this matter because I agreed to this this morning in the Committee on Ways and Means. I hope no one who is opposed to the bill on this side will object, and I ask those on this side who have asked for time in opposition to the bill, to be reasonable, and agree to cut the time they have requested in half. so that time may be allotted to others.

Mr. CRISP. Mr. Speaker, I wish to accommodate gentlemen, I want everybody to be heard and am willing to ask that the House take a recess from 6 o'clock to-morrow evening to 8 o'clock, and that general debate be had from 8 o'clock until 10.30 o'clock to-morrow night.

Mr. HARE. Mr. Speaker, reserving the right to object. I happen to be one of those who asked for time in opposition to the bill. I asked for 20 minutes. In view of the suggestion of the gentleman from North Carolina, I should be very glad to renew my request and make it for 10 minutes.

Mr. LINTHICUM. Mr. Speaker, will the gentleman from Georgia yield?

Mr. CRISP. Yes.

Mr. LINTHICUM. I want about 10 minutes' time on the oil schedule. I do not know whether I am going to vote for the bill or not. It is getting better all of the time. I may eventually vote for it, but I would like to have 10 minutes from one of these gentlemen. I do not want to pledge myself one way or the other.

Mr. CRISP. Mr. Speaker, I shall take the chance on the gentleman voting for the bill, and yield him 10 minutes' time. Mr. PARKS. Mr. Speaker, will the gentleman from Georgia yield to me?

Mr. CRISP. Yes.

Mr. PARKS. With a bill of this importance, and with so many other matters that do not amount to very much taking up considerable time, why should not there be an additional day of general debate?

Mr. CRISP. My only answer to the gentleman is that the request would mean seven days of general debate. There never has been that much general debate on any tax measure since I have been here. Furthermore, at the conclusion of general debate, debate does not stop. The bill will be read by sections under the 5-minute rule, and Members of the House will be given an opportunity to discuss the bill under the 5-minute rule, and I shall have no disposition to cut them off from doing that.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield? Mr. CRISP. Yes.

Mr. DOUGHTON. I wish to say to my friends on this side that it was the desire of the majority of the members of the committee to close debate to-day, and they doubtless have the votes to do it. I do not want to be contentious about the matter. I hope that no one on this side of the House who is opposed to the bill will object to the request of the gentleman from Georgia, because I think he has been fair with us.

Mr. WHITTINGTON. Mr. Speaker, may I ask the gentleman a question?

Mr. CRISP. Yes.

Mr. WHITTINGTON. Has the committee any other amendment that it has agreed to adopt which it is ready to announce to the House?

Mr. CRISP. No. The committee has not. It is my purpose to call the Committee on Ways and Means in session each morning while this bill is being considered, so that the committee may consider any amendment it desires to consider with a view as to whether or not it should be offered as a committee amendment as the bill progresses. This morning the committee was occupied in another way and did not take up the question of whether or not it would recommend any amendment making further exemptions to the bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that general debate on the tax bill end when the House adjourns to-morrow. Is there objection?

There was no objection.

Mr. CRISP. Mr. Speaker, to accommodate gentlemen I ask unanimous consent that when the Committee of the Whole rises to-morrow afternoon at its usual time the House shall take a recess until 8 o'clock, to remain in session until 10.30 p. m., the night session to be confined exclusively to debate on the tax bill.

The SPEAKER. The gentleman from Georgia asks unanimous consent that when the Committee of the Whole rises to-morrow afternoon at its usual time the House shall stand in recess until 8 o'clock p. m.; that during the evening session general debate in the Committee of the Whole shall be confined to the revenue bill and continue until 10.30 o'clock p. m. Is there objection?

Mr. UNDERHILL. Reserving the right to object, the gentleman from Georgia has very clearly stated, I think, that we have had a long period of general debate on this bill, also that there will be plenty of opportunity under the 5-minute rule to discuss the bill.

Mr. CRISP. Mr. Speaker, I think I am close enough to the gentleman from Massachusetts to express the hope that he will not object.

Mr. HAWLEY. Mr. Speaker, I join with the chairman of the committee in his suggestion.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. UNDERHILL. Mr. Speaker, in deference to the gentleman from Georgia, I shall not object.

There was no objection.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Georgia [Mr. Crisp] that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the revenue bill (H. R. 10236).

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill of 1932, with Mr. Bankhead in the chair.

The Clerk read the title of the bill.

Mr. HAWLEY. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. Reed].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman already has that permission. Let the Chair state for the benefit of those who intend to speak that the House has already granted unanimous consent that all Members may have the privilege of extending their own remarks on this bill for five legislative days after the conclusion of the consideration of the bill.

Mr. REED of New York. Mr. Chairman, there was a time when the production of petroleum was limited to a few well-known localities. To-day the production of crude oil is quite evenly distributed throughout the United States, and more and more fields are entering the picture. This industry has developed to a point where it has become one of our chief industries and one that plays an important part in our economic stability as a nation. There are several States that produce petroleum in such large quantities that any curtailment in the production and sale of oil has a most depressing effect upon all classes of business.

I have in my congressional district an oil-producing section. The low price of petroleum has placed a heavy strain upon the banks, the merchants, and other business enterprises. It has created a tragic situation among those who depend for their employment upon the oil industry.

The oil producers throughout the United States have shown a most commendable spirit and an unusual degree of foresight in an honest effort to curtail production to save the market. This effort might have succeeded in a more marked degree had the industry been protected from foreign competition. The fact is, however, that ever-increasing imports of petroleum and petroleum products have nullified the efforts made by domestic producers to stabilize the market by restricting home production.

I do not wish to have the inference drawn from my remarks that there has been overproduction of oil in the United States during the last 10 years. The fact is that had it not been for the large volume of imported oil, our domestic demand would have absorbed the oil produced in this country. The difficulty all along has been that during the time-1929 to 1930-that our producers in the United States had curtailed production to the extent of 109,000,000 barrels, there were imported into this country 105,000,000 barrels of oil. During the year 1931 the domestic oil producers reduced their production 48,000,000 barrels, while the foreign producers shipped into our market 47,249,655 barrels of crude petroleum, valued at \$39,220,620, and refined petroleum, 24,998,016 barrels, valued at \$16,215,281. Other petroleum products were imported in comparatively large quantities. Just so long as foreign producers can destroy every effort made by domestic producers to rehabilitate the oil industry in this country the responsibility for the prostrate condition of the oil industry will rest upon the inactivity of our Government. The oil producers of the United States have done their best to meet the crisis, only to find themselves hamstrung by foreign competition.

I am reliably informed that the American petroleum industry normally employs more than a million persons. A large percentage of these million persons are out of employment. Considering the families of those who labor, it is safe to say that 5,000,000 persons are affected by the present deplorable condition in the oil industry.

Such a reduction in a pay roll is not only a hardship to those who labor in the oil industry and their families, but it accentuates the unemployment in a multitude of other industries. While our oil industries are prostrate, unable to earn a return on their investment, burdened with local and State taxes, and thousands of their faithful employees without work, their foreign competitors, more or less free from the heavy taxation of the States, have been able to pay hundreds of millions of dollars in dividends. It is manifestly unfair to the oil producers and to labor to permit so distressing a condition to continue.

A recent report of the United States Tariff Commission shows quite conclusively that the cost of producing petroleum in the United States and delivering it to the Atlantic seaboard is \$1.03 per barrel more than the cost of producing oil in Venezuela and delivering it to the same points.

It has been the policy of the United States since its inception to protect American industry.

With such a differential between the cost of production of petroleum abroad and at home the domestic industry can not hope to survive without protection. The failure to afford this protection will eventually destroy the small independent producer and place production in the hands of a few large concerns. Such a result would be unfair to the independent producers and an unwise public policy to pursue.

I believe that the proposed tax on imported oil will do much to alleviate the difficulty in which our oil producers find themselves. The facts found by the United States Tariff Commission would warrant, it seems to me, even a larger tax than 1 cent per gallon on crude petroleum, fuel oil, gas oil, and gasoline derived from crude petroleum imported into the United States.

I hope that the proposed tax will tend to restrict oil imports sufficiently to afford the oil producers of the United States some measure of much needed protection. [Ap-

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. CRAIL].

Mr. CRAIL. Mr. Chairman and my colleagues, I wish to discuss a feature of this bill which is of much importance to the people of California, as well as to the people of the midcontinent field. There has been a great deal of acrimony, hard feelings, and personality enter into the debate in regard to the excise tax on the importation of oil from foreign countries. I do not want to indulge in this acrimony or become involved in any personal controversy, but I do think it is my duty to urge upon my colleagues the adoption of that feature of the tax bill which is before the House.

Oil is one of the largest industries in the country. It was the third largest industry in the United States until two years ago. In California it was the largest industry. At the present time the oil industry is prostrated. It is paralyzed. In my State there are thousands and thousands of oil workers out of employment. In the United States there are hundreds of thousands of men and women out of employment who were engaged in the oil business. The official statistics of the State of California show that 63 per cent, almost two-thirds, of all the men and women who were engaged in the oil industry are out of employment at the present time because of the condition in which it now is.

In addition to that the owners of the oil lands who have been receiving royalties are now suffering. Nearly all of the small independent companies have thrown up the sponge in defeat or are now in the hands of receivers. Gasoline at the present time is selling in California at a cut-throat price. Gasoline has been sold generally at as low as 61/2 cents a gallon, and at the present time the largest companies are selling gasoline at 91/2 cents a gallon. They must pay a tax of 3 cents a gallon to the State of California and in most cases 4 cents per gallon to the retailer. You can figure out that that leaves about 21/2 cents for the price of gasoline to the manufacturer, which is less than the cost of manufacture.

Mr. MICHENER. Will the gentleman yield?

Mr. CRAIL. With pleasure, to the gentleman from Michigan.

Mr. MICHENER. The gentleman favors a tax on oil, I

Mr. CRAIL. I would favor an emergency embargo, but that is not before the House at this time. In lieu of an embargo I would favor a tariff duty of more than \$1 per barrel on oil.

Mr. MICHENER. But the gentleman does favor a sales tax on oil?

Mr. CRAIL. I am arguing for a protective tariff duty on petroleum and its products which are now admitted to this country duty free. I claim this importation of oil duty free has been the chief cause of the deplorable condition of the oil business.

Mr. MICHENER. But we are not dealing with a protective tariff bill. We are dealing with a tax bill. If a tax goes on oil it must be in the shape of a sales tax on oil. The gentleman is in favor of that, is he?

Mr. CRAIL. My friend from Michigan is evidently misinformed about that. This tax bill we are now considering provides that on all oil which is brought into this country there must be paid a tariff duty of 1 cent per gallon. Some prefer to call it an excise tax of 1 cent per gallon or 42 cents per barrel.

SEVERAL MEMBERS. That is correct. Mr. MICHENER. Yes; that is correct.

Mr. CRAIL. That has nothing to do with the sales tax, and I am not discussing and do not care to discuss the sales tax at this time.

Mr. MICHENER. But the gentleman is opposed to the sales tax?

Mr. CRAIL. I have not said that.

Mr. MICHENER. Well, I am asking the gentleman if he is.

Mr. CRAIL. I am against a sales tax on the necessities of life; food and clothing and fuel and whatever is necessary to sustain life in health and even in comfort. However, I am not making a special argument against a sales tax on gasoline. Possibly there is just as good argument for a sales tax on gasoline as there is on any other necessity of life. I am opposed to a sales tax on life's necessities. But I am arguing for something which is in the bill.

Mr. MICHENER. But how does the gentleman figure we are going to get a tax to raise revenue which is necessary if every Member of the House takes the same position that the gentleman takes?

Mr. CRAIL. I can not see any inconsistency in arguing for a good provision of the bill as I am doing. It might be inconsistent if I should argue in favor of the bill generally but oppose some particular part of it which adversely affects my district.

Some Members have done this, and my friend may have them in mind. However, what I am advocating is a part of the bill.

Mr. MICHENER. The gentleman is advocating the part that affects his district primarily, and possibly the gentleman will oppose everything else. Is that correct?

Mr. CRAIL. I have not said that. I am still hoping that the bill will be so amended that I can give it my full approval and support. As the bill is now framed I can not give it my approval and support. I do not think the time has come yet that we must tax the poor people of the country on the necessities of life in order to maintain and operate this Government. There are many things we can do to balance the Budget without resorting to a tax on what a poor man must have to sustain life, to keep from going naked and to keep from freezing to death. So far as I know, such a policy never has been adopted by this country, and certainly I have a different idea of the duties of government than a tax on life's necessities. Anyway, I am not ready to commit myself at this time on this bill. The argument will last several days. Many amendments will be offered. We do not know what shape the bill will be in when the vote is taken on its passage. My friend will concede me the privilege to do what I think is right when the vote is taken. I would not promise my vote for what otherwise might be a bad bill in order to get something into it which I desired.

Returning to the feature of the bill for which I am arguing, a protective-tariff duty on oil is absolutely necessary if the independent oil operators are to be saved from being swallowed up by the large companies.

On almost every commodity the price to the producer is fixed—not by the cost of production but by the price which can be obtained for the surplus in foreign lands. This is true of almost every commodity of which there is more produced in this country than can be consumed in this country. Apply that rule to wheat, or cotton, or corn, or manufactured goods, or whatever you will and you will find that it is generally applicable.

The oil producers of America have controlled their production during the last few years so that there has been no overproduction of oil in this country. The evidence before the committee clearly showed that the consumption of petroleum in America was greater than the production. Under these conditions the American producer should be able to get a fair price for his oil—at least a price that would pay the cost of production. On the contrary, he has been forced to accept a price way below the cost of production, and in some States only a fraction of the cost of production.

This has been accomplished by the major oil companies shipping into this country free of duty millions of barrels of oil which was produced in South America at a very low cost. By this means the major companies have been able to maintain a surplus in this country and have been able to force the independent American producer to accept for his oil whatever price the major companies were willing to pay him for it. By means of this importation of cheap foreign oil, duty free, the major companies have been able to maintain an absolute dominance over the oil industry, have held the independent producers at their mercy, have brought about a condition which has forced the independent companies in hundreds of instances to sell out to the major companies at low prices or go out of business. This importation of cheap oil from foreign countries, duty free, is what has demoralized the oil industry and thrown hundreds of thousands of men and women out of employment. Something must be done about it. Congress can give the remedy. The placing of this 42-cent per barrel excise tax on oil imported to this country will be very helpful. The duty should be more than a dollar per barrel. Certainly we can not well refuse to vote the 42-cent excise tax carried in this

Mr. NELSON of Maine. Will the gentleman yield? Mr. CRAIL. Gladly, to my friend from Maine.

Mr. NELSON of Maine. On Monday I presented to the House some rather carefully prepared facts and figures relative to the oil industry, which, if true, would indicate that this tax would not accrue to the benefit of the independent producers but would accrue to the benefit of the major oil companies, which have absolute domination over this industry. I have been waiting for some Member of the House from the oil States to refute some of those facts and figures, but up to date the only reply has consisted of some rather amusing references to a proposed tariff on lobsters. The question which I would like to ask the gentleman is whether he has examined the statements which I made and found any of the facts which I presented or the statements which I made to be incorrect; and if so, which ones?

Mr. CRAIL. In answer to the gentleman's question, I will say that I have not examined the figures to which he refers, but I have on several occasions discussed this matter with the gentleman from Maine and I heard him testify before the Committee on Ways and Means, and well know his views on the question. I can not agree with his theory as to the oil business at all. He represents a territory which does not produce petroleum. His point of view is, frankly, that of the consumer only.

I do not agree with the gentleman's statement that this tariff duty on oil would not be for the benefit of the independent producers but would be for the benefit of the major oil companies. The companies which are importing this oil. duty free, millions of barrels a year, and making a big profit on it, are the four largest oil companies operating in the United States of America. They can produce that oil in Venezuela and other South American countries, ship it to the United States, sell it if they wanted to so as to make a good profit on it at a selling price of 30 cents a barrel, 42 gallons to the barrel. The American independent producers can not meet that competition because it costs the American independent oil producers \$1 a barrel to produce the oil without any profit at all. The Tariff Commission investigated this situation at the request of Congress and made a report upon it to Congress. That report showed that the differential between the cost of production in South America and in the United States was \$1 a barrel. If this is so, and no

report could be more authentic, the United States Congress ought to put a tariff duty of more than \$1 per barrel upon all oil which comes into this country. Does that answer the gentleman's question?

Mr. NELSON of Maine. Well, the gentleman does not mean that, does he—that the Tariff Commission, in the first place, found any such differential, and, in the second place, recommended a tariff of \$1 per barrel?

Mr. CRAIL. If my friend will procure a copy of House Document 195 of the last Congress, he will find the report of the Tariff Commission to which I have referred. It is entitled "Production Costs of Crude Petroleum and of Refined Petroleum Products." If he will read the last section of the first paragraph on page 50 of this report, he will read this sentence: "Unadjusted, the domestic cost thus exceeded cost of the great Maracido oil by \$1.03 per barrel." I am reliably informed that if the domestic cost were adjusted as suggested by the Tariff Commission, it would have exceeded the production cost of the South American oil by \$1.19 per barrel. [Applause.]

I would like to reassure the gentleman from Maine that the cost of fuel oil to the New England manufacturers should not be any greater if this excise tax is placed upon the importation of foreign oil than it is now. There are good reasons for this assurance as I shall try to set forth further along in this discussion.

Both State and National issues of greatest importance are involved in the proposed protection of the American petroleum industry. No economic reconstruction program which has been suggested is either so feasible or so important as the restoration of what was formerly the third basic industry of this country. Every phase of our national life is being affected harmfully by the ruin experienced by this industry and every such phase would be benefited if we removed the difficulties in the way of the revival of that industry.

The American petroleum industry is the key log in the jam which is holding up prosperity. We may be able to recover from our present depression without tackling that key log, but the way will be harder and longer and less successful. Common sense suggests that we take the shortest cut to prosperity. There is no shorter cut than correcting an economic evil which is maintaining unemployment, reducing public revenue, and spreading distress broadcast.

California is one of the best illustrations of what has occurred to the American petroleum industry, of its effect upon industry in general, upon State revenues, and upon the various sources of Federal revenue, whether we consider taxation or incomes from Government-owned lands. From this State also we may study the effect of the present prostration of this industry upon the merchant marine and even upon the Panama Canal tolls. In all this, California must not be considered "a horrible example." This phase of the life of my State is only typical of similar phases in other States which may not be so fortunate as to have other interests so important as California possesses. Using this State, however, as an object lesson we may be able to form a reasonable estimate of the potential gains to be expected when Congress recognizes the justice of the proposed protection of the petroleum industry and passes this sorely needed legislation.

The industrial exploitation of petroleum resources in California began in 1861, and since 1915 the development of our oil fields has been under State supervision. In 1929 our annual production of petroleum was approximately 292,037,000 barrels, or 29 per cent of the national output. For a long period California supplied the fuel oil requirement of the Atlantic seaboard.

It continued to do so until the steady development of foreign petroleum fields brought into this country, free from all duty, such large quantities of foreign oil that California oil was displaced. This displacement was not entirely due to the lower price of foreign oil at the port of delivery. It was largely traceable to the greater profits available to the oilimporting concerns who had obtained grants of valuable oil properties in South American countries through the usual methods pursued. It was to the immense financial advantage of these concerns to control distribution on the Atlantic coast and secure these markets for their foreign product. California oil continuously lost in this very unequal contest until it practically ceased to be a factor in the fuel-oil problem of the East.

To-day, California has in storage 99,000,000 barrels of fuel oil. There is little or no market for this oil. It can be purchased at from 40 to 50 cents per barrel. At an additional cost of 43 cents it can be delivered into the ports of the industrial section. Of course it is distress oil, but that is the very point I am trying to emphasize. The whole industry is in a condition of distress. Production costs are greater than possible receipts from the sale of this product. That is why the whole industry is disorganized, labor unemployed, and the public revenues facing great deficits.

California oil is largely produced on United States lands. The Federal Treasury benefits through its receipt of royalties upon this production. This creates the unusual situation that the Federal Government is permitting foreign oil to enter this country duty free to the tremendous decrease in the Government's receipts from its own holdings of oil lands.

A still more significant item in the financial balance sheet, however, is the decrease in the receipts of the Federal Government from corporation taxes and income taxes paid by those who are concerned in the California petroleum industry. These receipts have naturally been steadily decreasing. It is impossible to pay taxes on profits that are not made or upon incomes that have dropped, in many cases below the exemption mark.

This decrease in the production of California oil has been marked by the growing unemployment of oil workers and those who catered to them. The official figures compiled by the State of California show the number of oil workers out of employment is 63 per cent of the total normally engaged in this occupation. Naturally this has eliminated a large part of the purchasing power of these people so that retail merchants, auto dealers, home builders, insurance firms, banks, and so forth, have all been seriously affected. The ever-widening circle spread by the disappearance of so large a number of people from the active consumers group has naturally touched, in its turn, the wholesaler, the railroad carrying freight, the factory producing goods, the stockholder and the mortgager, and thus touched for harm our whole financial as well as industrial structure. Other oil States have similar suffering, some of them in very much greater degree than California.

When California was shipping her oil to the eastern markets this gave employment to a considerable group in our merchant marine. The maintenance of a strong merchant marine is important to our national strength. Without the merchant marine we may be seriously crippled in the event of any hostilities. Even in peace time it is the part of wisdom for us to develop our own shipping industry. We can not afford to be at the mercy of the world for lack of bottoms. Many nations are forced to give large subsidies to maintain their marine. Increased coastwise traffic, such as would be promoted by the substitution of American for foreign fuel oil, would give a new lease of life to our merchant marine. This, too, applies to many States besides California, although California has a very special interest in the maintenance of the merchant marine.

The Panama Canal tolls will be increased if California oil are once more given an opportunity to enter American markets. This great governmental business enterprise should not be handicapped in its endeavors to become a profitable business venture. Neither should we blame those in charge if we destroy traffic upon which the canal must depend if it is to meet expenses. When it fails to pay these expenses from its income the taxpayers have to meet this deficit through the Treasury. The debt on the canal in 1926 was \$543,837,453, which was its largest figure. Since that date there has been a gradual decline, and on June 30, 1931, it was \$535,571,809.

Ordinarily a one-half billion dollar indebtedness is not alarming, but when several of these have piled up into the enormous deficit of the Treasury it is a businesslike procedure to look for steps to change deficits onto the other side of the ledger and to prevent their becoming greater. Canal tolls and other income from the many activities of the operation of the canal now earn slightly more than 3 per cent on the \$535,571,809 debt. Since revenue to the canal depends upon freight carried, it is significant to learn what commodities make up this great tonnage and to consider the source of revenue and the factors that affect its change and which governments they benefit.

One of the largest factors of the canal tolls is mineral oils. The following is quoted from page 97 of the Petroleum Refinery Statistics for 1929:

Imports of refined oils, after declining steadily during 1927 and 1928, rose rapidly in 1929. Total imports of refined oils in 1929 amounted to 29,777,000 barrels, a new high figure, and an increase over 1928 of 17,987,000 barrels (153 per cent). Imports of gasoline rose from 4,198,000 barrels in 1928 to 8,834,000 barrels in 1929. From the standpoint of quantity this increase was equivalent to only about one-third of the increase in imports of fuel oil, yet on the basis of value and general economic significance it was of much the greater importance. Practically all of the increase in gasoline imports in 1929 resulted from increased receipts from the Dutch West Indies. This gasoline was produced in the Dutch West Indies from crude obtained in the near-by Venezuela fields. Although the increase in imports in 1929 from the standpoint of quantity was 153 per cent, the gain in value was only slightly over 50 per cent.

The peak of oil transportation through the canal occurred in 1923, when approximately 54,000,000 barrels were carried eastward from California. The following is quoted from Petroleum in 1929, published by the United States Department of Commerce, page 476:

SHIPMENTS FROM CALIFORNIA THROUGH THE PANAMA CANAL

Shipments of crude oil from California through the Panama Canal to eastern ports in the United States continued to decline and amounted to only 1,299,000 barrels in 1929, compared with 2,301,000 barrels in 1928. No shipments were recorded during the last four months of the year, as contrasted with 1923, when an average of approximately 150,000 barrels of crude passed through the canal every day.

We face this fact: California has and could supply all Atlantic seaboard requirements with as good or better oil than can be obtained from any other source and that the westward shipments of the canal would be greatly increased by the shipments of oil field and refining equipment. At present the manufacturers of iron and steel constitute the largest single item of westward freight, which has been reduced almost 50 per cent within the last year.

In addition to the losses caused in commerce through the canal, which virtually amounts to a Government subsidy in favor of the importing group, these imports which have so disrupted California production and commerce to the Atlantic seaboard pay nothing in the way of tax to any part of the Federal Government or to the canal because they are imported from Venezuela. I mention the heavy loss to the Panama Canal as merely one phase of the destructive effects of imports from Venezuela fields into Atlantic seaboard markets.

Without making any claims as to remedy, the significance of the value of California oil production to the canal revenue is very plainly stated in the Annual Report of the Governor of the Panama Canal for 1931, which says on page 18:

Pacific to Atlantic: Since the beginning in the fiscal year 1923 of shipments of mineral oils on a large scale from the California fields, this product has been the leading commodity shipped from the Pacific to the Atlantic. As pointed out in the report of last year this item of cargo reached its high point in 1924 with 9,721,446 tons. In 1925 the shipments declined to 5,989,622 tons and in 1926 they were slightly lower, with 5,930,716 tons. The year 1927 saw an increase to 7,143,165 tons, followed by decrease in 1928 and 1929. In 1930 shipment of mineral oils aggregated 5,700,587 tons, the highest since 1927. In the past year they decreased to 4,824,333 tons, the lowest for any fiscal year since 1923 when 4,334,664 tons were reported. In comparison with 1930 the past year's mineral-oil tonnage from Pacific to Atlantic decreased 876,249 tons, or 15,4 per cent. Of this decrease 547,455 tons, or 16.2 per cent, occurred in the United States intercoastal trade, and 436,661 tons, or 31,2 per cent, in the trade between the United States and Europe. The

trade between the United States and the West Indies showed an increase in this business of 102,344 tons, or 119.3 per cent, over the preceding year.

The longer haul from California, which is greater than the distance from the Venezuelan oil fields to our Atlantic ports, would give employment to a larger number of tankers and to a larger number of American seamen. Foreign oil does not favor American ships. It utilizes the cheapest vessels and the cheapest labor obtainable within the margin of safety. By law only American tankers and American seamen would find employment in the carriage of American petroleum, whether from California or from the Gulf ports to those Atlantic coast cities which are the largest consumers of this product.

Any increased business in oil from the west coast to the Atlantic coast would be an incentive for much other increased business activity and trade for railroads, aviation, and shipping. The Treasury is annually appropriating large sums for subsidy of the merchant marine which to-day does not and can not pay expenses unless business is provided for it. The American merchant marine is having difficulty competing with foreign shipping on account of the lower labor requirements on foreign ships and because many of the seamen on these vessels can be paid in depreciated currency.

At present there are 21 tankers, of a total dead-weight tonnage of 195,000 tons, idly tied up on the Pacific coast. The owners of these vessels and the seamen and officers who would be employed by them would welcome the opportunity for employment which would be assured them if the American petroleum industry is given a fair chance at American markets.

California and the other oil States of the Union must compete not only with the present quantities of petroleum entering from Venezuela or other South American fields. They must face the imminent possibilities of increasing floods of oil coming from the Black Sea ports. Under the present charter rates and present rates of exchange the cost of transporting a barrel of refined products from Batum, Russia, is 26.22 cents. The distance from Batum to New York Harbor is 5,600 nautical miles. Under current charter rates the cost of transporting a barrel of refined products from San Pedro, Calif., to New York Harbor is 45 cents. The distance is 4,930 nautical miles. Between San Pedro and New York the law requires that registered United States ships only be used. It is apparent that the Russia-Rumania products can be shipped to the Atlantic coast in competition with California products even on an equal-cost basis, and it is notorious that in Russia costs are impossible to calculate, and, so far as competing for business is concerned, the Russians disregard costs entirely. Three such shipments from a Black Sea port were made in 1931, two to a Detroit distributor and one to the port of Baltimore. This latter shipment entered with a declared valuation at port of delivery of 1.94 cents per gallon. If this is Soviet oil, as seems currently accepted, the costs are purely nominal. The hopeless impossibility of any petroleum producer who pays even the lowest imagined wages to his help competing with the unpaid labor of Russia is self-evident.

California fuel oil is of far better quality than that which the eastern seaboard is now receiving from the oil importers. It has lower sulphur content. It is a lower viscosity. It has higher gravity. It has greater heat value. It has less wax. The specifications of the United States Government covering fuel oil of the Bunker "C" class is somewhat bettered by the California product. California not only has sufficient oil to meet all the demands of the eastern industrial market but it can provide a better oil and can do this at practically the same price that is being paid at present for the foreign product or at such a slight increase as would be practically negligible. Of course, this can only be achieved if the distributing agencies now giving preferential treatment to foreign oil are forced by a tariff to consider the advantages offered by an American rather than a foreign product. The restoration of the eastern market of the California producer might decrease the present swollen

profits reaped by the oil distributors who are related to the oil importers, but it should not affect the ultimate consumer. One may be quite certain that it will not when fair competition is given its opportunity.

California has been the outstanding leader in the attempts to stabilize the American petroleum market. The office of State oil and gas supervisor was established in 1915, since which time the economic and material wastes in the petroleum fields have been eliminated so far as possible. The Bureau of Mines is now giving the most rigid supervision to the development of the California oil fields. The example set by the State has contributed very largely to the solution of the conservation problems of other oil States. While California did not find it necessary to adopt such legislation as some of the other oil-producing States, it obtained the same or equivalent results through the influence and authority of the State department.

The self-discipline of the California oil producers is registered in the official figures of production. Neal H. Anderson, State oil umpire, reviewing the petroleum situation in the State during 1931, finds that California oil production last year averaged 54.31 per cent of the State's potential production. Concerning this, the Pacific Coast Wall Street Journal states:

The potential production of all oil fields for the year was 409,934,785 barrels. Actual production totaled 187,302,305 barrels and total curtailment was placed at 222,632,480 barrels. Due to the greater effectiveness of curtailment efforts, actual production reflected a substantial decline in 1931, despite the substantial increase in the State's potential, dropping from 225,962,703 barrels for 1930 to 187,302,305 for last year. Potential production increased from 398,933,005 barrels to 409,934,785, a gain of 11,001,780 barrels.

Curtailment by the seven major producing units in the industry averaged 56.75 per cent last year, standing at 131,522,640 barrels, as against 102,891,382, or 48.59 per cent for 1930, an increase of 28,631,258 barrels over the preceding year. Their total production was 22,577,822 barrels under the previous year's total of 100,220,970, against 122,798,792 for 1930.

The Los Angeles Times of February 10, in an unusually fine editorial entitled, "An Unprotected Industry," has this to say concerning this tremendous drop in California's petroleum industry:

It is perhaps superfluous to point out how large a stake the Pacific coast has in the oil industry and how much its well-being means to the general economics of southern California. Two years ago the southern California basin produced 19.7 per cent of all the oil produced in the world, and even now we are producing 16.1 per cent. In 1929, 80,000 Californians secured their livelihoods and those of their families from the oil business. Nearly all of these were employed in the southern half of the State. To-day the number has shrunk to 40,000, due to the industry's demoralization. The rest have been forced into other lines of work or are unemployed.

What the fall in the prices of oil and the curtailment of production have done to California's income is set out in the figures of the State division of mines and the Los Angeles Marine Exchange. In 1931 production in this State was 39,000,000 barrels less than that of 1930, when the total amount produced was 188,268,000 barrels. The value of the 1931 production was \$146,873,000, which was 46 per cent less than that of 1930. In 1929, the peak year of local oil shipments, 127,703,362 barrels were shipped to consignees from Los Angeles Harbor, according to Assistant Manager Glasscock, of the marine exchange. In 1930 this fell to 117,566,000 barrels, and last year the total shipped was only 89,772,604 barrels.

The other side to this limitation of production by the industry in general as well as California is thus set forth in the same editorial:

In 1930, for example, American producers by voluntary agreement cut production by 109,000,000 barrels. In the same period that curtailment was almost completely offset and its effect on oil prices virtually nullified by the importation of 105,000,000 barrels of cheap foreign crude oil and refined products, which came in duty free. In 1931 a further shut-in of 53,938,000 barrels was made and offset by importation of 78,000,000 barrels (up to December 1).

We can not afford to permit any of our basic industries to be wrecked when the means of restoring them are at hand. The history of our experiment with duty-free cheap foreign oil has been one of disaster piled on disaster. No one knows how large a factor this has been in creating the desperate situation in which our whole business life finds itself to-day. No one, however, can deny that it has been a factor and

one of the most important factors. We can remedy this. We can send back to their jobs many thousands of American workers by substituting an American product for a foreign one. We can restore to American merchants American customers by making it possible for the American petroleum industry to resume operations. The imposition of an oil tariff will not cause any of the multimillionaires now reaping tremendous profits from our present policy to do without a meal or to stand in line at some charity organization asking for help in paying the rent. But such a tariff would take off the list of the unemployed, and of those receiving charity, countless Americans whose jobs have been taken from them and given to cheap labor in foreign lands. There are many arguments for the proposed tariff.

To my mind, the most impressive argument is that lack of a tariff puts American workers on the street and in the bread line, while adoption of an oil tariff would send these workers back to their jobs and reestablish American homes now in danger of being broken up. Is it not time that we gave some thought to these problems faced by our own people and let other lands carry some portion of their own burden?

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. Gilchrist].

Mr. GILCHRIST. Mr. Chairman, I do not find myself in agreement with the committee so far as the sales tax is concerned. I think that one who is not so in agreement ought to be able to say why he does not agree and also be ready to state wherein he would choose to make up any deficit which will have to be made up and give his ideas as to how he would handle the matter of the Budget. Statesmanship requires that, good politics requires it, honesty requires it, and it is fair for me to say so at the outset.

In the eighth century before Christ there was a man who taught down in the plains of Judea, and he made very impressive statements about conditions that then existed. I refer to Amos, one of the lesser prophets. He was a farmer and a sheep herder. He dreamed dreams and he saw visions. He cried out against the iniquities that then existed. He uttered exhortations and administered reproofs, and among other things, he said something about those that swallow up the needy and that make the poor of the land to fail. Especially did he excoriate and flay those that wished to make the ephah small and the shekel great. He put them into the same category as those who were falsifying the balances by deceit. I may say for those on the other side of the aisle who have forgotten their Biblical lore that the ephah was a dry measure about the size of a bushel, although a little bit larger. If Amos were here to-day, he would condemn any man or system or practice or policy which would make the bushel small and the dollar great. There is no question but what that condition exists and is the reason why agriculture is prostrate and hopeless at this time. The bushel is of small consequence while the dollar is aggrandized and exalted.

I have seen the time, in my district, when a bushel of corn was selling for \$2.23, and within a year the same bushel on the same streets brought only 25 cents. One who contracted a debt of \$1 could have paid it easily with a half a bushel of corn; but within the course of a year and out of the same crop of corn, it would have required 4 bushels for him to have paid that same dollar debt.

That is what has caused the economic conditions in this country to-day. The farmer has been "debushelized"; and when any basic industry such as agriculture is ruined, then all industries are injured. The value of a dollar has become great, while the value of a bushel has become very, very small, indeed. In consequence of this it costs entirely too much for a farmer to buy a dollar. It costs entirely too much in labor and produce for a farmer to pay a dollar's worth of debts, and I sometimes think that we need an Amos to cry out his maledictions upon us. I am not at this time seeking to charge any man or set of men with evil intentions. I simply bring the plain facts to your memory in connection with the consideration of the bill now before us.

I may say, however, that there would not be any material increase of price to the citizens of this country who buy agricultural products if the bushel were restored to equity. The other day on the floor here a very distinguished gentleman from New York said that eggs were a luxury in his great metropolis. On that very day I received a letter from home which told me that eggs were selling in my little village for 7 cents a dozen, that they were expected to go down to a nickel before long, and yet gentlemen tell us that they are a luxury in New York City. My wife bought a package of shredded wheat the other day and paid 11/4 cents an ounce for her wheat, and yet wheat in my district is selling along about 40 cents per bushel. The American public pays \$10 to \$12 a bushel for wheat in the market when it buys it for food. Nevertheless, the farmers are only getting 40 cents for it.

If you buy a package of cornflakes, you will pay \$9 or \$10 a bushel for the very corn that they are selling at home around 22 cents per bushel. And the same thing is true of other farm commodities, including beef and bacon, cotton goods, and wool yarn, and almost every other article produced by a farmer or stock raiser. So I say to the great masses of the people of the East and of the North and of the South and of the West that when conditions are changed and when agriculture is restored to prosperity the change will not add materially to what they now pay for foodstuffs. And we must bring relief to the farmers of this country, many of whom are now homeless, hopeless, and in despair and are lying awake at night in sleepless torment, conjuring how they may pay living expenses and interest and heavy mounting taxation.

I indict the sales tax because it violates basic principles which should regulate the imposition of all taxes. It does not distribute the burden upon those who are best able to carry it or make the charge against those who are best able to pay. It is a tax upon living. It strikes at the laboring man who is without a job and at the farmer who has no market for his crop. It levies its tribute against those who are in extreme want and compels those who are already destitute to endure greater destitution. If we must balance the budget of this Government, we should not do it by exacting tribute from the very people who are unable to balance their own budgets and who are bereft of the necessities of life. This will make matters worse instead of better.

The sales tax is a tax upon consumption and it therefore reduces consumption. The present panic has been described as a panic of plenty. We have too much of everything except money and we should consume more. When we consume more we employ men. People are demanding bread and we must not give them stone. Let us see that they consume more and not less. Every dollar added by taxation to the expenses of people having an income below a standard minimum reduces consumption, and it is stated on good authority that three-fourths of our American families now have less than that minimum. Taxing ultimate consumers on their necessities falls with peculiar severity on wage earners.

It has been argued that this tax is an invisible one and that our people will scarcely be conscious of it while they are paying it, but this is one of its very iniquities. Because it is an insidious and invisible tax is one of the dangers of it. Abuses are more likely to arise, and reckless prodigality in expenditures is more likely to be practiced if the money comes to the Treasury in an invisible and insidious manner. It will ensnare and entrap us. It is crafty and full of guile in exact proportion as it is invisible and indirect. It is like a disease which exists without marked symptoms, but nevertheless ruthlessly destroys life. A painless tax is a bad tax.

It will be just another tax. It is not proposed as a substitute for other forms of taxation nor as a replacement tax. We do not need new devices and new schemes for imposing taxes upon the people. We have already too much taxation, and if we establish the principle involved in this tax and start it once into motion, then it is not likely that the American public will ever get out from under it. Most forms of taxation become permanent. It has been said here in this

debate that if the camel once gets its nose under the tent it will never withdraw. While it is now proposed for an emergency only, nevertheless we must be on guard that the principle is not established and that this tax does not survive through all the years to harass the American public. Kill it in the bud. Do not allow it to blossom and bring forth seed.

Sales taxes will be and always are pyramided; and while the bill speaks of taxes based on 2½ cents per hundred, nevertheless the amount which the consumer will have to pay will be augmented. The manufacturer must have a profit upon this extra money. The jobber will be compelled to pay twice the amount of the sales tax which the manufacturer added to his product. The wholesale merchant will come next and he will multiply the whole by two. Then the retailer will add his own exactions and by the time the article has reached the consuming public, this sales tax is likely to multiply itself many times and become a real burden upon our people.

It has been said that the tax would be inconsequential and that it would take not more than \$15 or \$20 per year, perhaps, from each farm, but I know ladies in my district who have not been able to buy even a cheap dress for the past five years. Fifteen dollars is a mighty big sum to them. There are some things that are beyond price. Put a little sunshine into their farm homes. Add a little comfort and happiness there. Even \$15 per year may do it and \$20 will go very far toward helping a farmer whose home has been sold by the sheriff during the past two years.

I said the other day in a little talk something about sheriff's sales. I have with me a statement made up from the records of the courts in 10 of the counties which I have the honor to represent, and this statement shows the number of times the sheriff has stood at the front door of the courthouse and auctioned off farm homes out there in Iowa. I do not have time to give you these figures, but in some places and in some counties one-seventh of the farms have been sold within the past few years, and the farmer and his family have been left without home, hope, happiness, or scarcely anything else. Such a man must live, and his wife might like to have a little \$10 dress some time between now and Christmas. She is saving her money to the utmost farthing, even though she sells her eggs for 7 cents a dozen.

This bill contains many propositions which do not seem proper to me. I do not think that the smaller admissions to theaters and moving pictures should be taxed at all. The small movies in the country places are already unprofitable. They can not exist if we add to their burdens, and they ought to exist. They are a great force in our present civilization. They make for happiness and cheer, and in times of trial and tribulation cheerfulness is the most precious thing that we can have. A little wholesome pleasure once in a while is good for all of us. We ought not to confront a man with extra taxes when he takes his little family into a moving-picture house. Most of us are perfectly willing to pay admission taxes and amusement taxes, but let us not put any burden on admissions of 50 cents or less.

Stamp taxes as included in the bill upon checks or drafts are especially reprehensible. This will drive money out of the banks and out of the channels and currents of business instead of putting money into them. It will encourage hoarding and will tend to prevent the thrifty from employing their money in useful ways. We already have too much money hidden in tin cans and mattresses. We need more money in circulation. A tomato can is not a good bank. A tax upon checks is a tax upon the Saturday night pay envelope. It is a tax upon the cream check which hundreds of thousands of farmers are getting almost daily. And a stamp tax upon checks falls with a heavier hand upon small business than it does upon big business.

We can raise the money in other ways. I have not time to discuss all that I have in mind, but I want to say something here about the estate tax. We have hardly scratched the surface of the possibilities which are open to us when we come to estate taxes. Wealth is concentrating. Statistics are before us showing that 504 men had an income in 1929

1930. People are amassing great wealth. Eighty per cent of our vast wealth is owned by only 4 per cent of our people. I am glad to live in a country where possibilities are open to me to acquire a competence and even to acquire wealth; but if the Lord prospers a millionaire, then he properly owes something to society when he passes on. Many of them do not think so. In my study of this bill I ran across the hearings back in 1925. At that time there was determined opposition against estate taxes. They brought down here from my State a company of men to appear before the committee. I have learned that their expenses were paid by somebody somewhere and somehow, but I do not know who paid them or where or how they were paid. One of them at that hearing made some remarkable statements. I want to call these to your attention. A member of the committee interrogated this man who had been a lobbyist out there in my own State legislature. This lobbyist objected to the levying of estate taxes on the very rich and intimated that the laying of the heavy burden at the top would destroy the top and that a man getting \$4,000 per year was better able to pay \$40 in income taxes than many very rich were able to pay upon estates. Then the member of the committee interrogated him and said:

"In other words, your position is this: It was Lazarus, wasn't it, who picked up crumbs from under the table of the very rich? If there are no very rich, then there would not be any crumbs for Lazarus. Therefore you want to be as easy as you can on the very rich."

And what did this lobbyist say in reply? He said this:

"That is a very beautiful illustration of the thought I had in mind and I thank you for bringing it out."

(Laughter.)

It is true that there are some people—but I hope they have no exponent in this House—who do not want even crumbs to fall from the rich man's table into the lap of Lazarus, and if a crust should sometimes fall they would think it was a calamity.

Now these taxes, I think, could be raised in some other way. I am for a more liberal taxing of estates. I know that the estate taxes can not be collected within a year or 18 months after decedent's death, and that this time can be extended upon a showing of hardship. But in such cases we know that the money is already earned and forthcoming and will reach the Treasury. Why is it necessary to balance the budget if you know that the money is coming? The deficit was created over a space of two years, and there is no imperative reason why it must be met in less time. There seems to me to be no danger in this.

The Treasury frequently sells short-time bonds or Treasury certificates of indebtedness. Such short-time certificates could well be issued and be allocated against such estate taxes. It has been pointed out by my colleague from Iowa [Mr. Ramsever] that this estate tax could be increased \$300,000,000 per year, or about half of the increase that we are proposing to raise under the present sales-tax features of this bill. Why is there such a marked difference in principle between the tax on the income of a living man who works and produces and supports families and in the tax to be laid upon a man who does not earn a legacy but is fortunate enough to have rich—though dead—relatives?

Gift taxes are intimately connected with those levied upon estates, and emergency revenues can be raised from this source. There has been a practice among the very rich who are in anticipation of death or in the presence of imminent death to give away their property in order to avoid estate taxes. If we levy estate taxes we should also devise forms for taxing those gifts which are made for the purpose of avoiding estate taxes. This will raise revenues in lieu of the general sales tax. Amendment to the pending bill are proposed or will be proposed at the proper time, which if adopted will substitute such taxes in lieu of a portion of the sales taxes.

Then there are unpaid taxes which might be brought in. Recently the Secretary of the Treasury stated that there were unpaid taxes due the Government and pending on appeal amounting to almost a billion dollars. These were due for the year 1929, and for previous years. Could not their collection be speeded up? Could not these taxes be brought into the Treasury? Even if they can not be harvested for a few months, still there must be and is good reason to believe that we will come into possession of these unpaid taxes within a time sufficient to help materially in balancing the Budget. One billion dollars is much more than is proposed to be raised by sales taxes.

But the final method for balancing the budget must always be found in practicing economy, in lumping off appropriations, in accommodating our expenses to our income, in a reduction of all extravagances, and in realizing that a penny saved is a penny earned. If we learn the lesson of economy, then the depression from which we are now suffer-

ing will be partially compensated.

We can reduce many appropriations. For example the higher salaries should be cut during this depression. I am not one in favor of reducing what may be called wages of our laborers. I do not favor reduction of the smaller salaries, but those in public life who are receiving big salaries can well afford to reduce them for the general good. I would vote for a liberal reduction of the salaries which are paid to Members of Congress. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the

gentleman from Minnesota [Mr. Knurson].

Mr. KNUTSON. Mr. Chairman, on yesterday the gentleman from Mississippi [Mr. Rankin] sang to us the same old song about the inequalities and iniquities of the Hawley-Smoot tariff bill that we have been hearing ever since the rates of that measure went into effect. But, like all Democrats who have attacked the measure, he failed to get down to cases. He talked about taxing the swaddling clothes of the infant and the shroud and coffin of the dead and indulged in all the other loose tariff talk that we Republicans have come to look for from the other side.

Mr. CLARKE of New York. Is this the same gentleman whose name is so prominently mentioned for Vice Presi-

dent?

Mr. KNUTSON. I believe he has been mentioned, but I

do not know how prominently.

Let me paint another picture of the tariff, or rather the lack of an adequate tariff, and the picture that I would paint for you pertains to vast industries that are absolutely closed down, with tens of thousands of employees walking the streets looking for work—all because of the lack of an adequate tariff.

In 1930 Russia exported to the United States 63,412 tons of manganese ore. In 1931 this figure had increased to 278,612 tons, which is an increase of 339 per cent in one year. This imported ore had a declared value of \$2.05 per ton. Lake Superior and southern ores, produced under American conditions of living and being burdened with high taxes, can not hope to compete with the conscript and forced labor produced ores from Russia.

The Minnesota Tax Commission has computed the average cost, for tax purposes, of the iron ore produced in that State during the period from 1921 to 1929 at \$1.43 per ton, plus an average tax of 61 cents per ton, making a total of \$2.04 per ton, free on board the mine. Adding 25 cents per ton for costs not allowed by the tax commission and for return of capital and \$1.79 per ton freight and vessel charge to Lake Erie and Chicago district steel plants, the total average delivered cost, exclusive of profits, equals \$4.08. Under these conditions importation of Russian ore will show a yearly increase and within the next three years all ironmining operators in this country will be forced to suspend.

Now, how will that affect my own State of Minnesota and our tax situation? The iron-ore industry of Minnesota for a 9-year average period has paid annually \$22,000,000 in local taxes; \$52,000,000 for labor, supplies, and royalties; and \$33,000,000 to the railroads for freight. Here we have an industry normally paying out \$107,000,000 a year, of which 80 per cent remains in the State.

For the lack of adequate protection against the devastating competition of Russian iron ore produced by convict and forced labor, the iron-mining industry in Minnesota is in a very bad way. It is estimated that the production for the coming year will not be in excess of 30 per cent of normal and that disbursements will fall from \$107,000,000 to \$50,000,000, or less. Now, how is that going to affect the people of my State? It will result in greater unemployment; it will mean that the taxpayers of Minnesota will have to make up the enormous deficit in tax receipts from the iron-mining companies; it will mean that the ore-carrying roads will have to still further greatly curtail their operations. It will mean that many ore-carrying boats on the Great Lakes will be laid up for the want of cargoes, and so I could go on and enumerate indefinitely evil upon evil which will follow in the wake of reduced mining activities in this country.

What is true of the iron-ore industry in the Lake Superior district is equally true of the copper industry in Montana and Arizona; of the oil industry in Oklahoma, Kansas, and Texas; it is true of the print-paper and pulpwood situation in the States along the Canadian border. All of these big industries are languishing for the lack of a sufficient tariff, and yet Democratic Members will get up on the floor of this House and berate the Republicans for having enacted a tariff law which is the only thing that has stood between us and absolute ruin since its enactment. [Applause.] The need for a tariff is greater than ever before in history because of the constantly falling foreign-exchange rate. I am not sure that a tariff alone would be altogether effective in some of the situations that I have cited. Many believe that we should have an absolute embargo on all importations from Russia, including lumber and shingles, and I am in thorough accord with that principle. I call upon the Ways and Means Committee to report out an embargo act that will give to the American producer and laborer the protection to which he is entitled, and which he must have if the American standard of living is to be maintained in our

When we take the revenue bill up under the 5-minute rule I will offer certain amendments proposing excise taxes on several commodities now entering the country duty free or under wholly inadequate rates. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to

the gentleman from Louisiana [Mr. OVERTON].

Mr. OVERTON. Mr. Chairman, ladies and gentlemen of the committee, I rise in opposition to the manufacturers' sales-tax provision of the pending bill. I am opposed to it in principle. I have no hesitancy, therefore, in making a favorable response to the requests of any of my constituents when they ask that any particular article be eliminated from the imposition of the tax. I favor the elimination of all products of manufacture from the imposition of this tax.

It has been stated in to-day's newspapers that the removal of canned fruits and vegetables and canned meats by the Ways and Means Committee from the tax levy has rallied a certain number of votes in this House to the support of this bill, which votes would otherwise have been cast against it. Such eliminations have no effect upon my attitude toward this measure, because I am opposed in principle to the imposition of a sales tax upon the general mass of our people.

Being a new Member in this House, it is peculiarly fitting that I should join many of my colleagues in bestowing deserved praise upon the acting chairman and members of the Ways and Means Committee for the faithful, painstaking, and patriotic manner in which they have discharged their duties. I do so gladly. And I would gladly follow their leadership by supporting this bill if, in good conscience, I felt that I could do so.

When, Mr. Chairman, I entered the Halls of this Congress I came impressed with the serious financial and economic ills that affected both our Government and our people. I felt then, as I feel now, that the best thought of our ablest statesmen and financiers would have to be

directed toward a solution of the many grave problems presented to us as Representatives of the people of this Nation. I was willing, therefore, to follow, as far as I possibly could, the suggestions of our ablest financiers and economists and of our political leaders regardless of the party with which they are affiliated.

When, therefore, the President of these United States, although elevated to his high office by a party with which I am not affiliated, did, in conjunction with a majority at least of the Republican and Democratic leadership of the Nation, recommend that in order to aid in turning the tide of affairs toward prosperity, we should forego the collection of \$250,000,000 due us by other nations, I voted for the resolution that authorized a year's moratorium on these intergovernmental debts. I did so in the face of the argument, fairly well supported by subsequent disclosures, that this moratorium was as much perhaps of a benefit to the bankers of New York and London and our international bankers as it was to the fisc of our foreign debtors.

When, a little later on, we were advised by our great financiers and political leaders, regardless of party affiliations, that we had not gone far enough, and that it was necessary, in order to aid in restoring to normalcy the business and industry of our Nation, we should by legislation create a super-Reconstruction Finance Corporation and endow it with half a billion dollars out of our National Treasury, and make our Government responsible for an additional one billion and a half dollars, again I followed the advice of our financial and political leadership and favored the measure that brought this corporation into being

But if, my colleagues, when the moratorium was proposed, and if, when the formation of the Reconstruction Finance Corporation was suggested, the Ways and Means Committee had so far progressed in their work that they could have appeared upon this floor and said to us, in effect, "The National Treasury shows a deficit for 1931 of almost \$1,000,-000,000 and will show for the fiscal year ending 1932 a national deficit of more than \$2,000,000,000, and will in all probability be confronted in the fiscal year ending 1933 with a deficit in excess of a billion dollars, and when you withhold from our National Treasury the \$250,000,000 due us by foreign nations, and when you extract from our depleted Treasury a half billion dollars for a Reconstruction Finance Corporation, you will be called upon to make good the resultant deficits by the imposition of a manufacturers' sales tax," I question seriously that in such event and in such alternatives a majority of the votes of this House would have been cast for either the moratorium or the Reconstruction Finance Corporation. [Applause.]

Now, Mr. Chairman, I find that in the main throughout the financial legislation of this session of Congress, our footsteps have been directed along the great white way that leads from the Nation's Capitol to New York's Wall Street and New York's Fifth Avenue. Millions of dollars have been appropriated to aid big business in the hope and expectation that such appropriations would revive big business, and that the revival of big business would aid the farmers, laborers, and general masses of our Nation. We have been willing to follow the suggestions of our financial and political leaders in making these appropriations with this ultimate object in view.

But now the day of reckoning has come. The scene shifts. We are asked to retrace our footsteps, to pause for a moment in the pilgrimage that we have been making as bearers of gold, myrrh, and incense to the throne rooms of the corporate interests of this Nation and to go back to our people—to travel the cow paths that lead to the homes of our farmers and the alleys that lead to the tenements of the laboring classes of our towns and cities. And how are we to go back? Are we to go bearing gifts? No, Mr. Chairman; we are to go back to our people as taxgatherers. We are to collect from the poor and from the toiling masses of this Nation the sums necessary to overcome the deficits that we have been creating by the measures to which I have referred and by other appropriations made at this session of Congress. [Applause.]

We are directed to levy a tax upon the swaddling clothes of the newborn infant, and the cradle that rocks it to sleep; upon the medicine that alleviates human suffering; upon the instruments of surgery and the bandages that bind its wounds; upon the plow that furrows the field; upon the pot that boils the midday meal; upon the coffins that encase our dead, and upon the spades that dig their graves. I refuse, Mr. Chairman, to do this. In this particular I decline to follow any leadership that directs such a course. [Applause.]

What is this sales tax? It is a tax that has been condemned by my party, the Democratic Party, in national convention assembled. It is a tax that has been denounced as unsound by our greatest writers on political economy. It is a tax that heretofore has been decried by outstanding Members on this floor who are, to-day, advocating its imposition. It is a tax that even our present Secretary of the Treasury has publicly declared that he reluctantly suggests as a means of revenue. It is a tax for which the members of the Ways and Means Committee proposing it have apologized upon this floor.

It is true that it comes before us mothered by the Ways and Means Committee. But there is no one who, upon this floor or elsewhere, has acknowledged its paternity or stood responsible as the author of its proposed existence.

Why should we impose upon the general mass of our people a tax so reluctantly suggested, so much apologized for, so strongly condemned by both of our great national parties and by public economists? They tell us that we must do so in order to "balance the Budget." Such expressions as "balancing the Budget" and "national financial structure" are sonorous and awe-inspiring utterances, Mr. Chairman. They are being hurled at us like so many thunderbolts from the Olympus of high finance. I shall not be frightened or dismayed by this Jovian thunder. I am willing, under any reasonable and sound revenue measure. to balance the Budget, but I am unwilling to break the backs of the people in trying to balance the Budget. [Applause.] I am unwilling, Mr. Chairman, in an effort to balance the Budget to unbalance the tax-ridden, poverty stricken masses of our population now tottering to their fall. [Applause.]

Balance the Budget? Why balance the Budget? They tell us that we must balance the Budget because we are at war—at war against poverty, depression, and unemployment—and that we must, therefore, again rally the patriotism and manhood of our country. Indeed, my colleagues, we are at war against poverty when we turn against the poor of this Nation the guns of this iniquitous and indefensible method of national taxation. [Applause.]

I recall when we were engaged in physical warfare in the world's Great War. I remember that upon our entrance into this mighty conflict we had a national debt of less than \$2,000,000,000. In the course of approximately two years we increased our national debt to over \$26,000,000,000. We poured billions of dollars into the great maw of war and into the treasuries of our allies in that stupendous struggle. Then, when the war was over, when the great emergency had passed, we proceeded to reduce our national debt at the rate of almost a billion dollars a year. To-day that national debt is slightly in excess of \$18,000,000,000.

The debt would have been still further reduced had it not been that under the influence of Mr. Andrew Mellon, then Secretary of the Treasury, the rates of the income tax, which is the main source of our national revenue, were greatly reduced. It is said that an income tax can not be depended upon because its avails are uncertain. The revenues of this tax may be uncertain from year to year, but they are not uncertain in the average of years. They are not uncertain in the life of a nation.

If we impose an income tax, uniform from year to year in its rates, we shall be able during periods of our prosperity to reduce our national debt and be prepared and able in the days of adversity to increase the debt.

What will be the avails of this proposed manufacturers' sales tax? Its estimated yield is, in round figures, \$600,-

600,000 a year, or a total of \$1,200,000,000 for the proposed 2-year period of its existence.

Are we to be seriously told that the financial structure of this Nation is in such peril that it will be unsound, that it will be disastrous to increase our national debt to the extent of \$1,200,000,000 during the next two years if such a course becomes necessary? The objection is made that the securities of our Government, in order to be marketable, would have to bear a greater rate of interest than those of recent issues; but, in my judgment, it would be better, infinitely better, to place upon the market short-term obligations of the Government at higher rates of interest than it would be to introduce into our scheme of Federal taxation a sales tax which, once injected into our revenue measure, would be difficult, if not impossible, of removal, and which, like the old man of the sea in the tale of Sinbad the Sailor. would be fastened forever around the necks of our people. [Applause.]

I can not, Mr. Chairman, disassociate myself from the thought that this tax is intended in some quarters as a lieu tax for our income and inheritance taxes. The special interests that would favor a reduction or abolition of income and inheritance taxes may be powerful enough to retain this tax upon the general mass of the people if once we legislate it into existence.

We are now undertaking a campaign throughout the Nation to restore confidence to our people. Can it be said that we are restoring confidence by imposing this new method of taxation upon the masses of our Nation? Can it be said that we are inspiring confidence when those high in authority broadcast to the world that the financial structure of this Nation is in such peril that it can stand no additional national debt; that no further obligations of the Nation should be issued in order to tide over this present emergency; and that we have only one course left to pursue, and that is to conscript the dimes, the nickels, and the pennies out of the lean pocketbooks of the poor in order to balance our Budget and set our financial affairs aright? [Prolonged applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. Arnold].

Mr. ARNOLD. Mr. Chairman, we have listened for five days to the debate on this revenue bill. I think perhaps every angle of the bill has been discussed pro and con, and in the short time that I shall consume here to-day it will be impossible, and it is not my purpose, to enter into a lengthy discussion of the provisions of the bill. I realize that the Committee on Ways and Means have had a most strenuous task in their efforts to present to us a tax bill that will balance the Budget in 1933. I have the greatest respect for each and every one of the members of the Committee on Ways and Means. They are industrious, honest, and sincere. I have the very highest regard for the acting chairman of that committee, the distinguished gentleman from Georgia [Mr. CRISP]. His devotion to duty and patriotism is recognized by all. I regret, however, that I can not follow the recommendations of the majority of that committee in some of the proposals they make to us in the bill here presented.

We are told the Government is at the forks of the road, and a choice must be made now. We are told one road leads to a balanced Budget, and through it the maintenance of financial stability and restoration of prosperity. We are told the other leads to financial demoralization, both in governmental affairs and in business life.

That the situation is critical none will deny; that something should and must be done to bring governmental expenditures and receipts more nearly in balance I think we are all agreed. If this is accomplished, it will have to be approached from two angles: First, reduce expenditures; and, second, raise additional revenues. Appropriations can not possibly be reduced in an amount sufficient to meet the deficit, in view of the declining revenues due to the depression, without destroying very necessary governmental func-

tions. We have made material progress in this body in the appropriation bills thus far considered.

We have not gone far enough in this emergency. Further slashes should be made. Bureaus should be eliminated. The Federal Government should retire from many of its activities which are peculiarly within the province of the States. We should decentralize, get away from bureaucratic government. Our forefathers in formulating the structure of our Federal Government had in mind, and so provided, that all powers of government not specifically delegated by the States to the Federal Government, or not necessarily implied in such delegated powers, should be and remain in the States themselves.

The Federal Government has been gradually encroaching on those powers reserved to the States. The Federal Government has become top-heavy. We should return as far as possible and as quickly as possible to our original base. I realize the process will be slow. Bureaucracy has become so firmly entrenched in our Federal Government that it is a most difficult operation to curtail or eliminate it, but we should proceed along this line with all possible speed.

For the time being we must raise more revenue until retrenchment in governmental expenditures can be brought within our present income. I have listened with interest to the debate thus far.

The ideal system of taxation is that system that brings in the greatest amount of revenue with the least possible burden on the taxpayer. In other words, the burden should be distributed so that it will result in the least hardship to all and those least able to pay not be unduly burdened. We know that all taxes are burdensome on those who are called upon to pay. The question is, in considering tax bills, How should this burden be distributed to cause the least inconvenience, annoyance, and hardship on our people?

With much that is in this bill, I am in full accord. The income-tax provisions, the estate and gift taxes, taxes on the importation of crude and refined oils, and many others meet my approval. With some of its provisions I can not agree, such as the general manufacturers' sales tax, tax on admissions under 50 cents, and some others. To me the sweeping provisions of the so-called manufacturers' sales tax is the most objectionable feature. We have a dual system of government, State and Federal. Both must be maintained. Within the States are local taxing bodies. They must levy taxes to carry on their activities. The cost of local and State government has been mounting to such an extent that the people throughout the Nation have already been burdened by State and local taxes almost to the breaking point.

The Federal Government is here again seeking to invade the province of the States. To place additional tax burdens on the people through a manufacturers' sales tax, as here proposed, is unjustifiable and unwarranted. True, as the proponents of this tax insist, the amount is small, yet that amount, though small, added to the heavy burden of State and local taxation the people are now obliged to carry, may be the last straw—the straw that breaks the camel's back.

Speaking to-day, I am thinking of the farmers out in Illinois, the farmers throughout the Nation who have been struggling along from year to year fighting valiantly for existence. Receiving for their products far below the actual cost of producing them, and paying for the things they must buy to live and carry on their operations, prices that have not responded to the downward trend. State and local taxes mounting, mortgages increasing, and interest accumulating, already they are so burdened that this tax, small though it may be, but adds to their difficulties, and may tip the balance on the side of despair and perhaps wreckage. Can they now afford to pay an additional tax on their machinery, supplies, equipment, household articles, clothing, shoes, and the hundreds of other articles of necessity they must buy?

Speaking to-day, I am thinking of the vast multitude of laboring people, men who have jobs and earning barely enough money to pay for the necessities of life, their rents,

or the interest on their mortgages and taxes on their homes, if they are so fortunate to own a home. I am thinking of the brave struggle they have put up to nurture, clothe, and educate their children and make them good, useful, intelligent American citizens. Should they be required to pay an additional tax on their household articles, clothing, shoes, medicines, and the many other articles of necessity of manufactured products they must procure?

Speaking to-day, I am thinking of that vast army of unemployed in this country. Some 8,000,000 of them walking the streets of our cities and towns begging for employment whereby they may work and earn money to pay for shelter, food, and raiment for wives and children. Distress and misery in the families of this great army of unemployed lurks in the land and yet these people are called upon to contribute to the deficit in every article of clothing, every pair of shoes they purchase, and every can of food they buy. It is claimed that many articles of necessity are excluded from the operation of this tax. That is true, and yet many more articles are included in the tax that are fully as essential to the health and well-being of the masses of our people than are excluded. Should we add to the burdens of the farmers, the wage earners, yes, the unemployed, by the imposition of a tax on the necessities of life they must have?

It is further claimed here that this tax at the rate of 21/4 per cent on the manufacturers' sale price, or a large portion, will be absorbed by the manufacturer and will not be reflected in the price paid by the ultimate consumer. I am unable to understand this attempted justification. If it can be, or is absorbed, by the manufacturer, then without it the manufacturer can reduce his prices proportionately and the consumer will get the benefit of the lower prices. pay that much less for the things he buys. If it is not absorbed by the manufacturer, then it must necessarily be handed down; and as the cost of handling merchandise is figured on a percentage-of-cost basis, as the articles pass from manufacturer through the wholesaler, perhaps one or two other intermediaries, through the retailer to the ultimate consumer, the profit of each, based on the added cost of the manufacturer by reason of the 21/4 per cent tax levied at the source, will by the time it reaches the ultimate consumer be from 3 per cent to 4 per cent, at least, more than he now

This is a consumer's tax, garbed as it may be, and if the tax of 21/4 per cent on the manufacturers' price yields the Government \$595,000,000, as estimated for the fiscal year 1933, the consumers of the country, if all the tax is handed down, will pay not only the \$595,000,000 the Government is expected to receive from the tax but the intermediate profits thereon as well, amounting in all to something like eight or nine hundred million dollars in the increased cost of their purchases. In other words they will pay at least \$200,000,000 more than the Government receives from the tax. This additional amount represents the profits of the dealers on the tax itself, through whose hands the articles pass between the manufacturer and the ultimate consumer. This the consumer must pay if the tax is handed down over and above the amount of the \$595,000,000 the Government will receive at the 21/4 per cent tax rate.

In my judgment a portion of the estimated deficiency of \$1,420,000,000 for the fiscal year 1933 can well be absorbed by the issuance of additional bonds, such as has been done with the deficiency of \$900,000,000 for the fiscal year 1931, and such as is proposed for the estimated deficiency of \$2,122,000,000 for the fiscal year 1932. If it can not be done with safety to the Republic, I suggest that there are other sources of revenue that can be pursued where the burden will not result in extreme hardship and deprivation such as seems inevitable with this tax.

I can not vote for a tax that will in all probability add to the deprivation, want, suffering, and distress of the unfortunate men, women, and children of this land. It is a shifting of the burdens of taxation from the shoulders of those men most able to pay to the shoulders of those least able to pay. It violates the fundamental principles which should be the rule and guide of tax levies. It violates the great humanitarian principles of right and justice.

It is sometimes well to look behind the scenes to see if possible what motives are back of such movements as we have before us in this bill to levy a sales tax. Perhaps the most outstanding man in America to-day who has been advocating for many years the sales tax is William Randolph Hearst. On different occasions, I understand, to develop sentiment for a sales tax, he has gone to the expense of taking a number of Members of the House and Senate into Canada, so that those Members who accompany him might get some first-hand information of the workings of the sales tax in the Dominion of Canada.

I did not accompany Mr. Hearst when I received the invitation from him for that purpose shortly before the convening of this Congress, but a number of gentlemen here who were interested in learning as far as they could the workings of this system of taxation that is sought to be imposed upon the American people by this bill did accept that invitation.

There has always been a group in this country who have endeavored to shift the burdens of taxation from the shoulders of those most able to pay to the shoulders of those least able to pay. As far as I am personally concerned, I am a firm believer in the system of income taxation. I think it is the fairest and most equitable system of taxation that we have in this country. What do you suppose Mr. Hearst's opinion is of the income-tax system in this country? Mr. Hearst's idea is that if he could get Congress to adopt this manufacturers' sales tax, which is nothing more nor less than a tax on consumption largely borne by the poorer people, it would in the end displace entirely our income-tax system.

I hold in my hand a copy of the Washington Herald under date of Sunday, March 13, 1932. In that paper on the front page is a letter signed by William Randolph Hearst directed to the editors of the Hearst newspapers throughout the country—that great system of newspapers that covers practically the whole United States. Let us see what he thinks about the income-tax system. If the sales-tax system becomes established in our country, and Mr. Hearst and those of his political philosophy are able to control legislation, does anyone doubt the final result? The first thing he says is this:

Please carry on sustained crusade morning, evening, and Sunday against the present bolshevist system of income taxation.

The income-tax system has become the greatest racket in the United States and the Government the biggest racketeer. system is in itself unjust, unequitable, and un-American. paralyzes enterprise and penalizes honesty.

He further says:

The tax system has made bullies out of Government agents and a blackmailer out of the Government itself. Crime is compromised for cash and false accusations are made in order to be compromised by payment of blood money.

I will not quote further from that letter, but I simply wanted to call attention to the fact that those in this country who are most concerned in the establishment of the principle of the sales tax or a manufacturers' tax in the end hope beyond question to substitute the sales tax for our incometax system.

Mr. SABATH. Will the gentleman yield? Mr. ARNOLD. I yield.

[Here the gavel fell.]

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I yield to the gentleman from Illinois two additional minutes.

Mr. SABATH. Is not the underlying reason why Mr. Hearst attacks the income tax due to the fact that millions upon millions have been refunded to those who originally paid an income tax, and two years afterwards came back and secured refunds? As I understand, close to \$2,000,000,000 have been refunded to the large taxpayers. Is that not perhaps what is in the mind of Mr. Hearst when he attacks the income tax and calls it racketeering legislation?

Mr. ARNOLD. I do not know why he speaks of it as racketeering legislation, but the fact remains that the real advocates of this sales-tax system, those who are behind the scenes, have as their object ultimately the complete displacement of our income-tax system by that system of taxation which levies tribute on the masses of the people least | able to pay and relieves those most able to pay. It is wrong. It is unwarranted and without justification. We have been told that the manufacturers will absorb and pay the tax. How will they pay it? Out of profits? From the reports we get, many of them are on the wrong side of the ledger now, and those who are on the right side of the ledger claim they have a very narrow margin of profit. If so, they can not possibly absorb it. What, then, will they do? Either they will pay lower prices for the raw commodities they process in manufacturing establishments or they will add the tax to the cost of the article and hand it down to the consumer. The farmers and the laboring men of the country are the producers of the raw products the manufacturers use, and they are also largely the consumers of the country. In either event, it means the tax will be paid largely by the farmers and the laboring people—those least able to payand those most able to pay will be correspondingly relieved. [Applause.]

The CHAIRMAN. The time of the gentleman from Illi-

nois has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to

the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, I have listened with great interest since the day the debate on this bill began in this House to the various reasons assigned why the bill should not pass and the reasons assigned by those favoring the bill why the bill should pass. To be perfectly frank with you, before the first day's debate on this bill was opened I had already made up my mind as to what I personally intended to do in this matter, and I listened attentively to see if I could hear some one say something about that particular thing that had to do with my reaching this decision.

Referring to the RECORD of yesterday, I find a statement made by the gentleman from Illinois [Mr. CHINDBLOM] in

which he said in one paragraph of his remarks:

Government securities find buyers, because the private pursuits of the people are not considered safe for investment. Such a condition does not promise well for the return of prosperity. Hoarding can be done in banks and unproductive securities as well as in vaults and mattresses.

To be perfectly frank with you, that particular statement is the first time that the question, as I see it, upon which we must determine to take this action depends has been broached before this committee.

As a matter of fact, my friends, all of the measures we have passed heretofore in this session of Congress having to do with the restoration of confidence on the part of the people through the appropriation of enormous sums for that purpose for the Reconstruction Finance Corporation and other bills have failed in touching upon the particular problem which must be solved before we have any right to hope

for a return to normalcy.

There are two things involved in my support of this bill. One of them is the creation of confidence on the part of those in whose hands the money of depositors is kept, not only for safe-keeping but for the purpose of investment, trust companies, and banks, who first look at the mercury in the investment barometer before they make any loans, I am absolutely confident that the mere establishment of a basis of Government credit, which would amount to a balancing of the Budget, would not be enough in itself to meet this requirement. There must be an expression of the people on this question, an expression showing their faith in their Government and their country. There must be a meeting of this issue squarely by the people.

We now come to a brief consideration of this bill, and I will attempt to show you one peculiar condition and difference that possibly exists in my mind and in the mind of the average member of this great forum. I have not been with you long enough to acquire entirely the viewpoint of a representative of the people. I still find myself speaking as a

taxpayer and as an average citizen. Much has been said to you concerning the importance of protecting the American people from this unjust tax. Much has been said to you about the proposition of the American

opposition to this tax. I vote for this tax, my friends, because I am a friend, individually and politically, of the laboring man in this country. I vote for this tax because I am a friend of the farmer. I am one of them. I am a livestock man. I also vote for this tax because as an average citizen, and speaking for myself in this connection, I deem it a privilege in time of stress to contribute my little to the needs of my country.

I note, in reference to the laboring man, a statement in the address by the gentleman from West Virginia [Mr. BACHMANN] in which he quoted a telegram from a manufacturing concern in West Virginia. This was on yesterday, and the telegram reads as follows:

West Virginia manufacturers unable to pay additional sales tax.

This, of course, refers to the fact that they have a sales tax in West Virginia.

Suggest Congress to devote more thought to reducing salaries, commissions, and expenses, as all other business and industry has been obliged to do. Further sales-tax burden will result in stifling initiative and industries in West Virginia.

You have before you, my friends, definite evidence in this little telegram that the people you are seeking to befriend by the failure to pass this tax and balance the Budget will, in the last analysis, inevitably, if we do not do this at this time, be forced to bear this burden in the years to come. This, as I understand it, is a 2-year program and not a continuing one.

The question is asked: How can you believe that this will not be continued and displace our present form of taxation? Let me say to you, my friends, that a continuation of the idea of placing a greater and greater burden upon industry at this time and incomes, if you please, as contained in this measure, if enlarged, instead of allowing the great mass of the people to help, as we are suggesting in this bill, will result in the breaking down of that system to such an extent that everybody will have to pay some sort of a tax. The failure of the income tax, the estate tax, and other forms of taxation we now have in the breaking down by the placing of a too exorbitant and heavy burden upon those who pay these taxes now would result inevitably through the destruction and consumption of the capital assets of this Nation in placing the entire citizenship in the position where a tax which would reach them all would have to be levied and instead of a manufacturers' tax, in all probability, this would be a general sales tax.

I believe that the man who has the ability to pay should pay at the present time, and in the past he has paid, and is paying now; but you now have an emergency which calls upon you for a certain degree of patriotism, together with careful study concerning the future in the contemplation of this thing about which you talk as so onerous and so burdensome.

For my part, I am not in accord generally with the principles of the sales tax, and, as a matter of fact, taking the complaints that have come to me from my district, I find that everybody in my district is opposed to this sales tax. and everybody knows it is going to ruin him; but by the same token everybody knows that he is doing his part in this emergency.

I sympathize with the committee which had to make this decision before it came to us. I recognize that on that committee we have men of real ability, men who, in all probability, rank with the men of highest ability in this entire Chamber, in any chamber that has gone before or any that may come.

They had before them evidence of all sorts concerning the solution of this great problem, and in the last analysis they presented this measure to us as their solution of this difficulty.

Their solution of this difficulty embraces the two things which, in my opinion, are essential before we will ever get back on our feet nationally or individually. Through this bill every American citizen is granted the privilege of expressing himself in the form of paying taxes. When they pay them they will feel they are helping the credit of this Federation of Labor, for instance, having gone on record in country and adding to its perpetuity. On the other hand,

you have been told that the committee thought, after exhaustive study, that the other means available would not produce taxes enough to balance the Budget. The Budget at this time, peculiarly different from other times, must be balanced lest the credit of this Government be damaged to such an extent that the restoration of it to a sound basis become still more difficult because of the inevitable fact that to continue as we are for any appreciable length of time means final ruin. It is always more difficult and costly to rebuild from ruins than to improve upon a soundly solid structure. The credit of this country and the financial integrity of Government securities and bonds has stood much in years gone by.

But never before has history recorded a situation of such intensity and of such all-embracing character as the one which now confronts us. Until the moneys in the banks referred to above are put to constructive work by making available loans to contractors and investors which in turn put the laboring man to work; until credit is established for those men in the livestock business who are not breeders and producers, but who in turn buy the livestock producers' calves and steers for stocker and feeder purposes and who in turn buy the farmers' corn and feed, and until continuing this process the appetites of the American people have been whetted by constructive employment and remuneration for their labors and until this remuneration enables them to buy to satisfy their hunger, we will continue in our present desperate plight. Every recommendation which has been made to prevent the passage of this bill in this House has, in reality, but deepened the rut we are in and rendered more difficult our getting out of it until finally, as in the case of Rome, we exterminate ourselves by internal revolt and self-destruction. In conclusion let me say that the organization in the House, through its leaders, has endeavored through all of the appropriation bills presented to this body to prevent additional expenditure of money and has just as determinedly used every effort to prevent the cutting of salaries.

The purpose of the majority has been thwarted in a few instances in the limitation of appropriations to present needs, and unless now we finally add a balanced Budget to the accomplishment of the House of Representatives the work which has gone before will not, in my opinion, relieve or improve conditions. The recommendation to balance the Budget by the issuance of bonds is vacuous and amounts precisely to increasing the deficiency and weakening the credit of this country and, by the same token, lowers in the last analysis the value of Government securities and at the same time fails again in bringing forth the expression of confidence by the American people in their Government upon which so much depends. I beg of you to consider the laboring man and his future; the future of the American farmer and cattle raiser, which depends entirely upon some impetus being given to that frozen and inert mass of currency referred to above upon whose circulation in constructive lines and channels the future depends. Vote for this 2-year tax program, as set out in this bill, with amendments to be made, and in my opinion you will have served a great and patriotic people well.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. Davis].

Mr. DAVIS. Mr. Chairman, I was very much surprised when I learned that the Ways and Means Committee was seriously considering the imposition of a general sales tax. I was shocked when I learned that the Democratic members of that committee were giving serious consideration to such a proposition, because it is in violation of every principle of the Democratic Party. This party has repeatedly and unconditionally declared against any such policy in its national platforms and otherwise.

For instance, the platform adopted by the Democratic National Convention of 1924 declared:

The income tax was intended as a tax upon wealth. It was not intended to take from the poor any part of the necessities of life. We hold that the fairest tax with which to raise revenues for the Federal Government is the income tax. We favor a gradu-

ated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation. \* \* \* We hold that all taxes are unnecessarily high and pledge ourselves to further reductions.

So far as I am aware, during the 125 years' glorious history of the Democratic Party, no Democrat who has ever attained any prestige has favored a general sales tax, either specifically or in principle.

The Democratic Party should not be censured because of this bill. The few Democratic members of the Ways and Means Committee who are proposing this infamous policy do not represent the Democratic Party. They are acting directly contrary to the well-established and repeatedly announced principles of the party.

The distinguished sponsor of this bill, the gentleman from Georgia [Mr. Caisp], stated in his speech that it was not a Democratic bill, and in that respect I fully agree with him. This is one portion of his speech that I fully indorse.

I have repeatedly denounced a sales tax in speeches to my constituents. I have nothing to retract. I am opposed to it in principle. The same gentlemen who propose this sales tax presented the moratorium resolution foregoing the collection of \$250,000,000 interest due us from foreign nations, one large reason for the Treasury deficit. I did not follow them on the moratorium, and I shall not follow them on the sales tax. Having followed the lead of President Hoover in granting the moratorium, they now want us to make it up by the imposition upon our own people of the most unjust and oppressive tax conceivable.

The gentleman from Georgia also says that it is not a Republican bill. While the proponents of a general sales tax have, generally speaking, been members of the Republican Party, yet heretofore neither party has ever seriously proposed any such tax. It is quite certain that if the Republicans had been in control of the House they would not have dared to propose this indefensible tax, at least at this time. In fact, we are reliably informed that it was not the intention of the administration to propose any tax bill at this time if the Republicans had organized the House.

The Republicans said nothing about imposing taxes to make up the deficit last year. Although in complete control of all branches of the Government, they made no gesture whatever toward balancing the Budget by taxation for the present fiscal year, although it was known and stated by the Secretary of the Treasury and the President a year ago that there would be a deficit of nearly a billion dollars. Instead, the Treasury recently issued \$900,000,000 of Treasury certificates to make up this deficit.

Secretary of the Treasury Mills may be at heart very strongly in favor of the sales tax, but he is a shrewd politician. It is significant that he at first advised the Ways and Means Committee that he would not assume responsibility for a general sales tax. At least he knows that we are to have a national election this fall. However, when most of the Democrats on the Ways and Means Committee insisted upon cutting their political throats, Secretary Mills was naturally willing to view such a performance with equanimity, and so has joined in a strenuous effort to shove through the sales tax.

In my opinion much of the argument upon this bill has been predicated upon a false premise, and that is, that it is necessary to balance the Budget at this particular time by taxation.

We all agree, of course, that it is desirable at all times to balance the Budget. It would be much preferable if the Budget had never become unbalanced. However, there have been many times during the history of this country when we have not balanced the Budget by taxation, and never before has the American Congress enacted a general sales tax to balance the Budget, or for any other purpose. They did not do so during or following the Civil War, or during or following any other war; and even during the World War, when we were put to the necessity of raising over \$30,000,000,000,000, we did not impose any sales tax except

upon luxuries. We at that time issued \$26,000,000,000 in were promptly subscribed the same day more than four bonds rather than impose upon the American people such a vicious system of taxation as this, notwithstanding the fact that at that time the American people were prosperous, they were all making money and were infinitely better able at that time to pay a sales tax than they are now. They are as little able to pay it to-day as at any time in the history of this country. It will fall upon them more heavily and more cruelly than at any other time, and, consequently, there is less justification for it.

Now, what arguments are advanced that it is necessary to balance the Budget at this time by taxation?

In the first place, some advance the idea that if we do not do it the credit of this great nation will be impaired. Upon that subject I wish to call a witness who, I think, will be accepted as authority by the proponents of this tax. As late as December 31, 1931, the Secretary of the Treasury, Ogden L. Mills, who is in favor of this tax bill, as are most multimillionaires, made a speech in New York in which he was discussing the probability of the issuance of additional Government bonds and he used this language:

I do not mean to suggest that the addition of \$3,000,000,000, or even \$4,000,000,000, could conceivably impair the national credit. That debt stood at \$25,000,000,000 a decade ago and the national credit was unimpaired.

Is not this pretty good authority on that question?

The Federal bonded indebtedness has been reduced in the past 10 years from about \$26,000,000,000 to about \$16,000,-000,000. In this connection it is interesting to note that the debts of our States have increased \$10,000,000,000 during the

Now, what else? The distinguished gentleman from Georgia, the introducer of this bill, in his speech said that the banks of the country were calling in loans and were keeping their assets in liquid condition in order that they might invest them in anticipated governmental issues of bonds.

If these banks thought that these additional issues would impair the credit of this Government, or would not be the best possible investments, would they be pursuing that course? Gentlemen, it is pure bunk to say that the issue of the necessary amount of bonds or certificates to balance the Budget at this time would impair the national credit. [Applause.]

Now, what is the other argument? The other argument is that it will impair the market value of our Government bonds, or perhaps make it necessary to pay a higher rate of interest. Suppose it does. Money is dear right now. It is high measured in other commodities. To give you an example, taking 100 as an index figure in the year 1926-and these figures are compiled by the Department of Laborfarm products have fallen during this brief period of five years from 100 to 55.1, measured in the dollar, and during the past year they have dropped 20 points. I could go on through various other commodities and show you that the same thing is true in numerous instances.

Money commands a high rate of interest now under the actual conditions that exist, and suppose that we should have to sell bonds carrying a little higher rate of interest than has been true at other times, what of it? right at this time, able to sell at par 2 per cent antihoarding bonds and sell 31/8 per cent and 33/4 per cent certificates. Government certificates have recently sold on a basis of 1.8 per cent annual interest.

Mr. KNUTSON. Will the gentleman yield?

Mr. DAVIS. For a question.

Mr. KNUTSON. Some of the bonds are down to 90 cents, are they not?

Mr. DAVIS. Oh, yes. Some of the bonds that are drawing 3 per cent interest or less are right now selling on the market for less than par, and the reporting of this bill and the prospect of its passage has caused no appreciable advance in the market value of bonds. But the Government of the United States has not sold any of its bonds for less than par, and they can sell all they want to at low interest rates. The \$900,000,000 of certificates offered the other day

times over.

Mr. BROWNING. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. BROWNING. Considering the situation that confronts us, does the gentleman think it would be much of a sacrifice if property belonging to the Government is somewhat depressed?

Mr. DAVIS. No. I was going to discuss that very proposition. I think it is not nearly so bad to cause a temporary depression in the market value of the investments of the bondholders of the country as it would be to impose a cruel and oppressive burden upon the American people who have no bonds. [Applause.]

Oh, the bondholders, of course, are in favor of this tax. The big capitalists are in favor of it. All that class of citizens who selfishly and persistently want to shift the burden of taxation onto the backs of the masses of the people, in order that they may escape their just share of taxation, are in favor of it.

Now, on that point, I have in my hand the Wall Street Journal of yesterday. It contains an article entitled "The Sales Tax Should Pass," in which it is stated that "There can be no certainty as to the fate of the sales tax proposed in the House revenue bill, but the best opinion is that it will pass." And then the article gives one reason for this belief, the fact that the opposition is not strongly organized. Later on the article states:

The House and Senate leaders are confident that in the long run the pressure brought against the sales tax will be less than that which would have been exerted by individual groups which would be affected by a long list of selected excise taxes.

That is true; the great army of consumers are not organized. They have no lobbyists in this c'ty and the Capitol to make demands and threats, as have the other interests referred to by the Wall Street Journal. We are sent here to represent them, and it is up to us to protect their interests; and if we fail to do so, we are misrepresentatives, rather than Representatives of the people. [Applause.]

However, it is proper to state that the four leading farm organizations of the country are denouncing these sales taxes. The farmers are the biggest single consuming class. so this tax would fall heaviest upon them.

Those elements who have been advocating the sales tax are largely the same element who are responsible for the present deplorable situation. They are the elements who talk about there not being enough money in this country to buy United States bonds, and yet they induced the American people to spend many billions of their savings in worthless foreign bonds. [Applause.]

The United States has invested abroad about \$28,500,-000,000. This includes the debts due our Government from foreign governments and also private investments abroad. It is true that a large portion of this is now probably worthless, but American money to that extent has gone abroad.

They say that if we tax wealth too heavily, they will invest in tax-exempt bonds. It would be better for them to invest in our own Government, State, county, and municipal tax-exempt bonds than to send their money abroad. It may be that if we issue a few more Government bonds. we will keep more money at home and send less of it abroad. [Applause.]

However, as indicated, I readily recognize the fact that it is highly desirable to balance the Budget, and, in my opinion, that can be done without imposing additional taxes and without issuing additional Government securities.

In the first place, we should effect drastic economies.

During and following the World War, the people and the governments-municipal, county, State, and Federal-went on an extravagant spending spree. They spent money like the proverbial drunken sailor. That was one of the natural incidents of the greatest war in the world's history. Money came freely and went freely.

In the two years following the World War, during which Woodrow Wilson was still President, there were drastic reductions in governmental expenditures and in the number of the employees of the Government. However, since that time Federal expenditures have gradually increased, and there has been practically no reduction in the number of Federal employees.

The total Federal expenditures for the year 1916, the year before we entered the World War, were \$1,042,725,180.

President Wilson retired from office March 4, 1921. Since that time the current expenditures for running the Government have increased about \$1,000,000,000 under complete Republican control.

The Democratic Party is not responsible for this situation. I cartainly disclaim any responsibility. During my service in Congress I have voted and worked against many more proposals and appropriations than I have voted for. I have made repeated efforts to effect economies and to prevent extravagance. The Congressional Record will disclose that I have made many speeches, proposed legislation and amendments, and voted against many of the things which have been done.

I recognize the fact that it is no easy thing to cut out or reduce activities which have grown up and to effect the discharge of a large number of employees. Whenever there is a proposal to reduce the appropriation for any activity of the Government there immediately arises a storm of protests from those throughout the country interested in such activities. Everybody is for reductions of expenditures, but they want the reductions to fall where they are not interested.

However, the time has come when it is absolutely necessary for economy and retrenchment, both on the part of individuals and governments. We must get back to earth. We must get on a sane, sound, economic basis. We can not afford to continue spending beyond our incomes.

Of course, the Democrats, with a bare majority in one branch of one department of the Government, can not within a few months entirely correct a situation which has grown up as a result of 12 years of Republican extravagance. We can do but little without the cooperation of the Republicans in Congress and of the President and the executive departments. However, we should certainly exert our best efforts, and accomplish all we possibly can.

It is undoubtedly true that there are many Federal activities, bureaus, commissions, and employees which should be dispensed with. There should be eliminations and reductions of both activities and personnel. There should be a drastic reduction in Government expenditures. There should be a reduction in salaries. Of course, any salary reduction bill should, and will, include a substantial reduction in congressional salaries. We should set the example. The average annual salary of civilian employees of the Government is \$1,440. Including the Army and Navy personnel, it is considerably less. Naturally, we all have very great sympathy for the Government employees on small salaries. In the interest of fairness, a distinction should be made in favor of those receiving small salaries.

If proper eliminations, reductions, and economies are effected, it should take care of at least a substantial portion of the deficit.

Furthermore, instead of recommending new taxes, the Treasury Department should speed up the collection of the billion dollars of past-due taxes, chiefly due from large tax-payers, and most of which is said to be collectible.

During the past eight years, the Treasury has refunded about \$3,500,000,000 of taxes paid—nearly all to the wealthy who in the first instance had employed skilled lawyers to aid in claiming every conceivable deduction in their tax returns. The administrative provisions of the revenue law should be overhauled and strengthened so as to prevent these enormous and outrageous refunds to the favored few. Several of these large refunds were made to Andrew Mellon, the Secretary of the Treasury himself, and his companies, including the Aluminum Trust. In other words, he, in effect, made refunds to himself.

After the World War, and while Woodrow Wilson was President, Congress enacted the sinking fund law for the retirement of our national debt. We have exceeded the re-

quirements of that act by nearly three and one-half billion dollars; that is, we have paid that much on our national debt in excess of the requirements of that act. There is included in the Budget for the next fiscal year the sum of \$426,489,600 as a payment on the principal of our foreign debt. This is in addition to the \$666,000,000 included in the Budget for the payment of interest on our debt.

Having anticipated the payment of our debt to the extent we have, we should and could well afford to postpone these sinking-fund payments for two years and thus reduce the Budget by about \$853,000,000. Under the circumstances, it is our duty to do this, and it would be in accord with the position of the Democratic Party. The 1928 Democratic national platform contained the following provision:

The Democratic Party avows its belief in the fiscal policy inaugurated by the last Democratic administration, which has provided a sinking fund sufficient to extinguish the Nation's indebtedness within a reasonable period of time without harassing the present and next succeeding generations with tax burdens which, if not unendurable, do in fact check initiative in enterprise and progress in business. \* \* \* Taxes levied beyond the actual requirements of the legally established sinking fund are but an added burden upon the American people.

Upon this same subject, the Secretary of the Treasury, Ogden L. Mills, in a public speech in New York last December stated:

It is sometimes urged that, since in the course of 11 years prior to the fiscal year 1931 we had retired some \$3,460,000,000 of debt from surplus receipts, we are justified in incurring deficits up to that amount. There is some force to the argument. We have created something in the nature of a reserve which we are warranted in drawing on, certainly to some extent. But there are definite limitations.

Certainly the Budget could and should be balanced by the different methods just indicated, and without the imposition of any additional taxes or the issuance of additional Government securities.

However, if the Ways and Means Committee and the majority of the Congress and the administration desire to disregard all of these methods of effecting savings and bringing in revenue, and persist in their determination to enact a tax bill at all hazards, certainly the tax imposed should be in accordance with well-recognized and sound principles of taxation. Whatever additional taxes that are imposed should certainly be fair and based upon the ability to pay.

Rather than resort to an unjust and oppressive sales tax and other unsound taxes embraced in this bill, they should restore the rates carried in the 1918 revenue act on estates and gifts and the surtaxes on the large incomes.

The total expense for Government-Federal, State, and local—is nearly 20 per cent of the total gross income of the Nation. The value of estates left by decedents each year in the United States amounts to about \$10,000,000,000. The State and Federal Governments combined are collecting only about \$160,000,000 annually by way of the State and Federal cstate and inheritance taxes, or about 1.6 per cent of the total amount that devolves. Of this amount the Federal Government is collecting about \$48,000,000. If a tax should be imposed upon estates equivalent to the tax upon property and incomes, still allowing a \$50,000 exemption for each estate, considerably more than enough revenue would be raised to pay the entire Federal deficit. Is there any logical reason why the tax upon estates should not be equal to the tax upon incomes and property? There is infinitely more reason for taxing estates than there is for taxing property and incomes. The distributees of estates have not earned same. They are permitted to receive estates only by the grace of laws. In other words, the devolution of property from ancestor to heir, or by will, is a matter of law and not of natural right.

In England they do not have a sales tax, but last year the British Government collected \$400,000,000 in estate taxes. The United States, with four times the wealth of England, collected \$48,000,000.

Furthermore, we should have a graduated scale of estate taxes; we have that now, but the rates should be increased, especially on the very large estates.

Four per cent of the people own 80 per cent of the wealth of the country. The rich are growing richer and the poor are growing poorer. The greatest menace in America to-day is the vast accumulation of wealth into the hands of a few and the tremendous power which they wield in the social, political, and economic life of the Nation.

In the true and prophetic words of Oliver Goldsmith:

Ill fares the land, To hastening ills a prey, Where wealth accumulates And men decay.

I am firmly convinced that a very substantial graduated estate tax and a corresponding tax on gifts made in contemplation of death should be imposed not only as a revenue producer but also for the purpose of preventing too large accumulations of wealth. That is likewise the opinion of nearly all economists and unbiased students of government.

Andrew Carnegie amassed a large fortune, but he never ceased to be a real patriot. As far back as 1892 in a public address he declared:

We must let the worker alone during his life, but after his death the State should step in and demand its share of his hoard through a graduated system of taxation. Every fortune left by a hoarder should contribute to the state in proportion to its size, small amounts left to those dependent upon the decedent being exempt, but the scale rising by steps until with enormous fortunes reaching into many millions it should be decreed that "one-half goes to the privy coffers of the state." This is the proportion which the laws of Venice exacted from her Shylock. Our modern Shylocks should be made to contribute at least as much.

Under modern conditions, when men are amassing fortunes of from two hundred million to a billion dollars, and in the manner such fortunes are made, I am of the opinion that the tax on the large estates should go higher than that suggested by Carnegie. In fact, when he suggested that in the case of "enormous fortunes reaching into many millions it should be decreed that one-half go to the privy coffers of the State," there was probably not a man in America worth as much as \$50,000,000.

Rather than impose the unjust and burdensome taxes carried in this bill, you should increase the surtax on large incomes. The law for 1918-1924 ran the surtaxes up as high as 65 per cent. In 1914, 60 people in the United States reported net incomes of over \$1,000,000 per annum. In 1928 this number had increased to 511. The net individual incomes of these 511 men amounted to more than the total amount received for the combined wheat and cotton crops. Suppose that we impose 65 per cent surtaxes on a man's net income in excess of \$1,000,000 annually; the tax would start at nothing and gradually rise so that he would probably pay a tax of about \$500,000. This would leave him a half million dollars; and do you not believe that would keep the wolf from the door? Do you not believe that that would be better than to take food out of the mouths of little children, as this bill will do? [Applause.]

If the committee is determined to impose excise taxes, here is another suggestion that I have not heard made. We could impose, say, a 15 per cent excise tax upon the transportation costs of American citizens going abroad on foreign vessels and returning on foreign vessels. These foreign lines obtain much revenue from American people and they pay no tax. That would be justifiable in the sense that it would clearly be a luxury tax and, in the second place, it would be in the interest of an American merchant marine. That would bring in about \$18,000,000 revenue.

However, the most vicious feature of this sales tax is the motive in the background. Those primarily responsible for this attempt to foist this indefensible sales tax upon the American people are not prompted by a desire to balance the Budget but by the hope and the expectation of establishing this un-American policy as a permanent system. I acquit of any such motive the few Democrats who are advocating this undemocratic policy; they have simply been imposed upon and misled. Every Democrat who has spoken in favor of this sales tax frankly admits that he does not believe in the principle of a sales tax, but, after making apologies, professes the belief that it is necessary to balance

the Budget and to do it by this method. I am proud of the fact that apparently an overwhelming majority of the Democrats of the House are standing by Democratic principles and are going to support a motion to strike the sales tax section from this bill.

As stated, the worst feature of this proposal is that which is back of it. We have always had two lines of thought with respect to taxation. One is the doctrine that taxation should be imposed in accordance with ability to pay and in accordance with the benefits derived from the Government. The Democratic Party also adheres to the doctrine that no more taxes should be imposed than are absolutely necessary to meet the expenses of government economically and honestly administered. On the other hand, there is a line of thought that the masses of the people should pay all the taxes, and that class is strongly in favor of sales or consumption taxes. If this bill is enacted into law, I tell you it is going to be very difficult, indeed, to ever get it out of the law. Those who are back of it are in favor of making it a permanent law and repealing the income tax law and the estate taxes, which are the fairest tax laws ever written. The distinguished gentleman from Pennsylvania [Mr. Warson], for many years a member of the Ways and Means Committee, in his speech on this bill frankly said that this was his purpose and hope; he boldly predicted that if this sales tax is admitted as an emergency measure it would be permanently retained. Many others say the same thing.

The multimillionaire publisher, William Randolph Hearst, has been one of the most active and persistent advocates of the sales-tax system in this country. Last Sunday he had a double-column signed editorial on the front page of his newspapers, in which he made a vicious assault upon the income tax and an argument in favor of the sales tax. Then he concluded his editorial in this wise:

When the Democratic Party has the sincerity to be democratic, when it has the patriotism to be American, it will substitute excise taxation and sales taxation for the undemocratic, un-American, discriminatory income taxation, etc.

The idea of talking about the income tax being undemocratic and un-American, and then following it with an advocacy of a tax that of all taxes ever proposed is undemocratic and un-American, and is a tax upon poverty rather than upon wealth!

Mr. CROSSER. Mr. Chairman, will the gentleman yield? Mr. DAVIS. Yes.

Mr. CROSSER. And he did not say anything about its being temporary, did he?

Mr. DAVIS. No. His whole article, as well as his conclusion, shows that he is in favor of a permanent sales-tax policy, and that he wants to substitute it for the income tax; and I say to you Democrats on this side and you Republicans over there, who feel impelled to go along contrary to your own convictions on the idea, that it is a temporary expedient, that you are treading upon dangerous ground. We have too often seen the camel get his nose under the tent and finally get under there himself. That is what is back of this, and the proponents of this measure are willing for the American people to pay any price, to be subjected to any sort of sacrifice and privation in order that they, the wealthy classes, may fasten upon the American people this unjust, unfair, and unpardonable sales tax. [Applause.]

Aside from the nefarious sales tax, there are many other features of this bill which I can not approve.

I am unalterably opposed to the increased tariff duties carried in the bill upon almost every commodity. It is undemocratic, unjust, and indefensible. The Hawley-Smoot Tariff Act imposed the highest tariff duties in history. It was jammed through over the bitter opposition of Democrats, independents, and many of the Republicans, in spite of the warnings of all the economists and the formal protests of 36 foreign nations. All the leading nations of the world have passed retaliatory tariff laws. The result was that world commerce was stagnated. Our own foreign commerce fell off half. It left on our hands our surplus farm products, manufactured articles, and other commodities. That tariff law, undoubtedly, was the chief contributing fac-

tor to the terrible panic with which we have been afflicted for more than two years. We Democrats, individually and collectively, have denounced that tariff law in unmeasured terms. That infamous tariff law is already costing the consuming public billions of dollars annually. And for Democratic members of the Ways and Means Committee to propose a substantial increase in those burdensome tariff rates is more than I can understand. Not satisfied with imposing the burden of a sales tax, they propose to impose large additional burdens upon the masses of the people by a substantial increase in tariff duties. I have repeatedly denounced both a sales tax and high tariffs. I still stand where I have always stood. You gentlemen have departed from Democratic principles. As highly as I regard you personally, I can not follow you on this bill.

Aside from the firm belief that no tax bill is necessary, there are many other features which I do not approve. In my opinion 85 per cent of all the taxes imposed by this bill would fall upon the masses of the people—those least able to pay. I am opposed to lowering the income-tax exemptions. This will bring in 1,700,000 taxpayers very few of whom earn more than a living. It would bring in but a small amount of additional revenue, but it would fall heavily upon those from whom collected, especially at this time. The cost of collecting would almost consume the revenue derived from this source.

I am likewise opposed to taxing the movie admissions. They afford recreation for the masses who are not able to engage in more expensive forms of recreation and pleasure. The people need something to occasionally divert their minds from the horrible conditions with which we are afflicted.

It is inconceivable to me that any man who even claims to have at heart the interests of his people, who even claims to be sympathetic with the thought that taxes should be imposed heaviest upon those most able to pay and lightest upon those least able to pay, should support such a dangerous precedent as this.

Some of those advocating this bill echo the howl of plutocracy about "soaking the rich." I do not want to "soak" anybody, but it would be better to soak the rich than to starve the poor.

Some of those advocating this sales tax and other taxes in this bill say that every citizen ought to be made to pay his share of the taxes. Of all the fallacious arguments ever presented by man that is the silliest. Why do I say that? The poor man, the average man, the man who is required to spend all of his income, whether it be wages, or salary, or income, from a farm or small business in order to support himself and his dependents is the heaviest taxpayer in all the land because he pays the tax upon his entire income, without regard to any income tax. Whether he owns a farm or a little home or is a renter, he pays the tax upon the property he occupies. They pay their proportion of the taxes upon everything they purchase. In other words, those engaged in any kind of business include their taxes as a part of their overhead expenses and pass the same on to their customers. Aside from all other taxes of every character and description paid either directly or indirectly by the consumers, the tariff alone costs the American consumers at least \$4,000,000,000 a year in the form of tariff duties and the increased cost of commodities made possible by the tariff: the worst feature of this is that only a relatively small percentage of the tribute exacted from the people by the tariff goes into the Federal Treasury. Every time the consumer buys sugar, about half the price he pays is a tax levied by the tariff.

It is true that the tax burden is not fairly distributed, but it is the poor and not the rich who are most heavily burdened. Official statistics show that the State and local tax burdens on the man of small income are about five times as great as those on the man with an income of \$100,000, and twelve times as great as the man with an income of \$5,000,000 or over, based upon the percentage of the tax to the income. A general sales tax, like the tariff, would greatly increase this inequitable discrepancy.

All consumption taxes are a tax upon a man's needs and not upon his income or property. It is not a tax based upon ability to pay but a tax based upon the necessities of life. It is not fair even between men of the same income. The man of small income and a large family, compelled to spend his whole income for the support of his family, is required to pay more in consumption taxes than a man with a much larger income and no or few dependents.

People who are scarcely able to buy the bare necessities of life should not be required to pay a sales tax upon the few necessities which they are able to buy. It would deprive them of such necessities—to the extent of the tax.

The farmers are the heaviest taxed of any class of our citizens in proportion to their ability to pay. Their investment, whether it be in land or stock and implements, is tangible property, which can not escape the eye of the tax-gatherer, such as intangible personal property does almost universally. The farmer, like the other large army of consumers, does not have subsidiaries, affiliates, and holding companies to which he can shift a part of his taxes. The farmer pays taxes upon all his property and then upon everything he purchases.

There are now 8,000,000 unemployed people in the United States who during normal times are engaged in gainful occupations. Counting their dependents, there are probably 25,000,000 people without any income and dependent upon relatives or charity for subsistence. This enumeration does not include the 27,000,000 on the farms. Due to discriminatory legislation, droughts, the depression, and the resultant collapse of farm prices, the farmers are in a most deplorable condition. They are having their farms sold from under them by the thousands.

Combining these two classes gives us nearly half of the population of this country.

Most of our merchants and small business men are just hanging on—many of them on the verge of bankruptcy. Many of them have already been driven to bankruptcy.

Most of those with small incomes are sharing the same for the support of relatives who are less fortunate.

Even in normal times it requires all of the income of an overwhelming percentage of our citizens to meet their necessary expenses. In the case of a large number they are unable to procure comforts. Only a comparatively small percentage have any luxuries, and these generally meager.

In these distressful times the incomes of the people are either wiped out or reduced. Millions are without adequate food and raiment. Millions are undernourished. The savings of the people have in numerous instances been wiped out or are tied up in closed banks; about 2,700 banks closed last year.

No; this is no time to be imposing additional tax burdens. The people are not able to pay present taxes. Most of all are they unable to pay a sales tax, which is the very opposite of an income tax. The sales tax is a tax on misfortune rather than upon prosperity.

Talk about protecting the market value of the investments of the bondholders! Even prior to this panic, according to the official figures, the average farm income for a man and his family was five or six hundred dollars a year, and for the past two years it has been nothing. They have exhausted their resources. They do not have the money to pay any more taxes, and yet we propose to impose upon them this additional sales tax.

There has been a great deal said here about patriotism. Certain speakers have assumed a "holier-than-thou" attitude, have prated of their own patriotism, and they have talked about those opposing this tax as being prompted by political expediency; and yet their organ, the Wall Street Journal, says that the difficulty here is that the opposition is not backed by organized effort and that the vast organized elements of the country are here pressing for the sales tax.

But talking about patriotism, now what have they done? They have made this tax doubly vicious and indefensible by collecting it from the manufacturer. Everybody knows that in nearly all instances it will be pyramided and passed on to

the consumer. The manufacturer is, in effect, made the collector of this sales tax. He and each successive handler of the article will pass the tax on, inflated by a profit percentage, until the consumer pays the tax with two or three accumulated profits thereon. Such a tax will increase the cost of living, diminish the consuming power of the public, hurt business of all kinds, and retard economic recovery.

The report of this committee gives it as their opinion that it will not be universally passed on, but that there will be exceptions, because of competitive conditions, under which some of the manufacturers will not be able to pass it on. The little independent fellow who has to get whatever price he can, just as the farmer does, is that exception, but the great organized manufacturing industries, those in monopolies and in price combines, will pass it on and our little factories at home are the only ones which may not be able to pass it on. [Applause.] The committee has imposed this sales tax in such a manner that it will cost the consuming public two or three times as much as the Government gets in the form of taxes; and why is it done? They admit privately that that is done in an effort to make it "invisible." In other words, in an effort to deceive the consumers and to try to escape the just condemnation of an outraged public, they are willing to make it cost the American people hundreds of millions of dollars more. [Applause.] And then those same gentlemen talk about pa-

My friends, if there ever was a bill written at the behest of plutocracy and against the interest of the masses of the people, it is this bill. [Applause.]

I want to say that, in my opinion, it is the most indefensible betrayal of democratic principles ever presented to the American Congress. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. Collins].

Mr. COLLINS. Mr. Chairman, since the time of Jefferson the Democratic Party has claimed to be the protector of the rights and liberties of the American people. Usually it has followed principles sound and progressive; usually its members were masses believing in the justice of their cause. It consistently has maintained that the function of government is not to centralize wealth nor confine prosperity to a favored few but to preserve an equal opportunity for individuals in every walk of life. This party which since its formation has championed the rights of the people is now pictured in an entirely different light. To-day it is advertised throughout the length and breadth of this land as the exponent of the most vicious tax bill ever offered to Congress for adoption, coupled with an actual increase in the already exorbitant tariff rates. Both proposals are condemned not only by actual achievements of the Democratic Party but by the rank and file of Democrats throughout the country.

A review of the traditional policy of the Democratic Party should make the present inconsistent position of certain of its members stand out more in relief. The tax revision plan of the Democratic Party as shown in its platform of 1920 was as follows:

We advocate a tax reform and a searching revision of the war revenue acts to fit peace conditions, so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditures.

We demand prompt action by the next Congress for a complete survey of existing taxes and their modification and simplification, with a view to secure greater equity and justice in tax burden and improvement in administration.

On public economy the platform speaks loudly in favor of economies in administration of Government affairs as a way to avoid high taxes:

Claiming to have effected great economies in government expenditures, the Republican Party can not show the reduction of one dollar in taxation as a corollary of this false pretense. In contrast the last Democratic Congress enacted legislation reducing

the taxes from eight billions, designed to be raised, to six billions for the first year after the armistice, and to four billions thereafter; and there the total is left undiminished by our political adversaries.

The Democratic platform of 1924, in discussing taxation, states:

The issue between the President and the Democratic Party is not one of tax reduction or of the conservation of capital. It is an issue of a relative burden of taxation and of the distribution of capital as affected by the taxation of income. The President still stands on the so-called Mellon plan, which his party has just refused to independ on mention in its platform.

refused to indorse or mention in its platform.

The income tax was intended as a tax upon wealth. It was not intended to take from the poor any part of the necessities of life. We hold that the fairest tax with which to raise revenues for the Federal Government is the income tax. We favor a graduated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation. We refer to the Democratic revenue measure passed by the last Congress as distinguished from the Mellon tax plan as an illustration of the policy of the Democratic Party. We first made a flat reduction of 25 per cent upon the tax on all incomes payable this year, and then we so changed the proposed Mellon plan as to eliminate taxes upon the poor, reduce them upon moderate incomes and, in the lesser degree, upon the incomes of multimillionaires. We hold that all taxes are unnecessarily high and pledge ourselves to further reductions.

We denounce the Mellon tax plan as a device to relieve multimillionaires at the expense of other taxpayers, and we accept the issue of taxation tendered by President Coolidge.

The Democratic platform of 1928 maintains that-

The taxing functions of governments, free or despotic, has for centuries been regarded as the power above all others which require vigilant scrutiny, to the end that it be not exercised for purpose of favor or oppression.

Three times since the World War the Democrats in Congress

Three times since the World War the Democrats in Congress have favored a reduction of the tax burdens of the people in face of stubborn opposition from a Republication administration, and each time these reductions have largely been made for the relief of those least able to endure the exactions of a Republican fiscal policy. The tax bill of the session recently ended was delayed by Republican tactics and juggled by partisan considerations so as to make impossible a full measure of relief to the greater body of taxpayers. The moderate reductions afforded were grudgingly conceded, and the whole proceeding in Congress, dictated as far as possible from the [Republican] White House and the Treasury, denoted the proverbial desire of the Republican Party always to discriminate against the masses in favor of privileged classes.

No Democratic Member would attempt to prove that the present revenue bill is in agreement with Democratic principles. It is not claimed that the sales-tax provision of it is fair to the common people nor that it lays "the burdens of government upon taxpayers in proportion to the benefits they enjoy and their ability to pay." The general sales tax is not only obnoxious to all Democratic pronouncements and achievements but was especially singled out in the 1924 Democratic platform as contrary to accepted rules of fair play.

In the morning New York Times Mr. Green, the president of the American Federation of Labor has emphasized this fact. He is reported as stating:

So far as the record shows, this position—Democratic platform, 1924—has never been changed or modified. In the light of this declaration it is now difficult to understand how and why the majority party in Congress should favor this type of legislation.

It has been condemned either directly or indirectly in all Democratic platforms.

But before discussing the sales tax in detail it is necessary to consider the tariff. The bill states that—

In addition to any other tax or duty imposed by law, there shall be imposed a tax of  $2\frac{1}{4}$  per cent ad valorem on every article imported into the United States.

Of course, there are trifling exceptions, but they are afterwards taxed the  $2\frac{1}{4}$  per cent.

The Democratic attitude on the tariff should be taken into consideration.

The Democratic platform of 1900 states:

We condemn the Dingley tariff law as a trust-breeding measure, skillfully devised to give the few favors which they do not deserve and to place upon the many burdens which they should not bear.

#### TARIFF REFORM-DEMOCRATIC PLATFORM 1912

We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue, and we demand that the collection of such taxes shall be limited to the necessities of government

such taxes shall be limited to the necessities of government honestly and economically administered.

The high Republican tariff is the principal cause of the unequal distribution of wealth; it is a system of taxation which makes the rich richer and the poor poorer; under its operations the American farmer and laboring man are the chief sufferers; it raises the cost of the necessaries of life to them but does not protect their products or wages. The farmer sells largely in free markets and buys almost entirely in the protected markets. In the most highly protected industries, such as cotton and wool, steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on

steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on that subject and assert that American wages are established by competitive conditions and not by the tariff.

We favor the immediate downward revision of the existing high and in many cases prohibitive tariff duties, insisting that material reductions be especially made upon the necessaries of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metal, and chemical schedules, and the farmers' free-list bill, all of which were designed to give immediate relief to the masses from the exactions

signed to give immediate relief to the masses from the exactions of the trusts.

The Republican Party, while promising tariff revision, has shown by its tariff legislation that such revision is not to be in the people's interest, and having been faithless to its pledges of 1908, it should no longer enjoy the confidence of the Nation. We appeal to the American people to support us in our demand for a tariff for revenue only.

## The platform of 1920 asserts:

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only and we confirm the policy of basing tariff revision upon the intelligent research of a nonpartisan commission, rather than upon the demands of selfish interests, temporarily held in abeyance.

# The Democratic platform of 1924 proclaims:

The Fordney-McCumber Tariff Act is the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. It is class legislation, which defrauds all the people for the benefit of a few; it heavily increases the cost of living, penalizes agriculture, corrupts the Government, fosters paternalism, and, in the long run, does not benefit the very interests for

which it was enacted.

We denounce the Republican tariff laws which are written in great part in aid of monopolies and thus prevent that reasonable exchange of commodities which would enable foreign countries to buy our surplus agricultural and manufactured products with resultant benefit to the toilers and the producers of America. Trade interchange, on the basis of reciprocal advantages to the ountries participating, is a time-honored doctrine of Democratic faith. We declare our party's position to be in favor of a tax on commodities entering the customhouses that will promote effective competition, protect against monopoly, and at the same time produce a fair revenue to support the Government.

time produce a fair revenue to support the Government.

The greatest contributing factor in the increase and the unbalancing of prices is unscientific taxation. After having increased taxation and the cost of living by \$2,000,000,000 under the Fordney-McCumber tariff, all that the Republican Party could suggest in the way of a relief was a cut of \$300,000,000 in direct taxes, and that was to be given principally to those with the largest incomes. \* \* \* And although the farmers and general consumers were bearing the brunt of tariff favors already granted to special interests, the administration was unable to devise any plan except one to grant further aid to the few. Fortunately this plan of the administration failed and, under Democratic leadership aided by progressive Republicans, a more equitable one was adopted, which reduces direct taxes by about \$450,000,000.

The 1924 platform compared the position of the two parties, and stated:

The economic life of the Nation was quickened. Tariff taxes were reduced.

And so forth.

On issues it maintained that-

The tariff, the destruction of our foreign markets, and the high cost of transportation are taking the profit out of agriculture, mining, and other raw-material industries. Large standing armies and the cost of preparing for war still cast their burdens upon humanity. These conditions the existing Republican administration has proven itself unwilling or unable to redress.

The Democratic platform for 1928, in discussing agriculture, asserts:

And in indorsing the agricultural policy of the present administration the Republican Party in its recent convention served notice upon the farmer that the so-called protective system is not meant for him, that while it offers protection to the privileged few it promises continued world prices to the producers of the chief cash crops of agriculture.

#### On the tariff it states:

Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of government. Actual difference between the cost of production at home and abroad, with adequate safeguard for the wage of the American laborer, must be the extreme measure of every tariff rate.

In order to better understand the direction in which a few Democratic brethren and their reactionary friends will take us if we adopt this measure, it is necessary to consider the published views on this topic. In a radio speech last Sunday Mr. David Lawrence pointed out that the Crisp bill would provide a larger spread. This simply means that everybody will pay Federal taxes. Even those who are without employment and barely managing to keep body and soul together will be forced to contribute to the Federal Treasury. It is indeed a spread that reaches to the plain people and increases the cost of living, already too high for thousands of our population living on a bare margin or actually in want. Mr. Green has emphasized this phase of the tax in the following quotation:

Such a tax as the proposed sales tax will tend to delay a return to prosperity. It will prevent the sale of manufactured goods, and it will mean less food, warmth, and clothing for millions of men, women, and children.

Mr. Huddleston, in favoring the sales tax on the floor of this House last Friday, made this declaration:

Taxes are bad, and a sales tax is particularly bad. It is levied upon property and not upon wealth. It is levied on a man's needs and not upon his ability to pay. It is levied upon what men may consume and not according to the benefits which are derived from government. They violate every fundamental of

I heartily agree with Mr. Huddleston that viewing taxes as bad the sales tax is particularly bad, as it is not levied upon ability to pay but upon what is consumed. It is essentially a consumer's tax. The manufacturer will not only have an excuse for cutting wages, which have already been slashed during the depression, but he will also shift the tax to the consumer. The consumer will thus find that he has been tricked in two directions. His wages will be lowered and the wages he actually receives will purchase less than before this bill goes into effect. The unfairness of this sales tax accounts for the opposition of the American Federation of Labor to the pending legislation. In the following statement Mr. Green has explained this situation:

To add a sales tax to the reduction of wages which have been imposed upon the wage earners during the last year would mean addition to misery, woe, and want which now prevail throughout the land.

That this sales tax is a consumer's tax has never been denied. The comments of those who were in the Hearst party to Canada, in 1921, bear this out. In the New York American, December 4, 1921, Mr. STEAGALL is reported as referring to the Canadian sales tax as follows:

I think we should retain our income and excess-profits taxes and levy a proper tax on inheritances, and collect sufficient revenue to begin to pay off the Nation's indebtedness as a matter of public safety, and not leave all of it for those who fought the war and for those who come after it. I can not bring myself to favor a system of taxation which shifts the burden of taxation.

# Mr. John S. Benham, Illinois, stated:

The Canadian authorities have presented the case with wonderful clearness, but, to date, have not changed my former feeling that the sales tax would operate in such a way as to cause the tax to be paid somewhat in proportion to the size of the family rather than in proportion to the size of the family income.

Mr. CRISP, the acting chairman of the committee that reported this present bill to the House, is also quoted in the New York American regarding his views on the Canadian

When I accepted the invitation of Mr. Hearst I frankly stated that I was not in favor of the sales tax, but would be glad to further investigate the matter. The hearings in Canada demonstrated that the sales tax on the manufacturers and jobbers is a revenue-producing tax easily administered, and the universal opinion was that this tax was passed to the ultimate consumer. The proponents of the tax in the United States are urging it with a view to repealing our war plan of taxation, such as excess profits, income tax, and so forth. I firmly believe that those of us able to pay taxes should bear their burden of taxation, and I am not in favor of a sales tax.

Mr. WRIGHT. Will the gentleman yield? Mr. COLLINS. I yield.

Mr. WRIGHT. Was the gentleman a member of that party?

Mr. COLLINS. Yes.

Mr. WRIGHT. Did the gentleman make a statement?

Mr. COLLINS. I did, and I will read it in a few seconds. Gentlemen of the committee, our genial friend the gentleman from Georgia [Mr. CRISP] was fresh from the scene of action in 1921. He knew conditions in Canada then better than he knows them now. I am one who is willing to stand for the things which the gentleman from Georgia said in 1921, when he was in better position to advise us than now. [Applause.]

I am afraid that our friend is somewhat in the position Alexander Pope describes in his Essay on Man, in discussing vice—and the sales tax is comparable to vice, because it is an economic vice, a political vice, if you please-

Vice is a monster of so frightful mien, As, to be hated, needs but to be seen. Yet, seen too oft, familiar with her face, We first endure, then pity, then embrace.

[Laughter.]

Now, I fear that our good friend, the gentleman from Georgia, is simply pitying to-day, but two or three years from now that "pity" may be changed to "embrace." I. for one, do not want to start the practice of placing our tax burdens upon the poorest people in our land, those who are not able to bear the burdens that are on them now, much less have them increased.

My very fine friend, Judge Wright, has asked me what I said in 1921 on this trip to Canada. Here is what I stated, quoted from the New York American, December 4, 1921:

I found the people with whom I talked in favor of the tax on sales by manufacturers and wholesalers rather than that on all The fact is that a tax on all sales was first adopted in Canada but was afterwards repealed, and a tax on sales by manufacturers and wholesalers was substituted. Of sales by manufacturers and wholesalers was substituted. Or course, the manufacturers and wholesalers do not pay the tax, but are the tax collectors for the Government. Personally I do not favor either of these methods. I believe in taxing according to ability to pay. The sales and general turnover taxes are admittedly paid by the consumer, and I believe both violate correct principles of taxation. The chief advantage of the sales tax is that it roless considerable revenue and the consumers do not that it raises considerable revenue and the consumers do not know that it comes out of their pockets.

In addition to the fact that it is a consumers' tax, there are other reasons for opposing it. It sets up a dishonest system. It represents to the citizen that it is a tax on sales paid by manufacturers, whereas in reality it is a tax paid by every citizen. The dishonesty becomes more evident from the following:

[Current Opinion for October, 1921, p. 520]

THE CANADIAN SALES TAX

The theory of the tax is based on the idea that the consumer ould sconer pay a high price than a low tax. Yet the first thing would sooner pay a high price than a low tax. Yet the first thing to be noticed about this Canadian sales tax is that it is not levied on or made payable by the consumer. It does not appear, as did the unpopular luxury tax in the bill for goods bought in a departmental store or as an obvious and explicit addition to the price of a pair of trousers. No doubt, as Professor Leacock observes, the consumer pays the tax in the long run, but "he doesn't see it and doesn't mind."

Mr. John Winkler, writing in the New York American, December 4, 1921, stated in his account of the Canadian trip:

While it is generally admitted in Canada that the ultimate consumer pays this tax like any other taxes, he is hardly conscious of it

Mr. John Connolly, of Pennsylvania, states:

The consumer does not know that he is indirectly paying the tax

Mr. PARSONS. Will the gentleman yield? Mr. COLLINS. Yes.

Mr. PARSONS. Last fall-I am sure the gentleman remembers—the then Secretary of the Treasury announced that everybody should be made to pay a tax through a general sales tax so they would be tax conscious. I would like to ask the gentleman if he thinks his people in Mississippi are tax conscious at the present time?

Mr. COLLINS. I do not think this tax bill is proposed in order to make anybody conscious. I think it is more of a proposal of unconsciousness. The idea is, and it has been said several times, I think first by Adam Smith, that this particular tax is a method of extracting the most feathers from a goose with the least squawking. [Applause.] It has been designated as a painless tax, one which the people do not know they are paying.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CROSSER. Will the gentleman yield? Mr. COLLINS. Yes.

Mr. CROSSER. It is painful enough, but it conceals the cause of the pain.

Mr. COLLINS. That is correct.

On all sides the tax is explained as a "painless" one. It assumes that if applied in this country that the poor, helpless people amongst us will not fight back, as they will not know that they are being taxed. It is evidently an anesthetic administered to the people of this country so that an operation may be performed on them.

The effect on the tariff should not be ignored. The platforms of the Democratic Party have condemned wholeheartedly the high-tariff policy of the Republican administration. We opposed the Dingley tariff before and during the election of 1900. In our platform and on the floor of this House we fought against the high Republican tariff. The Fordney-McCumber Tariff Act was described by the Democratic Party as the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. This was, of course, before the Smoot-Hawley bill came before us, and which raised still higher the tariff wall and heavily increased the cost of goods. Yet, in spite of these accepted and well-advised and well-established principles of the Democratic Party, we are now asked in this bill to still further increase the tariff by 21/4 per cent. This is to be done with slight exceptions, which are unimportant. It remains that we are considering adding to the Smoot-Hawley Act an additional amount of 21/4 per cent.

But those Members who favor this bill before us, and this is particularly true of the Democratic Members, propose doing so with the understanding that we are now in an emergency and that the sales tax is an emergency tax. This is decidedly not the view of those who are so strenuously urging the adoption of this measure.

The reporter of the New York American with the congressional party en route from Canada in 1921 stated in the issue of that paper December 4. 1921:

I have discussed this plan with many of the congressional delegates on the journey back from New York, and I find it has met a ready response. A great many of them believe with me that, if the sales tax is once adopted in the United States, it should be first applied to the soldiers' bonus, and after that obligation of the country is met the tax could continue as a means of paying the war debt.

In writing in the New York American November 22, 1931, Mr. Roddan, United Press correspondent, pointed out:

Republican leaders have indicated preference for a reasonable increase in taxes, buttressed by a selective sales tax on various articles. They feel, if the sales tax is given a try, it will come into general use as the firmest base for raising Federal revenues.

Mr. Hearst, in a letter to editors of the Hearst newspapers on March 13, 1932, stated:

Please carry on sustained crusade morning, evening, and Sunday

against the present Bolshevist system of income taxation.

The income-tax system has become the greatest racket in the United States and the Government the biggest racketeer.

The system is in itself unjust, inequitable, and un-Ameri-

Later Mr. Hearst continues:

The tax is the most onerous imaginable in times of depression, because a citizen must pay when he has no money for money he spent when he had it to spend.

Mr. Hearst closes his letter to his editors by again referring to the

Inequitable, tyrannical, boishevistic policy of confiscatory in-ome taxation. \* \* \* When the Democratic Party has the sincome taxation. cerity to be democratic, when it has the patriotism to be American, it will substitute excise taxation and sales taxation for undemocratic, un-American discriminatory income taxation with its crooked evasion and equally crooked enforcement.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. COLLINS. Without attempting to go into the arguments of Mr. Hearst on taxation, I wish to point out that his press is to carry on a campaign, first of all, against the income tax, and then follows the second stage, when, as stated, that the income tax should be replaced by excise taxation, meaning sales taxation. In other words, Mr. Hearst has no delusions regarding the real purpose of the bill before it. The sales tax is not viewed as an emergency but as a permanent tax. After the Budget is balanced the income tax may be expected to be repealed and the sales tax substituted as the permanent means of raising revenue.

This view of permanency for the sales tax was stated in this House a few days ago. In reply to my question on this point Mr. Watson replied:

I think that we will eventually have it as a permanent tax.

Elsewhere he stated that the manufacturers' tax to-day is an emergency tax, but-

Although it may not be popular, because no new tax is popular, yet in two years from now the sales tax will not be written out

It is this permanent feature of the bill that must be considered. It is the thin edge of the wedge, and must be viewed as such.

The Democratic Party can not be censored for this bill. The party as such has never either been asked an opinion or expressed one on this question. Certain members of the Ways and Means Committee who have considered it as a temporary emergency measure have favored it. On November 17, 1931, the New York American, in discussing a sales tax, stated that "Representative Garner, Texas, ranking Democrat on the Ways and Means Committee, where revenue must originate, maintained a significant silence." I take it therefore that our beloved Speaker does not favor the measure. He has not, to date, made a public plea in its behalf.

If the emergency is to be considered, it is only fair to ask that all Democratic Members of this House be consulted on the procedure and methods to be followed. The administration and certain reactionaries have repeatedly advocated a sales tax, yet the Democratic Party was not consulted. These administration leaders who now urge increased taxation have repeatedly prevented economies from being carried out in the departments of Government. Large savings in governmental administration can be made. These savings can be effectuated immediately. If funds are provided savings will not be forthcoming. We should force economies and not pass a law that will prevent them.

I still have confidence in the Democratic Party and its right-thinking representatives that they will not saddle on the masses increased taxation destined to be raised by a permanent system, whereby the injustices of the taxation

this should be no excuse for soaking the common people. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. GLOVER]. [Applause.]

Mr. GLOVER. Mr. Chairman, ladies and gentlemen of the committee, we have now before us H. R. 10236, which is a bill seeking to raise more than a billion of dollars in taxes to balance the Budget, as is claimed by those advocating this measure. The gentlemen from Georgia [Mr. CRISP] in his explanation of this bill said that this is the most burdensome tax bill that has ever been brought before Congress in peace times. I certainly agree with him in that statement, and I doubt if there has ever been one in war times that is as indefensible as this bill. There is no man in this House that I have a greater affection for than for the gentleman from Georgia, the acting chairman of the Ways and Means Committee [Mr. Crisp]. I can not believe that in principle he favors this kind of legislation as is proposed in this bill, known as a sales tax. The Democratic platform of 1924, which was the last declaration on this question, put the Democratic Party on record as against this tax. I quote the declaration from the platform, which I hold in my hand, which is as follows:

We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shifts to the consumer the burdens of taxation.

Can any Democrat, without breaking away from this, the last declaration of our party, vote for a sales tax? We are told by some of the speakers that Mr. Mills, the Secretary of the Treasury, is in favor of this tax. Well, if he can stand it, let him do it. Who was it that made this deficit? Was it the Democratic Party or the Republican You made it. The present administration came into power in the most prosperous times the country has ever known. What is it now? The most distressing the United States has ever seen. We on this side of the aisle have protested against legislation that you have passed, the Smoot-Hawley tariff bill and others, but it did no good; and with 104 majority on your side you never proposed a bill to balance the Budget. If the Budget was balanced to-day, it would likely be out of balance before a week had passed. It can be handled now just as it has been in the past, by issuing short-term notes to meet the emergency. We were told to-day by the acting chairman of the Ways and Means Committee that the Treasury to-day offered for sale \$900,-000,000 in these notes and that they were oversubscribed at the low rate of interest of 3%. I think this statement makes an argument against putting the burden on the taxpayers of nearly \$2,000,000,000 in this time of distress that no man can answer.

If there ever was a time when the people are burdened to death with taxes, it is now. The bill proposes to raise about \$600,000,000 of this sum on a sales tax, which is paid by the consumer. This bill will put a tax on clothes, shoes, overalls, plow tools, and every article that is manufactured. It will put a tax on electricity that makes your lights and the gas you burn. In fact, there is not a single article manufactured and used in the homes that will not be taxed under this bill if the sales tax is kept in it. I shall move when the bill is ready for amendment, if some one else does not, to cut out of the bill the sales-tax provision. The remainder of the bill would raise about \$700,000,000 of money, and by extending the provisions of the bill two years longer it would take care of the entire deficit. Why not do that instead of heaping on the backs of the poor a sales tax that they can not resist? The tax is to be 21/4 per cent on the manu-When he sells the goods to the wholesale man facturer. he passes it on to him, and when he sells it to the retail merchant, the retail merchant, of course, will be forced to add it to the price of the article when he sells it and the consumer pays it. Who said this all had to be raised at once to balance the Budget in 1933? The Secretary of the Treasury is for it, of course, wants it done at once, but the people are to be considered first of all. The power to tax is will be continued. If we are afraid to tax those able to pay, I the power to destroy, and we should be careful how we exercise it. I am thinking of the great throng of people that are to be affected by this but that can not be here to protest. The manufacturers do not care, for they pass it on and do not pay it. We have more than a hundred and twenty millions of people to be affected by this legislation, and very few of them have any voice in the matter, and if we do not protest against it, they must be the sufferers. The big interests have been listened to too long. It is now time to hear the cry of the needy. We have more than 8,000,000 men out of employment, and they are going to be taxed under this bill on nearly everything they eat and wear. Can they bear it? I answer, no. Let us see how this deficit came about. Before we met in Congress we had a wire from the President asking authority to give a moratorium to Europe. I answered him back at once that I thought it was not wise. You voted it to them. I did not. The amount of the moratorium was \$252,000,000. You then voted \$500,000,000 a few days ago to the Reconstruction Finance Corporation. you voted \$125,000,000 to the Federal land banks. These items alone amount to the sum of \$877,000,000. If that was back in the Treasury, we would not hear the word "deficit."

This bill doubles the inheritance tax and makes it very

uniust.

If a sales tax could ever be justified at any time, which I do not believe it could, it should be reserved to the States. If a Federal sales tax is ever put on, I doubt if you ever see it removed, because they will find some excuse to use the revenue derived therefrom.

The bill as it is introduced would ruin the rice farmers in my district, and which is one of the great agricultural crops raised in my State. They have to use electric power to pump the water that covers the land which is required in growing rice. I have offered an amendment to the bill for the consideration of the Ways and Means Committee to exempt electric power from the provisions of the bill when it is used in developing agriculture and I feel sure that they will accept the amendment because it is just and right. Gas, oil, or power of any kind used by farmers should not be taked and my amendment would exempt them. This bill would tax farmers \$150,000,000.

This Congress started in at the top instead of the bottom to relieve this depression. If Congress would do something to raise the price of agriculture, to a place that it deserves, and would provide for relief of the 8,000,000 unemployed, we would be starting in the right direction.

Every bill that is proposed is to either give more credit or to raise taxes, and the Lord knows we have too much of each of them.

It is not credit the people want. They want money or an opportunity to make it. They want a price for what they produce so they will not have to borrow and they want a price for their labor so that they can take care of their families and live out of debt.

Money is centered into the hands of the few individuals, who can bring on a panic at their will. Sixty per cent of it is in lock boxes and it will stay there when you are enacting such legislation as this. I introduced a bill a few days ago and discussed it on the floor of this House for a double standard of money that will cure this evil in 30 days if you will enact it. Will you do it? It would double the price of cotton, wheat, rice, and corn. It would open up a trade with three-fifths of the world we can not now trade with under our standard of money. It would give us reciprocal trade relations. When, O when, will we have the vision to do this and not tax our people to death? [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, I am going to support this revenue bill. I am for it as a whole, but I do believe the bill should be amended in some details. The subject of my discourse to-day will be the proposed admissions tax. I understand that an amendment is to be offered on the House floor to the bill when it is read, exempting moving-picture and

worthy amendment and I shall support it. I know that the moving-picture business is in a very precarious condition.

Many small moving-picture houses have gone to the wall, and many more are going to the wall if this tax is imposed. In fact, two or three of the great producing companies are in bankruptcy now and the whole production end of the business may go into bankruptcy. The movie business is truly in a terrible condition.

Mr. SIROVICH. And that includes the spoken drama

Mr. CLANCY. Yes; that is probably true. Now I will discuss the phase of the admissions tax which refuses to exempt educational institutions, as Congress did in the previous admission-tax measure levied as a result of the World War. For the first time the committee proposes to tax high schools, colleges, and universities on admissions. You are going to tax State institutions. When the Federal income tax was levied by Congress the salaries paid to State and also city and county employees were exempted from the Federal income tax, but in this case you aim to levy a tax upon city, county, and State institutions and violate a cardinal theory of taxation.

I happen to know a little something of this subject because for about three years I was a field secretary of one of the largest bodies of collegiate alumni in the United States. that of the University of Michigan, formerly the greatest State university, and it still ranks among the first few largest and most influential universities in the country.

I have a letter from the fair and able chairman of the board of control of athletics of that university, Prof. Ralph W. Aigler, stating that this proposed tax on college admissions, and particularly athletic affairs and contests, would be a serious blow to that university if the tax were levied on the tickets. The University of Michigan still owes a million dollars on its athletic plant there. They have built a marvelous athletic plant out of the receipts from football and it is devoted to the high cause of physical education. Everybody interested in college athletics knows that it is the football game which pays and carries the cost and upkeep of the great physical education and recreation and athletic program of the university.

The State legislatures will not grant taxpayers' money for the development of the athletic and physical educational side of the university. Yet educators everywhere now recognize that just as important as providing mental equipment for the girl or boy who goes to high school and colleges is the healthy development of his or her body, so that in this new form of modern living, particularly in the cities, his or her body may be able to stand the terrific strain of the life to which one is subjected. Learning without health is quite futile.

I suspect that the Ways and Means Committee are entering upon a sort of punitive and rectifying expedition in this educational tax. Take the great football spectacles and contemplate the Army and Navy game at Chicago a few years ago, which had 150,000 spectators present, most of whom were paid customers. They are a shining target for taxes and criticism. But let me say in answer to charges of commercialism, pageantry, proselyting, and so forth, that the ideals and ethics of the college football player are higher than you will find in any other phase of human activity. The ethics of American football players, notwithstanding these unfair charges, are higher than you will find in the legal profession, the medical profession, the political profession, or any other field of human endeavor which you care to name. When you go to the football game you know the contest is honest and strictly on the square. You may not be so sure when you go to a prize fight, wrestling match, or political convention that the contest is actuated by the highest motives and ethics.

A squad of 20 or 30 of these football players may bring into the university coffers a large sum of money, but do not even get as much as a pair of shoe laces out of the contest, and still they subject themselves to physical injury and octheatrical and other admissions under 50 cents. That is a casionally death. Several died on the football field last fail. They give everything unselfishly. As a matter of fact, a few years ago, in one of the greatest State universities, the manager of athletics missed a pair of shoe laces and he lectured a squad of about 40 football players and said that he wanted the boy who took or lost those shoe laces to pay for them.

It is said that Harvard, Yale, and Princeton, and some of the larger universities, have made big "gates" and much money on football. They probably did. But the State university now is putting out of business these great privately endowed universities which formerly held the limelight, such as Harvard, Yale, Princeton, and all the other little academies throughout the country which have done so much to develop learning, character, and manhood of the Nation, are facing a terrible competitive struggle to exist and survive.

Deficits, particularly in the State universities and colleges and high schools, will be made up from taxation of the people. Newspapers, magazines, and religious books, and so forth, have been exempted from the sales tax by the committee because you did not want to tax education and you did not want to tax religion and morality, and yet here you ask us to tax education and morality and manhood in the greatest educational institutions in the land.

Permit me to say in this day of falling moral and ethical standards, when even the church is losing its influence to a very large degree, particularly upon college students, the greatest influence in college and American life to-day for purer and cleaner and more ethical action is that old football game in which the boys give up all that is in them for the alma mater, purely a spiritual influence and endeavor, and in this field the standards are the highest and no dirty work is tolerated.

Now, if no other member offers an amendment, I hope to offer an amendment to this bill that educational institutions, and particularly the State, city, and county institutions, will be exempted from this tax. But I also insist that all educational institutions should be exempted, as in the former tax bill.

Certainly athletic contests get big "gates." The whole thing has come upon us suddenly.

When I was in high school we had no gymnasium or play-ground, and I was one of the leaders who raised the first \$500 for a school gymnasium by going around collecting 5 and 10 cent pieces from the students and from the grocer, butcher, and so forth, in the neighborhood. That was the beginning of our Detroit gym and playground and physical education program. To-day in my city of Detroit there are millions and millions of dollars invested in gymnasiums, swimming pools, and playgrounds, which grew out of that germ. The annual budget of maintaining those institutions runs to big money now.

Certainly some of these colleges have big gates, such as Northwestern, Notre Dame, California, and so forth, but for every college which is making this big money there are 20 which are in the red for the past year. There are many institutions which do not have the benefit of being State-supported, which have built stadiums. They have gotten out bonds, underwritten their good name mainly, for the payment of those stadiums. Every tax, no matter how large or how small, that is assessed, cuts down the attendance, and jeopardizes their program.

Why, this bill does not even provide for an exemption for charity football games and other charity athletic contests, yet everybody knows that college football teams raised last fall enormous sums of money through charity games for hungry and starving people and for the needy and the unemployed.

I could go into this question in great detail and with facts and figures but time forbids. Certainly the bill should be amended to exempt the tax on charity games and contests.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. Swanson].

Mr. SWANSON. Mr. Chairman and members of the committee, the announcement made yesterday by the gentleman from Georgia, the able acting chairman of the Committee on Ways and Means, that that committee would offer an amendment to the sales-tax provision of the bill under consideration eliminating canned fruits and vegetables and canned meats was, I am sure, a welcome announcement to the Members of the House. I believe that the committee. or this committee, will also arrive at the conclusion to eliminate from this tax bill the proposed tax on lard, sausage, frankfurters, and the like. I favor the elimination of ice cream from the operation of this tax. In this day and age ice cream is not a luxury but a necessity, and in my judgment a tax on ice cream will in effect be a tax on all the milk and cream used in the manufacture of ice cream, and will ultimately, in large part at least, come out of the pockets of the producer of the milk and cream. I would favor the raising of the exemption from the operation of the tax on moving-picture admissions to 50 cents, and I believe that when the committee reaches that item in the reading of the bill, it should give serious consideration to the raising of this exemption.

There are a number of items in the proposed manufacturers' sales tax which I would like to change. In this emergency it may be absolutely necessary to impose a manufacturers' sales tax. The important matter for consideration under all the circumstances, as we all realize, is the balancing of the Budget. This purpose should be accomplished to the greatest extent possible by the reduction of expenditures and only as a last resort by taxes.

But I rise at this time to propose to the Committee on Ways and Means, to this committee, and to the membership of the House, for serious consideration, a tax which, so far as I can learn, up to this time has not received consideration.

The Constitution provides that Congress shall have the power to "promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." Pursuant to this power Congress has established by law the Patent Office. It seems to have been the policy of the Congress to make the Patent Office only self-sustaining. Since the fiscal year 1922, however, there has been a deficit in the conduct of this office ranging from \$85,000 in 1923 to as high as \$608,000 in 1929. In 1930 this deficit was \$455,000. In the fiscal year 1931 the total receipts of the Patent Office were \$4,565,377 and the total expenditures were \$4,832,277. leaving a deficit of \$266,000. So far as I can learn there are expenditures in the maintenance of our courts growing out of patents, trade-marks, and the like, which are not included in the total of expenditures; and if they were included, in my judgment, the deficit would be very consid-

I have the statement of the Patent Office showing the total number of patents, design patents and reissues, trademarks, and other items since the present series of numbers of letters patent were commenced in the year 1836. At the beginning of this year the total number of patents issued was 1,839,190. In the calendar year 1931 there were issued 51,766 patents, about 3,000 design patents, and about 11,000 trade-marks. The life of a patent is 17 years, and according to the records of the Patent Office, there are now in existence approximately 715,000 live patents. The total fee received by the Government for the issuance of a patent is \$50, and for that fee the Government grants an absolute monopoly for 17 years of the American market. It gives the holder of the patent all the benefits of protection by law of a patent and secures to him the market of 120,000,000 people with a highly developed standard of living, all for the initial expenditure. The attorney fee which he pays for the securing of the patent is frequently many times more than the Government of the United States receives for all of the protection and all of the monopolized market which is provided by the Government, the people of the United States. So far as I can learn, there is nothing in the Patent Office to indicate what number of the 715,000 patents issued within

the past 17 years are still alive and in use, but I think it fair to assume that at least 50 per cent of them, or more than 350,000, are obtaining monopolistic benefits from the patent laws. In view of the monopoly given to the owner of a patent by the people of the United States and the market given to the owner of the patent as a direct result of the organization of the Government, it seems to me that the owner of every active patent in the United States should pay an annual tax of at least \$50 for the benefits he receives. If there are 300,000 patents in actual use, on the basis of an annual tax of \$50 this would bring in an annual revenue of \$15,000,000. Since the year 1870, when protection of trade-marks was authorized by law, there have been granted 290,000 trade-marks. Many of these, it is true, are not alive or in use to-day, but it may well be assumed that there are 100.000 trade-marks which have been issued for a nominal sum, which has recently been increased to \$40. It seems to me that there would be nothing unfair in the imposition of an annual tax on all trade-marks actually in use in return for the governmental protection which the people of the United States give to the holders of trade-marks. The protection of the inventive genius of the individual citizen is recognized not only in this country but by all nations of the world, but in view of the highly developed state of American society and the actual value received by the holder of the patented or trade-marked articles, the imposition of an annual tax on such holder is as fair a tax as could be devised.

We are talking in these days of the maldistribution of wealth. The patent laws of the United States and the monopoly granted to owners of patents have, in a considerable measure, contributed to this maldistribution of wealth. For example, take the Gillette safety razor. For 17 years the owner of the patent for this razor had a monopoly of the American market for his product. Millions of razors were sold at \$5 each; and because of the monopoly given to the owner of the patent under our patent laws and the large population and enormous demand created for this articlenot by reason of the genius of the inventor but by reason of the Government of the United States and the high standard of living of the American people-the owner of the patent became a multimillionaire. I am not saying this in criticism of the holder of the patent, but I am merely calling attention to it for the purpose of illustrating the value of the monopoly given by our patent laws and the justice of the imposition of an annual tax on the holder of the patent. Take, for another example, the case of Henry Ford, and I do not refer to him in any spirit of criticism. He acquired a number of patents on the automobile. What value would there have been to his patents had there not been the highly organized system of government which we have and the standard of living of the American people which exists? It was because of this valuable, monopolized market that Ford and his associates accumulated billions of dollars in wealth in one generation, and it was the protection of his patents, for which he paid the Government only a few paltry hundreds or a few paltry thousands of dollars, which made this possible. Of what value would those inventions have been if they had been made in the heart of Africa among the Zulu tribes? It was because of the Government of the United States, the development of its people, their high standard of living, and the market these same people furnished that his achievements were possible. Can anybody say that the payment of an annual tax to the Government which issued the patent and thereby gave a monopoly to the owner of the patent is unfair or unjust? Thousands of illustrations of the same kind can be given. The same principle applies to every invention, the same protection is given all, the same highly developed market is given them all. Surely the people, who are the Government, are entitled to some returns for the protection and benefits given to inventive genius. I suggest this not only as a temporary expedient, but I believe it should be adopted as a permanent part of the tax policy of this Government. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. Johnson].

Mr. JOHNSON of Washington. Mr. Chairman, I shall try to present some statements concerning the condition of the Federal Treasury—the actual amount of the deficit, accumulated and estimated. The figures are staggering, and from one standpoint it may not be good policy to line the current Federal debt all up in one big round sum—billions—and leave the startling figures in the Congressional Record in cold type.

A MEMBER. Is the gentleman afraid to put it in?

Mr. JOHNSON of Washington. No; I am not afraid to put it in, and my judgment is that the quicker we make a complete spread of the whole situation the better. I have just heard the forceful speech of the gentleman from Arkansas [Mr. Glover], and I hope that he holds a seat in Congress for a long time and that he makes his hard-hitting help felt not only in his district and his State but in the Nation.

I want to express my admiration for him as a man of force and conviction and an earnest working Member on the Democratic side. He and I can not agree on a lot of the old standard issues that have divided the parties, but I imagine that we can both agree that a whole lot of the old fighting problems have been too long dead to be even entitled to honorable mention. We do not agree on the so-called manufacturers' tax in this revenue bill. It is probable that we can not agree how we came by this enormous Federal deficit.

But, Mr. Chairman, I know how the bright dream of a pot of gold always to be found at the rainbow's end came about. The existence of the income-tax system led to that dream, and I know how easy it is to believe there will always be lots of money in that pot of gold. I know that for 10 years while incomes were good and the dollars came bubbling forth, Congress made several major expenditures of great national importance.

I hardly need to remind the Representatives from the States of the Mississippi Valley—Illinois, Missouri, Arkansas, and on to the Gulf—that one of these great major expenditures was for the flood control of the Mississippi and for other costs in connection with floods, crop losses, and distress. That work was nobly and generously undertaken by the Congress several years ago. It played and is playing a part in the deficit. We do not want to stop this work. We can not, even if income-tax returns have shriveled to dimes where we expected dollars.

Another great cost was incurred in caring for our soldiers in the World War; care of the wounded and the sick, rehabilitation, hospitalization, and more and more new modern hospitals with beds for the sick and exhausted of every war without regard to the exact cause of disability. No Representative who has sat in any previous Congress can begrudge that expenditure. We should be glad we got as many hospitals and homes as we did while the "getting" was good.

Another major cost was the payment of the interest on the war debt. We kept Uncle Sam's credit good.

Among other costly things we authorized and appropriated for Boulder Dam, and it is an easy guess that Boulder Dam got under the wire just in time. Uncle Sam will have to wait a long, long time for California to pay him back. But the work at Boulder Dam is started and must go on even if the rainbow is fading out. California and Arkansas and Missouri and Mississippi and Illinois and, in fact, all the States, should get on the team and pull to the last man to help their beneficent old Uncle Sam out of the hole. [Applause.]

Please do not think I am now criticizing anyone or any group for that which has passed. A couple of years ago I made a sharp speech on this floor against the increase of Federal extravagance. As I walked back to my seat, the gentleman from Michigan [Mr. James], then chairman of the Military Affairs Committee, said to me:

You did not talk that way when you were appealing for and securing larger appropriations for buildings at the big military post in your district.

Ah, that's the rub. We have all been driven by the cry, "More, more!" and have been spurred by the query, "What

has he ever done for us?" Right now some one is campaigning in your districts and in mine, that, if he is sent to Congress, he will do better, secure more appropriations for that particular district, but will be very economical as to appropriations for other districts.

Mr. Chairman, I said that the full amount of the deficit should be stated, and restated, and stated again in one lump sum for the whole amount that it really is. The deficit—accrued and pending to July 1, this year, and estimated from July 1 to June 30, 1933, next year—is so nearly \$5,000,000,000, that we can safely call it five billions. Figures short of these figures do not fool any person likely to invest in any short-term notes, or long-term notes. Income-tax returns just now being paid in and counted will not come up even to the last, lowest revised estimates.

It is not enough to say that the actual physical financial deficit, or shortage, on yesterday, March 15, was \$1,871,229,-155. Do you get it—one billion eight hundred and seventy-one million plus. That is the physical actual money shortage at the moment the book balance was struck yesterday. Short-term I O U's, newly issued long-term bonds, and other items of the accrued indebtedness are not included in that figure.

It is quite probable that all the revenue raised by this tax bill now under consideration will not balance the Budget by perhaps as much as \$1,000,000,000 for these reasons:

First. The committee left \$642,000,000 to be saved by Federal economies.

Second. The committee, of course, could not estimate for unexpected congressional authorizations and appropriations or for possible extraordinary expenditures.

Third. We have no provision for the sinking fund.

Fourth. Interest rates on loans and bonds are likely to increase.

Fifth. The payment of \$260,000,000 on war debts at any early date is highly uncertain.

Sixth. Amendments proposed by the Ways and Means Committee to eliminate sales tax on canned goods will reduce probable income by ten to twelve millions.

Seventh. A lot of Budget items have been simply postponed.

Mr. Chairman, the big hour in this Congress is here. It is the duty, when the time comes to read this bill under the 5-minute rule, of each and every Member to be in his seat either to support the committee on just as many paragraphs as he can, or to offer to perfect the bill more to his liking by proposing amendments to any part of the bill that he thinks should be amended.

Whether we like it or not, it is our duty to see that some strong money bill, that will raise this great sum in revenue, is put through the House. We have to do that, just as the strong men that we ourselves selected for the highly responsible places on the Ways and Means Committee found it their necessary but unpleasant duty to prepare this bill. No escape for them. They deserve congratulations on the unanimity with which, regardless of party, they labored to bring out this bill in order to keep the credit of the United States Government up to the key. [Applause.] It was no child's job. Perhaps any one of us, if we had been honored with a position on that committee, would have written and had backing on a different paragraph for this or that; but as a whole, if any 25 of us had been there, what would we have done or what could we have done that would have been any better?

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JOHNSON of Washington. Mr. Chairman, in my opinion, when we as Members have done our best to help get this bill up in the House and over to the other legislative body, we can ease down a little from the pressure under which Speaker Garner and the new Democratic chairmen of all the House committees have been driving us. We can do the rest of the legislative work at less fierce pace. Why? Because we all know from experience that the revenue bill,

which under the Constitution has to originate in this body, will be a long time getting back to the place of its origin. Weeks and weeks, perhaps, and when it gets back it is likely to have been so knocked about and bunged up that even its best friends may not recognize it.

It is hardly to be expected that the other body will attempt to raise that extra billion. But why worry? The Budget need not be balanced to a dollar or a half billion dollars in one year or two years. But we must get as close to a balance as we can.

So get ready to keep your summer homes here. If you are going to take any vacation, take it by going to the conventions. Do not be too certain about going home soon to campaign in your beautiful home districts among your friends and neighbors and knocking out Republicans or Democrats, as the case may be, because it is probable that the legislative problems of the United States will get heavier and heavier week by week and keep you here. I think nearly every Member senses that fact. One hopes that everything will be better, but one must face every fact and the whole situation.

Recently I have come to the conclusion that we are not likely to adjourn this session without giving most serious and earnest consideration to the payment of very considerable sums to the States to be turned over to the counties for the replenishment of the funds of the counties for the relief of destitution. If so, that will mean more revenues through bond issues or anything that will bring in funds for immediate use. It may mean a second tax bill. It may mean lifting incomes in the higher brackets by several notches for one or two years' time. Mind you, not as a substitute for any proposal in this present tax bill, but in addition to and on top of everything now offered in the bill

The financial situation of the Government far transcends any other question before the people and, certainly, any other question that can come before this Congress. Each billion of indebtedness is a thousand million, and who can comprehend one thousand million dollars? We do not even comprehend any too well only so much as \$100,000,000, and perhaps not even \$1,000,000. We tossed off \$132,000,000 the other day in the face of the reporting of this tax bill, and we do not seem to be especially alarmed over the fact that the other legislative body is quite likely to send that bill back to us with the total raised to \$3,500,000. You see, it is so much easier to say "a billion" than it is to get a million. We need five hundred million times \$1,000,000.

Mr. Chairman, we Members are now becoming tax conscious at a mile-a-minute clip. All the people are tax conscious, but not yet quite so conscious about Federal taxes as to let up on their demands for more and more Federal appropriations.

Oh, yes; the drive is on. Your mail is not different from mine. People have not yet got too tax conscious that they have quit writing for the Federal Government to do everything-more river improvements, more highways, more hospitals, more 50-50 Federal aid, more appropriations, and for everything else that they have got the notion that Uncle Sam can or might do. Relief for mortgaged homes. Aid to build new homes. The rapid and almost unanimous enactment of the Hoover financial relief measures seems to have whipped up interest in all pending proposals. Supporters of the adjusted-compensation bonus proposition are militant and are advancing toward the Federal Treasury with drums beating. The bonus first, the dole afterwards. Their leaders on the floor here are impatient, and some of them will hardly have their "nay" votes out of their throats against this tax bill before they cast their "yea" votes for the bonus.

Rag money, Government I O U's, depreciated currency, slow sale of bonds at increased interest! Who cares? It is on Uncle Sam, and he is not "us." The highway construction bill, when it comes back doubled, will pass under the flimsy guise of unemployment. Agriculture will get its demands. All groups are articulate. Most of the States and counties can not pay their bills or sell their bonds, and Con-

gress will be blamed for even that. No department or bureau will take a cut without a protest. They have started backfires in the districts to discomfort each and all of us.

For 15 years the ease with which Federal revenue could be found through income tax has lured us on as if led by the rhyme of the old nursery song:

When you get to the end of the rainbow, Then you will find a pot of gold.

So brace yourselves for a long session, and remember that this winter we are quite likely to be considering another tax bill, and on the floor of this Chamber defending the credit of Uncle Sam, and scheming and straining to keep his dollar from cracking—standing off rag money, print paper money or depreciated money, and even before then we are quite likely to all get together in the last extremity and vote a dole; as hateful, as disagreeable, and as hard as that will be.

I thank you for the attention that you have given to these remarks. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Chairman and members of the committee, this is one of the most important pieces of legislation that has been considered since I have been a Member of Congress, for the reason the bill proposes to inaugurate a new method of collecting taxes by adopting what is commonly known as the consumption or sales tax. In my opinion, if this provision is allowed to be retained in the law, it will be beneficial to the wealthy class as it will eventually cause the poor people to pay an unjust amount toward the expense of maintaining the Government. For five days Members have been making speeches for and against this legislation and great interest has been manifested by all the Members, as the legislation proposes a new departure in the way of collecting revenue. I have been honored on two occasions during these five days by being asked to preside over the House, and I am grateful for this most courteous consideration.

I have carefully considered the provisions contained in the legislation, and regret exceedingly that I can not support that which is commonly known as the consumption or sales Any provision that increases the cost of living by imposing a tax on the necessities of life is, in my opinion, indefensible.

According to statistical information-and it has never been denied-10 per cent of the citizens of this Nation now control 90 per cent of all the wealth. As long as this is true I can never bring myself to the place where I would support a measure which would relieve the wealthy from bearing their proportionate cost of the maintenance of this Government and shoulder this burden on the backs of the poor.

Powerful interests are bringing every kind of pressure possible on Congress in favor of a sales tax, and in a recent edition of a Washington paper owned by William Randolph Hearst he urged that the sales tax be retained in this bill. He also strongly opposed the income tax, stating in a letter to editors of the Hearst newspapers on March 13, 1932:

Please carry on sustained crusade morning, evening, and Sunday against the present bolshevist system of income taxation.

The income-tax system has become the greatest racket in the

United States, and the Government the biggest racketeer The system is in itself unjust, inequitable, and un-American.

Later. Mr. Hearst continues:

The tax is the most onerous imaginable in times of depression because a citizen must pay when he has no money for money he spent when he had it to spend.

Ar. Hearst closes his letter to his editors by again referring to the "inequitable, tyrannical, bolshevistic policy of confiscatory income tax.'

Everyone knows that the income tax is the fairest method ever devised for the purpose of collecting taxes, as it causes those who are more fortunate in life to bear a proper proportionate share of expense toward maintaining the Government.

This is the same person who recently criticized me edi-

vent unnecessary authorizations and expenditures at a time when the people are more distressed than ever before.

I have always tried to be consistent in voicing an opinion on all legislation. As a member of the Naval Affairs Committee, when it proposed to authorize an expenditure of more than \$600,000,000 to build additional ships, I took the position that such an expenditure was unnecessary now. I also suggested to the Secretary of the Navy, when he advised the committee he had not consulted the Commander in Chief concerning this program, that if he was not in accord with his chief that he should follow the precedent that had been established by other Cabinet officers and resign. I meant no disrespect to him; yet I knew that my constituents did not desire to see this Government further involved financially, as the same would at a later date materially increase our deficit. I also called attention to the 1-year agreement that our State Department had made with some 18 other nations to refrain from any measure that would have for its purpose increasing armament expenditures. If we had gone ahead with this program, it would have been a violation of the spirit of the agreement; and if there is anything a nation should do, it is to keep its word.

My pronouncement in this connection kicked up a big fuss and the press everywhere headlined the story; yet the authorization was postponed, and I am pleased that I did my duty, notwithstanding there was put out a lot of propaganda against me for the purpose of injuring my standing at home. As long as I am the Representative of the seventh congressional district, I am not going to allow criticism coming from the special interests, who would have profited if such a program were put into effect, to deter me from performing

What is wrong at the present time in this Nation? During the last nine years there has been refunded by the income-tax department of this Government over \$3,000,000,000, most of the same going to a favorite few. If that policy had not gone into effect, we would not be here to-day with this kind of legislation, providing for the so-called sales tax. I remember that when some of these rebates were first granted a statement was published in a Washington paper to the effect that certain attorneys who had been found guilty of splitting their fees with certain Government employees were disbarred before the department. There was nothing published which showed that these employees were disconnected from their service. I also heard that in some instances attorneys, when they could not obtain satisfactory results from the income-tax department, had the cases referred to the Attorney General who served under the Harding administration, and for some reason such claims were allowed, thereby penalizing this Government in a very unjust manner. If this is true, there is ground for the conclusion that there must have been many irregularities during this period. Anyhow, enormous refunds have been made to the steel companies, the big oil companies, and many other large industries.

The citizens of the district I have the honor to represent are now in a more depressed condition than ever before. Many can not pay their taxes, and some are having their homes foreclosed. Therefore, regardless of what others may say, I think that a tax on the necessities of life would be the most unjust provision ever enacted into a law.

The records show that in 1929, 513 persons paid income taxes of over \$1,000,000, and in 1919 over 6,000 reported incomes in excess of \$500,000. This legislation does not increase the brackets of those who pay on an income of over \$100,000. I have made speeches in the District in which I told my audiences that \$100,000 is enough for any person to make; therefore, it would seem wise for the committee to increase the rate of payment on all incomes of \$100,000, so that the more fortunate in life could pay a proper proportion of that which has to be raised in order to balance the Budget.

I am also in favor of increasing the inheritance tax, as it will be possible to be raised by this method nearly enough income to match that which would be raised by a sales tax. torially in his papers for doing my duty in trying to pre- If this method is not sufficient, then what would be wrong

with floating bond issues sufficient to take care of the remainder of the deficit. Such a program would cause repayments to be spread over a long period of years, and this method would be much better, in my opinion, than to pass a sales tax.

During the discussion of this legislation attention has been called to various bills which have been enacted into law for the purpose of rendering aid to many classes of our citizens. I have supported every measure that I thought would be beneficial to those I have the honor to represent. I feel if it is right to aid those connected with the various occupations that a proper amount of consideration should be given to our ex-service men.

Therefore I am supporting the American Legion program, as I feel that if it could be enacted into a law and the last half of the bonus paid to the veterans, it would bring about a distribution of money at a time when it is needed far more than if paid at some time in the future. Not only is this true, but when it is taken into consideration that Oklahoma's share amounts to \$39,815,376, it would result in over \$4,000,000 being distributed in the congressional district I have the honor of representing, thereby being beneficial to every person either directly or indirectly.

When our Nation became involved in the World War, it was necessary to draft more than 4,000,000 men into the Army. They were forced to lay aside their various occupations in order that the interests of all our people might receive proper protection. Two and one-half million men went across the sea and performed service at a salary of \$1.25 per day. I have visited Belleau Wood. Chateau-Thierry, the Argonne Forest, Soissons, and St. Mihiel. No one can have a proper conception of what our boys went through unless they have witnessed at first-hand the scenes of desolation, destruction, and ruin. We know that our Army was composed of as fine, brave, stalwart sons as ever faced an enemy's bullet, and as long as I am a Member of Congress my services will always be subject to call in behalf of those who did their best when called upon to protect this Nation.

Our country at the present time is confronted with the most serious depression that any of us have ever experienced. The farmers have been compelled to sell their wheat, cotton, and other products at a price below the cost of production. Many financial institutions have been unable to weather this period of distress, and there is a general bad situation existing everywhere. Therefore, if the soldiers could be paid off by the terms of a bill I have pending, it would mean that they would receive their last half without deductions for interest and that a sufficient amount of money could be derived from the sale of bonds issued in such a manner as to cover a long period of time—anyhow, until the country could work out of its present bad financial condition.

The Democratic Party in Oklahoma, in its platform adopted at the last State convention, has gone on record in favor of this payment to our ex-service men.

The ex-service man is asking for nothing more than he is entitled to receive. The service performed by him can never be paid in dollars and cents; therefore when many do not have bread to eat or clothes to cover their bodies, I feel that such payment, if it could be made now, would do more good to our entire citizenship than any other legislation that can be enacted into a law.

I feel that some attention should be given to that which is commonly termed "short sales." I propose to introduce an amendment to this legislation with the hope that those who engage in this kind of practice, which has a tendency to do away with the rule of supply and demand with respect to different commodities, will be taxed, and I figure that such a provision will raise an enormous amount of money.

Last week the Washington papers called attention to the fact that many of those who are engaged in what is commonly known as short selling live abroad, and that they are making raids on the stocks of this country, resulting in much

of our wealth being taken across the water to other countries and those who are the beneficiaries paying nothing toward the maintenance of our Government.

Mr. GARBER. Mr. Chairman, will the gentleman yield? Mr. McCLINTIC of Oklahoma. Yes.

Mr. GARBER. I hope the gentleman will succeed in an amendment making that tax high enough to absolutely prohibit the loaning of stock for short-selling purposes. The big opportunity of this bill is that it affords an opportunity

to outlaw gambling on the stock exchange.

Mr. McCLINTIC of Oklahoma. The gentleman's contribution is helpful, and I am in accord with him. He knows, as I know, that this practice brings about a situation that is harmful and injurious to every occupation in the land. During the course of this debate I asked the distinguished acting chairman of this committee if this so-called consumption tax would raise the price of farm implements, and he answered that it would. In other words, every hoe, every plow, every cultivator, every piece of machinery will have to contribute its quota. What about the good women of this Nation; those who have to toil long hours in order to keep the wolf away from the door? This sales tax would cause them to have to pay increased costs on calico, gingham. hosiery, kitchen utensils, and practically everything that they use in their homes. To my own knowledge there are many who are not able to buy the bare necessities of life, and as I view it, I would be unfaithful to the trust imposed in me if I should vote for such an iniquitous measure.

There is no answer, as I view it, to this problem other than just to vote against the so-called sales tax which will penalize the consumers to the extent of over \$600,000,000. This Nation is now confronted with a deficit of over \$2 .-000,000,000. Before the World War it cost \$1,500,000,000 to take care of the needs of this Government, and the expenditures have increased since 1887 to the present moment from \$282,000,000 per year to approximately \$5,000,000,000. Such an increase is entirely out of proportion to the increase in population or the increase of wealth. I take the position that if there ever was a time to reduce expenditures, it is now. Private institutions all through the Nation have found it necessary to reduce salaries. I am in favor of keeping pace with private industries and am willing to reduce the higher salaries of those employed by the Government, including Members of Congress, and I have introduced a bill that has this for its purpose. At the present time there are numerous commissions and useless bureaus costing millions of dollars which, in my opinion, should be abolished, and I am hoping that the Economy Committee will bring in the kind of bill that will make this possible.

I have called the attention of the chairman of the Expenditures Committee to a bill that I have pending, which is largely fashioned after one of our Oklahoma laws and which would consolidate the buying activities of the Government into one bureau, thereby cutting out duplication and waste.

The passage of this measure would assist to the extent that millions of dollars could be saved. Everyone realizes that the expenses of this Government must be reduced. I have no criticism of the members of the Committee on Ways and Means. I think they are as fine gentlemen as ever served in that capacity. I realize they have a hard problem to solve, but I can never support any measure that would take from the backs of the rich that which they should be willing to pay and place it on the backs of the poor. I am hoping that there will be a sufficient number of votes when the question comes up before the House after the conclusion of debate to strike out that provision so that we can return to our homes and say that we kept the faith, that we refused to vote for legislation that would penalize those that we have the honor of representing. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. KNIFFIN].

Mr. KNIFFIN. Mr. Chairman, the pioneers handed this grand country down to us with all of the perplexing problems of their day solved. Our forefathers solved their problems

and it is incumbent upon us to solve ours. To do this we need the courage of our forefathers. We must square ourselves to our responsibilities.

I have the honor to represent one of the finest and most intensely agricultural districts in this country, and I believe that I can say from first-hand information that the present condition of American agriculture constitutes an emergency of the gravest character. The position of agriculture surely is of vital concern to all of the people of this country, for it involves the national security, the racial character, the economic welfare, and social progress of our people.

The principal source of State and local revenue is the general property tax which rests almost exclusively on real estate. The tax burden of agriculture, unlike that of other classes, is fixed with hardly any relation to the agricultural income. There can be little doubt that the burden of taxation, as related to tax-paying capacity, is heavier on agriculture than upon the rest of the Nation's taxpayers combined.

To impose upon the farmer, the small business man, and all others residing in agricultural communities an additional tax would be to impose a burden that can not be endured. Members of Congress, we should not write into our law a sales tax on the necessities of life, wearing apparel, farm machinery, fuel, medicine, articles of food, including even the ice-cream cones which millions of prattling American children will consume, and many other things. The imposition of such a tax would be not only unbearable but unconscionable as well.

It is, of course, desirable that the Budget be balanced, and all of the Members of this House are anxious in their efforts to bring about that result. It is true that the Government should live within its income. Let us balance the Budget by reducing the enormously excessive cost of government in abolishing unnecessary bureaus and commissions and eliminating from the pay rolls all unnecessary high-salaried employees, and thereby put an end to the wild saturnalia of expense and extravagance which has in no small measure contributed to the present condition of the Treasury. Then also let us impose an added tax upon those who are able to bear the burden, namely, those whose incomes are many times greater than their actual needs and requirements. We should persist in these two directions until the cost of government is equal to its income, until the Budget is balanced, whether it require one, two, or more years in which to balance it. To do otherwise, it seems to me, would be cowardly. [Applause.]

The prolonged exhibition of patience on the part of the people challenges universal admiration. There is some limit, however, as to what they can and will endure. The American people are becoming awakened to the dangers which menace their freedom and prosperity and are determined to exercise again their sovereign control of this Government.

It is not my purpose to indulge in partisan discussion, for I have as much concern for my Republican neighbor as for my Democratic neighbor. I believe that in this country the injury to one of our citizens should be the concern of all. However, the fact remains that the Republican Party was to a considerable extent repudiated at the last general election, and it is believed that the repudiation will be completed this fall.

Now, to my Democratic colleagues I wish to say that the American people are hopeful. They are looking to the Democratic Party for just measures of relief. They are looking to the Democratic Party in the high hope that its service will enable them to emerge from the slough of despond and the mire of despair. If the Democratic Party will not be responsive to their hopes and aspirations, our party too will deserve to be repudiated by an aroused and justly indignant citizenry. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. Fernandez].

Mr. FERNANDEZ. Mr. Chairman, from whence does this sales tax come? Mr. Chairman, if the President of the United States, if my Democratic colleagues, and if the Re-

publicans of this Congress can grant a moratorium to the European nations for the purpose of balancing their budgets, then why can not we in this Congress grant the American people one year's moratorium by the issuance of bonds to balance their Budget? [Applause.]

From whence does this sales tax come?

Whenever the issue in this Congress is between the common people of this country and the financial interests of Wall Street, you will find me fighting side by side with the common people, you will find me falling by their side, but you will never find me running away from them.

On all highly controversial matters arising in Congress for consideration I hope to be able always, in my humble way, to make known my views and stand on such legislation. We are here confronted with a sales-tax proposition the like of which will be so far-reaching as to sweep out into the poor ranks of the Nation; aye, even into the ranks of the unemployed, who must buy of the necessities of life, some of which are within the broad scope of the sales-tax measure. It has often been said that it requires no courage to vote against a sales tax, or for that matter any tax measure, and to go back home and face your people. Now, I am here representing 254,000 people from my district, and I know I voice the overwhelming sentiment of my people when I say they are unalterably opposed to so-called sales taxes or nuisance taxes. And why? Because industries are almost at a standstill. Money is scarce. In the city there is much suffering with insufficient funds to meet the needs. Relief is woefully inadequate. There is a steady heavy increase in application for relief and a shortage of funds in New Orleans. Will not, then, the imposition of a sales tax increase the already heavily and steadily mounting burden on those least able to pay and those who have consistently contributed to those in need as good citizens of the community? [Applause.]

From whence does this sales tax come? Let us go back a few years and review the platform of the major political parties in regard to the question of taxation. The Democratic platform of 1924, in part, said:

The income tax was intended as a tax upon wealth. It was not intended to take from the poor any part of the necessities of life. We hold that the fairest tax with which to raise revenues for the Federal Government is the income tax. We favor a graduated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation.

The Republican platform of 1920, in part, said:

Sound policy equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure, prompt and certain determination of the tax liability for delay and uncertainty, tax laws which do not for tax laws which do excessively mulct the consumer or needlessly repress enterprise and thrift.

Therefore, we see both great political parties enunciating a principle. Again, I ask, from whence does this sales tax come?

Why, it is not necessary for us to go back a few years to view the wringing denunciation of sales-tax methods. We have only to go back to November 21 of last year and read the statement issued by the leader of the Democratic Party in the other body, which I quote:

Every effort will be made by the Democrats to deal with the subject in a spirit of justice and conciliation to every interest involved. Such increases in taxation as are found necessary should be imposed with due regard to the principle that the best way to secure laborers in their employment is to promote confidence by rejecting measures likely to discourage investments in productive enterprises. It is generally understood that there is a limit to the rate which may be imposed without discouraging investment and production. In order to avoid the levying of income surtax rates so high that they may be calculated to prolong the existing depression, I recommend that consideration be given to the authorization of a bond issue sufficient in amount to cover that part of the deficit which is not overcome by increased revenues.

He characterized as "objectionable" the levying of a general sales tax.

I should say that the merchant must pass the sales tax on to the consumer. Indeed, all fixed charges must be passed on to the consumer. For the time being and in specific instances com-petition may fix the price without regard to the tax, but it is obvious that the merchant will become insolvent unless the tax is passed on to the consumer. This, however, is true of all taxes. They must be passed on to the consumer either in the form of It is possible or in the form of increased price or profit. that the merchant will add more than the actual tax upon articles of little value and thereby collect a profit on the tax. I should think that this would result in some instances. In other, the merchant might absorb the tax.

Another distinguished Mississippi Senator had this to say about the sales tax:

I have opposed the sales tax even when the country was prosperous, because it is not in accord with my idea of taxation. I do not believe that the Federal Government should impose taxes, as a policy, upon those who are unable to bear them when taxes can be raised from those who are better able to pay them. A sales tax imposed upon all sales, whether from the manufacturer, jobber, the wholesaler, or the retailer, is borne by the conthe jobber, the wholesaler, or the retailer, is borne by the consumer. The consuming public now is in no position to carry heavier loads of taxation than they are bearing. Indeed, there is hunger and distress in the country. The sales tax would make that condition worse. If taxes must be increased, the wiser and equitable way would be through the imposition of increased taxation on the income taxes in the higher brackets. I could not possibly give my consent at this time, of all times, to a sales tax, thereby making every necessity of life more costly.

Why, again I ask from whence does this sales tax come? Listen to this, what the distinguished gentleman from Georgia, for whom I have the highest honor and regard, and who is sponsoring this sales tax bill at this time as a nonpartisan, nonpolitical, all-American bill, had to write in the latter part of 1931:

I am opposed to a sales tax, for I believe the tax would be passed on to the ultimate consumer and that it would be pyramided two or three times before reaching the consumer.

The distinguished gentleman did, I believe, say much in a few words.

Now I refer that such representative bodies as the American Federation of Labor and the National Grange oppose the sales tax as bearing most heavily on the masses. [Applause.]

I am a Democrat and will always, as long as there is a Democratic Party, follow the principles of the Democratic standard. I would like to follow the leaders of the Democratic Party in this legislation, and I am conscientiously and firmly of the belief that I am following the Democratic principles, as already enunciated by their leaders and as evidenced by their past platform, and the statements of the distinguished Democratic leaders I have just quoted herein. I again emphasize, from whence does this sales tax come? [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman, I do not speak frequently in the House of Representatives, but I listen with a great deal of care to the debates ordinarily, and it has seemed to me in the discussions through which we have been passing in the last few days that a very high plane of debate has been attained by the House. I do not recall any discussion that has taken place here in the seven years during which I have been a Member of the House where partisanship has apparently been so absent and where the true merits of the matter in controversy have been so thoroughly debated. I can not help sympathizing with the views of those Members who take an opposite position to my own, but the speech made on the first day of this discussion by the gentleman from Georgia [Mr. CRISP] would have convinced me very thoroughly that this bill should and must pass, even had there been no other debate on the subject and had I made up my mind to the contrary before I had heard him.

I never have had an opportunity in the House of saying what I think of the gentleman from Georgia [Mr. CRISP], who has been my friend ever since I have been a Member. I think if there is anyone in the whole House to whom that hackneyed term "statesman" could be properly and rightfully applied, it is to the gentleman from Georgia. I think

Another distinguished Senator from Georgia is on record | he has earned in the House of Representatives a place of which his State, his section, and his Nation might well be proud. [Applause.] And when, the other day, standing up before the full Membership of the House of Representatives, he gave to us the story of this bill and pictured to us the sheer necessity of its passage, it seemed to me that the first word was practically the last word which could be spoken upon this subject.

> I am one of those who can not agree with the bill in its entirety. I think that when I come to vote under the 5minute rule within a day or two, among other things I shall vote for raising the taxation on admission fees to a higher figure. I was very much relieved when I learned yesterday that the tax upon canned goods had been removed. There are many peculiar things which arise in a bill of this kind. I had a letter from some people at home a day or two ago-manufacturers of gas. They raised this question: They say that under this bill gas is to pay the tax at the source, at the place of generation.

> They say, "We people who manufacture the gas and sell it always consider and estimate that there will be a leakage of somewhere between 6 and 30 per cent at the source, at the time and place of generation," and they raise the question, a very serious question, as to whether or not the tax ought not be taken away from the place of generation and placed at the point of sale. I may ask an amendment on this point.

> Those questions must and will arise in such a bill as this. which must, according to what has been said upon both sides affect, in a sense, all of the people of the country. But it is only going to affect them for a comparatively short space of time. I am not one of those who believe that if the sales tax is adopted it will become one of the permanent features in our scheme of taxation.

> We are to-day passing through a national crisis. That has been so many times said upon this floor that it is trite, but it has not been emphasized enough during this entire session upon the floor of the House that the crisis through which we are passing is not a local national crisis. It is not a crisis confined to the United States, as most of the crises in the past have been. It is a world crisis.

> I was reading last night a book dealing with Japan's policy in Manchuria, in which the writer started out with the amazing statement that of the 450,000,000 people in China there are unemployed 200,000,000 people; 200,000,000, including those who actually do the work and their immediate dependents. Everywhere throughout the world is the same story. Everywhere throughout the world is disaster and dismay. I can not understand how any seriousminded man can think that the United States alone is passing through this cloud, that we alone are suffering from this great depression. The whole world is suffering from it and will be suffering from it for some years to come; but we in this country must take heroic measures, and we are taking heroic measures, to counteract it and to stop it just as far as it is humanly possible, and this is one of these measures.

> Now, we are confronted again with a tax bill. We are confronted with a bill which must be to the highest degree controversial everywhere throughout this country. Votes are cast here for two reasons-for political expediency or for the reason that the person casting the vote believes that he is right and has satisfied his intellect upon that question. I have cast, during my seven years in the House of Representatives, a few votes, at least, which have been votes of expediency, political votes, if you care to call them so. In a crisis like this I intend to vote my views whether I ever enter the doors of the House of Representatives again after my term expires, and with that in mind I intend to vote for this bill as it finally comes out in perfected form from this committee. There is but one alternative, there is but one expedient, and that would be passing to those who come after us another tremendous bond issue, mortgaging and mortgaging again the future of this Nation.

> I think we have had enough of that. I think that if by this tax-which, after all, is not going to bear so heavily upon the ordinary citizen of this Nation-we can balance

our Budget, that if we can raise the revenue that must be ! raised in order to bring us into the clear again, the thing for me to do is to support the bill recommended not by Republicans alone nor by Democrats alone but by both

Republicans and Democrats.

I wonder if there is any man in the House of Representatives who could point to any member of the Ways and Means Committee and say, "That man is against the plain people," or would say, "That man was against giving to the honest workingman and the farmer the things that are due him"? Who would it be? Would it be the gentleman from Georgia [Mr. CRISP]? No. There would be no one in this House who would say he was not working honestly and conscientiously in behalf of just those people. Would it be the gentleman from Oregon [Mr. Hawley], who has earned a position equally as high in the House of Representatives during his long term of service? Nobody would hold him otherwise than as I have said, as being the friend of and meaning well for the ordinary, average, everyday man and woman; and this is true without exception of the entire committee.

If that is true, when this committee, after a long and serious study of this bill, extending over weeks, having the benefit of testimony brought to them from all over the United States, thinks this bill is the bill which should pass the House of Representatives in order to sustain our national credit in the years that are yet to come, then, Mr. Chairman, I am for that bill. [Applause.]

Mr. CRISP. Mr. Chairman, I yield 10 minutes to the

gentleman from Maryland [Mr. Linthicum].

Mr. LINTHICUM. Mr. Chairman and members of the committee, it is not my purpose to devote my time to a general discussion of the bill. There is a particular section in the bill to which I am vitally opposed, because it affects not only the people of my great city of Baltimore but because it affects the whole country. That section is the section which places a tax on oil and gasoline.

It would impose a tax of 1 cent per gallon, or 42 cents per barrel, on crude oil, or 80 per cent ad valorem; 1 cent per gallon, or 42 cents per barrel, on fuel oil, or 70 per cent ad valorem; 1 cent per gallon on gasoline, or 25 per cent ad

Such a high tax levied on an article in a competitive market is prohibitive and confiscatory of the rights and properties of the American producing and shipping companies against whom it is directed. We have also the report of the Treasury to the Committee on Ways and Means that it will produce no revenue. Therefore it has no place in a revenue bill. It is in any event a surreptitious and thinly disguised tariff, and, even if it would produce revenue, has no place except in a separate tariff bill.

Mr. TREADWAY'S report in his speech to the House also shows the Treasury failed to recommend the section as a revenue producer, making no report of expected income. Only the committee-most frivolously-"figured" an income of \$5,000,000. This could be expected only from the gasoline schedule, as the Treasury plainly stated that the proposed taxes on crude and fuel oil would bring no revenue.

That statement was put into the RECORD by the gentleman from Massachusetts [Mr. TREADWAY], showing that this tax will produce no revenue. If it will not produce any revenue then the only reason for putting it in the bill is as a tariff, and I think the Democratic Party is against a tariff except in cases where it is absolutely needed for the protection of labor and for revenue. It has no place in a revenue bill, and it is in any event a thinly disguised tariff.

The tax on crude oil is prohibitive. It will keep crude from entering the ports of Baltimore, Savannah, Bayonne, and Norfolk, for the manufacture of asphalt or fuel oil or gasoline: 47,000,000 barrels of crude oil were imported in 1931, from which were produced 1,500,000 tons of asphalt, 25,000,000 barrels of fuel oil, and 7,000,000 barrels of gasoline. These products held down the prices to the public of the Atlantic coast, especially for gasoline and fuel oil.

The oil we use on the Atlantic coast comes from outside the country. The oil which is used in the middle part of

the country comes from the mid-west companies, and the oil which is used in California comes from the oil wells of

The tax on fuel oil, which now sells all along the Atlantic for 60 cents a barrel, is 70 per cent of value, therefore prohibitive. The tax would be an umbrella over the heads of the major companies, which would raise the price of fuel oil by that amount.

Mr. McKEOWN. Will the gentleman yield?

Mr. LINTHICUM. The gentleman sees I am trying to stick to facts and figures.

Mr. McKEOWN. Just one question.

Mr. LINTHICUM. Then I will yield, because I always like to yield to the gentleman from Oklahoma.

Mr. McKEOWN. The gentleman knows that these major companies fix the prices. He knows they have always controlled the prices, whether there is an excise tax or any other tax. They have always controlled and fixed the prices, and they fix them as high as the service will stand.

Mr. LINTHICUM. The answer is that they fix the prices. of course; but in fixing the prices they must fix a reasonable price, because of this competitive oil coming in from other countries.

Mr. McKEOWN. The big companies which do this price fixing own the oil that comes in.

Mr. LINTHICUM. The gentleman said he only wanted to ask me one question.

Mr. McKEOWN. That is all. I will not bother the gentleman any more.

Mr. LINTHICUM. Three hundred and forty-eight million six hundred and thirty thousand two hundred and seventyeight barrels of fuel oil were consumed in the United States in 1930. Cost to the user would be raised \$152,000,000-all for the benefit of the major companies with hundreds of millions of barrels in storage. American steamships alone used 94,130,000 barrels. The increased cost to them would be \$39,000,000, and, worse still, the cheaper fuel oil now brought here would go to their competing lines in Europe, depriving our ships of the only advantage they now enjoy-cheaper fuel-and passing that advantage over to their competitors.

The tax on gasoline is 25 per cent of present selling price of gasoline at American refineries, same being 4 cents per gallon. None would be imported. Under this unbrella the major companies could and would increase the price of gasoline by the amount of the tariff, or possibly more in the East. It would cost the American gasoline-using public, at 1 cent per gallon, an additional \$158,580,000 annually-all paid to the major companies with 632,000,000 bar-

rels of all oils in storage to-day.

The Ways and Means Committee refrained from imposing a 1-cent flat Federal tax on all gasoline used, on account of the cost to the public. But this provision of 1 cent per gallon tax on imported gasoline, together with the barring of the crude from which one-third of it is made, will have the same effect without any return at all to the Government.

Total imported gasoline used in 1931:	Barrels
Imported as gasoline	13,000,000
Derived from imported crude oils	7,000,000

Or total of 840,000,000 gallons, which is about 20 per cent of all the gasoline used in the Atlantic Coast States; or 3.3 per cent of all gasoline used in the Nation.

Total cost to the American public without return to	the Treasury
Increased cost of fuel oil	150 000 000
Increased cost of asphalt (at \$4.20 per ton, as it takes 10 barrels to make one ton)	
Total tribute to major companies	323, 986, 000

To summarize:

The tax, if enacted, will close down the refineries of Baltimore, all of which run on imported crude oil, and reduce the runs of many of the others on the Atlantic, transferring this activity to points in Europe and the Antilles.

<sup>&</sup>lt;sup>1</sup> Decreasing road construction.

It will place a tremendous burden on all American consumers for the sole benefit of the major companies. No Federal revenue.

It will make our American steamship lines drop out of competition. Its burden upon them vastly exceeds all subsidy aid extended.

It will ruin the purely American industry of production of oil in foreign lands for the bolstering of the American fast-depleting supply of petroleum-which has been encouraged from patriotic reasons by every recent administration. (See hearings, pp. 181, 182.)

It will lay off more American workmen and operatives than are now unemployed in American oil fields. (Hearings, pp. 59, 127, 128, etc.)

And all to the present and continuing benefit of our major oil companies and the royalty speculators of the Southwest. (Hearings, pp. 173-177.)

The United States produces and consumes 68 per cent of the world's oil and has within its borders only 18 per cent of the world's supply. Every report of the conservation board has urged the use of more oil from abroad. This measure would stop that help to our limited supply.

It is just like the lumber question. When the tariff bill came up I voted to let logs and lumber come in from Canada. Why? Because our forests are becoming depleted. and any lumber that we may get from outside will add to the amount that is left for future generations.

Mr. JOHNSON of Washington. Will the gentleman yield for a question on the matter of lumber?

Mr. LINTHICUM. Yes. I am sorry I touched on that subject, now.

Mr. JOHNSON of Washington. I am awfully sorry, because each and every month that the gentleman lives and observes matters he will find that there is more and more timber standing in the United States that can not even pay the taxes.

Mr. LINTHICUM. Well, when it comes to that, we can not pay taxes on anything much.

Mr. JOHNSON of Washington. And we have had to forfeit the market to our neighbor, Canada, and they are quite

Mr. LINTHICUM. I must admit that I did not see the gentleman sitting there. If I had seen the gentleman, I would not have raised the lumber question.

Mr. JOHNSON of Washington. I am glad the gentleman did not see me, because I like for the gentleman to talk frankly and without fear.

Mr. LINTHICUM. Getting back to lumber, I voted to let the lumber come in because I felt that the more lumber we brought in from some other country the more we would have left for future generations.

Mr. JOHNSON of Washington. Will the gentleman yield

Mr. LINTHICUM. Yes. Mr. JOHNSON of Washington. See how we differ. I voted for everything in Maryland that could be protected by tariff, and years ago when the Democrats had control I helped to vote a tariff on citrus fruits, and then they turned around and would not even put a tariff on the boxes that they packed the fruit in.

Mr. LINTHICUM. I am sorry that Maryland has not treated the gentleman better. It is not because they do not love him, I will tell him that.

The Governments of Venezuela, Mexico, Colombia, and Peru may be expected to recoil at the measure and enlist Latin American reprisals as on other and former occasions. It is our desire to have closer relations rather than halt them. [Applause.]

Mr. JOHNSON of Oklahoma. Since the gentleman from Maryland has mentioned the companies producing oil in Venezuela and other South American countries, let me suggest it is only fair that the gentleman should place in the RECORD the names of such companies. They are, as he knows, the Dutch Shell, the Standard Oil, and the Gulf, owned by the Mellon interests.

Mr. BLANTON. If the gentleman from Maryland will yield, it is well known that the Gulf Co. and the Dutch Shell,

and the Mellon interests are using peon labor in South America and Mexico, and they can ship foreign oil and gasoline into this country and lay it down cheaper than any independent company can produce it that is paying American standard wages. If you can put this tax on foreign oiland it ought to be doubled-it will put many of the 100,000 men now idle back to work in Oklahoma and Texas. Is not the gentleman from Maryland in favor of that?

Mr. LINTHICUM. I understand in Texas they use a good deal of Mexican labor.

Mr. BLANTON. There is not a Mexican employed in the Texas oil-producing business. It is all white labor, and thousands of them are farm boys who need the money.

Mr. LINTHICUM. Is this the gentleman's speech or mine? [Laughter.]

Mr. BLANTON. I am only glad to get the gentleman from Maryland off of the hard-liquor question onto the soft-oil subject once in a while.

Mr. LINTHICUM. This is a lubricant question, and I stick to the lubricant. [Laughter.]

Mr. GOSS. If the gentleman from Maryland will yield, the gentleman from Texas attempted to make a tax speech the other day and got off on the liquor question.

Mr. BLANTON. Yes; and it was the gentleman from Connecticut that got me off. [Laughter.]

[Here the gavel fell.]

Mr. CRISP. I will yield to the gentleman three minutes

Mr. LINTHICUM. Now, I want to tell you what this will do to my State, and I am very much interested in my State. The cost to the State of Maryland if you tax this 1 cent a gallon for gasoline would be \$1,740,000. Fuel oil, 42 cents a barrel, will amount to \$2,239,000.

Closing down the refineries, because we will have to close them down, \$5,000,000.

Suspension of steamship service—I do not know what that would be.

Bunker oil that comes into the country, and is immediately placed on board the steamships—under this you could not receive any oil, for the tax would be levied immediately, and the British ships would not buy from usthey would go elsewhere. That would be a loss of \$2,000,000, making a grand total of \$10,979,000.

Now, gentlemen, this is what it would cost Maryland. It would cost other Atlantic seaboard cities about the same. It will cost the users of automobiles a large sum, and fuel oil for the homes, which have been changed from coal to oil burners, another large sum.

This tax will have a devastating effect upon water-borne commerce of the port of Baltimore and work hardships on the ultimate consumer.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Polk].

Mr. POLK. Mr. Chairman, our friends on the other side of the aisle, who have been in control of all branches of this Government during the past 12 years, are now coming to the Democrats and asking us with tears in their eyes to help them balance the Budget. To raise enough money to pay the expenses of running this Government we are asked by the Ways and Means Committee to levy a tax which will reach down to the pocketbook of every farmer, every laboring man, and even to the unemployed.

I shall ask your indulgence to-day solely because I believe the time has come when the people of this country need some one to voice their disapproval of the tax bill now under consideration. I prefer to use the words "the people" as Lincoln used them when he spoke of our Government as being a Government of the people, by the people, and for the people. Too often, I fear, our leaders forget the real meaning of these words. I fear they interpret them as meaning a Government of the people, by a part of the people, for the benefit of that small portion of our people who hold Government positions, either elective or appointive or under the so-called civil service. To-day I am thinking not only of those who derive their income from the Government employment. I am thinking more of those

of our people who are toiling on the farms, in the factories, in the workshops, in the mines, in the office buildings, and of that vast army of the unemployed, some eight or ten million of whom are walking the streets of our cities, cold, and hungry, and in rags.

Under this proposed tax bill these people will all have to pay more taxes in addition to those they are now paying. As brought out in the debate of last Thursday, the poor man with only a few pennies in his pocket will have to pay a tax when he patronizes a hot-dog stand, while the wealthy man can buy the finest juicy steak that money will buy in the most expensive restaurant in our land without paying a penny in tax on that steak.

As a farmer and one member of the Committee on Agriculture of this House, I have risen to-day to voice my protest against the sales tax proposed in the tax bill now under consideration. [Applause.] The deplorable financial condition which exists on the farms of America to-day will be aggravated by this measure. At present the farmer-and I use the term "farmer" in its broadest sense, to include all those who are engaged in the production of food products, both grain and livestock, and those who are engaged in the production of all agricultural plant products, as tobacco and cotton. All these people, including in the aggregate some 30,000,000 of our people, will be doubly affected by this proposed sales tax. In the first place, the farmers of America have little control over the selling price of their products. Because of our economic system every farmer is forced to offer his products on the markets, without any control over the price which he may receive. He sends his cattle and his hogs and in fact practically all of his products to market and takes what buyers on that market choose to offer for them. If this sales tax goes into effect, those buyers will decrease their bids approximately the amount of the tax, because it will be easier to charge at least a part of this tax off in this way instead of looking to the consumer for it. If those engaged in manufacturing care to do so, they can charge all of this tax off to the farmer when they buy his products and can collect a double profit for themselves by charging the tax again to the consumer when the consumer buys their manufactured products. So far as I can learn from reading this bill, I find it does not preclude such unfair practices. For example, the farmer can be forced to take a lower price for his cotton than he might otherwise get for it and then be charged with the tax when he goes to the store to buy a pair of overalls or a cotton shirt—the price of those overalls or that shirt will have an item of tax added to its selling price; thus the farmer will be liable for two taxes; he will in many instances be forced to pay the tax twice.

The farmer when he sells his tobacco, his corn, his tomatoes, his cotton, his wool, his cattle or his hogs, or any other food or clothing product which is to be processed or manufactured, will be told by the buyers of that product that because of this manufacturers' sales tax they can not pay him so much for his product as he might otherwise get, while manufactured articles the farmer buys will be taxed. Taxed for whom? Taxed to maintain Federal Government employees in their present good, easy positions, the salaries of which have not been cut one penny. Taxed to pay the deficit of Republican administrations, which during the past 12 years have thrown money away like drunken sailors. I for one shall not by my vote or influence cause one penny additional tax to be levied on the great mass of our people until governmental expenditures are cut to the bone, and I believe that cut should start right here in the House of Representatives. [Applause.]

I have been amused at the unanimity with which the Republican leadership has acclaimed this bill as a Democratic measure. The parts of this tax bill which refer to income taxes, surtaxes, gift taxes, and estate taxes are all Democratic measures. The parts of this bill which include the sales tax and the amusement tax are not Democratic and never have been advocated by any Democratic Party platform since the days of Thomas Jefferson down to the present day. The Democratic Party platforms have favored

the plan of making the wealthy pay instead of poverty. Since 1916 every Democratic platform has favored the income tax. The Democratic Party has never intended to take from the poor man any part of the necessities of life. In 1924 the Democratic Party platform stated "we oppose the so-called nuisance tax, the sales tax, and all other forms of taxation which unfairly shift to the consumer the burden of taxation." Why has our Ways and Means Committee. which has on it just a majority of Democrats, now come before us advocating a sales tax? I think I can answer that question. It was partly answered by the distinguished gentleman from Georgia, Judge CRISP, last Thursday when he called to your attention, as recorded in the Congres-SIONAL RECORD, on page 5695, that the Treasury Department came before his committee with a recommendation that tobacco should be placed on the tax list with an increase of one-sixth over the present tax: that automobiles and trucks under this Treasury Department program were to be taxed to the tune of one hundred millions; that an additional gasoline tax would be levied; that the poor man who wants to send a letter through the mails would have to pay 3 cents postage instead of the present 2-cent rate; that a stamp tax on checks estimated to place a burden of ninety-five millions principally on the small banks of America; that real-estate transfers affecting the man who wants to sell his farm or the man who owns a little lot in some small town or city and who would have to pay an additional tax to the Federal Treasury should he desire to sell his property; radios and phonographs were to be taxed; and capping the climax of this proposed scheme which our present Treasury Department advocated was the proposition that every domestic consumer of electricity and gas was to have levied upon his light bill and his gas bill an additional sum of money to help pay for the extravagances of government. If I remember correctly, Judge CRISP stated that we must take either one horn or the other of this dilemma-that we must take this tax program advocated by the United States Treasury Department or that we must adopt the sales-tax idea. My answer to the proposition is simply this:

I do not think it is at all necessary to raise this additional sum of money in either the way suggested by the Secretary of the Treasury or the way suggested by the Ways and Means Committee.

I believe that the Federal income-tax schedule should be advanced to the war-time rates, together with the elimination of many of the exemptions which are now granted. Second, by a Federal estate tax of 20 per cent as was suggested during the debates of Saturday, approximately one billion eight hundred millions would be brought into the Treasury. Third, a 2 per cent tax on the net worth of all stock and bond transactions has been estimated to bring in an income of approximately a billion dollars.

I heartily agree with the statement that it is necessary to balance the Budget, and in my humble judgment there are two ways, and only two ways, of accomplishing this balance. First, by reducing governmental expenditures, and by reducing them I mean a radical reduction which will hit all along the line. The second method and the easiest, from a political standpoint, is to leave governmental expenditures practically where they are and to place a sales tax on the unsuspecting public. I fear this latter plan is being recommended to us because it is considered to be a painless solution of the problem. As for myself, I can not agree to such a proposition of adding additional tax burdens upon our people until after adequate savings in governmental expenditures have been brought about. We should not levy one cent additional tax burden upon the people until we have cut the costs of government much more than these costs have so far been

I have been surprised at the charge that has been voiced on that side of the aisle that the Democrats have made no effort to cut down governmental expenditures during the present session of Congress. Let us consider this matter fairly and upon its merits. As mentioned in the debate last Thursday, if two proposals recommended and sponsored and supported practically unanimously by those on that side of

the aisle had not been foisted upon the unsuspecting public, there would be no need for a sales tax or an amusement tax. I refer to the moratorium of European war debts amounting to \$252,000,000 and to the \$2,000,000,000 Reconstruction Finance Corporation.

I voted for the former because our President had already promised those foreign countries that he would give them his word that the United States would not ask them to make their payments this year. I voted as I did to support the President, to keep from having our President discredited in the eyes of the world. I think the country will commend us Democrats for our action in supporting the President on this proposition, even though many of us think his charity should have begun at home. The country will not forget the Democratic cooperation with our President in this matter, as the country has not forgotten the lack of cooperation on the part of Republicans some 13 years ago, when you failed to cooperate with the then President, the immortal Woodrow Wilson, after he had made some promises to these same foreign countries.

I can speak frankly about these matters because I voted against the Reconstruction Finance Corporation proposal, which has saddled an obligation of \$2,000,000,000 upon all the people of the country for the benefit of a very few of our people. In this regard I have the distinction of being the only Representative from either political party from the great State of Ohio who voted against the Reconstruction Finance Corporation bill.

I repeat that I have been surprised to hear distinguished statesmen on that side of the aisle hurl the charge to us that we Democrats are making no sincere effort to cut down Government expenses and that consequently additional taxes are necessary. In that regard I would like to call the attention of the House to a vote which is recorded on pages 5305 and 5306 of the Congressional Record of March 5, 1932. The House then had under consideration the appropriation bill for the Post Office Department. The distinguished Democratic chairman of the Committee on Appropriations, Mr. Byrns, repeatedly begged the membership of this House to do our duty and to vote down any proposal seeking to increase appropriations for salaries in that department as we had done in the other departments. A distinguished Republican, the gentleman from New York [Mr. La Guardia], arose and offered an amendment to strike out all of section 4 of the bill then under consideration, which section provided that no postal salaries should be increased during the years 1932 and 1933. The distinguished chairman of the Appropriations Committee had formerly pointed out, as recorded on page 5303 of the Congressional Record of that day, that this amendment, if agreed to, would mean an additional tax burden of a million and a quarter dollars on the people, not for the purpose of preventing a cut in salary but to provide actual increases in salaries.

While this problem was under discussion, if I remember correctly, only one Republican Member chose to raise his voice against this raid on the Treasury. I believe in giving credit where credit is due. This was the gentleman from Michigan [Mr. Michener], who pointed out that the adoption of the amendment might well lead to an eventual additional cost to the Treasury of \$7,000,000 which must be raised for the next fiscal year. His remarks are recorded on page 5304 of the Congressional Record.

In spite of the convincing arguments of the Democratic chairman of the Committee on Appropriations the gentleman from New York demanded the yeas and nays on his proposition to grant this raid on the Treasury. The vote was taken: It was a very interesting vote. It is a very amusing vote. But in reality it is really a tragic vote. This vote shows who had backbone on March 5, 1932. It shows who of the membership of this House were for economy on March 5; it shows who were legislating for the people, and who were legislating for the comparatively few who have their feet in the public trough. As a result of this vote demanded by the distinguished gentleman from New York, 116 Members of this House failed to vote. Their names are recorded on pages 5305 and 5306 of the Congressional Rec-

ORD. Of those who voted against the amendment, and I was one of that group, and please keep in mind that those who voted against that amendment were voting against the further raiding of the Treasury of the United States, 155 votes are recorded; 114 of these votes are Democrats and only 41 are Republicans. That is an interesting comparison when we remember that the two parties are practically evenly matched in numbers in this House. Of those who voted for this amendment 100 were Republicans and 60 were Democrats. This vote indicates that nearly twice as many Republicans were willing to go on record and register their votes in favor of increasing salaries while nearly three times as many Democrats as Republicans voted against further increases at this time. And yet our Republican friends charge that we Democrats are making no sincere effort to reduce expenses.

There is just one further example of the sincere effort of the Democrats of this House to reduce expenses, to which I shall call your attention. You may remember when the subject of the Speaker appointing an Economy Committee came before this House some weeks ago there was considerable Republican opposition to it. Monday, when the House had under consideration the question of extending the life of this special Economy Committee to the end of the session and the question of giving the committee some additional authority, a very interesting vote was recorded. You will find on page 6014 of Monday's Congressional RECORD the names of the 116 Members of the House who voted against the proposition of continuing the Economy Committee. In checking over those votes you will find that out of the 116 who voted against this proposition, 113 were Republicans. This is a further indication of the character of the opposition to the Democratic program of economy.

In conclusion may I repeat that this tax bill under discussion is not a Democratic measure. It has Andrew Mellon and his chief satellite, Ogden Mills, written all over it. Why do they advocate a sales tax? Simply because such a tax hits those who can not fight back. It strikes at an unorganized group of our people. It further burdens those least able to pay. It is taxation without representation.

In embracing this sales-tax system of taxation, it seems to me, we Democrats will be traveling far from the teachings of Thomas Jefferson, who fought so valiantly for the rights of rural America. Will it be necessary for those of us who choose to defend those same rights to write another Declaration of Independence? An independence of the domination of those who represent wealth, who, forgetful of the rights of the many, bow to the demands of the few.

I appeal to those patriots on both sides of the aisle who represent rural districts to vote against this sales-tax proposal, which will place a further unjust burden on the farmers of America. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. Cochran].

Mr. COCHRAN of Missouri. Mr. Chairman, I have a great deal of respect for the opinion of the Secretary of the Treasury, Mr. Mills; and I also have a great deal of respect for the opinion of the Under Secretary of the Treasury, Mr. Ballantine. On December 15, 1931, the gentleman from Oregon [Mr. Hawley] placed in the Record a speech delivered by the Secretary of the Treasury entitled "The National Budget and the Public Credit," which I think it would be well for Members of the House to read. I have an article written by the Under Secretary of the Treasury, Mr. Ballantine, and I ask unanimous consent to include that short article in my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, in the speech of the Secretary of the Treasury, reading from the Record, after discussing the sales tax, he said:

Certain it is that many months would elapse before the necessary administrative machinery could be set up and a number of years before such a new form of taxation could be firmly established in this country. And we are in need of additional revenue now.

The Under Secretary of the Treasury in his article gives a very good reason why I should oppose this bill if the sales tax remains in it.

I read now a portion of the article by the Under Secretary of the Treasury, who, if precedents are followed, will probably some day be Secretary of the Treasury. Mr. Ballantine said in the course of his article:

In its fundamental aspects the general sales tax is open to objections broadly classified as follows:

jections broadly classified as follows:

1. The general sales tax is essentially unjust in that it is a tax levied according to needs rather than according to ability to pay.

2. The general sales tax is grossly discriminatory. In so far as the tax can not be shifted it is distributed according to gross income, which furnishes no measure of taxpaying ability. The tax the tax can not be shifted it is distributed according to gross income, which furnishes no measure of taxpaying ability. The tax treats as being alike transactions which are fundamentally unlike; it subjects to very unequal risks taxpayers in substantially similar positions; it affords an indefensible bounty to the large integrated

industry as compared with smaller industrial units.

3. The tax rests upon an artificial basis in that it turns upon the mere form of business transactions, and would lead to undesirable changes in business practices.

Mr. Chairman, I propose to follow the lead of the Secretary of the Treasury and the Under Secretary of the Treas-

ury in casting my vote upon the sales tax.

Under my leave to extend I herewith include the article by the Under Secretary of the Treasury, Arthur A. Ballantine, entitled "The General Sales Tax Is Not the Way Out," written when he was a counselor at law in New York, and published in the May, 1921, edition of the Annals of the American Academy of Political and Social Science, on the general subject "Taxation and Public Expenditures":

THE GENERAL SALES TAX IS NOT THE WAY OUT

(By Arthur A. Ballantine, counselor at law, New York, formerly Solicitor of Internal Revenue)

Consumption taxes and other miscellaneous excise taxes must be relied upon to furnish a reasonable proportion of the vast sums needed as postwar revenues of the United States. A billion dollars sufficed for the fiscal year 1917; for current years expenditures and necessary debt reduction can scarcely be taken care of with four billions. (The Annual Report of the Secretary of the Treasury, submitted to Congress in December, 1920, indicates that the ordinary expenditures for the fiscal year ending June 30, 1921, will be as much as \$4,851,298,931, and that the corresponding figure for the fiscal year ending June 30, 1922, will be \$3,897,419,227. These figures are not inclusive of any amounts for reduction of the public debt and are based in the main upon estimates. Through the action of Congress the actual expenditures may be reduced below these estimates. It does not seem possible, however, that expenditures for this year or next year can be reduced much below four billions.) To place the bulk of the revenue burden upon consumption, through the instrumentality of the widely urged general sales tax, would, however, be unjust and unsound. Such a course would be a reversion to methods of

unsound. Such a course would be a reversion to methods of taxation discredited by modern thought.

Under the revenue legislation now in force, according to the latest reliable estimates, out of a total estimated yield for the calendar year 1921 of approximately four billions, there will be derived from taxes on tobacco, admissions, transportation, automobiles, musical instruments, sporting goods, candy, toilet articles, jewelry, and luxuries about \$1,300,000,000, compared with a yield of somewhat less than one billion from the individual income tax, about half a billion each from the income tax and from the excess-profits tax on corporations, \$200,000,000 from minor business taxes, such as the capital-stock tax, stamp taxes, and license taxes, and somewhat under \$400,000,000 from customs duties. (These figures are taken from an unofficial estimate made in January. figures are taken from an unofficial estimate made in January, 1921, by Dr. Joseph S. McCoy, actuary of the Treasury Department—see revised report of the tax committee of the National Industrial Conference Board. Preliminary statements as to the amount of income and excess-profits taxes paid on March 15, 1921, appear to indicate that the actual yield, which was very difficult to gage because of the changed business conditions, will be somewhat higher than this estimate.)

Thoroughgoing proponents of the general sales tax urge that the tax system be changed so that the greater portion of the revenue will be derived from a flat tax on sales or turnover. The rate ordinarily proposed for such a tax is 1 per cent, and The rate ordinarily proposed for such a tax is 1 per cent, and estimates of the yield relied upon by them vary from somewhat less than two billions to as much as six billions. The taxes which they would supplant are the excess-profits tax, the current estimated yield of which is rather less than half a billion, the corporation-income tax, and at least the greater part of the individual surtaxes. Sales-tax advocates are not clear and not in harmony among themselves as to what would be done with the present miscellaneous consumption taxes, but presumably these would be in the main supplanted by the general flat tax. In current discussions proposals for far-reaching uniform sales tax take at least three forms:

1. A tax on every sale or turnover not only of commodities but also of services, real property, capital assets, and on rent and

2. A tax on every business sale or turnover of goods, wares, and merchandise—sometimes referred to as the merchants' gross sales

A tax on all final sales of goods, wares, and merchandise for

consumption or use,

The first two differ only in the scope of their application, and most of the difficulties with the wholly inclusive tax apply also to what is left within the scope of the more modified second form. While the first form, "a tax on all sales by anyone to anyform. While the first form, "a tax on all sales by anyone to anyone," would have the merit of simplicity in definition, it is scarcely conceivable that any tax seriously considered for adoption would include the bothersome item of services, or would be made so burdensome as to cover sales of real estate, sales of securities, or sales of capital assets. A tax in the third form, on "final retail sales" only, would involve so much practical difficulty in requiring the constant distinguishing of final sales for consumption from other sales, and would have to be so high, probconsumption from other sales, and would have to be so high, probably at least 4 or 5 per cent, to yield the amount desired by salestax advocates, that it does not require special consideration. Discussion is therefore directed to the tax in the second formtax on all sales of goods, wares, or merchandise at a rate sufficient to yield the bulk of the needed revenue. It is assumed that such a tax would be assessed upon the net sales of each taxpayer, presumably for each month, and would not be required to be collected from the buyer by the seller as a separate item. Such a requirement is clearly not adapted to conditions prevailing in commercial transactions in this country, and would constitute an

intolerable clog and annoyance.

The general sales tax seems on first consideration to afford the most attractive solution of the revenue problem. The advocates of this tax maintain that it would easily furnish the bulk of the needed revenues; that it would be the fairest of all taxes, because under it, all transactions are treated alike; that it would be economically beneficial through freeing for investment pur-poses funds now absorbed in taxation, and through furnishing incentive for industrial effort by increasing the portion of profits that could be retained; that it would be easier upon the consumer than present forms of taxation because there would be less "pyramiding" of taxes; that the taxpayer would always know where he stood in reference to his obligations to the Government instead of being involved, as at present, in long-continued doubt and uncertainty; that the Government would be more securely financed through a tax which did not depend upon profits, and more conveniently financed by reason of the collection of the bulk of the revenues each month instead of at quarterly periods; and that the tax would be far easier for the Government to administer than income and profits taxes.

This is a formidable array of arguments, but analysis shows that the only arguments for the general sales tax having any substantial foundation are those of convenience, and that even here the advantages are generally exaggerated. In its fundamental aspects the general sales tax is open to objections broadly classified as follows: know where he stood in reference to his obligations to the Gov-

classified as follows

1. The general sales tax is essentially unjust in that it is a tax levied according to needs rather than according to ability to pay.

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The tax rests upon an artificial basis in that it turns upon the mere form of business transactions and would lead to unde-

strable changes in business practices.

Approach to the general sales tax is frequently made through Approach to the general sales tax is frequently made through the avenue of foreign experience. There is, however, very little in experience in other countries to commend the tax theoretically or, indeed, to furnish any basis for a judgment as to how it would operate under the very different conditions prevailing in the United States. The sales tax is by no means new; it was used in Egypt, in Babylonia, and in Rome. (For remarks and as to the history of the sales tax and foreign experience, see Prof. E. R. A. Seligman's report, Proceedings of the Second National Industrial Tax Conference (1920), pp. 70-83.) Under the rule which frevailed in France prior to the revolution, and which has prevailed in many instances when a privileged aristocracy was in a position valied in France prior to the revolution, and which has prevaled in many instances when a privileged aristocracy was in a position to dictate the method of securing the funds of the state, the greater part of the revenue was drawn from sales taxes which applied directly to the necessities of the common man. One of chief objects of the democratic movement was to get rid of methods so oppressive.

# THE SALES TAX IN OTHER COUNTRIES

In current practice the most notable instances of the use of the general sales tax are those of France and Canada. In neither case is the tax a flat general tax. In France the turnover tax instituted on July 1, 1920, covers three categories:

1. One and one-tenth per cent on general turnover, except such turnover as comes under headings 2 and 3 below.

2. Three per cent on all business classified as category 11 of

luxury trades (articles which are considered as luxuries if price exceeds a certain figure).

3. Ten per cent on all business classified as category 1 of luxury trades (articles which from their nature are considered as

luxuries).

It is clear that it was regarded as unreasonable to adhere to a general flat rate and that the classification of articles adopted must

involve many difficult distinctions. According to official reports it furthermore appears that this tax is yielding not over 45 per cent of the estimated revenue. France has been notably backward in the development of a modern, adequate system of taxation.

the development of a modern, adequate system of taxation.

The Canadian tax rests upon sales of finished articles by manufacturers, wholesalers, and jobbers. As originally adopted it was coupled with other taxes upon the sales of a variety of specified commodities at rates of 3 per cent, 5 per cent, 10 per cent, 15 per cent, 20 per cent, and 50 per cent, and was subject to a long list of exemptions which included all food products, building materials for construction purposes, fuel, and other articles, and was subject to the power of the governor and council to add to the list of exempt articles so far as it was deemed expedient or necessary. The luxury taxes have been recently modified to meet the changed business conditions. Neither in France nor in Canada is the volume or complexity of transactions at all comparable to

those in the United States.

In the Philippines the 1 per cent sales tax often referred to, which represents a continuation of Spanish methods, applies to sales of merchandise in raw, manufactured, or partly manufactured state and also to the sales of various kinds of services, including those by power, transmission, and transportation companies, but is subject to a large number of exemptions, including the sales of agricultural products used by farmers and the sales of small merchants. Philippine business is too trifling for mention in comparison with United States business, and we can not turn to the Philippines for instruction in the field of finance any more than in the field of politics. Mexico has indeed a comprehensive general sales tax, but even the Carranza government, after a careful report, recommended abolition of the tax because of cost of collection and the injustice to the poorer classes. One of the first acts of the United States on coming into the possession of Cuba was to abolish the old sales or consumo tax and substitute other methods of taxation. In England, where taxation is generally believed to have been handled with greater consideration and intelligence than in any other country, the sales tax has been carefully considered and rejected; so also in Italy.

#### DOES NOT DISTRIBUTE REVENUE BURDENS FAIRLY

To warrant adoption for a major source of revenue, other than as a last resort, a tax must be shown to rest upon some principle which makes it fair to the average citizen. The general sales tax rests upon no such principle; its theoretical basis is the bald proposition that the consumer must foot all the bills. This proposition makes about the same appeal to the citizen as did Ricardo's "Iron law of wages" to the workingmen. That law doomed the wage worker to the minimum wage needed for bare subsistence; the sales tax, resting upon no higher ethical basis, would levy a toll even upon that wage

the sales tax, resting upon no higher ethical basis, would levy a toll even upon that wage.

That the consumer would pay the general sales tax is the outspoken and fundamental position of its advocates. And the burden which they would lay upon the consumer is not light, as implied by the 1 per cent rate usually suggested, but heavy. The minimum yield desired is \$2,000,000,000—more than the entire yield of the income tax at its highest. The rate necessary to procure the revenue desired from this source would very likely be as much as 2 per cent instead of 1 per cent. The most reliable estimate of the yield of a 1 per cent tax covering sales of all kinds by traders, manufacturers, mines, and farms—the estimate of Dr. Joseph S. McCoy—is \$1,100,000,000. To assure two billions or more it would therefore seem to be necessary to make the rate 2 per cent. (See report of the tax committee of the National Industrial Conference Board, December, 1920, pp. 13–14.)

Under this tax all sales transactions would indeed be treated alike, but far from being just this uniform treatment would be

Under this tax all sales transactions would indeed be treated alike, but far from being just this uniform treatment would be grossly inequitable. It has been wisely remarked that no injustice exceeds that of treating as equals things which are unequal. The general sales tax would levy toll upon sales of bread, of medicines, of plows, of tools, of building materials, of the simplest clothing, and would levy toll at the same rate from the sale of jewels, candy, and of automobiles. Sales do not pay taxes; the money must come from the buyer or the seller.

must come from the buyer or the seller.

There is nothing whatever in the fact that all desired goods must be bought, which warrants a conclusion that all buyers can justly pay to the Government the same percentage on the price of what they buy. The one argument for such a method of tax is that sales may furnish a basis for collecting revenue which is convenient. That argument may suffice for a levy very small in total burden or resting upon articles not of prime necessity, but it falls to justify a uniform toll upon all articles, both necessities and luxuries.

In sharp contrast the income tax rests not upon needs but upon ability to pay. That ability is measured generally by the tax-payer's increase in assets over the taxable period and increases progressively with the amount of the income. Here we have a genuine principle commending itself as fair to the individual. More effort upon the part of the taxpayer and of the Government is required for the collection of taxes according to this principle, but, as in almost every field, painstaking effort is the price of justice.

Sales-tax advocates urge, however, that the consumer pays the taxes now—not only the excess-profits tax but also the income tax. The position that the consumer pays income and profits taxes is somewhat difficult to reconcile with the zeal of sales-tax advocates to do away with such taxes on the ground that they stifle industry. How can industry be burdened by taxes which are passed on? The truth of the matter is probably that taxes as-

sessed against net incomes from business activities are in part shifted. (For an interesting and illuminating discussion of the relation of the income and excess-profits tax to prices, see David Friday's Profits, Wages, and Prices, Harcourt, Brace & Howe, 1920.) Under conditions such as prevalled during the war, those of a "sellers'-market" taxes on business income may be largely shifted, while under conditions such as now prevail they may be shifted to a relatively small extent. Always the producer near the margin finds it difficult to shift, for his prices can not be increased. Decisive here, however, is the consideration that the placing of the bulk of the tax burden directly upon income and profits leaves it in the first instance where the ability to pay is clear and in such a way that the largest possible portion will actually be paid through subtraction from income and profits.

That there would be less pyramiding of the general sales tax in the course of passing it on than of the income and profits taxes is a proposition without real foundation. Colorable support for this idea is drawn from a picture of the sales tax as a 1 per cent item which can be added as an item of a particular invoice. Waiving the difficulty that very many sales are not invoiced at all, it is apparent that even for invoiced sales 1 per cent covers the tax only in the case of initial sales of raw materials and even then only approximately. When the manufacturer or dealer comes to make a sale, he must, in order to cover the tax which he has had to pay or bear, allow not only for the tax applying to what he sells but for many things purchased by him subject to tax, not resold by him but constituting elements of expense such as equipment, packages, fuel, and the like. Under any practicable sales-tax plan this tax, like any other item, will so far as possible be treated by the sellers simply as an element of expense, not separately disclosed to the buyer, and subject to the same possibility of increase when passed on as is any other item of expense. Under this tax, as under income and profits taxes, the seller will charge all that he believes he can charge wisely, and the buyer must depend for protection against pyramiding not upon the form of tax but upon the maintenance of competitive conditions.

Keeping up a flow of profits available for investment in industry is essential to the successful working of the industrial system. It is, however, difficult to urge that business profits should in such times be left free from any substantial tax and that the needs of the Government should be met by the consumer, whose participation in the benefits of the investment process is rather more limited than the participation by the investors themselves. So long as Government expenditure remains inordinately high the flow of capital for investment is bound to be checked, whatever the form of taxation. Just distribution of the revenue burden is a consideration of even more pressing importance to those who desire to maintain the present industrial system than the full maintenance of the flow of profits for investment. On no economic or social principle so far developed can the general sales tax stand comparison with income taxes as the major revenue source.

# INDEFENSIBLE DISCRIMINATIONS

Subjected to the same tax, sales transactions of every sort would result in indefensible discrimination in the distribution of the tax burden.

So far as the general sales tax is not shifted to the buyer, it would constitute a tax distributed according to gross income. Such income furnishes no test of taxpaying ability. A manufacturer having a substantial investment in plant and comparatively small turnover may realize on his sales a high percentage of profit, his net profit being a larger percentage of his gross receipts. If we assume that on sales of \$500,000 such a manufacturer realizes 15 per cent, or \$75,000, the sales tax which he would be required to pay, if he could not shift the tax, would at the rate of 1 per cent amount to \$5,000. In many lines, notably in jobbing and some retail lines, the gross profit is very low and the large turnover is what produces a satisfactory return upon the capital. Thus, according to the reports of the Harvard Bureau of Business Research, the average wholesale grocer turns his capital five times a year and makes a net profit on his sale of somewhat less than 2 per cent. To result in \$75,000 profits the sales of such a grocer would have to amount to \$3,750,000. The grocer's tax upon such sales would, at 1 per cent, amount to \$37,500. Accordingly, if the grocer could not shift his tax, he would in the case assumed be paying more than five times as much to the Government as the manufacturer, although his net profits, except for the tax, would be exactly the same. The Government would take one-fifteenth of the manufacturer's profit, but would take one-half of the grocer's profit. This is by no means an extreme case, for the difference in rates of net profits and the range of difference in relation of net to gross are very great. Nor is it idle to say that a large part of the total burden of the sales tax could not be shifted. Merchants selling goods at established prices or selling broken lots, merchants already charging all that the traffic w

shifted. Merchants selling goods at established prices or selling broken lots, merchants already charging all that the traffic will bear without destructive loss of volume, would be helpless before the discriminatory levy of the general sales tax.

Even where the tax can be largely shifted those who pay it in the first instance are subject to very unequal risks. In the illustration stated the manufacturer in making his payment to the Government risks only \$5,000, while the grocer risks \$37,500. The Government would take the money but would give to the tax-payer neither guarantee of his ability to collect it out of the buyer nor justification for requiring him to pay it himself. This levy would operate not only in prosperous times when the tax-

payer would feel able to pay it or in a position to collect it out of the buyer but also in hard times when unavoidable expense

can barely be met.

Discrimination through the cumulative effect of the sales tax has been often pointed out but never explained away. How this results is seen by considering such a situation as, for example, that existing in the shoe industry. Here, if the business is conducted by a great integrated enterprise, there may be but one or at most two sales between the raw leather and the delivery of shoes to the wearer. While if the different steps in the process are carried on by small dealers there may be five or six sales as follows:

1. Hides to tanner.

Tanner to leather merchant.

Leather merchant to shoe manufacturer. Shoe manufacturer to jobber. 3.

5. Jobber to retailer. Retailer to consumer.

6. Retailer to consumer.

Where the goods pass by successive sales through six hands a sales tax will be levied six times. Where the goods move directly from the tanner to the consumer there would be one tax. The profits in the shoe industry are in general a very small proportion of gross receipts, frequently as low as 2 per cent, and this discriminatory cumulative tax burden might mean the difference between the success and failure of the small units. Even more striking instances of the disastrous cumulative effect of the tax might be taken from other lines of industry such as the textile might be taken from other lines of industry, such as the textile field or the field of the metal industries, where there may be seven or eight sales between the raw material and the placing of the finished articles in the hands of the consumer.

Under the income tax such discrimination does not occur. net profits resulting from each stage in the process of manufacturing are taxed to the small unit where they are realized by small units but are also taxed to the great enterprise where that enterprise realizes profits from several different processes. That small units have been able to survive in many fields of industry in spite units have been able to survive in many fields of industry in spite of certain advantages enjoyed by larger enterprises furnishes no justification for placing upon them a discriminatory tax burden, and, on the contrary, makes it clear how desirable it is to keep the small enterprise free from such burdens. It does not appear to be practicable to meet this difficulty of the cumulative effect of the general sales tax by attempting to apply the tax to each clearly marked stage in the processes of the integrated industry. clearly marked stage in the processes of the integrated industry. The large manufacturer does not and can not sell raw materials to The large manufacturer does not and can not sell raw materials to his factory or finished goods to his jobbing branch, and to attempt to set an imaginary price on the goods as they pass from one stage to another would lead to endless difference of opinion and confusion. Taxes to be practicable must follow transactions and not create them. They must be made to rest upon real transactions, not upon imaginary transactions.

## UNDESTRABLE BUSINESS PRACTICES

Even as applying to actual sales the turnover tax would rest upon an artificial basis and would result in undesirable changes

in business practices.

The use of direct sales upon which this tax would rest would probably be materially restricted in order to avoid the tax. Even where the tax could be shifted it would still be a substantial competitive advantage so to conduct business as to avoid accumulation of the tax. The burden of a 1 or 2 per cent tax on gross sales added at various stages is by no means light and would be emphatically worth saving. Hence the woolen manufacturer instead of buying his yarn would buy the wool and hire the spinner to make it up into yarn, and would also hire the dyer and the finisher. Sending of goods out to be processed would become a standard practice; consignments would take the place of direct sales. Effort to avoid the tax might result in the absorption of small with the leaves extravariate a process that wight tion of small units into the larger enterprises, a process that might have some advantages but which is not to be justly accelerated by a scheme of taxation.

Some advantages of convenience to the taxpayer the general general sales tax undoubtedly has. It is simpler to make up a statement of net sales than a statement of net profits; it is easier to pay monthly than to pay quarterly; it is a relief to feel that a tax paid can not be the subject of any real difference of opinion. Yet these advantages of convenience are less important than it seems. Even though the general sales tax were adopted as a major source of revenue, a modified income tax would very likely major source of revenue, a modified income tax would very likely be retained so that the sales tax reports would be additional and not in substitution for net income reports. Quarterly payment of income taxes as now permitted enables a prudent taxpayer to adjust his financing in a reasonably convenient way. Differences as to tax assessments, which have been so frequent, have arisen mainly as to excess profits taxes. That tax is distinctly a war tax. It ought to be abolished at the earliest possible date, and it can be abolished without recent to the general sales tax.

be abolished without resort to the general sales tax.

Under the income tax alone, with increasing experience by tax-payers in the application of the tax, increasing improvement in the structure, interpretation, and administration the structure, interpretation, and administration of the tax, difficulties with it should be far less in the future than they have been in the past when it has been a new tax operating under war conditions. What advantage in the convenience of the sales tax compares with the advantage of the income tax in ceasing to

compares with the advantage of the income tax in ceasing to accrue when there is no net income?

This very consideration, that the income tax diminishes in yield in bad years, of course emphasizes the need of the Government to have at all times sources of revenue other than income taxes. Such sources can, however, be maintained as they have been with-

out resort to the wholly inclusive general tales tax. So far as sales taxes are needed, and they will be needed for some time, use can continue to be made of taxes levied upon the sales of selected can continue to be made of taxes levied upon the sales of selected articles not of prime necessity and levied at one stage of the process only so as to avoid any cumulative effect. (For a discussion of the methods of replacing revenue lost through the abolition of the excess profits tax and reduction of surtaxes, see the report of the tax committee of the National Industrial Conference Board, Special Report No. 18, December, 1920. See also in such report the discussion of the general sales tax and full statement of the reasons which indused are constant this tax. ment of the reasons which induced a report against this tax by a committee unusually representative of industry.)

That objections to the general sales tax are much more than academic is shown by the rejection of the tax by the United States Chamber of Commerce in the recent referendum to its constituent local chambers of commerce throughout the United States; by the tax committee of the National Association of Credit Men; and notably by the rejection of it, after careful consideration and investigation, by the tax committee of the National Industrial

Conference Board.

O, Mr. Chairman, where is this going to stop? Do the Members of this House feel for an instant that the masses are going to remain silent? You abuse the privilege granted to the Congress to provide for a tariff by placing a burden of over \$2,000,000,000 on the public. What for? To collect a few hundred million dollars? No. Under the guise of protection you extend special benefits to a selected few at the expense of the many and paralyze our foreign trade, causing American manufacturers to open plants in Europe.

Now, you come along with a tax bill, include a manufacturers' or a plain sales tax, that will take more from the pockets of those least able to meet your demands.

A set of those who have enjoyed special privileges from the Republican Party could not have drawn a bill that would have better satisfied them.

As my friend, Charles Ross, the Washington correspondent of the St. Louis Post-Dispatch says, "The sales tax is the income tax in reverse. It is large or small, according to the amount consumed by the taxpayer."

Prof. E. R. A. Seligman, of the Columbia University, says, "It sins against the cardinal principle of equality in taxation."

The St. Louis Star in an editorial says-

The sales tax is a tax on goods consumed. It is a tax on what people spend. Because most people must spend all they have, it is a tax on the entire income of the multitude. Far more important is the fact that the adoption of the sales tax would be an entering wedge for a complete shift of policy, the beginning of a drive against the income-tax theory, the opening of a campaign to go back to the old convenient system of putting the tax burden on these least able to pay on those least able to pay.

Mr. Chairman, surely Mr. Mills should have some excellent reason for changing the position he took in December last; and Mr. Ballantine-what is responsible for him changing the view he expressed in this article, or can I be mistaken, is he of the same view to-day?

Some one around me says Mr. Ballantine wrote about a sales tax and not a manufacturers' tax. Call it what you will, but this proposal is an out and out sales tax and nothing else.

If a sales tax was such an evil when Mr. Ballantine prepared his article, surely it is equally as much an evil to-day. I so regard it and will cast my vote against it. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. Pettengill].

Mr. PETTENGILL. Mr. Chairman, this sales tax seems to be a waif, a political foundling. Nobody acknowledges its paternity, nobody wants it, and yet a great many gentleman on both sides of the aisle say we must take it in and nourish it upon our emaciated bosoms. The Republican papers call it a Democratic measure, and the Democratic papers say that it will be known as the Hoover surtax. It makes me think of the story of a meeting of the Indiana Society in Chicago a few years ago, when Mr. McCutcheon was toastmaster and George Ade was on the speaking list. When McCutcheon came to introduce Ade he said:

The next gentleman on the program is a very distinguished The next gentleman on the program is a very distinguished son of Indiana. Two cities claim him in the same way that nine cities claimed to be the birthplace of Homer, but with this difference, that Logansport says that he was born in LaFayette and LaFayette insists that he was born in Logansport. We talk about balancing the Budget. Some gentlemen are arriving at this a little late in the session. I began to think about this with my first vote cast here when I voted against the moratorium. I voted against the Reconstruction Finance Corporation bill and voted against the road bill. These three bills totaled \$884,500,000. All of them had arguments which appealed to me, but I voted not to impair the credit of the Nation. Many gentlemen think I am wrong in all of those votes, but from the time I came here and knew the situation the country was in I thought the best way to balance the Budget was to keep money in the Treasury rather than vote it out. We talk about balancing the Budget; but I have one thought which has not been brought to the attention of this Congress. I offer it for your consideration.

We have more than one budget to balance. We have the Budget of the Federal Government; but, in addition to that, we have the budgets of 48 States, of 3,000 counties, of tens of thousands of towns and townships and cities and counties and school districts and drainage and levee districts and park districts in this country, all of which are supporting municipal securities that are now in the hands of the American investor.

The total of Federal obligations outstanding is around \$17,000,000,000. The total of municipal obligations outstanding is \$15,000,000,000, or almost an equal amount. These securities are held by banks, insurance companies, and private investors in the same way that Federal securities are, and it is just as important to them that the credit of those municipalities be maintained as it is that the credit of the Federal Government be maintained.

Where does this \$600,000,000 represented by the sales tax come from? It comes from the pockets of the American people and from no other source. It comes from the same pockets that pay the general property taxes upon which the budgets of tens of thousands of municipalities in this country depend and upon the balancing of which the value of their municipal obligations rests, and the question is, Can you drain \$600,000,000 from the States of this Union by enforcing a consumption tax which their taxpayers can not avoid paying, because they are upon the very necessities of life itself, without further impairing the ability of those same taxpayers to pay their property taxes, which are the basis of the credit of tens of thousands of municipalities in this country, which credit protects the integrity of \$15,000,-000,000 worth of municipal obligations? In other words, are you not running a risk that for every benefit you seek to obtain for the Federal Government you are creating a more dangerous credit structure for the municipal corporations of the country?

Without pyramiding, the sales tax of \$600,000,000 will take \$5 per capita from the American people, or \$20 or \$25 per family per year, or \$2 per month per family. If it is passed on to the consumers of my district, that is over \$2,000,000. If it is not passed on, the manufacturers of my district will pay \$6,000,000 more to the support of the Federal Government than they are now paying. But, of course, it will be passed on, in whole or in part, plus some pyramiding. The sales tax will take \$21,000,000 from my State, which doubles its contribution to the support of the Federal Government, because it is now paying income taxes of \$21,000,000.

Now, my friends, people will pay their property taxes if they possibly can. It is a debt that they will pay before they even pay their grocery bill or their doctor bill, because if they do not pay the property tax they will lose the old homestead and the farm and the cottage of the wage earner in the city, properties into which so much of tears and sacrifice has gone. My friends, they are losing them now, because they are not able to pay the property tax, and that is affecting the credit structure of every municipality in this country. Literally millions of dollars of property taxes are in default at the present time.

From 1926 to 1930, 682,000 farms, or more than one-tenth of the total number of farms of this Nation, were sold at forced sale, because they could not pay their property tax

or the interest on their mortgages, and if you load on to those people who are living on such a thin margin as that another burden of \$25 per year per family, how many more farms and homes are going to foreclosure; and what is that going to do to the credit structure of the municipalities, which have issued obligations to be retired by the general property tax that they expected to collect but failed to do so? And for every forced sale of a home or a farm you add to the heartache and despair and social unrest of our people.

The gentleman from Montana [Mr. Evans] the other day said that in his State 29 per cent of all the taxpayers are in default on the payment of their property tax and in some counties as much as 78 per cent. We know that that is true, more or lecs, in every State in this Union, and it is affecting the credit structure of every State and every county and every school district and every other tax-levying district in this country, against which a total of \$15,000,000,000 worth of municipal obligations are outstanding. How many more will default?

One of the leading bankers of this country—and I may say to the gentleman from Georgia [Mr. Crisp] he is not one of the New York bankers, but he is one of the leading bankers of this country nevertheless, one of the few big bankers of this country who has been doing a lot of constructive thinking, one of the very few who has kept his reputation in the last few years—said to me at the time of the Jackson Day dinner in Washington that there are 38 States of the 48 in the American Union in which municipal obligations of some tax-levying body are already in default.

Now, it is said that a sales tax of \$25 per family per year is a small burden; but you add that on when they are not able to pay the general property taxes, which is the very basis of \$15,000,000,000 worth of municipal securities, and what are you going to do back home?

Talk about balancing the Budget; we have other budgets to think of than the Federal Budget alone. It is not a small burden. In my city of South Bend, Ind., there are 32,000 automobiles. The last day for paying the license expired on March 1, and, according to my newspapers, 11,000 automobiles were taken off the streets of my city, one out of every three, because they could not pay six or seven or eight dollars necessary to pay for the license tax. You can imagine what that did to the sale of gasoline.

Now, my friends, the United States has not yet reached the limit of its borrowing capacity, as was clearly evidenced by the fact that for the \$900,000,000 that were offered last week we had an oversubscription of \$2,500,000,000, at 3½ per cent on the average, without any campaign to sell them. So the surplus borrowing capacity of this Government is not yet exhausted.

Mr. JOHNSON of Washington. Will the gentleman yield? Mr. PETTENGILL. I yield.

Mr. JOHNSON of Washington. For what length of time was that obligation that was oversubscribed?

Mr. PETTENGILL. Three hundred million dollars for 7 months; \$600,000,000 for 12 months.

Mr. JOHNSON of Washington. The gentleman realizes the great difference between ability to sell short-term bonds and long-term bonds?

Mr. PETTENGILL. I appreciate that; but nevertheless I call the gentleman's attention to the fact that the rate upon which the United States Government is able to obtain money is a much lower rate of interest than the average rate of interest paid by the municipal corporations of the country.

Mr. JOHNSON of Washington. I agree with the gentleman as a general proposition, but I am wondering if, when the gentleman puts the township necessity ahead of the necessity for keeping up the credit of the whole Federal structure, which is above the township, he is not getting the cart before the horse a little?

Mr. PETTENGILL. Well, that is for the gentleman to answer. The gentleman may think that Federal bureaus are more important to his people back home than their schools, police, and fire protection. I say that the credit of the American Nation is not exhausted, but the credit of

thousands of municipalities is exhausted, either because they are not able to sell their bonds or because of constitutional limitations which prevent them from going into the market to get additional funds to meet deficiencies caused by general property taxes which are now in default or because municipal funds are in closed banks.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. MARTIN of Oregon. Would the gentleman exhaust the Government credit and the great resources of this country in selling Government bonds? Does the gentleman not realize how the sale of these bonds keeps manufacturers from getting money?

Mr. PETTENGILL. I would say that I am not in favor of issuing any bonds, because I would raise this money by a tax on nonintoxicating beer, the only tax you can propose where both the manufacturers and the consumers will pay without any protest whatever.

Mr. MARTIN of Oregon. Does the gentleman remember in 1919 that the Government was paying 6 per cent for

money?

Mr. PETTENGILL. I do not recall that. But if so, we are not paying 6 per cent now. We are paying on an average  $3\frac{1}{2}$  per cent. So your observation does not seem to me to be pertinent to this discussion.

Mr. MARTIN of Oregon. And it was on these short-term loans paying 6 per cent. What chance would manufacturers have with rates like that?

Mr. PETTENGILL. I never heard of that. You are conjuring up a scarecrow that is not now before us. If you are having difficulty now by reason of the burdens on the people back home by way of property taxes, you will find the value of municipal obligations going down and affecting the portfolios of the same people who are holding the securities of the Federal Government itself, if you superimpose this sales tax on the very necessities of life. It was the last straw, not the first, that broke the camel's back.

You will create danger that schools are going to close and people are going to go short on fire and police protection and hospitals, which are a darned sight more important to them than tens of dozens of the various bureaus here in Wash-

So I submit to you, my friends, whether by bolstering up \$17,000,000,000 worth of Federal securities by taking \$600,000,000 away from the States of the Union you are not going to impair the budgets and credit of the municipalities of this country which are supporting \$15,000,000,000 worth of municipal obligations?

If with this burden, my friends, thousands of farms and homes are now going under the hammer, will not more go under the hammer if you place on the people of the Nation a burden of taxation which will amount to \$25 per family per year?

In other words, my friends, the sales tax is the income tax in reverse. If a man can pay an income tax he can also pay his property tax and will not lose his home nor will his city or county find its budget unbalanced, and its credit affected by such form of Federal taxation. The same is true of taxes on estates, or on luxuries or semiluxuries. But if you put a sales tax on the necessities of life, on his clothing, on his shoes, his fuel, his gas, his electricity, and almost everything else, you are going to make it more difficult for him to pay his property tax.

In other words, my friends, one of the objections to this sales tax, as I see it, is that it is the one form of Federal taxation which we might think of at the present time which is most designed to impair the credit structures of the municipal corporations of this country because it is a forced tax on the very people who are having great difficulty paying their property taxes and will necessarily be paid out of the same slender pocketbook. To balance the Federal Budget you run the risk of throwing thousands of other governmental budgets out of balance. To strengthen Federal credit you are adopting the one form of tax most dangerous to \$15,000,000,000 of municipal bonds held by the investors of the Nation.

Mr. JOHNSON of Washington. Will the gentleman vield?

Mr. PETTENGILL. Yes.

Mr. JOHNSON of Washington. I understood the gentleman to say that he thought this money could be raised by a tax on beer?

Mr. PETTENGILL. Yes. And let me say again, I am not in favor of issuing any bonds whatever. I prefer to tax beer, which millions want, to bonds which no one wants.

Mr. JOHNSON of Washington. Will the gentleman tell me how the people who are now losing their property can afford to drink enough beer to save their property and pay the beer tax?

Mr. STAFFORD. They are drinking it anyhow and not paying any tax at all, and paying two or three prices for it besides.

Mr. JOHNSON of Washington. Where are they drinking beer?

Mr. STAFFORD. In Chicago and all over the country, and Capone and his like are getting the revenue which belongs to the Government.

[Here the gavel fell.]

Mr. HADLEY. Mr. Chairman, I yield two minutes to the gentleman from Kansas [Mr. Strong]. [Applause.]

Mr. STRONG of Kansas. Mr. Chairman and members of the committee, I want to correct the inference left by my friend from Missouri [Mr. Cochran] with the members of the committee when he quoted from Mr. Mills and Mr. Ballantine in opposition to the sales tax. I think most of the members of the committee thought he meant the manufactures tax carried in this bill. The fact of the matter is that the quotations he read, made by Mr. Mills and Mr. Ballantine, were against a general sales tax. They were statements they made in 1921, when we were considering a general sales tax upon every article sold, which would be pyramided. The article he quoted as having been written by Mr. Ballantine was published in a magazine printed in 1921.

I just wanted members of the committee to know the facts. I did not want these gentlemen of the Treasury Department quoted as being opposed to this manufactures tax

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. Boland]. [Applause.]

Mr. BOLAND. Mr. Chairman, I ask unanimous consent to extend my remarks and to include some newspaper clippings.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that in addition to the general consent to revise and extend his remarks he be permitted to include certain newspaper clippings. Is there objection?

There was no objection.

Mr. BOLAND. Mr. Chairman, it was not my intention to debate upon any question before the House of Congress in this session, but because of the result of a meeting held yesterday before Secretary of the Treasury Mills, in behalf of the exclusion of materials coming from Russia into this country, I am forced to abandon that idea, and I expect to offer an amendment against this sales tax bill. Secretary Mills told that committee yesterday it was a matter for Congress, and that Congress should not be passing the buck to the Secretary of the Treasury in reference to the exclusion of materials coming from Russia.

This important matter of anthracite coal coming into this country, which is fast becoming a menace, was brought very forcibly to my attention by a letter from Mr. Charles H. Dorrance, president of the Pennsylvania Anthracite Mining Co. This letter appeared in the Scranton Times, our leading publication in northeastern Pennsylvania, on February 8, 1932. Mr. Dorrance is a resident of my congressional district. His letter is as follows:

Vitally interested as I know you are in one of the basic industries of the State of Pennsylvania, I am taking the liberty, as one of your constituents, of calling your attention to a very serious matter affecting the sale of Pennsylvania anthracite at or near the ports of the North Atlantic States, especially in the New England territory.

England territory.

The report of the Department of Mines, under date of January 29, shows that during 1931 there were 216,000 tons of Russian

anthracite imported into this country. From private advices which I have from New England, this tonnage is probably more nearly 350,000 tons. On a check-up we have recently completed we find that there are at least 30 cargoes, averaging 4,000 to 5,000 tons per steamer, which are due to arrive in New England from foreign countries before the 1st of March. A very large proportion of this is Russian Soviet coal.

We also find that this Russian coal is being sold in the New England market for a price equal with Pennsylvania anthracite and in some cases at a slight premium over Pennsylvania anthra-Therefore, there is nothing in connection with this situation whereby the exclusion of this coal mined by convict or in-dentured labor would in any way work to the detriment of the consumer in this country but its exclusion would definitely work to the benefit of the prosperity and the employment of your constituents in Pennsylvania. I think that you will agree with me that there is no question as to this Russian coal being mined me that there is no question as to this Russian coal being mined by indentured labor and very properly being subject to exclusion from import into this country. As one of your constituents, and speaking, as I think I do, for an overwhelming majority of the people of Pennsylvania, I am asking whether you can not arrange to bring such force to bear that this Russian Soviet coal may be excluded from import into this country.

As regards the Welsh, German, Scottish, and Chinese anthracite, I fail to see why, with a differential tariff in Canada against our Pennsylvania anthracite and bituminous, we should not have a protective tariff against the dumping of this coal into the Atlantic seaboard ports.

Atlantic seaboard ports.

I would be very glad if you would advise together with our other Pennsylvania representatives and see what can be done in order to protect the employment of our Pennsylvania miners.

Upon receipt of this communication I immediately gathered the statistics which substantiate the previous statement showing this custom is becoming a menace to one of the Nation's greatest industries.

Statement regarding importations of coal from Germany entered at various districts during the months of December, 1931, and January, 1932

	Amount	Value	Importer
ANTHRACITE COAL			
December, 1931: Maine district Massachusetts district	Tons 366 4, 137	\$2, 972 26, 337	Chase, Beavitt & Co., Portland, Me. John G. Hall & Co., 33 Broad Street, Boston, Mass.
New York district	4, 590	25, 658	Domestic Fuel Corporation, 17 Bat- tery Place, New York City.
January, 1932: Massachusetts dis- triet	3, 245	19, 962	2,502 tons to John G. Hall & Co., 33 Broad Street, Boston; 743 tons to John A. Conkey & Co., Boston, Mass.
Total	12, 338		
BRIQUETS (BRICKS MADE OF COAL DUST AND OTHER COMPOSITIONS)			
December, 1931: Maine district. Massachusetts district.	991 8, 104	7, 125 43, 960	Chase, Beavitt & Co., Portland, Me. 5,602 tons to John G. Hall & Co., 33 Broad Street, Boston; 2,502 tons to William C. Atwater & Co., Fall River, Mass.
Philadelphia district	118	299	Allen Forwarding Co. for the account of the Nucol Co., Philadelphia, Pa.
January, 1932: Massachusetts dis- trict.	3, 051	16, 447	2,502 tons to John G. Hall & Co., 33 Broad Street, Boston; 549 tons to John A.
Philadelphia district	370	1,051	Conkey & Co., Boston, Mass.  Allen Forwarding Co. for the account of the Nucoal Co., Philadelphia, Pa.
Total	12, 634		

No transactions in bituminous, shale, and lignite.

Only briquets imported at New York was a sample shipment of 70 pounds from Germany during November to the American Shipping Co. for the Transocean Coal & Transport Corporation.

## Import coal situation

Russia	
	63, 772
Coke imports shipped in January, 1931:  Belgium	711
Netherlands Great Britain Canada	1,788
Mexico	80
	5 317

Briquets shipped in January, 1931: Germany	Long tons
Foreign anthracite coal shipped in January, 1932:	-
Great Britain	24, 425
Germany	32, 736 5, 944
Belgium	8, 849
Coke imports shipped in January, 1932:	71,954
Great Britain	6, 250
Germany	3.354
Belgium	96
	9,906
Briquets imported in January, 1932:	
Germany	3,421
Belgium	2,301
	5, 722

Ocean freight rate from British coal and coke shipping ports and Germany when British currency was at par, \$1.80 a ton, but since the sterling has depreciated the rate is now about \$1.35.

George E. Warren Co., Boston, handling Russian coal.

E. E. Kalthoff handling German coal coming in January and February, 1932, into Baltimore.

Information on Russian coal, February 18, in this country from Commissioner of Customs Eble in January, into the port of Baltimore, January, 1932, 250 tons; February, 1932, 700 tons, by E. Kalthoff.

Mr. Bradley further stated, February 19, 1932, a cargo of Hindu China anthracite just arrived in Boston. Will sell to wholesaler or party importing it at \$12.25 gross ton, f. o. b. Boston, with 75 cents a ton charged off for degradation and 25 cents a ton for cash in 10 days (gross ton, 2,240 pounds).

The same party is also importing English coke at \$7.50. f. o. b. Boston, net tons (2,000 pounds).

Statement showing quantity and value of 23 shipments of anthracite coal entered at the port of Boston, Mass., from the United Kingdom, from January 1, 1931, to February 8, 1932, consigned to the New England Gas & Coke Co., 252 Stuart St., Boston

Cons:	Value
4,094	\$23,894
2,994	14, 111
2,996	15, 506
3,594	04 004
4,200	29, 095
3,362	20, 224
2,355	20, 053
2,999	26, 830
2,492	20, 274
3,599	28, 961
3,334	22, 098
2,595	17, 866
2,692	20, 314
2,492	21, 162
2,376	13, 793
3,239	
2,647	
3,444	
3,200	
2,786	
3,053	
3,584	
2,974	13, 866

FEBRUARY 29, 1932.

After compiling some of these figures as to shipments of foreign coal to the various corporations I was greatly surprised to learn that some of our own citizens were involved in this traffic. I wish at this time to bring to the attention of Congress the statement of March 4 in the leading newspaper of Scranton, Pa., the Scranton Times, which involves our present ambassador to the Court of St. James.

# [Scranton Times, March 4, 1932]

Ambassador Enriched by Anthracite Imports—Scranton Times Representative Reveals Big Shipment of Hard Coal to Mel-lon Interests From Abroad—Believes Much of it Russian

Washington, D. C., March 4.—Profits from importation of low-cost foreign anthracite coal are adding their share to the already swollen private fortune of Andrew W. Mellon, former Secretary of the Treasury and now American ambassador to Great Britain.

This was learned by the Scranton Times here to-day through

Government and private agencies.

Through a subsidiary company, the New England Gas and Coke Co., 252 Stuart Street, Boston, the Mellons and their associated interests have imported approximately \$486,000 worth of foreign anthracite coal.

All of this coal entered through the port of Boston, and all of it

came from the United Kingdom.

The anomaly whereby an American ambassador's fortune is being privately enriched through imports from the country to which he is diplomatic representative is thus presented.

#### TWENTY-THREE SHIPMENTS

Federal figures show positively that 23 shipments of foreign anthracite entered the port of Boston consigned to the New England Gas and Coke Co., and that the customs valuation of these shipments was \$485,955.

Although this anthracite is billed as from the United Kingdom, to the principal country in which (England) Mellon is the accredited ambassador, it is very probable that some of it originates

in Russia

Since Great Britain has diplomatic relations with Russia and trade between the two nations is relatively free, it is regarded as virtually certain that the majority of the anthracite imported by the Mellon-controlled firm originates in Russia.

Another angle to the situation brought to the forefront by this revelation is the fact that the Mellon interests control large Canadian interests and that much of the imported anthracite probably enters Boston from abroad by way of Canada.

#### PITTSBURGH MEN DIRECTORS

The New England Gas & Fuel Association, the parent company for the New England Gas & Coke Co., and other Mellon interests in New England, was formed in 1929 by interests identified with the Koppers Co. of Pittsburgh. Seven Pittsburghers, all regarded as affiliated with the Mellons, are on the board of directors, including the Rusts and R. K. Mellon.

The New England Gas & Fuel Association owns 98.8 per cent of the stock of the Massachusetts gas companies, which in 1917 formed the New England Fuel & Transportation Co., which in turn controls the New England Gas & Coke Co., and is virtually the transportation firm of the latter concern.

Herewith are listed individually, in the order received, the shipments of anthracite coal consigned through the port of Boston to the New England Gas & Coke Co.:

Value

ons:	Value
4,094	\$23, 894
2,994	14, 111
	15, 506
3.594	21, 081
	29,095
3.362	20, 224
1,522,000	20, 053
	26, 830
	20, 300
	28, 961
0.004	22, 981
2 - 2 - 2	17, 866
	21, 162
0.000	13, 793
	24, 799
2,647	
	25, 692
	27, 938
	14, 270
3,053	14, 825
3,584	18, 208
2,974	13, 866

If this statement is true, as it undoubtedly is, we certainly should feel very proud of the ambassador we have at the Court of St. James, and it also proved very conclusively to me that there was a very good reason for the nonexclusion of Russian coal, which in my opinion was mined entirely by forced labor. There seems to be some doubt as to our being able to get the proper kind of evidence that these shipments of anthracite coal from Russia are being mined by forced labor and, therefore, that particular coal can not be excluded from our shores, although it is helping to create the hardship that now exists in the anthracite fields. It is impossible for me to convey the deplorable conditions that now exist in the anthracite coal field, but I might say in a few words that they are heart-rending, and with this condition existing, it is regrettable to think that this country would allow a commodity of this kind to come from foreign countries to compete with one of our greatest assets.

Anthracite coal from those countries is now being transported thousands of miles over the seas and sold in Boston at prices as low as we can sell ours at the mines. Of course, the present unnatural differences in values of currencies are responsible to a degree for that condition, but only to a degree. The low cost of labor is the major element. In many instances there is almost a total lack of labor cost,

investment cost, and costs similar to those of maintaining our standards of protection of human life in mining. The oversupply of freight ships, coupled with such use of labor, makes the transportation of coal halfway around the world cost less than from Scranton, Pa., and Boston.

The freight rates on recent cargoes from Indo-China was \$3.50 per net ton. Our Scranton-Boston rail rate is \$3.88.

Recent rates from Russia are \$2.27 per net ton; from Germany, Belgium, Wales, and Scotland, \$1.05 to \$1.22.

Imports of foreign anthracite into New England territory have been as follows:

	Net tons
1926	387,000
1927	106,000
1928	369,000
1929	483,000
1930	658,000
1931	638,000

I am also informed that new contracts insure an increase of importations to more than 1,000,000 tons in 1932. Already the record is being made, and up to February 16 material increases have arrived.

Mr. Dorrance, to whom I have heretofore referred, in a letter to Senator REED of March 9, says that the charge is not made that this Russian anthracite is produced or transported to tidewater by convict labor. The charge very definitely is made and widely known that it is produced and transported by "forced labor," under any just or fair interpretation of "forced labor" in section 307 of tariff act of 1930. This fact was related to us by a Pennsylvania engineer who had actual experience in the Donetz field of Russia for nearly two years. He said the workmen are sent to these mines by the soviet. They are not compelled to go nor are they compelled to work. But if they do not go or do not work-with some possible exceptions-their bread card, which means food, clothing, and housing to them, is taken away. I am satisfied with that kind of condition you can not designate this in any other manner than "forced labor."

Now, Mr. Chairman, I believe that the Customs Department would exclude this Russian-mined coal from our shores if they could get the proper kind of evidence that it was being mined by forced labor, but unfortunately they are unable to get this evidence because of the arbitrary attitude of the Russian Government. However, I have always been under the impression that this body was all powerful and could, if they thought it wise, find a remedy to meet any kind of an emergency. If this is true, I am appealing to this Congress in the name of humanity, in the name of protection for American industries, in the name of starving women and children, because of the lack of employment for their bread earners, to find a remedy for this very important matter. You will not only help the unemployment situation but you will be responsible for the bringing of happiness in no small measure to hundreds of thousands of American citizens. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, I rise at this time to read an editorial that appeared this morning in the Philadelphia Public Ledger in connection with the bill that is now under discussion, as follows:

## CONGRESS MUST GET BACK TO BEDROCK

Capitol Hill is swarming with terrified Congressmen. The frenzied screaming in Congress as the new tax bill is debated in the House is drowning out all other sounds in Washington.

Some 435 Members of Congress are now face to face with their

Some 435 Members of Congress are now face to face with their own sins of omission and commission. The appropriation chickens they so willingly hatched during the last decade are coming home to roost. They finally realize that even for Heaven's own anointed in Congress the new era is over.

Somebody must pay for the wildest orgy of governmental spending ever known in this or any other country in all recorded time. Somebody must pay for four billion dollar Congresses. Somebody must pay for all the frantic irrigation projects, all the Farm Board experiments, and all the enormous subsidies and tremendous but umproductive "improvements" of the last 15 years.

That somebody is the American taxpayer, and he happens to be in a mood of brooding revolt against further and increased taxation. He is looking at Congress with a hard and cynical eye. He wants his taxes reduced at the exact moment when Congress

wants his taxes reduced at the exact moment when Congress simply and inevitably must increase taxation.

The richest government in the world is facing the biggest deficit in the world. As swiftly as possible the Federal Budget must be balanced. To do this additional revenues totaling more than 1,000 millions must be raised in the fiscal year 1932–33.

Borrowing can not do it. There would come a day—and soon—when the Government could not borrow. No matter how much Congress may fear and dread it, the money must be raised by total to the congress may fear and dread it, the money must be raised

by taxation.

It can not come from income taxes. Only a little more can be had by taxing incomes. In 1929–30 these taxes yielded \$2,411,000,000. At the present rates, incomes would yield not more than \$867,000,000 for the year 1932–33. Even under the proposed steeply raised rates they can not return more than \$1,110,000,000. The deficit can not be cured by income taxation.

\$1,110,000,000. The deficit can not be cured by income taxation. That source of revenue is failing.

Customs receipts can not carry the new load. Nor can the now heavily burdened internal revenues. Oil, tobacco, utilities, amusement, and motor interests stopped the congressional attempt to place the whole burden on their backs. Miscellaneous items of revenue can not make up a tenth of the deficit.

Congress and the Nation have made their beds and must liberary. The country finds itself between the deril of its own.

Congress and the Nation have made their beds and must lie therein. The country finds itself between the devil of its own wild spending and the deep sea of certain resentment. For nearly 15 years it has gone along on the apparent assumption that the Treasury of the United States was a golden and bottom-less bin. Congress has spent just about what it was asked to spend. There have been subsidies and commissions and improvements, and Congress has handed out the cash.

Now, all this must be paid for and maintained. The big whoopee is over, but the piper must be paid. We thought the devil had been chained for a thousand years in the bottomless pit. We were mistaken. Mr. Ford and Mr. Schwab were mistaken. Mr. Coolidge and Mr. Hoover and Mr. Raskob and Professor Fisher and divers other gentlemen were mistaken.

The old delusions and illusions have exploded in our faces. We

The old delusions and illusions have exploded in our faces. We are back to bedrock. Congress must get back to bedrock along with the rest of us. We shall have to stop emptying the Treasury with a steam shovel. Some tens of thousands of our officeholders must be cast into outer darkness. Washington must stop explaining why it can not cut, and do some actual cutting. ernment must be deflated along with everything else.

Congress fears the new manufacturers' tax. Congress fears any tax that can not be saddled on a minority.

Nobody wants to be taxed. Somebody will fight any tax that can be proposed. But Congress may as well cease whining and wriggling and screaming and dodging. It must pass a tax bill, and it may as well enact one that will spread what is everybody's bunder on everybody's shoulders. burden on everybody's shoulders.

Mr. CRISP. Mr. Chairman, the gentleman from North Carolina [Mr. Doughton] says he has no one to go on now, the gentleman from Oregon [Mr. HAWLEY] has no one, and neither have I.

I move, Mr. Chairman, that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 10236, the revenue bill, had come to no resolution thereon.

## LIMITATION OF INJUNCTIONS

Mr. SUMNERS of Texas submitted the conference report on the the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

PROPOSED AMENDMENT TO THE CONSTITUTION

The SPEAKER. The Chair lays before the House the following communication:

STATE OF NEW YORK,

The honorable the Speaker of the House of Representatives,

Washington, D. C.

Sir: I desire officially to inform you that the Legislature of the

State of New York has ratified the proposed amendment to the Constitution of the United States passed at the first session of the Seventy-second Congress relating to terms of the President, Vice President, Senators, and Representatives of the United States, time of assembling of Congress, and the method of succession to the Presidency and Vice Presidency.

I am inclosing herewith an engrossed copy of the concurrent res-

olution of ratification of the Legislature of the State of New York. Very truly yours,

FRANKLIN D. ROOSEVELT.

Mr. CHINDBLOM. Mr. Speaker, a parliamentary inquiry. What will become of the communication of the Governor of New York?

The SPEAKER. It goes in the archives of the House.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Gillen (at the request of Mr. Thomason), for the remainder of the week, on account of illness.

#### PENDING LEGISLATION

Mr. JEFFERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of pending legislation.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. JEFFERS. Mr. Speaker and my colleagues of the House of Representatives, several matters of interest to our war veterans and their dependents are pending before the Congress at this time, and it is my desire to call attention briefly to these matters, to register my views concerning them, and to express the hope that we may be afforded the opportunity of bringing these bills to the floor of this House for action at the earliest possible time, and certainly during this session of Congress.

#### THE ADJUSTED-COMPENSATION CERTIFICATES

I am in favor of the payment of the balance on these certificates, and I am confident it can be done without seriously impairing or disrupting the economic or financial status of this Nation.

We have during this session of Congress enacted into law several measures of major importance. We have passed upon these questions in good faith, believing them to be necessary to the stabilizing of business, and in the sincere hope that with the aid of these relief measures that we have passed the confidence of our people would be restored.

The bill to enable the Federal farm land banks to extend mortgage payments in meritorious cases; the reconstruction finance act, to give new lifeblood to faltering business; the Glass-Steagall bill, to expand Federal reserve credits-all should be of material help in the long run. We are hoping for and looking forward to the return of more prosperous conditions; but in the meantime we sorely need, in every nook and corner of the land, among the rank and file of the people, some form of relief which will put money into circulation immediately, even though it may not be in such plentiful quantities. Any amount of actual cash in circulation, however small, would give hope and encouragement to our people. If there ever was a time when this was needed, it is now.

This is not a matter of charity to be extended to our people by the Federal Government. These adjusted-compensation certificates constitute an outstanding obligation. Some may use the argument that while these adjusted-compensation certificates are an obligation of the Government they are not yet due. But, let us remember that if this adjusted compensation, or added pay, as we might well term it, had been issued at the time when it should have been-that is, when the soldiers of the World War received their discharge-these certificates would now be a great deal nearer due for full payment than is now considered to be the case, because they were not issued until a good many years had elapsed after the soldiers had finished their services and had received their honorable discharges. But, even though it may be argued that the certificates are not due, according to their terms, to be paid in full at this time, we must take into account the actual conditions that exist among our people all over our Nation to-day, and as we do find in these certificates an outstanding obligation we can very properly see, through their payment now, an opportunity to relieve distress and, at the same time, stimulate business.

I feel perfectly safe in making this prediction, that if these certificates are paid off at this time a vast majority of the veterans will undoubtedly put this money to good use by paying current debts, making payments on homes and thereby preventing the actual loss of their homes, which is now confronting a great many of these men; for the purchase of furniture for their homes or equipment for their farms, and many other such worthy purposes. This money would find its way into every channel of business. We have already put over a big program of legislation which we hope will, in the course of time, stabilize and stimulate business, and I can not think of anything which would be more apt to set things into motion than to put these funds immediately into circulation. And remember that these certificates have had a small loan value from year to year, and a large percentage of the veterans have found it necessary to borrow annually on their certificates. Remember, too, that last year we granted a 50 per cent loan value on the certificates and a still larger percentage of the veterans, on account of the very distressing economic condition existing last year, borrowed up to 50 per cent of their certificates. And remember one thing further, and that is that if we do not now find a way to pay off the balance of these certificates, the banks and the Government will consume it by compound interest on what has been borrowed, so if the veterans are forced to wait for this balance until, under the terms of their certificates, it becomes due, they will then find that there will be no balance, because by that time it will have been eaten up by compound interest. Let us not forget that fact. Certainly that condition is not one which we wish to anticipate.

The payment of these certificates would be of great practical benefit to these veterans, to their families, and other business people of the country; but let me say that a result just as valuable as that, or even more so, would be the satisfied feeling toward their Government, for the protection of which they served in time of national peril, in the minds and hearts of our ex-service men and women, and I want to see that result just as much as any other.

When the adjusted compensation bill was passed in March, 1924, I strongly favored cash payment to those who wanted and needed cash, and the issuance of a certificate for an insurance policy to those who might elect to take a policy instead of the cash. On March 5, 1924, I was given the opportunity to appear before the Ways and Means Committee to testify regarding the form of an adjusted compensation bill. Permit me to quote, in part, from that testimony as follows:

Mr. Jeffers. Mr. Chairman and gentlemen of the Ways and Means Committee, as to the form of a bill to provide for adjusted compensation for ex-service men and women who served in the World War, we respectfully recommend and urge that the bill which will be reported out by your committee shall be a bill providing two options, to wit:

(a) Adjusted compensation in cash to all such ex-service men and women who desire cash;

and women who desire cash;

(b) A paid-up insurance certificate, so that those who would prefer the terms of the paid-up insurance certificate to the cash may accept it instead of cash. 

We believe that a bill containing only the two options—(a) cash and (b) a paid-up insurance certificate—would certainly satisfy a and (b) a paid-up insurance certificate—would cer greater per cent of the ex-service men and women.

The following extract from a news item which appeared in the Washington Star of March 6, 1924, states correctly the fact that it was not with any partisan feeling that I testified before the Ways and Means Committee regarding this legislation:

While the twofold proposition to allow either full cash payments or the insurance policies was advanced by the special committee of veterans named by the House Democratic conference, the plan is not binding on the Democrats as a whole, it was explained, and Representative Jeffers, Alabama, chairman of the committee, asked that it not be considered as a partisan view.

We have heard from some quarters that the war veterans themselves are not, as a rule, desirous of securing the payment of the balance on these certificates. I am sure that is not a correct estimate of the situation. If those who are making that contention could see the letters that come every day from organizations and groups of veterans and read the steady stream of individual letters, all emphasizing the distress and actual need in which so many of these veterans and their families now find themselves, and through no fault of their own, they would not long continue to labor under such false impression.

We are furnished with reliable statistics which give us a very clear and understandable idea as to how this money

would be put into circulation in every county and community, however remote, and I note that it is estimated that the probable amount which would go to my own State of Alabama is \$29,876,139.92. In the congressional district which I have the honor to represent the probable amount which would be put into circulation is as follows:

Alabama	
Autauga County	\$222, 345, 26
Calhoun County	627, 848, 19
Clay County	200, 600, 72
Coosa County	140, 673, 40
Dallas County	622, 011. 26
Elmore County	387, 021, 20
St. Clair County	276, 717. 90
Talladega County	510, 770.89

2, 987, 988, 82 Fourth congressional district\_\_\_

In concluding my remarks, when I spoke on this subject here in the House of Representatives on March 17, 1924, I stated:

I am in favor of fair adjusted compensation for the ex-service people of our Nation as a matter of right, looking at it from the standpoint of merit, fairness, and justice.

And now in this hour of distress among these same exservice people of our Nation, let me again say, looking at this proposition from the same standpoint of merit, fairness, and justice, I am of the sincere and honest opinion that this matter can be rightfully settled only by arranging for the payment of the balance of these certificates.

### WIDOWS' AND ORPHANS' PENSION BILL

The Committee on World War Veterans' Legislation, on which committee I have the privilege of serving, has reported a bill to the House providing financial relief for the widows and orphans of deceased World War veterans, regardless of the immediate cause of the death of the veteran. Everyone knows that there is real need for general legislation of this character.

Of course, we have now the law under which widows and orphans can draw a pension, provided it can be proven by medical evidence that the veteran's death was caused by some service-connected disability. But even if the veteran has suffered all the time since the World War with serviceconnected disability, and if his death is brought about by some cause other than his service-connected disability, we find these widows and orphans left without any financial aid whatever. There is no Member of Congress who does not know from his actual experience of many such cases that exist in his district where these women are prevented from making a living for themselves and their children because of having these children to rear which they have borne by these war veterans who are now dead. The members of the Committee on World War Veterans' Legislation and Members of Congress know that for several years I have worked for legislation of this character. I am very glad that it seems now that we have good prospects of securing consideration on the floor of the House on this proposition during this session.

Personally, I am opposed to the so-called needs clauses, which are sometimes referred to as pauper clauses, and if we can secure the opportunity to do so I will be very glad to support an amendment to take those particular provisions out of the bill. Of course, we realize that we are working under a great handicap at this time, in view of the general economic situation over the country, and in view of the present condition of the Federal Treasury; but, nevertheless, this relief for these widows and orphans which is so sorely needed in so many pitiful cases is of such meritorious appeal that I am perfectly willing to go on record in favor of the passage of this bill during this session of Congress.

# THE 90-DAY CLAUSE

In the past all pension laws have required a specific number of days of service as a minimum as a condition of title to a pension for disability not of service origin. This has been the policy in this regard for service pensions for veterans of the Civil War and the Spanish-American War. This policy has been followed in the law providing disability allowance for World War veterans on account of disability not of service origin. Upon mature study of this question I think it reasonable to conclude that on account of the different conditions covering the recruiting of men for the World War the 90-day clause, as a condition of title to a pension for disability not of service origin, should be eliminated.

In the wars prior to the World War the soldiers enlisted for terms or for the duration of the war. It was not so in the World War. In that war this Nation adopted the policy of drafting men. Under that policy the men had to wait until the Government called them. Therefore we can see that it was through no fault of the veteran that he did not serve the 90 days. The men were called at the will of the Government and discharged in the same manner; and all those who were discharged within 90 days from the time they were drafted are barred from participation in the benefits of the disability allowance law. I do not think there should be this discrimination against these veterans since the matter of the exact time when they entered the service, or the exact length of their period of service, was not within their control under the policy of our Government during the World War.

I will do what I can, therefore, to bring about the repeal of that particular provision of the law.

#### CIVIL-SERVICE PREFERENCE FOR VETERANS

The experience of war veterans that the preference which is supposed to be granted them under existing laws and regulations in recognition of their services to their country in time of war has been, in many instances, defeated by executive and administrative agencies in the executive departments of the Government in connection with original appointment, promotion, and retention in service. It may be said that existing laws, Executive orders, and regulations are confusing and therefore can not be fairly and adequately administered.

I believe it is the desire of the Congress to effect real recognition of war service in granting civil-service preference to veterans, and, in order to do this, I believe that it is necessary for Congress to give definite expression to its desire by the enactment of specific legislation which will not permit of manipulation or misinterpretation. This is particularly true at a time like this when the Congress is endeavoring to accomplish economy in the governmental services and to require reductions in forces wherever it can be done without serious injury to the services.

I have introduced a bill (H. R. 10420) providing specifically that appointments shall be made in recognition of such preference, and prohibiting the introduction of other contingencies and conditions. The bill would prevent the discharge of war veterans where nonveterans are retained in similar positions, requiring that the discharge of a war veteran must be for good cause, in accordance with civil-service regulations. Unsympathetic officials will be hesitant to initiate adverse action affecting war veterans if they are required to set forth in writing the basis of such action. The bill proposes definite and specific preference to veterans of military service who have served under war conditions when applying for appointment, or while in the service, in all departments, bureaus, and branches of the governmental service located throughout the United States.

I believe this legislation would be reasonable and right, there is need for it, and I hope we can secure favorable action on it.

## NATIONAL DEFENSE

We need to give attention to our national defense, and by all means we should at least maintain our national plan of defense as it was intended that it should be maintained when it was first adopted. Our national plan of defense is largely a civilian plan, depending upon the understanding and support of our civilian population. It is the least militaristic and also the least expensive national plan of defense which could possibly be devised, and upon which we could depend for the protection and preservation of our Nation in time of need. I earnestly favor the maintenance of our National Guard in a higher state of efficiency, and I am opposed to the attempts to cripple the National Guard by cutting off finances necessary to conduct trial periods and en-

campments. I am opposed to the efforts which are being made at this time to curtail or even abolish the summer training camps of the Reserve Officers' Training Corps and the citizens' military training camps. Our Regular Establishment is but a skeleton as it now stands, and it would be folly to further reduce its strength. To allow our Navy to become weak by failure to continue a reasonable and safe building program in order to provide renewals for deteriorated and obsolete craft is but to let the rest of the world see for themselves the weakness of our national defense, and such a blunder on our part might prove to be a fatal one.

At this time of disturbance and unrest in all other parts of the world it is essential to our national life that we demonstrate to the rest of the world by adequate maintenance of our own national defenses that we stand ready, if need be, to defend our own Nation and maintain her integrity if emergency should arise. We are not a militaristic people, and we do not desire a vast Army establishment for any offensive purposes, but, as Americans we must, if we are to hope to preserve our Nation, guard carefully our defenses. With other Members of Congress who feel as I do concerning the component parts of our national plan of defense, I am doing what I can to prevent the crippling of our defenses.

While it is true that we are in the midst of a very busy session of the Congress, with highly important legislation under consideration, let us not forget that these matters must not be overlooked and must receive due consideration.

#### MUSCLE SHOALS

Mr. CRISP. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by having printed therein an address of Hon. Lister Hill, of Alabama, on the Muscle Shoals bill, drafted by the subcommittee of the Committee on Military Affairs of the House of Representatives, delivered over the Dixie network of the Columbia Broadcasting system, Tuesday evening, March 15, 1932.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The address is as follows:

I wish to thank the Columbia Broadcasting Co. for this opportunity to briefly tell you of the bill which the subcommittee of the Committee on Military Affairs of the House of Representatives has drafted for the disposition of Muscle Shoals. The subcommittee, of which I was chairman, was composed of Representatives Jed Johnson, of Oklahoma, James M. Fitzpatrick, of New York, Numa F. Monter, of Louisiana, Democrats, and Representatives W. Frank James, of Michigan, Thomas W. Cochran, of Pennsylvania, William H. Stafford, of Wisconsin, Republicans.

sylvania, William H. Stafford, of Wisconsin, Republicans.

As we recall, Muscle Shoals was built under the authority of section 124 of the national defense act of 1916 for the production of nitrogen and other products for munitions of war and for the manufacture of fertilizer for agriculture. Agriculture in the United States in our time has undergone and is still undergoing profound and far-reaching changes. We have seen the first chapter of this country's agricultural history close with the passing of the public lands. The main work of our people for half a century was to acquire and occupy the public domain, continental in extent. Practically all the tillable public lands of the Nation have now been occupied. There remain no longer vast stretches of free land, rich and unowned. Agriculture has consequently come to require a new national basis of life, and we must adopt new agricultural policies.

There are only two great forces that destroy national life. One is an invading army and the other is the depletion of the soil. Invading armies wipe out peoples and civilizations. Depletion of the soil makes it impossible for peoples and nations to sustain life in their habitat. They move on as in times gone by the people of Greece moved to the more fertile lands of southern Italy. In soil depletion lies the tragic story of the fall of Babylon, of Greece, of Rome. Strange as it may seem, by divine ordinance the element which is used to destroy life is the element which gives life. The nitrogen which makes the gunpowder also brings forth the products of the field. It is estimated by the Department of Agriculture that nitrogen exhaustion in this country each year is represented by about 9,000,000 tons and replenishment by about 5,450,000 tons. The net depletion of 3,550,000 tons represents the impairment of 118,000,000 acres of farm lands each year. Are we to permit our America to become a China with her soil so exhausted that she can produce only one crop in seven years? Shall we become an India where because of soil depletion famine haunts a destitute people? It is said that there are more hungry people in India every year than the total population of the United States. We must begin again as did our forefathers, not to conquer the land, wrest a living from it and abandon it, but to restore it. We must reclaim our lands by restoring their lost soil

fertility, for when the lime is extracted from the soil and deposited in men's arteries the end of the Nation is in sight.

There are at Muscle Shoals Government properties representing an original investment of approximately \$140,000,000, including Dam No. 1, which is a small navigation dam; Wilson Dam, which is the great power dam, and the most talked-of dam in all the world, the big steam plant; nitrate plant No. 1, a small pilot plant the operation of which did not prove successful; nitrate plant No. 2 with annual production capacity of 40,000 tons of fixed nitrogen which uses the cyanamid process and which was operated successfully during a two weeks trial run; the Waco limestone quarry; and approximately 4,000 acres of land. For 10 years Congress has been endeavoring to make disposition of these properties. In 1928 it passed a bill for Government operation of them, but this bill was killed by the veto of President Coolidge. Again in 1931 Congress passed a bill which was primarily a Government operation bill, and this bill was killed by the veto of President Hoover.

President Hoover.

The subcommittee was instructed by the full committee to draft a bill providing for the operation of the power-generating facilities and power switch by the Government, the construction of the Cove Creek Dam, the leasing of the nitrate properties on liberal terms, and if the making of a lease be impossible the operation of the properties by the Government. The bill drafted by the subcommittee and which was reported to the full committee this morning creates a board of three members to be appointed by the President with the advice and consent of the Senate and to be known as the Muscle Shoals Board.

Members of the board shall have no financial interest in any

Members of the board shall have no financial interest in any business adversely affected by the provisions of the bill. The board is authorized to employ such officers and employees as may be necessary and is authorized, with the approval of the President, to lease, for a period not exceeding 50 years, the properties at Muscle Shoals, except the power plants and power-generating facilities, but no lease can be made with any power-distributing company or with any holding company or other company affiliated or allied with any power-distributing company. It is the duty of the board to operate and control the power-generating facilities and the power switch and to supervise and enforce the obligations of all contracts made by it. Preference as a lessee is accorded to States and to nonprofit corporations exclusively owned and controlled by organizations of farmers; and so far as may be practicable in the negotiations of any lease, open competition shall be employed after due advertisement. The lease contract shall contain a stipulation requiring the lessee to produce at Muscle Shoals within two years from the date of the lease, in the most economical manner, fertilizer containing not less than 10,000 tons of fixed nitrogen and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require, and such increases shall finally reach the maximum production capacity of the plants at Muscle Shoals as the board may find them to be economically adapted or susceptible of being made economically adapted to the fixation of nitrogen.

The lease shall further provide for the production at Muscle Shoals of an initial quantity of phosphoric acid containing not less than 15,000 tons within two years and six months from the date such production becomes effective, and such production shall be increased from time to time in response to the reasonable market demand until it shall amount to 40,000 tons of phosphoric acid per annum which shall be offered for sale in concentrated fertilizer. The lessee shall be required to offer all fertilizer for sale first to farmers or their authorized agents under conditions providing for equitable distribution at a profit not to exceed 8 per cent of the cost of production and sale. The fertilizer shall be of greater concentration than now generally sold to the farmers. The lessee shall maintain the nitrate properties in an up-to-date condition, so that they will be ready for operation in the event of war or national emergency, and in such event shall turn them over to the Government. All power necessary for the production of fertilizer and for the manufacture of chemicals by the lessee, and power in excess of that so allocated shall be sold by the board at the switchboard on an equitable basis—States, counties, municipalities, and the manufacturers of chemical products to have preference. Rental payments to the Government and prices charged for power shall be fixed by the board and shall be fair and reasonable.

In the event the board is unable within 18 months to effect a lease, it shall be the duty of the board until a lease can be effected to manufacture fertilizer at Muscle Shoals by employment of existing plants and facilities or by modernizing the existing plants and facilities or by the construction of new plants and facilities. Such fertilizer shall contain not less than 10,000 tons of fixed nitrogen per annum, and said amount shall periodically be increased until the maximum production capacity of the plants is reached. Surplus power in excess of that required from time to time by the board for production of fertilizer shall be sold at the switchboard on an equitable basis giving States, counties, and municipalities the preference. When a lease of the Muscle Shoals properties has been effected, or if no lease be effected, when the board shall certify to the President that there is a demand for increased power for the manufacture of fertilizer at Muscle Shoals, the Secretary of War is authorized to construct the Cove Creek Dam. This dam will be 225 feet high with a reservoir of 83 square miles. It is an integral part of the Muscle Shoals project and will more than double the amount

of primary electric power now available at the Wilson Dam and at all other dams on the Tennessee River below it. It will contribute mightily to the navigation of the river with its channel of 652 miles twisting capriciously until it empties into the Ohio 67 miles from the Mississippi. It will control in large measure the floods on the Tennessee and even lessen the ravages of those on the Father of Waters. The bill insures the disposition of Muscle Shoals.

It is liberal in its leasing provisions, affords every opportunity for a lease that will be fair to the lessee and yield a reasonable return to the Government on its investment. The bill contemplates at Muscle Shoals a great electrochemical development requiring coal, coke, limestone, phosphate, and various other raw material. The labor necessary for fertilizer-plant operations, limestone quarries, phosphate mines, coal mines, coke ovens, and electrochemical operations will require a population of thousands of men in Alabama and Tennessee. For 12 years the people of the Tennessee Valley have awaited the disposition of Muscle Shoals as the entering wedge for the development of the valley. The bill will forge the first link in the chain of development and open up the industrial empire of the Tennessee Valley destined to become a greater Ruhr. As has been said, there are in the Tennessee Valley conjunctions of raw materials of all kinds, of coal, iron, and waterpower more fateful than conjunctions of the stars. The bill will keep the promise of the Government to the farmer, afford cheaper fertilizer, and lighten the burdens of him who is a partner with God to liberate the forces of nature and feed and clothe the teeming millions of the Nation. It will set an honest standard of cost for the generation of electric power for the benefit of the millions of power consumers of the Nation.

There comes down to us through the ages the injunction to multiply and replenish the earth and the earth must be replenished with nitrogen. Wherever man looks, the living, moving, doing thing in the world is nitrogen, constantly reminding us that "There's a Divinity that shapes our ends, rough hew them how we will."

### EXTENSION OF REMARKS

Mr. STRONG of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a statement made by President O'Neal, of the American Farm Bureau Federation, on the stabilization of the purchasing power of money.

Mr. STAFFORD. Mr. Speaker, will not the gentleman withdraw that request and present it to-morrow morning when the gentleman from Massachusetts is present? For the time being I object.

## SENATE BILLS REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 95. An act to amend the second paragraph of section 6 of the civil service retirement act of May 29, 1930 (relating to persons retired for disability); to the Committee on the Civil Service.

S. 266. An act to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly; to the Committee on Agriculture.

S. 1003. An act for the relief of Capt. Jacob M. Pearce, United States Marine Corps; to the Committee on Naval Affairs.

S. 1307. An act authorizing an appropriation for the alteration and repair of the buildings of Eastern Dispensary and Casualty Hospital; to the Committee on the District of Columbia.

S. 1406. An act to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.; to the Committee en Military Affairs.

S. 2059. An act for the relief of Albert Ross; to the Committee on Naval Affairs.

S. 2062. An act for the relief of Adam Augustus Shafer; to the Committee on Naval Affairs.

S. 2148. An act for the relief of Clarence R. Killion; to the Committee on Military Affairs.

S. 2290. An act for the conservation of rainfall in the United States; to the Committee on Agriculture.

S. 2335. An act for the relief of O. R. York; to the Committee on Claims,

S. 2355. An act to define, regulate, and license real-estate brokers and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for

S. 2682. An act to amend section 5 of the Criminal Code: to the Committee on the Judiciary.

S. 3362. An act to prevent fraud in the promotion or sale of stock, bonds, or other securities sold or offered for sale within the District of Columbia; to control the sale of the same; to register persons selling stocks, bonds, or other securities; to provide punishment for the fraudulent or unauthorized sale of the same; to make uniform the law in relation thereto, and for other purposes; to the Committee on the District of Columbia.

S. 3508. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes," approved June 25, 1910, as amended; to the Committee on Indian Affairs.

S. 3536. An act for the relief of Jerry O'Shea; to the Committee on Claims.

S. 3570. An act to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927; to the Committee on the Public Lands.

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 3744. An act for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River; to the Committee on Irrigation and Reclamation.

S. J. Res. 116. Joint resolution relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act; to the Committee on Banking and Currency.

S. Con. Res. 6. Concurrent resolution favoring the designation and appropriate observance of American conservation week; to the Committee on the Judiciary.

# RESOLUTION AND BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution and bills of the House of the following titles:

H. J. Res. 182. Joint resolution authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933;

H. R. 361. An act to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other pur-

H. R. 5866. An act to authorize the construction of a dam across Des Lacs Lake, N. Dak.;

H.R. 6485. An act to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes; and

H. R. 8235. An act to clarify the application of the contract labor provisions of the immigration laws to instrumental musicians.

## ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now

The motion was agreed to; accordingly (at 5 o'clock and 18 minutes p. m.) the House adjourned until to-morrow, Thursday, March 17, 1932, at 12 o'clock noon.

# COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Thursday, March 17, 1932, Whole House.

other purposes: to the Committee on the District of Colum- | as reported to the floor leader by clerks of the several committees:

> COMMITTEE ON BANKING AND CURRENCY (10.30 a. m.)

Stabilization measures.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies (H. R. 9059).

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. THOMASON: Committee on Military Affairs. H. R. 8624. A bill to authorize the loan of War Department equipment to the Knights of Pythias; with amendment (Rept. No. 808). Referred to the House Calendar.

Mr. CHAVEZ: Committee on Indian Affairs. H. R. 9071. A bill to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto and to amend the act approved June 7, 1924, in certain respects; with amendment (Rept. No. 820). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. PITTENGER: Committee on Claims. A bill for the relief of Pierre E. Teets: with amendment (Rept. No. 809). Referred to the Committee of the Whole

Mr. SWANK: Committee on Claims. H. R. 1834. A bill for the relief of Claude E. Dove; with amendment (Rept. No. 810). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 2916. A bill for the relief of Kathryn Thurston; with amendment (Rept. No. 811). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 5980. A bill for the relief of Lottie W. McCaskill; without amendment (Rept. No. 812). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 6623. A bill for the relief of Minnie D. Hines; with amendment (Rept. No. 813). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 7215. A bill for the relief of May Weaver; with amendment (Rept. No. 814). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 7278. A bill for the relief of Joseph Vigliotti; without amendment (Rept. No. 815). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 8144. A bill for the relief of O. H. Chrisp; with amendment (Rept. No. 816). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 84. An act for the relief of Abraham Green; without amendment (Rept. No. 817). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. S. 1205. An act for the relief of Edith Tolerton Lathrop; without amendment (Rept. No. 818). Referred to the Committee of the

Mr. BACON: Committee on Claims. H.R. 5513. A bill to permit the United States to be made a party defendant in certain cases; without amendment (Rept. No. 819). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK: A bill (H. R. 10558) authorizing the establishment of a seaplane base on Castle Island in the city of Boston, Mass.; to the Committee on Military Affairs.

By Mr. STEVENSON: A bill (H. R. 10559) to amend so much of the first deficiency act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives; to the Committee on Printing.

By Mr. EVANS of Montana: A bill (H. R. 10560) giving consent to the several States for the taxation of personal property in private ownership on certain military reservations within the States; to the Committee on Military Affairs.

By Mr. CHRISTGAU: A bill (H. R. 10561) placing certain positions in the Postal Service in the competitive classified service; to the Committee on the Civil Service.

By Mr. IGOE: A bill (H. R. 10562) to authorize the establishment of a national cemetery at Hines, Cook County, Ill.; to the Committee on Military Affairs.

By Mrs. NORTON (by request of the Commissioners of the District of Columbia): A bill (H. R. 10563) to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. LAMNECK: A bill (H. R. 10564) to fix the rates of postage on catalogues exceeding 8 ounces in weight; to the Committee on the Post Office and Post Roads.

By Mrs. NORTON: A bill (H. R. 10565) to amend section 3 of an act, as amended, entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife, or his or her minor children, in destitute or necessitous circumstances, approved June 10, 1926"; to the Committee on the District of Columbia.

By Mr. CONNERY: A bill (H. R. 10566) to provide that the prevailing rate of wages shall be paid to laborers and mechanics employed on certain public works of the United States, the District of Columbia, the Territories, and the Panama Canal, and for other purposes; to the Committee on Labor.

By Mr. BRITTEN: A bill (H. R. 10567) for the repeal of the drastic provisions of the so-called Jones 5 and 10 law; to the Committee on the Judiciary.

By Mr. AMLIE: A bill (H. R. 10568) to establish a referendum to enable the people of the United States to propose candidates for nomination for President of the United States, and the other purposes: to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. BYRNS: A bill (H. R. 10584) to prevent the sale or transportation in interstate and foreign commerce of certain commonly used poisons; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMMERS of Washington: Joint resolution (H. J. Res. 335) to promote the conservation of health and the education of minor children residing on tax-free Indian land on the Yakima Reservation, Wash.; to the Committee on Indian Affairs.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHINDBLOM: A bill (H. R. 10569) granting a pension to Elizabeth Woods; to the Committee on Pensions.

By Mr. DOUGLASS of Massachusetts: A bill (H. R. 10570) to extend further benefits of the employees' compensation act of September 7, 1916, as amended, to Guiseppe Iacono; to the Committee on Claims.

By Mr. ENGLEBRIGHT: A bill (H. R. 10571) granting a pension to Apostolo Calaritto; to the Committee on Pensions.

By Mr. GARRETT: A bill (H. R. 10572) to correct the naval record of Aubrey Layton Dunn; to the Committee on Naval Affairs.

By Mr. HARE: A bill (H. R. 10573) for the relief of Florence M. Humphries; to the Committee on War Claims.

Also, a bill (H. R. 10574) for the relief of Dr. B. J. Hammet; to the Committee on War Claims.

By Mr. HARLAN: A bill (H. R. 10575) granting a pension to Arthur L. Atkins; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 10576) granting an increase of pension to Ruth P. Shivers; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 10577) granting a pension to Emma C. Fisher; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 10578) granting an increase of pension to Elsie R. Decker; to the Committee on Invalid Pensions.

By Mr. SWANK: A bill (H. R. 10579) granting a pension to Susie A. Box; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10580) for the relief of George Louis Dynes; to the Committee on Military Affairs.

By Mr. TEMPLE: A bill (H. R. 10581) for the relief of Julia Krenz; to the Committee on Foreign Affairs.

By Mr. UNDERHILL: A bill (H. R. 10582) granting an increase of pension to Amy R. Knox; to the Committee on Invalid Pensions.

By Mr. WOLVERTON: A bill (H. R. 10583) for the relief of James Smith; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4433. By Mr. ALDRICH: Resolution of Betsy Ross Council, No. 23, Sons and Daughters of Liberty, of Providence, R. I., urging passage of House bill 1967; to the Committee on Immigration and Naturalization.

4434. By Mr. COCHRAN of Missouri: Petition of thousands of mothers of St. Louis, urging the Congress to enact the Cochran bill making it a Federal offense to kidnap a person and remove that person from one jurisdiction to another. Some of the petitions represent 100 per cent the congregations of churches, lodges, and societies; to the Committee on the Judiciary.

4435. By Mr. DALLINGER: Petition of 35 citizens of Woburn, Mass., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4436. By Mr. ENGLEBRIGHT: Petition of Board of Supervisors, City and County of San Francisco, Calif., through its clerk, J. S. Dunnigan, protesting any reduction in Army appropriations; to the Committee on Appropriations.

4437. Also, petition of Glendale Post, No. 127, American Legion (Ltd.), favoring House bill 7115; to the Committee on Agriculture.

4438. By Mr. FITZPATRICK: Memorial of the Polish National Alliance of the United States of North America, urging the enactment of House Joint Resolution 144 directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4439. By Mr. GARBER: Petition of Chamber of Commerce of Pittsburgh, opposing House bill 9390; to the Committee on Interstate and Foreign Commerce.

4440. Also, petition of Enid Cooperative Creamery Association, opposing the repeal of the agricultural marketing act or any amendment abolishing the Federal Farm Board or transferring the function of same to any other Government department; to the Committee on Agriculture.

4441. Also, petition of citizens of Oklahoma, protesting against resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4442. Also, petition of the Woodward Chamber of Commerce, urging the enactment of legislation regulating interstate traffic of motor busses and motor trucks; to the Committee on Interstate and Foreign Commerce.

4443. Also, petition of Ben E. Mobley, Oklahoma State game warden, Oklahoma City, Okla., on behalf of Oklahoma sportsmen, supporting 1-cent-a-shell tax for the purpose of restoring and perpetuating migratory waterfowl and upland game birds; to the Committee on Ways and Means.

4444. Also, petition of Ralph Hemphill, of Oklahoma City, urging exemptions of agricultural fairs; to the Committee on Ways and Means.

4445. Also, petition of Citizens of Okema, Okla., urging the passage of Senate bill 2487 and House bills 1197 and 7797; to the Committee on Agriculture.

4446. Also, petition of Sam Brown Warden, opposing the use of convict labor on Federal roads; to the Committee on Labor.

4447. Also, petition of Lynn Thompson, of Minneapolis, urging Army mobilization; to the Committee on Ways and Means.

4448. Also, petition of Harry H. Smith, of Tulsa, Okla., protesting against proposed Federal tax on Gasoline; to the Committee on Ways and Means.

4449. Also, petition of citizens of Garber, Okla., urging passage of bill which provides for the immediate payment of the soldier's adjusted-service certificates; to the Committee on Ways and Means.

4450. Also, petition of Kiwanis Club of Enid, Okla., urging the passage of bill providing for the immediate payment to ex-service men of the balance due on their bonus certificates; to the Committee on Ways and Means.

4451. Also, petition of C. O. Moser, of New Orleans, representing the American Cotton Cooperative Association, advocating a tariff against foreign-produced oils and fats; to the Committee on Ways and Means.

4452. Also, petition of citizens of Park Ridge, Ill., urging passage of bill 9891, railroad employees national pension; to the Committee on Pensions.

4453. Also, petition of H. E. Manly, of Oklahoma City, protesting against the manufacturers' sales tax; to the Committee on Ways and Means.

4454. Also, petition of H. C. Busker, of Newkirk, Okla., urging amendment of Sherman Anti-trust Act, H. R. 8930; to the Committee on the Judiciary.

4455. Also, petition of citizens of Oklahoma, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4456. By Mr. GARRETT: Petition of citizens of Texas, in behalf of the Federal Farm Board; to the Committee on Agriculture.

4457. By Mr. GLOVER: Resolution of Pine Bluff Chamber of Commerce; to the Committee on Ways and Means.

4458. By Mr. HADLEY: Petition of some residents of Wickersham, Wash., urging maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4459. By Mr. HOGG of West Virginia: Petition of Romney Fire Co., recommending the passage of House bill 9596; to the Committee on Roads.

4460. By Mr. IGOE: Petition of the Crawford Business Men's League of Chicago, Ill., petitioning the President and Congress of the United States to withdraw and stay out of the Orient and not involve the Nation in any quarrels which may arise between the respective nations of the East; to the Committee on Foreign Affairs.

4461. By Mr. JAMES: Petition of Journeymen Barbers International Union of America, Local No. 955, of Hancock, by Ralph Ziegenbein, secretary, office at Houghton, Mich.; to the Committee on Ways and Means.

4462. By Mr. JOHNSON of Texas: Petition of C. C. Adams, of Rockdale, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4463. By Mr. KELLER: Petition of Local Union No. 790, United Mine Workers of America, Zeigler, Ill., with a membership of 900, petitioning Congress to allot to southern Illinois a hospital for disabled veterans; to the Committee on World War Veterans' Legislation.

4464. Also, petition of the members of the Martin, Carter, Steveson Post, No. 744, American Legion, Cutler, Ill., urging the payment of the amount remaining due on the soldier bonus; to the Committee on Ways and Means.

4465. Also, petition of Local Union No. 812, United Brotherhood of Carpenters and Joiners, urging the passage of a law to compel contractors to pay the prevailing rate of wages and observe the hours of labor; to the Committee on Labor.

4466. By Mr. LINDSAY: Petition of Arbuckle Bros., favoring a duty on refined sugar; to the Committee on Ways and Means.

4467. Also, petition of William E. Lindsley, of Newburgh, N. Y., opposing 21/4 per cent sales tax; to the Committee on Ways and Means.

4468. By Mr. MEAD: Petition of National Live Stock Marketing Association, objecting to sales tax on meat; to the Committee on Ways and Means.

4469. By Mr. NELSON of Maine: Petitions of W. E. Gerald and 75 other residents of the State of Maine, protesting against Senate bill 1202, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4470. By Mr. NOLAN: Resolution of the City Council of Minneapolis, requesting that the Congress of the United States enact House Resolution No. 1, relating to the payment in full of soldiers' adjusted-service certificates; to the Committee on Ways and Means.

4471. By Mr. PARKER of Georgia: Petition of L. P. Maggioni & Co., of Savannah, Ga., urging the enactment of regulatory legislation for busses and trucks for hire; to the Committee on Interstate and Foreign Commerce.

4472. Also, petition of Hon. Pleasant A. Stovall; H. L. Kayton; the Georgia Ice Co.; A. F. Rehm; Abrahams, Nouhan, Atkinson & Lawrence, attorneys; E. W. Thomas, for Odeon Theater employees; Arcadia Theater employees; Robert Hardee, for Bijou Theater; A. W. Thiot, secretary Trades and Labor Assembly of Savannah; Lucas Theater employees; Love B. Harrell and B. J. Fowler, of Macon; Paul S. Ethridge, chairman Fulton County Commission; Arthur Lucas, Moultrie Chamber of Commerce; and O. C. Lam, all of the State of Georgia, protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4473. By Mr. PATMAN: Petition of D. I. Hooks and 60 other citizens of Bowie County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4474. Also, petition of Tom Jeffus and 17 other citizens of Lamar County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4475. Also, petition of A. W. Smith and 186 other citizens of Camp County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4476. Also, petition of M. O. Combs and 54 other citizens of Titus County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4477. Also, petition of C. B. Anderson and 18 other citizens of Delta, County, Tex., urging the retention of the agricultural marketing act, and asking that no amendment thereto be made; to the Committee on Agriculture.

4478. By Mr. RUDD: Petition of Arbuckle Bros., New York, favoring a duty on refined sugar; to the Committee on Ways and Means.

4479. Also, petition of Eugene Fitzpatrick, Long Island City, favoring the passage of House bill 319 providing for tariff on imports of copper; to the Committee on Ways and Means.

4480. Also, petition of Dr. R. B. Church, Akron, Ohio, favoring the passage of Senate bill 2683 and House bill 4499; to the Committee on Military Affairs.

4481. By Mr. SCHUETZ: Petition of Group No. 1424 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4482. Also, petition of Group No. 1991 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4483. Also, petition of Group No. 2424 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4484. Also, petition of Group No. 2459 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4485. Also, petition of Group No. 843 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4486. Also, petition of Group No. 2352 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4487. Also, petition of Group No. 4 of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4488. Also, petition of Group No. 844, of the Polish National Alliance of the United States, memorializing Congress to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4489. By Mr. SEGER: Petition of John Kehrle, secretary, and 30 members of the St. Boniface Holy Name Society, Catholic Central Verein of America, Paterson, N. J., favoring immediate modification of the Volstead act and eventual repeal of the eighteenth amendment; to the Committee on the Judiciary.

4490. By Mr. SELVIG: Petition of Henning Farmers' Creamery, Henning, Minn., composed of 300 farmers, opposing any sales tax whatever; to the Committee on Ways and Means.

4491. By Mr. STRONG of Kansas: Resolution of Gen. E. S. Godfry Camp, No. 5, United Indian War Veterans, Clay Center, Kans., urging the passage of the widows' uniform pension bill, H. R. 7230; to the Committee on Pensions.

4492. By Mr. SWING: Petition signed by 13 residents of Blythe, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

# SENATE

THURSDAY, MARCH 17, 1932

(Legislative day of Monday, March 14, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

# CHANGES OF REFERENCE

Mr. JONES. Mr. President, the bills (S. 3467) amending the annual rate of payment of irrigation-construction assessments on the Wapato irrigation project, and (S. 3998) approving and confirming contract for apportionment of waters of Ahtanum Creek, Wash., between Yakima Indian Reservation and lands north thereof, dated May 9, 1908, were referred to the Committee on Irrigation and Reclamation. I do not know how it happened, but that reference occurred. The bills ought to be referred to the Committee on Indian Affairs, as they deal with Indian reservation matters.

The VICE PRESIDENT. Without objection, the Committee on Irrigation and Reclamation will be discharged from the further consideration of the bills, and they will be referred to the Committee on Indian Affairs.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas obtained the floor.

- Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Arkansas yield for that purpose?

Mr. ROBINSON of Arkansas. I do.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Robinson, Ark.
Austin	Davis	Kean	Robinson, Ind.
Bailey	Dickinson	Kendrick	Schall
Bankhead	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	McGill	Steiwer
Bratton	Glass	McKellar	Thomas, Idaho
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Hale	Metcalf	Townsend
Bulow	Harrison	Moses	Trammell
Capper	Hastings	Neely	Tydings
Caraway	Hatfield	Norbeck	Vandenberg
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass.
Coolidge	Hebert	Oddie	Walsh, Mont.
Copeland	Howell	Patterson	White
Costigan	Hull	Pittman	
Couzens	Johnson	Reed	

Mr. KEAN. My colleague the junior Senator from New Jersey [Mr. Barbour] is unavoidably absent. I would like to have this announcement stand for the day.

Mr. LOGAN. I announce the necessary absence of my colleague the senior Senator from Kentucky [Mr. Barkley] on public business. I ask that the announcement may stand for the day.

Mr. ROBINSON of Indiana. I wish to announce the continued illness of my colleague the senior Senator from Indiana [Mr. Warson]. I ask that this announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

Mr. SHEPPARD. The junior Senator from Louisiana [Mr. Long] is necessarily detained from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

RADIO ADDRESSES BY GOVERNOR LA FOLLETTE AND SENATOR
LA FOLLETTE ON PROGRESSIVE GOVERNMENT

Mr. BLAINE. Mr. President, I ask unanimous consent to have printed in the Record speeches delivered by the governor of my State, Hon. Philip La Follette, and my colleague, Hon. ROBERT M. LA FOLLETTE, JR., over the National Broadcasting System on the evening of March 14, 1932.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

# SPEECH OF GOVERNOR LA FOLLETTE

Some of you may have been in the forest with a guide when you have lost the trail. You will recall that moment of panic and fear that comes when suddenly you realize that the guide, in whose knowledge you had trusted, himself no longer knows where you are or where next to turn. The forest looms about, its stillness intensifying the terror that lurks within you. Only a calm consideration of factors of stream flow and the lay of the land, of basic factors, will enable you to reach your ultimate objectives. Yet it is precisely at such a time that one can maintain a sufficient evenness of judgment only with the greatest effort. Such is the situation of America to-day. We have lost confidence in leaders, because leaders have lost their own way. In our fear and uncertainty it is difficult for us to be able to apply the basic knowledge we already possess. And so we endanger ourselves further with irrational but humanly understandable despair and panic. This is not worthy of our heritage.

is not worthy of our heritage.

Sober and conservative minds are convinced to-day that we face one of the gravest emergencies of our history. Confronted by this emergency, people have divided themselves broadly into two groups. One group has maintained that there was nothing to do but let the depression run its course in the vague hope that somewhere, somehow, something might happen that would automatically start the machine running again on the right road. This group is now, and has been for 25 years, with few interruptions, in compete control of our national business and political life, as well as of most of the governments of our States and municipalities.

Another group has maintained from the outset that the depres-

Another group has maintained from the outset that the depression was caused by a series of policies reaching back at least 25 years, and pursued with increasing recklessness during the period of inflation, and until those causes are searched out and adequate remedies applied our machine, instead of getting better, will get worse. To this latter group belong the progressives of Wisconsin. We hold that America has the best labor and the most modern industrial machinery; that we can produce all of the industrial products needed by our people; that we have a rich and fertile soil, with the most efficient and best trained agricultural population, which can easily produce enough food to maintain a high standard of living. We hold that there is nothing wrong with our power of production; that our difficulty lies with our direction and distribution of that production.

The farmer produces and wants to trade his milk and butter and

The farmer produces and wants to trade his milk and butter and eggs and vegetables and meats and other farm products for clothes and shoes and electric lights and other industrial products, but he can not trade them for enough to pay his interest and taxes, let alone to have enough over to buy even a small part of what he The worker wants milk and butter and eggs and meat and clothes and shoes and other products of the farm and factory, but millions of our workers are totally without money to buy anything.

In practical terms this means that unless the advances made in the production of goods are shared widely among people of all classes through wages and prices of commodities the whole ecoclasses through wages and prices of commodities the whole economic structure is so narrowly based that it becomes insecure. The slightest disturbance will topple it over. There is no advantage in being able to finance enlargement of plant and equipment or any other investments if there is no assurance that a market will be ready to absorb the new volume of goods to be produced. To secure such stabilization of production and consuming power requires not merely intelligent administration of each individual economic unit and activity. It requires also deliberate effort on the part of the various interests and groups in society as a whole to see that its resources in land, in capital, in skill, and knowledge are applied to their best advantage. We in skill, and knowledge are applied to their best advantage. We have discovered that the unplanned and unregulated growth of our cities destroys the very wealth that first resented the effort to guide and direct development. We are learning to-day that the same lesson holds true of national and, indeed, world economy as

One hundred and fifty years ago a small part of the population in other countries—the nobility—had the extreme degree of liberty, namely, license to do about as they pleased, but the bulk of human beings had no liberty whatever. The founders of our Republic recognized that in order to give the mass of people security there had to be restraints and controls upon the selfish and powerful few—our forefathers provided us with the American system of government, which accomplished the purposes for which it was designed.

To-day a small fraction of our population at the very top have economic liberty to do about as they please, but the vast majority of us are without security. Unless our generation devises some economic control, some reasonable restraint, we shall have missed

economic control, some reasonable restraint, we shall have missed both the opportunity and the crying need of our time.

In many parts of the world to-day other nations are attempting to create some sort of economic order and government. Unfortunately for the progress of the world most of these attempts are duplicates in the economic field of the political autocracy of a century ago. We in America should blaze a trail in this economic field as we did in the political field.

We should devise machinery for our economic government that

We should devise machinery for our economic government that will be in keeping and in harmony with our traditions and our experiences. America should meet the need of our time out of

experiences. America should meet the need of our time out of our experience and according to American principles.

We have gone for 40 years without adequate economic restraint; we can not expect to correct overnight the mistakes of four decades. In all that we do we must act for the present, endeavoring to do what is humanly possible to prevent hardship and disaster now, but we must also build for to-morrow.

The progressives of Wisconsin recognize that no single State can alone solve our problems, nor do we make any pretense that our program is perfect. We do maintain that if we continue this endless buck passing from the Federal Government to the States and back again, millions will go hungry and millions more sink into apathy and hopelessness before even a beginning has been made. In Wisconsin we are making a beginning. We have begun by recognizing, for example:

by recognizing, for example:
(1) That mechanical energy is the foundation for the improvement and development of our farms, homes, and factories. We favor the public ownership and control of enough of our heat, light, and power to protect the public interest. We are not for Government ownership nor against private ownership as a matter of theory. We are interested in having the people provided with of theory. We are interested in having the people provided with light, heat, and power in abundant quantities and by the most efficient and economical means. Wisconsin is adopting as rapidly as possible a comprehensive program to enable this State and its municipalities, together with our privately owned utilities, to develop an integrated and carefully planned power program that will eventually supply these necessities to every home, farm, and factory in this State.

(2) That careful economic and social planning are as essential for a community as they are for a successful business or agricultural enterprise. Wisconsin has created such an agency. In spite of the warmth of our politics, leaders in business, industry, agriculture, labor, and commerce have patriotically laid aside their prejudices and sit together around a table to discuss and plan for the welfare of the entire State.

(3) That machinery must be created to enable businessuse business in its widest sense—to govern itself. We do not favor the Government trying to run business. We do favor the Government providing the machinery to enable business intelligently to govern itself. The progressives of Wisconsin have a definite and carefully considered program to provide the machinery and at the same time afford adequate protection to the general public through cooperative associations and boards of trade.

cooperative associations and boards of trade.

(4) That the taxing power can be used to carry us through the present emergency with as little suffering as possible by providing the necessary relief and necessary public works and by removing unjust tax burdens from farms, homes, and places of business. Wisconsin has this year provided all of the localities with funds equal to one-half of their 1931 expenditures for unemployment relief and has likewise decreased the total tax for all purposes on farms, homes, and places of business by 11 per cent less than in 1930.

During the past 25 years the country as a whole has been dominated by the reactionary elements in the Republican and Democratic Parties. In Wisconsin the progressives have had an opporcratic Parties. In Wisconsin the progressives have had an opportunity to put their policies into partial application.

Throughout this period you have been told that Wisconsin was

radical and destructive. As we all confront the emergencies of this depression, Wisconsin welcomes a comparison of her public housekeeping with that of the other States and the National Govnousekeeping with that of the other States and the National Government. Wisconsin has followed the policy of paying as we go. We have no State indebtedness. We have better than a balanced budget and have been able to provide substantial tax reduction to the farmer, home owner, and business man in this emergency. Not a single county or municipality has failed to pay the interest and principal upon its obligations. Wisconsin is suffering in this depression like every other community, but the general condition in the State of Wisconsin is better than in any place in America, and no one can to-day deny that the State of Wisconsin is one of

and no one can to-day deny that the State of Wisconsin is one of the soundest and most secure in the United States.

Six years ago a member of the President's Cabinet gave an address on the occasion of the birth of the Republican Party. In that address he pointed with pride to the achievements of the past quarter century, to the things that had been done that had improved life for the great mass of people. Every achievement that this conservative pointed to as improving the life of America had originated with the progressive movement in Wisconsin and had been enacted into our national law by the progressives over the bitter opposition of the conservatives in both the Republican and Democratic Parties.

In the face of this constructive record of achievements and sound public housekeeping the reactionaries will still continue to sound public housekeeping the reactionaries will still continue to call the Progressives of Wisconsin radical and destructive. In the true meaning of the word "conservative"—to conserve and preserve—the only real conservatives in America to-day are the Progressives. We say with Lincoln that every political idea that we have came from Thomas Jefferson and the Declaration of Independence. The reason is this: One hundred years ago our ancestors, through individual zeal, courage, and endurance, were solving the problems of their day by founding new settlements in the vast lands of the continent. We of to-day can no longer attack our problems in such a way. But the Progressives are seeking to find some modern equivalent for the free land of the frontier as a means of supplying the humblest citizen and his family with equal access to the opportunities of life. That is why, in our effort to find some means for encouraging industrial and business statesmanship, in our effort to broaden and deepen the consuming statesmanship, in our effort to broaden and deepen the consuming power of the country, we are seeking to conserve and transmit to our children the most fundamental ideals of America.

## SPEECH OF SENATOR LA FOLLETTE

I agree with what Phil has said of the underlying causes of our national economic breakdown and the problems which it creates for the people and their Government. I hope I may be pardoned for expressing pride in him, not only because he is my brother but because of the courage and ability which he and the Progressives in Wisconsin are dealing with the problems that beset us.

The conflicting theories of government and economics which are being put to the test are better understood when we survey the conditions existing throughout the country.

Industrial production is down 45 per cent from the 1929 level.

Freight-car loadings have dropped 38 per cent, manufacturing

employment is 33 1/2 per cent lower, construction is down 50 per cent, residential building is off 80 per cent.

Five hundred and fifty great industrial corporations had a net income in 1929 of \$3,500,000,000; in 1931 they had a net income of approximately \$1,100,000,000.

It is conservatively estimated that 8,300,000 men and women are trudging the streets looking for work and unable to find it. At least another 7,000,000 are working part time and for greatly reduced wages.

Six million farmers in the United States have been fighting a losing economic battle ever since 1920. The industrial and financial depression of the last three years has served merely to intensify the deflation which agriculture has experienced for the last 12 years.

The wage and salary loss of the unemployed, it is estimated, reaches the staggering total of \$20,000,000,000. The purchasing power of 50,000,000 people dependent upon wages and of 30,000,000 people dependent upon agriculture has been withdrawn from the market. This is one of the prime reasons why the depression,

now in its third winter, has extended without recovery from 1929

to 1932.

For years preceding this depression the Federal Government pursued a policy of noninterference, looking on with complacency while there grew up a system of irresponsible and speculative control of industry and finance. This resulted in the concentration of wealth in the hands of a relatively small group. While this system was being created, in Wisconsin and at Washington Progressives fought, as they are fighting to-day, to prevent domination and control of our economic life by concentrated wealth.

As one corrective step I have proposed a national economic

As one corrective step I have proposed a national economic council, to be composed of men thoroughly trained and equipped to consider problems of labor, agriculture, industry, finance, transportation, and scientific management as related to changes which

portation, and scientific management as related to changes which will continue to come in the development of our highly mechanized system of production. It is not proposed in the bill now pending that the council shall have power to coerce any industry by curtailing production, fixing prices, or by any similar device.

But such a council could do much by intelligent economic planning to guard against violent swings in the business cycle.

The Federal Government may be unable to prevent depressions, but when a depression is obviously approaching it is the duty of those in authority at Washington to put up storm signals. And when a depression is here the Federal Government, equally with the cities and States, should share the burden of saving human victims of economic calamities and governmental mistakes.

victims of economic calamities and governmental mistakes.

Up to this time not a dollar of Federal funds has been made available for this purpose to supplement funds raised for the most part by taxation on real estate in the several States. A bipartisan combination in the Senate last month defeated the bill to assist cities, counties, and States in meeting the problem of unemployment relief. I still believe that Congress will not adjourn without passing such legislation.

Unless the Federal Government does its share in this emergency the social progress we have made in raising the standard of living in this country will be lost. For years to come we shall be paying the price in the breakdown of health, stunted and undernouring the price in the breakdown of health, stunted and undernourished children, and disintegration of the moral fiber of millions of our citizens. We are in the midst of a disaster comparable to earthquake, flood, and fire, and quite as far removed from control of the individual in its causes and effects. Yet there are those who contend that National Government should not place a share of the burden of relief upon corporations and individuals paying income and inheritance taxes.

The so-called reconstruction program sponsored by the administration and the coalition in Congress has had the right of way at this session. These measures seek to meet the present emergency by tinkering with the banking system and loaning the credit of the Government to railroads, banks, and insurance companies. Loaning money to railroads to refinance bonds which are coming due may temporarily prevent them from going into the hands of receivers. But it will not produce an additional ton of traffic nor add a dollar to their revenues.

traffic nor add a dollar to their revenues.

Loaning Government credit, even to the extent of \$2,000,000,000, will not bring orders for goods, nor will it increase pay rolls or the earnings of industrial corporations. Loans to the Steel Corporations of the steel of tion, for instance, will not produce an order for a ton of steel.

we are to stimulate recovery, we must create purchasing power in the hands of the masses of people.

I have proposed use of Government credit to finance the expansion of Federal, State, county, and municipal public works programs. Inauguration of such a program will provide work directly and indirectly for 4,500,000 people. Wages thus distributed will be spent immediately for purchase of food, clothing, shoes, and other commodities. Such a construction program will result in the control of the state orders for steel, cement, brick, stone, lumber, and other building materials. Transportation of these materials will increase the

materials. Transportation of these materials are realized as the railroads.

Farmers will benefit both through a stiffening of commodity prices and through ability to pay debts with dollars more nearly approximating the value of the dollar at the time these debts

were incurred.

It has been contended by opponents of this legislation that a bond issue of this size could not be sold without disastrous effect upon outstanding obligations of the Government and the security market. The answers to that argument are that the bonds would not be issued all at one time but only as funds were required. Also they would be sold by popular subscription in small denominations to the general public through an organized campaign. In the Liberty bond campaigns we sold \$25,000,000,000—and this for the purpose of destruction!

the purpose of destruction!

There is, in fact, no lack of demand for Government securities at an adequate rate of interest. The recent issue of short-term securities by the Treasury was oversubscribed more than \$2,500,-000,000. Finally, it should be emphasized that inauguration of this great public-works program will result in employment of millions in enterprises which, for the most part, do not produce consumption goods. Thus the wages provided would represent a net gain in lifting consuming power to a level more nearly approaching our capacity to produce

ing our capacity to produce.

We must also create unemployment reserves. Capital already has a measure of security against times of depression when capital lies idle. Enormous surpluses built up during periods of prosperity by corporations are used as unemployment benefits to capital tal. One who gives the best years of his or her life in honest, intelligent work is helping to build up an industry just as invested capital helps to build it up.

Created on a sound basis, unemployment reserves will be a spur to stabilization of industry by industry, just as workmen's compensation laws resulted in reduction of accidents by industry.

To meet increased responsibilities of Government and to reduce

deficit, increased burdens of taxation must be assumed by Federal taxpayers. Progressives secured enactment of the graduated income and inheritance tax system by the National Government. That system is based on the sound principle that taxes should be levied in progressive. should be levied in proportion to ability of taxpayers to carry the

The reactionary administration and its bipartisan supporters in Congress propose to balance the Budget by imposition of a general congress propose to balance the Budget by imposition of a general sales tax. Progressives have opposed this method of taxation ever since it was first proposed by Secretary Mellon and Senator Smoot shortly after the war, because it places the greatest burden upon those least able to bear it, and because a tax upon consumption will prove a further handicap to restoration of business activity. In the brief time available to-night I have tried only to suggest the point of view of progressives in relation to national issues, and

to outline their position upon a few of the specific questions that

are now pressing for solution.

I agree with Phil in the conclusion that what we are trying to do is to preserve the heritage of democratic principles handed down from one generation to another since Thomas Jefferson expressed them in the Declaration of Independence.

Those of us who believe in fundamental principles of democracy can not be unmindful of the challenge which confronts it in the can not be unmindful of the challenge which confronts it in the world to-day. In Russia we have a dictatorship from the left; in Italy a dictatorship from the right. While these dictatorships may have entirely different objectives, they are the counterpart of the despotism of kings as applied to problems of government in centuries gone by. In all history, whenever dictatorships have been created, all things we hold dear in a democratic form of government are trampled under foot—free speech, a free press, freedom of religion and assembly—go by the board.

I recognize the complexity of the problems that confront us to-day. But it is my firm belief that if we apply the same fundamental principles to the control of our economic life that our forbears applied to the problems of government we can and we

forbears applied to the problems of government we can and we will solve the problems of this generation and build for the future

economic security of all the people.

### BRITISH DEBT SETTLEMENT

Mr. ROBINSON of Arkansas. Mr. President, it is believed that the statement about to be made relates to a subject of great interest and importance. The announcement in to-day's press, apparently on the authority of the administration, that the first official action of the newly appointed ambassador to the Court of St. James, Mr. Andrew W. Mellon, will be to reopen negotiations on the war-debt situation, with a view to readjusting the contracts now in force, so that Great Britain and other debtor foreign governments will be relieved from the hardship of paying war-time and postwar obligations in depreciated currencies, prompts the suggestion that disturbance of existing agreements by the United States through its diplomatic agents may prove unwise and harmful from every standpoint of the interest of our own people.

The article published in this morning's Washington Post from the pen of Mr. Horan declares:

The new American ambassador to Great Britain is very sympathetic to the financial straits of the British. Mr. Mellon believes Great Britain is under a very great hardship in being forced to pay its war-time and postwar obligations in a depreciated cur-

Our ambassador is also quoted as saying that when the British debt settlement was made its present value was 80 per cent of the total amount due prior to funding, and that-

It becomes apparent from the standpoint of the British taxpayer he is asked not only to meet the obligation as established by our Debt Commission but an amount considerably in excess of such

Is it the policy of the administration to accept payment of obligations due from foreigners in depreciated currencies while requiring payment of obligations from our own citizens in gold or currency which is constantly appreciating in purchasing power?

Why not look at the subject from the standpoint of the American taxpayer rather than from that of the British taxpayer? Is the interest of the British taxpayer the primary concern of the administration in this distressing period?

With the annual deficit of approximately two and a quarter billion dollars facing the Treasury and with the greatest difficulty confronting Congress in efforts to balance the Budget in spite of numerous demands for emergency appropriations, some of which probably must be made, this Government is going out of its way to reduce the amount which may be received from foreign debtor governments for the purpose of relieving their taxpayers from hardship and financial strain! Why is it that the ambassador of the United States initiates the effort to reduce war debts?

By abandoning the gold standard and depreciating their currencies governments which are in debt to the United States have obtained a great advantage over us as competitors in foreign commerce! One of the penalties of the policy referred to is found in meeting gold payments. Is an effort to be made to commit the United States to the absurd and impossible undertaking of paying the losses which foreign governments will incur by reason of changes in their financial policies—policies which on the whole seem fruitful of gain to them and disadvantage to us?

Any reduction of debt settlements, especially when proposed by Mr. Mellon, will require very careful consideration by the Congress in order to safeguard the best interests of the Government which Mr. Mellon is presumed to represent

Mr. President, I ask leave to print the entire article appearing in the Washington Post of this date, written by Mr. Harold J. T. Horan, in substantiation of the statement that there is an implication that the article is written with the approval of former Secretary, now Ambassador Mellon, and other high authorities in the administration, and also in fairness to the author of the article and those whom he quotes.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the Washington Post, Thursday, March 17, 1932]

MELLON SLATED TO RENEW DEST TALK IN LONDON—REPARATIONS WORK TO BE FIRST ON PROGRAM OF NEW AMBASSADOR—FINAL AGREEMENT ON ISSUE HOPED FOR—ADJUSTMENT ACCEPTABLE TO BOTH UNITED STATES AND EUROPE IS ANTICIPATED

By Harold J. T. Horan

Ambassador Andrew W. Mellon will reopen negotiations on the debt situation, particularly with regard to the British debt to the United States, as soon as he has presented his letters of credence to King George, it became known here yesterday. The former Secretary of the Treasury will leave for Pittsburgh to-day to wind up some details of his business and then will sail for London the end of the month.

The next few months will see what is hoped to be the final and definite adjustment of the decade-old debt question. The post-poned Lausanne conference will meet in June. France, England, and Germany will sit around another council table in a final effort to determine just how much Germany will pay the former allies. The reelection of President von Hindenburg as a foregone conclusion will tend to create an atmosphere of "sweet reasonableness" instead of the hitherto uncompromising chauvinism that has prevailed.

In the entire history of the debt question the former Secretary of the Treasury has been most intimately connected. Ever since he entered his first Cabinet Ambassador Mellon has successively treated with the British, the French, and the Italian Governments in the funding of their war-time borrowings from this country. He is therefore in a privileged position to advise on the best possible method of solution.

# ATTENDED MORATORIUM SESSION

Last summer while he was Secretary of the Treasury, he was requested by President Hoover to attend the conferences of governmental chiefs in London which decided on the application of the Hoover moratorium.

The Hoover moratorium expires next June. While the present temper of Congress very definitely indicates a positive refusal to an extension of the debt holiday, some form of financial adjustment will be necessary. Several European nations, fortunately not the most important debtor nations of the United States, have shown alarming signs of financial insolvency. Hungary and Austria are virtually in a state of financial default. Bulgaria, one of the former German allies, only raised herself yesterday from impending collapse by an all-night session of the cabinet, which endeavored to find ways and means of postponing payment of the small sum of \$266,000 in national interest charges.

For the month of February Germany's favorable balance of trade amounted to \$20,000,000 and the fixed charges on her indebtedness amounted to \$40,000,000. The British pound is still vacillating below par and, paradoxically enough, its recent rise was deplored, not applauded, by British financial authorities.

## SYMPATHETIC TO BRITAIN

The new American ambassador to Great Britain is very sympathetic to the financial status of the British. Mr. Mellon believes Great Britain is under a very great hardship in being forced

to pay its war-time and postwar obligations in a depreciated currency. Last December, while he was still Secretary of the Treasury, he declared:

"Take the case of Great Britain, our best customer, which even in the depression year 1930 took \$678,000,000 worth of American agricultural and industrial product.

"Take the case of Great Britain, our best customer, which even in the depression year 1930 took \$678,000,000 worth of American agricultural and industrial products. The economic and financial changes of the past year have immensely increased the burden of her payments to us. The series of events through which Great Britain was forced off the gold standard are too recent to require enumeration.

"All debts to Great Britain from foreign governments, except reparations payments, which are not being collected at all this year, are payable in sterling. Her debts to us are payable in gold dollars. The combined effect of these unfavorable factors results in an enormously increased burden for the people of Great Britain.

"When the British debt settlement was made it was estimated that its present value at a 4½ per cent interest rate was 80 per cent of the total amount due prior to funding. If the amount to be raised in pounds sterling to meet the obligations to us in dollars is increased by 47 per cent—the difference between the pound at par and the pound at \$3.315—it becomes apparent that from the standpoint of the British taxpayer he is asked to meet not only the obligation as established by our Debt Commission but an amount considerably in excess of such obligation."

Although Congress resolutely declined to bring to life the War Debt Funding Commission to determine the capacity to pay of the

Although Congress resolutely declined to bring to life the War Debt Funding Commission to determine the capacity to pay of the various debtor nations, Ambassador Mellon still believes that some investigation of the economic factors which they face should be made in the interests of debtor and creditor.

He will very probably bring to the economic plight of European debtors of this country a harmonious, well-thought-out plan of action which will relieve them of a portion of their indebtedness to us and at the same time maintain the ratio between European debt payments and the American tax rate.

Mr. CONNALLY. Mr. President, I do not expect to add anything to what the senior Senator from Arkansas [Mr. Robinson] has submitted to the Senate with respect to press reports this morning with reference to Ambassador Mellon and his proposal to take up with the British Government as soon as he has presented his credentials the matter of the modification or reduction of the debt owed by Great Britain to the Government of the United States. However, I do want heartly to join the Senator in his statement, and to express my own views with reference to that particular matter.

Mr. SMOOT. Mr. President, will the Senator from Texas yield to me?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Utah?

Mr. CONNALLY. I shall yield in just a moment. I should like to have the clerk read the underscored portions of the newspaper statement which I send to the desk.

Mr. SMOOT. Am I correct in understanding the Senator to say that the former Secretary of the Treasury proposed the course that was indicated by the Senator from Arkansas?

Mr. CONNALLY. That is correct. I refer to the present ambassador to Great Britain, Mr. Mellon, the former Secretary of the Treasury. If the Senator will read the newspaper report, portions of which I have asked to have read at the desk, I think he will understand the matter more clearly.

Mr. SMOOT. I have never heard of it, and I was wondering whether the Senator from Texas had any evidence that it was other than simply a newspaper report as to Mr. Mellon's attitude.

Mr. CONNALLY. The Senator from Texas has not been in communication with the ambassador to Great Britain, but this report appears in this morning's issue of the Washington Post, which comes more nearly to being the official gazette of the administration than any journal of which I know anything.

Mr. SMOOT. It is a newspaper report, and I do not say that it is true or false, because I do not know; but I wanted to know whether the Senator had any definite information as to its authenticity.

as to its authenticity.

Mr. CONNALLY. The Senator from Texas knows no more than what is in the newspaper report. I shall ask the Senator from Utah if he agrees with the reported attitude of the ambassador to Great Britain?

Mr. SMOOT. I do not know whether it is his attitude.
Mr. CONNALLY. Well, if it is his attitude, does the
Senator from Utah agree with it?

Mr. SMOOT. I need not state again to the Senate my position. All Senators know that I am against the cancellation of these debts.

Mr. CONNALLY. I wish the Senator would speak loudly enough for the reporters in the gallery to hear him.

Mr. SMOOT. The reporters can get what I say.

Mr. CONNALLY. What is the Senator's answer?

Mr. SMOOT. Just what it has always been. I am opposed to the cancellation of the foreign debts.

Mr. CONNALLY. Or their reduction?

Mr. SMOOT. Or their reduction.

Mr. CONNALLY. Or a reduction?

Mr. SMOOT. Or a reduction.

Mr. CONNALLY. I thank the Senator.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

Ambassador Andrew W. Mellon will reopen negotiations on the debt situation, particularly with regard to the British debt to the United States, as soon as he has presented his letters of credence to King George, it became known here yesterday.

The new American ambassador to Great Britain is very sympathetic to the financial straits of the British. Mr. Mellon believes Great Britain is under a very great hardship in being forced to pay its war-time and postwar obligations in a depreciated currency.

Although Congress resolutely declined to bring to life the War Debt Funding Commission to determine the capacity to pay of the various debtor nations, Ambassador Mellon still believes that

the various debtor nations, Ambassador Mellon still believes that some investigation of the economic factors which they face should be made in the interests of debtor and creditor.

He will very probably bring to the economic plight of European debtors of this country a harmonious, well-thought-out plan of action which will relieve them of a portion of their indebtedness to us and at the same time maintain the ratio between European debt payments and the American tax rate.

Mr. CONNALLY. Mr. President, the Senator from Utah [Mr. Smoot] has raised the question as to whether that report reflects the real views of the ambassador to Great Britain, Mr. Mellon. It is much more important to know whether or not the report represents the views of the administration. If the Senator from Utah is seriously interested in the prosecution of a quest for that information, knowing his intimacy with the White House, he will have no difficulty whatever in ascertaining what the administration's attitude is. I assume, in view of the fact that this statement comes

from the Washington Post, which is probably closer to the White House than is any other journal in the United States, that until denied it very likely represents the real attitude of Mr. Mellon and the attitude of the administration.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from New York?

Mr. CONNALLY. I yield. Mr. COPELAND. Is it not a fact that within the last few days Great Britain has succeeded in paying many millions of dollars on her debt? If that is the case, as I am sure it is, she can not be quite in the calamitous economic condition that we have been led to believe.

Mr. CONNALLY. I thank the Senator from New York. I have noted in the press statements to that effect and conforming to the views which have just been uttered by the Senator from New York.

Mr. President, I want to protest against the conduct of Mr. Mellon as ambassador to Great Britain in defying the expressed will of the Congress-expressed in the most solemn form in this body within the last three months. It will be recalled that when the moratorium resolution was presented to the Congress and enacted at the request of the administration, it carried this provision:

SEC. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness—

Not all of it, but "any of the indebtedness"-

of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be

construed as indicating a contrary policy or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Mr. President, that was the expression of both branches of the Congress, contained in a joint resolution which was approved by the President of the United States on the 23d day of December, 1931. Can there be anything more clear in its language? Can there be anything evidencing more lucidly the purpose of the Congress? Can there be anything announcing a policy in terms more distinct or more definite than that declaration of the Congress?

To reinforce that position, it will be recalled that the President of the United States in a formal message to Congress requested that Congress re-create the World War Debt Commission for the purpose of undertaking in an official. authorized fashion, what Mr. Mellon now undertakes to do either on his own authority or on the authority of the President of the United States. It will be recalled by Senators that when the President requested the re-creation of the World War Debt Commission, Senators on both sides of the Chamber protested against it, and that Congress refused to

re-create the World War Debt Commission.

Mr. President, by what authority does this new ambassador to Great Britain assume the power, immediately upon the presentation of his credentials to King George, on his own initiative, as was so well suggested by the Senator from Arkansas, to propose a reduction or a modification of the debt? It is true, Mr. President, that Great Britain has gone off the gold standard, and her currency has temporarily declined in value, but these war debts are not expected to be paid in a moment; they stretch over a period of 62 years from the beginning of payment; and shall this Government now settle the debts that are to be paid in the years to come on the basis of the present condition of the world and forgive Great Britain and other nations of Europe a portion of their indebtedness because of a temporary decline in the value of their currencies?

Mr. President, are we forgiving our domestic debtors here at home because our currency is still high in value and commodities are low? Are we taking advantage of this period of distress to say to our people that their obligations shall be scaled down? Senators need not hesitate a moment as to that conclusion; we know that it is not true.

Mr. President, Mr. Hoover was elected in 1928 upon a Republican platform. I wish to quote briefly the pronouncement of that platform with reference to World War debts. I hold in my hand a copy of that platform, from which I quote briefly:

We have steadfastly opposed and will continue to oppose cancellation of foreign debts.

Skipping a portion of the platform, it then concludes with this paragraph:

The people can rely on the Republican Party to adhere to a foreign-debt policy now definitely established and clearly understood both at home and abroad.

Mr. President, what power or what moral right has Mr. Mellon to repudiate that platform pledge? What right has the administration, in the face of the solemn pronouncements of the Congress, and in repudiation of its own pledged faith to the American people, now, by devious diplomatic methods, to undertake to do what the Congress has said shall not be done?

Why should Mr. Mellon be so concerned about the ability of the British people to pay their obligations at this time? I want to say that I have a great admiration for the British people, and it is through no malice or ill-will toward that great people that I speak here to-day; but it is because of my interest in the American people rather than in our debtors in other lands that I have assumed to occupy the attention of the Senate for a short time.

Mr. President, under the management of Mr. Mellon, under his financial policies as Secretary of the Treasury during the past two years, this country has been plunged into a Treasury deficit larger than that of any other great country on earth. We are told by the administration that we must

balance the Budget, and that in order to balance the Budget | He is supposed to be the servant first of the President, and we shall have to lay upon the backs of the American people \$1,100,000,000 of new taxes—\$1,100,000,000 of increased burdens upon the American people in the tax bill that will soon be before this body. Methods of taxation which have never before been seriously proposed are now proposed in order to get out of the people of the United States this staggering sum of new taxation.

I am concerned with the necessity of the Congress at this time to cut down its expenditures, to cut down appropriations, in order to lessen, in so far as we may, the great burden which much inevitably be placed upon the American people. Is this any time to forego or to scale down foreign debts in behalf of foreign debtors when our own people will be laboring under a load of taxation heavier than they have ever staggered under in the past 50 years?

The Senator from Utah [Mr. Smoot] realizes the great necessity of the Government for money. The Senator from Utah is not blind to the fact that we have distress in our own land as grim as that which exists in any land in Europe. The Senator from Utah realizes that our own people will be called upon to make sacrifices and contributions to the National Treasury that will pinch them and will gall them as severely as the taxation of any other nation on the face of the earth will affect its people.

The Senator from Utah knows that unless we substantially reduce Government appropriations at this time we shall probably be forced to the expedient, however distasteful it may be, of reducing for the time being the salaries of all Government employees above a minimum rate in the lower brackets. However distasteful that action might be, I am ready to vote for such a reduction of the salaries of Federal employees for the next ensuing year. I am ready to reduce my own salary.

I challenge the right of Mr. Mellon, I challenge the right of the President, I challenge the right of any arm of this Government, to defy the expressed will of the Congress in the matter of entering upon negotiations for either the reduction or the forgiveness of foreign debts.

What more can the Congress do? How more clearly can it express its intention? I would remind Senators that the foreign debts can not legally be settled except with the consent of the Congress of the United States. How is it that Mr. Mellon has grown so great? As Secretary of the Treasury it is commonly and well understood throughout the country that he has dominated three administrations for 12 long years as to finances. He is no longer, however, Secretary of the Treasury. He is an ambassador to a foreign country, speaking for and representing the President of the United States. I call upon the President, and I call upon his advisers on the other side of the Chamber; I call particularly upon the Senator from Utah [Mr. Smoot], who is interested, as to the truth of this statement; I challenge him to deny, in the name of the President, this pronouncement which is supposed to express the views of Mr. Mellon.

Mr. President, the Senator from California [Mr. Johnson] a few days ago, in a splendid address to the Senate, laid before you the sordid tale of the international bankers foisting upon the American people several billions of dollars in foreign securities. He is entitled to the thanks of the country and the thanks of the Senate for tearing the mask from this drama of exploitation, this revelation in many cases of fraud itself. Of course, there is a school of international bankers who favor the cancellation of foreign debts. There are substantial interests in America who would like to see them scaled down. When it comes to a choice between getting back their own money from foreign countries, from private corporations, from private individuals, and foreign governments on the one hand, and, on the other, having the American people repaid what these governments owe us, of course, as between those two alternatives they want to get back their own money.

But, Mr. President, Mr. Mellon is supposed to represent the people of the United States. He is not supposed to go to London as the ambassador of the international bankers.

in a larger way of the people of the United States.

I solemnly protest against this course of policy. I protest against it now, particularly, because of the condition in which our own country finds itself.

Go out, Senators, over this Nation of ours. Go through your morning's mail. You will there see revealed a tale of hardship and of suffering which you have never before seen portrayed in all of your public service. Contemplate the load of taxation that is almost crushing the economic life out of the United States-local taxation, county taxation, State taxation, and Federal taxation. Then con-template the possibility of wiping out billions of dollars of foreign debts, and superimposing that new burden on the backs of the American people.

It is not just. It is not right. It is not in keeping with the solemn announcement of the policies of the Congress. No President, no ambassador, no matter what his credentials, no matter what his authorization from his chief, has any power or any moral right to do that which the law solemnly says he shall not do.

Mr. President, if this be the attitude and the intention of the new ambassador to England, I desire to add my voice to the voice of the Senator from Arkansas in denouncing it. If these statements reflect the views of this administration, I want to protest against them as a violation of the administration's own solemn political pledge, as a defiance of the Congress in its well-expressed views of policy, and as a betrayal of the interests of the American taxpayers and the American people in this hour of crisis and in this hour of tragedy and in this hour of suffering, when we are confronted with the necessity of lopping off appropriations and in addition placing upon the backs of our people a load of taxation greater than has ever been imposed upon them in the last half of a century.

Mr. BRATTON obtained the floor.

Mr. REED. Mr. President, will the Senator yield to me? Mr. BRATTON. I yield to the Senator from Pennsyl-

Mr. REED. I did not have the advantage of hearing all that has been said by the distinguished Senator from Texas, but I gather that he has been reproaching the administration because of the article which appeared in this morning's Washington Post to the effect that Mr. Mellon had been instructed to reopen negotiations with regard to the intergovernmental debts due to this country.

I am authorized to say that there is not a word of truth in the article.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. CONNALLY. Authorized by whom?

Mr. REED. By the President.

Mr. CONNALLY. I am glad to hear the Senator say so. Mr. REED. I am authorized to say that there is not a word of truth in the article; that the subject of debt negotiations or debt reconsideration has not even been discussed with Mr. Mellon since it was first suggested that he should go to London as ambassador.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. The Senator from New Mexico has the floor. Mr. ROBINSON of Arkansas. Will the Senator from New Mexico yield to me to make an inquiry of the Senator from Pennsylvania?

Mr. BRATTON. I yield to the Senator from Arkansas. Mr. ROBINSON of Arkansas. I thank the Senator.

The article to which reference was first made by myself, before the Senator from Pennsylvania came into the Chamber, and later by the Senator from Texas, a part of the latter's remarks being heard by the Senator from Pennsylvania, did not make the statement that Mr. Mellon had been instructed by the President, nor did it in any way, except by implication, seek to commit the administration; but it did define what it said had been definitely learned yesterday would be the policy and action of Mr. Mellon. In substantiation of the declaration the article quotes literally, or purports to quote literally, the language of Mr. Mellon himself.

Among other things, as stated a few moments ago, it is declared that Mr. Mellon is strongly in sympathy with the British Government and with British taxpayers because they are compelled to pay in depreciated currencies their war and postwar obligations to the United States. The article asserts that it is known that Mr. Mellon, immediately upon filing his credentials with the King, will open negotiations for the readjustment of the debt settlements, having in view the increased burdens imposed upon foreign governments by reason of the reduced value of their currencies.

The question I wanted to ask the Senator from Pennsylvania—and I think the Senate would take the declaration of fact of the Senator from Pennsylvania as conclusive—is, Does he know whether the declaration actually contained in the article is true or untrue? Does he know whether the quotation attributed to Mr. Mellon is true or false? Is he prepared to declare that Mr. Mellon will not, either immediately upon filing his credentials or subsequently, begin negotiations for the purposes referred to? That is the materiality of the issue I raised.

Mr. REED. Mr. President, if the Senator from New Mexico will be patient with me—

Mr. BRATTON. I yield further to the Senator.

Mr. REED. Mr. Mellon emphatically will not begin negotiations for reconsideration of this debt. The article, which I thought had been put in by the Senator from Texas—

Mr. ROBINSON of Arkansas. I published it in the Record myself.

Mr. REED. I did not know the Senator from Arkansas had spoken on this subject at all. The article states that as soon as Mr. Mellon has presented his credentials he will open up negotiations regarding the debt. That is absolutely and unqualifiedly untrue. There is no expectation that he will, at that time or at any other time, so far as we now know, open up any such negotiations.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. Just a moment. As for the authenticity of the quotation at the end of the article, I have no knowledge. There are no facts stated in the quotation which everybody does not know. It is a mere arithmetical calculation of the effect of the pound going off the gold standard, which would have to be made fresh every day as quotations changed. I do not see any value in it whatever. Nor do I see any evidence in that of any intention on Mr. Mellon's part, independently of instructions, of undertaking such negotiations as have been mentioned.

Furthermore, we all ought to bear in mind that under the present arrangement Great Britain is receiving considerably more from the Continent than she is paying us, and it is quite beside the mark to be discussing the effect of the British debt to us upon the British taxpayer, because he is not contributing one penny to the installments Great Britain is obliged to pay to us.

It is also true that as a result of going off the gold standard, the British, and other governments which have taken that course, have greatly and quickly revived their foreign commerce. They are taking trade which the United States can not acquire by reason of the very fact that their currencies have been depreciated by reason of the very fact that they have gone off the gold standard.

Mr. ROBINSON of Arkansas. Mr. President, I think that is entirely true. I concur in that declaration, and I made a similar statement myself.

Mr. REED. Of course that is so. Will not the Senator now let me finish? Then I will sit down.

Mr. ROBINSON of Arkansas. No; I want to ask the Senator a question that is pertinent.

Mr. REED. Let me finish this.

Mr. ROBINSON of Arkansas. Certainly.

Mr. REED. By going off the gold standard Great Britain has hurt our trade very substantially, just as she has hurt French trade and has hurt the trade of every competitor.

By doing that she has made an invisible cut in the wages of her people by about 30 per cent; and any nation which can do that will, of course, have a favored position in the competitive situation in the world.

Furthermore, she has put on a high tariff, finally learning by our example, and the revival of trade consequent from that is very marked, and the establishment of new industries in Great Britain is very marked. So she has had many benefits from her action, as well as many disadvantages.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from New Mexico yield to me for just a moment?

Mr. BRATTON. I yield to the Senator.

Mr. ROBINSON of Arkansas. The Senator from Pennsylvania has expressly and unqualifiedly declared that the statement in the article to the effect that Mr. Mellon will immediately open negotiations for readjustment of the debt settlement and for reduction of the amounts is untrue. He therefore puts the author of this article and, in a measure, the administration paper which published it on its front page, the Washington Post, in the attitude of deliberately misrepresenting the administration.

The Senator undertook to belittle, as inconsequential, the quotation upon which the author of the article, Mr. Horan, rested in part his conclusion, and it is that to which I wish to call his attention, and to the attention of those who are interested in this important subject, as almost conclusive evidence that the statement made by Mr. Horan is true. The only way it can be repudiated is by repudiating the quotation, and I am going to read that quotation:

Last December, while he was still Secretary of the Treasury, he declared—

Then comes the quotation, which is strangely significant, in view of the attitude taken by the Senator from Pennsylvania as the spokesman for Mr. Mellon and for the President. The quotation is:

Take the case of Great Britain, our best customer, which even in the depression year 1930 took \$678,000,000 worth of American agricultural and industrial products. The economic and financial changes of the past year have immensely increased the burden of her payments to us. The series of events through which Great Britain was forced off the gold standard are too recent to require enumeration.

All debts to Great Britain from foreign governments except reparations payments, which are not being collected at all this year, are payable in sterling. Her debts to us are payable in gold dollars. The combined effect of these unfavorable factors results in an enormously increased burden for the people of Great Britain.

in an enormously increased burden for the people of Great Britain. When the British debt settlement was made it was estimated that its present value at a 4½ per cent interest rate was 80 per cent of the total amount due prior to funding. If the amount to be raised in pounds sterling to meet the obligations to us in dollars is increased by 47 per cent—the difference between the pound at par and the pound at \$3.315—it becomes apparent that from the standpoint of the British taxpayer he is asked to meet not only the obligation as established by our Debt Commission, but an amount considerably in excess of such obligation.

That is the end of the quotation of the statement attributed to Mr. Mellon. That is published by the author of the article referred to as a literal quotation from Mr. Mellon, and if it be a literal quotation from Mr. Mellon—and Mr. Mellon has not repudiated the attitude assumed in that statement—then the declaration by the Senator from Pennsylvania that the article is without justification or foundation in fact is itself without justification or foundation in fact.

No other construction than that placed upon the language of Mr. Mellon by the writer is capable of being applied to the language which he used. Mr. Mellon's object or concern in that statement was relief of the taxpayers of Great Britain. His concern was to reduce the debts so as to relieve the debtors of at least as much of the burden incident to a depreciation in their currencies as is found from an average of the amount which the currencies have declined.

Mr. KEAN. Mr. President, will the Senator yield for a question?

Mr. ROBINSON of Arkansas. I have not the floor, but I yield as far as I am able to.

Mr. KEAN. I would like to say that as United States bonds have gone down more than 20 per cent, and as Great Britain can pay her debt to us in United States bonds, they get the advantage of that decline in United States bonds.

Mr. ROBINSON of Arkansas. The Senator's statement does strengthen the justice of my contention when I say that the attitude of the Secretary, as set forth in his own language, is simply beyond my power to comprehend.

He is the ambassador of the United States. He assumes that it is in order to relieve British taxpayers, and, of course, in order to increase the burden on American taxpayers; and we all know they are in a condition now where they can not pay the losses which foreign governments incurred in wresting from us our commerce.

There are advantages and disadvantages in going off the gold standard. If it had not been an advantage to do so, in all probability these governments would not have taken that course. Perhaps their primary purpose was to increase their commerce with countries which could not meet their requirements under the gold standard. And what this means is that we are relinquishing their obligations to us and transferring the burden to our own people, while their ships are sailing into all the ports of the world and taking commerce in which we might share.

Mr. REED. Mr. President-

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Pennsylvania?

Mr. BRATTON. I yield to the Senator from Pennsylvania.

Mr. REED. We are letting our imaginations rather than our eyesight read the statement. In the first place, it could not very well have been made by Mr. Mellon, the ambassador, because he speaks of the pound being worth \$3.311/4. Since Mr. Mellon has been ambassador the pound has been very much higher than that. At present it is around \$3.65.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. I vield.

Mr. ROBINSON of Arkansas. I am amazed at the Senator from Pennsylvania resorting to an argument like that. The article itself specifies the time of the quotation. It does not pretend to quote Mr. Mellon as ambassador. It says-and I will read it again, if the Senator will permit-

Mr. REED. I see it.

Mr. ROBINSON of Arkansas. It says "last December." I read that. That was the first I read when through the courtesy of the Senator from New Mexico I took the floor a few moments ago.

Last December, while he was still Secretary of the Treasury.

For some reason which I do not think is easily understood the Senator undertakes to make a play in the argument and discredit the accuracy of the quotation by saying that it could not have been made by Mr. Mellon as ambassador. It did not purport to be made by Mr. Mellon as ambassador. It was made in December last, and everybody here knows, and the article states, that it was made while he was Secretary of the Treasury. That was the reason for my declaration that unless the Secretary has retracted the statement it is presumed to reflect his attitude now.

Mr. REED. Mr. President, if the Senator will be patient with me a little more-

Mr. BRATTON. I yield.

Mr. REED. It is only by our imagination that we read into this quotation any implication that the burden should be taken from the British taxpayer and put upon the American taxpayer. There is nothing in the statement to that effect. Congress has made it very plain that it is not going to agree to the burden being taken off the British taxpayer and put on the American taxpayer.

Mr. GLASS. The Senator means this Congress? Mr. REED. I mean this Congress, and I mean that it is entirely unlikely for many years to come that there will be a Congress which by a majority vote will adopt any other

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. REED. Certainly.

Mr. ROBINSON of Arkansas. I did not quote Mr. Horan as saying that the release or cancellation of a part of the debts would transfer the burden to the people of the United States. I made that declaration myself. I would like to have the Senator, who is an expert in these matters and much better informed than I am, correct me if I have reached the wrong conclusion. That is an obligation to the United States, and if we release any part of these debts why is it not true, in a fair sense, that the people of the United States will be taxed just that much more to make up the

Mr. REED. No; the Senator did not hear me or did not understand me. What I said was that there is no implication even in the article that Mr. Mellon or President Hoover proposes to take that burden off the back of the British taxpayer and put it on the back of the American taxpayer. Of course, the Senator from Arkansas is right, and we who have said the same thing so often before, I think, are right when we say that if the foreign taxpayer does not pay his just obligation the American taxpayer will have to pay it for him. Somebody is going to pay these World War debts. The question is whether they will be paid by the people who got the benefit of them or will be paid by the American taxpayer who is merely an accommodation indorser and did not get any benefit from them. That is the question. Congress has decided that clearly without any partisan division whatsoever. We have practically unanimously agreed in both Houses of Congress that that burden must rest where it justly belongs, and that is on the shoulders of the countries who got the money, and that America ought not to cancel, it ought not to reduce, it ought not to forgive. It has already made concessions which are remarkable in their generosity, and the United States ought not to be asked to go further.

But what I rose to say is that the quotation-I do not know what its context was, I do not know how it came to be made—which appears in the article does not justify the conclusions drawn by the author of the article. When he states that Ambassador Mellon will at once open negotiations for a reconsideration of the debt he has drawn an erroneous conclusion, because the fact is Mr. Mellon will do no such thing.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. If I have the floor, I gladly yield to the Senator from Arkansas.

The PRESIDENT pro tempore. For the time being the Senator from Pennsylvania has the floor.

Mr. ROBINSON of Arkansas. In the very beginning of the article, which prompted this discussion, it is stated:

Ambassador Andrew W. Mellon will reopen negotiations on the debt situation, particularly with regard to the British debt to the United States, as soon as he has presented his letters of credence to King George, it became known here yesterday.

Mr. REED. Will the Senator permit an interruption?

Mr. ROBINSON of Arkansas. Certainly.

Mr. REED. What I rose to say was that if it "became known here yesterday," it did not become known to the President of the United States or to Mr. Mellon himself. Somebody else must have learned it other than the only people who could definitely know it.

Mr. ROBINSON of Arkansas. The language of the article plainly implies that the information came either from Mr. Mellon himself or sources close to him. Listen:

The former Secretary of the Treasury will leave for Pittsburgh to-day to wind up some details of his business and then will sail for London the end of the month. The next few months will see what is hoped to be the final and definite adjustment of the decade-old debt question-

And so forth, and so forth.

I said in the beginning that the plain implication of the article is that it was either issued at the instance or with the approval of the ambassador and other high authorities in the administration. To support the declaration that Mr. Mellon favors canceling a part of the debt, there is quoted a statement made by him in December, after the statute referred to by the Senator from Texas was enacted by the Congress,

statement plainly indicates the purpose to try to secure a reduction of the debt or at least strong sympathy with that

Mr. CONNALLY. Mr. President, will the Senator from

New Mexico be good enough to yield to me?

The PRESIDENT pro tempore. The Senator from New Mexico has the floor, but the Chair holds that under the circumstances he has yielded the floor. However, the Chair will protect the Senator from New Mexico.

Mr. BRATTON. I thank the Chair.

The PRESIDENT pro tempore. The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President, it was not through any fear the Chair would not protect the rights of the Senator from New Mexico that I made courteous reference to the Senator from New Mexico. I am aware of the willingness and the desire of the Chair to protect Senators at all times, and I congratulate him.

I could not get the Senator from Pennsylvania to yield. I wanted only to ask him a question. The Senator from Pennsylvania said, in answer to an inquiry, that he spoke with authority of the President in saying that Mr. Mellon is not going to do this thing.

Mr. REED. That is correct.

Mr. CONNALLY. The Senator from Pennsylvania realizes, of course, that Mr. Mellon is the servant of the President and as ambassador would have to observe the President's wishes, of course.

Mr. REED. Naturally.

Mr. CONNALLY. The Senator is aware, however, is he not, that the President of the United States does want to scale down the debts?

Mr. REED. I do not think he wants to do anything of the sort. I think he is just as strongly opposed to any sacrifice of American interests in that way as are some of us up here who talk so much about it.

Mr. CONNALLY. The Senator from Pennsylvania is certainly not ignorant of the President's message relating to foreign affairs delivered to the Congress on December 10 last, in which the President said this:

The Congress has shared with the Executive in the past in the consideration of questions arising from these debts. I am sure that it will commend itself to the Congress that the legislative branch of the Government should continue to share this re-sponsibility. In order that we should be in position to deal with the situation, I recommend the re-creation of the World War Foreign Debt Commission-

As an ornament? As a place to which to appoint his favored friends? As an agency to provide places for functionaries to indulge in ceremonials and pomp? Not at all. To do something! To do what?-

with authority to examine such problems as should arise in connection with those debts during the present economic emergency and to report to the Congress its conclusions and recommendations.

The Senator from Pennsylvania, as I recall, on the floor here in effect repudiated that pronouncement of the Presi-

Mr. REED. I did not repudiate it. I disagreed with it because I thought it would make a bad impression abroad and encourage hopes that would not be justified.

Mr. CONNALLY. Then the Senator from Pennsylvania disagreed with it. He disagreed with it because it disagreed with what he said a while ago about his attitude with respect to the foreign debts.

Mr. REED. Not in the slightest.

Mr. CONNALLY. Why, then, did the Senator disagree with it?

Mr. REED. Because I thought it was clearly not the President's intention to arouse such hope, I felt that the re-creation of the debt commission would lead to a revival of propaganda for cancellation. The President is no more in favor of cancellation than is the Senator from Texas or myself. The President does realize that some of our debtors are in trouble just as the debtors of banks are in trouble or the debtors of individuals are in trouble. He wanted this He ought to know Mr. Mellon's mind. I do not think Mr.

after the British had gone off the gold standard, and that | commission to help him deal intelligently with those cases of debtors who are in difficulty.

Mr. CONNALLY. I thank the Senator.

Mr. REED. If that had been the impression probable to be aroused abroad, I think I would have favored it; but I did not want to do anything that seemed to lean toward cancellation or toward a revival of this propaganda of charging everything to Uncle Sam.

Mr. CONNALLY. I thank the Senator.

Mr. REED. To be a statesman in Europe now all that is necessary is to think up some way of putting more burdens on the United States. I do not want to encourage that type of statesmanship.

Mr. ROBINSON of Arkansas. And to be a statesman in the United States now is to think up some way of imposing more burdens on the people of the United States.

Mr. REED. Not at all. I think when the sound and furor and smoke have swept away, the people will most highly appreciate those of us who have worked to keep down expenses and to keep down taxes.

Mr. CONNALLY. I thank the Senator from Pennsylvania for expressing with a reservation his precise language on the floor in which he disagreed very vitally and very sharply with the President's statement in his message to the Senate on December 10. The Senator now says that he disagreed with that, not because it would be misunderstood here but because it would be misunderstood abroad and would arouse fruitless and futile hopes of European governments to seek cancellation or reduction.

Mr. REED. And, if the Senator will permit me to interrupt him, I would like to say that I told the President so at the time.

Mr. CONNALLY. I thank the Senator. I am glad to yield to the Senator from Pennsylvania, though he did not see fit to yield to the Senator from Texas.

The Senator from Pennsylvania disagreed with the President's view because the language in the President's message appealed to his mind as being something with which he could not agree and which ought to be repudiated. There is not a clearer mind in the United States Senate than that of the Senator from Pennsylvania when he desires that it

Mr. President, the Senator from Pennsylvania repudiated the statement of his own President, with whom he is in such contact that he may almost instantaneously get information from the White House and rush here on the floor and give utterance to it. He expresses not a private disagreement with the President, but he expresses a public disagreement. Why? Because the English language is so plain that it was apparent to the Senator from Pennsylvania exactly what the President meant. He knew that the President of the United States did not mean to re-create the War Debt Funding Commission for nothing. He knew that it would produce something else besides visits to foreign capitals of commissioners to be entertained at dinners and parties and functions. He knew that any such proposal would be construed here, and he knew it would be construed in Europe as evidence of the willingness of Mr. Hoover and his administration to entertain proposals for modification and amendment of the war debts. The term "modification" is a euphonism. We may say all you want to do is to modify, but if we scratch further. down into the meaning of the term, we find "cancel"probably not entirely, but it means cancellation nevertheless.

I want to congratulate the Senator from Pennsylvania on disagreeing with he President. I congratulate him on his courage in standing out against his chief, in standing out against his chieftain who has a backbone of iron and a face of stone. I congratulate him for disagreeing, and I congratulate him this morning for uttering the sentiments he has uttered here to the effect that an act of Congress which we passed some time ago ought to be respected and that the solemn pronouncement of the lawmaking body ought to be enforced.

The Senator from Pennsylvania naturally wants to put as good a face as possible on the statements of Mr. Mellon.

Mellon knows the mind of the Senator from Pennsylvania, ! but I think the Senator from Pennsylvania ought to know Mr. Mellon's mind. If the sentiment referred to by the Senator from Arkansas [Mr. Robinson] in the quotation from the statement made last December-and it was a literal quotation, in quotation marks, from a statement made last December-if that were the utterance of Mr. Mellon then, how does the Senator from Pennsylvania know that that is not his sentiment now? The Senator from Pennsylvania has said the statements were not an expression of the ambassador, because he was not then the ambassador. Does the Senator from Pennsylvania mean that Mr. Mellon, when he goes to London and pulls off his American clothes and puts on his diplomatic clothes, thereby pulls off his intellectual raiment and assumes a new attitude of mind?

Mr. REED. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. Certainly.

Mr. REED. The point I was trying to make, and apparently was not successful in making, was that this quotation from Mr. Mellon was a mere statement of arithmetical truths which may have been true last December but which

are not true to-day; that is all.

Mr. CONNALLY. And by which the Senator from Pennsylvania illustrates the great statesmanship of Mr. Mellon; in other words, because something was true in December with reference to foreign exchange Mr. Mellon would then have readjusted the war debts on that basis; and yet three months later we have a wholly different proposition, which illustrates, of course, Mr. Mellon's farseeing vision and his wise financial ability that resulted in plunging this country into a deficit of \$3,000,000,000 in two years.

Mr. REED. Mr. President, will the Senator from Texas again vield?

Mr. CONNALLY. I yield.

Mr. REED. I congratulate the Senator from Texas on his far-seeing imagination, because there is not a word in the statement just quoted which advocates a reduction or a cancellation or a modification of the debt. I do not know what its context was. I should like to see that before I pass judgment on the whole statement.

Mr. CONNALLY. Mr. President, I will say to the Senator from Pennsylvania that he exhibits in his interruptions and his conduct here on the floor the qualities of an excellent pleader, an excellent lawyer. He is quibbling now, and he is objecting to evidence on technicalities. That statement may or may not say in so many words, "Yes; I favor reducing the British debt," but anyone who will read it, anyone who will listen to its reading by the clerk or by the Senator from Arkansas [Mr. Robinson], will see in it an able bodied argument for the reduction of the British debt.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. It could not have meant

Mr. CONNALLY. And if the Senator from Pennsylvania with all his forensic ability had made an argument here on the floor, with all due respect to the Senator, I do not see how it could have been much more forceful than the argument of the Secretary of the Treasury at that time, the present ambassador to Great Britain, in favor of scaling down the British debt. Did he talk about the plight of the American taxpayer? No. He talked about the plight of the British taxpayer and how burdensome and how onerous it would be if he had to pay the United States debt in full. If the British taxpayer does not pay the United States debt in full, who is going to pay the United States in full? forgiveness of the British taxpayer means a reduction in the debt; a reduction of the debt means an increase of the load of taxation upon the American people, and, regardless of the exact language of that statement, the Senator from Pennsylvania does little credit to the credulity and understanding of other Members of the Senate and little credit to his own fine powers of presenting matters on this floor when he says that it can not be deduced from that statement that Secretary Mellon was in favor of reducing the

Mr. SHIPSTEAD. Mr. President, I should like to ask the Senator from Pennsylvania a question. Mr. Laval visited this country last fall; and before he returned to France, a statement was given to the press that certain agreements had been reached. Among other agreements reported in the press to have been reached—and I have never seen the statement denied-was that the President had agreed with Mr. Laval that we would not consider the question of debts in the future except within the confines of the provisions of the Young plan. If that be true, I think it is a very important point in Mr. Laval's visit; and because the Senator was quoted in the press as taking part in the negotiations, I should like to know if the statement was correct.

Mr. REED. Will the Senator from Minnesota yield to me?

Mr. SHIPSTEAD. Yes.

Mr. REED. I never have heard of such an agreement; I never have heard that such an agreement was made or even suggested. Of course, I do not know all that might have been in the mind of the President and of the President of the French Council, but I think that we might have heard of it if there had been such an agreement, and I never heard of it until this minute.

Mr. SHIPSTEAD. It was quoted in the press.

Mr. REED. I did not see it quoted.

Mr. SHIPSTEAD. There also was mentioned in the same dispatch-

Mr. REED. I may add that I feel as sure as one can be who did not sit in at all the conversations-I feel perfectly certain in my own mind that there never was any such agreement made or suggested.

Mr. SHIPSTEAD. I am very glad to hear that. Another agreement was mentioned in the same news dispatch as having been entered into by the President and Mr. Laval to the effect that the United States would take no action whatever in Europe in the future without first consulting France.

Mr. REED. Mr. President, I feel absolutely certain that there never was any such agreement made or suggested.

Mr. SHIPSTEAD. I am very glad to hear that. Mr. GLASS. Mr. President, on my own individual responsibility I want to say a word in total disagreement with the views entertained and expressed on both sides of the Chamber.

Of course, if the ambassador to the Court of St. James made the statements ascribed to him, I think there can be no dissent from the proposition that it was a most inexpedient thing to do, if it did not involve a very distinct impropriety. However, I will not discuss that aspect of the

I totally disagree with the view of the Senator from Pennsylvania that the whole question involved here is one that relates to the payment to the last pound of flesh and the last drop of blood of the indebtedness to this country by foreign nations. Even if we strip the problem of every type of sentiment, that is not the case. As I conceive it, a very practical question is involved, or may be involved, and that is whether it were to the better advantage of this country to readjust the indebtedness rather than to insist upon the pound of flesh. I can very readily apprehend that circumstances hereafter may be such as to induce the Congress absolutely to reverse its apparent attitude of to-day on that question.

Mr. REED. Mr. President, will the Senator suggest why that should be done?

Mr. GLASS. Suppose such circumstances present themselves, what are we going to do about it? Suppose European nations should tell us in plain terms that they are unable to comply with the settlement, are we going to war to exact payment?

Mr. REED. Does the Senator wish an answer now or

Mr. ROBINSON of Arkansas. Mr. President-

Mr. GLASS. I yield. Mr. REED. To whom?

Mr. GLASS. To the Senator from Pennsylvania, as he rose first.

Mr. REED. Mr. President, obviously we are not going to war to collect the debts; obviously if conditions arose that changed the whole picture we would look at the conditions as they were; but I can not conceive of a combination of conditions that would warrant the cancellation of what is left of those just claims. When the Senator talks about the last pound of flesh he must refer to the Shakespearean character who demanded it, Uncle Shylock, and that is now our pet name in Europe. We have already waived a large part of the pound of flesh to every one of those countries.

Mr. GLASS. Oh, yes; I know by certain statistical manipulations we have made it appear that we have been extremely generous to those with whom we fought in the World War; but I do not admit it. The Senator from Pennsylvania can not conceive of such circumstances; but plainly the President of the United States does conceive of such circumstances, and it is my conviction that the Senator from Pennsylvania does not accurately represent the thought of the President of the United States on that problem.

Mr. REED. I never pretend to do so, Mr. President, except when I am specifically authorized to deny a story like this one.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. ROBINSON of Arkansas. The Senator from Virginia has stated a hypothetical case, namely, that changed conditions may prompt foreign governments to represent to this Government that they can not meet their obligations to us, and in that event he asks what would be our attitude. My answer is that that is the vital point which I raised in the beginning of my argument, as everyone who heard me will remember. I complained bitterly of the initiation of a movement to reduce these debts in the interest of British taxpayers, and I am utterly unable to understand how anyone here can justify it.

Mr. GLASS. I am not in antagonism to anything the Senator from Arkansas has said. I say that if the former Secretary of the Treasury, the present ambassador to the Court of St. James, made these statements, I regard his act as one of great impropriety. I am not contesting that contention; but I am not willing to sit here any longer and hear the Senator from Pennsylvania make the broad declaration that the Congress is unanimously insistent upon exacting the last dollar that was provided under the plan of settlement, when I, myself, can very easily conceive that circumstances may arise, if they have not already arisen, which would make it imperative to our own practical interest to readjust this indebtedness. I do not assume here ever to speak for the President, but I am as perfectly convinced as I ever was of anything that the President of the United States does not share the utterly arbitrary and irrevocable attitude of the Senator from Pennsylvania.

Mr. REED. Mr. President, has the Senator concluded? Mr. GLASS. Yes.

Mr. ROBINSON of Arkansas. Mr. President, may I say in that connection that I think the last statement of the Senator from Virginia is entirely correct. I think if the Senator from Pennsylvania would look into the matter, he will find that the President has expressed the view that these debts should be readjusted.

Mr. GLASS. And he was not among those who applauded the declaration to the contrary by the Senator from Pennsylvania on the floor of the Senate prior to the holiday recess.

Mr. REED. Mr. President, on the very few occasions that I have undertaken to speak for the President I have done so only by his expressed authorization, and I have

never pretended to speak his thoughts further than I was expressly authorized so to do. In what I have now to say about the international debts, I hope it will be understood I am speaking for myself alone.

When the Senator from Virginia suggests that it was a terrible impropriety for Mr. Mellon to make a statement from which it might be argued that the debts might have to be reconsidered and then follows it by his own explicit statement that the debts may have to be reconsidered, he loses me. I can not see why it should be an impropriety for Mr. Mellon to make what was possibly an intimation to that effect and so highly patriotic for the Senator from Virginia to make it explicit.

Mr. GLASS. I do not lose myself at all. The Senator from Virginia is a Member of the legislative body of the United States whose function it is to determine these matters, whereas the ambassador to Great Britain has no authority to initiate any such proceedings.

Mr. REED. I remind the Senator again, however, that the statement was not made by the ambassador to Great Britain but seems to have been made by the Secretary of the Treasury.

Mr. GLASS. I predicated my criticism upon the supposition that it was.

Mr. REED. Very good. Now, nothing could give aid and comfort to our propagandist adversaries abroad more than such remarks as that we have just heard from the Senator from Virginia.

Mr. GLASS. And I may interject there that nothing that might be comparably said could intensify their enmity more than the speech delivered here on the floor, just prior to the recess holidays, by the Senator from Pennsylvania.

Mr. REED. Very good. If we have to buy their friendship by the constant cancellation of just claims, their friendship is not worth the buying.

Mr. GLASS. And then the question arises as to what may be a "just claim."

Mr. REED. What may be a just claim? Take France, for whom we have spilled so much sentiment: We advanced more to France after the armistice to help her in reconstruction and in purchase of foods than we advanced before the armistice to help her with ammunition.

Mr. GLASS. Oh, that is not a fact!

Mr. REED. That is a fact.

Mr. GLASS. Oh, no! I demonstrated here on the floor a year ago that that is not so.

The Senator from Utah [Mr. Smoot] is now smiling. I should think he would have been so humiliated by the presentation of those facts that he would never want to refer to them again.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I do.

Mr. SMOOT. I will repeat to the Senate that after the armistice was signed there was paid to France more in dollars and cents than had been advanced to her before.

Mr. GLASS. That is utterly inaccurate. It is not true.
Mr. SMOOT. I will put the figures in the Record, Mr. President.

Mr. GLASS. The Senator has been promising to do that now for 18 months, and he has never put a figure in the RECORD.

Mr. SMOOT. No; I have not promised it at all, Mr. President; but if the Senator wants it, it can be done. It is in the report that was made.

Mr. GLASS. I presented the figures in the RECORD, and the Senator never assumed to contradict them.

Mr. SMOOT. I never made the statement that the Senator made. I was not going to assume anything. I took the record for it.

Mr. REED. Mr. President, if I have the floor, assuming for the moment that we are all wrong but the Senator from Virginia—and I have not my copy of the World War Debt Funding Commission report, but I will get it as soon as pos-

sible—assuming that we are all wrong about that, perhaps we are still right when we say that all of the French debt, pre-war and postwar, prearmistice and postarmistice, was reduced and refunded to about 46 per cent of its value before the refunding. I say, and I do not believe my fiery friend from Virginia will contradict this, that the cancellation we effected in that debt refunding was tantamount to the forgiveness of more than all that we had advanced to France before the armistice—and still we are called "Uncle Shylock."

How far down must we reduce, Mr. President, to begin to lose those insults from abroad? How much must we pay them for civility, and how much more for friendship? Yet the Senator apparently, thinks that that is the way for us to win the friendship of foreign nations!

Mr. SMOOT. Mr. President, will the Senator yield?
The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield.

Mr. SMOOT. I want also to say to the Senate that \$407,000,000 was due from France to the Government of the United States for goods sold to France, and that was due within two years from the time the settlement was signed. We included in the settlement with France the \$407,000,000 due us for all the goods that were purchased by France, the value of which was said to be about \$2,000,000,000. I think the value, at 4½ per cent, of the settlement with France was about 51 cents on the dollar, and that included the \$407,000,000 of goods purchased from the Government of the United States by France.

Mr. REED. Mr. President, just one word more.

We are told by our melancholy friends who favor cancellation that it is utterly impossible for these European nations to pay us, because to do so they will have to transfer gold, which they have not, or goods, which we do not want.

Mr. President, that does not begin to be a true statement of the fact. Both France and Great Britain, which are the two largest debtor nations, are in themselves great creditor nations, with billions of foreign investments held in their vaults. It is a perfectly simple transaction to accomplish that transfer of value by the shipment and sale of those securities, or some of them; and it is not necessary at all to disrupt the exchange markets by the shipment of gold or to disrupt the balance of trade by the shipment of goods. Yet that is an element of the question that is forgotten by almost every one of these sobbing pro-Europe propagandists that we hear abroad and in this country.

There are, I am ashamed to say, a lot of Americans who get asked to lunch by a countess and immediately break into tears and cancel the debt. There are a lot of Americans who, for some reason of their own, have taken this foreign propaganda as if it were the Bible. We hear too much of it and too little in reply to it.

I have wandered from the subject upon which I first rose to speak; but I think there is a certain value in the reiteration of the statement that that propaganda is not successful with all Americans.

Mr. FLETCHER. Mr. President-

Mr. REED. I yield to the Senator from Florida.

Mr. FLETCHER. I merely wish to say that I fully concur in the views expressed by the Senator from Pennsylvania. I commend him for his position with regard to this question of cancellation.

We may not ever be able to realize on these debts. I do not know as to that; but I believe we ought not for one minute to encourage the idea that we are going to cancel or reduce them. Let us keep them there; and if we have an Andrew Jackson as President of the United States some time we will collect some of them, too.

Mr. REED. I thank the Senator.

Mr. HOWELL. Mr. President, as stated by the able Senator from Utah [Mr. Smoot], there was due and payable from the French Government on the 1st day of August, 1929, \$407,000,000 in bonds received by our Government for \$2,000,000,000 of property and supplies turned over to that Government.

Notwithstanding the total French debt was \$4,231,000,000, all that France will have paid us on account of this debt, including this \$407,000,000, since the date of settlement in 1925 is \$200,000,000. However, during this same period the people of the United States will have paid in interest by next July on Liberty and other bonds outstanding, representing this \$4,231,000,000, a total of \$1,228,000,000. Yet it is urged that we have not been overgenerous to our European debtors.

Mr. President, there are three possible outcomes in connection with our foreign debts:

First. Payment by our foreign debtors of what remains of these debts and which they have promised to pay.

Second. Reduction in the amounts still due, with further promises of payment.

Third. Repudiation by our debtors.

I do not take the position that our debtors must pay exactly in accord with the letter of their contracts. My position is that we ought to treat France and our other European debtors no differently from the treatment that would be accorded by an American banker to an American debtor. He would say: "If you can not pay now, we want you to pay when you can. However, we insist upon your ultimately paying." If our European debtors say they will not pay, it is my opinion that we should insist that the alternative is not forgiveness or reduction, but repudiation.

If these debts are not to be paid, we should at least be the beneficiaries of the lesson that we can not trust Europe in financial transactions, and that if we do, it is not unlikely that repudiation will be the end. Otherwise, by reductions and cancellations we may ultimately fritter away what remains of these great credits, which our debtors have promised to pay, and in the future our people will forget Europe's part in the transaction and charge it all to the unwisdom and inefficiency of legislators, thus robbing the Nation of a great lesson which realized experience should teach. We should salvage this much at least.

Mr. BRATTON. Mr. President, about two hours ago I had in mind to make certain remarks which would consume 10 minutes' time. I still have in mind those remarks. The intervening discussion has been very helpful. It related to a very important subject.

I am gratified to hear the Senator from Pennsylvania [Mr. Reed] say again that the administration has in mind no purpose to advocate cancellation of the foreign debts, in whole or in part; but before addressing myself to the pending question I desire to say that it is strikingly strange that the administration suggested the re-creation of the Debt Commission unless it had in mind a reduction of the debts. No one would think that the foreign nations are going to pay more. There is to be no revision upward. The sole and moving spirit was to revise the terms downward.

I think the sentiment in this body, and perhaps in the body at the other end of this Capitol, is almost unanimous that we will do nothing of the kind. Perhaps our debtors can not pay promptly and in full, but let them pay what they can. There will be no reduction, no cancellation.

# MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

# INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

Mr. BRATTON. Mr. President, the pending question is the amendment offered by the Senator from North Dakota [Mr. Frazier], chairman of the Committee on Indian Affairs, and likewise chairman of the subcommittee that has conducted a comprehensive survey of existing conditions among Indians throughout the West and the Southwest, to the effect that none of the money appropriated in this measure shall be used to pay the salary or expenses of a special assistant to the Commissioner of Indian Affairs to negotiate with the Navajo Indians.

While the amendment does not relate to Governor Hagerman by name, there is no doubt but that it is directed at

the position now held by him.

Let me say at the outset that I have known Governor Hagerman for many years. I do not question his honor, his integrity, nor his ability. He is a man of honor. He is a man of integrity. He is a man of ability; and in reaching the conclusion which I have reached respecting this matter I do not yield in whole or in part the high regard in which I hold him as a man of honor, integrity, and ability. But, Mr. President, I am going to vote for the amendment of the Senator from North Dakota.

We talk about economy in government. We preach daily about retrenchment in expenditures. We declare repeatedly in favor of curtailing the expenses of the Government. While the item in question is small in dollars and cents, the adoption of this amendment, in my opinion, will not affect adversely the efficiency of the Bureau of Indian Affairs, and it will save to the Government the limited sum involved.

It is my opinion, Mr. President, that the services of a special assistant to negotiate with the Navajo Indians are not needed. We never had such a position until 1922. Indian affairs had been administered through all time until

then without such a position.

There are agents at various places throughout the system. They are called Indian agents. They are in direct contact with the Indians. They are men of sufficient ability, or should be of sufficient ability, to deal with these problems arising on the reservations under their respective jurisdictions.

Moreover, it is my belief that the criticisms urged against Governor Hagerman during the last 24 months, or thereabouts, whether right or wrong, whether just or unjust, have impaired his usefulness as special assistant to negotiate with Indians, if not destroyed it.

I do not join in some of the criticisms which have been urged against him on the floor since this debate began. For instance, it was urged with much vigor yesterday that Governor Hagerman's connection with the oil leases covering the Rattlesnake and the Hogback structures on the Navajo Reservation are properly the subject of criticism. I do not share that view. The leases were auctioned and went to the highest bidder. They covered wildcat territory. The existence of oil on those structures was not known at the time. Many of those who bought leases at such auction suffered tremendous losses resulting from their purchases, because they pioneered in a wildcat country and failed.

It has been said that prior to the approval of one of the leases the Bureau of Indian Affairs had information from the Geological Survey that the structure in question was as good as another structure. Perhaps so; but I do not think that is sufficient to warrant one in saying years afterwards that Governor Hagerman should be subjected to severe criticism on that score. It may have been a mistake of judgment, and I say here that, in my opinion, Governor Hagerman has made some tremendous mistakes of judgment in relation to Indian affairs, which have caused criticism; but I repeat, they were mistakes of judgment, not involving honor, integrity, or good purposes.

It was urged yesterday that Governor Hagerman's connection with the bill offered some four or five years ago authorizing oil and gas leases on Executive-order Indian reservations should subject him to criticism. Let it be understood that Governor Hagerman had nothing to do with the introduction of that bill, so far as I know. I introduced that bill, and sponsored it before the committee. The bill provided that in lieu of taxes the State might receive 37½ per cent of the royalties, and the balance should go to the Indians. It conformed strictly to the policy existing since 1920 with respect to the development of oil and gas upon the public domain. It proceeded upon the theory that the legal

title to Executive-order Indian reservation lands was vested in the Government—not in the Indian.

I entertained that belief then, and I entertain it now, as a sound legal proposition, because the Constitution provides that property of the United States can be conveyed only by congressional action. I held to the view then, and I entertain it still, despite adjudication in the meantime, that to permit the Executive to set aside Government lands as an Indian reservation and to hold that such action alienates title from the Government and vests it in the Indian does indirectly what the Constitution expressly prohibits being done directly.

I digress simply to say that I introduced that bill. I sponsored it before the committee and I assume full responsibility for it. None of the responsibility should be thrust upon Governor Hagerman.

It is said in that connection that Governor Hagerman came before the committee and stated that the Indians had approved the measure. There was some criticism on that score, and I am not certain that I correctly recall the facts. As I recall them, the Indians had taken that position, but afterwards contended that they had not understood the situation correctly. I may be in error in my memory, but that is the situation as I remember it.

Congress disapproved that bill. It passed one more liberal to the Indians, and I am as deeply gratified as any Member of the Senate that Congress took a more generous attitude. It took the position that the Indians owned title to their Executive-order reservations, but at the time I introduced the bill I had no belief that Congress would assume that attitude

Repeating, and to emphasize, I sponsored that bill, not Governor Hagerman.

Mr. KING. Mr. President, will the Senator yield?

Mr. BRATTON. I yield.

Mr. KING. Speaking for myself, and not for the chairman of the Committee on Indian Affairs, my criticism of Mr. Hagerman with respect to that matter was that he was not authorized by the Indians to make statements which he made. He had received no commission or authority from them to consent that they would be satisfied with 371/2 per cent, or any other per cent derived from the sale of oil produced from their lands. I think the testimony clearly shows that Mr. Hagerman acted without authority and against the interest of the Indians in his negotiations for the sale of the oil lands owned by the Indians. He had no authority, and I think that a fair, dispassionate perusal of the hearings, particularly when Senator Wheeler, on crossexamination of Mr. Hagerman, confronted him with his testimony, will demonstrate that Mr. Hagerman misrepresented the views and wishes of the Indians, and did protect their rights. That was my criticism. There was no criticism because of the introduction of the bill or of those who sponsored it.

Mr. BRATTON. Very well. Some criticism was hurled against the Bureau of Indian Affairs, if not Governor Hagerman, with respect to discontinuing allotments of the Navajo Indians and in withdrawing from allotment and homestead entry a vast area of land in New Mexico.

That was done about a year ago, and I heartily concurred in the action taken by the department. I want to tell the Senate why. I shall be brief in doing so.

Throughout that area the railroad company owns alternate sections. The opposite alternate sections are public domain, subject to allotment by Indians, and likewise subject to homestead entry by whites.

While the Indians were pushing outward and were occupying much of that land, endeavoring to obtain it by allotment, white men were moving into the same area and were endeavoring to homestead on other parts of the land. That created what we call a checkerboard situation, which is complicated and troublesome to the State, to local authorities, and to everyone having to do with it.

In an effort to solve the problem the bureau has devoted some two years to a so-called blocking program, that is to say, blocking white-owned lands within so many townships

and blocking Indian lands in the adjoining townships, so | that the Indians and the whites would cease to be interlocked and interwoven in a checkerboard fashion, creating friction and trouble on the part of both.

The withdrawal of that land by Executive order stopped the taking of allotments by Indians and stopped homesteading by whites. It holds the entire area in a suspended state pending consummation of the effort of everybody concerned to carry out and complete the blocking program.

It is true that the Indians can not acquire allotments in that area while the land is withdrawn. It is equally true that white men can not acquire it by homesteading. When the order is withdrawn and the area is restored to the public domain, the Indians' rights to allotments will be restored and the white man's right of homesteading be restored. That was a step to preserve the status quo while the bureau and private owners of land in the area undertook to complete that blocking program.

Mr. President, I now address myself to the other subject matter giving rise to the criticism of Governor Hagermanthat is, his work on the Pueblo Lands Board. I think it was a grave mistake for Governor Hagerman to occupy the two positions, one as a member of the Pueblo Lands Board and the other as special assistant commissioner to negotiate

with the Navajo Indians, at the same time.

The Navajo Indians are one tribe and the Pueblo Indians are other tribes. They live widely apart. Their reservations do not join. Their properties do not touch one another. They are entirely apart; and to hold the position of special assistant to negotiate with the Navajos, representing the department and the Navajos, and at the same time to hold another position on an independent board seems to me might reasonably have given rise to the belief on the part of the Indians that Governor Hagerman would be partisan in their favor and would advocate their rights on the board, and thus it was a mistake for him to occupy both positions.

The act of 1924, called the Pueblo Lands Board act, created a commission of three members-one to represent the President, one to represent the Secretary of the Interior, one to represent the Attorney General-in solving a complicated problem between the Pueblo Indians and the white claim-

ants of land within the several pueblos.

In 1877 the Supreme Court of the United States held that the Pueblo Indians were capable of contracting and being contracted with. Relying upon that decision, many white people, acting with perfect good faith, bought lands from the Indians, dealt with them, and acquired lands within the pueblos. In 1913 the Supreme Court of the United States reversed that position and held that the Pueblo Indians were a restricted people. It necessarily followed that they could not contract or be contracted with.

Arising from that change, people who had dealt with the Indians in good faith, believing they were acquiring rights, found that they had not done so. Many of them had lived there for years and had invested all they had there. Of course, they were in a precarious position, with only equitable rights. Congress recognized such rights in passing the act of 1924.

Governor Hagerman was appointed to represent the Secretary of the Interior on that board. The board appointed appraisers, men of their own selection, to appraise the land. The present governor of the State of New Mexico, a banker, a business man of wide experience, was one of the appraisers. They fixed their figures, totaling about \$2,000,000. Deducting what we will call the Taos claim, which the Indians surrendered in lieu of the promise made to them that the Blue Lake area would be granted them, the total figures of the appraisers amounted to about \$1,300,000.

The board, dominated by Mr. Hagerman, awarded the Indians about \$600,000, or \$775,000 less than the appraisers appointed by the board had fixed as the reasonable value of their lands and water rights appurtenant thereto lost through negligence of the Government.

The explanation given by Governor Hagerman now is that in fixing the awards the board undertook to divide water water rights, and undertook to compensate the Indians for secondary water rights but not to compensate them for their primary water rights. That theory, so far as I know, was never advanced until three or four weeks ago, when the Committee on Indian Affairs had under consideration a bill, which is now pending on the calendar, to authorize an appropriation of about \$775,000 as additional compensation to these Indians, such sum being required to pay them for their lands and water rights as required by the act of 1924.

The Committee on Indian Affairs of the body at the other end of the Capitol on yesterday reported favorably a similar bill, and it is now on the calendar there.

Mr. President, after seven years of effort on the part of that board-with expense to the Government of almost a quarter of a million dollars to conduct that work-we are now confronted with a board having failed to follow the act, thus requiring this additional legislation to correct a mistake in the face of the plain mandate of the statute, which was to ascertain lands lost and the water rights appurtenant thereto, and to fix the value of the land and the water rights. The act did not give the board any authority to divide water into two parts and to compensate the Indians for one part and not compensate them for the other part

Furthermore, Mr. President, a decree of court has been rendered respecting each pueblo quieting the title of the white claimants to the lands found by the board to belong to them, with the water rights appurtenant thereto. Every white claimant is protected by a decree entered by the United States District Court for the District of New Mexico in a case to which the United States was a part and represented by counsel, quieting the title to those lands decreed in the white owners with the appurtenant water rights

My concept of the matter is that the Indians have lost those lands and they have lost the water rights appurtenant thereto; that the whites are protected in the ownership of the land and the water rights by decree of the court. The only way in which justice will be done to those Indians is to compensate them for the water rights lost along with the lands. The whole thing arose out of negligence on the part of the Government. The Indians were helpless. They were wards of the Government and had a right to look to their guardian to protect them.

The whites were blameless in the situation because the Supreme Court of the United States had held in 1877 that these Indians were capable of contracting and being contracted with. If so, they could lose title and be bound in such loss the same as any other unrestricted person in the country could do; and so, the whole situation growing out of the negligence of the Government, places upon the Government the obligation to correct it, not by dispossessing blameless whites but by compensating blameless Indians with money.

The act provides that with the money appropriated the Secretary of the Interior shall buy other lands and water for the Indians. It has been said by some that the whole purpose was to strip the Indians and leave them penniless and to enrich the whites. Not at all. The very foundation of the act was to compensate the Indians with an appropriation and use the money to buy other lands and other waters for them. That is where the blame should rest, and that is the way the error should be corrected; that is to say, by the Government bearing the burden of it.

I think a great deal of this situation was due to Mr. Hagerman's domination of the board and his failure to follow the mandate of the act. If he had followed the statute, we would not be involved in this troublesome situation. I repeat what I said on the floor the other day, that in the first pueblo, called Tesuque, the board awarded the Indians \$100 an acre for their water rights without any effort to divide it into primary and secondary parts, but in subsequent pueblos they fixed an arbitrary figure of \$35 an acre for land and water rights.

There is no substantial difference in the value of the land rights into two parts, primary water rights and secondary and water rights in the several pueblos. The justification

now is that the board decided, following the Tesuque case, | that it would compensate the Indians only for secondary water rights and leave open, unadjudicated, undetermined, for settlement in the distant future in some forum unknown to them or anybody else the primary water rights, when the act was just as plain, just as stern, just as fixed, and just as strict in its provisions with respect to loss of water as it was with respect to the loss of land. The trouble arose from a wrong concept of the act, from a maladministration of its provisions, which I hope will be corrected by the passage of the bill in substance as it is now pending on the calendar.

Mr. President, in conclusion, I repeat, that in voting for the amendment offered by the Senator from North Dakota [Mr. Frazier], I take into consideration two or three elements of the situation. This position is not needed. It is unnecessary. The Bureau of Indian Affairs can conduct the affairs of the Indians without a special assistant to negotiate with them. Adoption of the amendment will effect an economy. Small though it be, it is a step in the right direction.

I think Governor Hagerman's usefulness for this particular provision—bear in mind the title of the position is "special assistant to negotiate with the Indians "-has been impaired. Resulting from criticism raised from time to time during 18 months or so, Governor Hagerman's usefulness in this particular position, his fitness for this particular position has been gravely impaired, if not entirely destroyed. But, Mr. President, let me conclude by repeating what I said in the outset, that in casting that vote I do so reaffirming my high regard for Governor Hagerman as a man of honor, of integrity and ability. I surrender none of my esteem for him in those respects in voting for the amendment.

Mr. SMOOT. Mr. President, this morning I received a telegram, which I desire to read, addressed to me and coming from Santa Fe, N. Mex.:

SANTA FE., N. MEX., March 16, 1932.

Hon. REED SMOOT, United States Senate, Washington:

Re proposed amendment to strike out salary of Herbert J. Hager-He proposed amendment to strike out salary of Herbert J. Hagerman from Department of Interior appropriations. We believe this would be highly detrimental to best interests of Indians. We indorse Hagerman's record. See Secretary Wilbur's statement, March 10, Congarssional Record, refuting charges against Hagerman. We feel that it would be extremely unfortunate if the vexing problem of consolidation of Navajo lands, on which Hagerman has done remarkable work and which seems to be approaching a solution, should again fail through his removal.

Executive Committee New Mexico

EXECUTIVE COMMITTEE NEW MEXICO
ASSOCIATION ON INDIAN AFFAIRS, JOHN MEEM, Chairman.

Mr. ASHURST. Mr. President, for many years-possibly for 40 years, certainly for 30 years—there has been a belief entertained by some persons that on the part of the Indian Bureau, on the part of the Commissioner of Indian Affairs, whoever he might be, there has been an attempt made from time to time to deprive the Indian of his rights. It is a strange attitude for me to assume to rise apparently as a defender of any bureau of the Government when I am in opposition to the administration. But I should not be wholly at peace with myself if I withheld remarks at this

A flood of vituperation has been poured upon not only the present Commissioner of Indian Affairs but upon the various commissioners of Indian Affairs who have held that office for the past 20 years. Let me ascend the stream of immediate history to its source. Let me go back 19 years.

Under the Wilson administration Mr. Cato Sells, a Democrat of Texas, was the Commissioner of Indian Affairs. The assistant commissioner was Mr. Edgar B. Meritt, a Democrat of Arkansas. Under the Harding-Coolidge administrations the commissioner was Mr. Charles H. Burke, a Republican of South Dakota, and the assistant commissioner was Mr. Edgar B. Meritt, Democrat of Arkansas. Under the Hoover administration thus far Mr. Charles J. Rhoads, Republican of Pennsylvania, has been the commissioner, and Mr. J. Henry Scattergood, of Pennsylvania, has been the assistant commissioner.

Mr. President, in my opinion, when the historian shall come to estimate the characters of these men, Messrs. Sells,

Meritt, Burke, Rhoads, and Scattergood-if, indeed, history deigns to notice any of them or any of us now in the Senate—history must write down that they were faithful trustees of this great trust. Not one of the men whose names I have mentioned had any other thought as an official in the Indian Bureau except to serve the Indians as best he could with the lights before him. It has never been even suggested that one of them might-

Crook the pregnant hinges of the knee Where thrift might follow fawning.

Not one of these men lined his pockets with an unclean penny. Not one of these men in the Indian Office ever bought or sold, yet a flood of malediction and traducement has been poured over them from time to time by men equally as honest, equally as sincere, and equally as devoted to the cause of the Indians.

Mr. President, in order to demonstrate that I am not on many subjects in accord with the Bureau of Indian Affairs I need only to mention that it is difficult for me to restrain my indignation when I read some of the bills that the Indian Bureau has caused to be introduced in this Congress encroaching upon the rights of the white citizens, and attempting as it were by legislation to take away from the white citizens their legal, valid, and subsisting rights—such, for example, as House bill 8824, which proposes to return certain lands to the San Carlos White Mountain Indians in Arizona, and its companion bill, Senate bill 3510, which proposes the same thing, and which bills would confiscate the rights of the white settlers who have been upon those lands for more than 35 years past.

So, Mr. President, the complaint I have to make against the Indian Bureau and the complaint that I have against those officials of the past is and was that they appeared at times to be almost fanatical in their zeal to protect the Indians. They disregarded the rights of the white settlers. They sought to take away from the white settlers lands and other rights which in truth, in law, in fact, and in practical

effect belonged to the white citizens.

Mr. President, it was quite refreshing to hear the speech of the Senator from New Mexico [Mr. Bratton]. With calm and judicial locution, becoming the great lawyer that he is, he spoke of the difficulty that inheres in respect to the Indian problem. After so many hours of denunciation, after such a flail of abuse as has fallen upon the officers of the Indian Bureau, it was, I say, pleasing and refreshing to hear a word spoken in justice respecting these officials of the Indian Bureau.

Mr. President, at the instance, I believe, and in pursuance of a resolution presented by the junior Senator from Utah [Mr. King], a subcommittee was created of the Committee on Indian Affairs to visit the various Indian reservations of the United States and give a hearing to the Indians. Not in my experience has any committee performed a duty with more fidelity; never in my experience was a subcommittee engaged in a work more arduous, more laborious, than the subcommittee of the Senate Committee on Indian Affairs. That subcommittee consisted of the Senator from North Dakota [Mr. Frazier] as chairman, the Senator from Montana [Mr. Wheeler] as a member, the Senator from Oklahoma [Mr. Thomas] as a member, the Senator from Wisconsin [Mr. La Follette] as a member, and for a while the former Senator from Oklahoma, Mr. Pine, was a member.

Mr. President, when that subcommittee, pursuing its arduous labors, visited the State of Arizona they cordially invited me to accompany them, and I received a sample of what real committee work was. They visited remote hills and valleys where dwell the lonely, humble Indians who had never before seen an official of the United States Government except an Indian superintendent. I wish to say that those who feel disposed to interest themselves in Indian affairs should read the several thousand pages of testimony taken by that subcommittee. Upon that subcommittee there were some of the finest and most superb intellects of the Senate-my learned friend from Oklahoma [Mr. Thomas], the Senator from North Dakota [Mr. Frazier], learned in

Indian affairs, who, with almost apostolic zeal, has devoted himself to the welfare and the rights of the Indians; the able junior Senator from Montana [Mr. Wheeler]; and the Senator from Wisconsin [Mr. La Follette], although he was unable to visit Arizona.

Mr. President, before that subcommittee, which held hearings in a score or more of places in Arizona, the lowliest and most humble Indian had his day in court; his grievances were heard and corrective legislation was recommended.

We found no graft; we found no evidences of any white citizens attempting to steal anything from the Indians; but, on the contrary, found that when the Indian came into court if ever the scales were inclined at all they were inclined in the Indian's favor, and justly so.

The honorable committee kept insisting that the boundaries of certain Indian reservations in Arizona should be extended, and that the white settlers, who had resided there for 50 or more years, should abandon their holdings and go away, and that their lands should be confiscated for the benefit of the Indians. Indeed, Mr. President, the subcommittee, like the Bureau of Indian Affairs, at times, it seemed to me, were so zealous in behalf of the Indians that they sometimes disregarded the valid, legal, subsisting rights of white settlers and taxpayers.

Let it not be forgotten that a vast area of Arizona is now embraced in Indian reservations. When land is put into an Indian reservation it is withdrawn from white settlement.

So, Mr. President, it has been my duty to resist the efforts of the Indian Bureau, and to resist the efforts of this subcommittee, in their attempts to increase the areas of reservations in Arizona, not because I am oblivious to the rights of the Indians, but because, so far as Arizona is concerned, the Indian reservation lands are now out of all bounds; they are greater than is necessary.

Mr. President, life is, indeed, opulent with strange ironies but the strangest irony of which I have heard lately is that the Indian Bureau should be accused of surrendering the land of the Indians and of improvidently disposing of Indian rights when at the same time others can make out a good case against the Indian Bureau because it has at all times attempted to take in more land for the alleged benefit of the Indian, when in truth the Indian did not need such land.

As to the present controversy respecting Mr. Hagerman, I have nothing to say because I long ago gave up the habit of attempting to talk about a subject upon which I have no information. My colleague [Senator Hayden] is very familiar with that subject and has addressed the Senate upon it. I want it understood that I do not doubt the integrity or the zeal of the Senator from North Dakota [Mr. Frazier] for the Indians; I do not at all doubt the integrity or the zeal of the Senator from Utah [Mr. King] in behalf of the Indians; but, Mr. President, it is written, not only in profane but in sacred history, of some men whose zeal outran their knowledge.

Mr. President, I did not file any conclusions or submit any reports in connection with the Indian subcommittee that held hearings in Arizona because I was only an ex officio member invited to sit with them when they were in the particular State which in part I represent; but I kept a journal, as has been my habit for years, and I shall now permit the Senate to glance into one of its pages, as it relates to Indian affairs. We had finished our labors upon the great Navajo and Hopi Reservations and had gone to the Grand Canyon, where on Wednesday evening, May 20, 1931, I made the following entry in my journal:

Held hearings at Tuba and then left the enchanted domain—the Navajo and Hopi Indian Reservations—where dwell 43,000 Navajos and 2,800 Hopis, tribes of keen perception and opulent with mythological lore.

I shall carry with me vivid impressions of that land of the corn chant and the rain bringers' song—of the snake dance and the antelope dance—that land of sunshine, far-flung distances, mirages, and rich colors, of high mesas heavy with cedar, juniper, piñon, and pine, of painted deserts and treacherous sands, of blankets and baskets woven, and red-clay pots and jars molded by handicraft born of artistic skill and long-enduring patience, of patriarchal natives with leathery faces going

about their concerns in silence, Indian families on sun-scorched hills tending their flocks—a land where most of the adults are mortally afraid of the dead, are superstitious, wear much turquoise and silver ornament, and retain their dances, customs, and songs which were old when the first Witangemota assembled in England—a land of few springs, but with much water flowing underground.

The Navajos are nomadic and pastoral and try to placate angry and evil spirits; the Hopis are sedentary and agricultural and implore the aid of beneficent spirits.

Mr. President, skipping a day, I read from another entry:

Friday, May 22, 1931: My field work with the subcommittee is finished. Excellent work has been done by the Indian Bureau during the past decade for Arizona Indians, viz: Land disputes adjusted; irrigation systems built; wells sunk; tanks dug; livestock increased and improved; grazing lands protected; deserts reclaimed; agriculture promoted; manual training, domestic science, and sanitation taught; bootlegging measurably stopped; spiritual comfort offered; schools, hospitals, and sawmills erected; wild horses exterminated; rodents warred upon; arts and crafts encouraged; dairying, poultry raising, and truck gardening established.

The Arizona Indian is being molded into a self-supporting citizen, learning the inviolability of contracts, the rewards of industry, and justifying and in not a few instances repaying the expense to which the Government has been put in his behalf.

Mr. President, in this world of so much distress and so much travail it is worth while as we pass through, if we can not be charitable, at least to be just. There stands no one here who is in oppugnancy to certain policies in the Indian Bureau more than am I. I shall fight to the finish, as will my colleague and the honorable Member of the House of Representatives from Arizona, the attempt on the part of the bureau to extend and increase the lands of the Indians in Arizona, but that ought not to preclude us and shall not preclude us from rendering justice where justice is due. Measuring the present Indian problem in Arizona by the space of the past 20 years, I am astounded at the progress which has been made.

Mr. President, it has never appealed to me to take a forked stick and look about for something where I can pinion it and then lift it before the public and say, "What a nasty mess I have found." That never appealed to me; but I am gratified when I am able to commend officials, whether they be Democrats or Republicans.

Mr. President, I would not have it understood that the Congress or the Indian Bureau are the only agencies interested in behalf of the Indians. There is a gentleman who traveled with the subcommittee, Mr. John Collier, who represents the American Indian Defense Association, a scholar, with whom it is a delight to talk, a gentleman by birth and training. I am in opposition to some of his policies, but I would be wholly lacking in fairness if I closed these remarks without saying that, much as I disagree with Mr. Collier on some questions, I honor him for the great work he has done for the Indians. The striking of intellect against intellect and the clash of idea against idea causes the truth to fly out like sparks from flints, and I want the Record to show that while I do not agree with Mr. Collier in many of his ideas it will be a sad day for the Indians when he separates himself from the great work he is doing in their behalf.

Moreover, vast numbers of people in private life have interested themselves in the Indian's welfare. Our novelists—and to my mind one of the greatest of our novelists, Mr. Hamlin Garland—have interested themselves in Indian life and Indian culture. I could name them by the score. They come from every State. Not only the clergymen of the country but thousands, even millions, of other citizens of humanitarian impulse have interested themselves in the Indian.

I want, so far as my voice will carry, to say that the Indian Bureau for 20 years past has been zealous and whole-hearted with respect to the progress of the Indian. I repeate that not a single commissioner or assistant commissioner in my time has ever been accused of trying to line his pockets with pelf or of trying to override or overreach the Indian.

Mr. President, before I conclude my address I wish to say that every Indian of the United States is a citizen of the United States. None other than the distinguished Vice President himself is of Indian ancestry; and he ought to be, and is, proud of it. We hear a vast deal about General Washington-and who does not revere him?-a dignified gentleman; the ordinary Indian is also a dignified man, and nature has dignified him. No rules of society polished the ordinary American Indian. I repeat, none other than the distinguished Vice President, then a Senator, introduced the bill-and I am of opinion that it passed both Houses unanimously-making all Indians born in the United States. whether tribal or otherwise, citizens of the United States. I do not doubt the zeal of Senators for the Indians. I do not doubt their whole-hearted effort to serve the Indians. My objection is that in trying to serve the Indians they all too frequently attempt to confiscate the rights of the whites for the benefit of the Indians.

Mr. McKELLAR. I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Robinson, Ark.
Austin	Davis	Kean	Robinson, Ind.
Bailey	Dickinson	Kendrick	Schall
Bankhead	Dill	Keyes	Sheppard
Bingham	Fess	King	Shipstead
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	McGill	Steiwer
Bratton	Glass	McKellar	Thomas, Idaho
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Hale	Metcalf	Townsend
Bulow	Harrison	Moses	Trammell
Capper	Hastings	Neely	Tydings
Caraway	Hatfield	Norbeck	Vandenberg
Carey	Hawes	Norris	Walcott
Connally	Hayden	Nye	Walsh, Mass,
Coolidge	Hebert	Oddie	Walsh, Mont.
Copeland	Howell	Patterson	White
Costigan	Hull	Pittman	
Couzens	Johnson	Reed	

The PRESIDING OFFICER. Seventy-eight Senators have answer to the roll call. There is a quorum present. The question is on the amendment offered by the Senator from North Dakota [Mr. Frazier].

Mr. FRAZIER. Mr. President, the Senator from Utah read a telegram that he had received this morning from some one in New Mexico. I do not know who it was, but apparently it was no one connected with the Indian Service. and perhaps no one that knew anything about the situation. I desire, however, to call attention to the fact that I have on my desk here letters from Indians-very prominent Indians. I read extracts from these letters yesterday. I withheld the names of the Indians, but if any Senator wants to see the letters and the signatures, I should be glad to have them look at them.

This Indian, under date of February 27, makes this state-

Mr. Hagerman has been in the service about seven and a half years and has never done anything for the Navajos. The most we have ever seen of him is five or six times at the tribal council at different places. I hate to say this, but he has never done the Navajos any good, and I do not believe he has done the Government any good, either.

I have letters of a similar nature from two other prominent Indians out there. The other two are members of the tribal council. I have editorials from two of the leading papers published in New Mexico under recent dates, and they make a similar statement.

The subcommittee of the Committee on Indian Affairs. after a thorough investigation, after going out on the ground and holding investigations there, after listening to an attorney who was paid by some so-called Indian welfare organizations a thousand dollars to come before our committee to represent Mr. Hagerman's case, were unanimous in their opinion, after reviewing all the testimony and the facts that we have found, that Mr. Hagerman should not retain this

Mr. President, I hope the amendment will be adopted. The Indians do not want him; and I am satisfied that there is no good reason for his holding the position.

Mr. SMOOT. Mr. President, for the information of the Senator from North Dakota I desire to state that this tele-

gram that I read into the RECORD-I will not take time to reread it-is signed by John Meem, chairman of the executive committee of the New Mexico Association of Indians.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

On a division, the amendment was agreed to.

Mr. SMOOT subsequently said: Mr. President, I have just been handed a telegram. It will do no good to put it in the RECORD at this time but because I am asked to do so, I wish to read it. It reads as follows:

NEW YORK, N. Y., March 17, 1932.

Hon. REED SMOOT,

United States Senate:

United States Senate:
Referring appropriation bill Department Interior, in our judgment removal of Herbert Hagerman would be most detrimental to best interest of Indians of Southwest, especially Navajos, while problem of their land consolidation on Navajo Reservation is unsolved.

EASTERN ASSOCIATION ON INDIAN AFFAIRS, By PERCY JACKSON, Treasurer,

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be

The CHIEF CLERK. On page 54, line 19, it is proposed to strike out "\$1,507,480" and insert in lieu thereof

Mr. SMOOT. Mr. President, that simply reduces the amount of the salary to be paid, together with the expenses.

Mr. KING. It just corrects the total.

Mr. SMOOT. Virtually that is the effect of it, to correct the total, and it ought to be agreed to.

The PRESIDING OFFICER. The vote by which the committee amendment was previously agreed to would first have to be reconsidered.

Mr. McKELLAR. I ask unanimous consent that the vote be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered. The question now is on agreeing to the amendment offered by the Senator from North Dakota [Mr. Frazier] to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. KING. Mr. President, I send an amendment to the desk, which I ask to have reported.

The PRESIDING OFFICER. The amendment will be

The CHIEF CLERK. On page 47, line 8, insert a new paragraph, as follows:

Not to exceed \$500,000 of the appropriations herein specified for Indian educational purposes shall be expended, in the discretion of the Secretary of the Interior, for the construction of new day schools, the enlargement of existing day schools, the provision of transportation facilities between Indian homes and day schools, and for other purposes necessary to a substitution of day-school for boarding-school facilities, wherever, in the discretion of the Secretary of the Interior, it is practicable.

Mr. SMOOT. Mr. President, I have no objection to the amendment, and I hope it will be agreed to.

The amendment was agreed to.

Mr. KING. Mr. President, in support of the amendment, I desire to offer for the record a few statements bearing on the Indian school situation. It will be observed that the purpose of the amendment is to enable the Indian Bureau to use part of the appropriation for the establishment of day schools for the Indian children. I think experience has demonstrated that the boarding schools have not been satisfactory and have failed to achieve the results desired.

In 1928 the Institute for Governmental Research, at the request of the Secretary of the Interior, Hon. Hubert Work, made a thorough survey of the Indian problem and submitted what is known as the Meriam report. It, therefore, may be denominated as an official report. Among those who participated in the survey was Dr. W. Carson Ryan, jr., who is now director of the division of education in the Bureau of Indian Affairs. There were 11 specialists who made the

survey and joined in the report, consisting of a volume of more than 800 pages. Doctor Ryan, as I understand, wrote that part of the report dealing with education. Speaking of the schools conducted by the Indian Bureau, the report states (p. 192):

That the Indian children in boarding schools are generally below normal in health as compared with white children.

On page 316 the following paragraph appears:

Every available space that will accommodate beds is often pressed into service. Thus children are frequently quartered on attic floors in closely placed beds with the same lack of light and air. Not infrequently in these attic dormitories the fire hazard is serious. In a school recently renovated, for example, 70 girls were quartered on the third floor in a building of temporary construction. The only fire escape was located off the stairway at the rear of the building. The entrance to this escape was securely locked and the matron kept the key. • • Locked fire escapes and nailed windows were sometimes found in girls' dormitories.

Without reading, I ask that further excerpts from the report be inserted.

There being no objection, the matter was ordered to be printed in the report, as follows:

The majority of the classroom buildings are not provided with sanitary facilities (p. 322).

Children with infectious diseases can not under these conditions

be segregated. Contagious diseases can not under these conditions be segregated. Contagious diseases under these conditions have almost free scope (p. 292).

At one of the leading schools, medical examinations of the children were seen being put through at the rate of 72 an hour (p. 192).

The prevalence of tuberculosis in the boarding schools is alarm-

ing (p. 206).

Children in advanced stages of tuberculosis are frequently returned from the boarding schools to their homes, where no adequate provision is made for their care or for the protection of

other members of the family from contagion (p. 206).

The whole machinery of the routinized boarding school and agency life works against the kind of initiative and independence, school and

the development of which should be the chief aim of Indian education in and out of school (p. 351).

These things are bad (overcrowding, lack of privacy, lack of food, lack of cleanliness in the schools), but even more serious are the standards of education and training represented by the personnel. \* \* \* The employees are, as a rule, not qualified personnel. \*

for work in educational institutions (p. 624).

In almost no case could a reasonably clean bill of health be given to any one school. \* \* The generally routinized nature of the institutional life with its formalism in classrooms, its marching and dress parades, its annihilation of initiative, its lack of beauty, its almost complete negation of normal family life, all of which have disastrous effects upon mental health and the development of wholesome personality (p. 393).

Mr. KING. From the foregoing it is apparent that Doctor Ryan and those who collaborated with him in the report were not satisfied with the boarding-school system, which occupied such a conspicuous place in the Indian educational system. I think the evidences are overwhelming that the boarding schools have not been satisfactory. Most of the Indian children who have attended the boarding schools have gone from the same without being equipped to meet the responsibilities of citizenship or to engage in pursuits from which they might obtain a livelihood.

In the light of the facts, and of the statements made by Doctor Ryan in the report just quoted, it is singular that the present Indian Bureau administration has done so little toward the establishment of day schools and adopting methods other than the boarding schools for the purpose of educating the Indian children and preparing them to meet conditions confronting them in life.

I find in the annual report of the Commissioner of Indian Affairs for the fiscal year ended June 30, 1931, the following statement:

Boarding-school education is considerable more expensive than any other kind even where carried out at the extremely low cost prevailing in the elementary Indian Service.

I might add that the facts do not warrant the statement to the effect that the costs are "extremely low."

Continuing with the report just referred to:

By reducing the enrollment of a number of the schools we not only can lessen the institutional difficulties but we can release some of the money badly needed for the program of local and community education. It is estimated that the same sum of money that is required for 100 children of elementary-school age in a boarding school will provide an adequate educational program,

including necessary food, clothing, and follow-up service, for at least half as many more, if expended in the local community, and with better ultimate results. • • • It is both better economy and better education to leave the children in their own homes.

In the commissioner's report, on page 5, this language

Opportunities to put Indian children into local schools rather than Government boarding schools exceeded the available financial resources in 1930-31. • • Reports already received show resources in 1930-31. • Reports already received show more than 34,000 Indian children in public schools for the year ended June 30, 1931. There is little racial prejudice anywhere against Indian children. The supervisor assigned to public-school relations reports • • and the teachers take considerable pride in seeing the Indian child develop alongside the white child.

The commissioner reports-

That if the Indian Service were starting afresh on the task of Indian education it would begin with the Indian people in their own environment or in some comparable environment in which they could develop their own resources.

This indicates that the boarding-school system has not met the needs of the Indians and that the proper system would have been to establish day schools at or near the homes of the Indians instead of dragging them hundreds, and in some instances, thousands of miles way, separating them from their families and producing a psychological condition not compatible with the highest development of the children.

Referring to the report on page 4, this language is found:

It would employ other methods than some of those that have been employed—it would not use to any extent the reservation rations or distant boarding schools for young children. \* \* \* The basic Indian Service educational problem, therefore, is to work over from a more or less conventional institutional conception of education to one that is local and individual. It means abandoning boarding schools wherever possible, eliminating small children from the larger boarding schools, setting up day schools, or making arrangements with local public schools to receive these children, providing the necessary family follow-up for such children, and directing the boarding schools into specialized purposes at least partly vocational; in the meantime all these boarding schools (those that should be abandoned soon, as well as those that have a degree of permanence) should be made as effective educationally as it is possible to make them, utilizing Indian arts

Evidently the statements contained in the commissioner's reports are the views of Doctor Ryan, and it is remarkable that his views have not received greater consideration, and the changes which the adoption of his plan would inevitably bring about have not been made.

To show the extent to which the bureau has committed itself to the boarding-school system, I invite attention to a number of statistics.

The total appropriations for Indian schools for 1932 were as follows:

Gratuities\_\_\_\_ ..... \$10, 944, 000 Tribal\_\_ 891.000

I might add that in the present bill the total appropriations for education for the next fiscal year aggregate \$10,671,000, of which \$803,000 come from tribal funds. Of the total appropriation above stated, for 1932, \$10,285,000 was devoted to the maintenance of boarding schools and only \$1,550,000 to all other schools. In the Government boarding schools there were 21,258 Indian children; in the mission contract boarding schools, 2,736, making a total of

The cost of each child to the Government amounted to \$429—quite in contrast to the statement to the effect that the costs "were extremely low."

23.994.

The number of Indian children in day schools, using the average attendance for 1931, as shown by the commissioner's report for that year, was as follows:

Those in public schools receiving tuition from the Indian Bureau appropriation numbered 36,753. Children in the Indian Bureau day schools numbered only 3,729, or a total of 40,482. The cost per child in all day schools was only \$38.

I might add that in the last three years the Indian Bureau has abolished only three boarding schools out of 76; they were small schools, one at Fort Bidwell, Calif.; one at Fort Mojave, in Arizona; and the third at Mekusukey, Okla. These schools had a capacity of only 2.2 per cent of the entire boarding-school capacity. I understand that the plan is to abolish three other boarding schools. If that shall be done, the total reduction in boarding-school capacity will be but 3.2 per cent. It is a fact that the boarding schools are overcrowded. The congestion is so great as to imperil the health if not the lives of the children. Certain it is that the health and the morale of the children would be infinitely better if they were transferred from boarding schools to community day schools. The purpose of the amendment is to aid in bringing about that result. Personally, I favored making the amendment mandatory; but in view of what I believe to be the desire of Doctor Ryan to as fast as possible change from the boarding-school system to the community day-school system, I have felt constrained not to ask for a mandatory provision. If, however, during the coming year the archaic and unsatisfactory boarding-school system is continued and no progressive plan has been substituted, I shall urge the Senate, when the next appropriation bill is presented, to insert provisions that will compel the Indian Bureau to inaugurate a day-school system and thus secure more satisfactory results and the saving of millions of dollars to the Indians as well as to the Government.

Mr. FRAZIER. Mr. President, on page 6, I move to strike out the amounts inserted in the first five lines, which have to do with the Board of Indian Commissioners. A motion formerly submitted along the same line was voted down. The committee presented an amendment reducing the total appropriation by \$2,300, and that amendment was agreed to. The amount stricken out represented the salary of a clerk or stenographer, as I understand. If this Board of Indian Commissioners are to be of any benefit to the Indians or to the bureau or to the Government, it seems to me they should be allowed to get out their reports, and they say they need these employees. Therefore I ask unanimous consent that the vote by which the two committee amendments on lines 3 and 4, page 6, were agreed to, be reconsidered.

Mr. SMOOT. I have no objection to the reconsideration, nor have I any objection to rejecting the committee amendments.

Mr. JONES. Mr. President, I do not think there was a sufficient showing that they needed the additional employees, and I think what the committee did ought to stand.

Mr. ASHURST. Mr. President, a moment ago I was in opposition to the Senator from North Dakota [Mr. Frazier]. I have examined this item carefully, and I believe the Senator from North Dakota is right now. I do not think it is fair to the Board of Indian Commissioners, or to ourselves, after we have voted to keep them, to refuse to give them the proper clerical assistance. It would not be fair to the Board of Indian Commissioners, and I hope that what the Senator from North Dakota asks may be agreed to.

Mr. SMOOT. I hope what the Senator advocates may be agreed to.

The PRESIDING OFFICER. Is there objection to a reconsideration of the votes by which the committee amendments were agreed to? The Chair hears none, and the votes are reconsidered, and the question now is on agreeing to the committee amendments on page 6, lines 3 and 4. The two amendments will be stated and will be voted on together.

The CHIEF CLERK. On page 6, line 3, strike out "\$14,100" and insert in lieu thereof "\$11,800," and strike out "\$9,000" and insert in lieu thereof "\$6,700," so as to read:

## EXPENSES OF INDIAN COMMISSIONERS

For expenses of the Board of Indian Commissioners, \$11,800, of which amount not to exceed \$6,700 may be expended for personal services in the District of Columbia.

The amendments were rejected.

Mr. FRAZIER. Mr. President, the junior Senator from Montana [Mr. Wheeler], who is absent from the city, requested that I submit four amendments which he expected to offer had he been here. I send them to the desk and ask that they be reported one at a time.

The PRESIDING OFFICER. The clerk will report the first amendment.

The CHIEF CLERK. The Senator from North Dakota moves, on behalf of the junior Senator from Montana [Mr. Wheeler], on page 38, line 18, to insert:

Provided further, For completion of public-school building at Fraser, Mont., and for necessary equipment for manual, laboratory, and other lines of training \$15,000, to be immediately available.

Mr. SMOOT. Mr. President, I make the point of order against the amendment that it was not estimated for and is legislation on an appropriation bill.

The PRESIDING OFFICER. The point of order is sustained. The clerk will state the next amendment.

The CHIEF CLERK. On page 56, line 19, strike out "\$40,-000" and insert in lieu thereof "\$30,000."

Mr. FRAZIER. Mr. President, I want to say just a word on this amendment. It reduces the appropriation in the item for the Flathead Indians in Montana by \$10,000, from \$40,000 to \$30,000. I have a letter here from the president of the tribal council of the Flathead Indians. They say there are some employees the Indians do not want.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHIEF CLERK. On page 64, line 19, after the word "Interior," the Senator from North Dakota [Mr. Frazier], on behalf of the Senator from Montana [Mr. Wheeler], proposes to insert:

#### CARE OF INDIGENT INDIANS

For reimbursement to Cascade and Hill Counties, State of Montana, for hospitalization and subsistence for certain indigent ward and nonward Indians resident within such State, but not within any established reservation, \$13,383.77, of which \$6,726.16 shall be paid to Cascade County and \$6,757.61 shall be paid to Hill County.

Mr. SMOOT. Mr. President, I make the point of order against the amendment.

The PRESIDING OFFICER. The point of order is sustained.

The CHIEF CLERK. On page 98, line 19, the Senator from North Dakota [Mr. Frazier], on behalf of the junior Senator from Montana [Mr. Wheeler], proposes to strike out the figures "\$280,000" and insert in lieu thereof "\$285,600."

Mr. SMOOT. Mr. President, that, I am quite sure, is correct. The Commissioner of Education thinks it is very important. It is merely inserting, by means of this amendment, what has appeared in former bills in the past.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KING. Mr. President, I invite my colleague's attention, and the attention of other Senators, to an item on page 100. We have just voted \$286,000 for the office of the Bureau of Education for salaries, and so forth. I find on page 100 this provision:

For all expenses, including personal services in the District of Columbia and elsewhere, purchase and rental of equipment, purchase of supplies, traveling expenses, printing, and all other incidental expenses not included in the foregoing, to enable the Secretary of the Interior, through the Office of Education, at a total cost of not to exceed \$350,000, to make a study of the sources and apportionment of school revenues and their expenditure, \$50,000.

They have already had \$50,000. They want \$50,000 more to inquire of the States the sources of their incomes for education and the apportionment of the same.

I stated yesterday that we could get that information in two days by wiring to the superintendents of education throughout the United States, and I move to strike out the item on page 100, lines 4 to 16, inclusive. It is wholly unnecessary and means a useless expenditure of public money.

Mr. SMOOT. Mr. President, the appropriation was \$100,-000 last year, and that has been cut to \$50,000. No information regarding this item has been furnished me in such shape that I could state positively that the appropriation is necessary. Therefore I say to the Senator that I am perfectly willing that the provision should go out, and the matter go to conference, and we may learn something more about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Utah.

The amendment was agreed to.

Mr. NORRIS. I give notice that when the pending bill shall be disposed of, I will ask the Senate to proceed to the consideration of the conference report on the anti-injunction bill.

Mr. KING. Mr. President, I have prepared a number of amendments dealing with the appropriations carried in the bill for irrigation purposes and for so-called reclamation projects. I have amendments prepared dealing particularly with the Blackfeet, Klamath, and Flathead Reservations. I intended to call the attention of the Senate to the Preston-Engle report, which is a severe indictment of the Indian Bureau, its waste and extravagance in handling irrigation projects. This report, as some Senators know, was made by competent engineers selected by Secretary Work. Their report covers 500 pages of closely printed material, and presents facts and figures and data conclusively establishing that a number of the irrigation projects ought never to have been begun and that others have been carried forward in a wasteful and inefficient manner.

The irrigation policy of the Indian Bureau has core the Government and the Indians more than \$46,000,000, and to complete the projects will cost at least \$31,000,000 more. The total number of acres now irrigated by the Indians is approximately 120,000, and there is nothing to indicate that there will be any considerable increase in lands actually irrigated by the Indians. The projects as a whole are already expanded more than twice the acreage actually being irrigated by the Indians and whites together. It would not be inaccurate to state that the projects seem to have been constructed for the benefit of the whites rather than for the benefit of the Indians.

On the Blackfeet Reservation, notwithstanding the cost of \$1,500,000, the number of acres irrigated by Indians last year was only 35.

The cost for each irrigated acre on the Flathead Reservation now exceeds \$160 although the value of each irrigated acre is stated by the Indian Bureau to be only \$30.

On the Klamath Reservation, the irrigation system has cost more than \$500 for each irrigated acre, and an irrigated acre is worth not more than \$40.

The record of the bureau's irrigation activities calls for criticism. The Preston-Engle report demands reorganization of the entire system, curtailment of costs, abandonment of a number of projects, and suspension of any further construction on a majority of the projects. It also recommends that some of the projects be transferred from the Indian Bureau to the Reclamation Service, evidently because of the inefficiency, waste, and extravagance of the Indian Bureau and the grave injustices which, under its administration, have been inflicted upon the Indians.

One of the items in the bill before us calls for \$100,000 for the beginning of the construction of a pumping plant on the Flathead Reservation. I might add that this irrigation project to date has cost more than \$6,000,000, and no one knows what the additional cost will be if the Indian Bureau persists in its present purpose to carry forward its program.

The Indian investigating committee, of which Senator Frazier is chairman, visited the reservation in July, 1930, and took testimony concerning the project and cognate matters. During the investigation Senator Wheeler, a member of the committee, said:

They claim they have 120,000 acres under the irrigation system. The records show that but 33,000 are irrigated. They admit that they have a gravity flow for 80,000 acres, or over twice the acreage now in irrigation, yet for the past 15 years they have advocated a large addition to the system, and propose a plan to pump water at an elevation of 325 feet through the Newell Tunnell and confiscate the tribal ownership of its power site. What do you know about that?

In reply to Senator Wheeler's question Mr. Lemery, spokesman of the tribal council, said:

It is not feasible or practical in any sense. Too much money has already been spent on the irrigation project which is of no practical use.

He further stated that-

The Indians had protested from the beginning against the irrigation plan, and that they are still protesting, and contend that the land has been practically confiscated by liens assessed against it over a period of years, and that there are not 750 acres under the whole irrigation project irrigated by Indians, and many thousands of acres have been abandoned by Indians and whites alike.

He also stated that the-

Policy of the Government was ruining the Indians and threatened the destruction of the Flathead Valley, and that the construction charges and the cost of maintenance and other operations are so high that it is impossible to raise enough on the land to pay for the water, and the accumulated charges are more than the land is worth.

The area of the Flathead project that can be irrigated by the existing supply of gravity water is more than twice the aggregate area being irrigated by Indians and whites together. The pumping project is therefore completely superfluous, even if it were feasible, and the Montana State Public Service Commission has declared that it is not.

Mr. President, so much time has been consumed in the discussion of the bill and the Senators are anxious that the measure be passed before adjournment that I shall waive my purpose to discuss these irrigation projects and to offer amendments which I think should be adopted. I regret that the committee of the House and the committee of the Senate did not more fully examine into these irrigation items carried in the bill and eliminate many of them and reduce the remainder to reasonable proportions.

The PRESIDING OFFICER. If there are no further amendments, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. McKELLAR. Mr. President, before that is done, if it is in order, I wish to offer a motion.

The PRESIDING OFFICER. It will be in order either before or after the third reading of the bill.

Mr. McKELLAR. I shall wait until after the third reading of the bill then.

The PRESIDING OFFICER. The question is, Shall the amendments be engrossed and the bill be read a third time? The amendments were ordered to be engrossed, and the bill was read the third time.

Mr. McKELLAR. I now offer the following motion.

The PRESIDING OFFICER. The motion will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Tennessee submits the following motion:

I move that the pending bill be recommitted to the Committee on Appropriations with instructions to report the same back to the Senate with amendments providing an aggregate reduction of 10 per cent in the amount of the appropriations contained in the bill as received from the House of Representatives.

Mr. McKellar. Mr. President, this proposal has been before the Senate for several days. It has been explained fully. I believe every Senator knows exactly what it is, and I do not care to argue the matter further.

Mr. NORRIS. Mr. President, I understand there is going to be quite a bit of debate on the motion.

Mr. VANDENBERG. I think not.

Mr. NORRIS. I am told by several Senators that there will be. I am anxious to have the conference report on the anti-injunction bill disposed of this afternoon.

Mr. McKELLAR. I do not think it will take long to dispose of my motion. I think we will make better time if we go ahead with it now.

Mr. NORRIS. I have no objection if we can have action on the anti-injunction conference report this afternoon.

Mr. VANDENBERG. Mr. President, I shall submit an amendment to the motion of the Senator from Tennessee, reading as follows:

Add to the language proposed by the Senator from Tennessee the following:

The President is hereby authorized and empowered to consolidate bureaus, divisions, and commissions, in whole or in part, and make any related changes in administration he may deem advisable, including transfer of these functions from one department to another, or from any subdivision of a department to another subdivision, so as to perfect economies and keep expenditures within the reduced appropriations herein set out.

In briefly presenting the merits of the proposition I start again, as I started last Friday under less auspicious circumstances, by submitting to the Senate the words of Vice President Marshall on July 15, 1916, as they appear on page 116 of the parliamentary decisions of the Senate, reading as follows:

Notwithstanding the rule of the Senate to the effect that general legislation may not be attached to an appropriation bill, still when the House of Representatives opens the door and proceeds to enter upon a field of general legislation which has to do with subset of this character, the Chair is going to rule that the House having opened the door the Senate of the United States may walk in through the door and pursue the field.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. Does the question of the parliamentary situation arise at this time?

Mr. VANDENBERG. No, Mr. President.

Mr. ROBINSON of Arkansas. Mr. President, I was about to suggest to the Senator from Michigan that if he himself raises the parliamentary question on his own amendment it will be quite a different issue from considering the amendment without any parliamentary question being raised. So far as I know, no issue of the admissibility of the amendment under parliamentary usage has been raised, but that does not conclude the question as to whether it would be subject to a point of order or is subject to one now.

Mr. VANDENBERG. I am not raising any parliamentary question. I am quoting the language of Vice President Marshall because I want to indicate that I think the logic set out in his abstract statement, not the parliamentary law but the philosophy of action, applies as a philosophy of action to-day.

Mr. ROBINSON of Arkansas. May I ask the Senator if he does not feel it is time enough to discuss the parliamentary issue if one is raised?

Mr. VANDENBERG. I am not discussing the parliamentary issue. I am trying to say to the Senator that I want to use the language of Vice President Marshall for the purpose of indicating my objective, and that objective is to pursue the proposition submitted by the Senator from Tennessee to its logical conclusion. I want to submit this very brief suggestion to the Senate in this connection.

It seems to me that the proposal submitted by the Senator from Tennessee, while wholly unscientific, wholly a stab in the dark so far as any effort to economize is concerned, nevertheless is a type of major operation which has got to be performed if we subsequently hope to reach our objective and to cut the appropriations as our national necessity demands. But in order to perform this major operation it seems to me that we must go one step farther to implement the executive department with the necessary latitudes and power to achieve a readjustment of their reorganization to fit the reduced expenditures.

It seems to me that if we wish thus to cut appropriations arbitrarily and in effect thus transfer to the executive departments the task of accommodating the governmental machinery to these shortened funds, it certainly becomes highly important and equally necessary to provide the Executive with adequate latitudes of reorganization to fit reduced appropriations.

Mr. President, we have 200 different Federal bureaus, boards, and commissions with a total of 550,000 employees. If there is a major opportunity to reorganize economy, it lies in the prompt and efficient treatment and coordination of the efforts involved in this veritable hodgepodge of bureaus, commissions, and departments. I think the most classic example respecting the burdens not only upon the Government but upon the American people, which comes through this curious mélange of official authorities that has been raised, is indicated in the experience of the mariner who undertakes to deal with this Government, as once pointed out by President Hoover.

He must obtain his domestic charts from the Department of Commerce, his foreign charts from the Navy Depart-

ment, and his nautical almanac from the Naval Observatory, and he will in some circumstances get sailing directions from the Army. In a fog he may get radio signals from both the Navy Department and the Commerce Department. He will listen to foghorns and look for lights. and buoys provided him by the Department of Commerce. If he sinks, his life is saved by the Treasury Department. He will anchor at the direction of the Army, who rely upon the Treasury to enforce their will. His boilers and lifeboats are inspected by the Department of Commerce. His crew is certificated by one bureau in Commerce, signed off in the presence of another, inspected at sailing by the Treasury and on arrival by the Department of Labor.

That is the vicissitude of the mariner dealing with this perplexing and complicated thing that we call the Government of the United States. That exhibit can be multiplied one thousand times, and it is perfectly obvious that at this particular point is the opportunity to achieve in practical net results the economy which the Senator from Tennessee proposes in his motion.

The point I am trying to make is that the motion of the Senator from Tennessee standing by itself may seem to be arbitrary and without justification; but when linked with it is the extension of a reasonable executive power within the law to reorganize, consolidate, and simplify this governmental structure, it becomes a thoroughly reasonable prospectus to think that it will be possible to cut horizontally these expenditures 10 per cent.

Mr. FLETCHER. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield.

Mr. FLETCHER. I inquire of the Senator whether under his amendment the authority and power are given the President to reorganize and consolidate all the departments or whether he is referring now to this particular department, the Interior Department, dealt with in the bill now before us?

Mr. VANDENBERG. Of course, there is nothing that I can offer by way of an amendment that controverts the constitutional right of Congress to retain authority. The thing I am seeking to do is solely to permit executive power where it can be exercised to consolidate and coordinate bureaus and commissions in this and other departments of the Government where they are interrelated.

Mr. FLETCHER. Why not confine it to the one department, since we are dealing with one department at this time?

Mr. VANDENBERG. I will tell the Senator why it will be impossible to confine it to this department. It would be wholly impractical and nothing but shadow boxing to confine it to the one department for the following reasons:

Public-works construction at the present time is handled by 14 bureaus or agencies in 9 different departments. If we are going to have any coordination, we have to bring them all within the reach of the coordinator.

Conservation of national resources is handled in eight bureaus or agencies in five different departments, and, of course, there is a perfectly magnificent overhead included at each step in this overlapping and interlocking procedure.

Direct aids to industry are handled in five different bureaus or agencies in two different departments. Direct aids to the merchant marine are handled in 14 different bureaus or agencies in 6 different departments. Direct aids to education are handled in six different bureaus or agencies in three different departments. Public health is handled in four different bureaus or agencies in two different departments. The purchase of \$250,000,000 of supplies annually is handled independently by all bureaus in all departments; and if there is to be any sensible attempt at economical coordination, it must not be confined within the limits of any one department, but must reach into the whole structure wherever the coordination needs to go in order to accomplish the results, and it must be made an executive function pursuant to the repeated recommendations of the President of the United States.

Mr. NORRIS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. Certainly.

Mr. NORRIS. I can see a great deal of logic in what the Senator has said, but I do not understand its application to the motion pending. If I have a correct understanding of the present parliamentary situation, we are about to vote upon a horizontal cut of 10 per cent. Is not that the pending

Mr. VANDENBERG. The Senator evidently did not hear me say that I shall offer an amendment to the motion of the Senator from Tennessee to add instructions in order to cover the precise objective that I am now discussing.

Mr. NORRIS. The Senator is going to offer an amendment to the motion of the Senator from Tennessee?

Mr. VANDENBERG. That is correct.

Mr. President, I think that is all I care to say, except that in my judgment the experience which Congress has undergone in the last few years in attempting upon its own responsibility to reach this problem has not been at all reassuring. There is nothing in that experience which gives us any right to hope for any substantial or tangible reorganization results. The President of the United States has asked for authority to proceed so far as he may upon a project of this nature. I think that he can not be held ultimately responsible unless in the interim he has the essential authority. On that theory, believing that it makes the motion of the Senator from Tennessee absolutely justified, and on the theory that it leads ultimately in the practical direction of economy, I am submitting the following amendment to the motion submitted by the Senator from Tennessee.

The VICE PRESIDENT. Let the amendment be read for the information of the Senate.

The CHIEF CLERK. The Senator from Michigan offers the following amendment to be added to the motion of the Senator from Tennessee:

The President is hereby authorized and empowered to consolidate bureaus, divisions, and commissions, in whole or in part, and make any related changes in administration he may deem advisable, including transfer of these functions from one department to another, or from any subdivision of a department to another subdivision, so as to perfect economies and keep expenditures within the reduced appropriations herein set out.

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan to the motion of the Senator from Tennessee.

Mr. BORAH. Mr. President, I want to ask a parliamentary question.

The VICE PRESIDENT. The Senator will state it.

Mr. BORAH. If the question should be raised, or it was desired to raise the question after the return of the bill as to whether the amendment proposed general legislation, it would still be permissible to do so, would it not?

Mr. ROBINSON of Arkansas. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. In fairness, I do not believe it would be. If the Senate permits the amendment to be incorporated in the motion to recommit, with instructions to the committee to report the amendment, it seems to me it would be absurd, after the committee had done exactly what the Senate instructed it to do, then to hold the action of the committee in reporting the amendment out of order.

I wish to say that in the form in which the amendment is presented I shall not raise the point of order, but I think it is unfortunate that the author of the amendment sought to justify the amendment as not being violative of the rule of the Senate when no question of that nature had been raised.

As already stated, I shall not raise the point of order, but the Senate should be advised that in the present form it may be subject to a point of order if the point should be raised at this juncture, but that in all probability it would not be so that we may vote upon the amendment submitted by the

subject to a point of order if the Senate should now accept the amendment and should instruct the committee to report it.

Mr. BORAH. Mr. President, if the amendment will not be subject to a point of order after the bill shall be returned to the Senate, I should like to ask the Senator from Michigan a question. My understanding is that the Senator does not undertake by his amendment to give authority to the President to abolish departments?

Mr. VANDENBERG. That is correct.

Mr. BORAH. But simply to consolidate them?

Mr. VANDENBERG. Not even to consolidate departments, Mr. President, but bureaus, commissions, and subdivisions. I specifically omitted the word "eliminate" in order, I hoped, to meet the views of the Senator from Idaho.

Mr. BLAINE. A parliamentary inquiry, Mr. President. The VICE PRESIDENT. The Senator will state it.

Mr. BLAINE. If the amendment offered by the Senator from Michigan should carry, would an amendment be in order to add further instructions?

The VICE PRESIDENT. After the pending amendment shall be disposed of, then, of course, the motion will be open to further amendment, provided the proposed amendment is in order; and a vote could be had on it if no point of order were raised. It is not for the Chair to raise or suggest a

Mr. BLAINE. I desire to offer an amendment giving additional instructions to the committee. I do not want to be barred from offering that amendment. I am certain the amendment is in order under the rules if it is not precluded by action on the pending amendment.

The VICE PRESIDENT. It would not be precluded by the pending amendment.

Mr. ROBINSON of Indiana. Mr. President, I do not care to prolong the discussion. I should like, however, to observe in connection with what has been said by the Senator from Michigan [Mr. Vandenberg], while it may not be relevant to this particular matter, that in the administration of the affairs of the insular possessions of the United States there is the same topsy-turvy situation. For instance, I need mention only the Philippines and suggest that that archipelago, an empire in itself, is administered entirely by the War Department. The Government of Porto Rico likewise is administered by the War Department. The government of the island of Guam is administered by the Navy Department. That is true also of American Samoa, and until very recently of the Virgin Islands; while the two organized Territories of the country, the Territory of Hawaii and the Territory of Alaska, are administered by the Interior Department. I may say also that the Panama Zone, while its government is largely conducted by a more or less independent bureau, is nevertheless, to some considerable degree, at least, administered by the War Department. So there is an overlapping of overhead charges all along the line.

Not only is that expensive, Mr. President, and not conducive in the slightest degree to economy, but it also makes for inefficiency of administration. We have an empirecall it what you may-which is scattered all over the earth. and on which, to use the British boast, the sun never sets. We have naval operations, Army operations, and mercantile operations. There can never be any efficiency in the administration of these various dependencies of ours until the Government is consolidated under one head.

I suspect that this is hardly the time to suggest it; the present moment is perhaps not opportune, but I do hope that we may find a way to have one executive department administer the affairs of all our colonial possessions and dependencies throughout the earth. That would not only make tremendously for economy but for efficiency as well.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan to the motion of the Senator from Tennessee.

Mr. KING. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. KING. May the proposition before us now be divided

Senator from Michigan separately from the motion of the Senator from Tennessee?

The VICE PRESIDENT. The pending question is on the amendment proposed by the Senator from Michigan to add instructions to the motion offered by the Senator from Tennessee

Mr. KING. I thought they were to be voted on together. The VICE PRESIDENT. No; the question is on the amendment offered by the Senator from Michigan.

Mr. KING. Is it subject to a point of order? If so, I submit a point of order against the amendment offered by the Senator from Michigan.

The VICE PRESIDENT. The Chair has given this question a good deal of consideration and finds no precedent of the Senate upon the question raised by the Senator from Utah [Mr. King]. The Chair, however, does find the question has been raised in the House of Representatives, and in that body it has been universally held that it is not in order to move the recommitment of a bill with instructions to report matters which would not be in order if offered as an amendment in the House.

The Chair finds that the question was raised on a proposed amendment which was not germane and the same ruling was made upon that point which had been made upon other questions. The Chair therefore holds that, as the question of germaneness has been raised on the amendment proposed by the Senator from Michigan, the question as to whether or not the amendment is germane under the rules of the Senate must be submitted to the Senate. The question now is whether the amendment is germane. [Putting the question.] The Chair is in doubt.

Mr. ROBINSON of Arkansas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.
Mr. ROBINSON of Arkansas. The Chair has stated the

question as if it were a vote on the amendment.

The VICE PRESIDENT. It is not. The question is whether or not the amendment offered by the Senator from Michigan is germane.

Mr. ROBINSON of Arkansas. Yes; and all those who believe that the amendment is germane will vote "yea." The question is not on the amendment itself.

The VICE PRESIDENT. All those who believe the amendment is germane will stand and remain standing until counted.

Mr. BORAH. Mr. President, may I ask a question before the vote is taken? Germane to what?

The VICE PRESIDENT. The question is whether or not the amendment offered by the Senator from Michigan would be germane if offered in the Senate as an amendment to the bill.

Mr. JONES. The amendment is not offered to the bill; it is offered to a motion pending.

The VICE PRESIDENT. Yes; as an instruction to the committee to bring back the bill with the amendment.

Mr. BORAH. And what the Senate is about to vote on is not the question whether the amendment of the Senator from Michigan is germane to the motion of the Senator from Tennessee but whether it would be germane to the bill.

The VICE PRESIDENT. Yes; as an amendment proposed on the floor of the Senate.

On a division, the Senate decided that the amendment of Mr. Vandenberg was not germane.

Mr. FESS. Mr. President, before the vote is taken on the motion of the Senator from Tennessee, I should like briefly to make an observation or two.

I think we are all agreed that we must make retrenchment in governmental expenditures. The only question is as to how it shall be done. Last evening I was reading one of the messages of Grover Cleveland, and was somewhat surprised at the small sum he mentioned as being necessary to run the Government and to provide for its expenses. He mentioned it as being a little over \$350,000,000. That led me to look into the growth of the appropriations from period to period.

The figures set forth in the messages of the Presidents are probably not as accurate as the figures of the Treasury Department, but these are the figures mentioned by various Presidents in their messages:

On December 7, 1896, President Cleveland, in his last message, referred to the expenditures of the Government that year as being \$434,678,000—less than half a billion dollars.

In December, 1900, in the fourth message of President Mc-Kinley, he mentioned the appropriations as being \$454,-

Three years afterwards, in 1903, President Roosevelt referred to the expenditures of the Government of that year as being \$506,099,000, and spoke of the amount as being somewhat exorbitant.

On December 6, 1910, President Taft referred to the expenditures of that year as being \$620,494,000; and on December 6, 1912, in his last message, President Taft referred to the fact that the appropriations had reached the figure of \$732,000,000.

On December 7, 1915, the year following the beginning of the World War in Europe and two years before we had entered that conflict, President Wilson referred to the annual expenditures of the Government for that year as being \$753,896,000. In other words, in 1915 the appropriations aggregated three-quarters of a billion dollars. To-day the expenditures of the Government are over \$4,000,000,000. I know that the \$4,000,000,000 can be partially accounted for by fixed charges that are definitely due to the World War, such, for example, as the fixed charge for interest. That probably will reach between eight and nine hundred million dollars.

Mr. NORRIS. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. FESS. I yield to the Senator.

Mr. NORRIS. I do not desire to controvert the Senator's statement that everybody wants to economize; but I desire to call the Senator's attention to this particular motion to see whether he wants to economize in the way this motion seeks to economize.

Mr. FESS. No; I do not think so. I think that is unscientific—very unscientific.

Mr. NORRIS. I thought, from what the Senator said, that he was for the motion.

Mr. FESS. No.

Mr. NORRIS. If the Senator will permit me, while I am asking the question I will make a suggestion, anyway.

Mr. FESS. I yield.

Mr. NORRIS. The committee could obey the instructions of this motion to the very letter, and still not reduce the great bulk of the appropriations in the bill, by eliminating entirely a whole lot of the appropriations.

What is the total amount carried in the bill?

Mr. McKellar. The amount carried by the bill as passed by the House is about \$50,000,000. This would reduce it to an aggregate of \$45,000,000.

Mr. NORRIS. That would take off \$5,000,000. They could strike out all of the appropriation for some bureau, and the same way with another one, until they reached the total of \$5,000,000, and not touch the balance of the bill.

Mr. McKELLAR. Mr. President, will the Senator yield? The PRESIDENT pro tempore. The Senator from Ohio has the floor.

Mr. McKELLAR. I am asking the Senator to yield to me. Mr. FESS. I yield to the Senator from Tennessee.

Mr. McKELLAR. Of course, the committee could do that; but I take it that the Appropriations Committee has never done anything to cause the Senate to believe that it would not be perfectly fair as to all items. In other words, this merely fixes the limit of a reduced total; that is all. The committee goes ahead and passes upon each item of the bill, and adjusts each item of the bill in accordance with the instructions of the Senate.

Mr. FESS. Mr. President, all that I had in mind was to impress the Senators with my conviction that something

must be done somewhere. I think we are all agreed to that; but I think my friend from Tennessee, while he is making an honest effort to accomplish economy, is not pursuing the scientific method.

Mr. McKELLAR. How could it be more scientific? All we do is to give to the Appropriations Committee instructions to do just what it has unlimited authority to do. We still give it unlimited authority to adjust these appropriations. We merely fix the total amount, so I do not see how the motion could be fairer.

If the Senate trusted the committee to bring in a bill at all, it certainly can trust the committee to bring in a reduced total. I am quite sure the committee will be fair. I know that the other members of it will be entirely fair, and I shall try to be.

Mr. FESS. Mr. President, I was about to say that some of this \$4,000,000,000 consists of fixed charges which we can not modify. We must meet the obligation. If our public debt is \$17,000,000,000—and it will be more than that when we reach the deficit—at the rate of four and a quarter per cent the interest would run very close to \$900,000,000 a year.

Mr. McKELLAR. No; the amount of interest is about \$600,000,000. Nobody in the world will propose to reduce that item 10 per cent. It could not be done.

Mr. FESS. Then there is a certain amount that is required under the sinking fund. We could modify that law if we thought it wise, but we regard that as essential; and that is a fixed charge.

Then the amount that we expend for veterans' service is evidently going a little above a billion dollars a year.

Of the \$4,000,000,000, therefore, we could account for considerably more than half. Even at that rate, however, in 1915 the total was only three-quarters of a billion dollars. Now it is very close to \$2,000,000,000, not to count the fixed charges that are incident to the World War.

Every effort that we make to cut any appropriation will be resisted, and probably logically so, because these additional appropriations are entailed by what we do in this body. For example, the Interstate Commerce Commission, which started out as a small body, has come to be an enormous organization, with heavy expenditures; but not a dollar of the money is expended except as we order it. We will present in the Senate, and pass within an hour's time, a resolution imposing upon the Interstate Commerce Commission duties that will involve hundreds of thousands of dollars of additional expenditure; and we do it without ever thinking about the source of the expenditure that we are requiring here.

I have noticed it right along. Some Senator will introduce a resolution requiring the Interstate Commerce Commission to do a certain thing. At one time we passed here without debate, by unanimous consent, a certain resolution; and the chairman of the Interstate Commerce Commission notified me that it would take every employee they had for the full period of six months to do the work we had authorized down here without a single word of debate. We have been doing that sort of thing too much.

Take the Federal Trade Commission. I am receiving letter after letter to-day protesting against cutting the appropriation for the Federal Trade Commission as has been proposed, on the ground that if we do we shall be vitiating the investigations we have already authorized. The authorization is made without reference to whether or not it is going to increase the expenditures. We do it indifferently, because we think it ought to be done. We never count the cost. As the Senator from Illinois [Mr. Lewis] said the other day, here is an authorization to undertake work that the author of the bill stated would not cost over \$2,000,000. and could be finished within two or three years. That was 20 years ago. It has cost over \$100,000,000 up to the present time, both to the railroads and to the Government, and it is not finished yet; and the trouble is that when the work is finished it will be out of date and will have to be done over again.

That is the situation that we permit, as responsible legislators; and then we complain about the enormous expenditures. We do it because we think it ought to be done. The Federal Trade Commission's functions are increasing rapidly. A great many people think we do not need it. I do not agree with that view, but a halt of these heavy expenditures must be made somewhere.

Take the Shipping Board. I have been looking over the expenditures of that body. I have been running through the list of the commissions that have been created in the last 20 years, small when started, but very large in their exactions in the way of appropriations to-day. The moment we make a move to cut anything out of any one of them, we have repercussions that come from all over the country: "Do not do this. You are crippling the very thing you have authorized to be done"; and it seems to me that it becomes almost impossible for us to do what we want to do.

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. FESS. I yield.

Mr. McKELLAR. Of course, it becomes impossible when Senators take the attitude that the Senator from Ohio is taking now. He says that these cuts ought to be made; he thinks that they are proper, but he is going to vote against the proposal.

Mr. FESS. Mr. President, I am not taking an inconsistent position on that subject.

Mr. McKELLAR. Then I misunderstood the Senator.

Mr. FESS. What I insist upon is that we are not going to get substantial reductions as we are now proceeding. We must make an effort, through a proper organization, to eliminate these excrescent accretions that we can dispense with. We will not be able to do that in a body like this, because there are too many angles of influence that come here. We must grant authority somewhere—either this body has to do it or else it has to give it to the Executive—to use the knife in spite of the influence that might come through the friends of this bureau or that bureau.

President Taft undertook that task in his efficiency effort. He did not get anywhere. Then President Wilson undertook it when we passed the Overman Act, giving him certain authority. That was largely a war measure. He could not do much because we were then in the midst of a necessity of increasing rather than decreasing, and what was done because of the stress of war can not be criticized. Then President Harding responded to a demand in both Houses and created this commission on reconstruction, consisting of so many Members of the House and so many Members of the Senate, and requested authority to appoint a representative of the Executive to act as a sort of an executive head of the commission. For months and months that commission worked assiduously and gathered an enormous amount of data; and they found that with scarcely a single exception—I think one exception—they received very little cooperation from the executive departments that they were appointed to reorganize. These things show that when we undertake to infringe in any way on the expenditures of any department it has to be done by a major operation, with little regard for the wishes of the people who are identified with the department.

My thought was that either Congress or the President should be authorized to establish some set-up by which this whole matter can be reorganized. On that basis we can entirely eliminate things that I would not want to vote to eliminate here without a study.

There is the weakness of the proposal of my friend from Tennessee [Mr. McKellar]. He comes in and says, "We want to economize; therefore let us cut off so much from every item that comes in. Let us deal with it in that way." We will never get anywhere in that way. My friend knows that we will not. We can not get anywhere with that process.

Mr. McKellar. Mr. President, the Senator says the Senator from Tennessee knows that we can not do that. I have served now for 8 or 10 years—I do not remember exactly how long—on the Appropriations Committee. I

have made it a study. I say to the Senator that this department will get along just as well with \$45,000,000 as it will get along with \$50,000,000. It is perfectly proper to fix such a limit.

Mr. FESS. Mr. President, if I made the statement that the Senator from Tennessee knows that can not be done, I wish to withdraw it. I did not mean to say that. I might have said I think the Senator knows it; but I do not want to make the statement that the Senator knows that what he is doing will be without effect, and so on. I did not mean that at all.

Mr. McKELLAR. Mr. President, the Senator can make the statement or not, just as he likes, but this is the fact: We can save from five to ten million dollars in this one bill, and if the Senator wants to save it he will vote for the amendment. If he does not want to save it, if he wants these extravagant appropriations continued, he can vote against it.

Mr. FESS. Mr. President, I shall vote against this amendment because it is not the method by which to reduce expenses and, at the same time, preserve the efficiency of the Government. We want to expend whatever money is necessary to assure efficient public service. But wherever we can cut out expenditures and avoid useless expenditures I am ready to vote for a measure to accomplish that purpose. But I do not want it to be haphazard. I want a study made of the matter by those who will go into the details and bring some constructive measure before us so that we may act upon the whole thing as a unit.

To-day I am receiving letters complaining because we are going to balance the Budget. The fact is that there is not a Senator in the Chamber who is not receiving protests, on the one hand, because we are cutting off expenditures, and protests on the other hand because we vote for the expenditure of money, which will have to be raised by taxation, to make possible expenditures that are being demanded. It is an impossible situation, and it seems to me that the atmosphere in the Senate and the House has never been so conducive as it is to-day to a suggestion that we proceed logically, and do what all of us want to do. But this is not the way to do it.

Mr. NORRIS. Mr. President, I dislike to delay a vote, but it seems to me, from what has been said, that something else ought to be said. I am satisfied there is not a Member of the Senate or of the House who is not anxious to economize. There are difficulties in the way of bringing about economies in an efficient and logical manner.

A large proportion of the expenses of our Government are fixed charges which can be definitely and accurately and properly charged up to our participation in the war. I am not going to assume the attitude of one who says "I told you so," but, as a matter of fact, I think I am the only one in this body to-day who voted against the declaration of war, and from that war have come the enormous expenses which are fixed definitely.

Nobody for a moment can think of such a thing as cutting off the necessary appropriations for paying interest on the debts we owe, and for paying pensions and compensation which go to the soldiers. I do not know how we can reduce those expenses. They will probably be increased, properly increased, to some extent. But we hired the fiddler, and now let us pay him according to contract.

I think that if it were known over the civilized world that every time a country rushed into war when it ought to stay out, eventually the burdens of taxation were going to come down upon the people and upon their posterity, almost to the end of time, they would hesitate in taking the step more than they have in the past.

Many of these appropriations which are necessary for running this Government are in the support of commissions and bureaus which have been established to protect the ordinary citizen against the encroachment of monopolies and trusts. Some say, "Abolish the Federal Trade Commission." We could do so. We could abolish the Department of Agriculture, we could abolish the Department of the Interior almost entirely, we could abolish the Interior almost entirely.

Commerce Commission, we could abolish the Department of Commerce and the Department of Labor, we could take half of the expenses away from the Department of State, we could combine the Department of War and the Navy Department, as we ought to do, and put them in one department. But when Senators and others are advocating the abolishment, for instance, of the Federal Trade Commission and the Interstate Commerce Commission let us see why we set up those organizations. Let us see what the object of the Federal Trade Commission was, for instance.

Mr. FESS. Mr. President, the Senator does not refer to

Mr. NORRIS. Oh, no. In fact, I may say that I am in hearty accord with practically everything the Senator said.
Mr. VANDENBERG. Mr. President, the Senator does not refer to me, does he?

Mr. NORRIS. No; I do not refer to anyone. I give everybody a clean bill of health.

Mr. VANDENBERG. The Senator does refer to a speech made on this floor, however, and I think it is appropriate to answer it precisely as it is being answered.

Mr. NORRIS. Mr. President, at the beginning of this session of Congress we were called upon to do various things, and there was great propaganda, emanating from the White House and going all over the country, to the effect that unless we did so-and-so in such-and-such a length of time we were about to go on the rocks and the whole world was about to sink into oblivion. We rushed over each other to carry out the mandates which came.

First, there was the moratorium. We made it necessary, when we passed that legislation, to tax our people for the coming year \$250,000,000, which would not have been necessary if we had not extended the foreign-debt payments.

Then we pledged the Reconstruction Finance Corporation \$2,000,000,000. The people talking about economy were not economists then. There came over the radio speeches from men connected with the National Chamber of Commerce, which, as a matter of fact, is only an aggregation of millionaires and billionaires, telling the common people what they ought to do in running their Government. They said, "It will not cost much. It will not be much for each individual. It is necessary. We must have this money for the railroads, for the banks, for the great corporations." They got that.

Then came the next bill, running up into the hundreds of millions, authorizing the appropriation of more money, to go mostly to banks and other corporations, which, it was claimed, had frozen assets. That was not extravagance. That was all right. Big business wanted it, corporations wanted it, monopolies wanted it, and we were patriots as long as we were doing that.

The moment they got theirs then came down the hard hand, saying, "Look out. You can not sustain these bureaus. You must abolish the Federal Trade Commission, you must abolish the machinery which regulates the railroads, you must abolish the machinery which stands between the little man and the monopolistic organizations. You can not afford to pay it any longer. It is too much taxation. It is extravagance."

Mr. President, we are face to face with what was known when we went into the moratorium proposition, when we turned over \$2,000,000,000 to the new corporation, setting up a new institution. We knew then that the money had to come from taxation, and yet we acted with a willing hand and obediently, following the dictates of big business, everybody afraid of it, and yet everybody for it.

Cut out the Federal Trade Commission and thus bring joy and hilarity to the Power Trust. The Federal Trade Commission has been making an investigation which has disclosed almost criminal tactics which have been indulged in from year to year by this, the greatest of all monopolies in the United States. Stop it. The taxpayer can not afford it, and the Power Trust does not want it and does not need it. Cut it out.

mission." We could do so. We could abolish the Department of Agriculture, we could abolish the Department of the Interior almost entirely, we could abolish the Interstate the appropriation for the Federal Trade Commission between

ment of Government is cut.

We will soon come to the Army and the Navy, and it will be said, "We want to build more warships, we want more guns. we want a bigger army." They will forget all about the taxpayer then. But ask for a little money to put the farmer on his feet and to help stricken agriculture, which, after all, is the basis of every permanent prosperity we ever had or ever will have, and the cry will go up at once, "Do not put the Government into business. Do not increase taxation."

After all, Mr. President, I do not feel so bad even if we have to issue bonds temporarily. The cry goes out, "Balance the Budget." There was no demand that we balance the Budget when we were appropriating \$2,000,000,000 for big business. We did not care about balancing the Budget when we passed the moratorium legislation. But now we want to balance the Budget. I think we ought to balance the Budget if we can. I realize that we ought to operate our Government on a business basis. But when we went into the World War nobody said to balance the Budget with taxation, and we are confronted now with an emergency two-thirds of which comes from the World War, a depression which nobody believes is going to last always. It is does, our Government, with the remainder of the governments on the face of the earth, is going into the hands of receivers as a bankrupt. So I like to think that there is a brighter day ahead, that the depression will not always last. Rather than cripple some of the necessary functions of government, I would rather issue bonds than to abolish some of the things which I believe are necessary if we are to protect our people from the inroads of monopolies, corporations, and trusts.

Now is a poor time, it seems to me, after we have been so lavish with public funds, after we have donated \$250,-000,000 to our foreign creditors, to say that now we will kill, for instance, the Federal Trade Commission and thus end at once the investigation they have been making for several years, which shows the most outrageous high-handed finance, which would make a Capone, or anybody like him, blush with envy; when those investigations are being made, when we are going to find out what monopoly and trust has been heaping down upon the consumers of the United States, shall we stop because it costs something?

If it is impossible to go on without the issuing of bonds, we will have to issue bonds, and then when we get on our feet again and refer to this history we are making to-day, when somebody in Europe says, "Get your boys and send them over here to fight our battles," we will not do it. We will keep them at home. When some big corporation is to be organized to help railroads and big corporations, we will refuse to pay the money out of the Treasury of the United States to do it. We have commenced at the wrong end. We ought to have commenced at the bottom. If we had made agriculture and labor prosperous, we would have restored the buying power of millions and millions of our people who now are unable to buy even the necessaries of life.

Understand, Mr. President, I am not crying out against economy. I believe there are a lot of useless divisions and bureaus in our Government. I would like to combine them. I think we could improve our departments headed by Cabinet officers by eliminating possibly one-half of them. Many of the bureaus could be eliminated. There is no reason why the very department we are now discussing, the Department of the Interior, should not be consolidated with the Department of Agriculture. Their duties and their work overlap almost the entire length of both departments. I am in favor of doing anything of that kind. I would like to assist in doing something of the kind. But I am not willing to say that in the name of economy we are going to cut off the heads of some of the officials who are to-day standing between the common people of America and the trusts and combinations which are trying to get additional advantage of them.

Mr. McKELLAR. Mr. President, of course, the Senator from Nebraska does not direct his remarks at me, because

30 and 40 per cent, more than those for any other depart- I did not vote for the moratorium. I did not vote for the Reconstruction Finance Corporation act, and I do not think I have ever voted for any extraordinary appropriation of any sort unless it was for some large appropriation to relieve the starving people of the country. I think that is the only time I did such a thing, and being the author of the motion I take it that the remarks of the Senator from Nebraska do not apply to me.

I want to address myself for a moment to a reply to the Senator from Ohio [Mr. Fess]. He said this is an arbitrary method of dealing with the matter. It is no arbitrary method at all. It is quite the contrary. The total appropriation proposed is \$50,000,000, in round numbers. We will reduce it, if my motion is agreed to, by \$5,000,000, or to \$45,000,000. The differences will go to conference between the two Houses and be ironed out. We do not know what the net result will be. I imagine it will be somewhere between the figures of the Senate, if my motion should carry, and the figures of the House. It will have to be between those figures. That is the way it ought to be. But first the bill will go back to the Committee on Appropriations, and that committee will do precisely as it has done already-go over each item of the bill, arrange those items to suit the committee, and report back a bill, but with the total appropriation of \$45,000,000 or thereabouts.

Surely that can be done. The Senator from Ohio has served on that committee, as I have served on it, for years. He knows it would not be a difficult matter for the committee to get together and revise some of the items. Some of them might be raised a little, but the total level could be reduced to \$45,000,000. I want to say to the Senate and to the country that in my judgment the Department of the Interior would be as economically and as efficiently operated on \$45,000,000 as on \$50,000,000. That would be especially true if the head of the department was given the power and authority to consolidate bureaus and divisions within the department.

The Senator from Michigan [Mr. VANDENBERG] wants us to go further than that and apply it to every department. That might come later, as it seems to me. I did not vote either way on his proposal, because it did not seem to me to be germane and again it seemed to me to cover too much territory. I would be delighted to vote to give the President or the head of the department the right to consolidate bureaus and divisions within the department or to wipe out bureaus and divisions if there were found to be duplicating activities. I do not believe there would be a point of order raised against an amendment which would give to the President or to the Secretary of the Interior the right to consolidate bureaus or to abolish bureaus or divisions.

Mr. FESS. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. I think that if the Senator will lead in an effort to have a reorganization, either by the Congress or by the Executive, he will get what he wants. This is the best time that has ever come to us to do it.

Mr. McKELLAR. We will never get a reduction in appropriations unless the Senate and the House make such a reduction. We gave the President authority some years ago. and there are many legal lights in the country who believe that the President to-day has the power without it being given to him again; that he has the power to consolidate bureaus, to abolish bureaus or divisions in any department he wants to. I am rather inclined to the view that he has

However that may be, I want to say to the Senator from Ohio that if my motion is adopted here to-day he will see that it will be the beginning of a limitation on each department of the Government that will work out a saving of something like \$250,000,000 or \$300,000,000 per annum. I believe that every Senator feels in his own mind and heart that the Government could be run just as efficiently on \$300,000,000 less as it could be run on the \$4,601,000,000 which has been recommended by the President.

Mr. FESS. Mr. President, will the Senator yield further? Mr. McKELLAR. Certainly.

Mr. FESS. Former Senator Aldrich made the statement some years ago that if he had the authority he could save \$300,000,000, and only recently a very distinguished business man said it would be very easy to-day to save \$300,000,000, but it will never be done in this way.

Mr. McKELLAR. Why will it not be done? We all think it ought to be done, and the only reason why we will not do it this way is because of the constant appealing of bureau chiefs and bureaucrats. Senators are afraid to vote against them. My distinguished friend, the Senator from New Hampshire [Mr. Moses], now in the chair, shakes his head. I know he is not afraid. I did not mean to say he is.

I want to say that, in my judgment, the entire country would welcome this proposal if it went through. If the country believes that the Congress is going to cut down this vast sum by \$250,000,000 or \$300,000,000, it would make them feel better and it would make business better. It would make our return to normalcy a great deal easier if it were done. But instead of doing that we have been most extravagant, though when I say "we" I do not include myself, because the only extravagant bill I voted for so far, as I can now recall, failed to get the approval of this body. I do not think I am responsible for this extravagance.

Mr. President, I hope the motion will be agreed to.

Mr. BLAINE. Mr. President, I desire to offer an amendment to the motion in the form of an additional instruction. At the end of the motion of the Senator from Tennessee I move to strike out the period and insert a comma, and then insert the language which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. At the end of the motion submitted by the Senator from Tennessee, the Senator from Wisconsin moves to add the following:

Except such reduction shall not apply to any item in the act providing for food, clothing, medicine, medical care, hospitals, sanatoria, schools, or any other institution providing for the health and education of Indians, or to any hospital for the insane or institution for the deaf provided for in this act, or for the care, custody, and treatment or burial of the insane provided for in this act.

Mr. McKELLAR. That excepts the entire bill, does it not, and all of the activities provided for in the bill? Were any omitted by the Senator from Wisconsin?

Mr. BLAINE. Mr. President, I proceed upon the assumption that the Senator from Tennessee understands that there are 350,000 Indians in the country, as stated on the floor the other day. I may be mistaken as to the number. The Indians are a subjugated and dependent race. The items excepted by my proposed amendment refer to the food and clothing, medicine, medical care, hospital, sanatoria, schools, and other institutions intended to promote the health and education of Indians. That is one provision.

Mr. President, desperate as the situation may be in this country, I hope there is no one who is so sordid or so selfish that they would deprive the children of these dependent Indians, this subjugated race, of these needful things. I want the Senator from Tennessee to understand that they are our neighbors and we are their neighbors. We must live with them and among them. Out of a mere suggestion of humanity we ought not to reduce the appropriation for the purpose of furnishing the essential food, clothing, medical care, and schooling for those Indians.

Mr. McKELLAR. Mr. President-

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. BLAINE. I will yield in just a moment.

True, they are of a different race than are we. They are of a different environment. But I say, Mr. President, that we can not out of consideration for our own race neglect these wards of the Government. The bill now before us

includes the treatment of Indians suffering from tuberculosis, blindness, communicable diseases, transmittible diseases. Why, Mr. President, for our own protection, for the protection of our own race, we ought at least to guard ourselves by providing for the humanitarian care of this dependent race.

Moreover, Mr. President, covered by the provisions in the bill is St. Elizabeths Hospital, established here in the Dis-

trict of Columbia.

I call attention to the fact that this institution is a hospital for the insane and cares for insane persons from the Army and the Navy and the Marine Corps, the Coast Guard; insane inmates of the National Home for Disabled Soldiers; among others those who have become insane since their entry into the military or naval service of the United States; insane civilians in the Quartermaster Service of the United States; insane persons transferred from the Canal Zone who have been admitted to the hospital and who are indigent; American citizens legally adjudged insane in the Dominion of Canada whose legal residence in one of the States, Territories, or in the District of Columbia it has been impossible to establish; insane beneficiaries under the United States Employees' Compensation Commission; and insane beneficiaries of the United States Veterans' Bureau. This institution treats the soldiers of the past wars; it is treating those to whom the Government is paying compensation and who may be insane.

Moreover, Mr President, this bill provides for the Freedmen's Hospital, an institution for the treatment and care of men and women who are ill and in need of medical and surgical attention. This bill provides also for the treatment and care and custody of men and women adjudged insane in the far-off frozen regions of Alaska, and for their burial.

Mr. President, it ought to be appreciated when it comes to cutting 10 per cent off the aggregate of these appropriations that these dependents, these Indian children, these insane people, the sick are going to have no voice, but the influential officials in the departments will always see to it that there is no cut in those items which have to do with their salaries. If the motion of the Senator from Tennessee shall be adopted and the committee carries out the instructions, when the cut comes it will be made in the items for the care, clothing, food, medical attention, treatment of the insane, and the support of the Indian schools and other activities and hospitals and institutions for the care of dependents. The department or bureau will see to that when they spend the funds.

So, Mr. President, out of a sentiment of humanity and for our own protection there ought not to be given any direction to the Appropriations Committee to cut these items specified in the additional instructions contained in the amendment to the motion of the Senator from Tennessee.

Mr. President, in conclusion, I wish to say that the people of this country are not going to take kindly to any program of economy at the expense of the unfortunate wards of our Government and the unfortunate men and women who may be placed in institutions for the treatment of the insane.

Mr. McKELLAR. Mr. President, just a word. In regard to the Indians, I think everyone in this body knows the fight that has been going on in their behalf during this entire week. Of the Committee on Appropriations the distinguished Senator from Washington [Mr. Jones] is chairman, and his kindness toward and consideration and care for the Indians is known of all men. The feeling of the Senator from Utah [Mr. Smoot], who is also on that committee, is of the same kind. In my judgment, every member of the committee has the kindest and most sympathetic interest in the Indians. I can assure the Senator from Wisconsin that, whether his amendment shall be adopted or not, there will be no injury come to the Indians at the hands of the committee in connection with this bill or any other bill, because I have never seen anything but the most earnest desire to care for and protect the interests of those wards of our Nation.

Mr. BLAINE. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. Oh, yes.

Mr. BLAINE. Is there anything in the Senator's motion that gives us such a guaranty?

Mr. McKELLAR. It is not necessary. The record of the Appropriations Committee is an absolute guaranty that the Indians' rights and interests are not going to be jeopardized.

Mr. SMOOT. Mr. President, I want to call the attention of the Senator from Wisconsin [Mr. Blaine] to the fact over 40 per cent of the amount carried in this bill is for the direct care of the Indians. While I am on my feet I will say this

Mr. BLAINE. Mr. President, will the Senator from Utah yield to me for a question?

Mr. SMOOT. Yes.

Mr. BLAINE. The Senator from Utah does not mean to say that 40 per cent of the appropriation is for the food, clothing, medical care, hospitals, sanitariums, schools, and other institutions intended for the purpose of promoting the health and education of the Indians?

Mr. SMOOT. I want to call attention here to the fact that the amount recommended in the bill for education alone is \$10,578,000. For hospitals alone there is an appropriation carried in the bill of \$3,594,800.

Mr. BLAINE. That includes capital account for construction, does it not?

Mr. SMOOT. There is very little construction work provided for.

Mr. BLAINE. The instruction I propose has to do only with maintenance respecting the specific items mentioned.

Mr. SMOOT. I am not speaking against the amendment offered by the Senator.

Mr. BLAINE. I understand that.

Mr. SMOOT. I was thinking, though, that when we cut 10 per cent from the appropriations carried by the bill, a great part of the reduction will have to come by decreasing the number of employees. I can imagine just what will then happen. John Jones, of Georgia, would be dismissed and Mary Smith, of Florida, would be dismissed, and so it would go, affecting employees from the various States. All of them would appeal to their Senators and Representatives in Congress; they would get up petitions at home; they would bombard their Senators and Representatives with such petitions; they would call attention to the fact that the great Government of the United States was driving them to hunger, to sorrow, and perhaps to death. The Senators thus appealed to, no doubt, would go to see the "tyrant" Secretary of the Interior and inquire, "Why did you discharge this employee; you know that such dismissals have a great effect upon me at home; the people at home are talking against it; they are objecting to these discharges," and the employee who was dismissed would say, "I have been in the Government service for so many years and now because of an act of Congress I am to be discharged and thrown out upon the street; somebody has got to do something about it."

Mr. President, I hardly need say anything more. If a 10 per cent reduction is to be made in the appropriations, I can imagine one place where \$2,500,000 could be eliminated.

Mr. TYDINGS. Where?

Mr. SMOOT. I refer to an item that has been put in the bill not for expenditure this year but which ultimately will have to be expended, and that is the item affecting roads and trails in the forest reserves. That item has been recommended, although it is not to be expended this year, but in the program for the building of those roads the contracts will have to be let, and those contracts can not be let without the department knowing at least whether they will have the money with which to pay for the work. So perhaps that item could come out; but when we touch the other items in the bill I do not know what will happen. If the motion should be agreed to, we will do the best we can; but I do not see how in the world we are going to comply with it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin to the motion offered by the Senator from Tennessee.

The amendment was rejected.

Mr. VANDENBERG. I have consulted Senators, and I wish to offer my amendment in a different form, which I think is generally satisfactory.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the motion of the Senator from Tennessee it is proposed to add the following:

And with further instructions to include a section reading as follows:

"The President is hereby authorized and empowered to consolidate bureaus, divisions, and commissions, in whole or in part, and make any related changes in administration he may deem advisable so as to effect economies and keep expenditures within the reduced appropriations herein set out."

Mr. McKELLAR. Mr. President, I have no objection whatever to that amendment.

Mr. NORRIS. Mr. President, while we are discussing economy, I wish to call the attention of the Senate to a speech made by the Senator from Minnesota [Mr. Ship-STEAD] on the subject of our Treasury deficit and suggested remedies. It seems to me to be very appropriate at this time, and I ask unanimous consent that it may be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The speech referred to is as follows:

"OUR TREASURY DEFICIT—SUGGESTED REMEDIES"

(Speech of Hon. Henrik Shipstead, United States Senator from Minnesota, in the National Radio Forum, arranged by the Wash-ington Star and broadcast over a coast-to-coast network of the National Broadcasting Co., Monday night, March 7, 1932)

The United States Treasury, it is predicted, will be short in the neighborhood of \$2,000,000,000 at the end of June 30, 1932. For a long period of years up until 1930 the Government Treasury had a surplus of income over expenditures. The question is naturally raised as to why this great deficit came so suddenly within the last two years.

We must remember that the Treasury of the United States does bt make money. It collects money in the form of taxes from the not make money. people. The main source of income to the Federal Government comes in the form of income taxes and duties on imports. When the great mass of people have incomes sufficiently large so that they pay income taxes to the Government, and when foreign commerce in the form of imports is prospering, revenues to the Treasury increase. When the great mass of the income-tax paying individuals and corporations are prosperous income-tax receipts increase. When foreign and domestic commerce is prosperous there is always sufficient revenue to fill the Treasury, and when these activities are not prosperous Government income declines. The main reason for the lack of income to the Treasury is the fact that incomes of American citizens and corporations and foreign commerce have suffered a great decline in the last two years. Generally speaking, it may be said that the Government has lost its income because the American people have lost their income. If we can come to an understanding of how the American people have had their incomes reduced, we will then know why the Government income have hear reduced, we will then know why the Government income have hear reduced.

renment income has been reduced.

I will this evening give you some of my views as to why I believe these incomes have declined. After having done so I will, with your indulgence, give you some views that I have as to how incomes, both to the American people in general and the Government can be restored. can be restored.

I believe the American people's, and therefore the Government's, income has declined because we have pursued policies, public and private, that have destroyed incomes. These policies have brought

private, that have destroyed incomes. These policies have brought on what we call the depression. In this 20-minute address there is not time for me to enumerate in detail and explain the effect of all of these policies, but I will point out some of them.

The first, I would say, are policies that have resulted in a very unjust distribution of national income. As, for instance, from 1924 to 1930 agriculture lost 40 per cent of its income; labor in the manufacturing industries in the aggregate in the United States lost 30 per cent of its income, while industries had an income. lost 30 per cent of its income, while industry had an increase in income, as reflected in increased common-stock dividends, of 72 per cent. The loss of 40 per cent of income to agriculture and 30 per cent to labor affected the purchasing power of 70,000,000 people dependent upon agriculture and wages for income. We permitted industry to receive so much of the national income at the expense of agriculture and labor that by destroying their purchasing power of agriculture and labor that by destroying their purchasing of agriculture and labor that by destroying their purchasing power industry's income has also to a large extent been destroyed. Twenty-five per cent of our population is dependent upon agriculture, and these 25 per cent receive only 10 per cent of the national income. As a result of this inequitable distribution of income we had a dangerous concentration of wealth into the hands of the

few. For instance, in 1929, 504 persons in the United States had a combined income of \$1,185,000,000, and out of this income these 504 persons could have bought all the cotton and all the wheat

few. For instance, in 1929, 504 persons in the United States had a combined income of \$1,185,000,000, and out of this income these 504 persons could have bought all the cotton and all the wheat raised in the United States in 1930.

I do not believe that the Government is solely to blame for this unjust distribution of national income and concentration of wealth, but I believe the Government is responsible for the high freight rates that the farmer must pay. Every raise in freight rates since 1920 has been an increased tax upon the income of the farmer. The Government fixes the rates. The inequalities of the tariff which compel the farmer to sell at a cheap price and buy at a high price because the farmer is an exporter is another attack upon his income for the benefit of industry. High interest rates and the unstable value of the dollar has been another attack upon his income in recent years, because it compels him to pay his taxes and the interest on his debts in a dollar 50 per cent dearer than it was five years ago. As a result of these policies the farmer was losing money even during our years of so-called "prosperity" from 1923 to 1930. These attacks upon his income for the benefit of industry have been made largely through policies of the Government and have destroyed his purchasing power.

The purchasing power of the great mass of the people has also been destroyed by bankers underwriting and peddling to the people under high-pressure salesmanship \$17,000,000,000 of foreign stocks and bonds, and from 1920 to 1930 they also underwrote and peddled out \$70,000,000,000 of American stocks and bonds. We have heard a great deal about the foreign bonds but very little about the fact that four times more of new American bonds and stocks were sold here. These American bonds and stocks were issued against an already overcapitalized capital structure. These \$70,000,000,000 in new stocks and bonds were additional mortgages against the future income of the people. Twenty-six billion dollars' worth of them, industrial

mass of the people this increase of income to industry could not be maintained, and to the extent that interest and dividends on this huge new capital can not be paid, to that extent savings have been dissipated and purchasing power further destroyed.

Capital at the present time seems to believe that it can collect income on its fictitious capitalization by a continued attack on the income of the people by a sales tax, further deflation of farm prices, and reduction of wages. This means a reduction in the American standard of living. The high standard of living of the people of the United States did not bring on this depression. It was brought on rather by a fictitious standard of finance and unsound economic policies. When these are corrected, as they can be, the American people can still maintain their American standards.

standards.

Consolidations of industry, transportation, and finance that have been permitted by the Government have not been in the interests of efficiency and reduced cost of production. They have been rather banking consolidations for the purpose of selling more stocks and bonds and to establish monopolies and monopolistic prices. These corporations are created by the state. In earlier years their powers were guardedly given by the state. The powers they should exercise and the restrictions they should observe were stated in the acts conferring the chartering powers. The laws have been changed at the behest of the persons asking for charters, or the courts have been negligent in enforcing restrictive provisions. the courts have been negligent in enforcing restrictive provisions. Disregard of the restrictions as to soundness of capital and limitation of earnings is one of the largest factors in bringing on the presof earnings is one of the largest factors in bringing on the present depression. Again and again we have read of the stock dividend, which is the turning of excess earnings into capital stock. These become fictitious mortgages with which to further attack the income of the people. Justice requires that the people shall be protected against these creatures of the state who have put false values into their capitalization through consolidations, stock dividends, and flotation of new capital issues. The corporation is a creature of the state, and has no rights outside those given it by the state. It must be restricted at the time of its creation and regulated and controlled through its life. They have become more powerful than their creator, and if permitted to increase and keep their influence and power will destroy the government that created them.

For instance, the price of steel rails is an index of the principal steel products. The price of rails from 1901 to 1915 was \$23 a

steel products. The price of rails from 1901 to 1915 was \$28 a ton. In 1918 it reached the price of \$54 a ton, and from 1928 to 1931 the price was \$45 a ton. The average price for 30 years was \$35 a ton. I am advised from what I consider the best source of information on the subject that if the steel industry would be satisfied with a fair return on an honest capitalization steel can be placed upon the market and sold for \$20 a ton.

If the steel and many other industries would be satisfied with a fair return on an honest capitalization, the railroads, farmers, and other users of their products would be in a much better con-

dition than they are now

The need for new laws relating to corporations doing business in industry and commerce, and for the control of the corporations, at least so far as capital issues and consolidations are concerned, by the Government is urgent. Such control will give greater confidence in corporate investments, distribute excessive earnings in wages, give stability to industry, as well as work out the purposes of justice and honest dealing in the business world.

The inevitable stagnation of commerce resulting from the in-compatible policies of exporting capital to finance competition

and at the same time increasing tariffs has increased unemploy-

ment and decreased purchasing power.

As a result of these policies, aided by an unwise policy of credit inflation, we drifted into the inevitable collapse and the depression. As a result we have vast armies of unemployed labor. We have default in debts, public and private, paralysis of our credit system, increase in the value of money, and the depression grows in intensity and force. in intensity and force.

It is not true that our troubles are due to the mistakes of

Europe. The depression started here and increased in force for five months before it hit Europe.

Now the question that arises is how best to overcome the depression that arises is how best to overcome the depression. sion, restore prosperity, and balance the Budget? Many honest people would have us believe that the best way to balance the Budget is to raise taxes and reduce expenditures of the Government. Reduction of expenditures is always commendable, but you must remember that most of the Federal Government expenditures must remember that most of the Federal Government expenditures are fixed charges to pay for our part in the World War and past wars. In fact, more than 75 cents out of every dollar that is paid the United States Government in taxes goes to pay the interest and sinking fund on the war debt, the interest on that part of the debt that we canceled to foreign governments, and other fixed charges incidental to the war, and to maintain the Army and the Navy. The 1-year moratorium on debts due from foreign governments not already canceled will cost us \$250,000,000 additional this year. That increases our Budget another 5 per cent. Out of the remaining 25 increases our Budget another 5 per cent. Out of the remaining 25 cents is paid all the other activities of the Government, such as the expenses of the departments of the Government, such as the expenses of the departments of the Government—executive, legislative, and judicial. Time does not permit me this evening to enumerate the expenditures here, and Congress is now making a very sincere effort to reduce expenditures wherever possible.

I have pointed these few items out to you to show you how difficult it is to make any material reduction in Government expenditures because 75 per cent of them are fixed charges due to

penditures, because 75 per cent of them are fixed charges, due to war, and must be paid. This is something the people should think of before we go to war. War expenses call for payment.

of before we go to war. War expenses call for payment.

The question is to what extent can we balance the Budget by raising taxes? The question is also raised, Who shall be taxed? It is now proposed to raise income by a sales tax on goods manufactured for general consumption. This is another attack on the income of the great mass of the people whose income is already reduced. The large incomes are usually enjoyed by corporations and individuals having special favors and protection of the Government; therefore, out of that income they should pay most of the taxes. We must raise their income tax now, but because incomes on corporations are greatly reduced, I fear the income from this source of taxation will prove disappointing. But suppose we are able to balance the Budget by this form of taxation and reduction of all possible expenditures but continue the policies that caused the deficit. The deficit will be growing, and likely will be greater next year. What are we then going to do? Again raise taxation and again cut expenditures?

In my opinion, the only way to permanently balance the National Budget is to restore the income and purchasing power of the great mass of the people. When you restore the purchasing power of the 70,000,000 working for wages and dependent on the farm for income, you restore the income of everybody else in the country, including that of the Government.

farm for income, you restore the income of everybody else in the country, including that of the Government.

During this winter we have passed several legislative measures tapping the Federal Treasury for the purpose of helping the rail-roads, the banks, and the life-insurance companies, in the hope that this would relieve the credit paralysis and make it possible to inflate the credit system. I hope these pieces of legislation may prove beneficial, but I fear they will prove disappointing, because to restore prosperity by inflation of credit means to restore prosperity by increasing indebtedness. I do not believe we can borrow our-selves out of debt or out of the depression. Inflation of credits increases debts and overhead charges. A reasonable inflation of the currency will make it possible to pay debts, as was done in France and Italy and is being done in England now. If this is not done, we will very likely have most of the debts, such as stocks, bonds, and mortgages, liquidated in the bankruptcy courts, which means chaos. However, if we do inflate the currency to a reasonable extent, and so make it possible to pay debts, the relief will be temporary only, unless we change our economic policies.

I do not believe we can restore prosperity by taking money out of the Federal Treasury for the banks and the railroads. You

of the Federal Treasury for the banks and the railroads. You can not restore prosperity from the top. Shakespeare's mercy "flowed gently from heaven," but I do not believe you can fill the Treasury in that way nor make prosperity flow to the people in the same way from the Treasury of the United States. The safety of the banks, the prosperity of the railroads and corporations depend, in the last analysis, upon the prosperity and purchasing power of the 70,000,000 people on the farms and working for wages. Until they are prosperous, industry, transportation, and commerce can not be prosperous. Compel corporations by taxation to distribute their exorbitant earnings in the form of wages and to distribute their exorbitant earnings in the form of wages and lower cost to consumers to create purchasing power to buy the products of industry and thus increase employment.

products of industry and thus increase employment.

We must restrict our corporations in their consolidations and capital issues. Complete the inland waterways authorized by Congress. Stop the wasteful piecemeal work in their development. I am informed by traffic experts that when completed and used to full capacity \$600,000,000 a year can be saved in transportation charges. Develop the St. Lawrence waterway to the sea. Drive the banks out of the stock and bond racket and compel them to return

to a legitimate banking business. Take off from the backs of the farmer the economic burdens placed there by the Government and industry. We must reduce the interest charges on farm mortgages. Begin to understand that agriculture is the foundation of the Nation's economic life. All our magnificent cities stand upon the backs of the farmer and the laborer. If they are crushed, our cities will crumble. Prosperity can not return unless their income is restored.

Hoarding, bankruptcies, unemployment, bank failures, and the Treasury deficit are not the causes of the depression. These are merely the symptoms of a diseased economic condition resulting from mistaken policies of Government and individuals. To treat the symptoms merely is like giving a blood transfusion to a man with a chronic infection without removing the source of the disease; such remedies can be temporary only.

The Government can not restore prosperity by giving from the Treasury money raised by taxes. The Government can, however, to a very large extent, restore prosperity and a balanced Budget by pursuing policies that will remove the evils that I have outlined, and by initiating new policies that will foster rather than destroy agriculture and commerce, employ labor and thus restore income, and therefore purchasing power for the great mass of the people. I have mentioned some of these policies to you this evening.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Michigan to the motion of the Senator from Tennessee.

Mr. MOSES. Mr. President, a parliamentary inquiry. Did the Chair understand that the author of the motion accepted the amendment proposed by the Senator from Michigan?

Mr. McKELLAR. So far as I am able to do so, I am perfectly willing to accept it.

Mr. MOSES. The Senator from Tennessee is in perfect control of his motion, Mr. President, and if he accepts the amendment offered by the Senator from Michigan it becomes a part of the motion, and a complete question is presented.

Mr. McKELLAR. I am perfectly willing to accept the amendment, so far as I may.

The PRESIDING OFFICER. The Senator from Tennessee modifies his motion as indicated.

Mr. KING. Mr. President, I desired a few moments ago to offer an amendment to the bill before the motion was made by the Senator from Tennessee. I did not do so because of the absence of the Senator from Montana. After action on the motion offered by the Senator from Tennessee, will I be debarred from offering the amendment?

The PRESIDING OFFICER. In the opinion of the Chair, the Senator would be debarred.

Mr. MOSES. Mr. President, the bill has been read a third time; and I think, unless the Senator from Utah obtains unanimous consent to recur to a previous stage, that he could not offer his amendment.

Mr. KING. I ask the Senator from Tennessee and the Senator from Michigan to permit me to offer my amendment. There will be no discussion, and it will take only a moment.

Mr. MOSES. The Senator from Utah must go further than that. It will be necessary to go back of the vote whereby the amendments were ordered to be engrossed and the bill to be read the third time.

Mr. KING. I did not know that that had been done.

Mr. MOSES. The amendments have been ordered to be engrossed and the bill has been read a third time, and the pending question prior to the motion of the Senator from Tennessee was, Shall the bill pass?

Mr. KING. I shall ask unanimous consent to offer the

The PRESIDING OFFICER. The question is on the modified motion of the Senator from Tennessee.

Mr. BLACK. Mr. President, may the motion of the Senator from Tennessee be reported as perfected?

The PRESIDING OFFICER. The clerk will report the motion as modified.

The CHIEF CLERK. The Senator from Tennessee moves that the pending bill be recommitted to the Committee on Appropriations with instructions to report the same back to the Senate with amendments providing an aggregate reduction of 10 per cent in the amount of the appropriations contained in the bill as received from the House of Repre-

sentatives, and with further instructions to include a section reading as follows:

The President is hereby authorized and empowered to consolidate bureaus, divisions, and commissions, in whole or in part, and make any related changes in administration he may deem advisable, so as to effect economies and keep expenditures within the reduced appropriations herein set out.

Mr. TYDINGS. Mr. President, would it be appropriate and in order to amend the motion by striking out the words "The President" and inserting in lieu thereof "legislation looking to the consolidation of bureaus, commissions," and so forth?

The PRESIDING OFFICER. That is an amendment in the second degree, and would be in order.

Mr. TYDINGS. I offer that amendment.

Mr. BLACK. Mr. President, I inquire if it is possible to vote upon the two sections of the motion separately?

The PRESIDING OFFICER. The Senator can ask for a division.

Mr. BLACK. I ask that the motion be divided.

The PRESIDING OFFICER. The clerk will first state the amendment offered by the Senator—

Mr. TYDINGS. Mr. President, may I say, in support of the amendment I have just offered, that I do not think the committee should be bound to any particular language. It is the idea that the Senator wants incorporated in the bill, and the committee should consider different ways of accomplishing the purpose. The Senator has in mind providing the best possible machinery to accomplish that purpose, and to send the bill to the committee with the thing already made up seems to me to be usurping the function of the committee.

The PRESIDING OFFICER. Will the Senator please repeat his amendment?

Mr. TYDINGS. Yes; I shall be glad to do so.

Mr. MOSES. Mr. President, the minute we instruct the committee we usurp its functions completely.

Mr. KING. The committee is the agent of the Senate.

Mr. TYDINGS. The motion reads:

With further instructions to include a section reading as follows.

My amendment is to strike out the words "The President is hereby" and to insert in lieu thereof "and report a provision authorizing and empowering the consolidation of bureaus, divisions," and so forth.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maryland.

Mr. JONES. Mr. President, I desire to ask the author of the amendment whether that refers alone to the Interior Department.

Mr. VANDENBERG. As drawn it declines any power of transfer from one department to another, and applies exclusively to the department whose bill is under consideration—to wit, the Interior Department—except as it also relates to independent commissions.

Mr. JONES. Would it permit the committee to modify that provision in any way? If the bill is referred back to the committee—as I hope it will not be—would the motion permit the committee to amend the language of the proposed new section, or must we report it back as it is worded here?

Mr. VANDENBERG. I should hope it would be perfected in any way that the committee sought to perfect it.

Mr. JONES. I take it that we are instructed to report back that provision.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maryland.

Mr. TYDINGS. Mr. President, as I understand the question and answer of the two Senators who have just spoken, the Senator from Michigan said that he understood the committee had authority to perfect his amendment. As I understand his amendment, the exact language must be reported by the committee.

Mr. VANDENBERG. I misunderstood the Senator. The Senator from Maryland is correct.

Mr. TYDINGS. What I wanted to provide was that the committee would have the authority to phrase the provision in the most appropriate way to carry out what the Senator has in mind.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maryland.

Mr. JONES. Mr. President, as I understand, the motion of the Senator from Tennessee has been modified now, and the amendment of the Senator from Michigan has been incorporated in it as part of his motion.

The PRESIDING OFFICER. The Senator accepted that

modification.

Mr. JONES. Yes; so I understood.

The PRESIDING OFFICER. And this is a modification of that.

Mr. JONES. So I make the point of order that the whole motion is not germane to this bill.

The PRESIDING OFFICER. The question of germaneness will be left to the judgment of the Senate.

Mr. WALSH of Montana. Mr. President, I inquire whether we have not already passed on that question?

The PRESIDING OFFICER. Not on this particular one. This is in different form. Those who think it is germane will say "aye." [A pause.] Those who think it is not germane will say "no." [A pause.] The Chair is unable to decide.

Mr. JONES. Let us have a roll call, Mr. President.

Mr. SMOOT. Let us have the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr.

Ashurst voted "nay."

Mr. ROBINSON of Arkansas. Mr. President, a parliamentary inquiry.

amentary inquiry.

The PRESIDING OFFICER. The Senator will state it. Mr. ROBINSON of Arkansas. The greatest confusion prevails here as to what the question is that is submitted to the Senate.

The PRESIDING OFFICER. The question is whether the amendment that is offered by the Senator from Maryland to the modified motion of the Senator from Tennessee is garmana.

Mr. TYDINGS. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it. Mr. TYDINGS. As I understand the objection made by the Senator from Washington, it is that the amendment offered by the Senator from Michigan, together with my own amendment, is not germane—the whole question.

Mr. JONES. The amendment of the Senator from Michigan was incorporated in the motion of the Senator

from Tennessee.

The PRESIDING OFFICER. It was accepted.

Mr. JONES. The point of germaneness is raised to the whole matter.

Mr. TYDINGS. As to the amendment of the Senator from Michigan, as modified by my amendment?

Mr. JONES. The Senator from Tennessee has modified his motion.

Mr. McKELLAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it. Mr. McKELLAR. The amendment offered by the Senator from Michigan having been accepted, and no point of order made, does not a point of order raised at this time come entirely too late?

The PRESIDING OFFICER. The Chair so rules. When the amendment was accepted by the Senator from Tennessee it was the same as his own motion; and the question of germaneness will apply to the amendment of the Senator from Maryland. The question now is whether that is germane.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.
The PRESIDING OFFICER. All of this discussion is out of order.

Mr. TYDINGS. As I understand the matter, then, the question is upon the germaneness of my amendment only.

The PRESIDING OFFICER. That is correct.

Mr. BRATTON. Mr. President, a parliamentary inquiry. Mr. MOSES. Mr. President, I make the point of order that the roll call has begun and one Senator has answered.

The PRESIDING OFFICER. The point of order is well taken. The clerk will proceed to call the roll.

Mr. BRATTON. A parliamentary inquiry.

The PRESIDING OFFICER. The clerk will proceed to call the roll.

Mr. BRATTON. Mr. President-

The PRESIDING OFFICER. The clerk will proceed to call the roll. If any Senator objects, the roll call can not be interrupted.

Mr. ROBINSON of Arkansas. What is the question?

Mr. BRATTON. I am propounding a parliamentary in-

The PRESIDING OFFICER. And the roll call has been started and one Senator has answered, and the regular order has been demanded.

Mr. ASHURST. Mr. President, I am willing to withdraw my vote if it will contribute to the orderliness of the proceedings.

The PRESIDING OFFICER. The Senator can not withdraw it unless by unanimous consent. Is there objection? The Chair hears none.

Mr. ROBINSON of Arkansas. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROBINSON of Arkansas. The Senate is entitled to understand the question upon which it is voting. There is the greatest confusion. What is the question?

Mr. BRATTON. That is what I have been trying to ask the Chair.

The PRESIDING OFFICER. The Chair is in position now to state it, because the Senator from Arizona [Mr. Ashurst] has withdrawn his vote, and the vote will be taken anew.

The matter that is before the Senate is whether the amendment proposed by the Senator from Maryland to the motion made by the Senator from Tennessee, as qualified by the amendment of the Senator from Michigan, accepted by the Senator from Tennessee, is germane.

Mr. BRATTON. Will the Chair state the amendment of the Senator from Maryland?

Mr. TYDINGS. Mr. President, do I understand that the Chair has ruled that my amendment is not germane to the proposition offered by the Senator from Tennessee?

The PRESIDING OFFICER. No; the Chair leaves the question of germaneness to the Senate.

Mr. TYDINGS. But why need that question be submitted to the Senate—

The PRESIDING OFFICER. Because the rules require it. Mr. TYDINGS. If the Chair will bear with me a moment until I state my viewpoint; how can that question be submitted to the Senate if the Chair has held that the proposition of the Senator from Michigan is properly on the bill? My amendment deals only with the subject which has already been adopted by the Senator's germane amendment. I certainly have a right to perfect his amendment.

The PRESIDING OFFICER. The Chair is not deciding the matter. He is leaving it to the Senate.

Mr. TYDINGS. I understand so; but the question of germaneness ended when the Senate did not make any objection to the proposition of the Senator from Michigan. I certainly have a right to offer an amendment to perfect a matter which has already been declared to be germane.

The PRESIDING OFFICER. No; the objection as to germaneness was offered by the Senator from Washington.

Mr. JONES. Mr. President, let me say that the point I made was against the motion of the Senator from Tennessee as modified by the amendment of the Senator from Michigan. I did not know that the Senator from Maryland had offered an amendment.

Mr. ROBINSON of Arkansas. And the Chair held that the point of order of the Senator from Washington on the amendment of the Senator from Tennessee came too late.

The PRESIDING OFFICER. Yes.

Mr. BRATTON. Mr. President, will the Chair have the amendment of the Senator from Maryland stated?

The PRESIDING OFFICER. The Senator from Maryland will please repeat his amendment.

Mr. WALSH of Montana. Mr. President, I desire to suggest to the Senator from Maryland that if the Senate should hold that the amendment now is germane, he will then have an opportunity to amend this amendment.

The PRESIDING OFFICER. Yes.

Mr. WALSH of Montana. If the Senate shall hold that it is not germane, the point of order will be sustained, and it will go out. If, on the other hand, the Senate holds that the amendment is germane, then that amendment will be before the Senate for consideration, and the Senator from Maryland will then have an opportunity to offer his amendment.

Mr. TYDINGS. Mr. President, as I understand the pending question, the Chair has ruled that the amendment of the Senator from Michigan is germane.

The PRESIDING OFFICER. No; the Chair has made no such ruling.

Mr. TYDINGS. Then I am mistaken.

Mr. JONES. Mr. President, I desire to understand if my question of germaneness is before the Senate as to the motion of the Senator from Tennessee, as amended by the amendment of the Senator from Michigan. I have understood that we could always make the point of order at any time we desired to do so, and this is the first time the point of order has been invoked.

The PRESIDING OFFICER. Does the Senator mean that the motion of the Senator from Tennessee is not germane to the bill?

Mr. JONES. Yes: as amended by the amendment of the Senator from Michigan.

The PRESIDING OFFICER. If that is what the Senator means, that has already been decided by vote.

Mr. JONES. Not as amended. The matter of germaneness has not been decided.

Mr. ROBINSON of Arkansas. Mr. President, the point of order must be made to an amendment before it is adopted. It can not be made afterwards.

The PRESIDING OFFICER. Certainly.
Mr. ROBINSON of Arkansas. When the Senator from Michigan offered his amendment it was in order to object to it on the ground that it was not germane. It would not be in order to wait until after it was accepted and incorporated and then object to it on the ground that it is not germane.

Mr. JONES. Mr. President, the Senator misunderstands the situation. I am not making the point of order that the amendment of the Senator from Michigan is not germane. I am making the point of order that the motion of the Senator from Tennessee, as amended by the amendment of the Senator from Michigan, is not germane.

The PRESIDING OFFICER. The Senator from Washington raises the point of order that the motion of the Senator from Tennessee, as modified by the amendment, is not germane to the bill.

Mr. JONES. Yes.

The PRESIDING OFFICER. The Chair will leave the question of germaneness to a vote of the Senate. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CAREY (when his name was called). I have a general pair with the junior Senator from Ohio [Mr. Bulkley]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT (when his name was called). I have a general pair with the Senator from Louisiana [Mr. Long]. In his absence I withhold my vote. If permited to vote, I would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. I am advised that that Senator is absent. I transfer that pair to the junior Senator from Illinois [Mr. Lewis] and vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. Stephens]. In his absence I withhold my vote. If permitted to vote, I would vote "vea,"

Mr. THOMAS of Idaho (when his name was called). On this vote I have a pair with the Senator from Montana [Mr. Wheeler], and in his absence I withhold my vote.

Mr. THOMAS of Oklahoma (when his name was called). I have a pair with the senior Senator from Illinois [Mr. GLENNI. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. Metcalf]. I transfer that pair to the junior Senator from South Carolina [Mr. Byrnes] and vote "yea."

The roll call was concluded.

Mr. COPELAND. My colleague [Mr. WAGNER] is absent. He is paired. If present and permitted to vote, he would vote "yea."

Mr. SMITH. I have a general pair with the senior Senator from Indiana [Mr. Warson]. Not knowing how he would vote, in his absence I withhold my vote.

Mr. HATFIELD. I have a general pair with the Senator from North Carolina [Mr. Morrison]. I am informed that he would vote as I intend to vote, and therefore I am at

liberty to vote. I vote "yea."

Mr. AUSTIN. I have a general pair with the junior Senator from South Carolina [Mr. BYRNES]. I understand that he would vote as I intend to vote, and therefore I am at liberty to vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from New Mexico [Mr. Cutting] with the Senator from Massachusetts [Mr. Walsh];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Georgia [Mr. HARRIS]:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Wisconsin [Mr. La Follette] with the Senator from Oklahoma [Mr. Gore];

The Senator from Missouri [Mr. Patterson] with the Senator from New York [Mr. WAGNER]; and

The Senator from Oregon [Mr. McNary] with the Senator from North Carolina [Mr. Morrison].

Mr. SHEPPARD. Mr. President, I desire to state that the Senator from Kentucky [Mr. BARKLEY] and the Senator from South Carolina [Mr. Byrnes] are necessarily absent in their home States on important business.

The Senator from Illinois [Mr. Lewis], the senior Senator from Louisiana [Mr. Broussard], the junior Senator from Louisiana [Mr. Long], the Senator from Mississippi [Mr. HARRISON], and the Senator from North Carolina [Mr. Mor-RISON | are necessarily absent.

Mr. GEORGE. Mr. President, I wish to announce that my colleague, Senator HARRIS, of Georgia, is necessarily detained from the Senate by illness.

Mr. GLASS. Mr. President, I wish to announce that my colleague, Senator Swanson, of Virginia, is necessarily detained by attending the disarmament conference at Geneva.

Mr. COOLIDGE. Mr. President, I wish to announce that my colleague, Senator Walsh of Massachusetts is necessarily absent from the Senate.

Mr. WALSH of Montana. Mr. President, my colleague [Mr. Wheeler] is necessarily absent from the city. His pair has been announced.

The result was announced—yeas 37, nays 26, as follows:

YEAS-37 Austin Copeland Hull Bankhead Couzens Kean Townsend Trammell Tydings Vandenberg Bingham Dill Keyes Logan McGill Fess George Borah McKellar Bratton Glass Walcott Bulow Capper Goldsborough White Hatfield Neely Hawes Howell Caraway Robinson, Ark. Connally

#### NAYS-26

Schall Fletcher Kendrick Ashurst Shipstead Bailey Frazier King Hale Hastings Norbeck Smoot Blaine Brookhart Coolidge Norris Walsh, Mont. Hayden Nye Oddie Dale Johnson Dickinson Jones Pittman

#### NOT VOTING-33

Thomas, Okla. Glenn Metcalf Barbour Morrison Wagner Walsh, Mass. Barkley Gore ard Harris Patterson Bulkley Harrison Robinson, Ind. Waterman Watson Shortridge Byrnes Hebert La Follette Lewis Wheeler Carey Costigan Smith Stephens Cutting Swanson Thomas, Idaho Davis

So the Senate decided Mr. McKellar's motion as modified to be germane.

Mr. PITTMAN. Mr. President, I voted on this question from its parliamentary status, that is, if we ever do vote with reference to the parliamentary status when a question of merit is at stake.

We have a rule of the Senate that no amendment proposing general legislation may be added to an appropriation bill. That has been quite strictly enforced for several years. During this session it is entirely ignored, in my opinion.

The motion presented by the Senator from Tennessee, in my opinion, was not subject to a point of order, because it was a motion to recommit with instructions to reduce the items in the bill. The amendment of the Senator from Michigan [Mr. Vandenberg], however, being accepted and becoming a part of the motion of the Senator from Tennessee, in my opinion, made it subject to a point of order, because the amendment then was general legislation offered to an appropriation bill.

The salaries of all officers and employees have been fixed, not in an appropriation bill, but by general legislation. That, under our rules, can be changed only by general legislation. It can not be changed, in accordance with our rules, by any amendment to an appropriation bill, which has for its purpose and function the furnishing of money to carry out general legislation, and is not a vehicle for general legislation.

This motion proposes to instruct the committee to change the general law with regard to salaries, and undoubtedly is general legislation. However, as it seems to be customary at this session, the Chair, instead of ruling on the point of order, to avoid stultifying himself, submitted the matter.

We are ceasing to have any rules. But I want to have it distinctly understood now that twice we have done this, twice the Senate has held that anything which tends to reduce the expenses of the Government is in order on an appropriation bill.

I want my position in the matter distinctly understood. and any amendment I may offer from now on will be on the theory that while it is general legislation, and will change existing law, it will have a tendency, however, to reduce the expenses of the Government, and on the theory under which this point of order is overruled, it will be in order.

Mr. WALSH of Montana. Mr. President, will the Senator vield?

Mr. PITTMAN. I yield.

Mr. WALSH of Montana. I want to suggest to the Senator from Nevada that if he should offer an amendment to an appropriation bill which was objected to on the ground that it was general legislation on an appropriation bill, all he would need to do would be to move to recommit the bill with instructions to the committee to put his amendment on the bill.

Mr. PITTMAN. I thank the Senator. That procedure seems to be excellent. For instance, I have in mind that it might save the Government a great deal of money to abolish the Farm Board. That board was established by general legislation, by quite a long act. But why not offer an amendment instructing the committee to place an amendment on the appropriation bill abolishing the Farm Board? Does it not seem to be a splendid vehicle now for all remedial legislation? We could abolish half of the useless bu-

reaus of the Government right now and get immediate action. We could consolidate a lot of bureaus we are talking about right now, under the theory that we can place general legislation on this appropriation bill if it reduces the cost to the Government.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. PITTMAN. Certainly.
Mr. BINGHAM. I may have misunderstood the question, but I did not understand that a point of order was raised against the amendment on the ground that it was new legislation; but I gather that the point was raised that it was not germane or relevant to the bill, and when the Chair announced the vote he announced, not that the Senate had overruled the point of order but that the Senate had ruled that the amendment was germane or relevant.

Mr. PITTMAN. I think the guestion as to whether it is germane or not would depend on whether it was general legislation. But if there is any doubt with regard to the matter I make the point of order against it on the ground that it is general legislation and contrary to the rules of the Senate.

Mr. WALSH of Montana. Mr. President, will the Senator vield?

Mr. PITTMAN. I yield.

Mr. WALSH of Montana. I would say to the Senator from Connecticut that the rules provide that if an appropriation bill on which there is general legislation comes to the Senate from the House of Representatives, an amendment proposing general legislation germane to what is in the bill may be offered as an amendment in this body, and the question as to whether it is or is not germane to general legislation which was put on the bill in the House shall be submitted. It is asserted that there is something in this bill in the nature of general legislation on the subject of the reduction of salaries, and it is contended that the amendment is germane to that portion of the bill.

Mr. BINGHAM. Mr. President, my recollection is that when this question was being debated the other day the senior Senator from Arkansas [Mr. Robinson] held that there was no new legislation in sections 3 and 4-it may have been the Senator from Montana himself who so heldand that therefore an amendment changing those sections, and providing new legislation, could not be put into the bill without being subject to a point of order, because those sections were not in the nature of new legislation, but were in the nature of a restriction or limitation on the appropriation bill, and I thought the point was well taken.

In order to clear the air I hope that the Chair will now rule on the point of order raised by the Senator from Nevada that this is new legislation.

Mr. PITTMAN. I make the point of order that it is new legislation and general legislation on an appropriation bill.

Mr. VANDENBERG. Mr. President, I want to point out that sections 3 and 4 of the bill got into the bill in the House of Representatives through the passage of a resolution setting forth, in its own terms, that the rules of the House are virtually suspended in order to admit them. other words, the House concedes that they put general legislation upon this bill, and it confesses it in the form in which the action was taken in the House.

Since it was thus acknowledged initially to be general legislation, under the ruling of Vice President Marshall, to which I have repeatedly referred, the Senate is entitled to enter the field after the House has opened the gates.

Mr. ROBINSON of Arkansas. Mr. President, I am going to ask the Secretary to report the amendment, because, as it appears to be written now, it has certainly been changed without action by the Senate. I refer to the amendment offered by the Senator from Michigan [Mr. VANDENBERG]. As he offered the provision it authorized the President to make consolidations of bureaus in the Department of the Interior for the purpose of carrying out the provisions in the first part of the amendment calling for a reduction in the aggregate amount of the appropriation. Is that correct?

Mr. VANDENBERG. That is correct.

Mr. ROBINSON of Arkansas. I ask the attention of the Senator from Connecticut. It was pointed out by the Senator from Idaho and by two or three other Senators during the course of the debate on the point of order a day or two ago, that the President had, under existing law, the authority to make such consolidations. I think he has now the right to make consolidations of bureaus under laws that already exist, and therefore this amendment is not new legislation. The amendment which was offered the other day provided for the abolishment of bureaus which were created by acts of Congress, and that plainly constituted a change in existing law and constituted new legislation, as I then pointed out. For that reason I think there is a distinction clearly to be made between the situation as it arises now and that which we determined the other day.

If it were not for the fact that existing law gives the President all the authority that is given in the present amendment, it would be obnoxious to the rule of the Senate. It would not be obnoxious to the rule of the House of Representatives known as the Holman rule, in all probability, but to obviate any question as to the former amendment which the Senate properly, I think, held to be not germane, the House did adopt a special rule relieving from any question of doubt on the subject, although the provisions in the bill referred to were in the form of limitations.

But this is an entirely different question. The mere incorporation in an amendment or in a bill of the existing law, the repetition of it, in my judgment, would not constitute a violation of the rule of the Senate. As I see it, the only reason for the amendment of the Senator from Michigan is that he couples with the proposal of the Senator from Ten-

that he couples with the proposal of the Senator from Tennessee to reduce, a suggestion that the plan for consolidations already authorized be carried out. It is not new legislation in that sense of the term in my understanding.

In so far as it being proper to submit the matter to the Senate, I must say in fairness that the rule requires all questions of this character to be submitted to the Senate. It expressly provides, as is well understood, I think, when Senators reflect, that when a point of order is raised against an amendment or provision as not being germane, the Chair must submit that question to the Senate. It is believed that the distinction between the present amendment and the one we passed upon the other day has been made clear in the statement I have made. I may be in error about it, but that is the view I entertain.

Mr. BINGHAM. Mr. President, obviously the Senator from Nevada [Mr. Pittman] regards it as new legislation. It occurs to me that when we were studying the question of consolidating the bureaus which deal with our insular possessions and islands over the sea, we were told that while the President could transfer the affairs of the Virgin Islands and Samoa and Guam from the Navy Department to any other department, he could not transfer the affairs of the Philippine Islands and Porto Rico because by law they had expressly been placed in the War Department.

The PRESIDENT pro tempore. The Chair is ready to rule. The Chair is of the opinion that much of the discussion has proceeded under a misapprehension of terms. The Chair does not think the Senate is dealing with an amendment to the bill. The bill having been read a third time, no amendment can be offered. The Senate is dealing with a motion to recommit, with instructions, and the Senate has determined that the language of that motion is germane. The instructions contained in the amendment proposed by the Senator from Maryland [Mr. Typings] to the motion have no effect upon the rule whatever until the committee has acted and reported back legislation, when the Senate could deal with that question in whatever form it may then arise. The Chair overrules the point of order raised by the Senator from Nevada, and the question is upon agreeing to the amendment proposed by the Senator from Maryland.

Mr. JONES. Mr. President, I would like to have the amendment stated.

.The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Maryland proposes to strike out the words "The President is hereby authorized and empowered to consolidate" and insert in lieu thereof "and report a provision authorizing and empowering the consolidation of bureaus, divisions, and commissions, in whole or in part, related changes in administration deemed advisable so as to effect economies and keep expenditures within the reduced appropriations herein set out."

Mr. TYDINGS. Mr. President, a brief word of explanation for those who may not have been in the Chamber when I offered the amendment.

The amendment of the Senator from Michigan provided that the President should be empowered and authorized to effect these consolidations. My amendment simply strikes out the words "The President is hereby authorized and empowered," and directs the committee to deal with the subject of consolidation, and so forth, in the best manner that it may see fit. In other words, instead of confining the committee to bringing in a section in the exact language of the amendment offered by the Senator from Michigan, the committee must bring in an amendment instead of dealing with that subject in such form as it thinks best.

Mr. ROBINSON of Arkansas. Mr. President, I merely wish to say that if we incorporate the amendment of the Senator from Maryland and direct the committee to report a legislative provision, a change in existing law, we will unquestionably, according to all the parliamentary authorities, make the provision subject to a point of order. If the amendment of the Senator from Maryland should be agreed to and the Senator from Washington [Mr. Jones] should then make his point of order against the whole provision that it is not germane, according to the precedents it would go out. For that reason I think the amendment of the Senator from Maryland should not be agreed to.

Mr. BORAH. Mr. President, aside from the parliamentary question, as I understand the effect of the amendment of the Senator from Maryland, it is that the committee is to go out and reorganize these bureaus and bring in whatever changes it sees fit.

Mr. TYDINGS. Oh, no.

Mr. BORAH. We will not be here long enough for that.
Mr. TYDINGS. May I interrupt the Senator long enough
to say that that is not correct, I believe.

Mr. BORAH. Then I misunderstood its purpose.

Mr. TYDINGS. The amendment provides that instead of the committee adopting the exact words offered by the Senator from Michigan [Mr. Vandenberg], in which the Senator from Michigan provided that the committee should incorporate in the bill, when it is reported back, an exact section as written by him, the committee is free to adopt such language dealing with the subject of consolidation as it sees fit. It could take the exact language of the amendment offered by the Senator from Michigan or it could provide for a special committee of Congress to look into the matter, or it could do any number of things; but under the situation as it now exists the committee would have to report back the exact language of the amendment offered by the Senator from Michigan, without the right to dot an "i" or cross a "t."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Maryland.

Mr. TYDINGS. In view of what the Senator from Arkansas [Mr. Robinson] just said, it appears to me that, perhaps, although my intentions were well taken, that I may undo some provisions which already provide for the thought I had in mind. Therefore I ask unanimous consent to withdraw the amendment.

The PRESIDENT pro tempore. The Senator is at liberty to withdraw his amendment at any time prior to a vote upon it. The Senator from Maryland withdraws his amendment.

Mr. BLACK. Mr. President, I desire to ask for a separate vote on the two paragraphs of the motion of the Senator from Tennessee.

The PRESIDENT pro tempore. The motion of the Senator from Tennessee and the proposal of the Senator from Michigan having been condensed in one motion, the question may be divided. The question now is upon the first paragraph of the motion proposed by the Senator from Tennessee. [Putting the question.] The Chair is in doubt.

Mr. McKELLAR. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk

proceeded to call the roll.

Mr. AUSTIN (when his name was called). Repeating the announcement previously made as to my pair, I am informed that if my pair were present he would vote as I intend to vote, and I am therefore at liberty to vote. I vote "yea."

Mr. CAREY (when his name was called). I have a general pair with the junior Senator from Ohio [Mr. Bulkley]. Not knowing how he would vote on this question, I withhold

my vote.

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. Swanson] is necessarily absent. I am paired with him on this vote. If permitted to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. Stephens]. In his absence I withhold my vote.

Mr. SMITH (when his name was called). I have a general pair with the Senator from Indiana [Mr. Warson]. In

his absence I withhold my vote.

Mr. THOMAS of Idaho. I have a general pair with the junior Senator from Montana [Mr. Wheeler], who is necessarily absent. I am informed that if present he would vote as I intend to vote, and I am therefore at liberty to vote. I vote "nay."

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. Metcalf]. I understand that if present he would vote the same as I shall vote. I therefore am at liberty to vote, and vote "yea."

The roll call was concluded.

Mr. HEBERT (after having voted in the affirmative. I have a general pair with the junior Senator from Louisiana [Mr. Long]. I understand that if present he would vote as I did, and therefore I allow my vote to stand.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. Morrison]. I am informed that if present he would vote as I am about to vote. I therefore feel free to vote, and vote "yea."

Mr. FESS. I desire to announce the following general

The Senator from New Jersey [Mr. Barbour] with the Senator from Kentucky [Mr. Barkley];

The Senator from New Mexico [Mr. Curring] with the

Senator from Massachusetts [Mr. Walsh];
The Senator from California [Mr. Shortridge] with the Senator from Georgia [Mr. Harris];

The Senator from Missouri [Mr. Patterson] with the Senator from New York [Mr. Wagner];

The Senator from Wisconsin [Mr. La Follette] with the Senator from Oklahoma [Mr. Gore];

The Senator from Colorado [Mr. Waterman] with the Senator from Mississippi [Mr. Harrison];

The Senator from Pennsylvania [Mr. Davis] with the Sen-

ator from Kentucky [Mr. Logan]; and
The Senator from Illinois [Mr. Glenn] with the Senator
from Oklahoma [Mr. Thomas].

Mr. SHEPPARD. Mr. President, I desire to state that the Senator from Kentucky [Mr. Barkley] and the Senator from South Carolina [Mr. Byrnes] are necessarily absent in their home States on important business.

The Senator from Illinois [Mr. Lewis], the senior Senator from Louisiana [Mr. Broussard], the junior Senator from Louisiana [Mr. Long], the Senator from Mississippi [Mr. Harrison], and the Senator from North Carolina [Mr. Morrison] are necessarily absent.

Mr. GEORGE. Mr. President, I wish to announce that my colleague, Senator Harris, of Georgia, is necessarily detained from the Senate by illness.

Mr. GLASS. Mr. President, I wish to announce that my colleague, Senator Swanson, of Virginia, is necessary detained by attending the disarmament conference at Geneva.

Mr. COOLIDGE. Mr. President, I wish to announce that my colleague, Senator Walsh of Massachusetts, is necessarily absent from the Senate.

Mr. WALSH of Montana. Mr. President, my colleague [Mr. Wheeler] is necessarily absent from the city. His pair has been announced.

Mr. McKELLAR. Mr. President, I am requested to announce that if the Senator from Mississippi [Mr. Harrison] were present he would vote "yea."

The result was announced—yeas 40, nays 25, as follows:

	Y	EAS-40	
Austin Bailey Bankhead Bingham Black Blaine Borah Bratton Bulow Capper	Caraway Connally Coolidge Copeland Costigan Couzens Dill Fletcher George Glass	Goldsborough Hatfield Hawes Hebert Howell Hull Kean Keyes King McGill	McKellar Moses Neely Robinson, Ark. Sheppard Shipstead Trammell Tydings Vandenberg Walcott
	N	AYS-25	
Ashurst Hastings Brookhart Hayden Dale Johnson Dickinson Kendrick Fess McNary Frazier Norbeck Hale Norris		Nye Oddie Pittman Reed Schall Smoot Steiwer	Thomas, Idaho Townsend Walsh, Mont, White
	NOT	VOTING-31	
Barbour Barkley Broussard Bulkley Byrnes Carey Cutting Davis	Glenn Gore Harris Harrison Jones La Follette Lewis Logan	Long Metcalf Morrison Patterson Robinson, Ind. Shortridge Smith Stephens	Swanson Thomas, Okla. Wagner Walsh, Mass. Waterman Watson Wheeler

So the first branch of Mr. McKellar's motion as modified was agreed to.

The PRESIDENT pro tempore. The question now recurs upon the second branch of the motion proposed by the Senator from Tennessee.

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). Making the same announcement as on the previous vote regarding my general pair with the Senator from South Carolina [Mr. Byrnes]. I withhold my vote.

Mr. CAREY (when his name was called). Making the same announcement as on the previous vote with regard to my general pair with the junior Senator from Ohio [Mr. Bulkley], I withhold my vote.

Mr. HEBERT (when his name was called). Again announcing my pair with the Senator from Louisiana [Mr. Long], I withhold my vote. If permitted to vote, I should vote "yea."

Mr. JONES (when his name was called). Understanding that the Senator from Virginia [Mr. Swanson], with whom I have a general pair, would vote as I expect to vote, I feel free to vote and vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Again announcing my general pair with the junior Senator from Mississippi [Mr. Stephens], I withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement as on the last roll call as to my general pair, I withhold my vote.

Mr. THOMAS of Idaho (when his name was called). Making the same announcement as on the last roll call in regard to my pair, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. TYDINGS (when his name was called). Making the same announcement as on the last roll call with reference to my general pair, I transfer that pair to the senior Senator from Louisiana [Mr. Broussard], and vote "nay."

The roll call was concluded.

Mr. AUSTIN. I now understand that the Senator from South Carolina [Mr. Byrnes], with whom I have a pair,

would vote the same as I wish to vote. I therefore feel at liberty to vote, and vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. Davis] with the Senator from Kentucky [Mr. Logan];

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from New Mexico [Mr. Cutting] with the Senator from Massachusetts [Mr. Walsh]:

The Senator from Illinois [Mr. GLENN] with the Senator from Oklahoma [Mr. Thomas];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Georgia [Mr. HARRIS];

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Oklahoma [Mr. Gore]; and

The Senator from Missouri [Mr. Patterson] with the Senator from New York [Mr. WAGNER].

	t was announced	AS-28		
Austin Bingham Capper Copeland Couzens Dill Fess	George Goldsborough Hastings Hatfield Howell Hull Kean	Kendrick Keyes McKellar McNary Moses Reed Robinson, Ark.	Shipstead Steiwer Townsend Trammell Vandenberg Walcott White	
	NA	YS-35		
Ashurst Bailey Bankhead Black Blaine Bratton Brookhart Bulow Caraway	Connally Coolidge Costigan Dale Dickinson Fletcher Frazier Glass Hale	Hawes Hayden Johnson Jones King McGill Neely Norbeck Norris	Nye Oddie Pittman Schall Sheppard Smoot Tydings Walsh, Mont.	
	NOT V	OTING-33		
Barbour Barkley Borah Broussard Bulkley Byrnes Carey Cutting Davis	Glenn Gore Harris Harrison Hebert La Follette Lewis Logan Long	Metcalf Morrison Patterson Robinson, Ind. Shortridge Smith Stephens Swanson Thomas, Idaho	Thomas, Okla. Wagner Walsh, Mass. Waterman Watson Wheeler	

So the second branch of the motion of Mr. McKellar

The VICE PRESIDENT. The bill is-

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have the Secretary read a letter addressed to the President of the Senate by Mr. Barrett.

The VICE PRESIDENT. Let the Chair announce that the bill is recommitted to the committee with instructions.

Mr. ROBINSON of Arkansas. I prefer, before the announcement is made, to have the letter read, as it relates to the Interior Department. I ask that the Secretary read a letter written by Mr. Barrett in reply to the letter written by Secretary Wilbur and published in the RECORD yesterday at the instance of the Senator from Utah [Mr. SMOOT].

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

WASHINGTON, D. C., March 17, 1932.

The PRESIDENT OF THE SENATE.

My DEAR MR. PRESIDENT: It is unfortunate that the Secretary of the Interior has attempted to justify the Interior Department's actions in handling the war mineral relief claims which have been inherited by him from previous administrations and which regrettably have met with much of the same lack of prompt and reasonable consideration marking the whole procedure for the past 14 years. There has been no question raised as to the integrity of Secretary Wilbur, who is esteemed as a most excellent gentleman, but there is ground for belief that he has neither adequate nor complete knowledge of these claims which belief is justified by the inaccuracies both as to the figures quoted and the relationships cited in his letter regarding these claims.

Nearly 14 years ago farmers of many States appealed to me as

Nearly 14 years ago farmers of many States appeared to me as president of the National Farmers Union to help them get the money the Government owed them for the mining of pyrites, manganese, and two other minerals, to prosecute the war. These same farmers had been helping to pay my salary and expenses as president of the National Farmers Union for many, many years. Why shouldn't I be interested in this matter? I have worked on it for nearly 14 years and will work for 14 years longer if necessary.

As for being a lobbyist, I never received a penny in my entire lifetime for helping to promote a bill or defeat a bill before Congress or any other legislative body. Secretary Wilbur says I injected myself in this matter last week. I hope this is not a sample of what he knows about the Interior Department.

About 14 years ago I went with Mr. George L. Pratt and some other gentlemen to the offices of Congressmen William Schley Howard, of Georgia, and Otis Wingo, of Arkansas, and assisted them in the passage of the war mineral relief act of March 2, 1919, and in 1929 I went with Mr. George L. Pratt and some other gentlemen to the office of Mr. Carl Vinson and Otis Wingo and again assisted in the passage of the act of February 13, 1929,

1919, and in 1929 I went with Mr. George L. Pratt and some other gentlemen to the office of Mr. Carl Vinson and Otis Wingo and again assisted in the passage of the act of February 13, 1929, which conferred jurisdiction on the court to make awards which theretofore the Secretary had denied. Both bills were duly passed by Congress, and under decision of the courts thereunder a large number of claimants are entitled to recover—which they have not yet done. Not only these two bills but three other bills have passed Congress regarding this matter, and the Supreme Court of the United States has also said these debts should be paid. Nearly three months after the order from the highest court in the land to act, the Department of the Interior handling this matter had failed to settle. No wonder despair took the place of hope in the gentlemen who had suffered so much at the hands of the Government they had served so well.

The principals in this Chestatee Pyrites & Chemical Corporation claim, Lee Ashcraft, Mell Wikinson, and George L. Pratt, are my neighbors and my friends, whom the entire citizenship of the great State of Georgia admire, trust, and would defend. Years of association have revealed them to me personally in all their integrity and outstanding loyalty. At the time of the Nation's need, when we were engaged in the World War, they responded with their time and means to serve with a loyalty and liberality scarcely equaled and never surpassed by any citizens anywhere. The fruits of their endeavor at the call of their country have been to wreck the individual fortune of George L. Pratt and his brother, everything gone and obligations yet to be met which will tax wreck the individual fortune of George L. Pratt and his brother, everything gone and obligations yet to be met which will tax their strength to their last breath, while Ashcraft and Wilkinson can never measure either the time or the treasure they have put

to their country's service.

In all reasonableness, in utmost justice, in keeping with every In all reasonableness, in utmost justice, in keeping with every human impulse, fighting every step of the way for settlement, supported by Congress, sustained by the highest court of the land, 14 years of expense, worry, disappointment, and near despair, justified in every claim, I do feel that the Secretary of the Interior laid an unfair charge against these gentlemen to accuse them of being in a lobby when they are only here now, as they have been for the past 14 years, trying to get a department of the Government to perform a reasonable and just duty. There is no greater glory to be attached to any man anywhere than to be known and rated as a true, upright American citizen as are these gentlemen. There is no public official, no matter in what capacity, who is high There is no public official, no matter in what capacity, who is high enough not to duly recognize the value and rights of such citizenship, and he can not hope to be free from just criticism in stigmatizing or attempting to stigmatize an individual or individuals rightly, decently, and honestly performing a task however they may regret its necessity but made mandatory to obtain their rights.

My own interest in these war claims, the Chestatee claim being a test case to establish the validity of all such claims, dating back over a period of 14 years, is further intensified by the fact which should be official knowledge that numerous farmers, many of them members of the very organization which honored me with leadership for near a quarter of a century, had responded at the country's call during the war and in so doing there arose these claims which have had such faltering and inexcusable delay in settlement.

It makes little difference to me what some one in official capacity may desire to term my life and activities, but of this I hold the happy realization as well as the marked appreciation of my brethren over quite an eventful life. I have never faltered in attempting to serve the farmer whenever and wherever the call has come.

There are many of these farmer claims, some of them in small amounts; but, whether small or great, they, in many instances, represented their very all. For lack of fair treatment many of these loyal souls have lost their homes and even some have died in despair. This is a fact too bitter and severe to permit any mincing of words or longer delay in getting settlements from the department where and only where the settlements must and can be made. be made.

I can't help but feel that our Government has no excuse in delay and certainly no justification in condoning delay in the functioning of machinery on such important and imperative matters as these, especially in the light of what the farmers of the United States did in response to the call of the Nation when the grim specter of war clouded the land. No brighter chapter the grim specier of war clouded the land. No brighter chapter in the history of the Nation was ever written than that of the farmers of that time. Whatever humble efforts I have been able to put forth in what I feel is a just cause have been contributed with the fullness of heart and the open courage I have always felt was due.

The chief causes of the long delay and the gross miscarriage of justice in the settlement of these debts is not Secretary Wilbur but have been the erroneous rulings on questions of law through years that have passed by the Solicitors of the Department of the Interior and their assistants, which have now finally been reversed by the highest court in the land. To have settled these claims promptly after they were originally filed in accordance with the law, as now construed by the court, would have saved the Government a little short of a million dollars.

Secretary Wilbur is correct in a statement in his letter. I did go to the Capitol to seek out and consult with many Senators on

this matter. Here is the reason why:

I have been in and out of Washington for now going on to 30 years. I have the rare privilege of knowing many of the statesmen who make up our National Congress. I went up among those whom I knew and who have never failed me during the many lose years. You grow to trust and you learn to honor those whose courage and integrity have never faltered. I am grateful for the privilege of the acquaintance and association of these true men.

As to the "irresponsible recommendation" for abolishment of the Department of the Interior, of course that might be a subject

the Department of the Interior, of course that might be a subject for careful study and likewise profound consideration, even getting to the point of possibly favorable consideration in the mind of Secretary Wilbur himself when he gets a more accurate knowledge of the reasons leading to the recommendation.

If any proof is needed as to the merits of the claim of the Chestatee Pyrites & Chemical Corporation, the important test case in all of these claims so inexcusably and brutally delayed settlement, reference can be had to more than 1,000 pages of printed record in the form of House and Senate documents, committee reports, judgments of the Supreme Court of the District of Columbia, the Court of Appeals of the District of Columbia, and the Supreme Court of the United States.

The Government is appropriating billions of dollars to release

The Government is appropriating billions of dollars to release frozen assets. What assets can be more completely frozen than these just debts of the Government to these claimants, and why,

these just debts of the Government to these claimants, and why, therefore, should they not be promptly paid?

In view of all the distressing delay endured, I am proud to learn of the announcement that attention and action is promised on these claims; but I am still wondering how much longer before these claims will be paid and stop the expense and anxiety to the claimants and the additional expense to the Government.

Respectfully,

The VICE PRESIDENT. The bill will be recommitted, with the instructions embodied in the motion of the Senator from Tennessee [Mr. McKellar].

#### CLAIM OF THE FRANKLIN SURETY CO.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Franklin Surety Co. v. the United States, which, with the accompanying papers, was referred to the Committee on Claims.

### THE LATE JOHN PHILIP SOUSA

The VICE PRESIDENT laid before the Senate a resolution unanimously adopted by the Council of the City of Los Angeles, Calif., as a tribute to the memory of the late John Philip Sousa, America's eminent composer of martial music, which was ordered to lie on the table.

### BOISE (IDAHO) ASSAY OFFICE

The VICE PRESIDENT laid before the Senate resolutions adopted by the Exchange Club, of Boise, Idaho, favoring the making of an adequate appropriation for the operation of the Boise, Idaho, assay office for the coming fiscal year, which were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Whereas the House Committee on Appropriations has falled to appropriate money for the operation of the United States assay office at Boise, Idaho, for the next fiscal year, and said assay office will have to be discontinued unless an appropriation is authorized by the House of Representatives and the United States

Senate; and

Whereas it would be in the nature of a calamity to have this Whereas it would be in the nature of a calamity to have this Boise assay office discontinued at this time. It is rendering a great and valuable service to hundreds of men who because of lack of employment are compelled to take to the hills and placer mine for gold in order to eke out an existence. These men will have no place to sell their small lots of gold without taking a heavy discount if this assay office is discontinued, and they can ill afford to wait a week or 10 days for shipment and returns from San Francisco, Seattle, or Denver; and

Whereas it would be in the nature of a calamity to have increased over 200 per cent at the Boise assay office.

in value have increased over 200 per cent at the Boise assay office during the last year, and will in all probability increase much more than that this year because the unemployment situation is

much more acute; and
Whereas the Boise assay office is preparing to move from its present quarters to rooms in the Federal Building, where it can function just as efficiently and at a saving of about \$1,500 per year; and

Whereas gold-mining activity in the territory adjacent to the Boise assay office has increased greatly because of adverse economic conditions, and should be encouraged in every way possible; and

Whereas the report of the Director of the Mint for the fiscal year ended June 30, 1931, shows the value of bullion received at the Boise assay office totaled over one-third of a million dollars, and was greater than the combined value of all bullion received

and was greater than the combined value of all bullion received at the assay offices at Carson, Nev.; Helena, Mont.; and Salt Lake City, Utah; and
Whereas the Boise assay office is rendering a much-needed service in this mining district in assaying gold, silver, copper, lead, and zinc ores for miners and prospectors in addition to the regular work of purchasing bullion for coinage; and
Whereas the Boise assay office is doing 55.8 per cent of all the "nonmint bullion assay work" performed by the mint service in the United States; and
Whereas the United States Congress in its appropriations of billions of dollars for emergency relief of railroads, banks, and others might well brush a few crumbs off the table for the struggling prospector and miner who produces the gold that stabilizes the whole credit structure of the Nation and makes possible such institutions as the Federal Reconstruction Finance Corporation, and others; and

whereas the miner and prospector are entitled to every consideration along with the farmer, merchant, and banker, and the least that could be expected is that Congress continue the appropriation for the Boise assay office and consider it as one of the most justifiable subsidies ever granted: Now, therefore, be it

\*Resolved\*, That the Representatives and Senators of the State of Idaho in the Congress of the United States be requested to

use their good influence and persuasion with the present Congress to make an appropriation sufficiently adequate to finance the operation of the Boise assay office for the coming fiscal year; be

Resolved, That the Exchange Club of Boise prays on behalf of the miner and prospector and the unemployed that the United

States assay office at Boise be not discontinued; be it further Resolved, That copies of this resolution be presented to the local newspapers and service clubs and their cooperation solicited and that copies be mailed to the honorable Speaker of the House of Representatives and the honorable President of the United States Senate, with the request that it be spread upon the Journal of the present Congress.

Resolution by S. K. Atkinson.

Motion for adoption by Frank G. Burroughs. Resolution adopted by the Exchange Club of Boise, March 4,

WALTER R. YORK, President Exchange Club of Boise.

Attest:

CARL A. CADWELL, Secretary.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Jackson County Council, Veterans of Foreign Wars of the United States, of Kansas City, Mo., protesting against the passage of legislation proposing to consolidate the War and Navy Departments, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by Jackson County Council, Veterans of Foreign Wars of the United States, of Kansas City, Mo., favoring the passage of legislation providing for building the Navy up to the full limit permitted under the London and Washington treaties, which was referred to the Committee on Naval

He also laid before the Senate a letter from George F. Montgomery, of New York City, N. Y., relative to the operation of interstate busses and the form of license proposed to be issued on the payment of a fee in compliance with regulations to be adopted, etc., which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

He also laid before the Senate resolutions adopted by the Gospel Mission Chapter of the Woman's Christian Temperance Union of Washington, D. C., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. SHIPSTEAD presented a resolution adopted by the Council of the City of Minneapolis, Minn., favoring the passage of legislation providing for the immediate payment in full of soldiers' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

Mr. DICKINSON presented a petition of sundry citizens of Rowley, Iowa, praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

Mr. KEAN presented a resolution adopted by Group No. 2410 of the Polish National Alliance of Jersey City, N. J., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

Mr. LEWIS presented resolutions adopted by members of the Christian Church, the Methodist Episcopal Sunday school, and the Woman's Christian Temperance Union, all of Elkville, Ill., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. CAPPER presented a petition of sundry citizens of Plains, Kans., praying for the passage of legislation providing for Federal supervision of motion-picture films, and establishing higher moral standards of production and safeguarding as far as possible the proposed Federal motion picture commission, etc., which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Ladies' Auxiliary to Post No. 111, Veterans of Foreign Wars of the United States, of Kansas City, Kans., favoring the passage of legislation providing for the immediate payment of adjusted-service certificates of World War veterans (bonus), which was referred to the Committee on Finance.

He also presented a petition, numerously signed by sundry citizens of Doniphan County, Kans., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Doniphan County Council of Religious Education and the local chapter of the Woman's Christian Temperance Union of Troy, in the State of Kansas, favoring the maintenance of the prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

Mr. WALCOTT presented a resolution adopted at Unionville, Conn., by the Hartford District Council, Department of Connecticut, Veterans of Foreign Wars of the United States, opposing the reduction of appropriations affecting the Army, Navy, Marine Corps, the National Guard, the Reserve Offi-Training Corps, and the citizens' military training camps, which was referred to the Committee on Appropriations.

He also presented petitions and papers in the nature of petitions from the League of Women Voters of New Haven; the Women's Missionary Society of Middletown; the League of Women Voters of Middletown; the Waterbury College Club, of Waterbury; and the international affairs group of the New Haven branch, American Association of University Women, all in the State of Connecticut, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Group No. 969 of the Polish National Alliance of Bristol, Conn., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

He also presented a letter in the nature of a petition from Branch No. 32, National Association of Letter Carriers, of Bridgeport, Conn., praying for the passage of the so-called Kelly bill, being the bill (H. R. 4719) granting leave of absence with pay to substitutes in the postal service, which was referred to the Committee on Post Offices and Post Roads.

He also presented letters in the nature of petitions from Ernest F. Sexton Unit, No. 51, American Legion Auxiliary, of Darien; Gensi-Viola Unit, No. 36, American Legion Auxiliary, of Windsor Locks; and Carlson-Sjovall Post, No. 105, American Legion, of Cromwell, all in the State of Connecticut, praying for the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, which were ordered to lie on the table.

He also presented a letter in the nature of a memorial from Rev. L. J. Shepler, minister of the Union Baptist by the Central Trades and Labor Union of St. Louis.

Church, of Mystic, Conn., remonstrating against the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, which was ordered to lie on

#### THE WORLD COTTET

Mr. CONNALLY presented a resolution adopted by the board of directors of the Rotary Club of Dallas, of Dallas, Tex., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as fol-

MARCH 2, 1932. Whereas the Rotary Club of Dallas has heretofore unanimously indorsed the adherence of the United States to the Court of In-

ternational Justice: Therefore, be it

Resolved, That the board of directors of the Rotary Club of
Dallas, Tex., respectfully request our Senators—Hon. Morris Shep-PARD and Hon. Tom Connally—to do all in their power to secure early and favorable action on the World Court protocol when it is reported from the Foreign Relations Committee, and to have the action of the Rotary Club of Dallas read into the Congressional Record as a public expression of our plea for the adherence of the United States to the Court of International Justice.

GUS K. WEATHERRED, President. JAS. E. FORREST, Secretary.

#### OPERATIONS OF THE FEDERAL FARM BOARD

Mr. CONNALLY also presented resolutions adopted by the South-wide meeting of the State Cotton Cooperatives, held at New Orleans, La., March 3, 4, and 5, 1932, protesting against the activities of persons seeking to hamper the effectiveness of the Federal Farm Board and the operation of the agricultural marketing act, which were referred to the Committee on Agriculture and Forestry.

(See resolutions relative to the operations of the Federal Farm Board printed in full when presented by Mr. Broussard on the 10th instant, pp. 5626-5627 of the Congressional RECORD.)

#### REVENUE AND TAXATION

Mr. GOLDSBOROUGH presented a letter from D. H. Sherwood, vice president of the Maryland Car Wheel Co., of Baltimore, Md., relative to tax legislation and the balancing of the Budget, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE MARYLAND CAR WHEEL Co., Baltimore, Md., March 16, 1932.

Hon. PHILLIPS LEE GOLDSBOROUGH,

United States Senate, Washington, D. C.

DEAR SIR: This letter is not meant for reply. I do want to let you know, however, that I feel very strongly about the present revenue bill which no doubt is the most important that you have had to consider.

The only successful business enterprises in this country to-day are those who have balanced their budget, and it seems to me the simple economics of such a policy apply equally forcibly to our National Government.

I, of course, do not like to pay more taxes, but I am perfectly willing to "grin and bear" it and share in the load if Congress does its part in passing as equitable a law as it can, which has as its main purpose the early balancing of our National Budget.

Yours very truly,

D. H. SHERWOOD. Vice President.

# PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, an organization with headquarters in New York has been flooding the desks of Representatives in Congress and Senators with communications and alleged newspaper surveys not based upon the bills reported by either the House or the Senate, but upon the subject of immediate independence.

Just by way of a short answer to these 25 or 30 exporters amongst the very large number of petitions received by me, but with which I have not filled the RECORD, I present only one. It is a resolution adopted by the Central Trades and Labor Union of the city of St. Louis. It was adopted by unanimous vote, and at the time of its passage there were 250 delegates present, each representing a different trade or occupation. These 250 delegates represent a combined membership of approximately 65,000 members.

I ask to have printed in the RECORD the resolution adopted

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas there has been introduced in the Senate of the United States a bill by Senators Hawes and Cutting, granting full inde-

pendence to the peoples of the Philippine Islands, said bill being known as Senate bill No. 3377; and

Whereas in granting full and complete independence to the peoples of the Philippine Islands we are but living up to the promise made those people when we acquired these islands from Spain; and

Whereas the manufactured products from the Philippine Islands have now reached a stage, with no tariff regulations, that the products from that country, with their attendant cheap labor, have become a real menace to American labor and American industries;

Whereas we are of the opinion and firm belief that in granting full and complete independence to the peoples of the Philippine Islands that we are fulfilling our solemn pledge to those people, who have shown they are capable of self-government, and at the same time giving protection to American labor and American in-

dustries: Therefore be it ... Resolved, That this Central Trades and Labor Union of St. Louis, Mo., with its 65,000 affiliated members goes on record as favoring the full and complete independence of the peoples of the Philip-

the full and complete independence of the peoples of the Philippine Islands; and be it further

\*Resolved\*, That a copy of this resolution be sent to our two
United States Senators from Missouri and all of the Members of
the United States House of Representatives from Missouri.

Adopted this 13th day of March, 1932, by the Central Trades and
Labor Union of St. Louis, Mo.

Mr. HAWES. Mr. President, the Central Trades and Labor Union is only a local organization. The national organization, representing 5,000,000 members, favors the adoption of an independence measure.

Supplementing the efforts of the union labor organizations, with a membership of 5,000,000, are the three nationally organized farm organizations, the Cooperative Milk Producers Association, the National Dairy Association, the organizations in 19 beet-sugar States and eight cane-growing States.

If these national farm organizations accurately represent the opinion of the farmers of the United States, they speak for 6.297.877 Americans; but if they only represent the actual membership in their organizations, they speak for 3,950,000 farmers.

It is estimated that there is a farm investment of \$52,747,000,000; an investment in the dairy business of \$375,000,000. The combined investment of all the members of the New York Filipino Chamber of Commerce-the exporters' organization which is flooding Congress with its appeals against independence—would represent an infinitesimal number, and in dollars and cents a relatively small investment compared with that of even the farm and dairy interests, omitting entirely the subject of the beet-sugar and cane-sugar investment.

It is well for the Senate to understand that the plea for Philippine independence on the part of union labor has

been consistent and persistent since 1899.

Now, supplementing these forces are the States on the Pacific coast who want a limitation on Philippine immigration, and to these exclusionists must be added the national expression of opinion of the American Legion, with its hundreds of thousands of members.

Against the little organization of New York exporters now attempting to deceive Congress we find arrayed the elements of our population which I have enumerated.

# REPORTS OF COMMITTEES

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 42) directing the Committee on Agriculture and Forestry to make an investigation of the activities and operations of the Federal Farm Board (submitted by Mr. Norris on December 9, 1931), reported it with an additional amendment.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 824) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands, nations, or tribes of Indians residing in the State of Oregon, reported it without amendment and submitted a report (No. 430) thereon.

He also, from the same committee, to which was referred the bill (S. 826) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon, reported it with an amendment and submitted a report (No. 431) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 4008. An act to amend article 5 of the act of Congress approved June 7, 1897, relating to the approval of regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States (Rept. No. 432);

S. 4050. An act to provide a preliminary examination of Cataco Creek and its branches in Morgan County, Ala., with a view to the control of its floods (Rept. No. 433);

S. 4051. An act to provide a preliminary examination of Flint Creek and its branches in Morgan County, Ala., with a view to the control of its floods (Rept. No. 434); and

S. 4052. An act to provide a preliminary examination of Flint River, Ala. and Tenn., with a view to the control of its floods (Rept. No. 435).

ANTI-INJUNCTION LEGISLATION-CONFERENCE REPORT

Mr. NORRIS submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses, as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That no court of the United States, as herein defined, shall have jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute, except in a strict conformity with the provisions of this act; nor shall any such restraining order or temporary or permanent injunction be issued contrary to the public policy declared in this act.

"SEC. 2. In the interpretation of this act and in determining the jurisdiction and authority of the courts of the United States, as such jurisdiction and authority are herein defined and limited, the public policy of the United States

is hereby declared as follows:

"Whereas under prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore, though he should be free to decline to associate with his fellows, it is necessary that he have full freedom of association, self-organization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment, and that he shall be free from the interference, restraint, or coercion of employers of labor. or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; therefore, the following definitions of, and limitations upon, the jurisdiction and authority of the courts of the United States are hereby enacted.

"SEC. 3. Any undertaking or promise, such as is described in this section, or any other undertaking or promise in conflict with the public policy declared in section 2 of this act, is hereby declared to be contrary to the public policy of the United States, shall not be enforceable in any court of the United States and shall not afford any basis for the granting

of legal or equitable relief by any such court, including specifically the following:

"Every undertaking or promise hereafter made, whether written or oral, express or implied, constituting or contained in any contract or agreement of hiring or employment between any individual, firm, company, association, or corporation, and any employee or prospective employee of the same, whereby

"(a) Either party to such contract or agreement undertakes or promises not to join, become, or remain a member of any labor organization or of any employer organiza-

"(b) Either party to such contract or agreement undertakes or promises that he will withdraw from an employment relation in the event that he joins, becomes, or remains a member of any labor organization or of any employer organization.

SEC. 4. No court of the United States shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute to prohibit any person or persons participating or interested in such dispute (as these terms are herein defined) from doing, whether singly or in concert, any of the following acts:

"(a) Ceasing or refusing to perform any work or to remain in any relation of employment;

"(b) Becoming or remaining a member of any labor organization or of any employer organization, regardless of any such undertaking or promise as is described in section 3 of this act:

"(c) Paying or giving to, or withholding from, any person participating or interested in such labor dispute, any strike or unemployment benefits or insurance, or other moneys or things of value;

"(d) By all lawful means aiding any person participating or interested in any labor dispute who is being proceeded against in, or is prosecuting any action or suit in any court of the United States or of any State;

"(e) Giving publicity to the existence of, or the facts involved in, any labor dispute, whether by advertising, speaking, patrolling, or by any other method not involving fraud or violence;

"(f) Assembling peaceably to act or to organize to act in promotion of their interests in a labor dispute;

"(g) Advising or notifying any person of an intention to do any of the acts heretofore specified;

"(h) Agreeing with other persons to do or not to do any of the acts heretofore specified; and

"(i) Advising, urging, or otherwise causing or inducing without fraud or violence the acts heretofore specified, regardless of any such undertaking or promise as is described in section 3 of this act.

"Sec. 5. No court of the United States shall have jurisdiction to issue a restraining order or temporary or permanent injunction upon the ground that any of the persons participating or interested in a labor dispute constitute, or are engaged in, an unlawful combination or conspiracy because of the doing in concert of the acts enumerated in section 4 of this act.

"SEC. 6. No officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, shall be held responsible or liable in any court of the United States for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in, or actual authorization of, such acts, or of ratification of such acts after actual knowledge thereof.

"SEC. 7. No court of the United States shall have jurisdiction to issue a temporary or permanent injunction in any case involving or growing out of a labor dispute, as herein defined, except after hearing the testimony of witnesses in open court (with opportunity for cross-examination) in support of the allegations of a complaint made under oath, and testimony in opposition thereto, if offered, and except after findings of fact, by the court, to the effect-

"(a) That unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat or unlawful act excepting against the person or persons, association or organization making the threat or committing the unlawful act or actually authorizing or ratifying the same after actual knowledge thereof;

"(b) That substantial and irreparable injury to complain-

ant's property will follow;

"(c) That as to each item of relief granted greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief:

"(d) That complainant has no adequate remedy at law; and

"(e) That the public officers charged with the duty to protect complainant's property are unable or unwilling to fur-

nish adequate protection.

"Such hearing shall be held after due and personal notice thereof has been given, in such manner as the court shall direct, to all known persons against whom relief is sought, and also to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect complainant's property: Provided, however, That if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient, if sustained, to justify the court in issuing a temporary injunction upon a hearing after notice. Such a temporary restraining order shall be effective for no longer than five days and shall become void at the expiration of said five days. No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee) and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the court.

"The undertaking herein mentioned shall be understood to signify an agreement entered into by the complainant and the surety upon which a decree may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages of which hearing complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the court for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his

ordinary remedy by suit at law or in equity.

"SEC. 8. No restraining order or injunctive relief shall be granted to any complainant who has failed to comply with any obligation imposed by law which is involved in the labor dispute in question, or who has failed to make every reasonable effort to settle such dispute either by negotiation or with the aid of any available governmental machinery of mediation or voluntary arbitration.

"SEC. 9. No restraining order or temporary or permanent injunction shall be granted in a case involving or growing out of a labor dispute, except on the basis of findings of fact made and filed by the court in the record of the case prior to the issuance of such restraining order or injunction; and every restraining order or injunction granted in a case involving or growing out of a labor dispute shall include only a prohibition of such specific act or acts as may be expressly complained of in the bill of complaint or petition filed in such case and as shall be expressly included in said findings of fact made and filed by the court as provided herein.

"SEC. 10. Whenever any court of the United States shall issue or deny any temporary injunction in a case involving or

growing out of a labor dispute, the court shall, upon the request of any party to the proceedings and on his filing the usual bond for costs, forthwith certify as in ordinary cases the record of the case to the circuit court of appeals for its review. Upon the filing of such record in the circuit court of appeals, the appeal shall be heard and the temporary injunctive order affirmed, modified, or set aside with the greatest possible expedition, giving the proceeding precedence over all other matters except older matters of the

same character.

SEC. 11. In all cases arising under this act in which a person shall be charged with contempt in a court of the United States (as herein defined), the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the contempt shall have been committed: *Provided*, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct, or disobedience of any officer of the court in respect to the writs, orders, or process of the court.

"Sec. 12. The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge, and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. Upon the filing of any such demand the judge shall thereupon proceed no further, but another judge shall be designated in the same manner as is provided by law. The demand shall be filed prior to the hearing in the contempt proceeding.

"SEC. 13. When used in this act and for the purposes of

this act-

"(a) A case shall be held to involve or to grow out of a labor dispute when the case involves persons who are engaged in the same industry, trade, craft, or occupation; or have direct or indirect interests therein; or who are employees of the same employer; or who are members of the same or an affiliated organization of employers or employees; whether such dispute is (1) between one or more employers or associations of employers and one or more employees or associations of employees; (2) between one or more employers or associations of employers and one or more employers or associations of employers; or (3) between one or more employees or associations of employees and one or more employees or associations of employees; or when the case involves any conflicting or competing interests in a 'labor dispute' (as hereinafter defined) of 'persons participating or interested' therein (as hereinafter defined).

"(b) A person or association shall be held to be a person participating or interested in a labor dispute if relief is sought against him or it, and if he or it is engaged in the same industry, trade, craft, or occupation in which such dispute occurs, or has a direct or indirect interest therein, or is a member, officer, or agent of any association composed in whole or in part of employers or employees engaged in such industry, trade, craft, or occupation.

"(c) The term 'labor dispute' includes any controversy concerning terms or conditions of employment, or concerning the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether or not the disputants stand in the proximate relation of employer and employee.

"(d) The term 'court of the United States' means any court of the United States whose jurisdiction has been or may be conferred or defined or limited by act of Congress,

including the courts of the District of Columbia.

"Sec. 14. If any provision of this act or the application thereof to any person or circumstance is held unconstitutional or otherwise invalid, the remaining provisions of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

"SEC. 15. All acts and parts of acts in conflict with the provisions of this act are hereby repealed."

And the Senate agree to the same.

G. W. Norris,
T. J. Walsh,
John J. Blaine,
Managers on the part of the Senate.
Hatton W. Sumners,
A. J. Montague,
L. C. Dyer,

Managers on the part of the House.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GLASS:

A bill (S. 4115) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; to the Committee on Banking and Currency.

By Mr. BRATTON:

A bill (S. 4116) granting an increase of pension to Ellsworth F. Bloodgood; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 4117) for the relief of the Colonial Realty Co.; to the Committee on Claims.

A bill (S. 4118) to extend the meaning of the term "agricultural commodity" as used in the agricultural marketing act, as amended; to the Committee on Agriculture and Forestry.

By Mr. FLETCHER:

A bill (S. 4119) confirming the claim of Duncan Clinch, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. DILL:

A bill (S. 4120) for the relief of Ragnor Dahl; to the Committee on Claims:

A bill (S. 4121) granting a pension to James William Vaughn; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 4122) granting the consent of Congress to the State of New York to construct, maintain, and operate a highway bridge across the Hudson River at or near Catskill, Greene County, N. Y.; to the Committee on Commerce.

By Mr. WATSON:

A bill (S. 4123) to amend the District of Columbia traffic acts, as amended; to the Committee on the District of Columbia.

A bill (S. 4124) relating to the retirement of Col. Robert Todd Oliver; to the Committee on Military Affairs.

By Mr. HAWES:

A bill (S. 4125) for the relief of the estate of John Barry, deceased; to the Committee on Claims.

By Mr. HEBERT (by request):

A bill (S. 4126) to further the commerce and serve the industries of the United States of America by creating the World Commerce Corporation; to the Committee on the Judiciary.

By Mr. ROBINSON of Arkansas:

A bill (S. 4127) for the relief of Mrs. W. L. Carr; to the Committee on Claims.

By Mr. BROOKHART:

A bill (S. 4128) for the relief of the Sac and Fox Indians of the Mississippi Tribe residing in the State of Iowa, and for other purposes; to the Committee on Indian Affairs.

By Mr. SHIPSTEAD:

A joint resolution (S. J. Res. 124) to provide for the determination of claims for damages sustained by the fluctuation of the water levels of Lake of the Woods in certain cases, and for other purposes; to the Committee on Foreign Relations.

#### FEDERAL FARM BOARD

Mr. ROBINSON of Arkansas. Mr. President, out of order I ask leave to present a large number of telegrams relating to the Federal Farm Board and kindred subjects. I also present a list of the signers of the telegrams. These telegrams urge the retention of the Federal Farm Board and liberal appropriations to support it. It is asked that the names of the signers of the telegrams be printed in the RECORD and that the telegrams be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, it is so ordered

The first of the telegrams and the list of signers are as follows:

### [Telegram]

RUSSELLVILLE, ARK., March 16, 1932.

Hon. Joe T. Robinson,

United States Senate, Washington, D. C.:

We are vitally interested in the functions and usefulness of the marketing act and that it not be impaired by adverse legislation. As an agricultural section, our very existence depends upon its successful operation. We have confidence in your interest to help. RUSSELLVILLE CHAMBER OF COMMERCE.

G. H. Kenkel, Brinkley, I. A. Blakley, C. N. Long, M. B. Young, O. E. Martin, J. L. Stewart, C. T. Key, S. I. Minton, Paul Dunnenberg, W. C. Wilson, Gurdon; Conaway Scott, Little Rock; W. J. Pullen, Foreman; W. G. Jones, Cotton Plant; R. T. Doughtie, Helena; H. T. Miller, E. T. Ramsey, McCrory; E. C. Hornor, J. L. Altman, J. F. Epes, A. C. Cobb, W. F. Evans, H. S. Mitchell, Solomon Bros., M. W. Goldsmith, H. B. Mundt, Al Haraway, A. L. Wells, J. L. Anderson, J. B. Lambert, T. E. Wooten, Helena Cotton Exchange, Helena; Chamber of Commerce, Russellville; and Alex H. Washburn, Hope. Washburn, Hope,

REGULATION OF TRANSPORTATION BY BUS AND MOTOR TRUCK

Mr. ROBINSON of Arkansas. Mr. President, I make a similar request with regard to some 300 telegrams which have been received urging legislation regulating transportation by bus and motor truck. I present a list of the names of the signers of the telegrams and ask that the list be published in the RECORD, and that the telegrams and letters themselves be transmitted to the Committee on Interstate Commerce for the consideration of the Senator from Michigan [Mr. Couzens] and his associates.

The VICE PRESIDENT. Without objection, it is so ordered.

The first letter and the list of signers are as follows:

HAYNES, ARK., February 23, 1932.

Hon. JOE T. ROBINSON,

Mashington, D. C.

Dear Sir: I respectfully ask your support of the bill regulating busses and trucks by the Interstate Commerce Commission.

I am a railroad man and feel that this will give the railroads a

square deal.

Respectfully,

Respectfully,

C. Blair.

Don Brasfield, El Dorado, Ark.; E. Rhodes, Wynne; C. E. Johnson, Memphis, Tenn.; E. L. Howlett, Hot Springs, Ark.; Blake C. Howard, St. Louis; R. H. Choate, Paragould; J. S. Baker, Augusta; W. M. Anderson, Hot Springs; O. E. Myers, Paragould; Ernest Neill, C. W. Barnett, Batesville; R. N. Benson, El Dorado; D. E. Webb, La Grange; J. Paul Ward, Batesville; W. E. Williams, Hot Springs; T. L. Nelson, Wynne; W. C. Hasty, Paragould; Henry W. Niehuss, El Dorado; F. M. Herbert, Arkadelphia; June H. Rudisill, Memphis, Tenn.; S. E. Dillon, B. L. Nelmeyer, Hot Springs, Ark.; W. D. Stroppe, Wynne; G. W. Reid, Kensett; Homer T. Moore, Sam White, E. L. Holmes, John Scantling, Paragould; L. W. Milton, Wynne; George J. Terry, Batesville; E. B. Kirk, Parkin; S. L. Whitlow, Tuckerman; W. O. Flippin, C. L. Kassinger, T. G. Jones, Wynne; Lee Wheeler, Bald Knob; Thomas Doolin, Parkin; A. M. Collinsworth, Wynne; T. K. Creson, Memphis, Tenn.; H. B. Lott, Gurdon; R. C. Williams, Bridge Junction; Mrs. J. F. Proctor, Ed. Pierce, Vernon Paul, Parkin; T. C. Littlejohn, J. D. Lowrie, Victor Thomason, Minnie Mixon, Kate Markey, I. H. Lee, J. H. Crittenden, Kittle Henry, F. Gann, J. A. King, Will Cook, Cora B. Welch, E. W. Welch, A. E. Tarver, C. H. Huber, J. S. Lowrie, Ed. Tarver, P. L. Storey, Lake View; Robert F. Courtney, North Little Rock; N. Ashby, B. T. Doolin, J. Adams, W. Alexander, Knobel; T. C. Welch, El Dorado; E. L. Parker, Lexa; Will Harding, W. Gray, J. Prueitt, L. Gout, Mellwood; C. L. Pickett, Crawfordsville; Alvin Abramson, Jack Abramson, L. L. Isard, L. A. Wallace, A. B. Chaney, H. B. Lollar, Wynne; J. W. Carman, Brickeys; W. N. Taylor, Boonville, Mo.; H. P. Michael, Paragould; C. Z. McCall, La Grange; J. W. Bateman, Helena; O. E. Lowrey, Brickeys; P. B. Griffin, Helena; W. H. Reaves, St. Louis, Mo.; A. G. Season, Cherry Valley; Charles A. Daulton, Paragould; W. R. Noble, Helena; G. M. Staley, Paragould; W. F. Foust, Lexa; R. R. Lusk, Dermott; S. E. Stafford, Paragould; H. E. Rilley, Little Rock;

RECORD—SENATE

Solomon McGruder, Marshal Jones, H. M. Bickerstaff, Helena; W. H. Bradford, Forrest City; Tom Aston, Robert Wood, E. White, Caldwell; R. E. Wiley, Little Rock; C. L. Chappius, Helena; J. H. Cheatham, F. A. Brown, Lexa; C. O. Tucker, Mellwood; V. O. Otey, Harrisberg; J. E. Mozier, D. O. Graser, I. L. Langler, L. G. Hylander, Paragould; J. C. Stutts, S. C. Minton, E. C. B. Hylander, Paragould; J. C. Stutts, S. C. Minton, E. C. F. Andrew, M. G. C. F. Andrew, M. G. C. F. C. S. C. Morth Little Rock; M. G. F. C. G. F. Andrew, M. G. C. F. C. S. C. Morth Little Rock; M. G. C. F. C. S. C. Morth Little Rock; M. G. C. F. C. S. C. Morth Little Rock; M. G. White, Augusta: Henry March C. Armstrong, W. O. McClellan, McGehee; L. A. Spencer, Xarbrough, Bald Knob; W. O. McClellan, McGehee; L. A. Spencer, Xarbrough, Bald Rob; W. G. McGehee, L. A. Spencer, Xarbrough, Bald Rob; W. G. Berner, M. B. Stan, R. B. Eigsbee, Cherry Valley; J. G. Mosby, S. O. Boone, Crawfordsville; H. H. McBlorn, Parkin; B. Bright, B. Greenwood, A. D. Barr, R. B. Eigsbee, Cherry Valley; Joe Mosby, S. O. Boone, Crawfordsville; H. H. McBlorn, Parkin; R. O. Black, Roy Allred, E. Rhodes, J. J. Stevens, G. Harlan, P. K. Gabhard, J. T. Barber, Agnes Barber, Earle; Herbert Lambert, Paragould; A. T. Nettles, J. M. Stage, Parkin; Barnett Bros, Batesville; M. L. Richardson, H. L. Brewer, Earle; Russell Mack, Paragould; E. F. Edwards, Bald Knob; J. W. Andis, Delaplaine; Bishop James Winchester, Little Rock; C. K. Elliott, Pine Bluff; J. W. Ishmael, Paragould, Y. M. Copher, Helena; Oscar Diggs, J. W. Bell, J. P. McGaughey, W. R. Roberts, T. R. Sims, Brookland; A. Futrell, Jancopin; J. I. Steeth, J. B. Lemmons, L. D. Ford, A. L. Malone, V. P. Anderson, Wynne; W. M. Southard, James W. Mc-Auley, C. T. Treadway, C. P. Richey, Lexa, Ark; V. C. Russell, C. M. Nall, Watson, Ark; G. M. Filippin, A. B. Freman, Paragould, Ark; D. G. Guymes, J. V. Campbell, W. L. Moore, W. L. McDaniel, Lee Lund, C. C. Mahan, Paragould, Ark; J. C. Byrd, Wynne, Ark; J. G. Guymes, J.

### FEDERAL FARM BOARD

Mr. KING. Mr. President, I have received a large number of letters and telegrams, perhaps similar to the ones received by the Senator from Arkansas [Mr. Robinson], in behalf of the retention of the Farm Board and granting very liberal appropriations for the maintenance of the board. Many of the telegrams indicate, however, that they were inspired by the same individual, who is connected indirectly with the Farm Board, and who is the beneficiary of a loan from the Farm Board.

## IMPORT TAX ON GASOLINE

Mr. HATFIELD. Mr. President, I send to the desk a telegram, which I ask to have read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the telegram will be read.

The Chief Clerk read as follows:

CHARLESTON, W. VA., March 11, 1932.

Senator H. D. HATFIELD:

Import tax on gasoline and crude oil brings further distress to consumer. Urge vote against it.

W. L. GRAVATT.

oil excise tax is being artificially stimulated by those interested in the continued free importation of cheap foreign oil, to the detriment of American labor and the ruin of many American industries. The methods which are used may seem ethical to some, but, in fact, they constitute a most serious breach of conduct.

I have received from my State several hundred telegrams protesting against this oil excise tax. This sudden display of what appeared to be popular interest caused me to investigate, and I found that the signers of these petitions were employees or relatives of employees of filling stations and other plants controlled by subsidiaries of the great oil importers. I found that many of the signers were not even voters. This unusual volume of protests against a measure which is so generally favored by the people of my State is merely the propaganda of those who are interested in the continuance of the present unjustifiable discrimination against an American product and against American labor in favor of a foreign product.

I find that others have been receiving similar telegrams. A Member of the other branch of Congress has told of thousands of such messages, also inspired by the oil-importing corporations, with the intent to mislead Members of Congress into the belief that there is a general popular opposition to this measure. How far this telegraphic

campaign extends I do not know.

Opponents of the excise tax confess their weakness when they stoop to such methods. If they had any persuasive arguments, or if there were sufficient public opinion to support their cause, they would not need to resort to subterfuges in a rather hopeless attempt to make us believe that the citizens of this Nation are not in favor of a moderate tax upon a foreign product which has worked havoc with the prosperity of our country.

APPROPRIATIONS FOR THE DEPARTMENTS OF STATE, JUSTICE, ETC. Mr. JONES. I move that the Senate proceed to the con-

sideration of H. R. 9349.

The VICE PRESIDENT. The question is on the motion

of the Senator from Washington.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

## EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

# REPORT OF THE POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

The VICE PRESIDENT. The reports will be placed on the calendar.

Are there further reports of committees? If not, the calendar is in order.

### TREATIES

The Chief Clerk proceeded to read Executive KK (70th Cong., 2d sess.) and Executive A (72d Cong., 1st sess.).

Mr. MOSES. I ask that those two treaties go over.

The VICE PRESIDENT. The treaties will be passed over.

# CUSTOMS SERVICE

The Chief Clerk read the nomination of Fred A. Bradley to be collector, customs collection district No. 9, Buffalo, N. Y. Mr. McNARY. Mr. President, an agreement has been had with the senior Senator from New York [Mr. COPELAND] that

Mr. HATFIELD. Mr. President, the agitation against the | this matter may come up to-morrow at 12 o'clock. At the conclusion of the executive session this evening it is my purpose to move a recess as in executive session, and the Senator from New York and I have agreed to take up at 12 o'clock to-morrow the matters concerning the nomination of Mr. Bradley. Following thereafter it is agreed with the senior Senator from Michigan [Mr. Couzens] that he may follow with the matter of the nomination of Mr. Thad H. Brown to be a member of the Federal Radio Commission.

Mr. KING. Following that, Mr. President-Mr. McNARY. Following that, I assume that the Senator from Washington [Mr. Jones] will desire to have the Senate

return to legislative session in connection with the appropriation bill which has recently been made the unfinished business.

Mr. COPELAND. Mr. President, do I understand that the Senate is to adjourn now? Mr. McNARY. We will take a recess as soon as we com-

plete the Executive Calendar.

#### THE JUDICIARY

The Chief Clerk read the nomination of Charles A. Jonas to be United States attorney, western district of North Caro-

Mr. McNARY, Mr. KING, and Mr. CONNALLY. Let that go over.

The VICE PRESIDENT. The nomination will be passed

#### POSTMASTER

The Chief Clerk read the nomination of Albert F. Harris to be postmaster at Reeder, N. Dak.

Mr. NYE. Let that go over

The VICE PRESIDENT. The nomination will be passed

#### DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Charles H. Sherrill, of New York, to be ambassador extraordinary and plenipotentiary to Turkey.

The VICE PRESIDENT. Without objection, the nomina-

tion is confirmed.

### CALIFORNIA DÉBRIS COMMISSION

The Chief Clerk read the nomination of Capt. John G. Drinkwater to be a member of the California Débris Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

# COAST AND GEODETIC SURVEY

The Chief Clerk read the nomination of Jeremiah Strauther Morton to be junior hydrographic and geodetic engineer (with relative rank of lieutenant, junior grade, in the Navy).

The VICE PRESIDENT. Without objection, the nomination is confirmed.

### THE JUDICIARY

The Chief Clerk read the nomination of Felix Cordova Davila, of Porto Rico, to be associate justice, Supreme Court of Porto Rico.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William W. Harrison to be United States marshal, northern district of

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. MOSES. I ask unanimous consent that the remaining postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Without objection, that order will be made.

### IN THE ARMY

The Chief Clerk proceeded to read sundry nominations in

Mr. MOSES. I make the same request.

The VICE PRESIDENT. Without objection, the nominations in the Army will be confirmed en bloc.

#### IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

Mr. MOSES. I make the same request.

The VICE PRESIDENT. Without objection, the nominations in the Navy will be confirmed en bloc.

#### IN THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

Mr. MOSES. I make the same request.

The VICE PRESIDENT. Without objection, the nominations in the Marine Corps will be confirmed en bloc.

#### CUSTOMS SERVICE

The Senate resumed the consideration of the nomination of Fred A. Bradley to be collector, customs collection district No. 9, Buffalo, N. Y.

Mr. COPELAND obtained the floor.

#### RECESS

Mr. McNARY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. McNARY. I move that the Senate, as in executive session, take a recess until 12 o'clock noon to-morrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and (at 5 o'clock and 42 minutes p. m.) the Senate, as in executive session, took a recess until to-morrow, Friday, March 18, 1932, at 12 o'clock meridian

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 17 (legislative day of March 14), 1932

Ambassador Extraordinary and Plenipotentiary
Charles H. Sherrill to be ambassador extraordinary and
plenipotentiary to Turkey.

ASSOCIATE JUSTICE, SUPREME COURT OF PORTO RICO
Felix Cordova Davila to be associate justice, Supreme
Court of Porto Rico

### UNITED STATES MARSHAL

William W. Harrison to be United States marshal, northern district of Florida.

Member of the California Débris Commission

Capt. John G. Drinkwater to be a member of the California Débris Commission.

### COAST AND GEODETIC SURVEY

Jeremiah Strauther Morton to be junior hydrographic and geodetic engineer (with relative rank of lieutenant, junior grade, in the Navy).

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY Capt. Fred Charles Thomas to Quartermaster Corps. First Lieut. John Paul Doyle, jr., to Air Corps. Second Lieut. David Raymond Gibbs to Air Corps. Second Lieut. David Hodge Baker to Air Corps.

### PROMOTIONS IN THE REGULAR ARMY

James Alvin Lewis to be captain, Infantry.

John Robert Burns to be first lieutenant, Infantry.

Philip Francis Coholan to be chaplain with the rank of major.

OFFICERS' RESERVE CORPS IN THE ARMY GENERAL OFFICER

Henry Lewis Stimson to be brigadier general, Auxiliary Reserve.

### PROMOTIONS IN THE NAVY

Henry M. Jensen to be captain.
Benjamin Perlman to be commander.
Gordon B. Sherwood to be lieutenant commander.
David Rittenhouse to be lieutenant commander.
Robert L. Fuller to be lieutenant commander.

Thomas A. Grav to be lieutenant commander. Byron J. Connell to be lieutenant commander. Thomas B. Birtley, jr., to be lieutenant. Henry D. Batterton to be lieutenant. Matthew L. Kelly to be lieutenant. Frederick J. Nelson to be lieutenant. George A. T. Washburn to be lieutenant. William H. Hamilton to be lieutenant. William D. Anderson to be lieutenant. Matthias M. Marple, jr., to be lieutenant. William P. Burford to be lieutenant. Homer B. Hudson to be lieutenant. Richard M. Little to be surgeon. Joash I. Yohannan to be surgeon. Desse A. York to be surgeon. Ernest Ward to be surgeon. Walter R. Johnson to be surgeon. Albion C. Tollinger to be dental surgeon. Charles R. O'Leary to be pay inspector. Thomas S. Wylly to be paymaster. James E. Sanner to be paymaster. Maurice M. Smith to be paymaster. John A. Fields to be paymaster. Samuel C. Moore to be chief machinist. John M. Stuart to be chief machinist. William R. McAllister to be chief machinist. William H. F. Terrio to be chief machinist.

#### MARINE CORPS

Hartnell J. Withers to be first lieutenant. John B. Hendry to be second lieutenant. Frederick B. Winfree to be second lieutenant. Samuel D. Puller to be second lieutenant.

### POSTMASTERS

ARKANSAS

Ernest H. Alfrey, Bentonville. Mary E. Catts, Washington.

#### CALIFORNIA

Purley O. Van Deren, Broderick. Peter Garrick, Camino. Lew E. Wickes, Castella. Daniel G. Thomas, Colton. Floyd F. Howard. Courtland. Anthon G. Heerman, Dinuba. Julia M. Arbini, Fairfax. Maude H. Parsons, Gerber. George L. Clare, Guerneville. Nelson S. Dilworth, Hemet. Edwin J. Thompson, La Jolla. Frances E. Bennett, Mills College. Albert K. Small, Murrieta. Winfield S. Buchner, Oildale. Irven N. Rowen, Robbins. Manuel S. Trigueiro, San Miguel. Walter L. Milne, Talmage. Ross C. Odell, Tulare. Walter M. Brown, Turlock. Jennie E. Kirk, Waterford.

# DELAWARE

James M. Montgomery, Edge Moor. Jehu F. Hudson, Georgetown. William R. Risler, Lincoln.

### ILLINOIS

Bryce E. Currens, Adair.
Frank Willey, sr., Alto Pass.
Rose S. Beard, Arenzville.
Robert N. Bragg, Brimfield.
William F. Lammers, Buckley.
Herbert D. Short, Coffeen.
Georgia W. Cooper, Congress Park.
Guy H. McKelvey, Coulterville.
William W. Taylor, Divernon.
John W. Nelson, Donovan.
Leo H. Borgelt, Havana.
Sibyl J. Stanley, Keithsburg.

Roy C. Hallowell, La Harpe.
Edward F. Tedens, Lemont.
Elwood Barker, McLeansboro.
George E. Whitmore, Mendota.
Ulysses E. Smith, Metropolis.
Arthur F. Sturgis, Middletown.
Frank Ohlhausen, Midlothian.
James W. Scott, Monmouth.
Willard L Dragoo, Pawnee.
Ethel Gates, Pocahontas.
Joseph R. Atkinson, Sidell.
Arthur M. Smith, Stockton.
Vern L. Shinneman, Weldon.

IOWA

Charles O. McLean, Ankeny.
Joseph D. Schaben, Earling.
Edward A. Hansen, Holstein.
Marinus Jansma, Hospers.
Leander G. Kelley, Lamoni.
Ray C. Edmonds, Le Mars.
Anna A. Meek, Minburn.
John E. Klutts, Mondamin.
Edna Hesser, Nichols.
Emil A. Larson, Red Oak.
Perry B. Wilson, Shannon City.
Ora L. Garton, Weldon.

MARYLAND

Harry E. Pyle, Aberdeen Proving Ground. Thomas G. Pearce, Glenarm.

MASSACHUSETTS

Fred C. Small, Buzzards Bay.
Isabelle Crocker, Cotuit.
Chestina B. Robbins, East Templeton.
Edwin C. Howe, Enfield.
Bernard Campbell, Millville.
Maryetta Browne, State Farm.
Harry W. Metcalf, Wrentham.

MINNESOTA

Ernest J. Grunst, Alpha. Claude C. Stubbe, Ashby. Claire L. Lewis, Big Lake. Frederic E. Hamlin, Chaska. Olga P. Hatling, Dalton. Ralph C. Peterson, Dilworth. Clarence W. Ivey, Elmore. John A. Gregerson, Fertile. George H. Baer, Frazee. Erwin B. Whitney, Granite Falls. Carl F. Peterson, Kennedy. William P. Marston, jr., Lake Crystal. Jacob Gish, Le Sueur. Vera M. Parks, Nisswa. Edward J. Soland, Oklee. Abraham L. Ober, Palisade. Harry N. Nordholm, Red Wing. Alfred Anderson, Twin Valley. Henry Groth, Wright.

MONTANA

Queenie B. Lyndes, Hysham. George I. Watters, Victor.

NEW JERSEY

Alfred J. Perkins, Atlantic City.
Robert K. Greenwood, Elmer.
Fred F. Dennis, Fair Haven.
Frank Pierson, Lawrenceville.
Edith C. Reeves, New Lisbon.
Frank C. Dalrymple, Pittstown.
Mabel E. Tomlin, Sewell.
James H. Masker, Somerville.

NORTH CAROLINA

William H. Manning, Bethel. George E. Kestler, Concord. John M. Crawford, Graham. Herbert C. Whisnant, Granite Falls. Theodore E. McCrary, Lexington.
Paul E. Bruce, Mars Hill.
William F. Ballard, Mount Holly.
David M. Cloninger, Newton.
Charles E. Zedaker, Red Springs.
Cyril L. Walker, Roper.
W. Heman Hall, Rosehill.
James A. Grogan, Spray.
Alexander B. Berry, Swanquarter.
Lat W. Purser, Vanceboro.
Nannie M. Moore, Warrenton.

NORTH DAKOTA

Leta L. Davis, Lansford.

OKLAHOMA

James O. Seger, Seminole.

PENNSYLVANIA

William A. Leroy, Canonsburg. Harvey J. Smoyer, Clairton. Thomas Collins, Commodore. Marion C. Hemmig, Elverson. John T. Painter, Greensburg. Allen L. Shomo, Hamburg. Harry C. Myers, Holtwood. Michael A. Grubb, Liverpool. John M. Hayes, Montoursville. William Tyndall, Mount Joy. John H. Francis, Oaks. A. Milton Wade, Quarryville. Edward G. Carper, Roaring Springs. Fred F. Cannan, Rome. Newton E. Arnold, Roslyn. Nathaniel Shaplin, Windgap. Jay W. Clark, Woodlyn. Randall H. Weaver, Worthington. Edmund W. Tomb, Youngwood.

RHODE ISLAND

Howard E. Munroe, Barrington.

WEST VIRGINIA

James O. Buskirk, Holden. Ernest E. Ritter, Red Jacket. Guy E. McCutcheon, Reedy. Ernest T. Morrison, Sutton. James H. Trail, Winding Gulf.

WISCONSIN

Archibald G. Campbell, Barneveld. Arthur Nortwen, Conover. Cynthia T. Goodell, Platteville.

# HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 17, 1932

The House met at 12 o'clock noon.
The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou in whose presence we wait, we thank Thee for the history of the Republic. It is a goodly vine we have inherited. Its clusters of blessings hang richly and its roots run out in many ways for the welfare of our people. Always enable us to understand our responsibilities and to see the possibility of a greater patriotism. Make it an inspiration for us to go out and be better citizens and to carry to higher usefulness the influence which we possess. O Father, bless all philanthropies which go forward to reach the ignorant, to give bread to the hungry, and to give freedom to those who are oppressed. Permit all good things to survive and succeed. Grant us, Heavenly Father, courage to withstand all temptations of power, position, and pride. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

### THE ANTI-INJUNCTION BILL

Mr. CRISP and Mr. SUMNERS of Texas rose.

The SPEAKER. For what purpose does the gentleman from Georgia rise?

Mr. CRISP. I was about to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the tax bill.

The SPEAKER. The Chair understands that the gentleman from Texas [Mr. Sumners] wishes to call up the conference report on the anti-injunction bill, and the Chair thinks that had better be disposed of first.

Mr. CRISP. Mr. Speaker, may I make a brief statement? Personally I have no objection to taking up the antiinjunction bill at this time, but the House has agreed to have to-day for general debate on the tax bill. Some Members might find fault for taking up this injunction bill and doing something to take away the opportunity for further discussion. Would it not be better to let this go over until to-morrow when general debate will be closed?

Mr. DYER. Will the gentleman yield? Mr. CRISP. I yield.

Mr. DYER. I will state to the gentleman from Georgia that in my judgment there will be no time taken in connection with the report on the anti-injunction bill. It is a unanimous report, and there is really nothing new in it of substance-merely a transposition of some words and one or two slight amendments.

The SPEAKER. Is there objection to considering the conference report at this time?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I call up the conference report on the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas that the statement be read in lieu of the report?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That no court of the United States, as herein defined, shall have jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute, except in a strict conformity with the provisions of this act; nor shall any such restraining order or temporary or permanent injunction be issued contrary to the public policy declared in this act.

"SEC. 2. In the interpretation of this act and in determining the jurisdiction and authority of the courts of the United States, as such jurisdiction and authority are herein defined and limited, the public policy of the United States is hereby declared as follows:

"Whereas under prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore, though he should be free to decline to associate with his fellows, it is necessary that he have full freedom of associa-

tion, self-organization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment, and that he shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; therefore, the following definitions of, and limitations upon, the jurisdiction and authority of the courts of the United States are hereby enacted.

Sec. 3. Any undertaking or promise, such as is described in this section, or any other undertaking or promise in conflict with the public policy declared in section 2 of this act, is hereby declared to be contrary to the public policy of the United States, shall not be enforceable in any court of the United States and shall not afford any basis for the granting of legal or equitable relief by any such court, including specifically the following:

Every undertaking or promise hereafter made, whether written or oral, express or implied, constituting or contained in any contract or agreement of hiring or employment between any individual, firm, company, association, or corporation, and any employee or prospective employee of the same, whereby

"(a) Either party to such contract or agreement undertakes or promises not to join, become, or remain a member of any labor organization or of any employer organization; or

"(b) Either party to such contract or agreement undertakes or promises that he will withdraw from an employment relation in the event that he joins, becomes, or remains a member of any labor organization or of any employer organization.

"SEC. 4. No court of the United States shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute to prohibit any person or persons participating or interested in such dispute (as these terms are herein defined) from doing, whether singly or in concert, any of the following acts:

"(a) Ceasing or refusing to perform any work or to remain in any relation of employment;

"(b) Becoming or remaining a member of any labor organization or of any employer organization, regardless of any such undertaking or promise as is described in section 3 of this act;

"(c) Paying or giving to, or withholding from, any person participating or interested in such labor dispute, any strike or unemployment benefits or insurance, or other moneys or things of value:

"(d) By all lawful means aiding any person participating or interested in any labor dispute who is being proceeded against in, or is prosecuting, any action or suit in any court of the United States or of any State;

"(e) Giving publicity to the existence of, or the facts involved in, any labor dispute, whether by advertising, speaking, patrolling, or by any other method not involving fraud or violence;

"(f) Assembling peaceably to act or to organize to act in promotion of their interests in a labor dispute;

"(g) Advising or notifying any person of an intention to do any of the acts heretofore specified;

"(h) Agreeing with other persons to do or not to do any of the acts heretofore specified; and

"(i) Advising, urging, or otherwise causing or inducing without fraud or violence the acts heretofore specified, regardless of any such undertaking or promise as is described in section 3 of this act.

"SEC. 5. No court of the United States shall have jurisdiction to issue a restraining order or temporary or permanent injunction upon the ground that any of the persons participating or interested in a labor dispute constitute or are engaged in an unlawful combination or conspiracy because of the doing in concert of the acts enumerated in section 4 of this act.

"Sec. 6. No officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, shall be held responsible or

liable in any court of the United States for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in, or actual authorization of, such acts, or of ratification of such acts after actual knowledge thereof.

"Sec. 7. No court of the United States shall have jurisdiction to issue a temporary or permanent injunction in any case involving or growing out of a labor dispute, as herein defined, except after hearing the testimony of witnesses in open court (with opportunity for cross-examination) in support of the allegations of a complaint made under oath, and testimony in opposition thereto, if offered, and except after findings of fact by the court, to the effect—

"(a) That unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat or unlawful act excepting against the person or persons, association, or organization making the threat or committing the unlawful act or actually authorizing or ratifying the same after actual knowledge thereof;

"(b) That substantial and irreparable injury to complain-

ant's property will follow;

"(c) That as to each item of relief granted greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief:

"(d) That complainant has no adequate remedy at law;

"(e) That the public officers charged with the duty to protect complainant's property are unable or unwilling to furnish adequate protection.

"Such hearing shall be held after due and personal notice thereof has been given, in such manner as the court shall direct, to all known persons against whom relief is sought, and also to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect complainant's property: Provided, however, That if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient, if sustained, to justify the court in issuing a temporary injunction upon a hearing after notice. Such a temporary restraining order shall be effective for no longer than five days and shall become void at the expiration of said five days. No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee) and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the court.

"The undertaking herein mentioned shall be understood to signify an agreement entered into by the complainant and the surety upon which a decree may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages of which hearing complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the court for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his ordinary remedy by suit at law or in equity.

"Sec. 8. No restraining order or injunctive relief shall be granted to any complainant who has failed to comply with any obligation imposed by law which is involved in the labor dispute in question, or who has failed to make every reasonable effort to settle such dispute either by nego-

tiation or with the aid of any available governmental machinery of mediation or voluntary arbitration.

"Sec. 9. No restraining order or temporary or permanent injunction shall be granted in a case involving or growing out of a labor dispute, except on the basis of findings of fact made and filed by the court in the record of the case prior to the issuance of such restraining order or injunction; and every restraining order or injunction granted in a case involving or growing out of a labor dispute shall include only a prohibition of such specific act or acts as may be expressly complained of in the bill of complaint or petition filed in such case and as shall be expressly included in said findings of fact made and filed by the court as provided berein

"Sec. 10. Whenever any court of the United States shall issue or deny any temporary injunction in a case involving or growing out of a labor dispute, the court shall, upon the request of any party to the proceedings and on his filing the usual bond for costs, forthwith certify as in ordinary cases the record of the case to the circuit court of appeals for its review. Upon the filing of such record in the circuit court of appeals, the appeal shall be heard and the temporary injunctive order affirmed, modified, or set aside with the greatest possible expedition, giving the proceeding precedence over all other matters except older matters of the same character.

"Sec. 11. In all cases arising under this act in which a person shall be charged with contempt in a court of the United States (as herein defined), the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the contempt shall have been committed: Provided, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct, or disobedience of any officer of the court in respect to the writs, orders, or process of the court.

"Sec. 12. The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. Upon the filing of any such demand the judge shall thereupon proceed no further, but another judge shall be designated in the same manner as is provided by law. The demand shall be filed prior to the hearing in the contempt proceeding.

"SEC. 13. When used in this act, and for the purposes of this act—

"(a) A case shall be held to involve or to grow out of a labor dispute when the case involves persons who are engaged in the same industry, trade, craft, or occupation; or have direct or indirect interests therein; or who are employees of the same employer; or who are members of the same or an affiliated organization of employers or employees; whether such dispute is (1) between one or more employers or associations of employers and one or more employees or associations of employees; (2) between one or more employers or associations of employers and one or more employers or associations of employers; or (3) between one or more employees or associations of employees and one or more employees or associations of employees; or when the case involves any conflicting or competing interests in a 'labor dispute' (as hereinafter defined) of 'persons participating or interested' therein (as hereinafter defined).

"(b) A person or association shall be held to be a person participating or interested in a labor dispute if relief is sought against him or it, and if he or it is engaged in the same industry, trade, craft, or occupation in which such dispute occurs, or has a direct or indirect interest therein, or is a member, officer, or agent of any association composed in whole or in part of employers or employees engaged in such industry, trade, craft, or occupation.

"(c) The term 'labor dispute' includes any controversy concerning terms or conditions of employment, or concerning

the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether or not the disputants stand in the proximate relation of employer and employee.

"(d) The term 'court of the United States' means any court of the United States whose jurisdiction has been or may be conferred or defined or limited by act of Congress, including the courts of the District of Columbia.

"Sec. 14. If any provision of this act or the application thereof to any person or circumstance is held unconstitutional or otherwise invalid, the remaining provisions of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

"SEC. 15. All acts and parts of acts in conflict with the provisions of this act are hereby repealed."

And the Senate agree to the same.

HATTON W. SUMNERS,
A. J. MONTAGUE,
L. C. DYER,
Managers on the part of the House.
G. W. Norris

G. W. Norris, T. J. Walsh, John J. Blaine, Managers on the part of the Senate.

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 2 of the Senate amendment contains, in the statement of the policy of the legislation, the phrase "though he (the individual unorganized worker) should be free to decline to associate with his fellows." The phrase is not employed in the corresponding provision in the House bill. The conference agreement adopts the Senate provision.

Section 3 of the House bill and of the Senate amendment are identical except for minor differences in punctuation. The conference agreement adopts the Senate amendment with minor changes in punctuation.

There are minor differences in the punctuation of section 4 (c) of the House bill and the Senate amendment. The conference agreement adopts the Senate provision.

Section 6 of the Senate amendment provides that no court of the United States shall have jurisdiction upon the hearing of an application for temporary restraining order or an interlocutory injunction to grant a mandatory injunction compelling the performance of an act in any case involving or growing out of any labor dispute as defined in the act. There is no corresponding provision in the House bill. The conference agreement omits the Senate provision.

Section 6 of the House bill provides that no officer or member of any association or organization, participating or interested in a labor dispute, shall be held responsible or liable in any United States court for the unlawful acts of individual officers, members, or agents except upon clear proof of actual participation in, or authorization of, such acts, or of ratification, with actual knowledge, of such acts. The section further provides that the liability of any such association or organization for unlawful acts of its members shall be similarly limited. Under the corresponding provision of the Senate amendment (section 7), no officer or member of any association or organization, and no association or organization participating or interested in a labor dispute is to be held responsible or liable in a United States court for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in or authorization of such acts, or of ratification of such acts after actual knowledge. The conference agreement adopts the Senate provision.

Section 7 (a) of the House bill, which deals with findings of fact necessary to be made by the court before a temporary or permanent injunction may be issued, prescribes as one of the classes of findings that unlawful acts have been threatened or committed and will be continued. The paragraph further provides that no injunction or restraining order shall be issued except against the person or persons, association, or organization making the threat or committing the unlawful act or authorizing or ratifying it after actual knowledge thereof.

The corresponding provision of the Senate amendment (sec. 8 (a)) requires a finding that unlawful acts have been threatened or committed, and will be committed or continued unless restrained, and omits the provision including associations and organizations within the exception.

The conference agreement requires a finding that unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, and includes associations and organizations, as does the House bill.

Under the House bill (second subdivision of sec. 7) notice of hearing must be given to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed. Under the corresponding provision of the Senate amendment (second subdivision of sec. 8) notice of hearing must be given to the chief of those public officers of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect the complainant's property. The conference agreement adopts the Senate provision except that "officials" is substituted for "officers."

The second subdivision of section 7 of the House bill expressly gives the court the power to fix the amount of the security in the undertaking filed by the complainant. There is no corresponding provision in the Senate amendment. The conference agreement adopts the provision of the House bill.

The third subdivision of section 7 of the House bill provides that the undertaking given by the complainant shall signify an agreement upon which a decree may be rendered upon a hearing to assess damages, of which hearing the complainant and surety shall have reasonable notice. The corresponding provision of the Senate amendment (third subdivision of sec. 8) contains no such provision with respect to hearing and notice. The conference agreement adopts the House provision.

The House bill (sec. 10) provides that, upon the request of any party to the proceedings, the court shall forthwith certify the entire record of the case, including a transcript of the evidence taken, to the circuit court of appeals for its review. The Senate amendment (sec. 11) provides that upon the request of any party to the proceedings and on his filing the usual bond for costs, the court shall forthwith certify as in ordinary cases the record of the case to the circuit court of appeals for its review. The conference agreement adopts the provisions of the Senate amendment.

The House bill (sec. 11) provides that, in cases arising under sections 3, 4, 5, 6, and 7 of this amendatory act in which a person is charged with criminal contempt of a court of the United States, the accused should enjoy a speedy public trial by jury. The corresponding provision of the Senate amendment (sec. 12) is broader in that it relates to all cases in which a person is charged with contempt in a court of the United States. The conference agreement applies only to cases arising under the act under consideration in which a person is charged with contempt in a court of the United States.

Section 12 of the House bill provides that the defendant in any proceeding for contempt of court may file a demand for the retirement of the judge sitting in the proceeding if the contempt arises from an attack upon the character or conduct of such judge and if the attack occurred otherwise than in open court. The corresponding provision of the Senate amendment (sec. 13) permits such demand if the contempt occurred elsewhere than in the presence of the

court or so near thereto as to interfere directly with the administration of justice. The conference agreement retains the Senate provision except that "attack" is substituted for "contempt."

The separability clause of the Senate amendment (sec. 15) is broader than the coresponding provision of the House bill (sec. 14) in that separability with regard to persons and circumstances is included. The conference agreement adopts the Senate provision.

HATTON W. SUMNERS, A. J. MONTAGUE, L. C. DYER,

Managers on the part of the House.

Mr. STAFFORD. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. STAFFORD. Will the gentleman state to the House wherein the conference report agreed upon differs in substance from the anti-injunction bill as it passed the House?

Mr. SUMNERS of Texas. The conference report differs not materially from the bill as it passed the House. The bill as it went to the Senate, as it came from conference, incorporated section 6 of the Senate bill, which was not in the House bill. Section 6 dealt with the mandatory powers of the Federal court, operating under temporary injunction, and also the ancillary power. Since that provision has been eliminated in the last conference report and was not incorporated in the bill as it passed the House, that explanation will be sufficient, because it is out.

Mr. STAFFORD. Of course, if that is eliminated, there is nothing more to be said about it, but I wanted the gentleman to make that explanation.

Mr. BLANTON. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. BLANTON. The bill as it comes out of conference does not in any way interfere with the existing padlock powers that are now exercised by our courts?

Mr. SUMNERS of Texas. That is understood.

Mr. BLANTON. It only has reference to labor disputes and no other question.

Mr. SUMNERS of Texas. Well, it is a little broader than that. It affects injunctions in labor disputes and contempt proceedings growing out of what is known as an attack on the judge or court.

Mr. BLANTON. Yes; but it does not relate to other subjects or to the prohibition question.

Mr. SUMNERS of Texas. That is correct. Mr. LaGUARDIA. Only arising out of the act.

Mr. MICHENER. In substance the conference report agrees with the bill as it passed the House?

Mr. SUMNERS of Texas. In substance, that is correct.

Mr. DYER. Mr. Speaker, will the gentleman yield to me?

Mr. SUMNERS of Texas. Yes.

Mr. DYER. Mr. Speaker, the House bill went to the Senate. The Senate bill got lost over here and never did get back to the Senate. When the House bill went to the Senate, the Senate offered the Senate bill as it passed over there as one amendment to the House bill, and we considered that in connection with the House bill. As stated by the gentleman from Texas [Mr. Sumners], outside of the elimination of a section which the Senate put on on the floor of the Senate, section 6, which had to do with mandatory injunctions, which was eliminated and is not now a part of the report, the only thing we had in controversy and only other change of consequence, I think the gentleman from Texas will agree, was in reference to contempts. The House provision provided for criminal contempts, that there should be a jury trial in such cases. We struck out the word "criminal," and a jury trial is now in order for contempt, civil or criminal.

Mr. LaGUARDIA. That is, arising out of any action contemplated in the act.

Mr. DYER. Yes; we confined all issues to this act itself, and it does not apply to padlock injunctions or to anything

Mr. MICHENER. What I am interested in is what the gentleman from New York [Mr. LaGuardia] says. It is the striking out of the word "criminal," so that the act does not apply to criminal contempt only but to all contempts, which is a vastly different thing. The gentleman from New York [Mr. LaGuardia] assures us that the change made in the Senate refers only to labor disputes, in so far as that particular phase is concerned.

Mr. LaGUARDIA. Cases arising under the act, which we

passed. It is our section 11.

Mr. MICHENER. It would be a vastly different thing to strike out "criminal" and make the act apply to all con-

Mr. DYER. Oh, no. The conferees never had any such

intention.

Mr. SUMNERS of Texas. May I suggest to the Members of the House that they be brief as possible, because I am here only under the assurance given to the gentleman in charge of the revenue bill that we would be very brief. The report filed in this case, except one word that is not properly printed, really discloses the status of this matter before the House. I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

#### REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the revenue bill of 1932, with Mr. BANKHEAD in the chair.

The Clerk reported the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to

the gentleman from Wisconsin [Mr. Stafford].
Mr. STAFFORD. Mr. Chairman, not because the former Secretary of the Treasury, Mr. Mellon, and the then Under Secretary and present Secretary of the Treasury, Mr. Mills, made recommendations which were counter to the proposed sales tax, no more than because the proposed sales tax is advocated by the distinguished publisher and publicist, William Randolph Hearst, do I oppose it, but because the principle and policy advocated by the former Secretary of the Treasury and the present Secretary of the Treasury is, as I believe, a better policy, based on sound enonomic and financial considerations, and I stand here to use my voice strongly in opposition to the imposition of a consumption tax at this time, or at any time, unless it is proven that the proposal of the Treasury Department, the recognized fiscal representative of the Government, is not sound economically and financially. I listened attentively to the explanation of the acting chairman of the committee in justification of the sales tax. At no time did he cite in his very lucid explanation of the proposed bill any serious objection to the proposals advocated by the Secretary of the Treasury.

As I understand, neither the present Secretary of the Treasury nor the former Secretary of the Treasury at any time has departed from his first recommendation, and that the policy he advocated is the better policy for this Government to follow. I have here the mimeographed copies of the original proposal under date of January 13, 1932, and the later proposal of February 16, and in no instance is the present Secretary of the Treasury departing from

his original recommendation to Congress.

I read from page 10 of the original recommendation what the Secretary of the Treasury, Mr. Mellon, corroborated by the present Secretary of the Treasury, Mr. Mills,

Accordingly I recommend that additional revenue be provided from the following sources-

An increase of one-sixth in the present rates on tobacco manufactures and products, except cigars.

Who is there here who does not justify the imposition of one-sixth of additional revenue on cigarettes and other characters of tobacco? The Secretary of the Treasury has not withdrawn at any time that recommendation.

An increase of 1 cent in the existing stamp tax upon sales or transfers of capital stock; extension of the present tax on admissions through the reduction of the present exemption to 40 cents.

I do not subscribe to that low level, and the committee has raised the exemption to 25 cents, and I question whether it should not be advanced a little higher than that. Certainly I would not subscribe to as low as 10 cents.

A tax on manufacturers' sales of automobiles, trucks, and accessories, at 5, 3, and 21/2 per cent, respectively.

This committee in its sales tax has brought in a recommendation only modifying that to the extent of levying 21/4 per cent on all; 3 per cent on trucks and 5 per cent on automobiles is what the Secretary of the Treasury recommends. This bill levies 21/4 per cent.

A stamp tax on conveyances of real estate of 50 cents for each \$500 of value in excess of \$100.

That goes back to the recommendation of war days, when we had a 50-cent stamp tax on conveyances, based on this same idea, and it was not any burdensome tax.

A tax of 5 per cent on manufacturers' sales of radio and phonograph equipment and accessories; a stamp tax of 2 cents on each check and draft.

That is what we had during the Spanish-American War and worked out satisfactorily at that time.

A tax on telephone, telegraph, cable, and radio messages of 5 cents for charges in the amount of 14 to 50 cents, and 10 cents for charges in amounts in excess of 50 cents.

That has been incorporated in the bill before us.

Then he also recommends increased postage rates from 2 cents to 3 cents.

I wish to subscribe to the postulate that we must, under all circumstances, balance the Budget, but only as a last and final resort am I willing in these times of industrial depression to put a consumption tax on the people generally.

I took the position before the assembling of Congress, when this question was being mooted, that I would favor an excise tax on luxuries and I would not favor a sales tax unless as a last resort.

I favor raising the postage from 2 cents to 3 cents, as other countries have done, in order to gain revenue.

How can any person on this side of the aisle or on that side of the aisle, with a deficit of \$200,000,000 threatening us in the operation of the Postal Service, fail to support increasing the rates on postage?

Personally, as a stockholder in a small mercantile corporation which spends \$90 a month in postage, I would be penalized more by increasing the postage than by the sales tax, which would be passed on in some instances, to the consumer, but I am here to subscribe to that policy, and also stand ready to vote for all these proposals recommended by the Treasury Department, including increased postage, because the conditions warrant it. If Canada had the courage to increase its postage from 2 cents to 3 cents, and that is the present rate, why do we not have the courage?

I am not taking my policy as to the financial program of this Government from any postal organization which, for some reason, wishes to keep down postal revenues when they have mounted, by reason of increasing salaries. We could, by increasing letter postage 1 cent, balance the Budget of the postal service, because it is running into the red to the extent of \$200,000,000, and you are not warranted, under a sales tax, in passing it on to the consumers generally, because as a legislative anæsthetic it will not be consciously felt.

I agree with the chairman of the committee that in many instances the sales tax may be absorbed. Only yesterday

Additional, after the increase of the income taxes and | afternoon I received a letter from a large manufacturer of macaroni in my district setting forth the fact that although that company has reduced the salaries of the officers they had not reduced the wages of their employees, but if this sales tax is imposed they would be obliged to reduce wages. Why? Their product has a certain established price fixed for its sale, and they are in that condition economically that they can not afford to take the loss, and the only way they can recoup is to cut down the wages of their help. Now, they are not in a fortunate position like the Quaker Oats Co., which shows that their surplus this year is larger than that of last year. Such a concern might be able to absorb the sales tax, but not this company, and I dare say there are many similarly circumstanced.

I wish to call your attention to an instance where Canada with its general sales tax found it necessary to discourage the spending of money extravagantly by levying a high excise tax on luxuries, such as automobiles, jewelry, and the like. It was only temporary in character, but they had occasion to levy, in addition to their uniform sales tax, an additional excise tax on these articles.

I have waited long for some member of the Committee on Ways and Means to explain why they are continuing the 80 per cent set-off of all inheritance taxes collected that was adopted in 1924 and credited to the States. The supertax as provided here will raise only a few million dollars, but 80 per cent of the inheritance taxes that this Government receives will continue to be transferred to the States.

Time was in this body—and I was not here in 1924—when the National Government received its full quota of the national inheritance taxes; and the only reason, as I recall, why they allotted to the States 80 per cent was in order to prevent persons going down to such States as Florida. where they were trying to draw the tax dodgers of the country by promising them that they would not have any inheritance tax to pay or any income tax to pay should they change their residence. But that condition has passed. Why does not the Committee on Ways and Means come here and say, "We will appropriate a greater proportion of the 80 per cent set-off," if they do not want to wipe it off entirely?

We must view this question primarily from a national standpoint. Leave it to the States to get their amount of inheritance taxes; and if we would repeal the 80 per cent, or any portion of the 80 per cent credit, it would require no legislative enactment on the part of the States to collect their respective inheritance taxes.

Wisconsin does not grant any exemption on estate taxes above \$15,000 to widows, and only \$2,000 to lineal descendants. Here they are exempted up to \$100,000-under this bill for the superinheritance tax, the tax begins at \$50,000. Why does not the National Government take some greater portion of these inheritance taxes?

So we have the situation that the Ways and Means Committee has at no time shown that they can not get additional revenue from these and other sources. They have not advanced any reason why the recommendations of the Treasury Department have not been adopted, except perhaps, as we know, that large lobbies of interested special interests come down here and protest against this special interest being singled out for a high excise tax and advocate instead spreading it upon all consumers alike.

As a result you find the Representatives from those States where they have those special industries, which were relieved to the extent of the difference between 21/4 per cent and 5 per cent, rising here now in favor of this general sales tax.

Under the Constitution the right to originate revenue legislation is conferred upon the House of Representatives, which is directly responsive to the will of the people. The people expect us not to spread taxes over all but to carry out the fundamental principle which every true Democrat and every true Republican favors, namely, that luxuries, jewelry, and any other character of luxury shall bear a higher rate of taxation. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman live additional minutes.

Mr. STAFFORD. Great Britain and the United States are the two countries that have not levied a sales tax. Great Britain has higher income taxes and higher estate taxes than any other government in the world.

We should not adopt any policy, especially in these depressed times, which will weigh heavily upon the shoulders

of the consuming class.

During the war, under the leadership of Mr. Claude Kitchin, with the Democrats in control, we scrutinized every means of taxation. Those were the days when the people were wearing silk shirts, when the workers in the factories were getting \$15 and \$20 a day; they were not then on a beer income, but they were on a champagne grade, but never once during those days did the Democrats advocate a general consumption tax that would be spread on the shoulders of every person in the country.

Yet now, when wages are reduced, and when the consumption power of the people is at the very minimum, you are asking this Congress for the first time to levy a tax which is going to weigh heavily upon the shoulders of the consuming class. How can any true disciple of the people

justify such a tax?

If a person wants to buy a car costing \$1,600 or \$1,800, do you mean to say that \$100 additional will deter him from purchasing that car? Of course not, because such a person is in a position to pay the additional tax. The same is true if a person wants to purchase a silver service, as I did for one of my former secretaries. At that time there was a special excise tax on silver services, and yet I did not object to the payment of the special tax because I was in a position to pay, and I gladly paid it. However, that is not true of a sales tax which covers all articles, because that is a tax which is spread over the entire consuming class.

If you should adopt such a tax you would find it odious to the people and you will be called to account for it. Your very certificates of election will be considered upon your decision in relation to this question, whether you are going to have the consuming class bear the burden or whether you are going to have these taxes paid in proportion to the

ability to pay.

The Committee on Ways and Means has not shown at any time in this debate that it can not get adequate revenue from inheritances by cutting off the 80 per cent or reducing that percentage. They have not shown that they can not get \$150,000,000 by increasing the rates of postage. They merely present to you a soothing legislative dose which they think will not be felt by the people but which will, in fact, increase the cost of living. It will not only increase the cost of living \$600,000,000, the amount expected to be raised, but perhaps \$1,000,000,000. I will protest against the imposition of such a tax until every avenue for raising taxes has been exhausted. The Committee on Ways and Means has not shown that it has.

Let us stick fast to the principle that we must balance our Budget, but balance it in a way which will not lay heavily upon the consuming class, unless all other avenues of taxation have been exhausted.

Mr. LOZIER. The gentleman has made an interesting and convincing argument, and in support of his contention that the Republican Party, as a party, has heretofore been opposed to the sales-tax policy, may I suggest that in 1921 the Senate Finance Committee held very extensive hearings with a view of establishing a general sales tax. Following the analysis and argument embodied in a treatise by Professor Seligman, the committee abandoned the plan entirely as impractical, unjust, and unwise, though the chairman, Senator Smoot, favored the adoption of the sales tax.

Mr. STAFFORD. That may be true. Let me say I hesitate to bring in the prohibition question in this revenue debate, but many of my people at home are sullen. They are law-abiding, but they can not understand why you should suffer the policy of allowing the Capones and other racketeers to get the revenue which rightfully belongs to the Government when there is within reach at least \$300,000,000 by

levying a tax on beer at the rate of \$6 a barrel. That was the war-revenue rate charged at the close of the war on 2.75 per cent beer of alcoholic weight authorized by the President under the war powers of Congress. Then the Government received hundreds of millions from beer alone to meet the running expenses of the Government. Now the revenue is illicitly diverted to the pockets of the racketeers.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman one additional minute.

Mr. STAFFORD. It is admitted by Mr. Woodcock, the prohibition enforcement officer, that there are 38,000,000 barrels of beer being peddled around annually by hijackers, from which we get no revenue. Fifty million barrels of 2.75 per cent beer, which is acknowledged to be nonintoxicating, at \$6 a barrel would raise \$300,000,000. This mild beverage, nonintoxicating and within the power of Congress to authorize, is being denied to hundreds of thousands of temperate people because Congress is yielding to the fanatical prohibition intolerants. My people at home are wondering how this Congress can fail to adopt that means of taxation instead of resorting to this unwanted policy which will cost every family in the country an average of at least \$10, \$15, or \$25 a year. When will the Congress get sanity on the drink question and supersede the evils of unregulated traffic of hootch, moonshine, and their ilk by permitting the manufacture of a mild beverage that most temperate people advo-

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. McFadden].

Mr. McFADDEN. Mr. Chairman, it would appear that a clear majority of this House do not want to vote for the sales tax. We are told by the proponents of the measure and by the administration that we must vote for it because there is no other way in which the revenue necessary to balance the Budget can be raised. Such a statement is not true. No other acceptable method has been offered to the House, but another method does exist. I hope that the Ways and Means Committee will give heed to the suggestion I am making.

Strictly speaking, there is no deficit. The income contemplated by previous sessions of the Congress is sufficient to discharge all the obligations of the Government, but that income has not been collected. We are not really dealing with a deficit but with a shortage.

Let me offer a letter written to me by Andrew W. Mellon, former Secretary of the Treasury. This letter is dated December 7, 1931, and it deals with conditions of the actual present, not of the dimmed past nor of the uncertain future.

DECEMBER 7, 1931.

Hon. L. T. McFadden,

Chairman Committee on Banking and Currency,

House of Representatives.

Dear Mr. Chairman: I have your letter of November 21, 1931, in which you request that I advise you concerning the number and total amount of the unpaid or disputed income or other tax cases remaining unsettled or now pending before the tax board of the Treasury.

The records maintained by the Bureau of Internal Revenue with respect to the cases awaiting hearings by the United States Board of Tax Appeals indicate that on October 31, 1931, there were pending before that body, or on appeal to circuit courts of appeals from decisions of the board, 19,444 appeals, and that the amount of proposed deficiency taxes involved was approximately \$728,634,000. As to 221 cases the board had reached its decision, but the final order had not issued. In 644 cases the final order had issued, but the 6-month period permitted for appeal has not run. In 860 cases appeals had been filed with circuit courts. The number of cases which the board must decide is, therefore, 17,719.

order had not issued. In 644 cases the linal order had issued, but the 6-month period permitted for appeal has not run. In 860 cases appeals had been filed with circuit courts. The number of cases which the board must decide is, therefore, 17,719.

There are pending before the income tax unit in Washington approximately 16,400 cases, which involve about \$174,000,000.

These cases are largely for current or late years. Most of the cases involve the tax year 1929, while the balance is for 1928 or prior

years.

Although no exact figures are available as to the cases now pending before our field forces, it is probable that about \$25,000,000 is involved in examinations under way at this time.

Very truly yours,

A. W. MELLON, Secretary of the Treasury. The total of the items enumerated by Mr. Mellon is \$917,634,000—\$300,000,000 more than the estimated revenue from the proposed sales tax. I am informed that the great number of the thousands of income-tax cases which are now enmeshed in the technicalities of appeal are in that position upon slender foundations. I am informed that many of the petitions were filed by taxpayers at the instance of their expert advisers in tax evasion for the sole purpose of keeping in their own bank accounts as long as possible the money that should rightfully be in the Federal Treasury.

Other governments do not have provision for loopholes in their income-tax legislation, and in this respect I am not unmindful of the attempt in this bill to correct this, but it does not go far enough. We have allowed ourselves to become enmeshed in this great shortage; we should find means of escaping from this trap—and the laying of new burdens on our taxpayers to carry the cost of past folly is not the way out.

If the courts and the Board of Tax Appeals are unable to deal rapidly with this mass of technicality, the Congress should at once furnish them with sufficient personnel to bring this almost criminal delay to an end. Most of this money belongs in the United States Treasury; never before have we needed money as we need it now. This money should be where it belongs; no effort should be spared that will put it at the service of the Government. It is not fair treatment to those of our citizens who have paid their honest taxes.

The taxpayers who owe this vast sum are for the most part in a position to make payment.

I urge that the Congress take steps to collect the taxes due under present laws before it passes new laws to be evaded.

Information has also been furnished to the Bureau of Internal Revenue that hundreds of millions of dollars of taxes have been evaded or avoided by wealthy taxpayers. For months past the bureau has been investigating this information, and while few final reports of individual instances have been completed, there is definite evidence that a vast system of tax evasion has been built up and is now functioning to the great detriment of the public revenues. I have kept in close personal touch with the progress of these investigations and am familiar with the conditions which exist.

I offer the following letter from Andrew W. Mellon, former Secretary of the Treasury, written under date of December 11, 1931:

THE SECRETARY OF THE TREASURY, Washington, December 11, 1931.

Hon. Louis T. McFadden,

House of Representatives, Washington, D. C.
My Dear Mr. McFadden: I have your letter of December 9, written at the suggestion of Mr. David A. Olson. I will see that Mr. Olson's suggestions, transmitted through you, are placed with the material that he furnished to the department directly, which, as I advised you, is now receiving consideration.

Yours very truly,

A. W. MELLON, Secretary of the Treasury.

It is yet too early to offer definite figures on the extent of the tax evasions upon which information has been furnished to the Bureau of Internal Revenue, but it is safe to say that the sum which could be recovered from that source and from the other conditions disclosed by Mr. Mellon's earlier letter would easily amount to at least twice the total estimated as the return from the proposed sales tax.

Mr. Chairman, revenue from past-due taxes is already due to the Government. It was in anticipation of their collection that we entered into our present and past obligations. There is no reason why the intention of the Congress, as expressed in legislation, should not be carried out. There is less than no reason why the already burdened plain people of the country should be called upon to pay for the tax evasions of the wealthy.

Collection of these past-due taxes is not a tax upon the straitened present nor upon the doubtful future; it is a tax upon the past. It does not handicap the recovery of American industry or the employment of American workmen or

the income of American farmers. It clears the obstacles from the path of returning prosperity and offers to us the encouragement of an unmortgaged future.

The Bureau of Internal Revenue should at once be provided with whatever additional personnel is needed to expedite the investigation and early collection of these evaded taxes.

I realize that the collection of this vast volume of past-due taxes will not be a short or an easy undertaking; I realize, too, that the financial returns from it can not be estimated with the accuracy of amount and date which are necessary in providing for public obligations, and that certain and unfailing revenue must be provided for immediate use. The collections from past-due taxes can be used to retire the precipitate borrowings for which we have recently become liable. I understand that the Treasury needs this year, in addition to this tax bill, will require new borrowings in excess of \$4,000,000,000.

There is available another means of providing immediately the revenue to maintain the Government and balance the Budget. This other way will also produce a sum much larger than will any proposed tax legislation now before the Congress, and again I direct the special attention of the members of the Ways and Means Committee.

Like the collection of overdue and evaded taxes which I have just laid before you, this other source of available revenue is again no burden upon the present or the future. It again offers us opportunity to charge the costs of our past folly against the profits of that folly, to tax the past for the debts of the past.

For the past 15 years we have been away from what was previously the normal basis of American life. We have departed from caution and foresight and the wisdom of our ancestors. We have subscribed to weird phantasies of economics, the most unbalanced of which was the once prevalent belief that prices would forever go up. During this strange interlude in our history we became convinced that we were living in an era of unprecedented and permanent prosperity. Three years ago the natural laws of economics reasserted themselves and taught us some things that we had forgotton. Among other things, the arithmetic of our delusion was remodeled; we have learned that 12 years of inflation plus 3 years of depression is the equivalent of 15 years of hard times.

Comparing ourselves to-day with what we were in 1917, we find that we have a vast burden of public and private debt now which we did not have then, that we have formed the ruinous public and private habit of living beyond our incomes, and that we have become so accustomed to extravagance that we see it as necessity.

We in this Chamber are facing the consequences of a period of unprecedented national and international folly. We can not meet these consequences by continuing the folly which gave them birth. Paying bills is a sober business; it would seem best to approach the problem in the sober frame of mind which prevailed in the United States before we departed from reason 15 years ago.

Our bills must be paid. No matter what other nations may discuss or do, the United States must pay in full every penny that it owes, without evasion and without whining. We have been lectured upon our duty to the world; it seems to me that we have no higher duty than to provide an example by paying in full what we owe to our creditors and to our people—thereby, perhaps, offering a model of national sobriety in an age when that once common quality is all too rare.

Many a man who drew high wages in the silk-shirt era is living in a hole under a sidewalk to-day. All of us are paying our share of the common penalty in greater or less degree of sacrifice, self-denial, and actual loss of cherished possessions.

The human portion of the United States is paying a full share for whatever portion of so-called prosperity it may have thought it once enjoyed. Nobody in his right mind is bitter about this; it is a part of the business of living, and the ability to take punishment in silence is one of the most

important measures of manhood. What we are interested in now is the means by which our distress can be brought to an end and reasonable comfort restored to us once more. The American people have been and are now game under the lash of their troubles.

American corporations have a great opportunity to demonstrate that they are as willing to take their share of

the payment for their profits of the boom era.

American corporations to-day have a total accumulated surplus of some \$55,000,000,000. I am quoting this from Statistics of Income, prepared by the United States Treasury, page 25. Their cash loads the surviving banks of the country; they have more than \$20,000,000,000 of cash on hand and in banks, according to the latest figures of the Bureau of Internal Revenue. Ten billions of this surplus is invested in tax-exempt securities of the United States Government and its possessions and Territories or political subdivisions and securities issued under the farm loan act.

These great surpluses were accumulated out of excess profits; the very fact that the surpluses are so large is proof that the profits that they made were too large. These profits were made from the buying power of the American people. These surpluses compose a part of the funds that were used in the stock market in 1928 and 1929, being brokers' loans

"for account of others."

Many of these corporations have discharged their workmen and slashed the dividends on their stocks which they sold to the public—and still the great surpluses remain untouched. They are of no benefit to the public as they stand; it is questionable if they are of any great benefit to the corporations which hold them.

Taxes should be based upon capacity to pay. In these huge surpluses exist a definitely evident capacity to pay.

I propose a tax of 4 per cent upon all surpluses of corporations. These accumulated profits would have paid taxes to a far greater amount if they had been distributed as dividends when they were earned. If they had been so distributed, we might not have come to the depths in which we find ourselves to-day. To tax them now is not a capital levy; it is but the collection of a postponed tax and a measure of equal justice to those who have paid their full taxes. [Applause.]

These corporation surpluses of \$60,000,000,000 represent hoarding upon a far greater scale than the comparatively tiny sums which are said to be locked in safe-deposit boxes or in family socks. To release a part of these accumulations would be a great aid to the restoration of a prosperity which would swiftly produce profits far greater than the tax from a restored consumer buying power. [Applause.]

This is not confiscation. Four per cent of \$60,000,000,000,000 would be a tax of \$2,400,000,000—a great sum for the Federal Treasury in this emergency, but only seven-tenths of 1 per cent of the total capitalization of the corporations who now collectively hold this surplus.

I strongly urge that a 4 per cent tax be levied upon the undistributed surpluses of American corporations, and that cases now pending before the United States Board of Tax Appeals be hastened to conclusion and collection and that the Bureau of Internal Revenue be equipped to discover and collect all cases of tax fraud or evasion in which evidence can be obtained. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BLANTON. The gentleman speaks of some multimillionaires evading taxes. What multimillionaire in the United States is more interested, better informed, and better prepared to help along that line than our present Secretary of the Treasury? He is one who knows how himself; he does not need the help of a skilled lawyer to advise him, and he is the one who is advising some of our colleagues on our present tax bill, is not that so?

Mr. McFADDEN. The gentleman has answered his own question. [Laughter and applause.]

Mr. HILL of Washington. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. Lewis].

Mr. LEWIS. Mr. Chairman, ladies, and gentlemen, as one of your representatives on the great Committee on Ways and Means I found myself in disagreement with the majority with regard to some matters carried in the committee report of sufficient importance, in my opinion, to bring to your attention. But before, if I may, going into these points of disagreement I wish to emphasize what I conceive to be the major principle which should govern our deliberations in this difficult and serious matter.

This major principle, Mr. Chairman, is that it is our duty to balance the Budget; not balance it at some future, some more convenient and easy time, but balance it at the earliest possible moment. I would not postpone the date of the balancing, because after the severe shocks to its confidence which the country has already suffered in the world of private business, I fear that another shock to its confidence in the national finances, would prove indescribably disastrous.

Leaving the serious aspect of the matter for the moment, I think Micawber, whom you will remember as a Dickens character, expressed the philosophy applicable to our situation. You will remember that once in a soliloquy over his own insolvent estate, he remarked:

Annual income, twenty pounds; annual expenditures, nineteen nineteen six; result happiness. Annual income, twenty pounds; annual expenditures, twenty pounds aught and six; result misery.

Now, in balancing the Budget for the coming fiscal year, you know that some \$1,250,000,000 of additional revenue is called for. To what subjects of taxation can the Government look in its effort to gather this additional income? You have, first, the corporate incomes of the country running into the astounding figure of \$129,000,000,000, but after the legal deductions are made only about \$12,000,000,000 is left subject to taxation under our law, which is now subjected to 12 per cent tax and is to be increased to 13 per cent under the bill.

The next subject of taxation is individual incomes. They amount to some \$25,000,000,000 on the basis of the experience of 1929, but when the deductions or exemptions were attended to, this \$25,000,000,000 of individual income was reduced to the sum of \$7,500,000,000, upon which present income taxes and increases proposed are based. All the above figures are round and for the year 1929. They are much reduced, unhappily, in the current year.

Another subject of taxation is estate values. Something over \$4,000,000,000 is represented in the estate values passing from decedents as gratuities to those who are to become the beneficiaries. Under the present law, when the exemptions allowed are deducted from the \$4,000,000,000 only

\$2,350,000,000 remains.

These, gentlemen, are the three subjects to which we should first look to recoup our falling Treasury incomes. I shall direct my attention to-day to one of them only, and that is the estate tax. Before approaching that subject, let me repeat a truism often referred to in this debate. It is, that while there are certain rules and canons of taxation, one standard ranks preeminent and is accepted as containing more wisdom than all the others, and that standard is that the burdens of government should be imposed upon its people, not in proportion to their needs, but in proportion to their ability to pay. [Applause.]

We were a very long time in the United States developing our institutions, particularly the constitutional power of this body, to such a point that that canon of taxation could be substantially applied. I am sure my Republican friends on the left will take no exception to a statement I am about to make—that the Democratic Party had to fight nearly a half a century to get the income-tax provision into the Constitution.

How far is this standard of just taxation, "ability to pay," realized in our system to-day? A cursory view of our methods of taxation shows that after 20 years only one-third of the revenue of the Government of the United States is secured under this standard of taxation. Two-thirds of the revenue are secured still by indirect taxation, condemned as less desirable by all public financiers whose works I have been able to consult on this subject.

Now we come, ladies and gentlemen, to the estate tax. What do we find the situation to be here?

Now, I hope I am not too presumptuous in saying that probably not one Member of Congress out of ten realizes the discriminations that are being practiced by the present law with regard to those who earn their income and pay an income tax, in comparison with those who receive, unearned by them, the benefits of the wealth transferred through the inheritance and testamentary laws. If you will have patience to hear a few mathematical details. I will be able to make that clear. You know that we have reduced the exemption until the highest one remaining of the income-tax benefits is \$2,500. Ladies and gentlemen, the exemption of \$100,000 is now allowed in the case of estates. The exemption on estates is thus forty times as great as the exemption (\$2,500) of those who pay from earned incomes.

Please listen to some examples of this discrimination. under the bill. A railway engineman has an income of \$2,500. If he is unmarried, he is taxed on \$1,500. But the nephew of some decedent uncle, who has just left an estate of \$100,000, receives \$2,500 by gift or inheritance and pays no tax at all. Is this equality before the law? Another example: Some inventor or engineer awakes from the dreams of the night with a device or discovery to promote the common welfare and receives \$100,000 reward for it. He must pay a tax of \$26,770 or 27 per cent. But a beneficiary, the sole beneficiary, of some estate of \$100,000 receives his \$100,000, free of any tax at all. Who can deny the discrimination here? Who can justify it? The toiler must pay; the mere acquisitor need not. This exemption was formerly limited to \$50,000. The present law raises it to \$100,000, and this is the exemption carried in the present bill. It applies without regard to the human relations involved. A total stranger or a third cousin gets the benefit of just the same exemption as a widow with a family of children. Gentlemen, there is no principle on which such an exemption can be supported. It represents nothing more than the neglect of the legislative mind. None of the State's exemptions can be referred to in its support. In New York they have an exemption, but it is adapted to the human rela-

May I add that in New York State an exemption is first allowed of \$20,000 from the estate tax in the case of a widow, \$5,000 more in the case of each of her children, with a string of \$5,000 exemptions for other relatives. The State legislature has handled the subject with a view to its human aspects. This body has gone blindly and granted a \$100,000 exemption, whether it should go to a widow and a half dozen infant children or whether it goes as a mere gratuity to a total stranger.

The above discrimination raises a question of justice and principle more especially, but its significance to the Treasury, I admit, is not great. But I now come to the discrimination in the application of the rates themselves.

# DISPARITY IN THE INCOME AND ESTATE RATES

But, Mr. Chairman, the discriminations, unhappily for the Treasury, do not end there. After allowing the disparate exemptions to both income and estate taxpayers another set of discriminations are unconsciously carried in the law and the bill. Reading the income and the estate tax rates you find that the rate begins in the low bracket at 2 per cent for both; that is, \$1,000 of the net taxable would pay \$20 under the bill, whether income or estate. (That is, the low brackets are 2 per cent in each case.) So, too, the highest rates are the same for income and estates, for there is a maximum rate of 40 per cent on incomes and a maximum rate of 40 per cent on estates.

But now, gentlemen, I call your attention to a discrimination which is not paralleled in the history of taxation. The maximum rate of 40 per cent is applied to incomes when they reach \$100,000, but this 40 per cent is not applied to estates until they are one hundred times as great, until they reach \$10,000,000. That is, in order to collect the 40 per cent maximum on estates the income benefits to the distributees must be one hundred times as great. I now insert a table, the data of which have been supplied by Mr. Parker and his staff of the Joint Committee on Internal Revenue Taxation.

	(2) Income-tax	(3)	Income rate (per	Estate rate	
Taxable income and taxable estate	payment, revenue bill	Estate pay- ment, re- venue bill	cent of (2) to (1)	(per cent of (3) to (1))	
40000000000000000000000000000000000000		Hara S. R	Per cent	Per cent	
1,000	\$11.25	\$12,00	1, 13	1. 20	
2,000	23,75	24,00	1.44	1.20	
3,000	46, 25	36,00	1.54	1.20	
84,000	63.75	48,00	1, 59	1.20	
5,000	82, 50	60,00	1.65	1.20	
in,000	117, 50	72.00	1.96	1.20	
7,000	152,00	84.00	2.17	1.20	
\$8,000	192.50	96,00	2.40	1.20	
9,000	227.50	108, 00	2, 53	1.20	
\$10,000		120.00	3.00	1.20	
12,000		144, 00	3, 88	1.2	
16,000		192,00	5. 34	1.2	
20,000		240, 00	6, 60	1.20	
324.000		288, 00	7.81	1. 20	
30.000		360, 00	1,01	1. 20	
40,000		480.00	9, 50	1. 2	
50,000		600.00	14. 80	1.2	
60,000		840.00	17, 38	1.40	
570,000	13, 950, 00	1, 080, 00	19. 93	1.5	
80.000		1, 320, 00	22, 36	1.6	
90 000		1, 560, 00	24, 75	1.7	
\$100,000		1, 800, 00	26, 77	1.8	
\$150.000	49, 770, 00	3, 600, 00	33, 18	2.46	
200.000	72, 770, 00	5, 400, 00	36, 38	2.70	
300.000	118, 770, 00	10, 200, 00	39, 59	3.46	
8500,000	210, 770, 00	21, 000. 00	42. 15	4. 20	
51,000.000	440, 770, 00	58, 200, 00	44, 08	5, 8	
2,000 000	900, 770, 00	160, 200, 00	45, 00	8.0	
3,000 000	1,360,770.00	286, 200. 00	45, 02	9. 5	
54,000,000	1,820,770.00	436, 200, 00	45, 50	10. 9	
5,000,000	2,280,770.00	604, 200, 00	45, 61	12.0	
6,000.000	2,740,770.00	784, 200, 00	45, 68	13. 0	
7,000.000	3,200,770.00	976, 200, 00	45. 72	13. 0	
8,000,000		1,180,200.00			
9,000,000	3,660,770.00 4,120,770.00		45.76	14.78	
10,000,000	4,580,770.00	1,396,200.00 1,624,200.00	45. 79 45. 81	15. 62 16. 24	

Note, gentlemen, that on the first \$1,000 the income-tax payer pays \$11.25 and the estate \$12-that is, 1.13 per cent and 1.20 per cent, respectively. At \$10,000 the income payment is \$300, the estate is \$120, about 21/2 to 1. When \$20,000 is reached the disparity is nearly 6 to 1, the income paying \$1,325 and the estate only \$240. At \$50,000 the income payment is \$7,400, the estate \$600, or 12 to 1. At \$100,000 the sum of \$26,700 is paid, as compared with \$18,000, or over 14 to 1. At \$1,000,000 the income pays \$440,770 and the estate only \$58,200. And at \$10,000,000, where the nominal maxima of 40 per cent come together, the income pays \$4,580,770 and the estate \$1,624,000-that is, 16 per cent, or about one-third as much.

These discriminating disparities mean an abandonment of all just principles in taxation, I submit. But what, may I ask, do they mean to the Treasury in the worst peacetime exigency it has known for a century. Well, gentlemen, they mean that if only the same rates are applied to estates that are applied to incomes in this bill the yield will be increased from \$255,324,000 to \$969,440,450, an increase of \$714.116.540.

I know you marvel at the enormity of this disparity. The computations are the work of the staff of experts of the Joint Committee on Internal Revenue Taxation, and I now am presenting the table prepared by this official authority on the subject:

Joint Committee on Internal Revenue Taxation, Washington, March 16, 1932.

Hon. DAVID J. LEWIS,

House of Representatives, Washington, D. C.
My Dear Congressman: In accordance with your request computations have been made of the amount of revenue that would be raised from the Federal estate tax by applying the income-tax rates of the revenue bill instead of the estate-tax rates car-ried in the bill and allowing an exemption of \$50,000 instead of \$100,000. Tables are attached showing the estimated yield from the estate tax if the income-tax rates were applied in comparison with the yield from the estate tax under the 1928 act and the revenue bill as proposed.

Very truly yours, L. H. PARKER, Chief of Staff.

Comparison estate tax

Average net estate before exemption	number net esta		1928 act			Proposed bill			Estate tax if income-tax rates of revenue bill were applied		
		Estimated total net estate before exemption		Total yield	Per cent of average tax to average net estate	Average tax	Total yield	Per cent of average tax to average net estate	Average tax	Total yield	Per cent of average tax to average net estats
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TotalLess amount for States		3, 131, 300, 000					255, 540, 000 102, 216, 000			969, 440, 540 102, 216, 000	
Net amount for Federal Government				25, 554, 000			153, 324, 000			867, 224, 540	

You ask, naturally, why should there be such a disparity, why the beneficiaries of unearned, even if worthy, income should be preferred in this fashion. I think there could have been no conscious purpose to do so in the mind of Congress, because elsewhere in the act you do not find earned income discriminated against; you find it preferred, with a certain discount in its favor up to \$12,000 in amount. The explanation of the disparity between the estate beneficiary getting \$50,000 and paying \$1,000 and the earned income taxpayer paying \$7,750 on the same amount was not intended. My explanation is that the fixing of the point of application of the 40 per cent rate was a mere impulse of some one in charge of the subject. It could not have happened by comparison—the comparison is grotesque. Using a physical illustration, in the case of earned incomes the citizen pays his 40 per cent rate on a 1-story building, while in the case of unearned income, passing by force of the law, another citizen is not required to pay his 40 per cent rate until his structure reaches 100 stories. The consequence of the postponement of application of the 40 per cent tax in the case of estates to the \$10,000,000 point, instead of applying it at \$100,000, as in the case of incomes, is a loss to the Treasury of \$714,000,000. It has done more to wreck the Treasury than any other cause.

I think I know, or can understand, the psychology which accounts for what I have characterized as a discrimination in taxation utterly not found elsewhere and unparalleled in history.

The approach to the subject may have been social in purpose and not the approach of a public financier desiring to secure revenues needed by the Government in a wise and just way. Pictures of millionaires are presented to the social reformer. Put the rates high on the great fortunes, he says. His rates are conceived and formulated perhaps in the rostrum. It is a picture, not a mathematical formula he is regarding. The idea of millions takes his mind to New York. He looks out at the sky line of the city of New York. What is the picture at once presented to his mind? It is a picture of towering sky scrapers, so when he looks out on this field of income and wealth in the United States he sees a picture of towering multimillionaires or billionaires. But let me say to you that New York is not a town of 100 stories, it is not a town of 50 stories, it is not a town of 10 stories. New York, taken all in all, is a 5-story town, and if the authorities of that city should think only of skyscrapers, without regard to the great body of its wealth, only bankruptcy could be waiting for the great metropolis.

And so it is in this field of income and wealth. There are skyscraper incomes and estates, but the great body of the income belongs to the middle classes, and it is to them the Government must look for support and sustenance.

These figures I have presented to you are phenomenal, I know. If they were my own I should hesitate, because of their great dimensions, to present them. I asked the Joint Committee on Internal Revenue Taxation, which serves alike the Finance Committee of the Senate and the Ways and Means Committee of the House as its official counselors in taxation and revenue, to give me a statement of what the revenue would be if the same rates were applied to estates as to individual incomes. Here is a table giving their report. Their answer is that if estates were taxed, even after allowing \$50,000 exemption, at the same rates and in the same manner as individual incomes are taxed under this bill, an increase of revenue over that expected by this bill of \$714,-000,000 would result; and that is after making allowances for the present payments back to the States, and also allowing for the revenue of \$255,000,000 expected under this bill. A net increase would be available to the Treasury of \$714,000,-000 if we would here apply the principle of equality in taxation to the unearned amounts going to beneficiaries by virtue of the law and in the same spirit of fairness and equality that we apply it to the earned individual income. [Applause.] And this can be done without changing the rates. This great difference arises not in the rates. It arises because of the deferred or postponed point at which the 40 per cent rate is applied to estates. The only change in the statute that is required is a shift of the 40 per cent rate in the case of estates to the \$100,000 point where it is found in the case of individual earned income. The 2 per cent minimum rate and the 40 per cent maximum rates will remain unchanged.

Mr. RAMSEYER. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. RAMSEYER. Just to get clear what the gentleman is proposing, the gentleman is proposing an exemption of \$50,000?

Mr. LEWIS. Yes.

Mr. RAMSEYER. Then over the exemption the gentleman would adopt the income-tax rates, with the same brackets?

Mr. LEWIS. The same brackets.

Mr. RAMSEYER. So that the 40 per cent would apply after you get over the \$100,000, plus the exemption?

Mr. LEWIS. Yes.

Mr. RAMSEYER. That is up to \$150,000, with the exemption?

Mr. LEWIS. Yes.

Mr. RAMSEYER. Everything above \$150,000 would be taxed 40 per cent?

Mr. LEWIS. Everything above \$150,000 would be taxed just like incomes above \$100,000.

What happens now is this, that by deferring the application of this 40 per cent rate to the ten million point in one case, whereas it is \$100,000 in the other, that is an altitude one hundred times as great; the income-tax payer is paying at the rate of 45 per cent, and estates only paying 16 per cent.

Now, it would not seriously matter whether the estate exemption is \$50,000 or \$100,000, whether the point of application of the 40 per cent rate should be made \$200,000 in the case of estates rather than \$100,000; the difference in the resultant revenue would be negligible; but to defer this maximum 40 per cent rate in the case of estates to a point one hundred times as high as in the case of incomes explains why our estate revenue laws are practically barren of revenue.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. LaGUARDIA. I have followed the gentleman very closely. Has the gentleman considered the levying of such a rate where the estate consists of a factory or where the entire estate is in a going concern?

Mr. LEWIS. That condition is now involved and will obtain under any rate that is imposed. The estate tax is now imposed on the same subjects. It is a matter of degree. I doubt whether it is a serious matter of degree. The only question presented here is not a change of the rates but is whether the 40 per cent rate should be applied at the same place in the case of earned and unearned incomes.

Mr. BARBOUR. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BARBOUR. Following the question asked by the gentleman from New York [Mr. LaGuardia], for instance, in an estate that consists almost entirely of assets that are not readily convertible, what would be the effect of the gentleman's proposition on an estate of that kind?

Mr. LEWIS. Not different in character from that now obtaining. Whether the estate pays 16 per cent, as it does now under this discriminating policy, or whether it pays 45 per cent like incomes, the effect will be the same. The adjustment must take place, and I am told that plenty of time is allowed decedent estates for the adjustment of these particular matters.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield to the gentleman from Maryland 10 additional minutes.

Mr. BARBOUR. May I ask the gentleman another question?

Mr. LEWIS. Certainly.

Mr. BARBOUR. Would it necessitate, in certain instances, almost the entire breaking up of the estate in order to pay these taxes?

Mr. LEWIS. The gentleman is as well informed as I am, but I can not see that the principle is changed. You go to them for 16 per cent. Very well. You go to them for as much as you go to the others. Very well. The same subject matter is there; the same human; the same physical factors are involved.

Mr. BARBOUR. I am very much interested in the gentleman's statement, and this question has just occurred to me.

Mr. LEWIS. I am assured by those acquainted with the subject that the Treasury has ample power to give them 1 year, 2 years, 3 years, any time that is necessary to properly adjust those situations. I will append an official statement on the subject.

Mr. GREENWOOD. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. GREENWOOD. I am informed that in England they do not have a sales tax, but last year they collected in estate taxes \$400,000,000.

Mr. LEWIS. That is, they collected \$10 per capita in estate taxes and we collected \$1.20 per capita here. What pauper fortunes we must have in America.

Mr. GREENWOOD. Last year the Treasury reported that the United States, with four times the aggregate wealth of England, collected \$48,000,000 as against \$400,000,000 in England.

Mr. LEWIS. Yes; but this does not allow for the 80 per cent returned to the States.

Mr. LaGUARDIA. And we call ourselves a democracy.

Mr. KELLER. Miscall.

Mr. LEWIS. Mr. Chairman, behold the fruits of discrimination in taxation! The fruit in this case is a loss of \$714,-000,000 to the Treasury in the fiscal year 1933. And because of that departure from the accepted principles and equality in taxation, in what a situation are we involved? Let us abandon this discrimination and return to the just path of taxation, the standard of ability to pay, and firmly shun the field of indirect taxation. In my view there are two objections to this indirect taxation. The first is, as in the case of the sales tax, that the tax collected by the Government will not represent truly or fully the tax paid by the ultimate taxpayer. You can add 66 per cent to this \$600,-000,000 of sales tax, as a pyramiding effect, unavoidable in view of the business margins naturally applied in distribution, before the consumer pays the tax. [Applause.] That figure of 66 is not just a mere rhetorical expression. It is the result of much study on the subject of margins.

There is another objection to indirect taxation—it is its low visibility. Low visibility is the touchstone of those seeking special privilege. I am afraid it presents a temptation under which candidates, like ourselves, are liable to prove less strong than we should be.

The sales tax has low visibility. The tariff is also a sales tax, has a low visibility, and witness the wreck of world commerce which these tariffs have helped to produce. [Applause.]

We have not reached such a state of perfection in democratic government, my friends, that we can afford to employ such hidden taxation, denying knowledge to those who pay as to what the tax is or as to its amount. Low visibility means extravagance and carelessness in government. It is true it prevents squealing. The animal may suffer; the animal may perish at length without any knowledge of the agencies which are inflicting the mortal wound upon it. [Applause.]

To what is this abandonment of equality in taxation and of direct taxation leading us? It is leading us straight into this sales-tax method of raising the revenue.

My friends, there are circumstances, I admit, under which indirect and invisible taxation may be justified. There are countries, perhaps even now, so poorly advanced that their citizens will not pay their debts to the Government, will not pay the taxes they should be willing to pay for the protection accorded them by the government.

I think of China at this moment. It may be possible that direct taxation is beyond the powers of government in China; yet we know that the incomparable importance of the preservation of government and of law and order would justify any kind of taxation that might be essential to maintain that incomparable value.

But let me ask this question this afternoon: Is the country of Washington another China? Are we Chinese law-makers? Will the citizen of this Republic be unwilling to pay his obligation for the protection of Government according to just standards? Is he going to ask that we resort to invisible methods of sustaining the Republic we all love? No; this is not China! We are not Chinese statesmen. I have the fullest confidence that when this subject is examined by Members of this body in a sufficiently thoughtful way we will recur to the old path of taxation, which means justice and equality to all concerned and ample revenue for our country. [Applause.]

# TIME FOR ADJUSTMENT OF ESTATE TAXES

Under the Federal estate tax law the estate tax becomes due one year from the date of the decedent's death. However, the Commissioner of Internal Revenue may, upon showing of hardship, grant an extension of time for the payment of the tax, as follows:

In the case of the tax as reported by the executor, the commissioner may grant an extension of time not to exceed five years from the date the tax was due. This means that the estate may have a period of six years from date of decedent's death to pay the tax. And for the first six months of an extension no interest is charged. Therefore, for a period of 18 months from the time of decedent's death the Government collects no interest. After the first six months of the extension interest is charged at 6 per cent.

In the case of any additional tax found by the commissioner, he may grant an extension of the time for payment not to exceed two years from the date notice and demand is sent to the executor for payment of such additional tax. Interest at 6 per cent is charged for the entire period of the extension in the case of any additional tax found.

Mr. CHINDBLOM. Mr. Chairman, I yield half a minute to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, I just want to make an announcement. Quite a number of Republicans have expressed a desire for a conference in regard to this tax measure. Several have signed a petition, and I want to announce that there will be a conference of Republicans in this room to-morrow evening at 8 o'clock. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. Keller].

Mr. HILL of Washington. Mr. Chairman, I yield the gentleman from Illinois 15 minutes.

Mr. KELLER. Mr. Chairman, I have but one object in addressing this body, and that is to get clearly before us a series of ideas that will lead to the restoration of national income. If we can restore national income we will then have

no difficulty whatever about revenue.

To enable me to express my ideas fully on this subject I want to call your attention to the fact that when we assembled here on the 7th day of December we were faced immediately with a whispering campaign telling us that if we knew the condition of the country we would be scared almost to death. I listened attentively to it. I abided by the decision of the men of long experience here. I had nothing to say. I doubted the wisdom of it, nevertheless, because it is my opinion that the people of my distrist and the people of every other district in America are just as good patriots, just as intelligent and just as capable of keeping their heads under difficulties as we are. I know that if the men and women in my district knew they were facing difficulties they would face them like full-grown men and full-grown women; that they would not under any conditions lose their heads, nor do foolish things. On the other hand, they would do what all men try to do under pressure, and that is to sit a little bit tighter, be a little bit stronger, a little more conservative than ordinary, and when a national matter is involved, a little more American than at any other time.

I, therefore, for the first 60 days did not attempt to impose myself upon the time of this body. On the 26th of February, I was accorded an unusual time for a new Member. I gave on that day my opinions as fully as possible, and in the Record of that date anyone who is interested in it will find the entire address. I am not going to repeat that to-day. I am going to try to speak very well within my time

and much within it if I can.

But to enable me to get over to you the facts as I see them in America at the present time, it is necessary that I go back to the condition just before the stock panic occurred on the New York stock market on the 24th day of October, 1929, in order to call your attention to the fact that during the seven years in which we had currency stabilization we had no financial or economic difficulties. If the Congress had done its duty there would have been no panic with the subsequent depression.

I happen to know personally—and I speak entirely without partisanship, and I speak entirely impersonally—that the President of the United States was fully informed and thoroughly well warned of the impending danger, in the month of May, 1929. I call your attention to that fact for this reason: I do not know of a single thing the President did to avert that panic or to alleviate the result afterwards.

If it be not the fault of the President, let us not lay any fault at his door. If, on the other hand, there were means at his command, then we ought to call him to account for not attempting at least to prevent that catastrophe.

I listened with tremendous interest to the address of the gentleman from Pennsylvania, to which I am going to refer a little later in my own talk, and that is as to the broker's loan, the effect of it, the reason for it, and what it has done to America. In other words, what I am driving at is this: If at the present time we have no means of averting panics, the first duty we owe to our country is to provide the means for averting panics hereafter, and we can not get away from that. It is, in my judgment, a disgrace to the intelligence of this country, the richest country on earth, with an abundant supply of everything, that we should have such poverty, distress, and destitution in this country at the present time. It can not be less than a disgrace to our intelligence, and our first duty is to see that this does not occur again.

Immediately after the crash on the New York stock market, the President called together at the White House a considerable number of the captains of industry. I read very carefully to see if there was one question asked or one statement made in that entire meeting setting forth the reason or the cause of that panic; and so far as I know, not a solitary man volunteered the answer, and so far as I know no one asked the reason. Yet this is exactly what ought to have been done first. The reason I am calling your attention to that fact is simply this: During the past 10 or 11 years, at least, we have been obeying, governmentally, the extremely wealthy men of this country, and doing their bidding and taking orders from them. It is a question whether we can go on doing that and survive. Frankly, I doubt it.

The President, very naturally, I presume, has attempted to distract attention from conditions as they are, but it is

my duty and yours to face them.

The President pointed out, first, as his reason for the panic and the subsequent depression, the statement that there was overproduction. There could not have been overproduction in all 550 commodities, so that would not hold water, and because everybody knows that where there are millions of hungry people there is no such thing as overproduction of food; and where there are millions of naked people, there is no such thing as overproduction of clothing. When that would not stand up the President laid it on to the war. When that suggestion failed, he called attention to the conditions of panic in Europe. At the end of about a year and a half we are faced with the statement that it is a world-wide panic; that it is no fault of our own.

Oh, what a lovely thing it would be if we could sit back and say, "We did not do it; those fellows over in Europe did it; they brought on these bank failures; they put us all broke."

Of course, this would be an extremely easy way out of it. It may be an entirely honest way, but, certainly, not the intelligent way. What we ought to do and what we must do is to face the facts as they are.

I call your attention to the fact that in Europe there are just two main countries that are in depression at the present time and no more. They are Great Britain and Germany. All the rest of the countries of Europe, with the exception of the small Balkan States, are in very excellent condition economically, and there is no appreciable unemployment in any of them except the two large countries mentioned. The countries in Europe that are to-day doing much more than 50 per cent of the entire business of Europe are in splendid condition financially, and the proof of it lies just here.

I call your attention therefore to these facts: The total bank failures in Germany from October, 1929, to the most recent figures available on that subject amount to 25. Of that number 19 were private banks with very small capital, and only 6 of them would be classed as banks in this country.

Now, what about France? In France there were 23 bank failures.

Mr. MICHENER. Will the gentleman yield for a question? Mr. KELLER. Oh, surely.

Mr. MICHENER. The gentleman speaks of Germany; I am not familiar with the banking system in Germany, but do they not have, generally speaking, the chain system of banking so that it is impossible for one bank to fail if it belongs to a chain unless they all fail and the ones the gentleman has pointed out are just a few little private banks individually operated here and there?

Mr. KELLER. Let me say to the gentleman that I would prefer, of course, for the first 15 or 20 minutes of my talk to address my talk to the regular line of my argument and then come back and answer any questions that the gentleman may like. I would be glad, surely, to answer any question, so far as my knowledge goes.

I am only calling your attention to the facts, and the gentleman may make whatever application of them he pleases, of course, and I shall do the same.

But, in France there were 23 bank failures during the same period. Of the 23 bank failures of France, 8 were private banks of small or unknown capital. The actual number of bank failures in France therefore was 14.

Put together it means this, gentlemen, that in Germany there were 6 actual bank failures, and in France there were 14 actual bank failures in this period, and in Great Britain not a solitary one.

What about the United States during the same period? During this period in the United States we had 4,264 bank failures. The total amount involved in these failures in the United States was about \$2,800,000,000.

If our panic is due to Europe—bank failures are certainly contagious.

I just call your attention to this, gentlemen, because we can not go on laying this condition to Europe and get anywhere with it. We can not solve it unless we bring it home where it belongs and face it like real men, and then see if we can not solve it. I invite every man of every party to assist in this, and I assure you that if the President of the United States to-morrow should announce a plan, a rational plan, to restore the national income, he would not have a better supporter in this body than I would be. I invite him to do this, and quit fooling around trying to lay this on the rest of the world. They are not guilty. It is our panic. We must pay for it, and we must solve it and prevent the return of panics.

The next thing I want to call your attention to is this. I agree with the speakers who have just preceded me, and with practically all other speakers that we have had, that if we can, we must balance the Budget; that is, make our income equal to our pay-out. This is a good thing to do, if we can do it rationally.

But if we balance this Budget with dollars worth 150 cents we will continue the betrayal of the American people which began in 1929 and has continued until this day.

And even if you do perpetrate this imposition upon the American public, I say to you that you can not balance the Budget by taxation. You can not balance the Budget, nor keep it balanced until you put men to work creating wealth.

We all understand fairly what an unfortunate position we are in, but I am not able to join those of my colleagues who, from the opening of Congress, have accepted a poverty complex for the United States. I have listened to a great many hopeless speeches. I hear almost every day that unless we balance the Budget we are bound for perdition, governmentally speaking, and a great many do not think we can balance the Budget anyway.

Unless this Congress soon recovers from its poverty complex it will be necessary for us to establish an official wailing wall against which to lean as we weep and howl. The fact is we are only poor because we are idle. We are screeching and screaming over a very ordinary business matter. Every business man has had the experience of losing money, that is, not making both ends meet during the year or a series of years. Under these conditions he has done a very natural thing. He borrowed money to tide himself over. He did not get excited at all. He first sat down very calmly and figured out why he had lost money and where; then he figured out how to make money the next year; when he had

done that he borrowed what he needed and went ahead. Many a business man has found out that he was simply losing money because he was underfinanced. He did not weep and wail and tell the world how sure he was of going brokenot at all. He just made sure of getting plenty of money and doing business as it ought to be done for the next year and went in and won.

The United States is in the same position. We ran behind last year; we are sure to run behind this year; and we are told by our bookkeepers, the Secretaries to the President of the American Nation (Inc.), that unless we do better we are going to run behind next year. This Congress is the board of directors. It is our business to provide ways and means of making both ends meet. So far we have been so badly scared that we have entirely forgotten to find out why we lost so much of our national income. No committee has been appointed to investigate that most important matter of all, although I have been seeking the appointment of such a committee since the opening day of this Congress. So we are running rings around ourselves not knowing what caused it all. The President of the American Nation (Inc.) asked assistance for financial institutions to the extent of \$2,000,000,000.

Now, this Congress, this board of directors, hurried behind closed doors to obey his insistent instructions. It did not seem to occur to anyone to suggest that any administration which would permit the business of the country to run so largely behind already, and facing the certainty of going much further behind this and next year, is not a safe adviser to follow. He did not tell us why this has all happened at all, and we did not ask him why. Just why we should rush through the measures for curing a condition suggested by an official who has so signally failed in preventing these misfortunes has been a matter of wonderment to me.

Now, I have set out this business of government purely as a business matter for the purpose of looking at it rationally. And what conclusion must we draw. First, that unless we take it for granted that we know why we are in this condition our first duty is to set about finding out why. When we actually find out why we are so poverty-stricken there will be no difficulty in prescribing the remedy. But pending that investigation—if it shall ever come—I am attempting by the process of elimination to discover at least the primary reasons for our present misfortune.

During this period of economic storm the citizens of this country gradually lost confidence in its financial institutions and started hoarding their money. The President finally called another conference. To discover why people were hoarding? No! That question, so easily answered, apparently was not discussed. Instead, they determined it was unpatriotic for the people to attempt to preserve what little wealth they still retained by hiding it.

The importance of cash is that in itself it bears no interest. So no one can really afford to hoard it except under those conditions where it is actually worth more while hoarded than when invested.

Now, to make the importance of that fact plain, let me call to your attention that when the credit stream is flowing free and undisturbed money, currency, actually draws no interest, so that every day a man carries a dollar uninvested he simply loses the interest on that dollar. Therefore the wise man carried as little cash as possible. But there is another feature of this that must be considered. The moment the panic struck Wall Street the intuition begotten by past experience caused him to grab his cash for purposes of security. He felt that disaster was abroad in the land. He began pinching dollars. Everybody did. The result was that the value of the dollar began going up. It increased from 103 cents up to 150 cents-47 cents in 26 months. The result was that the man who kept his currency entirely safe in a safe-deposit box or his pocket, or anywhere out of investment, out of use, made 21 per cent per annum on every dollar he kept out of use. Now, it ought to be perfectly plain to everyone that that is four times as much as the ordinary rate of interest. It therefore follows that as long as men can make more by not investing their money

than they can by investing it, they naturally will not invest it.

On the other hand, let us suppose we should at once set about supplying an abundance of cash for all purposes at reasonable rates, so that anybody who can furnish security could have all the cash he needs at say 6 per cent. What result would necessarily follow. Certainly this: The man who had held onto his dollar while it increased 21 per cent per year would lose that whole gain unless he invested it. And that is exactly what a sane sensible man would do. As soon as he saw that money would be provided to meet all requirements to the full restoration of the price level of 1926-in short if he saw that his 150-cent dollar would drop rapidly to 100 cents he would buy something at once. Because he would know that object, that commodity would at once increase 33 1/3 per cent in value, so that when he desired to sell he could get a dollar and a half in 100-cent dollars. And that is exactly what will happen if we are wise enough to supply sufficient cash to meet all demands up to the price level of 1926—every commodity will come back to that price level; all property will return to the price of that year. We are making a mistake at the present time to talk credit because credit is so impaired that we must have an abundance of that thing which is the basis of credit-cash. Investment will not follow anything else until credit is fully restored, the credit stream fully reestablished and made permanent by an adequate guaranty to everyone who makes his money a part of the national life by pouring it unreservedly into the stream which makes commercial life exist.

The man who is or has been living on and consuming his savings is paying the highest possible capital levy. It is forced confiscation of his property. It is the very thing against which the rich people of this country stand in such holy terror in relation to their own large fortunes. If they are wise they will understand that a capital levy is just as fair for one as it is for another. And when a sufficient number of people have been impoverished by capital levies consuming their savings they will demand that the capital levy idea be extended to the capital of the rich also. Unless the rich want to face a capital levy for themselves they will do well to make such sacrifices of income as will protect their capital.

For the reason that I have here pointed out, it ought to be perfectly obvious that if we are as serious about the welfare of the American people as we claim, that if we are concerned about the honor of our Government and its credits, we should be no less concerned with our honor in balancing the Budget with honest dollars. We must not balance the Budget in 150-cent dollars; they are not honest collars. It is high treason to the debtor classes, and who is there to say that after nearly three years of the worst economic storm in our entire history the debtor class of our citizens is not the large class by many millions?

Now, I want to talk to you about the deficit. You would gather from the speeches made here from time to time that there never had been a deficit before in the United States. I would believe, if I had listened to the gentleman who preceded me that if we did not collect enough money to pay our debts this year, cur credit would be completely ruined, and we would never get over it.

Let us see about that. In my investigation I have not gone back of 1858. But in the 74 years from 1858 up to and including 1932 we have had 28 annual deficits. Now, get that, gentlemen. Some say, "Oh, well, some of those years were war years." Yes; there were 10 war years. But taking out the 10 war years, what do you have left? It leaves in the remaining 64 peace years, 18 annual deficits. In other words, taking the whole period of 74 years, we have had an annual deficit every 2 years and 8 months during that 74 years.

Mr. McGUGIN. Will the gentleman yield?

Mr. KELLER. Certainly.

Mr. McGUGIN. During the period of deficits, have you any illustration, like the deficit of 1930, when one year was worse than the preceding year and reaching the staggering sum of \$2,000,000,000?

Mr. KELLER. Yes; in 1917, 1918, and 1919 we had deficits of \$1,700,000,000, \$9,268,000,000, and \$13,238,000,000.

Mr. McGUGIN. My question refers to peace time.

Mr. KELLER. I do not know that I have run that over.

Mr. PARSONS. Will the gentleman yield?

Mr. KELLER. I yield.

Mr. PARSONS. Between 1892 and 1896, when Treasury notes were issued in the amount of \$250,000,000, on February 21, 1893, how did the wealth and capital income compare with the present time?

Mr. KELLER. I have not made any comparisons along that line, but I am going to submit a list of deficits for the information of the House, and I am sure you will be glad to have it.

During the 10 war years we had a deficit all the time. During the 64 peace years we had deficits 18 years. During each administration period we had a little more than one year's deficit for each administration from 1858 to the present time.

Mr. RAGON. Can the gentleman furnish us with the information as to what our public indebtedness was at the time of these deficits?

Mr. KELLER. I will be very glad to work that out and bring it in here and put it in the Record if I can get the time. I have only one illustration for you now. The idea that it will ruin our credit if we do not immediately balance the Budget is fallacious.

Let us look at it. During 1917, 1918, and 1919 a total deficit of \$24,256,000,000 in the three years' period.

Did that ruin our credit entirely? Did it swamp us? Did it make the people lose faith? On the contrary, it convinced the people that there is no such thing as ruining the credit of the United States as long as our indebtedness is only 6 or 7 per cent of our national wealth.

Mr. MICHENER. But at that time economic conditions were entirely different from what they are now. Market prices were higher, labor prices were higher, and now there is overproduction, and buying power is limited.

Mr. KELLER. I thank the gentleman for calling attention to the very thing that I am trying to make plain. We have got to restore those conditions. We must restore commodity prices. We must restore wages. We must put men to work. That would restore buying power, and nothing else will.

Increases in public debt, year ending June 30, 1853-1931

49
57
50
86
38
26
33
98
17
12
28
51
03
30
53
50
41
75
23
10
68
68
68
00
17
34
00
44
7

Mr. MICHENER. And the balancing of the Budget is the very thing that is necessary to do that.

Mr. KELLER. We did not balance it during those years. Mr. MICHENER. For the reason that I have suggested.

Mr. KELLER. Very well. Let me suggest to the gentleman that if we could stand a deficit of \$24,000,000,000 plus

Mr. MICHENER. Does not the gentleman think, if he were a farmer-

Mr. KELLER. I happen to be.

Mr. MICHENER. And times are prosperous, that he can stand something in the way of a mortgage or expenditure that he can not stand when times are not prosperous?

Mr. KELLER. Let us bring back prosperous times. That is the only reason that I am talking. I want to bring back prosperity, and I want the gentleman to help me.

Mr. MICHENER. I beg the gentleman's pardon; I will not interrupt any longer, but sit back and let the gentleman bring back prosperity.

Mr. KELLER. I can not do it if the gentleman and other gentlemen will not help me. I am appealing to you to help me to do it. I do not mean to say that we are not going to balance the Budget. We are, because it is a simple matter to do.

I want to call your attention to some more facts because I know this body likes plain, unadulterated facts, and I have been digging a little bit. You would get the idea that the income tax is just about to eat us all up, completely and entirely destroy the wealth of the United States. The truth of the matter about our income tax is simply this-that onehalf of the income which under the intent of the law should be paid into the Treasury is not being paid into the Treasury. Even under the betterments and improvements which these gentlemen are making in this law-and I compliment the committee on the splendid improvements they are making-you will find you will not even then get threequarters if you leave the loopholes as they are at the present time. As my friend from Maryland [Mr. Lewis] has so well said, it took us 50 years to get to the point where we had the right to tax a man according to his ability to pay. We have that right, and we have that responsibility

in three years we ought not to be scared to death over | as well. There is a great abundance of wealth in this country that can afford to pay the taxes necessary to carry on this country as it cught to be carried on, and to the great advantage of wealth itself. At this point I call attention to the fact that industry is national. It acknowledges no State or sectional lines, but only national lines. If we are as wise as I hope we will be, we are going to be wise enough to recognize that industry is national and treat it nationally. We must do that.

> Those who think that our rich people are suffering from the payment of exorbitant income taxes are entirely wrong. I doubt whether there is any man in this assembly who knows better than I do the necessity of protecting wealth. But I also know the greater necessity of creating wealth constantly. Because it costs us \$40,000,000,000 a year merely to exist in the United States at the present time, we have to produce enough beyond that to meet \$10,000,-000,000 of interest payments and about \$13,000,000,000 of governmental expenses over the country. Out of whatever we can get above that amount we can put by as savings for investment, for betterments, and to make progress that we all want to make and have the right to make. I have every desire in the world to protect the wealth that we have already amassed in the United States. But I have no desire and I will not consent to the unequal division of wealth that we have been compelled to accept during the past.

> Last summer I got to digging into things and I found out that a few wealthy people in the United States each year give very large amounts to science, to art, to education, to charity, and religion. I began to look it over, and I want to give you the summary here because I know that this will interest you. I was able to work it out only for nine years, beginning with the year 1921 and ending with the year 1929, both inclusive. I offer the table for insertion in the RECORD.

Individual incomes and contributions

Year	Individual incomes	Annually, two to three hun- dred givers (gifts)	Excess of gifts over individu- ual incomes	Corporation income-tax returns	Total corporation and individual income-tax returns	Excess of gifts over individ- ual and corpo- ration income- tax returns combined
1921	704, 265, 390	\$1, 719, 000, 000 1, 787, 760, 000 1, 859, 310, 000 2, 000, 320, 000 2, 192, 680, 000 2, 192, 680, 000 2, 219, 700, 000 2, 320, 609, 000 2, 450, 720, 000	\$999, 612, 894 926, 702, 692 1, 197, 643, 867 1, 296, 054, 610 1, 334, 014, 817 1, 460, 209, 210 1, 389, 060, 566 1, 166, 345, 963 1, 448, 781, 853	\$701, 575, 432 783, 776, 268 937, 106, 798 881, 549, 546 1, 170, 331, 206 1, 229, 797, 243 1, 130, 674, 128 1, 184, 142, 142 1, 193, 435, 832	\$1, 420, 962, 538 1, 644, 833, 576 1, 598, 772, 931 1, 585, 814, 936 1, 904, 886, 389 1, 962, 268, 033 1, 961, 313, 562 2, 348, 396, 179 2, 195, 373, 979	\$298, 037, 462 142, 926, 424 260, 587, 069 414, 505, 004 163, 633, 611 230, 411, 907 258, 386, 438
	7, 410, 233, 528	18, 628, 660, 000	11, 218, 426, 472	9, 212, 388, 595	16, 622, 622, 123 970, 912, 222	2, 023, 834, 056 1 17, 796, 179
						2, 006, 037, 877 2 970, 912, 222
					<sup>3</sup> 16, 625, 324, 474	2, 976, 950, 099 4 973, 614, 573
						§ 2, 003, 335, 526

Excess tax over gifts.
Tax refunds during 9-year period.

Mr. PETTENGILL. What do those gifts include?

Mr. KELLER. They include all gifts. You will find all this in the World Almanac.

Mr. COCHRAN of Missouri. Does that include gifts that might have been passed out by a parent to a member of the family?

Mr. KELLER. No; it does not include that.

Mr. COCHRAN of Missouri. It is important to get that. Mr. KELLER. Yes; that is important. It did not occur to me to do that. If the gentleman from Missouri will do that he will render a great service to this House.

Why am I calling attention to this tremendous giving? Am I opposed to these gifts? Certainly not. I am glad that America is rich enough to give men the opportunity of making wealth so that they can make such splendid gifts

as these. I am devoutly thankful for such generosity, for such service to humanity.

The point I direct to your attention is simply this, that during the same years, so far as I have been able to count them, not over 300 people participated in giving these tremendous amounts, and in 1929 there were a little over 1,000,000 individual income-tax payers. How do the tax payments compare with the amount of these unadulterated gifts? I shall not bother you except to give you the summary. The total amount of gifts during those nine years amounted to \$18,828,000,000, and there was paid in individual income tax during that time \$7,410,000,000. Are the wealthy people of this country suffering from overtaxation when they give away nearly three times as much as they pay in taxes?

Total income—corporation, individual, estate, and gift taxes.

\* Excess of gifts over all—estate, income, and gift taxes.

One more thing I want to call to your attention, and that is that for exactly the same years, 1921 to 1929, inclusive, the total corporation taxes amounted to \$9,212,000,000. In other words, the gifts amounted to \$2,300,000,000 more than the combined income taxes for both individuals and corporations and including the estate and gift taxes for the same 9-year period. There is no reason why the burden should not be placed upon the incomes of the wealthy so long as they are giving away more than all other taxes put

Are we going to be compelled to go before the people of this country, 8,000,000 of whom are crying for jobs, and thirty-five to forty million of their dependents in various stages of acute economic distress, and say to them, "It is the collective wisdom of this Congress that you shall bear an additional burden by paying a tax which the rich can not afford to pay "?

Are we to accept the advice of an administration that has been thoroughly discredited before the entire country and add to the burden which their economic abuses has put upon the backs of the wage and salaried classes of our

citizens by adding a sales tax?

The people whom you are about to tax had no part in bringing about this havoc. When a succession of Congresses reduced the income tax time after time, making the reduction retroactive each time, it was not the people whom you are about to tax now who benefited. Who did benefit? Only those individuals and corporations whose income was sufficiently high to require a tax to be paid. When you stop to compare the small number making up this favored class with the great number that will be affected by the sales tax here proposed, the injustice becomes immediately apparent.

My colleague from Pennsylvania [Mr. McFadden] has made a suggestion to you here this afternoon that I had intended making myself and that is that we already have a means immediately available for raising revenue in the tax deficiencies now pending before the Board of Tax Appeals.

Under the provisions of the law creating this Board of Tax Appeals it is a simple matter for the man or corporation who owes taxes to make money out of the Government by simply postponing payment of its taxes by appealing to this board.

Sufficient tax money is tied up in this litigation to raise one-half more than it is proposed to raise by the sales-tax provision of this bill from the rags and starvation of 8,000,-000 idle men.

Is the United States protected in this matter? It is not. No bond is required to insure the payment of the tax should the appellant fail to sustain his claim. It is a notorious fact that over one-third of this tax money is never collected after it is found to be due, and in many instances the appellant has gone bankrupt in the midst of the proceedings and the Government has lost it all.

The man whom this bill would require to pay a tax on his movie ticket has no such convenient body to stave it off.

Why not require these taxes to be paid now; then if the Board of Tax Appeals discovers that they have been wrongfully assessed, return such portions as may be due.

It has been said here, at least privately, that it is useless to put higher taxes on the wealthy of this country; that they will simply avoid paying it by some means or another. If I actually believed that, I could not reconcile the justice of our failure to tax the wealthy because they will attempt to avoid it, and then turn around and put a tax on the poor who can not avoid it.

This Congress should put the burden of taxation where it justly belongs-upon those who have sufficient wealth already made, upon those whose incomes even in times like these is comparatively unimpaired, and upon such other sources of revenue exclusive of the sales tax. The 1918 tax bill is full of sources that will work no hardship on any one.

If the Congress will do this I shall then favor a sales tax to raise the revenue that we need to put men to work, to restore the national income.

In 1928 and 1929 we earned \$300,000,000 every day of the 300 days we worked in each of those years. It would therefore require but two days' work under those conditions to pay the deficit provided for by the sales tax proposed in this bill.

Now, I ask you gentlemen, how long will it take the 8,000,000 idle men and their families to pay their part of this deficit?

The jobless and the nearly jobless will have no hesitancy about accepting a sales tax if the money derived therefrom will be used to put men to work, to restore the national income. If they know that the money that they will pay in increased taxes will go to provide jobs for themselves and their idle buddies and not to ease the burden of taxation of the rich no Member of this House will need have any fear about voting for a sales tax. [Applause.]

The CHAIRMAN. The time of the gentleman from Illi-

nois has expired.

Mr. CHINDBLOM. Mr. Chairman, I yield five minutes to

the gentleman from Kansas [Mr. McGucin].

Mr. McGUGIN. Mr. Chairman, the only thing I wish to state is prompted by the remarks made by the gentleman from Illinois [Mr. Keller], who has just spoken, in which the gentleman cites the fact that there have been a limited number of bank failures in Germany, France, and England, while there have been thousands of bank failures in the United States, and offers that as proof that there has been no depression there as compared to the depression in America.

I can not speak for Germany. I can speak in the case of France and England. Some 14 years ago it was my good fortune to be in those two countries at the time when there were two or three million other young Americans there, and I never saw a bank in England or France which was not a chain bank. I have no recollection ever seeing a bank in France which was not the Bank of France or the Crédit Lyonnais. If the gentleman's argument that there have been no bank failures in France and England is any information which would guide the American people in the banking business, it would be that the American people should go into the chain-banking business. That is something which I detest and which I hope my country never does. Chain banking will keep all banks open or they will all go broke, one or the other, but a chain bank will destroy individual credit. No one ever heard of a French farmer borrowing a dollar from the Bank of France. No one ever heard of the ordinary French merchant borrowing a dollar from the Bank of France. I understand that the same thing is true in England; the small individual merchant never borrows money from the Bank of England and the individual farmer never borrows money from the Bank of England.

Perhaps we can not maintain the banking structure and give credit to the farmers and individual business men. I do not want to make that concession.

Mr. MANLOVE. Will the gentleman yield?

Mr. McGUGIN. I yield. Mr. MANLOVE. Where does the farmer and the small merchant go to get a loan?

Mr. McGUGIN. In France and England?

Mr. MANLOVE. Yes. Mr. McGUGIN. They do not borrow any money. They never get a chance to borrow any money from a bank. Credit for individuals is unknown.

Mr. MANLOVE. I feel very sympathetic toward them. I have been in the same condition many times.

Mr. McGUGIN. Perhaps that would be a good condition for our country. I make this suggestion only because I did not want the gentleman's remarks to be construed as meaning that they have a sounder banking system in those countries than we have in ours, unless we are willing to go a step farther and give up the principle of private credit.

Mr. Chairman, I yield back any time I may have. [Applause.]

The CHAIRMAN. The gentleman from Kansas yields back two minutes.

15 minutes.

Mr. Chairman, during the past week or more we have heard some very frank statements as to certain provisions of the tax bill that is now before us. The frankness of those statements extended even to the members of the Ways and Means Committee who brought this bill into the

At the outset I want to assure you that the members of this committee are not laboring under any illusion as to the gravity of the proposition of presenting a tax bill in which is included a general sales or manufacturers' tax. I want to assure you also that with the possible exception of two or three members of the committee, and I think none of them on the Democratic side of the committee, the membership is in agreement with all of you who have spoken in opposition to that particular feature of the tax bill, that a sales tax is always odious.

Speaking personally, I have always been opposed to a sales tax. I am opposed to it now, and I am opposed to it on principle, if there be any principle underlying this system of taxation, and nothing short of dire necessity could drive me to support such a plan of taxation.

In listening to the discussion one would think that perhaps that is the only source of revenue included in this tax bill. Statements have frequently been made that taxes should be levied in accordance with the ability to pay, and that this committee should have brought in a tax bill levying the necessary increased taxes upon the incomes of individuals and corporations, and upon estates and inheritances. As you listen to the speeches in opposition to this tax bill you would think that the committee had been derelict in its duty in not first resorting to those sources of

I want to call attention to the fact that the very first work the committee did after listening for six or seven weeks to hearings before the committee was to see how much revenue could be raised from the income taxes and from the estate and gift taxes. We pressed to what we thought was the very limit of productive revenue from those sources before we even considered any other source of revenue to make up the deficit in the Treasury which is now staring us in the face. We increased income surtaxes on individuals 100 per cent in all brackets from \$10,000 up and made the maximum tax applicable at \$100,000, after allowing an exemption on the first \$10,000. The result is that taxable incomes above \$100,000 bear a normal tax of 6 per cent and a surtax of 40 per cent, making a total tax of 46 per cent. We increased the corporation tax from 12 per cent to 13 per cent, and it was the unanimous opinion of the committee, as far as I recall, that that was as much additional burden as we could place upon the corporations of this country in the present economic conditions.

We then took up the estate and gift taxes, and we raised the estate taxes from a maximum of 20 per cent to a maximum of 40 per cent. That made an even 100 per cent increase upon the estate tax, beginning at the point of \$100,000 and graduated so that the maximum tax would be applicable on net estates of \$10,000,000 and above. Then to protect this estate tax and to be sure, as nearly as it was possible to be sure, that there would be no evasion in the matter of the payment of estate taxes, we recommended a gift tax, with a maximum rate of 30 per cent, which paralleled the brackets of the estate tax.

Now, you may wonder why we did not make the gift-tax rates the same as those of the estate tax. You will bear in mind, however, that the primary purpose of the gift tax is the protection of the estate tax, so it was not thought desirable-and I am sure you will agree with the committee on that point—to so arrange the rate under the gift tax as to absolutely discourage the distribution or division of estates during the lifetime of the owners.

It is a commendable thing, of course, in many instances, and in most instances, that these large estates be broken up during the lifetime of the owner, and by making the maximum rate 30 per cent instead of 40 per cent, as in the case

Mr. HILL of Washington. Mr. Chairman, I yield myself | of the inheritance tax, we have provided in the gift tax itself a source of revenue to be paid within the lifetime of the owner of the estate; whereas if you make the maximum rate of the gift tax 40 per cent, the same as the maximum rate on the estate tax, there would be no inducement to divide these large estates during the lifetime of the owner, as he would pay exactly the same rate of taxation as the estate would pay after the death of the owner. Hence we expect to get some revenue from that source, and at the same time protect the estate tax.

I want to repeat again that the first work the committee did was to go to the sources of income taxes, both corporate and individual, and to the inheritance, estate, and gift taxes in order that we might place the heaviest burden possible on wealth and levy taxes in accordance with the ability to pay, before we resorted or began to look around to see where we could raise other revenue to supplement that which it was expected to receive from these sources, and in order to take care of the deficit in the Treasury.

But sitting here and listening to these speeches in opposition to this bill I rather got the idea that this Congress had made an egregious mistake in selecting for service on the Ways and Means Committee, from both sides of the aisle, a bunch of the most incompetent men in the whole

Mr. MANLOVE. Will the gentleman yield?

Mr. HILL of Washington. Yes.

Mr. MANLOVE. I will be glad to testify that I think the committee is made up of as brainy men as ever constituted any committee in Congress.

Mr. HILL of Washington. I thank the gentleman very much. We do not claim superknowledge, but we do claim for ourselves sincerity of purpose. The responsibility was ours. It is easy to criticize. I know, for I have occupied the position of critic when the responsibility was on the other man. It is a much more difficult thing to sit in the seat of responsibility and measure up to the duty which is placed upon you by reason of being placed in that seat of respon-

I want to say to you that whether the tax bill that has been brought in here is a wise one or whether it is a vicious one, this committee brought to bear upon it all the sincerity, all the ability, and all of the investigational work which was available to it in order to bring in the best possible bill under the economic conditions prevailing, for the purpose of balancing the Budget, in order that the credit of this great Nation might be saved.

I want to say before I get away from that point that after we had increased the estate tax, the individual income tax. and the inheritance tax 100 per cent, and after we had placed in the bill a gift tax carrying a maximum rate of 30 per cent, and after we had increased the corporation tax from 12 to 13 per cent—these being the highest rates in the judgment of the committee that would be productive of the greatest amount of revenue-we found that from those sources there could be raised by way of increases over the present set-up in the existing tax law only \$112,000,000 by the increase of the individual income tax, \$21,000,000 from the increase of corporation tax, \$35,000,000 from the estate tax, and with the estimate of the gift tax left out of the picture, leaving a deficit still remaining of more than \$1,-000,000,000. After recommending certain new special excise taxes and without disturbing existing excise taxes, the existing customs duties and miscellaneous internal revenues, we still had a deficit of something like \$600,000,000.

It was evident to the committee, as it must be evident to you, that we first exhausted all of the resources for placing the burden of the tax on wealth so far as additional revenues were concerned, and that we had to go somewhere else to get this additional \$600,000,000.

The Treasury Department submitted with its recommendations for this additional money a certain selected list of commodities, with a proposal to levy high excise rates upon them to make up this \$600,000,000. You are familiar with the items. Gasoline was one; automobiles, trucks, and accessories; a stamp tax on checks; an increase in the postal rates; and perhaps one or two others which I do not now recall.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield myself 10 additional minutes.

Mr. TREADWAY. Will the gentleman yield?

Mr. HILL of Washington. I yield.

Mr. TREADWAY. Will the gentleman add to that list listeners on radios?

Mr. HILL of Washington. Yes; radio, telegraph and telephone, admission taxes, and a very material increase in the excise tax on tobacco. I believe I have named about all of them. Anyway, it is immaterial as to a complete list.

What happened? At least 20 per cent of the membership of this House came before the committee, representing constituents back home, and protested from one end of the list to the other every single item included in the recommendations of the Treasury.

It was proposed to levy 1 cent a gallon on gasoline, and it was pointed out to the committee that this commodity was already bearing a very high tax by reason of State levies, ranging from 2 cents to 5 and 7 cents a gallon, and it was further represented to the committee that it was unthinkable to place an additional burden upon this commodity.

Not only did the Members of Congress come before the committee, but we had delegations representing the various industries appearing by droves and making out their case and showing that in the present depressed condition which obtains and in the struggle for life of their industries they simply could not stand up under the additional burdens which these high excise taxes would impose upon them. They made out their case; and in practically every instance when a witness came before the committee protesting against the levy of a tax on his particular industry, the chairman of the committee or some other member of the committee would ask him what constructive suggestions he might have as to the raising of this revenue. Some of them offered suggestions, but most of them threw up their hands in despair and were simply content to protest a tax upon their own industry.

The committee came to the conclusion it could not afford, under present economic conditions, to pick out a few of the outstanding industries of the country and levy a high excise tax upon them simply because the tax might be easy of collection. They felt, as I am sure you feel, that it would be an unfair discrimination against these particular industries pointed out and selected and recommended for taxation.

So the committee was right up against a blank wall. Here was the Treasury of the United States in default in the amount of \$903,000,000 for the fiscal year 1931, with an accumulating deficit of \$2,240,000,000 for the fiscal year 1932, making an accumulated deficit over a period of two fiscal years of over \$3,000,000,000, with the prospect and the almost certainty that if something should not be done to bring more revenue into the Treasury, the deficit would amount to four and a half billion dollars or probably \$5,000,000,000 by the end of the fiscal year 1933.

This, gentlemen of the committee, was the condition with which the committee was confronted, and the committee had the great responsibility of meeting this problem. I know how it wrung the heart of every man on that committee, because I know how it wrung my own heart, to agree to the recommendation of a general sales tax. I am opposed to it. I am opposed to it because of the great burden it lays upon the masses of the people regardless of their ability to pay, and yet we had to balance that idea; we had to balance our notions about that particular source of revenue with the proposition of whether or not this Government should be permitted to lose its credit, whether or not we should permit the Treasury to become so depleted and deficits to so pile up as to impair the credit of the only institution in this country to-day that has any credit.

We were not unmindful in approaching this proposition of levying a general sales tax of the possible necessity of enlarging the political cemetery in the event we should bring in this recommendation, but we felt that the credit of this Nation must be preserved and that the people of this country are patriotic enough to undergo an additional burden for a temporary period of time to preserve that credit. [Applause.] I have that much faith in the people of this country.

We did not put this recommendation in here as a piece of permanent legislation. We placed it here with a time limit, and it is to expire on June 30, 1934. To continue it beyond that date will require affirmative action by Congress and approval of the President, and yet you hear men stand up on this floor and say that this is a permanent proposition, that once you get it upon the statute books you will never get it off. Are you losing confidence in yourselves?

I want to say to you that there is not a member on this committee who recommended this tax against his will, against his desire, against his ideas of taxation with respect to this particular source of revenue, who figured for one moment that this would be a permanent part of the revenue law of this country. Hence we fixed it so that it will die by limitation of time, and that is exactly what will happen. If necessity exists for continuing it for another temporary period of time or for all time to come, this will require affirmative action by this Congress and approval of the President.

Now, is it necessary to balance the Budget? It has been rather interesting to sit here through this week of debate and hear the different turns which the opponents of this measure have taken as the debate has proceeded. In the early part of the debate practically every Member who spoke against the bill acknowledged that it was necessary to balance the Budget, but when they came face to face with the facts of how to balance the Budget, and when they began to look around for sources of revenue other than those recommended by the committee and found the difficulty that confronted the committee itself in its exploration of these different sources of revenue, then the debate veered round from the necessity of balancing the Budget, and they said it is not necessary to balance the Budget.

Of course, if you take the position that it is not necessary to balance the Budget, you can strike out the general sales tax and any other sales tax in the revenue law. But if you believe, as this committee believes and as I think the economists of the country believe, that the security of the country depends upon balancing the Budget for the year 1933, then you must resort to some kind of a sales tax to effect that balance.

Whether you take the recommendation of the committee for a manufacturers' tax or a sales tax—and I am calling it a sales tax, for that is what it is, although you call it an excise tax in the bill—whether you take that recommendation or whether you take the recommendation of our friend from New York [Mr. LaGuardia] and select certain commodities upon which to levy an excise tax, or whether you take the recommendations of the Treasury, which are in large part like the recommendations of the gentleman from New York, you must levy a sales tax.

As I said in the beginning, the sales-tax proposition is just as odious to me as it is to you. If I could see any way out of it, I would not vote for a sales tax. But when we strip this problem of its covering, when we take away the camouflage, if you please, you will find the consumers of the country are paying all the tax to-day.

You know it is one of the favorite games of men of financial power who control governments and administrations, and frequently control the Congress, to exert the full power of their influence to pass the burden of taxation on to the backs of the masses of the people. And in the main they have been successful.

If I had it in my power I would place the burden on those who are able to pay; I would place the burden of taxation where it would not be taxing the necessities of life. [Applause.] I would shift the burden from the poverty stricken of the country and place it on the rich, on the wealth of the country. [Applause.]

But whether we levy the tax on incomes or levy the taxes upon inheritances or by excise taxes upon certain specific commodities, the consumer pays. The consumer

does not pay the tax on incomes, but the consumer pays the income upon which the taxes are levied.

Now, take the revenue as it stands to-day, as it comes into the Treasury, 50.5 per cent of the revenue coming into the Federal Treasury are sales tax or consumers' tax; and when you add this \$595,000,000 in this bill, you will add another 17 per cent, and you will have 67½ per cent of consumers' tax, not counting the consumers' contribution to the incomes upon which income taxes are paid.

I am not holding anything back; I am trying to discuss the issue as the committee sees it. I am not trying to sugar-coat the pill that the country must take when we raise revenue at this time. You are confronted with the proposition that the people of the country must pay the taxes, whether in the form of excise taxes, whether in the form of consumers' taxes, or whether in the form of taxes on income, or great estates which are able to pay—it is all paid by the consumer.

As pointed out by the gentleman from Alabama [Mr. Huddleston] the other day, about one-tenth of the increased price on tariff-protected commodities goes into the Treasury and the other nine-tenths go into the pockets of the manufacturers. As between the tariff tax and a general sales tax, the latter is really preferable from the standpoint of the people, because the total of the sales tax goes into the Treasury of the United States. I am not saying that in support of a general sales tax; but since the matter was thoroughly discussed I felt as if emphasis might be laid upon that one point.

What about the credit of the country? Reference has been had here to the issuance of bonds in war time to the amount of \$22,000,000,000 or \$23,000,000,000 in the course of only a few years, and they say that that did not affect the credit of the country. I say it did. I recall when the great campaign was on to sell to the people bonds in denominations of \$50 and \$100 and larger amounts, how the people responded from a sense of patriotic duty, how they went to the banks, most of them to borrow money with which to pay for these bonds, paying the bank from 8 to 10 per cent out in my country and taking the bond at 4 or probably 41/4 per cent. Then, after buying these bonds and holding them for a short time, until unable to hold them any longer, they found the bonds had dropped down in the market to 85 cents on the dollar and they had to sell them at a sacrifice of 15 per cent of the principal paid. The common people of this country, the people who responded to that campaign, bought those bonds and lost three or four billions of dollars in depreciation of the bonds, not counting the difference in the interest they had to pay to the bank and that which the bonds themselves bore. And to-day the credit of the Government is impaired, as you will readily see by examining the bond market in any of the daily papers, and only through the confidence which this bill gave and the promise to balance the Budget has that bond market been boosted upward in the last few days. Up until a month ago there was not a dollar of commercial credit in my district, and there is in that district one of the richest producing fruit sections of the entire world. We have an investment there of three-quarters of a billion dollars; and men, many of them worth net \$75,000, who needed money with which to carry forward their crops and farming operations for the present season, who heretofore had secured credit from the banks or through the marketing agencies that handle their products, could not get a dollar of credit.

They came to Washington by committees and they wrote letters and sent telegrams pleading "for God's sake help us to get some credit to protect our crops so that we will not lose everything on earth." There was not a dollar of commercial credit. That is not an exaggeration. The only credit they have now is coming through the money furnished by the Reconstruction Finance Corporation, through the liberalization of loans and rediscounts under the Glass-Steagall bill, through the pitiful sum of \$50,000,000 allocated to the Department of Agriculture for direct loans to farmers, and through the intermediate credit banks—all Government

agencies; and if it were not for the credit of the United States backing those operations, the people in my country would to-day be prostrate under this economic condition; they could not move a wheel; their property, valued in the hundreds of millions of dollars, would go rack and ruin; and the savings of a lifetime, the fruits of years of successful business operations, would be swept away. The only credit there is to-day is the Government credit. Are you going to destroy it? Is it necessary to balance the Budget? My God, do not let the whole thing crash around our ears.

Mr. RAGON. Mr. Chairman, will the gentleman yield? Mr. HILL of Washington. Yes.

Mr. RAGON. I have heard various speakers—I believe, also the one who just preceded the gentleman—state that in times past we had not suffered from a failure to balance the Budget. I am wondering if there ever was a time when we owed quite so much money and had such a large deficit and so poor a return of revenue as we have at this time?

Mr. HILL of Washington. This condition to-day is unparalleled in the history of the country.

Mr. JOHNSON of Oklahoma. I am interested in the gentleman's statement that this is an unparalleled condition. I remind the gentleman that the gift and estate tax is nothing like as high in this bill as they were after the World War. Why did not the committee raise it to what it was after the war?

Mr. HILL of Washington. The gentleman is in error there.

Mr. RAGON. I can answer the reason why we did not do it. We did not want to fix it so that a man would be precluded from making gifts during his lifetime and would take over tax-exempt securities and things like that. As chairman of the subcommittee who prepared that, I stood where the gentleman does until I was convinced by men in a position to know, that this was the better way to fix it.

Mr. HILL of Washington. The highest rate of estate taxes heretofore has been 25 per cent. We have raised it to 40 per cent, which is 60 per cent higher than it ever has been before.

Mr. DIES. And does the gentleman think that you could raise it to 60 per cent and raise the gift tax proportionately, and have the gift tax less than the estate tax?

Mr. HILL of Washington. I have no compunction against

Mr. DIES. Is it not a fact that it has been conservatively estimated that this Government could, in the course of a reasonable time, get a revenue of approximately \$1,800,-000,000 from the estate tax, that \$9,000,000,000 devolve in this country every year, and if we levied proportionately with what England and other countries do by way of estate taxes, we would tap a great source of revenue without having to take it from the masses of the people?

Mr. HILL of Washington. I am very much in sympathy with the idea of taking a big hunk out of estates in the form of taxes. I do not know whether we want to go to the point that Great Britain has gone, but I am perfectly willing to go a long, long way. However, that is not a ready producer of income. It takes a period of 18 months under existing law before you can get settlements of these estates, and we need money now. If you can fix that estate tax or any other tax that will take the burden off the poor people of this country and produce the revenue in the future, I shall be glad to go along with the gentleman and will help to do it.

Now, I want to say in conclusion that this committee was in a veritable Gethsemane for eight weeks trying to work out a measure that would not be so burdensome as to crush the last ounce of strength out of the people of this country. You can hardly realize the distress that came to us in trying to find different sources of revenue, and as we would approach one after the other, see them disappear and vanish from view. We did not want to levy this tax, and yet, in the interest of the people of this country, we must save the credit of this Government, and only that consid-

vote for a general sales tax. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. TREADWAY. Mr. Chairman, I yield three minutes to the gentleman from California [Mr. CRAIL].

Mr. CRAIL. Mr. Chairman, yesterday I was on the floor discussing a feature of this bill, the excise tax on the importation of petroleum, and my friend the distinguished Member from Maine asked me to yield, which I did, and then the gentleman stated that this excise tax on oil would inure to the benefit of the major oil companies and not to the benefit of the independent oil companies and of the American people generally, as I had claimed. My argument was that the very life of the industry and the existence of the independent oil producer depend upon some help from Congress along the line provided for in the bill which is now before us. The statement of my friend from Maine got across the idea that the major oil companies, who are the importers of this cheap oil, duty free, from South America, are in favor of this excise tax on oil and gasoline and that the independent producers, the little fellows, should be against it. I answered that argument as best I could on yesterday, but this morning there was handed to me convincing proof that these major oil companies, the importing companies, are flooding the Members of Congress with telegrams protesting against the enactment of this excise tax on petroleum, and that the major oil companies are paying the telegraph companies to send in these protests, and that they are soliciting the names of employees and the members of their families and even minor children to use in these telegrams in an effort to convince the Members of both Houses of Congress that the excise tax on petroleum proposed in the bill before us is iniquitous and that the public is making a vigorous protest against it.

I have evidence in my pocket that one of these major oil companies in one city alone presented to the Postal Telegraph Co. 2,000 names, nearly all of which have been found to be employees and the members of their families and their minor children, and directed that company to send telegrams to Members of Congress protesting against this excise tax on petroleum, and that this company paid for them, and that the major oil companies are carrying on a campaign against the excise tax on petroleum and its products as provided for in this bill and that these major oil companies are not for it, as claimed by the gentleman from Maine, but are against it and are strenuously working against it. [Applause.]

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HILL of Washington. Mr. Chairman, I yield one hour to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Chairman, I have a sympathy with those Members of Congress who are opposed to the sales-tax features of this bill, as perhaps no other Member has. For a great many years I have opposed it most strenuously as an incorrect method of taxation, a method of taxation which might relieve, ultimately, the big income taxpayers of a part of the burden they ought to have.

I have continued that vigorous opposition to the sales tax right up until last October, when I was more opposed to it than ever before, and when I refused to join a party of Members of Congress who were going to Canada for the purpose of studying the sales tax, because I was against it. I was confident that I knew all about it and that whatever happened I was going to continue my opposition and find some other way of raising the revenues that this Government may need, not only now but at all times in the future.

Then these hearings commenced, and then there commenced our study of this bill. The Treasury propositions did not present a manufacturers' sales-tax method of making up this deficit. In fact, when we commenced the hearings we did not know what the deficit was, and as the hearings proceeded every industry affected by the Treasury suggestions came and made an absolutely air-tight defense. There was not any question about their defense. I can say,

eration would ever force me or drive me or induce me to I think, without fear of contradiction, that everyone of the 25 members of the Ways and Means Committee, without any exception on either side, was opposed to this tax when the hearings commenced. Every speech in opposition to this bill—and we heard them all, and it took over a month to do it, and we worked overtime to do it-every speech in its last analysis amounted to this: "Why single us out? We know you have got to have money, but why should we six or seven industries which the Treasury has suggested pay it all? We do not object to paying our share, but why should we pay all of it?"

As the debate proceeded and we took over 1,000 pages of testimony the equities of those industries singled out for this tax attack appealed to every member of the committee, and we decided to broaden the base to make it apply to every industry and bear as lightly on each industry in this

country as it possibly could bear.

Twenty-four of the twenty-five members of the Ways and Means Committee still adhere to that opinion. One member has a different opinion and he thinks that we can pay off this deficit in some other way. He has reached that conclusion from hearing the same evidence. He is a conscientious gentleman. He is honest in his opinions. He may be right. He heard the same evidence we heard, but 24 members of that committee can not agree with him; that is all. On that jury there are 24 stubborn men; otherwise we could have brought in a unanimous verdict.

That is the reason why we are not unammously supporting this bill.

There seems to be tremendous opposition to a sales tax. The Ways and Means Committee made a tactical mistake. I am convinced of that now. What they ought to have done was to bring in a bill imposing the taxes suggested by the Treasury Department-a tax on radios, a tax on automobiles, a tax on cigarettes, a tax on tobacco, an increase in the postal rates, a tax on checks and conveyances of real estate, and all that sort of thing. We can get the money by resorting to the irritating war taxes, which we hoped had been abandoned forever.

But what about the opposition to such taxes? There would have been a storm of opposition to them from all parts of this country, and there would have been opposition not artificially created. Then when we had to yield the sales tax would have been the substitute. And it could have been adopted easily and without much trouble. But following our honest convictions we put it in first.

Now, judging from the debate on this floor, as far as it has proceeded, I get the impression that a great many Members think this is a new and untried experiment, and therefore, we ought not to embark upon it now because we do not know anything about it.

There are only two older taxes in this world than the sales tax. The tariff tax dates back 2,500 years before the birth of Christ. The ancient Egyptians imposed their tax at the frontier. It became our tariff tax, and during the ages and during the centuries it has come down to us. No nation ever existed in this world without imposing it. It fits in with the idea which tax makers like to adopt. It is a tax that you do not feel because you do not know you are paying it and that gives it an appeal. No party in this country of any size or of any importance ever advocated free trade. The tariff is a painless tax.

I have been devoting many months of time in the passing years trying to convince people that they paid the tariff. and you can convince them they do. There is no trouble about that. But they do not care because they are not acutely conscious of it.

The next tax imposed in the order of tax development in the world was the estate tax. In the old days they called it death dues. Ancient Egypt imposed it a thousand years before the birth of Christ. We have just got to it now, just a few years ago. Babylon imposed it; Rome imposed it, and finally we came to it when we were compelled to do so. That is a favorite method of taxing from the standpoint of the tax maker, because it is paid by a man who can not object. He is dead. That is the reason. His heirs are glad

to get what is left of his estate just as quickly as they can

Then next in order of tax development we come to the sales tax. Some of you gentlemen think it is new. The Greek cities imposed it 500 years before the birth of Christ, and under those circumstances that does not impress me as a new tax. It did not soon disappear from Greece. They clung to it until the city states of Greece collapsed and chaos came. Then they did not have much taxes of any kind in the civilization they had after the collapse of their city states. Rome commenced to impose it in the year 9 A.D. The Emperor Constantine imposed it, and it became soon a part of the Byzantian tax system, and continued on down through the ages. Spain imposed it to a greater extent than other nations 1,000 years ago. Her cities imposed it, and then they divided it with the king. He maintained his armies out of the 50 per cent contribution of the overlords of the cities of Spain. They furnished it all and it was derived from a sales tax.

Then for a long time it was discontinued until the World Germany imposed it during the war, France imposed it just at the close of the war, and now every nation in this world of any importance imposes it except Great Britain and the United States. Under these circumstances it appears to me that those newspapers which are trying to impress upon the country the idea that it is an untried and a new experiment must surely be wrong about it. An experiment that has lasted through all the centuries of recorded history, I contend, is not new.

In drafting this sales tax we had the best of help. The tax auditor of Canada came here. He was just on his way back from Australia. Canada had loaned him to Australia for the purpose of assisting them in rewriting and perfecting their sales-tax system. We had his suggestions and his assistance.

In drafting this bill we studied the present sales-tax systems of all the nations and of the States of the United States which have imposed it. We have in West Virginia a thoroughly well-developed system of sales taxes and they have had it for several years.

We condemn a sales tax. Is there any State in this Union that does not impose it on gasoline, some of them on cigarettes, and the States imposed the objectionable kind of taxes? They can not impose any other. They impose the objectionable kind of taxes which violate the fundamental principles of taxation; the purchaser knows he pays it.

I have been a member of the Ways and Means Committee since and even during the Payne-Aldrich bill. No man on that committee at present dates back as far as I do as a member of the committee. For 20 years of time and more than that I have been studying carefully the subject of taxes. I think I know something about the art and the science of drafting and imposing taxes, in factand I do not want to seem to be egotistical-I know all about it. I am going to tell you the result of my studies, covering nearly a quarter of a century of time, so that you gentlemen who have not studied it as much as I have will know just as much about it as I do.

I have helped to draft more tariff and more tax bills than any other man living in the United States to-day, so I ought to know something about levying taxes.

Now, I am going to tell you what the science of levying taxes is. I can tell you in a few words so that you will understand just as much about it as I do, who have studied it for nearly a quarter of a century. From the standpoint of the responsible legislator, who is going to be criticized for it, the science of levying and collecting taxes is the science of getting the most feathers with the least squawking of the goose. That is all there is to it. [Laughter.]

There is nothing so full of intense human interest and romance as the study of taxes during all the centuries.

It simply shows that 3,500 years before the birth of Christ, and in all the centuries which have followed, men felt about taxes just as we do now. They adopted the same methods

we prefer to adopt at the present day. They were moved by the same emotions that move us to-day. They had just as much trouble with their constituents as we are having. Therefore, they were driven, all of them, to the least objectionable kind of taxes.

In Canada they impose 4 cents, almost twice as much as we are going to ask you to vote for in this bill, and our information is that they do not know they pay it; that retailers advised Members of Congress who went over there recently and made a careful study-and I am sorry now I did not go with them-that they did not even know they paid the taxes on the goods that came to them.

So we are proposing this tax which nobody will feel after it once gets in operation. It is spread out all over the entire field of industry, exempting business which has a turnover of less than \$20,000 a year, and this is the highest exemption granted in any country in this world at the present time, carrying these foodstuffs as exempt, exempting farmers from their seed and fertilizers. Our exemptions are much smaller, of course, than the exemptions in Canada. They cover 10 pages. They are longer than the bill. They are much smaller than the exemptions in Australia. In Australia the tax is three times as high as this.

We have avoided all their mistakes. We had that advantage in preparing this bill. We have preserved in the bill all the good features of other sales-tax laws in other countries, and it operates in an exceedingly simple way. We have avoided multiple, turnover pyramiding. We think this sales tax bill is the best drawn sales tax bill in all the world.

We have made it terminate automatically on the 30th day of June, 1934, so that it is in operation only a little over one year. We hope by that time business will have revived. We know that it will not revive unless we balance this Budget and restore the solvency of this Government, and we hope by that time this tax will not be necessary. So we have provided for its automatic termination.

Now, I am wondering what causes all this opposition to it. I charge it up to the new kind of lobbying we have here in the Capital City.

When I first came to Washington, and until just a few years ago, I was glad to see a lobbyist come into my office. They were all men who understood their subjects, and they presented me with data and with facts and with figures that saved me hours of time in making up my mind as to how I wanted to vote on that particular subject. But that class of intelligent, helpful lobbyists has disappeared from the picture, and now invisible lobbyists take their place. You never see them, they do not call at your office, but I have discovered who many of them are.

During the progress of this bill, when I commenced to hear from my State and from all over the country in opposition to the bill, I put all my stenographers to work answering every letter, and I answered them in this way:

"I have received your letter and I am very much interested and I am giving to your suggestions a sympathetic consideration. You are so far away that I can not talk to you, but you were probably requested to write to me by somebody who has studied this subject and who knows, and I want you to tell me who he is."

Most of them were not interested enough in their letters to answer, but many of them did, and when they answered I commenced to find out who these lobbyists are. They gave me their names. They are highly paid gentlemen, they live here in Washington, their headquarters are here, although some of them are in New York, and their business is to collect from organizations a large compensation for themselves, and when they want to influence a tax or tariff rate or anything else in favor of their particular organization, they get the names of many people from the directories back in the States and they write to them and say:

"This tax is about to be imposed upon you. You are going to have to pay it. You are being taxed enough now. It is going to ruin this particular industry. Write to your Member of Congress and ask him to vote against it."

Then they commenced to write and you commenced to hear from them. I wonder that the post-office deficit does not

disappear, judging the situation from the number of communications you have been receiving.

Now, this particular kind of lobbying was started here in Washington just five or six years ago, in 1926, by a man by the name of Arnold—J. A. Arnold. He is here yet, but he is discredited now and has lost much of his influence.

He organized the American Bankers' League; that was unpopular and he gave that up. He then organized the American Taxpayers' League. The reason for these organizations, especially the latter, because it had a more appealing name than the other, was to defeat the estate tax.

Soon Members of Congress began to receive pressing letters from their districts. "You are digging into the grave for taxes. Can not you run the Government without doing that? We are writing to tell you that we are opposed to the estate tax."

Then they organized a trainload of members of the legislatures of the various States. They paid their expenses on a junket trip to Washington, and they put up at the best hotels here; they brought them down in parlor cars and automobiles through the streets and packed and jammed the corridors of the House Office Building and the rooms of the Ways and Means Committee. They did not know anything about the subject, except that they were told by Arnold to go and fight against that particular thing.

I remember that as the hearings proceeded—I knew Arnold was in the room; he sat over in the corner, and I said, "Is Mr. Arnold in the room?" No answer. I said, "If Mr. Arnold is here I would like to have him answer, because I want to ask him some questions." No answer. Finally, we got him on the witness stand and he testified. He did not know anything about the estate tax, but there were a lot of people who did not want to pay it.

Out in Chicago, Ill., there were a lot of them. During seven months Arnold collected \$61,000, paid himself out of it at a salary of \$1,000 a month; and if he did not keep the rest of it nobody could find out where it went, and he conducted this propaganda.

In Illinois there were 38 contributors to this fund, as the hearings afterwards disclosed. Their names are all printed in the hearings before the Senate committee. We could not get it; he would not even tell me where he kept his deposits, in what State. Contributions ran from \$500 to a thousand dollars, and of these 38 contributors from Illinois 30 were corporations that could not die so as to leave any estates. I have the names of all of them, officers of these corporations who misused these funds. They paid their contributions out of the assets of the corporations, ultimately to save their own estates. These gentlemen are embezzlers, every one of them. They ought to be in the penitentiary.

Ten of them were railroads in Illinois. How can a railroad leave an estate?

We so thoroughly advertised Arnold throughout the country that he did not get anywhere with his threats. The estate tax remained a law. Members of Congress who were timidly hearing from him now hear from home in another direction. Nobody wants it taken out of the law; it is in there forever.

We are doubling the estate tax in this bill, and nobody is objecting. But Mr. Arnold's activities are over.

Now, a new kind of lobbyist has developed. They have abandoned the objectionable features of Mr. Arnold's methods. I know who these men are. I may mention their names as we proceed under the 5-minute rule and begin to hear of it on the floor. I thought of doing it now, but I am going to postpone it.

This is the weakest and most contemptible kind of lobbying. When you hear from men who have been induced to write you these letters you hear from men who have not studied it, but they are told, and they believe, that they are going to be injured by this tax, so they wait, these suave gentlemen, who receive salaries of \$1,000 a month and more than that and sit back in their offices and smile as they pull the string and make you gentlemen jump, and you do not know who is pulling the string. You know somebody is. You are not really hearing from home, you are hearing from the lobbyists of this new kind, who have not enough infor-

mation or ability to come to your office and discuss this matter in an intelligent way with you.

The Illinois Manufacturing Association has sent out to every manufacturer in Illinois a circular headed "Manufacturers' Sales Tax a Dangerous Menace." Let me read a part of it:

Once established, a manufacturers' sales or turnover tax will never be relinquished as a major source of revenue by the Federal Government.

Here is another clause:

If the Members of Congress and the administration leaders will disregard politics and make a real determined effort to deflate the cost of government they can save a much larger amount than they expect to raise from the manufacturers' sales tax. Please wire your objections to the Illinois Members of Congress, a list of whom is subjoined. Prompt, aggressive action is essential.

The executive vice president signs it, and then follows a directory of the Illinois Members of Congress and where they live in Illinois, so that they could send them two letters if they wanted to, one at home in Illinois and one here in Washington. Mr. Chairman, I denounce those statements that I have read from this distributed circular as deliberately and knowingly false on the part of the officers of this organization who sent it out. The man who sent it out is James L. Donnelly, executive vice president, and it is being sent out apparently with the approval of the officers of the association. Hon. Edward N. Hurley is one of the officers of that association. I wrote to him telling him what the charge was in this circular, what the statements were, and asked him whether he approved of it. You gentlemen all know Edward N. Hurley. He occupied an important place in Washington during the awful period of the World War. He is an economist. I found upon looking up the records over here in the Library of Congress that he has written 11 books on economic subjects. He knows what he is talking about. Many of you gentlemen have listened to Edward . N. Hurley. He is an officer of this organization, and here is his telegram to me:

Your message to Chicago received. I am in full accord with the nonpartisan efforts of the Ways and Means Committee to pass a sales-tax bill along the lines unanimously reported out by that committee and supported by Secretary of the Treasury Mills and Speaker of the House Garner. The business interests of the country must recognize that the costs of government must be met, and the more equally taxes are distributed, the less the burden will fall on any given industry.

EDWARD N. HURLEY.

That is what an economist has to say. That gentleman is one of the leading Democrats of this country, and that is what he has to say about it. He pays income in the higher brackets; he is one of the rich men of this country. We are going to take practically half of the incomes of the rich, who pay in the high brackets. We get him there, and he knows it, and in addition to that he is one of the great manufacturers of the United States, and we get him there, and he knows it. He ought to have a personal interest in the subject matter of this bill, and he has; but he is a patriot, an economist, and a Democrat, and he rises above personal interest. If we had more manufacturers in this country who were capable of doing that, we would get this bill through just as it is written and without trouble.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. RAINEY. Yes.

Mr. LaGUARDIA. The gentleman refers to the Tax-payers' League, which I have always criticized.

Mr. RAINEY. I know the gentleman has, and very effectively.

Mr. LaGUARDIA. Is it not true that the Taxpayers' League and their contributors, particularly the bankers and other large contributors, as shown in the Senate hearings, have been advocating a sales tax all of these years?

Mr. RAINEY. I did not know it. If they have I congratulate them, and I am glad they have done something that was right, but they have not been doing it with much vigor since they have had a chance to get it. I did not know the organization was in existence now.

Mr. LaGUARDIA. Oh, they started again after we quashed them; but they have been very keen on a sales tax.
Mr. RAINEY. They have not been very keen since there is a chance for them to get it. I have not heard from them.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. RAINEY. Yes. Mr. BRITTEN. The

Mr. BRITTEN. The gentleman just mentioned Mr. Edward N. Hurley, of Chicago. Although Mr. Hurley is a great outstanding Democrat, he was appointed by an outstanding Republican President, Calvin Coolidge, a member of the European War Debt Funding Commission, because of the character of the man himself. Mr. Edward N. Hurley is an outstanding character in the United States, irrespective of politics.

Mr. RAINEY. I am very glad to have that contribution about Mr. Hurley from the gentleman from Illinois. The gentleman knows Mr. Hurley as I do, and means everything that he says.

Now, I am wondering if the country appreciates what the deficit really is that we are trying to meet at the present time. The real deficit, including the financing of loans to veterans of \$507,000,000, in 1931 was \$2,123,000,000. spent that much more than we took in. I figured out the real deficit for 1932, what it will be on the 30th day of June of this year, and I have included the commitments we have already made, such as \$500,000,000 for the Reconstruction Finance Corporation, \$132,000,000 for roads, the Federal land-bank appropriations, the appropriation for relief of farmers; and that totals up \$2,717,000,000. In order to get what I conceive to be the deficit at the end of this yearand in order to make it easier for me, as I am not much of an accountant to figure it up-I have just added to that amount \$160,000,000 for future commitments we may make during the remainder of this session. We will make more than that. There is the soldiers' bonus proposition-a possibility. There is the appropriation for a pension bill to widows and dependents and perhaps parents of deceased soldiers: there is the drainage relief bill: altogether I have mentioned enough possibilities to make much more than that, but I am only adding \$160,000,000 because it is a little easier to add that. It will be more than that. I have limited it to \$160,000,000, which makes our deficit for the last two fiscal years \$5,000,000,000. We ran that far behind. We are not paying any attention to that in framing this bill for 1933. That is water that has gone over the dam. We are not going to include it. That will be written into the national debt, and much of it is now added to our national debt.

Do you realize what a charge that will make? Suppose we could float bonds at  $4\frac{1}{4}$  per cent for 20 years. We can not do that now. We never can hope to do better than that, but  $4\frac{1}{4}$  per cent on \$5,000,000,000 added now to the public debt, would mean an annual interest charge on the people of the United States of \$210,000,000.

If we do not balance this Budget, if we continue to borrow, as some people think we can, it will not be long until we have an added additional interest charge that may equal the entire expense of maintaining the War Department. It will not be long, if we continue our prodigal methods of borrowing money, until we have added an annual interest charge that may wreck even this Government, not even taking into consideration the fact that some day we will be compelled to pay these bonds. Yet there are men, not many of them on this floor, who advocate that we should continue borrowing and that that is the way to finance this Government.

Our bonds are now selling below par, some of them selling as low as 85, and some 4¼ per cent bonds are being maintained now at par, but do you know how that is done? That is done by this great Government of ours. We are ourselves our own biggest trader in our own bonds, and the law wisely permits it. If it were not for the fact that back of that stock market in New York, which now maintains some issues of 4¼ per cent bonds at par, there was this great Government of ours, buying and selling all the time to sustain its bonds, there would not be a bond selling above 90.

That is the situation that confronts us. The United States Government does not have any assets. A great many people think it has. It is the biggest business in this world with no assets. The only thing the Government owns is its public buildings, and they never can yield a revenue, and its public lands. What is left of the public lands is only fit for grazing. The Government can not give them away. They are trying to do it. The only asset this Government has consists in its power under the Constitution to tax its people in order to maintain itself. We who sit in this House and those who sit in the Senate have a responsibility which we must meet with courage. We assume that when we come here. We are the directors of the biggest corporation in this world, and it has 120,000,000 stockholders. At the present time this great corporation, with almost unlimited wealth, depleted in value, but artificially depleted, is bankrupt. That is the way to express it. There is no other way, unless you restore its solvency. You can do that, and it is up to you to do it. Failure to tax the stockholders means continued borrowing to run this Government, a continued depreciation of its bonds.

I hope there are none here who do not want to balance this Budget; but if there are any who do not want to balance this Budget, they are simply voting to project into the future the present insolvency of the corporation which they represent here as directors.

This debate has proceeded far enough to convince me that this Budget is going to be balanced. [Applause.] That fight has been won. It convinces me that it is going to be balanced either by resorting to the manufacturers' sales tax feature or by resorting to the objectionable war measures which nobody wanted when they were imposed, but the people of the country were then in a furor of patriotic enthusiasm. With my limited means I bought bonds, and so did you. I bought bonds at par when they were selling on the market for less than par, and so did you. I would not do it now, and neither would you. We can only restore the solvency of this Government and sell more bonds by wiping out this immense annual deficit. If we do not do that, the deficit will be projected farther and farther into the future and will only increase in intensity.

I wonder if you, with the figures I have given you, know how much this Government is running behind every day. The deficit, calculated in that way, amounts to \$7,882,000. Every day we sit here debating this bill there is added to the deficit \$7,882,000—an almost inconceivable situation.

Now, this Illinois Manufacturers' Association tell us to balance the Budget by cutting our own salaries, and we have got to do it. That is coming. We have got to cut other salaries as well as our own. I have been advocating cutting the salaries of every Government employee who receives \$5,000 a year and more than that, 10 per cent, clear up to the President.

Senator Borah advocated the same thing. I thought it must amount to something coming from that source, so I advocated it, too. I followed that leadership.

Do you know how much of a cost saving that would make? I put the figures in the Record on the 8th day of February. That would save \$3,400,000 in a year. That is all. In other words, by cutting every salary 10 per cent from \$5,000 up you would meet our Budget deficit for one-half a day of time. Cut it 20 per cent and you will meet our Budget deficit for one day of time, so tremendous is this proposition.

Now, if you cut everybody's salary 10 per cent, from the President down to and including the laborer who gets a few hundred dollars a year, do you know what the result will be? We will have met this present Budget deficit for eight days' time and that is all. So cutting salaries is not the way to meet the deficit, yet a great many people think you could do it. Make it twice that cut and you can figure out how much that would be. You can not save this Government by cutting salaries. But the railroads have set the example and the railroad employees have agreed to it. They have cut their salaries and we are going to have to cut everybody's salary, in my judgment. I will vote to do it—you can make up your own minds about it—from the very

highest to the lowest, not because it will accomplish much in meeting this Budget deficit; it will be negligible; but on account of the psychological effect upon the people of the United States in this period of stress and worry and terror. They must be convinced we are doing our part, even if it does not amount to much, to relieve this awful situation.

Now, may I tell you how we arrived at this deficit?

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield the

gentleman 30 additional minutes.

Mr. RAINEY. This is the way in which we arrived at this Budget deficit. When we commenced our work the first of this year we were advised by the Treasury Department that the Budget deficit was \$903,000,000. That is what they told us. Bernard M. Baruch, of New York, a great economist, one of the world's richest men, and I might say, as you gentlemen know, a Democrat, came down to see us. It was on Sunday afternoon. I was at work in my office. I am reluctantly compelled to work now on Sundays. He found me in my office. I was doing essential work and, therefore, I square things with my Episcopalian conscience. He brought his expert economist, General Henderson, of New York, one of the most accomplished economists I know. They sat down and it was not 10 minutes until they convinced me that this deficit was wrong, that the real deficit was much more than that. Then I called up CHARLIE CRISP, who does not violate Sunday even if it is necessary. He was home. I told him I wanted him to come down at once on an important proposition, and he came. I disturbed his Sunday rest or his Sunday devotions, whatever it was. He came and the four of us sat down together. Charlie knows more about these things than I do. He is required to know more about it than I because he is running this committee now. It took less time to convince CHARLIE CRISP that this deficit was wrong than it took to convince me, because he thinks better and quicker than I do along these lines. We asked Mr. Baruch and his economist to remain over until the next day and appear before the committee.

Then we took the matter up with Under Secretary Mills, now Secretary of the Treasury, and presented to him what Mr. Baruch and General Henderson had told us. He said that the deficit he had already told us about was based upon last October's figures and that business had grown worse since October and, therefore, he said, they may be right about it. He said, "Send them up to see our experts; let them talk it over and we will arrive at a conclusion as to what this deficit is." They went up there and the result was that they fixed the deficit at \$1,249,000,000, an increase of \$321,000,000. Now, that increase of \$321,000,000 had occurred in two months' time, because the downward curve of business had continued. So we estimated the deficit at that figure. Mr. Secretary Mills said to us that figure was based upon the theory that the downward curve of business had reached its lowest point and from that point on the trend would be upward. That statement looked encouraging, but let us see what the facts have been.

I will now read from a confidential—no longer confidential because he agreed to this—statement made by Mr. John Moody, of Mocdy's Investment Survey, one of the most reliable investment studies we have, and Mr. Moody is an economist second to none. This is what he says with reference to the January situation. I will read now from Moody's Investment Survey:

January's statistics, now fully available, indicate that industrial activity instead of recovering fell back again to a new low level. February figures, as far as they can be obtained, show little, if any, improvement. There are no signs that trade is feeling even a normal seasonal activity. From evidence thus far available there is reason to doubt the appearance of a spring rise of normal proportions.

In mentioning the trade indicators, as he always does in reaching his conclusions, he says:

So far, these indicators have failed to show any sign of reversal of trend. On the contrary, steel activity, electric-power production, car loadings, building contracts and the like, all have refused to follow even normal seasonal improvement, and preliminary

statistics for February seem to indicate that this month, allowing for the seasonal factor, may be lower even than January, which in turn showed a decline of about 3 per cent from December.

And December, I might add, showed a decline of 3 per cent from November, and November showed a decline of 3 per cent from October, and this estimate is based upon the theory that the decline ended on the 1st day of January, and the trend was then upward. If two months of business decline can result in an increased estimate of our deficit of \$325,000,000, then the two following months of this year, adopting the same method of reasoning, may show the same increase in this deficiency. If this is true, this will add some more to the deficiency.

Now, let me tell you something else. In estimating our receipts for 1933, we estimate that the nations which will owe us \$270,000,000 in 1933 are going to pay us \$270,000,000 in 1933. I do not believe they will pay us a dollar of that amount; and if they do not, that still further increases the deficit by that amount.

Mr. DOUGHTON. Mr. Chairman, will my colleague vield?

Mr. RAINEY. Certainly.

Mr. DOUGHTON. Judging from the remarks of my colleague the gentleman from Illinois I am constrained to believe that the gentleman has no confidence that the bill now before the House will balance the Budget, as the gentleman has stated must be done. I would like to know if that is what the gentleman expects us to understand from his statement of his position.

Mr. RAINEY. I hope that the new confidence inspired by the courage of this House in balancing this Budget may cause a trend upward of business in the United States. [Applause.] I hope it will do it. I fear it will not; but because I fear it will not, I am not going to make matters worse by trying to balance this Budget with a false paper balance. I am going to vote for these measures I know will yield as much as we say they will; and if the deficit is going to be greater than that, for God's sake, we can not afford to make the condition worse by not balancing the Budget now, and, according to these figures, whether it will do it or not, we can not borrow any more. We may be compelled to make some more short loans next year in order to meet these things; but if you do not balance this Budget, gentlemen, or if you try to do it by a paper balance that will not yield money, I want to say to you now-and we have got to talk plainly, we directors of this great corporation who are assembled here now on the most serious business that ever affected the corporation of which we are directors—if we do not balance the Budget or come as near doing it as we canif the future develops a deficit, that is not our fault—we are going to have here in the United States in the immediate future, and it may occur this summer, the biggest panic any nation ever had in all the history of this world.

Balancing budgets! They are doing it now in Europe. Russia, with her communistic government of which we do not approve, balances her budget, and her budget, gentlemen, is \$12,000,000,000 a year, and she has got it balanced. I was there this summer and I know what I am talking about.

Fascist Italy—they have there a kind of government of which we do not approve—Fascist Italy is now balancing her budget under a dictatorship, the very reverse of communism, and we are just as much opposed to a dictatorship as we are to communism. We occupy a different field from either of those countries.

Shall we timidly decline to do these things and admit that this country, the richest country of all the world, can not do what they are doing in a communistic government or what they are doing in a Fascist government?

Mr. LAGUARDIA. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. LaGUARDIA. Agreeing with the gentleman that the Budget should be balanced—

Mr. RAINEY. I know the gentleman agrees to that.

Mr. LAGUARDIA. Is the gentleman's view so rigid as to believe it can not be balanced unless we adopt a sales

Mr. RAINEY. Oh, no; I did not say that. We can balance it by resorting to such objectionable taxes as my friend suggests-objectionable from my standpoint, not from his. The gentleman is just as conscientious as I am and I recognize the great service he is rendering here in this

Mr. CRISP. Will my colleague yield?

Mr. RAINEY. Yes. Mr. CRISP. Is not a tax on gasoline, tobacco, automobiles, or any other matters of excise tax or tariff just as much a sales tax as the manufacturers' tax in this bill?

Mr. RAINEY. Oh, yes; of course it is a sales tax; but it is a sales tax that is most objectionable because the consumer knows he pays it.

Increased postage! The gentleman from New York has recommended it. That is a cheerful sort of situation for a candidate for Congress to face. He would have difficulties, or I know I would, getting over the hurdles this fall if that kind of campaign document were circulated against me in my district, so that every time any one of my constituents put his postage on a 2-cent letter there would be staring him in the face the additional 1 cent. I would not want that kind of campaign document circulated against me. It may be all right in the gentleman's district, but it would not do in mine.

Mr. LaGUARDIA. Is not that an earnest of good faith of willingness to balance the Budget?

Mr. RAINEY. It is unparalleled courage on the part of the gentleman from New York [laughter and applause]-a courage that I do not have—but I will do it if we have got to do it, I will say to the gentleman.

Mr. KELLER. I would like to know what would be the result, in the gentleman's opinion, in raising revenue if we should put everybody to work?

Mr. RAINEY. Well, my friend has given so much study to that question, I am going to let him answer it himself some time on this floor. [Laughter.] If he could get everybody to work under an insolvent Government which would balance the Budget, it would be a miracle that has not been equaled since Christ turned water into wine. [Laughter.] I hope it can be done.

Mr. KELLER. It can be. Mr. RAINEY. I admit it, if you can put everybody to work it will do it; but how are you going to restore the buying power?

Mr. THATCHER. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. THATCHER. I am very much interested in the gentleman's wonderful speech; but I want to ask him if he has changed his sentiments on the sales tax on account of the existing situation or on account of further study?

Mr. RAINEY. I was induced by existing conditions to make that change.

Mr. THATCHER. And the gentleman thinks that is the best method to reach the trouble?

Mr. RAINEY. Yes. Increases in postage may appeal to some with more courage than I have. Taxes on cigarettes may appeal to you, but the ladies will know about that, because they like to economize and bargain. [Laughter.] You might place a tax on gasoline to be paid at the filling stations. I have not the courage to do that, as a first resort. Gentlemen who advocate it have more courage than I have.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. RAINEY. I will.

Mr. HUDDLESTON. I wonder why gentlemen who have the supreme courage to propose an increase on postal rates do not advocate increasing the rates on newspapers so as to make them pay the cost of the service.

Mr. RAINEY. Oh, I am sorry the gentleman injected that into the bowels of my speech. [Laughter.] The question answers itself. I have trouble enough with the newslater. He can answer it so much better than I can under the 5-minute rule, but I do not think it will do any good.

Mr. JOHNSON of Missouri. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. JOHNSON of Missouri. It was stated by some member of the committee that increasing the estate tax would probably produce sufficient revenue to balance the Budget.

Mr. RAINEY. Yes; you could take all of the estate, but we would not get any money when we need it. It would take the estates of men that are not yet dead. After they died it will take from a year to two years to administer their estates. Taxes will not be paid until the administration is ended of every man who dies from now on after June 30, 1934, and we need the money during 1933. This estate tax is going to prove a disappointment.

Mr. WOODRUFF. The gentleman does believe that what we are going to do is for the convenience of the Federal

Treasury?

Mr. RAINEY. Nobody does anything for the convenience of the Federal Treasury. Most everybody has the impression that in some mysterious way money floats down from heaven and fills up the Treasury, and they think they send their Representatives to Congress for the purpose of getting it out [laughter], and not for the purpose of getting any more in. If you start to put any more in, you hear from the newspapers and the propaganda letters.

Nobody likes to pay taxes. Nobody ever did in the history of any nation in this world. I do not like it. I pay taxes because I am compelled by law to do it. I do not pay any more than the law compels me to pay, and I am not going to do it. Nobody else does. They are not voluntary contributions. They have got to be paid in order to carry on the Government.

May I tell you one place, however, in the United States where they do not propose to pay taxes. Out in the State of Illinois is the city of Chicago. They tried to run the city without compelling anybody to pay taxes. In 1927 their tax assessment was set aside by the court because it was fraudulent. The evidence showed that if you were assessed to pay \$1,000 in taxes on your real estate and you did not like it, all you had to do was to go to the courthouse and give some official \$10 and he would reduce the sum you had to pay to \$100. The court set that fraudulent assessment aside, and for two years they did not collect any taxes in the city of Chicago. It got to be tremendously popular not to pay taxes. The men who were in official positions naturally wanted to be reelected, because they pay big salaries out there. They did not want to incur the enmity of anybody and they all had constituents who complained about taxes, who did not want to be assessed at all. So they did not assess them. They had a perfectly simple way of financing that great city. Under the laws of Illinois a city can issue warrants in anticipation of tax collections to the amount of 75 per cent of the anticipated levy, and so with bands playing and flags flying and with tremendous enthusiasm which insured the reelection of all those gentlemen, they just borrowed the money and issued anticipation warrants. All they had to do was to spend a couple of dollars in printing some warrants and have them signed and borrow the money from the banks, \$155,000,000 or so at a time. It did not cost anybody anything except that the city was out \$2 for printing. What a splendid discovery that was, and how well it worked! How well it relieved them from the payment of taxes! They are going to try to levy some taxes now. They owe the State of Illinois on their tax contributions to the State \$75,000,000, and we can not make them pay it, and they probably never will pay it.

On account of that fact we are discharging county officials all over Illinois because of the new system they found in Chicago of conducting a great city without paying taxes. At the present time the city owes the school-teachers of Chicago \$24,000,000. The legislature has met three times at least in special sessions to help out Chicago, and all the legislature has done is to increase the borrowing power of that community. Enthusiastically, now they are trying to papers now. [Laughter.] The gentleman can answer that | float \$300,000,000 worth of bonds. That will cost them a

little bit more. It will cost at least \$10 to print those bonds. But how much better that is than paying \$300,000,000 in taxes! How easy that makes it for everybody who lives in that great city. Why, even Al Capone did not pay any taxes, and he was the leading manufacturer of Chicago for a long time. [Laughter.] I do not see his name here among the directors of the Illinois Manufacturers' Association, and I do not know why they did not get him.

A MEMBER. Perhaps because he is in jail.

Mr. RAINEY. Yes; he is in jail; but not on account of violating any law, not on account of any murders that his gangs may have committed, nor on account of anything the authorities of the city of Chicago have done, because they did not want to do anything to him, but he is in jail because he did not pay his Federal taxes—taxes due on account of

his bootlegging industry.

The Manufacturers' Association is responsible for more charges made on the Treasury of the United States than any other organization in the United States. They are responsible for the fact that we are building there in Chicago a public building which forms the nucleus of our publicbuildings program, that will cost \$17,000,000, that will cost more than any other public building ever erected on the face of this earth, except, perhaps, this Commerce Department building down here on the Mall, which cost two or three hundred dollars more or two or three hundred dollars less, I do not know which. They are responsible for the millions spent upon the Illinois waterways and the Mississippi River. They are responsible for the fact-and you gentlemen who live in Boston may know it—that we bought the Cape Cod Canal. I voted for these expenditures. Every member of the Illinois delegation voted for them. They come here once a year and line us up and tell us what they want us to do. They have advocated always the very highest tariffs, until we have now a tariff of over 36 per cent-but I am not going to make a tariff speech, gentleman.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HILL of Washington. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. RAINEY. I have a distinct idea as to what caused our troubles, but I am not going to say anything about it now. When the house is burning down the thing to do is to put out the fire before you try to find out or even consider what caused the fire.

I shall omit a lot of my speech. I am ashamed of myself for taking so much time from other Members. I ought not to do it. I am now going to talk to Democrats, and you gentlemen on the Republican side need not listen, because this is just a private conference we are going to have on the Democratic side of the House, in executive session. First I shall read from a little statement appearing in the Washington Post of March 13:

Republican majority assured. Representative Bertrand H. Snell, Republican of New York, suave and forthright leader of the minority in the House, put the responsibility for the adoption of the tax squarely up to the Democratic leaders. Passage depended on the Democratic votes, he said, adding that a Republican majority would be behind the tax.

If he is right about it, can we, who are supposed to control the House of Representatives, go into the approaching campaign and defend ourselves if we make a worse showing than they do on the Republican side? Some of you gentlemen like to quote from Democratic platforms. I have been on platform committees more than once, and I drafted the plank opposing the sales tax. I was responsible for that plank. I did not believe in a sales tax then, and I am as much opposed to it now as ever, except that I am for it as an emergency measure. We put it in this bill only as an emergency measure. But let me read you from an authority who dates back further than any of your platforms. Those platforms now are erased temporarily.

In this awful emergency which confronts us those platform expressions of ours are obiter dicta. But let me call your attention to the expressions of a man who will live through the ages. More binding his remarks are upon real

Democrats than all the platforms we have ever drafted in the history of our party. Let me read to you on the Democratic side-I know it would not influence the gentlemen on the Republican side-and this is of particular force now as we celebrate the two hundredth anniversary of the birth of George Washington. This comes from an adviser of George Washington, from a man who wrote some of his communications which live to-day. I am going to read to you now an extract from a letter the founder of our party, Thomas Jefferson, wrote to General Washington 144 years ago. As decades pass and centuries pass the great Sage of Monticello towers higher, always higher on the horizon of the nations. Every one of you believe in him. The eloquent gentleman from Missouri [Mr. Shannon] delivered not long ago in this House one of the most effective tributes to Jefferson I have ever heard. There is not a syllable in all the expressions of Jefferson that I have ever read, even after all these years, that I can not understand and appreciate and agree with. This is his letter, when this great country of ours was in its swaddling clothes. It shows how a great man, inspired as Jefferson was, can look forward through a century and a half of time and visualize what may happen.

In this letter Jefferson said:

Calculation has convinced me that circumstances may arise, and probably will arise, wherein all the resources of taxation will be necessary for the safety of the state.

That expression seems almost inspired as we examine into conditions to-day. The time that Jefferson visualized when he wrote to the Father of his Country 144 years ago has arrived, gentlemen. In order to preserve the country of Washington and the country of Jefferson and all those heroes of the early period of our history the time has come when almost all the resources of taxation, practically all the resources of taxation of this Nation, are needed in order to preserve the safety of the state. [Applause, the Members rising.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. Bacharach].

Mr. BACHARACH. Mr. Chairman, for the past seven days this bill has been under continuous discussion. I doubt that I can add very much to what has already been said in favor of the bill, nor do I have any hope that in the few minutes at my disposal I will be able to change the pronounced views of those who have spoken against the salestax feature of the bill.

Much of interest and information is to be derived from observing what the opponents of the manufacturers' excise tax in this bill have said with regard to the position of the Treasury. The gentleman from Ohio declared:

This tax bill under discussion is not a Democratic measure. It has Andrew Mellon and his chief satellite, Ogden Mills, written all over it. (CONGRESSIONAL RECORD, March 16, 1932, p. 6274.)

It is a matter of record that neither Mr. Mellon nor Mr. Mills recommended the manufacturers' excise tax. Their plan for obtaining the revenue necessary to supplement the stream of income taxes so largely dried up was to have a set of special excise taxes, notably including the automobile tax and the tax on checks and drafts. That is all a matter of record in the last Annual Report of the Secretary of the Treasury to Congress and in testimony before the Ways and Means Committee.

The gentleman from Missouri [Mr. Cochran] takes exactly the opposite line from the gentleman from Ohio and urges that Treasury officials oppose the manufacturers' excise tax. He quotes a statement of the Secretary of the Treasury that many months would elapse before the necessary administrative machinery could be set up and a number of years before such a new form of taxation could be firmly established in the country. He also called to the attention of the House and inserted in the Record an article written by the present Under Secretary of the Treasury, Mr. Ballantine, in 1921, in opposition to the general sales tax. (Congressional Record, pp. 6274 and 6275.)

It is to be distinctly observed that that article was written in opposition to a general sales tax applying on all sales as a substitute in large measure for individual and corporation income taxes. It was addressed to the conditions of 1921.

Mr. Ballantine stated:

This very consideration that the income tax diminishes in yield in bad years, of course, emphasizes the need of the Government to have at all times sources of revenue other than income taxes. Such sources can, however, be maintained as they have been without resort to the wholly inclusive general sales tax. So far as sales taxes are needed, and they will be needed for some time, use can continue to be made of taxes levied upon the sales of selected articles not of prime necessity and levied at one stage of the process only so as to avoid any cumulative effect.

The manufacturers' excise tax, as formulated by the committee, answers the doubts expressed by the Secretary as to whether the tax could be made such that it could be effectively administered. It answers the objections mentioned in the article of Mr. Ballantine referred to the unjust effect of a pyramiding tax. It answers the objection to the use of a tax resting on sales transactions as a substitute for income taxes.

In listening to the debate, I have been impressed with the fact that even though all do not agree on all of the provisions of the bill, yet there is almost a universal agreement of opinion that the National Budget must be balanced, and that there must not be any further increase in the public debt during the fiscal period ending June 30, 1933. And I dare to express the hope that in our effort to balance the Federal Budget we will not unduly unbalance the taxpayers' budgets.

There is one thing that I wish to stress right at the beginning of my remarks in connection with the framing of the bill which is now under consideration.

The Ways and Means Committee, which is charged with the responsibility of framing all revenue legislation, is composed of 25 Members of this House, representing all sections of the country.

There are 15 Democrats and 10 Republicans on that committee at the present time; the 15 Democrats are members of the majority steering committee, and in addition to that, three of them are members of the so-called policy committee of the Democratic Party.

I think I make no misstatement of fact when I say that the members of the Ways and Means Committee are all, without respect of political affiliations, honest, loyal, and patriotic American citizens; men, all of them, who have just as much at heart the well-being of the country as a whole and of their own constituencies in particular, as any Member of this House.

We have no more desire to inflict any undue burden of taxation on the people of our districts than you who have spoken against the sales-tax provision of the bill, and at least indirectly, if not directly, unmercifully castigated the Ways and Means Committee, or at least that part of its membership who are in favor of the sales tax, for daring to report out such a bill.

I have been a Member of this House since 1915, and I give way to no Member in my desire and efforts to serve my country and my district to the best of my ability; and that, I am sure, is equally true of the other members of the Committee on Ways and Means.

In drafting this bill the committee was actuated by the sole desire to prepare a bill that would bring in sufficient revenue to balance the Budget and at the same time equally distribute the tax burden in a way that will impede the return of prosperity as little as possible.

In deciding upon the recommendation of a general sales tax on manufactures, a decision which was reached only after long and diligent consideration, we were of the opinion that this course was preferable to endeavoring to select a very limited number of specified industries to carry the burden. The sounder policy is that one that treats all industries and taxpayers alike rather than to impose discriminatory taxes.

Now, why should there be such a hue and cry about a sales tax? There is nothing new about such a system of taxation. There is not a State in the Union where there is not a sales tax of some kind in operation, written on the statute books by the legislatures of the several States. If the Representa-

tives from those States do not know this, if the taxpayers of those States do not know this, it is solely because the operation of such a tax is no burden to the taxpayer.

Experience has proved such a system to be a satisfactory one; that is why the States have taken advantage of the sales tax. And if it is a good system for the States to follow, why is it not a good system for the Federal Government, particularly at a time when it is necessary to tap every available source in order to raise sufficient revenue to put our Government on a safe and sound financial basis?

I have no fear of such a tax, and I have no reason to believe that it will work any hardships upon the people of my district. As far back as 1921 I introduced in this House a bill advocating the adoption of a general sales tax. It is true that I did not get much support for the bill in committee; so little, in fact, that I had little hope of its acceptance at this time even in the modified form of a manufacturers' tax.

In many industries this 2¼ per cent rate will be no more than the yearly fluctuation in prices that the various competitors have to meet.

The experience in Canada, where a sales tax has been in operation for some years, has been that in a buyer's market a considerable portion of the sales tax is absorbed by the manufacturers, while in a seller's market a larger portion of the sales tax is passed on.

I believe that our experience under this bill will probably be the same as that of Canada. There will be some cases in which the tax will have to be absorbed by the manufacturer, such as upon articles that sell regularly at established prices. But on the whole, it is expected that wherever the price range will permit, the tax will be passed on.

Mr. COCHRAN of Missouri. Will the gentleman yield? Mr. BACHARACH. I yield.

Mr. COCHRAN of Missouri. As I happen to be responsible for the statement that the gentleman referred to which appears in yesterday's Record, I would like to ask the gentleman what is the difference between a tax levied on the manufacturer, if that tax is added to the retail price, and a tax that the retailer would pay when the goods are sold? Both are passed to the consumer.

Mr. BACHARACH. If the gentleman will wait a moment I will try to answer his question. As a matter of fact, as I stated, in Canada many of the nationally produced goods which are manufactured in this country are offered at the same price. Of course, there may be certain commodities where the manufacturers can not absorb the cost and some portion of it may be passed on. The difference between the tax we are now presenting to you, a manufacturers' sales tax, and that of a retail sales tax is that in the latter the tax is placed at every stage of manufacture or production and at every stage in passing from the wholesaler to the retailer, so that there is a pyramiding of the tax of 5, 6, 8, or 10 per cent. In Australia they have a retail sales tax, and while the rate is but 6 per cent, as a matter of fact the tax is nearer 12 per cent, because of the pyramiding of the The distinguishing feature of the tax in this bill is that it avoids pyramiding. That is accomplished by the licensing system which causes the tax to rest on the sale of the completed article ready for use.

To make this tax reasonably simple of administration it is necessary to keep the exemptions limited as much as possible. The more exemptions there are, the less revenue would be derived at the low rate fixed in this bill. But with the exemptions already provided for I am firmly of the opinion that the tax burden imposed upon any family will not be an unreasonable one, even assuming the entire sales tax is passed on to the ultimate consumer, which I do not at all admit will be the case.

The changes which we have made in the income-tax schedules, the gift tax, and the inheritance tax place the burden on the wealthy taxpayers at the highest point consistent with revenue production. Those of us who have had some experience in the framing of revenue legislation know that there is a point beyond which it is useless to try to collect revenue from these sources. There is nothing to

be gained by running the rates up to 65 or 75 per cent of one's income, if we can not collect any additional revenue, and in addition to that it is quite evident to all that there are few incomes these days so excessive as to tempt us to adopt confiscatory rates. Why put them in the law if they are of no value?

Mr. TILSON. Will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. TILSON. Is it not a fact that there is great danger if the income-tax rate is placed very high, and especially the surtax rate, that great wealth will take advantage of the present low market for State and municipal tax-free bonds and invest there, and that we are running the risk of losing instead of gaining by putting the tax so very high, both as to the surtax and the normal tax?

Mr. BACHARACH. The gentleman from Connecticut is entirely correct. We know that a great many people of means now have put their money into tax-exempt bonds and are not paying a cent of income tax.

Mr. TILSON. And they can do that now and get 6 per cent on their money.

Mr. BACHARACH. Yes.

Mr. COCHRAN of Missouri. I would like to ask the gentleman if Mr. Parker was asked by the committee to give the committee information as to the amount of money that would be secured in the event the committee placed in the bill the surtaxes that were in force during the war period.

Mr. BACHARACH. I do not know that Mr. Parker was asked about that particular matter. Mr. Parker is a very efficient man. He is a man that I consult as much as I do any of the experts at the Capitol or in the departments in reference to tax matters. I have great respect for his judgment.

Mr. COCHRAN of Missouri. Well, is it true-

Mr. BACHARACH. I am going to answer the gentleman if he will allow me. Mr. Parker, to my knowledge, did not prepare such a table or statement as the gentleman is suggesting. What he did was to submit a plan based on three different methods, and it was left entirely to the committee which to accept. A subcommittee was appointed for that purpose and their report is what the full committee finally accepted.

Mr. COCHRAN of Missouri. I would like to get some information from the gentleman. Will the gentleman tell us what Mr. Parker said would come to the Treasury in the event you adopted a graduated tax above \$100,000?

Mr. BACHARACH. I do not think any additional substantial amount would come to the Treasury.

Mr. COCHRAN of Missouri. Can the gentleman advise us why the committee stopped at \$100,000 with the gradu-

In other words, a man reporting an income of \$101.000 pays the same rate of tax as the man that has an income of \$10,000,000?

Mr. BACHARACH. It is 40 per cent above \$100,000.

Mr. COCHRAN of Missouri. But under the bill a man who has an income of \$101,000 and a man that has an income of \$10,000,000 pay 40 per cent plus the normal tax. Both pay the same rate.

Mr. BACHARACH. And under the present law it is 20 per cent.

Mr. COCHRAN of Missouri. What does he pay under

Mr. BACHARACH. Forty per cent.

Mr. COCHRAN of Missouri. Is it not the same thing in both instances? How can the gentleman get away from the fact that the rate is 40 per cent in both cases?

Mr. BACHARACH. I wish the gentleman would use his own time to make his statement.

Mr. COCHRAN of Missouri. You stop at \$100,000 in this bill.

Mr. BACHARACH. Yes. Mr. COCHRAN of Missouri. The gentleman admits it is 40 per cent in both instances?

Mr. BACHARACH. The rate is 20 per cent under the present law and 40 per cent under this bill.

Mr. COCHRAN of Missouri. I ask why did the committee not graduate the tax above \$100,000? You need the money.

Mr. BACHARACH. We followed the recommendation of the subcommittee which was well qualified to decide that question.

Mr. SNELL. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. SNELL. Was there a single item or a single tax proposed either by the Treasury or by the Ways and Means Committee, but what various individuals from some parts of the country opposed it?

Mr. BACHARACH. Oh, they have opposed every item of the bill and every item that has been proposed.

Mr. Chairman, there is an old saying that "We can not have our cake and eat it too." Most of us who are now Members of this House voted for the appropriations which make this tax bill necessary, and now we have no choice but to provide the necessary revenue to meet them.

The manufacturers' excise tax as formulated by the committee is in truth neither a Democratic nor a Republican measure. It is the honest and inescapable conclusion of the Ways and Means Committee as a whole as to the only means of accomplishing the balancing of the Budget, and it is so framed and carries such exemptions as not to rest unjustly either upon industry, upon commerce, or upon the consumer.

At this time I want to express my regret of the unfortunate circumstances which deprived our committee of the services of our distinguished Chairman and our beloved colleague, the gentleman from Mississippi [Mr. Collier], and I am sure that I voice the sentiments of all of the Republican Members of the committee and of the House in rejoicing with him in his recovery to health. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. SINCLAIR].

Mr. SINCLAIR. Mr. Chairman, the theory of all equitable taxation is that it is based on the principle of "ability to pay." It should be the purpose of taxing authority to put that theory into practice in levying rates upon the people, in so far as it is possible to do so. We find that from the beginning of our Government the actual necessities of the family have usually been exempt from taxation in the raising of revenue. This is right and proper. The head of a family, with a wife and dependents, is allowed certain exemptions on his income tax over the single man, and from time immemorial the urgent necessities of the poor man have been free from tax in most countries.

Therefore it comes as something of a shock to the average American citizen to find the proposal of a general manufacturers' tax, covering nearly all family needs, included in the present revenue bill. The ordinary citizen, now earning barely enough to feed and clothe his family, will be subjected to this iniquitous tax. He will have to pay upon the every-day things of life the same rate as will the millionaire. He already bears an unjust proportion of the cost of Government. I maintain that while his earnings are hardly sufficient to meet living expenses he should pay no Federal tax. Under the provisions of the proposed bill a part-time employee, who unable to carry all family costs receives aid from charity, will be penalized by this most unfair tax. It seems probable that with such a tax on the shoulders of the poor man he will have to abandon all hope of ever acquiring more than the most meager necessities of life.

The sales tax will reduce the buying and consuming power of the average citizen and will cut profits in all lines of industry. It will, in fact, defeat the purpose of those advocating it, prolong present distressing conditions and the depression indefinitely. It is stated that approximately \$600,000,000 of revenue will be raised by the adoption of this so-called manufacturers' excise tax or, in plain language, sales tax. We are informed that this tax will be practically "painless" and that the people will not notice it. To this I take exception.

The fact is, according to economic experts, that a manufacturers' tax of 21/4 per cent will not be absorbed in the course of business exchange but will be pyramided to a tax of at least 5 per cent by the time it reaches the consumer. What average citizen is there who will not feel an added cost of 5 per cent on each of the many articles and commodities which he has to buy for himself and his family? The few necessities exempt from the tax make up a very small portion of expenditures in the family budget. If the 5 per cent increase to the consumer is a reasonable estimate, and it seems probable that it is, then the \$600,000,000 sales tax collected by the Government really becomes the stupendous sum of \$1,200,000,000 when it reaches the ultimate consumer. An average of \$50 a family will be added to the cost of living. This is the burden which the committee proposes to impose upon the common people of our country in the effort to balance the Budget.

How can farmers, who in greater numbers each year are going bankrupt because they are forced to sell their products for less than cost of production, pay this sales tax? They can not do it. When the manufacturer buys from the farmer the raw products for processing, he will deduct the tax item from these products, thus forcing the farmer's price still lower. The purchasing power of the farmer will, as a result, be further curtailed. Likewise, when the tax is passed on to the laborer, he will receive no increase in wages with which to meet it. With the purchasing power of labor in the aggregate already cut \$11,000,000,000 by enforced unemployment from the peak of 1929, how can it be expected to pay this additional tax? It is preposterous to suggest it. Viewed from any standpoint, the manufacturers' tax is a direct imposition upon the farmers and workers of America, already overburdened. If adopted, the net result will be to reduce their purchasing power, slow up industry, lower our standards of living, and postpone indefinitely the day of economic recovery of the Nation. Desirable as it may be to balance the Budget it will be tragic to do this at the expense of our sorely pressed farmers and workers. [Applause.]

As a substitute for the sales tax, I would point out that we have several sources of revenue still untapped. We can step-up the tax on large incomes 10 per cent over the rates proposed in the bill. Estate and gift taxes should be greatly raised, and brought more nearly to the income-tax rates. Let us follow Canada in her rates on cigarettes and tobacco, and double the revenue from that source. Other strictly luxury taxes can be made higher. Finally, should all of these items not produce sufficient revenue, we can borrow the necessary money on short-time certificates pending the return of prosperity and normal taxing capacity. There can be no permanent prosperity until the buying power is restored to the farmer's dollar, which will be reflected in all industry. With diminishing returns on his product now, prosperity will never be attained by dragging him still deeper in the valley of debt and discouragement, which will be the inevitable result of a general sales tax. I shall vote to strike this section from the bill if given the opportunity. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. Lankford].

Mr. LANKFORD of Virginia. Mr. Chairman, we have been listening this afternoon to the discussion of this measure, and I want at this time to pay a tribute of thanks and appreciation to the gentleman from Illinois [Mr. Rainey], who has spoken so instructively on this bill. [Applause.] To the readers of the Congressional Record I want to refer them to his address for information about the bill.

I have great confidence in the committee. I am not on this committee, and I have not had the benefit of the committee hearings, but I have listened with great interest to the debate. I expect that I have running through my mind the same point that has been running through the minds of others here to-day. I want to give my impression of the bill, as gathered from this debate. I am going to vote for it, although there are some items in it that I do not like. I shall offer an amendment here and there when the bill is under the 5-minute rule.

The thing that bothers me the most is the question, Is it absolutely necessary to balance the Budget? Is it essential?

Because, if it is not essential, we should not impose these additional burdens on the people at this time.

I believe myself that it is essential. The committee has passed on it, and the committee is composed of able men, among the ablest in the House, men who have been here many years, like the gentleman from Illinois [Mr. Rainey] and the gentleman from Massachusetts [Mr. Treadway] and others—they have had complete hearings on the bill and they have given us the benefit of their opinions. All agree that it is absolutely necessary to balance the Budget.

Now, there were some things in the speech of the gentleman from Illinois that I did not agree with. I do not agree that there is any doubt about the stability of this Government. I can never agree with any suggestion on the floor of the House that this country's credit is not absolutely safe. The country is lacking, not in stability and resources, but confidence may be lost in us, the Members of this House, if we do not balance the Budget. That must be done.

Now, as to the question about the sale of bonds. One thing that I resent more than anything else that has been said on the floor of the House was said by one of the gentlemen here yesterday, a suggestion that the bankers told some member of the committee, dared to say to this Congress, that if the Budget was not balanced this Government could not get the money it needed.

The idea of these bankers, who sold billions of dollars of worthless foreign bonds to our citizens, saying to this Congress, "If you do not do thus-and-so, we are not going to lend you any more money. I resent that statement by the bankers of the United States to their Government. The only doubt that remains in my mind is doubt of the ability of this Congress to balance this Budget, but I sincerely hope it is going to be done.

I thought that the constituents of my district would be interested in this bill. I live near by—in Norfolk—only about 200 miles away. I went there to see what their impression was. Business men, bankers, newspaper editors, the average man on the street believed in it. I did not find a single man who was not in favor of the bill. They said to me that I was to judge of the necessity for it because I would hear the debate, and if I thought it was necessary they said that they thought I ought to vote for it.

Let us look at the effect of this. A member of the committee said the effect of this tax was that if one spent \$1,000, with the cost of manufacturing less than the cost of final sale, the tax being absorbed by a good many of the factories themselves, it would cost \$8 per \$1,000, or \$4 for \$500 on retail purchasers. In an emergency of this kind, with this country in the condition it is, in order to balance the Budget, does any patriotic citizen object to \$4 on \$500 of purchases? Is not this a graduated tax? Take a suit of clothes. The man who buys a \$100 suit of clothes pays four times as much as the man who buys a \$25 suit of clothes, and I have estimated the tax on a \$25 suit of clothes, which is sold by the manufacturer at about \$12, at 25 cents. Is that any very great burden on a citizen who is willing to do his duty, as I know all of the citizens of this country are? What other course have we to pursue, assuming we are going to balance the Budget, if we do not pass a manufacturers' tax? There is the suggestion of the gentleman from New York [Mr. LaGuardia] to institute these nuisance taxes, and I am frank to say that I have not the courage to go to my people and say that I voted to put a tax on their checks, notes, and deeds, and increased the cost of stamps to 3 cents, or for a tax by which they would remember me every time they put a stamp on a letter. I have not the courage to do that. This is a much easier tax; it is more satisfactory, it seems to me.

Another suggestion is cutting the salaries of the Government employees. That raises another question. As far as I am personally concerned, I am perfectly willing to cut my own salary. The gentleman from Illinois [Mr. Rainey] said that a half day's deficit would be what it would save to cut the salaries above \$5,000, and probably eight days if you cut them all down by 10 per cent, but let me tell you this: A day or two ago we had before our Naval Affairs Committee a

young naval officer, a young man who is married with two or three children. He is required to keep up to a certain extent his appearance. He has to present a good appearance. He told us after cross-examination that he had not been able to get a suit of clothes for two years. That is the condition that he is in with his expenses, and he is giving the best of his thought and effort to the defense of this country. The timid little men and women who come into our offices from day to day with salaries of \$1,400 to \$2,100 appeal very much to us, and is this great Government going to save its face and take this tax off the business interests of the country at the expense of these Government employees? I hope not. I shall not vote for it unless you go above the five or six thousand dollar grade, and if it is necessary to convince the country that this Congress is in earnest, that will be the reason I would do that.

In conclusion, Mr. Chairman, a remark was made several times to-day about the condition of the country as compared with other countries. I wish the gentleman from Illinois had named the countries in Europe that he said were not suffering and were happy and prosperous. I do not know of any. I know they have had trouble in England. I know the pound was worth \$4.86, and has now dropped materially. I know the franc dropped from 20 cents to something like 4 cents. The mark has gone to pieces. I do not recall the names of the other coins of the countries of Europe and South America, but I do not know of a country in Europe. Asia, or South America whose currency or bonds have not fallen. The dollar of the United States is worth a hundred cents just as it has always been, and in spite of the trouble the world is in at the present time, the dollar is still good and worth its face value. I am going to follow the committee, because I believe the committee is right in keeping that dollar there at its full value of 100 cents. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. Stokes].

Mr. STOKES. Mr. Chairman, this Government, and the entire Nation—cities and municipalities, as well as individuals—have contracted a habit of reckless expenditure.

A wave of speculation swept over the country which encouraged a large amount of borrowing, which was one of the many causes of the unsettlement.

If this sales tax will balance the Government's Budget and thereby set the example to every city, town, municipality, and individual in the Nation, it will do a tremendous good to all, especially the workingman.

We, as the Representatives of the people, are charged with the duty of promoting the general welfare.

The first step in promoting the welfare of the country, and especially of the workingman, is to restore trade, industry, and commerce, and this can only be done by inspiring confidence.

Due to the lack of confidence United States Government bonds fell from 100 in September, 1931, to 84 in December or 16 per cent. Now, due to restorative measures, they have gone back to 90. Bank failures have ceased, and hoarding of money is declining.

There are only two ways of paying our bills—by taxation and by borrowing. We have somewhat over \$1,000,000,000 of Government notes maturing this year, which will have to be paid off in cash. These will require, therefore, the borrowing of a large amount of money. Any additional borrowing would be embarrassing and hurtful to Government credit

The entire Nation, aye, the world, are watching us, for our deficit is larger than ever before was known. This is a big undertaking, but it is necessary to produce big results.

The income tax will not produce the result or bring in nearly as much as last year; it has fallen by at least onethird.

Unquestionably, one of the many causes of the depression is heavy taxation, but this tax does not bear heavily on business or real estate or trade, and consequently by helping these things we will help the laboring man by tending to restore good times.

Those who oppose this Budget settlement assume the responsibility of making a new one.

Public opinion generally seems to be favorable to it, because it bears lightly on all, heavily on none.

As soon as we can adopt a policy of economy this tax can be repealed.

I feel sure the House will sustain the Ways and Means Committee on its recommendation in this important measure, and thus maintain its good reputation; that labor may agree with this measure; that the rich may help the poor; that by harmony and unity we can best succeed.

What is best for one is best for all. "United we stand, divided we fall."

The leopard shall lie down with the kid; and the calf and the young lion, and fatling together, and a little child shall lead them.

[Applause.]

Mr. HARE. Mr. Chairman, I had thought that probably we would be able to get sufficient time to discuss this bill in more or less detail, because there is no doubt it is one of the most important pieces of legislation to be presented to the Congress at this session. The question of taxation is always important. At this time it is exceedingly important.

No one would contend that any government can function successfully without sufficient revenues. methods usually employed for raising revenues are by taxation and through loans. In determining whether they should be raised from loans or from taxation it is important to inquire into the use to be made of such revenues. If they are for the purpose of meeting the usual or ordinary expenditures of government, it is better to raise them by taxation; but if they are to be used in channels of business or trade of a productive nature, or if they are to be used to meet expenditures in time of war or any other great emergency, there can be little doubt but what they should be obtained from loans. Of course, there is a school of political thinkers dating as far back as the time of Adam Smith and David Ricardo who think that governments, like individuals, should pay as they go and do so by levying taxes, whether it be in peace time or in war or any other great emergency.

The general basis for such a school of economic or political thought is that a policy of this kind prevents imprudent and extravagant expenditures by those charged with the responsibility of directing affairs of the Government. The wisdom of such a policy and the political effects are readily understood when we realize that the people generally have a great aversion to heavy taxes. It is contended that when the people's representative in a State legislature or in Congress fully realizes that increased expenditures must necessarily mean increased taxes, and when he knows that if the people are fully informed they will register their protest at the next election, such a representative will be more cautious in supporting measures providing for increased expenditures.

However, as I have already intimated, there is another class of political thinkers who hold that in times of war or other great emergency any increase in revenues should be obtained by loans in preference to burdening the people with additional taxes. While I am not setting myself up as an expert economist, I am inclined to support the idea that revenues in times of war or great business depressions similar to that in which we now find our country should be obtained through loans from the people rather than imposing increased taxes.

As a rule revenues obtained by loans come from funds unproductively employed; and if such loans are to be put to productive purposes, it is easy to see that the operation enlarges productive activities and enlarges the opportunity for increased employment and, therefore, results in a greater capacity for consumption, which, in turn, affords greater opportunity for further employment.

What is the situation that now confronts us? For two years we have had a business depression unparalleled in our history. At no time in the past do the records show we had a greater number of people without employment. At the last | session of Congress and up to the present time at this session a great deal of legislation has been enacted upon the theory that such legislation would stimulate business and afford opportunities for increased employment. It is my understanding that the necessity for additional sources of revenue is for the purpose of supplying funds to meet the appropriations made for the purposes just mentioned. In other words, as I understand the situation, these additional revenues are for use by various productive activities, designed almost exclusively for the purpose of increasing employment. If I am correct in these assumptions, there seems to be little or no doubt that from an economic standpoint the proposed revenues should be obtained from loans rather than taxation.

On the other hand, I contend that it would not only increase the burdens of the taxpayers to levy an additional tax at this time, but it would have the effect of decreasing business and increasing the number of unemployed. I think my idea can be best illustrated by referring to that section in the bill under consideration that provides for a manufacturers' or sales tax.

As I understand, the committee contends that this provision will raise a revenue of \$600,000,000 annually. My contention is it would be much better for the country to borrow \$600,000,000 under existing circumstances than to collect it from the producers of raw material, the manufacturers, or the consumers. For there is no doubt but what each will be called upon to pay a part of the tax and, as we have already stated, the loans will come from funds that are being hoarded or are unproductively employed; that is, such funds as are not contributing in any way whatsoever towards increased business activities or relieving unemployment. But if you take \$600,000,000 out of the country in the way of a sales tax, there can be no doubt but what you collect it from a fund that is productively employed. In this way you decrease the amount of money available for continuing or increasing business and, as a consequence, you not only prevent the possibility of increasing employment, but you are contributing directly toward increased unemployment and you are removing from the channels of business the thing which is absolutely necessary for increasing business or increasing employment, to wit, \$600,000,000 of actual money.

I am not unmindful of the fact that there is a deficit in the Treasury, but I am convinced that you can not wipe out that deficit by continually appropriating money upon the pretext that it is for the purpose of aiding the people and at the same time enact legislation requiring them to refund it in the way of taxes. It is like giving a baby candy and then taking it away from him.

If there is such a deficit in our Treasury as to require emergency legislation, my suggestion is that we reduce governmental expenditures and then issue bonds and sell to the people sufficient to meet the balance due, add the amount to the public debt, and pay it off when times get better. We can afford to pay taxes when times are good, but it would be a tragedy to increase taxes under the present depressed conditions.

I can understand how important it is to balance the Budget, and I yield to no one a greater desire to see the Budget balanced, but in times like these I think it the better part of wisdom to balance the Budget by decreasing expenditures than by increasing taxes. There are a number of ways to balance the Budget without resorting to a sales tax. As I have already stated, expenditures should be materially reduced; then we should increase the rate on incomes. I do not have the figures to show how much revenue could be raised by increasing the income tax, but I would favor a decided increase, because nobody pays an income tax who does not have an income sufficient to support himself and family. That is, the man who pays an income tax must first have the income, whereas under the proposed sales tax you may require a person to pay a tax when his income may not be sufficient to buy food and clothing for his family. His children may be hungry and cold, and yet when he goes to buy shoes to put on their feet or clothes to cover their nakedness you require him to pay a tax on the articles he have this sort of a tax bill? The natural prosperity would

buys. It is just another way of levying additional tariff duties; that is, the sales-tax provision is equivalent to a supplemental tariff act. It is wrong in principle and objectionable in operation. This is particularly true as it applies to those engaged in agriculture, where the farmer pays a tax when he sells his raw material and then again when he buys the manufactured product.

For example, you will find when the cotton or tobacco farmer goes to sell his cotton or tobacco he will be told by the manufacturer that he can not afford to pay quite as much because of the Federal tax, and then when the manufacturer has processed the raw material and goes to sell he will say that he will have to increase the price of the manufactured product in order to be able to pay the sales tax. So the cotton and tobacco farmer loses when he sells and again when he buys. Another discrimination we notice is that under the proposed provision the manufacturer will get a certain amount of protection in addition to existing tariff laws in that the sales tax is levied on all manufactured products imported in the same manner as those manufactured in the United States. However, farm crops brought from abroad are exempt from payment of the sales tax, and the American farmer therefore gets no protection by the transaction but, on the contrary, is penalized both as a producer and a consumer.

The proposed sales tax would have the further effect of depressing or delaying an increase in the price of raw materials in a number of cases. For example, the cotton manufacturer, as well as the small lumber manufacturer, in most cases have a supply of raw material for a greater portion of one year. Of course, under the circumstances they could hardly pass the first tax levied on to the consumer for the reason that they would not be in a position to increase the price of their manufactured products. However, as soon as they go into the market for raw materials there is no doubt but what they would first deduct from the price of the material the amount of the tax they have already paid, as well as the tax to be paid next year. The result would be a reduction in the price of cotton as well as timber. So in the last analysis the producer of the raw materials would be required to pay the taxes in instances of this kind; or the small manufacturer, in the illustrations given above. would be called upon to pay taxes in such proportions that their operations would have to be curtailed and the number of employees in their establishments reduced, a condition we have been trying to relieve in nearly all of the legislation enacted at this session of Congress.

I can not conceive, by any stretch of the imagination, where the advocates of the manufacturers' sales tax can say that this legislation will increase the number of people who are to be employed, because the funds are not available, and this legislation does not make them available.

I was not favorably impressed with the statement by the majority leader this afternoon when he said that this piece of legislation would have a psychological effect, in that business would enlarge and employment would increase. If this had been the first time I had heard the statement, I would have been inclined to accept it, coming from such an authoritative source; but I remember last December we were told that if we enacted the emergency bill providing for a moratorium of foreign debts it would have a "psychological" effect on the business of the country, and employment would increase. Some accepted that assurance and voted for the bill. Subsequently we had a bill providing for an appropriation of \$500,000,000 and to create the Reconstruction Finance Corporation. We were told then that the passage of the bill would have a "psychological" effect on business, and industry of the country would soon begin to bloom and blossom as the rose. That has been nearly 60 days ago, and yet the majority leader [Mr. RAINEY] told us this afternoon that during those 60 days business has been going from bad to worse.

Mr. YON. Will the gentleman yield?

Mr. HARE. I yield.

Mr. YON. Does the gentleman believe that if we return the commodity price levels upward it will be necessary to bring more revenues than we could get under this present basis.

Mr. HARE. I will answer that in this way: If the passage of the moratorium had had the "psychological" effect the proponents of that measure said it would have, or if the passage of the Reconstruction Finance Corporation bill had had the "psychological" effect that the proponents said it would have, and if the other measures had had the "psychological" effect the proponents said they would have, business would have been better, income taxes would have been larger, and the deficit, instead of becoming larger and larger every day, would have become smaller as time went on, and there would have been little or no deficit at this time; but the "psychological" effect did not materialize, and I fear that the "psychological" effect of this legislation will not materialize.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HARE. Mr. Chairman, the gentleman from Illinois [Mr. Rainey] this afternoon—and he made a wonderful speech, although I am not able to subscribe to all of it—said the operation of this tax would be such that the people would not feel it. They may not feel it, but they will know it. That is one trouble now. We can not always tell why our incomes are not equal to our expenditures. We know they are not. The farmer, the laborer, and business man all say, "We are working as hard to-day as ever, we produce as much and our prices are as good as they were at one time years ago, and yet we can not make both ends meet." Yes; they will feel it, but they may not know how it comes about.

If this tax is as fruitful as the majority leader says it will be, or if it is as harmless and as painless as he predicts, then I fear it will become a permanent policy of taxation. As a matter of fact, I have a decided suspicion that if this provision of the bill is retained there will be a determined effort within the next two years to make this system of taxation a permanent policy, because I have an impression that the big manufacturers are in favor of this legislation. If they were not supporting it, there is no doubt but what they would be registering pronounced opposition. The hearings on the bill were quite lengthy and I am unable to see where the large manufacturing interests appeared and objected or protested in any particular way. I have the further impression that the reason for their failure to appear and oppose this proposed legislation is that if it becomes a law they will then attempt to make it a permanent policy, and in addition they will attempt to amend the income tax laws, the excess profits tax law, and the corporation tax law, for they know they can pass the sales tax on to the producer of the raw material or on to the consumer of their products much easier than they can pass the other taxes enumerated.

Surely the mass of the people will not indorse this provision of the bill, and it is impossible for many of us to understand why it should be brought in here under the circumstances. Not over three months ago President Hoover was insisting upon the passage of a bill that would relieve foreign countries of debts due the United States to the extant of approximately \$250,000,000. He certainly led the country to believe that we were able to finance our own obligations at home and at the same time relieve the foreign countries of their obligations to us. Now, within less than 90 days later, he comes and insists, through the Secretary of the Treasury, that unless additional taxes are levied and collected from the American people the credit of the United States will be seriously impaired and bankruptcy will be staring us in the face. If these latter representations are true, I can not understand why they were not able to see the situation three months ago. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. Yow]. [Applause.]

Mr. YON. Mr. Chairman, I am interested in the financial welfare of the people of this Nation as well as of their Government. It is almost staggering to think how much debt the individual, firm, or average corporation of every part of this country is in at the present time. In addition to these mentioned there are to be added the municipal, subdistrict, county, State, and National public debt, and besides expensive governmental machinery in most instances to maintain, and the cash to pay taxes for interest and create sinking funds for maturing obligations, besides funds to meet current and future expenses of government are to be derived from commodities that are selling for less than the cost of production. Now, what is going to happen? I venture it is a hard guess for Members of this House to answer.

As a boy growing up on the farm down in west Florida during the so-called hard times under the Cleveland administration, I could not even then imagine that there could exist such a distressed national financial condition as that of the present time. Even then, as we look back, those days were not comparable to the present in their severity as to the extent that millions are now out of employment. Nor were the prices of farm products in their purchasing power and the ability of the price to pay outstanding debts, both of private and public nature, as incapable as now. Neither the municipal, county, State, nor National Governments were as deeply and head over heels in debt as at the present time. In my district the price of cotton this past season was hardly sufficient to pay for picking, ginning, bagging, and ties, let alone leaving anything with which to pay debts and taxes, which have increased by leaps and bounds for local, State, county, and city governmental expenses. The cost of State government in Florida has increased per capita from \$3.78 in 1917 to \$12.11 in 1930.

Bonds have been issued generally in the name of progress, for good roads, consolidated schools, improvements of streets and so forth. The conditions in my district, even, are causing the taxpayer to struggle, yet I venture to say there are thousands of communities in worse condition than mine. Of course, many economists will say that the average American wants to enjoy too much-the auto, good roads and streets, the radio, the talking movie, consolidated schools, and so forth; that these are the reasons for the present condition amongst our farmers and city employers and employees. Well, this might be true at the present time, but still these things have become a part of our national life, and it add to the tragedy that in a land of plenty when farmers are suffering on account of low prices for products that there is at the same time want and misery amongst the industrial and office workers of the country. These conditions, having come about for the reason that the administration of government during the past several years has not taken cognizance of the speculative and gambling activities of those operating in the stock and commodity exchanges. The Federal Reserve Board should have clipped Wall Street's wings before the gamblers had gobbled up the savings of millions of people not able to stand the losses they sustained when the crash came, and the depression that has followed. Debts are now to be paid with dollars that will require from three to five dollars' worth of the commodities to pay what \$1 would have paid when obligations were contracted.

Well, what is the remedy or what are we going to do about it? Deflation has been rampant long enough. A larger circulation is necessary; inflation will have to take place so that cotton, corn, wheat, timber, turpentine, hogs, cattle, and other raw-material products prices will advance sufficiently that the price will enable the producers to retire their obligation and enter the market for manufactured articles that every home needs.

This will have to take place or sooner or later a cancellation of private and public debts will have to be made, or there will be a general defaulting in all obligations for the reason that the dollars of 1932 will not do the work of 1913 or pre-war dollars in so far as meeting obligations incurred, on the basis of our recent so-called prosperity prior to the fall of 1929. The present-day dollar can do things, though, that the 1913 dollar could not do. It can pay for more

cotton, wheat, corn, turpentine, and many more of the raw-material products than the 1913 dollar could pay for, but even yet the present-day dollar is far below the value of the 1913 dollar in its capacity to meet the present-day obligations in buying manufactured products, paying taxes, and other outstanding obligations.

In the recent issue of Business Conditions Weekly some interesting and astounding figures are given in comparing national income, its growth and fall since 1912, and also the increase in cost of government of Nation, State, and local, and the cost of government up to the present day. In 1912 the cost of government, as mentioned above, was approximately \$2,000,000,000, or 6.1 per cent of the national income of approximately \$33,000,000,000. In 1924 cost of government was \$10,800,000,000, or 12.2 per cent of income of \$85,200,000,000; and in 1931, with a decline in national income of over \$31,000,000,000, the cost of government for Nation, State, and local continued to increase to the astounding total of over \$12,000,000,000, or over 22 per cent of national income of \$54,000,000,000. The cost of all government is too much in almost all instances. The cost must be reduced.

Now, members of this committee, the American people and its governments are facing a crisis in the financial condition. Taxes can not be collected to cover the necessary budgets to meet the enormous demands now being made to meet the obligations of government, National, State, or local; that is, under the present existing conditions of our economic life. Either the cost of government has got to be drastically cut in every way possible or inflation will have to take place. The levying of a so-called manufacturers' or general sales tax will not save the situation. The States, counties, and other local subdivisions of government will not derive a benefit from any of the above-mentioned national levies. The local taxes back home are load enough to carry without the Congress adding to the burden of the average local taxpayer as proposed in sections of this bill under consideration.

To meet the needs of the National Treasury I would like to have the House strike out the sales tax and substitute the provisions as an amendment relating to inheritances as explained by the gentleman from Maryland [Mr. Lewis] or the substitute suggested by the gentleman from North Carolina [Mr. Doughton], or at least something besides this sales tax. [Applause.]

Mr. DOUGHTON. Mr. Chair nan, I yield five minutes to the gentleman from Texas [Mr. Cross]. [Applause.]

Mr. CROSS. Mr. Chairman, zealous in the advocacy of their cause, Members in attempting to convince their colleagues often use passionate, burning words, but with no intention of questioning the sincerity and patriotism of those who differ with them and whom they know to be just as honest in their convictions as they themselves. [Applause.]

This bill represents weeks of hard and tedious labor on the part of the Ways and Means Committee, and it is now in this House to be analyzed, criticized, and tested in the welter of debate. And when the last appeal has been made, and having reached our conclusions, an unshirkable responsibility rests upon each of us to cast his vote in accord therewith, irrespective of political consequences. I can indorse most of the provisions of this bill, including the increased rates on incomes, on estates, as well as the tax on gifts, and feel that present conditions would justify even high rates; but after weighing the many able arguments, both pro and con, I am convinced that to leave in this bill the so-called manufacturers' excise tax would be a tragical mistake. Gentlemen, this so-called manufacturers' tax is an indirect consumers' tax; and, being an indirect tax, it is a deceptive, cowardly tax, cloaked in hypocrisy that the victim may not know what is happening to him. The indirection results in taking much from him that does not find its way into the Treasury, while under a direct sales tax the consumer would pay much less and the Treasury would receive the same amount as in the case of the indirect tax.

To illustrate, if a product cost the manufacturer \$100 and he pays the Government 21/4 per cent, it would make the product cost \$102.25; and if he sells his product to the retail merchant so as to net him 20 per cent, the retail merchant would pay him \$122.70, and then if the retail merchant sells to the consumer for a profit of 50 per cent the article will cost the consumer \$184.05. Now, had this \$2.25 been collected from the consumer instead of from the manufacturer the article would have cost him \$182.25, but by collecting it from the manufacturer the consumer is made to pay \$4.05, or nearly twice as much as the Government receives. Thus by this indirection do we mulch him to deceive him. And if you collect, as you estimate you will under this bill, \$600,000,000 from the manufacturers, it will result in taking from the consumers not less than a billion, but \$400,000,000 of it will never reach the Treasury. If we must lay this unjust tax upon poverty, let us at least not charge it \$400,000,000 to deceive it. [Applause.]

Gentlemen, this is the beginning of a move to further impoverish the masses for the benefit of a class. The unrevealed purpose is the gradual abolition of the income tax and the substitution of a constantly increasing consumers tax, and thus to release from taxation the vast unearned incomes and transfer the burden to the farmers' implements of husbandry, to the mechanics' tools, and to the backs and stomachs of the toiling millions.

The able gentleman from Georgia, the acting chairman of the Ways and Means Committee, in explaining this bill to the House, stated that it was regrettable that 8 per cent of the people owned 90 per cent of the wealth of the country. Recently a distinguished Senator at the other end of this Capitol declared that 4 per cent of the people of this Nation owned 96 per cent of its wealth. But let us assume that the gentleman from Georgia is correct, then let those on the right side of this aisle represent the 8 per cent of the population that own 90 per cent, nine-tenths of the Nation's wealth, and these on the left side of this aisle the 92 per cent of the population that own only 10 per cent or one-tenth of the Nation's wealth. In order to protect the citizens in the possession of their property, it is necessary that we collect taxes to maintain a constabulary, a judiciary, as well as an army and a navy. That is the purpose of the \$600,000,000 that is to be raised by this sales tax and by it you say to those on the left side of this aisle who own but 10 per cent of the wealth of the Nation, you must pay 92 per cent of the \$600,000,000, or \$552,000,000; and then you turn to these on the right side of this aisle who own 90 per cent or ninetenths of the wealth of the Nation, and you say to them, you need pay only 8 per cent, or \$48,000,000 of the \$600,000,000. By this consumers' tax you say to this side that represents 92 per cent of your population, the poverty-stricken, toiling masses of your population, many of whom are jobless, you say to them, though you have not sufficient clothes to keep you warm, though you have not sufficient food to stay your hunger, yet you must eat and wear less.

Gentlemen, organized wealth with all of its tremendous, insidious influence is back of this consumers' tax, and organized wealth is making a stupendous, stupid mistake. There is a nervous, dangerous unrest among the masses. True or not, there is a deep-seated feeling brooding in them that the wealth of this Nation has become concentrated in the hands of a few as the result of unjust class legislation. In these troubled times I beg you not to add to their burdens and increase their discontent. [Applause.]

Gentlemen, the great moneyed interests of this country are largely responsible for the present deplorable condition, for they have not acted wisely in expatriating in recent years more than twenty billions of American dollars, the product of the brain and muscle of American labor, and enlisting it in the ranks of foreign commerce to employ cheap foreign labor to produce products in competition with domestic factories, putting them out of business and labor out of employment.

But we are told that we should balance the Budget without delay. But why such haste? The President has recently more than once declared that we are at war-fighting a depression that is more tragical than any war that ever gripped the Nation. What nation ever attempted to balance its budget during time of war? I assert that an unbalanced budget now and then is not an unmixed evil. The legislative halls throughout the nations never cease to ring with the cry of economy, but as long as treasuries are flush it is a cry that falls on deaf ears. It takes an unbalanced budget and empty treasury to get results by forcing economy. Experience demonstrates no Congress will practice it with a surplus in the Treasury. Necessity is the mother of frugality. But if, as some of you say, the Budget must be balanced, then let us say to this 8 per cent, "Since your vast wealth has been made possible by the labor and consumption of these teeming millions, and since you own the billions of nontaxable securities of the States, counties, and municipalities, since you own the billions of tax-exempt incometax-escaping Government bonds, the value of which you claim are to be enhanced by the balancing of the Budget, then "—let us say to them—" in justice and good morals, this tax must be borne by you." [Applause.]

Are we Democrats to be stampeded into running amuck and committing political suicide by an avalanche of wild gestures and screaming hysterical speeches? I would admonish those who make them to calm themselves, wipe the froth from their lips, and let reason get back on its throne. We are advised that this consumers' tax would produce \$1,190,000,000 by 1934 and balance the Budget. Well, in three or four years we will receive that and more from our foreign debtors. They have never yet defaulted and, I dare say, will not do so. Then why this pressure to enact a sales tax? Can it be possible that it is the same financial oligarchy that has been propagandizing for the cancellation of our European debts to serve selfish motives? And once this sales tax becomes a law, would they not immediately begin to press this Congress or the next for such cancellation and cite this sales tax as the means by which we can keep our Budget balanced without the necessity of collecting those

Gentlemen, the great mass of the population of this Nation in their distress and poverty have about reached the breaking point. The desire to accumulate property and better his condition has been responsible for every mental and physical effort that has changed man from a naked savage with a mentality scarcely above that of the wild beast that dwelt in the same forest with him to what he is to-day. Destroy that opportunity and you start him back to his primitive condition in that ancient forest; and when he breaks camp to start on that return, chaos will reign. It might be well for the 8 per cent to look out of their palatial windows and take warning. When Rome fell, civilization staggered into darkness. God grant that America may stand and civilization survive. But should you lay this additional burden upon our already hard-pressed, discontented millions, it will stagger them in the direction of that frightful abyss at the bottom of which lies anarchy.

But it seems those of us who do not vote for this consumers' tax are to be branded demagogues. Demagogue! What a word with which to intimidate, and how adroitly, though vainly, have we heard it thundered here. You can not intimidate a statesman by insinuating on this floor that to vote for this or that would make him a demagogue. The demagogue is he who at home speaks with "that glib and oily art and purposes not" for the sake of votes, but who here becomes a fawning sycophant and by his vote stultifies himself for a little brief adulation.

Yes; enact this consumers' tax section into law and you will increase bitterness and hate and troubled discontent. Enact it into law and still further trample upon the rights of the States. Yes; enact it into law and further reduce your State to the status of a Province. Vote for it and for the short time you have to remain here bask in the smiles and rejoice in the approbation of its beneficiaries and then return home to your people to become a private citizen and repent of your folly. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to use to the gentleman from Missouri [Mr. Johnson].

Mr. JOHNSON of Missouri. Mr. Chairman, there has been no question presented to this Congress which more vitally affects the present and future welfare of the American people than the tax measure now under consideration, for it not only imposes an immediate and heavy additional burden upon the masses of our citizens, but it proposes a radical and revolutionary reversal of our national policy in the method of raising the revenue to pay the expenses of the Government. It abandons the Jeffersonian theory that the tax burdens should be the heaviest upon those most able, and the lightest upon those least able to bear such burdens. By an obnoxious, outrageous, and iniquitous nuisance and sales tax, this bill places the tax burden upon the poor man and the consuming public.

The Hoover-Mellon-Mills administration by its mad orgy of the spending of the people's money has caused an enormous governmental deficit. It recommends that the money necessary to continue this extravagant administration of the Government be raised by a sales tax upon the masses of the consuming public, and I deeply regret that some of the leaders on my side of the aisle endorse this monstrous proposal. It would have been a blessing to the American people if Mellon had left for England the day he received his appointment to the Court of St. James, but I am persuaded he agreed to remain here until this oppressive tax law was passed by Congress. Mr. Mills says this law must pass. I ask by what authority does he address this legislative body in such imperative language? I say the people alone have the right to command Congress.

While I believe in leadership, yet I say as long as I am a Member of this body I intend to represent the people who commissioned me, regardless of leadership here. When that leadership is steering a course that I believe is inimical to the great masses of the American people, I shall refuse to follow under the whip of the President and his Mellon-Mills Treasury. Congress voted a moratorium on foreign debts in the sum of one-fourth billion of dollars and created a \$2,-000,000,000 corporation to aid the big financial interests. I voted against both these measures because I knew they would impose an unbearable burden upon the people. We are now asked to vote for a measure which will compel the American consumers, by a sales tax, to pay \$600,000,000 additional annually for the necessities consumed.

I say to you, ladies and gentlemen of the Congress, personally I shall not vote for this nefarious sales and nuisance tax, which will place this terrible burden upon the already oppressed American people. Such a law will stifle and retard the return of prosperity and greatly increase the prevailing distress and discontent of the people.

The welfare of the Nation should always be placed above party welfare, yet when I am asked to abandon a policy which the Democratic Party ever has proclaimed necessary for the protection of the people, I look to see whether or not, back of such proposal, stand the high priests of privilege who expect to profit by the abandonment of such Democratic policy.

I believe in the principles of the Democratic Party, as the security of the rights of the masses, from the time of its first great exponent, Thomas Jefferson, down to and including the epochal and remedial administration of our last great President, that man who gave his life on the altar of his Nation, that man whom humanity reveres to-day, that matchless statesman and Democrat, Woodrow Wilson. [Applause.]

The Democratic Party has consistently opposed the imposition of obnoxious sales and nuisance taxes upon the people because they place an unjust burden upon the masses.

In 1924 the Democratic Party, in its platform, made the following declaration:

We oppose the so-called nuisance taxes, sales taxes, and other forms of taxation that unfairly shift to the consumers the burdens of taxation.

To my colleagues on this side of the aisle, may I say, we are now asked to desert the principles and traditions of our party. I care not what course others may pursue, but

for my part, I shall remain steadfast and true to the faith. | only mean that the consumers will be compelled to pay [Applause.]

It is the seductive and siren voice of the ultrarich and of the great monopolies which is clamoring for the sales tax. They want to see the entire burden of taxation placed upon the poor people so that they may escape such burden. They now have the hopes that if a general sales tax is enacted into law it will become a permanent method of raising the revenue and that eventually the income tax law will be repealed.

William R. Hearst, owner of a large group of metropolitan papers which are strongly advocating this sales tax, in the issue of March 13, published an appeal to the editors which contained, among others, the following instructions:

Please carry on sustained crusade, morning, evening, and Sunday, against the present bolshevist system of income taxation. The system is in itself unjust, inequitable, and un-American.

I say to you, Members of Congress, if you hearken to the voice of the great monopolies and approve this sales tax, although you think you are admitting only the camel's nose, his whole ungainly form will enter, take possession, and destroy those safeguards of the people which years of experience have proved wholesome.

Are you going to be lashed into obedience by the whip of the Mellon-Mills treasury? The Treasury experts can not definitely state the amount of the burden this bill will place upon the people. They only guess. In December they estimated the amount of the deficit and in February admitted they had made a mistake of \$321,000,000 in their guess. Would it not be advisable to issue bonds for a part of the amount sought to be collected from the people under this bill until it could be determined how much additional revenue was necessary and until the people and business were able to pay an increased tax burden?

An economy committee appointed by the House is now laboring to greatly reduce the expense of the Government. When it has completed its work, it may be that the enormous amount sought to be raised by this tax bill will not be needed.

The Treasury had no difficulty in raising the one-half billion dollars for the Reconstruction Finance Corporation. Last week it offered Government obligations in the sum of \$900,000,000, and in two days it received subscriptions for nearly \$3,000,000,000.

Clearly the Budget should be balanced. This should be done by a decrease in the expense of the Government, an increase in the taxes on large incomes, the gift and estate tax, and by a bond issue for the balance until the people are out of the present depression.

Under the provisions of this bill the consumers will be compelled to pay an increased tax burden of approximately \$600,000,000, while the income tax is increased only \$112,000,000.

If this sales tax is enacted into law, it will levy a tax upon every laborer, every farmer, and every citizen in the Nation.

The laboring man who is now walking the streets looking for just enough work to keep the wolf from the door will be compelled to pay out of his meager means a tax every time he purchases a pair of cotton socks, a pair of shoes for his little ones, or any article necessary for their support. It is estimated that this bill will cost the laboring people \$150,000,000 annually.

The farmer, who has seen his home sold under the auctioneer's hammer, will pay a tribute when he purchases a hoe, other farm implements, and all of the necessities for himself and family. It is estimated that this bill will compel the farmers annually to pay \$150,000,000 additional for the articles purchased by them.

The measure, with the exception of a few articles of food, is all inclusive, for it provides for a tax upon "every article" purchased, from the swaddling clothes of the babe to the shroud which incloses the lifeless remains of the man.

It is claimed that certain articles of food are exempted from the tax, but an examination shows that only a small proportion of such articles are exempted.

All meats in air-tight containers, all canned meats, tomatoes, and other canned vegetables, ice cream, lard, and all cooked meats and prepared foods are taxed. This will not

more for these necessities but that the price received by the farmer for his products will be reduced. It has been estimated that this law will reduce the amount annually received by the farmers for hogs alone \$10,000,000.

The law, section 602, exempts water from the tax. I am at least grateful that we shall not be compelled to pay a tax on water and air. I suppose the sponsors of this bill exempted water and air for fear that if they did not they might incur divine displeasure; but remembering Him who said, "Even as ye have done it unto one of the least of these. my brethren, ye have done it unto Me," I say that if this bill becomes a law the Nation will merit divine condemnation for oppressing the people.

In lieu of compelling the people in their present distress to pay a sales tax upon everything purchased, I say we should further increase the income tax, beginning with our incomes as Congressmen. I would rather have my income tax doubled over what this bill provides than to vote a sales tax which would make every poor man, who can now hardly pay his bills, pay a tax on everything he purchases. [Applause.1

The bill levies no greater rate of tax against a person who receives an income of a million dollars than one who receives an income of \$101,000. That is not just. I think a tax rate of 65 per cent should be levied upon an income of \$1,000,000 or more.

The law grants an exemption for certain income received from foreign investments. This is not fair to the American citizens. A tax of 75 per cent should be levied upon incomes received from sources or investments outside the United States.

This is the most unjust, unfair, burdensome, and un-American law that was ever attempted to be fastened upon the American people. It will sap the very lifeblood from our people at a time when they are already bled white.

I say to you, ladies and gentlemen of the Congress, although I should like to vote for the increase of the tax on large incomes, gifts, and estates, yet unless the obnoxious sales and nuisance tax provisions are stricken out I shall vote against the entire bill. I will not betray the trust reposed in me as a Representative by voting for this oppression of the people. [Applause,]
Mr. DOUGHTON. Mr. Chairman, I yield five minutes to

the gentleman from Missouri [Mr. Barton].

Mr. BARTON. Mr. Chairman, the district I have the honor to represent is peculiarly an agricultural one, and I hope I may be excused if I speak from a farmer standpoint.

The bill now before us is designed to balance the Budget. "Tis a consummation devoutly to be wished." In fact, sooner or later this must be done, or the American dollar will go the way of the German mark and the world be thrown into chaos.

Seeing the absolute necessity of balancing the Budget, we turn to a consideration of ways and means. First thought is to raise taxes, and sales tax among them. On deliberate study we find that that is a shortsighted method. It increases the depression in which we are now struggling and brings a long line of objectionable features. The present law was more than sufficient in the subnormal times from 1921 to 1930 and, supplemented with other features of this law and some sources which may be brought in by amendment, ought to be ample to balance the Budget within a reasonable time. Remove the depression and our task is

A general survey shows one-fourth of our people are working on farms at 51 per cent of their pre-war income; 8,000,-000 unemployed, earning nothing; another 8,000,000 working part time, and the remaining industrial workers working for wages 21 per cent below what they received two years ago. The greatest unemployment of all is capital, and so timid that it will not venture into any new enterprise. Restore these to normal conditions and the Budget will balance.

The country is financially sick and we are the attending physicians. Doctors tell us that the best remedy for any disease is to remove the cause and that no disease can be permanently cured so long as its cause remains. To balance the Budget by new taxes is but treating the symptom, not the disease. We must reach the root of the ailment, must remove the cause. Then we may expect a permanent cure,

Our present difficulty is underconsumption. This is not because the needs and desires of our people are low but because their purchasing power is exhausted. Bins and barns are bursting and warehouses and stores are filled to overflowing, while people are in the bread line; some of them, too proud to ask charity, are in rags, undernourished and hungry.

Much of our present tax system is based on collections from the consumer. It, like the sales tax, is said to be easy of collection, a painless operation, because the real taxpayer is not aware of his contribution. This is true of the tariff, by which we contribute millions to the support of the Government and billions to the coffers of the ultrarich who finance protected enterprises. The effect of the whole system is to widen the gap between the price paid for production and the price paid by the consumer, and by this means reduce both consumption and production.

I have been told of a system of medicine which teaches treatment of disease by giving the patient more of what he already has-if poisoned, give him more poison. I do not know whether they have ever advocated setting a dog after a man as a remedy for a dog bite, but if they did it would be on a par with this sales tax.

This leads us to investigate the origin, history, and progress of this depression, or panic, as you may call it. In my opinion it originated with agriculture, where it is still most acute, and there we should begin to rebuild. From the farm the depression spread to industry, and it is now eating at the vitals of our financial structure in metropolitan districts. To prove this statement I shall use as my principal authorities Dun's Review, known to all, and this pamphlet, The Agricultural Situation, a Government publication, issued by the Bureau of Economics in the Department of Agriculture.

On last Tuesday the gentleman from Mississippi [Mr. RANKIN] told you how within the decade from 1920 wealth was accumulated in the hands of a few, how men with an income of a million dollars a year increased in number from 21 to 525. To this I would add that there are now in this country some 29 or 30 people with incomes of ten millions or more. Now I am going to tell you whence much of that wealth was drawn. From a revenue standpoint the chief difficulty is that the supply is exhausted.

I take it that 1920 was not far from a normal year all over the country. In that year there were 8,881 commercial failures, about an average for the two preceding years. The bank failures were 109, somewhat larger than for the three prior years. The ratio of prices received to the prices paid by farmers based on the average prices of 1909 to 1914 (figured by our Government) was 99 per cent. In other words, if a farmer took to town a dollar's worth of produce as priced in 1909 to 1914 he could get 99 cents worth of supplies priced as of the same date.

Beginning with this normal year we proceed. In 1921 commercial failures more than doubled, reaching 19,652, the largest in the history of the country up to that time, excepting 1915. This number has been exceeded every year since then excepting 1923, when it was slightly lower. In 1931 this reached the alarming figure of 28,285. The failures for both January and February this year exceed those of last year, thus indicating that the "corner" is not yet in sight.

I do not have to draw much upon my imagination to hear some one say, "Well, it was worse in 1893." Nay; not so. Then there were only 15,242 failures, or 1.28 per cent of the firms in business, while last year 1.33 per cent of the firms in business failed. Both in numbers and percentage last year made the worst showing in a half century. So much for the Nation as a whole. Now let us localize the trouble, if we can.

The ratio of prices received and paid by the farmer based on the 1909 to 1914 basis has gone down from the 99 figure in 1920 to 51 cents in January of this year. Farm taxes have sometimes improved. This time a real situation con-

have gone up from 155 in 1920 to 266 in 1930. Farm mortgages have increased about two billions. Thus we find agriculture was the victime hardest hit.

Agriculture enters into the enterprise of every State, and so does industry. However, the northeast portion of our country is peculiarly industrial, while in the rest agriculture predominates. I have separated these regions for the purpose of comparison. I have considered as industrial the New England States, New York, Pennsylvania, and New Jersey, approximately one-fourth of our population. The reason banks fail is because those who patronize them fail. At this point I desire to insert a table compiled from Dun's Review showing bank failures in these industrial and agricultural regions separately, showing the complete breakdown of these financial institutions in the agricultural regions and how it is breaking across and eating at the vitals of the industrial districts.

Bank failures

Year	Indus- trial—9 States	Agricul- tural— 39 States	Total
1917	3	39	42
1018	0	20	20
1919	4	46	50
1920	10	109	119
1921	8	396	404
1922	7	270	277
1923	12	566	578
1924	7	605	613
1925	8	456	464
1926	6	602	609
1927	2	392	394
1928	6	366	372
1929	7	428	435
1930	30	904	934
1931	176	1, 264	1, 440

In the industrial States from 1921 to 1929 there were only 63 bank failures, while in the 39 agricultural States there

The population drift is naturally from the less profitable and desirable to the more profitable and desirable occupations and locations. In 1920 our rural population constituted 48.6 per cent of the whole. In 1930 it had decreased to 43.8 per cent. A much worse showing would have been made were it not for the fact that the birth rate on the farm is much greater than the death rate. This alone, for the year 1929, accounts for 45,000 of our rural population, and in other years a similar number. (Yearbook, 1931, p. 41.)

For these reasons I conclude that there must be a leveling up or a leveling down. Agriculture must be brought up to industry or industry must be brought down to agriculture, or both must be brought to a happy meeting ground where they can enjoy equal opportunities. Paraphrasing one of President Lincoln's most famous expressions, I say, that no nation can long endure half prosperous and half depressed.

A leveling up as promised by our Republican friends in their last two or three national platforms, and wholly unaccomplished after 11 years in power, is far more desirable, especially to the farmer. This because he borrowed billions when a dollar could be obtained for a dollar's worth of produce at prewar prices. Now, he can get only 51 cents for it. He will, therefore, be compelled to pay his debts with dollars worth nearly twice as much as those he bor-

In this discussion frequent references have been made to the tariff. Protection is peculiarly a Republican doctrine. According to their philosophy raising the tariff seems to be a panacea for all ills, industrial and economic. They remind me of an old man in my country who owned a large tract of timberland. When he met adversity and became despondent he resorted to the simple expedient of raising the price of this land. Of course, he did not sell it, but it had the desired psychological effect, and he felt good over his new wealth.

So with our Republican friends. They simply raise the tariff, then wait for prosperity to return and listen for the people's praise. And, thanks to American enterprise and industry, not because of but in spite of the tariff, conditions

fronts them. They are in the position of Ben Franklin, who when he had dropped a coal of fire into another man's shoe tried to persuade him that pain is only imaginary and that it would not hurt if he did not think it did. Even Mrs. Gann has discovered that there is no depression.

I was much interested on last Tuesday in the speech made by the gentleman from Massachusetts [Mr. Martin] on the oil tariff. How accurately he stated the effect of a high protective tariff, and I wonder why he did not apply that logic to the Hawley-Smoot tariff bill when it was in Congress. It is the old story of whose ox is gored. Heretofore when a Democrat wanted protection for some enterprise in his district he was called a spotted protectionist. By the same token I suppose the gentleman from Massachusetts is a spotted free trader.

It will be remembered that when the Republican Party came into control in 1921 it passed in short order a popgun tariff bill known as the farmers' emergency tariff act, levying duties on wheat and some five or six other farm products. This was done because that party claimed this would raise and stabilize the prices of these products. It is interesting to note that next day, or within a few days at most, the price of wheat went down on the Chicago market, and according to the Agricultural Year Book wheat sold on the markets that year 50 cents lower than the year before when it was on the free list. Wheat growers may have been deceived by such a measure, but the gamblers in the pit were not fooled. A tariff on wheat or any other article of which we produce a surplus will not function unless there is a monopoly, gentleman's understanding, or tacit agreement to regulate production or price or both.

I refer to a speech made by the gentleman from Wisconsin [Mr. Amlie] last January. (Record, p. 1712.) I would like to call him my friend, but I do not know him. I am proud to be a Member of this body with a man like that. A Republican though he is, and therefore generally wrong in politics, yet he has intelligence and industry to search out and find the truth and courage to tell it to the world.

Secretary Hyde, in a release, had indicated that wheat growers were benefited by the tariff from 23 to 31 cents a bushel amounting to a quarter of a billion dollars annually. Mr. Amlie, after several weeks' study and checking, found that the only wheat affected by the tariff is about half of the crop of the hard spring wheat which is strong in protein and grown in the Dakotas, Minnesota, Montana, and Nebraska. And this instead of a quarter billion profits, only \$17,600,000. This, of course, is paid, with trimmings, by the bread eaters.

After a very careful analysis Mr. Amlie observes:

The whole thing was designed and calculated to mislead and deceive, and this is precisely the effect it has had.

He further says:

I charge that the Secretary of Agriculture has shown himself to be without any sense of intellectual integrity, or, if the term is not copyrighted, guilty of "abysmal ignorance."

If Mr. Amlle is not right in his conclusions, then the only reason I can see for the Secretary to make such a release is because he thought the bread eaters would not believe him and that the wheat growers would take the bait and vote his ticket.

There is the Grain Stabilization Corporation, with its \$50,000 a year chairman and other officers with comfortable salaries. I see by the papers they claim to have saved the farmers of this country \$55,000,000. The basis of this figure is that the price in this country for many years has been sufficiently lower than the world market to pay cost of exporting and selling. Last year it is claimed the American price was sufficiently above that base price to aggregate a profit of fifty-five millions. If they did save, it was not to the farmer because they did not begin operating until about November, after the bulk of the wheat had left the farm and they quit before the next crop matured.

Again, at present wheat prices, they have lost more than a hundred millions. In other words, they have saved about half what they have lost, a 50-50 proposition. But that is not all—they yet have a remnant of the two hundred and

odd million bushels of wheat—a white elephant—a bear on the market. I think by the time the transaction is closed instead of a 50-50 proposition it will be "ninety to nothing," with the Government on the side of nothing.

I note some days ago the gentleman from Wisconsin [Mr. Schafer] expressed satisfaction at having voted for the Hawley-Smoot tariff bill, and gave as his reason that the price of sugar had since gone down although this act raised the tariff on it. With childlike faith he seems to think that this proves beyond question that raising the tariff even on sugar does not raise the price. I suggest that he read the speech of last Tuesday made by the gentleman from Massachusetts [Mr. Martin]. He seems to forget a fundamental. He should understand that the world price fluctuates and recedes. If he will read the papers he will find sugar quoted in New York with tariff paid. He can buy it in that market with tariff paid or without tariff paid, the amount of the tariff being the difference between these two prices. Unless he believes that an American tariff will lower the world market he must know that raising the tariff on an article so largely imported as sugar will raise the price in this country to the amount of the tariff above the world market. Of course, if the world price goes down more than the tariff was raised, as in this instance, then the American price will be reduced.

Again illustrating where the tariff does not function. Lard has been mentioned in this discussion. Last year, according to this book, we exported and sold abroad in open competition with all the world 568,000,000 pounds of lard. This amount is so stupendous that the human mind can hardly comprehend it. I understand the world is about 25,000 miles around. By reducing this distance to feet and dividing we find that the lard we sold abroad last year would make a smear reaching round the world weighing more than 4 pounds to the foot. In 1929 we exported 829,000,000 pounds which would reach around the world weighing 7 pounds to the foot.

Again, meats have a protective tariff—yet we exported last year more than 177,000,000 pounds of meat products. I understand that the Atlantic Ocean is about 3,000 miles across. This would make a strip of meat reaching across the Atlantic weighing 1 pound to the inch.

Now, I ask, can anyone say that a tariff would affect the price of these articles where such immense quantities are shipped out and sold on the markets of the world? What has been said about wheat and meat and lard is true in a very large sense of all staple farm products. Therefore, it is but a slight benefit, if any, the farmer gets out of the tariff under any circumstance. Yet he pays for his supplies prices standardized, localized, and monopolized behind a tariff wall, and sells in the open markets of the world and at world prices. The candle burns at both ends.

Again, I repeat that no nation can long endure half prosperous and half depressed. There must be a leveling up or a leveling down, there must be equality of opportunity between agriculture and industry.

That this country is the best market in the world has been repeated so many times on the floor of this House that I think some believe it without exception. Best for whom—the buyer or the seller? The best for the one is the worst for the other. It is the best market in the world in which to buy meat and lard and other staple farm products, and the worst in which to sell them. It is the worst market in which to buy the highly protected articles and the best in which to sell them. Again, I say, whose ox is gored.

I do not want it understood that I am an enemy to the rich. To attain wealth by fair means is an honor. However, any system which causes the wealth of a country to be gathered into the hands of a few is not a good policy. A policy should foster and encourage an equitable and reasonable distribution of wealth by furnishing equal opportunities to all its people.

In this extremity our Secretary of Agriculture advises the farmers to cease producing for export. At the present time there are some three or four million people on the farms in this country working to produce for export. If we cease this production these will be thrown out of employment or into a

less remunerative employment. If so, where are they to find | and provincial governments. From our revenue system the work, or does he advise them to join the teeming millions now walking the streets and highways hunting something to do.

During this discussion much has been said about who will pay this sales tax. It seems to be the general opinion that it will be passed on to the consumer, but I tell you these are not ordinary times. The common man is already spending his entire purchasing power, present and prospective, in an effort to keep soul and body together. You may give him less for his earnings, but you can not extract money from his empty pockets. This tax would bring a long line of disasters. It would curtail consumption and with it reduce production, more laborers unemployed, more families in distress, and more children crying for food.

Then can the producers and the distributors absorb this tax? With commercial failures at the highest point in half a century, that is certainly not a promising field in which to raise \$600,000,000. Caution admonishes us to tread lightly lest general financial disaster and bankruptcy follow.

There is the little theater with a 25 to 50 cent admission. It would be taxed to death by this bill. It would not produce revenue from this source and would deny the picture show to nearly all who live in rural communities where entertainments are so few.

We are now engaged in the export business. Our people in war time redeemed their obligations abroad. In the last decade they have purchased foreign securities until this House, by solemn enactment, has stamped its disfavor upon further extensions of foreign credit. Many of our industries are now establishing branch plants in foreign countries, which is pro tanto exporting the industry. Reducing farm production and abandoning farms in this country stimulates opening new farms in other parts of the world. Economically this is exporting farms. Last but not least, according to the Bureau of Immigration, many thousands of our people every year move permanently abroad, far in excess of those coming to this country. This is exporting our people. The reason is apparent. Capital can be more profitably and securely invested abroad; else why does it go? And people can obtain more satisfactory employment and living conditions. If not, why do they move? The tide of migration has reversed the traditions of a century and turned away from our shores.

I believe that this sales tax will reduce consumption, retard production, delay balancing the Budget, and be disastrous to our country in general. I am therefore against the sales tax. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield to the Delegate from the Philippines [Mr. Osias] such time as he may wish to use.

Mr. OSIAS. Mr. Chairman, in the short time at my disposal I shall not attempt to make a speech but merely to make a few factual statements.

In the course of the long debate on this exceedingly important revenue measure, H. R. 10236, we have had dinned into our ears the existence of an unprecedented deficit and the necessity of balancing the Budget. To people living beyond the confines of the United States it is well-nigh incomprehensible that the people and government of a country which they have come to look upon as the richest and most stable should be confronted with the grave problem of having to exhaust ways and means of raising revenue in the present emergency to meet the deficit of over \$2,000,-000,000 and effect a balance in the national budget.

I thought it would be of interest to the Members of this body if I at this time brought to their attention the intelligence that a country far removed from the scene of our legislative labors, relatively poor, and which, according to the papers of last night, a certain executive official is depicting as unfit for economic reasons to be free and independent, is not afflicted even in the midst of these days of world stress and distress with a deficit. The government of the Philippine Islands has been self-supporting from the establishment of our present civil government in 1901. From the taxes locally levied we have maintained our municipal

central government has been quite able to meet the expenses of administration of the varied activities necessary to an even and orderly progress in our domestic life. To-day it is with justifiable pride that I am able to state that our government has a balanced budget.

The authorized spokesmen of the Filipino people have appeared before the congressional committees charged with the duty of studying legislation on Philippine affairs and making recommendations to the Congress. The Committee on Insular Affairs, under the able chairmanship of the gentleman from South Carolina [Mr. HARE], has held extended and exhaustive hearings, giving opportunity to all persons and organizations interested to testify. By a practically unanimous vote on the part of the members an independence bill was favorably reported out, and on March 15 the chairman submitted a comprehensive report of the committee findings, recommending that the bill H. R. 7233, as amended, should pass,

Before the Committee on Insular Affairs we presented a record of Philippine progress and of our people's preparedness. We discussed the social, political, and economic phases of the problem. We adduced evidence to prove the soundness of the Philippine currency and facts showing the condition of our government budget. It is satisfying to me as a representative of our people to read from the report of the committee the following conclusion regarding our insular budget:

At a time of universal depression, when most nations, large and small, are beset with fiscal difficulties, the government of the Philippines is in a sound financial condition. This statement is corroborated by the report of the insular auditor. From the exhibits left with the committee it appears that the Philipthe exhibits left with the committee it appears that the Philippines not only have succeeded in balancing their budget, but have in fact accumulated a surplus. Even in 1932, and in the face of curtailment of revenues, the Philippine budget will be balanced without increased taxation or abandonment of essential government services. The budgetary system was adopted in the Philippine Islands before it became operative here.

It was urged by the proponents of independence in the presentation of their views to the committee that this wise stewardship of the insular revenues evidences the ability of the Filipinos to manage one of the most difficult departments of government in one of the worst financial dislocations of recent years. (Rept.

in one of the worst financial dislocations of recent years. (Rept. No. 806, pp. 8-9.)

We have in the islands, by the way, a sales tax of 11/2 per cent and it is one of the largest sources of revenue for the insular government.

Mr. Chairman, if sound currency, adequate revenue system, and a balanced budget are among the elements that serve as a barometer of a people's ability to be self-governing and free, then it must be admitted that the Filipinos are fit and ready and that the Senate and House committees are right in recommending favorable action on legislation to remove the present uncertainty in American-Philippine relations and to grant independence to the Philippine Islands. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. Crowe].

Mr. CROWE. Mr. Chairman, ladies and gentlemen of the committee, I have the greatest respect for the members of the Ways and Means Committee. I am sorry to differ with them. However, I have my own convictions. I desire to voice my opposition to certain parts of the proposed tax bill which is designed to balance the Budget.

I particularly oppose the sales tax, which is called the manufacturers' excise tax, at 21/4 per cent, which is expected to raise \$595,000,000. That \$595,000,000, I will show, will practically come from and be imposed upon groups of people who are already overburdened with taxes. At least, the major parts of it from these groups against that to be paid by the groups out of profits to be raised through income tax only \$112,000,000 will be collected. The \$595,000,000 will come in large parts from farmers, workingmen, small business men, and professional men, who in the main to-day are in the worst distressed condition they have been in for many years. The \$112,000,000 mentioned will be derived from a part of the profits of those whose fortunes will not be touched by this tax. I think that it is important to balance

the Budget; I believe that it should be balanced, if we can without further destroying and crippling business and without driving additional people into bankruptcy. However, I think that it is a great mistake to attempt to make the people believe that the United States Government will impair its credit if it does not balance the Budget this year.

At the close of the World War the Nation was in debt \$27,000,000,000. To-day this country is in debt seventeen and one-half billion dollars. According to the latest and best figures which I can obtain, the Nation's wealth is estimated at \$320,000,000,000; accordingly our indebtedness is slightly over 5 per cent of our Nation's wealth.

This talk of impairing our credit with the countries of Europe and South America does not ring true to form to me. Those countries are in debt to this Government twelve and one-half billion dollars, which, if collected, as it should be, would leave but a difference of \$5,000,000,000 between what the United States owes and what it has due it from the other nations. France, England, and Italy will not cancel Germany's debt; why should we cancel the debts of France, England, and Italy?

We do not want to get in the condition that England is in; but when Members of this House talk of the credit of this country becoming impaired when its indebtedness is approximately 5 per cent of the Nation's wealth, I refer them to England, whose estimated wealth is \$122,000,000,000 and their indebtedness thirty-two to thirty-five billion dollars, or 25 to 30 per cent of their wealth. To be sure, we do not want to get in any such condition; but I do not like to hear, and I think that it is absurd to put before this House and to put before the Nation, statements which would cause the people of this country to lose faith in the stability of our Government if we do not balance our Budget in 1933.

From the White House and from spokesmen of our Government we have at numerous times heard the statement that this is a calamity equal to that of war, and it is a calamity of the first magnitude. Governments are not known to balance their budgets in times of war. I am not saying this because I do not want to see the Budget balanced, but to disapprove the mistaken idea that the credit of our Government would be impaired if we do not balance our Budget in 1933. We have already paid \$3,000,000,000 ahead of our schedule.

It has been reported that 8 per cent of the people own 90 per cent of the wealth of the country. This \$595,000,000 tax would cause 92 per cent of the people that own only 10 per cent of the wealth to pay approximately 92 per cent of this tax. The 8 per cent of the people that own 90 per cent of the wealth would pay approximately 8 per cent of the tax. Does that seem fair and just?

I am opposed to this tax; in fact, I am opposed to any tax which will add any additional burden to our already overtaxed people. It is not fair, it is not humanitarian, and not as Lincoln said, "Government of the people, by the people, and for the people." I am a believer of the founder of Democracy, Thomas Jefferson. I prefer to follow his doctrine. I stand on the fundamental principles of the Democratic Party in this. I refer to the platform of the party in 1924. It says in part, "We oppose the so-called nuisance tax, sales taxes, and all other forms of taxation that unfairly shifts to the consumer the burdens of taxation." But even though I oppose this manufacturers' tax and even though I say and believe that the credit of the Government would not be impaired in the event we do not balance the Budget in 1933, I am firmly of the belief that the Budget can and should be balanced, with part of the profits the larger groups of the country are continuing to make, and not from those who are already in dire distress. I am not opposed to capital when properly regulated; but in times of panic such as we are undergoing to-day, we can not afford to destroy the people of small means. This tax must be collected from those who have the ability to pay.

HOW TO BALANCE THE BUDGET WITHOUT THE SALES TAX

There are several methods of doing this. In the first place, according to the Congressional Record of December 16, 1930, a statement based on figures of the Treasury De-

partment shows that during the years from 1922 to 1930, inclusive, cash refunds, credits, and abatements in connection with income, excess-profits, and inheritance taxes amounted to \$3,394,508,218. This vast sum of money was handed back to the taxpayers by the Government after every reasonable reduction and abatement had already been made. It is probable much of this should have been retained by the Government.

On December 7, 1931, according to a stock letter of the National Grange under date of March 15, 1932, the Hon. Andrew W. Mellon, then Secretary of the Treasury, said that there were unpaid taxes amounting to almost a billion dollars. This billion dollars, mind you, is the amount due the Government according to the income-tax returns filed, and by those filing their returns after they had deducted everything they could find to deduct. It is the amount they showed that they owed the Government by their own tax returns. Had this amount been collected as they collect from you and me, and as it seems to almost everyone that it should be collected, it would cover a large part of the deficit.

Through these vast sums, by a tightening of the collection machinery of our Government, several hundred million dollars could no doubt be collected. What farmer has been allowed to withhold the paying of his taxes? What workingman or storekeeper is given such latitude? Where can you find anyone of modest means and incomes but who has to pay taxes when due or be fined and then pay.

A second plan to avoid a sales tax I recommend is as follows:

Adopt the excess-profits tax as in operation in 1921; it is estimated that it would raise in 1933	8168 000 000
Increase corporation tax to 15 per cent, which would	4100,000,000
raise an additional tax in 1933	42,000,000
Increasing the income tax to a maximum of 50 per	
cent instead of 40 per cent raises an additional (This being below the war-time rates.)	56, 000, 000
Estate and gift taxes advanced to the war-time rate	
will give an increase of	35, 000, 000
A tax of one-half of 1 per cent on the total volume of sales in dollars of the New York Stock Exchange and the New York Curb Exchange and other ex-	
changes of the United States estimated at	300,000,000
	200000000000000000000000000000000000000

Some time ago Mr. Hearst, of newspaper fame, wired me, along with other Congressmen, offering me a trip into Canada, with all expenses paid, to study the Canadian sales tax. For obvious reasons I did not go. One reason for not going was that I was and am opposed to a sales tax.

I am convinced that once a sales tax is saddled onto the people it will never be removed. It will also be the death of the income tax law, which is a fair law. The income tax places the burden where there are profits and where they are able to pay. A sales tax makes the burden heavier for those least able to pay. I have never been in doubt on this. I gave it careful study months ago, and when Mr. Hearst wired me the invitation to join the party I promptly refused, because I was opposed to such legislation.

It is argued by some that a sales tax is painless—that you pay it and do not notice it. In that connection I refer you to the gentleman from Michigan [Mr. Ketcham], who stated:

In the internal-revenue tax for the present year, Indiana pays \$21,431,225. If that system of taxation were entirely wiped out and we substituted this new sales-tax policy under which we are starting to operate if this title is retained in the bill—I would like to have every Indiana man hear these figures—instead of \$21,431,225, the State of Indiana would pay \$86,022,000, which would multiply her tax burden more than fourfold. I think, friends, you want to be looking at this pretty carefully before you launch upon a policy of this kind, because, after all, you have a responsibility not only to your country, but you have a responsibility to the folks who sent you here.

This burden to be added to those already breaking under the load of taxation now imposed.

During the last 10 to 12 years the greatest fortunes have been amassed that have ever been known in this country. In the same time more farmers have gone broke than has ever been experienced, more merchants have gone into bankruptcy, more banks have closed their doors, and more losses have been incurred to depositors than ever was known be
| Number and cost of salaries of employees of the legislative branch
| of the Government—Continued fore in the same length of time.

There are more people unemployed in this country than has ever been known before, more hunger, distress, and ultimate disease.

During this same period the excess-profits tax was removed. The corporation tax rates were reduced, and at every turn the load was taken off the rich and they amassed tremendous fortunes.

Compare the picture of these big industrialists with the farmer, the laborer, the small merchant-how different the scene. I oppose the sales tax; it is unjust, unfair, and will be harmful to our people and an injury to our country.

This bill is not fair to the great masses, who, while being unorganized, are hopeful that their duly elected Representatives in Congress will deal with them in a fair and honorable manner. And be it remembered that nothing is settled until it is settled right, and there will be a day of accountability to the people.

I oppose a tax on amusements—on admissions of 50 cents and under. This is the amusement of the common people and the poor. I oppose the tax for that reason, and for the further reason that the picture theaters in the small towns are, like all other small-town businesses, barely able to exist, and any additional tax would close the ones that are yet open. [Applause.]

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DICKSTEIN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 10236, the revenue bill, had come to no resolution thereon.

## SPEAKER PRO TEMPORE

The SPEAKER. The Chair appoints the gentleman from Louisiana [Mr. Sandlin] to act as Speaker of the House at the evening session.

NUMBER AND COST OF SALARIES IN THE LEGISLATIVE BRANCH

Mr. RAINEY. Mr. Speaker, under permission heretofore obtained by me, I printed in the Congressional Record of February 8, 1932, a statement prepared for me by the Bureau of Efficiency as to the number and the salaries of Government employees. That statement did not include the number and amount of salaries of employees of the legislative branch of the Government. On the 8th day of February I stated that later I would print in the RECORD the same information with reference to the number and cost of salaries of employees in the legislative branch of the Government.

At my request, Hon. William Tyler Page, formerly Clerk of the House of Representatives and now in the employ of the House, has prepared for me that statement, and I now ask unanimous consent to print also that statement in the Con-GRESSIONAL RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAINEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Number and cost of salaries of employees of the legislative branch of the Government

[U. S. Senate, House of Representatives, Architect of the Capitol, Library of Congress, U. S. Botanic Garden, and the Government Printing Office. Compiled in March, 1932]

	Nu	mber	Salary cost		
Annual salary, but less than—	Number in group	Cumula- tive total	Cost for group	Cumula- tive cost	
Total	9, 049	9, 049	\$23, 087, 764	\$23, 087, 764	
\$1,000 and under \$1,000 and less than \$1,100 \$1,100 and less than \$1,200 \$1,200 and less than \$1,300	293 65 35 374	293 358 393 767	174, 524 69, 900 39, 900 461, 144	174, 524 244, 424 284, 324 745, 468	
\$1,300 and less than \$1,400 \$1,400 and less than \$1,500 \$1,500 and less than \$1,500	153 196 230	920 1, 116 1, 346	206, 400 282, 240 343, 956	951, 868 1, 234, 108 1, 578, 064	

	Nu	mber	Salary cost	
Annual salary, but less than-		Cumula- tive total	Cost for group	Cumula- tive cost
\$1,600 and less than \$1,700	260	1,606	\$393, 360	\$1, 971, 424
\$1,700 and less than \$1,800	151	1,757	262, 740	2, 234, 164
\$1,800 and less than \$1,900 \$2,000 and less than \$2,000 \$2,000 and less than \$2,000 \$2,100 and less than \$2,200 \$2,200 and less than \$2,300 \$2,200 and less than \$2,300 \$2,200 and less than \$2,400 \$2,400 and less than \$2,500 \$2,600 and less than \$2,500 \$2,600 and less than \$2,700 \$2,000 and less than \$2,900 \$2,000 and less than \$2,900 \$2,900 and less than \$3,000 \$3,000 and less than \$3,000 \$3,100 and less than \$3,000 \$3,100 and less than \$3,300 \$3,200 and less than \$3,300 \$3,200 and less than \$3,300 \$3,300 and less than \$3,300	287	2, 044	523, 320	2, 757, 484
\$1,900 and less than \$2,000	69	2, 113	134, 460	2, 891, 94
\$2,000 and less than \$2,100	59	2, 212	200, 520	3, 092, 46
\$2,100 and less than \$2,200	4,442	6, 654	9, 363, 828	12, 456, 292
\$2,200 and less than \$2,300	141	6, 795	334, 630	12, 790, 925
\$2,300 and less than \$2,400	47	6,842	105, 940	12, 896, 862
\$2,400 and less than \$2,500	121	6, 963	291, 000	13, 187, 862
\$2,500 and less than \$2,600	917	7,880	2, 294, 500	15, 482, 362
\$2,600 and less than \$2,700	55	7, 935	143, 160	15, 625, 522
\$2,700 and less than \$2,800	43	7,978	62, 687	15, 688, 200
\$2,800 and less than \$2,900	49	8, 027	119, 455	15, 807, 66
\$2,900 and less than \$3,000	12	8, 039	⇒ 34, 800	15, 842, 46
\$3,000 and less than \$3,100	34	8,073	100, 120	15, 942, 584
\$3,100 and less than \$3,200	29	8, 102	91, 140	16, 033, 72
\$3,200 and less than \$3,300	70	8, 172	224, 100	16, 257, 824
\$3,300 and less than \$3,400. \$3,400 and less than \$3,500. \$3,500 and less than \$3,600. \$3,600 and less than \$3,700. \$3,700 and less than \$3,800. \$3,500 and less than \$3,800.	35	8, 207	115, 680	16, 373, 504
\$3,400 and less than \$3,500	23	8, 230	78, 280	16, 451, 784
\$3,500 and less than \$3,600	13	8, 243	45, 660	16, 497, 444
\$3,600 and less than \$3,700	46	8, 289	165, 720	16, 663, 164
\$3,700 and less than \$3,800	5	8, 294	18, 580	16, 681, 744
\$3,800 and less than \$3,900	15	8, 309	57, 040	16, 738, 784
\$3,900 and less than \$4,000	104	8, 413	405, 900	17, 144, 684
\$4,000 and less than \$4,100 \$4,200 and less than \$4,400	2	8, 415	8,000	17, 152, 684
\$4,200 and less than \$4,400	10	8, 425	42, 240	17, 194, 924
\$4,400 and less than \$4,600	7	8, 432	31,000	17, 225, 924
\$4,600 and less than \$4,800	11	8, 443	50, 720	17, 276, 644
\$4,000 and less than \$4,600	7	8, 450	33, 720	17, 310, 364
\$5,000 and less than \$5,200	16	8, 466		17, 390, 464
\$5,200 and less than \$5,400\$5,400 and less than \$5,600	3	8, 469	15, 600	17, 405, 064
\$5,400 and less than \$5,600	6	8, 475	32, 500	17, 438, 564
\$5,600 and less than \$5,800	3	8, 478	16,800	17, 455, 364
\$6,000 and less than \$6,500	8	8, 486	48, 000	17, 503, 364
\$5,600 and less than \$5,800 \$6,000 and less than \$6,500 \$6,500 and less than \$7,000	1	8, 487	6, 500	17, 509, 864
\$7,000 and less than \$7,500 \$7,500 and less than \$8,000 \$8,000 and less than \$8,500 \$9,000 and less than \$10,000	. 5	8, 492	35, 000	17, 544, 864
\$7,500 and less than \$8,000	9	8, 501	67, 500	17, 612, 364
\$8,000 and less than \$8,500	7	8, 508	56, 400	17, 668, 764
\$9,000 and less than \$10,000	1	8,509	9,000	17, 677, 764
SIU, UUU and less than SII, UUU.	998	8, U21	5, 380, 000	23, 057, 764
\$15,000 and up	2	9, 049	30,000	23, 087, 764

## JOSEPH C. GRISSOM

Mr. ALLGOOD. Mr. Speaker, I ask unanimous consent to file a supplementary report on the bill (H. R. 1668) to carry out the findings of the Court of Claims in the case of Joseph C. Grissom.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

## EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to place in the RECORD figures now being compiled that will show the amount of revenue that would be secured by a 1 per cent tax on sales on stock exchanges and a 5 per cent tax on short selling.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, may I ask by whom the figures are compiled?

Mr. BLANTON. They will be produced by the Internal Revenue Bureau in the Treasury Department.

Mr. TREADWAY. They are official figures?
Mr. BLANTON. They will be official figures. They are now being prepared.

They are being prepared by the Mr. TREADWAY. Treasury at the gentleman's request?

Mr. BLANTON. They are being prepared at the request of a Senator who has been collaborating with me on this subject.

Mr. TREADWAY. May I ask how extensive the publication of the figures will be?

Mr. BLANTON. I presume it will probably cover less than half a page. There will be an attempt made in the House to substitute such a tax on the sales on all stock exchanges in the United States in the place of the sales tax now carried in the bill. Thus the gamblers on Wall Street would bear the burden that the sales tax proposes to place upon the shoulders of the poor people of the Nation.

If in the House we should fail to pass this amendement, I am assured by a distinguished Senator that such a change will be made in the Senate.

The SPEAKER. Is there objection to the request of the | insistence, oppose any such repeal or modification, as well gentleman from Texas?

There was no objection.

#### RECESS

Mr. CRISP. Mr. Speaker, I move that the House do now stand in recess until 8 o'clock p. m.

The motion was agreed to; accordingly (at 6 o'clock and 2 minutes p. m.) the House stood in recess until 8 o'clock p. m.

### EVENING SESSION

The recess having expired, at 8 o'clock p. m., the House was called to order by Mr. Sandlin, Speaker pro tempore.

PROPOSED REPEAL OR MODIFICATION OF THE EIGHTEENTH AMENDMENT

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a copy of the Beck-Linthicum resolution and certain constitutional provisions.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. THATCHER. Mr. Speaker, touching the gravely difficult and highly controversial prohibition question, these suggestions are made.

PROCEDURE FOR AMENDING THE CONSTITUTION

The methods provided for amending the Constitution are to be found in Article V thereof.

#### ARTICLE V

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution, when ratified by the legislatures of threefourths of the several States, or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress: Provided, That no amendment which may be made prior to the year 1808 shall in any manner affect the first and fourth clauses in the ninth section of the first article; and that no State, without its consent, shall be deprived of its equal suffrage in the Senate.

Thus the methods for amendment are two, as follows: (a) Through the proposal, by the Congress, upon its own initiative, by two-thirds vote, to be ratified by the legislatures of, or conventions in, three-fourths of the several States; and (b) through the proposal by a convention, called by Congress to propose amendments, upon the application of the legislatures of two-thirds of the several States, such proposal to be ratified as in (a) required by the legislatures of, or by conventions in, three-fourths of the several States.

In the adoption of the various amendments to the Constitution only the first method has been invoked; the second method has never been called into play.

The repeal or modification of any amendment should not be lightly undertaken. The adoption of an amendment has been made through an elaborate process, and under important and deliberate sanctions. Jointly, the Congress and the States, by more than majority action, have brought about such adoption, and the repeal of a constitutional amendment is in an entirely different category from that of the repeal of a statute. A constitutional amendment, like the original Constitution itself, is intended to be permanent, rather than experimental or transitory. Hence, the repeal, modification, or amendment of any constitutional amendment, or of any other constitutional provision should be approached with the utmost care and consideration. Before the same is finally attempted there should be very strong evidence that the proposal will be ratified by three-fourths of the States. Otherwise the country may be constantly plunged into controversy over futile proposals to amend the Constitution.

There is, of course, a very large body of our citizens who are insistent in their representations and demands for the repeal or modification of the eighteenth amendment. On the other hand, a very large body of our citizens, with equal

as the submission of any proposal for repeal or modification.

Of course, in any country of free institutions, the people have the undoubted and inherent right, through constitutional processes, to repeal, amend, or modify any law of the land, organic or statutory; and any citizen is within his rights when he urges, in such manner, the repeal, amendment, or modification of any law, organic or statutory.

The Constitution and the amendments thereto were adopted or ratified by the action of three-fourths or more of the several States. Thus far all of the amendments to the Constitution have been ratified under the procedure indicated in (a) heretofore mentioned. The method for ratification set forth in (b) has never yet been invoked, but it is in full force and effect, and can be utilized at any time. The original instrument was ratified by conventions held in the then-existing States.

## THE EIGHTEENTH AMENDMENT

Now, the eighteenth amendment has gone, in its processes of adoption, from the Federal Government; that is to say, from the Congress, down to the States, and has been adopted by the action of three-fourth of the States, speaking through their legislatures; or to be accurate, by 46 of the 48. The amendment having been thus adopted, it would seem that any proposal for its repeal, amendment, or modification, in order to be effective, should be initiated by the States themselves through the method prescribed by (b). If two-thirds of the State legislatures should make application to the Congress for the calling of a convention for such repeal, amendment, or modification, or for the general purpose of proposing amendments to the Constitution, it becomes the duty of the Congress, mandatory in character, to call such convention. When called, the convention will have the same power to propose any amendment as Congress itself, acting purely on congressional initiative, may propose. In either form of proposal, by the Congress or by the indicated convention. there must follow a submission thereof to all the States. Three-fourths of the States must ratify such proposal, acting either through their legislatures or by State conventions, as the one or the other method shall be prescribed in the proposal.

If the legislatures of two-thirds of the States should make formal application to the Congress for the calling of a convention-which will be national in character and will have to be set up in the form which the Congress must provide for—this will be a very strong indication or evidence that the people of the United States wish any particular proposal of amendment of the Constitution involved to be made; and this is the reason why Article V provides that in such state of case the proposal or proposals which may be made by any such convention shall be submitted to the States for ratification.

It is apparent that the form of any proposal made by such national constitutional convention should be of the same general character as that of any proposal which may be, under Article V, submitted by the Congress for ratifica-

As the Constitution fails to provide the methods to be followed in the holding of State conventions for the ratification of proposed amendments thereto, it follows that the States themselves must provide the methods. On the other hand, if and when the Congress, upon the application of two-thirds of the States, shall call a convention for proposing amendments to the Constitution, it is apparent that Congress must provide the method for the holding of such national convention.

Not since the settlement of the slavery question by the arbitrament of the sword has there arisen in the Nation an issue so prolific of bitterness and controversy as is this one of prohibition. There has never been found any ideal plan for dealing with the liquor problem, and no ideal plan may ever be found. When and where may the angle of repose be attained? Of course, complete law observance would bring complete solution; but, for various causes, it has been found impossible to bring about such observance. Hence the endless agitation and controversy.

The chief argument in behalf of the repeal or modification | of the eighteenth amendment is that the liquor question is one for State rather than for national treatment. If this argument is to have weight, should not the States themselves, therefore, initiate any movement for repeal or modification, and in the way prescribed by the Constitution? The States must act as units in dealing with any proposal for amendment of the Constitution. They can now act as units in an effort to effect repeal or modification of the amendment. if they desire such action brought about. If as many as two-thirds of the States fail to unite in their application to Congress for the calling and holding of a constitutional convention for the purpose referred to, how can it be hoped or expected that three-fourths of the States will ratify any proposal for repeal or modification which the Congress, upon its own initiative, might submit to the States? If it may be avoided, should any futile or experimental gesture touching the organic law be made through congressional initiative?

This is not intended as an argument either for or against the question of a so-called referendum on the subject involved. The attempt is here made simply to point out—without entering into the merits of the question—that any formal effort to bring about the submission of any proposal for repeal or modification of the eighteenth amendment, under all the facts and circumstances involved, more logically should be initiated by the States themselves, than by the Congress. The question of prohibition has already gone from the Congress to the States, and ratification by the States was made. If the States wish to achieve a repeal or modification, they can bring it back to Congress in the manner provided by the Constitution. Any action not grounded in constitutional sanctions can have, of course, no valid or binding force.

## REFERENDA ON PROPOSED AMENDMENTS

In this general connection I express the opinion, long entertained, that if ever there should be had any so-called "referendum" on a question so highly controversial as that of prohibition, a direct vote of the people at the polls would be preferable to any other. It has been my judgment that Article V should be amended so as to provide this additional method of ratification as regards all future proposals for amendment of the Constitution, the States to act as units, as is now required. Accordingly, in the last, or Seventy-first Congress, on July 3, 1930, I introduced a measure (H. J. Res. 396) providing for such amendment of Article V. No action having been taken thereon, in this session I reintroduced the measure (H. J. Res. 333), and the same is now pending before the House Judiciary Committee.

If the resolution should become a part of the Constitution, the Congress, or any national constitutional convention called by the Congress upon application of the legislatures of two-thirds of the States, could submit to the direct vote of the several States any proposal for amending the Constitution; and a majority vote of each State, as registered at the polls by individual voters, would determine the action of the State as a unit. The present procedure as provided in Article V, touching the requirements that three-fourths of the States, acting as units, must ratify any proposal for constitutional amendment to render it effective, would not be affected by the provisions of the resolution.

Also in my proposal, provision is made that the States shall provide for the holding of the conventions authorized by Article V in the submission of any proposal for amendment of the Constitution—unless the Congress itself shall, by law, provide for the holding of such conventions, having for their purpose the ratification required by Article V. Although any proposal for amending the Constitution may be submitted for ratification, either to the legislatures of the several States or to conventions in the States, the authorization is only permissive in character.

Accordingly the States may decline or refuse to hold conventions for the purpose of considering for ratification any proposed amendment, where the submission may follow the State convention plan of procedure. For this reason, doubtless, no amendment to the Constitution has ever been ratified by the State convention method. The submission of all

the amendments has been to the legislatures of the several States. The fact that the legislatures were already set up and provided a simpler mode for ratification has doubtless caused that method to be always followed. Moreover, the fact that no State could be required to call conventions to consider proposals to amend the Constitution doubtless entered into the equation. Thus, to-day, with Article V as it stands, if the so-called Beck-Linthicum resolution should pass the House and Senate by the constitutional two-thirds majorities, I know of no means whereby the States could be compelled to hold conventions for purposes of its ratification; and if State conventions should not be held any such submission would be altogether futile.

Also in the indicated resolution which I have introduced, provision is made that "if any proposed amendment does not become a part of the Constitution within seven years after its proposal to the States, it shall not be operative." This provision is based on the decision of the United States Supreme Court in the case of Dillon v. Glass, Deputy Collector (256 U. S. 368; 41 Sup. Ct. Rep. 510; 65 Law Ed. 994).

The Beck-Linthicum resolution contained no time limit as to ratification, and this constituted, as I view it, a very objectionable feature. Unless a reasonable time limit for ratification is imposed, a proposal for amendment may drag on for an indefinite time; and while, under Supreme Court ruling, a reasonable period within which ratification should be made, is contemplated by Article V, yet unless a definite period is fixed, the question of what may constitute a reasonable period is one which may cause great controversy and confusion. For this reason the resolution I have proposed fixes seven years as the time during which ratification, as regards all future proposals for amendment, shall be made. This period was named in the eighteenth amendment, and in the case just cited the court held the same to be reasonable and valid.

I quote sections 2, 3, and 4 of House Joint Resolution 333, as follows:

SEC. 2. In the case of an amendment which is to be ratified by referenda, such amendment shall be submitted by each State to the electors thereof at a general election after the first general election in such State succeeding the proposal of the amendment. Each State shall conduct the election and determine the result thereof as the law of such State provides, or, in the absence of such State law, as the Congress shall provide by law. Electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature. The Congress shall have power to prescribe by law the form in which the question of the adoption of the amendment shall be submitted to the electors.

SEC. 3. In the case of an amendment which is to be ratified by conventions, each State shall provide by law for the ratification of such amendment by a convention held in such State for such purpose, unless the Congress provides by law for the holding of conventions for the purpose of ratifying such amendment.

conventions for the purpose of ratifying such amendment.

SEC. 4. Ninety days after any amendment has been ratified in each of three-fourth of the several States, it shall be valid to all intents and purposes as part of this Constitution. If any proposed amendment does not become a part of this Constitution within seven years after its proposal to the States, it shall not be operative.

The Beck-Linthicum resolution did not, and could not, provide for its direct submission to the voters of the several States. It provided for a submission to conventions in the several States, as is permitted by Article V; but without authority to require the conventions to be held.

Mr. Speaker, I hope to secure a committee hearing on my pending resolution during the present session. I may say that it was introduced for basic reasons and considerations. As a matter of general principle and policy, I have believed that amendment of Article V should be thus made. If this resolution should prevail as a constitutional amendment, any proposal for future amendment of the Constitution could be submitted in the form of direct referenda to the voters of the entire Nation through the several States; and, touching questions of highly controversial character—for obvious reasons, as I see it—this would seem to be the wisest and most effective form of submission. When any great issue—especially one that may affect every home and fireside—is thus brought to the door of every voter in the land, with the privilege accorded him of registering at the ballot

box his individual judgment thereon, the resulting action of ratification or rejection, would, as I believe, be accepted by all as being more conclusive of what the people may desire than will be the ratification or rejection by any other method.

### THE REVENUE BILL

Mr. RAGON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House of the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill.

The motion was agreed to; accordingly, the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. Warren in the chair.

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, at this time I can only briefly discuss a few of the iniquities of the indefensible sales tax provisions of the pending bill. The question of politics has definitely entered into the consideration of this tax bill, any claims to the contrary notwithstanding. On March 10, 1932, the gentleman from Alabama [Mr. Hudleston] referred to the large Federal Treasury deficit as a Republican deficit and then proceeded to advance arguments in favor of the sales-tax monstrosity which levies a tax on those least able to carry the burdens and which, if enacted, will result in greatly aggravating the present depression and unemployment crisis now confronting our country and our people.

Let us look at a few facts to indicate whether the Republican Party can properly be charged with the Treasury deficit, as some of our demagogic Democratic friends desire in order to enhance the fortunes of the Democratic Party. An honest statement of facts conclusively proves that the Treasury deficit and the present serious financial condition of America is not chargeable to the Republican Party but directly to the Democratic Party. During the last Democratic administration prior to our Democratic World War, the national debt was approximately \$1,000,000,000. Under the Democratic administration our national debt increased to the stupendous amount of approximately \$26,596,000,000, on August 31, 1919. Certainly the extraordinary increase in our national debt must be laid at the doorstep of the Democratic Party and not of the Republican Party. The extravagance and policies of the Democratic Party were so revolting to the American people that in the election of 1920 the Democratic administration was turned out of office by an overwhelming mandate of our sovereign voters.

The Republican Party was selected by the American people and must be given credit for reducing the Democratic national debt from its peak figure of approximately \$26,596,-000,000 on August 31, 1919, to approximately \$18,125,000,000 on February 29, 1932. It is true that we have a large Treasury deficit at the present time which does not appear to be diminishing, but, on the other hand, increasing; and the facts will clearly show that the Democratic Party and not the Republican Party is responsible for the present condition of the Federal Treasury, which is used as the vehicle for the Democratic Party to bring before the House for consideration this sales-tax monstrosity, for which the war profiteers and other multimillionaires of the country have been clamoring. Our Democratic brethren try to place the blame for the present stupendous cost of operating the Federal Government Treasury deficit on the Republican Party when only a brief consideration of a few of the facts clearly shows that they are deliberately intending to deceive the American people. It is true that we are spending over \$4,000,000,000 a year out of the Federal Treasury. which expenditures, by reason of the depression and decrease in revenue, have resulted in a deficit of over a billion dollars. If we look into the current appropriation bills we find an item of \$640,000,000 for interest and an item of \$426,485,000 to take care of maturing bonds of our national debt. We also find an expenditure of over a billion dollars to take care of the World War veterans, their widows, orphans, and dependents, who fought in our Democratic World War. Certainly these expenditures of over \$2,000,000,000

can not be laid to extravagance of the Republican Party when they directly and unmistakably are the result of the World War which we entered and conducted under the Democratic Party.

No one who has been denouncing the Republican Party for causing the increase in cost of government and the present Treasury deficit can point to any piece of legislation or appropriation under the Republican administration resulting in a cost on the Treasury that the Democratic Party, or any great number of its members, opposed. In fact, if all of the legislation and appropriations sponsored and advocated by a majority of the Democratic Party under the Republican administration were enacted into law, such as the debenture and other political schemes, the Treasury deficit at the present time would, no doubt, be more than \$5,000,000.000. Many of our Democratic brethren, from the floor of the House and on the stump, have tried to blame the Republican Party for the unemployment and depression, not only existing in this country but in every country of the globe, because of the enactment of the protective tariff bill. The Democrats have talked much about the iniquities of the tariff bill and the great detriments to our people by reason of such tariff, and when they obtained control of the House of Representatives, the body in which tariff legislation must originate under the Constitution, they have failed to report to the House any bill which reduces in any shape or manner even one of the existing Republican tariff rates which they complain about. They, however, pass a camouflage piece of legislation which provides for no reduction of tariff rates. which they claim exorbitant, but enters into a league of nations with reference to our tariff matters, in compliance with the well-recognized League of Nation doctrine of the Democratic Party, notwithstanding its repudiation by the American people in the 1920 election. And then we find the sorry spectacle of our Democratic brethren claiming to oppose the protective tariff bringing to the floor of this House, with a favorable report, the pending tax bill, which not only places an additional tariff of 21/4 per cent ad valorem on practically all importations now carrying tariff rates as well as those on the free list, and in addition imposes on a revenue bill a tariff provision of 70 per cent ad valorem on crude and fuel oil and a 25 per cent ad valorem on gasoline in the name of raising revenue, although testimony furnished by the Treasury Department indicates no revenue would result because the rates are prohibitive and practically an embargo.

These same Democratic brethren who are advocating a 70 per cent ad valorem tariff on crude and fuel oil practically all voted against the little 20 per cent ad valorem tariff on shoes which was so necessary to protect the great shoe industry of America and the American workers employed therein from unfair competition of cheaply produced foreign products.

As a Republican protectionist I assure my Democratic brethren, who are crying for tariff on oil, that I shall be very glad to support an adequate protective tariff on that commodity provided it is brought in as it should be as a tariff bill and not as a rider on a revenue bill in the name of producing millions of additional revenue, when, on its face, it will not produce any, because of its embargo nature. The millions of American people who operate automobiles as a necessity, not as a luxury, should certainly resent the oiltariff provisions of this revenue bill. The operators of these automobiles not only pay their license fee and personal property tax but, in many States, excessive State gas taxes, and now, under this bill, they will have to pay the sales tax on their new autos in addition to an increased sales tax on the fuel and oil which they consume.

Since this Government postponed the payment of debts owed to us by foreign governments over a long period of years at a sacrifice of many billions of dollars to the American taxpayer, which loans were made under the Democratic administration, we could certainly increase the national debt to take care of the present deficit instead of foisting upon the American people this iniquitous sales tax, particularly in view of the wonderful record of the Republican Party in extinguishing the Democratic debt since we have been in

view of the fact that over \$2,000,000,000 of the present deficit is directly the result of the Democratic war as I have previously indicated.

I am one of those who believes that, if it is necessary to wipe out the Treasury deficit at this time by taxing the American people, the pending bill could be amended so as to do so without placing the burden upon the backs of the people who are least able to carry it. Under this iniquitous bill, many of those without a substantial income or without a job are taxed on the very necessities of life. The man pounding the pavements looking for a job must pay the sales tax on the shoes and clothes which he wears; the bill provides for a tax on the fuel and gas used in the American home; it even provides for a sales tax on the ice which is so essentially necessary; it provides for a tax on canned fruits and vegetables; it provides a tax on the cereal used by millions of already undernourished children, as well as on their clothing; it provides for a tax on their sausage and frankfurters and provides for a tax on the baby's carriage and nursing bottle, while the luscious porterhouse steaks and the fresh fruits and vegetables of the multimillionaire are not subject to such tax.

The gentleman from Alabama [Mr. HUDDLESTON] eloquently pictured the conditions confronting our people and country to-day as comparable to our Nation's last war. Why is it, then, that the poor people who are now only keeping body and soul together and who are tramping the streets out of employment should be burdened with this iniquitous sales tax? Is it because it will receive the approbation of those multimillionaires who are best able to pay? If we are to now balance the Treasury by taxation, let us be reasonable and write a tax bill which will cause the least harm to our country and our people. The sales tax and tariff provisions of the bill should be stricken therefrom, and the income-tax rates on individual incomes as well as the inheritance and gift tax rates in the present bill should be greatly increased. [Applause.]

In the time of the World War, which is the direct causation of the present economic catastrophe confronting the nations of the world, the very lives of our citizens were taken by the Government in order to successfully carry on the conflict. Certainly if the present peace-time emergency through which we are now passing is comparable to the World War emergency, as so eloquently pictured by the gentleman from Alabama [Mr. Huddleston], it would not be unjust to greatly increase the rates on those best able to pay. Can it be that this man-created Mammon in time of this great peace-time emergency has more rights than Godcreated man in time of war emergency, whose very life is taken from him in order to preserve our institutions and our people? Why can not this Congress write a just revenue bill if these funds must be raised by taxation at the present time in order to balance the expenditures of the Federal Government? Page 7 of the committee report indicates that an income tax, under the present bill, of an unmarried citizen having a net annual income of \$1,000,000 would be \$439,710, leaving him, mind you, a net income after paying the tax of \$560,290. If this peace-time emergency is comparable to war-time emergency, should this Congress allow these single persons with net incomes of \$1,000,000 to retain \$560,290 of it in order to keep body and soul together, exempt the fresh, fat, juicy porterhouse steaks which he eats from the sales tax, as this bill does, while taxing the sausage and frankfurters consumed by the poor man who perhaps has a net income of less than \$1,000 and has five or six hungry children to feed and clothe to keep body and soul together? This bill would exempt the fresh peas and other fresh vegetables which this poor downtrodden single person with a net income of over \$1,000,000 consumes, while it taxes the canned peas and vegetables which might be used to feed the hungry mouths of the children of the poor, many of whom now have no net income. It would take many days to picture a small fraction of the iniquities of this sales-tax measure, and if the Democratic Party is to claim mothership and the Republican Party fathership to

power following the World War period. This is logical in | this illegitimate, unequitable, cruel, and inhuman tax on misery and despair, I can see that a new political party will be born in the near future.

The inheritance-tax rates and gift-tax rates should be greatly increased, and those who have accumulated vast fortunes should be the first to recognize the necessity and justification for such increases. They should not become drunk with power and wealth and fail to realize what happened in Russia. The rank and file of the American people have been very patient, but the time might come when the yoke would become too burdensome to bear, the same as it did in Russia. If for the security of the Nation and our people the human lives of our citizens are taken in time of war emergency, certainly there should be no objection to greatly increasing the individual income, inheritance, and gift tax rates in time of this peace-time emergency.

I want to particularly call to the attention of all fair-minded Members of the House what I believe, and know you will believe after you consider all of the facts, to be one of the most indefensible provisions of the sales tax as embodied in this bill. I particularly refer to excise tax on wort and malt appearing on page 228. You Members from the farm districts who have been trying to help the farmers by sponsoring legislation to take care of their surplus, as well as those interested in the consumer's standpoint, should hesitate before you support this provision. Due to the low duty of 40 cents per hundredweight on malt imported from Canada, as against the Canadian duty of 75 cents per hundredweight on malt exported from the United States into Canada, and the fall in the Canadian currency, the American manufacturers of malt have suffered immeasurable hardships. The United States Tariff Commission is now investigating the importation of malt from foreign countries, and it is expected that they upon careful consideration of all of the facts will recommend an increase in the tariff rates. If that increase is not granted, many malt manufacturers in this country will go into bankruptcy with the result that thousands of workers will be added to the long list of unemployed, and a great market for the American farmer's grain will be closed. [Applause.]

To briefly show a picture of the problem confronting the American malt industry I incorporate in my remarks a letter from one of the many Wisconsin malt manufacturers. dated December 29, 1931:

Manitowoc, Wis., December 29, 1931.

Hon. JOHN C. SCHAFER.

Hon. John C. Schafer,

House of Representatives, Washington, D. C.

Dear Sir: An alarming situation is facing us since England went off the gold basis and United States money commands a premium over Canadian funds.

Due to the low duty of 40 cents per hundredweight on malt imported from Canada, as against the Canadian duty of 75 cents per hundredweight on malt exported from the United States into Canada, shipments of malt into the United States from Canada, which previous to 1930 were practically nil, have increased rapidly and have run as high as 100,000 bushels per month. This threatens destruction of the market on barley for our farmers, who are already suffering, due to an insufficient market for their grain and already suffering, due to an insufficient market for their grain and the low prices obtained for the same. At the same time it is endangering the existence of the malting industry, now already seri-

ously hampered, due to the limited market for its product.

During the month of October there was imported into the United States from Canada nearly 20 per cent of all the malt shipped to domestic consumers during the month of November, due to the low prices at which Canadian maltsters are able to sell. They have an advantage in being able to purchase barley in Canada at lower prices than obtained in this country; their labor costs are under those in the United States, where wages in the malting industry have not been reduced and the union scale of

wages is being paid.

A situation already bad before England went off the gold basis threatens to force the closing down of malting plants now operating unless quick action is taken through some emergency measure. Exports of malt from the United States have declined to a considerable extent during the past two years, due to monetary conditions in foreign countries and the high tariffs which have been placed on importations of malt into those countries which

formerly purchased supplies in the United States.

As a result the sales of this company, which ran as high as 4,400,000 bushels per annum previous to 1930, during the past two years have been reduced to 2,700,000 bushels.

To end this business depression and unemployment in the United

States it is essential to stop leaks. We here have a concrete example which can be alleviated by an emergency measure to prevent Canadians shipping barley and malt into the United States.

During the past several years malting barley has commanded a higher price in the United States than other grains, per pound basis. The present price of the same is 60 cents per bushel of 43 pounds. Take from the farmer the malting demand for barley and it would sell on a feed basis, which is from 15 to 20 cents less per bushel.

We submit the following figures taken from the 1931 operations

of our malting plant, showing disbursements for wages, freight,

fuel, supplies, etc.

Cereal Products Co.'s disbursements for the year 1931 Wages paid\_ \$254, 557, 80 Grain purchases, principally barley; some rye and wheat\_\_\_\_\_\_1,749,039.76

Bituminous coal, anthracite coal and coke (used for	
power, drying, and roasting purposes)	86, 545. 11
Freight on shipments of grain to plant	258, 980, 40
Outgoing freight on manufactured and by-products	167, 872, 00
Cotton grain bags	29, 000, 00
Sundry supplies	9, 969. 40
Advertising expense	6,500.00
Insurance premiums on grain and plant	22,000.00
Plant improvements	76, 293. 22
Local taxes	14,000.00
Repairs to machinery plant, and equipment	20 482 92

The above represents only one unit of the malting industry.

It is quite evident from these figures that unless something is done to prevent the Canadian malting industry from destroying our market, not only will the farmers' market for malting barley be destroyed, but railroads will suffer a serious loss in revenue; unemployment will be further increased, and other lines of business will suffer from a loss of patronage up to the present time derived from the malting industry. The railroads will also suffer the loss of freight revenue on shipments of coal, coke, grain, etc., into malting plants.

We are submitting the above data to you, and earnestly pray for relief and assistance, which should be quickly available in an emergency of this kind.

Yours very truly,

CEREAL PRODUCTS CO. F. A. MILLER, General Manager.

I also incorporate the following table, concerning the importation of barley malts, which was furnished me by the United States Tariff Commission on January 14, 1932, and which indicates the extraordinary increase in the importation of foreign malts produced from the grain of foreign tillers of the soil.

Barley malt: Imports into the United States for consumption

Calendar year	Rate of duty	Quan- tity 1	Value	Duty col- lected	Value per unit of quantity	Actual or computed ad valo- rem rate
1923	40 cents per 100 pounds.	Bushels 11, 675	\$21, 715	\$1, 588	\$1.86	Per cent 7.31
1924 1925 1926	do	22, 500 24, 594 30, 235	37, 590 48, 834 53, 360	3, 061 3, 345 4, 112	1. 67 1. 99 1. 76	8, 14 6, 91 7, 71
1927 1928 1929	do	23, 803 25, 453 30, 159	38, 887 34, 473 48, 818	3, 238 3, 462 4, 102	1. 63 1. 35 1. 62	8, 33 10, 04 8, 40
1930 (Jan. 1-June 17). 1930 (June 18-Dec.	do	16, 474 110, 274	23, 587 73, 749	2, 241 14, 997	1. 43	9. 50 20. 34
31). 1931 (Jan. 1-Nov. 30).	do	1, 068, 218	612, 140	145, 278	. 57	23. 73

1 Converted from pounds to bushels of 34 pounds.

Mr. Chairman, the proposed manufacturers' excise tax on malt sirup should not be passed for the following reasons:

Subdivision D of section 601, title 4, of the manufacturers' excise tax provides-

(d) In the case of the following articles the tax imposed by this title shall be at the following rates:

(2) Brewer's wort, liquid malt, malt sirup, and malt extract, fluid, solid or condensed, if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 25 cents a gallon.

All brewer's wort contains less than 15 per cent of solids by weight and will under the provisions of paragraph (2) be subject to a tax of 5 cents per gallon.

Malt sirup or malt extract, which is the same product, is manufactured from malted barley and as marketed in sirup or powdered form contains more than 15 per cent of solids by weight and will under the provisions of paragraph (2) be subject to a tax of 35 cents per gallon. Malt sirup is marketed by the pound, and not by the gallon; the average weight of a gallon of malt sirup is 11 pounds.

Malt sirup is a food product, an essential ingredient in the manufacture of bread, and should be exempt from the provisions of the manufacturers' excise tax, the same as flour, sugar, and salt.

There was manufactured in the United States during the year 1931 approximately 385,000,000 pounds of malt sirup, or 35,000,000 gallons. Of this amount, over 100,000,000 pounds of malt sirup was used by the baking, breakfast food. textile, and drug industries. The remaining 285,000,000 pounds was sold in 3-pound cans and used in the home for baking and other domestic uses, including the making of home-brew. Malt sirup has been used by bakers in the making of bread for more than 30 years and is used to-day by practically every commercial baker in the United States. It is used by the breakfast-food manufacturers in the preparation of their food products and by manufacturing druggists for pharmaceutical purposes. It is also used by the textile industry in large quantities for desizing purposes.

The proposed tax on malt sirup is unjust and an unfair discrimination against the baking, breakfast-food, textile, and drug industries.

Malt sirup is sold in bulk to the baking, breakfast-food, textile, and drug industries at an average price of 6 cents per pound. The proposed tax on malt sirup of 35 cents per gallon amounts to a little over 3 cents per pound, or 50 per cent of the sale price. Such a tax is unjust and oppressive and penalizes the above industries to the extent of more than \$3,000,000 a year for the privilege of using malt extract in the manufacture of necessary and legitimate products.

The total revenue to be collected for a year for the proposed tax on malt sirup and brewers' wort will be less than one-third of the estimated \$15,000,000, if we use the amount of malt sirup and brewers' wort sold during the year 1931 as a basis for computing the revenue which the Government will receive for the first year under the proposed tax, as we find the following:

Thirty-five million gallons of malt sirup, at 35 cents per gallon, \$11,250,000; 50,000,000 gallons of brewers' wort, at 5 cents per gallon, \$2,500,000, making a total of \$13,750,000.

Can any member of the Ways and Means Committee or any Member of the House present any valid reason, if the 21/4 per cent manufacturers' sales tax is adopted, why malt manufactured from the American farmers' grain and consumed by the American people, as I have heretofore indicated, should be singled out to carry a 50 per cent sales tax, while all other sales taxes are but 21/4 per cent?

I respectfully submit that sufficient revenue can be raised to make up the Treasury deficit by increasing the individual income, gift, and inheritance tax rates, and legalizing the manufacture and sale of a good, wholesome, nonintoxicating beverage, containing not more than 2.75 per cent alcohol by weight, with a special excise tax levied thereon. No member of the Ways and Means Committee and no Member of the House who supports the 5 cent per gallon sales tax on brewers' wort can consistently oppose such special excise tax from the prohibition standpoint.

I challenge any Member of this House to name one specific purpose for which brewers' wort can be used except to manufacture beer. When you vote for this tax on wort you put your stamp of approval on wildcat breweries manufacturing a beverage which contains far more than 2.75 per cent alcoholic content, by weight, for consumption by the American people. If you defend your position in favor of the extortionate sales tax on malt sirup and brewers' wort on any ground whatever, you must necessarily take your position on the ground that you are taxing by indirection what you do not have the intestinal stamina to tax by direction.

I want it to be clearly understood that I am not defending wildcat brewing and that I am not one of the many American citizens, in these days of prohibition frenzy, who pays 25 cents for a glass containing a few mouthfuls of wildcat brewery beer, or 50 to 75 cents for a bottle of the same beverage, which is made by hijackers, rumrunners, bootleggers, and tax evaders at the present time, and the making of which will be sanctioned by the Congress of the

United States if the special sales tax of 5 cents a gallon on brewers' wort which is in this bill becomes law.

I am of the firm belief that if a beverage containing not more than 2.75 per cent of alcohol, by weight, would be authorized and a special excise tax levied thereon, that between four and five hundred million dollars annually would come into the Federal Treasury as revenue and also at the same time the total amount paid for brewed alcoholic beverages by the American public. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Missouri [Mr. Fulbright].

Mr. FULBRIGHT. Mr. Chairman, ladies and gentlemen of the committee. I desire to voice my emphatic protest against that feature of the pending revenue bill which calls for the imposition of a sales tax. I am opposed to such a tax because I think it is vicious in theory and destructive in its effect. It is repugnant to the Jeffersonian theory of government, and is a direct offspring of the fertile brain of the Hamiltonian. I have listened with a great deal of interest to the debate on this bill during the past few days, and have studiously scanned the Congressional Record to find some substantial reason for the imposition of such a tax. Summing the whole thing up in a nutshell, the only reason that carries any weight, that I have been able to find, is that it is necessary to balance the Budget. Since when has it become a sacred and binding obligation to balance the Budget within one year? What great disaster will befall this Republic should we not succeed in balancing the Budget through taxation within one year? Where is the prophet who has been able to picture the tragedy that would result? What statesman has been able to convince us with clarity and logic that disaster will follow if we fail to balance the Budget within one year?

What assurance have we that the Budget will be balanced should we pass the pending tax bill imposing this vicious and inequitable tax? If the orgy of waste and extravagance that has been pursued by the present administration is to continue, this revenue bill will not and can not balance the Budget. The argument that we must balance the Budget at once is panicky in its effect and is intended to drive us blindly into the support of a tax that is repulsive, unjust, and un-American. I believe in placing patriotism above party affiliation and the welfare of our country above personal ambition, but I think more of humanity and the oppressed people than I do of balancing the Budget. [Applause.]

It did not become imperative that the last Congress balance the Budget through taxation, but since the Democratic Party obtained a meager majority in the House, three of the anointed, Messrs. Hoover, Mellon, and Mills, chose us to rake their chestnuts out of the fire. I am ready to go to any length in the interest of my country, but I can not follow the leadership of these triplets in a movement to enslave the common people. The sales-tax provision in the present revenue bill is a dangerous and untried departure from the fiscal traditions of this country, reversing the theory that taxes should be collected from those best able to pay and in proportion to ability to pay.

To-day there are approximately 9,000,000 workers in the ranks of the unemployed. Adding to this number the dependents, we have an army of probably 30,000,000 people without income. Some of them drawing from what little reserve they had for sustenance, the remainder subsisting upon charity. This bill saddles on the United States what it undertakes to call a "manufacturers' tax" of \$600,000,000, the major portion of which will come from the pockets of the already overburdened farmers and wage earners of the country. Already the purchasing power of 70,000,000 of our people has been greatly impaired or wholly destroyed, yet you seek to impose upon them this tax to increase their misery and poverty.

If prosperity is to be restored in this country, the purchasing power of all the people must be restored. This can not be done by shifting the burden of taxation upon those who are least able to pay. The proposed tax is, in effect, a per capita tax, not a property tax.

To-day approximately 90 per cent of the wealth of this country is owned by 5 per cent of the people, according to the statements of reliable economists. Under the operation of the manufacturers' tax, so-called in this bill, which is in fact a sales tax or consumers' tax, the 5 per cent of the people who own 90 per cent of the wealth will pay only 5 per cent of this \$600,000,000 tax to be imposed. Such a vicious and inequitable proposal to my mind is outrageous if not a crime, and especially so coming at a time when the people who will bear 90 per cent of this burden are either facing bankruptcy or are in poverty and distress.

The future of this country can be secure only when we have a happy, prosperous, and contented citizenship. We are far from this to-day. It is no time to trifle with the people. At a time when everything should be done to relieve distress and restore buying power, are we going to take action to decrease it? The present administration destroyed our foreign trade through the enactment of the Smoot-Hawley Tariff Act. Shall we Democrats now become a party to the destruction of industry at home? Let us face about and in equity and good conscience give attention to the common man. The moratorium has been passed, which meant tax relief for foreign countries and tax increase for America. We passed the Reconstruction Finance Corporation act, which means tax increase for the masses and debt relief for the few. We passed the Glass-Steagall bill, which gives relief to bankers. In fact, relief has been attempted for every group that has been instrumental in bringing on the depression in which we are found, and now an attempt is made to penalize the common man, innocent and helpless, to raise the money for the relief of these various groups and to balance the Budget.

From 1922 to 1932, inclusive, the Treasury Department shows that cash refunds, credits, and abatements in connection with income, excess-profits, and inheritance taxes amounted to approximately three and one-half billion dollars. This money was tendered back largely to such interests as the Aluminum Trust, the Steel Trust, the oil industry, and the immensely rich, and after every reasonable deduction and abatement had already been made. Had this money been retained, we would to-day have a surplus in the Treasury and not a deficit, but it has been handed back to these contributing angels of the party in power. These are the parties who should pay the major part of the taxes that are necessary to balance the Budget. The passage of a sales tax of this kind would be the crowning glory of the high priests of privilege and plunder, and would sound the death knell to the ambitions and aspirations of the common people of this country.

I was interested the other day by a statement made by a gentleman relative to the Demagogues Club. Referring to the farm bloc, he said, "You took \$500,000,000 of the people's money belonging to all the people and you put it in the hands of a board and you commissioned that board to juggle the market, to buy, to sell, to organize, to incorporate, and to manipulate the prices of farm products." In behalf of the farmers I want to say that there never has been a piece of legislation passed by this Congress that embodied the wishes and desires of the American farmer. The tariff barons have always written their own legislation or had it written by their friends.

The great industries dictate their schedules, either prepare them themselves or have them prepared by their friends, but the farmer has never been permitted to write his legislation nor have his friends been permitted to write it for him. Before the bill above mentioned, carrying the appropriation mentioned and creating the Farm Board, was passed, it was gutted of everything that the farmer had asked for. It was not his measure and it was not the production of his wisdom or intelligence. It was not the product of the farmer or the farmer's friend.

He then attacked the soldiers' group of the club. Among other things, he said, "They are not willing to take \$600,-000,000 from all the people of the country, as provided by this sales tax, yet they are raring to take \$1,800,000,000 of

the people's money and distribute it among the soldiers." I say is to have any personal application unless so stated. do not know how extravagant the soldiers' bloc may be, if at all. I will say, however, that I have as much faith and confidence in these boys in civil life in times of peace as I did while they followed the flag. They made their contribution to the lasting credit of this Republic in the late World War, and they are making their contribution to this country now, and I am more concerned about them and their welfare than I am the profiteer who pillaged and plundered while these boys were offering their all on their country's altar. These boys never faltered in line of battle and will not whine when taxation is just.

I still hear the echo of the bugle call, the drumbeat, and the tramping of millions of feet at the training camps and cantonments. I see the ships of destiny as they carry the boys across the sea 'mid the lurking perils of the submarine. I see them land on a foreign soil and rush to the battle front. In the face of every instrument of death that human ingenuity and the genius of man could devise they assumed their place in that mighty orgy of blood and carnage. The poison gases, machine guns, and heavy artillery failed to check their onslaught. At Chateau-Thierry, St. Mihiel, the Argonne, and all along the Hindenburg line their acts of bravery and deeds of daring stunned the allied forces and broke the morale of the Hun. Amid this unparalleled tragedy of the world's history they seized the pen of destiny and, dipping it in the sunset glow of the autocracy, wrote on heaven's blue above them the matchless splendor of American valor and the deathless glory of American arms. Shall we forget them now in the face of such a record as this? Shall we forget their superb courage and matchless achievement? Shall we forget the sacrifices made and the patriotism with which they served? Shall we forget the widows and orphans of the fallen heroes who followed the flag? No; in God's great name, no.

Lord, God of Hosts, be with us yet, Lest we forget, lest we forget.

# [Applause.]

But let us get back to the sales tax. To-day the poultryman is selling his eggs at 6 cents a dozen. He will be required to pay a sales tax on the crate. The dairyman is selling his cream at 17 cents a pound. He must pay a sales tax on the can. In fact, the farmer who is to-day compelled to sell staple farm products at less than the cost of production must pay a sales tax upon most of the things he eats and everything he wears. The laboring man, with a wage upon which he and his family can scarcely exist, must pay a sales tax upon his overalls and shirts, his hat and shoes, and everything that his family wears. Such a tax will place a burden upon these people that they can not carry. It will result in consternation, chaos, and demoralization. The power to tax is the power to destroy, and when you seize upon the sales-tax theory you are wielding the weapon of destruction. Let us balance the Budget by strict economy, by eliminating waste and extravagance, by limiting appropriations to necessary and meritorious purposes, by abolishing the useless boards and commissions that feast upon the Public Treasury, and by eliminating duplications and overlapping agencies of government. In short, by reducing the cost of administering the affairs of this Government. If we will do this, a fair and equitable revenue bill will suffice. The Budget can then be balanced. In my opinion, no greater calamity could befall the people of this country than the passage of a revenue bill imposing a sales tax. Let us adhere to that just and equitable theory that taxes should be collected from those best able to pay and in proportion to ability to pay. [Applause.]

Mr. DOUGHTON. Mr. Chairman, the bill now under consideration is perhaps the most important piece of legislation that will come before the present Congress. I want it understood at the outset that I do not approach this debate in any Pharisaical, sanctimonious, or "holier than thou" spirit. Neither do I claim any monopoly on patriotism, and I hope it may be understood at the outset that nothing I hold hearings for something like a period of 30 days, and

and I shall endeavor not to reflect upon nor impugn the motives of those who disagree with me, and most assuredly, I shall not ridicule either the living or the dead.

It is with sincere regret that I find myself in disagreement with a majority of the members of the Ways and Means Committee, of which I have the honor of being a member. I am, however, comforted with the thought that I am standing upon the traditional principles and policies of the Democratic Party and upon the platform upon which I have ever stood in opposing the sales tax and other provisions of the pending revenue bill. It is also pleasing to observe that a majority of the Democrats of the House are in opposition to the bill as it is written. Also many Republicans.

On December 9 last, the President of the United States, in transmitting the Budget to the Congress, advised us that there would probably be a deficit of over \$2,000,000,000 for 1932 and a deficit of \$1,417,000,000 for 1933, also that there had been a deficit for 1931 of \$903,000,000.

It seems that this was the first time the President had awakened to the seriousness of the financial condition of the Treasury. He also stated in this message that it would be necessary for the new Congress to undertake immediately the task of raising additional revenue to balance the Budget for 1933. The reason I say this was a recent decision arrived at by the President is that the New York Times on September 30, only about two months before the Congress convened, carried the following news item, quoted in part:

Washington, D. C., September 29, 1931.—The White House to-day made it known that President Hoover has reached no decision as to whether a program of tax revision looking to a larger Government revenue will be submitted to the December Congress.

If this serious financial condition was known to the administration earlier-and I maintain it was or should have been-the President should have called it to the attention of the last Congress or should have called the present Congress into extra session a year ago in order that we might have dealt with the situation and provided additional revenue to prevent the deficit of 1931-32 as well as 1933. We could then have enacted legislation increasing income and inheritance taxes, and also enacted the gift tax carried in the pending bill. This would have given us for the fiscal year 1932 the income taxes for the calendar year 1931, as well as other taxes that could have been collected up to June 30, 1932. Had this action been taken by the President, it would not now be necessary to resort to some of the radical and extreme provisions carried in the pending bill, to which I shall refer later.

By waiting and withholding this important information from the Congress until December last the administration has put the Congress in a very serious and embarrassing predicament. Nothing was done whatever by the administration to prevent the deficit of \$903,000,000 for 1931, and it is now too late, of course, to prevent the deficit around \$2,000,000,000 for 1932. The administration and the Treasury officials were "asleep at the switch" or were unwilling to meet the situation promptly, and the people were being deceived with the periodical and ever-recurring statement that prosperity was "just around the corner."

But the truth will out, and finally a year too late to prevent the deficit of 1931 and 1932 the President and the Secretary of the Treasury disclosed to the Congress and the country a financial crisis in our Government that is unpre-

On January 13 last the Committee on Ways and Means began a series of hearings preparatory to writing a tax bill to provide for the proper functioning of the Government. At the first hearing by the committee the Secretary of the Treasury, Mr. Mellon, appeared before our committee and read or caused to be read, by the Hon. Ogden Mills, at that time Under Secretary of the Treasury, an estimate that approximately \$920,000,000 of additional revenue would be required to balance the Budget in 1933, not including the debt-requirement fund.

On the basis of this estimate the committee proceeded to

after the hearings were concluded on February 16 this estimate was changed by the new Secretary of the Treasury, Mr. Mills, to \$1,241,000,000 with the explanation that, "Owing to marked changes that have occurred in economic conditions since the time the original estimates were made, revenues would decline \$321,000,000 more than was anticipated." This report stated further that the same changes in economic conditions have necessitated revision of the estimates of the additional revenue that would be yielded by the taxes outlined in the Treasury program of December, resulting in a reduction of \$134,000,000. Thus it is shown that the estimates of the Treasury varied to the astounding figures of \$455,000,000 in less than two months. It seems that these errors and discrepancies have been common and chronic with the Treasury Department for the past 10 years, and the variation of several hundred million dollars is of little consequence and to be expected.

The Treasury Department resolutely contends that if the Budget is not balanced the economic structure of the Government will be seriously impaired or destroyed. I maintain that the Treasury and the administration are inconsistent, if not insincere, when they demand that the Budget be balanced in order to prevent economic disaster. If it be true that to fail to balance the Budget for 1933 will produce dire results prophesied, then it was equally true for the years of 1931 and 1932. Yet the administration and the Treasury Department remained silent while the deficit of 1931 was accumulating and raised no alarm until one-half of the fiscal year of 1932 had expired and until it was too late to prevent a deficit for either of those years.

If any dependence at all can be placed in the estimates of the Treasury, and if the danger of not balancing the Budget is as great as now claimed, then I assert that the administration is guilty of criminal neglect and infidelity to the American people for not sounding the alarm in time to have prevented the deficit for 1931–32. If they can tell now what the deficit is to be for 1932–33, then it must be true they could have told one year ago what it would be for 1931–32.

Had the Congress been called into session in March or April of last year, the Republicans would have organized the House and would have been in charge of every branch of the Government. It was only as result of changes that have occurred in the House membership since last summer that the Democrats were able to organize the House.

It is manifestly true that so far as any party can be responsible the Republicans are responsible not only for the serious economic condition that prevails throughout the country to-day, unprecedented in all our history, but they are also responsible by neglect, if not dereliction, for the deficits that have occurred and are in prospect; so at least it must be evident to everyone, and should be proclaimed to the world, that the present economic depression and the present economic condition of the Treasury are Republican afflictions.

The truth is the Budget was balanced in 1929 and 1930 when the financial crash came, so a balanced Budget did not prevent the present economic debacle we are experiencing, and there is no evidence that a balanced Budget will either mitigate or cure the evils from which we are intensely suffering. The trouble is deeper than that. I realize that the Budget should be balanced at the earliest date reasonable, considering, of course, the depressed condition of the country and the ability of the people to pay increased taxes, but no one is prophet enough to tell at this time what additional tax will be necessary to balance the Budget for 1933.

It all depends upon the business conditions. If they improve, as is hoped by all and claimed by many, the taxes now imposed, with increases carried in the pending bill on incomes, inheritances, gifts, and so forth, should raise sufficient revenue to balance the Budget for 1933.

To show how inaccurate and unreliable the Treasury officials have been in the past in estimating Government receipts and expenditures, I give the following facts and figures:

In past estimates they have made the following errors:

ı	For 1923 the Treasury estimated a deficit of	\$822,000,000
ı	For 1923 there was a surplus of	309, 657, 460 1, 006, 657, 460
1	For 1924 the Treasury estimated a surplus of	324, 000, 000
١	The surplus was	505, 366, 986
١	An error of	181, 366, 986
ł	For 1925 the Treasury estimated a surplus of	68, 000, 000
ı	The surplus was	250, 505, 238
ı	An error of For 1926 the Treasury estimated a surplus of	182, 505, 238 262, 041, 756
ł	The surplus was	377, 767, 817
ı	An error of	115, 716, 061
ı	For 1927 the Treasury estimated a surplus of	383, 079, 095
١	The surplus was	635, 000, 000
ı	An error of	251, 920, 905
ı	For 1928 the Treasury estimated a surplus of	200, 703, 863
i	The surplus was	398, 828, 281
ı	An error of For 1929 the Treasury estimated a surplus of	198, 124, 318 36, 990, 192
ı	The surplus was	184, 787, 035
1	An error of	147, 796, 843
ı	For 1930 the Treasury originally estimated a surplus	
ı	of \$225,581,534, but later changed this to	145, 581, 534
ı	The surplus for that year was	183, 789, 215
ı	For 1931 the Treasury estimated a surplus of	180, 076, 657
ı	There was a deficit of	902, 716, 845
ı	An error of	1, 082, 793, 502

So, from this exhibit, would we be justified in taking the Treasury estimates as a safe guide or justification for raising the full amount claimed necessary to balance the Budget? When we have in the past prepared revenue bills we have ofttimes heard our honored Speaker [Mr. GARNER], also our distinguished floor leader [Mr. RAINEY] severely criticize and ridicule Treasury estimates, and we know full well that they have in the past flatly refused to accept as a safe basis for legislation estimates of the Treasury Department. Moreover, to my certain knowledge, ex-Senator Simmons, of North Carolina, a distinguished Senator from our State for 30 years and chairman of the Senate Finance Committee for 10 years, never relied on the estimates of the Treasury in preparing tax bills. It is also a matter of record that the late Senator Jones of New Mexico, while a member of the Senate Finance Committee, stated in part:

I will say a word, however, with reference to surplus which was estimated by the Treasury Department. I have lost all faith in Treasury estimates. When I look back over the history of the adjusted compensation bill—bonus bill—I find that whenever there was even a thought of that legislation being enacted there came from the Treasury Department the most pessimistic howl that ever came from a responsible source. Some estimates were made varying more than \$1,000,000,000, varying from a surplus of over \$300,000,000 to a deficit of \$822,000,000.

For the first time in the history of the House of Representatives the Ways and Means Committee has prepared and brought before Congress a revenue bill embodying as one of its main features a general sales tax, levying 2¼ per cent on nearly 150,000 articles of trade and commerce with only a few exceptions.

Previously sales taxes have been levied only as war measures and have always been limited to a restricted class of commodities. Now for the Federal Government in peace times to adopt a general sales tax is a new departure in Federal taxation that is wholly unjustified either by the condition of the National Treasury or the ability of the people to pay.

The first effort to impose this nefarious tax system on the people of the country in peace times was made in the other body in 1921, when certain Senators sponsored a similar provision. However, it was overwhelmingly defeated by a Republican Senate, and a Democratic minority stood in solid phalanx against it; but, alas, we now have the anomalous spectacle of the Ways and Means Committee of the House yielding to the persuasive voice of Andrew Mellon, former Republican Secretary of the Treasury, who has been trying to foist this tax policy upon the country for the sole purpose of relieving the wealthy of the payment of income, inheritance, and other taxes.

The bill we are now considering has many good features with which I am in hearty accord. I approve the provision increasing the tax on incomes, inheritances, and gift taxes, as well as some of the excise provisions. I also heartly

approve the administrative changes of the bill by which probably more than \$100,000,000 annually will be saved.

The provisions of the bill relating to theaters and moving pictures should be modified so as to exempt all those with admission charges of 50 cents and less. The motion-picture industry is an amusement particularly for the poor, and the low-priced ones should not be taxed.

But it is the abominable sales-tax provisions of the bill that make my support of it impossible. In my opinion, one of the prime causes of the present depression, and, perhaps, the greatest, outside of the unjust, inequitable, and burdensome legislation enacted by the Republican Party for the last 10 years, has been the heavy load of taxation the people of the Nation have been compelled to bear—heavy national taxes, heavy State taxes, heavy county and municipal taxes—taxes galore in every direction, and the proponents of this measure say that the way, and the only way, to restore prosperity is to lay on the bending and broken backs of the ordinary and poor people of America still additional

The strangest remedy that I have ever heard or that has ever been advanced to cure a panic and restore prosperity! Why has not some one thought of this before? Why was it necessary to enact Reconstruction Finance Corporation legislation, the legislation providing for additional assistance for the Federal farm banks, and the other remedial measures? Why did we not increase taxes at the outset? How absurd, how ridiculous! With eight or ten million people unemployed, manufacturing establishments idle or running on short time at a loss, with agriculture prostrate, with banking institutions of the country by the thousands in the hands of receivers, economic scourge spread throughout the country like a "pestilence that walketh in darkness or a destruction that wasteth at noonday," we propose as our remedy the indefensible, unheralded, extreme sales tax. It is claimed by some that this sales tax is so small that it will not be felt; but I say it will not only be felt but it will be a serious burden upon the American people, especially those least able to bear it. It is estimated that this tax will raise \$600,000,000 per annum, and counting a population of 120,000,000, this would be an average tax for every person in the United States of \$5. Allowing five persons for the average family, this would be \$25 additional taxes on the average for every family in the United States.

This afternoon we heard two able speeches by members of the Ways and Means Committee, of which I have the honor to be a member. One was by the gentleman from Washington [Mr. Hill] and one by the gentleman from Illinois [Mr. RAINEY]. If what the gentleman from Washington said in his 20-minute speech on this bill and the sales-tax provision be true, then it should never become a law. If what the gentleman from Illinois [Mr. RAINEY] said concerning this legislation be true, it should have been a part of the taxing policy of our Government from its very foundation.

I had always been taught that we had statesmen in the United States who were able to cope with our economic problems. I had understood that the Secretary of the Treasury, Mr. Mellon, was a wizard in financial legislation. [Applause.] I had understood, my friends, that he could work wonders and perform miracles; but when we came to the task of raising this additional \$500,000,000 revenue, they imported a gentleman from Canada by the name of Jones, and he was here for several days before that committee. I do not know just how long he was here. They then reported this marvelous sales-tax provision which is now a part of the pending revenue bill.

Now, my friends, it is not patterned after the Canadian system. They say the Canadian system has worked wonders. I have here a copy of the Canadian law.

Mr. RANKIN. Will the gentleman yield?

Mr. DOUGHTON. Yes; I yield.

Mr. RANKIN. Will the gentleman tell us whether William Randolph Hearst had anything to do with bringing this man Jones down here?

Mr. DOUGHTON. I can not tell the gentleman, but I know that William Randolph Hearst has been one who has tried to get the sales tax adopted in the United States for several years.

The gentleman from Illinois [Mr. RAINEY] traced the sales tax back to Rome and Greece and Egypt. I thought that was a very unhappy suggestion. Are we to follow in the footsteps of Greece and Rome and Egypt and pattern after those nations of antiquity in our financial matters?

Mr. RANKIN. Will the gentleman yield further?

Mr. DOUGHTON. I yield.

Mr. RANKIN. Did the gentleman finally trace it to India, where they place a sales tax on the loin cloth which Ghandi wears?

Mr. DOUGHTON. Well, the gentleman chased around in such a crooked path so long that I could not tell exactly where he did go. [Laughter.] I know in his desperation to justify the sales tax and to square himself with his inconsistent position he traveled around a great deal. There is not a man who has made more speeches on the floor of the House of Representatives, since I have been a Member, against unjust taxation than the gentleman from Illinois. I was really astounded, but not surprised, that he was driven to such a desperate position to justify his course.

Mr. PARSONS. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. PARSONS. The gentleman is reminded of what happened to Greece and Rome in those days?

Mr. DOUGHTON. Yes; I am reminded. And I am reminded of a quotation from the Bible which applies exactly in a case like that: "Woe to that nation which is built upon blood or established upon iniquity." [Applause.]

If we walk in their footsteps or if we pattern after their example, then their woes will be our heritage.

Mr. MOUSER. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MOUSER. There is not anything in any statement that Thomas Jefferson made that was in favor of a sales tax. Is that not the fact?

Mr. DOUGHTON. Oh, no. When driven to desperation. he cited Thomas Jefferson. Of course, Shakespeare said that Satan could cite scripture to prove his contention. There is always justification for every wrong act.

Mr. SCHAFER. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. SCHAFER. How much was the total revenue raised in Canada per year under the sales-tax provision?

Mr. DOUGHTON. I think about \$70,000,000, perhaps.

Mr. SCHAFER. Was not a great percentage of that raised by a tax on distilled and fermented beverages?

Mr. DOUGHTON. If the gentleman will meet me on the top of the Washington Monument on Christmas night, I will discuss that question with him. [Laughter and

I have before me a copy of the Canadian sales tax, and, my friends, the Canadian sales tax is not any more like the sales-tax provision of the present bill than night is like day. The Canadian sales tax is nothing more than a tax on luxuries, while there are seven closely printed pages of exemptions, and practically everything which could be classed as a necessity is exempt. Let me read to you a few of the exemptions:

Brick of all kinds, for building houses and churches; castings of iron and steel; chains; coils; chain links; milking machines; cultivators; plows; farm implements; mowing machines; spring and dusting machines; hay loaders; incubators for hatching eggs; scythes; sickles; threshing machines; separators; mowing machines; windmills; portable engines; equipment for generating electric power; machinery and apparatus used exclusively for washing and treating coal; well-digging machinery; machinery appliances of iron and steel, made in America; articles exclusively used in metallurgy; machines made exclusively for handling ore; ore crushers; diamond drills; coal-cutting machines; pumps; vacuum pumps; machinery for sawing lumber; all sawmills; logging machinery; blocks and tackles.

Also all foods and food products.

exempt.

Mr. RANKIN. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. RANKIN. At the time this Canadian sales tax was passed, the people of Canada were not groaning under the burden of a high protective tariff as the American people are

Mr. DOUGHTON. Of course not: and they did not have such a large percentage of the rich who were trying to escape the just burdens of taxation and shifting them to the shoulders of those not able to bear them.

Under this bill the farmer with no market for his products, or none equivalent to cost of production, will be forced to pay this sales tax on all of his farm implements, farm machinery, farm tools, on the furniture, bedclothing in his home, the cookstove upon which his meals are prepared, the cradle in which his baby is rocked, and on hundreds of articles he must purchase too numerous to mention. The laboring man who works for a daily wage, when he can find a job, will find this tax assessed against him in practically every purchase he makes. In fact, those least able to bear this tax will be afflicted with it from the cradle to the grave. It begins with the cloth in which the infant is wrapped when it comes into the world, it attaches to the milk bottle and toys of the babe in the crib, and does not end with the coffin and shroud, but clings to the tomb of the dead. At every turn of life's pathway the invisible tax collector will demand and receive his "pound of flesh."

This being true, it is not surprising that the farm organizations of the country, without exception, are denouncing and condemning this proposed sales tax and that the American Federation of Labor is also up in arms against it. The cunning sophistry of the proponents of this bill does not deceive or mislead them, but its advocates endeavor to sugarcoat it and get it down the throats of the American people by claiming it is only a temporary measure; but, my colleagues. I warn you now as to the dangers connected with this departure from our traditional American policy of taxation. If this policy is once approved, I predict it will never be discontinued. It was stated on the floor of this House on Saturday last by the gentleman from Pennsylvania [Mr. WATSON], of the Ways and Means Committee, and one who helped prepare this bill, that if the principle of the sales tax is adopted it will never be repealed. This statement threw consternation into the camp of the proponents of this bill, but it was the truth, and I commend the gentleman from Pennsylvania [Mr. Warson] for his candor and frankness; that is the great danger of ever establishing this vicious policy. The large income-tax payers, with all their facilities for propaganda through the subsidized press, paid magazine writers, ability to employ the ablest talent in the country to lobby around Washington, will undoubtedly be sufficiently potential to prevent the repeal of this legislation once it is

Now is the time, and the only time, in the interest of the American people to kill it; and I predict now that the salestax provision of this bill will never become a law. If we do not kill it in this House, we will mortally wound it and send it on to the other body bleeding and staggering, where it will be killed so dead and buried so deep, it will never be

Another effort made by the proponents of this sales-tax legislation to soften the blow and deceive the people is the claim that it will not be passed on to nor paid by the ultimate consumer, but that it will be absorbed by the manufacturer or retailer. The truth is, however, in most cases it will be paid by the consumer and may at the same time be passed back to the producer of the raw material and collected out of him, thus doubling the tax. Monopoly will certainly be able to pass it on and also to pass it back. The small manufacturers, most of whom are now running at a loss, will, if they continue to operate, be forced to collect it out of their operatives in the way of reduced wages. Competition in some cases may compel the retailer to absorb the tax: but that will also be harsh and unjust, as |

Practically everything you would class as a necessity is he is now struggling for existence. This tax will certainly be paid, and by those who are least able to protect and help themselves. It will bear with pitiless severity and merciless cruelty upon the poor, the weak, the humble, and lowly of mankind.

> The gentleman from Oregon [Mr. HAWLEY], former chairman of the Ways and Means Committee, now ranking Republican on that committee, in his speech on this bill made the extravagant prophecy that, if this bill is enacted into law, that prosperity will immediately be restored, and stated we would at once cross the Red Sea into the "Promised Land." In this statement the gentleman from Oregon [Mr. HAWLEY] is running true to Republican form.

> We were told for many years that all that was necessary to guarantee prosperity was to keep the Republican Party in power and adopt its policies. Positive assurance was given that if the Smoot-Hawley bill were enacted, we would be panic or depression proof. We were told that if the Hoover farm-relief measure, creating a Federal Farm Board, were adopted, the farmer would be brought up to the level of industry and that he would be made permanently prosperous. Instead of agriculture being brought up, industry has been brought down into the valley and shadow of economic death with agriculture.

> They promised bread and gave a stone; promised a fish and gave us a serpent; and having defaulted on every promise they had made, they now promise the "Promised Land." Well, they certainly have qualified us all in one way. We are all experiencing great tribulations.

> In conclusion may I say I am just as jealous of the honor and credit of our country as anyone and willing to vote all taxes necessary to preserve and protect its credit. Our difference is one only as to best method of accomplishing this end; but I am sure, notwithstanding our differences and disagreements, the highest aim and most fervent desire of every Member of this body is that our Government may continue in the future, as in the past, to exalt truth, righteousness, and justice, and that it may be a shining example to all the erring nations of the earth, until the final consummation of all material things.

> Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. Wolcott].

> Mr. WOLCOTT. Mr. Chairman, to say the least, it is somewhat embarrassing for me, a neophyte in this House, to follow as worthy a man as the gentleman from North Carolina. I hope, however, to make up in the spirit and sincerity of my remarks what they may lack in quality.

> We in Michigan are a patriotic people. We like to feel that we are taking our part in the Nation's business. We like to feel that we are assuming our part of the national responsibility, and I think in this case the delegation from Michigan, at least speaking for myself, are proud that we are Members of a Congress which has shown the fortitude, which has shown the courage that this Congress has in presenting its legislation. It takes courage for a man to come from a State which pays into the Federal Treasury four dollars for every two dollars it takes out and speak in behalf of this bill. It takes courage, my friends, to speak in behalf of any tax bill, for that matter. It takes courage, perhaps, for me, neophyte that I am, as I have said, to come down here in my first session of Congress and vote to levy a tax on my district of something like \$510,000, but I hope the time shall never come when I put my district or myself before my country, and I know that my people do not expect me to do so. [Applause.]

> I am not particularly interested, and I do not think the people of my district or the people of this country are particularly interested in which party is to blame for this condition or whether any party is to blame for this condition. I do not believe the people of our home districts are interested whether this is a Democratic measure or a Republican measure. They are interested in the solution of the problem, and I think it behooves all of us to forget politics for a few days, to put aside the bickerings and the banterings of partisanship, and sit down as a unified Congress and work out the destinies of this Nation. Never

before in the history of this Nation has there been such a need for harmony in Congress as there is at the present time with respect to this particular bill. [Applause.]

I dislike to vote for any bill which is going to tax my people and your people. There is a saving grace, however, to this bill which I have not heard called to your attention as yet. I have one county in my district which is particularly hard hit. It is a county in the southern part of the district which borders on the great county of Wayne, in which is located the city of Detroit. The people in this county are factory workers and office workers and proprietors of small businesses, dependent largely upon the automobile industry for their very existence. These people are home owners or are buying homes on our Michigan plan of purchasing under contract. I looked the other day in my home-town paper, and the list of tax sales in that paper covers a section which resembles the magazine-feature section of a Sunday paper. Thousands and millions of dollars. if you please, of property is being sold next month for taxes. Now, you say to me, how do you expect this sales-tax bill to benefit that situation or to relieve that situation, and this thought comes to me.

These people are losing this property because they can not pay the taxes. Now, why can not they pay the taxes? It is because the tax rate in the State of Michigan, as it is in all States of the Union against real estate, is exceptionally high. It is because the burden of taxation is largely carried on real estate.

I am fundamentally opposed to a sales tax, not the theory of it—I have not studied the merits of it and I am willing to bow to the experts on the Ways and Means Committee that it is a desirable form of tax to meet the present emergency. I believe a great many of them are in doubt as to whether this is the ideal form of permanent taxation, but I take the attitude that if there is going to be a permanent sales tax, it should be left to the States to levy that sales tax against real estate in lieu of the real-estate tax; and the only redeeming feature in this bill that I see, and the one which will cause me to vote for it, is that it will automatically cease to exist at the end of the fiscal year 1933. It is an emergency tax and must be considered solely as such.

Mr. JOHNSON of Washington. Will the gentleman yield? Mr. WOLCOTT. Yes.

Mr. JOHNSON of Washington. I want to suggest that the gentleman did not mean to say "desirable," but rather to use the word "necessary."

Mr. WOLCOTT. I did, yes; thank you.

Now, I can see other ways and means of raising taxes. I can not see any more logical or sounder way of raising them during this emergency than that provided in this bill.

I have criticized, in my ignorance possibly, the fact that this Congress and the great Secretary of the Treasury found it necessary to include in the yearly Budget the sum of \$426,489,000 which you gentlemen a few years ago provided he should include to retire the national debt. I have been told that during the years 1923 to 1929 we overpaid that obligation about \$3,000,000,000, and I said:

Now, why can we not take advantage of that payment. If I am buying my house on contract and I pay a year in advance and then can not meet my obligation for the current month, I am not worried, because I am still 11 months ahead on my obligation.

So I thought, of course, the Government was that much ahead on its obligation and that we were \$3,000,000,000 in the black when we started, and even with a Treasury deficit of \$2,000,000,000 we would still be \$1,000,000,000 in the black; but the fallacy of this soon came to me, because I found that we would have to balance the Budget as we went along if we were to maintain the integrity and stability of our national credit.

This brings me back to the proposition of this real-estate tax. In the county of Macomb there are outstanding to-day \$5,000,000 worth of drain bonds. I had hoped and prayed that the Glenn-Smith bill would reach the floor of this House and be passed many days before this to relieve that

situation. In your wisdom you have found it should not be brought onto the floor of the House, and, because I am a neophyte, I bow to your seniority and say that maybe you are right. The only thing which saved that county from financial ruin was the decision of the Supreme Court of Michigan which recently set aside those bond issues and held that they did not have to pay it because the bonds are illegal. Assuming that condition existed and continued, the people of Macomb County would have to issue \$5,000,000 worth of bonds to refund that bonded indebtedness; and how would they raise it? They would have to sell bonds on the open market.

Certain gentlemen in this House have advocated a bond issue as a means of paying off this deficit.

Now, I am not a banker, and I have not studied finance except to try to keep my own bank account balanced, and that has been hard enough, I can assure you, but I know, as a fundamental principle of bond salesmanship, that you can not sell municipal bonds, State bonds, county bonds, city and township bonds for any greater amount than you can sell Government bonds, and I know that in Macomb County to-day, because of the statement of the gentleman from Illinois [Mr. RAINEY] in his remarks this afternoon, in which he said that a great many of the United States Government bonds are selling to-day for 85, the treasurer of Macomb County or any other county in the United States could not sell its bonds for any greater amount; and what I am emphasizing is simply this. If we do not balance this Budget, the people of your district and my district will find themselves in the position in which Macomb County would have found itself had it been obliged to refund its bonds. in that they would have had \$750,000 additional obligations added to their budget which they could raise only by further levies against real estate, much of which I have already shown is being sold for taxes.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield the gentleman from Michigan five additional minutes.

Mr. WOLCOTT. Mr. Chairman, coming in here a new Member as I did, I have purposely taken no part in the deliberations on the floor, because I did not think I would have very much to offer. It is easy to criticize, it is easy to stand up here and talk against a sales tax, but it takes courage to vote for it, and I hope we have that courage. [Applause.] It perhaps did not take any courage for any of you worthy gentlemen who have been in Congress a great many years to create the obligations which we must now retire; it did not take much courage to vote for the appropriations for the Wilson Dam, the Roosevelt Dam, the Coolidge Dam, and the Hoover Dam, which have for their purpose the irrigation of arid lands in the West. It would take courage, possibly, for you to vote an equal amount for the drainage of the Midwest States, 20 per cent of which is under water.

We did not object to creating the obligation, because we were in favor of it at that time and thought that these appropriations, in benefiting the great States of Colorado, California, and Nevada, would materially increase the wealth of the Nation and would increase the wealth of the State of Michigan. I did not object to it until I found that the last appropriation would open up 2,000,000 acres of tillable land which will be, when under cultivation, in direct competition with every other acre of tillable land in the United States, including the rich lands of my district.

And while we are talking about deficits let us give some attention to the surplus of agricultural products caused by these investments. [Applause,]

I have taken the attitude that we should not vote one more cent for irrigation and reclamation until we have drained some of the property of the Midwest States, the owners of which already have a fixed investment. We are willing to go along with you, because the debt has been created and it has ceased to be a question of why you did it; it is now a question of whether this great country of ours is going to maintain its high standard of credit.

If my child contracts a fever I do not say to myself, "I! know where he got it-he ought not to have gone out and wet his feet." He has a fever and the thing for me to do is to call in the doctor. The condition exists no matter what caused it. The doctor in this case is this sales tax.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. SMITH of Idaho. I call to the attention of the gentleman from Michigan that when he states that 2,000,000 more acres under the Hoover Dam may be brought in direct competition with agricultural tillable land, that he is mistaken, as not more than 560,000 acres of additional land can be supplied with water for irrigation from the storage at Hoover Dam. Congress will not be asked to appropriate money to bring the water to this additional land until agriculture is again placed on a prosperous basis.

Mr. WOLCOTT. Well, I may be wrong in my figures. My authority, I thought, was authentic; but regardless of whether they are right or wrong, the principle is the same.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. JOHNSON of Washington. The gentleman's point is clear. When the people had large incomes, Congress took notice of the situation and provided for Boulder Dam and appropriated for the reclaiming of the Mississippi Valley by the construction of levees. That was when the income tax law seemed adequate. When money is coming in it is an easy way to raise money, but when incomes decrease there is not enough.

Mr. WOLCOTT. We know that if we advocate the drainage of the Midwest States we have got to get money with which to do it. We know that if we are to carry on these works we have got to have the money to do it. Taxation in some form is the only way governments have of raising money.

Mr. SCHAFER. Will the gentleman yield?
Mr. WOLCOTT. I yield.
Mr. SCHAFER. I want to call the gentleman's attention that there is another proposition, where a \$483,000,000 Treasury deficit was created, because the Secretary of the Treasury said that the tax on licensed beverages for consumption in 1919 amounted to over \$483,000,000.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. Ragon].

Mr. RAGON. Mr. Chairman, I rise to-night more to make a conciliatory statement than to make an argument. Unfortunately I was called from the proceedings of the committee at the time the consideration of the sales tax began. We have had several weeks of hearings and had set ourselves to the task of drafting this bill. We had completed the rates on the income, inheritance, and corporation taxes, and then two subcommittees were appointed, one upon the administrative features of the bill and the other upon the question of the sales tax. We who were on the subcommittee on administrative features soon completed our work.

The men on the subcommittee on the sales tax were, of course, required to do much work through a long period of time. I have never yet seen a committee approach a subject with more concern than these men did. That was my experience when I was associated with the committee, and I know it to be true after I left the committee. Whether we like it or not, we might just as well face the issue in this session of Congress that we have a Budget to balance. I do not care what the argument of any man is upon the floor of this House-and I have listened to them all for the instruction they have given me-if we are in any measure to restore prosperity, if we are to bring back normalcy in this country at an early date, the most potent thing we can do is to immediately balance the Budget of the United States Government. Oh, I know it is an easy thing to set up a printing press and start printing paper money. I know it is an easy thing to float bonds and sell them, if you do not care anything about the price they bring or the price to which they descend, but what is true in an individual busi-

ness is true in the Nation's business. You can not, either technically or practically, bring your expenses and your income to a balance by continually giving promissory notes or extending bond issues. Let us forget our passions, let us forget our prejudices, and look at this situation squarely in the face. As Members of the Seventy-second Congress, irrespective of party affiliations, we know that if we are to serve our country as the proper kind of Representatives of a great and God-fearing people, we have to do the business thing and balance the Budget of the United States Government. [Applause.] Talk about voting taxes! Oh, I detest the job, and so do you.

My good friend from Illinois [Mr. RAINEY], together with other men I see on the floor of this House, at one time in this Chamber faced the solemn duty of calling from the humble homes of this country the best blood and bone and sinew, sending them to a foreign land in order to fight a foe and fight for friends they had never heard of or dreamed of before. That was a solemn vote. That was a nasty vote, politically speaking, for a man to cast, and an eminent man stepped down from that high position as Speaker and walked into the well of this House and faced his President of the United States and refused to do it. It is a bad thing to have to call the boys of this country to arms. We had those votes, but did any man hesitate? Some of them did, but the great majority of this House rose and said, " will pass those war acts which will be beneficial to this country." Voting taxes on anything or anybody is a hard job, but I am saying to you as one who has not taken any part in this argument up to this moment because of my own immature consideration of the bill that you may as well face the issue as it is, because you are going to vote them whether you like it or not. I am not trying to force anything down your throats, but if you do not like certain features of this bill you can eliminate them and send us back to the committee room, but whenever you send us back there, remember that you send us back there with instructions to bring in a bill here that will increase the taxes of the taxpayers of the United States, because we have to raise revenue.

There are two ways in which to balance a budget. Let us all use our common horse sense. Whenever a business man or an individual finds at the end of the year that he is running at an expense that he can not keep up financially. what does he do? He usually sits down with the members of his family and says:

In order to balance our family budget we have to do one of two things or we have to do a little of both; we have to either increase our income or reduce our expenses, or we have to bring up our income a little bit and reduce our expenses a little bit.

Let us look at the first part. There are members of the Appropriations Committee here who can check me up if I am wrong, but, as I remember it, the expense of this Government for the fiscal year ending June 30 of this year will be over \$5,000,000,000. Twenty-five per cent of that amount is expended upon public officials and the offices of public employees in this country. I have just recently returned from a trip that burrowed about 1.200 miles into the interior of this country. On that trip I had two or three men mention the tax question to me. I had one man who said that he favored the kind of tax that we have here, but he did not want a general sales tax, and the others said they would try to bear it the best they could. But I had 25 men say that the expenses of this Government were so stupendous that it was up to us here to cut down and pare to the bone our governmental expenses.

I have heard a lot of blowing on both sides of the aisle and from members of the Committee on Appropriations about reductions that have been made there and prospective reductions of \$150,000,000. That is not a drop in the bucket. It took our side of the House two or three hours the other day to almost wipe out that entire reduction by the passage of the \$132,000,000 road bill that we knew did not have any more chance of becoming a law than had a crippled grasshopper in a pen of hungry turkeys. [Laughter and applause.] Now, if that is not reducing the expenses of this Government with a vengeance I do not know what I am talking about.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield to the gentleman from Arkansas 10 additional minutes.

Mr. RAGON. I have every confidence in the world in the special committee that has recently been appointed to look into the reduction of expenditures in this Government. That committee, as I understand, will come in with some kind of a report or bill next week. I know it is going to be interesting to watch the vote of some of the Members upon the report or the bill which that committee will introduce, because if I am correctly informed, it is going to cut clear down to the bone.

Now, that is one of the ways of meeting the Budget of this country. Instead of our having done anything to contribute toward balancing the Budget along this line up to this good hour, we have on the contrary, my friends, increased the cost of Government in this present House for the fiscal year ending in 1932.

Mr. Chairman, I say that you can not excite the interest of business men in this country until you give them confidence that this Government is on a stable financial plane, and whenever they are assured that the affairs of our Government are stable and we will not go off of the gold standard, then we will have that confidence; we will recapture that confidence that has been the basis of the prosperity we have had for the last few years.

Recently I was in Arkansas and I had a conversation with a gentleman there who stated to me that in his town, a prosperous little city, there was a bank with over a half million dollars in its vaults and that the merchants in that town and the influential farmers of that community were suffering, and that the men who owed the merchants in that community were being pressed by the merchants because they did not pay their bills. I asked him to what did he attribute this. He said there had been over a hundred bank failures in that State, and that the reason of those bank failures in the other cities and towns was that the people were in a frenzy of nervousness and that this bank had to retain this money which it would otherwise throw into the channels of commerce in order to meet any prospective run. So what did it all amount to? It amounted to a lack of confidence upon the part of the bank, in its ability to procure aid in a crisis from larger banks, and the situation was further complicated by a lack of confidence by the people of that community in the strength of that bank, and as a result of this the Federal reserve banking system in that particular area or district must suffer thereby. When the entire Federal reserve system is nervous by reason of these conditions, its stabilizer must be a full Treasury. I say to you it becomes our duty as Representatives of a great people to do something that will stimulate confidence in the financial system of our country.

We have provided in this bill an income tax which I think is the highest that has ever been initiated in this country in peace time. I think the inheritance tax goes as high as we could possibly expect it to go. I think we are getting very close to the point in income taxes where we will experience a diminishing of returns. Then we go to the corporation tax. If you will get the records and see the number of corporations that have suspended business this year I doubt seriously that you would subject the Ways and Means Committee to criticism for increasing this from 12 to 13 per cent. as we do in this bill. Then we come down to the various excise taxes that are inserted for the first time in this bill. I do not want to discuss them, because I am trying to eliminate everything to come to one point. I say to you frankly I have heard Members from different sections get up and discuss one of these excise proposals. My friends, you are after revenue. I do not care whether you call something a tariff or a tax; if we are driving for one point for common good, what difference does it make which road we take, just so we get there?

Then we come lastly to the bone of contention in this particular bill, and I will make it as brief as I can, because I do not want to trespass upon the time. I say to you frankly if you are going to balance this Budget and do justice to American industries—and I am measuring my words—you will never do it save and except through the instrumentality of a manufacturers' excise tax.

I am sorry I can not go as far as the committee has gone. I will be frank with you there. I think we could have more or less restricted the scope of this taxation or the base of it. Frankly, when we come to consider the bill under the 5-minute rule I propose to do that on certain articles and on certain phases of the bill. But I am so impressed with the importance of balancing the Budget that I say, "Forego any prejudice you may have for or against the sales tax and look the situation squarely in the face and let us cut out what we think would have a bad psychological effect upon the country and keep in those things that are worth while." Then if the volume of the tax returns is not great enough, let the committee come back under their rules and get the rest of these taxes.

You may want me to be specific, and I can be. I think that certain things, like cheap clothing, might be added to the exemption. I can not get the consent of my mind—and I say this with all due respect to everybody—to place a tax upon the clothes of the man who is looking for a job—on his shoes and on his socks. Do not get too much consolation out of that statement, because I do not think the tax would amount to much. It is not the money taken away from him that I am complaining about, but I say to you, my friends, that the finest spirit that was ever manifested beneath the bending dome of God's heaven has been manifested in the United States during the last 10 months. [Applause.]

During that time there have been 7,000,000 men destitute of employment. They have had hanging onto the ragged edges of their clothing helpless women and children, crying for something to eat, yet we have not had a single uprising in this country that amounted to the snap of your finger.

I say to you, I am like Brother Andrew Brown. I believe a whole lot in what he calls "psyrology." I think the worst psychology that could go forth in this country is the fact that the American Congress has put upon these unemployed people a tax in their destitution. I say the same thing about food, but that has been largely eliminated. If they take out the item of lard and one or two other things, it will help the bill.

Then there is one other thing, and I will not enumerate any more. That is the question of admissions. My friends, do you know there are 25,000 theaters in this country? Do you know that to-night over 5,000 of them are dark and that practically 20 per cent of them are closed? Yet a bill is brought in which will put a tax upon those admissions of less than 50 cents. I think if that hits anybody in this country, it hits the man of average means. This should be remedied.

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. RAGON. Now, gentlemen, if I were called upon to do so, I could specify many items which would fill the gap that might be made by the elimination of the items to which I have referred. I could fill that gap with three items, and every one of them ought to be incorporated in this bill. I have particular reference to the tax on stock sales and transfers.

I am not a demagogue. I am not running around here hollering to tax somebody, but if there is anybody on God's green earth who is able to pay a tax it is the fellow who goes on the New York Stock Exchange. I say to you that if you will charge him one-fourth of 1 per cent you will treble the amount of tax you will get under this bill. [Applause.] If you want to cover short-sellings, if you will make it one-half of 1 per cent, you will get \$150,000,000, and that will more than cover the elimination of the items I

have referred to, such as cheaper clothing, shoes, socks, and so on. There are other items. If you want to go farther, eliminate consolidated and affiliated returns that are incorporated in this bill, and you will get \$60,000,000.

They are just two items. I could name a half dozen more, but I am simply calling your attention to these things.

Men, aside from all that, eliminate, if you want to, these small features I have mentioned and you will still retain the main crux of your manufacturers' excise tax, and that, to my notion, has got to be resorted to if we are to properly balance the Budget by 1933.

So to-night my only appeal to you is this: Lay aside your prejudices. Somebody has said it is surrendering a principle. Many of you men voted to send American boys to foreign fields to fight and maybe to die for their country. In doing that many of you voted against your principles, but the emergency which existed at that time called for such action. So I say to you, in this dire emergency of our country, as much as I might dislike the sales tax or manufacturers' excise tax, I will certainly lay down that principle for the safety and the security of this great Government which is my security for a peaceful place in this civilization of the world. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, in the first place, I want to address myself to the Member who is asking himself the question: "What effect will an affirmative vote for the oilimport tax have upon the consumers of my district?" We proponents of the oil-import tax recognize that proposition at the outset, and recognize the difficulties, real or apparent, that are involved to the Member in determining his vote. The danger is more apparent than real.

There is an authoritative way to ascertain the facts upon almost any subject, and there is an authentic answer to this question

The hearings before the Ways and Means Committee developed the fact that in 52 representative cities in 1926, when crude oil was \$2.04 per barrel, the average price in these 52 representative cities was 18.04 cents per gallon; and when the average price of crude had made a horizontal descent of 84 cents a barrel to \$1.02 per barrel, a survey of the same 52 representative cities, which included cities like Newark, N. J.; Roanoke, Va.; Springfield, Mass.; Salt Lake City; Mobile; New Orleans; Portland, Oreg; and others, showed that the price of gasoline not only had not depreciated as a result of the terrific loss the producers of crude had taken of 84 cents a barrel, not only that it had not depreciated, but that the average was 18.39 cents per gallon, or a general rise of 0.20 cent per gallon.

You all know that you have paid 35 cents a quart for lubricating oil ever since you bought your first automobile, whether crude oil was 10 cents a barrel or \$3.50 a barrel.

One of the witnesses in behalf of the oil-import tax was asked the direct question by a member of the Ways and Means Committee at the hearing, "What will be the effect upon the consumers of refined-oil products in the United States if we put a tax or embargo on these imports?" and every member of the committee sat up and took notice, because it was of interest to him in determining how he should cast his vote. The witness first gave the illustration of the 52 cities that I have just described, and then he added that the members of the committee were all familiar with the fact that the market price of wheat did not perceptibly change the price of a loaf of bread, which, like a gallon of gasoline, is the yardstick of estimate to the consumer, was practically the same price per loaf when wheat was 25 to 50 cents in the Middle West and on the general market as it was when wheat was \$3 a bushel.

So let us not be dismayed at the possibility of the effect upon the consumer of gasoline by the gallon. We say it will not adversely affect him to any appreciable extent, but rather let us look to the more far-reaching effect of giving the big monopolists whose enormous profits have been made from imports a strangle hold not only upon the oil industry first, but later upon the oil consumers. Let them complete

their monopoly by destruction of the independent oil men, and then you will pay through the nose, and the consumers of gasoline in your district will pay through the nose likewise.

We people of the Middle West from the oil States want buying power. Give us buying power and we will buy the products of New England. We are good spenders—we have been charged with being profligate spenders in our prosperous days. Let me remind New England that when the oil business was prosperous we bought goods from New England at their own prices, plus the protection put upon them by the tariff laws that they so zealously advocated. Obviously, we can not have any buying power when oil sold in 1931, when the glut of South American imports was coming in full blast, at 5 and 10 cents a barrel. The speaker sold oil all during the summer of 1931 at 19 cents a barrel. And statements from all authoritative sources are to the effect that oil can not be produced for less than \$1 a barrel, and no one even attempts to deny that. The average price now is 77 cents a barrel. How can we have buying power to buy the goods of New England, the backbone of the opposition to this import tax if we are producing our oil at a loss? Does the opposition of New England mean that it does not want the vast market that flows from the prosperity of 22,-000,000 people of the United States? Obviously not. Even as uncertain a debater as the distinguished gentleman from Massachusetts [Mr. Martin], who at length on the floor of this House echoed the monopolists, the price fixers, the false propagandists, would not answer in the affirmative.

You may argue that business in New England is stagnated. We answer that business in the oil States is paralyzed and bankrupt. Would you continue to keep dormant, and finally to destroy, this great market for your goods by echoing the false propaganda sent out by the selfishness of the great importers? Surely the gentlemen have not provided themselves with the facts but have been merely "yes men" for the falsities promulgated by those who are making 50, 60, 154, and 400 per cent annual net profits, as are the big importers that are trying to stifle the independents.

The gist of this whole situation is stated by the gentleman from Massachusetts, Mr. Treadway. Unlike his colleague, Mr. Martin of Massachusetts, and Mr. Nelson of Maine, who did not see fit to provide themselves with the facts with reference to this matter, but who rather echo the false propaganda of the monopolists, Mr. Treadway listened intently to every word on this subject that fell from the lips of the witnesses on both sides before the Ways and Means Committee, and after hearing all the facts he was convinced against his first impression, and in the Record, in his statesmanlike speech on the subject, he said that the claims that the additional cost to the eastern coast would run as high as \$100,000,000 are ridiculous and can not be borne out by any authoritative evidence that was submitted to this House.

Assuming, however, that the entire additional tax of 42 cents per barrel is added to our fuel bill, this is not out of proportion to the additional possibilities of sale of our industrial products to the section of the country which is asking for this help. If that section of the country can come into our market with its fuel oil, payment can be made in our products, and we ourselves would be the direct beneficiaries in the employment of labor for our home industries.

This is the difference between men who inform themselves and those who not only do not inform themselves but permit themselves to become the channels for misinformation. I leave it to the fair-minded Members of the House as to who is the safer counselor and guide.

We have answered in every conceivable manner the argument that the effect upon the consumer would be adverse. We have answered the arguments of New England, not only with the facts but with the language of one of its longest experienced and ablest Members. One piece of false, obviously deceitful propaganda was echoed on the floor by Mr. Martin of Massachusetts, and possibly it would be wise to show its falsity and fallacy. He stated that the Rockefeller interests have a large quantity of stored petroleum and that the effect of this legislation would be to put money in the pockets of the Standard Oil. If this legislation is for the

benefit of Standard Oil, why is every vulture of propaganda that can be employed by Standard Oil directed against it?

Why were Pan American, Standard of New Jersey, Gulf, and all the cutthroat monopolists ably represented by the Ways and Means Committee? Why are they circulating hired emissaries among the farmers to circularize Congress with so-called farmer's letters in opposition? Why should the Oil Trust store oil in the United States when it is making at least 75 cents a barrel on every barrel that it imports? The suggestion answers itself. They are using their own sins and bad reputation as propaganda in favor of the greedy monopoly that they are so loath to give up. There is much storage oil in this country; much of it stored at the price of \$3.50 a barrel is still awaiting a market, and the market is 77 cents per barrel. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield seven minutes to the gentleman from Kansas [Mr. Guyer].

Mr. GUYER. Mr. Chairman and members of the committee, I am gratified that the gentleman from Oklahoma [Mr. Disney] has so lucidly discussed the relation of this tax bill to the oil industry; an industry which, under usual circumstances and in normal times, employs directly and indirectly, about a million men; an industry which occupies one of the most important positions in our economic fabric. While, in my opinion, this measure does not place a sufficient tax on imported petroleum and petroleum products, it does put a tax on them which will not only raise revenue but will at the same time save a great industry from the ruinous competition of imported petroleum and its derivatives.

The proposed bill before us, section 601 (d) (4), reads:

Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, imported into the United States, 1 cent a gallon.

This provision is one of the principal reasons why I expect to support this bill. I do it in the hope that it will aid in rehabilitating an industry whose former prosperity and magnitude have, in this time of crisis, prevented a correct and adequate understanding of its prostrate condition.

The petroleum industry has heroically endeavored by proration and curtailment to solve its own problems. Every move of this kind has been met by vast and increasing importations which have nullified these attempts of the industry to protect itself. Finding its difficulties could not be solved by its own efforts it appealed to Congress to place a tariff on imports of oil and oil products. Again it was denied relief, and now as a last resort it pleads with us to impose this excise tax on imports of petroleum and its products to save one of our greatest industries from further disaster, and at the same time set in motion the wheels of industry over the great Southwest where this industry is the lifeblood of business, the principal employer of labor, and one of the most important purchasers of supplies which come from every avenue of trade.

I do not approve of everything in this bill, and probably every Member of this House can honestly say the same thing; but if we wait until we get a bill here that will suit everyone, and particularly a tax bill, so far as such legislation is concerned we might as well adjourn. Uncle Joe Cannon once said about tax bills:

Everybody is willing in tax measures to take the boil off his own nose and annex it to the other fellow's nose.

That is a homely but most intelligible statement of the classic and historic gesture of "passing the buck." "After you, my dear Alphonse." We are all perfectly willing to "let George do it." It is mighty easy to vote against a tax bill, but often it requires courage of a high degree to vote for one. It is also easy to vote for a staggering appropriation that drains the Treasury, but it requires courage to do the patriotic thing—to cut appropriations for the sake of the public credit. Sacrifices must be made by all alike not only to raise revenue to wipe out the deficit but to lower the burden of taxation by economy in appropriations, by the abolition and consolidation of bureaus and commissions, and by the reduction of the salaries of Federal officials.

In 1925, in speaking against the increase of salaries of Members of Congress, I said:

The increase in the cost of Government, Federal, State, and municipal, has shamed the prophecy of the pessimist. At the present time the cost of our Federal Government for one year exceeds the entire cost of the Federal Government from 1790 to 1861. The increase in the cost of government, State and municipal, have been alike prodigious.

The farmer, the business man, and the laborer have taken big cuts in their incomes and wages, and it is no injustice to ask Federal officers and employees to likewise take a reduction. All alike must bear their burden to balance the Budget and buttress the public credit. Its impairment would be a national tragedy. A century and a half ago Washington and his incomparable advisers, Hamilton and Jefferson, established the public credit, and, though it has been often strained and shaken, it has never fallen. If we are to uphold the ideas and ideals of those three superlatively great and patriotic statesmen, we, like the people of that day, must be willing to pay the price that falls to our several lots.

I am sure that 75 per cent of the Members of this House become poorer every year they stay here, but I would not so reflect upon the moral integrity of the membership as to suggest that it is here enduring the strain of the duties of the office for the money there is in it. I have a higher conception of their characters and of the patriotic impulses that inspire the actions of men whom I see breaking daily under the tension of this nerve-racking service to their country. But we, too, must set a high example of personal consistency by reducing our own salaries to help reduce the cost of government and the sooner balance the Budget and likewise the sooner remove the necessity for this extraordinary system of taxation in this national emergency. In doing it we should forget, even on the eve of a presidential election, our political alignments and join with those of opposite political faith to compass this imperative national objective—the balancing of the Budget.

In doing this we have illustrious examples: One day, near the launching of our Government under the Constitution, Alexander Hamilton met Thomas Jefferson in front of President Washington's residence in New York. Hamilton, as Secretary of the Treasury, told Jefferson in his eloquent manner that the very existence of the Union depended upon the national assumption of the debts of the States and of those contracted by the Continental Congress in the prosecution of the Revolution. Hamilton knew that no country was any stronger than its public credit. He explained to Jefferson that the country had no credit and no money, and that to establish the credit it was necessary to pay the country's debts-in other words, to balance the Budget. Jefferson invited Colonel Hamilton to dinner the next evening and had for his other guests two Congressmen from Virginia. There the whole question of the establishment of the public credit was thoroughly discussed. Later, these two Congressmen furnished the votes necessary to pass in this House the bill for the assumption of the Revolutionary debt. Long afterward Daniel Webster, referring to Hamilton, exclaimed:

He touched the dead corpse of public credit and it sprang to its feet; he smote the rock of national resources and abundant streams of revenue burst forth.

Alexander Hamilton and Thomas Jefferson represented diametrically opposite views upon fundamental ideas of politics and government, but they set us a worthy example of setting aside for the moment, in a great national crisis, their own personal political antagonisms in order to consummate a great public benefaction. Of course, it has been said that the two Congressmen from Virginia were somewhat influenced by the location of the Capital here on the Potomac, but I would be the last to suggest that anyone here in this House in this good day could be influenced by concessions to his particular section or industry.

Here, too, we find a noble example in the action of these two patriotic Virginians who knew that the planters and farmers of Virginia would ask why they saddled upon their backs the burden of helping to pay the debts of Connecticut and of Rhode Island when Virginia had the debts she contracted practically all paid. Jefferson himself had to defend himself on this same score. He astutely blamed most of the fault on Colonel Hamilton, who might have misled him. A politician must not be blamed too much for seeking a good alibi.

And we have followed the illustrious example of the noble men of our pioneer age. Never, since I came to this House, have I observed finer cooperation between the two political parties and their leaders than is displayed in these efforts to restore our country to a better day.

There is a fine spirit of fairness and a tendency toward teamwork among the people of both parties, too. We must not expect too much of those who are purely political promoters of party triumph, particularly on the eve of a great political contest such as that of 1932 is destined to be. Some, no doubt, in both parties have not failed to sound a warning note lest the esprit de corps of political activity be lulled to sleep, but the great mass of the people are not so much interested in party welfare as they are in the welfare of their country.

A fine example of fairness and liberality is so finely expressed by one of my constituents in an editorial that I ask your indulgence while I read it into the RECORD. The author is former Gov. George H. Hodges, of Olathe. Olathe is one of those fine old towns with a rich pioneer history, situated, as it is, at the juncture of the old Oregon and Santa Fe Trails, the two most historic and romantic trails that ever mapped the frontiers of the earth. Olathe was the home of John P. St. John, who made Kansas dry.

Governor Hodges made the Democratic Party in Kansas dry. Both were man-sized jobs, but their work stuck. Governor Hodges was the Democratic Governor of Kansas from 1913 to 1915. He was, like St. John, one of the greatest governors Kansas ever had. Everyone who knows him honors him for his intellectual and moral integrity. He preaches honesty even in politics and he practices what he preaches. In an editorial appearing in the Johnson County Democrat of March 10, 1932, under the interrogatory, "Why blame the President?" He says:

The official scolders of the National Democratic Party in the East The omcial scolders of the National Democratic Party in the East have lathered themselves into a white heat notwithstanding this bitter winter weather. They iterate and reiterate the tremendous waste of the Hoover administration and the glaring deficiency of more than a billion and a half dollars in 1931. This rough stuff sent out through various papers and magazines is not in accord with the genuine facts that the public should be aware of, if they do not already know the facts.

The tremendous deficit of a billion and a half dollars should not be charged to Mr. Hoover and the Republican Party alone, for had it not been for the Democrats voting with the Republicans, both in the Senate and in the House, there probably would not have been this tremendous deficit. Read the recorded vote on appropriations and you will find that had the Democrats not voted with the Republicans the deficit would have probably been the normal deficit that all administrations incur.

Go back to the administration of Fresident Coolidge. Notwith-standing that almost every State in the Union bonded itself to soldiers, a tremendous majority of the Democrats in Congress voted with the Republicans and passed the soldiers' bonus bill over Coolidge's veto.

When the soldiers' bonus loan bill was up in Congres 1931 the leading Democrats in both the Senate and the House threw all their force into the fight along with some of the Republicans and voted for the bill which has taken out of the United licans and voted for the bill which has taken out of the United States Treasury practically a billion dollars in the last year. President Hoover vetoed that bill. The original bill provided that the soldiers should receive a certain percentage yearly as compensation and these payments were to become due each year for 20 years. President Hoover vetoed the bonus loan bill and it was passed over his head with the usual majority. Do not charge that much of the deficit up to Mr. Hoover, for whether the bill was right or wrong, the Democratic voters in Congress made it possible.

The fact is that a majority of these Congressmen and Senators can't stand on their own feet politically, and as an election is coming on they overrode Hoover's veto for the purpose of ingratiating themselves in the favor of the World War veterans, for all of them expect to run for the Senate and the House again.

of them expect to run for the Senate and the House again.

The United States is going through difficulties and disaster that older countries have already gone through since the World War. The Democrats, Progressives, and Socialists are a part of this country, and if both in the Senate and the House they had not voted with the Republicans this deficit would not have been piled high on the taxpayers' shoulders at this time.

The public debt to-day is practically \$16,000,000,000 plus almost \$2,000,000,000 deficit in 1931, and 30 per cent of that debt was for World War compensations and pensions. The Government, for the service of men and women in the World War, has already paid them \$5,722,202,959.46. In the one year of 1930 the United States spent \$511,718,778 for the benefit of the veterans of the World War, and we wish to emphasize that Democrats voted for these bills and

we wish to emphasize that Democrats voted for these bins and helped to make this deficit, so why charge it up to the Republicans alone when we Democrats as a party made it possible ourselves?

There were 2,400,000 United States soldiers in France and 1,000,000 of them never saw a battle. The Government had in training 5,000,000 soldiers. Half stayed in the United States and half went over, and the compensation of those who stayed in the United States is the same compensation that the veterans re-United States is the same compensation that the veterans re-ceived who had seen service in France.

The Government owes it, and can not do too much for the war veteran whose health and efficiency were impaired in the service, whether in camp or on the battle front.

All members of civilian organizations of men and women whose services contributed to the winning of the World War are deserving of the same consideration and should have had compensation if for any reason their health was permanently impaired.

It might be well at this time to remind our Democratic Party managers that our Congressmen and Senators voted for practically all the expenditures that they now complain about, as

Drought relief	\$45,000,000
Public roads in 1930	125, 000, 000
Farm Board	500, 000, 000
Soldiers' loan bill (about)	1,000,000,000
Farm relief, Mississippi River flood, crop failures,	
new post offices, etc., 1930	700, 000, 000
Post office deficit is daily	100,000
To these add millions wasted in river improvement	nts.

The total Government expense in 1931 was \$5,178,000,000, and practically 65 per cent of the Democratic Senators and Congress-men voted for these bills. Why charge them all to Hoover when the Democrats furnished the balance of the votes to put them

Let us not forget, also, that when the Farm Board bill was up the Democrats were very strong for it, and didn't their votes contribute to a half billion dollar bet on an economic venture doomed to failure in advance?

This eminently fair and perfectly true statement demonstrates that the deficit is not the child of any one political party. Both parties fathered it and now to be square, both parties must join to support their joint progeny. It comes from my good Democratic friend, one of the outstanding political and business leaders of Kansas, and in this spirit of fairness and patriotic cooperation I come as a Republican joining the Democratic Speaker, that incomparable statesman and patriot, the gentleman from Georgia [Mr. CRISP], acting chairman of the Ways and Means Committee, and the gentleman from my native State of Illinois [Mr. RAINEY] in supporting this temporary measure in the belief that its passage will balance the Budget and justify our faith in the greatness of our people and our country.

As Washington, Jefferson, and Hamilton, three of the greatest men who ever lived in one age, joined their might to establish the credit of the United States let us, following their example, unite to preserve it unimpaired.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, I have no criticism of the able members of the Ways and Means Committee, who have worked so hard to prepare this tax bill to balance the Budget. No doubt this bill does not entirely meet with their approval but is reported as a nonpartisan compromise measure. I know the gifted statesman, our distinguished Speaker, our able and seasoned floor leader, and most of the great Democratic members of this committee have always been, and are at heart now, opposed to this manufacturers' salestax provision.

They disdain to call this illegitimate sales tax a Democratic measure. Certainly no Republican will ever attempt to place it on our doorstep simply because a few Democrats lent first aid to extricate us from the financial debacle brought about by Republican rule.

If some of those leaders in the discharge of their duty, by compromise or otherwise, feel they should assume the responsibility of balancing the Budget by supporting this sales tax, then, in my opinion, that is a matter between them and their constituency, since they accord us the same privilege.

Mr. Chairman, the manufacturers' sales-tax provision of this bill is contrary to every principle of Jeffersonian democracy. It is a direct tax upon the necessities of life and, once enacted into law, will be continued. A sales tax was advocated in 1921 by Senator Smoot and Andrew Mellon, then the spokesmen of the Republican Party. Shortly before Congress convened this same Mr. Andrew Mellon declared for a sales tax, and since his resignation his assistant, Mr. Ogden Mills, who has been promoted to Secretary of the Treasury, has also strenuously insisted upon a sales tax. It has the approval of President Hoover and his satellites. Wall Street and the big moneyed interests of this country and the metropolitan newspapers, owned and controlled by them, are demanding the enactment of this law. A few Democrats who have forgotten the lifetime principles of democracy are contending it is not a sales tax.

The only difference between the two laws is that a sales tax is collected by the retail merchant, while a manufacturers' tax is paid by the manufacturer when the articles are sold, but in both instances the tax is passed on to the consumer. It is the same elephant, but of a different color; in addition to being branded with G. O. P., as it should be, we discover that it is a white elephant accompanied by a few Democrat acrobats. Instead of requiring those who are most able financially to carry the burden of government, it seeks to make the middle and poor classes pay upon the necessities of life. To say a part of this tax will be absorbed and paid by the manufacturer and not passed on to the consumer is stretching the truth to the limit. The consumer will not only have to pay all of the tax, but the retailer will add on some for his trouble, which will also be passed to the consumer.

A manufacturers' tax sounds better to the poor consumer than a retail sales tax. Regardless of the name, it is dangerous medicine, although it is claimed that it will be tasteless, and that the payment of the tax will be painless. It has for its object the centralization of wealth and power into the hands of a few and the wiping out of the middle class and leaving only the exceedingly rich and the poor. It may be a painless tax, like the tariff, not seen or observed, but in this the American people are not going to be deceived. The difference between this tax and the tariff is that the tax collected from the tariff goes into the hands of the manufacturers and to enrich those engaged in industry, while the money coming in from the sales or manufacturers' tax goes into the Federal Treasury, but in doing so it relieves the tax that should be levied upon those who have unjustly accumulated the wealth of this country.

We are now met with the argument that we must be patriotic, nonpartisan-the same old argument used to promote unjust measures. Since when did the Republicans of Congress and a few Democratic Congressmen obtain the right to stand for the patriotism of the membership of this Congress? Such an argument is unworthy of the merits, if any, that this bill contains. We are now told that we must balance the Budget, which means that we must make our revenue equal to our expenditures. Who started this policy and battle cry? It comes from the President, the Republican organization, Wall Street, and its vigilant friend, Ogden Mills, Secretary of the Treasury. the last three years the Budget has not been balanced: but now since the Democrats have control of this House by a scant majority of five, we must pass a tax on to the consuming public to take care of the deficit caused by the reckless and wild expenditures of the Republicans and this administration.

It is true that the American people demand that we shall not spend more than we collect; they are demanding that Congress shall not spend \$4,000,000,000 a year, but this public is not demanding that a tax should be placed upon the laborer and the poor class during this panic and depression. What the American people are demanding is a reduction rather than increase in taxes during this panic, the abolishment of overlapping and useless bureaus, and the weeding

out of at least 20 per cent of the number of employees. There is not another government in the world that has as many employees and public servants in proportion to the work they do as this country. These employees draw more salary, work shorter hours, and receive more benefit than those of any other nation in the world. After 30 years they are retired on a good pension, the Government contributing \$25,000,000 a year to keep up this retirement fund. While I know many perform wonderful service and work overtime, and while I am a friend to labor and willing to advance the welfare of these employees, at the same time I know that there are overlapping bureaus, useless positions, and many inefficient employees. A great saving in this Budget can be made in readjustment, consolidation, and abolishment of many of these Government bureaus. It is an insult to the intelligence of the American citizenship and a tragedy to pay officials of the Farm Board salaries from \$50,000 to \$75,-000 a year, such as is being done under this administration. Under present conditions it is a hard task for this Democratic House, the Senate and every other branch of Government being controlled by Republicans. This information should be known to the executives and heads of these departments, but not being in control it is next to impossible at present for us to obtain the best information.

For 1931 there is a deficit of over \$900,000,000, which is mostly due to the shortsightedness of the Republican administration by reducing the income tax in 1930. In 1932 we are told the deficit will be \$2,100,000,000, but as a matter of fact it will be more unless we curb our expenditures. For the fiscal year ending June 30, 1933, we are told the deficit will be \$1,200,000,000 and that we should make it up by this measure and particularly that portion of this measure which carries a manufactures' tax of \$600 .-000,000 upon the consuming public. No such deficit would exist had not the administration through its Secretary of the Treasury returned to the rich and big corporations over \$3,000,000,000 from 1922 to 1930 in refunds, credits, and abatements for incomes and inheritance taxes already paid to the Government. I realize that the Budget should be balanced and that we should not spend more than we receive, but I am not in favor of collecting most of this deficit from 95 per cent of this Nation to the great benefit of the 5 per cent rich. If we are unable to save enough to pay all of our expenditures in 1933, why not pass some of it on by a bond issue to be redeemed when we have cut down expenses and when the income would justify it? At the request of President Hoover and against my protest this Congress gave a moratorium to Europe of \$252,000,000. and passed it into the deficit to be taken care of by a bond issue. Congress has given a moratorium to the bankers, the railroads, insurance companies, and big corporations of this Nation of \$500,000,000, with a possibility of \$1.500 --000,000 more, and it has given the Federal land banks a moratorium of \$125,000,000, all of these appropriations being placed in a bond issue. Why not a moratorium to the 8,000,000 unemployed who represent 40,000,000 and to the other great mass of American people?

We hear it said that if we put any more bonds on the market it will kill the credit of this Government. Such an argument comes in poor grace in view of what this Congress has done at the request of President Hoover for big business. Such an argument is not justified by the facts. When the \$900,000,000 of bonds were offered the other day at 3½ per cent interest, to take care of the deficit of 1931, it was three times oversubscribed. The wealthy are eager to buy these bonds, as they are exempt from taxation. The only reason that Government bonds have been selling below par is due to this panic and the facts that bonds and stocks can be bought upon the market that will pay an income of 10 per cent and 15 per cent. If Government bonds are not good, then our currency is not good, and nothing else in this country is of value.

We are told if we do not accept this manufacturers' tax that another tax will be forced upon us to take its place. We welcome such procedure, even though it is meant as a threat. A substantial portion, if not all, of the income from the so-called manufacturers' tax can be obtained from other sources where it will be more equitable.

A tax of one-half of 1 per cent upon transfers of stocks and bonds will bring in almost \$200,000,000. It should be at least 1 per cent, and bring in twice the amount. This would mean if I bought \$1,000 of stocks upon the stock exchange I would be required to pay \$5 Federal tax. If there are any in the world who ought to be required to help pay for the upkeep of the Government it is those engaged in the sale and transfer of stocks and bonds; their business is mostly legalized gambling. This panic is to a great extent due to the manipulation of the stock exchanges whereby the unsuspecting and uninformed people of the country have been skinned out of their eyeteeth by the sale of inflated and worthless stocks and bonds.

Twenty-five million dollars can be collected from cosmetics, and this luxury should be required to bear its burden of government.

A tax of \$1 upon \$1,000 of the capital stock of corporations of this Nation will bring in \$100,000,000, and it will not be a burden nor an unjust or unreasonable fee.

I believe that everyone who makes an income-tax return should be required to pay something, at least \$10 for a service charge, as it takes just as much time and costs the Government just as much money to examine one of these reports as it does where a tax is paid. Certainly this should apply to Government employees.

Most married men who earn \$4,000 a year pay nothing to the Government. When you take out \$2,500 exemption and \$400 for each dependent, and the other expenses incident to the earning of this money, there is nothing left upon which to pay a tax.

It should be the policy of this Government to make those who are able bear the burdens of this Government, instead of levying a tax upon those who are making a bare living, many of them suffering for the necessities of life, and those who are unable to pay any tax. Forty million dollars can be realized from this item.

Fifty-eight million dollars can be collected by a one-sixth increase of the tax on chewing and smoking tobacco.

Radio advertising is one of the highest-priced and one of the greatest businesses in this country, and it is done by agencies controlled and regulated by the Government, and a tax of 5 per cent of the gross receipts for advertising would bring in from five to ten million dollars.

The deficit in the Post Office Department is not caused by first-class mail but through the handling of magazines, catalogues, and so forth, carrying expensive advertising. This portion of the mail should be made to save millions of the deficit.

Stop the unjust practice of the Treasury Department of granting refunds on paid income taxes. Collect the just portion of the billion dollars past due on delinquent taxes, and with these suggested incomes the Budget will be balanced for 1933 and no bonds need be sold.

The enactment of this nefarious and unjust sales tax will meet with condemnation at the hands of the American public. It may be forced through Congress; but if it gets through the House, it will receive less than one-third of the Democratic membership and be enacted by Republican votes. The Democratic Party has always been against such a law; its traditional policy has been to collect its big tax from incomes and large estates. It was denounced by the national Democratic platform in 1924, and it is contrary to every principle for which we stand. If we can not get other means of revenue and can not take care of this deficit by sale of short-term bonds, then I say we ought to cut salaries, starting in with the Congressmen and going all the way down from top to bottom. My opposition is not due to personal political fear, which some proponents say actuates the opposition, but I do fear for my party, even though its enactment would only be for the purpose of collecting revenue to take care of a Republican deficit. I never want to see the day when it can be said that I was a Member of the Congress that placed a tax upon the hat, suit, underwear,

shoes, stockings, and possibly the mittens of the orphan newsboy.

I never want to meet a laborer who makes his living by the honest sweat of his brow, is a good citizen, loves his country, and strives to give the best to his wife and children and have him point his finger at me and say, "You have placed a tax upon these jumpers that I wear and upon all the clothing of myself and family, upon the furniture and everything that is in our home, including the absolute necessities of life."

I never want a farmer to say, "You have placed a wartime tax upon us in time of peace," although he may know it was to cover a Republican deficit. What will he say and how will be act when he realizes farm implements are not exempt from this tax? In 1916 he could buy three plow points for a dollar, which to-day cost him 75 cents each. Practically all farm implements and machinery are manufactured and the price fixed by a monopoly, the greatest parasite ever known, which demands and collects twice the price of 1916. The financial panic has not reduced the price, and now an additional tax is sought against this same farmer, who is despondent and desperate, facing bankruptcy, and unable to sell his products for the cost of production.

A tariff tax upon the coffins in which we bury our dead and upon the swaddling clothes of a newborn babe has always been repulsive to me, and now I am asked to vote for a measure that is as bad, if not worse, than the tariff. The Democrats of the House have denounced the Hawley-Smoot tariff, and truthfully proclaimed that it was the cause of much of this depression and the loss of our foreign trade. This bill contains an infamous tax of 2½ per cent in addition to the tariff upon imports into this country, notwithstanding the fact that in retaliation foreign countries have boycotted our commerce and enacted retaliatory tariff walls against American products, which has caused hundreds of American industries to move into Canada and into other foreign nations.

A modification of the manufacturers' tax by elimination of a few of the necessities of life is not going to satisfy the American public. In my opinion, with the small majority that we have in the House and with the Senate and the President opposed to us, we are not going to be able to pass any measure at this session consolidating and abolishing the overlapping bureaus. If we are unsuccessful after an honest effort and there is still a deficit, then the American people will elect men to administer the affairs of the Federal Government who are in favor of economy and really balancing the Federal Budget. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Alabama [Mr. Allgood]. The CHAIRMAN. The gentleman from Alabama is recognized for 12 minutes.

Mr. ALLGOOD. Mr. Chairman and gentlemen of the House, we have been debating for several days the most important and far-reaching tax feature that has ever come before the American Congress, and I feel highly honored to have been given the place by our opposition forces to close debate on this bill. I believe that the United States of America, considering the age of the Nation, is one of the worst tax-ridden nations of the world. I make that as an opening statement.

I believe the people of the United States feel that way about it. They tell us that this is an emergency measure. Congress told the people of the United States that same story after the Civil War, when they passed the first tariff measure. They said it was an emergency measure to raise revenue to pay for the war. And yet we see to-day that the tariff tax is still with us. It is not only a measure for revenue in this Nation but it becomes a measure to give to monopolies and trusts the advantage so that there may grow up in this Nation certain classes who control and own the greater share of the wealth of the country. This condition is the outgrowth of the tariff tax.

When the extra session of Congress was called for farm relief in 1929, we saw enacted by a Republican Congress the highest tariff ever enacted by any session of Congress. We saw, then, that the other countries of the world resented the passage of that tariff law, with the result that our foreign trade has fallen off from 1929 to 1931, \$2,759,900,000.

We realize that we still have a high Budget, a great expense of government, and not sufficient revenues to meet it.

I am in favor of balancing the Budget. There is only one just way to balance our Budget. That way is not by raising taxes but by reducing expenditures. Do you know what will happen if we raise this additional billion dollars? It will result in Congress coming along and spending a billion dollars additional in appropriations. That will be the result of it. The logical and sensible thing to do is to cut the appropriation bills to the bone and cut down the expenses of this Government.

There is not a single appropriation bill that comes up here but everyone knows is rotten to the core and that we can cut it down. If they were expense bills of individual corporations, or if you and I were responsible for the paying of these measures individually, we would reduce them, and you know that we would do it. I can name endless appropriations that have been made by this Congress since I have been here that ought not to have been made. Take the enlargement of the Capitol Grounds. Take the building of this memorial bridge across the Potomac at the enormous cost of \$15,000,000, with six bridges already across this river here in Washington. Take the \$23,000,000 for the highway up to Washington's tomb. This makes \$47,000,000 on these two appropriations alone, which were absolutely not needed. Some one has figured out that this road will cost the taxpayers of this Nation \$1,000 an inch for the construction of it. Such wasteful and extravagant appropriations are responsible for the deficit in the Treasury and are responsible for Congress standing in such a discredited position before the people of the Nation. Yet here we are wanting to raise additional taxes. I say, reduce appropriations. The funded debt of this Nation and of the towns and cities and State governments is approximately \$150,000,000,000, and the interest and retiring fund on this is about \$13,000,000,000 each year. The direct tax that the people of this Nation paid last year was about \$12,000,000,000. This total of \$13,-000,000,000 of interest added to the \$12,000,000,000 of taxes makes an annual debt of \$25,000,000,000 that the people of this Nation have to pay. Let us do a little arithmetic. Divide this among 120,000,000 people, the population of the United States, and what does it amount to? It means that for every man, woman, and child in the United States there is a tax burden of \$200 each year; and yet the gross income of the cotton farmers in the South was only \$200 per family in 1931.

I saw this Congress in 1926 reduce the income taxes. I voted against it. I see other Members here who voted against it. There was great prosperity from 1926 to 1929. The speculators, traders, and manipulators made millions and millions of dollars. If these income taxes had not been reduced during these prosperous years we would not now have a \$2,000,000,000 deficit.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. ALLGOOD. I gladly yield to the chairman of the Veterans' Committee of the House, who is leading the fight against this tax measure.

Mr. RANKIN. The gentleman says that the income of the average cotton farmer is \$200 a year.

Mr. ALLGOOD. Two hundred dollars last year.
Mr. RANKIN. The sales tax in this bill will impose an average burden of \$25 a family, and that would be a great deal higher tax in proportion to their income than we are levying on these large estimates or on large incomes if we adopt the suggestion made by the gentleman from Maryland [Mr. Lewis] a while ago.

Mr. ALLGOOD. My good friend has brought out a splendid point, and I will speak in regard to inheritance taxes. This nation collects \$48,000,000 in inheritance taxes. England collects \$400,000,000 inheritance taxes annually. We have 120,000,000 people and England has 70,000,000 people. Our national wealth in the United States is four times the

national wealth of England, and yet we collect from these great estates only \$48,000,000. If our rates on inheritance taxes were as high as that of England these millionaire estates would pay into our Treasury \$700,000,000 instead of \$48,000,000 annually.

Mr. RANKIN. I ought to have called attention also to the fact that these farmers have to pay their ad valorem taxes and their school taxes and all other expenses out of that meager income.

Mr. ALLGOOD. Absolutely; and I regret to say that in my State hundreds upon hundreds of people are having their property sold because they can not pay these exorbitant taxes.

Mr. RANKIN. After paying these taxes they have no net income left at all

Mr. ALLGOOD. That is a fact; and yet, with our people already burdened and with millions of people in this country who have practically no net income, this Congress proposes to tax them further with these indirect taxes that will be passed on to them so that they will have to pay them.

We were talking about the cotton farmer. I hold in my hand a product of the cotton farmer. It is a handkerchief that cost 10 cents. It takes 20 of them to weigh 1 pound. One pound of cotton made into 10-cent handkerchiefs sells to the public for \$2. For that pound of cotton the farmer gets 5 cents. The consumer pays \$2 for it. That shows the disparity between what the producer of the raw product receives and what the consumer must pay when he buys it.

Mr. RANKIN. That being the case, this sales tax on these handkerchiefs would be more than the farmer gets for the raw material.

Mr. ALLGOOD. Yes; and here we are, with the farmer already mortgaged, placing this additional burden on him. Forty-five per cent of the farms in my State are mortgaged, and they can not meet their mortgages. There are more farms and homes of people living in the small cities being sold for taxes than ever before, and yet Congress comes along and proposes to tax these people with a sales tax, which is entirely unjust and uncalled for.

Mr. Chairman, when in the world is Congress going to stop increasing taxes? Twenty-five years ago the people of this Nation were shocked out of their senses that a Congress in that day cost them a billion dollars, but to-day this Congress is costing our people \$4,000,000,000 per year. I tell you, gentlemen, in the name of justice and common decency, this thing must stop or else our beloved Nation and Government will be ruined on the rocks of bankruptcy and dissolution. It is my purpose to serve notice now on this House and President Hoover that I will never support this tax bill.

Years ago I was a tax official in my county. Numbers of times I have seen the farmers of that county pay over to the tax collector their last dollar. Later I was permitted to serve as a State official in my State, and I was shocked to see the waste and extravagance in State Government. Out of every dollar made in the United States to-day more than 20 cents of it has to go to pay taxes. Twenty years ago the Legislature of Alabama spent \$5,000,000 of the peoples' taxes per year; to-day the legislature of the same State spends, or allows to be spent, over \$15,000,000 annually. All governments should reduce expenses and taxes rather than increase them. While State government costs have risen in expenses three-fold in the last 20 years, our National Government has gone well over four-fold, or become four times as expensive. What is the cause? I tell you it is useless bureaus, useless commissions, wasteful and extravagant appropriations. I am opposed to a continuation of this system, and I will fight it so long as I am permitted to represent an Alabama district at this National Capitol. [Applause.]

Mr. RAGON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker pro tempore, Mr. Sandlin, having resumed the chair, Mr. Warren, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10236, the revenue bill for 1932, and had come to no resolution thereon.

# EXTENSION OF REMARKS-REVENUE ACT OF 1932

Mr. FREAR. Mr. Speaker, day before yesterday a letter to my colleagues gave citations to speeches in 1921 and 1922 against the sales tax then before Congress. Yesterday I was stopped by a colleague on the way to the Capitol, who said he had gone to the Congressional Library and examined the Record of those dates—and, more remarkably, had read the speeches—with profit. I inserted remarks including extracts from speech of December 22, 1931, bearing directly on the sales tax and including data on the Canadian sales tax proposals then before Congress.

Yesterday I listened to a splendid talk by Representative Davis, of Tennessee, against the sales tax, delivered before a handful of Members, and before the close of the session, only 20 Members—equally divided politically—were on the floor. I have seen Senators orating to empty benches on different occasions, so believe speeches and physical strength can be saved by "remarks" that carry the same information.

The sales tax bills before Congress in 1921 and 1922 carried estimates of a billion dollars. The bill before us has a \$600,000,000 sales-tax item; and, although reported unanimously by 25 members of the Ways and Means Committee, second to none in Congress in ability and power, I feel certain that the \$600,000,000 sales-tax item, composing 60 per cent of revenues proposed to be raised, will be stricken from the bill, possibly by the House but, if not, by the Senate.

Mr. Speaker, I listened to the able presentation of a sales-tax argument by the distinguished Democratic leader to-day, a personal friend and colleague of many years' standing. I would be the last to seek to answer him or any other member of the committee.

I do venture to suggest that men of great wealth—and Mr. Hurley is, I understand, in the highest brackets—will one and all be relieved from income taxes when the sales tax is substituted for an income tax that is proposed by Mr. Kahn, Mr. Hearst, Mr. Bache, and scores of others whose names in many cases appear in these remarks with their efforts to substitute a sales tax for an income tax.

No criticism is found in that course, excepting full publicity should be given of notives that may properly lie with those who would be ready to shift the taxes onto the shoulders of the consumer by a consumption tax.

The arguments here offered against the bill may not be persuasive so as materially to affect the result, but the opinions of expert tax authorities quoted of organizations in Canada and this country opposed to a consumption tax are unanswerable and should help strike from the bill the \$600,000,000 sales-tax item.

That is a result devoutly to be wished for by the vast multitude least able to pay, and I doubt if the President indorses this item, basing that opinion on his familiarity with taxation principles and strong common sense, not on any inside information so frequently voiced by others.

# SALES TAX ISSUE THE SAME AS IN 1921

In 1921 the issue was the same. Then it seemed that the influence for the bill would be overwhelming, but we defeated it in the committee. Now, with slight hearings and less publicity, the committee unanimously reports a \$600,-000,000 consumption tax in the revenue bill. Let me express appreciation for the valuable work of my colleague, Representative LaGuardia, whose opposition in general debate is forceful, convincing, and logical. Also, in answer to charges that Congress and Members generally have been silent on extravagance, let me say, when the flood control bill, in the Seventieth Congress, passed the Senate with two hours' debate, carrying an estimated billion and one-half dollars for a widespread reservoir system covering condemnation of many millions of acres for flooding purposes and extravagant plans, I was then a member of the House Flood Control Committee.

Representative LaGuardia was called to aid and for four days we exposed the Senate flood control bill acting on the advice of Chief of Engineers Jadwin and after conference with President Coolidge. On a vote that assured sustaining of a presidential veto, the President compelled a compromise measure finally agreed to at \$318,000,000 and a saving of over a billion dollars in that one bill by action of the House and President.

Six hundred million dollars in revenue can be raised by suggestions that I will hereafter offer, I trust without presumption, for any revenue bill should be properly balanced and not drafted on the floor by amendments. That is a proper function of the committee; but in its surprising recommendation of a consumption tax, I fear a flood of protests from interests proposed to be taxed caused the committee to return to the iniquitous sales tax because no organization had yet appeared specifically against that tax. I submit substitute revenues can be found to balance the Budget, but if not easily available the Government is not going hay wire nor bankrupt because of that fact.

### BALANCING OF BUDGET DESIRABLE BUT NOT IMPERATIVE

Short-term securities until the present world-wide slump is relieved will, if necessary, meet the situation, and I say this with full knowledge of its threatened effect. I am somewhat familiar with Treasury pronouncements, mistakes, and sales-tax recommendations in the past. They are not to be taken literally in every case, as they have been frequently disproved, but I am equally in favor of balancing of the Federal Budget. I suggest some measures that may have been considered but, if so, should be reconsidered in preference to a sales tax which taxes the necessities of every consumer in the land through increased prices.

Let the Budget be balanced, not by a sales tax but by some of the following proposals: A gift tax may well be started, not at 11/2 per cent but at 10 per cent, which would reach a large percentage of gifts and should reach to 30 per cent maximum on large estates. Even if a maximum that will graduate a return of at least 20 per cent would not be excessive. By raising the estate tax with smaller exemptions up to 40 per cent on large estates, if need be, and repealing the entire 80 per cent State credit to the States, a tax still less than that of England might be held to meet Budget requirements. By taxing cars and trucks, imported oil-now free entry-a larger tax on stock and bond transfers, on bank checks, and, if need be, on cigarettes and on innumerable items, though protested, will be more equitable and just than a "sales" tax or "consumption" tax or "spending" tax which in its blood-sucking-leech effect reduces the income of every consumer in the land by adding the tax indirectly to the price ordinarily collected from necessities he must buy for himself and family.

This subject, as stated, has been with Congress before and, without professing any expert knowledge of the tax, I submit extracts from several prized tributes that are not claimed to have been deserved although the speakers and writers believed so, apparently.

Senator La Follette in Senate debate, Record, page 7371, November 5, 1921:

Mr. President, the (1921) sales tax was practically defeated over in the House, largely under the leadership of a Member of Congress from Wisconsin, Representative FREAR.

Of course, I did not merit especial credit for a result in which all helped, but another word from 1921 is offered because of the great organization represented then and now against the tax. From Hon. Edward Keating (editor Labor, 2,000,000 circulation):

My Dear Mr. Frear: You are entitled to practically all the glory for defeat of the sales tax \* \* \*.

And from an editorial in that paper of August 23, 1924:

More than any other man he was responsible for the defeat of
the Mellon (sales) tax plan and for the adoption of a substitute
which lightened the burdens of 3,000,000 taxpayers.

Similar words from President Howard, of the American Farm Bureau Federation; Secretary Charles A. Lyman, National Board of Farm Organizations; Akerson, of the Grange; [ and others, indicate the character of organizations then marshaled against the iniquitous consumption tax then before Congress, and that evidence then submitted was practically undisputed by any student of taxation.

Although time is limited, like opposition is reasonably certain to be aroused against the \$600,000,000 sales tax contained in the pending bill. Not because of unfounded prejudice, but because every leading tax authority is opposed to the principle of taxing consumers on necessities they buy in order to relieve those best able to pay who are more strongly organized and hope to substitute a sales tax for income-tax rates.

### WHERE REAL TAXES ARE PAID

Mr. Chairman, those who denounce the new tax bill because it makes a heavy dent in their income will not move to England or France or Germany to get tax relief. In the last-named countries they would pay the hated consumption tax that the Treasury is trying to unload onto the people for the second or third time, and in addition the Englishman pays several times as much for the privilege of living in the old mother country and far more than that in Germany.

From last night's Star I clipped a brief comparison which I have not checked with official records, but if approximately true, the American taxpayer will never get farther away from New York than the Statue of Liberty, excepting for a brief trip abroad to learn what a lucky fellow he is to live in the United States.

The article is so interesting and well worth studying when income-tax payers are wearing crêpe on both sleeves in these days of tax mourning that I insert it for your perusal. It reads as follows:

In the United States a married man with one dependent child and a net income of \$2,000 pays no Federal income tax now and would not pay any under the provisions of the new revenue bill

A citizen of Germany, with the same income and dependents, pays a tax of \$215; an Italian pays \$218; a Frenchman, \$104; and an Englishman \$63.

More pronounced is the severity of European levies on the

More pronounced is the severity of European levies on the middle and high income classes. For example, the German with a net income of \$5,000 a year contributes \$989 to his Government in income tax alone. The loyal subject of King Emanuel digs up \$717; the Frenchman, \$104; and an Englishman, \$63.

The married American with one child and an income of \$5,000 under present regulations pays \$16.50 Federal income tax. If the new revenue bill is enacted as drawn he would pay \$29.50. In 1924 an American of the same status paid \$42.50.

The residents of 28 of the 48 States are now required to pay a State income tax in addition to the Federal levy. The State taxes, however, average considerably lower than the Federal. Consequently, a person with a \$5,000 income, living in a State which imposes an income tax, probably wouldn't pay a total of \$50. That would be only one-fourteenth of what an Englishman pays. Particularly heavy are British levies on high incomes. A married man with one child and an income of \$10,000 in Great Brit-

ried man with one child and an income of \$10,000 in Great Brit-

ried man with one child and an income of \$10,000 in Great Britain pays \$1,800.

In the United States he now pays \$123. He paid \$204 in 1924 and would pay \$154 in 1933 under the new revenue bill.

The same man with an income of \$100,000 pays \$48,000 in Great Britain and \$16,245 in this country. In 1924 he paid \$22,000 and under the new bill he would pay about \$26,000.

This measure grants an exemption of \$1,000 to single men, \$2,500 to married men, and \$400 for each dependent. Great Britain's exemptions are \$485 for a single man; \$730 for a married man, \$245 for the first dependent child, and \$195 for each other child. child.

For Americans who "view with alarm" the projected boost in income taxes, Government financial experts cite the prospect of tax-rate reductions and increased exemptions such as have been made heretofore when the Treasury enjoyed a surplus.

NINETY-FIVE PER CENT OF FARMERS AND LABORERS DO NOT NOW PAY ANY FEDERAL TAX

It may be proper to say that while constant protests are received from agriculture, labor, and other individuals and organizations against existing Federal taxes which they believe they are called upon to pay, not 5 per cent of the farmers or laborers in the United States, due to a \$3,500 income exemption, now pay income taxes to the Federal Government, and that is the largest source of direct taxation.

Existing law provides an exemption of \$3,500 for a married couple, and the percentage of farmers and laborers receiving over that net amount of income is small. The

pending bill lowers the exempt net income to \$2,500 per couple. Estate taxes, largely reached in the higher brackets, gift taxes now proposed, and other existing Federal tax burdens, or those proposed, will not affect the average individual. Indirect taxes on a very limited proportion of goods imported, with small excise taxes on tobaccos and cigarettes, are paid by all: but heavy taxes borne by the average farmer and laborer living in cities come from local taxes for schools, streets, town, county, city, and State government, all of which directly or indirectly are paid by the residents of the State. Indirectly, when no property is owned by renters, the rental payment goes to cover taxes and other expenses of the owner.

A popular misconception exists as to where the Federal taxes are laid; and although the local resident pays far higher taxes in proportion to ability to pay than the average income-tax payer living in the cities, those taxes are local and the Government receives no return but, on the contrary, contributes toward highways and other State improvements that give employment and aid to labor within the State.

Mr. Speaker, I desire to express some additional views beyond what was stated in the Record of Friday, March 11, when on pages 5818 to 5836 I submitted unanswerable arguments offered by many of the ablest men and tax experts in the country against a sales tax when that same question was last before the House. In that statement (in Friday's REC-ORD, March 11) will be found opinions of men like Professor Seligman, of New York, known throughout the world as an international financial and tax expert; Arthur A. Ballantine, attorney, New York City, formerly solicitor of internal revenue, whose opinion you will find on page 5824, where he says:

I believe that this idea of a sales tax, a tax collected everyhere, falling on no one, is a will-o'-the-wisp which has floated over this field of taxation and which is in danger of luring business men who approach Congress in an effort to get really beneficial changes into

futile action instead of constructive action.

I believe that this committee, by the very careful and exhaustive consideration which it has given to the advocates of this plan and as careful thought as to conclusions, has done much to dissipate this myth and to direct the efforts of businessmen into practical channels instead of down a pathway which leads to futility.

Another expert witness quoted was Charles A. Andrews, whose careful study of the subject on behalf of the national industrial conference board as a tax expert caused him to

We started in upon the assumption that we were going to work it something in the form of a sales tax. We invited various We started in upon the assumption that we were going to work out something in the form of a sales tax. We invited various well-informed people to come before us. We reached out and got printed matter and manuscripts; we made investigations; and slowly but steadily the committee was driven to the inevitable conclusion that it, representing a large body of business men, could not bring before this conference a recommendation for any form of sales tax, except as the same related to a few specific articles, suggestions as to which we have made and which have been referred to by Mr. Armitage.

We haven't the perve as good citizens of the country—which

have been referred to by Mr. Armitage.

We haven't the nerve, as good citizens of the country—which we believe we are, and are trying to be—to say to a body of business men in this country, who are suggesting that business be relieved from a billion dollars of excess-profits tax, that we propose a tax which will cause the billion to be paid by the ultimate consumer. That is such a violent divergence from the principle of payment upon the basis of ability to pay that we can not ask this body of business men to get behind that sort of a tax.

Mr. H. C. McKenzie, New York tax expert for the American Farm Bureau Federation, said:

I want to take the opportunity to emphasize the farmer's objections to a general sales tax, which have been voiced by our president, Mr. Howard, and to call your attention to just two or three things briefly. \* \* \* three things briefly.

Ninety per cent or 95 per cent of that tax will be paid out of the living wage, if the contention of the proponents of the sales tax is correct; and I want to say that the farmers who are rep-resented in the American Farm Bureau Federation will never in the world stand for that proposition.

Mr. George P. Hampton, managing director of the Farmers' National Council, quoted on page 5825 of the RECORD of March 11, says:

A retail sales tax and other sales taxes and all similar taxes on food, clothing, and shelter, called consumption taxes, must be paid chiefly by the workers on the farm, in factories, mines, and transportation, millions of whom are getting less than the mini-mum wage necessary to maintain a family on a decent American

Mr. Speaker, presidents of farm organizations and of labor organizations, both in this country and in Canada, are quoted at length in that speech. These men, I submit, have a better understanding than those who have given the subject slight study or who may vote for this bill because it is reported by the Ways and Means Committee.

#### WHAT SALES-TAX WITNESSES WERE HEARD?

Let me call your attention to one significant fact. The Ways and Means Committee heard about 350 witnesses on the entire tax bill, as found in 1,230 pages of hearings. Of all those witnesses and all those pages of testimony, only 15 pages apparently were given to the only two witnesses who testified before the committee on the sales tax. This is significant, because while 60 per cent of the entire amount to be raised in the \$1,000,000,000 bill, or \$600,000,000, is to be covered by the sales tax, only two witnesses, as stated, were called to testify on the sales tax: Doctor Adams of my home State of Wisconsin, a man of exceptional ability, whom I have known for many years; and Mr. Alvord, formerly a clerk of the Ways and Means Committee, and afterwards an employee of the Treasury.

If 60 per cent of the entire bill, amounting to \$600,000.000. has been written into the bill with 15 pages of testimony before the committee by two witnesses out of 350 witnesses, it is well that we ascertain what those two witnesses have said in favor of any sales tax. On page 260 of the hearings I quote:

Mr. Doughton. I believe you stated that you encountered very little criticism or opposition toward the sales tax in your investigation in Canada. To what extent did you discuss this matter with the consumers of the articles on which the sales tax is

Doctor Adams. I am very glad that you asked that question. I did not talk this question over with representatives of labor organizations or agricultural associations or, if there be any, of the consumer. I might have found a great deal of criticism there.

Mr. Doughton. That is where the criticism would naturally be. Doctor Adams. Yes; and that is a real defect in my inquiries. I did want to talk to them, but I did not have time.

Here is the principal witness on the sales tax who testified before the committee a few days ago, on page 260 of the hearings, that he did not talk to a single consumer who pays the tax during several days he was in Canada studying the tax. His study apparently was directed particularly to matters of administration and not to the merits or justification for the sales tax.

NO SALES TAX JUSTIFIED FOR ONLY TWO YEARS

Now listen to additional testimony by one of the ablest tax experts of the country, given a few days ago before the committee.

Doctor Anams. I have one definite conviction. Whether you should have a sales tax or not is a question for you gentlemen, largely a question of policy; but this, I think is a common-sense conclusion, that it is not worth your while to adopt a Canadian sales tax for a short period of time, because to put it over you ought to have an administrative machine so well built up and so large that you would not be justified in creating it for a temporary tax of two or three years. (P. 260, hearings.)

What did the committee do on page 250 of the committee bill? Here is the provision:

No sale or importation after June 30, 1934, shall be taxable under this bill.

In other words, that limitation was written into the bill with full expectation of continuing the tax in order to relieve the income tax, or else the committee disregarded the evidence of its only two witnesses who said Congress would not be justified to create a manufacturers' tax for a temporary tax of two or three years.

On page 262, Mr. CHINDBLOM, of the committee, said:

Mr. CHINDELOM. Do you know of any other country which has a system similar to that in Canada?

Doctor Adams. No, sir; I do not. You know Austria has a system by which they attempt to eliminate pyramiding by varying the rate, but that is not the Canadian tax.

Here is the best expert that could be called by the committee who gives his testimony on the Canadian tax which we are asked to indorse. After a brief visit of several days he found a tax not similar to that of any other country, which he refused to pass on as a matter of policy, and ought not be taken over as a temporary tax of two or three years.

The committee would find itself out of court in a legal proceeding on that testimony of its chief witness.

Now comes the second witness, the only one aside from Doctor Adams who testifies in detail regarding this tax, formerly an employee of the committee and afterwards of the Treasury Department. Why he was sent to Canada and who sent him for four days to become an expert on the Canadian sales tax does not appear from the record, nor does he volunteer any expert testimony. On page 264:

Mr. Aldrich. Mr. Alvord, have you any idea why the Canadians did not make a list of the articles which are taxed, rather than to set out a list of exemptions?

Mr. ALVORD. In reading the act I am inclined to say that a list of the articles taxed would not be so much larger than the list of articles exempt.

Mr. Aldrich. That is a general manufacturers' tax in name only.
Mr. Alvord. That is almost true; yet, sir, not quite, however.
From the point of view of drafting a general law it is much easier to specify exemptions than inclusions.

This is the second expert's opinion of the Canadian law which he studied four days. Again, on the same page, he Savs:

Mr. Alvord. I do not know whether Doctor Adams went into this or not, but I think he agrees with me—if you adopt a sales tax without having the elastic administrative machinery, I am afraid your sales tax would be practically inoperative.

Mr. TREADWAY. Do you mean by elasticity, the judgment of an official?

Mr. Alvord. The basic principle of the administration of the Canadian sales tax, as I understand it, is that there, either as a matter of law or as a matter of fact, the administrative decision is final.

Again he says, on page 265:

Mr. ALVORD. If you are to consider the list of exemptions that the Canadian sales tax has, it means that you practically have got to write a tariff act. I have been through the 1922 act and the 1930 act, and you gentlemen have been through many others, I imagine that the pressure would be just about the same.

Again this second witness, with four days' experience in Canada, says, on page 266, and remember he was formerly a clerk of the committee, afterward an employee of the Treasury Department, and no one knows who sent him to Canada, so far as the record disclosses:

Mr. ALVORD. I agree with Doctor Adams that as an emergency measure I think it would be subject to very serious consideration as to whether it would be worth while to interject the entire ma-chinery for a short period of time.

Yet this bill proposes against the expert testimony of Doctor Adams and Mr. Alvord that it shall remain in force for only two years. Is anyone seeking to mislead Congress, and who drew that two years' limitation and why?

Again, on page 266, Mr. Alvord says in response to a question by Mr. CRISP:

Mr. CRISP. With the knowledge you have and as an American citizen, do you favor the levying of a general sales tax?
Mr. Alvord. At the present time; no, sir.

Here seems to be the length, breadth, and scope of Mr. Alvord's opportunity to study the effect of the sales tax as shown on page 267:

Mr. ALVORD. We started in with the minister of finance, rather briefly. We then went to the commissioner of excises, who is a briefly. We then went to the commissioner of excises, who is a civil-service appointee and who has been in the service a long time, and he called in two of his assistants. They were the men who primarily had the job of administering the tax. We spent practically an entire day with them in going over their administration. I think those are the only persons we discussed the matter with in the administration. Then we spent the remaining three days of our visit up there discussing the matter with manufacturers, manufacturers' representatives, and with attorneys.

No inquiry among consumers. I will furnish that testimony on the 1921 law.

On such testimony the committee reported in favor of a \$600,000,000 sales tax, to exist no longer than to June 30,

1934, and this last provision was opposed by both of the experts called for advice.

The evidence of witnesses who accompanied the Hearst \$10,000 junket trip to Canada was inserted in the RECORD. Some of those witnesses were opposed to the sales tax, even on the statement of officials who alone were consulted. No consumers, apparently, had any voice at any time in the matter. The officials were discussing their duties, and naturally liked their jobs. I speak of this particularly, because in my speech of March 11 on pages 5822-5823 I discussed at length the Canadian sales tax and cited labor organizations and others at St. John, New Brunswick; Hamilton, Ontario; Toronto, Ottawa, and elsewhere, all vigorously opposed to the sales tax then in force.

A sales tax at 21/2 per cent rate, not pyramided, to produce \$600,000,000 would amount to \$24,000,000,000 in purchases, but all these sales are expected to bring a profit to manufacturers, jobbers, wholesalers, and retailers. To take an extreme case, if a hundred per cent is added to the sales price, or 950 per cent to the tax, as quoted from committee hearings on page 5820 of the RECORD of March 11 last (testimony of ex-Senator Hardwick), it would double \$24,000,000,000 in purchases to \$48,000,000,000.

This would not ordinarily occur, but it is reasonably certain that the 21/2 per cent with all these profits added would be increased to possibly 10 or 20 per cent before the ultimate consumer paid the bill, and that would be four to eight times the rate fixed by the committee, and would mean an added tax four to eight times the \$600,000,000 tax collected. Possibly \$2,000,000,000 and more additional would be paid by the ultimate consumer to bring to the Government \$600,000,000 in tax receipts as estimated by the committee. That tax has been reported to the House on the testimony of two witnesses, both of whom urged against enactment of any sales tax for the short period of two years.

Let me now quote from a speech made in the House February 21, 1922, when the bonus bill was up for consideration, and the Washington Times, one of the Hearst papers that now daily prints cartoons and arguments for the sales tax, declared of a letter I had written:

A bonus bill will pass the House, but if an open discussion is had it will contain a consumption tax.

That letter of 10 years ago was misquoted:

February 17, the Washington Times contained a single 2-line extract from that letter, quoting me as follows:

"A bonus bill will pass the House, but if an open discussion is had it will contain a consumption tax."

The letter squarely states if open discussion is had the bill will "not" contain a consumption tax, and with that exception the brief paragraph taken from a fairly long letter is correct, but I could have wished more of the letter had been quoted and that the two lines extracted had been rightly stated. Without other means of placing sales-tax facts before those interested, this is the only avenue of information available. Herewith I append the letter in full. It was written before the letter from the President had been received or made public, and I quote it because it discusses the merits of the proposed sales tax:

HOUSE OF REPRESENTATIVES

Washington, D. C., February 16, 9922.

Dear Colleague: The proposal to finance the soldiers' bill with a consumption tax means to tax the living wage of labor when the average man is receiving less than \$500 pre-war purchasing power per family, and it taxes the farmer, whose average annual earning is \$219 pre-war purchasing power, on all that his family consumes. In Canada it is estimated it increases cost of living from \$30 to \$50 per family, due to pyramiding of prices.

Clothing, shoes, food, gasoline, machinery, everything not specifically exempted, is increased in price from two to ten times the amount of tax according to Canadian experience. Sugar, 10 cents per pound there last month, was 6 cents here, according to official reports, and articles exempted this year are included next year. Every man, woman, and child, whether working or out of employment, pays the increased price through this 'painless sales tax.' Rockefelier and thousands of multimillionaires pay the same tax, while a half billion dollar tax means \$2,000,000,000 or \$3,000,000,000 added prices to those who consume. The Washington Times says, 'Wall Street welcomes it,' and as \$500,000,000 was recently expected the payoff of empted from excess profits, luxuries, and high surtaxes over the consumption, there is a reason.

American farming and labor organizations are unanimous against the tax, and they represent 85 per cent of the consumption tax that will be paid, according to witnesses. A leading Republican Member from New York said to me not 10 Republican Members from New York will be returned if we pass a general sales tax. A complete Waterloo occurred in Canada for the Conservatives, who repealed the excess-profits tax and enacted a general

tives, who repealed the excess-profits tax and enacted a general sales tax and a high tariff law. High prices were the issue.

No general sales tax law was ever enacted in this country in time of peace. No appropriation was ever before hung up with a special-tax tin can tied to it. It is a gold-brick tax to the soldier, who would help pay his own bonus whether he has a job or not. Not one witness for a sales tax came before the committee to favor it, although many appeared against it. A sales tax is opposed by practically every disinterested tax expert and by labor and agriculture here and in Canada, where it has been tried and repudiated at the polls. In the Recorn of January 3, 1922, page 832, will ated at the polls. In the Record of January 3, 1922, page 832, will be found conclusive testimony of many witnesses in this country and in Canada discrediting a consumption tax. Who is it asks for it and who pays for special trains and propaganda that covers local papers. local papers in a hope eventually to substitute this tax for the

income tax now paid?

The last bonus bill struck out a consumption tax in conference before it passed the House. Senators tell me the tax can not pass the Senate. A bonus bill will pass the House, but if an open discussion is had, it will not contain a consumption tax.

Very truly yours,

JAMES A. FREAR.

Let me now call attention to a significant part of that speech in 1922 which ought not to be overlooked by any Member of Congress. When Canada woke up to the fact that a sales tax had been tagged on to the people, the latter took action. I called attention in the RECORD of February 21, 1922, to a complete turnover of the Canadian Parliament which occurred at the election December 6, 1921:

Prior to the election, the Parliament stood-Conservatives, 120: Liberals, 84; Progressives, 14. The election gave Conservatives 51, Liberals 117, Progressives 65; or an opposition vote of 177 to 51, compared with a prior Conservative majority in a vote of Conservatives 120 to 98.

Quoting further from my speech-

This tremendous overturning of the Canadian Parliament, according to my advices, was occasioned by a high protective tariff and a burdensome manufacturers' sales tax like that which is now being urged by committee members.

Let me continue as to politics, which is certainly as important as any wet and dry issue, because it is a burden upon the necessities of the people which they resented in Canada according to the following testimony:

# CANADIAN POLITICS

From many letters of denunciation of the Canadian sales tax I quote the following as to the political issue with labor organizations.

In a letter dated Toronto, Canada, December 13, from Toronto

In a letter dated Toronto, Canada, December 13, from Toronto District Labor Council, it is stated:

"While organized wage earners have not given any official expression regarding the sales tax, the general discussions on the political situation during the last few weeks leave no doubt as to their opinion. This system of taxation was soundly condemned by every speaker in any way connected with the labor movement officially.

"Toronto District Canada, December 13, from Toronto District Canada, District Canada, December 13, from Toronto District Canada, District Canada, December 13, from Toronto Canada, District Canada, December 13, from Toronto Canada, Decem

"TORONTO DISTRICT LABOR COUNCIL, "JAMES WATT, Secretary."

The foregoing is a square expression of labor in Canada on the subject of a sales tax and of its political significance when it was "condemned by every speaker in any way connected with the labor movement."

FARMERS MAKE POLITICAL ISSUE IN CANADA

From the United Farmers of Alberta the following statement is significant of the political issue last election, when practically all of western Canada was wrested from the Conserva-

President Wood has referred to me your letter of December 6 re sales tax. I may say that there is a very strong feeling against the sales tax, and that it was vigorously attacked by many of the speakers of the organized farmers during the recent Federal general election.

The inclosed pamphlet entitled "Sales Tax Hits the Poor Man" (issued by the Canadian Council of Agriculture) is, I think, a summary of the arguments used against this tax during the campaign, while the Try Outs in Taxation also contains references to this matter. \* \* \*

I was interested to note that the sales tax in the United States is advocated by big business and financial interests, which fear the heavy income, excess-profits, and estate taxes. Exactly the same groups of interests advocated the tax in Canada, and you will note from the pamphlet Sales Tax Hits the Poor Man the representatives of the agricultural interests in this country were not consulted in any way in connection with the matter.

Yours very truly,

UNITED FARMERS OF ALBERTA, W. N. SMITH, Educational Department.

The sales tax was "vigorously attacked" by many of the speakers of the organized farmers during the recent Canadian election. Results speak for themselves.

#### WHAT CANADA DID

Before the Ways and Means Committee Edward F. Grady, speak-

ing for the Mays and Means Committee Edward F. Grady, speaking for the American Federation of Labor, said on February 3:

"The members of our organization over in Canada joined with the farmers in protest against the sales tax, and at the last election on December 6 we were enabled to defeat all of those men who voted for a sales tax (p. 140).

"You took off \$450,000,000 from the corporations which made "You took off \$450,000,000 from the corporations which made excess profits. \* \* \* You reduced the surtaxes on incomes by the amount of \$61,500,000. \* \* \* In the last bill you repealed \$60,000,000 in luxury taxes. \* \* \* In the last bill you repealed "It is an extremely dangerous proposition, and I predict if you impose a sales tax the people of this country will do what the people of Canada did when they had an opportunity—defeat everyone who voted for it (p. 141)."

I am making no comment on this testimony taken before the committee excepting to disclose the political action taken by the

committee excepting to disclose the political action taken by the people of Canada with reference to the Canadian manufacturers or sales tax.

Another witness before the Ways and Means Committee, H. C. McKenzie, tax expert for the American Farm Bureau Federation,

"Mr. Oldfield. Do you know personally that that (the Canadian

"Mr. Oldfield. Do you know personally that that (the Canadian sales tax) was an issue in the recent campaign in Canada?

"Mr. McKenzie. Yes; it was an issue in the campaign, and the same interests that are opposed to the sales taxes and consumption taxes in this country opposed them in Canada also. Labor and the farmers are opposed to it there and were fighting it there."

As stated by Mr. McKenzie, the sales tax was vigorously attacked in Canada by many of the speakers of the organized farmers during the recent canada laction. In order that it may not seem

ing the recent general election. In order that it may not seem the opinion of labor in the letter on a sales tax was isolated, I

again quote briefly from Canadian sources.

From a number of letters the following indicates what the consumer thinks of the Canadian tax:

St. John Trade and Labor Council, St. John, New Brunswick, December 12, 1921.

• • Yours of the 3d received, inquiring about the sales tax in force in Canada. • • Briefly, the way the tax works is that each time an article is turned over or sold this tax is collected, and in these days of manufacturers, jobbers, whole-salers, retailers, and other middlemen it is easily seen where the tax lands us by the time the article reaches the consumer, for each time the article is sold the tax is collected and, of course, added to the next selling price, and a small tax of 1 or 1½ per cent easily amounts up to possibly 10 per cent or more in some

Fraternally yours,

GEO. R. MELVIN, Secretary.

### A SEVERE TAX ON THE WAGE EARNER

HAMILTON DISTRICT TRADES AND LABOR COUNCIL,

Hamilton, Ontario, December 26, 1921.

Re sales tax in Canada and its effects upon the wage

\* \* Re sales tax in Canada and its effects upon the wage earners, can only say that this tax falls with peculiar severity upon the wage earner. It is very much like a tariff, minus the protective benefits. It is passed on to the consumer in every instance. And as the working classes on a whole are the greatest consumers, they of necessity pay the greater share of the tax. This, however, is in strict accord with true capitalistic economics and administration. They are sternly opposed to all forms of direct taxation, which would mean that those who own approximately 85 per cent of the wealth of the country would pay their just share of the taxes. This, of course, would never do. Hence the sales tax. Trusting that this information is answering your query. ing your query, I am,

Yours fraternally,

[SEAL.] H. G. FOSTER, General Secretary. Again I quote from another letter:

TORONTO DISTRICT LABOR COUNCIL,

TORONTO DISTRICT LABOR COUNCIL,

Toronto, December 13, 1921.

This tax was imposed to supersede the surplus profits tax which was in operation during the later stages of the war.

While organized wage earners have not given any official expression regarding the sales tax, the general discussions on the political situation during the last few weeks leave no doubt as to their opinion. This system of taxation was soundly condemned the event speaker in any way conpected with the labor properties. by every speaker in any way connected with the labor movement, officially or otherwise.

My information leads me to believe that the tax is imposed on My information leads me to believe that the tax is imposed on the manufacturers' output, the increased cost being passed on to the dealers and eventually the consumers pay the tax in increased prices. Unlike the income tax and business tax, which recognize more or less the principle of "ability to pay," the sales tax applies to consumers in the purchase of commodities, and if the consumer can not pay the increased price by reason of the tax, he goes without the goods. This sales tax largely applies to the necessaries of life, hence you will readily understand why organized workers oppose such methods of taxation when surplus profits are untouched. I am further of the opinion that the great majority of our people are unaware of what this sales tax really means, they pay the increased price without knowledge of the amount, no mention being made concerning the tax, to put the whole matter shortly-legally flimflammed.

Yours truly,

TORONTO DISTRICT LABOR COUNCIL, JAMES WATT, Secretary.

"Legal flimflamming" is a name with which to entitle the proposed sales tax here. If its passage results in a political turn-over like that experienced by Canada a few weeks ago, it will evidence a well-grounded, universal prejudice against flimflam

#### LEGAL FLIMFLAMMING

One other brief statement I quote from a communication dated Ottawa, December 2, that is more of a résumé of the tax than is covered by other correspondence. It says:

OTTAWA, ONTARIO, December 2. Ottawa this week received, entertained, and introduced to the Ottawa this week received, entertained, and introduced to the intricacies of its sales tax act a party comprising 47 Members of Congress, representing 30 different States, railway men, newspaper men, and others. They came as the guest of Mr. William Randolph Hearst, with Hon. Lester D. Volk, of New York, as head.

\* \* But while the members of the party studied the sales tax act from a variety of angles, your correspondent ventures the assertion that they did not receive nor consider facts with reference to its application to the consumer.

I do not helieve that in their examination of Government stages.

I do not believe that in their examination of Government statistics they found that a man with a wife and one child in Canada pays \$18.66 every year as a result of this form of taxation; that a man with a wife and two children pays \$24.88; that families of varying sizes pay on the following basis:

Man, wife, and three children	\$31.10
Man, wife, and four children	37.32
Man, wife, and five children	43.54
Man, wife, and six children	49.78
Man, wife, and seven children	55.98
Man, wife, and eight children	62. 20

In other words, the sales tax in Canada adds to the living expenses of a family of ten \$5 a month. Families of this size may be "unfashionable," but those who are not particularly stylish feel it to the extent as it applies, as illustrated above. Bachelors are

These figures are based upon official statements. Sales-tax collections for the 12 months ended October last amounted to \$52,-870,000, while our population is approximately 8,500,000. This means a per capita tax of \$6.22 for every man, woman, and child

in Canada yearly.

The following table strikingly illustrates what income and sales tax combined mean to a Canadian as compared with a citizen

of the United States:

Canada	
Income—man, wife, and two children	\$2,500.00
Income tax Sales tax	4. 00 24. 88
Total	28. 88
United States	
Income—man, wife, and two children	2,500.00
Income tax	8.00
Total	8.00

The sales tax in Canada is, above all else, a tax on consumers. The sales tax in Canada is, above all else, a tax on consumers. The more you buy the more you pay. It is paid in the majority of cases not on one able to pay but in proportion as one must buy things. With a person of means it is entirely optional whether he buys expensive furniture, limousine, etc., but in buying articles

of ordinary consumption the average person has no choice. We must buy to live, to exist, and as we buy we pay.

The sales tax increases the cost of living. There can be no doubt about it. In Canada it is not a tax on luxuries; it is a tax on everything; and we must have necessities before we have

# CANADIAN TAX AND THE FARMER

In this country it can be safely said that organized labor and organized agricultural societies are overwhelmingly opposed to a sales tax, as I have shown by reputable witnesses. In Canada the organizations are not so closely formed, but from the foregoing it may well be deduced that labor in Canada is against a sales tax. It could not be otherwise. Agricultural interests in Canada are not for a sales tax.

The Winnipeg Grain Growers' Guide put it that a sales tax "is immensely pleasing to those who had to pay the excess-profits and income tax and who care little where the burden of taxation falls as long as it doesn't fall on them."

It says:

"The people want justice in taxation before convenience, and there is precious little justice in this proposed tax on sales."

Admitting that the sales tax is finding great favor with financial

interests across the border, it adds:
"To those who are not unacquainted with the ways of financial interests, the mere fact that the proposition emanates from their councils is enough to provoke suspicion, and when it is affirmed that the tax is 'passed along in small fractions and is finally paid

by the consumer, practically without his knowledge, and the additions are so trifling as not materially to affect prices,' that such a tax would raise more revenue than the country actually needs, and that its adoption would lead to repeal of the excess-profits tax and the income tax, one begins to detect the 'nigger in the woodpile.' It takes a wizard of finance to maintain that some \$500,000,000 a

year can be painlessly extracted from the people of Canada."

In the RECORDS of January 3 and January 27 I furnished many statements from agricultural organizations of Canada. These will not be repeated, but I add a statement issued by the Canadian Council of Agriculture that every Representative in Congress may well read, because it gives the farmer's viewpoint of the manufacturers' sales tax, which he declares collects 53 per cent of all the tax from farmers of Canada, because of their large purchases of things consumed and of things used, from shoes, sugar, and shirts, to gasoline and machinery.

The statement follows:

### "CANADIAN SALES TAX

"SALES TAX HITS THE POOR MAN-AN EXAMINATION OF THE PRINCIPAL FEATURES OF THE FEDERAL GOVERNMENT'S BUDGET FOR 1921-22

"(Issued by the Canadian Council of Agriculture)

"The sales tax was the principal feature of the Federal budget for the fiscal year 1921-22, which was presented by the Minister of Finance, Sir Henry Drayton, before Parliament in May. By means of this tax the Federal Government expects to raise the additional revenue which is required to meet the increased expenditures of the present year, as compared with the revenue and expenditures of last year. It involves additional costs of living to every man, woman, and child in Canada, and treats them all alike, whether

woman, and child in Canada, and treats them all alike, whether they be rich or poor, able to pay or not able to pay.

"Therefore, the sales tax, which was first introduced in Canada during May, 1920, is one that merits close study. This is especially true because it is intended to fall upon the great mass of the people, being levied, in so far as Canada is concerned, on a large number of the necessaries of life. It is thus primarily a consumption tay which is emother good reason why it should be thereuvely. number of the necessaries of life. It is that a final principal tion tax, which is another good reason why it should be thoroughly studied, for it is levied not in proportion to one's ability to pay studied, for it is levied not in proportion. As first introduced, it was studied, for it is levied not in proportion to one's ability to pay but in proportion as one consumes. As first introduced, it was a tax of 1 per cent on sales by the manufacturer or producer to the wholesaler or jobber, who in turn collected from the retailer. On sales made direct by the manufacturers or producer to the retailer the rate was 2 per cent. In 1921 the rate was increased to 1½ per cent on sales by the manufacturer or producer to the wholesaler or jobber; when the sale is made direct to the retailer the rate is 3 per cent. Another tax of 1 per cent is also collected on imports, the rate on such sales to the consumer being not less than 4 per cent. than 4 per cent.

"Taxes approximating to the sales tax were collected in Europe as far back as the Middle Ages, but coming down to the history of the last half century the sales tax made its appearance in of the last hair century the sales tax made its appearance in Mexico nearly 40 years ago, during the régime of Dictator Porfirio Diaz. The finances of Mexico were then in a chaotic state; taxation, being very little understood, was only slightly discussed, and, as the Mexicans had to buy and sell, Diaz came to the conclusion that by taxing these absolutely necessary operations he could raise revenue, and he did.

The sales tax was next copied by the United States administra-The sales tax was next copied by the Sharker States administra-tion in the Philippine Islands. After the Spanish-American War, through which these islands passed to the United States, their business life was in a state of collapse; the Spanish market, on which they had depended largely, having been closed to them. Being desirous of bringing about free trade with the United States, Being desirous of bringing about free trade with the United States, the sales tax was introduced as a means of securing a substitute for the revenue that had chiefly come through customs levied on American imports. France in 1920 adopted the turnover tax, which in principle is similar to the sales tax, though more equitable in that in France it included services and transactions of all kinds, as well as commodities. Germany also has such a tax, which is very far-reaching in its effect.

# "WHO ASKED FOR IT?

"Whatever may be said in favor of the sales tax, there is no whatever may be said in layor of the sales tax, there is no doubt about it being an attempt to secure new revenue from the great mass of the people who work for a living. There is no pretension that it lightens the load of taxation resting on the masses; on the contrary, it is usually accompanied by measures designed to relieve the well-to-do of taxes borne by them. Canada's experience has demonstrated this in the most striking manner. manner.

"By whom has this tax been advocated? By the farmers, by "By whom has this tax been advocated? By the farmers, by labor, or by the great mass of those of small means? Influential financial, industrial, and commercial interests started the agitation. In March there was held at Toronto a conference on taxation attended by representatives of the Canadian Manufacturers' Association, the Canadian Credit Men's Association, the Retail Merchants' Association, and the Canadian Wholesale Grocers' Association. Neither the organized farmers nor labor were invited, though both would have sent representatives had their presence been desired. Note the recommendations made to the minister of finance by this gathering: 'That the business profits tax shall not be reenacted; that the income tax as regards corporations shall be repealed; that the present existing tax on confectionery shall be abolished; that the present existing tax on confectionery shall be abolished; that the present sales tax shall be adjusted so as to provide the additional revenue needed by the Dominion Government.'

"It is true that in 1920, when the sales tax was first introduced, no taxes were abolished or reduced. But in 1921, when the tax

was increased, it was made to do the bidding of the interests represented at the Toronto gathering, and no others. Everything asked, save the repeal of the income tax affecting corporations, was granted, and the nature of the sales tax was thus revealed in its true light. No attempt was made to secure from the best-off portions of the community any part of the revenue thus lost. The masses were expected to make up what the big business interests were relieved of Sixty two millions. were relieved of. Sixty-two millions of new revenue were required, and in the heavier sales tax was the only means provided for the raising of the money, which meant a per capita tax of \$7 for the

"SOME ABSURD CLAIMS

"Who are the advocates of the sales tax in the United States? For the most part they are representatives of the big interests, the agents of great capitalists and war profiteers, who, though they did not dare to complain of taxation while the war waged, have maintained a loud clamor against it since peace was proclaimed. These interests have conducted a vigorous propaganda in favor of the interests have conducted a vigorous propaganda in favor of the sales tax, many of the arguments thus advanced having been reproduced in Canada. Never before had as many absurd claims and extravagant statements been made on behalf of any system of taxation as have been made by the American advocates of the sales tax. They have told the public that a 1 per cent tax would produce so much revenue that no income taxes below \$5,000 and possibly \$10,000 would be required; that all surtaxes on incomes might be abolished, and that practically all the special war taxes might be allowed to go. So absurd are their statements that they call in question the whole case for the sales tax, so that the general public may well regard it with suspicion. They have been prepublic may well regard it with suspicion. They have been pre-pared to promise anything in order to get the opportunity to shift the load from their own shoulders. If the Canadian council of agriculture had lived on this side of the border, no better, clearer, or more significant statement could have been written regarding the absurd and misleading promises of United States sales tax proponents. They desire to substitute a sales tax for the present income tax in this country, as set forth by witnesses in my remarks contained in the Record of January 3. Canada spoke her judgment at the recent elections.

# "REVENUE RECEIPTS DISAPPOINTING"

Again, I quote from the Canadian agricultural report:

"The sales tax can never be regarded as one of the main sources of revenue in Canada, since to make it so could only be done through a violent disregard of the best recognized principles of through a violent disregard of the best recognized principles of taxation, namely, that taxes should be levied in proportion to the individual's ability to pay them. As a source of revenue the 1 per cent tax in Canada was far from being a great success. During the 11 months up to the end of April, 1921, that it was in operation it brought in only \$40,898,383. As a producer of revenue it failed most when money was most needed. In October, 1920, when business was good and retail prices still high, the collections were \$5,020,476, but in April they fell to \$2,873,219, and were still falling when the tax was increased. As Parliament voted \$620,000,000 this year, one can easily see how far a 1 per cent tax would go to produce that amount. During the six months that the luxury taxes were in operation they brought in \$2,000,000 more than the sales tax did during the whole eleven.

"Advocates of the sales tax make much of the fact that it is

"Advocates of the sales tax make much of the fact that it is easily collected, and they confidently assert that nobody feels it. A tax collected on the necessaries of life that all must have can not fail to bring in a certain amount of money. But the question of the equitable nature of the tax must also be considered. Armies of occupation, through compulsion, sometimes succeed in raising large sums of money from comparatively poor countries; but to say that it can be collected is not sufficient justification for a tax. The sales tax is inequitable if for no other reason than that the poor man, who must spend practically all he earns, pays the tax out of what should go for necessaries, whereas the rich man pays it out of his surplus. The rich man, who spends several months in the year out of the country, escapes the tax; but the man who

can not afford to go away, pays.

# " LET THE CONSUMER BEWARE

"The claim that the consumer did not feel the payment of the The claim that the consumer did not feel the payment of the 1 per cent tax is open to question. It is absurd to say that an already heavy-taxed public does not feel the taking of another \$40,000,000 from it, especially when the greater part of it is taken from the poorest paid. Surely, no one will contend that the new tax, which on domestic sales is at least 3 per cent by the time it reaches the consumer \* \* and the tax on imported commodities, which is 4 per cent in such case \* \* is not felt. It is difficult to determine definitely how much the cost to the consumer is increased by the sales tax, but the probability is that the 1921 rate will increase costs generally about 5 per cent. On certain imported goods, on which the tax will never be less than 4 per cent, the cost may be increased as much as 8 per cent. 4 per cent, the cost may be increased as much as 8 per cent. This is especially true of commodities such as rubber tires, into the manufacture of which many imported materials enter. The effect of the tax in increasing the cost of lumber became so apparent that a reduction was made to the effect that the tax on sale of domestic material should not exceed 2 per cent; on sales of imported lumber the rate was fixed at 3 per cent. Even at these rates the tax is considerable to the settler who must build a house and outbuildings. It is, moreover, to be observed that the additional 1 per cent on imports will have the effect of raising the home price on all such articles as are taxable. Experience with the tariff leads one to expect this. "The consumer is bound to feel the effects of the 1921 tax more than that of the preceding year for the further reason that the list of tax-free commodities has been much reduced. The following, which were exempt in 1920, are now taxed: Salted, smoked, and canned meats, soups, tea, coffee, condensed coffee, milk foods and similar milk products, sage, tapioca, macaroni, vermicelli, split peas, pea meal, rice, rice flour, cornstarch, potato starch and flour, canned and desiccated fruits and vegetables, maple, corn, and can sirup, and imitations thereof. No argument is required to show that the taxing of these articles is a very considerable additional levy on consumers. It is worthy of special note that tea and coffee, being imported articles, bear a tax of at least 4 per cent. This is taxing the poor man's breakfast table, which most Governments are now loath to do.

is taxing the poor man's breakfast table, which most Governments are now loath to do.

"In the case of many persons enjoying but a small salary, or income, the sales tax practically cuts away the exemptions from the income tax. On an income of but \$2,000 a year a married man pays no income tax; but calculating the per capita sales tax at \$7, then if he has a family of four, he will pay \$28. The head of a family of four—that is, a wife and two children—having a salary of \$2,500 pays but \$4 in income tax, but his sales tax will now take from him seven times that. And the examples to this effect could be multiplied.

be multiplied.

" AN INSIDIOUS TAX

"AN INSIDIOUS TAX

"One of the most dangerous features of the sales tax is its insidious character. So-called 'painless' extraction methods of taxation are always to be feared, for, in a quiet way, they touch the average person most effectually. Definite knowledge of what taxes the individual pays is one of the surest safeguards against inequitable taxation. By the 'painless' sales tax it is proposed to take this year \$23,000,000 more from the consumers of Canada than was taken last year. What is the use of making a fight over the tariff if the money which it is hoped may thereby be saved is to be taken away by another method?

"Additional danger lurks in the possibility that having brought about its introduction, certain interests that have been benefited may further use it to shift other burdens from their shoulders. It is well known that they are restive under the tax on higher

It is well known that they are restive under the tax on higher incomes, and also under the surtaxes, and it may be taken for granted that an attempt will be made to shift these onto the backs of the masses. The signs are not wanting that some of the most important political battles of the not distant future will be fought

important political battles of the not distant future will be fought over the question of taxation.

"There should be an insistence that taxes conform to the well-known canons of taxation laid down by Adam Smith in the following: 'The subjects of every State ought to contribute toward the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue that they respectively enjoy under the protection of the State. The expense of government to the individuals of a great nation is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate. In the observance or neglect of this maxim consists what is called the equality, or inequality, of taxation.' According to this standard the sales tax is weighed in the balance and found wanting.

and found wanting.

"Winnipeg, August, 1921."

In view of the foregoing statement founded on actual Canadian experience, will any man say the tax does not unjustly hit the poor man, and will anyone say it is not and was not a political issue that helped overthrow the conservative Canadian Parliament and reduce it to a hopeless minority?

SUGAR

Another statement in my letter quoted sugar at 10 cents per pound in Canada, while it is only 6 cents here. That statement has been challenged. I am glad to give my authority;

[From the Labor Gazette, Canada, January, 1922, pages 92 to 99] December prices for sugar

Cents per	
Nova Scotia	9.6
Ontario	9.3
Manitoba	9.7
Saskatchewan	
Alberta	10.2
British Columbia	
Moose Jaw	10.7
Average cost of living over 1913	

[Page 90]

Per	cent
Food	50
Fuel	87
Clothing	73
Sundries	81

Remember that the purchasing power of the farmers' products in Canada, as in this country, makes a difference of more than double the prices here quoted to the farmers' disadvantage.

Acting undoubtedly with the aid of advice, the President wrote Chairman Fordney regarding the soldiers' bonus bill. Suggestions from that high source are welcomed by every member of the party who has a legislative responsibility, however, humble. In fact, I who has a legislative responsibility, however humble. In fact, I yield to no man in my appreciation of and high respect for the Executive; for the many difficulties he has met and surmounted as the party leader following an unprecedented industrial and economic war chaos and his world position rising far above rulers of

all nations through the recent peace accomplishments of the Washington conference. I do not need to say more, and I speak

from the standpoint of a lifelong Republican.

The House has its constitutional duty to perform of providing revenues, and in its legislative work the added responsibility of securing agreement with the Senate. Following suggestions from the Secretary of the Treasury, the House Members sought to provide special taxes with which to finance the bonus bill, although in so doing a precedent would have been inaugurated that necessarily brings criticisms and protests against any tax and against any measure that requires a direct tax. It is not only an unprecedented method of legislation but manifestly unjust to the measure to be financed.

The proposal invited committee disagreements and the Presi-

The proposal invited committee disagreements and the President's letter containing suggestions followed. It suggested temporary delay if desirable in order to meet Treasury conditions, and to permit full cash payments to all service men and a general sales tax as a method of securing quick funds. Representatives of national ex-soldiers' organizations called before our committee referred to repeated promises for early action, objected to delay in the passage of the bill, and urged its speedy enactment as pre-pared with the five options. Asked specifically about full cash pared with the five options. Asked specifically about full cash payments, they said that would prevent the acceptance of certificates or of insurance or home-building options in the bill that had been carefully prepared and long and seriously considered with a view to granting permanent aid in the majority of cases. If offered all cash in amounts of \$500 or \$600 as is construed from the letter instead of continuing payments, the temptation would be offered all men to take cash and ignore other provisions.

The sentiment of agriculture and labor in this country on the subject of a sales tax based on recent expressions is as follows:

subject of a sales tax based on recent expressions is as follows:

STATEMENT OF SAMUEL GOMPERS, FEBRUARY 16, 1922

"Organized labor stands 100 per cent for the soldiers' bonus but is opposed to a sales tax as a means of raising revenue for the bonus, just as it is opposed to a sales tax to pay any debt contracted by the Government.

"The attempt to attach the worthy proposal for the bonus to a most vicious measure inimical to the rights and interests of our

citizenship is a flagrant manner of incurring the people's resent-

ment to a just cause.

"Labor recognizes in the proposal to attach the sales tax to the soldiers' adjusted compensation bill a subterfuge intended either to defeat the bonus or to create a feeling of resentment against the veterans of the World War by placing the burden upon those least able to bear it, and by permitting the escape of those who profiteered so relentlessly during the period of the war and

"The bonus should have the approval of Congress, but to create a sales tax would be to turn a measure of justice into an imposition and an injustice upon the whole people.

"The position of labor upon the sales tax is stated officially in

the following resolution:
"'Resolved, That the American Federation of Labor in convention assembled declares against the imposition of a retail or general sales tax or turnover tax, or any other tax on consumption, and opposes the repeal of the excess-profits tax, and demands that the highest rate of taxation levied during the war upon incomes and excess profits be retained until the full money cost of the war has been paid.'

"Congress refused to adopt the sales tax as a part of the general revenue provisions. That proposal should not now be used to becloud the merits of a measure intended to do justice to those who patriotically defended the country in its hour of need."

Many other recent statements from labor have been quoted in previous remarks, but I will only repeat extracts from one that is concise and indicates the way a sales tax is regarded by American consumers generally:

[Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, Brotherhood of Railroad Trainmen]

CLEVELAND, OHIO, January 14, 1922.

To all members of the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, Brotherhood of Railroad Trainmen in the

DEAR SIRS AND BROTHERS: The attention of all members is Dear Sirs and Brothers: The attention of all members is called to the proposed sales tax bill introduced by Congressman Volk, of New York. It is the intention to raise \$2,000,000,000 a year by a sales tax upon everything you consume. In order to have this bill put over and become a law, they have tied it up as a part of the bill for a bonus for soldiers. We think all workingmen agree that the soldiers who fought for their country are entitled to a bonus, and that such a bill should be passed, but, in our opinion, it is not necessary, in order to pay this bonus, that the working people of the United States should be taxed through a direct sales tax bill to the amount of \$2,000,000,000.

The sales tax bill can be killed most easily by the enactment of a rapidly progressive tax upon estates, by restoring the excess-profits tax, by retaining heavy taxation of large incomes, by levying a small tax on the value of land in excess of \$10,000, with an exemption to all farmers who receive less than \$3,000 income per year, as provided in the Keller bill. Senator La Follette has

introduced such an estate tax bill (S. 2901), and it has been referred to the Senate Committee on Finance.

Hoping you will give this your prompt consideration, we remain, Yours fraternally,

W. S. STONE,

Grand Chief Engineer, Brotherhood of Locomotive Engineers.
W. S. Carter,

President Brotherhood of Locomotive Firemen and Enginemen. L. E. SHEPPARD,
President Order of Railway Conductors.

W. G. LEE

President Brotherhood of Railroad Trainmen. AMERICAN FARMERS

The American Farm Bureau as late as February 17 of this week—yesterday—issued a letter to Members of Congress on a sales tax, which I am advised was passed upon by President Howard and other responsible officers. It is as follows:

American Farm Bureau Federation, Washington, D. C., February 17, 1922.

To Members of Congress.

Dear Sirs: The American Farm Bureau Federation is against the sales or manufacturers' tax for raising the soldier bonus as suggested by the President. We feel it is just as uneconomic to place

sales of manufacturers' tax for raising the soldier bonus as suggested by the President. We feel it is just as uneconomic to place a sales tax upon the people for the purpose of giving a bonus to the soldiers as it is for raising revenue for general Government expenses. The sales tax is levied upon food, clothing, and the necessities of life of the average man and does not take the money from those who are most able to pay.

Taxes are already exceedingly high and a sales tax would only mean further burden upon the average individual, and when we stop to consider that the average income of each man, woman, and child in this country whose income is below the income-tax level is only \$333 per year, the American Farm Bureau Federation believes it would be a rank injustice to raise further revenue for the soldier bonus by this method. It would take away from these people any prospect of accumulating a competence no matter how small, and would blight their hope of bettering conditions. Not only would it cut off their opportunity for saving but in countless instances it would mean less food, fewer shoes and stockings, less coal for the stoves, and more crowded living quarters. It must be remembered that the bulk of the revenue, if secured by a sales tax, will be derived from the taxes on food, fuel, clothing, and shelter.

We feel that the passage of the sales tax would cause many farmers so to shape their farming operations as to be more nearly self-sustaining, and therefore still further reduce business operations of our country. The farmer now gets only 37 cents of the consumers' dollar, and a sales tax will reduce that amount. We are glad, however, that Congress has seen fit to discard the proposed sales tax once, and the federation sincerely hopes that it will do so again.

Very truly yours,

AMERICAN FARM BUREAU FEDERATION, GRAY SILVER, Washington Representative.

I can not make this any plainer than by quoting a short letter recently received from representatives of the American Farm Bureau Federation. In these letters they assume to speak for an agricultural organization numbering between 1,000,000 and 2,000,000 active members. They denounce all consumption taxes that in like manner are denounced by Canadian labor and agricultural interests, speaking from the standpoint of the consumer.

AMERICAN FARM BUREAU FEDERATION, Chicago, Ill., December 27, 1921.

Hon. James A. Frear,

House Office Building, Washington. D. C.:

Replying to your letter of December 23. The American Farm
Bureau Federation is unalterably opposed to any general sales or
turnover tax, a manufacturers' tax, or any means of shifting the
bulk of the taxes from income to consumption taxes.

The more the matter is agitated and the better the people come to understand what is involved, the more determined they become in their opposition, and this policy, if persisted in, will surely

bring calamity to its advocates.

It takes from the farmer, the laborer, and all those below the income-tax level a part of their living, and the bulk of the tax would necessarily come out of the necessaries of life—food, fuel, shelter, and clothing.

It is an effort to shift to the 90,000,000 people below the incometax level the burden of the war taxes; it would absorb a considerable part of what buying power they now have, and thus sink us still deeper in the slough from which we are trying to extricate ourselves

It would stir up such a social ferment as we have never had in this country and is both socially unjust and economically unsound.

It is opposed by all the argricultural interests of the country as well as by organized labor. Political madness lies that way.

Yours, truly,

H. C. McKenzie, Tax Representative.

The following letter from President Howard is equally positive

AMERICAN FARM BUREAU FEDERATION, Chicago, Ill., December 28, 1921.

Hon. James A. FREAR,

Committee on Ways and Means, House of Representatives,

Washington, D. C.

. We believe that taxes should be DEAR MR. FREAR: \* Dear Mr. Frear: \* \* \* We believe that taxes should be levied according to the measure or ability of the individual to meet them and are particularly opposed to the so-called sales tax or turnover tax. Its enactment would place an undue burden upon the farmers of the country, due to the fact that their income both on labor and invested capital is, and always has been, below that of any other class of our people, while at the same time we are of necessity very large consumers not only of food and clothing but of steel and iron products, building materials, etc. The sales tax would add to the costs of all these things, which burden would be strenuously opposed by all farmers. Not only that, such a tax would react on industry by further curtailing the farmers' purchases, and industry is already suffering from that farmers' purchases, and industry is already suffering from that very cause.

Very truly yours,

AMERICAN FARM BUREAU FEDERATION, J. R. HOWARD, President.

Yesterday, February 16, The National Grange, composed of over 1,000,000 members, gave out the following statement:

#### GRANGE PROTESTS SALES TAX

"The National Grange, through its Washington representative, T. C. Atkeson, in letters sent to-day to Senator McCumber, chairman of the Senate Finance Committee, and Representative Fordney, chairman of the House Ways and Means Committee, declared it is 'unalterably opposed to the sales tax or any form of direct consumption tax for the soldier bonus or for any other purposes.'

"'The sales tax is a deliberate effort to shift tax burdens from those best able to pay to those least able to pay,' the letters said. 'Once a sales tax is inaugurated, backed with the power which is now urging it, it is doubtful if it could ever be set aside, and we can look forward to steadily diminishing taxes on large incomes and inheritances and to steadily increasing sales taxes to pay the burden of government.'

"'The National Grange,' Mr. Atkeson continued, 'has suggested an average, profits tax to pay the soldier beauty.

burden of government."

"'The National Grange,' Mr. Atkeson continued, 'has suggested an excess-profits tax to pay the soldier bonus. Should that be inexpedient, the tax decided on should be so levied that it will not be levied to the direct cost of necessities of the great number of people of limited income."

The national farm meeting called by President Harding recently, in Washington, passed the following resolution against any sales tax. I quote from editorial that shows the protest against a sales fax.

[From editorial page of Farm and Home for March; Chicago, Ill., and Springfield, Mass.]

"THE SALES TAX—UPON THE NECESSARIES OF LIFE—THE POOR SHALL PAY THE TAX—THE RICH MAY LARGELY ESCAPE THIS TAX

"'We positively and earnestly protest against any consumption or sales or manufacturers' tax, or any other tax which shifts the burden onto those least able to pay, onto the necessaries of life, and has proved disappointing financially and unjust socially wherever tricd.' Unanimously adopted by national agricultural

wherever tried.' Unanimously adopted by national agricultural conference at Washington, January 27, representing all phases of farmers' thought and farm activity.

"This tax is now urged on Congress—a tax on sales—within three weeks of the day that the farmers' conference at Washington unanimously protested against such a tax. The common people, the masses, unitedly oppose it.

"If this tax is imposed, it means that you will have to pay an extra tax of probably 3 cents on every dollar you spend. Of course, the retail prices that you pay will be correspondingly increased. Worse yet, the wholesale price that you get for your produce when sold will be correspondingly decreased.

"Thus you, the farmer, the producer, the worker—all persons of moderate means—may be forced to pay the equivalent of not 3 cents, but somewhere between 5 and 10 cents extra upon every dollar you spend, while having as much more deducted from every dollar's worth of stuff you produce and sell.

dollar's worth of stuff you produce and sell.

# "WEALTH ESCAPES TAX

"Did you notice how theaters, financiers, and other special interests protested in unison against the righteous plan of taxing amusements, speculation, excess profits, and great wealth? Those powerful interests are so highly organized that they made their protest effective within 24 hours.

"The logical result is now the proposed sales tax. It will be but

trifling upon those best able to pay, while a well-nigh insufferable burden upon everyone least able to stand additional taxes."

The National Board of Farm Organizations is equally opposed to the sales tax, and its secretary, Mr. Lyman, sends a letter which also contains cumulative testimony from the secretary of the Canadian Council of Agriculture against a sales tax. I quote:

NATIONAL BOARD OF FARM ORGANIZATIONS, Washington, D. C., January 24, 1922.

Congressman James A. Frear,

House Office Building, Washington, D. C.

Dear Mr. Frear: I have gotten in touch with Canadian people in regard to the sales tax, and I hope to have a definite reply soon.

In the January 14 issue of the Prairie Farmer, published in Chicago, a copy of a letter from N. P. Lambert, secretary of the Canadian Council of Agriculture, appears as follows:

"Our organization throughout the whole country is strongly opposed to the sales tax. The principle of this tax is wrong in our opinion, being based on the consuming capacity of the great masses rather than their ability to pay. The sales tax was in vogue in the Middle Ages, in such countries as Spain, but to-day I believe the only countries that have used it to any extent are Mexico, Germany, Philippine Islands, and, I think, France. It is generally regarded as a confession on the part of any country that adopts it that all other sources of revenues have been exhausted." hausted.

This appears to throw an entirely different light on the matter as far as the Canadian farmers are concerned, and is also in line with my previous understanding of the real position taken by the farmers in that country.

Sincerely yours,

CHAS A. LYMAN, Secretary.

From recent committee hearings another farmers' organiza-tion representative is quoted:

[Hearing, January 20, 1922, p. 35. Benjamin Marsh, Farmers National Council]

"Mr. Marsh. Gentlemen, I wish some of you had taken the trips which I have and talked with these farmers and workers some workers who have been out of a job for six or eight months and every last dollar gone, and the farmers, who are broke, absolutely—and when you talk about a sales tax—I want to tell you that the sales tax is the dead line politically for any party, and

deservedly so.

"Mr. Frear. Mr. Leffingwell agreed in his opposition to a sales tax and so did Doctor Seligman when they were before our com-

"Mr. Marsh. And so do something like 20,000,000 voters. They would be interested vitally."

And from scores of witnesses named in RECORDS of January 3

And from scores of witnesses named in Records of January 3 and January 27 I quote two men of acknowledged standing and fairness who recently appeared before our committee:

"Mr. Seligman. It is true, I assume, that the general principles governing democratic taxation in this country would continue and that no democratic country would intend to pass or for a moment consider a tax on consumption, because it is only in time of war that there is any need for the restriction of consumption, whereas in time of peace you want to increase consumption that you can increase production and industry and prosperity."

### [Hearing, Jan. 19, 1922, p. 22. R. C. Leffingwell]

"Mr. LEFFINGWELL. The economic and social objection to a sales tax or to any indirect tax is that it hits the man who has to consume the things that his income will buy, because his income is so small and his family so big—out of all proportion to his income—so that the tax is much heavier on him than it is on the man who has a great big income and has to spend a very

the man who has a great big income and has to spend a very negligible proportion to meet his tax.

"I believe that the sound principles of taxation are going to come to be recognized by all parties, because they go to the root of social content; and whether we are Republican or Democrats, and whatever our school of economics and whatever our historical thought about questions like the tariff, whatever our instincts about a sales tax, it is coming down to this, that you can not afford to put the inordinate burdens of the modern State upon the shoulders of the consumer, who has to spend all of his income to keep alive."

Not one witness favoring a sales tax appeared before the Ways and Means Committee. In fact, this tax seemed friendless until it was suddenly proposed as a means of financing the bonus bill. No chance to examine witnesses has been afforded the committee to expose the character of the tax.

### SALES TAX VERSUS EXCESS-PROFITS TAX

A comparison of those opposed to a sales tax and advocating the reenactment of an excess-profits tax is not complete without presenting another picture that comes from the lips of a man whose wonderful power of analysis is rarely equaled in or out of Congress. I quote from a soldiers' journal, March, 1922, called Treat 'Em Square. It gives the ex-soldiers' viewpoint, and on page 29 contains the following from a public speech of a distinguished United States Senator:

"Why should not the year weelthy seek to account the Territory of the complete speech of the period of the complete speech of the complete

"Why should not the very wealthy seek to escape? Mr. President, they have been seeking to escape and have been making a great battle along that line.

# "WEALTH ESCAPES BURDEN

"Along last winter I happened to be in the city of New York. A friend of mine extended me an invitation to go with him down to the Economic Club. As I always have been obliged to practice economy, I thought I would learn something that would enable me to continue the habit of my life; but when I reached this assemblage, a very costly banquet—I make no point of that, because my friend paid for the ticket—I think I can say that there were several billions of dollars represented around those tables, were several billions of dollars represented around those tables, and a speech was made in favor of a sales tax, and the leading speech was made by a broker who is said to be the largest broker in the world, and to have transactions in a single day which frequently equal \$50,000,000. He is not at all a bad citizen. He is a good broker. That is the best and the worst you can say of him. "But, viewing the question from his standpoint, it was but natural that he should think in the terms of his clients' interests,

and his clients were the great institutions engaged in floating vast blocks of stocks and of bonds; and as they filtered through his office, of course they paid some tribute on their way to the ultionice, or course they paid some tribute on their way to the ultimate consumer, the customer who buys these securities. When he told that multitude of a plan that would distribute the taxes everywhere so that everybody would have to pay, so that there would be no escape, and that the taxes would not be paid by the great institutions of the country but would be borne by the entire mass of the people, the champagne glasses were put upon the table and highballs sat unconsumed while the assembled enthusiasts cheered the sentiment to the echo.

### "SHIFT BURDEN TO POOR

"SHIFT BURDEN TO POOR

"Of course, he said, the tax was passed on, like all taxes; therefore it might as well be paid by the common people at the beginning as at the end, in one way as in another; and then he told us in the next breath, as we have been told on this floor, that the burden upon business is so great that business can not prosper; that is to say, they tell you in one breath that business does not have to pay the tax at all, and in the next breath they tell you that it is so oppressive that business can not live if you exact it. Now, you can not have both ends of that argument. If the tax is passed on it hurts nobody; particularly it does not hurt the man who first pays it and passes it on. If the tax is not passed on, then the other argument fails and it becomes apparent that the common people of the land who have but little pay only a little, while those who have much must pay in proportion to their wealth.

while those who have much must pay in proportion to their wealth.

"That was the initial movement; it was, if you please, the kick-off in the great game that was proposed to be played which had for its purpose the removal of excess-profits taxes, surtaxes, and corporate taxes.

"Sensitors may be a sensitive may be a

Senators may vote to table this amendment [on excess profits] when it comes up; but I repeat, every man who votes to table it will vote against it \* \* will cast a vote in a way to save

it will vote against it \* \* \* will cast a vote in a way to save himself from a direct vote; but if he does it he will vote to kill the soldiers' bonus, and at the same time he will vote to take off the excess-profits taxes, and that would be worse than to vote directly on the proposition."

I have quoted from a soldier's magazine that in turn quotes from the official Congressional Record containing the debate in the Senate. Whatever we may think of the general sales tax or the excess-profits tax, is it not time to pause and reflect on the Canadian record and the political situation we are inviting in this country by adding a sales tax to the soldier's bonus bill?

#### THE ANTISALES TAX VOTE

This sales tax was rejected by Congress when the revenue bill was passed a few months ago and received slight consideration then because it has always been a disappointment in estimates and in equity. In France revenues per month fell to 43 per cent of estimates within less than a year, and fell in Canada to 57 per cent of estimates according to report. The tax is a tax on the living wage, and the poorest man who walks the streets out of work and the rich man find a common level for the first time financially in this consumption tax. Politically they also stand financially in this consumption tax. Politically they also stand on the level. I have quoted from farm organizations representon the level. I have quoted from farm organizations representing in membership between three and four million adults, which
membership is against a sales tax, if the representatives speak for
the membership. I have quoted from the highest officials of
organized labor and of the railways representing a combined
membership of several million adults, all of whom have reason to membership of several million adults, all of whom have reason to oppose a sales tax on the living wage. From seven to ten million adults and their families reaching one-half of the total vote conservatively may be estimated to be the combined farm and labor vote opposed to a sales tax or a tax on consumption, if that vote is cast as it was in Canada.

When wealth is anxious to shift its income tax over to the consumer, even as it has shifted \$500,000,000 taxes this year, it is well to acceptable what interest open practions now jurging a sales.

well to ascertain what interest organizations now urging a sales tax have in the matter. These questions were discussed in the RECORD of January 3. If it be a fact that farming and labor inthe state of January 3. If the a fact that farming and labor interests have a combined adult population of 10,000,000 people or more at a modest estimate, their influence may be measured if they feel the consumption tax is now being aimed at them to relieve wealth from its fair share of taxation.

At a late moment I insert a letter written to every Member of the House by a number of Members that gives further reasons for opposing any sales-tax provision to the bonus bill.

# THE SALES TAX IS FUNDAMENTALLY WRONG

The letter is as follows:

"Dear Colleague: We, the undersigned, who favor the soldiers' bonus bill, urge you not to consent to any manufacturers' or other sales tax as a means of raising revenues for meeting this obligation. We believe the economies effected by this Congress in the ordinary governmental expenses, together with the very substantial reductions to be made in the appropriations for the Army and Navy as a result of the disarmament conference, will Army and Navy as a result of the disarmament conference, will very nearly provide the money with which to meet the cash payments as contemplated under the provisions of H. R. 1. It is estimated that something more than \$100,000,000 in addition to the above savings will be needed annually for the next two years to meet the bonus, after which the revenues will be ample to meet all demands.

"This \$100,000,000 annually, or \$200,000,000 if need be, can easily and readily be raised by the issuance of short-term certificates. You will recall that the Treasury Department a short time ago placed upon the market short-term certificates in the amount

of \$400,000,000, and the records disclose the subscriptions for this issue were approximately \$1,200,000,000, or three times the amount of the issue. Neither during the time these certificates were being sold nor since has there been the slightest indication of an adverse effect upon the money market, but instead it is since then the country has witnessed the greatest strides toward the return of normalcy. The report of the Comptroller of the Currency indicates a constantly increasing improvement in our financial affairs. Consequently we believe there is undue alarm as to the possible effects of an issue of short-term certificates in order to meet the demands of the bonus.

"The President helieves the are-soldier should be paid the cash

order to meet the demands of the bonus.

"The President believes the ex-soldier should be paid the cash bonus all at once and that it should not be spread over a number bonus all at once and that it should not be spread over a number of payments. This would require an expenditure of \$1,500,000,000 within the next two years. He suggests a general sales tax as a means of raising this sum. Clearly, if this amount of money is to be raised by this means in one year or two, the tax must be applied to everything, including the actual necessities of life.

"Just how this tax works out in fact is best exemplified by the Canadian sales tax as applied to sugar. In Canada sugar is produced under almost exactly the same conditions as in the United.

duced under almost exactly the same conditions as in the United States. They produce beet sugar in large quantities, and cane sugar is imported from the Tropics and refined. The expense of sugar is imported from the Tropics and refined. The expense of these operations is on a standard with similar operations here. In January sugar was retailing at 10 cents per pound in Canada and 6 cents in the United States. The tax there is a semi  $1\frac{1}{2}$  per cent turnover. The manufacturer or importer is taxed  $1\frac{1}{2}$  per cent and the jobber  $1\frac{1}{2}$  per cent—in all, 3 per cent. Three per cent on 6 cents—the price of sugar where the sales tax does not apply—is  $1\frac{1}{16}$  mills; and if the amount of the tax only was collected from the consumer, the Canadian would be paying \$0.0618 per pound for his sugar instead of 10 cents. When the merchant sells 100 pounds of sugar and collects the tax thereon, he collects 18 cents for the Treasury and \$3.82 for himself, the jobber, and the whole-

pounds of sugar and collects the tax thereon, he collects 18 cents for the Treasury and \$3.82 for himself, the jobber, and the wholesaler, or more than twenty-one times the amount of the tax. And yet certain people proclaim this a 'painless' tax.

"Ninety millions of our people, whose income is below the income-tax level, have an average annual income of less than \$350. These 90,000,000 will pay 85 per cent of the revenue derived from a sales tax in addition to the billions which will go to the manufacturer incharge and retailers are a result of such tax. facturers, jobbers, and retailers as a result of such tax. Millions are out of employment, and the farmers of the country are in dire straits. To add to their burdens would be a calamity.

dire straits. To add to their burdens would be a calamity.

"Wall Street is openly in favor of a sales tax, according to an afternoon paper. It is known that back of the propaganda with which the country has been flooded during the past two years are the strong manufacturers' organizations. If this tax was to be absorbed by the members of these organizations, would they be advocating it? We think not. We believe they recognize fully that a sales tax is an ideal method of further increasing profits.

"We wish also to call your attention to the fact that if a sales tax is placed upon the statute books for the purpose of raising funds for the bonus, it is going to be but two years until the revenues raised in this manner can be no longer used for this purpose. The bonus will then have been paid. We believe that when this time comes it will be most difficult to repeal such a law, for the reason that every special and favored interest in the country will demand its retention, and also insist that the tax on wealth be further reduced. When this is accomplished the process of the shifting reduced. When this is accomplished the process of the shifting of the burden of taxation will be complete.

We believe the sales tax to be fundamentally wrong and that

it will never be countenanced by the American people.
"If the Ways and Means Committee should report out a bill arrying this tax feature, and a special rule which in any way abrogates the right of any Member to offer amendments to the tax provision should be presented to the House, we earnestly ask that you vote against such a rule. If there is to be a tax provision in the bill, it is extremely important that there should be a full and free discussion as to what this provision shall do.

"Respectfully yours,
"Horace M. Towner, C. Frank Reavis, M. E. Rhodes, Floorace M. Towner, C. Frank Reavis, M. E. Rhodes, Florian Lampert, Oscar E. Keller, Edward E. Browne, John M. Nelson, A. P. Nelson, M. Clyde Kelly, Henry E. Barbour, Joseph D. Beck, Royal C. Johnson, L. J. Dickinson, John I. Nolan, Edward Voigt, Roy O. Woodruff, Louis C. Cramton, Phil D. Swing, W. Frank James, James A. Frear, John C. Ketcham, L. M. Gensman, Robert E. Evans."

In view of the fact that this bill may be sequeezed through the House notwithstanding its peculiar character and later meet with the fate it deserves in the Senate, I am submitting further testimony for the use of the latter body in case the eminent authorities at the other end of the Capitol should desire any arguments beyond good judgment that would seem to reject any sales tax now or at any other time when it is recognized that it violates every principle of taxing those according to their ability to pay and is based upon the necessities of the taxpayer placing the poorest consumer in the proud position of an equal taxpayer with Rockefeller who lives on shredded wheat and the simplest food.

I now quote from a speech of January 31, 1921, found in the RECORD of that date, and if by chance a portion of the testimony I have given should be repeated it will be unin-

tentional but may serve to further remind us of facts which may have been forgotten.

A portion of the discussion is given to a turnover sales tax, as well as the manufacturers' sale tax now before us, but the principle is the same, although the manufacturers with smaller pyramiding does not present all the difficulties and injustice of a turnover tax.

#### A WAR SALES TAX DURING PEACE

Propaganda for the passage of a consumption sales tax by Congress is vigorously being waged. The stakes are \$800,000,000 now paid from corporation excess profits that would then be shifted to the backs of 100,000,000 people, who must consume in order to live. Should this tax be shifted?

Mr. Frear. I desire to express the embarrassment of trying to discuss a question that ordinarily would take an hour and a half or two hours in the time allotted to me, which must be apparent to every Member of the House. We have a peculiar legislative situation in the House, that men can get recognition to speak only on general supply bills except by unanimous consent. When the supply bill is under discussion, objection is often made that we can not speak at that time on matters that are of the most vital imnot speak at that time on matters that are of the most vital importance to the Government but must confine our remarks to the

portance to the Government but must confine our remarks to the bill. Think of the absurdity of this position of an intelligent body of men acting here on behalf of their constituents and for the country under such circumstances. [Applause.]

Mr. Chairman, the proposition that I desire to discuss is one which proposes to repeal the present tax involving \$800,000,000 under the excess-profits tax, and imposing in lieu thereof a tax of \$1,000,000,000 by what is known as a sales tax known as the turnover sales tax. Every man in this House should be informed on that subject before he votes, and there is no way under heaven on that subject before he votes, and there is no way under heaven in which you can learn the facts except by some one digging into them and ascertaining what laws are in effect in other countries, and whether those laws have been effective or not.

I will say this briefly, that there have been several men here before the Ways and Means Committee, intelligent men, very able men, advocating the enactment of a general turnover sales tax, which, as you know, is imposed in Germany and in the Philippine Islands and in Mexico, the only three countries that impose it effectually. There they tax the sugar and tea and everything that they eat and drink on every turnover that may be had. The ablest body of men that has met in this country to consider this subject, known as the National Industrial Tax Board, has brought in a report showing how entirely objectionable that system would be for this country. The United States Chamber of Commerce, through its tax board, acting intelligently and weighing all the arguments, has brought in practically a similar report, which I will incorporate in my remarks.

Mr. Madden. Will the gentleman tell how many turnovers there

Mr. FREAR. I will. There are practically 9 turnovers in the case of cotton goods and woolen goods, 8 turnovers in the case of leather goods, and 7 or 8 in the case of steel—that is, from the original ore up to the time of the finished article. What applies to these articles applies with equal force to almost everything we use. In other words, this proposed tax of 1 cent on each turnover has to be applied from 5, 6, and 7 to 9 times.

But that is not the worst. You will find that in many cases

where the present tax on luxuries is imposed they have raised the price of the goods sometimes 400 per cent during the different

Mr. Chairman, our Government is facing an annual tax burden Mr. Chairman, our Government is tacing an annual tax ourden five times the size of its pre-war expenditures. During the recent war large receipts were had from excess-profits taxes on corporations and on personal income taxes due largely to the surtax. Congress now is facing a well-organized propaganda, based on assumed economic arguments, for the repeal of the excess-profits tax and for a reduction on income surtaxes. Another extensive, tax and for a reduction on income surfaxes. Another extensive, well-organized propaganda exists which demands the passage of a turnover consumption tax law with a sweeping tax on all necessaries of life, which bill is pressed for passage by Otto Kahn, Julius Bache, Myer Rothschild, and others who have appeared before the Ways and Means Committee urging a turnover sales tax. Practically no opposition arguments have been presented to the committee. mittee

Only limited study has been or can be given this vastly important subject by the average Representative in Congress, and I am not assuming to speak against a sales tax from the standpoint of a tax student or tax authority, but from the viewpoint of a lay-man and legislator whose responsibilities are equally due to the banker, broker, and bricklayer, the capitalist and cobbler, the financier and farmer, the manufacturer and machinist, the teacher and day laborer, all of whom to a greater or less degree will help pay the \$5,000,000,000 annual tax hereafter to be collected.

I desire to place before you the views of recognized tax students and authorities and shall intrude my own observations only briefly and for the purpose of calling attention to matters that have seemed to me worthy of consideration; but first as to the problems

before us.

Mr. Wilson of Louisiana. Will the gentleman yield? Mr. Frear. I yield to the gentleman. Mr. Wilson of Louisiana. Does the gentleman discuss also the final sales tax?

Mr. Frear I will say that the final sales tax has not been pressed upon the attention of the Ways and Means Committee,

for the reason that it brings in such a small income comparatively. We have what is called a final sales tax, of course, with the luxury tax to-day, but it is only a small producer of revenue. We need to raise a billion dollars or thereabouts by taxation to meet not only the repeal of the excess-profits tax, if we repeal that tax, but also to lower the surtaxes on personal incomes. That has been urged strongly, and it is something that may really have to be brought about, because to-day those who are paying high surtaxes are investing in tax-exempt securities.

Mr. Wilson of Louisiana. If you raised the same amount of money by a final sales tax, would not the final sales tax be just as objectionable?

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They pyramided each time there is a sale made, Mr. FREAR. Yes.

Mr. Frear. Yes. They pyramided each time there is a sale made, and it reaches an enormous amount of money.

Mr. McClintic. Mr. Chairman, I raise the point of order that the gentleman is not speaking to the question.

The Chairman. The point of order is overruled.

Mr. Frear. Of course, any Member can block the wheels in this House unless we pass a resolution to stop it. This is a most important proposition affecting the rivers and harbors bill. It deals with the raising of funds to provide for the rivers and harbors, to provide for the railroads to function, and to run every department of Government, a question which every one of us is interested in, and the gentleman ought to know that it is directly in point, and not subject to his point of order.

### CONSUMPTION SALES TAX AND SOLDIERS' BONUS BILL

Mr. Chairman, constant assaults on the excess-profits tax law from all directions indicate it is a friendless waif, not popular with those whose profits it has heretofore divided for the support with those whose profits it has heretofore divided for the support of Government and it also seems probable, judging from opposition expressed against any new form of tax, that no substitute will meet with general approval. One tax is insistently urged upon Congress in case the excess-profits tax law is repealed. It is known as a consumption turnover sales tax and was vigorously pressed on the Ways and Means Committee last session in an effort to make it part of the revenue plan that was to provide for financing the soldiers' bonus bill, which bill finally passed the House.

At that time, after a short but sharp contest, a Republican At that time, after a short but sharp contest, a Republican caucus rejected a sales-tax plan which in effect proposed to compel ex-service men to contribute through such tax to their own use. The measure was rejected as stated and other means of raising revenues were then adopted. The head of the same consumption sales-tax plan has again been raised, and it is now financed by large interests that seek to escape their full share of taxation. Ex-service men and women and every other man and woman in the country are to be called upon to contribute to this sales tax, although no return is now offered them directly or indirectly.

### WHAT IS A TURNOVER CONSUMPTION TAX?

It is a reminder of the small boy's description of a toothache, "an abomination in the eyes of the Lord that does no man good." However, a consumption turnover tax will do everybody—good and plenty. It is a tax levied on every pound of sugar, salt, and starch that goes into family use from the growing of the sugar beets to its purchase at the store, on every pound of flour and other food, on every pound of meat from the farm to the packer and back again, on every pound of tea or coal, on every garment from the hat down to shoes and stockings, or, like an old-time description of a tariff bill, it is a tax from the cradle old-time description of a tariff bill, it is a tax from the cradle to the coffin. Every sale of wood from the owner to the logger, to the milliman, to the cradle or coffin factory, to the wholesaler, to the retailer, and finally to the customer who pays the tax on every turnover with several times added for good measure, until the actual cost and actual tax join in a free-for-all price raising for the 105,000,000 consumers who will pay an equal share of the increase. The wealthiest and poorest will never the same tax

actual cost and actual tax join in a free-for-all price raising for the 105,000,000 consumers who will pay an equal share of the increase. The wealthiest and poorest will pay the same tax, because a turnover sales tax plays no favorites from Vanderbilt to the humblest beggar when both must eat or starve.

During 1918, one person in this country paid on an annual income of over \$5,000,000, two on between \$4,000,000 and \$5,000,000, 11 on between \$2,000,000 and \$3,000,000, 49 on between \$1,000,000 and \$2,000,000, and 179 others on incomes between \$500,000 and \$1,000,000. Under a turnover tax these people would turn over the same amount of tax for the same food, drink, and wear, as the poorest in the land. Fraud in omitting to report sales, which will be general, would penalize only the consumer. Administration by the Government would become a hopeless task, judging from past experience, when every seller levies the tax with a generous margin on the goods sold whether the tax is reported or not. It is neither a just, equitable, nor enforceable tax, and I desire to present proof of these charges against the criminal at the bar—a turnover consumption tax.

Let me place before you the best thought of the country that unqualifiedly condemns and convicts a sales tax and present some facts which are not based on theories but comes from men whose judgment we may well respect.

judgment we may well respect.

First. I will give the conclusions of the leading economic-tax investigation that has taken place since the war. The body making this report is not composed of farmers, laboring men, or others who would unanimously condemn a sales tax if given opportunity to do so. The National Industrial Conference Board is composed of 25 affiliated industrial organizations representing cotton, woolen, metal, boot and shoe, pig iron, and others that have a capital invested of several billions of dollars, in the aggregate,

and employ several million men. No organization can speak with more force from the standpoint of national industry or aided by better expert advice. Other high authorities will be found to sustain the industrial board's findings.

Second. The arguments and influences now urging a consump-

tion turnover tax will be presented.

Third. Testimony of individual tax experts opposed to a sales tax will be offered, men whose judgment is of great value in solving the greatest tax problem that ever confronted this Government in time of peace.

REPORT OF TAX COMMITTEE, NATIONAL INDUSTRIAL BOARD

Mr. Chairman, I quote first from a report of the tax committee of the National Industrial Conference Board on the Federal tax problem, December, 1920. The report says:

"Various advocates of a general turnover tax estimate that a 1 per cent tax on all turnovers would produce from \$1,500,000,000 to \$5,000,000,000. If the tax is limited to 1 per cent on the turnover of goods, wares, and merchandise alone, the estimates go down as low as \$750,000,000. down as low as \$750,000,000. \* \* \* It has been suggested that bankers, brokers, and commission men should be taxed not on their sales but on their commissions or gross profits."

If a 1 per cent turnover tax were imposed upon each step in the cotton, leather, and steel business, it would carry separate tax

on each of the following turnovers, according to the report:

" Cotton

- 1. Raw cotton to gin.
- "2. Gin to spinner.
- "3. Spinner to mercerizer. 4. Mercerizer to dver.
- "5. Dyer to weaver
- "6. Weaver to finisher.
  "7. Finished cloth to wholesaler.
- Wholesaler to retailer.
- "9. Retailer to customer.
- " Leather
- "1. Farmer to cattle buyer.
- "2. Buyer to hide dealer.
  "3. Hides to tanner.
- "4. Tanner to leather merchant.
- "5. Leather merchant to shoe manufacturer.
- "6. Shoe manufacturer to jobber.
- Jobber to retailer.
- "8. Retailer to customer.

# " Steel

Iron ore to smelter.

- Smelter to manufacturer of ingots.

  Manufacturer of ingots to manufacturer at rolling mill. " 3.
- Steel manufacturer to tool manufacturer.
- " 5. "5. Tool manufacturer to wholesaler.
  "6. Wholesaler to retailer.
  "7. Retailer to customer."

These steps may be enlarged and the 1 per cent tax on each tax may be doubled and quadrupled, as illustrations later quoted will disclose.

### THE TURNOVER SALES TAX

[From report of tax committee of the National Industrial Conference Board]

"1. The advocates of such a tax claim that it will in nearly every instance be shifted. If so, the tax could not be defended upon the grounds of social justice, because it would then fall with a force unequal to their ability to pay upon those least able to bear the burden. It would, in fact, be 'a tax against the living

wage.'

"2. It is claimed by the proponents of such a tax that not only will it generally be shifted but that the exact amount of the tax would be passed on to the consumer. What ground is there for the assertion that a turnover tax imposed on each of many transactions all the way to the raw material will not be loaded just as often as a specific tax of a fixed and known amount? If \$1,500,-000,000 or \$3,000,000,000 should be collected from a sales tax levied

on each turnover, would not this amount be loaded heavily?

"3. From the business point of view the uncertainty as to whether the (sales) tax would be shifted is most serious. The committee can not accept as conclusive the assertion that this tax would be passed on or that in the cases in which it was not passed on the tax is so small that the effect would be slight. A 1 per cent tax on sales would in many cases be more than a tax of 30

cent tax on sales would in many cases be more than a tax of 30 per cent or even 50 per cent of net income. If any great proportion of the billion or more dollars which is to be raised by such a tax would have to be paid by business which could not pass it on, the result would be widespread ruin and disaster.

"4. Whether or not the tax could be shifted, it would tend to encourage changes in business practices which are not in accordance with the economic development of the country. Many classes of so-called middlemen who perform a service which is well worth what it costs would be driven out of business. Devices to get around the tax through the avoidance of technical sales would be multiplied. multiplied.

"5. In cases where it is not shifted in its entirety, a tax imposed upon all sales or upon the turnover of a business becomes to that extent a tax on gross income.

"The inequity of a tax turnover on gross income as between a business which turns its capital once in several years and another which turns its capital several times a year, provided the tax can not be shifted, is too great to be borne.

"6. The advantage which a business enterprise carrying on several consecutive processes in the manufacture or distribution of a commodity would have over other enterprises which were not so self-contained, due to the pyramiding effect of a sales tax at each turnover, is little realized until concrete cases are examined and compared, as has been done by the committee."

After illustrating seven turnover taxes from iron ore to the fin-ished steel tool the committee's conclusion is reached: "In cases

in which the taxes could not be shifted a pyramided tax might often prove ruinous."

"7. No dependable calculations have been submitted by its proponents as to the amount of revenue which such a tax would produce. Estimates by different parties range from \$5,000,000,000 down to \$1,500,000,000 for a 1 per cent tax on all turnovers and down to \$750,000,000 for a 1 per cent tax on the turnover of goods, down to \$750,000,000 for a 1 per cent tax on the turnover of goods, wares, and merchandise alone. It is suggested that bankers and brokers should be taxed not on their sales but on their commissions or gross profits. If this is so, why should a wholesaler whose gross profit on each individual sale may not be larger than the banker's pay a tax on his entire sales? (Who suggested?)

"8. The administrative difficulties involved in a turnover sales tax are but little appreciated by those who have not had close practical experience with the administration of a tax national in its score. The administration of such a tax would raise serious

its scope. The administration of such a tax would raise serious problems, and the number of taxpayers would be so greatly in-creased that it would probably be difficult to prevent wholesale

evasions.

9. It would be economically unsound.

"10. While the committee has not allowed political expediency to influence its conclusions, political opposition to a sales tax must be given serious consideration."

The foregoing are brief extracts from findings of a committee of experts representing the greatest industrial organization in the country. It is notable that eight reasons are given why a sales tax would injure or destroy different manufacturing interests and two reasons are given as to its unsoundness economically and

REPORT OF THE SPECIAL COMMITTEE ON TAXATION OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

It would seem that no careful legislator will be deluded by the arguments of a handful of financially interested advocates of a turnover sales tax, and the objections already presented are unanswerable; but another organization, the Chamber of Commerce of the United States, has aimed to give the same service to Congress on the same vitally important tax problem, and through its committee of nine tax authorities has also announced its findings on a turnover sales tax. The report of its committee against this tax is unanimous. I quote at some length because of the recognized high standing of this country-wide commercial organization:

# "A CONSUMPTION TAX-DIFFICULTY OF ADMINISTRATION

"Various arguments have been brought forward in support of a sales tax, but in the opinion of the committee these arguments are overcome by important objections to any attempt to use such a source for Federal revenues. In the first place, the application of any of these taxes and its successful administration would not of any of these taxes and its successful administration would not be so simple as is often supposed. In declining markets and under conditions of close competition turnover taxes would frequently have to be borne by the seller, and in many instances might for him be an added cause of loss. Even if passed on through addition to the price paid by the buyer, it would almost inevitably be pyramided, causing material increases in many prices paid by consumers.

"RUINOUS EFFECT OF PRICE PYRAMIDING

"There are still more fundamental considerations weighing against such a tax. One of the objections to the excess-profits tax would apply with added force; this is uncertainty in yield of revenues, for gross sales fluctuate more widely than net income. If any form of turnover tax were imposed it would result in advantages for large industrial undertakings which begin their processes with raw materials and carry them through to the finished product; such integrated industries would be subject to the tax but once whereas their smaller competitors acquiring tax but once, whereas their smaller competitors, acquiring materials from independent sources, would have the tax in their prices several times and probably increased in effect through pyramiding. Finished articles imported from abroad would have a similar advantage over domestic manufactures.

"REPUDIATES PRINCIPLE OF TAXING ACCORDING TO ABILITY TO PAY

"Perhaps the greatest inequity, however, would appear in the proportionate results of any of the taxes here under consideration upon the person with small income as compared with the person of large income. At the bottom of the economic scale are person of large income. At the bottom of the economic scale are persons whose income barely suffices to provide them with necessities of the poorest quality and in the smallest amount, and at the other end of the scale are persons whose expenditures for necessities, no matter how large, represent but a fraction of their income. Any tax falling upon general expenditures is consequently disproportionately heavier for persons of smaller incomes as compared with persons of larger incomes. To the extent sales taxes of the sorts that have been suggested were used as a general source of revenue there would be a departure from the principal source of revenue there would be a departure from the principal source of revenue there would be a departure from the principal source of revenue there would be a departure from the principal source of revenue there would be a departure from the principal source of revenue there would be a departure from the principal source of revenue there would be a departure from the principal source of the eral source of revenue there would be a departure from the principle that taxes should be levied in accordance with ability to pay. " OF DOUBTFUL LEGALITY

"Finally there would seem to be legal difficulties in the way of a general sales tax. Opinions handed down by the Supreme Court

in March and June of this year make it clear that such a tax is not authorized by the income-tax amendment to the Constitution. Whether or not it would be held by the courts to be an indirect tax is uncertain; if it were held to be a direct tax, it would, under the Constitution, have to be apportioned among the States in accordance with their population, an obviously impracticable procedure. Reliance for revenues in large amount should not in any event be placed upon a tax regarding the legality of which there is doubt."

#### MEN WHOSE REPORTS CARRY WEIGHT

The character of the National Industrial Board tax committee. that prepared a long, comprehensive report, may be ascertained from the following personnel:

"F. R. Plumb, chairman, Philadelphia.

"C. A. Andrews, Gloucester, Mass.
"J. A. Emory, Washington.
"R. C. Allen, Cleveland.

"Wilson Compton, secretary N. L. M. Association.
"F. W. Lehmann, Kansas City.
"H. C. McKenzie, Walton, N. Y.
"M. W. Alexander, New York City.
"A. G. Duncan, Boston.
"B. P. Haggard, Gardinan, Mc

"R. P. Hazzard, Gardiner, Me

"Paul Armitage, New York City. "J. J. Forstall, Chicago.

"L. F. Loree, New York City.
"H. H. Smith, Tulsa, Okla."

The committee that signs the tax report for the Chamber of Commerce of the United States is—

"R. G. Rhett, chairman, Charleston, S. C.

"Arthur Anderson, Chicago.
"J. H. Gray, Northfield, Minn.

"J. L. Laughlin, Boston.
"T. B. Stearns, Denver.
"R. G. Eiliott, Chicago.

"F. R. Fairchild, New Haven.

"J. I. Straus, New York City.

" E. W. Stix, St. Louis."

The importance of interests represented and ability of these men will not be questioned by anyone who examines their respective reports.

Mr. Chairman, it must be kept in mind that these business Mr. Chairman, it must be kept in mind that these business interests are acting for their own protection because of the uncertain character of a turnover consumption tax. When it does not shift, it threatens the industry compelled to pay it; and when it shifts to the consumer, he is unjustly compelled to pay a tax now paid out of corporations' excess profits.

The authorities quoted will carry weight to most minds of the absolute danger attending a turnover consumption tax.

### EXPERTS WHO CAN BEST TESTIFY

Another list of authorities can be quoted whose names are They consist of the farmers, clerks, skilled and common labor, housewives, and others not enumerated, who are glad to earn enough to get food and clothes and to give their children a common-school education. They are the ones who will be called upon to pay 90 per cent and over of the proposed consumption taxes now paid by corporation excess profits and high supertaxes on personal incomes.

Any advocate of average intelligence can safely take his case to this class of experts and secure a verdict against a turnover consumption tax nine times out of ten, either in a judicial, legislative, or political forum, and the tax, if passed, will be tried out without doubt by the last-named court, and the one of last resort the people at the first opportunity given to register their disapproval at the polls.

### WHOM DOES CONGRESS CONSULT IN REVENUE LEGISLATION?

Presumably no more reliable adviser for Congress on revenues exists than the Secretary of the Treasury, whose duty it is to properly and economically collect revenues and carry on the fiscal policy of the Government. He has for his advisers Government tax experts and men of nation-wide reputation without private or personal ends to protect or advance. He is concerned in both revenue to be obtained and method of administration. In his 1920 annual report Secretary Houston condemns a proposed sales tax, as follows (p. 28):

tax, as follows (p. 28):

"In the Treasurer's opinion there are many grave objections to a sales tax. Further consideration of the subject has convinced me that a general sales or turnover tax is altogether inexpedient. It would apply not only to the necessities of life—the food and clothing of the very poor—but it would similarly raise the prices of the materials and equipment used in agriculture and manufactures. It would confer in effect a substantial bounty upon large corporate combinations and place at corresponding disadvantage the smaller or disassociated industries which carry on separately the business operations that in many combinations and trusts are united under one ownership. The group of independent producers the business operations that in many combinations and trusts are united under one ownership. The group of independent producers would pay several taxes, the combinations would pay only one tax. Finally, it would add a heavy administrative load to the Bureau of Internal Revenue which \* \* \* is already near the limit of its capacity. Simplification of the tax laws and restriction rather than extension of its scope are as important from the tax and the tax laws and tax laws an standpoint of successful administration as from that of the taxpayers' interests."

### ADMINISTRATION OF A GENERAL SALES TAX

Mr. Adams, a Treasury income-tax expert, says on this point

In the Ways and Means Committee hearings:

"If you have the income tax with all the necessary difficulties and you have the corporation tax with all its necessary difficulties and you have the principal present consumption taxes, it is going to be a dangerous thing from an administrative standpoint to add a general sales tax, which will bring in possibly a million new taxa general sales tax, which will bring in possibly a million new taxpayers to take care of, together with all the added complications
of a new and nation-wide tax \* \* \* (p. 23)."

His replies to questions of administration are illuminating:

"Mr. Frear. How many employees does the Treasury Department
have engaged in this particular work (collecting taxes)?

"Doctor Anams. I shall have to ask you to let me put that figure
in the record (these figures, p. 36, show 18,440 employees).

"Mr. Frear. What would be the number of employees required
mediation to cover the final sales tax in checking up?

in addition to cover the final sales tax in checking up?
"Doctor Anams. That depends entirely upon the accuracy with which these reports were checked. You can simply put a sales tax on the statute books and leave it to enforce itself, and it doesn't require very much force to handle it.

"Mr. Frear. But you spoke yesterday of the different forms, and that is my reason for going back to it.
"Doctor Adams. And that ought not be done. We are experiencing a perfectly enormous amount of evasion with respect to some sales taxes, such as are imposed by section 630, the sodafountain drinks and taxes of that kind, because we haven't got an adequate force to check them up and supervise them."

### A 100 PER CENT INCREASED PRICE FOR SOFT DRINKS

It is certain that a 1 per cent turnover sales tax would be pyramided, so that in a half dozen or 10 turnovers the padded price in each turnover sale would make a ballooning of prices as wild in character and as burdensome in effect as were war-time

prices. Two or three illustrations are readily available.

During a hearing before the Ways and Mear's Committee December 21, Senator Hardwick, now Governor of Georgia, was discussing the effect of a luxury tax on soft drinks, when the following facts

were developed:

"Mr. HARDWICK. Bottled goods that have a standard and uni-"Mr. Hardwick. Bottled goods that have a standard and uniform price throughout the country of 5 cents were immediately increased to the consumer (after levying of a 1 per cent luxury tax or one-half cent tax on 5-cent sale) until the article that formerly sold at 5 cents cost the consumer 7 to 10 cents \* \* \*.

"Mr. Frear. Wouldn't that apply, Senator, to the sales tax or-dinarily; that is, without relation to the exact tax which the seller will be obliged to pay? He will place upon goods a price that will

make even change.
"Mr. Hardwick. I have no doubt in my own mind, speaking personally, that that is true, and I understand that the gentleman who presented the matter to your committee yesterday admitted that when that is passed on, ultimately, it always gains a little, like the snowball going downhill in wintertime \* \* \* (p. 135). like the snowball going downhill in wintertime \* \* \* (p. 135).

"Mr. Frear. You say that these soft drinks were formerly sold

for 5 cents?

"Mr. Hardwick. Yes, sir.
"Mr. Frear. Then what tax was added by Congress?

"Mr. Hardwick. Ten per cent.
"Mr. Frear. Then the same soft drinks were sold for 10 cents?
"Mr. Hardwick. They were sold at from 6 and 7 to 10 cents.

"Mr. Frear. In that case they added ten times the tax did they not, if sold for 10 cents?

"Mr. Hardwick. Undoubtedly."

This increase of 100 per cent in price and 950 per cent tax increase is submitted of the workings of a sales tax.

### HOW IT WORKS NOW WITH CIGARS, 400 PER CENT TAX INCREASE

Equally to the point and almost as greatly padded is the proposed price of a cigar from 8 cents to 9 cents, because of a suggested increase in duty of \$2 a thousand, or one-fifth of a cent for each cigar. The following from the hearings of January 21 before the Ways and Means Committee illustrates the same evil:

"Mr. Longworth. How much would you add to cover that fifth of a cent (\$2 a thousand additional duty)?

Mr. Krauss. We have no medium of exchange for selling goods

at fifths of cents.
"Mr. Longworth. How much would it add per cigar? matter of fact, you would add 2 cents, would you not, or would you add a cent? How much would that add to the retail price? It would probably add 1 cent, so that there would be a profit of four-fifths of a cent to the cigar?

"Mr. Krauss. Not to the manufacturer; probably to the dealer.

"Mr. Longworth. If the duty was added, that would be onefifth of a cent for each cigar. According to you that would add
1 cent to the selling price to the consumer, or make a net additional profit of four-fifths of a cent?

"Mr. Washington to the consumer of the constant of the consumer."

Mr. Krauss. Yes; provided you have those units to work with.
Mr. Longworth. \* \* And you say that would add 2 cents "Mr. LONGWORTH.

to the cost of a cigar?

"Mr. Krauss. I did not say 2 cents, I said probably 1 cent, be-

Mr. Chairman, that principle could be and undoubtedly would be applied to every turnover sales tax where the amount of tax was too small to have any other "intermediate method of exchange."

It must be remembered that the soft-drink and cigar tax was not levied until the sale was made by the wholesaler or retailer to the customer, and these sales did not involve more than two

turnovers with only one tax, whereas the proposed turnover sales tax sought to be enacted into law would mean a tax levied and collected on from 8 to 10 turnovers in some instances, as have been heretofore disclosed.

been heretofore disclosed.

Nothing need be added by way of argument to show how vicious and mischievous a turnover sales tax is certain to be when nothing prevents the cupidity of the seller, on the one hand, from taking advantage of the necessity or ignorance of the consumer, on the other, with a well-founded possibility that wholesale evasions of the tax or neglect to report will ensue, as stated in findings of the National Industrial Board's committee.

TAXING AND PADDING FROM PRODUCER TO CONSUMER 400 PER CENT INCREASE

Only one further illustration will be offered. When the railway Only one further illustration will be offered. When the railway bill was before Congress last session, Director General Hines stated that an increase of \$875,000,000 in freight rates would mean an increase to the consumer of \$4,375,000,000, or 400 per cent increase, because, as stated by Chairman Woolley, of the Interstate Commerce Commission, "The shipper passes this along to the consumer and on back to the producer of the raw material, who has to stand the cost of transportation."

The effect of increased freight rates that has served to prevent any reduction of ordinary commodities to prevent the standard consumer and consumer and on the cost of transportation."

any reduction of ordinary commodities to pre-war prices from a riot of padding and ballooning of prices is also made possible in a sales tax under the beneficent consumption turnover tax plan.

SALES TAX LAWS, WHERE AND HOW ENFORCED TO-DAY

Without attempting to set forth specific terms or scope of existing sales tax laws it is noted that—

Canada's sales tax law of 1915 (assented to July 1, 1920) provides for a tax on banking and negotiable instruments. The tax is laid on final sales of various luxuries and on high-priced wearing apparel not ordinarily worn by 10 per cent of the people with a minimum price fixed by law above which the tax applies. A tax also is collected on goods sold by wholesalers and jobbers, but not on plain foodstuffs.

not on plain foodstuffs.

The French turnover tax (1920) applies to luxuries set forth in Schedules A and B of the law as distinguished from necessities and is much like the Canadian law, in that it does not reach necessary foodstuffs. The French law was passed by a government with less than one-third the estimated wealth of our own and with a national debt of \$35,000,000,000, or double our own after crediting foreign loans. Its sales tax law, enacted to meet a critical national financial emergency, has been in force less than one year but actual receipts have only receiped about less than one year, but actual receipts have only reached about 47 per cent of those estimated by its advocates when the law was passed. Due to many exemptions and presumable difficulty in administration, Canadian receipts from the sales tax in that country are in like manner disappointing.

The Philippine, 1917, Mexican, 1906, and German, 1920, turnover taxes should each and all delight the hearts of Messrs. Kahn,

Bache, and Rothschild, leading exponents of the tax here, although the gentlemen named have not found any of these countries sufficiently attractive to renounce citizenship or residence in the United States because of more agreeable tax laws to be found

elsewhere.

The Philippine tax has been pointed to as a model for the United States. Industries in the Philippines are largely found in or around its one large city, Manila, and due to isolation of the islands the law is not difficult to administer. This turnover sales tax is a relic of the old Spanish régime, and the tax was also laid by Spain on Mexico. It is a legacy from a government that notably failed in its cruel administration in both these countries, and curiously enough no law of the kind is in effect in Spain. I quote hereafter as to the Philippine and Mexican methods of administration, if to be applied here, based on statement of H. B. Fernald, of New York City, before the industrial tax board (p. 66, hearings). The Philippine tax has been pointed to as a model for the

board (p. 66, hearings).

It is also noteworthy that a statement from Martin R. Browne, It is also noteworthy that a statement from Martin R. Browne, of New York, urging the Philippine sales tax on Congress claims the same rate of tax which raises \$7,000,000, or \$1 per capita, in the Philippines will raise \$2,000,000,000, or \$20 per capita, in the United States. In view of the further argument that a sales tax is practically a poll tax based on consumption of each tax-payer, the effect of the argument is clear that the American citizen will pay twenty times as much as the Filipino under the same kind of tax.

Germany's turnover tax law approaches the ideal tax nictured.

Germany's turnover tax law approaches the ideal tax pictured by advocates of the system. Its name there, "umsatzsteuer-gesetz," comprehends several turnovers at the outset. The law gesetz," comprehends several turnovers at the outset. The law levies turnover taxes on sales, both wholesale and retail, but its exemptions thoughtfully cover a number of banking transactions, including exchanges of banknotes, paper money, etc., which exemptions would presumably be urged by "experts" for any law enacted here

A tax of  $1\frac{1}{2}$  per cent on necessaries, 15 per cent on sales classed s luxuries, and 10 per cent on all advertisements not connected with public elections in Germany contribute toward the \$57,000,000,000 indemnity burden recently levied by Great Britain, France, and Belgium on a defeated foe, but why should Messrs. Kahn, Bache, Rothschild, or Goldsmith, its advocates here, collect their pound of flesh from the American laborer, whose needs are to be

pound of nesh from the American laborer, whose needs are to be substituted for excess-profits taxes just because that tax is yielded up in Germany through force of arms?

England has repudiated any turnover tax sales law, root or branch. Canada and France are conducting very limited experiments with luxury taxes that are disappointing and irritating in administration and revenue.

The only turnover sales tax laws in governments of comparative importance are found in Mexico and Germany, where the iron hand of revolution has turned over governments and ruthlessly imposed turnover taxes as one of the chief fruits of revolution.

Do we want such laws for the United States? If so, why?

### WHO IS PUSHING A SALES TAX?

Let us now examine the "experts" and authorities (?) who are pressing a turnover sales tax on Congress. Singularly none of the 20 members of the tax committees representing two of the largest commercial organizations in the country were called before the Ways and Means Committee to give us the benefit of their study and investigations, nor do these important reports appear anywhere in the hearings, nor has any reference

reports appear anywhere in the hearings, nor has any reference been made to them to my knowledge.

Practically the only witnesses who have appeared before the Ways and Means Committee, aside from Doctor Adams, of the Treasury Department, are Julius Bache, a banker and broker, New York City; Otto Kahn, a banker and broker, New York City; and Meyer Rothschild, also from New York City; although Mr. Klein and Mr. Goldsmith, "accountants," also appear on different the search of the content of the cont

Mr. Klein and Mr. Goldsmith, "accountants," also appear on different phases of the income tax law as it affects their clients.

Few men realize the amount of money that is involved in the propaganda to enact a turnover sales tax that is being sent out. One of the letters that I have says that 300,000 copies of the pamphlet of Mr. Bache's are being printed, as stated. Mr. Bache and Mr. Rothschild are taking part in the propaganda advocating a turnover sales tax. Why? To relieve themselves and their associates from the excess-profits tax which they are paying and from the surtax on their personal incomes.

Mr. LINTHICUM. Will the gentleman yield?

Mr. Frear. I will.

Mr. FREAR. I will.
Mr. Linthicum. Where does the gentleman get the information that Mr. Bache is advocating the turnover tax in order to get rid of the excess-profits tax?

Mr. Frear. If the gentleman will do me the honor to read my remarks in the Record, he will find that he specifically says so. I have a number of documents on my desk to that effect.

Mr. Linthicum. I think the gentleman is making a rash state-

ment.

Mr. FREAR. Not so rash as the gentleman may believe. Mr. Freer. Not so rash as the gentleman may believe. Mr. Bache, when asked by the Industrial National Board Committee on Taxation, "How can you lower the consumption tax?" said, in effect, "By not consuming." The people of the United States are to be invited not to eat, not to wear clothes, in order not to pay the taxes he would have levied. He says, in effect, that 11 months of the year the average taxpayer is spending his time trying to deduce to the says. ing to dodge taxes. He says of Congress that we are subject to the influences of those who confuse the issue for us. Only Bache and a few others of that type are able to determine difficult taxation questions, according to his views. Let me read briefly from his "review," of which 300,000 copies were printed by an ardent admirer. He says:

admirer. He says:

"To continue to raise this amount (four to five billion dollars per year) by excess-profits taxes and heavy income taxes means the complete elimination, in our opinion, of the resources of the investors upon whom this country and its enterprises have been dependent. \* \* Yet merchants have had to pay out of either income taxes or excess-profits taxes practically all that they have earned over their living expenses. \* \* An economic tax should be substituted. There is only one way to escape this and that is through a tax on sales, in which every citizen of the United States as well as any foreigner who may live within our shores will pay equally toward the expenses of the Government."

I could quote many other equally happy thoughts suggested by

I could quote many other equally happy thoughts suggested by

Mr. Bache.

Another peculiar circumstance lies in the enormous propaganda for a turnover consumption tax, which has been testified to before our committee by Bache and Rothschild and is evidenced by a constant deluge of addresses and pamphlets from Bache, Kahn, and Rothschild in favor of this tax.

For illustration, a letter from the International Tag Co., Chi-

For illustration, a letter from the International Tag Co., Chicago, dated January 6, 1921, says of a pamphlet issued by Bache: "We—the International Tag Co.—have reprinted and distributed more than 300,000 of them among business men all over the United States." As I am personally compelled to pay for these remarks, I do not feel able to print over 1 per cent of the number of Bache's pamphlet sent out by the tag company alone. With their great financial connections and well-known methods of propaganda it may be assumed that the costs of financing this consumption-tax propaganda is unward of \$1,000,000, the esticonsumption-tax propaganda is upward of \$1,000,000, the estimate of an older member of the Ways and Means Committee. Such an investment will give a hundredfold return to wealthy interests concerned if a turnover consumption tax can be substituted for the present excess-profits tax.

# DISCREDITED "EXPERTS" FAVOR A SALES TAX

Another peculiar fact is that Bache, Kahn, and Rothschild all urged their proposed turnover consumption tax before the National Industrial Conference held in New York City last October, and they were practically the only advocates of that tax there, and they were emphatically turned down, as shown by the com-

mittee report heretofore quoted.

In view of the fact that this is the most important revenue measure ever presented to Congress in times of peace, I repeat that it is strange that the discredited "experts," who may not be experts, who were repudiated by the New York conference of 25

industrial associations, have been practically the only men called before our committee to advise Congress on this vastly important revenue measure

Where were Plum, Andrews, Zoller, McKenzie, Howard, and Seligman, the last-named a tax expert of international reputation, Seligman, the last-named a tax expert of international reputation, whereas Bache and Kahn are only New York bankers and stock-brokers who desire to shift their taxes to the shoulders of the multitude? They are not even business men in the broad sense of employing labor.

These New York bankers, brokers, and accountants have appeared before the Ways and Means Committee for the purpose of preventing our feet from going astray. Likewise they have circularized the country repeatedly with their views on excess-profits taxes, which they declare must be repealed, and for a consumption turnover sales tax enacted as a substitute. Due to the air of finality with which they pass upon the duties of Congress and on the "atmospheric" conditions at Washington, a few words are proper to determine the qualifications of these New York "experts" who assume to speak for the best interests of 105,000,000 people whom Congress represents. Criticisms of capabilities, motives, and influences in Congress have been freely indulged in by some of these self-appointed legislative experts and critics, according to propaganda at hand, so that it may be wise to inquire into the surrounding influences and expert knowledge of guides who would direct the feet of Congress in the tax wilderness.

### UNIQUE TRAINING OF SALES-TAX EXPERTS

First and foremost is Mr. Otto Kahn, banker and broker; a close First and foremost is Mr. Otto Kahn, banker and broker; a close second is Mr. Julius Simon Bache, same business; while Messrs. Kline, Rothschild, and Goldsmith, all from New York City, speak in general harmony and all work to the same end—to urge upon Congress the necessity of protecting New York bankers who have been vamped by the excess-profits tax and who see their regeneration only through a consumption sale tax law—consumption, because if enacted into law it will consume a large part of the scanty wasne of the 100,000,000 people who have no excess profits but means of the 100,000,000 people who have no excess profits but

means of the 100,000,000 people who have no excess profits but whom Congress also represents.

Singularly enough, Germany has no tax system comparable to Mr. Kahn's consumption-tax plan, while Great Britain, which he says has "a wise financial system," holds firmly onto its excessprofits tax. This tax Mr. Kahn wants repealed here, and yet England rejects a turnover sales tax, which he would saddle onto America, the country of his adoption in 1917.

A second tax authority appearing before the Ways and Means Committee, Mr. Jules Semon Bache, banker, began business many years ago with Leopold Cohen, another New York banker. Mr. Bache's disinterested judgment on tax matters will be appreciated from the fact that he is reported in the same Who's Who to be a director in the Cuba Distilling Co.; United States Industrial Alcohol Co.; Anniston City Land Co.; American Indemnity Co.; Empire Trust Co.; First Mortgage Guarantee Co.; International Banking Co.; St. Louis & Western Railroad Co., and so forth. In other words, Mr. Jules Semon Bache, banker, is a very busy man but finds a few spare minutes to tell Congress how to legislate, as I shall hereafter submit. The effect of repealing the excess profits law ought to save enormous profits to the various concerns Mr. Bache represents. Bache represents.

Messrs. Rothschild, Goldsmith, and Kline, from New York, are of the same tax "atmospheric" with Mr. Otto Kahn and Mr. Jules Semon Bache, and their efforts to direct Congress in their spare moments from business duties are entitled to weight proportionate to their disinterestedness and general knowledge of the subject. SEVERAL HUNDRED BUSINESS MEN VERSUS THESE SALES-TAX "EXPERTS"

Several hundred large business men have been before the Ways and Means Committee urging modification of the tariff during the past month. The number of men who have addressed us reaches over 500. These men represent hundreds of millions of dollars of business investments and employ hundreds of thousands of men. Every business man before us urged upon the committee the fact that he could compete with all other business men here or abroad if given reasonable tariff protection and could make reasonable profits. Not one complaint came from the hundreds of business men so testifying that they were prevented from doing business or unfairly affected by the excess-profits tax. Not one of these men suggested to the committee that a sales tax of any kind should be substituted for an excess-profits tax. The only men who have pressed these arguments on the committee were Kahn and Bache and Rothschild and Goldsmith, bankers and brokers and accountants of New York City, who toil not and neither do they spin, compared with the hundreds of manufacturers and other employers of hundreds of thousands of day laborers mentioned. over 500. These men represent hundreds of millions of dollars ers mentioned.

Keeping in mind that these last-named New York bankers and Keeping in mind that these last-named New York bankers and brokers are directly interested in shouldering the present excess-profits tax they pay from their own vaults over on the backs of the "people who pay the freight," let me quote their own arguments from the record.

Jules Semon Bache publishes the Bache Review, a weekly pamphlet, which on December 18, 1920, contained this statement cont breedeast throughout the accustory.

pamphiet, which on December 18, 1920, contained this statement sent broadcast throughout the country:

"The atmosphere of Washington is so thick with political misconceptions of things as they really are that it has become a matter of the greatest doubt whether anything sound or sensible can be put through Congress on its merits."

Bache says of his proposals to solve Treasury difficulties by refunding \$2,350,000,000 of certificates and Victory notes:

"So sane and sound a proposition as this was met immediately with befogging objections of politically saturated Congressmen who pleaded the old slogan about breaking faith with the people. \* \* \* It never seemed to have occurred to anyone that it would be easy to fund the whole debt in long-term higher-rate bonds."

Mr. Bache's funding scheme contemplated putting higher-rate Government bonds on the market.

Speaking of different hearings before the Ways and Means Committee, Bache says:

"The most practical and workable advice should go out \* \* \* from the best-informed, soundest, and ablest men, especially business men, who will look at the whole subject from the prac-

He continues:
"Mr. Fordney is the only one who has given out intelligence of

this character."
Which tribute to the chairman members of the committee do not resent, but Bache says further of Dr. Thomas S. Adams,

not resent, but Bache says further of Dr. Thomas S. Adams, Treasury expert:

"He calls himself a tax expert \* \* \*. His one object besides throwing dust in the eyes of the people on the question of a turnover tax is to find some complicated, difficult, and illogical substitute for the excess-profits tax."

This was written and circulated by Mr. Bache many weeks after he and his sales-tax proposal had been repudiated by the National Industrial Board Tax Committee. But banker and broker Bache finds a ray of hope notwithstanding Adam's attitude, because in his pamphlet he says:

finds a ray of hope notwithstanding Adam's attitude, because in his pamphlet he says:

"We understand that although Mr. Fordney stated openly that they would always have Professor Adams present in formulating the new bill, the members of the Ways and Means Committee state on the side that they are not going to pay any attention to him."

Having bombarded Doctor Adams with this 10-inch shell, fired in the name of the Ways and Means Committee, Herr Bache keeps up a machine-gun fire at the committee with other equally unreliable testimony.

up a machine-gun fire at the committee with other equally unreliable testimony.

"Expert" communications forwarded to Members of Congress from Mr. Bache are supplemented by his statement before the Ways and Means Committee December 17, 1920, from which I briefly quote regarding his proposed sales tax. He says:

"The purchaser does not pay it (the tax) in so much money, but it comes out of the purchase price. You can add it to your price or your bill, but unless the ultimate consumer pays the tax, it is not a sales tax \* \* \* (p. 86).

"It is not a perfect tax. Now, I am only a student. I do not know the tax. Nobody knows that has not seen it working.

\* \* It will be paid every month, with the least amount of difficulty in raising the money and making the least amount of trouble in a banking community."

difficulty in raising the money and making the least amount of trouble in a banking community."

Mr. Bache, however, disclaims protecting the New York banking community by loading their taxes on the farmers, laborers, and public generally, who would pay a consumption tax. He believes the consumers pay this tax to-day, because he says he shifts it through his business methods. A few words from the hearings are illuminating.

"Mr. Green. You spoke of making additions on account of the excess-profits tax. Where in the excess-profits tax would you make any corresponding reduction?"

"Mr. Rache Frenkly we did

"Mr. Bache. Frankly, we did not. I would like to explain that in justice to my company. We found that our estimates had been too low before.

"Mr. Green. Well, do you know of any company that did?" Mr. Bache. I can only speak of those on whose boards I sit (p. 90).

"Mr. Rainey. Taxation has been defined to be a method of getting the most feathers with the least squawking of the goose.
"Mr. Bache. I agree with that. The sales tax will do that. There is no tax in the world that will ever get so much money (p. 87). If you gentlemen decide that a turnover tax should be tried, and you initiate it at 1 per cent, and you raise \$4,000,000,000, you can simply redeem \$2,000,000,000 of our debt, and nobody will be very much prejudiced (p. 91).

"Mr. Hull. Your idea, then, is to base this tax and to base all taxes, as nearly as possible, on consumption?
"Mr. Bache. Yes, sir.
"Mr. Hull. So that if a ranchman or a herdsman out in the

West should consume more than Mr. Rockefeller, he would pay more taxes.

"Mr. Bache. Yes; if he is foolish enough to do it.
"Mr. Hull. You think that the theory to tax according to ability is unsound?

"Mr. Bache. It is unsound in this country \* \* \* (p. 93).

"Mr. Hull. The corporations made \$10,700,000,000 net for one year (the last three and one-half years).

"Mr. Bache. Yes; and you had war to make it for them.

"Mr. Hull. Do you know to what extent organizations are

being developed to propagandize its movement and secure the enactment of the (sales) tax?

"Mr. Bache. I can not say that I do. I have come in contact with a number of gentlemen in New York who are engaged with retail organizations who have committees. I know that the American Bankers' Association have appointed a special tax committee in connection with this tax (p. 95).

"Mr. Bacharach. You have spent a great deal of money your-

self? (p. 95).
"Mr. Bache. I have spent more than I can afford in view of

"Mr. Bache. I have spent more than I can afford in view of my taxes, because I am getting out of business and putting my money into municipal bonds as fast as I can" (p. 96).

Mr. Bache is not a philanthropist; he is living in America to enjoy its privileges, its schools, its laws, and its armies that saved his money from German indemnity. He does not intend to pay for them himself. He lives in luxury, makes money protected by our laws—a wealthy banker and broker—and he tells Congress he is placing all his money in tax-exempt bonds as fast as he can, so others may pay his just tax burdens. If ever a capital tax was others may pay his just tax burdens. If ever a capital tax was justified it appears to be found in the case of Jules Semon Bache, who wants a sales tax placed on the 100,000,000 people that make up the great mass of our population in order to save him the inconvenience of making out an excess-profits tax report and paying his share of taxes.

Mr. Bache has no sentiment or false pretenses to offer. He knows what he wants and is not backward in saying so. Although he stood practically alone among many tax experts and business men at the national industrial session in his extreme demands, he now lays down the law he wants enacted with a "me and Gott" now lays down the law he wants enacted with a "me and Gott" emphasis that speaks highly for his confidence in himself, as once did another gentleman now residing in Holland. Bache wants to escape all taxes, excepting on what he eats, drinks, and wears. With his wealth snugly tucked away in safe-keeping, he says, in effect, he will put every dollar in tax-exempt bonds unless we pass his sales tax and cut the surtax in two. This is his ultimatum, and, as stated, one admirer, a "tag" company, writes Congress it is so captivated by Bache's arguments that it has caused to be printed 300,000 copies of his pamphlet for circulation.

MT LAZERO Will the gentleman yield?

Mr. Lazaro. Will the gentleman yield? Mr. Frear. I will.

Mr. LAZARO. How much property is there not being taxed in the United States?

Mr. FREAR. If you accept the statement of Kahn, Rothschild, and Bache, they say the ultimate consumer eventually pays every dollar of the tax himself.

Mr. Lazaro. I am talking about the property that does not bear

taxation, property that is exempt from taxation.

Mr. Frear. The gentleman means exempt securities?

Mr. LAZARO. Yes.

Mr. Frear. I can not give the gentleman the exact amount, but it runs into the billions of dollars, four or five billion, and it might be more than that. The figures were given me by Mr. Leffingwell, and I will embody them in my remarks. Those are securities that gentlemen are investing in to-day who object to paying taxes, and by that investment they desire to avoid their fair share of the

Mr. Linthicum. The purchase by investors of tax-exempt secu-

Mr. Instruction. The particular by investors of tax-exempt securities is gradually reducing the returns of excess profits.

Mr. Frear Unquestionably, and that is one of the problems the committee will have to contend with. We have got to raise taxes in some way, and the question whether you are to impose it on every man, woman, and child, which would mean a head tax, or secure it from profits is an important question.

I offer the following data from committee hearings of March 11, 1920 (p. 491):

Assistant Secretary of the Treasury Leffingwell was questioned Assistant Secretary of the Treasury Leffingwell was questioned regarding outstanding stocks and bonds subject to investment. The purpose of the question was to ascertain what amount of securities were tax exempt and open to investment by those seeking to avoid personal-income taxes.

The data were confined by Mr. Leffingwell to United States securities and the data submitted, as of 1905, afford little information of conditions to-day. As evidence of its inaccuracy I submit a statement of railway securities in 1917 according to the 1920 World Almanac, as follows:

Almanac, as follows

Common stock, \$7,454,610,000; preferred stock, \$1,847,920,981. Mortgage bonds, \$9,227,374,055, amounting to approximately eighteen and one-half billion dollars. If other securities have increased proportionately, the amount of State, county, and municipal bonds have reached over \$4,000,000,000, apart from Government bonds that are exempt from taxation. If any accurate data have been compiled on the subject, it has not come to my notice. I quote from Mr. Leffingwell's statement:

"Mr. Frear. One other thing: Is there any place where an estimate can be found of general securities in addition to Government securities? Here are outside commercial securities representing \$100,000,000,000, possibly, and I ask whether there is any basis at all for estimating their amount or any authority to indicate the extent of such securities?

"Mr. Leffingwell. I imagine that the statisticians must have some figures as to the whole bulk of securities.

"Mr. Frear. Do you have anything on that which you would be willing to give? If so, just mention the authority, because it seems to me that is very material along this line—the estimated value of all securities on the market.

"Mr. LEFFINGWELL. I will see if I can get those data. I would not be able to give you anything that I can vouch for, because when statisticians take to making figures of that sort without a census they are bound to use figures that are not precisely accurate.

"Mr. Frear. But, anyway, give us some information if you can. "Mr. Leffingwell. Yes."

(The matter referred to follows:)

Par value of stock and bonds outstanding in the United States, 1905

	Stock		Bonds	
	Amount	Per cent of total	Amount	Per cent of total
United States bonds			\$895, 158, 340 227, 542, 863	6. 64
County and municipal bonds			2, 141, 437, 283	15. 87
Steam railways		31, 18	6, 024, 449, 023	44.60
Street railways.	1, 761, 571 812	8, 38	1, 455, 520, 159	10, 79
National banks	791, 567, 231	3.76		
Banks other than national	649, 080, 956	3, 09		
Manufactures		26. 27	1, 274, 347, 290	9.45
Mining, quarries, and oil		14. 19	314, 883, 914	2. 33
Electric light and power		2,00	305, 428, 923	2. 26
Gas plant	495, 859, 803	2, 36	271, 628, 581	2.01
Water and miscellaneous transpor-			005 400 050	
tation	370, 933, 893	1.76	235, 188, 850	1.74
Telegraph and telephone com-	559, 084, 526	2.66	195, 575, 666	1.45
Water-supply companies	144, 611, 346	. 69	114, 932, 525	. 85
Realty companies	411, 159, 555	1.96	12, 534, 000	.09
Insurance companies	104, 685, 963	.50	22,001,000	.00
Mercantile distributing companies.		1. 20	22, 331, 010	. 17
Total	21, 023, 392, 955	100.00	13, 490, 958, 427	100.00

Taken from Charles A. Conant's the World's Wealth in Negotiable Securities (Atlantic Monthly, January, 1908, p. 102).

On this point Mr. Bache says:
"You may amend your Constitution to make future municipal bonds tax bearing, but yau can not make past ones—I am not a lawyer—but you can not make the \$16,000,000,000, or whatever amount there is outstanding, to be taxed; and that is quite large enough to cover our large fortunes." (Page 97, Ways and Means Committee hearings.)

Mr. Bache has estimates of \$16,000,000,000, and he may be nearer the correct figures than those based on Leffingwell's data. In any event, Mr. Bache says, "It is quite large enough to cover our large fortunes," and that is the important question involved. In England they have even suggested a capital tax, and it has been contended for very strongly. That is one of the things that

we wish to avoid here.

Mr. Linthicum. Had we not better remove some of these

securities from taxation?

Mr. Frear. The only way that we can remove them would be by refunding bonds in the form of tax bonds, but beyond that we can only act by amendment to the Constitution, which seems to be the only way, in view of the opinion of the Supreme Court. It will take a long period to secure an amendment to the Constitution that will require all bonds to be subject to Federal taxation.

### "WHEN IS A TAX SHIFTED?" BY MR. ROTHSCHILD

Mr. Rothschild ran Kahn and Bache a close race in his testimony before the committee, as will appear from the record:

"Mr. Treadway. Where would the turnover tax go?

"Mr. Rothschild. On the consumer. \* \* \* (p. 108).

"Mr. Frear. Let us suppose competition is keen, then what hap-

'Mr. ROTHSCHILD. Then it is a question of price cutting and that would be regardless of tax.

"Mr. Frear And if there is no competition whatever, does it (excess-profits tax) form any element in price fixing?

"Mr. Rothschild. If there is no competition and its profits are large, it is very largely a question of the policy of the man. I understand lately there was a coal man who had not raised his prices during the war (Mr. Rothschild could not name this white blackbird). \* \* \*

"Mr. FREAR, Suppose that prices are falling, do merchants con-

tinue to add excess profits?

"Mr. Rothschild. When prices are falling, men save themselves, and the excess profits do not cut any more ice than the rent or other expenses. \* \* \*
"Mr. Frear. The question of efficiency and of expenditures in

every corporation differs?

"Mr. Rothschild. Yes, sir.

"Mr. Frear. Now, do you insist that the excess-profits tax during recent times has been an element in fixing the final cost in various lines of business?

"Mr. Rothschild. Yes, sir.
"Mr. Frear. Is it not a fact that many of these companies have Mr. FREAR. Is it not a fact that many of these companies have been giving out stock dividends reaching 50 per cent and more, and have they not been charging all the public will pay?

"Mr. ROTHSCHILD. Most of them (p. 112).

"Mr. FREAR. Mr. Rothschild, your theory is that the seller is going to add the sales tax when he charges the consumer?

"Mr. ROTHSCHILD. The wholesaler; the retailer will put it into his overlead.

his overhead.

"Mr. Frear. If there are 10 turnovers, there will be 10 people to sell, and they will add the tax in each instance?

"Mr. Rothschild. We will admit that because it is the worst case that could be made against us. It very often will not happen. But we will admit it.

"Mr. Frear. Now, on each one of these turnovers, do you believe that the seller is going to add only the tax in making his sale? Is he going to add the 1 per cent tax, or will he add 4 or 5 per cent additional?

Mr. Rothschild. That would depend upon his competitors.

ROTHSCHILD'S BIG PROPAGANDA

"Mr. GARNER. Now be honest with us. In your heart you would

"Mr. Garner. Now be honest with us. In your heart you would do it if you could (repeal the income tax)?

"Mr. Rothschild. In my heart I believe nearly every dollar of income tax is somehow or other paid through business operations.

" We are going out to the people of the United States and there is going to be a very big campaign to hold up our hands. We are going to have the chambers of commerce and the boards of trade of the United States discuss this question. Now, wherever I have been—and I have had the pleasure recently of talking to the Chambers of Commerce of Boston, Providence, and other places—the merchants almost unanimously favor this tax."

In a 31-page pamphlet furnished the Ways and Means Committee by Meyer Rothschild he says:
"My own personal view is that business, through the medium of a small turnover tax, could well pay the entire cost of economically running the Government, take care of the great national debt, and permit the dropping of all other kinds of Federal taxation. Such an exclusive tax would naturally eliminate the personal-income tax and relieve business from the burden of providing the additional interest dividends or profits which it must now furnish to

pay the income tax."

Quoting the effect of an indirect sales tax he says, page 12:

"It is safe to assume that in the past for every dollar the Government has collected, either as duty or imports or excise tax on liquor and tobacco, the consumer paid at least \$2 or 100 per cent profit on the duty or excise tax, which additional dollar the Government did not get."

According to Senator Hardwick, heretofore quoted, the increase

was ten times the Government tax on a single safe.

### MR. KAHN'S CONTRIBUTION TO THE CAUSE

Mr. Kahn also speaks from the standpoint of a banker and broker, whose annual income doubtlessly reaches far beyond the \$100,000 mark, possibly double that amount. He speaks from the viewpoint of Kuhn, Loeb & Co., of New York, his business house, who are charged in a recent pamphlet received by all Congressmen with having milked the Baltimore & Ohio Railroad out of \$27,-586,650. Letter dated Baltimore, December, 1920, from Isaac M.

Cote.

Mr. Kahn indulges in constant declamations as to his disinterestedness and advises his business associates to use a small stick rather than a bludgeon in driving Congress to drink at the turnover sales trough. Representing Kuhn, Loeb & Co., J. P. Morgan & Co., and other great financial interests, doubtless he voices their views to an amount reaching many millions of dollars in annual taxes, so it is well to quote from his utterances.

Mr. Kahn is a frequent public speaker—"speech for release," and so forth.

and so forth

and so forth.

In a public address, New York, January 12, 1921, printed on heavy calendered paper—"released for publication at 1 p. m. Wednesday, January 12, 1921"—sent to every Member of Congress, including Ways and Means Committee, he says:

"It is a matter for congratulation that the House Committee on Ways and Means \* \* is a very competent, well-informed, right-meaning, and level-headed body of men whose standard of ability and devotion to duty would rank high in any assembly, whether of politicians, business men, or men of any other calling."

This is not the judgment as heretofore quoted of his colaborer.

This is not the judgment as heretofore quoted of his colaborer, Bache, by several hundred miles. After passing on the qualifications of a committee for whose benefit this broad flattery was

forward by some of its advocates. \* \* as against a (single) tax on retail sales \* \* because I doubt whether a retail sales tax, even at a rate four or five times as high as the one-third per cent which I suggest for a turnover tax, would be adequately productive."

He now puts the camel's nose under the tent at one-third of 1 He now puts the camel's nose under the tent at one-third of 1 per cent, which will produce five times the amount of a retail tax, according to his contention. If one-fifth of a cent on cigars is increased five times to 1 cent and 5 cents on soft drinks to 10 cents in present sales, then the total turnover tax at a modest estimate would gain from 50 to 100 per cent in increased price.

In a New York address—"released for publication Monday, December 20, 1920"—Mr. Kahn says:

"As to the sales tax, I admit I have wabbled and wavered on this subject. Indeed, it has taken me a long time to bring myself into a state of assured equilibrium concerning it."

After describing his mental gymnastics, that would do credit to a Blondin of old, he says to the New York business men he is addressing:

is addressing:

"There is one further recommendation which I venture to make, namely, that the business community go slow in sponsoring any methods of taxation which may be calculated to create the impression upon the great body of public opinion that in their con-

tribution to the thought on tax revision the representatives of business are mainly concerned with conserving their own interests and aiming to curtail their due share of the fiscal burden

which the country must bear as a legacy of war."
Robbed of its verblage, Mr. Kahn says, in effect:
"Do not announce you are tax dodgers seeking to shift your tax load to the multitude, but when you demand a repeal of the excess-profits law and the enactment instead of a turnover con-

excess-profits law and the enactment instead of a turnover consumption tax, just use a strong anesthetic and a sharp knife for the surgical and grafting operation."

In a 41-page pamphlet (January, 1920) demanding the repeal of the excess-profits tax and enactment this time of a 1 per cent sales tax (p. 34), Mr. Kahn says (p. 22):

"Extravagance, logrolling, the unwise and inefficient expenditure of money by governmental bodies, count among the acknowledged foibles of democracy. The structure of our income-tax schedule encourages these foibles. \* \*

"By the opiate of such taxation, which apparently touches them but very little or not at all, the masses of the people are apt to be lulled into a sense of relative indifference to governmental wastefulness."

Then he proceeds to administer his own chloroform to prove that if these taxes are placed on the people direct, sometimes by a 1 per cent sales tax, sometimes by a one-third of 1 per cent tax, over which he wabbles and wavers, then the effect on the "masses of the people" who will pay the bills will be easier. In a tribute to big business and big business men Mr. Kahn says (n. 25):

says (p. 25): "No doubt "No doubt the prevailing apportionment of monetary reward is not free from defects, but there has been a steady and prois not free from defects, but there has been a steady and pro-nounced tendency and movement, especially within this genera-tion, toward mending such defects and remodeling inequitable conditions. Evolution and the irresistible powers which make for progress, enlightenment, and justice may be depended upon to continue and advance that process. There can be no turning

In the words of one Patrick Flarity, who yet remains un-

remodeled:

"Thems beautiful words."

### BRITISH AND AMERICAN TAXES

In his testimony before the Ways and Means Committee, December 21, 1920, Mr. Kahn further elucidates:
"Mr. Frear. Do they have the excess-profits tax (in Great

Britain) now?

"Mr. KAHN. Yes.

"Mr. FREAR. And according to the statement before me it reaches 80 per cent? "Mr. Kahn. Yes.

"Mr. FREAR. You speak of Great Britain as a 'wise financial country.' ('In England which has shown itself in finance a very wise country and has had in that field the largest experience of any country,' p. 15.) Do you think it would be well for us to adopt their plan, or, if not, do you think they should repeal their ss-profits tax?

"Mr. Kahn. I do not think it would be wise for us to adopt their plan ". The leaders of the English business communities, rather unwisely, in my opinion, said they would rather get along with the evils of the excess profits than have a high, flat, corporate tax imposed (p. 164).

"Mr. FREAR. Can you explain, Mr. Kahn, why Great Britain has

no sales tax?

"Mr. Kahn. \* \* They do not like novelties and experiment, especially in the field of finance and economics. .

"Mr. Frear. You would wipe out the excess-profits tax, that would bring \$800,000,000 (for 1922), and substitute a sales tax?
"Mr. Kahn. I would substitute for part the sales tax, and in part I would increase the corporation net-profit tax (p. 178).

"Mr. KAHN. On the sales tax I have wabbled and wavered (p.

When asked to make a radical departure in our methods of taxation and inaugurate a system nowhere in effect, on the scale proposed, in any country in the world, Congress and the country have a right to the unqualified approval of some recognized tax expert. That has not been given by any such expert to the Ways and Means Committee, but Messrs. Kahn, Bache, Rothschild, and Goldsmith have contented themselves as special pleaders for the bankers and big business interests that have hundreds of millions of dollars in taxes at stake.

True, Mr. Kahn has been before our committee and fitte around.

True, Mr. Kahn has been before our committee and flits around from one chamber of commerce to another throughout the country, expressing his carefully prepared views, but when before our committee, he confessed with an apparent effort at frankness and ingenuousness that he (Kahn) had "wabbled and wavered" on ne sales tax (p. 166). Before the industrial conference at New York he admitted he

still "wabbled and wavered" on a sales tax. (P. 90, industrial

committee hearings.)

"Indeed, I am not yet in a state of assured equilibrium," he adds in a communication to Congress (p. 25), and he continues that he, Kahn, a leader in the movement, has long "wabbled and wavered" on a sales tax.

In the most important act of his own career, choosing of citizenship, Mr. Kahn also "wabbled and wavered" from German to English, and finally in 1917 to declaring allegiance to America, and his first important act as a wabbling citizen is to try and lay on the backs of 100,000,000 American citizens a victous sales tax, that represents upward of \$800,000,000 annual excess-profits taxes which he asks to have shifted off from the annual profits of his clients and associates. his clients and associates.

#### THE SALES TAX VERSUS A HEAD TAX

Mr. Chairman, a short expeditious tax collection has been suggested by other authorities, that may yet be urged by Messrs. Kahn, Bache, Rothschild, and Goldsmith on Congress. It is much simpler than the excess-profits tax law, which causes these income authorities to spend sleepless nights in preparing tax reports. It will save them the necessity of investing their large incomes in tax-exempt securities in order to avoid the higher surtaxes. In fact, while it resembles a turnover sales tax, so ably defended by these gentlemen, in that it would reach every man, woman, and child through the food and clothing individually worn, yet it would save the objection of profiting and tax pyramiding which is a conceded evil of the turnover sales tax. It also reaches to the very base of fundamental taxation.

rery base of fundamental taxation.

It is urged Congress could reach the same result advocated by Messrs. Kahn, Bache, Rothschild, and Goldsmith and at the same time avoid a needless pyramiding turnover tax by enacting a poll or head tax. By transferring the \$1,000,000,000 of excess profits and surtaxes that now worries those obliged to pay such taxes over to a poll or head tax the tax could not be avoided by the taxpayer and collection annually would then be as easy as taking the census.

Messrs, Kahn, and Bache might urge it be provided by law that

Messrs. Kahn and Bache might urge it be provided by law that the head of the house would pay a tax levy of \$10 per head for each member of his family, based on the per capita share of each inhabitant who is now asked to shoulder the \$1,000,000,000 tax burden of the rich. If any tax was not promptly paid, it might hamper the Government to put the wage earner in jall; so, like the good old distress-for-debt practices in Germany and England, from which some of our modern sales-tax authorities spring, the law might seize a member of the family, say, one of the chilllaw might seize a member of the family, say, one of the children, who Bache says will not pay anyhow if it does not consume, and the wage earner would then be left free to earn the tax.

Take the case of Mr. Bland, a constituent of Congressman Small, with 26 children; his head tax of \$10 each would reach \$280, which would include himself and his wife. In the case of \$280, which would include himself and his wife. In the case of a constituent of my own, with 17 living children, he would only have to raise \$190, which would include himself and wife. Of course, these farmers are also paying local taxes on their farms for the support of their schools, local improvements, and State institutions, but they might put in a few extra hours daily in earning the extra tax that Messrs. Kahn, Bache, Rothschild, and Goldsmith would then have taken from their own shoulders, and thus we would avoid the need of a general pyramiding sales tax.

tax.

The system suggested would possess the additional virtue of having direct action, and that is what these New York bankers are seeking. True, Bland, the farmer, is probably working 14 hours a day already, while Kahn, Bache, and Rothschild have a minimum unwritten law of nearer four hours, and there may be other matters of detail that would arise, but, as Mr. Kahn well says, "No law is absolutely perfect." However, such a law would solve the mental struggles of excess-profits taxpayers and is well for them to consider as an alternative for the sales tax.

Of course, Congress would take an extended leave of absence after passing any such measure, and probably the next Congress, of different Members, might enact an extreme capital tax which would get more quick profits than under the present excess-profits tax system; but as a temporary relief it is submitted that the kind

would get more quick profits than under the present excess-profits tax system; but as a temporary relief it is submitted that the kind of a tax for these distinguished gentlemen to advocate is a head tax, or poll tax, although the latter term would have a singularly unpleasant sound to those who had to submit their candidacies at the polls after enacting the law.

### PREJUDICED TAX EXPERTS

Speaking personally, I believe Messrs. Kahn, Bache, Rothschild, and those they represent should be made to pay every dollar of taxes due from them under existing laws, and they should pay taxes according to their ability. Any attempt to avoid payment of taxes by investing in tax-exempt securities ought to be met, so far as possible, by drastic legislation until a constitutional amend-

ment can be passed.

The tax dodger of to-day is not the poor man whose home and farm is immediately sold for taxes, with stiff penalties when it is redeemed. He can not avoid payment of his taxes by investment in tax-free securities or other means, and every dollar spent by him for taxes is ordinarily taken from some need of the family.

The tax dodgers and prejudiced tax experts are not found among

The tax dodgers and prejudiced tax experts are not found among this class of people, but the man who unblushingly tells the Ways and Means Committee he is investing his surplus cash in taxexempt bonds; who publicly says he spends 11 months of the year studying how to evade our tax laws; who says if the poor do not want to pay a sales tax they need not consume; who unblushingly declares in one breath that he shifts all his taxes over onto the ultimate consumer, while in the next breath he demands a repeal of the excess-profits tax, because it is a heavy burden on the rich; the wealthy banker who pompously says to the country in his

6 by 9 pamphlet that only one man on the Ways and Means Committee understands the revenue question, and therefore he—Bache—must come to Washington in order to instruct the committee regarding the tax he wants—this kind of tax expert will find few apologists, even among his own fellows, and he is out of touch with 99 per cent of the 100,000,000 people for whom he asks Congress to pass a sales tax law.

Mr. Denison. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. Denison. Does this proposed plan of a sales tax cover the sales of real estate?

Mr. Frear. That is one tax that has been proposed. It would all depend upon what was embodied in the bill. That has been done in some countries and others not.

#### WHO WILL PAY THE SALES TAX?

Mr. Chairman, let us for a moment study a picture of human existence and the proposed taxation scheme.

Of the 106,000,000 people in this country it is doubtful if 99 per cent are making \$5,000 annually, mentioned in one discussion by Mr. Kahn, nor do they pay any appreciable income tax. Ninety-five per cent certainly are among those who grub along for less, and half of the total presumably are living on net incomes of \$1,000 or less received by the family breadwinner. This amount has not much more than one-half the purchasing power amount has not much more than one-half the purchasing power of 10 years ago. In other words, the astounding report that a large part of labor received \$700 or less annually 10 years ago was no more serious than conditions of to-day—particularly when over 2,000,000 breadwinners are out of employment. Immaculately dressed Messrs. Kahn, Bache, Rothschild, and Goldsmith do not represent these people.

Those they represent, who clipped bonds or interest coupons during the war, then took no chances. Their living expenses, luxuries, and limousines never occasion them worry now. Yet "excess" profits, not of their reasonable profits but a part of their "excess profits." They declare that individual enterprise, ambition, and initiative will be hampered by parting with any excess profits.

Of the 100,000,000 people whom Congress represents, I believe Of the 100,000,000 people whom Congress represents, I believe statistics would show 90 per cent are no better off to-day financially than before the war, although the great demand for labor during the war is so recent that the country has not yet recovered from its financial orgy to take an accounting of stock. That is the situation confronting the country and Congress when Messrs. Kahn, Bache, Rothschild, and Goldsmith demand that "the burden now upon the rich," to use Kahn's words, must be shifted to the 100,000,000. In other words, that an income of over a billion dollars, counting the excess profits, collections, and higher surtax dollars, counting the excess profits, collections, and higher surtax now paid by less than 5 per cent of our people, must be shifted over to the backs of the remaining 95 per cent by a consumption tax. Under that beneficent proposal every turnover tax will be paid as stated from the time sugar beets are first sold to the last paid as stated from the time sugar beets are first soid to the last sale of refined sugar by retailer; from the sale of wheat at the elevator to the final sale of bread or breakfast food by the grocer; from the sale of the steer or hog by the farmer to the sale of shoes by the retailer or wienerwursts by the lunch stand—and for every eater of porterhouse a score patronize the wienerwursts.

### PYRAMIDING FROM PRODUCER TO CONSUMER—WHERE DOES THE RETAILER COME IN?

From five tax levies to 10 tax levies are made between the first From five tax levies to 10 tax levies are made between the list sale and the last of the completed article, depending upon the "turnovers." The tax may be insignificant, but after witnessing the cupidity, greed, and profiteering of the past three years in America, the public must pay, irrespective of cost or reasonable profits, and no sensible man believes that the tax added to the article by the different middlemen from first producer to final consumer will be that fixed by law. If it is 1 per cent with five turnovers it is more likely to be 25 per cent by the time the many turnovers occur and before the finished article is received the turnovers it is more likely to be 25 per cent by the time the many turnovers occur, and before the finished article is received the turnover tax, and much more, is pyramided each time and is added to the cost of the article on which the next turnover tax is levied, as had been disclosed by Senator Hardwick. In many cases it is fair to suppose that where the Government would receive a total of 5 per cent in taxes on the different values for which sold, the consumer will pay from 25 per cent to 50 per cent or even 100 per cent additional, 90 per cent of which additional charge will go into the tills of the different turnover dealers. That is one reason retail merchants and other dealers have no fault to find with the turnover sales tax plan and are easily caught by the find with the turnover sales tax plan and are easily caught by the

That is a reason why Mr. Lew Hahn, managing director of the National Retail Dry Goods Association, is said to be in conference with "members of the Senate Finance Committee and of the Ways and Means Committee of the House." (Washington Times, January 25.)

These retailers do not pay the sales tax which Mr. Hahn and Mr. Kahn and Mr. Bache and Mr. Rothschild and Mr. Goldsmith favor. The retailers are the ones who will pyramid prices and collect from the consumers large margins even as they try to do to-day.

Notwithstanding manufacturers and wholesalers have slashed prices to retailers according to published statements, the large retailer still charges his heavy profit without yet having learned that the war ended more than two years ago. The retailer has nothing to fear from the turnover sales tax because he does not

pay it—he passes it on to the consumer and his advocacy of the sales tax is entitled to close scrutiny particularly if he is now seeking to escape paying an excess profits tax through the shift.

#### EVERYBODY TO PAY THE SAME TAX

Mr. Chairman, a sales tax hits the ultimate consumer who gen-Mr. Chairman, a sales tax hits the ultimate consumer who generally pays the final bill, including freight bills, taxes, and every charge that goes to make up the last selling price. All people will pay the same and thereby can learn the blessings of taxpaying in real earnest. The molder in the foundry will pay the same as Otto Kahn, banker, for his sugar, with the same profits and tax added in both cases; the miner digging coal will pay the same as Jules Bache, New York banker, for the meat, flour, and potatoes with the same tax added; the farmer will pay the same as Rothschild and Goldsmith for the same grade of shoes, shirts, or clothes, with the same tax added, although neither Kahn nor Bache nor Rothschild will draw heavily on the kind of goods the Bache nor Rothschild will draw heavily on the kind of goods the farmer or laborer wears. The workman with his flivver will pay the same tax on his gasoline that Rockefeller himself pays, in order to pile up excess profits for Standard Oil that are no longer to be taxed according to Messrs. Bache, Kahn, Goldsmith, and Rothschild.

The farmer will pay the new price for his ax and other tools that Carnegie exacts through the Steel Trust, and the excess-profits tax formerly paid by the trust is now to be shifted to the final purchaser—in order not to destroy initiative in business. The soldiers whom we sent to war to protect the property of Kahn et al. from German tribute—these service men who saved the day—will now pay the same turnover tax as Kahn et al. This is the beneficent scheme known as a consumption tax, or a turnover sales tax, that these bankers and financiers ask Congress to place on the backs of the 100,000,000 people whom we represent

In a hope of escaping excess-profits taxes the proponents of the repeal paint in somber colors the terrible distress of busi-ness occasioned by the excess-profits tax and the beautiful picture of every man bearing his own share of the burden under a

consumption sales tax.

Every business reverse, every annoyance, is laid to the excessrofits tax. When prices were high Kahn et al. claimed prices were high because the excess profits were always added. When the balloon burst and prices dropped Kahn et al. pointed to the drop as a business distress caused by the drain of an excess-profits tax. Notwithstanding the tax only reaches a part of the excess profits over reasonable profits of 8 per cent, the tax is

protested by many men who pay it in the same breath that they confidently declare they pass the tax on to the other fellow.

One ounce of fact is worth a ton of theory, and a few unprejudiced witnesses are worth all the Kahns, Baches, Rothschilds, and Goldsmiths in the universe who are special pleaders

for special interests.

As heretofore stated, several hundred witnesses appeared before the Ways and Means Committee on tariff schedules. They employ hundreds of thousands of men in the aggregate and have paid many millions of dollars in excess-profits taxes on their factory earnings in the aggregate, yet not one of these men complained of the excess profits law as a hindrance to his business nor as a bar to incentive. Search the hearings of these hundreds of witnesses, and not one seconds the demand of Messrs. Otto Kahn, Jules Bache, Rothschilds, and Goldsmith, bankers, brokers, and special pleaders. What more significant illustration of the difference in attitude between the coupon-clipping and stock-market juggling business compared to actual producers, employers of labor, and contributors to the country's prosperity? It is the difference between the broker and the producer, whether he be farmer, factory hand, or manufacturer. farmer, factory hand, or manufacturer.

I respectfully submit that it is the height of folly to remove the excess-profits tax now paid by industries named and to place it on the backs of consumers as proposed by Kahn, Bache, Rothschild, and others before the Ways and Means Committee.

REAL TAX AUTHORITIES VERSUS "WOBBLERS AND WAVERERS" Thus far I have presented to you the findings of two important Thus far I have presented to you the findings of two important tax committees, representing thousands of manufacturers and hundreds of chambers of commerce throughout the country. These findings in both cases specifically repudiate a consumption tax and point out dangers which would not occur to novices or superficial students of the subject. I have also quoted from the Secretary of the Treasury's report specifically rejecting a consumption tax both in principle and as an administrative proposition

Quotations have also been furnished showing conclusively that taxes are loaded, and this heavy load in addition to the tax will

taxes are loaded, and this heavy load in addition to the tax will be passed on to the consumer under a turnover consumption tax. These high authorities are opposed by several New York bankers, brokers, and accountants, one of whom, Mr. Kahn, has "wobbled and wavered" for many months and has not yet found his equilibrium. Mr. Bache goes Mr. Kahn one better, as I have shown, and says all income taxes and all corporation taxes should be wiped out and a turnover consumption tax substituted. He adds that he is placing his own funds in tax-exempt securities as rapidly as possible. Mr. Rothschild believes like Mr. Bache, but does not advocate going the limit at this time. These three experts were before the National Industrial Board tax committee and their untested theories were there rejected. However, they are persistent; they have millions of dollars in annual taxes at stake among those they represent; they have a vigorous, expensive propaganda and are well organized. propaganda and are well organized.

They were practically the only witnesses, by a curious circumstance, on the subject before the Ways and Means Committee, except Doctor Adams; and Bache informs the country in his pam-

except Doctor Adams; and Bache informs the country in his pamphlet that he has grapevine intelligence, that Adams does not count with the Ways and Means Committee when it comes to preparing a bill. These are the financially interested witnesses who are seeking to have Congress relieve them of their taxes and to saddle their tax burdens on the general public.

They point to Canada, Philippines, and France to prove that a turnover sales tax is desirable for the United States. At the risk of appearing to give undue weight to their arguments, I will quote from the opinions of men who have given the tax subject here and abroad profound and exhaustive study. If the conclusions of the tax committee, already quoted, were convincing, the reasons advanced by the following witnesses are conclusive:

### TESTIMONY OF TAX EXPERTS AGAINST A SALES TAX

Arthur A. Ballantine, attorney at law, New York City, formerly Solicitor of Internal Revenue, says, page 32, hearings national industrial tax committee:

"I believe that this idea of a sales tax, a tax collected everywhere, falling on no one, is a will-o'-the-wisp which has floated over this field of taxation and which is in danger of luring business men who approach Congress in an effort to get really beneficial changes into futile action instead of constructive action.

"I believe that this committee by the very careful and avery carefu

"I believe that this committee, by the very careful and ex-haustive consideration which it has given to the advocates of this plan and its careful thought as to conclusions, has done much to dissipate this myth and to direct the efforts of business men into practical channels instead of down a pathway which leads to futility

For the second witness I quote from Charles A. Andrews, whose frank, clear analysis of the sales tax is illuminating. He says

(p. 38):
"There was on the committee no vociferous objector to the sales tax. There was on the committee nobody who was loaded to kill it. We started in upon the assumption that we were going to kill it. We started in upon the assumption that we were going to work out something in the form of a sales tax. We invited various well-informed people to come before us. We reached out and got printed matter and manuscripts. We made investigations; and slowly but steadily the committee was driven to the inevitable conclusion that it, representing a large body of business men, could not bring before this conference a recommendation for any form of sales tax, except as the same related to a few specific particles. articles, suggestions as to which we have made, and which have been referred to by Mr. Armitage.
"We haven't the nerve, as good citizens of the country-

we helieve we are, and are trying to be—to say to a body of business men in this country, who are suggesting that business be relieved from a billion dollars of excess-profits tax, that we propose a tax which will cause the billion to be paid by the ultimate consumer. That is such a violent divergence from the principle of

sumer. That is such a violent divergence from the principle of payment upon the basis of ability to pay that we can not ask this body of business men to get behind that sort of a tax.

"We do not believe, in this day and generation—and following the World War, instead of following the Napoleonic wars—that we have any business to propose seriously to the Congress of the United States a tax of a billion dollars, or two, or three (I don't know how much it would produce—all those figures are given), to be paid by the ultimate consumer, and organized business excused from its billion dollars of excess-profits tax.

"We don't think that is good citizenship; and we don't think that is good economics. That is the real reason that we disposed of or rejected the sales tax, upon the assumption that the tax is paid by the ultimate consumer.

paid by the ultimate consumer. . .

"Well, let us assume that the tax all remained with the original payer of it, and that it is not passed on to the consumer. Does it then become a tax which we can justify ourselves in recommending to Congress? Your committee says 'No.' \* \* \* Why? If the tax remains with the individual or concern which originally pays it, and he is not able to pass it on, it becomes a tax measured in terms, although not so stated, of his gross receipts; and as such, in the opinion of your committee, it is open to such serious objections that we can not ask Congress to pass it. \* \* \* A tax on gross receipts which leaves out of the equation all the difon gross receipts which leaves out of the equation all the difference in cost of the conduct of your business as compared to mine—perhaps it takes 90 per cent of my gross receipts to conduct my business and pay my expenses; perhaps it takes 50 per cent, or 70 per cent, or 95 per cent of yours—is an unjustifiable tax.

\* \* The establishment of a tax like that would, in the opin— \* \* The establishment of a tax like that would, in the opinion of your committee, produce such inequalities that our dissatisfaction with the excess-profits tax would be as nothing, and we would find ourselves in the face of inequalities vastly greater than heretofore. \* \* It is uneconomic in its nature; it is indefensible, in our opinion, in the twentieth century, if it is a general tax on all consumptions; and for other reasons it is equally indefensible if it becomes a tax in terms of gross receipts, which term means nothing so far as it relates to the ability to pay taxes."

Mr Jules Bache called as a hostile witness before that com-

Mr. Jules Bache, called as a hostile witness before that committee, gives his own concept of human nature and a cold-blooded alternative for the ultimate consumer who can not pay the tax. He says, "Quit consuming." I quote from his statement before the industrial committee (p. 58):

"Professor Adams this morning showed the greatest optimism that I have ever heard voiced from the tribune. He states that

he believed the taxpayer was a cheerful, voluntary honest man. That is not my opinion. The taxpayer—and I am not attacking his honesty when I say so—spends 11 months a year devising schemes by which, during the 1 month that he tries to make up his tax statement he can avoid as many of the taxes as is legally possible, and he generally succeeds in avoiding many of them.

"The idea of putting a thrift tax into our taxes, which the 20 per cent limitation would be, is an excellent one; but the greatest thrift tax would be the turnover tax, since if anybody didn't want to pay any taxes he could merely refrain from consuming."

### THE CANADIAN TAX IS NOT A SALES TAX

W. C. Cornwell, an employee of Mr. Bache, read a statement of the Canadian sales tax at that same meeting—page 60—to which Robert G. Wilson, chief of the tax division, American Mining Congress, immediately replied, as follows:

"I don't know how many gentlemen present are familiar with the Canadian law, but it has been my fortune within the last three or four years to spend some time in Canada, and for business reasons make some intensive study of the Canadian law. To my mind the Canadian law is not a sales tax.

"In the first place, the law of July 1, known in the United States as a sales tax, is an amendment to the special war revenue

act of 1915, which is an excise tax law.

"What Mr. Cornwell has had to say regarding the Premier's statement is true. The statement, however, is misleading in that it refers to a sales tax, which in its effect exempts all the prime essentials of life from such taxes; it is only an addition at the rate of 1 per cent and 2 per cent to excise taxes—luxury taxes, if you please—which rise sometimes 50 per cent upon many com-modities—luxuries, essentials, and nonessentials. It is not, as the business men's tax committee has termed the proposition, a sales tax.'

For the next witness I call Mr. J. F. Zoller, tax attorney of the General Electric Co. He says at the same committee hear-

ings, page 62:

"I want to talk just a minute on the sales tax. Now, we have reached the parting of the ways here in regard to the sales tax. Personally, I am opposed to it for the reasons stated by Mr. Andrews. I can't state those objections any better or as well as he did. But the situation as I see it is this: The people who are favoring the sales tax are those who are already required to pay a sales tax under section 900 of the present law, and their position is that if the Government can select this industry and impose a sales tax upon us why not spread it to other taxpayers?

### THE PHILIPPINE TAX DISCUSSED

Replying to a statement filed by a Mr. Hord, formerly collector of internal revenue of the Philippines, the next witness, Mr. H. B. Fernald, of Loomis, Suffern & Fernald, New York, says, page 66:

"The sales tax has been spoken of as if it were a new thing of very recent years. From my experience with the sales tax I go back to two things—one is the matter of the Philippine tax, the other the matter of the Mexican tax. \* \* Do you want to place in your business a proposition where every purchaser is to place in your pushess a proposition where every purchaser is to get a receipt on which you are to affix serially numbered stamps, and where you have to account for all your stamps purchased and issued, subject to examination from time to time, to check up as to the number you have left and when you purchase them, and where you have to put down the last serial number you purchased and the serial number you are acquiring now?

"My objection to the sales tax is particularly from this stand-point and it is the same thing which will apply to almost any for

"My objection to the sales tax is particularly from this standpoint, and it is the same thing which will apply to almost any tax,
namely, when a tax gets large in amount and it becomes worth
while the taxpayer will look for a means to avoid it. \* \* It
can be eliminated; it can be gotten around. The experience in
Mexico has shown that conclusively, and therefore it is a tax which
will be paid by the small man, while the large man, who is able to
change his business organization, can avoid it."

### WHY ENGLAND REJECTS A SALES TAX

The next witness is James J. Forstall, of Chicago, attorney at law and member of the tax committee, who speaks of efforts to pass a sales tax in Great Britain, the former home of Mr. Kahn.

Comment has been made on Canada and Mexico. "Comment has been made on Canada and Mexico. I would like to say that two weeks ago yesterday, through the courtesy of Professor Haig, I had an opportunity to discuss with one of the members of the British income-tax commission and with one of the high tax officials of the British Government the question of the British taxation situation. As you probably all know, they have about as little love for the excess-profits duty as the Americans have for the excess-profits tax, and have been spending two years in trying to find a substitute, but they haven't yet found it. I asked each of those gentlemen whether the general sales tax has been considered as a substitute, and they both said the same thing: That it had been taken up and considered very seriously. been considered as a substitute, and they both said the same thing: That it had been taken up and considered very seriously, but that now they were no longer considering it, because they were convinced that it was neither an equitable tax nor feasible from an administrative standpoint, nor one which could possibly be passed through Parliament."

For the next witness I quote from A. E. Holcombe, New York, secretary and treasurer of the National Tax Association. He says: "I happen to have with me a copy of a bulletin which is just about to come out, and in view of the references to other countries I thought I might read a couple of sentences from the report on the Mexican situation. It seems that early in the Carranza régime he established a committee to look into the entire financial system in Mexico. That committee made an elaborate report, and it has been reviewed by Professor Chandler, of Columbia, who

"It is perhaps not too much to say that the most important proposal to be found in the entire model plan (and that was the name given to this report) is that recommending the suppression of the sales tax throughout the States of Mexico. \* \* It has always been a costly tax to collect, and according to the opinion of Mexican officials, who are in a position to know, it has constituted one of the most cumbersome impediments to industry and commerce."

### HOW FARMERS REGARD A SALES TAX

The next witness, J. R. Howard, of Chicago, speaks for a million and a half farmers in the American Farm Bureau Federation. He speaks the sentiments of several million other farmers not connected with the organization, of which he is president. He says (p. 68):

"The farmer is interested in paying his just and fair proportion

of taxation. He believes every man, every citizen, should pay some tax, because it makes him a better citizen, but he believes that that taxation should be so distributed as to be fair and

equitable, and in proportion to each man's ability to pay.

"With regard to the sales tax, let me say that the farmer occuples a unique position. I think it has generally been conceded in this discussion that the tax is passed down to the ultimate consumer. The farmer can pass nothing to the ultimate consumer, because he buys at the other man's price and sells at the other man's price and sells at the other man's price, and being at that disadvantage and not able to pass it on, he bears an unjust burden and is in a place where I am sure he, as a farmer, will object to the broad extension of the sales-tax principle."

Mr. H. C. McKenzie, of Walton, N. Y., a member of the tax committee, seconded Mr. Howard's testimony in vigorous language, as

follows:

I want to take the opportunity to emphasize the farmer's ob-"I want to take the opportunity to emphasize the farmer's objections to a general sales tax, which have been voiced by our president, Mr. Howard, and to call your attention to just two or three things briefly. \* \* The chief proponent of the sales tax has told you that the excess-profits tax is not only paid by the ultimate consumer, but that the ultimate consumer pays the tax two or three times in amount. Now, if that is right, the corporations and people who are doing this business are receiving a benefit from the excess-profits tax, and the corporations and business people are the people who are asking for its repeal; they are asking for something that is diametrically opposed to their own interests. for something that is diametrically opposed to their own interests. According to the chief proponents of the sales tax, the sales tax is paid by the ultimate consumer in its entirety; that is his proposition, as I understand it.

"Now, your proposition, as developed by the advocates of the sales tax, is this: To take an approximate \$1,000,000,000 off the excess-profits tax, which is not paid, as I contend, largely by the corporations, and put it over, according to the proponents of the corporations, and put it over, according to the proponents of the sales tax, on the ultimate consumer. It seems to me that nothing could be more shortsighted, and tend in the end to be a boomerang and to be a disadvantage not only to business but to capital, than to strive to shift the burden of a billion dollars from the business people who now pay it to the living wage—which is what it amounts to—the ultimate consumer. Ninety per cent or 95 per cent of that tax will be paid out of the living wage, if the contention of the proponents of the sales tax is correct; and I want to say that the farmers who are represented in the American Farm Bureau Federation will never in the world stand for that proposi-tion."

### FARMERS WILL FIGHT TO THE END

Let me interject a witness at this point whose tenderness for Let me interject a witness at this point whose tenderness for wealth and capital has no conspicuous place in his published statement, from which I quote. I offer an extract from an article given to the press a few days ago by George P. Hampton, managing director of the Farmers National Council, an organization representing an enormous constituency. No one will doubt that equally forceful demands are voiced by the millions of organized and unorganized labor who are to be placed in the new class of turnover sales taxnevers. Mr. Hampton says:

turnover-sales taxpayers. Mr. Hampton says:

"In 1918 [Mr. Hampton states] 22,696 millionaires were estimated by the eminent publicist, Mr. Richard Spillane, to own 27.2 per cent of the national wealth, or over \$68,000,000,000, while the 33 richest Americans owned property worth about \$4,837,000,000, or, roughly, 2 per cent of the national wealth. In 1918 the national wealth was estimated to be \$250,000,000,000. It is now estimated to be \$500,000,000,000. Our 23,000 millionaires are probably worth now about \$136,000,000,000 and the 33 richest Americans about \$9,675,000,000.

"If we estimate the net return on this property at only 5 per cent, the average income of these 23,000 millionaires is nearly \$300,000. Of course, many of them have invested largely in taxexempt bonds and own a considerable proportion of the \$40,000,000,000 of such tax-exempt bonds. While a constitutional amendment would enable the Government to tax the income of these individuals, it will take some time to adopt such an amendment. A direct tax, however, could be levied upon capital values, and should be promptly levied by Congress instead of seeking some method of placing additional burdens of taxation through a retail sales tax, a general sales tax, and other consumption taxes upon the hundreds of thousands of families who to-day are receiving several hundreds of dollars less than they need to maintain the American standard of living. \* \* A retail sales

tax and other sales taxes and all similar taxes on food, clothing, and shelter, called consumption taxes, must be paid chiefly by the workers on the farms, in factories, mines, and transportation, millions of whom are getting less than the minimum wage necessary to maintain a family on a decent American standard.

Mr. Hampton concludes:
"The full money cost of the war must be paid by taxes on in-The full money cost of the war must be paid by taxes on incomes, corporation profits, estates, and privileges. Such taxes will yield \$7,000,000,000 to \$8,000,000,000 a year for many years without imposing any hardship upon anyone. American farmers who this year have lost billions through the slump in farm prices, will fight to the end the plan for the selfish privileged interests to saddle the huge war debt upon our people for years and insist upon prompt payment of that debt by those who profited so hugely by the war and by the monopolies built up in the country before and the war and by the monopolies built up in this country before and during the war."

### A RECOGNIZED GREAT TAX AUTHORITY ON THE SALES TAX

I could quote from many other witnesses who have not "wobbled and wavered" for months, but the witnesses I have cited against the sales tax are tax students and authorities, men who have given the question thorough consideration in most cases, are apparently unprejudiced, and whose views are of great value in determining matters of taxation. One of the greatest international tax authorities, whose textbooks are known to every student of taxation, has expressed himself on the subject of a turn-over sales tax as late as October 22 last. His contribution on the sales tax here and abroad is concise, fair, and positive. I quote from the statement of Dr. E. R. A. Seligman, of Columbia University (national industrial tax committee hearings, p. 72):

"The sales tax is not a novel tax, as the Premier of Canada said.
If he hear followed an experience course, in taxation he could have

If he has followed an academic course in taxation he could have learned of many examples, dating back as far as thousands of years ago. The Romans had it, not to speak of the Egyptians and the Babylonians. I do not want to give a lecture on taxation; I am simply trying to call attention to the fact that the sales tax has existed in one form or another for a great many years. With only two exceptions, it has been abolished everywhere and has not been two exceptions, it has been abolished everywhere and has not been reintroduced in any first-class country; and those two exceptions are Germany, which reintroduced it in 1919, and France, which, as has been said, introduced it in 1920. Now, before we consider the experiences with this tax, it must be remembered that we can learn little, one way or another, either for or against it from Mexico, or Cuba, or the Philippines, or Canada, all of which are countries of insignificant economic proportions, where we do not find the real kind of sales tax that we have been discussing to-day."

Again (p. 74):

Again (p. 74):

"The proposition now is to take off one of those three chief categories—the tax on excess profits—and remove the burden from profits on wealth or income, and put it on the other or consumption side. This would, in my opinion, unduly shift the balance and bring us too near the position formerly occupied by all balance and bring us too hear the position formerly occupied by all the aristocracies of old, and still reflected in some of the European countries. \* \* \* (P. 75:) Why is it that England and America show their democracy, their real democracy, so much more than countries in the difficult position of Italy or France or Germany? There you will find throughout the war and even now the great mass of taxes imposed upon the consumption of the common man; whereas in England and in the United States during the Great Way as over country our experiences in the Givet. ing the Great War, as over against our experiences in the Civil War, the great majority of taxes are raised from wealth; that is, from those who can afford to pay, rather than from the consumption of the necessaries and comforts of life. \* \* \* After the United States, the two countries of the world which are making the most progress in fiscal reform are England and Italy—for Italy is doing better than France. When these two countries came to consider this problem they went into the question of a sales tax thoroughly and finally rejected it. On the other hand, the two big countries of the world that have adopted the sales the two big countries of the world that have adopted the sales tax—Germany and France—did so only as a last resort, after exhausting every other available source of taxation. \* \* \* Germany was forced to this sales tax in the last extremity, and in France the same is true. \* \* \* I have been in California for eight months, and had the pleasure some time ago of addressing a large body of business men in San Francisco assembled to discuss this question. I found that the situation was precisely that which was presented by our committee. Everyone was anxious cuss this question. I found that the situation was precisely that which was presented by our committee. Everyone was anxious to get rid of the profits tax, everyone had heard that here was a way out, and it captivated them all; every man in that room was in favor of a general sales tax. But after I had talked with them, not so much in opposition as trying to show that there was another side of the question which they must begin to study, it was marvelous to see what a change came over them; not because I spoke—because everyone would have done just as well—but simply because attention was now called to some of the less obvious aspects of the case.

A sales tax on the sales of capital would ruin New York City as the financial center of the country. A sales tax on the necessaries of life would evoke a political struggle the like of which we

saries of life would evoke a political struggle the like of which we have never seen in this country (p. 77).

"The sales tax represents an attempt to put an undue, an extravagant burden upon the consumer, instead of on the producer or the possessor of wealth (p. 79)."

Doctor Seligman discloses why Messrs. Kahn, Bache, Rothschild, and others of like antecedents from the "aristocracies of old" favor a sales tax.

L will will have been my collection in Communication.

I will willingly leave my colleagues in Congress to say whose advice is to be considered. Shall it be that of a man whose judg-

ment is not warped by personal or pecuniary interests, who handles the subject with the mind of a master, whose opinion is supported by two great tax-investigating committees, by the experts of the Treasury, who have spoken through Secretary Houston, and by a dozen reputable witnesses quoted? Whom shall we follow in placing a billion-dollar tax on the backs of the people? Shall we accept these authorities or shall it be the wabbler and waverer banker and broker with his New York colleague, who spends 11 months a year, according to his own admission, in trying to dodge taxes? There can be but one answer.

### LEST WE FORGET

Mr. Chairman, a terrible war has swept over the world, leaving sorrow and misery strewn everywhere along the trail. The struggle with arms registered over a score of million men dead, wounded, or missing, but this was only one item of the losses. Social, industrial, and governmental upheavals have spread like a prairie fire from the war confiagration.

In our own land innumerable battles have been fought, as

bitter and lasting in effect as those occurring over 3,000 miles away. No statistics will ever record the broken homes, sicknesses, sacrifices, and deaths that have no place in history's battles nor of secret struggles when giving away millions of their best treasures—
their boys. Nor will history ever properly record the taking of
everything not nailed down during that war by profiteers who
robbed the Government and robbed the public without limit or
conscience. Scars are not yet healed, for the people have long memories.

Fortunes have been amassed and laid away that were wrung from the necessities of our Nation and of the people. That is

from the necessities of our Nation and of the people. That is only one chapter from the record, but that is a chapter with which we are now concerned because profiteering and pilfering of the public has been a continuous performance whenever opportunity exists, and it is brought forcibly to mind by the proposal to repeal the excess-profits law and enact a general sales tax.

In a report from the Department of Labor of January 26, just issued, the statement is made that 3.473.466 jobs have been lost within the past year and industry has been reduced approximately 40 per cent. In the face of this record Congress is now asked to exempt from taxation those who accumulated enormous profits in great corporate business and also to slash deep the asked to exempt from taxation those who accumulated enormous profits in great corporate business and also to slash deep the surtaxes of those whose individual incomes reach high levels. According to Bache, who heads the sales-tax propagandists, these taxes now paid out of large profits and high incomes should be shifted on to the three and a half million jobless, who with their dependents must buy food, heat, and clothes, with an alternative, according to Bache, expressed with grim humor, "to merely refrain from consuming" (p. 53).

That advice is more cruel than Marie Antoinette's "If they

frain from consuming" (p. 53).

That advice is more cruel than Marie Antoinette's, "If they can't get bread, why not eat cake?" Bache has many disciples in this country, and in the world to-day, but only the blind fail to see that an autocracy of wealth may become the handmaid of a military autocracy which the world has temporarily

destroyed.

Those who try to view conditions without bitterness or prejudice find the greatest danger to our body politic to-day lies in the ruthless crushing of the individual, the cupidity and selfish-ness of men, and a modern-day arrogance of wealth, that in turn

ness of men, and a modern-day arrogance of wealth, that in turn demands its protection from those whom it crushes.

In this day of world-wide commercial struggles, when the individual becomes swallowed up in the maelstrom, it is well to remember that under our form of government the humblest and poorest is entitled to equal rights of life, liberty, and the pursuit of happiness, unless it is to become a lost paragraph from our Constitution, and that next to liberty the most frequent cause for historic struggles has come from unjust taxation, with its accompanying oppression.

# OTHER TAX ISSUES NOT DISCUSSED

I have presented what I believe to be facts and authorities that effectually discredit the present effort to saddle a turnover sales tax on the people of this country. One of the greatest campaigns for the tax is now being waged in Washington and throughout the country. The stakes are higher than with any legislative program in recent years because the plan proposes to shift the \$800,000,000 to \$1,000,000,000 in excess-profits taxes over on to the underfellow.

over on to the underfellow.

Money is plentifully supplied to press this propaganda upon Congress. Every man who pays excess-profits taxes in Congress will be pressed to join the movement, irrespective of economic, governmental, or political results. I have not sought to discuss the repeal of excess-profits taxes nor the proper limit to place on personal income surtaxes. Nor have I assumed to discuss a constitutional amendment that will reach the hoarded wealth of Jules Semon Bache and others who invest their wealth in tax-exempt securities.

tax-exempt securities.

I have not presented the alternative of taxing capital now being pressed in other countries, notably England, and by large farming organizations and some labor organizations in our own country, nor have I dwelt on the fact that while England refuses to give up her excess-profits tax and rejects a sales tax without any consideration, special interests most concerned here, following the example of the railway bill propaganda of last year, are straining every nerve to do here what England dare not do across the water, and I use the term "dare not" ad-

# THE PRICE IS TOO GREAT TO PAY

I have not discussed the political liability of a turnover consumption tax, nor have I indulged in useless predictions of what

reward will be measured out to Representatives who listen to the siren song of the propagandists and fail to represent those back home, those who will be called on to pay the bill—a billion-dollar tax bill—in addition to other taxes, local and Federal. These are the fruitful fields for discussion and may be covered before any turnover consumption tax is passed by Congress. I have tried to place before you the judgment of recognized experts, expressed both individually and through united action, all of whom condemn the passage of a general sales tax in this country in time of peace. Their views have not been given to Congress in any public hearings, to my knowledge, although sales-tax advocates, led by an amateur expert who wobbles and wavers, has been given full hearings by our committee with accompanying wide given full hearings by our committee with accompanying wide publicity through the press.

To my own mind, the time is one of great concern. The future does not rest alone on the resumption of business but also on the willingness of men of large means to shoulder their full share of governmental and tax burdens. Temporary success of any salestax measure will be at the expense of respect for property and of

those who succeed.

The price is too great, and one that even those drunk with power may well hesitate to pay.

I have made the assertion that powerful agencies are now waiting for the action of Congress in order to help them avoid an income tax. This statement is supported by cumulative testimony furnished by witnesses who were quoted in my speech of April 14, 1921, when the last sales tax was being pressed in the House for passage. I then

#### INVESTIGATE THE SALES-TAX LOBBY

"In every congressional district in the country" a campaign is being waged by the sales-tax lobby to shift an excess-profits tax on corporations reaching nearly \$800,000,000 annually to a sales tax on everything the people eat, drink, and wear. An investigation is demanded of the slush fund thus raised and of

methods used by the lobby.

Mr. Frear Mr. Chairman, I desire to speak on a subject which is closely connected with that which we are discussing to-day, and yet is not the emergency tariff bill. I would that others more capable could have undertaken it, but I do not believe I

have any right to remain silent in view of conditions that should be disclosed to the House at this time.

There is an element, not in the House particularly, but in the country, that is insisting on a tax on everything we cat, drink, or wear through a sales tax, and effort is being made to put that through at this time. I want to discuss that proposal

briefly.

Let me say, first, that the National Industrial Conference Board, which represents millions of dollars in capitalization and represents millions of men in its employ, has reported, through its committee, against this tax. The United States Chamber of Commerce Tax Committee, similarly constituted, representing all Commerce Tax Committee, similarly constituted, representing all of the chambers of the United States, has reported against that tax, and so has the National Credit Men's Association. What do you suppose would be the verdict if it was submitted to the millions and millions of farmers and men working in the factories and shops to-day, as well as the clerks and others, if they were to decide upon paying the tax that is to be shifted from the excess profits? That is the proposition proposed at this time. Now, I have to-day on my desk 145 letters received from candy makers alone demanding a sales tax. I have between 500 and 600 from jewelers, from druggists, from various classes of people who want to have the tax shifted from them over on the backs of the people of the country, and therefore demand a sales tax. We have newspapers and pamphlets galore for a sales tax. Let me read to you from some of them so that you will understand the extent of the propaganda.

read to you from some of them so that you will understand the extent of the propaganda.

Here is a full-page advertisement headed "The Bubble Has Burst." It is from the Wall Street Journal that editorially has criticized me severely for the position I have taken against a sales tax. I want to call your attention to the words of this full-page advertisement. And I understand it was carried in other papers throughout the country.

On page 7 of the Wall Street Journal of March 17, 1921, it says:

"M. Francois-Marsal, the banker finance minister, is credited with having discovered a veritable philosopher's stone in the new tax on turnover. The yield is already proving unexpectedly satis-

tax on turnover. The yield is already proving unexpectedly satisfactory, and there appears to be every reason that it will produce a much greater amount than had been anticipated in the budget estimates."

As a matter of fact, every intelligent man familiar with the French sales tax—and the man who wrote that is intelligent—knows that only 37 per cent of sales-tax estimates is being col-

lected in France.

lected in France.

If France is unsuccessful, how can we hope for different results? In France the budget estimates of 467,000,000 and 413,000,000 francs for January and February fell down to 187,000,000 and 151,000,000 for those months as stated, or to 37 per cent of estimates, and are dropping proportionately every month. In the April monthly letter Hamilton Institute, I quote a French cable: "The yield of the French business turnover tax, which became effective July 1, 1920, has proved decidedly disappointing. \* \* \*

The measure has proved cumbersome and unpopular. \* \* In each month so far the proceeds have been less than those of the

each month so far the proceeds have been less than those of the preceding month."

The "letter" further says:

The Government can not cope with the present crises unless ments on the indemnity are soon forthcoming. \* \* \* France "The Government can not cope with the present crises unless payments on the indemnity are soon forthcoming. \* \* \* France has been less progressive in her tax legislation than England and the United States. She depends less upon the taxation of individuals and corporation incomes and more upon sales taxes and other obsolete methods of collecting revenue."

In cable March 27 (Washington Post) it says of the French economic crists:

nomic crisis:

"This, it is asserted here, is not due to overproduction but instead to willful underconsumption as a result of prevailing high prices, which are likely to continue."

HIGH PRICES, UNDERCONSUMPTION, AND DISTRESS FOLLOW THE SALES TAX

The above contains a clean-cut survey of the experience of the

The above contains a clean-cut survey of the experience of the only large country which has adopted a turnover sales tax. The Philippine sales tax offers no solution. Receipts in 1919 were \$6,865,624 (₱13,731,248) and in 1920 \$7,521,000 (₱15,042,000) collected from 10,500,000 people, or about 75 cents per capita. That rate is 1 per cent. (Sec. 1459 P. I.)

The Smoot rate of 1 per cent would bring 75 cents per capita, or about \$75,000,000, in this country at same proportionate consumption. It is useless to speculate how much more we would consume. These are the figures. As well compare a skiff on a mill pond or on a large lake subject to heavy winds and waves as to compare the Philippines with a nominal budget and ours with \$4,000,000,000 annually.

Canada's sales tax is not a sales tax and has proven a notorious revenue disappointment, filled with exemptions, administered by a body possessing practically legislative functions, to change or add further exemptions.

Mr. McCoy, the Treasury expert, I am informed, estimated \$185,000,000 annually on our luxury taxes, whereas only about \$50,000,000 has been collected, or less than one-third of the estimates. This is a final sales tax and speaks for itself.

Here is the San Francisco Chronicle; I have no criticism, but it publishes a full-page advertisement on the sales tax by the Fidelity & Deposit Co. of Baltimore. It was also published here in the city of Washington and presumably published generally throughout the United States. Who pays the enormous amount of money to finance this one advertisement, and what was the purpose? The public is entitled to know. Who pays for the lobby that is to be established here in Washington? Who is paying for all this large expenditure of money, and who is instigating the work?

I have here an original letter from one of the men who apwork?

I have here an original letter from one of the men who appeared before the Committee on Ways and Means. His name is Jules S. Bache, of New York City. His letter is dated March 28, two weeks ago. It went all over the country. Thousands of copies, I understand, have been circulated among financial interests that, in the aggregate, have \$1,000,000,000 annual excessprofits tax and income tax at stake that is to be shifted to a sales

[President, Hazen J. Burten, Minneapolis, president Plymouth Clothing House; executive vice president, Henry G. Opdycke, New York; treasurer, Jules S. Bache, J. S. Bache & Co., members New York Stock Exchange]

THE TAX LEAGUE OF AMERICA (INC.) TO LIFT THE BURDEN OF UNWISE TAXATION, NATIONAL HEADQUARTERS, 1270 BROADWAY, New York City, March 28, 1921.

DEAR SIR: It is stated that business men in this country are

paying out in fees for expert services in the preparation of their income-tax returns about \$100,000,000 annually. \* \* \*

The Government does not receive any part of this vast sum nor does it receive the hundreds of millions which for one reason or another are never collected under the present inadequate and bunglesome tax system.

simplify and improve the present system a tax on all gro sales is proposed. Such a tax is easily collected, and this is a big thing in its favor. Clearly a sales tax would be inexpensive in its operation and no burden to anyone, and would fairly and equitably spread the obligation of Government expense to all in the fair and just proportion each should bear. Moreover, it will be simple in operation and will return a sufficient revenue. I am writing to you because men like you and me may, as well

as anyone else, take up the fight for an adequate taxing system. It is our job since it is our money which is now being taken inequitably from us under a system which constitutes, undoubtedly the greatest blight upon legitimate business initiative now existing.

I ask your cooperation in a plan now organizing to conduct an educational campaign in favor of a general sales or turnover tax

educational campaign in favor of a general sales of turnover tax throughout the country.

For this purpose the Tax League of America has been created and has already done work which is showing results. Will you, therefore, please send your check for \$50 payable to Jules S. Bache, treasurer, and mail same to the Tax League of America (Inc.), 1270 Broadway, New York City?

Yours very truly,

JULES S. BACHE.

(First vice president, John Williams, New York; vice president Irving National Bank.)

Mr. Bache, from his testimony before our committee, has presumably contributed twenty or fifty times \$50. His taxes make the stake worth while.

How many thousands of these letters are being circulated throughout the country, and what is to be done with the enormous sum of money which will be raised? Mr. Bache was before our committee. He stated he is investing as fast as possible all our committee. He stated he is investing as fast as possible all his money in municipal bonds in order to escape taxation. He stated to the industrial tax committee that the average man spends 11 months of the year trying to legally evade his taxes. He said at the same time the way to escape consumption taxation under his proposition is not to consume. This is the gentleman who is going to crack the whip over the Congress of the United States. His lobby will be working full force in a few days, and then we will be given the benefit of his many publicity agencies in earnest. in earnest.

From the New York Times, several days ago, I quote:
"Plans for uniting individuals and trade associations who favor "Plans for uniting individuals and trade associations who lavor a general sales tax in support of a measure now being drawn (the Smoot bill) for presentation before Congress have been made by the Tax League of America (Inc.) (Julius Bache), whose head-quarters are at 1270 Broadway. The program includes a 'campaign of education' in every congressional district in the country."

The article continues in an extended statement of what Mr.

The article continues in an extended statement of what Mr. Bache and his aides propose to do with the new organization.

Let me read you another statement. This comes from Mr. Meyer Rothschild, who was before our committee. This letter is signed by Mr. N. R. Fuller and pays a high compliment to Mr. Rothschild.

NATIONAL WHOLESALE JEWELERS' ASSOCIATION URGES MEMBERS TO SUPPORT JEWELERS' WAR REVENUE TAX COMMITTEE

"The following letter to members was sent out on March 2 by the National Wholesale Jewelers' Association, urging support of the fight on taxation being led by Mr. Rothschild's special committee

"This letter is written to emphasize and call your attention to the necessity of actively supporting—morally, financially, and physically—the work of the jewelers' war revenue tax committee, which is being so capably guided by its chairman, Meyer D. Rothschild.

"As you already know, this committee and the entire jewelry industry are fighting not only to prevent an additional tax being placed on jewelry but to remove altogether the excise tax on our industry and work for the adoption of a turnover sales tax in lieu of our present inequitable tax system.

"The points recerting this proposition are too well known to

"The points regarding this proposition are too well known to need further discussion, but I do want to emphasize the necessity for ample finances for this committee to use in prosecuting their

work effectively and without embarrassment.

"The present plan for financing the work of the jewelry war revenue tax committee is to select 28 of the leading citles and estimate on a percentage basis what was thought each city ought

"A letter has been addressed to you or some one in your city requesting that the quota for your city or district be promptly raised. Experience has shown that unless these matters are followed up and 'put across' by some one of ability and initiative work is never done.

"Trusting that each member of our association will take it upon himself to be a committee of one to see that Mr. Rothschild and his committee has the financial and active support this cause would justify and with kindest regards, I am,

"Yours very truly,

" NOBLE R. FULLER, President.

"KEYSTONE, April, 1921.
"N. B.—The treasurer of the jewelers' war revenue committee is A. L. Brown, 68 Nassau Street, New York, to whom checks may be sent or communications directed."

From the same publication I quote:

"Let all your friends and neighbors in these lines know what you are doing, and suggest that they also see their Congressman and Senators while they are at home and talk to them on this important subject.

If you can not see your Congressman, write to him, and again "If you can not see your Congressman, write to him, and again to your Senators, unless you have had replies to your last letter. "Please let us know the result of your interviews, and do what you can to get your friends outside of the jewelry trade, who are taxed under Title IX, to work along the same lines.

"You must work quickly, as the special session of Congress will probably be called for April 4.

"We are looking forward to your your level congression and

We are looking forward to your usual loyal cooperation, and hope to hear from you shortly.

"Jewelers' War Revenue Tax Committee,
"Meyer D. Rothschild, Chairman."

### 35,000 JEWELERS' LETTERS \$27,000

I quote from page 91 of the Jewelers' Circular, April 13, 1921, a public statement of Chairman Larter, of the "Jewelers' Committee," known as "the governor of the jewelry industry." He said:

Do you know that the jewelers' vigilance committee has paid "Do you know that the jewelers' vigilance committee has paid the jewelry trade's share of the expenses of the business men's tax committee, and this amount up to date for tax matters is in excess of \$27,000? About the 1st of January we sent over 35,000 letters to every jeweler in the United States, asking them to write their Congressmen and Senators in favor of the turnover sales tax and to send us contributions. Recently we selected 26 cities in the United States and prorated the amount we thought each city should contribute." Candy men, jewelers, retailers, druggists, stock brokers, news-

papers are all on the job.

Here they are dividing the United States up into 26 districts to get money in behalf of their organization to help put over the sales tax. I received yesterday a New York paper in which it says some New York man claiming to represent the traveling

says some New York man claiming to represent the traveling salesmen says of the sales tax opposition:

"That a powerful group of large tax accountants and experts were banded together to defeat the sales tax because it would wipe out the need of their services, for which \$100,000,000 a year is now paid."

This sounds so much like Mr. Bache's letter that further comment as to its source is unnecessary. They are trying to find the \$100,000,000 accountants, and we ought to have them testify

where they exist. Let us have the facts.

Many editorials and news items are being received supporting a sales tax. What will the effect of the excess-profits tax be on the newspapers, the great newspapers, the powerful newspapers of the country? I do not criticize them, but I am speaking of their interests in the subject, for the interest of every witness should be known to the jury. What is the effect of a profits tax on the great newspapers, what do they now pay, and what will be the effect of a sales tax and what difference will it make when advertising contracts go free? We understand the tremendous power they exercise to-day. They have a right to protect their interests, but what are those interests? Both of these gentlemen—Mr. Bache and Mr. Rothschild—speak of the educational campaigns they are now carrying on in all congressional districts. That same kind of education was carried on by a notorious body of New Yorkers known as the National Security League. We made an investigation of that organization in Congress. What was the result? A discovery of \$600,000 or more for an educational fund Many editorials and news items are being received supporting result? A discovery of \$600,000 or more for an educational fund which was used as a slush fund to aid in the defeat of Members of Congress.

What part of this Bache and Rothschild fund is a slush fund? One of the leading men on the Democratic side, a man of high character, stated to me that the amount of the sales-tax contributions would be a million dollars. That was at the close of the last session, before he knew of the many agencies and funds and

lobbies that are being organized.

The Charman (Mr. Reavis). The time of the gentleman from Wisconsin has expired.

Mr. Frear. May I have 15 additional minutes?
Mr. Kindred. Mr. Chairman, I hope the gentleman may have additional time

Mr. Young. I yield to the gentleman 15 minutes more.
Mr. Frear. I am asking for an investigation in order to stop
this tremendous propaganda, or in order to permit Members of
Congress to decide these questions upon their own merits and not upon the representations of men who are demanding we shift a billion dollars in taxes from them over to the backs of the 100,000,000 who can not escape. I have received probably 600 letters demanding a sales tax. How many have you Members received? All the letters received from this propaganda are on one ceived? All the letters received from this propaganda are on one side, practically, with not 10 letters to the contrary, whereas the sentiment of the country is just the reverse. One million men want to escape excess-profits taxes and are trying to shift their taxes onto the remaining 105,000,000 through a sales tax. To pyramid the costs of living for every man with a family of five to from \$100 to \$200 or more annually. What will these people say if we pass a sales tax?

I have here a letter received last night from my home city, sent out by the Rothschild organization. It says that there is going to be raised \$4,000,000,000 by the 1 per cent sales tax. What a dishonest and false statement to make. Every district is to be flooded with letters, my friends, and I ask for an investigation. I do not think Congress ought to sit mute when these matters are pressed upon the country by irresponsible "incorporated" concerns, and that is a reason why there should be an investigation.

I am not going to discuss the sales tax now. I did so in my speech of January 31. I want you to understand the propaganda on this revenue sales tax bill financed by the man who has the money, the excess profits, and who is trying to shove his taxes onto the poor people of the country. He should pay according to his ability to pay, a principle that has stood for generations and is supported by the organizations quoted against a sales tax. The best tax experts in the country insist on that principle. Why not? Why should every dollar's worth of necessities a poor man buys, his coffee and tea and sugar and clothes, be taxed to relieve the men who will pay nearly a billion dollars in excessprofits taxes in 1921 after deducting their \$3,000 exemption and 8 per cent on their invested capital, which is now exempt? The United States Steel Corporation the other day reported that it made 43 per cent more in 1920 than it made in 1919, or \$109,000,000,000 profit. Texas Oil the other day reported a profit of \$85,000,000, I am not going to discuss the sales tax now. I did so in my 000 profit. Texas Oil the other day reported a profit of \$85,000,000, and it made 56 per cent more in 1920 than in 1919. Are you going to relieve those people from that excess-profits tax? I can not believe it possible, unless some equally just tax is to be substituted. I have here an editorial from the Wall Street Journal, of over a

column, criticizing me because I made a speech here against the

sales tax on January 31.

I delivered the speech and sent it out, because I am thoroughly opposed to a turnover sales tax to run the Government. I wish other Members who are better able to do so would undertake the task of presenting opposition, because it calls for action and because, as the gentleman from Iowa [Mr. Good] sald on this floor, any party that undertakes to put a sales tax through will be

defeated the next time at the polls. I fear he is right. The editorial was unjust, made many misstatements, and failed to mention facts that could not have escaped the attention of any fair-minded writer. My answer says:

EDITOR WALL STREET JOURNAL, "New York City, N. Y.

"My Dear Sir: Your column editorial in the Wall Street Journal of April 5 is received, wherein I am chastised editorially by B. S. Orcutt because in my speech of January 31 I opposed a sales tax and because I recently stated: 'All sales-tax people desire to force that tax on the people before it can fully be understood.' That statement I repeat, while the Journal confesses its truth and avoids by saying an 'educational' propaganda demanding a sales tax is now on. A strong tax propaganda has been on for months, although it misrepresents, misstates, and theorizes without basis although it misrepresents, misstates, and theorizes without basis or reason. Members have been deluged with sales-tax letters urging a discredited tax, generally abandoned centuries ago by civilized governments. I have received 500 letters, including 145 from candy makers alone, all demanding to be exempted from taxes they now pay and also demanding that Congress substitute a sales tax. This kind of 'education' is admitted.

"A powerful lobby with an enormous slush fund is planned in Washington to push the sales tax through Congress.

"Is that the 'educational' medium to which you refer? Highly paid publicity men and men who crack the whip in Wall Street are about to crack their whips over Congress, according to this propagation.

about to crack their whips over Congress, according to this propa-ganda, in an effort to shift \$1,000,000,000 in taxes they now pay annually over to the backs of the hundred million men, women, and children of the country who consume. These millions have no lobby, but they are to be sales-taxed over a billion dollars on everything they eat, drink, and wear, so that Wall Street profits may go untaxed or may be undertaxed. This lobby includes scores of men now taxed who are expected to appear before the Senate committee to voice their woes, while the sales-tax lobby is as boastful and brutal as the National Security League of like membership and fame, that blew up when its \$600,000 'educational' slush fund and Wall Street methods were exposed by Congress.

"The Wall Street Journal is recognized as a leader in this pres-

ent sales-tax propaganda, for apart from its editorials the Journal printed a full-page 'advertisement' on March 17, page 7, de-

manding a sales tax-

I referred to a page advertisement in the Wall Street Journal that favored a sales tax—

"Therein this advertisement said of the recently enacted French sales tax: 'The yield is already proving unexpectedly satisfactory and there appears to be every reason that it will produce a much greater amount than had been anticipated in the budget estimates.

"The Wall Street Journal carried that false statement through-"The Wall Street Journal carried that false statement throughout the country on March 17, although long prior to that date the New York press printed the fact that French budget estimates of January and February, 1921, were 487,000,000 francs and 413,000,000 francs, respectively, yet the actual receipts by the French Government for the same months had only been 187,000,000 francs and 151,000,000 francs, in round numbers, or a little over one-third of the estimates. At present values this reached only \$11,000,000 monthly for France, or less than 10 per cent of what is predicted here. In other words, the Journal was 63 per cent wrong on the most important statement in its full-page advertisement of March 17. advertisement of March 17.

"No greater injustice could be done Congress than to send broadcast this glaring misstatement of the most important fact on which a sales-tax law was to be based. Was it a mistake on

your part?

"Your Orcutt editorial of April 5 pretends to explain why a packed sales-tax crowd led by Bache and Rothschild, tax leaders, failed to capture a meeting of the National Industrial Tax Conference which had previously denounced a sales tax.

"The National Industrial Conference Tax Committee represented thousands of great industries, billions of dollars in the aggregate, and millions of laboring men employed, whereas Bache and Rothschild are New York stock brokers or jewelers. That committee squarely rejected the sales tax. Its authority was limited to its report, but you complain because a handful of Wall Street tax dodgers failed to capture the meeting. That is the burden of your editorial. Three members there present state your editorial criticism is a misstatement of fact." criticism is a misstatement of fact.'

Three members of that committee in my office all said that I had stated the facts correctly in the speech of January 31, and that there was no correction they had to make. And let me say this, that all men of great means are not in favor of a sales tax. this, that all men of great means are not in favor of a sales tax. Mr. R. P. Hazzard, who is at the head of the Hazzard Shoe Co., said in my office two or three days ago, "Mr. Frear, it would be \$200,000 more a year interest to me to have the sales-tax provision passed, and yet I have been opposing it at every place I could, speaking against it constantly." Mr. Hazzard realizes, as he says, not only the injustice of putting this enormous tax burden upon the shoulders of the people, but beyond that comes the question of destroying many small companies that compete with his big company and other integrated concerns where he and they would have a great advantage through a turnover sales tax.

I am continuing to read from my letter to the Wall Street Journal:

"Your deliberate nurses to mister the sale tax.

"Your deliberate purpose to mislead and deceive is again emphasized. The contributor of your editorial, Mr. Orcutt, had an intimate knowledge of the tax meeting referred to and of my

speech. That you admit. He knew that I quoted in my speech of January 31 at length from official reports of two important committees, the national industrial tax committee and the United States Chamber of Commerce tax committee. Both committee repudiated any sales tax. Why did you not state in your editorial that the tax committee of the United States Chamber of Commerce, representing hundreds of thousands of business men of the country, not only reported unqualifiedly against any sales tax, but on February 21 reported on a referendum to the chambers of America, which was widely published in the press? Why did you America, which was widely published in the press? Why did you not state that in this referendum 1,221½ votes favored an excise tax but opposed its imposition on articles of first necessity, with only 504½ votes opposed, contrary to the Journal's position? On the referendum of Should a sales tax be substituted for an excessthe referendum of Should a sales tax be substituted for an excess-profits tax and excise tax? the vote was 706½ for and 857½ against, or a majority of 151 unit votes against. On the referen-dum of Should a sales tax be levied in addition to excess profits and excise? the vote was 767½ for and 894½ against, or 127 ma-jority unit votes against. Why did you not give the facts where hundreds of thousands of business men were represented, as by these organizations, distinguished from a handful of Wall Street sales-tax boosters, whose money and publicity is their capital in trade?

"What more significant evidence of deliberate concealment of facts and of misstatement could be afforded than your unfair reference to one committee and concealment of the other? What effect does the excess-profits tax have on the advertising profits of your paper and of all the other large papers? Will you escape many thousands of dollars tax annually under a general sales tax law?"

#### ONE HUNDRED MILLION PEOPLE AGAINST A SALES TAX

"What do you honestly believe, Mr. Editor, is the sentiment of the 10,000,000 farmers and an equal number of laborers on whose backs the Wall Street Journal and its bulls and bears are trying to shift a billion-dollar tax burden now paid by the rich out of their profits? What is the sentiment of the millions upon millions of women and children who have no powerful lobby, no Wall Street Journal, no great slush fund, and no wide propaganda, but who confidently depend on Congress to protect them

ganda, but who condently depend on Congress to protect them now and always? Is their opinion to be ignored?

"What answer do you make, Mr. Editor, to the statement of Chairman Good, of the Appropriations Committee of the House, that 'a sales tax is a tax on the backs and bellies of the people, and any party passing such a law is certain to go down to defeat '? Yet you approve that iniquitous tax.

"The country knows those you represent are less than for

"The country knows those you represent are less than 5 per cent of the American people, men whose politics and principles are measured by personal interest or by the dollar mark, and many of them regard millions of jobless and of God's patient poor with unconcern or worse. Business interests such as you represent sent a great political party down to defeat eight years ago by use of money and the same tactics you now pursue.

"Do you not believe men responsible for placing a sales-tax

burden on the people will be remembered for their action, even as those who burdened the people with the 1909 tariff bill, and do you not believe this effort of greed and extortion on the part of those who have profiteered in the past and who now lead the sales-tax effort in putting screws on the people is unjust?

"Do you believe it is fair for the Journal to open on a humble Member of Congress with over a column editorial of misstate-ment and concealment in a cuttle-fish effort to obscure the issue? If you do not—and I assume you have an element of fairness that the advertising pages affected by existing excess-profits tax laws can not control—will you please give publicity to this needed correction of your editorial equal to that given your manifestly untrue editorial of April 5?

"Very truly yours,

"Lawre A Force."

" JAMES A. FREAR."

Mr. Chairman, the other day I sent to the Members of the House my speech of January 31. I did it simply because you, like myself, have received some 600 letters with little to the contrary. All I wish to do is to bring this before your attention, and as long as I sit in Congress I shall try to bring to your attention propaganda presented only on the one side when the people back home have had no voice on the other side. No case as flagrant has occurred in years as this sales-tax lobby and sales-tax propaganda.

Mr. Connally of Texas. If the excess-profits tax is to be repealed what is the gentleman's idea as to how revenue shall be

pealed, what is the gentleman's idea as to how revenue shall be raised?

Mr. FREAR. One way in part is the bill of the gentleman from Mr. Freek. One way in part is the bill of the gentleman from Ohio [Mr. Longworth], which is a good one, supported by Mr. Houston, of the Treasury Department, to put 6 per cent additional to the 10 per cent on the net profits of corporations, which will raise about \$450,000,000 according to their estimates. Rather than have a sales tax, I am willing to accept practically anything. than have a sales tax, I am willing to accept practically anything. Next, we might put a tax on undistributed profits, if necessary, which will raise about \$190,000,000 by the tax proper, according to Treasury estimates, and would realize about \$400,000,000 more according to the statement of the Treasury experts at that time, or nearly \$600,000,000 or over a billion dollars by those two items of revenue alone, in addition to nearly a billion dollars excess under present revenues for 1921, according to estimates.

Mr. Connally of Texas. The gentleman recalls the statement in the President's message the other day that you gentlemen were committed to the repeal of the excess-profits tax.

Mr. Freas. I heard the President's statement. I have no issue to join with him. I do not care to have any political issue raised

about this. Let me say this, if you gentlemen are sincere and honest in this thing, regarding your opposition to a sales tax, come and help us now to let Congress and the country know what come and help us now to let congress and the country and what efforts are being made to put through a sales tax. Do not wait until we do something on this side of the aisle and then complain about it. Why did you not pass a resolution against a sales tax yesterday in your caucus? Then was the time to help those of us who feel the same way about it, for I know many of you are opposed to that kind of a tax.

opposed to that kind of a tax.

Mr. Garner. Will the gentleman yield?

Mr. Frear. I yield to the gentleman from Texas.

Mr. Garner. Does the gentleman favor the taxes he has just suggested instead of the excess-profits tax?

Mr. FREAR, I would favor any of them by far in preference to a

Mr. Garner. I did not ask the gentleman that. I ask the gentleman personally whether he favors those taxes that he has enu-

tleman personally whether he favors those taxes that he has enumerated instead of the excess-profits tax?

Mr. Freer. I am glad the gentleman has asked me that, because the experts in the Treasury Department say there is no tax more fair than the excess-profits tax. I believe the men who are able to pay the taxes should pay them, and there is no one better able to pay than those who make excess profits.

Mr. Bankhead. Will the gentleman yield?

Mr. Freer. I yield to the gentleman from Alabama.

Mr. Bankhead. Does the gentleman think there is any serious danger of his party imposing a sales tax as a revenue scheme?

Mr. Freer. Oh, I wish I could tell the gentleman some things that I believe but do not know and that I can not speak of here. [Laughter.] Let me say that they are not of a political character, but I do know the situation, and the serious menace of a sales tax, and you know what is being done as well as I do in regard to it, because I have laid before you some of the data in my possession.

in my possession.

Mr. Longworth. Let me suggest that a very large portion of the amount that would be lost by the repeal of the excess-profits tax will be raised at the customhouse under a bill which I trust

will be raised at the customnouse under a bill which I trust will be shortly reported to the House.

Mr. Frear. A good suggestion coming from the gentleman from Ohio—three hundred millions is an item of additional income which will be received from the customhouse under the new tariff bill, according to Treasury estimates. We also have proposals that will raise about \$2,500,000,000, so no possible excuse exists in my judgment for nutting through a sales tax. I thank exists, in my judgment, for putting through a sales tax. I thank you. [Applause.]

Mr. Speaker, I have submitted with these remarks some observations on a turnover sales tax, that is not particularly involved in the bill before us, but it discloses from the lips of able tax experts that a manufacturers' tax which enables the manufacturer, jobber, wholesaler, and retailer to take his profits and a little extra, if need be, is equally objectionable when it fastens the tax upon the necessities of the consumer, rich and poor alike with certainty that the poor will pay far more proportionately than his rich neighbor who is endeavoring to eventually secure a sales tax as a substitute for the present income tax.

The income tax law was only obtained by constant struggles by the people. It was first defeated by a Supreme Court decision of 5 to 4 that attempted, with assumed constitutional authority, to prevent the imposition of an income tax. The minority opinion of four members of the court was so conclusive in character that Congress immediately offered a constitutional amendment to secure amplified power under the Constitution to pass another income tax law. Based upon that amendment and law, again the tremendous pressure by great financial organizations was felt and the court divided again five to four on the stock dividend decision, which emasculated the law and in effect has weakened the income-tax provision of the Constitution.

All this is familiar history to tax students, but it has a bearing to show the tremendous power which is now being exercised by these same wealthy individuals and interests that have failed permanently to prevent the income tax being levied upon them and who now seek to substitute a sales tax on the theory that 21/4 per cent tax is so small that it will not create opposition, but the camel's nose under the tent will be pressed to a much higher extent, either by a larger rate, like the 6 per cent manufacturers' tax rate now in Australia, or by a turnover sales tax, if it can be successfully pressed on Congress as heretofore attempted.

Let me say frankly that is the avowed purpose of those now urging the tax, but I am sure it is in no way chargeable to some of those who are defending it at the present time. They have been captured by the pleasing cry of balancing the Budget, and instead of placing taxes where they belong-upon those best able to pay-they are flirting with a tax that once accepted and placed in the statute will be a Sinbad burden, only to be unloaded by some general revulsion of sentiment, political or otherwise, throughout the country.

On March 14, this week, I sent a letter to my colleagues of the House, of which the following is a copy:

> CONGRESS OF THE UNITED STATES HOUSE OF REPRESENTATIVES

Washington, D. C., March 14, 1932.

Dear Colleague: Do we want a sales tax? A head tax or poll tax in its effect, it discards the principle of comparative income or ability to pay, but taxes consumption. In the RECORD of Friday, March 11 last, pages 5818 to 5836, is found quoted nearly a score of eminent tax experts and farm and labor organizations in this country and in Canada in opposition to a sales tax, taken from a former speech. Although then urged by the Treasury, that tax was defeated by the House committee—and other tax sources found.

vigorous opposition was expressed by these witnesses against alleged efforts to substitute a sales tax for income and other taxes. Arguments against the tax by labor and farm organizations and all others in 1921 apply especially in these days of business depression and unemployment when the people are demanding bread for relief instead of a stone.

None of these witnesses apparently were heard in the recent committee hearings. A manufacturers' tax with profits of jobbers, wholesalers, and retailers is usually passed on to the consumer. Ex-Senator Hardwick, Georgia, testified in 1920 before the committee that such increase, in cases cited, might reach 100 sumer. Ex-Senator Hardwick, Georgia, testified in 1920 before the committee that such increase, in cases cited, might reach 100 per cent over the original sales price. Witnesses in opposition to a sales tax will also be found in my speeches of January 31, December 21, and April 14, all in 1921, and February 21 in 1922. The Canadian sales tax produced \$38,000,000 in 1920-21, \$100,000,000 in 1923-24, and only \$20,000,000 in 1930-31. (Hearings, p. 249.) Change in character and rates should be studied, when Engand

land, though badly depressed, has steadily refused to follow her two colonies with this unjust tax that carries a rate of 4 per cent in Canada and 6 per cent in Australia, rates later to be urged on

Congress by strong influences.

Congress by strong influences.

No substitute taxes need be suggested. The gift tax on \$50,000 is only started at 1½ per cent. The estate tax should not remit 80 per cent for State credits. Increased tax is justified on cigarettes, now costing three times as much in Canada. (Hearings, p. 246.) Tax on gasoline of 1 cent and on car and truck sales, with other items, will be more just to 95 per cent of America's consumers than a sales tax.

If as predicted by the press this \$600,000.

If, as predicted by the press, this \$600,000,000 consumption tax remains in the House bill, the Senate may substitute some other tax for one which England rejects and all tax experts I have quoted declare is against correct principles of taxation—a tax on necessities that will increase the prevailing distress and discontent.

Very truly yours,

JAMES A. FREAR.

Mr. Speaker, although the time is too limited to obtain any extended statements from organizations that militantly opposed the sales tax when last sought to be fastened upon consumers, I offer the opinion of leading officials of the American Federation of Labor, appearing a few days ago in the following statement:

[From the American Federation of Labor official information service |

William Green, president of the American Federation of Labor,

issued the following statement to-day regarding the proposed sales tax now being considered by Congress:

"The sales-tax provision of the pending taxation legislation is strongly opposed by the American Federation of Labor. This position of the American Federation of Labor is based upon its position of the American Federation of Labor is based upon its traditional opposition to all forms of sales-tax legislation. Whatever argument is offered in support of sales-tax legislation during periods of reasonable prosperity can not apply now. The existing economic situation adds to the strength of argument against the imposition of such a character of taxation. The sales tax would fall more heavily upon the masses of the people who are now suffering from unemployment than upon any other group of our citizenship. To add a sales tax to the reductions of wages which have been imposed upon wage earners during the last year would mean addition to the misery, woe, and want which now prevail throughout the land.

"How can men and women who are unable to buy the bare

necessities of life be expected to pay a sales tax upon the limited merchandise which they are able to buy? This proposed manufacturers' sales tax will affect the sale of clothes, shoes, and a large percentage of foodstuffs. To impose this sales tax upon these necessities of life would mean that the masses, who are now purchasing only a limited amount, would be compelled to buy still It is a form of taxation which is contrary to the basis upon which we have always built our tax structure, namely, to relieve those who are least able and collect from those who are best able

to pay.
"The Democratic convention, held in 1924, adopted the following declaration: 'We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the

consumer the burdens of taxation.' So far as the record shows this position, assumed by the Democratic convention in 1924, has never been changed or modified. In the light of this declaration, it is now difficult to understand how and why the majority party

in Congress should favor this character of legislation.

"The membership of organized labor holds that the burden of taxation must be equitably distributed upon all classes of people. taxation must be equitably distributed upon all classes of people. The sales tax violates this sound principle because, in operation, it imposes a burden upon those who are unable to bear it. Such a tax as the proposed sales tax will tend to delay a return to prosperity. It will further destroy the very limited buying power now possessed by the masses of the people. It will prevent the sale of manufactured goods and it will mean less food, warmth, and clothing for millions of men, women, and children. Labor will call upon its friends in Congress to defeat that section of the taxation measure which provides for a sales tax."

Here is advice from the National Grange, Washington, D. C., March 17, 1932:

Hon. James A. Frear,

House Office Building, Washington, D. C.
DEAR MR. FREAR: Replying to your letter of recent date, I note what you have to say regarding that feature of the new revenue bill relating to the sales-tax proposal. If the proposed sales tax should be enacted, according to my advice it would cost the 6,000,000 farm families of America at least \$300,000,000 a year due to pyramiding.

In answer to your question as to whether the Grange would still oppose the imposition of a sales tax if canned goods were exempted, I beg to say with emphasis that we would still be

against it

against it.

As the Washington representative of the Grange, I was one of the first witnesses to appear before the Ways and Means Committee in connection with the hearings on the revenue bill. I told the members of the committee that we were opposed to a sales tax, because it was a tax on the necessities of the people and ignored the principle of ability to pay.

It was not until shortly before the bill appeared that we began to hear rumors that the committee was seriously considering a general sales tax. We had no definite knowledge on the subject. If the bill passes the House with the sales-tax proposal included, we shall, of course, fight it in the Senate. However, we hope that the provisions for a sales tax may be stricken from the bill in the House. Otherwise, even if it should be defeated in the Senate, complications might ensue in conference.

complications might ensue in conference.

I am convinced that if this legislation could be held up long enough to get the reaction of the people back home, the sales tax would not pass. In view of the condition of the rank and file of the people throughout the country, the proposal for a sales tax is nothing short of a legislative monstrosity. It should be killed and

buried beyond hope of resurrection.

I am inclosing herewith a copy of a letter on the subject which has been sent to all Members of Congress.

Sincerely yours,

FRED BRENCKMAN, Washington Representative.

THE NATIONAL GRANGE, Washington, D. C., March 15, 1932.

To the Members of Congress:

We recognize the unpleasant duty with which Congress is con-fronted in framing legislation to balance the Federal Budget, but we desire to register an emphatic protest against that feature of the new revenue bill which calls for the imposition of a sales tax.

It is conceded that there are approximately 8,000,000 unemployed people in the United States at this time. Adding their dependents it would probably be conservative to say that 25,000,000 people are without any income to-day and many of them are subsisting upon charity. The disproportionate burdens of taxation sisting upon charity. The disproportionate burdens of taxation which have been placed upon agriculture, together with the collapse of prices received for farm products, have worked the virtual ruin of our farmers. Combining the unemployed in our industrial centers with the agricultural population gives us a total of more than 50,000,000 people whose purchasing power has been greatly impaired or wholly destroyed.

Further than that, on December 7, 1931, in response to a request for information from a Member of Congress, the then Secretary of the Treasury, Andrew W. Mellon, stated that there were unpaid taxes due the Government and pending on appeal amounting to almost a billion dollars. These taxes are due principally for 1929 and previous years. Speeding up adjustments and collections in these cases would bring hundreds of millions of dollars into the Federal Treasury and would, to that extent, obviate the necessity for imposing new taxes.

rederal Treasury and would, to that extent, obviate the necessity for imposing new taxes.

The imposition of a general sales tax would meet with the unqualified disapproval of the 27,000,000 people upon the farms of this country. The effects of such a tax under prevailing conditions would not only be oppressive but would delay the return of prosperity, and could not be justified.

Yours respectfully,

The National Geange

THE NATIONAL GRANGE, FRED BRENCKMAN,
Washington Representative. This word is from the Farmers Union:

THE FARMERS' EDUCATIONAL AND Cooperative Union of America, Washington, D. C., March 16, 1932.

Hon. James A. Frear

United States Representative, Washington, D. C.

Dear Congressman: I sent telegrams to every State headquarters of the Farmers' Union about a week ago asking them to have their members to send telegrams and write letters to their respective Congressmen and Senators asking them to oppose the sales tax.

Yours truly.

JOHN A. SIMPSON. President.

This is a brief that speaks for itself about Canadian taxes.

MEMO FROM BRIEF PREPARED BY CANADIAN MANUFACTURERS' ASSOCIATION-TAXTION

It seems inevitable that the basis of taxation must be broadened, i. e., more people will have to pay taxes according to their ability.

Last year a special committee of the Canadian Manufacturers'

Association, in cooperation with other organizations, investigated Association, in cooperation with other organizations, investigated the problems of taxation, not only in Canada but also in the United States, Great Britain, France, and other countries. This committee submitted the following recommendations to the Dominion Government:

(a) That the business profits war tax shall not be reenacted.

(b) That the income war tax act as regards corporations shall

be repealed.

That the present sales tax shall be adjusted so as to provide (c)

the additional revenue needed by the Dominion Government.

At the last session of Parliament the business profits war tax act was not reenacted; the sales tax was readjusted so as to provide additional revenue, but the income war tax act as regards corporations was not changed.

As we believe that the general policy outlined in these proposals is sound, we respectfully beg to submit the following similar representations to the present Government of Canada in the hope that Parliament will see fit to act favorably on them at the

coming session:

(a) That duplication of taxation be avoided as much as possible.

(b) That the income war tax act as regards corporations shall

(b) That the income war tax act as regards corporations shall be repealed.

(c) That the present sales tax shall be adjusted so as to provide additional revenue.

In considering (a) and (b) attention is drawn to the case of a company operating in all the nine Provinces of Canada. This company is taxed by the Dominion Government; it is taxed by each of all cases as a corporation, its shareholders are also taxed by the Dominion, provincial and municipal government on property, business, dividends, and income.

We submit that the Dominion Government should make an arrangement with the provincial governments, whereby this duplication would be, in part at least, avoided.

In regard to the sales tax we beg to advocate:

"That as the sales tax is a tax payable by the purchaser, manufacturers and wholesalers should not be held liable for any taxes which they can not collect owing to the purchaser becoming in-

which they can not collect owing to the purchaser becoming insolvent or refusing to pay, even though the manufacturer or wholesaler has in the meantime advanced the amount of the tax to the Government when making his monthly returns."

Mr. Speaker, here is a novel provision, that a taxpayer, whose business it is to collect his tax before delivery of goods to the wholesaler, is to be exempt from taxes passed on to the consumer after the wholesaler fails to pay for the goods. It is one of the inconsistencies that makes a sales tax unjust and objectionable.

The foregoing remarks are submitted, and without summing up let me say that, without reflection upon the committee's report, the sales-tax feature based on the hearings is not supported by any witness except as to painless administration by some official.

The policy was not approved for a temporary or permanent tax.

The reports contained in speeches oppose unanimously a consumers' tax, because a tax on necessities. For these reasons I submit the manufacturers' sales tax should be stricken from the bill.

Here is a last letter just received:

THE FARMERS' EDUCATIONAL AND Cooperative Union of America, Washington, D. C., March 17, 1932.

Hon. JAMES A. FREAR,

United States Representative, Washington, D. C.

Dear Congressman: The Grange, the Farm Bureau, and the Farmers' Union all testified before the Ways and Means Committee against a sales tax. We are against it now. Our members all over the United States are writing their Congressmen and Senators and sending them telegrams saying they are against the sales'

I do not know whether Canadian farm organizations favor a sales tax or not. I would gamble a little that they do not favor it. We three farm organizations did not believe a sales tax was being seriously considered by the Ways and Means Committee. We shall certainly go before the Senate committee if the House passes the tax bill with the sales tax in it.

We, the farmers, feel that for three months Congress has been passing large quantities of candy out to the big bankers, rall-

passing large quantities of candy out to the big bankers, railroads, and other big business without any of it getting to the farmers. We consider that we have been rankly discriminated against in the blessings bestowed by the Government. But we are amazed to find that when there is a load to carry the burden is shoved onto our backs.

I predict there are more voters in the Nation watching this sales tax than any one measure that has arisen in Congress since

the World War.

Yours truly,

JOHN A. SIMPSON, President.

ADJOURNMENT

Mr. RAGON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 30 minutes p. m.) the House adjourned until to-morrow, Friday, March 18, 1932, at 12 o'clock noon.

### COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Friday, March 18, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON BANKING AND CURRENCY

(10.30 a. m.)

Stabilization measures.

COMMITTEE ON THE DISTRICT OF COLUMBIA AND SUBCOMMITTEE ON THE JUDICIARY

(10.30 a. m.)

A bill to amend the act regulating the employment of minors.

PUBLIC LANDS COMMITTEE

(10 a. m.)

Public domain (H. R. 5840).

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies (H. R. 9059).

# EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

489. A letter from the Comptroller General, transmitting a report and recommendation to the Congress concerning the claim of the Franklin Surety Co. against the United States, pursuant to the act of April 10, 1928 (45 Stat. 413); to the Committee on Claims.

490. A letter from the Secretary of War, transmitting a report dated March 15, 1932, from the Chief of Engineers, United States Army, on Wolf River, Wis. (H. Doc. No. 276); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

491. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation for the District of Columbia, fiscal year 1933, to be immediately available, \$600,000 for unemployment relief to residents of the District of Columbia, and also an amendment to the estimate contained in the Budget for the fiscal year 1933, for Municipal Center, District of Columbia, reducing the amount from \$1,600,000 to \$1,000,000 (H. Doc. No. 277); to the Committee on Appropriations and ordered to be printed.

### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SPARKS: Committee on the Judiciary. H. J. Res. 97. Joint resolution proposing to amend the Constitution of the United States to exclude aliens in counting the whole number of persons in each State for apportionment of Representatives among the several States; with amendment (Rept. No. 823). Referred to the House Calendar.

Mr. CARTWRIGHT: Committee on Indian Affairs. S. 1719. An act amending the act of Congress entitled "An act authorizing the Wichita and affiliated bands of Indians in Oklahoma to submit claims to the Court of Claims" approved June 4, 1924; without amendment (Rept. No. 825). Referred to the Committee of the Whole House on the state of the Union.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 6339. A bill for the relief of O. R. York; with amendment (Rept. No. 822). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 83. An act for the relief of Margaret Crotty; without amendment (Rept. No. 824). Referred to the Committee of the Whole House.

Mr. EATON of Colorado: Committee on Public Lands. H. R. 6437. A bill to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; with amendment (Rept. No. 826). Referred to the Committee of the Whole House.

### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THOMASON: A bill (H. R. 10585) authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H. R. 10586) to reduce the number of court officials in the Territory of Alaska; to the Committee on the Judiciary.

Also, a bill (H. R. 10587) to provide for alternate jurors in certain criminal cases; to the Committee on the Judiciary.

Also, a bill (H. R. 10588) to provide punishment for killing or assaulting Federal officers; to the Committee on the Judiciary.

Also, a bill (H. R. 10589) to amend section 289 of the Criminal Code; to the Committee on the Judiciary.

Also, a bill (H. R. 10590) to prohibit the misuse of official insignia; to the Committee on the Judiciary.

Also, a bill (H. R. 10591) providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

Also, a bill (H. R. 10592) to abolish bailiffs and criers in the United States courts and to provide for the performance of their duties by United States marshals and their deputies, and for other purposes; to the Committee on the Judiciary.

Also, a bill (H. R. 10593) to amend section 1025 of the Revised Statutes of the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 10594) to amend the first paragraph of section 24 of the Judicial Code; to the Committee on the Judiciary.

Also, a bill (H. R. 10595) to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., sec. 592, title 28); to the Committee on the Judiciary.

Also, a bill (H. R. 10596) to amend an act entitled "An act to make persons charged wth crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other; to the Committee on the Judiciary.

Also, a bill (H. R. 10597) to amend section 109 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, and for other purposes; to the Committe on the Judiciary.

Also, a bill (H. R. 10598) to provide for the transportation of certain juvenile offenders to States under the law of which they have committed offenses or are delinquent, and for other purposes; to the Committee on the Judiciary.

Also, a bill (H. R. 10599) to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws; to the Committee on the Judiciary.

By Mr. DICKSTEIN: A bill (H. R. 10600) to exempt from the quota husbands of American citizens; to the Committee on Immigration and Naturalization.

By Mr. WYANT: A bill (H. R. 10601) providing an import duty upon coal, anthracite, semianthracite, bituminous, semibituminous, culm, slack, and shale; coke; compositions used for fuel in which coal or coal dust is the component material of chief value, whether in briquets or other form; to the Committee on Ways and Means.

By Mr. MOORE of Kentucky: A bill (H. R. 10602) to further restrict immigration into the United States; to the Committee on Immigration and Naturalization.

By Mr. YON: A bill (H. R. 10603) to authorize an appropriation for levee construction and other flood-control works at Caryville, Fla., on the Choctawhatchee River, Fla.; to the Committee on Flood Control.

By Mr. McCORMACK: A bill (H. R. 10604) to secure the increase of migratory wild fowl and other game, to provide revenue for accomplishing the purpose of this act, and for other purposes; to the Committee on Ways and Means.

By Mr. CRISP: Joint resolution (H. J. Res. 336) construing section 503 (b) of the tariff act of 1930; to the Committee on Ways and Means.

Also, joint resolution (H. J. Res. 337) authorizing corporations in computing net income to take as deductions from gross income amounts contributed for unemployment-relief purposes; to the Committee on Ways and Means.

By Mrs. NORTON: Joint resolution (H. J. Res. 338) to provide for the creation of a joint committee of the Senate and House of Representatives of the United States to make a study of the laws and government of the District of Columbia, and for other purposes; to the Committee on Rules.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOHN: A bill (H. R. 10605) for the relief of Ralph W. Daggett, former lieutenant, Finance Department, United States Army; to the Committee on Claims.

By Mr. BUTLER: A bill (H. R. 10606) granting a pension to James M. Davis; to the Committee on Pensions.

Also, a bill (H. R. 10607) granting a pension to Ida Rines; to the Committee on Pensions.

Also, a bill (H. R. 10608) granting a pension to Robert Harms; to the Committee on Pensions.

By Mr. CABLE: A bill (H. R. 10609) granting an increase of pension to Maria Hurley; to the Committee on Invalid Pensions

By Mr. CRAIL: A bill (H. R. 10610) for the relief of Bertha Ingmire; to the Committee on Claims.

Also, a bill (H. R. 10611) for the relief of the Hermosa-Redondo Hospital, C. Max Anderson, Julian O. Wilke, Curtis A. Wherry, Hollie B. Murray, Ruth M. Laird, Sigrid I. Olsen, and Stella S. Guy; to the Committee on Claims.

By Mr. CULKIN: A bill (H. R. 10612) granting an increase of pension to Annie Williams; to the Committee on Invalid Pensions.

By Mr. DAVILA: A bill (H. R. 10613) for the relief of J. C. Besosa; to the Committee on Insular Affairs.

By Mr. DEROUEN: A bill (H. R. 10614) providing for an examination and survey of the Vinton Waterway, La.; to the Committee on Rivers and Harbors.

By Mr. DYER: A bill (H. R. 10615) to provide for the appointment of Claude J. Huff as a warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. FREE: A bill (H. R. 10616) authorizing the Secretary of War to convey certain portions of the military reservation at Monterey, Calif., to the city of Monterey, Calif., for the widening of Lighthouse Road; to the Committee on Military Affairs.

By Mr. GARRETT: A bill (H. R. 10617) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his separation from service; to the Committee on Military Affairs.

By Mr. HOCH: A bill (H. R. 10618) granting an increase of pension to Rosetta Cunningham; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 10519) granting an increase of pension to Develia Taylor; to the Committee on Invalid Pensions.

By Mr. HOLLISTER: A bill (H. R. 10620) granting an increase of pension to Anna E. Kaney; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H. R. 10621) for the relief of Augusta Burkett; to the Committee on Claims.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 10622) granting an increase of pension to Margaret K. Maiers; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 10623) granting a pension to Emma Delano; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 10624) for the relief of Philip McEntee; to the Committee on Military Affairs.

By Mr. MICHENER: A bill (H. R. 10625) to permit the United States to be made a party defendant in certain cases; to the Committee on the Judiciary.

By Mr. MURPHY: A bill (H. R. 10626) granting an increase of pension to Elizabeth Conaway; to the committee on Invalid Pensions.

By Mr. O'CONNOR: A bill (H. R. 10627) for the relief of Patrick McKernan; to the Committee on Naval Affairs.

By Mr. PATTERSON: A bill (H. R. 10628) granting a pension to Andrew J. Watts; to the Committee on Pensions.

By Mr. PEAVEY: A bill (H. R. 10629) granting a pension to Harvey L. Pierce; to the Committee on Pensions.

By Mr. PITTENGER: A bill (H. R. 10630) granting a pension to Flora Evans; to the Committee on Pensions.

By Mr. REILLY: A bill (H. R. 10631) for the relief of A. White; to the Committee on Claims.

By Mr. SMITH of Idaho: A bill (H. R. 10632) granting an increase of pension to Samantha E. Knapp; to the Committee on Invalid Pensions.

By Mr. WELCH of California: A bill (H. R. 10633) for the relief of Martin J. Blazevich; to the Committee on Claims.

By Mr. WHITE: A bill (H. R. 10634) granting an increase of pension to Cornelia L. Rowe; to the Committee on Invalid Pensions.

By Mr. WIGGLESWORTH: A bill (H. R. 10635) for the relief of James J. Black; to the Committee on Military Affairs.

By Mr. WOOD of Indiana: A bill (H. R. 10636) authorizing longevity pay to Capt, James L. Glascock; to the Committee on Claims.

By Mr. MOORE of Ohio: A bill (H. R. 10637) to provide emergency reductions in the payments of salaries or other pay by the United States; to the Committee on Expenditures in the Executive Departments.

### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4493. By Mr. AYRES: Petition of citizens of South Haven, Kans., opposing any modification, resubmission, or repeal of the prohibition law; to the Committee on the Judiciary.

4494. By Mr. BACHARACH: Petition of St. Michael's Society of the Egg Harbor City (N. J.) Branch of the Catholic Central Verein of America, favoring the modification of the Volstead Act and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

4495. By Mr. BOHN: Petition of Michigan Engineering Society, Detroit, Mich., requesting that the present associa-

tion of the Corps of Engineers, United States, be maintained in connection with the development of rivers and harbors; to the Committee on Rivers and Harbors.

4496. By Mr. CORNING: Petition signed by Howard W. Connelly and other citizens of Albany, N. Y., protesting against the proposed reduction of our national defense and favoring House bill 5659; to the Committee on Appropriations.

4497. By Mr. EATON of Colorado: Resolutions of John Borelli Chapter, No. 7, Disabled American Veterans of the World War, of 2031 West Thirty-seventh Avenue, Denver, Colo., asking for additional funds for carrying on the work of the United States Employment Service; to the Committee on Appropriations.

4498. By Mr. EVANS of California: Petition signed by approximately 95 citizens, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4499. Also, petition signed by approximately 75 citizens, supporting the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4500. By Mr. GOLDSBOROUGH: Petition of the Woman's Christian Temperance Union of Crumpton, Md., requesting legislation and enforcement of law, and opposing resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures, and favoring adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4501. By Mr. HALL of North Dakota: Petition of Bottineau Woman's Christian Temperance Union of Bottineau, N. Dak., protesting against the resubmission to the States or repeal of the eighteenth amendment; to the Committee on the Judiciary.

4502. By Mr. JAMES: Memorial of Theodore Pociota, president, Paul Jowovowski, secretary, Joseph Mileski, treasurer, Group 1461, of the Polish National Alliance of the United States of North America, of the city of Iron River, Mich., memorializing Congress to enact House Joint Resolution 144; to the Committee on the Judiciary.

4503. Also, petition of the Women's Catholic Order of Foresters, Court 501, of Calumet, Mich., through Katherine Ilenich, president, Catherine Likovich, recording secretary, and Rev. L. F. Klopcic, chaplain, favoring the tariff on copper; to the Committee on Ways and Means.

4504. By Mr. JOHNSON of Texas: Petition of 226 World War veterans of Navarro County, Tex., favoring immediate cash payment of the balance due on adjusted-service certificates; to the Committee on Ways and Means.

4505. Also, petition of Hon. J. Felton Lane, Hearne, Tex., favoring Federal regulation of interstate transportation by motor vehicles; to the Committee on Interstate and Foreign Commerce.

4506. Also, petition of John E. Cooke, of Rockdale, Tex., vice president National Editorial Association, favoring House bill 8576; to the Committee on the Post Office and Post Roads.

4507. By Mr. KVALE: Petition of Hector Local, No. 257, of the Farmers Union, Hector, Minn., protesting against the imposition of a sales tax and a gasoline tax; to the Committee on Ways and Means.

4508. Also, petition of Farmers Union, Local No. 219, Big Stone County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4509. Also, petition of Marine Corps League, North Central Division, urging enactment of House bill 1; to the Committee on Ways and Means.

4510. Also, petition of executive committee, Twin City Milk Producers' Association, Minnesota, urging reduction of Government expenditures; to the Committee on Ways and Means.

4511. Also, petition of Lac qui Parle County Farmers Union, Minnesota, urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4512. Also, petition of Lac qui Parle County Farmers Union, Minnesota, urging enactment of Senate bill 2487 and House bill 7797; to the Committee on Agriculture.

4513. Also, petition of 48 taxpayers in Chippewa County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4514. Also, petition of 48 taxpayers in Chippewa County, Minn., urging enactment of Senate bill 2487 and House bill

7797; to the Committee on Agriculture.

4515. Also, petition of 48 taxpayers of Chippewa County, Minn., urging enactment of House bill 8930; to the Committee on the Judiciary.

4516. Also, petition of taxpayers of Palmyra Township, Minn., protesting against the imposition of a Federal gaso-

line tax; to the Committee on Ways and Means.

4517. Also, petition of Lake Marshall Farm Bureau Unit, Marshall, Minn., protesting against House bill 10236; to the Committee on Ways and Means.

4518. Also, petition of Ladies' Auxiliary No. 1639, Veterans of Foreign Wars, Willmar, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

4519. Also, petition of taxpayers of Lake Elizabeth Township, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4520. Also, petition of taxpayers of Lake Elizabeth Township, Minn., urging enactment of Senate bill 2487; to the Committee on Agriculture.

4521. Also, petition of Renville County Farmers' Union, Minnesota, protesting against the proposed sales tax; to the Committee on Ways and Means.

4522. Also, petition of 28 residents of the seventh district of Minnesota, protesting against House bill 8092; to the Committee on the District of Columbia.

4523. Also, petition of Farmers Union, Local No. 160, Odessa, Minn., protesting against the imposition of a sales tax; to the Committee on Ways and Means.

4524. Also, petition of the American Legion Auxiliary, Robert LeRoy Adamson Unit, No. 30, Fergus Falls, Minn., urging support of the American Legion's national legislative program and particularly the widows and orphans' bill; to the Committee on World War Veterans' Legislation.

4525. Also, petition of Farmers Union, township of Burton, Yellow Medicine County, Minn., protesting against the imposition of a Federal gasoline tax; to the Committee on

Ways and Means.

4526. Also, petition of Alta Vista Local, No. 116, and the Wergeland Local, No. 120, of the Farmers Union of Minnesota, urging enactment of Senate bill 2487 and House bill 7797; to the Committee on Agriculture.

4527. Also, petition of Alta Vista Local, No. 116, and Wergeland Local, No. 120, of Minnesota, urging enactment of Senate bill 1197; to the Committee on Banking and Currency

4528. Also, petition of American Legion, Adwell-Ashley Post, No. 180, Renville, Minn., indorsing House bill 6305; to the Committee on the Post Office and Post Roads.

4529. Also, petition of Farmers Union Local, No. 178, Arco, Minn., protesting against the imposition of a Federal tax on gasoline; to the Committee on Ways and Means.

4530. Also, petition of the Cloverlea Club, Appleton, Minn., protesting against the imposition of a Federal tax on gasoline; to the Committee on Ways and Means,

4531. Also, petition of Thorpe Local, No. 174, of the Farmers Union, protesting against the imposition of a Federal gasoline tax; to the Committee on Ways and Means.

4532. Also, petition of 57 residents of the township of Edeson, Swift County, protesting against the imposition of a Federal gasoline tax; to the Committee on Ways and Means.

4533. Also, petition of Stanley and Clifton Locals of the Farmers Union of Minnesota, protesting against the imposition of a Federal gas tax; to the Committee on Ways and Means.

4534. Also, petition of Farmers Union, Local of Everington Center, Worthington, Minn., urging enactment of Senate bill 2487; to the Committee on Agriculture.

4535. Also, petition of Farmers Union, Local of Everington Center, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4536. Also, petition of Svea National Farm Loan Association of Willmar, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4537. Also, petition of Post No. 113 of the American Legion, Marshall, Minn., urging enactment of House bill 1;

to the Committee on Ways and Means.

4538. By Mr. LAMBERTSON: Petition of Ruth Walter and 174 other persons of Bendena, Troy, Leona, Severance, Robinson, Topeka, Hiawatha, and Denton, and resolutions of the Woman's Christian Temperance Union of Troy, and the Doniphan County Council of Religious Education, all of the State of Kansas, urging the maintenance of the prohibition law and its enforcement, and opposing any measure of repeal, modification, or resubmission to the States; to the Committee on the Judiciary.

4539. By Mr. LEA: Petition of approximately 300 residents of Chico and Butte Counties, Calif., protesting against compulsory Sunday observance and Senate bill 1202; to the

Committee on the District of Columbia.

4540. By Mr. LINDSAY: Petition of Seeman Bros., New York City, favoring a certain amendment to the sales tax; to the Committee on Ways and Means.

4541. Also, petition of Hon. T. L. Wolfe, Mount Vernon, Iowa, representative of the Iowa State Legislature, favoring the passage of House bill 4668; to the Committee on Flood Control.

4542. By Mr. PARKER of Georgia: Petition of the Pierpont Manufacturing Co. and Barts' Bakery, of Savannah, and the J. K. Orr Shoe Co., of Atlanta, Ga., protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4543. By Mr. RAINEY: Petition of veterans of the World War of Joliet, Ill., asking that the World War veterans' adjusted-service compensation certificates be paid at once; to the Committee on Ways and Means.

4544. By Mr. RICH: Petition of First Methodist Church, Renovo, Pa.; to the Committee on the Judiciary.

4545. By Mr. ROBINSON: Petition of the members of the Farmers Educational and Cooperative Union of America, signed by William Boyenga, Geneva, Iowa, and 12 others, urging the passage of House bill 7797 and Senate bills 1197

and 2487; to the Committee on Agriculture.
4546. By Mr. RUDD: Petition of American Committee on the Far Eastern Crisis, additional signatories to the Lowell petition; to the Committee on Foreign Affairs.

4547. Also, petition of T. L. Wolfe, Mount Vernon, Iowa, favoring the passage of House bill 4668; to the Committee on Flood Control.

4548. Also, petition of Seeman Bros., New York City, favoring amendment to the sales tax regulations, section 616; to the Committee on Ways and Means.

4549. Also, petition of F. Weidner Printing & Publishing Co., Brooklyn, N. Y., favoring the passage of the Romjue bill (H. R. 8576); to the Committee on Ways and Means.

4550. By Mr. SINCLAIR: Petition of Mrs. J. C. Miller, president of the Woman's Christian Temperance Union of Bottineau, N. Dak., favoring the maintenance of prohibition law and its enforcement; to the Committee on the Judiciary.

4551. By Mr. SMITH of Idaho: Petition signed by 40 residents of Twin Falls County, Idaho, protesting against the enactment of House bill 8092 compelling barbers to observe Sunday in the District of Columbia; to the Committee on the District of Columbia.

4552. By Mr. SMITH of West Virginia: Petition of residents of Charleston, W. Va., opposing any legislation providing compulsory Sunday observance; to the Committee on the District of Columbia.

4553. By Mr. SWANSON: Petition of W. H. Lainson and others protesting against compulsory Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

4554. By Mr. SWICK: Petition of Group 2199, Anna Walak, president Polish National Alliance of the United States, 149 Fourth Avenue, Aliquippa, Pa., urging the enactment of House Joint Resolution 144 directing the President to proclaim October 11 of each year as General Pulaski's

Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4555. Also, petition of Group 1483 of the Polish National Alliance of the United States, Kazimicz Duplaga, president, 150 Fourth Avenue, Aliquippa, Pa., urging the enactment of House Joint Resolution 144 directing the President to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4556. By Mr. TEMPLE: Petition of Warren Powers Laird, dean, School of Fine Arts, University of Pennsylvania, Philadelphia, Pa., supporting House bill 9892 providing for the participation of the National Government in the International Congress of Architects; to the Committee on Foreign Affairs.

4557. Also, petition of Frank Gubitti, of Bertha; A. J. Greaves and Harry Underwood, of West Brownsville; Sebastian Deoloba, of Brownsville; F. W. Willis, E. T. Layton, Preston Briggs, and James W. Barbour, of Washington; Charles A. Richert, Charles Lewellyn, LeRoy S. Lenker, Walter C. DeShields, Julius W. Anderson, Martha Hatfield, Elmer Anderson, and Edward Stevenson, of Monongahela, all of the State of Pennsylvania, supporting House Bill 1 providing for the full payment of adjusted compensation; to the Committee on Ways and Means.

4558. By Mr. WIGGLESWORTH: Petition of members of the Warren Avenue Baptist Church, of Brockton, Mass., opposing the resubmission of the eighteenth amendment for ratification by State conventions or by State legislatures; to the Committee on the Judiciary.

4559. By Mr. WITHROW: Petition signed by 5,299 citizens of the third congressional district of Wisconsin, petitioning the Congress of the United States for the exemption from tax of all theater tickets costing 50 cents or less; to the Committee on Ways and Means.

4560. By Mr. WOOD of Indiana: Petitions of residents of Indiana, favoring the Sunday observance laws; to the Committee on the District of Columbia.

4561. By Mr. WYANT: Petition of Group No. 2226 of the Polish National Alliance of the United States, Latrobe, Pa., urging enactment of legislation to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4562. Also, petition of Group No. 1241 of the Polish National Alliance of the United States, Latrobe, Pa., urging enactment of legislation to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

# SENATE

# FRIDAY, MARCH 18, 1932

(Legislative day of Monday, March 14, 1932)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

Mr. COPELAND. Mr. President-

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bulow	Dickinson	Hatfield
Austin	Capper	Dill	Hawes
Bailey	Caraway	Fess	Hayden
Bankhead	Carey	Fletcher	Hebert
Bingham	Connally	Frazier	Howell
Black	Coolidge	George	Hull
Blaine	Copeland	Glass	Johnson
Borah	Costigan	Goldsborough	Jones
Bratton	Couzens	Hale	Kean
Brookhart	Dale	Harrison	Kendrick
Broussard	Davis	Hastings	Keyes

ing	Norbeck	Sheppard	Trammell
gan	Norris	Shipstead	Tydings
ong	Oddie	Shortridge	Vandenberg
cGill	Patterson	Smith	Walcott
cKellar	Pittman	Smoot	Walsh, Mont.
cNary	Reed	Steiwer	Waterman
orrison	Robinson, Ark.	Thomas, Idaho	Watson
oses	Robinson, Ind.	Thomas, Okla.	White
eely	Schall	Townsend	
45. TO 41			The second second

Mr. FRAZIER. I wish to announce that my colleague the junior Senator from North Dakota [Mr. Nye] is detained from the Senate by reason of illness. I ask that this announcement may stand for the day.

Mr. KEAN. My colleague the junior Senator from New Jersey [Mr. Barbour] is unavoidably absent. I would like to have this announcement stand for the day.

Mr. LOGAN. I announce the necessary absence of my colleague the senior Senator from Kentucky [Mr. Barkley] on public business. I ask that the announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. Harris] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

### MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

### REPORT OF THE BANKING AND CURRENCY COMMITTEE

Mr. GLASS, from the Committee on Banking and Currency, reported favorably the nomination of Vulosko Vaiden, of Farmville, Va., to be a member of the Federal Farm Loan Board, for the unexpired term of eight years expiring August 6, 1932, in place of George R. Cooksey, resigned, which was placed on the Executive Calendar.

### CUSTOMS SERVICE-FRED A. BRADLEY

The Senate resumed the consideration of the nomination of Fred A. Bradley to be collector, customs collection district No. 9, Buffalo, N. Y.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? The Senator from New York has the floor.

Mr. COPELAND. Mr. President, I realize that this is a controversial question. It may be that Senators will wish to ask about one point or another as the points are developed. However, I would prefer, if I may, to complete my statement, and then if there are any questions in mind that need to be answered, I shall be happy to make such reply as I can.

Mr. President, when it became known that the President had sent to the Senate the name of Fred A. Bradley for reappointment as collector of customs at Buffalo, I had floods of letters asking that the office be investigated. After the committee reported, assuming such investigation had actually been made, I asked the Senate to defer action on the pending confirmation. I did this so I might be able to say to my constituents that from my own knowledge proper investigation had been made.

I found, to my regret, that pressure of other matters had made it impossible for the Finance Committee to go into details. The reports and papers accompanying the hearings had not been examined. This is apparent, because careful study reveals that contained in them are matters of vital importance to the formation of an accurate conclusion.

It is not surprising that the committee was misled by the testimony of some witnesses. Unfortunately some of the testimony was based on hearsay, some on bad memory, and some possibly on the desire to deceive. In any event, the committee's decision was not conclusive, and to one who studies the record it is far from convincing.

I say this with no desire to reflect in the least on the fair-minded and able Senators who conducted the hearings.

Furthermore. I have had access to much more official material than the committee had at its disposal. The committee had merely a few reports. I have had these files, 5 or 6 inches high, from the Treasury, State, and Justice Departments. They give in detail information as to matters which, in my opinion, should have been considered by the committee in forming judgment in the case. So, I repeat, I had the benefit of much more official material than the committee had at its disposal. In view of this additional testimony it is my intention to ask the Senate to recommit the nomination.

I am aware that this action is rarely taken, and then only on the presentation of abundant reasons. It is my desire to say no more than enough to induce the Senate to recommit. I do not care to say more, because there can be no conclusive decision without the taking of certain testimony under oath.

I want to speak about that for a moment. When the public was advised that there was to be a hearing, all those persons who had an interest in the matter were notified. But at the end of the letter of invitation—and I have copies of it here from the files of the committee-while it was stated that anyone wishing to be heard by the subcommittee should be present at the meeting, it was also stated:

The committee is not authorized to pay any expenses of witnesses attending the meeting.

So that, as a matter of fact, there came here only two witnesses from Buffalo, because the 60 or 70 other witnesses who could have given evidence were not so financially situated that they could take the trip from Buffalo to Washington.

Mr. KING. Mr. President, will the Senator suffer an interruption?

The VICE PRESIDENT. The Senator from New York announced that he preferred not to be interrupted until he had concluded.

Mr. KING. I merely want to ask the Senator what witnesses from Buffalo he refers to as being 60 or 70 in number?

Mr. COPELAND. Witnesses conversant with the charges made against Mr. Bradley as to his various alleged acts of official dereliction.

But, as I have stated, I desire to say no more than enough to induce the Senate to recommit the nomination; I do not care to say more, because no one can form an accurate conclusion without the presence of the witnesses and their testimony being taken under oath.

The leads are here, but without the application of the powers of subpæna complete determination of the truth is impossible.

This is a complicated case. It is amazing how far the leads go. They reach into Canada and every part of west-ern New York, but they do not stop there. They go to Albany, they come to Washington.

It has been charged against Bradley-the present collector of customs at Buffalo-that he consorts with bootleggers, profits by the admission of contraband, and shuts his eyes to violations of the customs laws. In short, it is alleged he conspires against the welfare of his country and is a party to the undermining of law and order.

Every friend of Mr. Bradley and Mr. Bradley himself should welcome an investigation so genuine, so sweeping, so searching that when it is over, if this man is cleared of suspicion Bradley and his friends can rejoice and be glad. Personally I shall be glad if this is the result. I never saw the man, he never harmed me, and I hate to be the cause of a single bit of annoyance to him.

### INCOMPLETE INVESTIGATIONS

But I should not be true to my oath of office nor to my constituents if I failed to present to the Senate a résumé of the official records relating to his administration of the collectorship. If I succeed in my efforts, the Senate will be amazed at the incompleteness of every investigation undertaken. Each one ended almost before it was begun. Certainly, there is no evidence that those evils of his administration which were found were ever removed or corrected.

minds of his superiors. The time and money spent in investigations were wasted. Bradley continues to hold office in spite of official criticism and private protest.

It was testified before the Senate committee by the Assistant Secretary of the Treasury that undercover men were sent to Buffalo; that unknown to Bradley they joined the customs patrol. The inference is that these men discovered nothing wrong with the office.

It took a long time to get the original records of this particular "investigation." On February 25 I wrote the Treasury for these and other material. A few days ago the papers were delivered to me. It is my belief I now have all the records relating to the Bradley case, except possibly some which relate to smuggling. I have not been able in my study of these records to find any report dealing with that particular allegation. These records are accessible to the Senate, but it will be no small task to sift them, to analyze and appraise them. Until that is done, however, and until proper witnesses are produced to verify or disprove certain matters, there can be no reliable estimate of the fitness of this nominee to be confirmed.

For my immediate purpose, I wish now to refer to the testimony of Secretary Lowman, as found on page 86 of the hearing of January 13, 1932. The subcommittee held two hearings, one on the 12th of January and the other on the 13th. Mr. Lowman appeared before the committee, and on page 86 of the hearings of January 13, 1932, appears this language by the Secretary, which I quote:

These reports of irregularities in Buffalo continued to come to the department. We sent undercover men there, without Bradley knowing it, or McCampbell or Rasmussen or any of them. They were in charge of E. J. Lewis, who is the Government customs agent in charge of all activities in Canada. He reported that everything was all regular. He said there was some smuggling un-doubtedly going on, but could find no connivance or anything

Again, on page 94, Governor Lowman said:

Why, Bradley knows now, but we had two men, two detectives, go and enlist in the patrol up there in Buffalo under Bradley without his knowledge or knowing anything of it. They joined the force, in other words.

I hope the Senate will bear in mind what Governor Lowman said, because he was so utterly mistaken, as will be seen later. I want the Senate also to bear in mind that in his testimony before the committee, by reason of a lapse of memory, he gave a wrong inference to the committee. I say that without prejudice to the governor; he is a friend of mine; I do not want to say anything to disparage him in the least, and I am giving the credit that he probably

Apparently these two quotations from Mr. Lowman's testimony refer to an investigation made by Undercover Agents Geyer and Page, between October 23, 1929, and December 9, 1929. At least the official records which I have from the department show that these two men were assigned to the patrol, but not quite in the manner stated by Secretary Lowman. He is certainly mistaken in his belief that Bradley was ignorant of their presence.

As a matter of fact, the letter of Supervising Agent Lewis, copy attached herewith, Exhibit A, states specifically, "The collector requested this investigation."

Likewise, Exhibit B, a letter from Lewis, says:

It may be mentioned here that the collector requested the assignment of undercover men to his force.

In passing let me call attention to a statement in the letter. Exhibit A. I quote:

The second investigation resulted primarily from an investiga-tion by the immigration authorities of their patrol in which it was shown that several of their men were dishonest and indicated several customs men were also dishonest.

### EVERY INVESTIGATION KNOWN TO COLLECTOR

It is apparent that nothing happens in the Buffalo district without the knowledge of the collector. But please accept no opinion of mine regarding this; depend on the Treasury record for the facts. In this connection, turn now to the I am not sure that their significance ever penetrated the report made by Customs Agents McAniff and Roberts. In

a letter to Commissioner of Customs, Washington, dated involved. I can not help wondering if the Secretary of the at Buffalo, February 15, 1931, Exhibit C, page 3, I find this:

On or about October 1, 1929, Collector Bradley conferred with the supervising customs agent of his district relative to a request previously made by him to the bureau that he be furnished with undercover men to work on the United States customs border patrol with a view to developing information which had come to him of possible irregularities on said patrol.

The newspapers of Buffalo had been uncomfortably active in their comments on his administration. It was time for Bradley to give evidence of outraged virtue.

At this time-

McAniff and Roberts continue, page 4-

an arrangement was made to place two undercover men, C. E. Geyer and J. H. Page, both customs officers from other districts, on the patrol.

It will appear that Bradley knew all about this and-

On December 10, 1929, the supervising customs agent at Montreal forwarded to Collector Bradley the daily reports of Geyer and Page, and on December 29, 1929, a synopsis thereof.

Mr. NORRIS. Were they the undercover men?

Mr. COPELAND. They were the undercover men.

Secretary Lowman suffered from lapse of memory, or else his subordinates fooled him. In any event, Bradley was aware and fully informed of these alleged investigations. I say without fear of successful contradiction that no investigation of the office was ever made without full knowledge of the collector. Further, no one of the investigations was anything but an abortion. Indeed, the whole story of examinations into the Buffalo office is one of repeated miscarriages.

### BREAKDOWN AT BUFFALO KNOWN IN WASHINGTON

The Washington authorities were not ignorant of the state of affairs in Buffalo. But they appeared to believe that the collector could be trusted to the limit. Every official sent to Buffalo conferred at once with Bradley. For instance, under date of October 5, 1929, Elmer J. Lewis, supervising customs agent, wrote to the Commissioner of Customs, Treasury Department, Washington. I quote from this letter:

I immediately proceeded to Buffalo, N. Y., and, in the absence of the collector, began work with the assistant collector.

On his return the collector got the facts.

Lewis knew that conditions were frightful. Mr. Lewis is the supervising customs man stationed at Montreal. His particular business is to watch over the border, to be sure that no contraband is admitted, and to check up on the customs patrol and men in the customs office to see that their duties are well performed. He tells of conferring with the district supervisor of immigration and his chief borderpatrol inspector. They advised that, although they had no evidence that would materially help, their investigation had shown that certain inspectors "were working with the bootleggers and smugglers, aiding them and receiving pay therefor and that they were the ringleaders corrupting each force.

Lewis writes to his superior in Washington, too:

There is no doubt but that the customs border patrol in Buffalo needs a most drastic investigation, lasting over a period of months.

### DISHONEST BORDER PATROLMEN

I wish time permitted to give the Senate in great detail what these various "investigators" had to say about conditions up there. For example, in 1929, Geyer and Page found that a number of Bradley's border patrol made it a practice to steal Government gasoline, as well as seized liquor. This was reported to the collector-mind you, that was in 1929but, as late as 1931, to quote McAniff and Roberts, pages 16 and 17 of their report just referred to:

Bradley took no action on reports of derelictions of duty re-ported to him by Undercover Agents Geyer and Page, assigned at his own request, in the case of eight border-patrol inspectors.

These men who were stealing gasoline and otherwise operating in an indecent and immoral way.

Now, Mr. President, here is something to laugh over if it were not so condemnatory of the moral nature of the officials structions from the bureau.

Treasury ever read what follows. Charity leads me to believe he never did.

In this report which I have quoted, made in 1931, the customs agents-philosophers, surely-commented as follows about the thievery on the part of certain members of the patrol. I quote now from the report made to the Washington authorities:

With respect to the charges made by Geyer and Page, it is submitted that it is the experience of supervisory customs officials in Detroit, Ogdensburg, Buffalo, and elsewhere, in dealing with border-patrol problems that the dismissing of border-patrol inspectors, except in cases of serious infractions of the regulations, and the appointing of new men in their places, does not solve the problem of maintaining an effective border patrol of maintaining an effective border patrol.

It frequently happens that new men so employed are as bad or

worse than those replaced.

The prime factors to be determined in considering derelictions of duty by patrol inspectors is whether or not the inspector is intrinsically honest and has the proper perception of his obligations to the Government, which may be developed by leadership and supervision.

They may steal gasoline and other articles from the Government, but if they are "intrinsically honest," then, under proper "leadership and supervision" it is quite all right to keep them!

But after this philosophical utterance they appear to have had a change of heart, because the report regarding the thievery continues as follows:

Having this in mind, it is submitted for the consideration of the department whether or not Mr. Bradley should not have taken some disciplinary action in these cases, and the effect his failure to do so had on the force of patrol inspectors serving under him.

### THE ATTORNEY GENERAL INVESTIGATES

The superficial and incomplete investigations of conditions at Buffalo are amazing. For example, Senator Borah wrote to the Department of Justice on April 1, 1930. In his letter the Senator said:

If the facts submitted are reliable-

The Senator called attention to letters he had had from persons in Buffalo about conditions. I am not sure but that he had affidavits; but, anyway, the affidavits are in existence. The Senator presented them to the Department of Justice with the letter which I am now quoting:

If the facts submitted are reliable, there is undoubtedly corruption and malfeasance generally in this office. \* \* \* a grand jury investigation by a special prosecutor would reveal a very serious condition of affairs.

Five names were submitted by the Senator, and from these witnesses, the Senator suggested, the names of other witnesses might be secured.

In response to this letter, the Attorney General sent an investigator, D. O. Smith, to Buffalo, and the report is here-his own report. He arrived there, as his report shows, at 5.30 p. m. April 2, with instructions that his "report on this matter be mailed not later than the night of April 3, 1930."

Smith did well. During his one day he located two or three of his witnesses. His 5-page report, including the statement of a Niagara Falls witness, was mailed on April 3.

A couple of Senator Borah's proposed witnesses lived in Niagara Falls. Smith located some of the persons named. but apparently did not seek other witnesses, as suggested by the Senator. But Smith carried out instructions, sending to Washington a closely written typewritten report after his few hours in Buffalo. He got there the night of April 2 with the list of names submitted by the Senator from Idaho. Some of the witnesses lived in Niagara Falls. It takes an hour or an hour and a quarter to go from Buffalo to Niagara Falls, and another hour or hour and a quarter to return; but he was told to get his report in the next

I have the report here. It is a typewritten report of five closely single-spaced pages. It must have taken him all the afternoon to write that report; but he mailed it on the 3d. He was honest enough to admit the inadequacy of his report. because at the end he adds a line-

Further investigation of this matter is suspended pending in-

Alas! The investigation was suspended forever! Its only result was some sadly delayed official correspondence. Two months later the Attorney General wrote to Secretary Mellon about the Borah letter and Smith's investigation. Among other things he said:

An agent of this department interviewed the witness and his report and its exhibits indicate that the alleged misconduct of Bradley has heretofore been brought to the attention of your department. In that situation it is my view that our agents should not continue the investigation without a recommendation or statement from you upon the subject.

What did Mr. Mellon do? Surely he jumped at the chance to get the real facts about Buffalo. At last we are to have the truth!

But that is not what happened. Instead, the same deadly narcotic was applied. Here is the reply, signed by Mr. Mellon, although written by Governor Lowman, I assume.

Last night, in going over the testimony again, I found that Mr. Lowman did testify that he wrote the letter and handed it to Mr. Mellon for signature. This is found on page 89 of the record, if one should be interested enough to investigate it. Apparently, Governor Lowman had forgotten about his early feeling about Bradley—an apparently unfriendly feeling, which I shall demonstrate in a few moments from Mr. Lowman's own testimony—but this is what Governor Lowman prepared for Mr. Mellon to sign, which Mr. Mellon did sign, and the letter is in the record, which I have on my desk:

The department is having trouble from time to time in the Buffalo area, as well as elsewhere, through the baiting of customs patrolmen by bootleggers and smugglers. We have undercover men working in the Buffalo area frequently—

You know how they work. I have already demonstrated to you how those "frequent" visits of investigators worked—and a considerable number of customs officers have been detected in fraudulent practices and prosecuted. Mr. Bradley has been very active and helpful in this work.

God save the mark!

The Secretary continued:

There is no doubt about Bradley's political activity-

I want to say just a word about that, although I am not raising that question. Mr. Bradley is not only collector of customs at Buffalo, but he is chairman of the Erie County political committee of his party. So he is collector of customs and also in charge of the activities of his party in Erie County, which includes Buffalo, so the Secretary says—

but further than that the department has been unable to get any reliable evidence that would involve him in official shortcomings.

I do not know just what he meant by "further than that." I do not know whether he considered that being active in the party was a crime or not. Anyway, I am giving you the language as I find it.

Dismissed Government employees who have been connected with the liquor enforcement work and bootleggers are very free to circulate false information and charges against public officials.

The Bureau of Customs feels that the customs laws in the Buffalo area are being enforced as well as can be expected under present conditions and that the situation there, while difficult, is not bad. It is hoped that with closer cooperation on the part of the Canadian authorities that smuggling in this area will be very considerably curtailed in the near future.

And that was the end of another investigation.

BRADLEY AND THE "INVESTIGATORS"

Mind you, the charges, no matter who makes them, are directed against Bradley personally. But every investigator assigned to this area reports immediately to Bradley. As one report states, it would be "unethical" to act otherwise.

That is the quotation. It would be "unethical" not to tell Mr. Bradley that they were there investigating Bradley, I assume.

An example of this regularity of performance on the part of the officials is the following:

A "flying squadron" of two patrolmen from Vermont and three from Ogdensburg was sent into the Buffalo area. They operated during November and December, 1929. These men

were to check up on the honesty and efficiency of the border patrol. Supervising Customs Agent Lewis, Exhibit D, reports:

This action met the full approval of the collector and the assistant collector and these men did very good work along preventive lines.

"Preventive," yes; preventive of any hope of finding out about Bradley.

After a while, even the White House got worried. Under date of January 16, 1932—that was two or three days after the hearings were concluded—Secretary Lowman wrote Senator Warson, Exhibit E, about a certain unsigned memorandum of specifications of charges made against Bradley, a memorandum inserted in the record of the Senate hearings.

There was some discussion about who prepared the memorandum; but Mr. Lowman refreshed his memory, and so, under date of the 16th of January, he wrote the letter which I hold in my hand to the Senator from Indiana [Mr. Warson] about this memorandum. I quote from the letter:

I have been advised by Hon. Walter H. Newton, Secretary to the President, that he prepared the memorandum and has a carbon copy of it in his file. The charges were a résumé of statements contained in numerous letters and affidavits that have been sent to the White House by residents of Buffalo, N. Y.

In his testimony Governor Lowman said to the subcommittee:

There are nine specific charges here, and they cover all the stuff.

Meaning, I assume, that all the charges that had been alleged against Bradley were contained in this White House memorandum.

The entire memorandum makes spicy reading. For instance, the White House writer said:

It is claimed that some data were sent to Senator Borah some time ago and by him sent to the Department of Justice, who transmitted them to the Department of the Treasury for consideration. In connection with the Treasury investigation made in that connection it is claimed that the first thing the Treasury investigators did was to call in the incumbent and that he saw they were royally entertained, and naturally the investigation failed to develop anything under those circumstances.

If this is not true of the Department of Justice investigator, it is true of the Treasury investigators. There are affidavits on file to the effect that Bradley treated his investigator friends so well that they lacked nothing good to eat or drink. Indeed, he is said to have provided a car and chauffeur, sending one investigator on a joy ride to Florida, with one of his inspectors as the driver.

That may not be true; it perhaps is not true. But it is a sworn allegation, and it is time somebody found out whether it is true or false.

THE "QUEEN BEE"

It is charged among other derelictions that this generous collector captured a rum-running boat, a fine little cruiser. He fitted it up and presented it to a friend, the warden of a New York prison.

This charge, according to page 18 of the McAniff and Roberts report—

is sustained by the evidence. Collector Bradley did, in fact, deliver to Warden Hunt, of Comstock Prison, on Lake Champlain, N. Y., on July 24, 1929, allegedly for official services of the State of New York, a motor boat known as the Queen Bee, which had been forfeited to the United States, and which had been appraised at a value of \$950.

I am quoting from the official report, not giving my opinion. I am telling what the official investigators found out about it.

It was further established that no request was made on Mr. Bradley by the Governor of the State of New York or by the superintendent of prisons.

Indeed, Bradley admitted that he dealt personally and exclusively with Warden Hunt and did not obtain authority from the department for his action. He gave Government property to a personal friend.

There are other transactions relating to boats and automobiles. Each of these should be investigated to get the facts as to how the collector handles and disposes of the property of the United States.

McAniff and Roberts, the two investigators, stated that-

In the limited space of time afforded, a thorough and comprehensive investigation could not be conducted.

Consequently, they could not look into other similar charges, but stated that Bradley, in violation of law, had released at least one prisoner arrested by his patrolmen. They added—

It seems to be established that the preponderance of evidence here sustains this charge.

That is a quotation from the report to Washington, and the event itself is rather interesting, but I do not go into it, although there are affidavits on file regarding the matter.

#### THE PURITAN CLUB

Because of a statement made by Bradley in the Senate committee hearings, I wish to speak of the so-called Puritan Club. In view of the testimony and affidavits regarding this establishment, I am not sure its name is quite appropriate!

The Puritan Club is said to stand on the bank of the Niagara River. Back of it is quite a strip of shallow water, 2 or 3 feet in depth, perhaps. It is alleged that Bradley dumped or caused to be dumped cargoes of seized liquor into this shallow water. It was said to be recovered and delivered into the clubhouse.

When asked about these recoveries of liquor for improper use in the Puritan Club, Bradley said:

I did hear as an undercurrent that somebody was fishing it out or something. I issued orders after that that every bag must be cut before being thrown in, and that is the practice. (Senate hearings, p. 117.)

Regarding the charge that seized liquor was dumped by Bradley's orders in the shallow water behind the Puritan Club and that liquor was delivered at the collector's farm, the investigators threw up their hands. The Puritan Club is alleged to be the headquarters of smugglers and rivermen engaged in liquor traffic. Regarding this, the investigators reported that—

A proper and comprehensive investigation of this charge could not be made in the limited time allowed us.

### Page 17 continues-

It would require several weeks to locate and interview the various witnesses from whom it would be necessary to obtain statements in order to maintain or disprove the truth or falsity of this charge.

Let me say in passing that McAniff and Roberts came the nearest of any of the investigators to getting the truth. But they—

Arrived in Buffalo, N. Y., Monday, the 9th, and were informed on the afternoon of the same day that instructions had been received to have our report in the bureau by the end of the week.

They got there on Monday, and were told to investigate all these charges presented by the White House and to have them in to Washington by the end of the week. That is the record.

Nobody cared to get to the bottom of all the criticism, it appears. Consequently this investigation was not half completed. But it did show that thieves were kept on patrol and the improper disposition of Government property was lightly regarded by those in high places. The investigation showed illegal and improper acts and should have been continued.

### THE DREHER CASE

Must I go on? I have not touched the smuggling of carloads of liquor. I have not mentioned the many criticisms passed on the delays of bringing these cases to trial in the Federal court.

Reference is made in Secretary Newton's memorandum to-

The trial of Charles Dreher, United States customs inspector-

He was wrong about that. He was an immigration inspector. But there was a customs inspector in the conspiracy.

The trial of Charles Dreher, United States customs inspector, indicted two years ago on a conspiracy charge, but whose case

had been permitted to lie dormant because "United States Attorney Templeton has blocked every effort to bring it to trial."

The memorandum continues:

In order to understand a situation of that kind, you must know that Templeton is just a cog in the machinery built up by Fred Bradley, Republican boss, and takes his orders from him.

One of the unsolved mysteries of the Buffalo border is the Dreher case. In 1929 four men were indicted for participating in the biggest rum-smuggling plot uncovered since the adoption of the eighteenth amendment. They were a former immigration officer, a former customs officer of Bradley's staff, and a couple of railway clerks. A conspiracy on the part of these men and various rich bootleggers resulted in enormous numbers of carload shipments of contraband from Canada, across the border to the United States.

For reasons beyond my understanding, they were not brought to trial until April, 1931. It was openly charged that action would not have been taken then except for the pressure of public opinion and the insistence of the press.

It was common rumor that carload shipments had been made for several years. Even Dreher, when asked in court if he had heard of rumors of a rum conspiracy in 1925, replied:

Sure I did, but Harry W. Smith, assistant collector of customs, and his men investigated the case and gave everybody a clean bill of health.

Dreher was one of the last men I should expect to be so frank in admitting anything wrong with Bradley's administration. Certainly he would not have done so if the law violations were not common knowledge. Why do I say this? Because the record shows that Bradley was a friend and a very good friend of Dreher. Indeed, it is alleged—

He showed his friendly connections to Dreher by having created about two years ago an office in the board of supervisors of the county of Erie, an unnecessary office, that of telephone operator. \* \* Mr. Bradley saw to it that Mrs. Dreher, the wife of Charles Dreher, the defendant in the conspiracy case, was appointed to this position.

This is the charge, and its truth or falsity is easily established. There can be no doubt that the relationship between the collector and the indicted inspector should be investigated. As a matter of fact, one can not read the official records relating to the handling of this conspiracy without having many doubts raised in his mind. There are numerous questions which should be answered.

The important thing to determine is whether or not the collector had guilty knowledge of what is a proved fact, that carload after carload of liquor has come across the Canadian border. It was a long, long time, years indeed, before there was any official recognition of the truth. Why?

SMUGGLING BY THE CARLOAD

As I view it, there was unwillingness to crush lawbreaking, or else such extreme stupidity on the part of the collector that he failed to learn what practically everybody else in Buffalo never doubted. Indeed, it was shown in court that carloads of liquor, billed as oats, rubber, hay, lumber, pulpwood, machinery, oil, and other things, were entering the United States. How long that was going on I can not say.

There was a suspicion in the mind of Secretary Lowman that something was wrong in Bradley's jurisdiction. In a speech made by the Secretary in Williamsville, N. Y., on Labor Day, September 5, 1927, he said this:

Some say that the border around Buffalo leaks and that the customs guard don't do their full duty. I don't know. That may be so. We found it so in Detroit, where rum runners brought a load across in 15 minutes. Control was taken away from the collector of customs, because he was too busy. We sent a Yankee and 200 men up there to see if we can't break up that thing. If we do it, the rum runners probably will come to Buffalo and probably it would be a good thing to remove the collector of customs at Buffalo, because he is too busy, and get another Yankee to take charge of the patrol boys here. (Senate hearings, pp. 83, 84.)

On April 4, 1929, the Secretary of State forwarded to the Secretary of the Treasury a report from an American consul in Canada in regard to shipments of liquor inclosed in railway cars with padding of scrap rubber or pulpwood.

One Canadian railway agent stated that at one time he gave a shipper, afterwards found to be involved in this conspiracy, 100 car seals, representing possible shipments of 100 cars of liquor. Unquestionably many hundred, perhaps thousand, carloads of contraband came through Bradley's district before anybody in high place was aroused to action. The underworld knew it, and customs men knew it, but the collector sat unmoved. Needless to say, in the absence of connivance, this gigantic smuggling performance could not have succeeded if ordinary vigilance had been used.

If the collector had guilty knowledge of what was going on, he should be dismissed in disgrace. If he did not know it, he is too stupid to preside over what in many respects is our most important port of entry. Alertness here is vitally important if we are to keep out liquor and legally inadmissible aliens. Our bonded warehouses must be guarded by a man who is above suspicion.

It may be that Bradley is all we desire. In any event, he is entitled to be cleared of the many charges directed against him. If the charges are well founded, the Senate should know the truth.

Frankness compels me to say there is an atmosphere of mystery about the Dreher case, a reluctance to act that continues to this moment. Suspicion attaches to the conduct of the legal proceedings from the very beginning.

# THE UNITED STATES DISTRICT ATTORNEY

Two years passed before the indicted persons were brought to trial. The United States district attorney in that section is related to Bradley. Of course, that fact may not have a single thing to do with the delay. But it is natural to think about it and to inquire why, in a case of this importance, the district attorney himself did not conduct the trial. He did not, but now after a year since the jury disagreed, according to a letter in the Treasury file, dated February 2, 1932, this district attorney has recommended that the indictments against Dreher and others be nol-prossed.

I am glad to note the protest of the supervising customs agent at Montreal. He urges that—

These cases are very important, and it is my opinion every effort should be made to bring the defendants to trial.

Once more we witness the aloofness of Collector Bradley, his apparent indifference to the seriousness of the situation, and his utter failure to plunge into the duties of his high office. If one of us had been brought under public criticism because of failure to function, I can not doubt that there would be an eagerness to find out what is wrong with us and our employees.

Did Bradley get excited over the crimes committed in his jurisdiction and participated in by his men? He did not. When a few days ago he received the recommendation of the district attorney that the more than 20 indictments pending in his office be nol-prossed, what did Bradley do? Did he protest against such an outrageous proposal involving a shameful miscarriage of justice? He did not. On the contrary, he confesses not alone his lack of conviction but also an abysmal ignorance, real or pretended. He indulges in that old game of "passing the buck."

Let me quote in part from his letter of January 27, 1932:

There is no one in my organization who has studied carefully the evidence that was developed by the investigating officers in these cases.

Would any man of red blood fail under similar circumstances to delve into every fact of a scandal that stirred a whole State and upon the outcome of which his own honor and reputation were at stake? Is it possible that he has a skin like a rhinoceros and a nature absolutely blunted to normal emotions?

So indifferent was the collector to the significance of the trial of these scoundrels that it appears he absented himself not only from the trial but from the community while it was in progress. This fact was commented upon by the press of Buffalo and by all good citizens. There is no doubt in my mind that if his attitude of passivity were exchanged for one of active and energetic cooperation the Dreher case would be solved.

Much was said in the Senate hearings, has been printed in the press, and written to me by Buffalo citizens about Bradley's political activity. Charges are made that political appeals have caused raids to be abandoned. I shall say little about this, because many a good man is holding public office and a place of political preferment at the same time. But it does arouse suspicion that as the powerful political leader Bradley should be the one to recommend a district attorney whose duty it would be to pass on his own official acts. Then when that particular district attorney is a relation, it drives still deeper the suspicion that things are not as they should be.

The Senate can not escape the responsibility, the solemn duty to ascertain the facts. As I have said, we owe this to Bradley. He boasted that the Senate had investigated him and found him innocent. I proclaim to all concerned that the Senate never investigated him, the Department of Justice never investigated him; the Treasury Department, in its firm belief in his integrity, played into Bradley's hands in everything it ever did. It is time that a searching investigation under the authority of the Government be made, and made before all the possible witnesses disappear. That investigation should cover not only what I have presented to-day, but the many other charges made against him and which I have not brought here because so many of them were founded on hearsay.

### COLLECTING AND BANKING

It is charged against Bradley, as I said in the beginning, that he consorts with bootleggers, profits by the admission of illegal liquor, shuts his eyes to violations of the customs laws, and conspires against the welfare of his country in promoting grain smuggling. There are sworn statements that he has a satellite who collects on every parcel of liquor admitted, and banked \$25,000 acquired in this manner, the money to be divided.

I am anxious to believe that these stories are untrue. However, after considerable difficulty I succeeded in finding that the man accused of being Bradley's accomplice did actually bank \$21,000. Where the money came from or whether Bradley profited I do not know, and without the legal power I am helpless to get the truth. A determined committee or the Department of Justice or a grand jury could develop the actual facts.

I have no faith that prohibition can be enforced. The laws relating to it will be flouted by evil men and disregarded by unconvinced citizens. But so long as the prohibition laws are on the statute books it must be the effort of government to enforce them honestly and fearlessly. There is no place in our country where there has been such laxity as in Buffalo. If, in addition to that, there is financial sharing in the illicit traffic by our officials, it is time to strike the practice a blow that will be remembered by all men. We abdicate to the underworld if we permit spineless creatures to be the outward and visible signs of government. The official who fails to keep his oath is a menace to the public welfare.

# CONCLUSION

It is time that some agency of government should get to the bottom of the Buffalo situation. Either Mr. Bradley and his cohorts are guilty or else they are the most maligned men in the world. I want the truth, and I believe the Senate wants it. Certainly Buffalo wants it and is entitled to it.

Let us return this nomination to the Finance Committee with instructions to ascertain the facts. I pray that Mr. Bradley is an innocent man. The record is against him. But if that record can be explained, nobody in the Congress will be more pleased than the Senator who is speaking, speaking reluctantly, but because his sense of civic duty would not permit him to be silent.

Mr. ROBINSON of Arkansas. Mr. President, I inquire if the Senator from New York has made a motion in connection with the nomination? I understood that he intended to move a recommittal of the nomination to the committee.

The PRESIDING OFFICER (Mr. Fess in the chair). Such a motion has not been made.

Mr. COPELAND. I move that the nomination be recommitted to the Committee on Finance.

Mr. GEORGE. Mr. President, I was a member of the subcommittee of the Committee on Finance which investigated this particular appointee. It early developed in the investigation of the case that Mr. Bradley is not only collector of customs, to which office he has been reappointed, but that he was also the chairman of the Erie County Republican Committee. When that fact was disclosed, in the light of other facts in the record, the Senator from Michigan [Mr. Couzens] and myself took the position that the two offices were necessarily inconsistent. In the city of Buffalo the collector of customs ought not to be the official head of his political party because conflicting interests would necessarily arise from time to time. So we took the position that he ought not to be confirmed if he was to retain his office as county chairman, in all the circumstances of the particular case.

During the investigation Assistant Secretary Lowman appeared before the committee. He referred to four investigations, the same investigations to which the Senator from New York [Mr. Copeland] has referred in his presentation of the matter. Those investigations had been made by the Treasury Department and in one instance by the Attorney General or the Department of Justice. I infer—in fact, my recollection is—that Governor Lowman stated that none of those investigations disclosed any connection whatever on the part of Mr. Bradley with any of the alleged misconduct, malconduct, and crime.

In view of Governor Lowman's statement, which as I recollect it was to the effect just detailed, and the attitude taken by both the Senator from Michigan [Mr. Couzens] and myself with respect to his remaining collector of customs in the event he desired to retain his political office, I did not make an examination, or at least a detailed examination, of all of the records in the case; that is, of the several investigations made, and to which Governor Lowman referred in his testimony.

Since the report of the subcommittee to the full Finance Committee, some matters have come to my attention, both through the Senator from New York [Mr. Copeland] and through other sources, which lead me to believe that the committee might have made a more thorough investigation of the report of the inspectors themselves who did investigate the charges against Mr. Bradley at Buffalo. I therefore believe that the nomination ought to be referred back to the committee for a further investigation.

I should say that Mr. Bradley signified his intention to resign, on some date named or at some time fixed, from his office as chairman of the Republican committee of Erie County, and that of course disposed of that particular matter upon which both the Senator from Michigan [Mr. Couzens] and myself based our original vote against his confirmation. But with the assurance that he would resign from that committee, we said that we would favorably recommend Mr. Bradley to the full committee.

Mr. Bradley himself personally appeared before the committee, and I was rather impressed with the honesty of Mr. Bradley. He seemed to answer questions in a very straightforward way and seemed disposed to disclose to the committee any matter about which inquiry was made. But in view of the fact that I myself, at least, accepted the statement of Governor Lowman, which statement I do not mean now to say was not strictly accurate and fair; in view of the fact that I did not make examination of the report submitted by the investigators; and in view of some information which has since reached me, much of which has been detailed by the Senator from New York [Mr. Copeland] before the Senate this morning, it is my judgment that this matter ought to be recommitted to the committee.

Mr. WATSON. Mr. President, having suffered an attack of influenza and having only partially recovered, I am in no physical condition to make a speech, and I have no desire to do so. I merely desire to make a short statement.

The Committee on Finance referred the nomination of Mr. Bradley to the Senator from Michigan [Mr. Couzens], to

the Senator from Georgia [Mr. George], and to me, as the chairman of the subcommittee. We gave notice to all persons interested whom we could find, and through the Buffalo newspapers, that we would hold hearings at a certain time, which we fixed for that purpose. At that time various persons appeared. In the statement issued by the subcommittee we said that we would not pay the expenses of any witness coming to Washington, but that anyone who wanted voluntarily to come might do so and appear before the committee. Many persons came.

It early developed that Mr. Bradley was the Republican chairman in the city of Buffalo and the county of Erie, and that he had been so for 10 years, possibly for 12 years; and that he was what they called a "political boss" in that community, a city of some six or seven hundred thousand people. It developed in the course of the investigation that the charges made against Mr. Bradley were nearly altogether political; that is to say, that they grew out of his connection with the Republican county committee and not out of his connection with the office of collector of customs.

The principal witness who appeared—and I shall not mention his name—was one who admitted that he had been a candidate for office four times and had been defeated. It was so evident that personal animosity was impelling him to testify that—and I think the other members of the subcommittee will agree with me in the statement—we were not particularly impressed by what he had to say. It was quite evident from the testimony of others who appeared that it was something in the nature of baffled hope or blighted ambition that prompted them to testify.

It appeared in the course of the testimony that two investigations had been made by the Treasury Department, one investigation by the Department of Justice, and one investigation by the Commissioner of Customs. They all gave Mr. Bradley a clean bill of health in so far as his connection with the office of collector of customs was concerned and his discharge of the duties of that office.

Of course there were irregularities, but there were many charges against this man which were not sustained by any testimony. There were suspicions, of course, because no man could hold two such offices in a city like Buffalo and escape all suspicion, but when sifted down we did not find any basis upon which we could justify a finding against this man as collector of customs.

Mr. COPELAND. Mr. President, will the Senator from Indiana yield at that point?

Mr. WATSON. Yes.

Mr. COPELAND. I think the committee was entirely justified in reaching that conclusion, so far as the testimony was concerned.

Mr. WATSON. I am coming to that in a moment, and I thank the Senator from New York for that observation.

Of course, the committee does not want to rest under the charge of not having discharged its obligation or having done but a poor job. We did not send for anybody to come; we merely gave notice that anybody might testify who wanted to come.

Four official investigations having been made, we came to the conclusion—and it was a unanimous conclusion—that it would be far better if Mr. Bradley were not both county chairman and collector of customs, because there was an incongruity and an inconsistency in his holding the two positions, particularly when the main charges against him grew out of his chairmanship of a political committee. I conferred with him and with others who were his associates, and finally said that in my judgment he would not be confirmed unless that situation were adjusted in some way.

It developed in the testimony that his term as county chairman will expire on the 5th of April, next month. Finally we entered into an arrangement by which he agreed not to be a candidate for reelection on the 5th of April to the position of county chairman if his nomination as collector of customs were favorably reported. We entered into that agreement, and he has announced, as I understand, that he will not be a candidate and will not accept

the position if it be tendered him; so that his connection with the county committee will be severed on the 5th of April, when the county committee shall meet for the election of a chairman.

The thought ran in my mind while the Senator from New York was speaking that if the governmental departments having matters of this kind in charge have investigated a man and have given him a clean bill of health, what is the Senate committee to do? Are we to go into the matter of appointing detectives and special agents on the part of the Senate or of the Finance Committee and send them to a given locality to investigate the whole business? Are we going, at great public expense, to throw out a dragnet and call everybody here from Buffalo who wants to come? Is the time of the Finance Committee, busy as that committee is, to be taken up, or is the time of a subcommittee of that committee, whose members are equally busy, to be taken up by investigating this whole business? Are we going into such an investigation? If these outside agencies of the Government, whose special and peculiar business it ought to be to look into those things, have investigated, however superficial their investigation may have been, and have given him a clean bill of health, what are we to do? That is the question that confronted me.

I would not care if we should undertake an investigation of the whole thing; but my honest, candid opinion is, I will say to my colleagues, that a thorough investigation would not disclose any such malfeasance or misfeasance in office as collector of customs that this body would take cognizance of if we knew all the facts.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. WATSON. Certainly.

Mr. ROBINSON of Arkansas. The Senator has stated that the committee reached the conclusion that there was an inconsistency in Mr. Bradley acting as chairman of a political committee, county chairman of his party organization, and serving as collector of customs, and that, at the committee's suggestion, he has pledged himself to sever that connection or rather not to continue it after the expiration of his present term as chairman?

Mr. WATSON. Yes.

Mr. ROBINSON of Arkansas. Was evidence submitted tending to show misconduct on the part of Mr. Bradley as county chairman or was the action of the committee in that particular based merely on an assumed inconsistency between the two services?

Mr. WATSON. I am glad the Senator has asked that question, because the two are crisscross in this way: There were no charges of misfeasance or malfeasance against Mr. Bradley as county chairman; there were charges that he was a political boss and used his power to run over people who wanted to be candidates and were anxious to gratify their ambition in a political way. Of course, it was very natural that such charges should be made, but we did not pay much attention to them. So far as I am personally concerned, it does not interfere with my ideas of propriety at all for a man to be a county chairman or to be in politics and to hold another position at the same time. But all these charges, I am satisfied in my mind, grew out of the fact that Mr. Bradley was county chairman and not that he was collector of customs, because those who came to testify, as I have said, were animated by blighted ambition and thwarted hope.

Mr. COPELAND. Mr. President-

Mr. WATSON. I yield to the Senator from New York.

Mr. COPELAND. I made no use whatever in my statement of the hearsay and biased testimony given to the committee. That is the reason why I say that from the record and from the hearings the committee had a right to reach the conclusion it did; but, failing to study the exhibits which were presented, the papers which were left by Governor Lowman, the committee did not get the truth, which is that no one of the investigations was ever complete; and, fur-

thermore, that in the records which were in the hands of the committee but which were not studied—and I do not blame the committee for that—there is abundant evidence that there was corruption and dishonesty and bad management of the office. I spoke particularly of the eight patrolmen who were found by the first investigation to be guilty of stealing gasoline, but who, two years later, when the next group of inspectors went there, were found to be still in office. In other words, concealed in the exhibits presented to the committee, which the committee did not have time, because of its many other duties, to examine carefully, there was evidence which was sufficient to raise very serious question as to the propriety of continuing Mr. Bradley in office.

Mr. ROBINSON of Arkansas. I realize that the Senator from Indiana would not like to be kept on his feet longer than is necessary; I do not wish to impose on him, and, if he prefers, I will wait until he shall have concluded.

Mr. WATSON. I will be very glad to yield, if the Senator wants to ask a question.

Mr. ROBINSON of Arkansas. I want to discuss two subjects, and I can do it now just as well as later.

Mr. WATSON. Very well.

Mr. ROBINSON of Arkansas. I think the committee has by implication raised a very important question in its recommendation that Mr. Bradley discontinue his leadership as political partisan during the time of his service as collector of customs. I wonder if it is generally known that in some parts of the country, particularly in the South, every important Federal officeholder under the present administration is a prominent political leader, occupying a prominent political position as the head of his party? I see the Senator from Louisiana [Mr. Long] nods his head in approval. In the Southern States I do not know of a single United States marshal, collector of internal revenue, prominent postmaster, or other important political officeholder who did not get his political office through his occupancy of a partisan position.

The way that is accomplished is that the political committees are composed almost entirely of occupants of Federal offices, or of their relatives; and when one becomes national committeeman, or chairman of the State central committee, or chairman of the county committee, it carries with it the consideration that, unless some providential event intervenes to prevent, he shall take the Federal office corresponding with the rank and dignity of his political position.

The national committeeman, for instance, becomes United States district attorney. The chairman of the State central committee becomes collector of internal revenue. The marshal's office is filled by the vice chairman or by a county chairman who is strong in his activities.

Mr. LONG. There are grades in party, as there are grades in office

Mr. ROBINSON of Arkansas. Yes; the official recognition in Federal office is graded according to the political standing of the aspirant and his political relations.

That situation prevails largely throughout the South.

Mr. WATSON. Will the Senator let me ask him whether or not they fill both positions at the same time?

Mr. ROBINSON of Arkansas. Yes; oh, yes.

Mr. WATSON. Does the man hold the positions of United States district attorney and State chairman at the same time?

Mr. ROBINSON of Arkansas. Yes; and not only that, but there have been instances, to illustrate—I may not state the Federal office accurately—where one man was State chairman, national committeeman, and collector.

Mr. LONG. There is the Assistant Secretary of the Navy to-day.

Mr. WATSON. Did they have enough Republicans down there to fill all the places? [Laughter.]

Mr. ROBINSON of Arkansas. Well, frankly, a little competition sometimes arises. There have been instances when there was a slight insurrection of the "outs" against the "ins," as the Senator from Indiana seems to think this Bradley contest illustrates in the State of New York.

The second proposition that I wanted to mention briefly, however—and I will do it briefly—is the fact that the Senator from New York, in asking that the nomination be recommitted, disclosed that the departmental investigations had never been completed; that for some reasons that are not explained they are not satisfactory to the mind of any person, I think, who is familiar with the process which a bona fide investigation is supposed to take.

For instance, the man who went to Buffalo to make an investigation on the basis of letters submitted by a Senator, in which serious charges were made, went under instructions to submit his report to the department the very day following his arrival there; and he himself reported that his investigation was incomplete, and therefore unreliable, because he was under the necessity of reporting before he had been able to complete the investigation. There is no explanation in the record why that course was pursued. There is nothing here to show that there was any such emergency situation as required this man to discontinue his efforts before anyone familiar with such undertakings could assume that he should have had an opportunity of completing them.

In my judgment, that impeaches the value of the investigation. If departments, for any reason, are to be permitted to make conclusive their own investigations when, on the face of the investigations, they have neither been bona fide nor complete, then, of course, the Senate will estop itself from reaching those sources of information essential to the performance of its duties.

I have no prejudice against Mr. Bradley. I never heard of him; and I do not in any sense criticize the subcommittee. I think they did just about what I would have done.

Mr. WATSON. Mr. President, we have paid no attention, of course, to the larger aspects of the case as presented by the Senator.

In my State—and it is about as much of a political State as there is anywhere—

Mr. ROBINSON of Arkansas. I think that is true.

Mr. WATSON. In my State a postmaster is never county chairman. He can not be. A county chairman may become postmaster by reason of the fact that he has been county chairman and is entitled to the political reward; but under no circumstances could any man in my State hold both places. A man who has been State chairman may be selected for some position by virtue of the fact that he has been State chairman; but I am very glad to have the Senator raise the question. After all, however, if the Senator will pardon me, I think it is a side issue, as far as the question we have to determine here is concerned.

Mr. KING. Mr. President, will the Senator permit an interruption?

Mr. WATSON. Yes.

Mr. KING. As I understood my dear friend, whose illness we deplore very much, the objections to Mr. Bradley appear to be only because of political considerations. I, of course, do not know what came before the committee; but I received a number of letters protesting against his confirmation—I suppose the letters were written to me as a member of the Finance Committee—upon the ground that he consorted with persons of the underworld, of questionable character, and was seen drinking in places of questionable character.

For that reason, as well as others that were evidenced in the letters, I declined to vote for the confirmation of Mr. Bradley. As I say, I had nothing against him. I have nothing against him now. I hope that there is nothing in any of these charges; but in the light of the letters sent to me I did not feel that I could vote for him, and I did not.

Mr. WATSON. I remember that I asked him, when some of those charges were made, whether, when he visited those places, he was there as collector of customs or as chairman of the Republican county committee.

Mr. LONG. Mr. President, will the Senator yield for just a moment?

Mr. WATSON. Yes.

Mr. LONG. I did not want it understood, and I do not think the Senator from Arkansas meant to have it understood, that we have made any protest against the official occupying a similar status in the party as he did in office. We rather approve that in my part of the country, because I do not think there would be enough Republicans in some of those counties to fill the offices if it were not for the party status which assigns a man a similar position in the office-holding list when it comes along.

Mr. WATSON. Mr. President, what the Senator from Arkansas has had to say about the investigation made in response to a letter written by the Senator from Idaho [Mr. Borah] I think is a valid objection; but here is the situation as I understand it.

This came immediately after an investigation had been made by the Treasury Department; and my recollection is—I may be in error in this—that this man had the report of that investigation, and concluded that it was not necessary to go to see everybody, and did not go to see everybody.

Mr. ROBINSON of Arkansas. No, no. In one case read by the Senator from New York, the fact was that the investigator arrived at Buffalo on the 2d, and was under instructions to submit his report on the 3d.

Mr. WATSON. Yes.

Mr. ROBINSON of Arkansas. And that he only had the opportunity of seeing a few of the witnesses whose names had been submitted to him.

Mr. WATSON. Yes.

Mr. ROBINSON of Arkansas. And he had no opportunity of seeing such witnesses as any of them might suggest; and in his report he set up the fact that he had not completed his work, and was submitting his report only because he was compelled to do it.

Mr. WATSON. Yes; I understand that.

Mr. ROBINSON of Arkansas. Now, what was the reason for such haste in a matter of that character?

Mr. WATSON. I think that would be a valid objection, unless he had in his hands or had knowledge of these other reports that had been made by the collector of customs or by the Treasury Department.

Mr. ROBINSON of Arkansas. But that does not apply. Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WATSON. Yes.

Mr. COPELAND. The man from the Department of Justice did not have the other reports in his hands.

Mr. WATSON. How does the Senator know that?

Mr. COPELAND. From the record.

Mr. WATSON. The record does not make that statement. Mr. COPELAND. Yes; that is the record. Furthermore, in the further investigation, the nearest investigation made by McAniff and Roberts, they went into Buffalo with all this material to which the Senator refers in their possession—the affidavits, the record of previous examinations, and all that sort of thing—but, as in the case of the Department of Justice man, although it is not quite so bad, they got there on Monday and received instructions at once to have their report in by the end of the week. I quoted the exact language from the report which came to Washington.

Mr. WATSON. I remember that.

Mr. COPELAND. So there never has been, by any investigator or set of investigators, any conclusive examination of all the material in the possession of the Government.

Mr. WATSON. Let me ask the Senator, while he is on his feet, what kind of investigations does the Senator propose to be made by the Senate Finance Committee?

Mr. COPELAND. I hope the Senator will not draw me into that

Mr. WATSON. Yes; I must, because the Senator is moving to refer the nomination back to the Finance Committee for the purpose of having an investigation. What kind of investigation does the Senator want? If the Department of Justice and if the Customs Bureau and if the Treasury Department have already made their reports, can we inspire them to make other reports and other investigations? Can we instigate them to go further into this matter? If so, how can we? And if they will not do it, how are we to do it?

Mr. COPELAND. I recognize the difficulties. In the first place, if a grand-jury investigation were talked about, we would immediately come up against the fact that the district attorney is a relative of Mr. Bradley. Even if we proposed that the Department of the Treasury should make the investigation, we have his conviction—and I do not say it in disparagement of Governor Lowman—his conviction that Mr. Bradley is all right. It would seem to me that the best way to do would be to have the Department of Justice, through Mr. Edgar Hoover, go forward with a real investigation. That would be my judgment.

Mr. WATSON. Mr. President, I am satisfied that all the members of the subcommittee concluded that Bradley is an honest man. In fact, the Senator from Georgia has so

stated on the floor this morning.

So far as I could find out from the testimony-and I listened to it, as did the other members of the subcommitteethere was nothing involving him directly in any scandal or in any violation of law; certainly nothing involving him in any corruption. I am surprised at what the Senator from New York says, that there is something in this testimony involving him in corruption. I saw nothing of that kind and heard nothing of that kind. I did run hastily over the documents submitted. I did not make a careful investigation, I will say to the Senator; and I found nothing there, and I remember nothing in the testimony that did not arise out of the fact that he had been the county chairman and not that he had been collector of customs. Inasmuch as he has consented to dissociate himself voluntarily from the office of county chairman, I thought we might well afford to confirm him, because all the difficulty arose out of that relationship, and none of it out of the relationship that he sustained to the office of collector of customs.

That was my conclusion, and I think it was the conclusion of all the members of the subcommittee.

Mr. COPELAND. Mr. President, will the Senator yield?
The PRESIDING OFFICER. Does the Senator from Indiana further yield to the Senator from New York?

Mr. WATSON. Yes.

Mr. COPELAND. The Senator forgets about the testimony which was brought before the committee regarding the Puritan Club in connection with the statement made by McAniff and Roberts that as regards that charge it would take weeks to get the truth. That was the statement. Furthermore, I found in the records of the committee—and they are there—certain affidavits that were made regarding that particular thing.

The fact is, let me say to my genial and ever-kind friend from Indiana-

Mr. WATSON. I thank the Senator.

Mr. COPELAND. Let me say this: I think Mr. Bradley is entitled to have the facts brought out. He is widely charged by the press and by citizens of Buffalo with failure to do his duty as collector of customs.

He is entitled to it, and I think the wise way and the proper way and the most decent way to deal with the matter is to refer it back to the committee and let the committee decide how they shall find out the truth regarding the administration of that office.

Mr. ROBINSON of Arkansas. Mr. President, I ask the attention of the senior Senator from Indiana [Mr. Watson].

In view of the peculiar circumstances under which the investigation described by the Senator from New York, and referred to by the Senator from Indiana, was made; in view of the fact that admittedly the investigation was not thorough, and that without further inquiry the whole question will be left in doubt; that Mr. Bradley will continue in office, if he should be confirmed, under a cloud; and in fair recognition of the rights of the public in the matter to have the facts ascertained, if possible, it would seem to me that the suggestion that the nomination go back to the committee for further study ought not to be resisted.

Mr. WATSON. Mr. President, the Senator from Michigan [Mr. Couzens] and I have consulted about the matter, and I defer to him to make answer.

Mr. COUZENS. Mr. President, the Senator from Georgia [Mr. George], the Senator from Indiana [Mr. Watson], and I were the subcommittee which held the hearings, the Senator from Indiana being the chairman. At the time we first got together we agreed that we were not going to authorize the payment of expenses involved in subpænaing and bringing to Washington all of the people from Erie County who were complaining. Complaints were being received, and it was quite evident, from the circumstances, that the opposition to Mr. Bradley was a political fight, because the main witness who appeared before the committee, as I recall it, was a man who had been a candidate for office three times, and defeated, and he charged that each time Bradley had opposed him, although this man was a Republican. It seemed to me that it was a political fight.

The Senator from Georgia, the Senator from Indiana, and myself agreed that we were not going to the expense and trouble of subpenaing all of the disappointed persons who wanted to come to Washington and testify. So we agreed that anyone who desired to come to Washington, paying his own expenses, and testify would be heard. As I recall it, only one witness, the candidate who had been defeated three times, came to Washington and testified. He also sent a man who was living in Washington to come and testify.

Assistant Secretary of Treasury Lowman was put on the witness stand, was sworn, and gave his testimony under oath. All witnesses were put under oath, including the nominee himself, Mr. Bradley. Mr. Bradley heard the testimony submitted by the various witnesses. He denied it all categorically. Assistant Secretary Lowman denied that the things charged were so. Mr. Eble, the Commissioner of Customs, denied that they were so. I think Mr. Edgar Hoover said something about the matter, though I have not refreshed my mind as to his testimony. Bradley also went on the stand and denied all these things, as I have said.

All through the testimony the question was occurring to me as to how we were going to reconcile this contradictory evidence. Most of it was given under oath. I could not conceive of any way to determine who was telling the truth and who was not. Undoubtedly somebody was lying. I do not know now how we would prove who was telling the truth and who was not.

The testimony which the Senator from New York has called to the attention of the Senate I submit presents a prima facie case which is bad, but now I do not know how we are to prove whether that testimony is correct or not correct. Bradley denies it. How are we going to settle the question as to who is telling the truth?

Mr. ROBINSON of Arkansas. Mr. President, I think that if the committee should request the Department of Justice to make a thorough investigation of particular charges, assigning one of its agents, or a number of its agents, to make the investigation, and submit the evidence and the findings, that would obviate the difficulty which has been suggested, and we would be able to approach the matter from the standpoint of the facts. I am not willing to assume that the Department of Justice would not make a fair investigation in the matter.

We have this situation: Here is one connected with the department, who has personal as well as political affiliations running through the department. It is not pleasant for one of his friends to be assigned the task of exposing him and driving him out of office, and quite naturally, and without any conscious dereliction of duty, there is often failure on the part of the departmental officers, who do not regard themselves as directly responsible to the Congress or the Senate for their actions, to render a thorough performance of duty in those investigations.

While the committee was entirely right in not setting the precedent of paying everybody's expenses to Washington who might desire to come, it is also true, as any lawyer knows, and as most gentlemen of the experience of the Senator from Michigan know, that frequently witnesses to transactions which ought to be exposed and condemned are

reluctant to put themselves in the attitude of having volunteered information, and, in addition to that, they are not quick to incur a large amount of expense. They feel that it is a matter of general importance, and what is everybody's business is nobody's business.

If we are to establish the precedent of determining questions of this character on investigations which admittedly are not thorough, on investigations which are discontinued on instructions from above before they can be completed, we might just as well announce that we will never go into the investigation of charges against a Federal officeholder.

Mr. COUZENS. Mr. President, I want to call the Senator's attention to the fact that no evidence was submitted to the committee that the investigation was not complete.

Mr. ROBINSON of Arkansas. I call the Senator's attention to the fact that the Senator from New York read the report of one of the investigators assigned by the Department of Justice, I think he said, who arrived in Buffalo on the evening of the 2d and who was ordered to report on the 3d.

Mr. COUZENS. That was not before the committee. That might have been submitted in documents, but it was not submitted as a matter of testimony.

Mr. ROBINSON of Arkansas. Whether it was before the committee or not, it was submitted to the Senate. No one, so far as I know, is criticizing the committee. The Senator from New York himself said the committee was not subject to criticism. But it appears now, when the Senate is called upon to dispose of the matter, that the investigations, which ought to have precluded the necessity for further inquiry, were, I think I am justified in saying, not bona fide.

This investigator said in his report:

I have not had opportunity of completing this investigation. I have only seen a few of the witnesses whose names have been suggested by the Senator from Idaho. I can not see the others. Nor can I follow his suggestion and discuss the subject with witnesses whom they might suggest. So, under your orders, I am reporting to-night, the 3d, having arrived here on the 2d, that I have not gone through the matter, that I do not know what the facts are.

I think the conclusion arises that the investigator himself did not regard his work as entitled to be relied on.

In view of the fact that it is brought to the attention of the Senate now, it does seem to me that the proper thing to do is to let the matter go back to the committee; and if the members of the committee desire, they may ask the Department of Justice to investigate. That department knows how to investigate matters and get the facts. They have skilled investigators; and if they desire to do it, they can get the record in such condition that the Senate would be willing to rely upon the report, or witnesses could be called as might appear necessary.

Mr. COUZENS. Mr. President, the Senator did not let me complete my statement. I am not resisting the matter going back to the committee. I am trying to tell the Senate why the subcommittee reported favorably to the whole committee, and why the committee reported to the Senate.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will permit me, I said during the remarks of the Senator from Indiana that upon the statement of the action of the committee as submitted by him, and by the Senator from New York, I thought the committee did just what I would have done if I had been a member of it.

Mr. COUZENS. Yes; I remember the Senator saying that; but I, being a member, and the other members of the subcommittee having made their statements, I thought I was entitled to make a statement as to my views about it.

Nothing in the testimony of Assistant Secretary of the Treasury Lowman at any time indicated that the examination and investigation had not been completed. The testimony to which the Senator from New York [Mr. COPELAND] has referred concerning the investigation made by the Department of Justice, and all the reports from them which he has read, I confess, are new to the subcommittee. But I think the subcommittee had a right to take the sworn testimony of Commissioner Eble; of Assistant Secretary of the Treasury Lowman; of Mr. Dow, Assistant Commissioner of

the Bureau of Customs; and others, that after they had completed their investigation they gave Mr. Bradley a clean bill of health.

They were the responsible officers, and the committee did not go back and investigate the information submitted to these public officials, which was the information on which they based their final conclusions. We took the conclusions of the responsible officers. We did not investigate the investigators. We did not even read the reports of the investigators. But this testimony was so conclusive to the committee that the Senator from Georgia and I particularly discussed the question of holding the dual offices. The Senator from Georgia and I, between ourselves, agreed that, in view of the testimony submitted, if Bradley would in writing agree not to retain both offices we would report favorably to the Committee on Finance; and that was the result of the investigation.

Mr. NORRIS. Mr. President, to me it seems perfectly clear that the subcommittee did its full and fair duty under all the circumstances. I think every Senator who happens to be on a committee before which many appointments come finds frequently, as I know we do on the Committee on the Judiciary, that charges which on paper seem to be sound on investigation are found to be groundless. It is often found that they are made out of personal or political animosity or spite.

If we are told that an investigation has been made in a department, and have no reason to doubt that it was fair and full and in good faith, we take the conclusions of the investigators, and I think that is proper. So from what I may say I do not want anyone to get the idea that I am casting any reflection on the subcommittee as not having done its duty. I think, considering the evidence which has been narrated here, I would have done just as the members of the subcommittee did.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. GEORGE. The committee was advised of not only one investigation of this case, but the Senator will recall, from the statement made by the Senator from New York, that there were four separate investigations.

Mr. NORRIS. It was perfectly natural, and they did just what seems to me, with the information they had, would be the proper thing to do. I listened to the speech made by the Senator from New York. I listened to all of it carefully. I do not believe any unbiased, unprejudiced man could listen to that speech and consider the documents and evidence which he produced and not be impressed that if the things stated are anywhere near true this man ought not to be confirmed.

I do not believe I would have taken the floor if it had not been for the suggestion made by the Senator from Arkansas [Mr. Robinson] about a future investigation. As disclosed by the speech of the Senator from New York, it seems to me the trouble is that the investigations upon which the committee relied were not full and fair investigations as made by the department. I was impressed with the fact those investigations were not fair investigations. If there is anything in the speech of the Senator from New York that impressed me more than that, I do not remember it. The investigations, upon which were based the conclusions afterwards submitted by the subcommittee, it seems to me were not properly made.

I do not agree with the Senator from Arkansas that if the nomination goes back to the committee the committee ought to ask the department to investigate. I believe the committee ought to investigate. I do not want to cast any reflection on the department, but all four of the investigations, according to letters and documents which the Senator from New York has read to-day, it seems to me were not full, complete, or fair investigations. I agree, too, with the committee that in considering a case of this kind we are often confronted by people who want to come to Washington and have their expenses paid, and that is the main reason why they want to testify. I know we have had to refuse them in other committees, just as this committee did,

and did rightly, too; but we do find cases where we can not properly do that. I think such a case is presented to us now. I would take the evidence produced by the Senator from New York and investigate the facts in relation to all the matters he laid before us to-day. The committee ought to do it. It may be the best way to accomplish that would be for the committee to go to Buffalo.

Mr. WATSON. But we have not the time to do that.

Mr. NORRIS. I know we have not the time, just as we have not the time for anything if we do it thoroughly and completely. But there are people who ought to testify who will never volunteer, and they are sometimes the best witnesses in the world. Sometimes we must almost use compulsion to get them to testify. They do not want to disclose the things they know. There is another class of people who can not afford to come to Washington. If it is necessary to bring them here to get the facts, we ought not to stop at the expense. It seems to me, with the outline laid down by the Senator from New York to-day, a committee of the Senate, if they will take his speech and investigate the various charges that he has laid before us and the evidence which has been offered in support of them, could readily and properly do this work, and that is all that will be necessary; but at least that ought to be done.

Mr. ROBINSON of Arkansas. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. Certainly.

Mr. ROBINSON of Arkansas. The suggestion that the committee arrange with the Department of Justice to supply impartial agents to make an investigation was prompted by the fact, which is recognized by all of us, that it would be very difficult for the members of the committee to abandon their legislative duties and devote the time necessary to make the inquiry themselves. But that is a matter which the committee would have to determine. If the committee should not feel that was the proper thing to do, it could provide its own investigators and the Senate would pay the expense of the investigators. Upon ascertaining the names of important witnesses and the substance of their testimony, the committee then would be undoubtedly justified in bringing them here, just as they would in case the investigation was made by agents of the Department of Justice.

Mr. NORRIS. I only made a suggestion to the committee. I do not want to be understood as trying to tell the committee what they should do. It may be there are a great many witnesses and that the Government ought to pay the expenses of those witnesses to come to Washington. They could not be had unless we subpensed them to come here. It would be much cheaper as a financial proposition for the subcommittee to go to Buffalo or to employ an investigator to go there. It may be that would require some action on the part of the Senate, but I do not think any Senator would hesitate to intrust the committee with that authority if they do not have it already under their general authority.

We have here a case where most startling charges are made, where the most remarkable charges have been made, some of them fairly well demonstrated by the documentary evidence which the Senator from New York has produced. Of course, there may be an explanation. The man against whom the charges are made ought to have an opportunity to explain them. I do not know the man; I have no particular interest in the matter; but we can not afford to confirm the nomination of a man for an important office of this kind in the face of the charges and evidence we have heard stated here to-day by the Senator from New York and apparently well authenticated.

In the first place, a man who is holding a political office such as this man is holding never ought to be appointed to a governmental position unless before he enters upon the duties of that office he will resign his political office. For a dozen years, I believe the Senator from Indiana [Mr.

Warson's said, he has been, as he put it, the political boss in Buffalo. A man ought not to hold such a position and at the same time hold an important governmental office. There are too many conflicting interests that arise in the

course of his official duties for him properly to hold two such offices at the same time. I think we would all agree to that. It seems to me the least that can be done is to refer the nomination back to the committee and let the committee make a full investigation of all the charges.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from New York [Mr. COPELAND] to recommit the nomination to the Committee on Finance.

The motion was agreed to

### FEDERAL RADIO COMMISSION-THAD H. BROWN

The VICE PRESIDENT. The clerk will state the next business on the calendar.

The legislative clerk read the nomination of Thad H. Brown to be a member of the Federal Radio Commission for a term of six years from February 24, 1932.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. NORRIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Sheppard
Austin	Davis	Kean	Shipstead
Bailey	Dickinson	Kendrick	Shortridge
Bankhead	Dill	Keyes	Smith
Bingham	Fess	King	Smoot
Black	Fletcher	Logan	Steiwer
Blaine	Frazier	Long	Thomas, Idaho
Borah	George	McGill	Thomas, Okla.
Bratton	Glass	McKellar	Townsend
Brookhart	Goldsborough	McNary	Trammell
Broussard	Hale	Morrison	Tydings
Bulow	Harrison	Moses	Vandenberg
Capper	Hastings	Neely	Walcott
Caraway	Hatfield	Norbeck	Walsh, Mont.
Carey	Hawes	Norris	Waterman
Connally	Hayden	Oddie	Watson
Coolidge	* Hebert	Patterson	White
Copeland	Howell	Robinson, Ark.	
Costigan	Hull	Robinson, Ind.	
Couzens	Johnson	Schall	

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, the debate that has proceeded concerning the confirmation of the nomination of Mr. Bradley for collector of customs at the port of Buffalo, N. Y., has been very apropos, coming prior to the consideration of the nomination of Mr. Brown for appointment to the Federal Radio Commission, because the principal objection I have to the confirmation of Brown is that he has been an active politician, engaged in active politics for many, many years, and I have reached the conclusion that the Federal Radio Commission, having to do with radiobroadcasting and radio communications, is not a place where partisan politics should be played. I am going to read briefly a statement concerning some of the facts.

On February 23, 1927, Congress enacted legislation to create the Federal Radio Commission and turned over to that commission the great authority it now possesses. Even prior to that time radiobroadcasting and communications had made rapid strides, during which time Congress failed to recognize the potentialities of the radio as a means of communication to the people of the Nation. Congress tried from June, 1910, up to February, 1927, several devices to regulate radio; but as the industry developed it became apparent that it was necessary for Congress to provide permanent means for the regulation of this great new discovery.

The power of radiobroadcasting as a means of conveying information and propaganda to the people is not yet fully comprehended, although great financial interests have not been asleep to the possibilities. This has been particularly evidenced by the fact that the Department of Justice in 1930 filed a suit to dissolve certain combinations. This suit has been pending for some time, and a few days ago the Department of Justice filed in the Federal Court of Delaware an amended suit, stating at that time that they expected the case to come to trial this spring. The power of these combinations to control the future of radio is probably equaled by the great power of the Federal Radio Com-

mission to allow monopolies to get control of licenses to broadcast and to engage in the communication field.

The act of 1927 prescribes the powers of the commission. Section 4. in part, says:

Except as otherwise provided in this act, the commission, from time to time, as public convenience, interest, or necessity requires, shall-

Then it goes on to enumerate the responsibilities and powers of the commission.

The point I want to emphasize is that the radio commissioners have the entire power to say what is in the public interest. That is a power which I believe is greater than the power of any independent commission in Washington. The independent commissions, the Federal Trade Commission, the Tariff Commission, the Interstate Commerce Commission are agencies of Congress; they are not executive departments of the Government, and are not to be used for political purposes.

This brings me to the nomination of Thad E. Brown, of Ohio, whose appointment was made to fill the vacancy caused by the resignation of Commissioner Robinson as a member of the commission from the second zone, and the appointment is for a 6-year period beginning February 24, 1932.

If Mr. Brown should be confirmed, he would be a powerful factor in the regulation and control of what constitutes the most powerful agency for public service that has yet been devised by the mind of man. It is even more a powerful agency for private propaganda. Private companies not only control radio instruments of all kinds but also operate the stations through which intelligence is conveyed to the public. Private interests introduce their voices into the homes of our people every hour of the day. Educators throughout the Nation are battling with private monopoly to gain some rights in this great agency of communication, so that our people may derive some advantage from this Governmentcontrolled agency. The extent to which they succeed depends, under the present law, upon the willingness of the Federal Radio Commission.

I do not recall during my service in the Senate that any appointment has ever been made to the independent commissions created by Congress, as their representatives, of active political organizers such as the activities of Brown disclosed him to be. I do not recall, as chairman of the Interstate Commerce Committee and as a member of that committee ever since I have been in the Senate, a single nomination being sent to that committee for membership on the Interstate Commerce Commission, the Federal Radio Commission, or the Federal Trade Commission, of a man who was a political organizer and active in partisan politics. I resent these independent commissions, created by Congress as their agent, being filled with politicians, politicians in the sense that they are active in electing individuals rather than advocating before the people some question of policy.

Mr. Brown's work during the latter part of his life, with which we are familiar, has been work and association with politics; and by that I mean organized politics, interested in obtaining political victories as distinct from political service given freely in behalf of a cause. Through political influence and the payment of political debts he was appointed general counsel of the Federal Power Commission, where he served for only a few months, and later was appointed as general counsel for the Federal Radio Commission, where he has been since December 16, 1929.

Prior to entering the Federal service, Mr. Brown was active in Ohio politics. He was elected secretary of state for the State of Ohio and took office January 8, 1923. The secretary of state had charge of the distribution of automobile license tags under the Ohio statute. There were set up over 300 agencies for the selling of automobile licenses, with arrangements to make deposits in an equal number of banks. To be accurate, the number of banks was, as I recall, 341. These banks were used as a political machine, and public money was used to create favors with those banks, which Brown afterwards used in his candidacy for the governorship. At the end of his campaign for the governorship an exposé concerning the use of these funds was made in the the banks without interest payments being made.

State of Ohio. I propose to go into this in more detail later on.

The law which governs the deposits of this license-tag money provides that-

The secretary of state shall open an account with each municipal corporation and county district of registration in the State. All registrations and duplicate registration fees he shall pay weekly-

I want to emphasize the word "weekly"into the State treasury with other receipts of his office.

Several audits of these accounts were made by the examiners for the auditor of the State of Ohio. In a report filed November 21, 1925, it is stated on page 25—and I have the auditor's report here on my desk-

However, weekly deposits of the State treasury were not made by the secretary of state—  $\,$ 

That is, Mr. Brown-

as required by section 6309, as will be shown by the automobile department's records of the various bank accounts, a transcript of which is attached hereto and made a part hereof, marked "Exhibit A."

That exhibit is in the file.

In many instances the amount left in the depository bank after draft was made by the secretary of state was much larger than the amount transferred to the State treasury.

Mr. NORRIS. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I do.

Mr. NORRIS. I am particularly interested in the statement the Senator has just read. I am wondering if I apprehend it correctly. As I understand, Mr. Brown drew drafts on the banks and withdrew money which the law required him to take out every week and deposit somewhere?

Mr. COUZENS. Yes; to deposit in the State treasury. Mr. NORRIS. But, as a matter of fact, he left more money in the banks after these drafts than he took out?

Mr. COUZENS. That is correct; and the testimony that I will read later will develop that fact.

Mr. NORRIS. Was it claimed, then, by him that he had complied with the law, when the law required him, I suppose, to take all the money out?

Mr. COUZENS. I am going to develop that. What I want to say in that connection is that when the Committee on Interstate Commerce examined Brown on this one particular point, to show how slippery and unreliable he is, he

I sat in the office every Saturday afternoon to sign drafts to draw the funds out of these same 341 Ohio banks.

That statement of itself sounds all right, but upon examination—and, mind you, he did not testify to this before the committee-upon examination it was found that when he was signing these checks, which he said he sat in his office every Saturday afternoon to sign, he was only withdrawing from 30 to 40 per cent of the amounts then in the banks, the balance having been left in the banks for the use of the banks without any interest to the State. No interest would ever have been paid had it not been for the discovery made by the auditors of the State of Ohio.

Mr. ROBINSON of Arkansas. Mr. President, did the law require him to withdraw all of it?

Mr. COUZENS. The law required him to withdraw all of it every week.

Mr. WALSH of Montana. Mr. President, if he had to withdraw it for the benefit of the State treasury, would the money then have been deposited in other banks?

Mr. COUZENS. It would have been deposited to the credit of the State treasurer, and the State treasurer would have collected interest on it, but the State was getting no interest under the plan adopted.

Mr. WALSH of Montana. The law provides that the deposits of the State treasury shall draw interest, does it?

Mr. COUZENS. Yes; and I am coming to that later, because there was a refund made to the State of Ohio by the banks when it was discovered that this money was left with

Mr. WALSH of Montana. I was wondering whether it would not amount to a transfer from one group of banks to another group of banks?

Mr. COUZENS. By the banks which were made depositories of this money by the secretary of the State no interest was paid.

Mr. WALSH of Montana. Exactly.

Mr. COUZENS. But when it was deposited and credited to the State treasurer interest was paid.

Mr. ROBINSON of Arkansas. So that it amounted to depriving the State of interest on the portion of the fund not withdrawn?

Mr. COUZENS. That is the point I am trying to make.

Mr. NORRIS. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. NORRIS. I want to ask the Senator if, in view of the facts stated, this does not follow: This man was candidate for governor?

Mr. COUZENS. Yes.

Mr. NORRIS. And the effect of his withdrawing only part of the money, in addition to losing interest on it, was to leave in the banks at his will a large amount of money, from which any reasonable man, I should think, might draw the conclusion that it would, perhaps, assist him very greatly to have these 341 banks retain money that he might have otherwise drawn out. Leaving in the banks all the money he did leave with them could really be considered as a personal favor from him to those banks.

. Mr. COUZENS. I think that is a perfectly sound conclusion, because, as I say, he was an active candidate for governor; he was using the office of the secretary of the State and the funds which were collected by that office as a means for his political advancement; and I object to using public funds and using independent commissions for the purpose of political advancement.

Mr. WALSH of Montana. Mr. President-

Mr. COUZENS. I yield.

Mr. WALSH of Montana. What reason did he give for not drawing funds from the deposit banks in accordance with the provisions of the law?

Mr. COUZENS. The testimony is printed, and I think, perhaps, I will come to that. If I do not, I will ask to have the Senator remind me later on.

I continue to quote from the auditor's report, filed November 1, 1925:

During the early part of 1924-

That was the time that Brown was secretary of state—after transfers were made to the State treasury, the balance remaining in depositary banks amounted, in the aggregate, to several million dollars and was more than the amount transferred.

In other words, at the time he was transferring this money—at the time he testified before the Committee on Interstate Commerce and endeavored to mislead the committee by saying that he was drawing this money out on Saturday afternoons—the auditor's report says that he left several million dollars in these banks after signing these drafts on Saturday afternoon. In other words, he was making a hero of himself by sitting in the office Saturday afternoons to sign drafts on these 341 banks, when, as a matter of fact, after he had drawn those drafts, there were millions and millions of dollars left in these banks that ought to have been drawn out every week; and, as a matter of fact, I will develop that they were not drawn out more frequently than three or four or five weeks or months, instead of weekly, as they should have been drawn.

Continuing to quote:

During the middle months of the year the amounts transferred were in many cases on a 50-50 basis, and instead of drawing on banks weekly and depositing drafts with the treasurer of the State, as provided by law, drafts were drawn at irregular intervals, averaging about 14 or 15 from each bank during the year.

On February 25, 1927, the auditor of the State addressed a communication to the attorney general of the State of Ohio, and among other things, said:

An examination of the reports submitted by my examiners shows that deposits were made in said depositary banks by the deputy registrars throughout the State early in December, 1923, for the 1924 tags, and that the first draft was made on said banks by the secretary of state—

Brown-

on January 22, 1924-

Nearly a month later-

for approximately 30 per cent of the amount then on deposit.

I shall not attempt to go into all the details of the audit; but I desire to draw to your attention that part of the report which refers to the moneys deposited in the Union Trust Co. of Cincinnati to the credit of Thad H. Brown, secretary of state, and subject to his order.

The report says:

The account shows that on December 28, 1923, the total deposits up to that time had amounted to \$88,294.10, and that no withdrawals were made from said account until January 26, 1924—

In other words, a month later-

when there was withdrawn and transferred to the State treasury the sum of \$80,000, which was 20.5 per cent of the total balances at that time. The aggregate deposits on that date had amounted to \$389,841.98.

This audit was the subject of a newspaper article, which I hold in my hand, appearing in the Columbus Citizen of November 19, 1927. If I remember rightly, this came out about the time of his candidacy for governor. This is a photostatic copy of the Columbus Citizen. It is headed:

Tag-fee interest loss laid to Brown—Examiners hold \$69,428 is due State—Former secretary of state and 340 Ohio banks cited for recovery—Say fund held too long—Auditors criticize official for failing to transfer funds weekly.

When Mr. Brown was nominated for a place on the Federal Radio Commission, an article appeared in one of the Ohio papers—I think it was not a very important paper, and so I do not want to overemphasize it—but the fact is that Brown is the candidate not only of the Ohio politicians but of the so-called Wolfe newspaper clique. Wolfe owns several newspapers, and among them, I think, was the Columbus Citizen, but I am not sure of the name of the newspaper. In any event, it is reported, and this paper reported, that Brown was their candidate.

It appears that all parties in Ohio pretty well agreed that Brown would be a good man to have here, because Ohio wants all the influence it can get in Washington. I made inquiry through a personal friend of the office of the secretary of state in Columbus, Ohio, and one of the assistants—I do not care to mention his name—said, "Oh, we are for Brown. We want a couple of radio licenses"—one at Youngstown and one at some college, I think—"and we want all the influence we can get in Ohio. We do not care to say anything about Mr. Brown. We want him."

When Brown was confronted by the Interstate Commerce Committee with these bank accounts, the failure to live up to the law, and the leaving of large amounts in the banks, Brown replied as appears in the testimony, which is printed and on the desks of Senators, on pages 7, 8, 9, 10, and 11 of the hearings. Brown said, on page 9:

It was a physical impossibility to get it in within a week.

I want it understood that I am not charging that Brown got any money out of this thing. I am not charging him with being financially dishonest. I would not want to charge that, because I do not think that would be fair.

The results of this audit and disclosure were responsible for the State securing \$55,000 from the banks where Brown allowed the money to remain in excess of the time allowed by law.

After the publication of the audit, which claimed some \$69,428, there was a revision of the rates, because, as I remember, the attorney general of the State of Ohio ruled that 2 per cent interest would be a fair rate to charge these banks; and the banks got together, and after computing the balances in each one of the banks at an average of 2 per cent per annum interest the refund to the State was some \$55,000.

Now I desire to draw to your attention another thing.

I think Mr. Brown's conduct in Ohio as secretary of state disqualifies him for public office anywhere at any time.

Mr. LONG. Mr. President-

Mr. COUZENS. I yield.

Mr. LONG. Does the Senator mean on account of the fact that he left the money with the banks a little bit longer than the legal limitation?

Mr. COUZENS. Yes.

Mr. LONG. The Senator is disqualifying, during times of this kind, half the governors of the United States from holding office, because we all know that the conditions have been such that in half the States of the American Union State funds have been left over the legal limit.

Mr. COUZENS. That is not the question. That is not involved in these conditions. Here was a public official required by law to withdraw the funds from the banks weekly and deposit them with the State treasury. He testified before the Interstate Commerce Committee that he did that on every Saturday afternoon. The fact of the audit discloses that he did not withdraw these funds from the State banks every Saturday afternoon.

Mr. LONG. In what year was that?

Mr. COUZENS. The report was made in 1927.

Mr. ROBINSON of Arkansas. Mr. President-

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. I understood the Senator from Michigan to say that on account of the failure of Mr. Brown, when secretary of state, to withdraw the funds from the banks in accordance with law and deposit them with the treasury, there was a recovery on behalf of the State of \$55,000. Is that correct? Did I understand the Senator correctly?

Mr. COUZENS. The result of the disclosure was the recovery by the State of \$55,000, because had Brown withdrawn these funds as required by law, and as he attempted to convey to the committee that he did, there would have been no interest collected from these 341 banks, but the disclosure required the banks to pay it.

Mr. ROBINSON of Arkansas. And if the disclosure had not been made the State would have lost the \$55,000 as a result of Mr. Brown's manner of administering the functions of his office?

Mr. COUZENS. That is entirely correct; yes.

Mr. BORAH. Mr. President-

Mr. COUZENS. I yield.

Mr. BORAH. Did this disclosure take place by reason of the activities of some one wholly dissociated from Mr. Brown's office?

Mr. COUZENS. Yes.

Mr. BORAH. In other words, he did not reveal the facts

Mr. COUZENS. Oh, no. The facts did not come out until during the campaign, as I recall, because the testimony shows that the exposé was a surprise to him, and came to him when he was at some dinner, some banquet or other. That, I think, appears in the testimony. The State auditor, whose office is separate from the office of the secretary of state, in auditing Brown's accounts, made this disclosure.

Mr. DILL. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. DILL. In order to make it perfectly clear-and I do not mean to deny anything the Senator has said-I should like to call attention to the fact that prior to Mr. Brown's occupying the office these moneys had lain in the banks oftentimes for months; and it was owing to his speeding up of the deposit of the moneys that the whole matter came to the front. It was one of those laws that had just been disregarded.

Mr. COUZENS. No; that is not a correct statement, according to the testimony.

Mr. DILL. That is what the hearings show.

Mr. COUZENS. I am talking about the auditor's records. I did not go back of what the auditor did in his examination of the office of secretary of state under the régime of Brown. This did not happen until Brown's second term; so it could

not have been as a result of what happened prior to his incumbency of office.

Mr. DILL. I do not mean that; but I will not take up the Senator's time, other than to say that the point I tried to make clear is that prior to Mr. Brown's coming into office it had been customary not to return to the State treasury for several months the moneys collected in the various parts of Ohio. When Mr. Brown came into office certain registrars or appointees of his predecessor were found guilty of having embezzled money; and that led him to start a system of speedily turning it into the State treasury, and that eventually led to the revival of this law.

Mr. COUZENS. No; where the Senator is wrong is that that did not eventually lead to the discovery of this state of affairs, because it was not discovered until after Brown was in his second term. Brown himself testified before the committee, as an alibi for himself, that prior to his incumbency of the office previous secretaries of State had been more negligent that he had.

Mr. DILL. That is the point.

Mr. COUZENS. That is what I mean. I do not consider that any alibi for Brown.

Mr. LONG. Mr. President, will the Senator pardon me?

Mr. COUZENS. I do not care to yield just now.

Mr. LONG. All right.

Mr. COUZENS. I desire to point out another thing to show how unreliable Brown is, how evasive he is, and how little we can depend upon his word, or what he says.

When he was before the committee, this took place on page 13 of the hearings. The chairman asked him:

The Chairman. Do you know who the Commercial Air Transport Co. are?

Mr. Brown. No, sir.

The Chairman. Did you ever travel on any of their planes? Mr. Brown. I do not believe I have.

The Chairman. Did you ever travel on any air transport planes that have postal contracts?

Mr. Brown. I do not know which ones have postal contracts. I travel some by plane, but I always pay my own way.

The Chairman. Do you mean to say that you have never had a

pass on any of these air transports?

That is, those holding postal contracts.

My reason for particularly bringing that out was that Postmaster General Brown, who is the arch politician of the administration, is the proponent and advocate of this Thad Brown. Mr. Brown answered my question, "No, sir."

This was on February 10, remember. Because of the work of the committee, hearings were delayed until February 26, 16 days later, and then Mr. Brown again appeared before the committee, and I asked him the following questions, which appear on page 42 of the hearing:

The Chairman. As I recall it, during the last hearing you were asked concerning the passes that you had received from aircraft companies handling the United States mail and having contracts with the Post Office States.

Mr. Brown. Yes, sir.

The Charman. Your reply was that you had received no passes from any aircraft company, as I recall. Is that correct?

Now, remember, this was 16 days after he had denied that he had any passes, and in fact emphasized the fact that he paid his way. Mr. Brown said, in reply to my second query 16 days later:

Mr. Brown. I am glad you brought that up, Senator. I would like to refer to page 32 of the record. Your question was:

"Do you mean to say that you have never had a pass on any of these air transports?" My answer was, "No, sir."

In his reply there he left out the statement that he had said he always paid his way. Continuing to quote him, he said:

If the committee got the impression that I had never had a pass, I wish to modify that.

Mind you, he had said before that he always paid his way. Now he wants to modify that, after having it brought up to him 16 days after he had answered.

But the answer as it stands is correct. I said, "No, sir," and you did not follow up with any other questions.

That was his defense for having lied to the committee.

Mr. FESS. Mr. President-

The PRESIDING OFFICER (Mr. Hebert in the chair). Does the Senator from Michigan yield to the Senator from Ohio?

Mr. COUZENS. I yield.

Mr. FESS. Does the Senator mean that Mr. Brown did not answer accurately when he said he had no pass?

Mr. COUZENS. I stated that he had said he always paid his way and that he had no pass. How could he have a pass and always pay his way?

Mr. FESS. He did ride once-

Mr. COUZENS. I am coming to that. I do not want to be interrupted except on what I have already stated.

Mr. FESS. I do not want to interrupt the Senator, because I shall take the floor after he has finished.

Mr. COUZENS. I do not want to be anticipated. He said in his testimony that he had paid his way, and he would not have paid his way if he had had a pass.

Mr. FESS. I agree with that; but as the question was whether he had a pass or not, I think that a negative answer would not be subject to criticism.

Mr. COUZONS. I think it would; and I shall develop the testimony later on in connection with that, because after 16 days he stated that he did have a pass twice.

Mr. FESS. He stated that he rode without paying.

Mr. COUZENS. That is like one of the answers of the Senator when he was leaving the White House, and was asked a question by a representative of one of the press associations. I do not see the distinction, myself; perhaps the Senator does.

Mr. FESS. Will the Senator yield further?

Mr. COUZENS. I yield.

Mr. FESS. I came to Washington from Dayton in an airplane, and I did not pay my way. I do not regard that as meaning that I had a pass.

Mr. COUZENS. Does the Senator mean that one has to have a pass of cardboard in order to be passed free over a transportation system?

Mr. FESS. I mean that I was simply a friend of the pilot, who asked me to come, and I came.

Mr. COUZENS. I shall develop that he did have a pass.

Mr. FESS. That is the same way Colonel Brown rode,

with a friend; and I do not regard that as a pass.

Mr. COUZENS, I shall develop that he had one on more than one occasion. Of course, if the Senator wants to be technical, perhaps he did not have a piece of cardboard that said "Pass," but he was transported by airplane without a fee.

Mr. FESS. I admit to the Senator that I think the colonel was unfortunate when he said he always paid his way, but I do not think that in his statement that he had not a pass he is subject to criticism.

Mr. COUZENS. When he said he always had paid his way, and had not done so, was not that a misrepresentation?

Mr. FESS. Yes; that is subject to criticism.

Mr. COUZENS. All right. The chairman then said:

You see, that is the weakness of not being a lawyer. If I had been a lawyer, I would have been able to further cross-examine you, because I think your answer is misleading.

Mr. Brown then said:

Well, as I said, I am glad you brought that up, because I had a complimentary passage about a year and a half ago from Washington to New York and return. I had a complimentary passage—

And before he concluded his sentence the chairman said:

Over what line?

Mr. Brown. I think the Ludington Line. I am not sure. And I had a complimentary passage from Chicago to Washington last August, I think it was.

The CHAIRMAN. Over what line?

Mr. Brown. Well, there are two lines involved. From Chicago to Pittsburgh I think it is the Transcontinental and Western Air, and from Pittsburgh into Washington the Pennsylvania Air. The CHARMAN. And they both have post-office contracts? Mr. Brown. I do not know.

In this connection I wish to say that it is a well-known fact, I think generally reputed, that the Ludington Line is the favored line with the Post Office Department.

The CHAIRMAN. What was the manner that you got these passes?

I used the word "passes," I want to emphasize to the Senator from Ohio.

Mr. Erown. The first one, to New York—I do not recall with whom I conferred regarding it. The second one, from Chicago to Washington, it was through Mr. James E. Kinnison, an attorney in Canton, Ohio. Mr. Kinnison was going to Chicago and asked me to accompany him. I went down to the airport to go, and they were not sending up any ships. I had already made arrangements to take care of some personal matters in Chicago. I took the railroad train to Chicago and came back by air.

Mind you, he said he did not know with whom he had conferred when he got the first "passage." I will put the "age" on the word, so that the Senator from Ohio will not be too technical and say it is not a pass, because it is simply passage.

The Chairman. I understand now that it is only twice that you have-

Mr. Brown (interposing). Those are the only ones that I recall at all, Senator.

He did not say he did not have any more, but that he did not recall; and I confess that I had no documentary evidence as to the extent to which he used these air-transportation lines for free passage. I continue to quote from his answer:

Except, of course, I have gone up in Army planes. As a lieutenant colonel in the Officers' Reserve Corps I am entitled to that.

Senator Wheeler asked Mr. Brown:

What did you mean by your answer the other day to the effect that you did not have any passes?

Mr. Brown replied:

I did not say, Senator, that I did not have any. \* \* \* The question propounded to me by the chairman was, "Do you mean to say that you have never had a pass on any of these air transports?"

My answer was, "No, sir." It is a double negative.

He said that it was a double negative, and he was seeking to get out from under because it was a double negative; but in the previous testimony he had said he always paid his way.

This is just an evidence of the evasiveness, if not absolute dishonesty, of Mr. Brown. From a study of his record I have not been able to find a single constructive or worthwhile thing he has ever done.

At this point I desire to present for the Record a remonstrance sent to me by the Favorite Stove & Range Co., of Piqua, Ohio, with hundreds of names signed to it, protesting against the confirmation of Mr. Brown. I do not know that this is particularly valuable except to show that all of Ohio is not for Mr. Brown.

Mr. ROBINSON of Arkansas. Mr. President, what reason do the signers assign for their protest?

Mr. COUZENS. The remonstrance is in these words:

We the undersigned do hereby protest most emphatically against the confirmation of Thad Brown being appointed a member of the Federal Radio Commission, and we thank you if you will use your influence in asking the Senate not to confirm him.

I confess that is not very convincing. The letter accompanying the petition is as follows:

I am inclosing a petition, signed by a large number of representative citizens of Piqua, Ohio, who, in this manner, wish to emphatically protest against the appointment of Thad Brown, of this State, as a member of the Radio Commission.

The signers of this petition wish to thank you for the splendid

The signers of this petition wish to thank you for the splendid efforts you are making to prevent the confirmation of Mr. Brown; and while your efforts may not meet with the success so much desired, we assure you that we appreciate the stand you are taking.

JOHN H. FECKER.

In this connection I wish to say that some Senators have received a letter, which, too, is not altogether convincing, from the United Farm Federation of America, protesting against the confirmation because, primarily, they say there should be somebody on the commission representing the farm and labor groups. I wish to present this simply for the

The PRESIDENT pro tempore. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED FARM FEDERATION OF AMERICA,

Des Moines, Iowa, March 8, 1932.

Dear Senator: Will you please aid us in the present matter now before the Senate—that of the confirmation of Mr. Thad Brown for radio commissioner?

#### AGAINST

With all due respects to Mr. Brown, he is not the type to represent the public, especially the farm and labor groups, consequently

we ask for your support in defeating his appointment.

Every class seems to be represented on the Radio Commission excepting the farm and labor elements, and we urge you to support a candidate who will show the farmer and laborer some consideration. With some one on the commission to represent the farm interests, we could expect some representations for those stations not controlled by the trusts and monopolies. We are mighty tired of the constant chain-station programs out here in Midwest.

One of our representatives has addressed nearly 225,000 people in three months, and is strongly urged to take action against the chain stations

The commission has recently granted WOC-WHO, Davenport and Des Moines stations, 50,000 watts of power and we must all suffer from their type of programs—"chain" programs, while farm matters are barely touched upon. They are also forming an Iowa chain of small stations, all purchased by the Des Moines Register, leading newspaper in the State, which many farmers are not in

Senator, can not something be done to stop this deplorable contion? Will you help us by defeating Mr. Brown and demanding an investigation of the Radio Commission? We promise full cooperation.

Yours truly,

United Farm Federation of America, L. A. Loos, *President*.

Mr. COUZENS. Mr. President, I am quite convinced that the President did not desire to appoint Thad Brown, but did so under pressure of his political manipulator, the Postmas-

This protest against the confirmation of Brown is by no means a party issue. These independent commissions are representatives of Congress. They are of great concern to the public, and, so far as I am informed, no independent commission uses its offices to play politics. That, unfortunately, can not be said of the departments in charge of Cabinet officers.

I want to make it plain that there is a clear distinction in my mind between filling a Cabinet office, which is obviously a partisan office, and occupied by a partisan of the administration, whether it be Republican or Democrat, and appointing people to these independent commissions. vigorously resent the filling of these independent commissions with those who are engaged actively in partisan politics. I would take a position similar to that announced by the senior Senator from Arkansas [Mr. Robinson] the other day, that when such public offices, supported by public moneys, are used for partisan politics, it is indefensible.

Mr. President, this about concludes what I have to say. I recognize that there has been very vigorous propaganda from many sources indorsing the confirmation of Mr. Brown.

I would like to have a record vote, so as to see the extent to which the Senate agrees that it does not approve filling these independent commissions with politicians.

Mr. FESS. Mr. President, I trust that Senators who have been in the Chamber while the Senator from Michigan has been discussing this nomination will remain until I can make a statement as to certain facts.

The committee heard all the testimony and took a vote on the question as to whether the nomination should be reported favorably, and the vote was 10 to 1 for a favorable report.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. COUZENS. The committee did not have before it the testimony concerning the audits of the office of the secretary of state. I do not blame the committee for that. but that testimony was not in the record. I told the committee the audits were available for any members of the committee who desired to look at them.

Mr. FESS. Mr. President, I am in a position to make a statement free of any suspicion of having any particular interest in any favor to be given to Col. Thad Brown.

When Colonel Brown was a candidate for Governor of Ohio I did not support him in the primary. I did not decline to support him because I thought he would not make a good executive officer, but he was young and had not had an opportunity to prove himself, and I thought the candidate who was running against him had more maturity, so I declined to support Colonel Brown.

He has trained with what might be known as a political faction which has not always been friendly to me. When Col. Thad Brown's name was presented for the office of chief counsel I was not aggressively for him. Of course, I did not oppose him, because he has the qualifications and education, having been a graduate of the Ohio State University and having a good rank as a student in law; but he had not the long career some lawyers have whom I thought it might have been preferable to nominate. I am mentioning that so it might be understood that what I am saying about Colonel Brown is not because of any personal attachment to him at all

I have known Colonel Brown and know him to be a man of integrity, a man of good character, and I think a splendid business man. While I was not enthusiastic for his appointment to the position as legal head of the Radio Commission, I have been enthusiastic to have him promoted to the Radio Commission, where a business man can be of service. In the matter of his politics he has been aggressive. His father-in-law is one of the leading men of Ohio. He has gone into a family that is identified politically with the State. Naturally, being ambitious, having served in the World War and coming out with a splendid record, he was at once given recognition in the State as an aspiring public official.

Mr. COUZENS. Mr. President, will the Senator tell us where he served in the World War?

Mr. FESS. I have not looked up his record. He is a World War veteran, identified with World War people.

Mr. COUZENS. Yes. I understand he served in a swivel chair down at Houston, Tex.

Mr. FESS. My friend must admit that the hardest thing that could be said against a young man who wanted to go into the service is that he was put in training and not permitted to go overseas. I have three sons, two of whom were in the service. One went through the drives in France. The other did not get to go overseas, but he was on the sea all the time. The one who suffered was the one who did not get to go overseas. I do not think we ought to criticize a man because he was not over in France.

Mr. COUZENS. I wanted the Senator to make that clear. I did not bring up the World War question.

Mr. FESS. I am speaking of Colonel Brown's position in Ohio.

Mr. COUZENS. The Senator brought in his war service. I had it in my notes to bring up the fact that he served in a swivel chair in Houston, but I thought it was not fair, so I did not refer to it. But the Senator was advertising the fact that he was a World War veteran, and I thought I ought to let the Senate know where he served.

Mr. FESS. Does the Senator mean that all the men who did not get to go overseas are not World War veterans?

Mr. COUZENS. That is what I mean exactly.

Mr. FESS. I think the Senator is rather unfair to those boys, because they suffered mentally more than the ones who

Mr. NORRIS. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. FESS. Certainly.

Mr. NORRIS. I agree with the Senator from Ohio that no man should be criticized because he did not get across to France. But the Senator said, speaking of Mr. Brown, that he served in the World War and had a fine record. I was wondering if he got that record because he did not go over.

Mr. FESS. I am speaking of the recognition that Colonel | Brown received in his own State. For this reason he was elected secretary of state in 1922, taking his office in 1923. The position of secretary of state has its contacts all over the State in every county. One of those contacts is through the distribution of automobile tags. That is not a subject of criticism, because it is for the expedition of distribution and convenience of those seeking tags. For example, in my home town of 1,500 there is a place where our people can go and get their tags by paying the necessary fee without waiting to send the money to Columbus and have the tags sent to them from Columbus. It is required of those who distribute the tags that they deposit the money at once, either sending it directly to Columbus or depositing it in some local bank. That arrangement is always regarded as commendable, because it is intended for the convenience of the individual citizen.

When Mr. Brown came into office he took with him a Colonel Wilson, who was and is now, I believe, commissioner of motor vehicles in charge of issuing licenses. The two men went to different points, including New York, Philadelphia, Boston, Harrisburg, and other places, to study the system of distributing automobile license tags in those sections. Then he set up this plan of establishing distributing offices for the convenience of the people. Soon after this was done there was notification to him that there had been some funds misapplied in the county of Warren, in the town of Lebanon. The funds had been deposited in a bank the cashier of which was a personal friend of mine, who notified Mr. Brown that there was wrong dealing in the use of public money; that the distributor down there had in his possession about \$23,000, and had been using that money to buy automobiles to be placed on the floor for exhibition and then sold, and that he was using the public funds for that purpose. Of course it was illegal. The man was apprehended and prosecuted. The money was recovered. Then there was another case reported where there was \$45,000 involved, and that was all recovered. Nothing of that sort had been previously divulged. I do not think that that should be charged against Mr. Brown, because the criticism was against the predecessor of Mr. Brown. It appears to be rather a loose way of dealing with these funds.

Mr. McKELLAR. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. Certainly.

Mr. McKELLAR. As I understand it, there is no charge against Brown?

Mr. FESS. Oh, no.

Mr. McKELLAR. Charges were made against two of his deputies in connection with the collection of fees, and all that money was actually recovered.

Mr. FESS. This was under a preceding administration, and Mr. Brown undertook to correct the situation. The practice was to sell the tags, and the money was to be deposited in local banks and then at convenient times sent to Columbus. There was an old statute on the books that required public funds coming to any officer to be deposited in the State treasury within a week of their receipt. That is the statute in question. It is an old one. It had not been regarded at all under previous administrations. Col. Thad Brown enforced the sending of the money every two or three weeks. The reason why it was not sent every week was that some places were so far removed from Columbus that it was a physical impossibility to do it. Consequently the thing that is charged against Colonel Brown is that he had not respected that law, which never had been called to the attention of any preceding incumbent of this office.

Mr. DILL. Mr. President, will the Senator yield? Mr. FESS. Certainly.

Mr. DILL. I call attention to the fact that when this system of keeping up the depositing of the money was inaugurated it was not inaugurated because somebody called his attention to the statute but for the purpose of getting the money into the State treasury that it might be spent on roads, and I think also for the purpose of preventing any future registrars from depositing money improperly, as they had done before he took office.

Mr. FESS. That is correct.
Mr. DILL. The old statute was never invoked until after he was out of the office of secretary of state and running for governor in 1926.

Mr. FESS. I was coming to that. Colonel Brown became ambitious to become governor. It was charged immediately by the Republicans who wanted somebody else that he was using the office of secretary of state to build a political machine. That charge was made. It can be easily seen that if an official desired to do such a thing he had fairly good opportunity because of his contact in each county through the distribution of automobile tags. That was one way. Secondly, as secretary of state he is at the head of the election board in every county; consequently the Republicans who did not want Colonel Brown promoted to the governorship charged that he was using his office to build a political machine and that all the distributors in the various counties were his lieutenants.

Then this old statute was dug up. Mark you, this was four years after Colonel Brown came into office and when he became a candidate in 1926 for governor. His enemies in his own party charged that he was favoring banks, and that he was favoring them to the extent that he let them keep the money three weeks when the law required it to be sent in each week. The accumulation of this added time involved a loss to the State of something like \$70,000 of interest in all of the time covered. That was the charge made. It was made by Mr. Brown's political enemies in his own party and used purely as a campaign issue. It was published in the Columbus Citizen, a copy of which has been exhibited here to-day, a paper that is not, of course, favorable to Colonel Brown. I do not make any charge against the paper, because it is a splendid publication. It does not belong to my party, but it is a high-grade news-

It is out of this situation that the charge was made that he had used the banks and favored them by giving them the opportunity of retaining the money as I have explained. thus depriving the State of the interest that might have been collected, when all there is to it was that he did not demand the money in the banks should be sent to Columbus every week, which in some cases would have been a physical impossibility, and thereby he had lost to the State a considerable amount of interest. All of that was paid back, every bit of it. As soon as it was determined or decided that it was a legitimate claim upon the office, it was made up to the treasury.

I do not think, however, that anyone free-I do not refer to my good friend the chairman of the committee when I say this; I am talking now about people in Ohio who know the situation-I do not believe that anyone in Ohio free from prejudice would seriously on that basis make the charge against Colonel Brown that he was guilty of malfeasance in office. All of this came out of the wash in the political campaign; everything was set right; and nobody in Ohio, so far as I know, is maintaining any opposition to Mr. Brown on that basis.

Mr. WALSH of Montana. Mr. President-

Mr. FESS. I yield to the Senator from Montana.

Mr. WALSH of Montana. The Senator from Ohio has told us that the whole amount was made good. Will he tell us how it was "made good"?

Mr. FESS. It was made good by collection from the various banks that had held the money.

Mr. WALSH of Montana. That is, the various banks were called upon to pay interest?

Mr. FESS. To pay the additional interest.

Mr. WALSH of Montana. How was that accomplished? Mr. FESS. That was accomplished by order of the secre-

tary of state who called upon the banks.

Mr. WALSH of Montana. By Colonel Brown?

Mr. FESS. By Colonel Brown.

Mr. COUZENS. I think it was by the action of the attor-

Mr. FESS. I think the chairman of the committee is correct. It was done by the attorney general, Mr. C. C. Crabbe; and when the matter was called to the attention of the banks they made payment. These facts were given to us by Colonel Brown on the witness stand.

Mr. WALSH of Montana. Was suit brought or were the payments made voluntarily?

Mr. FESS. Payments were made voluntarily; there was

So that particular phase of the opposition which is made I do not think had any weight, as I remember, with the committee, except the chairman, and it has had no weight with me, although I have not been one of the partisans of Colonel Brown

In reference to Colonel Brown's political activities, I desire to say he did not seek the position of general counsel of the Radio Commission. I would not be fair to myself or to anyone else if I were to say that Colonel Brown was not desirous of a position under this administration; I know that he was; but as to the particular position of general counsel he was not an applicant for it. When that position became available, and my attention was called to Mr. Brown in connection with it, as I stated before, I was not enthusiastic; in fact. I told his particular friends who asked me about it that he was well enough acquained with the head of the administration without the need of my urging his appointment. I state to Senators that I made no indorsement. I also state to Senators that Col. Thad Brown was not an applicant for that specific position. He was appointed to the position, however, and he set up an organization in the legal division of the Radio Commission that is most creditable. I think everybody who will look into it will have much to say in favor of the manner in which he performed the work of the

When the vacancy occurred in the commission, Colonel Brown said to me that although it would not be much of a promotion, he would like to be promoted to it. A gentleman connected with the Commerce Department in Washington was also a candidate for the position, as was a gentleman from Ohio, a member of the faculty of the Ohio University. Both of them had spoken to me. I said to Colonel Brown, "If you would like this position, I think you have earned it; I will do what I can by way of indorsement," and I indorsed him for the position. I talked with my friend the chairman of the committee about it. He rather doubted the wisdom of the appointment; but I stated to him, "Mr. Brown is a man of integrity, he has a good mind; he is a man of business principles, and it seems to me he has earned this position, and I should like to see him appointed to it."

The President sent his nomination here, although not until after he had conferred with several persons, I think I am justified in saying, including the chairman of the committee himself, although I assume the chairman of the committee advised him otherwise. I have no right to talk about this matter, it being merely a conversation.

The nomination came to the Senate; hearings were held, and a vote was taken.

Mr. COUZENS. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. I yield to my friend.

Mr. COUZENS. I was wondering where Colonel Brown had obtained business experience. I have been unable to find how he obtained the reputation of having been a business success.

Mr. FESS. Colonel Brown is a good business man; he is the owner of a couple of farms [laughter]; he has made some money in the law, and is as good a business man as are most of us who are here. So I do not think he will suffer from any imputation that he is not a good business man. I take him to be a very good business man.

So, Senators, I give it as my honest opinion that Colonel Brown will make an able member of the Radio Commission, who will not, under any circumstances, be unduly influenced by any sordid interests, but will, with an eye to the public weal, do the best he can. That is my honest opinion spoken of a person who has never been a partisan of mine.

Mr. DILL. Mr. President, I will not take much time of the Senate. I think the chairman of the committee was hardly fair in the implication he drew from reading the testimony of Mr. Brown when he said that he sat in his office every Saturday afternoon and signed drafts on banks prepared for him by Mr. Feight, who was his agent. Mr. Brown at no time said, nor was there any evidence to show, that anybody at that time knew that the law required that these payments should be made every week. This matter was speeded up by Mr. Brown, he stated, in order to get the money into the treasury more rapidly, and in order to prevent the registrars from holding it too long or depositing it in institutions from which they might obtain some private return. Mr. Brown was simply explaining how he wrote the checks. I think it is hardly fair to say that he was lying about it or that he was trying to misrepresent the transaction; but he did say that he had tried to speed up the process, and the reason he did not have the transfers made every week was, as the Senator from Ohio says, that some of the banks were far out and were slow in getting in their returns.

I am not going to discuss the bank question further than to say that previous to Mr. Brown's becoming secretary of state the testimony shows that the money was allowed to remain in the banks sometimes for three or four months after it was deposited, but, as the result of Mr. Brown's improving and speeding up the process, the money was gotten in more quickly; and when the attorney general dug up the old statute the State got \$65,000 in interest.

I think it is only fair to say that the members of the committee who heard Mr. Brown felt that there was no basis for any charge that could be possibly placed against him as to his honesty or his service to the State of Ohio in this matter; and I do not think that the record bears out any claim but that he did everything a man could properly do in that regard.

Mr. President, the Senator from Michigan said, in opening his remarks, and he repeated it all the way through, that he based his opposition primarily on the fact that Mr. Brown was a politician. As I said to the Senator in committee, and I repeat here, so are we all politicians. If men are to be barred from commissions because they may have been politicians none of us would be eligible at all. In that statement is the implication that Mr. Brown is the kind of politician that if placed in a semijudicial or semiadministrative position as a commissioner his political proclivities will influence and affect his actions as a member of the commission. Of course, if he is the type of man who will allow his political proclivities, his political activities, to cause him to be unfair in the decision of questions before the commission, that is a valid objection. There is no way to determine that except by the study of his record while he has been general counsel for

There is nothing shown in the hearings, and there is no charge made by anybody to the effect, that as general counsel his political opinions have ever at any time influenced his legal judgment or his legal advice. As general counsel he has done a real service to the Radio Commission. When he took charge of it it was largely unorganized, and by "unorganized" I mean members of the legal staff were assigned to certain cases that happened to come up without any particular system. Mr. Brown proceeded to organize the legal division into an examining division, on the one side, and into a division that handled appeals on the other. He assigned certain attorneys to look after the examining end of the work, and he assigned certain other attorneys to look after the appeals. The record made by the general counsel's office since he took charge of it is the best that has been made by any general counsel who had served the Radio Commission.

I was also concerned somewhat as to the charges that if he became a commissioner, he would be subject to influence by those organizations which, in my judgment, already have too much power and control over radio and are seeking for more. I refer particularly to the Radio Corporation of America and its affiliated companies. We happen to have a definite case in which Mr. Brown's position is shown in a | peatedly-I can not take very seriously a slip of the tongue matter that was of the highest importance to the Radio Corporation. I do not cite it as proof that he is against the Radio Corporation, but I do cite it as proof that he is not afraid to take a position when he thinks it is right, even though it is in defiance of that great radio organization.

Last summer when the question of whether or not section 13 of the radio act applied to clause 9 of the Radio Corporation agreement the matter came up to the commission and was referred to Mr. Brown as general counsel. He tells us in his testimony that he called all the attorneys of the legal division into his office as a cabinet and they went over it and discussed it very carefully; that there was a division of opinion among the attorneys, but it was his own personal judgment that the law did apply to the Radio Corporation agreement. He so stated to the commission and advised them that it was their duty to refuse the licenses applied for by the Radio Corporation as being guilty of monopoly; but he pointed out that it was a doubtful question on which men disagreed, and he, therefore, thought it might be well to make a test case, as it involved such vast investments on the part of the Radio Corporation; and he recommended that a test case be presented to the Supreme Court of the United States to determine whether or not the law did apply. In the face of that advice the commission overrode him and, by a vote of three to two, refused to declare that the law applied to the Radio Corporation's agreement.

I mention that because the charge has been frequently made, not on the floor but while this nomination has been pending, that Mr. Brown would be the creature of the Radio Corporation; and the record of the commission has been such that I have been particularly concerned that no man should be appointed whom I thought was subject to the influence of that organization.

I do not hold any brief for Mr. Brown. I do not know how he will vote; but the charges made against him certainly have not been sustained. His record is that of an honest man, that of a clean man; and I believe, if he is confirmed. he will make a capable member of the commission.

Mr. WALSH of Montana. Mr. President

Mr. DILL. I yield to the Senator from Montana.

Mr. WALSH of Montana. Will the Senator give us his view about the other feature of the testimony to which our attention was called by the Senator from Michigan-Mr. Brown's riding on passes from airplane companies having mail contracts?

Mr. DILL. I was present when the first question was asked, and I was present when Mr. Brown came back; and I think the language of the Senator from Ohio explains my views. Probably it was an unfortunate statement, but I do not believe it was willful; and there was no showing that anything had happened except that he had ridden two or three times with some friend on the airplane. He had no pass, as such, that entitled him to ride whenever he wanted to, in the sense that a pass is generally understood to entitle a man to ride.

Mr. SMITH. It was just a complimentary ride.

Mr. DILL. The Senator from South Carolina suggests that it was a complimentary ride, and I think that is true. I can not believe that Mr. Brown would have willfully misrepresented the matter. I could not consider it a very serious mistake in his testimony.

Mr. FESS. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator.

Mr. FESS. The statement that was made mentioned the Ludington Line, which would indicate that that line might have been favored by the Post Office Department. That was the inference I received.

Mr. DILL. The Ludington Line, as I understand, does not carry mail; does it?

Mr. FESS. No. The truth about the matter is that the Ludington Line has no mail contract.

Mr. DILL. But one of the other lines does. Even if it did, however, I do not think that is such a serious thing. In the light of the man's record as an honest man all through these years—a man who has held positions of trust reor even an oversight of that kind.

Mr. SMITH. Mr. President, may I ask the Senator if it is not his impression that when the question was raised as to whether the statement was contradictory of Mr. Brown's first testimony he then specified what time he did go and the occasion, and it was a mere casual trip at the invitation of a friend and did not involve what is usually termed a pass—that is, one given to entitle a man to go when he pleases and at such time as he pleases?

Mr. DILL. I think that is correct.

Mr. FESS. Mr. President, the Senator will recall that when the matter was up one of the members of the committee said that that was an unfortunate statement for Mr. Brown to make, because while it may have been absolutely honest it was somewhat misleading.

Mr. DILL. Yes.

The PRESIDENT pro tempore. The question is, Does the Senate advise and consent to this nomination?

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Michigan [Mr. Couzens] is out of the Chamber.

Mr. McNARY. I suggest the absence of a quorum. The Senator from Michigan is absent.

The PRESIDENT pro tempore. The clerk will call the

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Robinson, Ind.
Austin	Davis	Kean	Schall
Bailey	Dickinson	Kendrick	Sheppard
Bankhead	Dill	Keyes	Shipstead
Bingham	Fess	King	Shortridge
Black	Fletcher	Logan	Smith
Blaine	Frazier	Long	Smoot
Borah	George	McGill	Steiwer
Bratton	Glass	McKellar	Thomas, Idaho
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Hale	Morrison	Townsend
Bulow	Harrison	Moses	Trammell
Capper	Hastings	Neely	Tydings
Caraway	Hatfield	Norbeck	Vandenberg
Carey	Hawes	Norris	Walcott
Connally	Hayden	Oddie	Walsh, Mont.
Coolidge	Hebert	Patterson	Waterman
Copeland	Howell	Pittman	Watson
Costigan	Hull	Reed	White
Couzens	Johnson	Robinson, Ark.	

The PRESIDENT pro tempore. Seventy-nine Senators having answered to their names, a quorum is present. The question is, Does the Senate advise and consent to this nomination? [Putting the question.] The ayes have it. The Senate advises and consents to the nomination.

The clerk will state the next nomination on the Executive Calendar.

# THE JUDICIARY

The Chief Clerk read the nomination of Charles A. Jonas to be United States attorney, western district of North Caro-

Mr. McNARY. Mr. President, I should like to have some day fixed by the Senator from North Carolina [Mr. BAILEY] and the Senator from Minnesota [Mr. Schall] to consider the Jonas nomination, if that is agreeable.

Mr. BAILEY. What day would the Senator, suggest? Mr. McNARY. Would the Senator from Minnesota like to suggest any particular date that would suit his convenience for considering the nomination of Mr. Jonas?

Mr. SCHALL. Any day is satisfactory to me. Mr. McNARY. Let us take it up now, then.

Mr. HARRISON. Yes; let us take it up now and get through with it.

Mr. McNARY. I am advised by the Senator from Minnesota [Mr. Schall] that he promised to notify some persons in North Carolina who wish to be here, and he would rather not take up the nomination to-day because of a promise outstanding.

The PRESIDENT pro tempore. The nomination will be passed over.

# POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, all postmasters' nominations on the calendar will be confirmed en bloc.

That completes the calendar.

Mr. McNARY. Mr. President, I suppose automatically we return to legislative session.

The PRESIDENT pro tempore. Not automatically.

Mr. WALSH of Montana. Mr. President, I inquire of the Senator from Oregon if any arrangement has been made with respect to the time when the Jonas nomination shall be taken up?

Mr. McNARY. A conference is being held at this moment on that, and the Senate will be notified in a few moments.

I move that the Senate return to legislative session.

The PRESIDENT pro tempore. As in legislative session-

Mr. ODDIE. Mr. President, will the Senator from Oregon vield?

Mr. McNARY. I yield.

# ALBERT F. HARRIS

Mr. ODDIE. As in executive session, I ask the Senate to reconsider the vote by which the nomination of Mr. Albert F. Harris, of North Dakota, was confirmed.

The PRESIDENT pro tempore. Without objection, the action on the nomination of Mr. Harris will be reconsidered, and the name will be returned to the Executive Calendar.

Mr. ODDIE. I ask that the nomination be sent back to the committee.

The PRESIDENT pro tempore. The nomination will be recommitted to the Committee on Post Offices and Post Roads.

Mr. JONES. Mr. President-

Mr. McNARY. I yield.

Mr. JONES. I am waiting for the Senate to go out of executive session.

Mr. McNARY. I move that the Senate return to the consideration of legislative business.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Oregon.

# CHARLES A. JONAS

Mr. ROBINSON of Arkansas. Mr. President, pending that motion, I would like to inquire why the Senate does not proceed with its program and dispose of the Jonas case? It has been pending here on the calendar for a long time, and we had an arrangement that it would be taken up this afternoon; but now, without any explanation of the matter, we are receding, in practical effect, from the program.

Mr. McNARY. No, Mr. President; the Senator has not read the Record of yesterday. I stated specifically yesterday that we would consider the Bradley case and the Brown case to-day, and then return to legislative session to consider the unfinished business. I am ready to announce now that we are unable to go forward with the Jonas case because of the absence of some friends from North Carolina who desire to be here, and the Senator from Minnesota [Mr. Schall] feels that we should not go forward for that reason.

Mr. ROBINSON of Arkansas. The Senate is waiting for friends of the nominee who are not Members of the Senate? Is that the practice of the Senate? What is the object? They have no voice in the determination of this matter.

Mr. McNARY. The Senator from Minnesota stated that he would notify some people in North Carolina interested in this matter in time to be here. He wants to carry out that promise. There is now an agreement entered into by the Senator from Minnesota and the Senators from North Carolina that the matter may come up Tuesday afternoon at 3 o'clock, if that is agreeable to the other Members of the

Mr. ROBINSON of Arkansas. Mr. President, if it is agreeable to the Senators from North Carolina, I shall certainly not object; but I do protest against the practice of arranging the business of the Senate, particularly executive business, to suit the convenience of persons who may desire to come

here and exert influence on Senators in connection with a nomination.

Mr. McNARY. Mr. President, that is not a fair statement. Mr. ROBINSON of Arkansas. It is a fair statement, Mr. President.

Mr. McNARY. The Senator from Minnesota [Mr. Schall] is entitled to the consideration meted out to all Senators. As a matter of courtesy to him, such as would be extended to the able and distinguished Senator from Arkansas, he is entitled to notify people who are interested of the date to which this matter may be postponed.

Mr. ROBINSON of Arkansas. I do not concede that at all. I do not concede that private citizens are entitled to know when the Senate is to take up a nomination which has been pending before the Senate for a considerable length of time. I am not saying anything discourteous to the Senator from Minnesota. The Senator from Oregon has no occasion to attempt to lecture me. I do feel that the Senate ought to proceed with this nomination, unless there is a substantial reason for deferring it, and I do not think it is a substantial reason that the Senator from Minnesota desires to notify some private citizens that the Senate on a future occasion will take up the nomination. If the Senator from Oregon wishes to commit himself to that practice and policy, he is at liberty to do so, but he can not commit me to it.

Mr. McNARY. The Senator from Oregon will follow his own judgment in matters of that kind, always with courtesy.

Mr. President, I ask, if it is agreeable to the Senators involved, that this matter be set for 3 o'clock Tuesday.

Mr. BAILEY. Mr. President, I wish to make a statement in justice to the senior Senator from Arkansas [Mr. Robinson].

When it appeared that the consideration of the appointment had gone over, and the Senator from Oregon asked me if we would agree upon a date, I did agree that it might go over until the next executive session, which will be next Tuesday, as I understand it. However, that agreement was made under the impression that the consideration of the nomination at this time had already been put over. If it is not to be put over, I would much prefer to go ahead. On the other hand, I do not wish to be put in the position of taking any advantage of anybody in this matter.

Mr. McNARY. I understand the Senator very clearly.

Mr. ROBINSON of Arkansas. Any agreement into which the Senator from North Carolina wishes to enter is satisfactory to me; but after the Senate has, as I understand, had this nomination on the calendar for several weeks or months, I do not wish to commit the Senate to the practice or policy of postponing the consideration of its business in order that private citizens may be notified and have an opportunity to come here and exert what pressure they can on Senators.

The PRESIDENT pro tempore. The Senator from Oregon asks unanimous consent that on Tuesday next at 3 o'clock the Senate, in executive session, shall proceed to the consideration of the nomination of Charles A. Jonas to be United States attorney for the western district of North Carolina. Is there objection?

Mr. LONG. Mr. President, I want to ask a question: Has a motion already been agreed to that we return to legislative session?

The PRESIDENT pro tempore. That had been agreed to; but by unanimous consent the vote was reconsidered, and we are once more in executive session.

Mr. LONG. May I ask further, Do both Senators from North Carolina consent that we should put this nomination off for this afternoon?

The PRESIDENT pro tempore. The Chair is just asking, Is there objection to the unanimous-consent agreement proposed by the Senator from Oregon?

Mr. BAILEY. Mr. President, I wish to be perfectly fair about this matter. If there is any substantial reason offered by the Senator from Minnesota, or by the Senator from Oregon, for this matter going over, I will consent to it; but if there is no reason other than the proposition of the

Senator from Minnesota notifying certain unknown citizens of North Carolina, who could not affect the matter, who would probably come here, to put it in as mild a way as possible, as spectators-if there is nothing more substantial than that on which to base the postponement, I would much prefer to go ahead. If in offering an objection I am put in the position of treating anyone unfairly or taking any undue advantage, I will certainly not offer an objection.

Mr. WALSH of Montana. Mr. President, I was told some days ago, although I had not known of the matter, that some arrangement had been made to take up the nomination this afternoon. I was a member of the subcommittee to which the nomination was referred, and was prepared to address the Senate on the subject this afternoon very briefly. I would like to go on with this nomination.

Mr. ROBINSON of Arkansas. It was my understanding, Mr. President, that there was a tentative agreement to proceed with all these nominations to-day.

Mr. McNARY. Mr. President, I have no feeling in the matter at all. I know nothing about the case. The Senator from Minnesota stated to me that he desired to defer it until some day next week to suit his convenience, and it is the usual practice under such circumstances to set a definite day. I have asked that we set 3 o'clock Tuesday, which I thought was agreeable to the Senators from North Carolina and met with the convenience and pleasure of the Senator from Minnesota.

Mr. WALSH of Montana. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Montana?

Mr. McNARY. I yield.

Mr. WALSH of Montana. I ask the Senator whether there was an agreement that the matter should be taken up to-day?

Mr. McNARY. Not to my knowledge.

Mr. ROBINSON of Arkansas. Mr. President, I understood the Senator from Oregon to ask me if I had any objection to taking up all these cases, the three cases, two that have been disposed of and the case now before the Senate. I stated that I had no objection. I did not urge any unanimous-consent agreement in the open Senate. Perhaps it would have been better to have had a unanimous-consent agreement.

Mr. NORRIS. Mr. President, I am trying to observe the rules. I understood the Senator from Oregon to have the floor. I have been trying for some time to get recognition, during which time four or five Senators have taken the floor apparently in their own right. If that is the only way to get recognition, I shall have to pursue that course also.

I would like to have the Senator from Oregon yield to me so that I can get a legal right to say what I want to say.

Mr. McNARY. I am very happy to yield to the Senator. Mr. NORRIS. Mr. President, I am not on the same side of this question as the Senator from Minnesota, but I do not believe we ought to go behind the Senator's motive. It seems to me the request he makes is reasonable. I have inquired several times to-day, of two or three different Senators, as to whether the Jonas case was to come up today, and I have been told every time that it was not. I do not think there was any understanding that it was to come up to-day. If the Senator from Minnesota, regardless of what his reason is, wants it to go over until Tuesday, and nobody is to be injured by the postponement, I do not see why we should not agree to that and let it go over until

The PRESIDENT pro tempore. The Senator from Oregon asks unanimous consent that on Tuesday next at 3 o'clock the Senate, in executive session, proceed to the consideration of the nomination of Charles A. Jonas to be United States attorney for the western district of North Carolina. Is there objection?

Mr. MORRISON. Mr. President, I desire to state that I did not intend to object, nor did I desire to be put in the position of affirmatively being a party to the postponement;

but when my colleague entered into negotiations to name a future day when this matter might be taken up, we understood the Senate had postponed it.

I do not want to object to the postponement, and yet I do not want it to be done as a matter of agreement between the Senators from North Carolina. Because I had a bad cold one day, and asked that the Jonas case be put over until the next day, I have been criticized in the press of North Carolina with having endeavored, in connection with my colleague, to get the matter postponed. I never asked to have it postponed then. My colleague did, with clear motives, thinking that I would be here the next day, as I was. I had returned to Washington after making a speech the night before, and, having a bad cold, was confined to my bed that day. Yet we were scolded by some of Mr. Jonas's partisans in North Carolina for having, almost by trickery, had the matter postponed. Now the advocates of Mr. Jonas's confirmation ask that the nomination be postponed. We do not object. That is all.

Mr. FESS. Mr. President, I am not particular about what we do, but on behalf of the Senator from Oregon [Mr. McNary] I think a statement should be made. I believe there is some misunderstanding. When we adjourned yesterday only a few Senators were in the Chamber, and I want to read from the RECORD what took place.

Mr. ROBINSON of Arkansas. From what page is the Senator about to read?

Mr. FESS. From page 6331, at the top of the second column, the middle of the paragraph. This is what occurred, the Senator from Oregon [Mr. McNary] speaking:

At the conclusion of the executive session this evening it is my purpose to move a recess as in executive session, and the purpose to move a recess as in executive session, and the Senator from New York and I have agreed to take up at 12 o'clock to-morrow the matters concerning the nomination of Mr. Bradley. Following thereafter, it is agreed with the senior Senator from Michigan [Mr. Couzens] that he may follow with the matter of the nomination of Mr. Thad H. Brown to be a member of the Federal Radio Commission.

Mr. King. Following that, Mr. President—

Mr. Maylory Evolutions that I assume that the Senator from

Mr. McNary. Following that, I assume that the Senator from Washington [Mr. Jones] will desire to have the Senate return to legislative session in connection with the appropriation bill which has recently been made the unfinished business

I recall very distinctly that that was the statement the Senator from Oregon made, and I was wondering whether there was not some misunderstanding.

Mr. ROBINSON of Arkansas. Mr. President, I have stated that the Senator from Oregon [Mr. McNary] approached me and asked if I had any objection to taking up the nominations. I understood him to include the Jonas nomination. I did not hear the statement that he subsequently made in the Senate; but, of course, as I formerly said, it is better to have these understandings in the open Senate. This is not in pursuance of a unanimous-consent agreement.

My point is that while I have no objection to the Senate taking any course about the matter that it wishes, I do not think we may be precluded from proceeding to the consideration of the nomination merely because a Senator has stated that he would give private citizens notice when the case is to be taken up in the Senate. I believe that is a bad precedent. I do not think it involves any question of courtesy to Senators to deny that practice. I think it is a bad practice, and one which would embarrass the Senate.

Mr. HARRISON. Mr. President, I am sure the Chair did not do it deliberately, but the Senator from Minnesota [Mr. SCHALL] was trying to catch the eye of the Chair to secure recognition in order to make some statement and give his reasons for asking for postponement, and probably to take the Senate into his confidence with regard to the names of the gentlemen in North Carolina who desire to be heard. I merely call that to the attention of the Chair so he may now recognize the Senator from Minnesota.

The PRESIDENT pro tempore. The Chair will grant recognition to any Senator who rises and asks for it. Is there objection to the unanimous-consent agreement proposed by the Senator from Oregon?

Mr. ROBINSON of Arkansas. I object.

The PRESIDENT pro tempore. Objection is made.

### EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees

(For nominations this day received see the end of Senate proceedings.)

### ORDER OF BUSINESS

Mr. JONES. Mr. President, I understand that we have returned to legislative business now.

The PRESIDENT pro tempore. The Chair wishes to state his understanding of the sequence of events. The Senator from Oregon [Mr. McNary] moved that the Senate resume the consideration of legislative business. The Chair proceeded to put that question, but before being able to announce that it had been agreed to, the Senator from Arkansas [Mr. Robinson] took the floor, and therefore we are still in executive session. If the Senator from Washington wishes to move the resumption of legislative business, of course that is in order.

Mr. JONES. If it is necessary to make that motion, I-now make it.

The PRESIDENT pro tempore. It is necessary in order that the Senate may resume legislative session.

Mr. ROBINSON of Arkansas. I shall not object to the motion.

The motion was agreed to, and the Senate resumed legislative session.

### PRESIDENTIAL APPROVALS

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries, informing the Senate that the President had approved and signed the following acts:

On March 15, 1932:

S. 2822. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased.

On March 16, 1932:

S. 1473. An act to authorize an appropriation for the relief of I. L. Lyons & Co.

# DISCONTINUANCE OF RADIO STATION AT LONDON, ENGLAND

The VICE PRESIDENT laid before the Senate a letter from the Chief Coordinator, Federal Coordinating Service, transmitting copy of a letter addressed to him by the president of the United States Shipping Board Merchant Fleet Corporation announcing the discontinuance in the London office of the corporation of a radio station for the receipt of radiograms for the corporation's convenience and the accommodation of other Government departments, which, with the accompanying paper, was referred to the Committee on Commerce.

# PETITIONS AND MEMORIALS

Mr. CAPPER presented petitions of sundry citizens, being railway employees, of Dodge City and Salina, Kans., praying for the passage of the bill (S. 3892) to provide retirement insurance for railway employees, and for other purposes, which were referred to the Committee on Interstate Commerce.

Mr. TYDINGS presented 83 communications in the nature of memorials from citizens of the State of Maryland, remonstrating against the making of further appropriations for the Federal Farm Board, and favoring a thorough investigation of the activities of that board, which were referred to the Committee on Agriculture and Forestry.

Mr. BLAINE presented resolutions adopted by the Woman's Christian Temperance Unions of Chetek and River Falls, Wis., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram in the nature of a memorial from A. H. Favour, of Prescott, Ariz., remonstrating against the passage of legislation to define and limit

the jurisdiction of courts sitting in equity (anti-injunction bill), which was referred to the Committee on the Judiciary.

He also presented a telegram in the nature of a petition from J. G. Peterson, mayor of Mesa, Ariz., praying for the imposition of a substantial tariff duty on copper, which was referred to the Committee on Finance.

Mr. JONES presented a resolution adopted by Group No. 1526 of the Polish National Alliance of Pe Ell, Wash., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens, and a petition in the form of a resolution of the Kent Commercial Club, of Kent, Wash., praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of Chinook and Orondo, in the State of Washington, praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification, resubmission to the States, or repeal, which were referred to the Committee on the Judiciary.

He also presented a telegram in the nature of a memorial from the pastor and congregation of the Presbyterian Church, of Omak, Wash., remonstrating against the proposed resubmission of the eighteenth amendment of the Constitution to the States, which was referred to the Committee on the Judiciary.

Mr. BROOKHART presented a telegram from N. G. Thornburg, secretary of agriculture of Iowa, Des Moines, Iowa, stating "Iowa farmers against sales tax that will affect agriculture," which was referred to the Committee on Finance.

He also presented petitions of sundry citizens of Arthur, Clarinda, Duncombe, Fort Dodge, and Lehigh, all in the State of Iowa, praying for retrenchment in governmental expenditures, which were referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Arlington, Lamont, and Strawberry Point, all in the State of Iowa, praying for the passage of Senate bill 1197, to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce, and industry by establishing an efficient credit system, etc., which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens of Arlington, Lamont, and Strawberry Point, all in the State of Iowa, praying for the passage of the bill (H. R. 7797) to abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof, and for other purposes, which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens of Arlington, Lamont, and Strawberry Point, all in the State of Iowa, praying for the passage of the bill (S. 2487) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes, which was referred to the Committee on Finance.

# PHILIPPINE INDEPENDENCE

Mr. TYDINGS. Mr. President, the Committee on Insular Affairs of the House of Representatives has presented a practically unanimous report in favor of Philippine independence.

There is a difference in time in the Senate bill and the House bill, but the philosophy of the bills is much the same.

As this whole subject of independence will soon be debated in the Senate, I ask permission to have inserted in the body of the Record the very illuminating, scholarly, and complete report made by the House committee. I also request that the report be referred to the Committee on Territories and Insular Affairs.

Like the Senate report, the House finds that a condition of uncertainty exists regarding both Philippine interests and American interests which should be solved by this Congress.

As the debate proceeds, I feel sure that the information contained in this report will be valuable to all the Members of the Senate and the American people.

There being no objection, the report was referred to the Committee on Territories and Insular Affairs and ordered to

be printed in the RECORD, as follows:

Mr. Hare, from the Committee on Insular Affairs, submitted

Mr. HARE, from the Committee on Insular Affairs, submitted the following report (to accompany H. R. 7233):

Your Committee on Insular Affairs, to whom were referred several bills looking to the independence of the Philippine Islands, having considered the same, favorably report H. R. 7233, with an amendment, and recommend that the bill as amended do pass.

### BASIC FACTS

A careful analysis of the Philippine question and of all the evidence submitted at the hearings held before the committee discloses the following facts:

1. When the United States, as a result of the war with Spain, assumed sovereignty over the Philippine Islands it disclaimed any intention to colonize or exploit them.

intention to colonize or exploit them.

2. In pursuance of such lofty purpose the United States, through Executive pronouncements and a formal declaration made by the Congress in 1916, pledged itself to grant independence to the Philippines. The only condition precedent imposed by the Congress was the establishment of a stable government.

3. It is believed that a stable government now exists in the Philippines; that is, a government capable of maintaining order, administering justice, performing international obligations, and supported by the suffrages of the people.

4. Every step taken by the United States since the inception of American sovereignty over the Philippines has been to prepare the Filipine people for independence. As a result, they are now ready

filipino people for independence. As a result, they are now ready for independence politically, socially, and economically.

5. The American farmer is urging protection from the unrestricted free entry of competitive Philippine products.

6. American labor is seeking protection from unrestricted im-

migration of Filipino laborers, especially at this time of widespread unemployment.

7. The solution of the Philippine problem can no longer be costponed, without injustice to the Filipino people and serious

injury to our own interests.

8. Any plan for Philippine independence must provide for a satisfactory adjustment of economic conditions and relationships. The present free-trade reciprocity between the United States and the Philippines was established by the American Congress against the opposition of the Filipino people. The major industries of the islands have been built on the basis of that arrangement. This trade arrangement can not be terminated abruptly without injuring both American and Philippine economic interests.

Your committee held extended hearings at which the representatives of the various groups concerned appeared. Every pe who asked to be heard was accorded an opportunity to testify.

# AMERICAN POLICY PROMISE OF INDEPENDENCE

There is little need for argument to justify the grant of independence to the people of the Philippines. We stand committed to the duty of making them free. At the very outset of our occupation of the islands (in 1898) President McKinley proclaimed the purpose of their acquisition and forecast their destiny. "The Philippines are ours," he said, "not to exploit but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us."

mighty trust committed to us."

Still later, at a time when the American people had heard a year's discussion of our intentions and plans regarding the islands, President McKinley voiced the hope that the first Philippine commission would be accepted by the Filipinos as bearers of "the richest blessings of a liberating rather than a conquering nation."

In January, 1908, President Roosevelt said in his message to Congress:

In January, 1906, 1700.

Congress:

"\* \* The Filipino people, through their officials, are therefore making real steps in the direction of self-government. I hope and believe that these steps mark the beginning of a course which will continue till the Filipinos become fit to decide for themselves whether they desire to be an independent nation. \* \* ""

In 1913 President Wilson, in a message to the Filipino people,

said:

We regard ourselves as trustees acting not for the advantage of the United States but for the benefit of the people of the Philippine Islands. Every step we take will be taken with a view to ultimate independence of the islands and as a preparation for that independence.

Similar statements of our Government's intent to help the Filipinos achieve separate, independent nationhood are to be found in official utterances of the Presidents of the United States from

1898 to the present.

In 1916 the Congress of the United States, in the preamble of

the Jones Act, declared:

"Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

"Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete inde-

Nearly 16 years have passed since the enactment of this act. More than 10 years have elapsed since President Wilson certified to the Congress that the condition precedent for the granting of independence has been fulfilled.

#### HISTORICAL BACKGROUND

The Filipino people are the beneficiaries of several centuries of civilization. Long before the Spanish conquest of the islands in the latter half of the sixteenth century, the inhabitants possessed a certain degree of culture, including written languages, characteristic arts, and industries. They maintained commerce with the mainland of Asia. This civilization and culture were like the mainland of Asia. This civilization and culture were, like the people themselves, of Malay origin, but with Indonesian and Mongolian elements.

Spanish occupation of the islands for more than three centuries introduced and established Christianity, European juris-prudence, language, and customs. It centralized authority and tended thereby to unify the country. However, economic progress tended thereby to unify the country. However, economic progress during the first two centuries of Spain's dominion was slow. The spread of democracy in Europe and America in the late decades of the eighteenth and the early years of the nineteenth century—largely as a result of the American Revolution—influenced the fortunes and the outlook of the Filipinos. From 1807 to 1872—a stretch of 65 years—there were 11 native revolts against Spanish rule. These testify to the sense of nationalism and the longing for self-grayerment of the Filipino people.

rule. These testify to the sense of nationalism and the longing for self-government of the Filipino people.

The interval from 1872 to 1896—24 years—was a period of preparation for the more decisive struggles of later years. In 1896 Jose Rizal, the leading Filipino patriot, was executed. Scon afterwards the Katipunan, a revolutionary association, with Andres Bonifacio at its head, started a nation-wide revolt.

The outcome was a solemn agreement binding the Spanish authorities to institute reforms, among them improvements in the judicial system, Filipino representation in the Spanish Cortes at Madrid, separation of church and state, and in general a larger measure of autonomy for the islands. This agreement included a stipulation that Aguinaldo and other leaders should expatriate themselves. themselves.

a stipulation that Aguinaldo and other leaders should expatriate themselves.

The Spaniards failed to execute the agreement they had made. In consequence, the Filipinos, under the leadership of Gen. Francisco Macabulos, renewed the revolt and established a provisional government. In April, 1898, when the United States declared war, the Filipinos were in active rebellion against Spain. At the suggestion of Admiral Dewey, in May, 1898, Aguinaldo, who was then in Hong Kong, returned to Manila as an ally of the Americans. With the aid of the American military authorities he succeeded in wresting the islands, with the exception of Manila, from the Spanish forces. Manila itself was captured on August 13, 1898, upon the arrival of the American Army.

From the occupation of Manila until more than a year after the treaty of Paris had transferred the islands to the United States, the government there was purely military. For nine months—September 1, 1900, to June, 1901—the islands were governed by the Taft Commission and the United States Army. The commission exercised legislative powers, but the executive authority was lodged in the military. This arrangement was supplanted in June, 1901, by civil government when William Howard Taft, president of the commission, was inaugurated as the first civil governor. The establishment of civil government throughout the islands was delayed because of native resistance to American control, which started with the outbreak of hostilities between Filipino forces and the American Army on February 4, 1899.

FROGRESS IN SELF-GOVERNMENT

# PROGRESS IN SELF-GOVERNMENT

In 1901 the Filipinos were given control of municipal govern-In 1901 the Filipinos were given control of municipal governments. Beginning in 1903 the people of the Provinces were permitted to elect the provincial governors. At first the two members who, with the governor, constituted the provincial board were appointive officials, but they, too, were soon made elective. In 1907, under the provisions of the Cooper Act, the first elective assembly was inaugurated. The legislature was then composed of this elective assembly as its lower house and a commission appointed by the President of the United States as the upper house, whose presiding officer was the Governor General. The share of the Filipino people in the government was still further enlarged in 1913, when a majority of Filipinos was appointed to the commission. This, for practical purposes, gave the Filipinos control of the legislature.

the commission. This, for practical purposes, gave the Filipinos control of the legislature.

Under the Jones law, passed in 1916, the Philippine people were given a very large and important participation in their government. To a great measure the government of the islands was placed in their hands. This active, responsible part in making and administering their laws and in conducting their other public affairs has been for them a practical apprenticeship in self-

government.

The act provided for an elective senate and house of representatives as the legislative department of the insular government. The Governor General ccased to be the presiding officer of the upper house, but continued as the chief executive official. Though the Governor General is the chief executive official, the executive

departments perform all executive functions. The secretaries of these departments are all, with the exception of the vice governor, Filipinos, appointed by the Governor General upon the recommendation of the party in power in the legislature, and confirmed by the Philippine Senate. The vice governor is secretary of the department of making interactions.

department of public instruction.

A notably useful institution is the council of state, created some 14 years ago. Members of the council are chosen by the Governor General. Thus far the secretaries of the various departments and the presiding officers and the majority leaders of the two houses of the legislature have constituted its member-ship, under the chairmanship of the Governor General. The council acts in an advisory capacity and has served to reconcile divergent views of the executive and the legislature with reference to fundamental questions of policy. Governors General have recorded their indebtedness to the council of state for its helpful cooperation.

# POLITICAL PARTIES AND ELECTIONS

Political parties are not merely organs for the expression of hopes, proposals, and demands with respect to government; they are also measures of the popular capacity to understand and differentiate political, economic, and moral issues. Still more are they a test of a people's fitness for self-government if they stand for the sanctity of the ballot and insure full acquiescence in the will of the majority hopestly and unwestly expressed.

for the sanctity of the ballot and insure full acquiescence in the will of the majority honestly and unmistakably expressed.

There are at present but two political parties in the Philippines. They have existed for a good many years—one of them dates from 1907. They differ as to principles and policles of government, but they are at one on the question of independence. Their contests for victory at the polls have at times been marked by warmth and vigor, but the elections have always been orderly. The Wood-Forbes report, quoted at the hearings, described the elections of 1919 as "without any serious disturbance," and declared that there was a "general acceptance by the minority of the result of the popular vote." This finding of the Wood-Forbes commission is true of other elections.

At the last general elections (1931) there were 1,009,125 voters

At the last general elections (1931) there were 1,009,125 voters registered. Of these 983,406 (about 90 per cent) cast their ballots. At no election, the testimony showed, has the proportion of voters to registration been less than 80 or 85 per cent. These statistical facts illustrate the popular interest in the insular elec-

statistical facts illustrate the popular interest in the insular elections and in the issues at stake.

At present there is only male suffrage in the islands and this is limited to certain classes. A male 21 years of age, who is able to read and write Spanish, English, or any of the native dialects; or who owns property of an assessed value of 500 pesos or more; or who pays an annual tax of at least 30 pesos; or who held one of the so-called municipal offices during the Spanish dominion is entitled to vote. There is now a movement to enfranchise Filipino women, and a bill granting them suffrage is pending in the Philippine Senate, having already passed the house. This proposal to add women to the electorate is taken as additional evidence of the people's appreciation of their civic duties and responsibilities. people's appreciation of their civic duties and responsibilities.

# POPULAR EDUCATION

Popular education is everywhere and always a stimulus and as sistance to popular interest and participation in government. The Filipino people, as evidence submitted to the committee attested, are eager for education and willing to expend large sums on their are eager for education and willing to expend large sums on their schools of every level. In September, 1929, there were 9,063 schools in the islands, an increase of approximately 7,000 schools since we obtained possession of the islands. Of these 8,442 were public schools. Enrolled in these schools, public and private, were 1,316,126 students. The public schools are staffed by 28,519 supervisors, principals, and teachers, all but about 300 of whom are Filipinos. The annual expenditure for public education in the Philippines for 1932 will represent almost 30 per cent of the government's income. The whole cost of this public education is paid by the people of the islands. paid by the people of the islands.

Included in this great educational establishment, public and private, are four universities of high academic standard. One of these, that of Santo Thomas, in Manila, was founded in 1611, or 25 years before Harvard University. Some 19,500 young men and young women are preparing themselves at these universities for the professions. Many others are attending the normal schools for the teaching profession. Many Pilipinos are also attending colleges and universities in America and other countries. In all the schools of the islands, primary, secondary, and higher, the language of instruction is English.

# HEALTH AND SANITATION

Many agencies and institutions, both preventive and curative, are at work to combat disease and promote health among the Filipino people. Sanitation was one of the first concerns of the American Government in the Philippines. Progress in this regard has been steady in all parts of the islands. For the last 15 years the health service has been administered almost wholly by Filipinos. The present director of the bureau is a Filipino, as are nearly all of his 522 medical and 2,083 lay assistants. In 1930 there were 105 hospitals of all types in the islands. One of them (in Manila) was founded in 1596 and is the oldest institution of its kind in the Far East.

The Secretary of War in 1930 reported that "health conditions

its kind in the Far East.

The Secretary of War in 1930 reported that "health conditions were in general good."

As a proof and a measure of the effectiveness of the work accomplished for health and sanitation, official statistics for the year 1930 were adduced in testimony on this subject. They showed the birth rate to be 38.65 per 1,000 and the mortality to be 22.78 per

1,000. The success of the Philippine Health Service in treating and eradicating leprosy has attracted widespread attention. The leprosarium at Culion has been visited by medical scientists of many countries and is one of the leading institutions of its kind. Here again, as in the case of education and other activities of the government, the cost is paid by the Filipino people.

#### CIVIL SERVICE

In the legislative, executive, and judicial departments of the insular establishment proper, in the provincial and municipal offices, including Manila and Baguio, there were on December 31, 1930, some 21,700 civil-service employees. All but 461 of these were Filipinos. Of the Americans remaining in the service, nearly all are teachers. In the office of the Governor General there are 35 Filipino civil employees.

### ADMINISTRATION OF JUSTICE

Interesting and significant facts regarding the administration of justice in the islands were presented in oral testimony and in official statistics received by the committee. The judicial system of omicial statistics received by the committee. The judicial system of the islands includes a supreme court, 28 courts of first instance in as many different districts, and 865 justices of the peace. There are one or more judges for each of the 28 district courts. Thirty-one auxiliary judges assist these district judges. All the justices of the peace and all the district judges save two are Filipinos. Until 1913 the judges of the supreme court numbered 9, 5 Americans and 4 Filipinos.

The Philippine attorney general's report for 1930 gives the information that the courts of first instance disposed of a total of 14,265 civil cases and 6,823 criminal cases in that year. Of the criminal cases, 5,888 resulted in convictions and 935 in dismissals. Breaches of the law in the Philippines, the testimony indicated, are relatively few. About 7,000 convictions for violations of statutes and municipal ordinances are recorded each year. The number of persons confined in prisons is about 8,000.

### PUBLIC ORDER

Law and order are maintained throughout the islands by the Law and order are maintained throughout the islands by the Philippine constabulary and the local police forces. The constabulary is an organization of 7,000 members, practically all of whom are Filipinos, and is supported exclusively by the insular government. It is efficient and reliable. The Wood-Forbes commission, in its report to the President in 1922, said:

"They (the Filipinos) are naturally an orderly law-abiding people. The constabulary has proved itself to be dependable and thoroughly efficient."

### INSULAR CURRENCY

The soundness of Philippine currency was persuasively demonstrated at the hearings. On December 31, 1930, the total net circulation of insular currency was P108,000,000. The several forms of this currency and the amount of each were: Treasury certificates, \$\mathbb{P}71,000,000\$; Philippine silver coin, \$\mathbb{P}20,000,000\$; bank notes, \$\mathbb{P}16,000,000\$. By way of guaranty for this circulation there was as of October 31, 1931, a gold-standard fund of \$\mathbb{P}38,000,000\$ divided thus: \$\mathbb{P}10,000,000\$ in Philippine currency and \$\mathbb{P}7,000,000\$ in United States currency deposited in the Philippine treasury, and \$\mathbb{P}20,-000,000\$ in gold currency in several Federal reserve banks in the United States. United States.

The law of 1903 requires that the gold-standard fund shall be at all times not less than 15 per cent nor more than 25 per cent of the total or available circulation of Philippine currency. The #38,000,000 gold-standard reserve is therefore #16,000,000 in excess of the legal requirement on the basis of actual circulation.
The treasury certificates in circulation on December 31, 1930.

The treasury certificates in circulation on December 31, 1930, were backed, more than dollar for dollar, by a reserve taking the form of American currency and held in Federal reserve banks in the United States. On the date given this reserve was P81,000,000—that is, P10,000,000 larger than the aggregate of treasury certificates. In addition to this reserve there are P13,000,000 in the treasury of the Philippine Islands behind these certificates. Of this sum, P3,700,000 is in American currency, the rest in Philippine

silver coins.

It was pointed out that the operation of the act of 1903 requiring these protective reserves behind the Philippine currency makes it one of the most dependable currencies in the world to-day. While there is no provision for gold reserves in the islands, an equivalent is supplied by the backing of gold currency in the United States. The stability of the Philippine currency is thus made as safe and stable as American currency. The fact that despite the present depression Philippine currency remains at par with the American gold dollar is evidence of its soundness.

The financial administration of the Philippines is directed by

The financial administration of the Philippines is directed by Filipinos.

# NATIONAL WEALTH AND TRADE

The Secretary of War reports that in 1930 the trade of the Philippines with the United States and foreign countries aggregated P512,520,162, a decrease of about 17.8 per cent from that of 1929. The insular collector of customs, in his report, gives the value of imports as P266,334,255. The balance of trade in favor of the islands was P20,148,348. The bulk of the overseas trade was with the United States. The total of this was P367,050,179 and its proportion of the entire foreign commerce of the islands 72 per cent. Of the whole volume of trade with the United States P156,-366,057 represents imports and P210,684,122 exports. The balance in favor of the islands, accordingly, was P54,318,065.

Since 1909, when free trade with the United States was established, the insular trade with the United States has risen from

P10,576,682, equal to 16 per cent of their entire foreign commerce, to #367,050,179, or 72 per cent in 1930.

Sugar, coconut oil, cordage, and tobacco were the principal exports to the United States, and these have been growing steadily in volume. They come to the United States duty free.

in volume. They come to the United States duty free.

It is natural that the domestic industries and foreign commerce of the islands should enlarge in keeping with the increase in population. There were only 4,500,000 Filipinos in 1866 and about 7,500,000 in 1898. The Philippines are rich in many products which the world needs. The national wealth is estimated at P5,905,085,000 (1927), or P478 per capita. If independence be bestowed on them, the Filipino people will begin their separate existence with a greater patrimony than was possessed by many of the peoples who recently have joined the ranks of sovereign nations.

### INSULAR BUDGET

At a time of universal depression, when most nations, large and small, are beset with fiscal difficulties, the government of the Philippines is in a sound financial condition. This statement is corroborated by the report of the insular auditor. From the exhibits left with the committee it appears that the Philippines not only have succeeded in balancing their budget but have in fact accumulated a surplus. Even in 1932, and in the face of curtailment of revenues, the Philippine budget will be balanced without increased taxation or abandonment of essential government services. The budgetary system was adopted in the Philippine Islands before it became operative here.

before it became operative here.

It was urged by the proponents of independence in the presentation of their views to the committee that this wise stewardship of the insular revenues evidences the ability of the Filipinos to manage one of the most difficult departments of government in one of the worst financial dislocations of recent years.

# THE NATIONAL DEBT

The present outstanding bonded indebtedness of the Philippine Islands is \$\mathbb{P}\$170,000,000, as against which there has already been built up a sinking fund of \$\mathbb{P}\$50,000,000, now on deposit in American banks. This leaves a net outstanding indebtedness of \$\mathbb{P}\$120,ican banks. This leaves a net outstanding indebtedness of P120,-000,000. The present national debt is but 48 per cent of the bonded-debt limit fixed by the Congress of the United States, and the evidence submitted at the hearings showed that the Philippine government is regularly meeting both interest and the required amortization of said bonds.

-In his annual report for 1930, the Secretary of War said:

"The total amount of outstanding indebtedness is well within the limits provided by law and sinking funds are fully maintained to cover all outstanding bonds."

# FILIPINO IMMIGRATION

Filipino immigration into the United States is at present unrestricted. From several points of view it is a matter of no little concern. It involves economic and other difficulties for this country, especially in the States of the Pacific coast. According to the census of 1930 there are 45,208 Filipinos in the United States. About 35,000 of these are in the Pacific States. It is complained that these Filipinos compete with American workers and thereby contribute to the lowering of the American standard of wages and living. Spokesmen for the Filipino people in their statements to the committee contended that while the Philippine Islands reto the committee contended that while the Philippine Islands remain under the American flag their native inhabitants ought not to be excluded from this country. They, however, freely conceded the right of the United States to exclude them after independence. Nation-wide unemployment faces us with exigencies that obscure the equities of the question. Many Americans, as we learned at the hearings, regard independence, aside from the ethical considerations which warrant it, as the cure for the evils of Filipino immigrants, and urged it on those grounds.

# THE SO-CALLED MORO PROBLEM

Ninety-two per cent of the approximately 13,000,000 inhabitants of the Philippine Islands are Christians. Four per cent are pagans, and 4 per cent Mohammedans. These Mohammedans are the so-called Moros. The Mohammedan, the pagan, and the Christian Filipinos are racially identical. Their history and trachristian Filipinos are racially identical. Their history and tradition are the same. The Mohammedan and pagan Filipinos have for a long time acquiesced in the government of the islands by the Christian majority and their most important leaders have publicly given adhesion to the cause of independence. In the revolution against Spain, it was pointed out, non-Christian Filipinos united with Christian Filipinos to overthrow Spanish supporting.

authority.

There is no substantial evidence that these Moros and others have protested against Christian preponderance in the government. The contention that the United States is obligated by a treaty with the Moros to see to it that they should not be governed by Christians was negatived by the statements of W. Cameron Forbes, former Governor General and member of the Wood-Forbes comformer Governor General and member of the Wood-Forbes com-mission; Frank W. Carpenter, former governor of Mindanao and Sulu; and General Pershing, under whose supervision the Moros were disarmed. Finally, the committee were informed that one of the Moro datos, Facundo Mandi, had recently led a public mani-festation of Mohammedan Filipinos in behalf of independence, at Zamboanga. A resolution favoring complete and absolute inde-pendence, it was testified, had been drafted by the manifestants and transmitted to the President of the United States. A resolu-tion favoring independence for the Philippines, bearing the signa-tures of some 1,500 Filipinos from the Mohammedan sections of the islands, also was submitted to the committee. islands, also was submitted to the committee.

### INDECISIVENESS DETRIMENTAL TO BOTH PEOPLES

To protract the present indecisive status of the Philippine Islands, your committee believe, would be to prejudice not only the welfare of the Filipinos but also American interests, especially those of agriculture and labor. The Philippines, though under the sovereignty of the United States, are for certain purposes foreign territory. Our Constitution does not apply to them. The Filipinos are not American citizens. Any sudden change in our trade relations with them would injure them, yet for reasons entirely our own we might at any time revise these relations. No large investments of outside capital are likely to be made in the Philippines while their future remains as doubtful as it now is. The insular government can provide no reasonable assurance of The insular government can provide no reasonable assurance of stability of conditions under which manufacturing, commerce, or other activities shall be undertaken there, because of the power of Congress to alter them irrespective of the wishes or the welfare of the Filipino people.

### FEASIBLE PLAN FOR INDEPENDENCE

In keeping with the principles which have guided our dealings with the Filipino people these last thirty-odd years we should proceed to liberation in an orderly manner, through an institutional process which will not only provide for the erection of the new national structure but will also insure the safe and satisfactory adjustment of all present political and economic relations of the two nations.

Any plan for independence should afford a reasonable time for the readjustment of existent trade relations. The backbone of Philippine economic system is the present reciprocal free trade with the United States. Abrupt termination of that relationship would destroy many of the basic industries of the Philippines; it would seriously imperil the future of the free Philippine nation, and forfeit much of the gains the people have made under the guidance of the United States. This free-trade reciprocity was not of the Filipino people's seeking. It was enacted by the American Congress against their wishes. Once in effect, free trade stimulated the production of those commodities that are protected in the American market. It was responsible also for an extraordinary increase in the volume of Philippine-American trade and in a considerable decrease in the trade of the islands with other countries. Obviously, a sudden disruption of this relationship will injure both American and Philippine economic interests.

We can not justify the termination of this relationship without allowing the interests concerned an opportunity to prepare them-selves to meet the new conditions which will obtain after indeserves to meet the new conditions which will obtain after independence, when the Philippine Islands will have been placed outside the tariff wall of the United States. More particularly we owe a duty to Philippine industries which have been built up on the basis of free trade and to the people who depend for their livelihood on such industries. It is our duty to give them an opportunity to place themselves on a competitive basis before a radical change is forced upon them.

But while we are thus collectors for the valence of the Filippine.

But while we are thus solicitous for the welfare of the Filipino people, we can not ignore our duty to the American farmer and the American wage earner. The organizations representing American agriculture plead for protection from free Philippine imports that compete with like products of our own soil. American workers, too, call for the exclusion of Filipino immigrants.

# NECESSITY FOR DEFINITE ACTION

This review of the facts and issues enfolded in the present relationship of the Philippines with the United States serves to illustrate the gravity of the problem and to underline the need for a prompt and permanent solution. There should be no further delay. Our self-interest and our self-respect coincide in demanding action.

ing action.

Our purpose in the Philippines has been accomplished. The unity of the people there is a fact. Their readiness and their eagerness for self-government have been abundantly demonstrated. Their financial capacity to support their government is beyond question. They have a balanced budget, a stable currency, a sound and efficient administration of justice, a successful system of public instruction. They have sanitation, communications, and all other services which are indispensable to progressive and orderly government. They maintain law and order through their own instrumentalities and assure protection to their own citizens and the nationals of other countries. Their educational and ecoand the nationals of other countries. Their educational and economic standards are higher than those in other countries in that nomic standards are higher than those in other countries in that part of the world. Under our inspiration and tutoring they have come to understand and prize and covet democracy. They recognize their debt of gratitude to the American people.

We have done for the Filipinos all that we have promised them except to grant them independence. We owe it not only to the Filipino people but also to our own to name the day and the way of Philippine independence.

# PROVISIONS OF THE BILL

On the basis of these facts and considerations the duty of the United States to grant independence to the Philippine Islands is clear. The only questions to be considered are: First, "When should independence be granted?" and, second, "What should be the terms of the grant?" To solve these questions the present bill is recommended. It provides a sound, feasible, and orderly process of granting independence under conditions which shall be

just and fair at once to American and Filipino interests.

The salient provisions of the bill are as follows:

1. The Filipino people are authorized to adopt a constitution and institute the government of the Commonwealth of the Philip-

pine Islands which will exist pending complete independence. Under such government they will enjoy complete autonomy as to domestic affairs, subject only to certain reservations intended to safeguard both the sovereignty and the responsibilities of the United States.

2. Pending final relinquishment of American sovereignty, the free importation of certain Philippine products into the United States shall not exceed specified limits based upon the status quo as represented by estimated importations from existing

3. Pending independence, Philippine immigration to the United State is limited to a maximum annual quota of 50,
4. On the 4th of July immediately following the expiration of a period of eight years from the date of the inauguration of the government of the Philippine Commonwealth American sovereignty will be withdrawn and the complete independence of the Philippine Islands formally recognized. Thereupon the Philippines, to all intents and purposes, will become a country foreign to the United States. United States

5. The United States reserves the right and privilege, at its discretion, to retain and maintain military and naval bases and other reservations in the Philippine Islands.

# REPORT OF THE MILITARY AFFAIRS COMMITTEE

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (H. R. 132) to authorize the Secretary of War to erect one marker for the graves of 15 Confederate soldiers killed in action and buried in the La Fayette Cemetery at La Fayette, Ga., in lieu of separate markers as now authorized by law, reported it without amendment and submitted a report (No. 436) thereon.

### ALABAMA SENATORIAL CONTEST-MINORITY VIEWS

Mr. GEORGE. Mr. President, the Senator from New Mexico [Mr. Bratton] and myself, minority members of the subcommittee of the Committee on Privileges and Elections hearing the contest from the State of Alabama, have submitted minority views to the full Committee on Privileges and Elections. The statement has been printed, and I have requested that it be placed upon the desk of each member of the Privileges and Elections Committee. In addition to that. I have sent to the office of each of the members of that committee a statement of the minority views; and I desire to give notice, Mr. President, that we will move the consideration of the matter and a determination of it by the full committee on Tuesday next, or as soon thereafter as it can possibly be taken up by the full committee.

# BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 4129) for the relief of Peter Carlson and John J. Crowley; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 4130) granting a pension to Rose F. Butler; to the Committee on Pensions.

A bill (S. 4131) providing for the temporary reduction of compensation of certain officers and employees of the United States, and for other purposes; to the Committee on Appropriations.

A bill (S. 4132) to correct the naval record of Aubrey Layton Dunn; to the Committee on Naval Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 4133) for the relief of George S. Henry; to the Committee on Military Affairs.

By Mr. JOHNSON:

A bill (S. 4134) granting an increase of pension to Harry A. Smith (with accompanying papers); to the Committee on

A bill (S. 4135) for the relief of Douglas B. Espy; to the Committee on Naval Affairs.

By Mr. REED:

A bill (S. 4136) for the relief of Lemuel Horton; and

A bill (S. 4137) to adjust the rates of salaries and wages of certain employees in the field services of the War Department (with accompanying papers); to the Committee on Military Affairs.

By Mr. DAVIS:

A bill (S. 4138) granting an increase of pension to Edward Sweeney; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 4139) for the relief of Hugh C. Haynsworth, jr. (with accompanying papers); to the Committee on Claims.

### CHANGE OF REFERENCE

On motion of Mr. TYDINGS, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3432) for the relief of Clifton Norwood, and it was referred to the Committee on Naval Affairs.

### REVENUE AND TAXATION-AMENDMENTS

Mr. FLETCHER submitted three amendments intended to be proposed by him to the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

DEPARTMENTS OF STATE, JUSTICE, THE JUDICIARY, COMMERCE, AND LABOR APPROPRIATIONS

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which will be stated.

The Senate proceeded to consider the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. JONES. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendments, and that the committee amendments be considered first.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. NORRIS. Mr. President, I ask that the Chair lay before the Senate the conference report on the anti-injunc-

Mr. JONES. I ask that the unfinished business be temporarily laid aside.

The PRESIDENT pro tempore. The conference report is privileged in any event.

# ANTI-INJUNCTION LEGISLATION-CONFERENCE REPORT

The Senate proceeded to consider the following report, submitted by Mr. Norris:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That no court of the United States, as herein defined, shall have jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute, except in a strict conformity with the provisions of this act; nor shall any such restraining order or temporary or permanent injunction be issued contrary to the public policy declared in this act.

"SEC. 2. In the interpretation of this act and in determining the jurisdiction and authority of the courts of the United States, as such jurisdiction and authority are herein defined and limited, the public policy of the United States is hereby declared as follows:

"Whereas under prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore, though he should be free to decline to associate with his fellows, it is necessary that he have full freedom of association, selfcrganization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment, and that he shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; therefore, the following definitions of, and limitations upon, the jurisdiction and authority of the courts of the United States are hereby enacted.

"Sec. 3. Any undertaking or promise, such as is described in this section, or any other undertaking or promise in conflict with the public policy declared in section 2 of this act, is hereby declared to be contrary to the public policy of the United States, shall not be enforceable in any court of the United States, and shall not afford any basis for the granting of legal or equitable relief by any such court, including specifically the following:

"Every undertaking or promise hereafter made, whether written or oral, express or implied, constituting or contained in any contract or agreement of hiring or employment between any individual, firm, company, association, or corporation, and any employee or prospective employee of the same, whereby

"(a) Either party to such contract or agreement undertakes or promises not to join, become, or remain a member of any labor organization or of any employer organization; or

"(b) Either party to such contract or agreement undertakes or promises that he will withdraw from an employment relation in the event that he joins, becomes, or remains a member of any labor organization or of any employer organization.

"Sec. 4. No court of the United States shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute to prohibit any person or persons participating or interested in such dispute (as these terms are herein defined) from doing, whether singly or in concert, any of the following acts:

"(a) Ceasing or refusing to perform any work or to remain in any relation of employment:

"(b) Becoming or remaining a member of any labor organization or of any employer organization, regardless of any such undertaking or promise as is described in section 3 of this act:

"(c) Paying or giving to, or withholding from, any person participating or interested in such labor dispute, any strike or unemployment benefits or insurance, or other moneys or things of value;

"(d) By all lawful means aiding any person participating or interested in any labor dispute who is being proceeded against in, or is prosecuting, any action or suit in any court of the United States or of any State:

"(e) Giving publicity to the existence of, or the facts involved in, any labor dispute, whether by advertising, speaking, patrolling, or by any other method not involving fraud or violence;

"(f) Assembling peaceably to act or to organize to act in promotion of their interests in a labor dispute;

"(g) Advising or notifying any person of an intention to do any of the acts heretofore specified;

"(h) Agreeing with other persons to do or not to do any of the acts heretofore specified; and

"(i) Advising, urging, or otherwise causing or inducing without fraud or violence the acts heretofore specified, regardless of any such undertaking or promise as is described in section 3 of this act.

"Sec. 5. No court of the United States shall have jurisdiction to issue a restraining order or temporary or permanent injunction upon the ground that any of the persons participating or interested in a labor dispute constitute, or are engaged in, an unlawful combination or conspiracy because of the doing in concert of the acts enumerated in section 4 of this act.

"Sec. 6. No officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, shall be held responsible or liable in any court of the United States for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in, or actual authorization of, such acts, or of ratification of such acts after actual knowledge thereof.

"Sec. 7. No court of the United States shall have jurisdiction to issue a temporary or permanent injunction in any case involving or growing out of a labor dispute, as herein defined, except after hearing the testimony of witnesses in open court (with opportunity for cross-examination) in support of the allegations of a complaint made under oath, and testimony in opposition thereto, if offered, and except after findings of fact, by the court, to the effect—

"(a) That unlawful acts have been threatened and will be committed unless unrestrained or have been committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat or unlawful act excepting against the person or persons, association or organization making the threat or committing the unlawful act or actually authorizing or ratifying the same after actual knowledge thereof:

"(b) That substantial and irreparable injury to complainant's property will follow;

"(c) That as to each item of relief granted greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief;

"(d) That complainant has no adequate remedy at law; and

"(e) That the public officers charged with the duty to protect complainant's property are unable or unwilling to furnish adequate protection.

"Such hearing shall be held after due and personal notice thereof has been given, in such manner as the court shall direct, to all known persons against whom relief is sought, and also to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect complainant's property: Provided, however, That if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient, if sustained, to justify the court in issuing a temporary injunction upon a hearing after notice. Such a temporary restraining order shall be effective for no longer than five days and shall become void at the expiration of said five days. No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee) and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the court.

"The undertaking herein mentioned shall be understood to signify an agreement entered into by the complainant and the surety upon which a decree may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages of which hearing complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the court for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his ordinary remedy by suit at law or in equity.

"Sec. 8. No restraining order or injunctive relief shall be granted to any complainant who has failed to comply with any obligation imposed by law which is involved in the labor

dispute in question, or who has failed to make every reasonable effort to settle such dispute either by negotiation or with the aid of any available governmental machinery of mediation or voluntary arbitration.

"Sec. 9. No restraining order or temporary or permanent injunction shall be granted in a case involving or growing out of a labor dispute, except on the basis of findings of fact made and filed by the court in the record of the case prior to the issuance of such restraining order or injunction; and every restraining order or injunction granted in a case involving or growing out of a labor dispute shall include only a prohibition of such specific act or acts as may be expressly complained of in the bill of complaint or petition filed in such case and as shall be expressly included in said findings of fact made and filed by the court as provided herein.

"Sec. 10. Whenever any court of the United States shall issue or deny any temporary injunction in a case involving or growing out of a labor dispute, the court shall, upon the request of any party to the proceedings and on his filing the usual bond for costs, forthwith certify as in ordinary cases the record of the case to the circuit court of appeals for its review. Upon the filing of such record in the circuit court of appeals, the appeal shall be heard and the temporary injunction order affirmed, modified, or set aside with the greatest possible expedition, giving the proceedings precedence over all other matters except older matters of the same character.

"Sec. 11. In all cases arising under this act in which a person shall be charged with contempt in a court of the United States (as herein defined), the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the contempt shall have been committed: Provided, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct, or disobedience of any officer of the court in respect to the writs, orders, or process of the court.

"Sec. 12. The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge, and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. Upon the filing of any such demand the judge shall thereupon proceed no further, but another judge shall be designated in the same manner as is provided by law. The demand shall be filed prior to the hearing in the contempt proceeding.

"SEC. 13. When used in this act and for the purposes of this act—

"(a) A case shall be held to involve or to grow out of a labor dispute when the case involves persons who are engaged in the same industry, trade, craft, or occupation; or have direct or indirect interests therein; or who are employees of the same employer; or who are members of the same or an affiliated organization of employers or employees; whether such dispute is (1) between one or more employers or associations of employers and one or more employees or associations of employees; (2) between one or more employers or associations of employers and one or more employers or associations of employers; or (3) between one or more employees or associations of employees and one or more employees or associations of employees; or when the case involves any conflicting or competing interests in a "labor dispute" (as hereinafter defined) of "persons participating or interested" therein (as hereinafter defined).

"(b) A person or association shall be held to be a person participating or interested in a labor dispute if relief is sought against him or it, and if he or it is engaged in the same industry, trade, craft, or occupation in which such dispute occurs, or has a direct or indirect interest therein, or is a member, officer, or agent of any association composed in whole or in part of employers or employees engaged in such industry, trade, craft, or occupation.

"(c) The term 'labor dispute' includes any controversy concerning terms or conditions of employment, or concerning the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether or not the disputants stand in the proximate relation of employer and employee.

"(d) The term "court of the United States' means any court of the United States whose jurisdiction has been or may be conferred or defined or limited by act of Congress, including the courts of the District of Columbia.

"Sec. 14. If any provision of this act or the application thereof to any person or circumstance is held unconstitutional or otherwise invalid, the remaining provisions of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

"SEC. 15. All acts and parts of acts in conflict with the provisions of this act are hereby repealed."

And the Senate agree to the same.

G. W. Norris,
T. J. Walsh,
John J. Blaine,
Managers on the part of the Senate.
Hatton W. Sumners,
A. J. Montague,

L. C. DYER,

Managers on the part of the House.

Mr. BINGHAM, Mr. President, I should like to ask the Senator from Nebraska whether I am correct in thinking that the Senate conferees finally gave way to the wishes of the Anti-Saloon League as expressed to them through the House conferees in regard to section 11?

Mr. NORRIS. Mr. President, as section 11 passed the Senate it provided that in all cases where a contempt charge was made against anyone in a United States court the accused should have a trial by jury. It applied to all contempt charges in United States courts. As the House passed the bill it provided that anyone charged with contempt in violation of sections 3, 4, 5, 6, or 7 should have a trial by jury, but only in criminal contempt. As we have agreed upon the section in conference, the word "criminal" has been eliminated, reference to the sections referred to in the House text has been eliminated, and section 11 now provides that anyone charged with contempt in any case arising under this act shall be entitled to a trial by jury.

As the House passed the bill it did not apply to all contempt cases under the act. As the Senate passed it, it applied to all cases, either under the act or otherwise. As the House passed it, it applied only to criminal contempt. As the Senate passed it, it applied to all contempts. The compromise was to confine it to all cases under the act and to eliminate the word "criminal," but the cases must arise under this act.

Coming to a more specific answer to the Senator's question as to what the Anti-Saloon League did, I will say that a prohibition-injunction case is not affected by the measure as it now stands. As the Senator knows, on my part at least, that is a concession, because I think it ought to apply to all cases.

Mr. BINGHAM. I thank the Senator. I had gathered that something like that occurred by reading the debate in the House of Representatives which occurred yesterday when the conference report came up, because it seemed to stir up that ardent, patriotic, enthusiastic, and ever-present advocate of extreme prohibition, the gentleman from Texas [Mr. Blanton]. When it came up he wanted to make clear to the Members of the House that the new jury trials in contempt cases did not apply to prohibition. That aroused my suspicion. He said, and I quote from the Record:

The bill as it comes out of conference does not in any way interfere with the existing padlock powers that are now exercised by our courts.

The Senator will realize that is one of the matters in which the Anti-Saloon League is very greatly interested.

The Anti-Saloon League is very much afraid that a jury would not find a person guilty of contempt in a padlock case, and I think they are quite justified in that suspicion. Mr. Sumners of Texas replied:

That is understood.

To make it certain Mr. BLANTON then said:

It only has reference to labor disputes and no other question.

Mr. Sumners of Texas replied:

Well, it is a little broader than that. It affects injunctions in labor disputes and contempt proceedings growing out of what is known as an attack on the judge or the courts.

Mr. Blanton. Yes; but it does not relate to other subjects or to

the prohibition question.

Mr. President, I submit that in these days, when all the evidence that we can get, disclosed by polls in dry States, of newspapers like the Wichita Beacon in Kansas, or periodicals that go all over the United States, like the Literary Digest, indicates that the great majority of the people in the United States, a 3-to-1 majority so far as we can gather from the Literary Digest poll, are in favor of repeal, it ill becomes the Congress, in endeavoring to provide that an arbitrary judge shall not be able to send some one to jail for contempt of court without his being heard by a jury of his peers, to say he shall be able to do it in a prohibition case but shall not be able to do it under the particular measure which we are about to pass.

I think the Senator from Nebraska and his committee, in putting the section in originally, were actuated by motives of justice and fairness to all persons who might be called before the courts. I think the Anti-Saloon League, through their agents in the House, in insisting that it apply not at all to prohibition matters but be confined entirely to this bill, have been guilty of the same kind of tyrannical interference with the Government of the United States that has been their practice for the past 10 or 12 years.

Mr. LONG. Mr. President, it will be remembered that the distinguished Senator from Connecticut [Mr. BING-HAM] did about everything he could to keep the antiinjunction bill from being passed in the Senate. He was very considerate and deliberate. He sat here day after day and hour after hour and voted for every amendment that was proposed which was calculated to weaken or destroy the anti-injunction bill.

The Senator's general reactionary tendency on all legislation of that kind and his stand here are pretty well known. He lets the cat out of the bag when at this particular time he undertakes to inject the prohibition question, not so much for fear that he is concerned over the prohibition question but because of the fact that the reactionary nonpartisan interests of the country have undertaken to throw a wet blanket on everything progressive that is proposed in the country by injecting the prohibition issue into it in an effort to keep it from being

Here we have a labor bill proposed for no other purpose whatever than to prevent the Federal courts from jailing every man who is accused of having violated some labor injunction issued under the widespread jurisdiction which the courts have assumed in that character of cases. The Senator from Connecticut injects the suggestion that this was intended as a means of modifying the padlock law. No such intention was ever suggested here. Nobody had any idea that it would affect or was intended to affect the padlock law. If the Senator from Connecticut will propose an amendment or a measure providing that any man who is accused of violating a padlock injunction shall have the right of trial by jury, I for one, as a Member of the Senate, would support that kind of a proposal and would vote to give such a man the right to trial by jury in any contempt case that comes up.

But this measure was never intended to do that. I fear the motives of the Senator, which he does not himself disclose, are more in the interest of undertaking to inject the prohibition question into the matter, with which it has no concern whatever, so that economic issues will not be considered by political parties.

It is well that we might here and now stop and take stock in this matter.

In both parties in this country, in the Democratic Party and in the Republican Party, we have the reactionary element who do not want the power question to be considered, who do not want the question of the concentration of wealth to be considered, who do not want the question of an inheritance tax to be considered, who do not want the question of a gift tax to be considered, who do not want the question of higher taxes on the higher incomes of the country to be considered. Whenever a pronouncement is made by a candidate or a bill is introduced dealing with isolated cases like the one in question-and certainly there could not be any more of an isolated case than this-in order to arouse the interest of the reactionary elements in the two parties, they always bring up the prohibition question: "How do you standwet or dry?"

A short time ago the Speaker of the House of Representatives was mentioned as a candidate for President of the United States. The distinguished Senator from New Hampshire [Mr. Moses], observing that the Speaker of the House of Representatives had made a few remarks on certain questions, propounded the question as to how he stood-wet or

Now the labor injunction bill comes up, and the distinguished Senator from Connecticut, who stood on the floor of this House and did everything that he could to weaken the bill when it was under consideration here, wants to know how the bill stands, wet or dry? What has the Anti-Saloon League got to do with the labor injunction law?

A plan is pretty well formulated and a policy is pretty well outlined-I notice the Senator looks at the clock; it is 4.15 p. m. [laughter]-according to which the reactionary element, evidently undertaking to control the two conventions that are going to meet in Chicago, are going to try to have nothing left to the delegates there but a fight on the liquor question.

Over in the other House they have proposed a sales tax to take care of the Government deficit. Effort is being made there to increase the income-tax schedules and the inheritance-tax schedules, and other tax reforms are proposed so as to keep the corporations that scatter their seeds into about 12 different families from rendering 12 different returns so that they may avoid the surtaxes that are fixed for the higher brackets. Into that bill is now injected the question, What are you going to do about prohibition?

Senators are not going to be able to evade the economic issues, on which rest the responsibility for the welfare of this country, by rising here on the floor of the Senate and asking, "How do you stand on the prohibition question?"

The Senator from Connecticut has been a Member of the Senate for several years. I understand he comes up for election next fall, and so I assume he has had at least five years of experience here, during which time he has had abundant opportunity to offer a bill in behalf of his constituents to provide for a trial by a jury in padlock violations. Why has he hesitated for five years and allowed the poor suffering electorate of the State of Connecticut to be tried for contempt in injunction cases without the constitutional right to a trial by jury? What is the excuse for this recalcitrant action of the Senator who has waited five years, and why is he now leaving the Senate Chamber when I undertake to suggest that he might even now introduce such a bill; that he might at this time come forward and ask the Senate of the United States to go on record and provide that every man who is charged with a violation of a padlock injunction, or any other kind of injunction, shall have the right to a trial by jury?

Mr. President, we are going to have an election in this country and, if it is within the power of half a dozen or more of us to do so, we are going to have some real issues before the United States Senate and before the House of Representatives of the United States. We do not propose to have those issues cast aside and have the prohibition question injected into every question that comes up whether it be free silver, labor injunctions, or anything else.

If Senators desiring to provide for the right of trial by jury in liquor cases want to introduce that kind of bill, they will find me voting to give every accused person the right to a trial by jury on contempt charges or anything else; but are we going to try to avoid the question that is coming up here, of the concentration of wealth in the United States, by debating the prohibition question?

We sit here in the United States Senate and beg for light from Mars or from some other guiding star or from Europe, so that we may know the cause of economic distress in the United States.

We have inquired why 10,000,000 people are out of employment; why municipal bonds and the bonds of States and subdivisions of States can not be sold; here we have studied and questioned and worked and prophesied, and gone to men looking into crystal glasses, to ascertain what the trouble is to-day in the United States, to tell us why industry is paralyzed and labor is paralyzed and commerce is paralyzed and municipalities are paralyzed.

There is but one reason; it is because a handful of men in the United States own all the money in this country. That is the only reason for present deplorable conditions.

It is because 1 per cent of the people of the United States to-day are in control of 90 per cent of the wealth of the United States. All the water in which the whole human race is supposed to swim has been siphoned out, and a handful of men have been allowed to take it all and consume it, and we have left 115,000,000 people in a puddle so small that nothing but stagnation can come from it. The laboring unions of this country have been placed in a position where they can not afford any relief to the members of organized labor; the small banks have been forced into a condition where they are faltering under the concentration of wealth; but when the question arises what are we going to do about these economic questions, gentlemen who follow reactionary and recalcitrant lines want to know what we are going to do about the prohibition question in the United States. They have had time enough and years enough to act on the prohition question.

Mr. President—and this is a little bit beside the point—but a debate took place in the Senate yesterday over some remarks of Mr. Andrew W. Mellon, in which he had committed himself and probably committed the Government of the United States, which he had so successfully conducted under so many Presidents, as to the stand he would take on the matter of European debts due the United States.

It was disclosed by one of the Members of the Senate—I do not remember by whom—that in December last year Mr. Mellon had declared in favor of or had been quoted as favoring a material modification in the schedules of payments prescribed for our European debtors. Several Senators took the position that the attitude of Andrew W. Mellon was a cause for alarm.

Mr. President, the senior Senator from Tennessee [Mr. McKellar] and I stood alone in opposing the confirmation of Mr. Mellon's nomination, I believe in the month of January, 1932, two months after he made the pronouncement as to his stand on the European debt question.

That, however, was not the main reason, nor was it my reason for opposing the confirmation of Andrew W. Mellon as ambassador to the Court of St. James. It was because the Democratic Party and the Republican Party were approving, whitewashing, sending away with a stamp of efficiency and righteousness a man who more than anyone else had been responsible for the calamities and the catastrophies that have befallen the country, for the concentration of wealth, for the greed and rapacity that have emptied the Federal Treasury, and for the condition of the municipal bond market in this country; who had directed our financial affairs to that end; and whose masterful political guidance had brought the United States of America to such a point that it is in a condition of stagnation and nothing else.

I obtained knowledge of the extent of Mellon's control over this country in a way more direct when Governor of the State of Louisiana. We undertook in that State to

make a little investigation to find out what were the qualities of aluminum in public buildings, and also what were the qualities of bronze and iron and steel. We sent our architect to the United States Bureau of Standards. He came to Washington, D. C. They gave him the details as to steel and its powers of resistance to heat; they gave him the details as to bronze; they gave him the details as to brass; they gave him the details as to wood; but when we asked the United States Bureau of Standards for the facts and statistics as to aluminum we were given to understand that the United States Bureau of Standards was not allowed to investigate and report upon the possibilities and the qualities of aluminum. We could get data as to every other product, but we were told that the only source of information in detail as to aluminum would be the Aluminum Co. of America, owned and controlled by the Hon. Andrew W. Mellon.

Why was it that they investigated the bronze of Switzerland and of India and of Great Britain and the iron and steel of two continents but did not investigate and could not report upon the product of the Aluminum Co? I do not suppose that to-day that bureau could furnish such a report unless it has changed its practice, though it will report as to the products of every other company. I do not leave it to the imagination; I leave it to nothing except a rational conclusion that any man of reasonable public experience would draw that it was the influence of Andrew W. Mellon which suggested that there be no discussion and investigation of the Aluminum Trust.

So, Mr. President, in connection with the various economic measures that are going to come before us let us look behind the wool to see where the sheep is; let us see just what motives underlie the bills that are coming here. If anyone wants to introduce a prohibition repeal bill or a bill modifying the prohibition statutes or a bill for trial by jury in padlock cases, let him introduce the bill and not sit here five years and cry because he neglected it during all that time or failed to think about it.

Let him introduce that kind of a bill if the time comes, but when it comes to bills involving economic issues, as to which the people have a right to see the position of their representatives spread upon the record in terms that are certain, when it comes to questions involving the economic welfare and the life of the people of the United States who are now in distress, when it comes to the question of the concentration of wealth, or income taxes, gift taxes, and various other forms of taxation which are necessary to be passed upon in a decisive way and unattached and not mingled with prohibition or other questions that have no relation to them, let them be decided upon their merits.

Mr. NORRIS. Mr. President, I think I ought to say, although the Senator from Connecticut is not now here, one thing further in explanation of the change in the particular respect about which he made inquiry.

I said when the bill was before the Senate, and I still believe, that any man charged with contempt of court, the punishment for which may be a term in jail, ought to be entitled to a jury trial; and I believe that ought to apply to prohibition cases as well as to others. That is the way the bill was drawn when it passed the Senate, but in conference a request-a reasonable one, I believe-was preferred and a reasonable statement was made to this effect: "Here is a bill which on its face has nothing whatever to do with the liquor question, which has nothing whatever to do with prohibition, and yet it does affect the prohibition law. If there is to be a change in the prohibition law it is only fair that that change should be made in the open, when the question shall be before the Congress." I think that statement has a good deal of logic in it. The conferees felt that way.

I ought to say that one of the conferees known to be opposed to prohibition, the Senator from Wisconsin [Mr. Blaine], was one of the first to say that the conferees on the part of the Senate ought to yield on this proposition, because, he said—and I think it does him great credit—"while I am opposed to prohibition, and do not believe in

it, and never have believed in it, if there is any change in the law I want to make it openly and aboveboard when the bill under consideration applies particularly to prohibition." Anyway, whatever the argument may be one way or the other, the conferees yielded on that point. In yielding, they obtained this:

Section 12 of the bill is usually referred to as the editor's section, although I think that is a misnomer, because it applies to everybody. In cases arising under section 12, where an attack is made outside of court upon the character or conduct of the judge, and the person is brought into court on a charge of contempt, under the bill as it passed the House he would not have been entitled to a jury trial. Under the Senate bill as it passed the Senate, and as we now have it in conference, he would be entitled to a jury trial

The Senate also, in that compromise, succeeded in striking the word "criminal" out of the House section. Under the House bill, before a man would be entitled to a jury trial on a charge of contempt, it would first have to appear that it was a criminal contempt. Under the Senate bill it could be either civil or criminal. Under the compromise made, the language of the Senate was agreed to, so that now anyone charged with any kind of a contempt arising under any of the provisions of this act will be entitled to a jury trial in the contempt proceedings.

It seems to me it is a very reasonable and fair compromise.

Mr. HEBERT. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Rhode Island?

Mr. NORRIS. Yes; I yield. Mr. HEBERT. I think it is only fair to say that this provision in section 12 goes beyond cases arising under this act, because it affects contempts of every nature committed either in the presence of the court or so near thereto as to interfere with the administration of justice, without regard to the provisions of the act itself. I think it will be conceded that section 12 was intended to take care of those charges of contempt arising in newspaper cases, and therefore those cases under section 12 would have no relation whatever to labor disputes. I think the Senator will concede

Mr. NORRIS. They might have, and they might not. They might be in a labor dispute or they might be in any

Mr. HEBERT. They might well grow out of labor disputes, but they need not grow out of labor disputes.

Mr. NORRIS. No; not necessarily.

Mr. HEBERT. Therefore, to that extent contempts under section 12 have no more relation to the subject matter of the bill under consideration than have padlock cases.

Mr. NORRIS. Oh, yes; oh, yes! Section 12 is a part of the act. We have included that in the act.

Mr. HEBERT. That is true. Mr. NORRIS. There is not anything about prohibition in the act.

Mr. HEBERT. And I might remark that there is nothing here about contempts in newspaper cases.

Mr. NORRIS. No; but section 12 applies to them. Mr. HEBERT. We want it to apply to them. It was the intention of the committee that it should apply to them.

Mr. NORRIS. It will. Mr. HEBERT. But there is no reference to them in that particular section.

Mr. NORRIS. No; and when a newspaper man, outside of court, makes an attack upon the character of the judge or the court, in my judgment it would not be proper to say that because he is a newspaper man he should have any more privilege than though he is a common laborer in the street who makes that kind of attack, and section 12 will apply to both of them. Whenever an attack is made upon the character of the judge, whether it be by a newspaperman or a banker or a laborer or a lawyer or a minister, and the man is brought in for contempt of court because of the charge, he will be entitled to a jury trial, and he will likewise be entitled to a change of judges.

Mr. HEBERT. But, as I understand, if the Senator will permit me, any other case would not come within the purview of that section. For instance, the cases to which the Senator from Connecticut [Mr. BINGHAM] referred-padlock-injunction cases—would not come within the purview of section 12.

Mr. NORRIS. No; they would not, unless the charge was made in that kind of a case.

Suppose we were in court here now, and we had a prohibition case before us, trying it, and some editor or some other man out on the street made a charge against the character of the judge and the way he was conducting the prohibition case. He could be arrested for contempt and brought in before the judge, and he would be entitled to a jury trial under this act.

Mr. BINGHAM. Mr. President, will the Senator point out just where, under the act, he would be entitled to a jury trial?

Mr. NORRIS. Under section 11.

Mr. BINGHAM. Section 11 applies only to cases arising under this act.

Mr. NORRIS. And the case I cited would arise under this act. That was where the House bill fell down. It did not apply to section 12, which is a part of this act just as much as the other sections to which it did apply. Let me read it. I do not think there is any doubt about that proposition.

Mr. BINGHAM. But, speaking as a layman and not as a lawyer, it does not seem to me that section 12 provides any new means of incurring contempt. Section 12 says that-

The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge-

But section 11 provides-

Mr. NORRIS. The Senator has not read far enough. Let me read a little further, and he will see the point.

Section 12 reads as follows:

The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge, and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice.

Mr. BINGHAM. Yes; but— Mr. NORRIS. That is the section usually referred to as the newspaper section. He gets the jury trial under Section 11, and that applies to any case arising under this act. It reads:

In all cases arising under this act in which a person shall be In all cases arising under this act in which a person shall be charged with contempt in a court of the United States (as herein defined), the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the contempt shall have been committed: Provided, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct, or disobedience of any officer of the court in respect to the writs, orders or process of the court. orders, or process of the court.

Does not that make it plain?

Mr. BINGHAM. I am at a disadvantage with the Senator, because he knows so much more about the law than I do; but it occurs to me that a contempt arising from an attack upon the character or conduct of the judge is something which is far older than this act.

Mr. NORRIS. Oh, yes. All contempts are.

Mr. BINGHAM. That has nothing to do with this act. Mr. NORRIS. Oh, yes. The Senator must not forget that it is just as much a part of this act as any other section in the bill. It is a part of this act; and if any contempt arising under this act-

Mr. BINGHAM. Will the Senator be patient with me? Mr. NORRIS. Yes. I hope I shall be able to make it

Mr. BINGHAM. Well, I do not know.

Mr. NORRIS. If I am right about it, and I think I am. Mr. BINGHAM. May I say that this is the way it seems to me, and then the Senator can tell me where I am wrong:

This bill sets up, under sections 4, 5, 6, 7, and so forth, a number of things which the court may not do and may do, and which, if a person does, may result in holding him in contempt. If the person is held in contempt, then under Section 11 he may ask for a jury trial.

Section 12 refers to an attack upon the character or conduct of a judge. It refers inferentially to another statute, not to anything in this act.

Mr. NORRIS. Oh, no; not to another statute; no.

Mr. BINGHAM. Where in this act is there anything which refers to a contempt arising from an attack upon the character or conduct of the judge?

Mr. NORRIS. In section 12. That is the only place.

Mr. BINGHAM. We seem to be going around in a circle. If the Senator will be patient with me one moment more—

Mr. NORRIS. Yes.

Mr. BINGHAM. This is the way it appears to a layman reading the bill who has not the profound legal knowledge which I freely grant to the Senator from Nebraska:

That the act provides that in cases arising under it in which a person shall be charged with contempt of court, he shall have a jury trial; and it would seem to me that that applied to all the cases referred to which are not exempted by the provisions of this act. Then, in questions which arise from an attack upon the character of the judge, the act says that the defendant may have a new judge.

Mr. NORRIS. Yes.

Mr. BINGHAM. But it does not in that section say that he may have a jury.

Mr. NORRIS. No, that is true; but it does not in sections 3, 4, 5, 6, and 7 say that he may have a trial by jury. The trial by jury is all provided in one section, and by its own terms it refers to the entire act.

Let me say to the Senator—and this may make it plain to him—that sections 3, 4, 5, 6, and 7 are specific statements prohibiting the issuing of injunctions. If a man is charged with contempt because he has violated an injunction issued under sections 3, 4, 5, 6, or 7, it is because there has been an order made by the court. For instance, the court says, "You shall not do so and so" under one of those sections, and it is charged that the man against whom the injunction is issued has violated that order. Then, and only then, can he be arrested and tried for contempt. He will have a jury trial.

Section 12 applies to an entirely different class of contempts. No order of the court has been issued there. Before a man can be tried on a charge of contempt under any of the sections I have mentioned, there is first an order of the court. It is that order which he violates, so that that must precede every possibility of a trial for a violation of the order.

In the case of a contempt arising under section 12—and it is just as clearly a contempt as though the man had violated an order of the court—no order has been issued. The man charged with contempt has not violated any order of court. He has simply said that this judge, we will say, is corrupt. He is brought in for contempt of court for saying that, not because he has violated an order of court, as he would be in the other cases, but it is contempt just the same, and the judge has the same authority over him that he has over some one violating an order that the judge issued under one of the other sections.

issued under one of the other sections.

We could have put in "section 12" in words. We could have added "12" to the other section, and put it in by specific language, and said that anyone charged with contempt under sections 3, 4, 5, 6, 7, or 12 shall be entitled to a trial by jury; but, instead of saying it in that way, we put it all in one sentence and said, "Anyone charged with contempt arising under this act"; and there can not be a contempt arising under this act unless it arises under sections 3, 4, 5, 6, 7, or 12

tions 3, 4, 5, 6, 7, or 12.

Mr. BINGHAM. I thank the Senator.

Mr. NORRIS. Does that make it any plainer to the Senator?

Mr. BINGHAM. Yes. May I ask one more question?

Mr. NORRIS. Certainly.

Mr. BINGHAM. It is clear, then, that if a judge issues an injunction in a prohibition matter, such as a padlock case, and some one makes fun of him or attacks him, or

does something which would bring him into contempt, that person may demand that he be tried for the contempt by some other judge, and by a jury? That is correct, is it?

Mr. NORRIS. The one who makes the charge; yes.

Mr. BINGHAM. But if a tyrannical or extra dry judge, if I may use the term "extra dry" as applying to something which is not good to drink—

Mr. NORRIS. To my mind, that does not mean anything; but I suppose the Senator knows something to which it does refer?

Mr. BINGHAM. I am sorry the Senator does not know what it refers to [laughter]; but never mind. If an extra dry judge issues a tyrannical injunction regarding a hotel and puts a padlock on it, and there is a breach of that injunction, then the contempt case may not be tried by a jury?

Mr. NORRIS. It depends. If the judge in the case the Senator puts has issued an order—say I am the defendant, and I am charged with violating the order, I do not come under this measure at all.

Mr. BINGHAM. And therefore you are not entitled to a jury trial?

Mr. NORRIS. I am not entitled to a jury trial. Mr. BINGHAM. That is the point I had in mind.

Mr. NORRIS. On the other hand, suppose in the same case I go out and say, "The judge who issued this padlock injunction is a corrupt man," and I am tried for saying that about the judge. That is a trial for contempt arising under this measure, and I am entitled to two things: I can make that judge step aside, and get another judge, and I am entitled to a jury trial when the other judge comes on the bench. This bill places upon that kind of contempt a thing which it does not place upon the other kind of contempt. It gives a man who has made a charge against a judge the right to demand another judge, in addition to having a jury trial, and the reason for that is perfectly plain. When an attack is made upon a judge himself, it is patently unfair that that judge, who has a direct interest in the suit and who is really a party to it, should not preside and say what evidence should be admitted and what should be excluded.

Mr. BINGHAM. I agree with the Senator, but I do hope that the Senator does not think that the term "extra dry" is equivalent to "corrupt." Some people think so, but that was not my intention.

Mr. NORRIS. I do not know. I thought from what the Senator said that "extra dry" was something to drink. I do not know.

Mr. BINGHAM. The Senator seemed to interpret it as meaning something corrupt.

Mr. NORRIS. I judged that, coming from the Senator from Connecticut, knowing his well-known attitude on prohibition, that if it has a covert meaning it has something to do with prohibition, without doubt.

Mr. BINGHAM. And therefore with corruption?

Mr. NORRIS. No, indeed. I agree with the Senator, as I have said so often, and I have suffered some abuse on account of it, even since this bill has been pending, that any man charged with contempt in any court in the United States, or, for that matter, a State court, if we had jurisdiction, in any case, no matter what it is, ought to have a jury trial.

I have said so to the representatives of the Anti-Saloon League who have come to me about this bill. I have said to them, moreover, that in my judgment, prohibitionist that I am—and I think my record will sustain my statement that during all my public life I have tried to be consistent—as I recall I said to the men who called upon me about this bill, "You are not as good prohibitionists as I am. Prohibition is on trial. It has lost many of its best friends. We all have to concede that. In my judgment, it has not been honestly and fairly enforced at any time since the law was enacted, and if we follow you and say we want a different law, a different rule, applied to prohibition cases from what is applied to any other case we are going to lose the support of more good people in this country, who will take

the other side of the question and demand the repeal of prohibition."

I am not finding fault with those who wanted to change this bill because they had reason for it; there was some reason for it based on logic; but in my judgment the two classes of people who have done more harm to their respective causes-one wet and the other dry-are the wet cranks and the prohibition cranks. If we want to have the people respect the prohibition law, we ought to ask for nothing under that law which we are not willing to ask for under any other law.

It is no answer to say that there will sometimes be juries which will not convict. That is a charge which can be made against our jury system. Every man who has tried lawsuits before juries, every man who has ever presided in court and heard jury trials, knows that juries make mistakes, as all other human beings do, and they sometimes render verdicts which seem almost obnoxious. But it is the best system I know of. I would not have it abolished; and when I see how juries will really do justice when a biased and prejudiced judge is trying to lead them astray I am confirmed in my opinion that, after all, our jury system is one which the American people, who believe in liberty and justice, will not dare to surrender. I like to have trial by jury preserved in all kinds of cases where there is a dispute of facts.

Mr. BINGHAM. Mr. President, if the friends of the Senator in the prohibition cause had taken the same fair-minded attitude he has taken and is taking on this question, if they had followed his advice in adopting the section as to jury trials referred to as it came from his hands and from his committee, they would be in a less sorry plight to-day than that in which they find themselves. I congratulate the Senator, if he will permit me to do so, on the position which he has taken, which is eminently fair and just.

Mr. NORRIS. I thank the Senator.

Mr. McKELLAR. Mr. President, when the anti-injunction bill came up in the Senate originally I was absent, not only from the Senate, but from Washington, on account of a death in my family and, therefore, could not vote. I was paired in favor of the bill.

I want to say that I was not only in favor of the bill, but I am in favor of the conference report and hope it will be agreed to.

Mr. NORRIS. Mr. President, let me say, in conclusion, that several Senators requested me not to ask for a roll call. One of the reasons why I was about to ask for one was because of a request made by the Senator from Tennessee [Mr. McKellar]. Since he has made his statement, I am ready for a vote, and I shall not ask for a roll call.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

# DEBT CANCELLATION-STATEMENT OF MR. MELLON

Mr. CONNALLY. Mr. President, on yesterday there was some discussion in the Senate about a statement made by Mr. Mellon in December of last year with reference to the World War debt. The senior Senator from Pennsylvania [Mr. Reed] cast some suspicion on the correctness of the quotation of Mr. Mellon's statement read by the senior Senator from Arkansas [Mr. Robinson]. I hold in my hand a copy of that statement as published in the United States Daily quoting verbatim the language of Mr. Mellon. It is true that there is no notarial seal on it, it is not acknowledged before a notary public, nor does it bear any affidavit as to the authenticity of Mr. Mellon's signature, but it does purport to be a formal statement on the authority of the United States Daily. I ask unanimous consent that it be published in the RECORD for the information of the Senator from Pennsylvania, and any other doubters who may have any suspicion as to the correctness of the statement quoted here yesterday.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the United States Daily, December 12, 1931]

Mr. Mellon Defines Nation's Position on Debt Cancellation-AMERICA OPPOSES STRIKING OFF OBLIGATIONS BUT MUST RECOGNIZE THE ABILITY TO PAY, HE DECLARES

The United States Government does not favor cancellation of the United States Government does not lavor cancentation of the war debts, but changed economic conditions make it the duty of "the executive as well as the legislative branches of the Government" to reexamine the ability of debtor nations to pay, the Secretary of the Treasury, Andrew W. Mellon, declared in a statement issued December 11 clarifying President Hoover's recommendations to Congress. dations to Congres

The statement follows in full text:
"There should be no misinterpretation as to the administration's recommendations to Congress relating to the debts due us from foreign governments and the re-creation of the World War Foreign Debt Commission. The administration is opposed to cancellation. No recommendation made carries any such impli-

### " MUST FACE REALITIES

"It is, however the duty of those in authority to deal with realities, and there is no escaping the fact that some of our debtors can not meet in full the payments due us until there has been a substantial measure of economic recovery and that the position of others is so changed as to call for consideration of their present situation in the light of existing circumstances.

"Our debt settlements were effected on the basis of the capacity of the debtors to pay. As the President said in his statement of June 20, 'As the basis of the settlement of these debts was the capacity under normal conditions of the debtor to pay, we should be consistent with our own policies and principles if we take into account the abnormal situation now existing in the world.'

### "BRITISH POSITION

"Take the case of Great Britain, our best customer, which even in the depression year 1930 took \$678,000,000 worth of American agricultural and industrial products. The economic and financial changes of the past year have immensely increased the burden of her payments to us. The series of events through which Great Britain was forced off the gold standard are too recent to require enumeration.

"To-day the pound sterling is selling at \$3.315 to the pound, which is a 32 per cent discount, as compared with last year, when it stood at tariff parity of \$4.866. All debts to Great Britain from foreign governments, except reparation payments, which are not being collected at all this year and are not likely to be collected in full next year, are payable in sterling. Her debt to us is payable in gold dollars. The combined effect of these unfavorable factors results in an enormously increased burden for the people

of Great Britain.

"Payments during the present fiscal year will serve to exemplify the magnitude of the additional burden.

"With the pound sterling at par, the British Treasury needs 32,800,000 pounds in order to pay us \$159,500,000. With the pound sterling at the rate at which it sold on December 10,

pound sterling at the rate at which it sold on December 10, 1931, it would take 48,100,000 pounds, or an increase of 15,300,000 pounds, or 47 per cent. Or in other words, the burden on the British taxpayer is increased by almost one-half.

"When the British debt settlement was made it was estimated that its present value at 4½ per cent was 30 per cent of the total amount due prior to funding. If the amount to be raised in pound sterling to meet the obligation to us in dollars is increased by 47 per cent, it becomes apparent that from the standpoint of the British taxpayer he is asked to meet not the obligation as established by our debt commission but an amount considerably in excess of such obligation.

excess of such obligation.
"Nothing could more forcibly illustrate the changed situation which places, on the executive as well as the legislative branches of Government, the duty of reexamining the obligations of our debtors and their ability to meet them during a period of world-

wide economic depression.

"Does anyone believe that Austria or Hungary should be asked to pay the installments due from them in view of the extraordinarily straightened circumstances in which the people of those two countries find themselves and great difficulty which they experience in obtaining foreign exchange for the purpose of carrying on even the minimum of effectual commerce with the rest of the world?

"Does anyone believe that Germany should be asked by the United States Government to meet her payments on the costs of the army of occupation when such a demand by us must be inevitably followed by demands of other creditors to pay her

reparations in full?

"These instances should suffice to demonstrate that to stand on the letter of our bond and to refuse to investigate or to consider the facts is to fail in our responsibility to the American people whom we represent and to the debtors whose capacity to pay we ourselves undertook to determine.

"What intelligent business man or banker would blindly refuse to investigate or to consider the altered circumstances of a debtor whose unsecured obligation he held? The situation of our debtors whose unsecured obligation he held? The situation of our debtors has been immensely altered during the course of the last two years. New questions in relation to these debts are bound to arise in the course of the next few months. The Congress should be in a position through a commission created by it and composed in part of its own Members to ascertain what the facts actually are and to deal with these new problems as they arise.

"It is with such thoughts as these in mind that the President recommended the re-creation of the World War Foreign Debt Commission. I am confident that upon mature consideration this recommendation will commend itself to the Congress."

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial which appeared in the New York Times this morning dealing in a very illuminating way with the tariff question.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### [From the New York Times, March 18, 1932] BLAMING OUR COPYISTS

Who could have imagined that a Republican administration would set up a loud wail about the bad effects of high tariffs?
Of course, it is the tariffs which perfidious foreigners are erecting against our exports. Our own beloved and truly American tariffs are perfect. Yet a survey of the outlook for international trade, just published by the Department of Commerce at Washington, sees only a dark outlook and predicts a further "contraction" in our sales of merchandise abroad. The chief cause assigned is the new policy of protection in England; along with the adoption of higher rates and "quotas" by the principal nations on the Continent. The result is such an outburst of selfish nationalism, such a stupid return to the discarded principles of the old mercantile system, such a restriction and even strangulation of foreign commerce profitable to the countries which foster it, that a period of declining exports and imports is clearly indicated.

In all this there is not a word about American responsibility for rousing this spirit of discrimination and retaliation in trade across national boundaries. We had full warning of the danger before the Hawley-Smoot tariff was enacted in 1930. Congress was ap-pealed to by economists and industrialists not to rush again into that tariff blind alley. President Hoover was solemnly besought by more than 1,000 political economists and financiers not to sign the tariff bill. He naturally has great respect for such experts, but felt obliged to listen to the expert politicians, who assured him that if he vetoed the tariff bill his party would be ruined. As it is, the party has been drawn pretty near the edge of ruin, and its protective policy did not in the least hinder its being swept toward the abyss. But our own excesses and follies in the way of protection have not prevented us from gravely pointing out to European countries the grave error which they are making in imitating us. Since the classic example of the Gracchi complaining of sedition there has been nothing so inconsistent or impudent as the United States tearfully reproaching Europe for going tariff

# PROHIBITION-" WHAT DIXIE WILL DO IN 1932"

Mr. SHEPPARD. Mr. President, I ask to have published in the RECORD an address by Dr. A. J. Barton, chairman of the executive committee of the Anti-Saloon League, before the biennial convention of the Anti-Saloon League of America, at the Mayflower Hotel, Washington, D. C., January 19, 1932, entitled "What Dixie Will Do in 1932."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

If there seems to be a rhyme in the statement of the subject, let If there seems to be a rhyme in the statement of the subject, let all effort at rhyming be immediately disclaimed. If rhyme occurs, it is by accident and not by design. Dixie refers to that section of the United States commonly known as the South and frequently referred to as Dixie. Nineteen thirty-two is the good year of grace upon which we have just entered and during which the citizens of these United States will elect a President to serve them for the four years beginning March 4, 1933. The question then is, "What will the Southern States do in the presidential election next November?" This question is based on prohibition for prohibition vember?" This question is based on prohibition for prohibition and the attitude of candidates and political parties on prohibition will be the chief determining factor in what the Southern States

To essay the rôle of the political prophet in these days might seem adventurous even if one were a political expert. I am not a political prophet nor the son of a political prophet, though I may with proper modesty claim to know as much about the South as the three defeated candidates for the Presidency, who spoke recently in this room at the Jackson Day dinner, including the one from Ohio, who informed the Southern people that they should drive the preachers back to their pulpits so that the people can get the truth about prohibition.

To be able to forecast or to judge what anybody, any group of persons, or any group of States will do one must first form some judgment as to their character. Broadly, the Southern people are just plain, honest Americans, not different from other Americans wherever found. The South is not particularly peculiar and does not wish to be considered peculiar, much less sectional in feeling.

motive, and attitude.

But there are features of the South worth considering, things that have affected the course of the South in the past and that will undoubtedly affect that course in the future.

1. The southern people for the most part are a homogeneous people. There are Mexicans on the southwestern border; there are French-speaking Americans in Louisiana; there are Italians

along the Gulf Coast; there are other foreigners in comparatively small numbers scattered here and there. But for the most part the southern people are a homogeneous people descended from early American settlers, preserving in large measure the ideals,

early American settlers, preserving in large measure the ideals, the traditions of their fathers.

2. The southern people are loyal to the United States Government; they believe in the Constitution and the laws of this Government. If this statement seems to any to be contradicted by the War between the States in 1861–1865, the contradiction is only apparent. In that unfortunate struggle the Southern States contended for what they believed to be their clear rights under the Constitution as it was framed by the fathers of the Republic and as it existed at that time. The South not only accepted the Constitution as it was framed by the fathers of the Republic and as it existed at that time. The South not only accepted defeat at arms but accepted and has observed amendments to the Constitution added in the convulsions of war when the South was prostrate in defeat and poverty and the Southern States could not exercise their right and sovereignty in amending the Constitution. The Southern States have never rebelled against the Constitution of the United States. The southern people do not believe that the Constitution of the United States is "the supreme law of the land" only in spots, or subject to the will of a single State, or Tammany Hall, or Chicago racketeers, or the beer barons. The people of the South, let it be said again for emphasis, are loyal Americans believing in the National Government and standing for law and order.

3. The people of the South are a religious people. They are not nearly as pious and upright as they ought to be. They do not plead any superiority. They fall far below their own ideals in many things. They have among them a large element of citizens without church affiliations or distinct religious profession. But there

out church affiliations or distinct religious profession. But there are in the South vast religious constituencies with their church organizations, their ministers, their schools and colleges, their religious papers, and their benevolent institutions. Whatever may be thought or said about the South concerning the attitude of its people on any question—social, economic or political—one would go far afield if one failed to take into account the religious constituencies of the Southern States. In 1926 the Southern States had a population of 46,000,000 in round numbers. Of this number something over 20,000,000 professed definite religious beliefs and had church affiliation. Moreover, it is perfectly safe to say that, in spite of all shortcomings, these people, aside from rare possible exceptions, believe that a state or nation can do right or do wrong the same as an individual and that a citizen can well carry his

sense of right to the ballot box.

# WHAT THE SOUTH HAS DONE

In any effort to forecast what any people or group of people will do in the future, one of the best helps is to review what they have do in the future, one of the best helps is to review what they have done in the past. This is particularly true in the present case. What the Southern States will do in regard to prohibition is largely indicated by what they have done in the past. It is worthy of note that practically all of the Southern States about whose course we are thinking adopted prohibition in their own right and by the exercise of their own sovereign will. The list stands as follows: Oklahoma, in 1907, born dry; Georgia, 1908; Tennessee, North Carolina and Mississippi, 1909; Alabama, 1915; Arkansas and South Carolina, 1916; Texas by statute in 1918; constitutional amendment, 1919; Florida, 1919; Kentucky, 1920.

constitutional amendment, 1919; Florida, 1919; Kentucky, 1920. It is worthy of note also that most of these States, as the dates indicate, adopted prohibition long before national prohibition was enacted and even before it was thought of as a possi-bility in the near future.

What these States will do to protect and promote prohibition. not only State prohibition enacted by them but national prohibi-tion which they joined the other States of the Union to enact, is best indicated by the election returns in the presidential cam-

paign in 1928.

It is well known and well understood by all thoughtful and observant people that prohibition was the chief issue in that campaign. The South has been and is a section of great political solidarity. The political views and affiliations of southern people have been deep and profound. The allegiance and loyalty of the southern people to the political party with which they have been affiliated was almost tantamount to a religious con-

In 1928 the nominee of that party assumed to himself the right In 1928 the nominee of that party assumed to himself the right to cast overboard the platform adopted by the party convention and to announce a platform of his own, which declared in substance for the repeal of the eighteenth amendment. Thus for the first time prohibition became a party issue. This brought a crisis. This brought the southern people face to face with a real test. On the one hand were the political affiliations and traditions of the southern people, and on the other was the question of national prohibition and its preservation and promotion. It is perfectly fair and safe to say that no people has ever been confirmted by a political issue which stirred them more dearly. confronted by a political issue which stirred them more deeply or tested their metal and purpose more thoroughly. The question was, What shall we do now? Shall we accept the candidacy of a man who has repudiated the party and made his own platform and personality the supreme issue of the campaign, or shall we stand for the preservation and promotion of a great

shall we stand for the preservation and promotion of a great civic, social, economic, and moral reform?

Confronted by such an alternative the people of the South were not slow to decide. The election returns showed that the States commonly known as border States, namely, Maryland, Missouri, Kentucky, Tennessee, and Oklahoma, had all repudiated the candidate who chose to desert the party and to make himself and his wet program the chief issue of the campaign. Not only so, but

4 of the 10 Southern States which had formed the solid and unbroken South had likewise repudiated the wet program and had given their electoral votes to the candidate who was pledged to the support and maintenance of the eighteenth amendment and its supporting legislation. For the first time in their political history, Virginia, North Carolina, Florida, and Texas gave their electoral votes to the Republican nominee. This they did not because they are fundamentally Republican but because the eighteenth amendment, to which the people of the South are not only committed but are deeply devoted, had been challenged and would have been endangered by the election of a man committed to its destruction. Probably no greater political upheaval ever took place in any section of the country or group of States than is expressed in these remarkable and significant facts.

Let it be said here that in the mind of your speaker the chief determining factor in this whole matter was the devotion and loyalty of the South to the prohibition cause. The religious issue was not the major factor, if indeed a factor at all, in producing these results. The much-discussed religious issue, in so far as it was a factor, operated in two directions. The defeated candidate of that campaign gained more votes than he lost because of his religious affiliations. Undoubtedly the most of his correligionists gave him their support while at the same time multitudes of citi-zens of other religious faiths and affiliations gave him their sup-port as an answer to the possible charge of religious narrowness and intolerance; in a word, to show that whatever their religious views, they were broad and nonsectarian in their interpretation of civic matters and citizenship rights.

We now have before us, briefly sketched, who the people of the South are and what they have done.

### WHAT THE SOUTH WILL NOT DO

It may be helpful in undertaking to indicate what the South will do to note some things that the South will not do. For one thing, the South will not repudiate the moral and religious leadership of the pastors and ministers of the churches and of the people as represented by the churches.

During the last campaign the chairman of one of the political During the last campaign the chairman of one of the political parties, who had accepted the chairmanship, as he himself announced, because he saw in it an opportunity to aid in ridding the country of the "damnable affliction of prohibition," announced as one of his policies to have the people cut off the salaries of pastors who stood for what they conceived to be right in civic and moral matters. It is probable that no other one thing had quite so much to do as did this outburst against the pastors in determining the attitude of the South. In the recent Jackson Day dinner held in this city, a defeated candidate for the Presidency advised held in this city, a defeated candidate for the Presidency advised that the people should call the preachers back to their pulpits so that the people may get the truth about prohibition.

For the information of that gentleman and all others concerned, two things may be said: First, the preachers of the South are in their pulpits and they have been in their pulpits through all the years. They have been preaching and will continue to preach the gospel of the kingdom of God. They will undertake to show and lead the people in the doctrine that evil and immorality do not cease to be evil and immoral when adopted as a policy of government. They have preached and will continue to preach applied Christianity; a Christianity which will pervade every phase and sphere of life, both private and public. Indeed, the preachers of the South are in their pulpits and that is one of the chief explanations of the position of the southern people on the great social, economic, and moral reform about which we are thinking.

thinking.
Second, if the gentleman from Ohio means that the people of the South should attempt to close the mouths or change the messages of southern preachers so that they can not preach public morality, then that gentleman does not know either the preachers or the people of the South.

The preachers of the South are not a set of hirelings to cower under the lash of the political whip. They are prophets of God and will continue to prophesy and cry aloud in God's name for the destruction of evil and for the establishment of good and the enthropment of vightequeness.

enthronement of righteousness

Another thing the people of the South will not do is to submit to the political domination and leadership of corrupt and inpolitical organizations and machines such as Tammany Hall, under the influence of which judgeships have been bartered and sold like sheep in the shambles. No candidate for the Presidency can or will receive the support of the southern people who comes forth in the campaign with the badge and smell of Tammany Hall upon him. In a word, the South will not lend its aid in putting the Tammany tiger in control of the White House and the affairs of this Government.

Another thing the South will not do: It will not throw overboard in its local and State affairs the party with which it has long been affiliated, because, forsooth, it may have to give its support to a presidential candidate of a different party in order to express its devoted conviction as to the cause of prohibition. In a word, the Southern States will remain true and loyal in their

In a word, the Southern States will remain true and loyal in their local and State affairs to the party to which they have long been devoted, even though they find it necessary again to break with that party in the broader field of national candidates.

One of the things the South will not do is this: The South will not give its support to any candidate for the Presidency who is nominated on a wet platform or who himself is wet. The South believes in prohibition. The South stands for prohibition. The South will fight for prohibition. The South knows that prohibition, both National and State, would be seriously menaced if any

man were elected to the Presidency who is committed to its repeal or modification.

In the midst of all the fuss and smoke the South knows that resubmission would be a step toward repeal, with repeal as its purpose and objective. The South knows that increase in the alcoholic content of permitted beverages would be in violation of the eighteenth amendment and would work its destruction. The South will take its stand and fight to the bitter end every man and every movement seeking the repeal or modification of pro-hibition as now embedded in the Constitution and laws of our

The South will not be misled by the hue and cry about State rights. The South knows that the wets who are now paying lip service to State rights either do not understand what State rights means or else, knowing what it means, are deliberately or maliciously misinterpreting and perverting this thing which is sacred and foundmental in our Covernment. and fundamental in our Government.

The South knows and believes in a doctrine of State rights. They know that the Federal Government is a government not of direct powers but of ceded or conferred powers. The South knows that the Federal Government is the creature of the States; that when the States formed the Federal Government they reserved to themselves forever the right to amend the Federal Constitution.

The South knows that when the States, acting in the manner prescribed by themselves, amend the Federal Constitution, this procedure is not in violation of or repudiation of State rights, but is the highest expression of State rights. The South knows that the eighteenth amendment is the highest, fullest, and freest exercise of State rights that we have ever had since the Republic was founded. The South will not now be influenced in the slightest degree by the hue and cry raised concerning State rights by sinister and destructive influences, and the men who raise that by sinister and destructive influences, and the men who raise that cry, not because they believe in State rights, but because they believe in the rights of liquor to control not only their own stomachs and pocketbooks but to control all government for its own nefarious ends.

The people of the South will not be deceived or misled by talk of a referendum on prohibition as we now have it, whether such talk proposes a national referendum or State referenda, no matter from what source such proposals may come. The people of the South believe in a "government of the people, by the people, and for the people." They know that such Government we now have. The people of the South know that we have no provision in our The people of the South know that we have no provision in our present form of government for a referendum, whether National or State, on any part of the Constitution of the United States or on any law enacted by Congress in pursuance thereof. Our opposition to all suggestions about a referendum is not based on any lack of confidence in the people nor any doubt that the great majority of the American people are in favor of prohibition. We have all confidence in the people and we know, or think we know, that a great majority of the people believe in prohibition and stand unfalteringly for its support and perpetuation.

unfalteringly for its support and perpetuation.

Their will has been expressed in the regular and constitutional way, over and over, again and again, and will continue to be so expressed. To propose a referendum on this question is to propose a revolution in our form of government. If you could have a referendum on prohibition, you could have a referendum on slavery, or any other provision of the Constitution. The only "referendum" that can be had on prohibition is the one had every two years in the election of all Members of the House of Representatives and of one-third of the Senators and the one had every four years in the election of a President. Whenever the majority of the people in two-thirds of the congressional districts and a mayears in the election of a President. Whenever the majority of the people in two-thirds of the congressional districts and a majority of the people in two-thirds of the States tire of prohibition they can easily elect enough wet Senators and Representatives to propose to the States an amendment for repeal; and whenever the people of the States instruct a majority of their presidential electors to cast their ballots for a wet candidate for President we will have a President out of sympathy with the present order.

We believe in the people; we know that the people believe in prohibition. The people also believe in the orderly and constitutional process of government. Even if the people desired to overturn prohibition they would not be willing to overthrow their form of government as a means to that end. Our task now is not simply to protect and promote prohibition but also to protect and promote our form of government and its constitutional and orderly processes.

orderly processes.

Some wets more devoted to liquor than to law may advocate a procedure that would destroy our form of government; even misinformed drys here and there may be misled by such proposals, but the people of the South know better and will not be misled. The people of the South will never consent that the drys shall assist the wets in undoing and destroying the results of the prayers, labors, and sacrifices of more than 100 years which brought the greatest reform in the greatest Government in the history of the organized governments of the world.

# WHAT THE SOUTH WILL DO

This final question has been answered already in the fore-This mail question has been answered arready in the fore-going declaration of what the South will not do, except this final and closing word: If the South is forced to a choice it will stand in the future as it has stood in the past, firm and true to its highest and best convictions on a great social, economic, and moral issue and will cast its vote for a presidential candidate committed to the maintenance, protection and promotion of prohibition, regardless of party label.

The South hopes that the political party with which it is always affiliated and to the interests of which it is deeply devoted, will

not, under the influence of an evil and alien leadership, betray the moral convictions of the South and force upon it any such choice or alternative. But, having lived in every part of the South and having worked intimately with the people of the South for many years, knowing the South as he believes he does, this speaker would warn all political party leaders that if they desire or expect the support of the South they must stand before the South with clean hands and pure hearts on the subject of prohibition and must not attempt to betray the convictions of the South or destroy the highest interests of the South and the highest interests of the American people. American people.

### NATIONAL DEFENSE

Mr. JONES. Mr. President, I hold in my hand a letter from the Reserve Officers' Association of the United States, Department of Washington, with reference to their attitude regarding legislation pertaining to the national defense. I ask to have it printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF WASHINGTON, SPOKANE CHAPTER, RESERVE OFFICERS' ASSOCIATION OF THE UNITED STATES, Spokane, Wash., March 12, 1932.

Spokane, Wash., March 12, 1932.

Hon. Wesley L. Jones,
Senate Office Building, Washington, D. C.

Dear Senator Jones: The Spokane chapter, Reserve Officers' Association, has authorized me, by unanimous vote, to present its views respecting legislation pertaining to our national defense.

It is of vital importance at this time that the provisions of the national defense act, as amended by the act of Congress, approved June 4, 1920, be carried out to the fullest extent, taking into consideration not only the maintenance equipment and training of sideration not only the maintenance, equipment, and training of the Regular Army, the National Guard, and the Organized Reserves, but also the precarious condition of world peace, which has be-come seriously imperiled because of recent territorial acquisitions by the Japanese Empire in Manchuria and China.

Our organization is not advocating a large army, nor any change in the post-war policy of the United States as arrived at by the Congress, and as enacted in the national defense act, as amended

June 4, 1920.

Our interests, and I speak for 200 reserve officers in Spokane County, primarily are those of taxpayers and citizens, not of professional soldiers. We believe it would be very unwise to reduce the already slender Military Establishment of this country. Many of our members have seen for themselves the unnecessary cost in human lives that is paid when a nation, almost totally uninstructed in military defense, is suddenly hurled into war against a nation well equipped and with large trained reserves. It is our belief that properly instructed leadership and adequate equipment acquired in times of peace will save many thousands of lives in time of war, to say nothing of many millions of dollars. Our Regular Army is not large enough to supply all of the required leadership and personnel necessary for any major mobilization; most of it will of necessity be derived from civilian sources, such as the Organized Reserves. Our interests, and I speak for 200 reserve officers in Spokane as the Organized Reserves.

The groups advocating disarmament frequently cite figures and statistics which are distorted. Post-war bonuses and compensation to able-bodied veterans who received no physical or mental injuries should not be classified as expenditures for national defense, nor post-war loans at high rates of interest to foreign countries, which are secured but unpaid. Neither do they allow for the vast difference in money expenditures between an orderly and adequate preparation for national defense as compared to the tremendous sums spent in a great hurry to make up for lost time and opportunity. When our Nation has heretofore been confronted with a war, and with insufficient equipment and personnel, it has of necessity had to waste in order to make haste; viz, the \$700,-000,000 appropriation for the airplane program in 1917, after the declaration of war against Germany, only resulted in a comparatively few combat airplanes being delivered to the theater of war in France.

In the Battles of Cantigny, St. Mihiel, and Meuse-Argonne, in France, our attacking Infantry did not have sufficient artillery support with high-explosive shell, as compared to German troops, and as a result our Infantry losses were out of proportion to the

ground gained by the attacks.

ground gained by the attacks.

War per se can not be averted by disarmament, prayers, or curses. The present situation in China is ominous, and can not be ignored. According to the news, Japan has violated the provisions of the 9-power treaty, the Kellogg-Briand peace pact, the open-door policy, and the league covenant of the treaty of Versailles. Japan has acquired, by force of arms, all of southern Manchuria, and is the dominant military power in the free port of Shanghai; and with its army and navy has overturned the balanced equilibrium of power amongst the nations of the north Pacific Ocean. Historical precedent teaches us that this is one of the primary causes of war; and usually, coming events cast their shadows before! their shadows before!

We, therefore, recommend the following:

1. That the Regular Army should be kept in its present commissioned and enlisted strength, and that it be adequately equipped with modern ordnance and aircraft of advanced design. In its relations with the civilian components, the Regular Army does more than provide merely military training for interested citizens; it brings into closer contact the Regular Army, National

Guard, and Organized Reserves, and develops an effective spirit of cooperation and wholeheartedness.

Reserve officers should receive active-duty training for short 2. Reserve officers should receive active-duty training for short periods. Extension courses and inactive-duty training in military studies are very valuable, but should be applied by occasional active duty to aid in its effectiveness. The older reserve officers with war-time experience are being gradually supplanted by the newer members from the Reserve Officers' Training Corps and citizens' military training camps, thus insuring an adequate officer personnel to assume the responsible duties of junior officers in the event of a mobilization.

3. We are in favor of the continuation of summer training for the Organized Reserves, the Reserve Officers' Training Corps, the National Guard, the citizens' military training camps, and the National Rifle Matches.

National Rifle Matches.

4. We are opposed to the reduction of field and armory drill pay of the National Guard.

It is sincerely requested that unanimous consent be obtained to place this statement in the Congressional Record.

Very sincerely,

Don E. Engdahl, President Spokane Chapter, Reserve Officers' Association.

### ADJOURNMENT TO MONDAY

Mr. McNARY. I move that the Senate adjourn until Monday at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) adjourned until Monday, March 21, 1932, at 12 o'clock meridian.

### NOMINATIONS

Executive nominations received by the Senate March 18 (legislative day of March 14), 1932

### UNITED STATES MARSHALS

George S. Pitman, of Virginia, to be United States marshal, eastern district of Virginia. (He is now serving in this position under an appointment by the court.)

Cooper Hudspeth, of Arkansas, to be United States marshal, western district of Arkansas. (He is now serving in this position under an appointment which expired March 5, 1932.)

Samuel L. Gross, of Texas, to be United States marshal, northern district of Texas. (He is now serving in this position under an appointment which expired March 6, 1932.)

# COAST AND GEODETIC SURVEY

The following-named officers of the Coast and Geodetic Survey to the positions named:

Junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy)

Robert Alexander Marshall, of Massachusetts, vice H. A.

Hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy)

Hubert Alexander Paton, of Arkansas, vice G. C. Jones, promoted.

# APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY TO FINANCE DEPARTMENT

Lieut. Col. George R. Somerville, Cavalry, with rank from July 23, 1921, effective May 1, 1932.

First Lieut. Harold Francis Chrisman, Infantry (detailed in Finance Department), with rank from April 26, 1930.

First Lieut. Fiorre John Stagliano, Coast Artillery Corps (detailed in Ordnance Department), with rank from October 1, 1931.

# TO COAST ARTILLERY CORPS

First Lieut. Albert Delmar Miller, Finance Department, with rank from July 9, 1929.

# TO ORDNANCE DEPARTMENT

First Lieut. Paul Maurice Seleen, Signal Corps (detailed in Ordnance Department), with rank from December 1, 1930.

PROMOTIONS IN THE REGULAR ARMY

# To be colonel

Lieut. Col. Arthur James Lynch, Quartermaster Corps, from March 10, 1932.

# To be lieutenant colonel

Maj. Homer McLaughlin Groninger, Cavalry, from March

### To be major

Capt. Irvin Edward Doane, Infantry, from March 10, 1932.

To be captain

First Lieut. Herbert Edson Willis, Infantry, from March 10, 1932.

### To be first lieutenant

Second Lieut. Marvin John McKinney, Coast Artillery Corps, from March 10, 1932.

### MEDICAL CORPS

# To be captains

First Lieut. Orlo Charles Paciulli, Medical Corps, from March 12, 1932.

First Lieut. Gilles Edward Horrocks, Medical Corps, from March 12, 1932.

First Lieut. Ralph Mathew Thompson, Medical Corps, from March 12, 1932.

First Lieut. Paul Crump Gilliland, Medical Corps, from March 15, 1932.

### POSTMASTERS

### ALABAMA

Margie Gardner to be postmaster at Aliceville, Ala., in place of Margie Gardner. Incumbent's commission expires April 2, 1932.

Charles L. Jackson to be postmaster at Ashford, Ala., in place of C. L. Jackson. Incumbent's commission expired March 1, 1932.

Virgil B. Huff to be postmaster at Brundidge, Ala., in place of V. B. Huff. Incumbent's commission expires April 2, 1932.

Scottie R. Wester to be postmaster at Center, Ala., in place of S. R. Wester. Incumbent's commission expires April 2, 1932.

Dyer B. Crow to be postmaster at Collinsville, Ala., in place of D. B. Crow. Incumbent's commission expires April 23, 1932.

James F. Baker to be postmaster at Columbiana, Ala., in place of J. F. Baker. Incumbent's commission expires March 22, 1932.

Alexander H. Byrd to be postmaster at Eutaw, Ala., in place of A. H. Byrd. Incumbent's commission expires April 10, 1932.

John H. Nixon to be postmaster at Goshen, Ala., in place of J. H. Nixon. Incumbent's commission expired January 25, 1932.

James W. Coker to be postmaster at Irondale, Ala., in place of I. K. Petty, removed.

Phil B. Payne to be postmaster at New Market, Ala., in place of P. B. Payne. Incumbent's commission expires April 2, 1932.

Annie R. Sherrer to be postmaster at Phenix City, Ala., in place of A. R. Sherrer. Incumbent's commission expires April 2, 1932.

Melvin D. Jackson to be postmaster at Phil Campbell, Ala., in place of M. D. Jackson. Incumbent's commission expires April 10, 1932.

Zula L. Persons to be postmaster at Prichard, Ala., in place of Z. L. Persons. Incumbent's commission expires April 23, 1932.

Glenn E. Guthrie to be postmaster at Townley, Ala., in place of G. E. Guthrie. Incumbent's commission expires April 2, 1932.

# ALASK

Ernest I. Amundsen to be postmaster at Anchorage, Alaska, in place of H. S. Sogn. Incumbent's commission expired January 10, 1932.

# ARIZONA

Loren W. Harper to be postmaster at Buckeye, Ariz., in place of Beulah Maitland. Incumbent's commission expired January 27, 1932.

John A. Williams to be postmaster at Hayden, Ariz., in place of J. A. Williams. Incumbent's commission expires April 9, 1932.

### ARKANSAS

Ernest R. Wynn to be postmaster at Bald Knob, Ark., in place of Bing Moody. Incumbent's commission expired December 19, 1931.

Charles N. Ruffin to be postmaster at De Witt, Ark., in place of C. N. Ruffin. Incumbent's commission expires April 23, 1932.

James D. Lowrie to be postmaster at Elaine, Ark., in place of J. D. Lowrie. Incumbent's commission expires April 23, 1932

Julius L. Stephenson to be postmaster at Everton, Ark., in place of J. L. Stephenson. Incumbent's commission expires April 23, 1932.

Eustace A. Davis to be postmaster at Hatfield, Ark., in place of E. A. Davis. Incumbent's commission expires April 23, 1932.

Charlotte A. Proctor to be postmaster at Hazen, Ark., in place of C. A. Proctor. Incumbent's commission expires April 23, 1932.

Barney L. Castleberry to be postmaster at Leslie, Ark., in place of B. L. Castleberry. Incumbent's commission expired February 4, 1932.

Henry A. Parker to be postmaster at Murfreesboro, Ark., in place of T. A. Hunt. Incumbent's commission expired December 19, 1931.

John R. Joyce to be postmaster at Springdale, Ark., in place of E. S. Thompson. Incumbent's commission expired December 19, 1931.

Warren P. Downing to be postmaster at Weiner, Ark., in place of W. P. Downing. Incumbent's commission expires April 23, 1932.

### CALIFORNIA

John V. Covell to be postmaster at Arcadia, Calif., in place of J. H. Hoeppel, removed.

Jesse D. Myers to be postmaster at Arlington, Calif., in place of J. D. Myers. Incumbent's commission expires April 3, 1932.

George Friend to be postmaster at Brea, Calif., in place of F. E. Mathews, resigned.

Thomas J. Wylie to be postmaster at Cedarville, Calif., in place of T. J. Wylie. Incumbent's commission expires April 11, 1932.

Corinne Dolcini to be postmaster at Guadalupe, Calif., in place of Corinne Dolcini. Incumbent's commission expired January 11, 1932.

Harry H. Chapman to be postmaster at Hornbrook, Calif., in place of H. H. Chapman. Incumbent's commission expires April 24, 1932.

Nettie Fausel to be postmaster at Independence, Calif., in place of Nettie Fausel. Incumbent's commission expires April 3, 1932.

Nannie A. Coleman to be postmaster at Kentfield, Calif., in place of E. L. Ely, resigned.

James Gillies to be postmaster at Napa, Calif., in place of James Gillies. Incumbent's commission expires April 11, 1932.

Frank E. Quirk to be postmaster at Rosemead, Calif., in place of F. E. Quirk. Incumbent's commission expired January 31, 1932.

Anna McMichael to be postmaster at San Juan Bautista, Calif., in place of Anna McMichael. Incumbent's commission expires April 11, 1932.

Catherine E. Ortega to be postmaster at Sonora, Calif., in place of C. E. Ortega. Incumbent's commission expires April 6, 1932.

Mary S. Rutherford to be postmaster at Truckee, Calif., in place of M. S. Rutherford. Incumbent's commission expires April 24, 1932.

M. Elizabeth Woods to be postmaster at Wilmington, Calif., in place of M. E. Woods. Incumbent's commission expired March 14, 1932.

# COLORADO

Charles C. Hurst to be postmaster at Antonito, Colo., in place of C. C. Hurst. Incumbent's commission expires April 9, 1932.

John M. Miller to be postmaster at Campo, Colo., in place | Fred W. Neuman to be postmaster at Grand Ridge, Ill., of J. M. Miller. Incumbent's commission expired January 12,

Frances Lessley to be postmaster at Granby, Colo., in place of Frances Lessley. Incumbent's commission expires April 3, 1932.

William L. Butler to be postmaster at Vona, Colo., in place of W. L. Butler. Incumbent's commission expires April 17, 1932.

#### CONNECTICUT

Louis J. A. Stefon to be postmaster at Baltic, Conn., in place of L. J. A. Stefon. Incumbent's commission expired February 10, 1932.

George A. Sullivan to be postmaster at Guilford, Conn., in place of R. D. Bristol, retired.

Louise L. MacDonald to be postmaster at Riverside, Conn., in place of S. E. Louden, deceased.

Clarence J. Carlton to be postmaster at Arcadia, Fla., in place of C. J. Carlton. Incumbent's commission expired February 24, 1931.

Ralph C. Allen to be postmaster at Auburndale, Fla., in place of R. C. Allen. Incumbent's commission expired February 14, 1932.

Mary Joyner to be postmaster at Bagdad, Fla., in place of Mary Joyner. Incumbent's commission expired March 7, 1932.

Capers S. Weathersbee, jr., to be postmaster at Branford, Fla., in place of C. S. Weathersbee, jr. Incumbent's commission expired January 11, 1932.

Walter C. Gholson to be postmaster at Chattahoochee, Fla., in place of W. C. Gholson. Incumbent's commission expired January 11, 1932.

Thomas J. Bulford to be postmaster at Hilliard, Fla., in place of T. J. Bulford. Incumbent's commission expired February 20, 1932.

James A. Zipperer to be postmaster at Madison, Fla., in place of J. A. Zipperer. Incumbent's commission expires April 30, 1932.

Lera H. Davis to be postmaster at Mayo, Fla., in place of L. H. Davis. Incumbent's commission expired January 4, 1932.

Daisy D. Pollard to be postmaster at Miami Springs, Fla., in place of D. D. Pollard. Incumbent's commission expired February 14, 1932.

William B. Fletcher to be postmaster at Tarpon Springs, Fla., in place of M. L. Liles. Incumbent's commission expired July 2, 1930.

# GEORGIA

Herbert I. King to be postmaster at Dexter, Ga., in place of H. I. King. Incumbent's commission expired May 20,

Thomas J. Barfield to be postmaster at Emory University, Ga., in place of L. L. Clegg, resigned.

Estelle Willis to be postmaster at Hardwick, Ga., in place of Estelle Willis. Incumbent's commission expired December 22, 1930.

Virginia E. Holder to be postmaster at Jefferson, Ga., in place of G. D. Appleby. Incumbent's commission expired May 7, 1930.

Clarence G. Hardigree to be postmaster at Watkinsville, Ga., in place of C. G. Hardigree. Incumbent's commission expired December 19, 1931.

# IDAHO

Elmer H. Snyder to be postmaster at Filer, Idaho, in place of E. H. Snyder. Incumbent's commission expired February 16, 1932.

# ILLINOIS

William M. Rentschler to be postmaster at Allendale, Ill., in place of W. M. Rentschler. Incumbent's commission expired February 7, 1932.

John M. Bradley to be postmaster at Cypress, Ill., in place of J. M. Bradley. Incumbent's commission expired December 15, 1931.

in place of F. W. Neuman. Incumbent's commission expires April 23, 1932.

Roy M. Dalrymple to be postmaster at Oblong, Ill., in place of E. B. Walters. Incumbent's Commission expired January 28, 1931.

Edward F. Ledoyt to be postmaster at Sandwich, Ill., in place of E. F. Ledoyt. Incumbent's commission expires April 10, 1932.

#### INDIANA

David M. Hoover to be postmaster at Elkhart, Ind., in place of A. J. Baumgartner. Incumbent's commission expired January 11, 1932.

Roy R. Roudebush to be postmaster at Greenfield, Ind., in place of Ora Myers. Incumbent's commission expired January 27, 1932.

Frank H. McGuire to be postmaster at Milroy, Ind., in place of F. H. McGuire. Incumbent's commission expires April 20, 1932.

Grant F. Long to be postmaster at Monon, Ind., in place of L. M. Curtis. Incumbent's commission expired December 19, 1931.

George W. Owen to be postmaster at Poseyville, Ind., in place of G. W. Owen. Incumbent's commission expires April

Jacob Ochs, jr., to be postmaster at Remington, Ind., in place of Jacob Ochs, jr. Incumbent's commission expired December 14, 1930.

Frank M. Thompson to be postmaster at Versailles, Ind., in place of L. L. Konkle. Incumbent's commission expired June 28, 1930.

#### IOWA

George W. Goss to be postmaster at Blairstown, Iowa, in place of G. W. Goss. Incumbent's commission expires April 3, 1932.

Ella Yeager to be postmaster at Cincinnati, Iowa, in place of Ella Yeager. Incumbent's commission expired January 10, 1932.

Alexander B. Clark to be postmaster at Clarinda, Iowa, in place of A. B. Clark. Incumbent's commission expires April 10, 1932.

Josephine Slagle to be postmaster at Cylinder, Iowa. Office became presidential July 1, 1931.

Ralph J. Viner to be postmaster at Elliott, Iowa, in place of R. J. Viner. Incumbent's commission expires April 13, 1932.

Marion G. McCreight to be postmaster at Greenfield, Iowa, in place of M. G. McCreight. Incumbent's commission expired December 19, 1931.

Frank H. Davis to be postmaster at Ionia, Iowa, in place of F. H. Davis. Incumbent's commission expired December

Hudson K. Piatt to be postmaster at Macedonia, Iowa, in place of H. K. Piatt. Incumbent's commission expires April 10. 1932.

Everett G. Tripp to be postmaster at Mapleton, Iowa, in place of B. H. Morrison. Incumbent's commission expired January 25, 1930.

Miller S. McFarland to be postmaster at Marshalltown, Iowa, in place of M. S. McFarland. Incumbent's commission expires April 10, 1932.

Harry C. Goplerud to be postmaster at Osage, Iowa, in place of H. C. Goplerud. Incumbent's commission expires April 10, 1932.

Marvin K. Moore to be postmaster at Pacific Junction. Iowa, in place of M. K. Moore. Incumbent's commission expires April 20, 1932.

Wynema Bower to be postmaster at State Center, Iowa, in place of Wynema Bower. Incumbent's commission expires April 3, 1932.

Thompson C. Moffit to be postmaster at Tipton, Iowa, in place of T. C. Moffit. Incumbent's commission expires April

### KANSAS

Frank E. George to be postmaster at Altamont, Kans., in place of F. E. George. Incumbent's commission expired March 26, 1930.

Jemima Hill to be postmaster at Arma, Kans., in place of Jemima Hill. Incumbent's commission expires April 20, 1932.

Chester M. Cellar to be postmaster at Burlington, Kans., in place of C. M. Cellar. Incumbent's commission expires April 9, 1932.

Thomas G. Riggs to be postmaster at Burns, Kans., in place of C. A. Codding, deceased.

Harry Morris to be postmaster at Garnett, Kans., in place of Harry Morris. Incumbent's commission expired March 1 1932

Ethel White to be postmaster at Merriam, Kans., in place of Ethel White. Incumbent's commission expires March 26, 1932.

Anna Smith to be postmaster at Moundridge, Kans., in place of Anna Smih. Incumbent's commission expires April 24, 1932.

Myron Johnson to be postmaster at Oakley, Kans., in place of Myron Johnson. Incumbent's commission expires April 30, 1932.

William M. McDannald to be postmaster at Peru, Kans., in place of W. M. McDannald. Incumbent's commission expired December 19, 1931.

C. Harold Keiter to be postmaster at Scammon, Kans., in piace of C. H. Keiter. Incumbent's commission expired December 15, 1931.

Josie B. Stewart to be postmaster at Sylvan Grove, Kans., in place of J. B. Stewart. Incumbent's commission expires April 9, 1932.

Elra L. Robison to be postmaster at Walnut, Kans., in place of E. L. Robison. Incumbent's commission expires April 20, 1932.

### KENTUCKY

William A. Work to be postmaster at Augusta, Ky., in place of Achsa Kinnett, removed.

Flo W. Stamper to be postmaster at Beattyville, Ky., in place of F. W. Stamper. Incumbent's commission expires April 9, 1932.

William C. Huddleston to be postmaster at Butler, Ky., in place of W. C. Huddleston. Incumbent's commission expires April 5, 1932.

George D. Montfort to be postmaster at Campbellsburg, Ky., in place of G. D. Montfort. Incumbent's commission expired December 19, 1931.

Dewey Daniel to be postmaster at Hazard, Ky., in place of Dewey Daniel. Incumbent's commission expired January 31, 1932.

George R. Warren to be postmaster at Lexington, Ky., in place of G. R. Warren. Incumbent's commission expired February 8, 1932.

Don C. Van Hoose to be postmaster at Paintsville, Ky., in place of D. C. Van Hoose. Incumbent's commission expired January 12, 1932.

Albert E. Brown to be postmaster at Pembroke, Ky., in place of A. E. Brown. Incumbent's commission expired March 9, 1932.

James A. Clapp to be postmaster at Pryorsburg, Ky. Office became presidential July 1, 1929.

William E. Ashby to be postmaster at Shepherdsville, Ky., in place of W. E. Ashby. Incumbent's commission expired December 15, 1929.

# LOUISIANA

Lula L. Trott to be postmaster at Ringgold, La., in place of M. E. Jones. Incumbent's commission expired May 17,

Dudley V. Wigner to be postmaster at Vidalia, La., in place of D. V. Wigner. Incumbent's commission expired February 10, 1931.

# MAINE

Ralph A. Bessey to be postmaster at Canton, Me., in place of R. A. Bessey. Incumbent's commission expires April 30, 1932.

G. Walter Akers to be postmaster at Kents Hill, Me., in place of G. W. Akers. Incumbent's commission expires April 26, 1932.

Charles E. Toothaker to be postmaster at Phillips, Me., in place of H. S. Bates, removed.

Phoebe Stevens to be postmaster at Portage, Me., in place of Phoebe Stevens. Incumbent's commission expires April 3, 1932.

Edward R. Veazie to be postmaster at Rockland, Me., in place of E. R. Veazie. Incumbent's commission expires April 20, 1932.

### MARYLAND

Charles H. Johnson to be postmaster at Edgewood, Md., in place of C. H. Johnson. Incumbent's commission expired February 29, 1932.

### MASSACHUSETTS

Henry D. Ainsworth to be postmaster at Grafton, Mass., in place of H. D. Ainsworth. Incumbent's commission expires March 27, 1932.

John R. Walsh to be postmaster at Topsfield, Mass., in place of J. R. Walsh. Incumbent's commission expires April 24, 1932.

### MICHIGAN

C. Clyde Beach to be postmaster at Deerfield, Mich., in place of C. C. Beach. Incumbent's commission expires April 9, 1932.

Arthur Dillon to be postmaster at East Tawas, Mich., in place of Arthur Dillon. Incumbent's commission expires April 20, 1932.

Harry E. Penninger to be postmaster at Lake Linden, Mich., in place of H. E. Penninger. Incumbent's commission expires April 20, 1932.

Burton E. Giles to be postmaster at Plymouth, Mich., in place of B. E. Giles. Incumbent's commission expires April 17, 1932.

Carrie M. Colegrove to be postmaster at Remus, Mich., in place of C. M. Colegrove. Incumbent's commission expires April 20, 1932.

Ralph S. Wiggins to be postmaster at Sunfield, Mich., in place of R. S. Wiggins. Incumbent's commission expires April 17, 1932.

Albert S. Stieg to be postmaster at Temperance, Mich., in place of A. S. Stieg. Incumbent's commission expires April 6, 1932.

Charles J. McCauley to be postmaster at Wells, Mich., in place of C. J. McCauley. Incumbent's commission expires April 9, 1932.

# MINNESOTA

Philip P. Palmer to be postmaster at Backus, Minn., in place of P. P. Palmer. Incumbent's commission expired March 1, 1932.

Paul B. Sanderson to be postmaster at Baudette, Minn., in place of P. B. Sanderson. Incumbent's commission expires March 20, 1932.

Martin Leet to be postmaster at Blackduck, Minn., in place of Martin Leet. Incumbent's commission expired January 18, 1932.

Henry H. Lukken to be postmaster at Boyd, Minn., in place of H. H. Lukken. Incumbent's commission expired February 9, 1931.

Carl Adams to be postmaster at Brainerd, Minn., in place of Carl Adams. Incumbent's commission expired January 18, 1932.

Nellie M. Watkins to be postmaster at Clinton, Minn., in place of N. M. Watkins. Incumbent's commission expired February 11, 1931.

Nels O. Strommen to be postmaster at Halstad, Minn., in place of N. O. Strommen. Incumbent's commission expired January 10, 1932.

Olaf Syverson to be postmaster at Hancock, Minn., in place of E. J. Bahe. Incumbent's commission expired June 16, 1930.

Gay C. Huntley to be postmaster at Hill City, Minn., in place of G. C. Huntley. Incumbent's commission expires March 29, 1932.

George W. Pfeiffer to be postmaster at Holloway, Minn., in place of A. P. Wells, resigned.

Adolph C. Gilbertson to be postmaster at Ironton, Minn., in place of A. C. Gilbertson. Incumbent's commission expired January 18, 1932.

Olaf T. Mork to be postmaster at Madison, Minn., in place of O. T. Mork. Incumbent's commission expires April 23, 1932.

Louis Vinje to be postmaster at Morris, Minn., in place of Louis Vinje. Incumbent's commission expires April 9, 1932.

John A. Hilden to be postmaster at Oslo, Minn., in place of J. A. Hilden. Incumbent's commission expires April 23, 1932.

Emily F. Peake to be postmaster at Remer, Minn., in place of E. F. Peake. Incumbent's commission expired January 18, 1932.

Lucien M. Helm to be postmaster at Tower, Minn., in place of L. M. Helm. Incumbent's commission expires April 9, 1932.

Alice K. Hill to be postmaster at Upsala, Minn., in place of A. K. Hill. Incumbent's commission expired January 10, 1932.

Jacob J. Thomas to be postmaster at Young America, Minn., in place of A. F. Truwe, deceased.

### MISSISSIPPI

Cornelius V. Thurmond to be postmaster at Mound Bayou, Miss., in place of C. V. Thurmond. Incumbent's commission expired January 22, 1931.

### MISSOURI

James E. Roark to be postmaster at Anderson, Mo., in place of J. E. Roark. Incumbent's commission expired December 19, 1931.

Cleo J. Burch to be postmaster at Brookfield, Mo., in place of C. J. Burch. Incumbent's commission expires April 9, 1932.

Walter L. Hert to be postmaster at California, Mo., in place of W. L. Hert. Incumbent's commission expires March 20, 1932.

Charles C. Bishop to be postmaster at Clarence, Mo., in place of C. C. Bishop. Incumbent's commission expired January 31, 1932.

Edward C. DeField to be postmaster at East Prairie, Mo., in place of E. C. DeField. Incumbent's commission expires April 11, 1932.

Henry P. Hughes to be postmaster at Everton, Mo., in place of H. P. Hughes. Incumbent's commission expires April 24, 1932.

Merton M. Meador to be postmaster at Exeter, Mo. in place of M. M. Meador. Incumbent's commission expired December 19, 1931.

George Thayer to be postmaster at Flemington, Mo., in place of George Thayer. Incumbent's commission expired March 1, 1932.

Henry M. Phillips to be postmaster at Goodman, Mo., in place of W. B. Green, removed.

Samuel H. Hudson to be postmaster at Granby, Mo., in place of S. H. Hudson. Incumbent's commission expired March 1, 1932.

William W. Shoop to be postmaster at Green City, Mo., in place of W. W. Shoop. Incumbent's commission expired January 31, 1932.

Maude F. Eaton to be postmaster at Leadwood, Mo., in place of M. F. Eaton. Incumbent's commission expired January 31, 1932.

Ione C. Ritter to be postmaster at Lees Summit, Mo., in place of I. C. Ritter. Incumbent's commission expired January 31, 1932.

Byron Burch to be postmaster at Linneus, Mo., in place of Byron Burch. Incumbent's commission expires April 9, 1932.

Ada J. Barker to be postmaster at Marquand, Mo., in place of A. J. Barker. Incumbent's commission expires April 9, 1932.

Oliver W. Neff to be postmaster at Nevada, Mo., in place of W. F. Crigler, deceased.

Alexander T. Boothe to be postmaster at Pierce City, Mo., in place of A. T. Boothe. Incumbent's commission expired February 24, 1932.

John E. Klumpp to be postmaster at Rich Hill, Mo., in place of J. E. Klumpp. Incumbent's commission expires April 11, 1932.

Oley S. Cardwell to be postmaster at St. Clair, Mo., in place of O. S. Cardwell. Incumbent's commission expires April 11, 1932.

Leo V. Anderson to be postmaster at St. Joseph, Mo., in place of Elliot Marshall. Incumbent's commission expired January 31, 1932.

Otis H. Storey to be postmaster at Senath, Mo., in place of O. H. Storey. Incumbent's commission expires April 9, 1932.

Frances R. Jones to be postmaster at Sheldon, Mo., in place of F. R. Jones. Incumbent's commission expired February 7, 1932.

James R. Simmons to be postmaster at Stotts City, Mo., in place of J. R. Simmons. Incumbent's commission expired December 19, 1931.

#### MONTANA

Margaret B. Whetstone to be postmaster at Cut Bank, Mont., in place of M. B. Whetstone. Incumbent's commission expires April 2, 1932.

George H. White to be postmaster at Oilmont, Mont., in place of G. H. White. Incumbent's commission expires April 2, 1932.

#### NEBRASKA

William S. Burrows to be postmaster at Albion, Nebr., in place of W. S. Burrows. Incumbent's commission expired January 9, 1932.

George W. Bennett, jr., to be postmaster at Arnold, Nebr., in place of G. W. Bennett, jr. Incumbent's commission expires April 9, 1932.

Dolph L. Houser to be postmaster at Campbell, Nebr., in place of D. L. Houser. Incumbent's commission expired December 19, 1931.

Erma G. Stoll to be postmaster at Curtis, Nebr., in place of E. G. Stoll. Incumbent's commission expired January 9, 1932.

Sanford E. Ralsten to be postmaster at Geneva, Nebr., in place of S. E. Ralsten. Incumbent's commission expired December 19, 1931.

Frank J. Prucha to be postmaster at Howell, Nebr., in place of F. J. Prucha. Incumbent's commission expired December 19, 1931.

Ernest G. Miller to be postmaster at Lynch, Nebr., in place of E. G. Miller. Incumbent's commission expires April 9, 1932.

Robert G. Walsh to be postmaster at Morrill, Nebr., in place of R. G. Walsh. Incumbent's commission expires April 9, 1932.

Augusta Robb to be postmaster at Union, Nebr., in place of Augusta Robb. Incumbent's commission expired December 19, 1931.

Ray W. Jones to be postmaster at Utica, Nebr., in place of R. W. Jones. Incumbent's commission expired January 9, 1932.

Ruth L. Mead to be postmaster at Western, Nebr., in place of Wayne Mead, deceased.

Louis J. Bouchal to be postmaster at Wilber, Nebr., in place of L. J. Bouchal. Incumbent's commission expired February 9, 1932.

Harry H. Jordan to be postmaster at Wilcox, Nebr., in place of H. H. Jordan. Incumbent's commission expired December 19, 1931.

# NEW HAMPSHIRE

Lauriston M. Goddard to be postmaster at Ashland, N. H., in place of L. M. Goddard. Incumbent's commission expires April 2, 1932.

# NEW JERSEY

Rosteen H. Jones to be postmaster at Bayhead, N. J., in place of R. H. Jones. Incumbent's commission expires April 6, 1932.

Clarence E. Glover to be postmaster at Blackwood, N. J., in place of C. E. Glover. Incumbent's commission expires April 6, 1932.

Z. Charles Challice to be postmaster at Fairlawn, N. J., in place of Z. C. Challice. Incumbent's commission expired

February 28, 1932.

Charles W. Foster to be postmaster at Grenloch, N. J., in place of C. W. Foster. Incumbent's commission expired December 15, 1931.

John W. Barnett to be postmaster at Hillsdale, N. J., in place of J. W. Barnett. Incumbent's commission expires April 6, 1932.

William A. Sweeney to be postmaster at Red Bank, N. J., in place of W. A. Sweeney. Incumbent's commission expired December 19, 1931.

Elsie Brown to be postmaster at River Edge, N. J., in place of Elsie Brown. Incumbent's commission expires April 6, 1932.

Ethel B. Carr to be postmaster at Stratford, N. J. Office became presidential July 1, 1931.

John P. Ryan to be postmaster at Warren Point, N. J. Office became presidential July 1, 1931.

#### NEW YORK

Harry F. Kuss to be postmaster at Babylon, N. Y., in place of J. A. Douglas, resigned.

Walter H. Estes to be postmaster at Ballston Spa, N. Y., in place of G. I. Yost, resigned.

Will J. Davy to be postmaster at Bergen, N. Y., in place of W. J. Davy. Incumbent's commission expires April 5, 1932.

Edith M. Phelps to be postmaster at Brownville, N. Y., in place of E. M. Phelps. Incumbent's commission expires April 5, 1932.

Ward A. Jones to be postmaster at Canajoharie, N. Y., in place of W. A. Jones. Incumbent's commission expires April 23, 1932.

Stephen E. Terwilliger to be postmaster at Candor, N. Y., in place of S. E. Terwilliger. Incumbent's commission expires April 5, 1932.

John J. Finnerty to be postmaster at Croton on Hudson, N. Y., in place of J. J. Finnerty. Incumbent's commission expired January 9, 1932.

Sidney B. Cloyes to be postmaster at Earlville, N. Y., in place of S. B. Cloyes. Incumbent's commission expires April 5, 1932.

Everett W. Pope to be postmaster at Hartwick, N. Y., in place of E. W. Pope. Incumbent's commission expires April 10, 1932.

J. Fred Smith to be postmaster at Herkimer, N. Y., in place of J. F. Smith. Incumbent's commission expires April 5, 1932.

Clara E. Craig to be postmaster at Hewlett, N. Y., in place of C. E. Craig. Incumbent's commission expired January 10, 1932.

Lorenz D. Brown to be postmaster at Jamaica, N. Y., in place of L. D. Brown. Incumbent's commission expires April 5, 1932.

Charles A. Sandburg to be postmaster at Jamestown, N. Y., in place of C. A. Sandburg. Incumbent's commission expires April 18, 1932.

Julia J. Tyler to be postmaster at Kennedy, N. Y., in place of J. J. Tyler. Incumbent's commission expires April 5, 1932.

William J. Thornton to be postmaster at Long Island City, N. Y., in place of Henry Strube. Incumbent's commission expired January 10, 1932.

Charles A. Stalker to be postmaster at Macedon, N. Y., in place of L. B. Gridley. Incumbent's commission expired December 19, 1931.

Earl G. Fisher to be postmaster at Massena, N. Y., in place of E. G. Fisher. Incumbent's commission expires April 2, 1932

Earle U. McCarthy to be postmaster at Mineola, N. Y., in place of E. U. McCarthy. Incumbent's commission expires April 5, 1932.

Erastus J. Wilkins to be postmaster at Norwood, N. Y., in place of E. J. Wilkins. Incumbent's commission expires April 5, 1932.

Charles H. Brown to be postmaster at Orchard Park, N. Y., in place of C. H. Brown. Incumbent's commission expired January 10, 1932.

Mary Mullin to be postmaster at Phoenix, N. Y., in place of Mary Mullin. Incumbent's commission expires April 18, 1932.

Benjamin C. Stubbs to be postmaster at Plandome, N. Y., in place of B. C. Stubbs. Incumbent's commission expires April 10, 1932.

Clarence A. Lockwood to be postmaster at Schroon Lake, N. Y., in place of C. A. Lockwood. Incumbent's commission expires April 10, 1932.

Anna E. McHugh to be postmaster at Seaford, N. Y., in place of A. E. McHugh. Incumbent's commission expired February 10, 1932.

Myron J. Kipp to be postmaster at Sidney, N. Y., in place of W. W. Bates. Incumbent's commission expired January 10, 1932.

Clarence Smith to be postmaster at Syosset, N. Y., in place of W. H. Topps, removed.

Frederick C. Simmons to be postmaster at Waverly, N. Y., in place of R. W. McEwen, deceased.

Verne H. Card to be postmaster at Westfield, N. Y., in place of C. J. Bannister, deceased.

LeRoy Smith to be postmaster at White Plains, N. Y., in place of LeRoy Smith. Incumbent's commission expires April 2, 1932.

Harry A. Jeffords to be postmaster at Whitney Point, N. Y., in place of H. A. Jeffords. Incumbent's commission expires April 10, 1932.

Norman M. Misner to be postmaster at Woodbourne, N. Y., in place of N. M. Misner. Incumbent's commission expires April 18, 1932.

Albert C. Bogert to be postmaster at Yonkers, N. Y., in place of A. C. Bogert. Incumbent's commission expires April 2, 1932.

### NORTH CAROLINA

Richard J. Pace to be postmaster at East Flat Rock, N. C., in place of R. J. Pace. Incumbent's commission expired March 8, 1932.

Walter G. Gay to be postmaster at Farmville, N. C., in place of W. G. Gay. Incumbent's commission expired February 17, 1931.

Vera N. Scarborough to be postmaster at Grifton, N. C., in place of R. V. Phillips, removed.

Elsie E. Boyette to be postmaster at Kenly, N. C., in place of J. M. Stancil, removed.

Jesse W. Wood to be postmaster at Littleton, N. C., in place of J. W. Wood. Incumbent's commission expired March 16, 1932.

Charlie H. Murray to be postmaster at Middlesex, N. C., in place of C. H. Murray. Incumbent's commission expired February 2, 1932.

Rosa J. Cooper to be postmaster at Nashville, N. C., in place of R. J. Cooper. Incumbent's commission expired January 5, 1932.

Anna W. McMinn to be postmaster at Pinebluff, N. C., in place of A. W. McMinn. Incumbent's commission expired February 16, 1932.

Ralph A. Kennedy to be postmaster at Sanford, N. C., in place of J. W. Gilliam, resigned.

James C. Stancil to be postmaster at Smithfield, N. C., in place of J. C. Stancil. Incumbent's commission expires March 22, 1932.

John K. Brock to be postmaster at Trenton, N. C., in place of J. K. Brock. Incumbent's commission expired February 28, 1932.

Arthur H. Gibbs to be postmaster at Whittier, N. C., in place of A. H. Gibbs. Incumbent's commission expired February 14, 1932.

Mary F. Hight to be postmaster at Youngsville, N. C., in place of M. F. Hight. Incumbent's commission expired February 14, 1932.

#### NORTH DAKOTA

Guy E. Abelein to be postmaster at Anamoose, N. Dak., in place of G. E. Abelein. Incumbent's commission expires April 9, 1932.

Gilbert A. Moe to be postmaster at Sheyenne, N. Dak., in place of G. A. Moe. Incumbent's commission expires April 23, 1932.

James G. Acheson to be postmaster at Souris, N. Dak., in place of J. G. Acheson. Incumbent's commission expires April 13, 1932.

Edith M. Ericson to be postmaster at Underwood, N. Dak., in place of E. M. Ericson. Incumbent's commission expires April 3, 1932.

#### OHIO

Carl E. Richardson to be postmaster at Baltic, Ohio, in place of C. E. Richardson. Incumbent's commission expires April 20, 1932.

Frank L. Lee to be postmaster at Campbell, Ohio, in place of F. L. Lee. Incumbent's commission expires April 20, 1932.

Howard E. Foster to be postmaster at Chagrin Falls, Ohio, in place of H. E. Foster. Incumbent's commission expired March 8, 1932.

Rollo J. Hopkins to be postmaster at Edgerton, Ohio, in place of R. J. Hopkins. Incumbent's commission expires April 9, 1932.

Edward C. Bunger to be postmaster at Lewisburg, Ohio, in place of E. C. Bunger. Incumbent's commission expires April 9, 1932.

Michael J. Meek to be postmaster at McDonald, Ohio, in place of M. J. Meek. Incumbent's commission expires April 30, 1932.

Reinhard H. Curdes to be postmaster at Napoleon, Ohio, in place of R. H. Curdes. Incumbent's commission expires April 20, 1932.

Louise Lovett to be postmaster at Wickliffe, Ohio, in place of Louise Lovett. Incumbent's commission expires April 20, 1932.

### OKLAHOMA

Everette L. Richison to be postmaster at Bokoshe, Okla., in place of E. L. Richison. Incumbent's commission expired December 16, 1930.

James P. Gaulding to be postmaster at Checotah, Okla., in place of L. G. Rinnert. Incumbent's commission expired December 16, 1930.

Albert B. Deselms to be postmaster at Edmond, Okla., in place of E. H. Jayne, removed.

Leslie S. Reed to be postmaster at Hobart, Okla., in place of L. S. Reed. Incumbent's commission expires April 13, 1932

Noah B. Hays to be postmaster at Keota, Okla., in place of N. B. Hays. Incumbent's commission expired January 13, 1932.

Ruth J. McLane to be postmaster at Lookeba, Okla., in place of R. J. McLane. Incumbent's commission expires April 5, 1932.

Ira Thatcher to be postmaster at Vian, Okla., in place of Ira Thatcher. Incumbent's commission expires April 18, 1932.

Bernice Pitman to be postmaster at Waukomis, Okla., in place of Bernice Pitman. Incumbent's commission expires March 26, 1932.

Frank C. McKinney to be postmaster at Yukon, Okla., in place of F. C. McKinney. Incumbent's commission expires April 13, 1932.

### OREGON

Arley A. Sollinger to be postmaster at Canyon City, Oreg., in place of A. A. Sollinger. Incumbent's commission expired January 4, 1932.

Edward J. Dear to be postmaster at Clatskanie, Oreg., in place of S. A. Easterday, removed.

Charles E. Lake to be postmaster at St. Helens, Oreg., in place of C. E. Lake. Incumbent's commission expires April 9, 1932.

George W. Epley to be postmaster at Sheridan, Oreg., in place of G. W. Epley. Incumbent's commission expires April 20, 1932.

# PENNSYLVANIA

Will O. Depp to be postmaster at Big Run, Pa., in place of W. O. Depp. Incumbent's commission expired February 6, 1932.

Jones Eavenson to be postmaster at Christiana, Pa., in place of Jones Eavenson. Incumbent's commission expires April 13, 1932.

Sherwood B. Balliet to be postmaster at Coplay, Pa., in place of S. B. Balliet. Incumbent's commission expires April 5, 1932.

Arthur Bensley to be postmaster at Dingmans Ferry, Pa., in place of Arthur Bensley. Incumbent's commission expires April 5, 1932.

T. Vance Miller to be postmaster at Downingtown, Pa., in place of T. V. Miller. Incumbent's commission expires April 5, 1932.

Kathryn L. Petrini to be postmaster at East Brady, Pa., in place of K. L. Petrini. Incumbent's commission expired February 10, 1932.

Ambrose S. Plummer to be postmaster at Elizabethtown, Pa., in place of A. S. Plummer. Incumbent's commission expires April 13, 1932.

William T. Davies to be postmaster at Forest City, Pa., in place of W. T. Davies. Incumbent's commission expires April 30, 1932.

John N. Sharpsteen to be postmaster at Honesdale, Pa., in place of J. N. Sharpsteen. Incumbent's commission expired February 24, 1932.

Frank P. Lightner to be postmaster at Loysville, Pa., in place of F. P. Lightner. Incumbent's commission expires April 30, 1932.

J. G. Blaine MacDade to be postmaster at Marcus Hook, Pa., in place of H. E. Pote. Incumbent's commission expired March 7, 1928.

Charles Lunden to be postmaster at Mount Jewett, Pa., in place of Charles Lunden. Incumbent's commission expires April 10, 1932.

Samuel L. Rogers to be postmaster at Newell, Pa., in place of S. L. Rogers. Incumbent's commission expired January 18, 1932.

Raymond A. Kistler to be postmaster at Palmerton, Pa., in place of R. A. Kistler. Incumbent's commission expired January 11, 1932.

William M. O. Edwards to be postmaster at Pencoyd, Pa., in place of W. M. O. Edwards. Incumbent's commission expired January 10, 1932.

Robert C. Shup to be postmaster at Trumbauersville, Pa. Office became presidential July 1, 1931.

William W. Downing, jr., to be postmaster at Wayne, Pa., in place of C. M. Wilkins, resigned.

### PORTO RICO

Nicolas O. Lehon to be postmaster at Aibonito, P. R., in place of N. O. Lehon. Incumbent's commission expired March 7, 1932.

Cristina G. Sandoval to be postmaster at Hato Rey, P. R., in place of C. G. Sandoval. Incumbent's commission expires April 13, 1932.

Roque Rodriguez to be postmaster at Ponce, P. R., in place of Roque Rodriguez. Incumbent's commission expired March 7, 1932.

Jose Monserrate to be postmaster at Salinas, P. R., in place of Jose Monserrate. Incumbent's commission expires April 20, 1932.

Juan V. Hernandez to be postmaster at San Sebastian, P. R., in place of J. V. Hernandez. Incumbent's commission expired March 7, 1932.

#### RHODE ISLAND

Thomas F. Lenihan to be postmaster at Westerly, R. I., in place of T. F. Lenihan. Incumbent's commission expired January 31, 1932.

#### SOUTH CAROLINA

Francis M. Ellerbe to be postmaster at Jonesville, S. C., in place of M. R. Sams. Incumbent's commission expired January 17, 1931.

Patrick E. Scott to be postmaster at Newberry, S. C., in place of P. E. Scott. Incumbent's commission expired March 12, 1932.

Alfred H. Boiter to be postmaster at Tucapau, S. C. Office became presidential July 1, 1931.

Murphy T. Sumerel to be postmaster at Ware Shoals, S. C., in place of M. T. Sumerel. Incumbent's commission expired February 2, 1932.

#### SOUTH DAKOTA

Frank B. Sherwood to be postmaster at Cottonwood, S. Dak., in place of F. B. Sherwood. Incumbent's commission expires April 5, 1932.

Clyde J. Bowell to be postmaster at Edgemont, S. Dak., in place of C. J. Bowell. Incumbent's commission expires April 5, 1932.

Elmer R. Hill to be postmaster at Newell, S. Dak., in place of E. R. Hill. Incumbent's commission expires April 5, 1932.

Robert G. Andis to be postmaster at Presho, S. Dak., in place of R. G. Andis. Incumbent's commission expires April 5, 1932.

Fred J. Seals to be postmaster at Spearfish, S. Dak., in place of F. J. Seals. Incumbent's commission expires April 5, 1932.

Guy M. King to be postmaster at Wessington, S. Dak., in place of G. M. King. Incumbent's commission expired January 11, 1932.

#### TENNESSEE

John M. Whiteside to be postmaster at Bellbuckle, Tenn., in place of J. M. Whiteside. Incumbent's commission expires April 9, 1932.

Elbert D. Corlew to be postmaster at Charlotte, Tenn., in place of W. R. Robinson, removed.

Walter B. Clark to be postmaster at Collegedale, Tenn. Office became presidential July 1, 1931.

Douglas B. Hill to be postmaster at Collierville, Tenn., in place of D. B. Hill. Incumbent's commission expired January 24, 1931.

Rufus N. McCaslin to be postmaster at Dickson, Tenn., in place of R. N. McCaslin. Incumbent's commission expires April 20, 1932.

Gordon P. Hyatt to be postmaster at Ducktown, Tenn., in place of G. P. Hyatt. Incumbent's commission expired January 14, 1931.

Lon McCaleb to be postmaster at Dyersburg, Tenn., in place of Lon McCaleb. Incumbent's commission expires April 2, 1932.

Homer E. Alexander to be postmaster at Hartsville, Tenn., in place of H. H. Jenkins, removed.

Luther D. Mills to be postmaster at Middleton, Tenn., in place of L. D. Mills. Incumbent's commission expires April 9, 1932.

### TEXAS

Annie K. Turney to be postmaster at Alpine, Tex., in place of A. K. Turney. Incumbent's commission expires April 2, 1932.

Harry A. Wulff to be postmaster at Brady, Tex., in place of H. N. Cook, deceased.

Chessell Gra to be postmaster at Brookshire, Tex., in place of Chessell Gra. Incumbent's commission expires March 21, 1932.

Lela T. Toone to be postmaster at Brownfield, Tex., in place of J. H. Carpenter, resigned.

Louise Sackett to be postmaster at Bullard, Tex., in place of Louise Sackett. Incumbent's commission expired March 7, 1932.

Francis O. Drake to be postmaster at Donna, Tex., in place of F. O. Drake. Incumbent's commission expires April 2, 1932.

Robert F. Myers to be postmaster at Ferris, Tex., in place of R. F. Myers. Incumbent's commission expires April 2, 1932.

Sol D. Smith to be postmaster at Granbury, Tex., in place of S. D. Smith. Incumbent's commission expires April 30, 1932.

Olive Raoul to be postmaster at Gustine, Tex., in place of Olive Raoul. Incumbent's commission expires April 30, 1932.

Eva M. Reed to be postmaster at Hempstead, Tex., in place of E. M. Reed. Incumbent's commission expires March 21, 1932.

James S. Colley to be postmaster at Legion, Tex., in place of C. A. Duff, deceased.

Daniel B. Gilmore to be postmaster at McGregor, Tex., in place of D. B. Gilmore. Incumbent's commission expires April 30, 1932.

Amos E. Duffy to be postmaster at Matagorda, Tex., in place of A. E. Duffy. Incumbent's commission expires April 2, 1932.

Ewald Straach to be postmaster at Miles, Tex., in place of Ewald Straach. Incumbent's commission expires April 9, 1932.

William R. Williams to be postmaster at Montague, Tex., in place of W. R. Williams. Incumbent's commission expired January 25, 1932.

Ruth Young to be postmaster at Mount Calm, Tex., in place of Ruth Young. Incumbent's commission expires April 2, 1932.

Duane B. Scarborough to be postmaster at Oakwood, Tex., in place of D. B. Scarborough. Incumbent's commission expires April 30, 1932.

Hal Singleton to be postmaster at O'Donnell, Tex., in place of Hal Singleton. Incumbent's commission expires April 20, 1932.

Arba A. Cooper to be postmaster at Olney, Tex., in place of W. L. Casey. Incumbent's commission expired December 15, 1931.

Jesse R. Davis to be postmaster at Pearsall, Tex., in place of J. R. Davis. Incumbent's commission expired December 15, 1931.

Maggie Thomas to be postmaster at Petersburg, Tex., in place of Maggie Thomas. Incumbent's commission expires April 20, 1932.

Thomas B. Higgins to be postmaster at Reagan, Tex., in place of T. B. Higgins. Incumbent's commission expires April 30, 1932.

Tolbert Hannon to be postmaster at Richmond, Tex., in place of Tolbert Hannon. Incumbent's commission expires April 2, 1932.

Homer H. Turner to be postmaster at Rockdale, Tex., in place of H. H. Turner. Incumbent's commission expires April 30, 1932.

Jesse L. Holcomb to be postmaster at Seminary Hill, Tex., in place of J. L. Holcomb. Incumbent's commission expires April 30, 1932.

Clarence V. McMahan to be postmaster at Waco, Tex., in place of C. V. McMahan. Incumbent's commission expires April 30, 1932.

Alice Pipes to be postmaster at White Deer, Tex., in place of Alice Pipes. Incumbent's commission expires April 30, 1932.

# UTAH

Walter S. Joseph to be postmaster at Beaver, Utah, in place of W. T. Boyle, removed.

Joseph W. Johnson to be postmaster at Layton, Utah, in place of J. W. Johnson. Incumbent's commission expired January 25, 1932.

### VERMONT

Joshua H. Blakley to be postmaster at Bellows Falls, Vt., in place of J. H. Blakley. Incumbent's commission expired January 13, 1932.

Sanford A. Daniels to be postmaster at Brattleboro, Vt., in place of S. A. Daniels. Incumbent's commission expires March 26, 1932.

Percy E. Bevins to be postmaster at Burlington, Vt., in place of S. E. Brownell. Incumbent's commission expired January 13, 1932.

Elizabeth L. Thomas to be postmaster at Enosburg Falls, Vt., in place of C. H. Stetson, deceased.

#### VIRGINIA

George E. Joyce to be postmaster at Bassetts, Va., in place of V. C. Goode. Incumbent's commission expired January 5, 1932.

Henry G. Norman to be postmaster at Cedar Bluff, Va., in place of H. G. Norman. Incumbent's commission expires April 13, 1932.

Lucius M. Manry to be postmaster at Courtland, Va., in place of L. M. Manry. Incumbent's commission expires April 13, 1932.

Waverly S. Barrett to be postmaster at Dendron, Va., in place of W. S. Barrett. Incumbent's commission expires April 13, 1932.

Hattie C. Barrow to be postmaster at Dinwiddie, Va., in place of H. C. Barrow. Incumbent's commission expires April 2, 1932.

William T. Oakes to be postmaster at Gladys, Va., in place of W. T. Oakes. Incumbent's commission expires April 13, 1932.

Henry A. Storm to be postmaster at McLean, Va., in place of H. A. Storm. Incumbent's commission expired January 5, 1932.

Dorsey T. Davis to be postmaster at Nathalie, Va., in place of D. T. Davis. Incumbent's commission expires April 13, 1932.

A. Ewing McMichael to be postmaster at Nokesville, Va., in place of A. E. McMichael. Incumbent's commission expires April 3, 1932.

Lindsay T. McGuire to be postmaster at North Tazewell, Va., in place of L. T. McGuire. Incumbent's commission expires April 13, 1932.

Frank M. Brown to be postmaster at Veterans' Administration Home, Va., in place of F. M. Brown. Incumbent's commission expired January 5, 1932.

John L. Jeffries to be postmaster at Vienna, Va., in place of J. L. Jeffries. Incumbent's commission expired February 17, 1932.

Richard D. Holland to be postmaster at Windsor, Va., in place of R. D. Holland. Incumbent's commission expired January 5, 1932.

Benjamin A. Dratt to be postmaster at Woodford, Va., in place of B. A. Dratt. Incumbent's commission expired February 9, 1932.

# WASHINGTON

Rudolph R. Staub to be postmaster at Bremerton, Wash., in place of R. R. Staub. Incumbent's commission expires April 10, 1932.

William W. Campbell to be postmaster at Colville, Wash., in place of W. W. Campbell. Incumbent's commission expired April 10, 1930.

Edward R. Scott to be postmaster at Edmonds, Wash., in place of Zophar Howell, deceased.

J. Kirk Carr to be postmaster at Sequim, Wash., in place of J. K. Carr. Incumbent's commission expires April 23, 1932.

# WEST VIRGINIA

Thomas W. Stalnaker to be postmaster at Elkins, W. Va., in place of T. W. Stalnaker. Incumbent's commission expired January 9, 1932.

Horatio S. Whetsell to be postmaster at Kingwood, W. Va., in place of H. S. Whetsell. Incumbent's commission expired January 15, 1931.

Waitmon T. W. Morgan to be postmaster at Rainelle, W. Va., in place of W. T. W. Morgan. Incumbent's commission expired January 9, 1932.

Claude Pepper to be postmaster at Salem, W. Va., in place of Claude Pepper. Incumbent's commission expired February 17, 1932.

Lawrence B. Kenniburg to be postmaster at Thomas, W. Va., in place of L. B. Kenniburg. Incumbent's commission expired January 9, 1932.

Frederick M. Hippert to be postmaster at White Sulphur Springs, W. Va., in place of F. M. Hippert. Incumbent's commission expired January 9, 1932.

#### WISCONSIN

Sylvester L. Prentice to be postmaster at Cornell, Wis., in place of Edward Porter, removed.

George H. Reinders to be postmaster at Elm Grove, Wis. Office became presidential July 1, 1931.

Elvin E. Strand to be postmaster at Strum, Wis., in place of E. E. Strand. Incumbent's commission expires April 23, 1932

Charles R. Swanson to be postmaster at Suamico, Wis., in place of C. R. Swanson. Incumbent's commission expires March 28, 1932.

Herman C. Gralow to be postmaster at Woodville, Wis., in place of H. C. Gralow. Incumbent's commission expires April 23, 1932.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 18 (legislative day of March 14), 1932

MEMBER OF FEDERAL RADIO COMMISSION

Thad H. Brown to be a member of the Federal Radio Commission.

# POSTMASTERS

#### COLORADO

Bessie Salabar, Bayfield.
Alice A. Blazer, Elizabeth.
Ben. H. Glaze, Fowler.
Paul C. Boyles, Gunnison.
Thomas B. Scott, Meeker.
John H. Mallot, Mount Harris.
Edward F. Baldwin, Nucla.
John R. Munro, Rifle.

### OKLAHOMA

Hugh M. Tilton, Anadarko. William S. Sibley, Arnett. Royal F. Hall, Boise City. William S. Wilhite, Butler. Frank A. Smith, Byars. Arthur D. Hartley, Cardin. Roy M. Muse, Elmore City. Ira A. Sessions, Grandfield. James O. Dowdy, Haskell. Calvin C. Wilson, Henryetta. James T. White, Howe. Hubbard A. Babb, Hugo. Roy Sherman, Lexington. Andrew G. D. Elswick, Manchester. Ada M. Thompson, Mannford. Ralph P. Witt, Maud. Nellie V. Dolen, Okemah. John A. Norris, Okeene. Charles C. Chapell, Okmulgee. Lee R. Johnson, Olustee. Charles H. Johnson, Pawnee. John T. Williams, Perkins. William E. Watson, Quinton. Mary E. L. Allen, Ramona. Bert Redmon, Sallisaw. Greenberry Peters, Texhoma. Virgil T. Gannaway, Tuttle. Margaret E. Williamson, Wanette. James M. D. Clowdus, Wilson.

### TENNESSEE

William F. Osteen, Chapel Hill. James E. Graham, Jasper.

Christine M. Meister, Loretto. Ben M. Roberson, Loudon. A. Henderson Johnson, Newbern. Thomas H. Hale, Pikeville. Ethel King, Raleigh. Wilbur Walker, Tiptonville.

# HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 18, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, teach us to pray, for without prayer there can not be any richness of experience or abiding depth of character; just now do Thou hear our prayer. In this restful moment may there be a withdrawal from the rivalries, defeats, and triumphs of life, and also from the fever of living; continue with us this day. Let our souls be at home with themselves in the spirit of contemplation. O keep us from that spiritual paralysis in which the soul no longer leaps and climbs toward God. Father, hearken; crown our virtues with the power of faith-faith in ideals, in principles, in moral causes, and in spiritual forces. Preserve our land from a destructive materialism that thrives on selfishness. Crush the seeds of ill will in the soil of our country, and everywhere may the surplus of one become a blessing to the other. This day let Thy work appear unto Thy servants and Thy glory unto their children. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes. Pending that motion, I submit a unanimousconsent request.

The Clerk read as follows:

I ask unanimous consent that in the reading of the pending revenue bill, H. R. 10236, the reading of the table of contents (pp. 2 to 6, both inclusive) be dispensed with, and that in the engrossing of the bill the Clerk of the House be authorized to make such changes in such table of contents as may be necessary to make such table conform to the action of the House in respect of the bill.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, is it not rather novel to have the table of contents enacted into legislation? Is there any particular purpose

in it? I am only inquiring.

Mr. CRISP. I will say to my friend from New York that it was in the 1928 act. The purpose of it is that in the consideration of this bill there will probably be some changes made in the bill. The purpose of my request is to permit the Clerk in engrossing the bill to make the necessary changes to conform to the action of the Committee of the Whole in amending the bill.

Mr. LAGUARDIA. There could be no sound objection to that.

The SPEAKER. Is there objection?

There was no objection.

Mr. CRISP. Mr. Speaker, I submit another unanimousconsent request.

The Clerk read as follows:

I ask unanimous consent that in the engrossing of the pending

revenue bill (H. R. 10236) the Clerk of the House be authorized—

(1) To make such clerical changes as may be necessary to the proper numbering and lettering of the various portions of the bill, and to secure uniformity in the bill in respect of typography indentation; and
) To amend or strike out cross references that have become

erroneous or superfluous, and to insert cross references made necessary by reason of changes made by the House.

The SPEAKER. Is there objection?

Mr. CRISP. Mr. Speaker. I may say that a similar request was made in connection with the bill of 1928. It is simply for the purpose of having the bill engrossed in accordance with the action the House takes instead of going back each time and getting permission to make the neces-

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I want to say that the gentleman from Georgia has certainly displayed foresight in anticipating changes.

Mr. CRISP. I have no doubt that some of the amendments the committee itself will propose will be adopted.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. In the reading of this bill the Chair will direct the Clerk to read it section by section instead of by paragraphs.

Mr. LaGUARDIA. Mr. Chairman, a parliamentary in-

The CHAIRMAN. The gentleman will state it.

Mr. LaGUARDIA. Do I understand the Chair to announce that the bill will be read by sections and not by paragraphs?

The CHAIRMAN. Yes.

Mr. LaGUARDIA. May I inquire whether it is not cus-

tomary to read revenue bills by paragraphs?

The CHAIRMAN. The Chair thinks there is precedent for the action just taken by the Chair. When the revenue bill of 1928 was under consideration this procedure was followed and the then chairman of the committee directed this procedure.

Mr. SNELL. As I understand, the Clerk will read an entire section and then amendments may be offered paragraph by paragraph.

The CHAIRMAN. Amendments may be offered to any paragraph of the section.

Mr. LAGUARDIA. Mr. Chairman, I desire to present a unanimous-consent request. I ask unanimous consent that this bill be read by paragraphs and not by sections. It is obvious we will be at a disadvantage and will be thrown into confusion if we must follow the reading of a long paragraph dealing with several different propositions. Confusion will arise in the offering of amendments and we will be placed at a disadvantage.

Mr. CRISP. I do not see how Members will be placed at a disadvantage. I have no desire, and neither has the committee any desire, to prevent any Member of the House from offering any amendment to any paragraph of the bill. When a section has been read it will then be in order for any Member to offer amendments to any paragraph of that section, and I do not see how that would lead to any confusion.

Mr. LAGUARDIA. When the Clerk reads the income-tax provision there will be scores of amendments offered and if the bill were read by paragraphs, the Members could offer their amendments at the proper place.

Mr. CRISP. I think my friend may have an erroneous idea about this. It is not the intention to read the whole of the income-tax title; it is just to read a section, and there are many sections in the income-tax provision.

Mr. SNELL. I think we should understand what the chairman thinks a section is.

Mr. CRISP. I will state to my distinguished friend from New York the bill itself gives the sections by number.

Mr. LaGUARDIA. I hope the gentleman will not press that. It is going to be extremely difficult to legislate orderly by reading these entire sections.

The CHAIRMAN. If the gentleman from New York will! indulge the Chair a moment, as the Chair stated, this action was not taken by the present occupant of the chair as an original proposition. When the gentleman from Minnesota, Mr. Newton, a former Member of the House, was Chairman of the Committee of the Whole House for the consideration of the revenue act of 1928, this same question arose, and after some colloquy between the minority leader at that time, the present Speaker of the House, and the Chairman of the Committee of the Whole, it was determined that, probably, as a matter of mechanical expedition in the consideration of the bill, the saving of time on the part of the reading clerk, and for other practical reasons, it was thought best that that procedure should be followed, and the Chairman directed the Clerk to read the bill by sections. The Chair, however, feels that it is his duty to submit the unanimous-consent request submitted by the gentleman from New York [Mr. LaGuardia].

Is there objection to the request that the bill be read by major paragraphs instead of by sections?

Mr. FULLER. Mr. Chairman, reserving the right to object, if it is read by paragraphs would that mean the reading of three lines like \$1,560 of net income or \$3,400 of net income? Would that constitute a particular paragraph?

Mr. LAGUARDIA. Yes.

Mr. FULLER. Mr. Chairman, I think the gentleman from New York [Mr. LaGuardia] knows my theory about the matter.

The CHAIRMAN. If the gentleman will pardon the Chair, the Chairman would feel, for instance, on page 9 of the bill, the paragraphs under section 12 would not be read down to the first three lines, but would include the reading of all of paragraph (a). That is a major paragraph of the section.

Mr. FULLER. It would not include the reading of the three or four pages there, would it?

The CHAIRMAN. In that illustration, of course, the Chair would feel, that being substantive amounts, each paragraph would be read item by item. I do not think there will be any misapprehension on the part of the Chair about the unanimous-consent request. However, if it is desired to clarify the matter further before consent is given, that ought to be done.

Mr. TREADWAY. Mr. Chairman, reserving the right to object, may I understand the decision that the Chair has just rendered? Starting on page 9, section 12, as an illustration, there is a subsection (a) beginning at rates of surtax. Now, subsection (b) is near the bottom of page 14. Does the Chair inform us that before any amendment can be offered to the surtax paragraph (a) the Clerk will continue on reading through line 18 on page 14?

The CHAIRMAN. Upon reconsideration, the Chair would feel that that was covered by the request of the gentleman from New York and would read all of that, and would then read subsection (b) which follows on page 14.

Mr. CRISP. Mr. Chairman, personally, I am not going to object to the request. I wish the members of the committee to have every opportunity possible.

The CHAIRMAN. Is there objection to the request of the gentleman from New York that the bill be read by major paragraphs as indicated by the Chair?

There was no objection.

Mr. CRISP. Mr. Chairman, I submit the following unanimous-consent request, which is customary in the consideration of bills of this kind.

The Clerk read as follows:

I ask unanimous consent that in the consideration of the pending revenue bill (H. R. 10236) in the Committee of the Whole it shall be in order at any time for the Committee on Ways and Means to return to any section or paragraph of the bill which has been passed for the purpose of offering an amendment thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows.

Be it enacted, etc., That this act, divided into titles and sections according to the following table of contents, may be cited as the revenue act of 1932."

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

Mr. CRISP. Mr. Chairman, a parliamentary inquiry. Is the gentleman from New York offering an amendment? Mr. LaGUARDIA. Yes; striking out the last word.

There seems to have been a rather deliberate attempt to confuse the membership on the anticipated revenues for the year 1931. Of course, the revenue from income of 1931 at its best can only be an estimate. Whether or not these estimates were officially considered by the Committee on Ways and Means, of course, I do not know, but I do know that a very conservative estimate has been made and that the information was available and known to the membership of the committee.

The Treasury Department has these estimates, members of the Ways and Means Committee know them, and these are based on a most drastic reduction from the last available returns after proper comparisons made. The estimate is most conservative.

I want to submit that the estimate for 1931 on incomes of between \$100,000 and \$150,000 is \$267,000,000. If the members will refer to the 1930 figures they will readily see that this is a most conservative estimate. Then in the brackets between \$150,000 and \$300,000 the estimate for 1931 is \$280,000,000. In the brackets between \$300,000 and \$500,000 the estimate for 1931 is \$133,000,000. In the brackets between \$500,000 and \$1,000,000 the estimated income is \$124,-000,000, and over \$1,000,000 it is \$202,000,000. In other words, the total estimate of total incomes from the \$100,000 bracket up to the very biggest income over \$1,000,000 is no less than \$1,006,000,000.

I know that many Members are preparing amendments based upon these estimated incomes and the RECORD up to this day, strange enough, is rather bare of this very important and necessary information. I thought it would be useful for the House to know these figures and have them in the RECORD. If gentlemen will obtain the statistics of income for 1931, a preliminary report compiled from income returns up to August 31, 1931, they will there find the lastknown accurate returns in these corresponding brackets.

Here are the comparisons:

Amounts of income in 1930 based on returns filed August 31, 1931

change to the commence of a sur- tance no the commence beauty	Total	Estimated for 1932
Incomes between— \$100,000 and under \$150,000 \$150,000 and under \$390,000 \$300,000 and under \$500,000 \$500,000 and under \$1,000,000 \$1,000,000 and over	\$371, 489, 432 415, 013, 505 203, 898, 805 207, 742, 387 355, 661, 694	\$267, 000, 000 280, 000, 000 133, 000, 000 124, 000, 000 202, 000, 000

Surely all must admit that sufficient allowance has been made for reduced incomes.

I point out these figures to indicate that the figures I have given are very conservative estimates. I, for one, refuse to subscribe, even for the purpose of considering this most unscientific tax bill, that the country is absolutely and hopelessly bankrupt. It is not. The figures I have given will indicate that the source of incomes that may be taxed have by no means entirely disappeared. They are still a source for additional taxation from which needed revenue can be obtained.

Mr. CHINDBLOM. Will the gentleman yield? Mr. LaGUARDIA. Yes.

Mr. CHINDBLOM. From what source does the gentleman get his figures?

Mr. LaGUARDIA. From the same source as did the Ways and Means Committee.

Mr. CHINDBLOM. I notice the gentleman read from a

Mr. LaGUARDIA. The same source as the Ways and Means Committee got their figures. They have been in the newspapers, in the Treasury Department recommendations to the committee; every place except in the Congressional

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment. This revenue bill should provide revenue only from sources that are constitutional. Under the rules of the House, and of the Committee of the Whole House on the state of the Union, any amendment that is offered to this bill that is germane must be held in order by the Chairman of the committee and by the Speaker of the House, regardless of how much it is against the constitutional law of the land. Because neither the Speaker nor the Chairman of the Committee of the Whole House on the state of the Union have anything to do with the constitutionality of a proposed amendment.

I want to call the attention of my colleagues to the fact that it is really important that all of us should realize when there is such an amendment that is against the Constitution offered from the floor that we who are in favor of supporting the Constitution should be here and vote it down

Mr. CLARKE of New York. Will the gentleman yield?

Mr. BLANTON. The gentleman from New York is with me; and I only want to yield to those who are against me. I think the gentleman from New York is entitled to the commendation of the mothers and fathers of America for the stand he has taken.

Mr. CLARKE of New York. I thank the gentleman; there is no question about it. [Laughter.]

Mr. BLANTON. There will be offered an amendment proposing a tax on beer. As was said by Mr. Lemann, the ultrawet member of President Hoover's Wickersham Commission; if beer is intoxicating it is against the Constitution; and

unless it is intoxicating, nobody wants it, as it does not satisfy.

Mr. BOYLAN. Mr. Chairman, I make the point of order that the gentleman from Texas is not speaking to the proposed amendment.

The CHAIRMAN. The Chair sustains the point of order, and the gentleman from Texas will proceed in order, which is to strike out the last word.

Mr. BLANTON. The last word is the revenue bill for 1932. and that embraces everything that is in the bill. It embraces every germane amendment that can be offered toward providing revenue.

I submit, and I think my friend from New York [Mr. LaGuardia] will agree with me, that any germane amendment is germane to his pro forma amendment, and I am speaking against that. I am speaking against the position of the gentleman from New York, which is to try to place a beer rider on this bill. Mr. Chairman, I have performed my duty, I have finished my purpose, to urge every dry to be present when the beer amendment is offered, and help to vote it down. I hope that every Member of the House in favor of the Constitution will be here when that beer amendment is offered. We know that all of the wets will be here en masse, without one of their number missing; and unless all drys are here to outvote them, they would pass this beer amendment. Our vote here is the only thing that will stop them, as their amendment is not subject to a point of order. however much it contravenes the Constitution of the United States

The Clerk read as follows:

SEC. 3. CLASSIFICATION OF PROVISIONS

The provisions of this title are herein classified and designated as

Subtitle A—Introductory provisions, Subtitle B—General provisions, divided into parts and sections, Subtitle C—Supplemental provisions, divided into supplements

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word.

I want to inquire of the gentleman from Georgia if the unanimous-consent request which was granted to the gentle-

man from Georgia, permitting a return to sections, applies to the committee only or to any Member of the House?

Mr. CRISP. It applied only to the committee.

Mr. LAGUARDIA. But I assume, of course, that if there should be any drastic change in the bill as we go along, requiring reference back, the committee would entertain suggestions from Members?

Mr. CRISP. I think I have demonstrated to the gentleman that I am trying to be very fair in this bill and give each Member an opportunity to have his say; and certainly if a Member proposed a bona fide amendment to some section that has been passed, I should not object to it. The request that was made was made not for any individual Member but for the committee collectively when it, as a whole, desired to offer an amendment to permit them to return to it; and that is customary. But I do not think the membership of this House will find occasion to object to my course relative to giving them an opportunity to offer amend-

Mr. LAGUARDIA. I want to say that I must be constantly on my guard lest I be totally disarmed by the gentleman's courtesy and fairness. [Laughter.]

The Clerk read as follows:

SEC. 11. NORMAL TAX ON INDIVIDUALS

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax equal to the sum of the following:

(a) Two per cent of the first \$4,000 of the amount of the net income in excess of the credits against net income provided in section 25;

Four per cent of the next \$4,000 of such excess amount: and (c) Six per cent of the remainder of such excess amount.

Mr. LaGUARDIA offered the following amendment:

On page 9, line 12, strike out the figure "6" and insert the gure "7"

Mr. LAGUARDIA. Mr. Chairman, this is our first amendment as an indication of the willingness of some of us who are bitterly opposing the sales tax to meet the demands requiring additional revenue.

The increase of 1 per cent provided for in this amendment runs through every schedule of the income-tax brackets. It is a revenue raiser. It hits every bracket and every possible class of income.

We refuse to be placed in the position of seeking to destroy without building. We refuse to be placed in the position of opposing one of the provisions recommended by the committee, the sales tax, and having no substitute. On the other hand, we are going to stand up and fight against placing all of the burden of the deficit on the working people of this country by making them pay a sales tax or, as has been suggested, by taking it out of their wages. [Applause.]

No more drastic threat was ever made than that of the gentleman from Illinois [Mr. RAINEY], who, I am sure, overstated himself when he said: "A sales tax must be imposed or a reduction in salaries will follow."

Oh, the gentleman did not mean any such thing, although he said it on the floor and repeated it yesterday on the radio. We know the gentleman from Illinois too well. The gentleman can not brush aside and destroy the confidence and love that we who have served with him here for 14 years have for him by a statement made in a desperate effort to plead a lost cause. Oh, if you could open the heart of the gentleman from Illinois you would not find anything on sales tax there-nothing but love for the oppressed and the exploited would be found in the gentleman's heart. I say I am sure the gentleman did not carefully measure or consider his statement when he said: "A sales tax or a reduction in pay." I will defend the gentleman from Illinois, from my acquaintance and association with him, from any such threat; but I will say that the gentleman did, unconsciously, I am sure, express the sentiments of a small class of people in this country who have tried to ruin our country, who came here with the same threat and said: "Pass the reconstruction finance bill or we will close our banks and bring ruin to the holders of our investments." Now, they are saying, "Balance the Budget the way we tell you or we will close business and let the workers starve." That is the threat—to take it out of the working people of this country. We will balance the Budget without resorting to iniquities and without taxing the food and clothes of the people of this country.

Now, here is an amendment. I will take the figures which were given by the gentleman from Georgia as to the amount that an increase of 1 per cent in the normal tax would bring. This is our first test. I appeal to the membership of the House. This is the greatest crisis we have ever been in, because for the last 15 years those who control our industries and finances have been attempting to write on our statute books this iniquitous and un-American sales tax in order to be relieved of the just burden of the expense of government that they should bear. This is our first attack on the sales tax. I urge support of my amendment. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, the expert, Mr. Parker, advises me, from a rapid calculation, that the amendment proposed by the gentleman from New York would produce in revenue for the fiscal year 1933 probably about \$12,000,000 additional; and for a full year he estimates it will produce \$20,000,000. All I have to say about this is that the committee considered the income-tax schedule as a whole. The committee reduced the provisions for earned income where they were allowed a deduction from \$30,000 to \$12,000. The committee doubled the rate on the surtax. The committee has recommended to cut down the exemption for married men from \$3,500 to \$2,500. The committee has recommended cutting the exemption for single men from \$1,500 to \$1,000. One who is fortunate enough to have a very large income, above \$100,000, under the terms of this bill would pay 46 per cent income tax on his excess of \$100,000. Unfortunately, with conditions of business, it is impossible to raise money to balance the Budget in 1933 from income taxes, individual and corporate, from the estate taxes, and gift taxes. Unfortunately, if the money is to be raised, there must be some taxes—excise tax or manufacturers' tax. By whatever name you call it, they are sales taxes. Whether it is a tax on gasoline, oil, an automobile, or a tariff on tobacco, they are sales taxes.

Of necessity, with additional taxes levied, the man with a small income must make some contribution under the scheme of this bill to finance the Government, and with all of that picture before us the committee thought the boost of the normal rate from 1½ to 2 on the first bracket, from 3 to 4 on the next bracket, and from 5 to 6 on the next bracket was sufficiently high. Of course, it is up to this committee to decide whether or not they desire to do so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. CRISP) there were—ayes 92, noes 68.

Mr. CRISP. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. La-Guardia and Mr. Crisp to act as tellers.

The committee again divided; and the tellers reported—ayes 121, noes 81.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 12. SURTAX ON INDIVIDUALS

(a) Rates of surtax.—There shall be levied, collected, and paid for each taxable year upon the net income of every individual a surtax as follows:

Upon a net income of \$10,000 there shall be no surtax; upon net incomes in excess of \$10,000 and not in excess of \$12,000, 1 per cent of such excess.

\$20 upon net incomes of \$12,000; and upon net incomes in excess of \$12,000 and not in excess of \$14,000, 2 per cent in addition of such excess.

\$60 upon net incomes of \$14,000; and upon net incomes in excess of \$14,000 and not in excess of \$16,000, 3 per cent in addition of such excess.

\$120 upon net incomes of \$16,000; and upon net incomes in excess of \$16,000 and not in excess of \$18,000, 4 per cent in addition of such excess.

\$200 upon net incomes of \$18,000; and upon net incomes in excess of \$18,000 and not in excess of \$20,000, 5 per cent in addition of such excess.

\$300 upon net incomes of \$20,000; and upon net incomes in excess of \$20,000 and not in excess of \$22,000, 6 per cent in addition of such excess.

\$420 upon net incomes of \$22,000; and upon net incomes in excess of \$22,000 and not in excess of \$24,000, 7 per cent in addition of such excess.

\$560 upon net incomes of \$24,000; and upon net incomes in excess of \$24,000 and not in excess of \$26,000, 8 per cent in addition of such excess.

\$720 upon net incomes of \$26,000; and upon net incomes in excess of \$26,000 and not in excess of \$28,000, 9 per cent in addition of such excess.

\$900 upon net incomes of \$28,000; and upon net incomes in excess of \$28,000 and not in excess of \$30,000, 10 per cent in addition of such excess.

\$1,100 upon net incomes of \$30,000; and upon net incomes in excess of \$30,000 and not in excess of \$32,000, 11 per cent in addition of such excess.

\$1,320 upon net incomes of \$32,000; and upon net incomes in excess of \$32,000 and not in excess of \$34,000, 12 per cent in addition of such excess.
\$1,560 upon net incomes of \$34,000; and upon net incomes in

\$1,560 upon net incomes of \$34,000; and upon net incomes in excess of \$34,000 and not in excess of \$36,000, 13 per cent in addition of such excess.

\$1,820 upon net incomes of \$36,000; and upon net incomes in excess of \$36,000 and not in excess of \$38,000, 14 per cent in addition of such excess.

\$2,100 upon net incomes of \$38,000; and upon net incomes in excess of \$38,000 and not in excess of \$40,000, 15 per cent in addition to such excess.

\$2,400 upon net incomes of \$40,000; and upon net incomes in excess of \$40,000 and not in excess of \$42,000. 16 per cent in addition of such excess.

\$2,720 upon net incomes of \$42,000; and upon net incomes in excess of \$42,000 and not in excess of \$44,000, 17 per cent in addition of such excess.

\$3,060 upon net incomes of \$44,000; and upon net incomes in excess of \$44,000 and not in excess of \$46,000, 18 per cent in addition of such excess.

\$3,420 upon net incomes of \$46,000; and upon net incomes in excess of \$46,000 and not in excess of \$48,000, 19 per cent in addition of such excess.

\$3,800 upon net incomes of \$48,000; and upon net incomes in excess of \$48,000 and not in excess of \$50,000, 20 per cent in addition of such excess.

\$4,200 upon net incomes of \$50,000; and upon net incomes in excess of \$50,000 and not in excess of \$52,000, 21 per cent in addition of such excess.

\$4,620 upon net incomes of \$52,000; and upon net incomes in excess of \$52,000 and not in excess of \$54,000, 22 per cent in addition of such excess.

\$5,060 upon net incomes of \$54,000; and upon net incomes in excess of \$54,000 and not in excess of \$56,000, 23 per cent in addition of such excess.

\$5,520 upon net incomes of \$56,000; and upon net incomes in

\$5,520 upon net incomes of \$56,000; and upon net incomes in excess of \$56,000 and not in excess of \$58,000, 24 per cent in addition of such excess.

\$6,000 upon net incomes of \$58,000; and upon net incomes in excess of \$58,000 and not in excess of \$60,000, 25 per cent in addition of such excess.

\$6,500 upon net incomes of \$60,000; and upon net incomes in excess of \$60,000 and not in excess of \$62,000, 26 per cent in addition of such excess.

\$7,020 upon net incomes of \$62,000; and upon net incomes in excess of \$62,000 and not in excess of \$64,000, 27 per cent in additional excess of \$64,000 and not in excess of \$64,000, 27 per cent in additional excess of \$64,000 and the excess of \$64,0

excess of \$62,000 and not in excess of \$64,000, 27 per cent in addition of such excess. \$7,560 upon net incomes of \$64,000; and upon net incomes in excess of \$64,000 and not in excess of \$66,000, 28 per cent in addi-

tion of such excess. \$8,120 upon net incomes of \$66,000; and upon net incomes in excess of \$66,000 and not in excess of \$68,000, 29 per cent in addi-

tion of such excess. \$8,700 upon net incomes of \$68,000; and upon net incomes in excess of \$68,000 and not in excess of \$70,000, 30 per cent in addi-

tion of such excess. \$9,300 upon net incomes of \$70,000; and upon net incomes in excess of \$70,000 and not in excess of \$72,000, 31 per cent in addition of such excess.

\$9,920 upon net incomes of \$72,000; and upon net incomes in excess of \$72,000 and not in excess of \$74,000, 32 per cent in addi-

tion of such excess. \$10,560 upon net incomes of \$74,000; and upon net incomes in excess of \$74,000 and not in excess of \$76,000, 33 per cent in addition of such excess.

\$11,220 upon net incomes of \$76,000; and upon net incomes in excess of \$76,000 and not in excess of \$78,000, 34 per cent in addition of such excess.

\$11,900 upon net incomes of \$78,000; and upon net incomes in excess of \$78,000 and not in excess of \$80,000, 35 per cent in addition of such excess.

\$12,600 upon net incomes of \$80,000; and upon net incomes in excess of \$80,000 and not in excess of \$85,000, 36 per cent in addition of such excess.

\$14,400 upon net incomes of \$85,000; and upon net incomes in excess of \$85,000 and not in excess of \$90,000, 37 per cent in addition of such excess.

tion of such excess

\$18,150 upon net incomes of \$95,000; and upon net incomes in excess of \$95,000 and not in excess of \$100,000, 39 per cent in

addition of such excess. \$20,100 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000, 40 per cent in addition of such excess

Mr. CANFIELD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Canfield: On page 14, strike out lines 16, 17, and 18 and insert in lieu thereof the following: "\$20,100 upon net incomes of \$100,000; and upon net incomes

in excess of \$100,000 and not in excess of \$200,000, 40 per cent in addition of such excess.

"\$60,100 upon net incomes of \$200,000; and upon net incomes in excess of \$200,000 and not in excess of \$300,000, 40 per cent in addition of such excess

"\$103,100 upon net incomes of \$300,000; and upon net incomes in excess of \$300,000 and not in excess of \$400,000, 46 per cent in of such excess.

"\$149,100 upon net incomes of \$400,000; and upon net incomes in excess of \$400,000 and not in excess of \$500,000, 48 per cent in

addition of such excess.

"\$197,100 upon net incomes in excess of \$500,000; and upon net incomes in excess of \$500,000, 50 per cent in addition of such

Mr. PATTERSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.
Mr. PATTERSON. When would it be in order to offer an amendment to the amendment-before or after the gentleman from Indiana speaks?

The CHAIRMAN. After the gentleman from Indiana has concluded his remarks.

Mr. CANFIELD. Mr. Chairman, as the bill has been recommended to you by the Ways and Means Committee the surtax stops at 40 per cent, and on all incomes over \$100,000 they will pay a surtax of 40 per cent. This means that they will pay approximately 47 per cent on incomes over \$100,000. My amendment goes on up to \$500,000, and on incomes over \$200,000 there will be paid a surtax of 43 per cent; on incomes over \$300,000, a surtax of 46 per cent; on incomes over \$400,000, a surtax of 48 per cent; and on incomes over \$500,000, 50 per cent. This will make the normal tax and surtax on incomes of over \$500,000 approximately 57 per cent. I realize the argument is often made that 40 per cent is as high as we should go; that more income can be derived by stopping at 40 per cent than by going higher. I can not agree with that argument. With conditions as they are to-day, with an emergency existing, I feel that any man who has an income of over \$500,000 should be willing to pay 57 per cent of it into the Treasury. For if it were not for the Government that is back of him, he could not make \$500,000 a year. Therefore when he is allowed to make over \$500,000 a year there is no reason on earth why he should not be willing to at least pay 57 per cent of it into the Treasury of the United States, when the facts are if it were not for his Government back of him it would not be possible for him to accomplish what he does.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I will.

Mr. O'CONNOR. Does not the gentleman think, to carry his amendment to a logical conclusion, he should make the increase of surtax 1 per cent for every \$100,000 until he gets to 100 per cent?

Mr. CANFIELD. No; I think when we go to 57 per cent we have gone as high as we should go.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I will.

Mr. JOHNSON of Texas. Can the gentleman give us any idea about what increased revenue his amendment would

Mr. CANFIELD. If I am not mistaken, Mr. Parker and the Treasury Department estimate that the increase in revenue will be between \$10,000,000 and \$15,000,000 in 1933 and between \$25,000,000 and \$30,000,000 in 1934. The increase

\$16,250 upon net incomes of \$90,000; and upon net incomes in 1 in revenue is not large or will not be large on account of excess of \$90,000 and not in excess of \$95,000, 38 per cent in addiconditions as they are at present, but should conditions improve the revenue will increase.

> Mr. HASTINGS. Why does not the gentleman increase the bracket from \$500,000 up to the \$1,000,000 class?

> Mr. CANFIELD. Because I think when we go to 57 per cent we have gone high enough, and instead of going to the million-dollar class to get 57 per cent, I believe we should collect 57 per cent on all income over \$500,000.

> Mr. HASTINGS. I am in favor of an amendment to go higher, and if I have the opportunity I shall offer an amendment to carry the higher brackets up to \$1,000,000.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I will.

Mr. HARLAN. Can the gentleman give any information as to the British income-tax rates on those brackets?

Mr. CANFIELD. They are very high.

Mr. HARLAN. I know they are, and I wondered if the gentleman had the figures.

Mr. CANFIELD. I think they go as high as 66% per cent. Mr. SWING. Mr. Chairman, I offer the following substitute for the amendment of the gentleman from Indiana, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. Swing: Page 14, line 17, strike out lines 17 and 18 and insert in lieu thereof the following:

"Net incomes in excess of \$100,000 and not in excess of \$150,000, 40 per cent in addition of such excess.

"42 per cent of the amount by which the net incomes exceed \$150,000 and do not exceed \$200,000.

"44 per cent of the amount by which the net incomes exceed \$200,000 and do not exceed \$250,000.

"46 per cent of the amount by which the net incomes exceed \$250,000 and do not exceed \$300,000.

"48 per cent of the amount by which the net incomes exceed \$250,000 and do not exceed \$300,000.

"48 per cent of the amount by which the net incomes exceed \$300,000 and do not exceed \$400,000. "50 per cent of the amount by which the net incomes exceed \$400,000 and do not exceed \$500,000.

52 per cent of the amount by which the net incomes exceed \$500,000 and do not exceed \$750,000.

"54 per cent of the amount by which the net incomes exceed \$750,000 and do not exceed \$1,000,000.

"58 per cent of the amount by which the net incomes exceed \$1,000,000 and do not exceed \$1,500,000.
"58 per cent of the amount by which the net incomes exceed

\$1,500,000 and do not exceed \$2,000,000.

"60 per cent of the amount by which the net incomes exceed

\$2,000,000 and do not exceed \$3,000,000. "62 per cent of the amount by which the net incomes exceed \$3,000,000 and do not exceed \$4,000,000.

"64 per cent of the amount by which the net incomes exceed \$4,000,000 and do not exceed \$5,000,000.

"65 per cent of the amount by which the net incomes exceed \$5,000,000."

Mr. CRISP. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. CRISP. The gentleman from Indiana has an amendment pending striking out certain lines of the bill and substituting different rates. As I caught the reading of the amendment offered by the gentleman from California, it also struck out those same lines. Of course, there can not be two amendments pending, and my parliamentary inquiry is whether the gentleman from California offered his amendment as a substitute.

The CHAIRMAN. That is the understanding of the Chair, that the gentleman offers his proposal as a substitute for the amendment offered by the gentleman from Indiana.

Mr. SWING. Mr. Chairman, the amendment offered by the gentleman from Indiana is good as far as it goes, but it does not go far enough. Every argument that can be made in favor of a graduated income tax up to \$100,000 or \$500,000 can be repeated to show that the graduation ought to go on up to \$5,000,000. I am simply presenting to this House the opportunity to vote for the financial needs of the country in the present great crisis just as it voted in 1918, facing a similar crisis.

Mr. JOHNSON of Texas. Will the gentleman yield? Mr. SWING. Yes.

Mr. JOHNSON of Texas. How do these rates compare with the surtax rates in effect during the World War?

Mr. SWING. I have taken the rates in my amendment from the war tax rates of the revenue bill of 1918.

The crisis facing the country to-day has brought more want and suffering on the American people than the World War did. This depression has cost the American people more in financial losses than the World War cost us in money. So I say that in this war against depression there can be no serious objection to going back to the World War to find tax rates then adopted, with the approval of the American people, and again putting them into effect.

During the World War when man power was essential to win the contest this country did not hesitate to take man power where it could find it and used only the yardstick of ability to fight. Now, when it needs dollar power to balance its Budget, who is there that can justly complain if for a limited period of time we impose a justifiable graduated income tax which applies to the upper brackets identically the same yardstick that is applied to the lower brackets? [Applause.]

How are we going to answer the contention of the International Workers of the World and such, who claim that this Government has one treatment for the classes and another treatment for the masses? That we have one yard-stick for the rich and another yardstick for the poor?

In India they have a class of untouchables, but they are at the bottom of society. Let us not create in the minds of our people the belief that we have a class of untouchables at the top, of the rich.

If ability to pay is a proper basis—and it is the only basis on which the graduated income taxes are imposed—why stop at incomes of \$100,000 as you do in this bill. Why do you not have to carry that same yardstick on up and apply it to those incomes in the upper brackets?

Five thousand eight hundred taxpayers, according to the records of 1930, a year of depression, reported net incomes in excess of \$100,000, running up to \$5,000,000 and over.

How can a man with an income of \$5,000,000 object to contributing to his country in the time of this great need 65 per cent of that part only of his income which is in excess of \$5,000,000?

I say this amendment will produce, according to the records, for a full year, \$120,000,000. It is proper and it is justifiable to ask for these increases, and we have precedent for asking men with such incomes to pay a larger tax to the country during its hour of great need. The amendment should be adopted. [Applause.]

Mr. RAGON. Mr. Chairman, I rise in opposition to the amendment and to the substitute. Gentlemen, I want us to consider this particular feature in a very sober and business-like way. I realize the House wants to make those who have the ability to pay, pay the taxes of this country.

I was appointed the chairman of the subcommittee which framed these particular rates in the bill. We had the advantage of experts not only of the House and of the Treasury but, as I recall it, we called in one or two other men to counsel with us. The rates we have here represent what the men on that committee thought under the circumstances would bring in the greatest amount of money it was possible to collect under these incomes.

Now, you can put in rates, if you want to, calling for 90 per cent of their income, but you will not get 90 per cent. You can put in rates calling for 80 or 70 per cent, and you can even put in a rate of 60 per cent, but whenever you do that, particularly in this day of stress, you are going to far overreach the point where you will get any returns.

Now, the conditions that my friend from California and my friend from Indiana spoke of were conditions in war times, entirely different from what we have to-day.

Those were the conditions when we were in war. Prices and salaries and wages in every respect were exceedingly high. Prices of commodities at that time were tremendously out of proportion to prices in normal times, and so men, through patriotic impulses, with pocketbooks bulging with money, could afford to pay these tremendous rates, but what are you confronted with to-day?

Mr. RANKIN. Will the gentleman yield?

Mr. RAGON. No; I can not yield now. I will yield to the gentleman in a moment.

With conditions as they exist now, with the money of the country sewed up, even to the smallest taxpayer in the country who, if he has an extra dollar, has it sewed up in a sock or hid in a sugar bowl, and this condition extends from him right on up to the multimillionaires of the country, and everyone is fearful, and what are you going to do?

If you put on a tax higher than those in the committee's report here—and remember, gentlemen, the committee's report is a 46 per cent tax on every man's income where it is above \$100,000—if you put a higher tax upon it, what will be the result? The result will be just what you could expect human nature to be. The man will say that he will take care of himself, and he will put his money in tax-exempt securities, and you know that he has that golden opportunity at this time.

So I know this House wants to produce, through the instrumentality of a tax bill, especially upon those of wealth, a bill that will produce the greatest amount of revenue, and I say to you that in place of encouraging volumes of money to roll into the Treasury, under the proposals you make, if you enact the amendment of the gentleman from Indiana or if you enact the amendment of the gentleman from California, you will reach the point with respect to this particular bill where you will find yourselves in the throes of diminishing returns.

I now yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman spoke of pockets bulging with money during the war. I wonder if the gentleman knows that in 1928 there were twenty-five times as many people in the United States with incomes of \$1,000,000 a year as there were during the war.

Mr. RAGON. However reprehensible, I will say to my friend from Mississippi, it may be to grow rich in this country; however reprehensible it may be for a man to step out of a salary of \$10,000 into a salary of \$20,000, or from a salary of \$2,000 into a salary of \$10,000—

[Here the gavel fell.]

Mr. RAGON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. RAGON. However reprehensible it may be for a man, by his initiative or otherwise, to gain a larger income upon his ability or a larger return upon his investments, I say to my friend, that does not alter the case a bit in the world. You have got to meet this situation in respect to tax returns and realize the fact that you can go too far, and I say to you that I am as willing as anybody to go to the limit to make those able to pay bear the cost of government; but five of us sat around the table and then the entire committee joined in, and, without a dissenting vote, we agreed that this was as much as the traffic would bear.

Mr. PATTERSON. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. PATTERSON. I would like the gentleman to tell me why the subcommittee stopped at \$100,000 and levied the same percentage of tax on \$100,000 that they do on \$1,000,-000 or \$5,000,000?

Mr. RAGON. I will say to the gentleman that we just thought a flat rate would be as equitable as anything else in the matter.

Mr. PATTERSON. I want to ask the gentleman one more question, if the gentleman will yield, and then I shall not bother him any more.

Mr. RAGON. That is all right.

Mr. PATTERSON. I notice where the gentleman made a speech here when we had up the gift-tax measure in December, 1929, on the recommendation of the Secretary of the Treasury, and the gentleman made an enthusiastic speech for that, and that very year, with the moneys collected after July 1 of that year, we had a deficit of \$900,000,000.

Mr. RAGON. I do not know who got the speech for the gentleman, but that is correct. I do not know that I have done anything here that the gentleman should want to quarrel with any speech I have made, but I wish to God we

had now the same opportunity to pass the same kind of | bill. [Applause.] A bunch of fellows like my friend from Alabama must stop and realize that if we are going to pay these appropriations he wants it, we have got to have some money.

Mr. PATTERSON. And that is what we are trying to do. The CHAIRMAN. The gentleman from Alabama is out of order in addressing the speaker without rising and asking him to yield.

Mr. PATTERSON. Mr. Chairman, the gentleman was addressing me.

Mr. RAGON. When it comes to the question of the returns, as my friend from Mississippi suggested here, we are faced with the condition that in the last year we have had a reduction of 52 per cent on the returns from the individual income taxes of this country, and this year it is expected there will be still further reductions. I do not know, and perhaps some gentleman can correct me if I am wrong, but as I remember it, the return on individual incomes in 1929 was about \$1,100,000,000. Approximately, that was reduced in the income returns in 1930 to \$475,000,000, and I am advised that this year the Treasury Department expects not more than \$350,000,000.

To-day, when everyone is scared, when money is timid, when the greatest financiers of the world are afraid of their shadows, financially speaking, the prettiest thing in the world is a tax-exempt security, and if you want to drive this money that we would otherwise get under a tax rate of 46 per cent into tax-exempt securities or into hiding, then vote for either the amendment of my friend from Indiana or the amendment of my friend from California.

Mr. HARLAN. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. HARLAN. Will the gentleman say what effect he anticipates on the interest rate that the Government would have to pay on the tax-free securities the rush to purchase such tax-free securities would have? Would not that lower the interest the United States Government would have to pay on its tax-free securities and increase the price the Government would get for them?

Mr. RAGON. I grant the gentleman's reasoning and that would depend, largely, upon your ability to balance the Budget and to avoid further bond issues.

Mr. MANLOVE. If the gentleman will permit, I would like to say in answer to the question that even if there were a slight reduction in the rate of interest the Government would have to pay, that would not be comparable at all with the amount of money which the Government would lose by reason of this money going into tax-exempt securities.

Mr. RAGON. That is true.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to speak for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Chairman, I shall most cheerfully support the amendment of the distinguished gentleman from California [Mr. Swing]. I remember back in the days of 1918, when the gentleman from California and I were in the service together, and I agree with him that the condition of this country is much more serious to-day, especially from an economic standpoint, than it was then.

The gentleman from Arkansas [Mr. Ragon] tells us that conditions were entirely different at that time. I have put the tables in the RECORD showing that in 1914, the year the war broke out, there were only 60 people in the United States with incomes of a million dollars a year. In 1921 there were 21 people with incomes of a million dollars a year. In 1928 there were 511 individuals with incomes of a million dollars a year-twenty-four times as many as there were in 1921.

The very laws that you have imposed on the American people have made the masses of the people poorer and poorer, until they finally reached the bread line, while these men have piled up incomes amounting to a million dollars

annually. Yet you come here and propose-even the gentleman from Arkansas proposes-to levy a sales tax on the masses of the American people that will average \$25 a year on the poorest family in America that only has sufficient money to buy necessities to live on. You levy \$25 a year, which is 100 per cent or more of their net incomes, but you are very solicitous when the attempt is made to enact a tax that will reach the individual with a million-dollar income and over.

Mr. RAGON. Will the gentleman yield?

Mr. RANKIN. Yes. Mr. RAGON. How does the gentleman get those figures of \$25 a year?

Mr. RANKIN. Because the average family in America has five people, and you levy a tax of \$5 on each individual, and that makes \$25 a year, whether they have any incomes or not. You can not escape that conclusion.

Mr. RAGON. What does the gentleman base that on? Mr. RANKIN. Oh, if the gentleman does not know any more about the bill than that, it is useless to argue with him. It averages \$5 a year per capita, and, pyramided as it will be, it will probably amount to \$10 a year.

The gentleman from Arkansas talks of driving the wealth into tax-exempt securities. Well, we are ready for that storm cellar too. We are going to offer an amendment at the proper time raising the surtax on those who inherit large fortunes. We are not going to permit them to escape.

This is war. It is war on poverty; it is war on depression. The way to solve it is to relieve the masses from the burden of taxation and make those pay who are able to pay.

There has not been a more fair and just amendment than this offered by the distinguished gentleman from California. The gentleman from Arkansas, instead of answering my question when I said there were more people with a milliondollar income now than there were during the war, said that I thought it was reprehensible for a man to have a large income. I did not say and I do not think it is reprehensible for a man to have a large income, but it is reprehensible to impose unbearable burdens upon the toiling masses of our people and allow those to escape who are most able to pay. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield? Mr. RANKIN. Yes.

Mr. BLANTON. And what we ought to do before we adjourn is to start to the legislatures a resolution to amend our Constitution allowing income from tax-exempt securities to be taxed and to keep tax evaders from investing all of their money in tax-free securities.

Mr. RANKIN. We will take care of that later. We are faced with a condition and not with a theory. You may impose a sales tax, and it will not lower the burden at all of the men in your States, it will not lower the burden of the man who is trying to pay taxes on his home but will add to his burden. We are driven to one of two things. will have to either raise the rates in the higher brackets or impose a sales tax on these people who are already overburdened and complete their economic destruction. one expect to support this Swing amendment, to raise these rates to 65 per cent, because when you get men with large incomes paying their just proportion of the taxes, we will not hurt them. Invariably they made their fortunes out of the war to which the gentleman referred, and we are at war now. We must save this Republic, and I resent the insinuations that have been passed out that those of us who are fighting to keep down the sales tax are not just as patriotic as those who are fighting to put it on. [Applause.]

We were elected to Congress just as you gentlemen were. and we are not going to be dictated to by any man who arrogates to himself all of the patriotism, all of the intelligence, and all of the statesmanship of the Republic. We are going to continue this fight, to keep you from imposing this unjust, iniquitous burden called a sales tax on the backs of the toiling masses and permitting those with incomes of millions of dollars a year to escape. [Applause.]

Mr. TREADWAY. Mr. Chairman, no more serious problem can face this committee than the one suggested by the

two amendments now pending. Of course the amendment offered by the gentleman from California [Mr. Swing] will come up first for action, and, therefore, I shall confine my brief remarks to the principle involved in that. The gentleman from Mississippi [Mr. Rankin], who has just taken his seat, very eloquently tells this House that we are going after this money in somebody's hands. That is exactly what the Committee on Ways and Means has endeavored to do. The point at issue is whether or not we will get more money out of the people under the rates as reported by the Committee on Ways and Means or by the amendments that are pending before the House now.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I have only five minutes.

Mr. PARSONS. Just for a question.

Mr. TREADWAY. Very well.

Mr. PARSONS. If this is not going to produce the revenue, nobody will have to pay the money, and why worry

Mr. TREADWAY. We are very much worried, under the situation, with the gentleman offering these amendments, that they will absolutely prevent the reconstruction of business in the country.

Mr. PARSONS. Mr. Chairman, will the gentleman yield? Mr. TREADWAY. The only way that I can afford to yield is based on securing more time.

Mr. PARSONS. Then, Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes additional.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, and I shall not, did not the gentleman vote for these same rates during the war?

Mr. TREADWAY. I did.
Mr. BLANTON. Then why object to them now?

The CHAIRMAN. The gentleman from Illinois [Mr. PARSONS] asks unanimous consent that the time of the gentleman from Massachusetts be extended for five minutes. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Chairman, will the gentleman yield? Mr. TREADWAY. Yes.

Mr. PARSONS. The gentleman says that this will drive the corporations and these people with large incomes out of business, and they will invest their money in tax-free securities. Is it not a fact that there are no new tax-free securities being issued except those of the Federal Government, and where would there be any to make the investment?

Mr. TREADWAY. I do not admit the gentleman's premise that no other tax-free securities are being issued.

Mr. PARSONS. In large amounts.

Mr. TREADWAY. Because, under a recent decision of the Supreme Court, the Federal Government has no right to tax the instrumentalities of the State, and I read a paragraph to the committee in that connection from the Supreme Court decision in Willcuts v. Bunn (282 U. S. 216):

The well-established principle is invoked that a tax on the instrumentalities of the State is forbidden by the Federal Constitution, the exemption resting on necessary implication in order to effectually maintain our dual system of government.

In other words, the reason why these large incomes have shrunk, so far as returns to the Federal Government are concerned, is that the possessors of those large incomes can buy State securities that are tax exempt. There are no two ways about that. It is so plain that it seems peculiar to me that gentlemen will suggest these confiscatory rates, and in addition to the State securities, the municipal securities are likewise exempt under the Supreme Court decision. The Committee on Ways and Means has considered this question in previous years. The same question was up before the committee in 1921, and in 1923 the Committee on Ways and Means reported to this House a resolution proposing to amend the Federal Constitution to cover this very point. The House of Representatives adopted that proposal, and we are not to blame if the resolution did not go into effect and died in another branch of the Congress. The House of Representatives did its part in asking that the constitutional amendment be referred to the States. In my remarks a week ago I said that I considered there was no more necessary amendment to the Federal Constitution than that very one, so that we may provide a means whereby the tax-free securities can not be bought up in the way they have been in the past, and thereby prevent securing the revenue that would result from the higher brackets.

The report of the Committee on Ways and Means placed the higher bracket of surtax at 40 per cent. The House has just adopted an amendment making the normal tax 7 per cent. Therefore, on the income above \$100,000 you will be asking the man of large means to pay into the Federal Treasury 47 per cent of that income.

I agree with the gentleman from Arkansas [Mr. RAGON] that the moment we try to get higher rates than that, we will have exactly the same situation that faced Congress when we adopted that amendment to the Constitution, as far as the House was concerned, nearly 10 years ago. That is the problem with regard to which I appeal to you, not to discourage the renewal of business; not to discourage the renewal of placing these large sums of money into business channels; not urging those people to take from their strong boxes and buy State and municipal securities rather than go into business or buy Federal bonds.

The moment you increase those rates beyond what the patriotic citizens feel is a fair return on their part to the Federal Government, just so soon are you reducing the amounts that the Federal Government will be able to obtain. Bear in mind, Mr. Chairman, that this payment on their part is voluntary. They are protected by the Federal Constitution and by decisions of the Supreme Court so that we can not force them to pay these higher brackets. If we could, that would be one thing, but offering an amendment to the committee bill on this floor will not do it. Therefore, I appeal to the membership not to consider raising that rate.

Mr. ALLGOOD. Will the gentleman yield?

Mr. TREADWAY. No; I do not yield at this time. The gentleman can get his own time.

I appeal to the House not to think we can arbitrarily force this money out of the coffers of the so-called wealthy. It is impossible, and the Supreme Court and the Constitution of the United States under the decisions of the Supreme Court. protect them in the position that they will take. You will lower governmental receipts. We are looking for money. You will lower Federal returns just as sure as you increase these higher brackets on the surtax. [Applause.]

Mr. KVALE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it has been my purpose to offer an amendment fashioned along the war-time rates, which appear in the public laws of the Sixty-fifth Congress, and of which I ask permission to include a portion, under leave to revise and extend my remarks, for purposes of comparison.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KVALE. Mr. Chairman, it has been stated repeatedly during this debate that net incomes of \$100,000 are taxed at the rate of 40 per cent.

If the members of the committee will refer to the copy of the bill in their hands, they will readily see that net incomes of \$100,000 are not taxed at the rate of 40 per cent, but are taxed with a surtax of approximately 20 per cent, which, with the normal tax recently determined upon by adoption of the amendment of the gentleman from New York raising the normal tax rate to 7 per cent, makes a total tax of 27 per cent. That portion of the income, net, for taxable purposes, in excess of \$100,000, is taxed at the rate of 40 per cent. That is quite different.

Now, the same applies in the case of incomes, net, of \$50,000. Instead of the 21 per cent, commonly designated, the actual rate is about 15 per cent; and so on through these figures that appear before you in the bill. Rates are substantially lower than it is generally represented.

I think the reference to the specific sums to be paid has been an effort on the part of those drafting this legislation to be honest, and not to be misleading. Specific amounts are named for each bracket. Now, the effort of the gentleman from California [Mr. Swing] and of the gentlemen from Indiana [Mr. Canfield], and my own effort in the way of an amendment which I have decided to withdraw, and in its stead to support the amendment offered by the gentleman from California as a substitute, are all designed to increase rates upon those incomes in excess of \$100,000. The wartime rates were stepped up until a surtax of 65 per cent upon an annual income of \$1,000,000 was reached.

The arguments that these will be nonproductive rates if set in the legislation, it seems to me, are quite beside the point. The main point should be that, as an evidence of good faith on the part of gentlemen who are here advocating the imposition of a sales tax, they should be the first to support this amendment. The reason for imposing these additional rates upon these large incomes is only that, in imposing the sales tax upon the masses of the people, it is evidence of good faith, and even though they may not be productive of substantial revenue to the Treasury, yet we should write these large rates into the bill.

Mr. SNELL. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. SNELL. I understood the gentleman to say that on incomes above \$100,000 we would only tax them 26 per cent.

Mr. KVALE. On incomes of \$100,000 net, for taxable purposes.

Mr. SNELL. I had supposed from the report of the committee that it was 47 per cent.

Mr. KVALE. I ask the gentleman to refer to the bill. There appears a surtax of \$20,100 upon net incomes of \$100,000. Is that not a surtax of 20 per cent? There is no argument about it.

Mr. SNELL. Now, I will ask a member of the committee, who is supposed to be able to answer that.

Mr. TREADWAY. If the gentleman will permit-

Mr. KVALE. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. The tax on page 12 of the reprint, line 4—I am referring to what we are amending—reads as follows:

\$11,660 upon net incomes of \$100,000, and upon net incomes in excess of \$100,000, in addition, 20 per cent of such excess.

Now, that is the present law. The suggestion of the committee is, as found on page 17 of print in italics, \$20,100 upon net incomes of \$100,000.

In other words, this bill, if adopted as the committee reports it, raises the income rate on \$100,000, \$8,550.

Mr. KVALE. That is all correct, but it does not controvert the statements I have made here.

Mr. TREADWAY. But I am endeavoring to show to the gentleman that we are nearly doubling the rate at \$20,000, and from \$20,000 up we have more than doubled it.

Mr. PERKINS. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. PERKINS. On page 7 of the report of the committee is a tabulation showing exactly what will be paid under the present proposed bill.

It shows this: Net income, \$100,000; tax proposed, \$25,-762.50.

Mr. KVALE. The gentleman bears out my statement, and I thank him.

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Will the gentleman yield?

Mr. KVALE. Yes.

Mr. BLANTON. The gentleman from Massachusetts, after his explanation, agreed that the gentleman was right.

Mr. TREADWAY. Mr. Chairman, if I may be permitted, I agree the gentleman was correct in his statement, but I

was endeavoring to show the gentleman that in the bill we have increased that rate on an income of \$100,000 by over \$8,000.

Mr. KVALE. That is right.

Mr. TREADWAY. We are both correct, are we not?

Mr. KVALE. Perhaps so.

Mr. CANFIELD. Will the gentleman yield?

Mr. KVALE. Yes.

Mr. CANFIELD. And all incomes over \$100,000 are taxed 40 per cent.

Mr. KVALE. Yes. The gentleman from Indiana is seeking to make these rates more equitable, and the gentleman from California, in harmony with my thought, goes yet farther, and I shall support the amendment offered by the gentleman from California.

Mr. TREADWAY. We are not in discord at all, but we are in agreement as to the rate on \$100,000 and that the rate is 40 per cent above \$100,000.

Mr. KVALE. Permit me to make one concluding statement. Mr. Chairman, these rates may not be productive of great additional revenue—although I am advised that the figure approaches \$80,000,000. Mark you, these rates apply only to net annual income, for taxable purposes, after individuals declaring these large incomes have already made all possible exemptions, deductions, allowances, exceptions, and have concealed all possible income through purchase of tax-free securities.

Mr. Chairman, I think it is only fair to apply these rates upon these incomes, whether they be productive or not, as a demonstration of good faith on our part if we seek to impose a sales tax, and I repeat that those who advocate a sales tax should be the first to follow the gentlemen from California and Indiana and those of us who support this amendment. [Applause.]

Mr. CRISP. Mr. Chairman and gentlemen, I shall detain you but a moment. I have no criticism to make and have had none to make of any Member of this House who has differed with me on this or any other bill. The majority has a right to work its will.

I do want to ask you, however, for one moment to please seriously consider what will be the effect of this amendment on the country if it is adopted. I hold no brief for the wealthy. Gentlemen, dollars are sensitive and dollars go where they can get returns. There is no doubt but what you can make the rate of taxation so high that men who have money will not risk it in business. They will retire from business. They will put their money in tax-exempt securities, and to-day there is about \$20,000,000,000 or \$25,000,000,000 of State, county, and municipal bonds that are tax exempt. What effect will this amendment, if it is passed, have on those men who have invested their money in industries, industries that give employment to thousands of your citizens? Suppose those men can not see where, by paying these tax rates, they can make any money. Will they take the chance of doing business and losing money? If they suspend business, will not that add to your unemployment situation?

I simply appeal to you gentlemen to think and then vote just as your conscience dictates, and I accord to each of you the same sincerity of purpose I have.

Mr. LaGUARDIA. Mr. Chairman, I simply want to call the attention of the committee to the parliamentary situation. We have an amendment offered by the gentleman from Indiana [Mr. Canfield] which brings up the surtaxes to a maximum of 50 per cent on all amounts over \$500,000. We have a substitute to that amendment offered by the gentleman from California [Mr. Swing] which brings up the rates where the gentleman from Indiana stops and graduates them up to a maximum of 65 per cent on incomes of over \$5,000,000.

Mr. SWING. Net?

Mr. LaGUARDIA. Net incomes of \$5,000,000. So let us not be unduly exercised over that. The first vote, gentlemen, will be on the substitute. If that is carried, it will be substituted for the amendment offered by the gentleman

from Indiana, and we will then have the maximum rates graduated from the \$100,000 40 per cent maximum provided by the committee up to 65 per cent on incomes over \$5,000,000 net.

Now, let me say this one word on the merits and in reply to the statements that this will not bring in any revenue. Many of you served with me in 1924 and in 1926 when we had the so-called Mellon plan reducing these very rates in the income-tax section. You remember it, gentlemen. We were told that if we reduced the rate we would never have a deficit, because the revenue from income tax would increase and that there would be that much more money put into commerce. That it would stimulate business and assure continued prosperity. But look what has happened from 1926 to 1932.

Mr. RANKIN. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. RANKIN. The gentleman from Georgia has stated that this will hamper business.

Mr. LAGUARDIA. I am coming to that.

Mr. RANKIN. As a matter of fact, all the expenses of running a business are deducted, and has not this tended to cause them to pay their laborers more and to be more liberal with their help?

Mr. LaGUARDIA. And much has also been stated about tax-exempt securities. Let us analyze that for just a moment, please. Federal bonds are not tax exempt under the law. Therefore they can not put the money into Federal bonds to escape Federal taxes. State and municipal bonds are taxed by the State and the only reason for issuing bonds by a State or municipality is for public works, and that is what we are looking for them to do right now in order to give employment. The States will derive the benefit of lower rates of interest and higher income taxes—where States have an income tax. [Applause.]

We can not cut from the States every source of revenue, and we thank the opposition for suggesting that this will allow money to go into State and municipal bonds so that they can finance their public works and tax the bonds at the same time.

Gentlemen, this amendment or this schedule has two specific purposes, both of them very important.

One, it is a social tax in keeping with the American policy that we must not permit the concentration of all our national wealth in a few families. [Applause.]

Besides bringing about in an orderly, constitutional manner the necessary distribution of wealth, it is secondly a revenue producer, a substantial increase in revenue. Again, I will take the figures of the Treasury Department, and you will find in the hearings that a conservative estimate of doubling the rates as contained in the bill will bring anywhere from \$80,000,000 to \$95,000,000 additional taxes if we accept the substitute offered by the gentleman from California. I urge the adoption of the amendment. [Applause.]

Mr. SIMMONS. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I have not as yet taken any time in the discussion of this bill, rather preferring to express, briefly, my thoughts as we go along under the 5-minute rule.

I was one of some 50 Republicans in 1924 that joined with the solid Democratic minority in defeating the so-called Mellon tax bill. I am not as agile in my mental processes as many of my Democratic friends and am unable to jump from the things I then believed in and voted for to some of the things that my Democratic friends now ardently advocate and accept and which we then opposed.

As I see it, the argument centers down to this: No one argues against the increased income taxes on their merits but do argue that we dare not levy these increased income taxes because they will not be paid. Have we reached the time when the Congress of the United States must accept the doctrine laid down by the gentleman from Massachusetts [Mr. Treadway] when he said that Congress must not go beyond rates where these "patriotic" gentlemen feel they

should not go? I am not accepting the idea that we should fix a rate only as high as the millionaire may feel that he ought to pay, but, rather, I accept the doctrine that the man of big wealth ought to pay, in proportion, more than the man of moderate means to the support of the government that has created the opportunity and protected him in the accumulation of that wealth. Congress, not the tax-payer, should determine the rate. Patriotic citizens will accept it.

The greatest menace this country faces is the accumulation of great wealth in the hands of a few individuals. [Applause.] Within the last week we have seen one nation in the world compelled to pass a special act of its parliament at midnight, due to the financial crisis in that nation because one individual saw fit to remove himself from this earth.

If there are ways that they can avoid the payment of the expense of operating this Government, let us find ways to check up those holes rather than supinely admit that we can not compel them to pay. No one has argued here to-day that these taxes should not be levied, but rather that they can not be collected. I believe that they should be levied. I believe they can be collected.

On the matter of income taxes, on the matter of inheritance taxes, and on the matter of estate taxes we have a right to ask those people who have accumulated this wealth and who have these incomes to contribute in increasing proportion to the support of the Government that has made it possible that they obtain those incomes in this Nation and protects their accumulations.

Mr. BLANTON. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. BLANTON. The strongest evidence we have that the amendment will produce the revenue is in the tears that are being shed by the gentleman from Massachusetts and our former colleague, Mr. Ogden Mills, over the proposition. It is worrying those gentlemen.

Mr. SIMMONS. I suggest this: If there are those in this Nation who will avoid the payment of the rates that are proposed in the amendment of the gentleman from California [Mr. Swing], those individuals will scheme and work out means to avoid the payment of the taxes that the committee proposes. I favor the Swing amendments.

Mr. RAGON. Will my friend from Nebraska yield?

Mr. SIMMONS. I yield.

Mr. RAGON. I want to suggest that Mr. Ogden Mills had no more to do with the writing of these rates in the bill in any particular than did the gentleman from Nebraska or the gentleman from Texas.

Mr. SIMMONS. Well, the gentleman will say that I had nothing whatever to do with it.

Mr. RAGON. He did not, either. Mr. Mills also asked us to pass a retroactive provision with respect to the taxes which would have been an extremely great burden upon himself if we had adopted it.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, under the present rate of surtaxes 6,152 people were willing to pay taxes on incomes above \$100,000, earned in 1930, without seeking to escape such taxation by investments in tax-exempt securities. For the year 1929 there were 15,061 persons who paid on incomes in excess of \$100,000. In 1929, 1,471 persons paid on incomes over \$500,000, but in 1930 only 460 paid on such incomes.

We prepared this bill with the idea of getting the greatest amount of money out of the income taxes we could. To farm acres that will not yield a crop is not good farming, and to levy taxes in such a way that they will not produce revenue is not good legislation.

There are in this country many billions of State, county, and local tax-exempt securities. They have been thrown back on the market in enormous quantities. I know from a nation-wide survey that perfectly sound bonds are selling to earn 5½ and 6 per cent that ought to be sold on a 4½ basis.

Members refer to the present depression as a war-time depression. But it is not comparable with the former war period. In the former war period business made tremendous profits. It was profitable then to invest money in business, and the returns justified the expenditure. With constantly increasing profits taxpayers were willing to pay the high rates of taxation without seeking exemptions by investments in tax-exempt securities. There was a continually ascending trend in business. But now business has suffered a serious decline and profits are small, generally. The incentive of large profits from business is not present as it was during the period of the World War. Credit has diminished. At this time there is an attractive opportunity to make a better earning from the safer source of investments in tax-exempt securities, not only in State and municipal, but in United States securities, including Treasury bills, certificates, and notes.

Mr. LAGUARDIA. That is out of our control.

Mr. HAWLEY. But we were compelled to act under conditions as they are. We made the rates for the purpose of obtaining the maximum of revenue. A tax is not profitable merely because it is high in rate.

If we had concluded that an opportunity existed for us to obtain a larger amount, we would have increased the tax; but we believe we have reached the point of diminishing returns. To increase the tax as is now proposed by the pending amendments will diminish the amount of revenue that the bill is designed to secure. Instead of helping, so far as the manufacturers' excise tax is concerned, the pending amendments will make it necessary to raise more money from such sources than that proposed in the bill.

Mr. DOUGHTON. Mr. Chairman, I move that all debate on the substitute amendment close in five minutes.

The motion was agreed to.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I appreciate the work that the Ways and Means Committee has done. I do not want to take away any credit that they deserve for the long days and nights they labored before bringing out this measure.

I rise to favor the substitute amendment by the gentleman from California.

I read the remarks of my distinguished colleague, the gentleman from Alabama [Mr. Huddleston], in which he spoke about the demagogues, which may be true in some respects, but I do not think I am a demagogue to-day in standing on the floor of the House and saying that the time has come, in my opinion, in the affairs of this country when we are not going to ask the men with big swollen fortunes in this country whether they are willing to pay an income tax, as the gentleman from Oregon stated, but tell them that they are going to pay. The gentleman from Oregon used the word "willing."

Mr. HAWLEY. If the gentleman will yield, what I intended to say was, they paid under the rates in force for 1930 without seeking to escape taxation by investments in tax-exempt securities. We are willing to make them pay all reasonable amounts, but under the financial conditions and the legislation of the country, there is an opportunity for them to evade.

Mr. CONNERY. The gentleman from Nebraska spoke the truth when he said that the greatest evil in this country to-day is the concentration of wealth in the hands of a few. [Applause.] The great economists of the country have repeatedly stressed this fact until we know it as a truism.

The only way that you can take a proper percentage of that wealth away from a few and distribute it to the general public, the American people, where it rightfully belongs, is through amendments of this sort. If you say they will put it in tax-exempt securities, let us try them out. Since the Mellon plan went into effect, they have come in here every year and said, "Let us reduce taxes once more, because it will bring prosperity." Instead of prosperity, we find 8,000,-000 men out of work. Now let us try the other proposition and take 65 per cent away from them on net incomes of five millions and over, and if we find then that they put their money in tax-exempt securities, which, in some cases,

is not a bad thing, as the gentleman from New York says, because it gives the States an opportunity to put through their public-work projects, and we find that to dodge taxes they buy too heavily in tax-exempt securities for the common good, then let us come in here and put through an amendment to the Constitution of the United States that will take the tax exemption away from these State and municipal securities. I think one of the most important things that we will face in this Congress is this legislation we are considering right now on this proposition of surtaxes. I feel the next move we should make is to put a good stiff tax on inheritances, and then finally wipe out the manufacturers' excise tax, and we will have done something that really represents the will of the great rank and file of the American people. [Applause.]

Mr. PATTERSON. Mr. Chairman, a parliamentary in-

quiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATTERSON. I have an amendment to the amendment of the gentleman from Indiana. If the Swing amendment is voted down, will it then be proper for me to offer my amendment to the amendment of the gentleman from Indiana?

The CHAIRMAN. It will. The question is on the substitute offered by the gentleman from California.

The question was taken; and on a division (demanded by Mr. Crisp) there were—ayes 153, noes 87.

So the substitute was agreed to.

The CHAIRMAN. The question now recurs on the amendment of the gentleman from Indiana as amended by the gentleman from California.

The question was taken, and the amendment was agreed to. The Clerk read as follows:

(d) Evasion of surtaxes by incorporation: For tax on corporations which accumulate surplus to evade surtax on stockholders, see section 104.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word in order to ask the gentleman from Georgia [Mr. CRISP], while we are on this section, which simply refers to section 104, just what is meant. Section 104 covers only such corporations as holding companies, where no dividends are distributed for the purpose of evading income taxes. Has the committee considered a tax on undivided profits in corporations where profits are not divided but permitted to build up in order to avoid taxes? I point out that while the provisions of section 104 referred to in this paragraph cover fully what the gentleman has in mind, these particular holding companies, does it cover an existing evil of avoiding taxes by placing profits in surplus? I know that many corporations instead of dividing their profits in dividends after building up a reasonable surplus, keep piling up a surplus to avoid taxes, and then use this money for call money or even gamble in the stock market.

Mr. CRISP. Mr. Chairman, as I understand the section, it applies to all corporations that hold moneys and surplus for purposes of evading taxation.

Mr. LaGUARDIA. Would it apply to a commercial corporation that is not dividing its profits for the purpose of tax evasion and is building up a surplus?

Mr. CRISP. It is intended to apply to all corporations, holding companies, and others that are holding surpluses for the purpose of evading taxation.

Mr. LaGUARDIA. Suppose it is not a holding corporation; suppose it is an operating corporation.

Mr. CRISP. If it is any corporation, whether an operating corporation or a holding corporation, that holds its surplus to evade taxes, it is my understanding that that comes within the provisions of the law, and the chief of the legislative drafting bureau advises me that that is what it does.

Mr. LaGUARDIA. Then may I suggest for the consideration of the committee, that when we reach section 104, which is highly technical, where you provide the nondeclaration of dividends as prima facie evidence, I shall move to strike out "prima facie evidence" and insert "conclusive evidence" under the same state of facts as now contained in section 104.

Mr. CRISP. The committee will consider any amendment that the gentleman offers.

Mr. BURTNESS. Mr. Chairman, will the gentleman

Mr. CRISP. Yes.

Mr. BURTNESS. My question pertains to the matter which apparently the gentleman from New York [Mr. La-GUARDIA] has in mind, and that is the type or degree of proof as a practical proposition that will have to be resorted to by the Treasury Department before it can levy a tax upon undistributed profits. That is, what proof will be needed to establish the fact that the profits are not distributed in order to evade payment of surtaxes?

Mr. CRISP. I can only say to the gentleman that, of course, no law goes into all details and specifies the proof, and so forth. That is something that would have to be passed on by the Treasury Department.

Mr. BURTNESS. It is always a difficult matter to ascertain; I am anxious for a fairly definite legislative guide.

Mr. CRISP. We can not specify in the bill the kind of affidavits that will be required or the evidence that the Treasury Department must have. Some human agency must be charged with the responsibility of administering the law and they will have to pass on that proposition.

Mr. BURTNESS. It is always a difficult question to determine the intent.

Mr. CRISP. Yes.

Mr. LAGUARDIA. And that is what I said on an assumed state of facts as indicated in the bill, that it should be conclusive evidence and not prima facie evidence. We have had considerable trouble with this provision during the last few years where we have refunded hundreds of millions of dollars collected in 1918 and 1919. Unless we make this clear so as to protect the Treasury and not protect certain lawyers so helpful to the committee at times, we ought to write the words in the bill.

[Here the gavel fell.]

Mr. FREAR. Mr. Chairman, I rise in opposition to the amendment. I do this for one purpose. I asked the Secretary of the Treasury one time what undistributed profits he had ever ruled upon to show that the corporation was violating this statute, which is practically the same one we have had, section 220, although we amended it. He gave me no information at that time. That was in his office. I challenge any member of the committee, and there may be some who can give the answer, to name one corporation that has ever been assessed under that statute, that requires a tax upon undistributed profits. It had never been done in history to that time as far as I can ascertain. We have endeavored to make that effective and it ought to be done.

Mr. CRISP. Will the gentleman yield? Mr. FREAR. Gladly.

Mr. CRISP. Mr. Parker, who is chief of staff of the Joint Committee on Internal Revenue Taxation, advises me that there is a letter in these hearings showing where, about a year ago, there were \$6,000,000 in taxes collected under this section.

Mr. FREAR. The practice has been heretofore, Mr. Chairman, to give stock dividends. Of course, we all know that that was done in order to defeat this very tax. It was before that time that I asked the Secretary of the Treasury in his office, and individually I received no reply whatsoever. That was prior to 1927. I now understand that recently some effort has been made to act under the statute.

Mr. CRISP. I may say that Mr. Parker's chief duty is to review all these matters in the Treasury Department where there have been refunds, and so forth, and he is about as familiar with the returns in the Treasury Department as any of the employees and has as full knowledge as anybody. He says that within the last year \$6,000,000 has been collected under this provision of the law.

Mr. FREAR. It ought to have been many times that amount during past years. The Gulf Oil Co. was the one who started the stock dividends and split-ups according to Lamp, an oil publication I then mentioned. I made that statement to the Secretary in his office.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. LaGUARDIA. Is that an American company?

Mr. FREAR. The gentleman knows who is the head of it.

Mr. LaGUARDIA. But I want to know.

Mr. FREAR. It is an American company. The headquarters are supposed to be at Pittsburgh.

Mr. LaGUARDIA. Oh, that is the Mellon Co.?

Mr. FREAR. The gentleman has guessed it. [Laughter.] The Clerk read as follows:

(a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13 per cent of the amount of the net income in excess of the credits against net income provided in section 26.

Mr. FULLER. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Arkansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Fuller: On page 15, line 11, add the

following paragraph:

"(b) In addition to the tax provided and set forth in paragraph (a) of the section there shall be levied and collected for each taxable year from and paid by every corporation, foreign or domestic, doing business in the United States, whether paying any tax under paragraph (a) thereof or not, a tax of \$1 upon each \$1,000 of its capital stock."

Mr. FULLER. Mr. Chairman, I realize it is a hard matter to write a revenue bill in the Committee of the Whole House. No doubt many things we are doing now and many things that will be done before we get through will go to the Senate and be thrashed out there and in conference, but if our country is in the condition which it is claimed we ought to let the people know and we ought to let the other body know what we are in favor of.

The amendment which I have introduced is the old wartime measure. It will bring in \$100,000,000 a year. It is not a radical measure. I have always been classed as a conservative. In most of the congressional districts of the United States the capitalization of corporations is \$25,000. \$50,000, and up to \$200,000. They can well afford to pay this tax if we are in such a condition. If we are so bankrupt in the United States as the leader on this side of the House told us yesterday, that we will go into bankruptcy and will see the greatest panic that ever happened in the world's history if we attempt to sell \$600,000,000 more of bonds, then we ought to conscript wealth, as we do the flesh, blood, and brains of our citizens in war times, in order to see that this country shall not go upon the rocks of destruction. [Applause.]

This is not a radical measure. We can take this measure and two or three others that we seek to put into this bill. and that we will put into this bill, and eliminate the infamous sales tax that is sought to be imposed upon the laboring class and the poor class of this country. [Applause.]

Mr. Chairman, I have no criticism of the Ways and Means Committee. It is composed of much of the intellect and brains and statesmanship of this House. They have striven as best they could to bring in a measure, but on the Democratic side, where we find ourselves to be without leadership in an official capacity, the committee in reference to the sales tax is representing less than 25 per cent of the Democrats in the House of Representatives. If this tax measure is passed, it will be passed by the Republicans of this House, who ought to bear the blame for it.

We are willing to cooperate. We are willing to balance the Budget, but we are not willing to balance the Budget by going out and conscripting the small incomes of the poor people of this country. If anybody is conscripted, it should be those who are in a position to carry the burden.

Take a corporation that has \$100,000 of capital stock. What does it care about paying \$100 in order to try to avoid this great catastrophe and this great panic that is upon us now?

This is one of the measures we seek to have the committee adopt to take the place of the infamous sales tax. This is a measure that has been advocated by two or three members of the Ways and Means Committee. The gentleman from Massachusetts [Mr. McCormack] said, and other experts say, that this measure will bring in \$100,000,000. Of course, some may think it is too radical, but it is not. It is very conservative, in view of the fact that we are told by our leaders we are about to go on the rocks and unless we balance our Budget we are going to be bankrupt. Of course, everybody knows this is not so. Everybody knows this Nation is not going on the rocks. Everybody knows that the selling of \$600,000,000 worth of bonds is not going to hurt the credit of this country.

I ask you to seriously consider the adoption of the amendment I have offered. [Applause.]

Mr. CRISP and Mr. HADLEY rose.

The CHAIRMAN. The Chair recognizes the chairman

of the committee, Mr. CRISP.

Mr. CRISP. Mr. Chairman and gentlemen, I do not believe this amendment would have been germane to this provision of the bill but I did not care to interpose a point of order. I think I understand the temper of the committee, but charged with a duty and a responsibility I shall measure up to that to the best of my ability. [Applause.] I am performing a duty, as I see it, for my country. I am not criticizing others who differ with me. Each man is the keeper of his own conscience, and I will always maintain my integrity and my self-respect. I desire simply to call your attention to these facts in connection with this amendment: The corporation tax under the old law was 12 per cent. The committee has recommended increasing that to 13 per cent. Under the old law any corporation that had a net income of less than \$25,000 was given an exemption of \$3,000. The committee changed that. The committee under this bill provides that a corporation having a net income above \$10,000 is not given any exemption at all, but corporations with an income of less than \$10,000 will get an exemption of \$2,000 instead of \$3,000.

The report from the Treasury Department shows that last year 52 per cent of the corporations doing business in the United States paid no corporation income tax for they had

no net income and paid no tax.

You know, gentleman, as well as I do, that if a stockholder receives any income distributed by a corporation and if that stockholder had a sufficient income to bring him within the surtax class he pays on the income he gets from the corporation, and the corporation, of course, has paid the corporate tax, provided there was a net income.

That is all I desire to say to you. I simply present the

facts to you.

Mr. HARLAN. Mr. Chairman, I rise in opposition to the amendment. There are a great many of us who are only accepting the policy of a sales tax on the supposition that there is no other way out. My opposition to this amendment is based upon the proposition that it contains the very evil of the sales tax and that is that it is a levy on corporations doing business, without regard to whether they are making any money or not, or whether they are conducting a profitable business or not.

We all know there are a great many corporations in this country trying to hang on; they are trying to carry on; they are trying to keep their pay rolls going, and yet we impose a capital stock tax. That may have been all right during the time of the war when these corporations were operating on cost and 10 per cent plus. It was all right when everybody was making money, but this tax has every evil that a sales tax has. It falls upon those who are unable to bear it. I say to you, Mr. Chairman, that any man who will oppose a sales tax certainly ought to oppose this tax.

There is another provision in this bill that seems to me most unfair, and that is the provision which imposes a sales tax on foreign corporations based upon their capitalization. In other words, the United States is imposing upon a Canadian corporation a capital stock tax on the capitalization that is in Canada. In all probability only one-tenth or one one-hundredth of its business is in the United States. Suppose every other country should impose a similar tax on international corporations? They would be taxed out of pocket before they could start any business.

This is a most inequitable and unfair amendment. [Applause.]

Mr. HADLEY. Mr. Chairman, the chairman of the committee discussed this matter from the standpoint I had in mind when I arose before. The gentleman who has just left the floor also raised several questions in connection with the amendment which the committee had in mind when it was considering matters it did not report, and this was one of them. This matter had the thorough consideration of the committee, at least of the subcommittee, and it did not see its way clear to consider it, for the very obvious reasons which have been referred to by those who have spoken in opposition to it.

I did not quite understand the reading of the amendment. I did not get it all, but if I did understand the text correctly it is a direct tax. I do not understand that this amendment is predicated upon the privilege of doing business. The stock tax in the prior law, to which reference has been made, was based upon that privilege and upon that basis it came within the limitations of the Constitution. But if this is a tax merely upon capitalization, directly upon the stock itself, then it does not have any legal standing within the terms of the Constitution. If that is the text of the amendment, I feel certain my contention is correct. However, that can be determined upon a subsequent reading of the amendment.

Unless I am ill-advised as to the text of the amendment, I believe it is unconstitutional because it is a direct tax and, of course, I need not discuss that. The question is, Is it a direct tax? I think it is, if I heard it read correctly.

In the second place, the proposal challenges the principle of ability to pay. It denies the principle of the income tax itself, which is based upon that ability to pay.

Reference has been made to the fact that a large number of corporations in the country at the present time are almost wholly in the red. The dividends of the corporations that are not in the red represent the net result to the stockholders and many stockholders of the country are impecunious, and are looking to these dividends for support, and you are simply loading the overhead and diminishing the returns to the stockholders at a time like this. Furthermore the result will be, in my opinion, it will not produce the tax which the gentleman, in supporting the amendment, stated it will produce. It will not be productive of revenue even if it has any standing in law.

Mr. STAFFORD. Will the gentleman yield?

Mr. HADLEY. Yes.

Mr. STAFFORD. Suppose any or all of the 52 per cent of the corporations that have no income, as shown by the returns, fail to pay this excise tax of \$1 based on every \$1,000 of capital stock, what is going to become of the corporation and what is going to become of the tax? How are they going to collect the tax?

Mr. HADLEY. There is no way to pay it.

Mr. STAFFORD. They can sell the franchise if the tax is constitutional, but the gentleman says it is unconstitutional and I agree with the gentleman. I think it is one of these ill-advised proposals to raise money.

Mr. HADLEY. There is one other point I wish to make in this brief time and that is this: The capital-stock tax, as we had it during the war, was one of the worst taxes we ever had in our taxation system. It was not possible of successful administration. If this tax were based on the privilege of doing business and had a legal standing, then you would have to administer it and at great expense. If it is the kind of tax we had during the war and if you have to take into account the value of the stock, then there will have to be a survey made all over the country with respect to the value of the stocks of corporations, and with respect to this tax during the war these surveys lasted for years and tied up the taxes of corporations indefinitely, and it was the judgment of everybody that it was a bad tax and one that ought to be repealed.

I hope the amendment will not be written into the law under any theory.

[Here the gavel fell.]

last word.

Mr. Chairman, although I come from a farm State and although I am hopeful that it may be found possible to locate enough money so that Congress does not have to enact a manufacturers' tax, as to which I will not personally reach a final conclusion until we see where we are at as to amendments and further exemptions, I do want to warn those who are looking for other funds not to adopt a policy so unsound in principle, so absolutely unfair and burdensome, not only to business but also to the consumers of the country, as this proposed tax on capital stock proposed by the pending amendment would be.

So much has already been said about it that I think there is not much occasion for saying much more against it, but let me try to give you practical illustrations of how it would

As has already been indicated this proposal does not involve the ability of a corporation to pay. It is a tax against the corporation that is in the red as well as against the one which has a profit. It assesses the tax in accordance with the capital stock, and it taxes that capital in accordance with its par value, regardless of whether the capital of the corporation is impaired or whether the corporation has a surplus amounting to several times the amount of the par value of the capital—a proposition positively ridiculous to anyone who desires to obtain taxes from those best able to pay them.

But let us get down to a practical analysis. Any corporation starting in a new year's business at the beginning thereof, if it knows it has to pay a capital stock tax regardless of net profits, regardless of whether it will have an income, large or small, what happens? The management writes the amount of that capital stock tax into its budget for overhead expense together with its rent, with its heat, with its light, with its labor, with its real estate and personal-property tax, adds them all together, and then figures out the gross profit it deems necessary, for instance, on goods or commodities which it is going to sell to the public to pay all overhead expense, plus a hoped-for profit, and any person who knows anything about business transactions knows they are, at least, going to add that tax to the cost; if they do not pyramid it with intent and purpose, they are at least going to arrive at a percentage of profit at a high enough figure which in their judgment will amply collect the tax from the consumers. Now, this is about all there is to it, as to who will pay it if approved.

So I say to those of you who are trying to avoid a sales tax or a manufacturers' tax, listen to the argument that was presented by the gentleman from Ohio here a few minutes ago who told you that every argument against the sales tax applies to this proposed amendment. I would go farther and say that it applies with more force, for it is one that will of necessity always be passed on and probably will be pyramided and will fall upon the backs of the consumers of the country. A small sales tax may or may not be passed on, depending upon competition and other pertinent factors.

So let us not, by reason of any prejudice that may exist in our minds with reference to corporations, fall into the folly of supporting the amendment.

Then remember, too, particularly those of you who come from States where a lot of relatively small corporations are in competition with partnerships in similar lines of business, where you find a corporation on one side of the street and a partnership over on the other side of the street engaged in a competitive business-all those corporations with an income of \$10,000 will, under the law, pay a 13 per cent tax, without this addition.

Why add to that burden when their competitor, doing business as an individual or as a partnership, pays a maximum normal tax of 7 per cent on his income. Of course, there might be some variation depending upon whether the individuals get into the surtax figures or not, but the corporation's stockholders also pay surtaxes on corporation dividends. So, in fairness between competing firms and

Mr. BURTNESS. Mr. Chairman, I move to strike out the | individuals on the one hand and corporations on the other hand, this amendment should be defeated.

An item of less consequence is the fact that an additional report would have to be filed and add to the annoyance of every small corporation. Many such overlooked these reports during the war, and tremendous trouble and much expense ensued. Let the tax to be collected from corporations be included in one report and be in accordance with net profits, consistent with ability to pay.

Mr. DICKINSON. Mr. Chairman, I ask unanimous consent that the amendment may again be reported.

The Clerk again reported the amendment.

Mr. FULLER. Mr. Chairman, I ask unanimous consent to strike out "\$1" and insert "50 cents."

SEVERAL MEMBERS. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken, and the amendment was rejected. Mr. HARLAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 15, line 9, strike out the figures "13" and insert the figures "15."

Mr. HARLAN. Mr. Chairman, the amendment just read is submitted for the reason that I believe it contains all of the strength that the prior amendment contained weakness, and at the same time will produce substantial revenue.

In the first place, the tax is not to be paid by any corporation that is not making a profit. It has been estimated that the amendment if adopted will increase our revenue by approximately \$34,000,000.

Now, that is not a sufficient amount to be designated as confiscation of wealth. It is a fair tax, considering the condition and the time, placed upon a corporation that is making a profit. Such a tax can not be easily passed on to the consumer, as a sales tax would be, because these corporations that are making a profit will be in competition with other corporations which are not making a profit, and therefore do not have to pay the tax. Therefore, the price of the commodities of the tax-paying corporation will be in competition with commodities of those companies which do not pay the tax, and it will be more difficult to pass this tax on to the

Then, with reference to such a tax, the corporation will know at the beginning of the year that it will have to pay the tax in the event a profit exists at the end of the year. and it will be a very great stimulant to increase the pay roll to distribute the money among their own neighborhood and bring prosperity into its wake, instead of depression, as many other forms of taxation would undoubtedly do.

Mr. RAGON. Mr. Chairman, I dislike to disagree with my friend from Ohio, but the subcommittee had under consideration this item at 15 per cent, 14 and 13, down to the present law. It looked into all the conditions existing in the country and weighed the conditions of corporations all over the country, and we felt that the present rate was about all that the traffic would bear.

Mr. LaGUARDIA. Mr. Chairman, I want to say that in this instance I am in full agreement with the gentleman from Arkansas and the gentleman from Georgia. [Applause. We generally are in agreement, except little matters once in a while. [Laughter.]

This amendment ought not to be adopted for this reason. We know that if there should be high dividends by any corporation we get them on the surtax in the individual returns. I think that is a complete answer to the proposed amendment.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word. When we had the last tax bill before the House we secured an exemption of \$3,500 on corporations, which was very helpful to the smaller ones. I would like to remind gentlemen that, while corporations were generally formed to avoid personal liability, nowadays business generally is largely in corporate form, even the usual business in the rural and small communities.

This high rate is simply a step toward dissolving these small corporations, where there is now a division of ownership and wherein numbers of our citizens may become small owners in various businesses, and forcing a return to the old plan of partnership and individual ownership. They can then take advantage of the much lower rates and exemptions granted to individuals. I hardly think that we should continue to raise rates to such unreasonable amounts as to make it nothing else but legalized stealing. We place ourselves in the attitude of setting the example to our citizens in our municipalities to tax only the wealthy, efficient persons residing therein by framing some form of legalized confiscation of their property, under the theory that they are the only ones able to pay. But we predict that we may not be successful in the results of this legalized thievery of incomes, because we are to have such attractive tax-exempt investments that what wealth may be left will buy these instead of making further attempts in industry. As to the tax on corporations, it is only a short time ago when we recognized that they were already overtaxed and even granted an exemption. Let us encourage division of ownership by the corporate method in our communities, so that many can share in a business, and not discourage it by any such amendment as this. I can not imagine that the amendment will have any standing, but I could not help repeating some of the things said on this floor in 1928, relating to the relief of small corporations.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

I rise for the purpose of answering the gentleman from Massachusetts [Mr. Gifford], who condemns our demand that those who have grown rich at the expense of the Americans shall pay their just proportion of taxes and characterizes it as "legalized stealing." The gentleman from Massachusetts has been a Member of the House for many years. He voted for the tariff. He was willing to levy a tariff or tax on the great mass of the American people and take from them, without any remuneration to them, millions and hundreds of millions and even billions of dollars to enrich the favored few. He voted for the tariff that has bled the country white and brought about the deplorable condition that we find ourselves in to-day, pouring that wealth into the pockets of those who profited at the expense of the American people and at the expense of human misery. Was it stealing then; was it legalized stealing when you passed the discriminatory laws to help the favored few strip the toiling masses of America until to-day they are forced into the bread line?

I wonder how the gentleman from Massachusetts reconciles his conscience by voting for that legalized highway robbery when he comes in here to-day and denounces those of us who are attempting to tax those who have grown rich as a result of legislation for which he voted. He denounces us who want to tax those people in order to help save this Government.

He is willing to tax the poor individual on everything that he buys, through this infamous sales tax; he is willing to tax the little corporation in his district and in my district and in yours, small enterprises that are struggling along, trying to make a living, paying out practically all they make to labor in order to keep the community going; he is willing to destroy them by levying a 2½ per cent tax on their product, when he knows it will drive many of them out of business. That, of course, is not legalized stealing.

Mr. LUCE rose.

Mr. RANKIN. Oh, I knew that if the gentleman from Massachusetts [Mr. Gifford] had a sympathizer it would be his colleague from Massachusetts [Mr. Luce].

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. LUCE. The gentleman referred to the objectionable features of the tariff. Does the gentleman intend to vote for a tariff on oil?

Mr. RANKIN. No; I do not.

Mr. LUCE. I thank the gentleman.

Mr. RANKIN. The gentleman is very welcome, "and then some." If I know it, I am not going to vote for any other legislative iniquity that I think is a discrimination against any portion of the American people, or to give anybody a special privilege to rob somebody else. Unlike the gentleman from Massachusetts, I am not willing to help rob the people in one way and then come up and denounce Congress for "legalized robbery" when we seek to tax them equally or increase their income and inheritance taxes in order to keep from putting on a sales tax that would bring irreparable injury to our people.

Mr. HARLAN. Mr. Chairman, I ask unanimous consent to proceed for one minute in order to answer the gentleman from New York [Mr. LaGuardia].

The CHAIRMAN. Is there objection?

Mr. McREYNOLDS. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

The Clerk read as follows:

(c) Improper accumulation of surplus: For tax on corporations which accumulate surplus to evade surtax on stockholders, see section 104.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McFadden: Page 15, line 14, strike out all of subsection (c) and insert in lieu thereof the following:

"There shall be levied, collected, and paid each taxable year upon the surpluses of corporations a tax of 2 per cent per annum."

Mr. McFADDEN. Mr. Chairman, yesterday I took occasion to refer to this particular source of revenue as a logical means to be available for distributing the burdens of taxation. This amendment, if adopted, will produce over \$1,000,-000,000 in revenue to the United States. I point out again that the combined net surpluses of corporations is shown to be \$55,111,294,125, in relation to total assets of \$335,777,-909,511. The total capital stock is \$109,857,923,000. In analyzing this statement it will be found that \$55,000,000,000 to-day is the amount of surpluses. Of this, \$22,371,000,000 is represented in cash and \$10,000,000,000 is represented in tax-exempt securities. In other words, there is available for the purposes of collecting this tax surplus assets of the corporations in the United States (according to the last statement, which appears on page 25 of the bulletin compiled under the title "Statistics of Income" by the Treasury Department) to the extent of \$32,709,000,000 in cash and taxexempt securities out of the total surplus of \$55,000,000,000.

I know of no better source to which we can look for revenue than this. It certainly will not injure those corporations to pay a small tax of 2 per cent on the surplus. These are profits which were accumulated from the sale of their stocks, at a premium in many instances, to the investing public and from earnings during their prosperous years. It is a proper source for consideration, and I submit the amendment should be adopted.

Yesterday in my remarks I mentioned a levy of 4 per cent, but I think 2 per cent would be more proper for consideration in connection with this bill. This will supply sufficient revenues so that we will not be compelled to resort to this terrible plan of sales tax and the other nuisance taxes which are embodied in this bill.

Mr. ARNOLD. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. ARNOLD. Does the gentleman's amendment provide for 2 per cent on the amount that is carried to surplus each year, or is it 2 per cent on the accumulated surplus from year to year?

Mr. McFADDEN. It is 2 per cent on the total accumulated surplus at the present time. By way of explanation let me call your attention to a couple of financial statements which will illustrate just what I am striving to make clear. Note the statement of Allied Chemical Co. taken from the New York Times, March 18, 1932, page 36, as follows:

ALLIED CHEMICAL & DYE CORPORATION [Year ending December 31, 1931]

The net income for 1931 was \$18,931,511 after depreciation, obsolescence, taxes, and renewals equivalent to \$6.74 a share on the 2,401,288 common shares outstanding at the end of the year.

In 1930 the net was \$25,103,539, equivalent to \$9.75 a share on the 2,286,980 shares then outstanding. The company has trans-ferred \$40,000,000 from surplus to contingency reserve account to protect its operations and assets against future contingencies.

The balance sheet shows current assets of \$152,407,823 against current liabilities of \$6,994,541, a ratio of 21.8 to 1, leaving net working capital of \$145,413,282. The preceding annual balance sheet put total current assets at \$155,407,336, contrasted with current liabilities of \$8,715,056, a ratio of 17.8 to 1, leaving net working capital of \$146,736,280.

The property account was increased last year from \$219,136,151 to \$223,068,894, indicating \$3,932,734 expansion. The reserve for obsolescence and depreciation was increased from \$117,158,291 to \$122,746,940, or from 53.5 per cent to 55 per cent of the property account.

Total assets increased \$5,815,274 to \$408,049,802, with inventories carried at the lower of cost or market. Investments are carried at a cost of \$10,413,770. Surplus, including \$61,752,335 capital surplus, stood at \$165,169,252 at the end of the year.

You will note that their total surplus, including \$61,752,335 capital surplus, was \$165,169,252 at the end of 1931, or an extra surplus over and above the capital surplus \$103,416,917.

The multiplication of the many similar surpluses of hundreds of corporations which are in excess of capital requirements of the companies which go to make up the big funds running into billions, which funds are used by the officers of these big corporations in stock-market operations. This is the source of the funds that were designated by the Federal reserve bankers as bootleg money when it was invested in the stock market and in brokers' loans in 1928-29. This was independent money, not under the control of the Federal reserve, and the investment of which impeded the management of the Federal reserve to deal with the orgy of speculation in 1928 and 1929.

I also call your attention to the following statement:

[Taken from the New York Times, March 14, 1932, p. 25]

WESTINGHOUSE ELECTRIC & MANUFACTURING CO. ANNUAL REPORT FOR YEAR ENDING DECEMBER 31, 1931—SURPLUS, \$79,050,324; CURRENT

Plant, less reserves, totaled \$73,539,936 at the end of 1931 against \$72,272,128 the year before. Total investments were \$47,245,326, against \$57,682,403.

Current assets amounted to \$100,522,487, including \$20,585,564 cash, \$1,828,584 United States Government securities at market, and \$9,734,580 other marketable securities at market against \$115,104,125 at the close of 1930, including \$24,081,334 cash, \$3,450,275 United States Government securities, and \$5,091,125 other marketable securities, all at market. Notes and accounts receivable, less reserves, were \$28,754,283 against \$37,206,125, and inventories, at cost or less, were \$39,619,472 against \$45,237,405.

Current liabilities were \$7,368,011, against \$15,186,859 the year

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, in my judgment, this tax would be unconstitutional. In my opinion, it violates the Constitution, levying a direct tax. But let us forget temporarily, as we frequently do, the Constitution of the United States and discuss this matter on its merits. Is it not essential for a corporation to accumulate some surplus in good years to be able to operate in the lean years? I think good business requires that a corporation build up a surplus to meet emergencies. I repeat again, this amendment proposes to levy a direct tax of 2 per cent on the accumulated surpluses of corporations. It is a direct tax. It singles out those corporations, and I believe it will be obnoxious to the Constitution.

Mr. LAGUARDIA. Mr. Chairman, without necessarily going into the merits of the proposition, I believe we should not permit the challenge to the constitutionality of the proposal to go unanswered. It seems to me it would be very difficult to argue that the profits of a corporation are properly taxable if declared and divided; but if those same profits are held by a corporation in avoidance of taxes, they may not be taxed. I can not follow the gentleman on that.

Mr. CRISP. Will the gentleman yield?

Mr. LAGUARDIA. Certainly.

Mr. CRISP. I was discussing the amendment as proposed, which levied a 2 per cent tax on accumulated surpluses of corporations.

Mr. LaGUARDIA. True. The surpluses we are discussing and which are the subject of a proposed tax come from one source only, and that is from profits. That is the only character of a surplus I am referring to, and when so created to avoid taxes. Some gentlemen are confusing reserve with surplus.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CHIPERFIELD. Is it not frequently the fact that in the creation of a corporation there is paid in a surplus that is not earned surplus at all?

Mr. LaGUARDIA. Certainly; and that is reserve.

Mr. CHIPERFIELD. It is a surplus just the same, is it not?

Mr. LaGUARDIA. The amendment which the gentleman from Pennsylvania [Mr. McFadden] offered is to levy a tax on surplus created by profits, for the purpose of evading taxation.

Mr. CHIPERFIELD. Is that language in the amendment? Mr. LaGUARDIA. If the gentleman will refer to section 104 of this bill, it is provided:

If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxyear upon the net income of such corporation a tax equal to 50 per cent of the amount therof.

Mr. McFADDEN. Will the gentleman yield? Mr. LaGUARDIA. I yield.

Mr. McFADDEN. I call attention to the fact that section 104 of this bill was covered in the previous statute by section 220, which is intended to prevent the accumulation of surplus to evade surtaxes. At the present time and for the past 10 years it has merely appeared as an ornament, and in August, 1930, the United States Board of Tax Appeals handed down its first decision under this section, which was United Business Corporation of America (19 B. T. A. 109). Up to the present time the Treasury Department has absolutely failed to apply this section, and the Treasury, as a result thereof, has been losing millions of dollars in taxes.

Mr. LAGUARDIA. I want to point out that in my reference to the surplus within the meaning of section 104 and what I believe to be contemplated by the amendment offered by the gentleman from Pennsylvania it is surplus built up exclusively from profits for the purpose of avoiding taxes.

Mr. CHIPERFIELD. I fully understood the purpose of the gentleman from New York; but after listening to the reading of the amendment and grasping it as best I could from a single reading, I did not think the amendment was at all in accord with the position stated by the gentleman from New York, but that its purpose is to take all surplus, no matter when or how or under what circumstances accumulated. It would be a direct tax upon surplus, that is in direct violation and contravention of the Constitution of the United States.

Mr. LaGUARDIA. I do not believe the gentleman from Pennsylvania [Mr. McFadden] has any such drastic application in mind.

Mr. CHIPERFIELD. May we have the amendment again read for the information of the committee?

Mr. LOZIER. Will the gentleman yield?

Mr. LaGUARDIA. Well, I have the floor. I yield to one Member at a time. I yield to the gentleman from Penn-

Mr. McFADDEN. I will say to the gentleman that I have sufficiently identified this fund in the Treasury statement. I have referred to the fact that it covered the situation that was intended to be covered in section 220 of the previous revenue act, which has not been enforced.

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. CHIPERFIELD. Reserving the right to object, I will not object, provided we have the amendment again reported to the House for the information of the House, so that we may have a better understanding of just what it contemplates.

The CHAIRMAN. Does the gentleman from New York

Mr. LaGUARDIA. That is satisfactory to me. The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk again reported the amendment offered by Mr. McFADDEN.

Mr. LOZIER. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. LOZIER. I do not think the position taken by the gentleman from Illinois is sound. A surplus within the meaning of the tax law refers to earnings for the current year and not an artificial surplus created by the organizers of a corporation at the time it is created, as is sometimes done, as stated by the gentleman from Illinois. It refers to earnings for the current year. Earnings may be distributed to stockholders in the form of dividends or they may be undistributed and become a part of the surplus. Obviously the purpose of the amendment offered by the gentleman from Pennsylvania is to reach the undistributed earnings or profits of a corporation, and therefore, it is not subject to the constitutional inhibition, referred to by the gentleman from Georgia.

Mr. CHIPERFIELD. Mr. Chairman, I rise in opposition to the amendment. It had not been my purpose, gentlemen, to take any part in this discussion for the reason that I felt that the views of the gentlemen who have made a careful study of this subject through many weeks in the Ways and Means Committee ought to be a fairly safe guide upon the main propositions to the membership of this House.

I have never felt that the illy considered and hastily formed views of men who have not had the advantage of the hearings ought to influence very greatly the course of as

important a piece of legislation as this.

When it comes to the proposition of taxing surpluses that may be accumulated through a number of years, that may be reserved as a surplus from paid-in capital and not as the result of earnings, I think most certainly we should stop and consider before we act. In my opinion, the proposed amendment would be in direct conflict with and contravention of the Constitution of the United States upon the subject of direct taxation, as set forth in section 8 of Article I of the Constitution of the United States.

The gentleman from New York [Mr. LaGuardia] contemplates that the amendment as offered refers to earned surpluses. I understand his proposition thoroughly, but the amendment does not so state. Indeed, Mr. McFadden states that the surpluses of corporations is \$55,000,000,000, and if taxed at the rate of 2 per cent would produce a tax of \$1,000,000,000. It is plainly his purpose to tax all surpluses of corporations, no matter how obtained or accumulated. To adopt the amendment in question would be to tax a surplus that has accumulated over a course of years and that has been maintained as a surplus without reference to whether it is actually earned or not.

Now, gentlemen, I just want to suggest this, and it probably is the voice of one crying in the wilderness. We had better proceed on some of these matters with much deliberation and great caution. I regret more than I can tell that I have heard language to-day on the floor of this House about the conscription of wealth. You can only put the labor of this country back to work through the employment of the capital and wealth of America and these United States. [Applause.] You can not force this wealth to be so employed by any system that you may be able to devise. Whenever you tax it to the point where you confiscate the source of the means by which the people of the United States may again be put into useful employment, you strike a most serious blow at the Nation and to both capital and labor. It is an unfortunate thing that it goes out to the

country that on the floor of this House we talk of the confiscation of wealth. It can not fail but be a shock to the calm sense of the country. Men will listen to these words with amazement. I am not pleading for wealth. My interests do not lead along that line, nor does my path go in that direction; but I am saying to you, gentlemen, that it has been to the glory of our country that we have treated wealth and labor, in theory and in practice, with justice and a fairness that has not done violence to either.

I know that in this the heyday of the demagogue it is easy to make an appeal to the masses and against what many are pleased to call the classes, but I am telling you, gentlemen, that when we do that in this House at this critical time it is to our discredit and we are fiddling while Rome burns. [Applause.]

Mr. BLANTON. Mr. Chairman, I offer a perfecting amendment. Preceding the word "surpluses," I offer an amendment to add the word "earned."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Blanton to the amendment offered by Mr. McFadden: Preceding the the word "surpluses" in the McFadden amendment, insert the word "earned," so that as McFadden amendment, insert the word "earned," so that as amended the amendment will read: "Page 15, line 14, strike out all of paragraph (c) and insert in lieu thereof the following:

There shall be levied, collected, and paid in each taxable year upon the earned surpluses of corporations a tax of 2 per cent per annum."

Mr. BLANTON. Mr. Chairman, practically all of the objection that was raised to the amendment offered by the distinguished gentleman from Pennsylvania [Mr. McFad-DEN]—and he is still distinguished, in my mind—was that it should be only against the earned surplus of a corporation. My amendment would correct those criticisms.

Mr. McFADDEN. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. McFADDEN. I want to call the attention of the gentleman from Texas to the composition of surpluses.

Mr. BLANTON. Will the gentleman do that in his time? Mr. McFADDEN. This is right to the point. Surpluses are from earnings and from the sale of capital stock.

Mr. TILSON. Will the gentleman explain just what he understands this amendment will mean? Does it mean a tax upon all surpluses that have been earned in the past or does it mean only those to be earned in the future? Just what does the amendment mean? Does it mean accumu-

lated surplus or surplus as it may accumulate?

Mr. BLANTON. I will explain to the gentleman. No surplus that is to be earned in the future is a surplus; it can not be a surplus until it is earned, and certainly a surplus that has been set aside by various and numerous corporations to evade the payment of an income tax is a part of the profits of the concern. We know that. There is no escaping that fact. It is a part of the profits which, if distributed, would pay an income tax but does not pay an income tax because, forsooth, it is set aside as a surplus. That is very plain. We all understand it, and I am not in favor of these corporations evading the payment of an income tax by setting apart some amount of their annual earnings or annual profits, if you please, in order to evade that tax.

Many corporations have gotten into the habit of refusing to distribute their annual profits, but have been setting aside each year a large proportion of such annual profits as surplus just to evade the payment of income taxes. If these annual profits were distributed to the stockholders in dividends an income tax would be paid. They escape and evade paying the income tax by not distributing same but by

setting same by as surplus.

And then, when years have passed, they will liquidate and distribute this surplus with other capital stock, and the Government will receive nothing whatever from this surplus accumulated over a series of years from annual profits. They also practice another scheme to set aside a large amount as a surplus each year, and then after a while they issue additional stock certificates for it. And all tax to the Government is evaded.

Mr. FREE. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from California. Mr. FREE. I would like to ask the gentleman if it is not true that under the wording of the amendment this would be a pyramiding tax; in other words, a surplus that is accumulated would be taxed year after year, so that you would tax the same surplus this year, the next year, and so on?

Mr. BLANTON. No; because after that surplus once pays its tax it is done

Now, I want to say that even if the gentleman's position were correct, it would prevent corporations from evading taxes by taking a large slice of their annual profits and setting that aside as a surplus. They would not hereafter put aside more than sufficient to act as an operating surplus. which, of course, they should have.

Mr. RAGON. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. RAGON. I want to find out the purport of the amendment. As I understood the gentleman, what he seeks to do is to put a tax upon that part of the income that a corporation would annually put into surplus.

Mr. BLANTON. Yes; out of its annual profits. That amount which, instead of distributing and letting it bear its part of the income tax, it puts aside as surplus to avoid that.

Mr. RAGON. Does not that mean, then, that you impose upon that part of it a 15 per cent corporation tax?

Mr. BLANTON. All I want to do is to make them pay on annual profits. If the amendment offered by the gentleman from Pennsylvania [Mr. McFadden], as amended by my proposal, does not make the corporation pay, I hope there is some man here who is smart enough to draft an amendment that will make the corporation pay. Is not this a reasonable proposition? Why should they have the right to set apart a large part of their annual profits as surplus and escape taxation on it? If they can set aside 15 per cent as surplus or 25 per cent or 60 per cent, why could they not set apart all of their annual profits each year as surplus and escape all taxation? And many are doing that now. I am not willing to let them continue doing it and escape all taxation.

[Here the gavel fell.]

Mr. BURTNESS. Mr. Chairman, if this amendment did simply what the gentleman from Texas [Mr. Blanton] thinks it does, I believe I would be favorable to it, but, of course, it does much more.

The same objection that applies to many of the proposals to add directly to the cost of doing business applies to this amendment, for the amount collected would, in turn, be reflected in the cost of the commodities purchased by the people. It would not be borne by the corporation.

But let us see what it does and whether it is fair. If I understand the gentleman from Pennsylvania [Mr. Mc-FADDEN] correctly, it applies a tax of 2 per cent-not upon the earnings of the particular year that any sum is put into the surplus, but it applies that tax upon the accumulated surplus each and every year from now until this law shall be repealed. It is not just one tax of 2 per cent but a tax in that amount each year upon the same money invested as reserve or surplus capital.

Mr. CHIPERFIELD. Will the gentleman yield? I do not want to interrupt the gentleman, but I would like to add just a sentence. The gentleman from Pennsylvania put that construction on it when he said it would raise a billion dollars of tax each year.

Mr. BURTNESS. I thank the gentleman. Certainly that is true, for I asked the gentleman from Pennsylvania in his seat as to whether that is what it did, and he replied in the affirmative very frankly. This, of course, means a property tax of 2 per cent yearly. The gentleman from Texas [Mr. BLANTON] and the gentleman from New York [Mr. La-GUARDIA] apparently did not follow the reading of the amendment closely and talk about something very different from the proposal of the gentleman from Pennsylvania [Mr. McFadden1.

Now, the gentleman from Texas [Mr. Blanton] says the corporations evade taxes by putting profits into surplus. Of course, they do not and can not evade the 13 per cent agreement as to when to close debate on this amendment.

corporation tax. They will pay the 13 per cent tax upon all net profits, including the surplus set aside each and every year, and then if a surplus is set aside one year which will naturally contribute to the profits made by the corporation the next year, the profits obtained through that surplus are again taxed 13 per cent, and so on down the line each

Now, the important thing in this matter is what the effect will be of what the gentleman really proposes in respect to this particular bill. We are not confronted here with the simple question of whether you are going to raise these additional taxes suggested by the gentleman from Pennsylvania in the amendment, for you are confronted with repealing a provision for which he has offered his own amendment as a substitute. The language which he proposes to strike out bases the tax upon the sound principle of getting it from those who are able to pay; that is, getting the tax from the incomes of the corporations. The only tax that is avoided at any time by a corporation through building up its surplus is the surtax, which would be paid by stockholders if the profits were distributed as dividends.

The committee has strengthened the present law with reference to reaching those corporations that build up surpluses instead of distributing their dividends in order to save their stockholders from payment of surtaxes. If the language carried for that purpose is still not effective, let us make it so.

But the gentleman from Pennsylvania proposes to strike out subdivision (c) which makes it possible to tax corporations which accumulate surpluses to evade the surtax, and, surely, the gentleman does not want to do that, but that is the immediate amendment before you. Of course, he substitutes another tax to take the place of it. But to start with you will take away the right, if you adopt the amendment, to add 50 per cent of the amount of net income to the tax, as provided in section 104, of those corporations which attempt to evade the payment of surtaxes by building up a surplus, and, surely, no man in the House wants to do that.

But let us examine the substitute more closely. He proposes to penalize by a property tax of 2 per cent upon accumulated surpluses, every corporation which is engaged in business, whether such surplus is built up for the purpose of evading surtaxes, or whether the management accumulates such surplus for the protection of its business, for the proper development and expansion of the business, and for the safeguarding of labor and capital engaged therein as well as its clients or customers. [Applause.]

The gentleman by this amendment, by an annual capital or property tax of 2 per cent upon existing surpluses, would tax the surplus, practically the reserve above original capital stock, of every bank in your community and take away the protection of that surplus, or at least give an incentive to the bank to do so by distributing the surplus to the stockholders, from the depositors of such banks. The tendency would be to reduce the security which the depositors may now have through the surpluses that have been built up by sound financial institutions. That would not be good business. The general public good requires reasonable reserves in all lines of business to take care of their wants when times of depression come. All profits should not be distributed in good times. Some must be retained for foul weather. All profits are, of course, subject to the 13 per cent corporation

Mr. HARLAN. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. HARLAN. How are we going to reach those individuals who incorporate themselves as corporations and then take their income and, instead of paying any income tax on it, build up a surplus?

[Here the gavel fell.]

Mr. HARLAN. Mr. Chairman, I ask unanimous consent that the gentleman may have two additional minutes.

Mr. JOHNSON of Washington. Mr. Chairman, I object. Mr. CRISP. Mr. Chairman, may I ask if we can get any Mr. LAGUARDIA. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LaGUARDIA. I do not want any more time, but I would like the gentleman to state the full meaning of section 104 and whether it will do what we are trying to do at this time

Mr. CRISP. Mr. Chairman, I ask unanimous consent that all debate on this amendment and amendment thereto close in 15 minutes.

The CHAIRMAN (Mr. Bland). The gentleman from Georgia asks unanimous consent that all debate on this amendment and amendment to the amendment close in 15 minutes. Is there objection?

There was no objection.

Mr. GOSS. Mr. Chairman and members of the committee, I want to speak for a few minutes on the operation of the so-called surpluses and what they do to aid employment. I happen to be connected with an industrial concern that has several million dollars of surplus, and when this depression came along we took that money and put it to work, without reducing the workmen's wages, by building up an inventory during the time that we could not sell goods. [Applause.] If this amendment is passed, I want to warn you that no industry will keep and maintain a surplus for such a purpose.

There is a new thought, and before we vote on this, those of you who are friendly to labor and men who are out of work, before you tax this surplus, you should think it over.

Let me give you an illustration. Here is a board of directors, and they move to take a million or two dollars of the surplus and put it into a special reserve fund. The money goes into a reserve fund, and it is put to work to build up an inventory, paying out wages, securing raw material, and when the time comes that we can sell the goods the board of directors passes the money back into the surplus.

It is my belief and my judgment that if this amendment passes that this reserve surplus will have to be paid out in cash as dividends or as in stock dividends, and will not be available for workmen of the country in times of stress.

Mr. STAFFORD. It will be an inducement for them to pay it out in stock dividends, and to that extent the Treasury would not receive any income under this proposal.

Mr. GOSS. That is correct. What I am trying to do is to vote down the tax proposed, so that it will encourage concerns to keep a certain amount in surplus; when trouble comes then they can maintain a useful working force. [Applause.]

Mr. McGUGIN. Mr. Chairman, I am willing to go along on any kind of a business program that is sound and fair in order to balance the Budget, but I am not going to do something which I know will strike at the very heart of the economic structure of these companies. What are the facts?

How are these 52 per cent of the corporations operating to-day? They are operating on reserves. Thank God that there have been some corporations which, either for the purpose of dodging income tax or for some other reason, kept their reserves, so that they can keep affoat at this time. And now you would come in here and levy this tax to strike out the very thing that has made possible what industrial operation we have in this country to-day. You would strike at every bank reserve in this country, and there would not be 1 bank in 10 out in my country now open if it did not have a good reserve. Oh, sure, you can get this money if you want to levy a direct property tax, and that is what this is, and nothing less. You are levying a direct property tax upon a saving which has been created to tide over such times as these. There is a corporation in my district that for over a year and a half has had no business, but has been operating at a loss. It has in this way kept over 500 men at work. How has that corporation paid them? It has paid them out of its reserve. I am not going to say that a reserve is iniquitous under these circumstances. This is a tax to penalize the savings which are making it possible for the country to survive to-day. [Applause.] It is worse than conscripting wealth, because it is conscripting labor from those who now have employment and who are receiving their

pay from the reserves. That is all there is to this amendment. If you wish to penalize the corporation which does not declare dividends at this time, then confine your tax to that part of the income earned each year, but you will not do that. That is not this amendment, and the gentleman from Pennsylvania [Mr. McFadden] knows that it is not this amendment. He wishes to tax this reserve that has been accumulated because it is the only way to obtain enough money to balance the Budget without the sales tax.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. STEVENSON. I rather agree with the gentleman's position that this is a property tax in so far as it is a levy on accumulated reserves, but if it is a property tax, direct, then Congress has not the power to levy it, has it? The Supreme Court has said it can not do it.

Mr. McGUGIN. I am quite certain that it is going to take something more than the Constitution of the United States to keep this Congress from doing what it wants to do for the time being. [Laughter.] They may not get any money or accomplish their purpose, but they will back up the bill. If you want to be honest about this, then levy it as a tax against undistributed income of each year. A corporation in my town to-day is paying 4½ per cent on its capital stock and surplus as a State tax, and now you are coming along with a property tax of 2 per cent more on its accumulations. This runs counter to everything that has been advocated on this floor by those who are enemies of the sales tax. They say, tax earnings, tax those who are able to pay; but I say to you do not tax the savings, and that is what the reserves are.

Mr. McFADDEN. Mr. Chairman, I am going to ask unanimous consent to withdraw this amendment at this time, because it properly belongs to section 104. It will be perfected and offered at the proper place in the bill; before doing that, because of the discussion that has taken place, I point out the fact that this accumulated surplus which is referred to by the Treasury Department comes from three sources. One of the sources is from accumulated earnings of past years, another source is from the sale of capital stock at a premium, and the other is from current earnings. This surplus belongs to the stockholders of the corporations. This is a fund which the big corporations of the country have been using to perpetuate and further their control of industry and finance in this country.

During 1927, 1928, and 1929 hundreds of millions of dollars of this surplus which belongs to the stockholders was used by the heads of these corporations in the stock market in the orgy of speculations that was then taking place, and large profits were made from that source. When the panic struck these corporations they invested these funds in tax-exempt securities, holding the balance in cash to a very large extent. It seems to me that this surplus should be distributed to a large amount. I do not say it should all be paid to the stockholders, and there are probably fifteen to twenty million of them, but some of it should, and if so paid would be a purchasing power at this time. These surplus funds are not all needed by these corporations, and many of them are boasting now of the splendid condition they are in, in spite of what has been said here on the floor of the House.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield? Mr. McFADDEN. Yes.

Mr. McGUGIN. Of the corporations in the United States which have built up reserves, would the gentleman say that as many as 2 per cent have used those reserves for gambling purposes?

Mr. McFADDEN. I would say a larger per cent.

Mr. McGUGIN. What percentage would the gentleman say?

Mr. McFADDEN. A large percentage of the big corporations, because there was invested in the stock market in loans for the account of others, in the speculative orgy which the Federal reserve claimed they had no power to control, something over \$4,000,000,000 at one time.

Mr. McGUGIN. What percentage of the corporations of the United States would the gentleman estimate carried on that practice?

Mr. McFADDEN. A large number.

Mr. McGUGIN. Would the gentleman enact a measure that would penalize every legitimate reserve in order to get after a few malefactors?

Mr. McFADDEN. I do not think a levy of 2 per cent would impair the solidity of any corporation in the United States to-day, and I again call the gentleman's attention to the fact that these corporations are very liquid in cash resources, having over \$10,000,000,000 invested in tax-exempt securities and twenty-two billions on deposit in banks and in cash.

Mr. LaGUARDIA. Section 104, if properly applied, is more drastic. The only difficulty with section 104 is that it has been on the books but has not been administered. If we can have assurance, or so rewrite section 104 as to reach these corporations, which I am sure the gentleman from Kansas has in mind, I think it will not be necessary to adopt any other change.

Mr. McGUGIN. Does the gentleman not admit that this reaches every corporation in the United States, down to every little bank?

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

Mr. CRISP. Mr. Chairman, I object to the gentleman withdrawing the amendment at this point. The House has debated it and is just as well prepared to vote now as at any other time.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas to the amendment offered by the gentleman from Pennsylvania.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. Mc-

The amendment was rejected.

The Clerk read as follows:

FADDEN 1.

SEC. 14. TAXABLE PERIOD EMBRACING YEARS WITH DIFFERENT LAWS

If a taxable period embraces portions of two calendar years for which the laws are different, the tax shall be computed as provided in section 105.

Mr. CRISP. Mr. Chairman, I move to strike out the last word.

The gentleman from New York [Mr. LaGuardial has asked me to please say what I understood section 104 to mean. This is a matter that the experts of the Treasury Department and the legislative drafting bureau of the House have been considering for 15 years, trying to devise some method whereby these accumulated unnecessary surpluses could be taxed when they were withheld from distribution for the purpose of evading taxes. Section 104 provides that any corporation, no matter how organized or for what purpose originally organized, if it were organized as a holding company to evade taxes or if it were organized for other purposes and used for the purpose of evading taxes, the income held in those holding companies from distribution was subject to a 50 per cent tax.

Of course, like all laws, some human being had to administer it, and I grant that it is hard sometimes to get proof to make out a case. It is up to the Treasury Department to decide. But this section provides that any corporation which attempts to hold those earnings to evade taxes is subject to a 50 per cent tax.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LaGUARDIA. Of course, we are in complete agreement as to the end sought. It simply occurred to me that, in the light of the experience of the past, the section should be so drafted as to provide the necessary machinery, with sufficient teeth in it, to accomplish the purpose which the House has in mind.

Mr. CRISP. I understand the Treasury is earnestly seeking to enforce that, and if the gentleman has some perfecting amendment when that section is reached I know the

Committee of the Whole House will be delighted to consider it.

Mr. WOODRUFF. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. WOODRUFF. Is it the opinion of the gentleman that that section as now drawn, and is it the opinion of the experts in the Treasury Department, that section 104 as drawn in this bill can be successfully enforced?

Mr. CRISP. They think it is the best they can do.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(2) Annuttes, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

I desire to inquire if the paragraph would permit of the purchasing of an annuity during a lifetime, for the purchaser himself, and thereby avoid taxation. In other words, suppose an annuity of \$5,000 a month is purchased for the remainder of life, would that income so purchased be subject to taxation under the provisions of this act?

Mr. CRISP. Mr. Chairman, I will have to say to my friend the gentleman from New York that I can not answer his question. I will ask the experts from the Treasury Department to investigate it and will try to give an answer. I will not give an answer to the gentleman or anyone else that I do not know, because I do not want to give any misinformation, and I do not have the information at hand at this time.

Mr. LaGUARDIA. I confess that in reading the section and in studying the bill I was puzzled, and I shall be glad to get the information at the proper time.

The CHAIRMAN. It is apparent to the Chair that there is a typographical error in line 11, page 17. The word "or" should be "of." Without objection, the Clerk will make the correction accordingly.

There was no objection.

The Clerk read as follows:

(h) Loss on Sale of Stock or Securities: For disallowance of loss deduction in the case of sales of stock or securities where within 60 days before or after the date of the sale the taxpayer has acquired substantially identical property, see section 118.

Mr. CRISP. Mr. Chairman, I offer a perfecting amendment. There is a typographical error. It was intended to be "30 days" instead of "60 days."

The CHAIRMAN. The gentleman from Georgia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 23, line 13, strike out "sixty" and insert "thirty."

Mr. STAFFORD. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. STAFFORD. Will the gentleman explain wherein the committee has changed the basis of allowing compensation for losses in the sale of stock and securities? When I read this subparagraph (h) and considered the amendment of "60" instead of "30 days," I concluded the committee was trying to make more difficult these sham negotiations, where persons having stock which had fallen greatly in value sold them, only to buy them again after a 30-day period. I thought the 60 days was relating to that character of transaction, to make it more difficult to receive any credit that would be allowed by the Government.

Mr. CRISP. The committee did not make any correction in that regard. The gentleman's inquiry is directed to the highly technical administration of income tax law, and I am not an income-tax expert. I do not believe I could

answer very satisfactorily to the gentleman all of the details of the change. The change was made for the purpose of stopping these wash sales, to try to hold the money in the Treasury under the existing law. They could conduct these wash sales and sustain a loss and then set that off against income from salary or income from the investment. The committee has sought to stop that.

About the wisest thing I can say to my friend is to ask him to read the report on that provision, because I asked the Treasury experts to write the report dealing with all of these administrative changes, giving in detail what the changes were, because I thought it would be more helpful to the House and would be a clearer and a more satisfactory explanation than I could make on the floor. I repeat, I am not an income-tax expert.

Mr. STAFFORD. I recall that the President in his message some years ago referred to this practice, whereby the Government was deprived of millions of dollars by the shuffling of securities just before the taxable year ends. The provision the committee recommends applies, I believe, for the coming and subsequent fiscal years only and not to past fiscal years.

Mr. CRISP. I will say to my friend that under the old law they could bring some of these losses forward and use them for three years. We have cut that down to two. We have sought to plug up the hole the gentleman speaks of. The draft was perfected by Mr. Beaman, of the House Legislative Drafting Bureau, Mr. Parker, and Treasury experts, and it is estimated that this amendment will save \$75,000,000 or \$100,000,000.

Mr. FREAR. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. FREAR. The amendment, as I understand, is changed from 60 days, as printed in the bill, to 30 days. What will be the difference? I assume that 60 days would be short enough time.

Mr. CRISP. Under existing law it is 30 days, but in drafting the bill an error was made and 60 days were improperly included in the bill. We are simply restoring that to the time as it is at present, because we did not intend to change the section.

Mr. FREAR. What would be the objection to 60 days instead of 30 days? That would provide against immediate transfers.

Mr. CRISP. I will say to my friend this is simply a cross reference to the main section, section 118. By reason of a typographical error in this cross section it was written 60 days when it should have been 30 days.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

The Clerk read as follows:

(1) Depletion: In the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under rules and regulations to be prescribed by the commissioner, with the approval of the Secretary. In the case of leases the deduction shall be equitably apportioned between the lessor and lessee. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each. (For percentage depletion in case of oil and gas wells see sec. 114 (b) (3).)

Mr. EATON of Colorado. Mr. Chairman, I move to strike out the last word simply for the purpose of asking if there is any change in this paragraph?

Mr. CHINDBLOM. None.

Mr. RAGON. No. That is the present law.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(m) Basis for depreciation and depletion: The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be as provided in section 114.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word. May I inquire of the gentleman in charge of the bill whether the bill corrects existing law on depreciation as construed by the courts, which I understand was the cause of a great portion of the refunds which the department was compelled to make. Have those loopholes been filled in?

Mr. RAGON. I do not think we made any change in rela-

tion to that particular question.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. CHINDBLOM. The subcommittee on administrative provisions gave most of its time and attention to the proposition of filling in such gaps and loopholes as the gentleman from New York has in mind. As we go along I am sure the gentleman will find, if he follows the comparative print of the bill, that such changes have been made. However, there is no change here.

Mr. LaGUARDIA. When we get to section 114, I will ask the gentleman to point out the changes.

The pro forma amendment was withdrawn.

The Clerk read, as follows:

(n) Charitable and other contributions: In the case of an individual, contributions or gifts made within the taxable year to or for the use of:

(1) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes:

Mr. OSIAS. Mr. Chairman, I move to strike out the last word. I do this not to make a speech but merely to propound an inquiry to the committee. Is the term "Territory" as used in this section intended to mean incorporated Territories or unincorporated Territories?

Mr. RAGON. It does not mean the Philippine Islands. It means Hawaii and Alaska.

Mr. OSIAS. Does the term "any political subdivision" include the Philippine Islands?

Mr. RAGON. I do not think so.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(2) A corporation, or trust, or community chest fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

Mr. WOLCOTT. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Wolcott: On page 25, line 17, after the word "religious," insert the word "character-building."

Mr. WOLCOTT. Mr. Chairman, I think probably the spirit of the act is to allow deductions of gifts made to all organizations which come within the classifications named. Perhaps I am a little too technical, but in analyzing this from the standpoint of organizations such as the Boy Scouts, the Girl Scouts, and possibly the Y. M. C. A. and the Y. W. C. A., it appears to me a strict interpretation of any of the words used would not include any of those organizations. I offer this amendment merely for the purpose of clarification, so that there will be no question in anyone's mind but that the Boy Scouts and the Girl Scouts, which are properly known as character-building organizations, are included within the terms of this act.

Mr. RAGON. I will say to the gentleman that the committee is of the opinion that it is the practice of the Treasury Department to consider such organizations as the gentleman mentions as coming within the terms of this language.

Mr. WOLCOTT. Then, I assume the committee would have no objection to the amendment.

Mr. RAGON. I would not want to agree to that, since the organizations which the gentleman has suggested are understood to be taken care of under the terms of this section as we have it here.

Mr. STAFFORD. Will the gentleman yield, with the permission of the gentleman from Michigan [Mr. Wolcott]?

Mr. RAGON. Yes.

Mr. STAFFORD. Would not the effect of the adoption of the gentleman's amendment be to delimit the construction of the word "charitable"?

Mr. RAGON. It might be.

Mr. WOLCOTT. Boy Scouts and Girl Scouts are not charitable organizations; Boy Scouts and Girl Scouts are not religious organizations or scientific or literary organizations or organizations organized for educational purposes. They are organized solely for the purpose of building character, and for no other purpose. I can see no reason for objecting to this amendment, because apparently it is the spirit of this bill to allow deductions for contributions made to such

Mr. RAGON. May I say to my friend that the language that is employed here permits deductions for contributions made to these very organizations.

Mr. WOLCOTT. I hope so; and it is in anticipation of that that I offer this amendment, because I am going to offer a similar amendment under the gift-tax provision of the bill.

Mr. RAGON. I will say further to my friend that the term "character building" is a term that is very elastic. It might apply to bad-character building, when what the gentleman wants is good-character building. If the gentleman will permit me to say so, I think this is already just what the gentleman wants.

Mr. BURTNESS. Will the gentleman from Michigan

Mr. WOLCOTT. Yes.

Mr. BURTNESS. The gentleman from Michigan does not take the position that the present law does not permit deductions for contributions to organizations like the Y. W. C. A., Y. M. C. A., Boy Scouts, and so forth?

Mr. WOLCOTT. There is a question as to whether it allows deductions for contributions to Boy Scouts and Girl Scouts. Probably deductions for contributions made to the Y. M. C. A. and Y. W. C. A. would come under the exemption as to religious organizations.

Mr. BURTNESS. Oh, no; they would not come under that at all.

Mr. WOLCOTT. If you could classify them as religious organizations, they would be included; but they are largely character building, as well as religious, and should come within the classification of character building.

Mr. BURTNESS. I hope the gentleman's amendment will not lead to an inference that these exemptions should not be permitted. They have been allowed as deductions in the past.

Mr. WOLCOTT. If it is understood that the organizations mentioned come within the inhibitions of the bill, then the purpose of my amendment has been accomplished.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. Wolcott].

The amendment was rejected.

The Clerk read as follows:

(r) Limitation on stock losses: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are not capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges. This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his busiwith his customers.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word for the purpose of submitting an inquiry to the gentleman from Georgia [Mr. CRISP]. This provision, I believe, is one of the many very excellent provisions added to the existing law, and this would prevent, as I understand it, the use of wash sales or losses on stock speculations to be deducted from the net income, limited only to deductions from profits made by similar transactions.

Mr. CRISP. The gentleman is correct, and I think this is one of the most valuable changes in the bill. It is under this provision that we hope to prevent these wash sales and save the Treasury from \$80,000,000 to \$100,000,000. This provision is explained in detail in the report and examples are given, and I shall ask permission to extend my remarks in the RECORD by placing therein the explanation of this change written by the tax experts of the Treasury Department.

Mr. LAGUARDIA. And I want to take this opportunity to congratulate the gentleman and his committee for this very excellent provision in the bill.

Mr. CRISP. Under existing circumstances the congratulations are very warmly received. [Laughter and applause.]

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by placing therein the explanation of this provision.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The matter referred to follows:

SECTION 23 (R), (S), (T), (U), AND (V), STOCK LOSSES

There are no provisions in existing law corresponding to section 23 (r), (s), (t), (u), and (v). Many taxpayers have been completely or partially eliminating from tax their income from salaries, dividends, rents, etc., by deducting therefrom losses sustained in the stock and bond markets, with serious effect upon the revenue. Your committee is of the opinion that some limitation ought to be placed on the allowance of such losses.

Subsection (r) provides that losses from the sale or exchange of stocks and bonds held for less than two years shall be deductible only to the extent of the gains from sales or exchanges of such securities. The same rule is applied by subsection (s) to losses from stocks and bonds held for more than two years. In case the losses from sales or exchanges of stocks and bonds held for less than two years exceed the gains from such transactions, subsection (t) (1) permits the taxpayer to offset such excess losses against his gains from the sale or exchange of stocks and bonds held for more than two years.

losses against his gains from the sale or exchange of stocks and bonds held for more than two years.

If the losses from the sale or exchange of stocks and bonds held for more than two years exceed the gains from such transactions, the taxpayer is also permitted by subsection (t) (2) to offset such excess against gains derived from the sale or exchange of stocks and bonds held for less than two years, subject to the condition that in such case the tax must not be less than the tax which would be payable if the limitation on stock losses were not in the bill. This condition is necessary to carry out the not in the bill. This condition is necessary to carry out the long-established policy of Congress to tax gains from the sale or tong-established policy of congress to that a same of the exchange of stocks and bonds held for more than two years at the rate of 12½ per cent only and, conversely, to afford relief from taxes on ordinary income only to the extent of 12½ per cent of

taxes on ordinary income only to the extent of 12½ per cent of the losses sustained from similar transactions.

Subsection (u) requires that gains or losses from short sales of stocks and bonds, or from privileges or options to buy such securities, shall be treated as gains or losses from the sale or exchange of stocks and bonds held for less than two years. Your committee is of the opinion that there should be no distinction between such transactions and other sales or exchanges of stocks and bonds. Accordingly, the limitation on stock losses is extended and bonds. Accordingly, the limitation on stock losses is extended

to this type of transactions.
Under subsection (v) the term "stocks and bonds" is defined.

Under subsection (v) the term "stocks and bonds" is defined. Federal, State, and municipal bonds are excluded from the definition so as not to hamper the sales of such securities. Bonds of foreign governments are also excluded.

The committee is of the opinion that these restrictions as to stock and bond losses should not apply to a dealer in securities—that is, a merchant of securities—whether an individual, partnership, or corporation, with an established place of business regularly engaged in the purchase of securities at wholesale and their resale to customers; and that even such a merchant should be subresale to customers; and that even such a merchant should be sub-ject to the restriction on stock and bond losses except as to his transactions with his customers in the regular course of his business. Under this provision the restriction on stock losses will not apply to a banking institution which underwrites a bond issue and then sells the bonds either to other banks, for resale by them, or to its other customers. Traders or other taxpayers who buy and sell securities for investment or speculation, whether or not on their own account, and irrespective of whether such buying or selling constitutes the carrying on of a trade or business, are not regarded by your committee as dealers in securities within the meaning of this rule.

The effect of these subsections is shown by the following

examples:

Example A

Losses from sales of stock held less than 2 years\_\_\_\_ \$1,000,000 Gains from sales of stock held less than 2 years\_\_\_\_ Excess of losses over gains\_\_\_\_\_

The taxpayer has no other stock or bond transactions. Under section 23 (r) the taxpayer loses the excess loss of \$300,000 which he would be entitled to offset against other income under the

Example B

Losses from sales of stock held more than 2 years\_\_\_\_ \$1,000,000 Gains from sales of stock held more than 2 years\_\_\_\_ 700,000 Excess of losses over gains \_\_\_ 300,000

The taxpayer has no other stock or bond transactions. In this case the taxpayer is not entitled to any allowance for the excess loss of \$300,000, under section 23 (s).

138,000

Losses from sales of stock held less than 2 years	\$1,000,000
Gains from sales of stock held less than 2 years	300,000
Excess of losses over gains	700,000
Gains from sales of stock held more than 2 years	1,500,000
Losses from sales of stock held more than 2 years	500,000
Excess of gains over losses	1,000,000

Under subsection (t) (1) the taxpayer may offset the \$700,000 loss from sales of stock held less than two years against the \$1,000,000 gain from sales of stock held more than two years, and the \$300,000 balance is taxable at the rate of 121/2 per cent under the capital gains provision.

#### Example D

Losses from sales of stock held more than 2 years	\$1,000,000
Gains from sales of stock held more than 2 years	300,000
Excess of losses over gains	700,000
Gains from sales of stock held less than 2 years	1,500,000
Losses from sales of stock held less than 2 years	500,000
Excess of gains over losses	1,000,000

Under subsection (t) (2) the taxpayer is entitled to apply the excess loss against the excess gain, provided that the tax shall not be less than a tax which would be payable if the provisions limiting stock losses were not included in the law. The effect of this subsection and the limitation is shown by the following computation based upon the figures in example D, in connection which it is assumed that in addition to his income from sales of which it is assumed that, in addition to his income from sales of stocks, the taxpayer had income (other than from sales or exchanges) in excess of \$100,000.

Increase in tax due to stock transactions if the losses from sales of stock held more than 2 years were not offset against the gains from sales of stock held less

than 2 years (subsec. (s) operating alone)\_\_\_\_\_\_ Increase in tax due to stock transactions if the losses \$460,000 were offset against the gains without limitation (computed under subsecs. (s) and (t) (2) without applying the limitation contained in the second sentence of

are offset against the gains subject to the limitation, in accordance with the long-established policy noted above (subsecs. (s) and (t) (2) operating as written). 372, 500

The Clerk read as follows:

(3) "Earned net income" means the excess of the amount of the earned income over the sum of the earned income deductions. If the taxpayer's net income is not more than \$5,000. his entire net income shall be considered to be earned net income; and if his net income is more than \$5,000, his earned net income shall not be considered to be less than \$5,000. In no case shall the earned net income be considered to be more than \$12,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. There is considerable criticism abroad that we do not distinguish between earned income and unearned income; that we do not tax more heavily the man who cuts coupons than the man who works hard and has the ability to make a high salary. I understand that the committee recommends cutting down the earned income from \$30,000 to \$12,000. Was it the idea that you are going to place all persons on a parity, whether they earn the income or not, when the income is above \$12,000?

Mr. CRISP. I will say that for years, ever since we have had an income tax law, the argument has been that a man who by his brain earns an income, should not be taxed as heavily as the man who derives a similar income from investment.

It always presented a great many administrative difficulties in working out the plan, because sometimes a man's income is derived partly from investment and partly from personal service. For instance, a man owns a small store. He has capital invested in it; he works; and therefore has income is partly earned and partly unearned.

Some years ago they put a provision in the law that all income under \$5,000 was to be termed earned income, and gave a reduction.

Mr. STAFFORD. It was presumed that every person who had an income of \$5,000 would be considered as having earned that income, and beyond that it was not earned.

Does the gentleman recall-I do not know whether the gentleman was here at the time the first income-tax bill was presented which we discussed-whether it would not be possible to place a tax on earned income and a higher tax on unearned income?

Mr. CRISP. I remember that. The committee has proceeded on the theory that the average man was faring well if he was given a reduction on \$12,000, and we felt that a

man making more than \$12,000 who had the ability to make that sum-should pay the same amount of tax as other citizens with like income and not be given a reduction on that part of the income in excess of \$12,000. Whether that is sound reasoning or not, that is the reason that the committee had

Mr. STAFFORD. Will the gentleman advise us whether the Treasury Department claimed that there was any difficulty in determining what is earned income and what is not?

Mr. CRISP. Yes; they presented that to the committee. They said that it was difficult at times to determine in certain cases whether the income was earned or unearned. The Treasury Department has always been sympathetic with the idea of making a differential in favor of earned incomes.

Mr. STAFFORD. We are still recognizing the difference between earned and unearned income, except that we are cutting down the allowance of the man who makes it from 30 to 12.

Mr. CRISP. Yes; upon the theory that after he is given \$12,000 we lower the tax, under the theory of paying according to the ability to pay, and he can pay the full tax on the income in excess of \$12,000.

Mr. STAFFORD. I would levy the higher rate on the man who cuts the coupons instead of on the brains that run the country.

The Clerk read as follows:

PART III-CREDITS AGAINST TAX

SEC. 31. TAXES OF FOREIGN COUNTRIES AND POSSESSIONS OF UNITED STATES

The amount of income, war profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax, to the extent provided in section 131.

Mr. JOHNSON of Missouri. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Johnson of Missouri: Strike out lines 2 to 7, inclusive, on page 36.

Mr. CRISP. Mr. Chairman, I understand what the gentleman has in view, and I presume if his amendment prevails, he will move to strike out section 131 when it is reached.

Mr. JOHNSON of Missouri. Yes.

The CHAIRMAN. The gentleman from Missouri is recognized for five minutes.

Mr. JOHNSON of Missouri. Mr. Chairman, section 31 which I move to strike out, provides that a credit shall be given on the income tax for all taxes, income, war profits, and excess-profits taxes imposed by foreign countries. Under the income tax law, the citizens who have invested all their money here at home are permitted to take a credit for taxes paid, only against the income, yet under the provisions of this section a person owning property in a foreign country or receiving an income from foreign investments is permitted to take a credit for the entire amount of the tax imposed by the foreign country against the income tax imposed by the United States. That is an unfair discrimination against our citizens.

It is a well-known fact that because of the operation of the iniquitous tariff law many corporations which had earned a large amount of money because of that tariff law went into foreign countries and organized corporations or subsidiaries there so that they could escape the effect of the retaliatory tariff laws enacted by those foreign countries. In those foreign countries, with the money received under the protection of the tariff laws of the United States. those corporations are now manufacturing products with foreign labor and supplying the foreign markets, markets which formerly were supplied by products made in America with American labor. Because of that fact, they have closed many factories in the United States and thrown countless millions of laboring men into the already swollen tide of the unemployed. Under the provisions of this law we tell those corporations that they may take the money earned in the United States into foreign countries, invest it, and use it in competition with American capital and labor, receive their income, and when they pay the foreign countries a tax that we shall let them apply the amount of such | tax as a credit against the tax imposed by the United States. I submit that is not fair and just to the laborers and industries at home, for this reason—that if somebody should throw a brick into the window of one of the buildings of those corporations in a foreign country they would ask the United States to send the Army and Navy over there to protect their property. If that be true, and they have received the protection of the United States, then they ough to be put on an equal basis with the citizens of the United States who use their capital and labor in the homeland. If we want to allow them credit for the tax imposed by a foreign country, it is all right to allow it to the same extent that we allow credit to the other citizens of the United States; that is, wholly against the income and not against the tax itself. We are asked to impose an iniquitous and obnoxious sales tax upon our people to-day in their distress and despair which will sap the very lifeblood out of the people, yet we are telling these corporations, in effect, that they need not pay any income tax if they have gone into a foreign country and invested their money. Personally I should prefer to levy a tax of 75 per cent against all income received from a foreign source. The fact is I think we have been too much concerned, and now are, about international matters and that the time has come when we should forget those international matters and legislate for the American people. This amendment ought to be adopted.

Mr. CRISP. Mr. Chairman, I shall try to explain this situation on foreign-tax credit. This credit is only allowed to American citizens and domestic corporations doing business in foreign countries, and it is not allowed to foreigners, except to a very limited extent. Under the law where an American citizen or corporation is doing business in this country and also is doing business in a foreign country, he is allowed to deduct from the tax due the United States the amount of the tax he pays to a foreign country, but not in excess of the same proportion of our tax which the net income from abroad is of the entire net income. Let me illustrate. Say an American corporation does business in the United States and earns \$100,000, and earns \$100,000 abroad. Fifty per cent of the income of that corporation was earned in the United States and 50 per cent out of the United States. It is an American corporation. If the foreign business was in Great Britain, the corporation tax would be 25 per cent. Under the law in making up the tax returns to the United States the corporation must include the income derived in the United States and out of the United States, and then the corporation is allowed to deduct not from the gross income toward arriving at the net income but from the amount of the tax due the United States, the amount of the tax paid to the foreign country with the limit above stated. In the example above given the corporation could take as a credit against its United States tax under this bill of \$26,000-13 per cent of \$200,000-one-half of its British tax of \$25,000-25 per cent of \$100,000-or \$12,500.

In this country in the different States any tax paid to the county, State, or city is not deductible from the amount of the tax, but it is deductible from the gross income arriving at your net income. This is an advantage to the American corporations doing business abroad, in being permitted to deduct the amount of the tax they have paid to a foreign country from the amount of the tax due to the United States. I think I violate no secret when I say that I said in the committee that I was not in favor of this provision but desire to treat taxes paid to foreign countries just as they are treated in this country—as reductions from the gross income.

But here is what was presented to the committee: They said that unless these American corporations doing business abroad are given this benefit they can not compete with the foreign countries, because it would mean they would have to pay double taxation on their income derived in the foreign country. I am giving you the facts. I have stated how I personally felt about it. I am just giving you the facts. It was stated that unless this was continued, these American corporations doing business abroad would probably have

to withdraw from business because they could not compete with the foreign companies which did not pay these taxes.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CRISP. I have no desire to speak, but I am trying to give the House the information. It was argued that unless that was continued they would withdraw, and that the United States would lose the amount of net profit they made over there, which was brought to the United States and which increased the wealth of the United States. It was further argued that unless that practice was continued it would seriously interfere with our export trade; that unless they were put on an equal footing with those engaged in foreign business, the Americans could not maintain agencies and sell goods abroad, and they would be compelled to withdraw, and the United States would lose the benefit of that trade and wealth that ultimately resulted from it, in coming to the United States.

There was an amendment made to the bill which made it certain that any American corporation doing business abroad as well as here would have to pay the full corporation tax on all income derived from business done in the United States. Under the existing law, where there are one or two or three foreign agencies, it was possible for the American corporation to pay less than the regular corporation income tax on the income derived in the United States. The committee has recommended an amendment to it which guarantees that the United States Government will receive the full corporate tax on all income earned in the United States, but still the bill as reported leaves them to deduct the tax from the taxes due the United States, within the limits I described before.

Mr. McCORMACK. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. McCORMACK. May I also suggest that in the case of an American company with a subsidiary in a country where there was no corporation tax imposed, prior to the committee amendment, that could in some way be used as a deduction, or they would all be aggregated together and the deduction could be used where the Federal Government would not receive as much tax from the profits in the country where there was no corporation tax as it would under the committee amendment as we reported it. Furthermore, if the corporation tax in a foreign country is 8 per cent, they have to make up the difference between the 8 and the 13 per cent. The members of the committee seemed to be sympathetic with the viewpoint expressed by the chairman, but ultimately we were fearful this might result disadvantageously to American industry trying to create trade in foreign markets. We realized the motives which prompted the gentleman in offering his amendment and we entertained that thought, but there is danger of the complete changing of this law resulting in harm to American industry trying to create our export trade on the foreign markets.

Mr. BURTNESS. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. BURTNESS. As I understand it, the proposal recommended by the committee at least stops the possibility of any credit for taxes abroad offsetting the tax upon income earned within the United States?

Mr. CRISP. It does; and our information is that it will mean a saving of six or eight million dollars.

Mr. BURTNESS. Of course, I think that has been the great vice of the present law.

Mr. CRISP. Well, I think we have corrected that, and the bill reported will save to the Treasury seven or eight million dollars.

Mr. BURTNESS. So regardless of how large the tax is abroad, there can be no offset from that against the income earned here?

Mr. CRISP. No, sir.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in support of the amendment offered by my colleague, Mr. Johnson of Missouri.

If there is one group of individuals in this country who I feel are not deserving of any benefits in this bill, it is that group who made fortunes in this country through the protection of the country, and then sent abroad and invested that money in foreign industry, where they could secure cheap labor, and are manufacturing commodities which had heretofore been manufactured in this country and shipped abroad to the countries where this group set up their industry. [Applause.]

I want to ask the gentlemen from the New England States what was the reason they urged us in the last Congress to place a tax upon shoes. It was because New England money took United Shoe Machinery Co. machines to Czechoslovakia, set up shoe factories in Czechoslovakia, secured cheap labor, and not only made shoes for that country and other countries abroad but are now in a position and are shipping shoes to the United States to compete with the shoes made in the United States. That is the reason the people from the New England States pleaded on this floor for two days to place a tax upon shoes.

That is the reason the New England representatives went before the Tariff Commission and urged an increase in the tariff on shoes of 50 per cent. Why, not being satisfied with destroying our shoe market in foreign countries, they come to this country and in some of the large cities set up retail stores and are selling the shoes made with cheap labor to the American public. This would not be so bad if it was foreign money that started the factories abroad, but I am telling you it was money of American citizens, made in this country by selling their products to Americans. You are going to hear from this in the future. Not only will the shoe industry suffer, but American money has been sent abroad by the millions, hundreds of millions, to be used to start factories manned by cheap labor to manufacture commodities that our American manufacturers formerly sent abroad and sold.

If this amendment affects some legitimate American corporation, then I say word it so that it will exempt them; but find some way to reach the American citizen who has assisted in ruining our foreign trade. My only regret is that the American citizens responsible for this situation of which I complain is that they did not go along with their money and stay in a foreign land.

We are told that a great corporation has opened factories in Ireland and other countries; that parts of tractors and other farm machinery are being manufactured in the foreign factories and shipped to this country, where they are assembled and sold. Why? Because cheap labor can be secured in those foreign countries and because machinery that can be used by the agriculture industry is not required to pay duty.

A great American harvester company is building a plant in Canada, the greatest of all aluminum companies is likewise building a plant in Canada, while Lord Derby was recently quoted as saying, some 25 American manufacturers were looking for locations in England to open branch factories. Of course, in some instances this is done to escape the retaliatory tariffs that have been set up. Every time American money is sent abroad to open up a factory the products of that factory are sold abroad and take the place of the American-made products, made by American labor and formerly sent abroad. They kill the market for our goods.

I shall support this amendment and any other amendment that will strike at the incomes of American citizens who have invested their money in factories in foreign countries to manufacture articles that compete with American-made goods. [Applause.]

Mr. McCORMACK. Mr. Chairman, I am not particularly interested in this question, except to the extent of trying to convey to the Members present what I believe to be the true situation. I feel very much the same as the gentleman from

Missouri on the question of American capital making its money in America and then sending it abroad for the purpose of creating industry to compete with our own American industries. But that is not the question in this case.

The case the gentleman refers to is where American capital goes abroad and organizes itself in foreign lands and forms its own corporations over there. However, that is not the case of American business that is affected by the question before the committee at the present time. We are considering American business that has established subsidiaries in foreign lands, subsidiaries which are still controlled by the parent companies in the United States. We are not concerned with shoes. What the gentleman says about shoes may or may not be true. I do not know why the gentleman refers to New England, because other parts of the country are interested in shoes. As one coming from New England, I voted against the Hawley-Smoot bill, so the gentleman's remarks have no application to me.

But we want to get at the true issue here. If we want to put an export tax on American capital, that is one thing; but the question is in no way connected with American capital going into foreign lands and establishing itself for the purpose of building up our foreign trade; of selling the product of American labor, or of establishing a business in foreign countries to produce raw materials which can not be produced in the United States and which are brought here to be put in finished form by American labor.

The class of corporations affected are those corporations which go into foreign lands and establish a business for a purpose which they can not establish in the United States. Bananas are not grown here, for example. The United Fruit Co. is an American corporation. They go down to South America and they establish a corporation there. Are we going to penalize a legitimate American business going into foreign fields for the purpose of creating a foreign market for our exportable surpluses? The loss of our foreign markets is one of the conditions which has brought about the present depression.

The committee has recommended in the present bill administrative changes which assure to the Federal Government the amount of the taxes, at least, which would be payable upon income earned in the United States.

So no matter how you vote, gentlemen, vote upon the real issue and not upon an artificial, hysterical issue, no matter how fine it may sound for mob-psychology effect. The exportation of American money to create in other countries business which competes with ours is not involved in this question.

Mr. JOHNSON of Missouri. Will the gentleman yield? Mr. McCORMACK. Yes.

Mr. JOHNSON of Missouri. The fact is that there are many corporations in the United States, hundreds of them, which have formed subsidiary corporations in Canada in the last few years. That is true, is it not?

Mr. McCORMACK. I am not in sympathy with that, and that has nothing to do with the issue before us.

Mr. JOHNSON of Missouri. They are employing labor and supplying the foreign markets, yet we are telling them they can take credit on income taxes paid in the United States for any income tax that England might impose.

Mr. McCORMACK. That is not the issue involved. Prior to the recommendation of the committee as contained in the pending bill, they paid a lesser tax in the Treasury than they would pay under this bill on income actually earned in the United States. We have protected the Treasury and we have protected legitimate American business which establishes itself in foreign lands for the purpose of building up our foreign markets. The adoption of the pending amendment will seriously interfere with American industry competing in the world markets with industry of other countries and compel the surplus that would be disposed of in normal times in foreign lands to be thrown on the domestic market, thereby preventing the laws of supply and demand domestically to adjust themselves for our best interests. [Applause.]

Mr. McREYNOLDS. Mr. Chairman, I move to strike out the last two words. I rise in support of this motion as made by the gentleman from Missouri. This is the preliminary motion that will be made to strike out section 131, which provides for the return of these foreign taxes.

I can see no reason why a manufacturer in this country who has a branch in another country should profit more than he would in his own country. In other words, if you have a plant in Maine and it has a branch in Tennessee, when you make out your returns in Maine you would credit your gross receipts with the taxes which you had paid in Tennessee, and you would pay 12 per cent on your net profits; but if you have a plant in Maine and you have another one in Canada the tax you pay in Canada you come back here and credit on the tax that you will pay here. That is the difference. It encourages our money to go abroad. It encourages our money to be expended in other countries. It does not encourage industry in this country, where the money ought to be spent.

What is the situation just across the border in Canada? A few days ago I saw in the paper a statement to the effect that 22 per cent of the manufacturing plants in Canada are owned by American citizens. Their money has gone over there, and they have that preference.

It is true this committee has corrected this in some respects, but they have only filled in a hole of \$10,000,000 out of about \$60,000,000. If you want to raise revenue, according to official statements and if these were prosperous times, you would have at least \$60,000,000 out of this.

Under the amendment as offered by the gentleman from Missouri [Mr. Johnson] you will pick up at least \$30,000,000 and you will do it properly and justly to American citizens.

I trust that this paragraph will be stricken out and then when you come to section 131 and all the necessary paragraphs will be stricken out so that they may pay taxes just as though they were doing business in this country.

Do you know that there is only one country in the world, and that is Italy, that has the same provision that you are offering here with respect to taxation. England does not allow this, Germany does not allow it, and in these times we should not allow it. [Applause.]

Mr. DICKINSON. Mr. Chairman, I want to say that I am heartily in accord with the amendment of the gentleman from Missouri [Mr. Johnson] to strike out this paragraph.

I want to call the attention of the committee to the fact that the distinguished acting chairman of the Ways and Means Committee has indicated in what he has said here to the House that he felt in committee, and I am sure he feels the same way now, that the position taken by the gentleman from Missouri [Mr. Johnson] is correct.

According to my judgment, this provision in this tax bill encourages people to leave this country and go abroad to do business and in that way they are enabled to lessen the amount of income tax paid to this country by offsetting the income they get abroad, and I do hope the House, by its vote, will support the amendment of the gentleman from Missouri [Mr. Johnson], which, as I have already stated, accords with the views held by the distinguished acting chairman of the committee.

Mr. KELLER. Mr. Chairman, I just want to ask a few questions of the chairman, if I may. I understand that if this paragraph is stricken out, that during the balance of the year 1933 it will bring to us \$12,000,000 of additional money.

Mr. CRISP. I will say to my friend from Illinois that they could not make a very satisfactory estimate as to what would come from this, owing to the economic situation in the world. The estimate was made, based on the returns of 1929 or 1930, that if business had held up, it would have been about \$35,000,000, but, of course, none of us believes business will hold up to that mark. The estimates ran, as I understand it, from \$10,000,000 to \$15,000,000 as the amount that would come in if the paragraph were eliminated. They also figured, with the changes made, to guarantee that if the United States would receive the full corporate tax on the income earned in the United States by these American com-

panies also having foreign businesses, it would be about six or seven million dollars.

Mr. KELLER. May I suggest to the gentleman that I asked the question for this reason: Last summer down in my little home town in southern Illinois I stepped into a Ford agency and I looked at an ordinary Ford tractor. Accidentally, I took hold of the card attached to it, giving the price, and it said, "Made in Ireland." I made inquiry, and I was astonished to find that it really was made in Ireland and brought back here to the United States. I then also accidentally found in the January Labor Review, issued by our Bureau of Labor Statistics, a full report on this subject, and I was going to ask whether that had been put in the hands of the committee, showing that American capital to the extent of many, many millions of dollars has gone abroad and established these factories, and they are shipping their stuff back here, not only in competition on the American market, but they are directly taking the labor away from the Americans in this country.

Mr. WHITE. Will the gentleman yield?

Mr. KELLER. Yes.

Mr. WHITE. If this paragraph is stricken out, will it change the effect with respect to taxes upon the Ford Co. in Ireland?

Mr. KELLER. I hope so.

Mr. WHITE. I doubt it, and I would like to ask the chairman of the committee about that.

Mr. KELLER. That is what I was driving at.

Mr. CRISP. Here is what was told to us. Of course, the committee discussed these American businesses abroad, and the Ford Co. was mentioned, and this is the thought that was suggested to the committee: If this were changed, these companies would surrender their American charters, would obtain a charter abroad, would do business over there and keep the earnings there, and the United States would get no tax whatever from any earnings made out of this country.

Mr. KELLER. The question I want to get to is this: If this will not correct the condition, is there any means of correcting such an abuse?

Mr. CRISP. I can not answer my friend. I have tried to give the House the benefit of all the information I have, and I am not myself, of course, advocating this provision, but as chairman of the committee I desired to give all the information about the matter that I could.

Mr. RAGON. This would bring in but very little revenue. It would cause them to withdraw their American identity and become a foreign identity, and also in many cases they would cease business there and consolidate with the mother company here. We would not gain much in the way of revenue.

Mr. HAWLEY. Mr. Chairman, this is what the amendments made by the committee on section 131 will do:

First. If an American corporation has an income of \$100,000 in this country and \$100,000 in another country, if the rate of taxation abroad is the same as it is in this country, 13 per cent, we will get the tax at that rate on \$100,000 earned in this country, and that only.

That is on the principle that a country should tax only the income derived within its borders or its possessions. Every country should be an entity, apart from every other country in the matter of taxation. If the rate of taxation is the same here and abroad, we receive 13 per cent on \$100,000 earned in this country.

Second. If a corporation earns \$100,000 here and \$100,000 abroad, and the tax abroad should be only 6 per cent, then we would get 13 per cent on the \$100,000 earned here and 7 per cent on the \$100,000 earned abroad.

Third. However, if a corporation earns \$100,000 here and \$100,000 abroad, and the tax abroad is 25 per cent, we still get the full 13 per cent on the \$100,000 earned here, even if the corporation has paid 25 per cent on the \$100,000 earned abroad.

would come in if the paragraph were eliminated. They also figured, with the changes made, to guarantee that if the United States would receive the full corporate tax on the income earned in the United States by these American compercent on the amount earned abroad. So, in any case,

we get at least 13 per cent on the income earned in this country and may get additional amounts from incomes earned abroad in countries whose rates are lower than ours.

Mr. JOHNSON of Missouri. Did I understand the gentleman to say that if a corporation had \$100,000 earned income here and \$100,000 earned income in a foreign country, and the tax on the income in the foreign country was 15 per cent, we would still get 13 per cent on the \$100,000 earned in this country?

Mr. HAWLEY. Yes; in every instance.

Mr. BURTNESS. That is not the present law?

Mr. HAWLEY. No; the committee amended the present law so that a corporation which pays a higher tax abroad will not, for that reason, pay less than the full amount of taxes on incomes earned in this country.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman from Oregon be extended for five minutes. Is there objection?

There was no objection.

Mr. FRENCH. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes. Mr. FRENCH. Could the gentleman advise the committee what the practice of foreign countries is in the matter of taxation rates? Are the rates, to use the illustration that he has used, 13 per cent, 25 per cent, and 6 per cent?

Mr. HAWLEY. They vary. I think the English rate is

271/2 per cent.

Mr. FRENCH. Is it not true that they are usually much

higher than are proposed here?

Mr. HAWLEY. There are instances where they are higher. There may be some where they are lower. I think I never saw a complete list of such taxes imposed by foreign countries.

Mr. STAFFORD. Mr. Chairman, will the gentleman

vield?

Mr. HAWLEY. Yes.

Mr. STAFFORD. Take, for instance, industries of my home State. They have branch offices in London for the sale of their wares. They maintain a separate organization over there to sell to the foreign trade. The profit derived from that branch in London must necessarily pay, as well as the American citizens who are employed thereand one of them is a former secretary of mine-the local income-tax rate. Does this provision prevent the American manufacturer from having offset the income tax that Great Britain exacts for the amount of trade that branch office does in London under the amendment proposed by the gentleman from Missouri [Mr. Johnson]?

Mr. HAWLEY. The pending amendment proposes to eliminate from the bill the committee amendments I have just illustrated.

Mr. STAFFORD. What will be the result of that? It will discourage our foreign trade. We are putting a penalty on American manufacturers engaging in foreign trade and will deter them from going into foreign markets.

Mr. HAWLEY. It was my purpose in rising to insist that we were getting our full American tax in every instance under the amendments proposed in the bill before us, and in some instances a larger amount. If the foreign rate was lower than ours, we were getting an additional amount based upon the difference in the rates; and if there is no foreign tax, we get the tax on the income earned here and the tax on the income earned abroad. We are protecting the revenue of the United States. The pending amendment should be defeated. To require that there be paid to the United States the full tax on both the income earned here and earned abroad, when the income earned abroad is taxed in the foreign country would be indefensible double taxation.

Mr. CRISP. Mr. Chairman, this is a very important matter and I understand the gentlemen on the minority side have a conference to-night. I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10236, the revenue bill of 1932, and had come to no resolution thereon.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5315) entitled "An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes."

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Saturday, March 19, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Saturday, March 19, 1932, as reported to the floor leader by clerks of the several committees:

PUBLIC LANDS COMMITTEE

(10 a. m.)

Public domain (H. R. 5840).

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE (PANAMA CANAL SUBCOMMITTEE)

(10 a. m.)

Tolls (H. R. 5104).

### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

492. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal year 1933, in the sum of \$22,240 (H. Doc. No. 278); to the Committee on Appropriations and ordered to be printed.

493. A letter from the Secretary of War, transmitting a report dated March 16, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of lower San Francisco Bay and Guadalupe River, Calif., and preliminary examination of port of San Francisco east of Belmont, South San Francisco Bay, Calif. (H. Doc. No. 279); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MOREHEAD: Committee on the Post Office and Post Roads. H. R. 6688. A bill to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; with amendment (Rept. No. 837). Referred to the Committee of the Whole House on the state of the Union.

### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 8255. A bill for the relief of Homer C. Chapin; without amendment (Rept. No. 827). Referred to the Committee of the Whole

Mr. BACON: Committee on Claims. H. R. 10405. A bill for the relief of H. Forsell; without amendment (Rept. No. 828). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 6270. A bill for the relief of Alexander F. Sawhill; without amendment (Rept. No. 829). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 3629. A bill for the relief of John B. Russell; without amendment (Rept. No. 830). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 8353. A bill for the relief of Mrs. Asa Caswell Hawkins; with amendment (Rept. No. 831). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1030. An act for the relief of John A. Pearce; without amendment (Rept. No. 832). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2242. act granting six months' pay to Louis Soluri; without amendment (Rept. No. 833). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2570. An act authorizing adjustment of the claim of Joseph E. Bourrie Co.; without amendment (Rept. No. 834). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 3058. An act authorizing adjustment of the claim of the Rio Grande Southern Railroad Co.; without amendment (Rept. No. 835). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 3447. act for the relief of John Stratis; without amendment (Rept. No. 836). Referred to the Committee of the Whole House.

# PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUMNERS of Texas: A bill (H. R. 10638) regulating procedure in criminal cases in the courts of the United States: to the Committee on the Judiciary.

Also, a bill (H. R. 10639) to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict; to the Committee on the Judiciary.

Also, a bill (H. R. 10640) to provide for the punishment of certain crimes against the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 10641) to amend section 122 of the Judicial Code; to the Committee on the Judiciary.

Also, a bill (H. R. 10642) to authorize the appointment of law clerks for the justices of the Court of Appeals of the District of Columbia; to the Committee on the Judiciary.

Also, a bill (H. R. 10643) to amend the act providing for the annual conference of senior circuit judges; to the Committee on the Judiciary.

By Mr. HAINES: A bill (H. R. 10644) to require postmasters to account for money collected on parcels delivered at their respective offices; to the Committee on the Post Office and Post Roads.

By Mr. CELLER: A bill (H. R. 10645) to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes; to the Committee on Ways and Means.

By Mr. PURNELL: A bill (H. R. 10646) authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages; to the Committee on Agriculture.

By Mr. CRAIL: A bill (H. R. 10647) for the relief of certain persons who contributed to the Foreign Service retirement and disability fund; to the Committee on Foreign Affairs.

By Mr. DAVILA: A bill (H. R. 10648) to extend to Porto Rico, Hawaii, and Alaska the benefits of the Reconstruction Finance Corporation act, approved January 22, 1932; to the Committee on Banking and Currency.

By Mr. LINTHICUM: A bill (H. R. 10649) to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the

bird sanctuary of the Potomac River and its tributaries in the said District; to the Committee on the District of Columbia:

By Mr. JOHNSON of Washington: Joint resolution (H. J. Res. 339) to repeal the seventh subdivision of the act of June 29, 1906, as amended; to the Committee on Immigration and Naturalization.

By Mr. GIBSON: Joint resolution (H. J. Res. 340) to provide a special clerk and liaison officer; to the Committee on the Civil Service.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CRAIL: A bill (H. R. 10650) for the relief of Allen L. Peckham; to the Committee on Claims.

Also, a bill (H. R. 10651) for the relief of Albert Main; to the Committee on Military Affairs.

Also, a bill (H. R. 10652) for the relief of James Hall; to the Committee on Military Affairs.

Also, a bill (H. R. 10653) to promote William Pfeiffer, staff sergeant, on the retired list of the Army; to the Committee on Military Affairs.

By Mr. FIESINGER: A bill (H. R. 10654) for the relief of Eva A. Kramer; to the Committee on Military Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 10655) granting a pension to Robert Ellis; to the Committee on Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 10656) for the relief of Gottlieb Stock; to the Committee on

By Mr. LAMNECK: A bill (H. R. 10657) to authorize the appointment of Ralph H. Bogle, jr., as a second lieutenant, United States Army; to the Committee on Military Affairs.

By Mr. NELSON of Wisconsin: A bill (H. R. 10658) granting an increase of pension to Priscilla Swan; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 10659) granting an increase of pension to Sarah B. Cratsinger; to the Committee on Invalid Pensions.

By Mr. RANKIN: A bill (H. R. 10660) for the relief of William R. Phillips; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H. R. 10661) granting a pension to Cloe I. B. Wiggins; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 10662) granting an increase of pension to Marion A. Peterson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10663) granting an increase of pension to Ann Carney; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10664) for the relief of John A. Donahue; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H. R. 10665) granting an increase of pension to Mary Tippie; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10666) granting a pension to Henry C. Russell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10667) granting an increase of pension to Nancy Consolver; to the Committee on Invalid Pensions. By Mr. VESTAL: A bill (H. R. 10668) authorizing the continuance of Francis A. Sebring as clerk of police court of

the District of Columbia; to the Committee on the District of Columbia.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4563. By Mr. ANDREWS of New York: Petition of employees of the Buffalo Forge Co., urging: (1) A thorough reduction of the Federal salary and wage scale; (2) the elimination of all Government positions and functions which constitute a duplication of the position or function in another department; (3) the elimination of every bureau, position, and function of the Federal service the maintenance of which is not consonant with strictest economy; to the District of Columbia," and thereby to establish a game and Committee on Expenditures in the Executive Departments.

4564. By Mr. BOHN: Petition of residents of Petoskey, Mich., opposing any compulsory Sunday observance law; to the Committee on the District of Columbia.

4565. Also, petition of Cheboygan (Mich.) Boosters Club, supporting all legislation placing railroads and trucks and busses on a more nearly equal competitive basis; to the Committee on Interstate and Foreign Commerce.

4566. By Mr. CRAIL: Petition of Lulu Heacock and several other citizens of Los Angeles County, Calif., protesting against the repeal, resubmission, revision, and nullification of the eighteenth amendment; to the Committee on the Judiciary.

4567. By Mr. CURRY: Petition of various citizens of California, protesting against the proposed Sunday observance bill, S. 1202; to the Committee on the Judiciary.

4568. By Mr. DAVENPORT: Petition of the Utica Chamber of Commerce, Utica, N. Y., urging regulation of interstate motor traffic; to the Committee on Interstate and Foreign Commerce.

4569. By Mr. FRENCH: Petition of 10 citizens of Gem County, Idaho, protesting against compulsory Sunday observance: to the Committee on the District of Columbia.

4570. By Mr. GARBER: Petition of the Oklahoma Hardware & Implement Association, opposing any kind of resale tax and urging reduction of tax burden; to the Committee on Ways and Means.

4571. Also, petition of the National Live Stock Marketing Association, protesting against proposed sales tax on lard, sausage, cooked and canned meats; to the Committee on Ways and Means.

4572. Also, petition of the Southern Oklahoma Oil and Gas Association, expressing appreciation of the efforts of the Oklahoma delegation in Congress to secure protection for the oil industry against the free importation of foreign oils and their derivatives; to the Committee on Ways and Means.

4573. Also, petition of William J. Jose, Washington Veterans' Home, Retsil, Wash., urging payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

4574. Also, petition of the Brown Trading Co., Weleetka, Okla., urging support of Senate bills 1197 and 2487 and House bill 7797; to the Committee on Agriculture.

4575. Also, petition of Chapter No. 8, Railroad Employees' National Pension Association, North Adams, Mass.; Charles H. Shafer, Elmhurst, Ill.; and the Railroad Employees' National Pension Association, Willard, Ohio, urging support of the Railroad Employees' National Pension Association bill, H. R. 9891; to the Committee on Interstate and Foreign Commerce.

4576. Also, petition of J. V. Seesums and E. M. Higgins, of Oklahoma City, Okla., urging support of proposed legislation for the repeal of the recapture clause in the transportation act, with the provision that it be made retroactive on funds previously surrendered by the railroads under the recapture clause; to the Committee on Interstate and Foreign Commerce.

4577. Also, petition of the National Association of Book Publishers, urging amendment to the proposed revenue act whereby all books would be exempt from the provisions of the manufacturers' excise tax; to the Committee on Ways and Means.

4578. Also, petition of the Oklahoma Millers' Association, urging enactment of legislation for the relief of the individual and the commercial trade of the States and the Nation, and protesting against imposition of additional tax burdens; to the Committee on Ways and Means.

4579. Also, petition of the Oklahoma Millers' Association, indorsing the resolution of the United States Chamber of Commerce opposing the Government engaging in business in competition with its citizens, and urging that measures be taken to end the unfair and discriminatory competition of Government in the grain business and other forms of private endeavor; to the Committee on Agriculture.

4580. Also, petition of the Oklahoma Millers' Association, favoring the repeal of the agricultural marketing act, or that

particular portion of it empowering and authorizing the Government to engage in commercial business enterprises in competition with other regular business dealers, producers, or manufacturers, whether directly or indirectly; to the Committee on Agriculture.

4581. Also, petition of Voiture Locale No. 169, Forty and Eight, urging enactment of House bill 8578 providing for dependency allowances to widows, children, and dependent parents of World War veterans; to the Committee on World War Veterans' Legislation.

4582. Also, petition of W. H. Cushing, Blackwell, Okla., urging support of House bill 8578 providing for dependency allowances to widows, children, and dependent parents of World War veterans; to the Committee on World War Veterans' Legislation.

4583. By Mr. HARLAN: Petition of James A. Wilson, 2010 Pearl Street, Middletown, Ohio, and 362 other residents of the third Ohio district, protesting against the lack of supervision of busses and trucks used in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4584. By Mr. JOHNSON of Texas: Petition of Hon. J. K. Parr, of Hillsboro, Tex., favoring Federal legislation on home finance system; to the Committee on Banking and Currency.

4585. Also, petition of Ted B. Ferguson, president Chamber of Commerce, Corsicana, Tex., favoring immediate allocation of \$200,000,000 for crop loans under Reconstruction Finance Corporation act; to the Committee on Agriculture.

4586. Also, petition of H. B. Bouldin, route 3, Hubbard, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4587. Also, petition of H. O. Ferguson, of Stephan Ice & Bottling Co., Bryan, Tex., opposing a Federal tax on manufactured ice; to the Committee on Ways and Means.

4588. By Mr. KADING: Petition signed by 32 citizens of Waukesha, Wis., protesting against the enactment of House bill 8092, which aims to require compulsory Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

4589. By Mr. LINDSAY: Petition of International Brotherhood of Electrical Workers, favoring the appropriation of \$155,000,000 for public buildings already authorized by law; to the Committee on Appropriations.

4590. Also, petition of Independent Petroleum Association of America, favoring a tax on foreign oil now admitted duty free; to the Committee on Ways and Means.

4591. Also, petition of Harper & Bros., publishers, New York City, favoring the exemption of books in the proposed manufacturers' excise tax; to the Committee on Ways and Meens

4592. Also, petition of Solovei Bros., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4593. Also, petition of Retail Dry Goods Association of New York, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4594. By Mr. PARKER of Georgia: Petition of Mrs. E. E. Humphrey and 87 other citizens of Savannah, Ga., protesting against any proposed legislation that provides for the modification, resubmission, or repeal of the eighteenth amendment; to the Committee on the Judiciary.

4595. By Mr. RUDD: Petition of Quick Service Box Co. (Inc.), New York City, favoring the exemption of canned soups among the exemptions in proposed sales tax; to the Committee on Ways and Means.

4596. Also, petition of Solovei Bros., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4597. Also, petition of Independent Petroleum Association of America, favoring adoption of a tariff or an excise tax which will enable the American petroleum industry to compete with foreign oil now admitted free of duty; to the Committee on Ways and Means.

4598. Also, petition of Retail Dry Goods Association of New York, opposing the manufacturers' tax; to the Committee on Ways and Means.

4599. Also, petition of Cass Canfield of Harper & Bros., publishers, New York City, favoring the exemption of books in the proposed manufacturers' tax; to the Committee on Ways and Means.

4600. Also, petition of Apmann's Bakery, Brooklyn, N. Y., protesting against the proposed malt tax, as this ingredient is requisite to bread making; to the Committee on Ways and Means.

4601. Also, petition of the Capt. Richard Dale Chapter, Daughters of 1812, favoring the passage of the Vinson bill, H. R. 8230, and the Jeffers bill, H. R. 8549; to the Committee on Naval Affairs.

4602. Also, petition of International Brotherhood of Electrical Workers, favoring the appropriation of \$155,000,000 for public-works construction authorized by law; to the Committee on Appropriations.

4603. By Mr. SPENCE: Petition of citizens of Campbell County, Ky.; to the Committee on the Judiciary.

4604. By Mr. STALKER: Petition of residents of Washington, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislators, and urging support of adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4605. Also, petition of residents of Ithaca, N. Y., urging the support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4606. By Mr. SUMMERS of Washington: Petition signed by H. C. Huff and 78 other citizens of the State of Washington, opposing any measure looking toward the modification, resubmission to the States, or repeal of the eighteenth amendment; to the Committee on the Judiciary.

4607. By Mr. TEMPLE: Petition of Meadow Gold Dairies (Inc.), Pittsburgh District Dairy Council, and the Dairymen's Cooperative Sales Co. (Inc.), all of Pittsburgh, Pa., requesting exemption of ice cream from sales tax; to the Committee on Ways and Means.

4608. By Mr. THOMASON: Petition of the City Council of the City of Colorado, Tex., urging passage of reasonable and adequate laws regulating interstate traffic of motor busses and motor trucks; to the Committee on Interstate and Foreign Commerce.

4609. Also, petition of members of the El Paso American Legion Post, favoring the cash payment of the adjustedcompensation certificates; to the Committee on Ways and Means.

4610. Also, petition of the commissioners' court of Mitchell County, Tex., urging the passage of adequate laws regulating interstate motor bus traffic; to the Committee on Interstate and Foreign Commerce.

4611. By Mr. TIMBERLAKE: Petition of First Christian Church, Englewood, Colo., indorsing provisions of the eighteenth amendment and urging its strict enforcement; to the Committee on the Judiciary.

4612. By Mr. WATSON: Petition from residents of Bucks County, Pa., favoring the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4613. By Mr. WHITTINGTON: Petition of Roger Montgomery Post of American Legion at Tunica, Miss., approving immediate payment of soldiers' bonus; to the Committee on Ways and Means.

4614. Also, petition of Roger Montgomery Post of American Legion, Tunica County, Miss., favoring repeal of eighteenth amendment; to the Committee on the Judiciary.

4615. Also, petition of Belle Kearney Union, of Jackson (Miss.) Woman's Christian Temperance Union, opposing resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4616. By the SPEAKER: Petition of the City Council of the City of Boston, memorializing Congress to take favorable action on House bill 1; to the Committee on Ways and

# HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 19, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Merciful God, our Heavenly Father, who dwellest in the radiance of that light which no mortal can approach and where no unclean thing can enter, cleanse the thoughts of our hearts; grant us forgiveness of our sins and assure us of Thy favor. In our exultant moments and in our anxious dreads be with us and awaken in us those deep vibrations which are deeper than all other truths. In every situation may we have a passion of zeal and exercise a wise, resolute industry in the service of our country. O Thou who givest liberally and upbraidest not, bless us with that spirit that forgives easily, generously, and completely. We pray that our energies may be in close and constant relation to the great duty and help we owe the well-being of the Republic. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### THE SALES TAX

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent to insert in the Record a letter written to me by the Secretary of the Treasury, Mr. Mills, in response to my letter to him calling attention to his speech of December 14, when he expressed himself against the sales tax.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LaGUARDIA. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following letter written to me by the Secretary of the Treasury, Mr. Mills, relative to the sales tax:

THE SECRETARY OF THE TREASURY,
Washington, March 17, 1932.

My Dear Congressman LaGuardia: I have your letter of March 16, in which you state that you find some difficulty in reconciling my speech of December 14, 1931, before the Economic Club of New York with the radio speech I delivered last Saturday. As a matter of fact, there is no inconsistency.

matter of fact, there is no inconsistency.

In my speech of December 14, after referring to the Canadian sales tax and pointing out that, in view of our general reluctance to grant administrative discretion, the adoption of the Canadian manufacturers' sales tax would involve real administrative difficulties, I went on to say: "In any event, we concluded that, on the whole, it is wiser for us to resort to those forms of taxation with which we have had experience and are thoroughly familiar rather than to embark on new and untried ventures." I then went on to discuss the recommendations of the Treasury Department, which included a sharp increase in the rates applicable to individual incomes, an increase in the estate-tax rates, an increase in the rate of existing excise taxes, and the imposition of a number of excise taxes, some of which were in the 1921 act, some in the 1924 act, and some new ones.

In my radio speech of March 12 I spoke, as follows: "I happen to be one who in the past has not favored a sales tax. I prefer a tax system consisting of a progressive tax on individual incomes with a broad base, a corporation income tax, an estate tax, customs duties, and a selective group of excise taxes."

It appears, then, that in December the Treasury Department

It appears, then, that in December the Treasury Department recommended to the Congress a very definite program which did not include a manufacturers' sales tax. On December 14 I made a speech in support of the Treasury program. On March 12 I restated my personal preference. Far from being inconsistent, the record is one of complete consistency. But the Constitution of the United States provides that "all bills for raising revenue shall originate in the House of Representatives." In accordance with this constitutional function the appropriate committee of the House of Representatives has prepared a revenue measure which does not include the system of selected excise taxes recommended by this department, but substitutes therefor a manufacturers' excise tax. Except for this difference in method of raising part of the needed additional revenue, the measure follows, generally speaking, the recommendations made by this department with a view to balancing the Budget in 1933.

operating, the recommendations made by this department with a view to balancing the Budget in 1933.

The question asked me was whether the bill as reported by the Ways and Means Committee was acceptable to the Treasury Department. I have stated that it is, and I have given my reasons. I said:

"This does not mean that I agree with every part of the proposed revenue-law. If anyone wants to be entirely satisfied with a tax bill he must write it himself; and even then, unless supported by the valor of ignorance he must under existing conditions have grave misgivings. The bill differs in many respects from the recommendations made by the Treasury Department. We are prepared, however, to accept the conclusions of the com-We are prepared, however, to accept the conclusions of the committee and to support the measure which they recommend. It conforms to sound tax principles, the difficulties of administration are, not insuperable, and above all it makes possible the attainment of the one vital objective—a balanced Budget. \* \* May I repeat: In a great national emergency the Ways and Means Committee has drafted a revenue measure which makes possible the attainment of the main objective—a balanced Budget is the standard of the main objective is the standard of the m

possible the attainment of the main objective—a balanced Budget—which is based definitely on the principle that those best able to should contribute in accordance with their ability to do so, and which calls upon all American citizens to make some contribution to the support of the national credit. That there will be some disagreement as to some parts of the bill was to be expected. But as to the necessity for so comprehensive a measure, and as to the broad principles upon which it is based, there can be no disagreement."

Finally, let me say a word about the problem of administration, stated in my speech of December 14 that I was troubled about I stated in my speech of December 14 that I was troubled about the administrative difficulties incident to the collection of a manufacturers' sales tax, largely because I doubted whether Congress would be willing to grant the necessary administrative discretion. But, as I pointed out in the radio talk to which you refer, the administrative provisions as drafted in the Ways and Means Committee bill are such that the discretion granted the Bureau of Internal Revenue seems adequate, and that the doubts which the Treasury at one time entertained on this score have been removed. If Canada and Australia can successfully administer such a tax, if European countries can administer with more or less success still more complicated sales taxes, there is no reason why we can not undertake the task.

You ask me to give you my latest views. My position, I think,

no reason why we can not undertake the task.

You ask me to give you my latest views. My position, I think, has been made entirely clear in the speech of December 14 and in the radio talk of March 12, copies of which I inclose. In the first I stated the means which I preferred to meet the present emergency. In the second I stated that the means proposed by a practically unanimous vote of the Ways and Means Committee were acceptable. There is no inconsistency. The main objective is a balanced Budget. I do not feel constrained to oppose a bill which promises attainment of this main objective simply because it does not conform in all particulars with the program recommended by this department.

gram recommended by this department With kind regards, sincerely yours,

OGDEN L. MILLS, Secretary of the Treasury.

Hon. FIORELLO H. LAGUARDIA. House of Representatives, Washington, D. C.

## EXTENSION OF REMARKS

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent to print in the RECORD six or seven hundred letters, written in good faith in a personal vein, demanding immediate payment of the bonus and telling why; also some petitions for Federal aid for the great Columbia River Basin irrigation project; also some petitions by county commissioners, mayors, and others for the construction of an inside canal from just inside the mouth of the Columbia River, and from Willapa Harbor to Grays Harbor. This proposal is similar to the Cape Cod Canal, the Beaufort Canal, and the Texas part of the Intercoastal Canal, all of which had Federal support. I also desire to have printed in the Congressional Record petitions signed by some thousands for a plan which is outlined in detail, not more than 40 typewritten pages, for Federal loans to those who would like to build homes. This will help employment and will provide for the use of great quantities of lumber, cement, hardware, labor, and the like. All of these proposals have great merit.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, the gentleman evidently thinks he is in another body, which is indifferent to the expense of publishing the RECORD, and not in the House of Representatives, which generally shows some regard for the taxpayer. I object. [Laughter.]

Mr. JOHNSON of Washington. Well, I suppose I will have to submit, but all of these proposals should be seen and analyzed by all the Members, even if they do not feel quite so liberal as of yore.

# REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R.

10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill of 1932, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. CRISP. Mr. Chairman, I ask permission to make a statement for the information of the House.

Monday is Consent Calendar day under the rules. There is no provision, under the rules, for moving to dispense with it, so this tax bill will not be considered on Monday but will be called up on Tuesday.

The CHAIRMAN. There is an amendment pending. For the information of the House, the Clerk will again report the amendment.

The Clerk read the amendment, as follows:

Amendment offered by Mr. Johnson of Missouri: That lines 2 to 7, inclusive, on page 36, be stricken out.

The CHAIRMAN. On yesterday, before we adjourned, I promised to recognize the Resident Commissioner from the Philippines [Mr. Ostas].

Mr. OSIAS. Mr. Chairman, if I understand the parliamentary situation aright, the amendment presented by the gentleman from Missouri [Mr. Johnson] to strike out lines 2 to 7, page 36, or all of section 31 allowing credit against taxes of foreign countries and possessions of the United States, is pending for consideration.

The whole discussion so far on this matter has hinged upon the effect that this provision would have upon citizens of the United States and American corporations paying taxes imposed by foreign countries. That feature I am not going to discuss.

I will address myself, however, to its effect upon citizens of America and American corporations in the "possessions of the United States." If the amendment should prosper, I take it that no credit will be given American citizens and corporations for "income, war-profits, and excess-profits taxes" paid in the "possessions of the United States."

Mr. Chairman, I think it is clear that I am not speaking for Filipinos. I speak purely out of a sense of duty. Fairness should be meted out to Americans who have invest-ments in "possessions of the United States." This I say despite the fact that many of those people and I have been at loggerheads, for they have sought to obstruct the mission I have been sent to perform in the United States, namely, to advance the cause of Philippine independence; but even so, Mr. Chairman, I think it is nothing but right that I should rise in their behalf since those American citizens and American corporations are subjected to the income tax in those possessions of the United States, and furthermore they are subjected to a sales tax, because we have a sales tax in the Philippine Islands of 11/2 per cent. It seems to me that the amendment should not prosper in so far as it affects crediting against the tax contemplated by this revenue bill "the amount of income, war-profits, and excess-profits taxes imposed by possessions of the United States." My sense of right and justice compels me to state emphatically that I do not believe they should be subjected to double taxation. I think that would be indefensible.

Now I wish to interrogate the distinguished acting chairman of the Committee on Ways and Means [Mr. CRISP] for clarification. Is the phraseology "possessions of the United States" given a uniform meaning throughout this bill?

Mr. CRISP. As far as I know, it is; and this foreigncredit provision would apply to the taxes paid by Americans in business in the Philippine Islands.

Mr. OSIAS. Then the phrase "possessions of the United States" is, as I interpret it, to include the Philippines?

Mr. CRISP. That is my understanding.

Now I would like to ask the gentleman one question.

Mr. OSIAS. Certainly.

Mr. CRISP. I understand the Philippine government has a sales tax. I would like to know how it operates and

whether or not it is very burdensome on the people, or whether there is objection to it among the masses of the people.

Mr. OSIAS. Mr. Chairman, just for a factual statement, I will say in reply to the gentleman that we have had and do now have a sales tax in the Philippines of 1½ per cent. It is the largest single source of revenue at present for the insular government. A committee was appointed by the Philippine Legislature to study and improve the system of taxation in the islands. From the preliminary report of this special committee on taxation submitted to the Philippine Legislature I have gleaned the fact that certain chambers of commerce have made protests against the sales tax, that the consumers have made no complaints at the hearings, and when the committee so charged with this important duty asked chambers of commerce to propose a substitute for the tax there was disagreement among themselves.

Adverting to the questions I asked of the gentleman from Georgia [Mr. Crisp], I desire to say that I propounded my inquiry in the interest of clarity, because under the present anomalous situation of my country the status of the Philippines is uncertain and indefinite under the laws of the United States. For certain purposes the Philippines are considered within the United States and for other purposes without the United States.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the Commissioner from the Philippines may proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RANKIN. I agree with the Commissioner from the Philippine Islands on this proposition. I would suggest, without taking up the time of the committee to draw a distinction between American corporations or individuals building their plants in foreign countries and those building them under the American flag in the Philippines, Hawaii, Porto Rico, and Alaska, that he might offer a substitute that would leave the possessions of the United States in the bill, but the rest of it should go out. So far as I am concerned-and I think I speak the sentiment of the majority Members on this side of the aisle who are in favor of the Johnson amendment-I think the gentleman from Missouri would agree to a substitute which would except from the amendment the possessions of the United States, such as the Philippines, Hawaii, Porto Rico, and Alaska, because they are already under the American flag; they can not crawl behind two tariffs walls and they are not subject to the criticism of those corporations that go to foreign countries and build their plants, employ the very cheapest labor, get concessions from foreign countries, and then whenever they get in trouble demand that we send the Army, the Navy, and the Marine Corps to protect them. But the Philippine Islands, Porto Rico, Alaska, and Hawaii are under the American flag, and so long as we hold them under the American flag we must give them equal treatment.

Mr. OSIAS. I thank the gentleman. I am in entire accord with his suggestion. I accept it and indorse it to the gentleman from Missouri, suggesting that he modify his amendment so as to put into effect the suggestion made by the gentleman from Mississippi.

Mr. LaGUARDIA. May I suggest to the Commissioner from the Philippines that the gentleman's amendment would strike out the whole section. It seems to me the proper place to cover the cases which the gentleman from Mississippi and the Commissioner from the Philippines have in mind would be when we reach section 131, and then we ought to strip that section of everything except the Philippines, Porto Rico, and the insular possessions. I think that would be the proper way to do it.

Mr. RANKIN. That will take care of the gentleman's proposition.

Mr. JOHNSON of Missouri. If the gentleman will permit, I think all citizens should be put on a parity. The citizens of the United States ordinarily only get credit for taxes paid against the income. However, I think the objec-

tion the gentleman has raised can be taken care of when we arrive at section 131, which deals with this matter in a general way.

Mr. PATTERSON. And if the gentleman will permit, this would apply differently in the Philippine Islands than it would in a State, would it not? In a State the tax is allowed only against the income and not against the tax. If we modified the amendment, I think that would give an unfair discrimination to the Philippines and other insular possessions.

Mr. OSIAS. I thank the gentleman for his contribution. It is understood that I am not pleading for my own countrymen. I am asking for justice to your own fellow citizens. [Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the Commissioner from the Philippines may proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RANKIN. Suppose we accept the suggestion made by the gentleman from New York, and then we can take care of this proposition when we reach section 131.

Mr. OSIAS. I am perfectly satisfied with such an arrangement, and I am ready to accede, especially in view of the fact that the Committee on Insular Affairs has already reported out a Philippine independence bill. While some of these people are still bombarding Members of Congress with their propaganda, I think I see clearly that the sentiment in this body is favorable to independence, and I am happy to make this plea for them. [Applause.]

Mr. BARTON. Mr. Chairman, I desire to discuss this question from an angle somewhat different from the discussions we have had thus far. Our action on this proposition is of far greater importance than might at first seem apparent.

To-day there are around \$21,000,000,000 due the American Government and about the same amount due private interests in this country, making a total, if paid according to the Young plan, of somewhere in the neighborhood of \$42,000,000,000. There is but \$11,000,000,000 of monetary gold in the world. We have \$4,000,000,000 of it, which leaves \$7,000,000,000, so if they pay us in gold they will have to pay us this gold six different times.

They can not pay us in commodities because at the ports of entry they run against a tariff wall that is insurmountable. Then how are they going to pay it? Some of it will be paid in service to American tourists in Europe, and I dare say some of it may be paid by selling sprigs of the nobility to American heiresses. But these will not be sufficient. A balance must be paid in some other way. It can not be paid in anything they ship into this country. We must receive that payment in industries or industrial investments in foreign countries or something of that kind. Our people must either buy something over yonder or they must take these debts in something they can not bring home. Therefore, while we have millions invested in industries in foreign countries, we are going to have billions over there. If we are going to put a premium on investments in foreign countries, then what are we going to do at home. Even now our people are going over yonder. There is a migration of thousands of people more going to foreign countries than coming this way. I am now speaking with authority because I asked the Immigration Bureau about this and I have been informed that thousands more are going over there than are coming here.

Mr. RANKIN. Will the gentleman yield?

Mr. BARTON. Yes.

Mr. RANKIN. Is it not also a fact that these enterprises that are going to foreign countries are giving employment to foreign labor while American labor is unemployed?

Mr. BARTON. That is partly true, but here is another thing that is equally detrimental to this country. There are a lot of American people going over there and establishing their permanent residence in those countries. We are exporting our own people.

yield?

Mr. BARTON. Yes.

Mr. JOHNSON of Washington. In addition, the Federal Government is coughing up its money to assist aliens who are here out of work and who want to get back to their home countries.

Mr. BARTON. Yes.

Mr. JOHNSON of Washington. As bad as things are in the Virgin Islands, with only 22,000 people, 600 people formerly domiciled in our own purchased Virgin Islands are begging for some way to get back there, although there is no work there.

Mr. BARTON. The only reason in the world for people to go from this country over there is because they can find more satisfactory employment over there. The only reason in the world for capital to go over there is because it can

be more satisfactorily invested there.

Mr. JOHNSON of Washington. Admitting all that, how does it happen that there are still long lines of people in front of the visa offices in certain cities of principal European countries trying to get visas to come from there to the United States, whether there is work here or not?

Mr. RANKIN. They have not heard the news yet. Mr. BARTON. I do not know anything about the people in foreign countries, but I have seen the idle people in America.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JOHNSON of Washington. If the gentleman will permit, I want to say in the gentleman's time that I hope there will be printed within a few days by the Committee on Immigration the hearings held last Tuesday, which day was given over to statements by the leading communists of the country. Their best leaders, men and women, put forth their strongest statements, and no Member could have heard those statements, challenges, and defies without shivering in his boots. It is a question how much damage it will do when it is printed, but I am in favor of printing it and letting everybody read it.

Mr. BARTON. I thank the gentleman for his contribution. I do not care to take up any further time. I thank you.

Mr. CHINDBLOM. Mr. Chairman, first I want to suggest to the committee that this paragraph is nothing but a cross reference, that the subject matter is disposed of in section 131.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CHINDBLOM. Not at this point.

Mr. COCHRAN of Missouri. That was all explained last

Mr. CHINDBLOM. And whether this paragraph remains here or not at this point, the whole subject matter is to be determined when we get to section 131. Something will remain in section 131, and for the orderly procedure of the bill there should be a reference here showing where that subject matter may be found.

I want to suggest the disposition of this paragraph be held over until we reach section 131 and that the two be

considered together. Can not that be done?

Mr. DOUGHTON. Mr. Chairman, I concur in what the gentleman from Illinois has said. This is a very important matter and one to which the committee gave very careful consideration. It is a very technical matter, and I believe it ought to have further consideration when it comes up properly in the reading of the bill.

Mr. SUMNERS of Texas. Will not the gentleman make a unanimous-consent request to that effect?

Mr. CHINDBLOM. I am not in control of the bill.

Mr. CRISP. I did not hear the gentleman's suggestion. Mr. CHINDBLOM. I suggested that in the consideration of this paragraph the amendment be considered as

Mr. JOHNSON of Washington. Will the gentleman | pending and disposition of the matter be deferred until we reach section 131.

Mr. CRISP. I shall ask that that be done.

Mr. LaGUARDIA. Mr. Chairman-

Mr. CHINDBLOM. The gentleman from North Carolina [Mr. Doughton] agreed that this would be the orderly pro-

Mr. CRISP. Do I understand the gentleman from New York [Mr. LaGuardia] objects to that?

Mr. LaGUARDIA. Mr. Chairman, reserving the right to object, if this is only a cross reference the House is not to blame. The bill provides the exemption on page 36 and the meat or the substance of the matter is on page 103. We have started this discussion, and if we knock this outand in all liklihood we shall-when we reach page 103 I apprehend it will not be so painful.

Mr. CHINDBLOM. Mr. Chairman, this bill is full of cross references. A bill of this kind, which is a general law for the benefit of those who desire to use it, very properly shows where the various matters are contained. It would not be proper at this point to have inserted all of the provisions of section 131. It is simply in the interest of orderly procedure. When we have disposed of section 131 we may find it necessary, in order to make the bill orderly, to have some reference here to that part of the bill. We have often had complaint, I will say, that our legislation is of such a character that people reading it do not know where to find things, and this arrangement was not made by the committee itself but by the experts who prepared the bill. It is for the benefit of those who will have to use the law in determining what it is and in making reference to it hereafter. As far as I am concerned, I am ready to go ahead with the subject matter, but a point of order might very well be made that all discussion as to section 131 is now out of order, since the only question is whether the paragraph, which is a cross reference, shall remain in the bill at this point.

Mr. CRISP. Gentlemen of the committee, let us consider this matter in terms of good humor. There is a difference of opinion among us, but that is no reason for not considering the bill in an orderly and decorous manner.

We have entered into this discussion of this matter based on this section, and I think that brings the whole matter before the House, and it might as well be settled now as at any other time.

The House knows the whole purport of the amendment, the House knows that this section is simply a cross-reference, and if stricken out that will indicate what will be done with section 131 when it is reached. I see no reason for the matter going over.

Mr. RANKIN. Mr. Chairman, I move to strike out the

I am most heartily in favor of the amendment of the distinguished gentleman from Missouri [Mr. Johnson] to strike this section from the bill. However innocent it may seem, however just the policy may seem, it is productive of one of the most iniquitous systems, one of the most vicious economic systems, on the face of this earth to-day, as far as the American people are concerned. [Applause.]

What does it do? They say that it will give the people who erect plants and factories in foreign countries equal treatment with the American citizen. It is well known that to-day various large corporations and wealthy individuals are moving their factories to foreign countries, and placing their plants under foreign flags. What is the result? They employ cheap foreign labor instead of American labor, while our labor is unemployed. They are making articles in competition with American manufacturers and competing with us in every foreign country.

Mr. ALDRICH. Will the gentleman yield?

Mr. RANKIN. Yes. Mr. ALDRICH. And they are also using great quantities of American raw materials.

Mr. RANKIN. Yes; that ought to be used in this country to give American labor employment.

Mr. ALDRICH. Will the gentleman yield again? Mr. RANKIN. I yield.

Mr. ALDRICH. I believe it will have a serious effect on foreign trade. Let me call the gentleman's attention to the fact that we are selling \$400,000,000 worth of cotton abroad, and you men from the cotton-growing States of the South ought to take that into consideration.

Mr. RANKIN. Oh, that argument has no bearing of any value. The people of the world will have to be clothed, and they will have to be fed. Now, let me get back to the point.

They say they are paying income taxes just the same. Foreign countries are granting concessions and rebates to American capital to come to foreign countries and place their plants there, while to-day the labor in your States are walking the streets without employment. I am told that Henry Ford has a plant in Russia. He is giving employment to Russians and manufacturing tractors for the Russians to use to raise wheat in competition with the wheat growers in the West. Does any one suppose that Henry Ford is going to become a citizen of Russia if this amendment is adopted? When a disturbance occurs, then these people appeal to the United States Government to send the Army, the Navy, and the Marine Corps to protect them. If they are not satisfied to pay income taxes here, if they want to move to a foreign country, let them domicile their enterprises in Russia, and then when the riot comes they can appeal to Stalin and his forces. We have the Army, the Navy, and the Marine Corps at present in the Orient. Do you know why they are there?

We could have had all of our Americans out of China long ago. They are there to protect the Standard Oil Co. and other large corporations that have their investments in the Orient and are employing cheap labor. Does anyone think that John D. Rockefeller would move his domicile to China if we passed this amendment? No; they go where they can get concessions, where they can get cheap land, where they can get cheap labor, and whenever they get into trouble they demand that we send the Army, the Navy, and the Marine Corps to protect them.

The other day they had a riot in Ford's plant in Detroit. As the gentleman from Illinois said, they are shipping tractors in here, manufactured under the Ford name, by the Ford Co. in foreign countries and working foreign labor while our people are pleading for work.

Mr. LEWIS. Mr. Chairman, this is one of the few points on which I found myself in unhappy difference with the majority of the committee. The entire question presented in this matter is one of public policy. The fiscal dimensions of the subject as described to us were of about these proportions. It was said that some \$40,000,000 on the whole, in normal times, were lost to the Treasury under this provision. The committee found a way to save some \$10,000,000 of the \$40,000,000 so that a loss of about \$30,000,000 in normal times is represented in this question of policy. I shall have to ask your pardon for resorting to one concrete illustration. An American corporation does business in an American State. It has a gross revenue of \$100,000, \$10,000 of which represents taxes paid to that State. It has a net revenue of \$10,000 upon which it is asked to pay the 12 per cent income corporation tax.

Another American corporation does business in a foreign country that is imposing, we will say, a 12 per cent tax. It, too, has \$100,000 gross income, \$10,000 of which has been paid to the foreign government for the protection accorded it, in the form of an income tax. It, too, has \$10,000 of net revenue, when it comes to report to our Treasury as one of our nationals doing business abroad. In the case of the American corporation with its \$10,000 net, it paid some \$1,200 taxes, and in the case of the corporation doing business abroad, the whole \$10,000 is exempted, in consideration of the tax it has paid abroad. The aggregate of such exemptions in normal times is \$30,000,000. The question of policy presented in the committee was this: Should the American Government pay this \$30,000,000 bounty to our

nationals doing business abroad; should we engage in such a subsidy policy?

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes.

Mr. JOHNSON of Washington. Do other countries, England, for instance, levy a tax on American money or earnings over there?

Mr. LEWIS. The only country which grants this kind of exemption to its nationals is Italy. In Canada and in Holland the exemption is granted only if the country of the national's location grants like exemptions.

Mr. ALDRICH. Mr. Chairman, will the gentleman yield? Mr. LEWIS. Yes.

Mr. ALDRICH. In order to remove that situation, would it not be fairer to allow the American corporation to use as a credit against the tax, the taxes it pays in the States? You would then arrive at the same situation.

Mr. LEWIS. The gentleman and I differ fundamentally; we differ as the light differs from the darkness. My guiding star is "Equal and exact justice to all men, special privilege to none." I do not think we are justified in paying these bounties to our nationals.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. KVALE. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LEWIS. It is true that these nationals argue that the taxes, if collected here, amount to double taxation. The same argument can be made by the home corporation, but if there is double taxation, there is also accorded a double protection of government at more than double the cost. Who can say how greatly reduced our naval expenditures might be if we had not to follow these nationals all over the earth in their profit-seeking adventures? [Applause.] Follow our missionaries, follow our teachers, yea, follow our treaty rights and obligations wherever they may lead us. Yes; but why should we exempt from taxation the American, who, not satisfied with the profits he can make at home, demands that the flag shall follow him with its protection into foreign lands and then, on top of that, asks an exemption on the profits he may realize. It is a difference of principle that is suggested here. I am finding-and it gives me much concern, too—as I move around in our labors here, that the white ants of special privilege are eating away the conscience and the maxims of government bit by bit until little of the ideals and government of our fathers remain to us. [Applause.]

Mr. CROWTHER. Mr. Chairman, the committee change in this paragraph will bring us about \$11,000,000. Of course there have been many extraneous subjects introduced into the discussion by the gentleman from Mississippi [Mr. Rankin] and the gentleman from Missouri [Mr. Johnson], and I am just sick and tired, and I know the people and the country are sick and tired of hearing about the difficulties the importers have in scaling this so-called insurmountable tariff wall in this country and preventing business going on here, and the constant reference to the great exodus of American capital and American manufacturers to other countries because of the tariff wall in this country, and the bugaboo of retaliatory tariffs.

The New York Times interviewed a leading Canadian industrialist by the name of Mr. C. R. Howard recently, and he gave these facts about the movement of American industrial plants behind the Canadian tariff wall:

The departure of American plants to Canada is nothing new. It has been going on for a great many years and, remarkable to say, that in 1919, 200 branch and affiliated plants were established in Canada, and a year later the total was 700.

Whose tariff bill was in effect then? Was that because of the high tariff in this country? That was when the tariff bill the Democrats wrote in 1913—the Underwood-Simmons bill—was the law on the statute books, and Canada had no so-called retaliatory tariff.

In the next year—1920—two and one-half years before the much-abused Fordney bill became law, Mr. Howard said:

In the next year-1920-this jumped to 1,200 American branch plants in Canada.

Two hundred in 1919 and a thousand more at the end of 1920.

Not under the unconscionable rates of the Hawley-Smoot bill but under the Underwood-Simmons bill, in which the gentleman from Alabama, the late departed Congressman Underwood, said that there was no protection; not an ounce. When his attention was called to several items, he hedged a little and said, "If it contained any protection it was purely incidental."

My friend the gentleman from Mississippi [Mr. RANKIN] storms and rages on the floor about the international bankers and their interference in the settlement of the debts of this country and the selling of their securities. But, oh, my friend, when the international bankers joined you and the importers to repeal the tariff law, oh, you put your arms around them and you loved the international bankers. [Applause.] You say, "Oh, Mr. International Banker, how I hated you on last Friday, but to-day I love you. You are my brother and my friend, for you are against the tariff." [Laughter and applause.]

Mr. RANKIN. Will the gentleman yield? Mr. CROWTHER. I have only a minute left.

Now, gentlemen of the committee, if some of you hate the excise tax, do not fight other sections of the bill that have real merit. Let us have the benefit of your good judgment rather than a manifestation of your prejudice.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. WHITE. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. White as a substitute for the Johnson amendment: Page 36, line 6, after the word "States," insert except upon profits from manufacturing and productive enterprises other than those engaged in producing raw materials used but not adequately produced in the United States or possessions."

Mr. WHITE. Mr. Chairman, it has seemed to me there has been a lack of discrimination between the conflicting interests in the matter now before the House.

We have, on the one hand, American manufacturers who have gone abroad and invested their capital in subsidiaries and are returning goods to compete with American-produced goods. My understanding of the previous amendment is that it is intended to remove the benefits of the provisions in the bill from those companies. On the other hand, we have abroad American companies' subsidiaries which are selling goods produced in American factories and by American farmers and by American labor; and if we remove the provision in the bill at the present time, as is suggested in the previous amendment, we will seriously damage them. In order to leave those people their benefits and remove the benefits from factories which have gone abroad, I have submitted this substitute amendment.

Mr. KELLER. Will the gentleman state his amendment again?

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the Clerk again report the amendment.

The CHAIRMAN. Without objection, the amendment will be again reported by the Clerk.

There was no objection.

The Clerk again reported the substitute amendment offered by Mr. WHITE.

Mr. RANKIN. Will the gentleman yield? Mr. WHITE. I yield.

Mr. RANKIN. Does the gentleman in his amendment except the producers of raw materials abroad?

Mr. WHITE. Raw materials, if used in the United States and if not adequately produced in the United States.

Mr. JOHNSON of Washington. Will the gentleman yield? Mr. WHITE, I yield.

Mr. JOHNSON of Washington. Would that apply to rubber brought here to be used in making tires, or something like that?

Mr. WHITE. It would not.

Mr. JOHNSON of Washington. Would it apply to the balloon tire made in England and shipped here?

Mr. WHITE. It would.

Mr. JOHNSON of Washington. Made with American capital but not shipped here, but sold in England; would it apply that way?

Mr. WHITE. It would not.

Mr. FULMER. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. FULMER. Would that apply to jute imported from India to this country?

Mr. WHITE. I believe it would penalize its competition with American goods. It is so intended.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. WHITE. Yes.

Mr. MORTON D. HULL. I wish the gentleman would give an illustration of the application of his proposal, I think

that will clarify his proposal.

Mr. WHITE. Such American factories as have gone abroad to manufacture goods similar to those they manufacture in the United States, with the expectation not only of escaping the tariff walls of those countries but of returning goods to the United States to compete with goods produced in this country, would be penalized under my amendment. They would not be free of the tax as exempted under the section now in the bill. If they made profits in that way, they would not be free from this provision. On the other hand, if raw material were brought from foreign countries to be used in American factories in competition with raw materials adequately produced in the United States, they would then not get these benefits.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McCORMACK. What about the case of an American company that is compelled to go to some foreign country to secure the products of that country, for example, fruits, bananas, and so forth, which are not grown in the United They grow them in South American countries, and some of them are brought into the United States, while others are sent to foreign markets.

Mr. WHITE. They would receive the benefits on goods of that kind coming into the country and not in competition with adequately produced goods in this country.

Mr. McCORMACK. But they are both the raw and finished products. Would the gentleman's amendment protect a corporation which exported bananas, for instance, to some other country?

Mr. WHITE. Yes. They would not come in competition with anything adequately produced in this country, and in that way you would be aiding Americans who are engaged in business abroad and not competing seriously with Americans.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment, and particularly to reply to the attack of the gentleman from New York [Mr. CROWTHER]. In the first place, I think any man violates the proprieties of this House who gets on the floor and attacks a Member and then refuses to yield to him.

But aside from that I want to answer what little argument he made. Every time he gets up he gets excited over the tariff-and no wonder. He has excitement coming to him. The tariff he referred to has wrecked us and provoked these foreign tariff walls, so that American capital is now being required to build its plants in foreign countries, employ foreign labor, and leave our labor to walk the streets. I will admit that this iniquitous Fordney-McCumber tariff

bill and this Hawley-Smoot bill did more to provoke that retaliation than everything else put together. But the wall I was referring to was the foreign tariff wall that other countries have erected against us.

Now, let me show the evils of this White amendment. The gentleman refers to raw materials. Those who want to get raw materials cheaper than they can get them from the American people are willing to protect the manufacturers to the extent of an embargo, but they ask you to permit people to go to Egypt and raise long staple cotton in competition with the people of Arkansas, Mississippi, and other Southern States.

Mr. WHITE. Will the gentleman yield?

Mr. RANKIN. Yes.

Mr. WHITE. That is specifically excluded in my amend-

Mr. RANKIN. I understand. I asked the gentleman if it would protect the producers of raw materials in foreign countries, and my understanding is he said it would. Now, if a man goes to Russia to raise wheat, or if he goes to Egypt to raise cotton or to some South American country to get fruits, he will come in competition with things that are produced in this country. He will come in competition with the cotton of the South, the wheat of the West, or the fruits of California and of Florida. Now, if a man does that, he ought to pay this income tax. He is employing foreign labor when he could get labor in Mississippi, Florida, or California, or other States.

These companies are operating distribution plants abroad, and there is the "slant" of the big industrialists—they are not only shipping goods into this country and to foreign countries from their plants abroad, but they are employing labor there which should be employed here. If such distributing plants were located in your communities in this country they would add a great deal to the welfare of such communities. However, they are invariably employing foreign labor, foreign bookkeepers, foreign merchants, and foreign men in every walk and avocation of life.

We are simply encouraging these men of large fortunes to go beyond the boundaries of the United States, and for one I can not go with the distinguished gentleman from Ohio in the adoption of this substitute. I believe this is a just amendment, and I hope that the substitute of the gentleman from Ohio [Mr. WHITE] will be voted down and that the amendment of the gentleman from Missouri [Mr. Johnson] will be adopted.

Mr. GOSS. Mr. Chairman, I want to call the attention of the Members to the fact that this provision was written into the statute books back in 1918 by our friends, the Democrats, under section 22 (a) (1) (2) of that act, which says:

In the case of a citizen of the United States the amount of any income, war-profits and excess-profits taxes paid during the taxable year to any foreign country upon income derived from sources therein or to any possession of the United States, and in the case of a resident of the United States the amount of any such taxes paid during the taxable year to any possession of the United

So that the Democratic Party wrote this in the law back in 1918, and it has been carried there ever since.

I have sympathy for the amendment of the gentleman from Ohio [Mr. WHITE]. The gentleman spoke of it in a negative way, and I want to try to bring it out in a positive way.

I am not so much in sympathy with the manufacturers who put their money abroad, in France and other countries, and manufacture goods to come back here and compete with our own manufacturers, but there is another principle involved in this matter, and that is the manufacturer in the United States who starts to fabricate an article, does not complete it, but ships it to a near-by or foreign country and then begins to fabricate in the finished form the article for sale in that country.

We do an international business in this world, and on account of the tariff restrictions in various countries it is very important to start the work on some of these products and ship it as partly manufactured goods into Canada and | credited. Now, in response to a query made by the gentle-

various other countries to be sold in those countries, and not to come back here to compete with our own American labor.

If the amendment of the gentleman from Missouri [Mr. JOHNSON] should pass, we will stop industry from doing this very thing, and industry that is employing our own men in the early stages of production of certain articles and then sending them to a foreign country to be fabricated, finished, and sold in that country.

Mr. RANKIN. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. RANKIN. As I understand, the gentleman is opposed to the White amendment?

Mr. GOSS. I think the White amendment will do the very thing I am talking about, only it is put in a negative

Mr. RANKIN. Then the gentleman is not for the White substitute?

Mr. GOSS. I am for the White amendment which is before the committee, because it covers the point I am bringing out now with respect to American-made goods to be sold in foreign countries, as well as foreign goods for shipment to this country.

Mr. RANKIN. Then may I ask the gentleman a further question? If we produced the finished product here, that would give more Americans work than is given when we simply start the product and send it to some other country to be finished.

Mr. GOSS. That would be true except for the fact that on account of these retaliatory tariffs in many instances you can not have the American goods made here, and that would force the American manufacturer to go to a foreign country, if he were selling an unfinished article, and make it entirely in that country for sale there, provided the paragraph is stricken from the bill.

Mr. RANKIN. I am sure the gentleman is aware of the fact that certain foreign manufacturers attempted to get by the American tariff in that same way.

Mr. GOSS. Yes.

Mr. RANKIN. And the Ways and Means Committee changed the tariff law last year to meet that situation. Does not the gentleman realize that if we were to make an exception such as he is asking for, it would only be a short time until foreign countries would do exactly what we have done, and even extend their retaliation and cut off these unfinished products?

Mr. GOSS. No. I will say to the gentleman that I favor the law as it is written in this bill, but if we can not get that provision through as written, I would favor the White amendment just to take care of this situation. I do not think any gentleman here wants to put American workmen out of work who are working on partially manufactured goods to be sent to some foreign country to be finished and sold there, and not to come back here and compete, and if we do not vote against the amendment offered by the gentleman from Missouri, then we shall regret our action.

Mr. LaGUARDIA. Mr. Chairman, let us not make this matter involved, difficult, or complicated, as income-tax lawyers are wont to do.

Now, then, some discussion has arisen whether this paragraph is simply a reference to section 131, and whether it is legislation. It does legislate. The section reads:

The amount of income, war profits, and excess profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax to the extent provided in section 131.

If that is not legislation, I do not know what is. So, that it is more than a cross reference. When you turn to page 103 or section 131, you will find there the provision:

If the taxpayer signifies-

And, of course, he will signify-

in his return his desire to have the benefits of this section, the tax imposed by this title shall be credited with-

And the various provisions follow.

But, gentlemen, please note that the tax is going to be

man from Massachusetts [Mr. McCormack] we find what? That it is an exemption given as a matter of grace; that is all; there is no right acquired. This bill is a bill to do what? To raise revenue. Gentlemen, we are going to raise revenue; here is one way of doing it. [Applause.]

It has been estimated that if this provision is stricken out, we will raise additional revenue to the extent of \$35,-

000,000 in normal years.

Now, take the case—I think it was pointed out by the gentleman from Massachusetts [Mr. McCormack]—of a fruit company growing fruit in a foreign country, but it makes its money in the United States. Therefore, the tax it pays to the foreign country is nothing but part of an overhead, and should be deducted from the gross income and not from the tax. [Applause.]

It has been stated that there was no reciprocal arrangement with other countries except one. That does not concern us at this time. We have been confronted with the suggestion that some of these people will close their plants

here and go abroad.

Well, if there is any such person who, having made his money in this country, threatens the American Congress to do that, then we are well rid of that type of citizen. [Applause.]

Now, under any arrangement, the man who is manufacturing abroad surely has no complaint if you deduct his tax from the gross income and not from the tax. If by American ingenuity and skill of American workmen they build up their business in this country, and then go into a foreign country and establish a plant there, surely they can not expect to be subsidized to the extent heretofore granted. Many such undertakings in foreign countries have gotten us into serious trouble.

Mr. RANKIN. That applies to oil companies.

Mr. Laguardia. Absolutely; you remember Socony Hill, not very long ago. I think the gentleman from Maryland pointed out that matter.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman

Mr. GOSS. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. GOSS. If section 131 is stricken out, I am fearful it is going to work a hardship on international business, of American interests particularly, manufacturing goods in those countries, and not coming back here. Can the gentleman give us any further light on that?

Mr. McCORMACK. I think the gentleman's argument is absolutely sound. I was going to address the committee

from a different angle.

I have listened to the gentleman from New York [Mr. LAGUARDIA]. Here we are, 435 Members of the House of Representatives, elected by the people to represent them, and we are controlled by mob psychology-controlled by two men on both sides of the House who have no regard for property rights, who have no regard for the individualistic theory of government and of business endeavor, who say that business has no place under our form of government. All I have listened to here is an argument against business. They do not seem to realize that the workers must depend upon the existence of business in order to live. I appreciate the sincerity of the gentleman from California [Mr. Swing], and I do not refer to him offensively, but he made a fatal mistake yesterday when he offered an amendment, which was adopted, and which in a period of depression amounts to a confiscation of property, and which is nothing but the operation of the theories of the soviet or collective government. If you want to regulate the concentration of wealth from a social angle-and the gentleman and I could harmonize and agree in principle-do it at the time of death; do not let us destroy individualism by imposing prohibitive taxes which during life will destroy individual initiative. Here we have the Democratic Party being led by a Republican! I suggest that the members of the Democratic Party should awaken to the realization of what is happening. Throughout the country the statement has gone forth that the great Democratic Party is being led by a member of the Republican Party.

Let us sit back a moment and realize just what is happening; at least, let us have respect for ourselves.

The amendment of the gentleman from Ohio [Mr. WHITE] meets the problem, meets all objections. I have no disagreement with the amendment offered. It provides that American capital exported abroad, creating business in competition with American business, shall be taxed and shall not be entitled to use taxes paid to a foreign government as a credit. but as a deduction. In other words, he says that American capital can go abroad, buy its raw materials, bring them into the United States and fabricate or put same into a finished form, but it can not finish the product abroad and then compete with American manufacturers in foreign markets or our home markets. That in substance is the amendment as I understand it, and I shall vote for it. It is rational, it is logical. We do not want the people of our country to feel that the Members of the House of Representatives favor legislation that is destructive of not only the existence of business but of the individualistic theory of civilization that we enjoy. At least let it be known that there are some Members of this body who are trying to look at this question rationally and who realize that when we destroy business we in turn destroy the opportunity of employment to our workers. [Applause.]

Mr. WHITE. Mr. Chairman, for the purpose of clarifying the amendment, I ask unanimous consent to change it to read as a perfecting amendment instead of a substitute amendment.

The CHAIRMAN. Without objection, the amendment will be considered as a perfecting amendment instead of as a substitute.

There was no objection.

Mr. CHINDBLOM and others rose.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois.

Mr. BOYLAN. Mr. Chairman, a parliamentary inquiry. What is going to be the disposition in respect to recognizing Members in speaking on the various amendments?

The CHAIRMAN. The Chair recognizes members of the committee first. That rule has always been followed.

Mr. BOYLAN. I ask the chairman what the rule is going

Mr. BOYLAN. I ask the chairman what the rule is going to be, whether a certain group of men are going to get recognition all the time and no one else will be recognized? If that is so, the rest of us might as well leave the Chamber.

The CHAIRMAN. The gentleman can use his own discretion about that. The Chair will follow the rules of the House and will recognize the gentleman whenever conditions are such that he can. He will recognize first members of the committee.

Mr. BOYLAN. Very true; but under the rules of the House, when a gentleman has been once recognized he should not be recognized again upon the same amendment if some one else desires to speak.

The CHAIRMAN. This is a different amendment. The gentleman from Illinois is recognized.

Mr. CHINDBLOM. Mr. Chairman, the voice of the gentleman from Massachusetts [Mr. McCormack] a moment ago was like a cry in the wilderness. It had been my purpose to ask the same question practically that he propounded. How long will the membership of this House continue in its apparently avowed purpose to destroy the business of the United States? How long shall we use the power of taxation to destroy? We have started out in a way that is going to make it unprofitable for people in the United States to employ their money in business. We are driving capital into tax-exempt securities, we are driving capital into every sort of investment except that of profitable employment for the people of the United States. Investment in industry is always hazardous and investment in business is hazardous. Returns are uncertain. If a man puts his money in industry and gives employment to others he is taking a large chance of any returns for himself. Conditions may come just as they are now, when he has no profits, when he is unable to obtain any return upon his capital, and then the only recourse for him, if we are going to confiscate his earnings, is to put his money in tax-exempt securities.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield? Mr. CHINDBLOM. Not now. I said a moment ago, and the discussion proves it, that this paragraph should have been held over until we reach section 131. Briefly, the entire question, as proposed by the bill, is this: If a man has an investment in the United States, in Great Britain, and in the Argentine, and he makes a profit in the United States, in Great Britain, and in the Argentine, the Government of the United States taxes him on his entire profit. Assume that he has a profit of \$100,000 in the United States, \$100,000 in Great Britain, and \$100,000 in the Argentine; we tax him 13 per cent on the entire amount of \$300,000-or \$39,000. But he has been compelled to pay a tax upon \$100,000 that were earned entirely in Great Britain, not one dollar of which was earned in the United States. He has been compelled to pay, under the present law in Great Britain, as I recall it, 25 per cent-or \$25,000. We give him a credit to the extent of \$13,000 which, by a system of bookkeeping, we have already charged against him in the United States, under our income-tax laws. He pays no income tax in Argentina. He gets no credit upon his earnings in Argentina, although every dollar of it was earned in the Argentine. We collect from him \$13,000 for taxes on the money which he earned in Argentina, because he happens to be a citizen and resident of the United States. Is there anything wrong about that? Is there anything unfair about that? A man who is subject to taxation in a foreign country in which he lives, in which he does business, in which he earns every dollar of his profit, is simply given credit for the amount of taxes he pays to the foreign country, upon the amount of business which is done there, every cent of which is earned in a foreign country and not one penny of which is earned in the United States.

I think when we come to understand this section, when we come to section 131, we can act intelligently upon it, and we can then determine just what we want to do with it. I say that this particular paragraph has reference to section 131, and when we get to section 131 we can say what credits are to be allowed on taxes paid, but there is no necessity of putting these matters in here.

Of course, I shall vote for the amendment offered by the gentleman from Ohio, inasmuch as the committee has taken up the question at this point, but the orderly procedure, I insist, would be to offer such amendments when we come to section 131.

[Here the gavel fell.]

Mr. FULBRIGHT. Mr. Chairman, I am not at all alarmed by the tirade made by the gentleman from Massachusetts [Mr. McCormack]. I want to say to the distinguished gentleman from Illinois [Mr. Chindblom], when you charge us to-day with attempting to destroy business, you by your policy have already destroyed business. [Applause.]

Since 1922, when I happened by the good fortune of the votes of the people in my district to become a Member of Congress, I have listened to the arguments on various revenue bills that have been before the House. I have listened to the same argument, the same stock in trade, at every session of Congress in which I have been a Member.

Talk about driving the revenues of the country into taxfree securities! You have talked that for 12 years, and the country knows your predictions have not come true.

Mr. Chairman, I am for the amendment offered by the gentleman from Missouri [Mr. Johnson] without change. It is an amendment of merit. My observation in this House has always been that when a meritorious amendment, upon which the common people and the capitalistically inclined differ, every amendment that is offered thereto is intended to destroy rather than to improve. This amendment should be adopted just as it is written. The substitute should be defeated.

I say, in face of the fact it is understood we are considering section 131 with this amendment, that I am opposed to exempting the Philippines or any other of the possessions of the United States. For years the United States, with its Army and Navy, policed Mexico for the benefit of those who had investments in that country. We lost the lives of many

of our marines and spent millions of money in Morocco to protect American investments there. To-day we are protecting American investments and American citizens in China. If we could estimate the expense of this Government for the protection of investments in foreign countries. it would far exceed the benefits we have derived from such investments. In this bill we permit American citizens and corporations that invest their capital and engage in business in foreign countries to virtually escape taxation at home by deducting taxes paid in foreign countries from taxes due this country. Yet when we try to remove this discrimination between investments at home and in investments abroad we are charged with being unpatriotic. If we are to discriminate, let it be in favor of the man who engages in business at home and employs American labor. That is more in keeping with my kind of patriotism.

They talk about destroying business. As I said to the gentleman from Illinois, you have already destroyed business in this country. Not only that, but with the destruction of business in America you have destroyed the common people. You have filled the poorhouses and asylums with the poverty stricken and insane. You have marked your trail with the red blood and dead body of the suicide. That is the history of the policy that the gentleman from Illinois seeks to follow. [Applause.]

I think the time has come for the parting of the ways. I think the time has come when we should have a humanitarian policy as well as a financial policy. [Applause.]

The gentleman from Massachusetts [Mr. McCormack] may undertake to proscribe me. I say if the Democratic Party takes the position that is occupied by the Republican Party, and places money above humanity, then I will no longer be a Democrat. [Applause.]

The gentleman a moment ago referred to the fact that the provision which the pending amendment seeks to remove was written into the revenue legislation back in 1922 by the Democrats. Well, that is just an illustration of the fact that if we have somebody in the Democratic Party who becomes so far commercialized that he could write something a little more favorable to special interests than the Republicans had, you are ready to take it up and follow it to the end. I do not happen to be that kind of a Democrat. I believe in a tax bill that is just and fair. I believe in a tax bill that places the burden of taxation upon the people in proportion to their ability to pay.

[Here the gavel fell.]

Mr. GREEN. Mr. Chairman, I do not believe that if this revenue bill fails to pass the Government will sink. I do not believe that if the Budget fails to be balanced at this time the entire Government will sink. I do not believe that if a sales tax is imposed the American people will be entirely annihilated. However, I strongly oppose the sales tax. I do not believe that industry will be completely destroyed if some of these gentlemen who have investments abroad are taxed or not taxed. I do not believe, as the gentleman from Massachusetts, that a Republican is leading all of the Democrats who are opposed to a sales tax; neither do I believe that Mr. Mellon is leading all Democrats who are in favor of a sales tax. In fact, I do not believe that party affairs are entirely dominating the situation as it now is. But I do believe that in the great turmoil in which our country finds itself some of our sanest statesmen are becoming a little bit too greatly alarmed about the revenue bill and legislation in general. It is now a time for us to be calm, sane, and thoughtful, forget our differences, and legislate for the best interest of the great majority of the American people.

It occurs to me, my friends, that there should have been a greater alarm when the Congress was imposing the deficit on the Treasury by such appropriations as \$500,000 a mile for a road from here to Mount Vernon. It is a magnificent highway and was needed, but not to the extent of its cost and a Treasury deficit. Also by such appropriations as \$17,000,000 for a Department of Commerce Building and several thousand dollars there for a private elevator, whereby the Secretary of that department, a member of the Hoover millionaire cabinet, may go to his luxurious private offices

without being disturbed by the turmoil of the common | for more taxes? It is time to call a halt and retrench and people. Yes, my friends, why should my people be sales taxed to uphold such unnecessary, princely, and lordly luxury?

It seems to me that some of our good friends who are now so alarmed at the deficit in the Treasury and so alarmed about balancing the Budget should have been a little more sane than they were when \$7,000,000 was appropriated by their vote in order that Congressmen might have more comfortable quarters. It seems to me at that time you could have looked into the future and have seen a little bit of the chaotic conditions which now confront us. Yes, my friends, when you Republicans fostered, voted for, and passed appropriations for millions of dollars to build magnificent mansions in foreign countries to house our diplomats; yes, and when you voted to so nearly cancel debts owed our Nation by foreign nations; yes, and when you very recently voted for moratorium of foreign debts you know it was the first step toward full cancellation. Yes, you have thus largely brought about the huge deficit in the Treasury and now call upon me to vote a sales tax on my people to make it good. Gentlemen, I refuse to do it.

When the proper place in the bill is reached I shall offer an amendment to eliminate from the provisions of the sales tax containers of fruits and vegetables, as you know Florida is a large shipper of fruits and vegetables. These growers are now, very many of them, producing and shipping at a loss. They can not pay further tax on containers; it would be unfair, unjust, and even impossible, because often they do not get enough returns to pay for the containers at the present price. I shall probably offer other amendments for exemptions where my constituents are particularly interested. In fact, gentlemen, the proposed sales tax in its entirety is the most unjust and unfair avenue of taxation now facing the American people. Are you going to force it upon our weak and defenseless people? You never will through my vote. [Applause.]

I believe, my friends, that about 90 per cent of our people have only 10 per cent of the wealth of our country. I believe that about 80 per cent of the wealth of our country is in the hands of 4 per cent of our people. Yet the gentleman from Massachusetts [Mr. McCormack] and the gentleman from Illinois [Mr. Chindblom] are so alarmed for fear business and business men may be destroyed through taxation. So this 90 per cent of our people with only 10 per cent of the wealth will bear 90 per cent of the sales tax that some of the gentlemen in this Chamber would force upon them.

It seems to me it is time for the strong arm of our great Government to reach out once more to the common, plain, poor people of our land, rather than to further exploit them through a sales tax. [Applause.]

Rather than impose additional taxes upon the American people I say we should retrench in Government expenditures. The Budget could be reduced by approximately one-third. Bureau after bureau have been set up to tax and sap the American public. Why in the last 20 years department employees have grown to an alarming extent. The number in the Department of Commerce have leaped from 8,788 to 23,680; those of the Interior Department from 18,904 to 19,777; the number in the Department of Agriculture have grown from 15,420 to 28,175. This is Secretary Hyde's department; are you surprised that he is the politician of the Hoover millionaire cabinet? In politics he is a past master and is the big political brain of the great trio-Hoover, Hurley, and Hyde.

Expenditures for the departments have increased during the past 20 years to an astonishing degree. The Department of Agriculture has increased fifteen times, from \$19,000,000 to \$296,000,000. That of independent offices from \$166,500,000 to \$1,306,000,000. Department of Commerce has grown from \$15,000,000 to well over \$61,000,000. Department of Justice from \$9,000,000 to \$44,800,000. The Post Office Department expenditures have increased over \$145,000,000 in the past 20 years. The Treasury Department from \$122,000,000 to \$1,346,800,000. The War Department from \$187,000,000 to \$489,000,000, and the other departments have also increased. Now, are you surprised at deficit and taxes and necessity for more than a century has vigorously opposed. I wish

practice economy and spend less Government money recklessly. Cut department expenditures, cut our own salaries, yes, by 25 or even 50 per cent. I am ready to vote for these reductions now. I am ready to vote against the sales tax. and I hope you gentlemen will join with me and truly represent the burdened people of the country, who are looking to us for relief instead of more taxes and greater burdens. I have seen the man of small wages go into the grocery store and into the dry-goods stores and buy the cheapest possible for himself and his family and then throw it across his shoulder and walk out and on to his home. Now, are we going to make this man pay more for the groceries that he lugs home on his shoulder? You will never do it by my vote. He is unable to send his lobbyist and representatives here to appear in fine clothes before your committees and plead his cause, as is the rich, but for him, my colleagues, I am speaking. He is a useful and necessary American citizen, and in his cause and in the cause of the common, plain people my ark covenant is launched and I shall continue to protest additional burdens for him to carry. [Applause.]

Mr. LOZIER. Mr. Chairman, I rise in support of the amendment offered by my colleague, Mr. Johnson of Missouri. It should be adopted. Some opponents of this amendment have been very violent in their denunciation of this amendment and in criticism of those of us who oppose the sales tax. They have even challenged the Democracy, sincerity, and patriotism of those of us who believe that the sales tax is un-Democratic, un-Republican, and un-American. I resent such methods. The time has gone by in this body when any Member by resorting to strong-arm methods can intimidate or control the vote of the membership of this House or force the adoption of vicious legislation. I yield to no man in my respect for the sincerity of my colleagues. I do not at any time question the Democracy and patriotism of those who sit on the Democratic side of this aisle, but I do deny to any man the prerogative of sitting in judgment upon my Democracy, my patriotism, or my sincerity. I believe I know what constitutes Democracy. For more than half a century I have been a diligent though perhaps an inept student of the philosophy of Democracy. I am not unfamiliar with its glorious achievements, the record of which is the history of our country's greatness. I believe I understand the principles which underlie, permeate, and vitalize the Democratic Party, and I will not stand mute or remain silent when any man directly or by innuendo questions my patriotism or party loyalty.

The gentleman from Massachusetts tauntingly charges that Democrats in this House are following the leadership of a Republican, the gentleman from New York [Mr. La-GUARDIA]. This revenue bill is not a party matter. Democrats and Republicans are supporting it. Other Democrats and other Republicans are opposing many of its provisions. The men who wrote this bill were never commissioned by the Democratic Party or by the Democratic membership of this House to commit our great party in favor of a sales tax, which has been specifically condemned in a national Democratic platform and which from the time of Thomas Jefferson has been considered undemocratic and fundamentally unsound.

May I say frankly and without passion that whenever I am called upon to vote in this House on a proposition which is championed by a Republican, if deep down in my heart I believe that proposition is just and right and will conserve and promote the welfare of my country, I, as a Democrat, will support it, notwithstanding the source from which it comes. [Applause.]

If a Democratic principle and policy is advocated by a Republican, is that any reason why I should oppose the proposition? While the gentleman from New York [Mr. LAGUARDIAl is a Republican, he is standing on a Democrat platform when he opposes a sales tax, and he is helping us fight the battles of democracy and tear out of this bill a provision embodying a policy that Thomas Jefferson denounced as un-American and which the Democratic Party

there were more Republicans on the other side of the aisle who would accept Democratic principles and policies. I am supporting the program of Mr. LaGuardia in opposition to sales tax, not because he is a Republican but because he is fighting for a Democratic principle and policy and he is championing the cause of the common people, whose interests are ruthlessly betrayed if this sales-tax provision becomes a law. Mr. LaGuardia did not create the opposition to the sales tax. He and others, most of them Democrats, are merely directing the opposition to this vicious proposal.

Now, the pending amendment offered by the gentleman from Missouri [Mr. Johnson] announces a sound and wise public policy. Its adoption will materially increase our revenue from profits on American capital invested abroad. I think profits on capital invested abroad should be taxed higher than profits invested in mills and factories in the United States. Many manufacturers who have grown enormously rich because of our high tariff policy have taken large sums of money into Canada and other foreign countries and invested it in manufacturing plants, where they can get the benefit of cheap labor, which enables them to sell their foreign-made products in the United States in competition with commodities made in American factories, and also the products of these foreign factories are sent into the markets of the world to compete with the products of our American factories.

So we are in effect financing industry in foreign lands, thereby enabling them to take from us a market for our own products. The amendment is not unjust to American capitalists who have invested their funds in foreign lands. It merely requires them to pay the United States a tax on the profits made in these foreign factories, and does not allow a deduction from such profits of the sums paid as taxes to foreign nations.

It is simply a question of whether we are going to be more liberal in taxing profits earned in foreign lands than in taxing the profits made in American industries. This amendment merely requires that the same tax be paid on all the profits, whether made at home or abroad.

Henry Ford moved his tractor factory to Ireland and thereby deprived 7,000 American workmen of employment. Under the Hawley-Smoot tariff bill Ford is permitted to ship his tractors into the United States without paying a tariff on them. In paying income taxes to Uncle Sam Ford should account for all his profits in foreign lands without deducting taxes he pays on his foreign plants to foreign nations.

Many of the greatest wars in history grew out of a struggle for trade and commerce. The American Revolution grew out of an effort on the part of the British Board of Trade to monopolize the American markets. The London merchants did infinitely more to precipitate the Revolution than Lord North, Lord Granville, George III, and the Tory cabinets. The Trojan War, immortalized by the blind Homer, was more the result of trade rivalries than a struggle for the fair, faithless, and false Helen. The great World War had its real origin in a struggle for commercial supremacy, and while I am not disposed to do anything that will injure legitimate business, I am nevertheless for the American manufacturer in preference to the foreign manufacturer. Rather than favor the one manufacturer who invests his capital abroad, I would favor the nine manufacturers whose capital is invested in the United States, who employ American labor, and whose interests and welfare are inseparably bound up with the people of the United States.

In December, 1924, and in January, February, and March, 1925, on the floor of this House and in extension in seven speeches I called attention to the mistakes American capitalists were making in lending and investing tremendous sums of American money abroad. For example, I showed that \$40,000,000 of American capital was sent to France to improve the Lyons-Paris Railroad, frequently referred to as the Pennsylvania Railroad of France, and that \$30,000,000 was loaned to rehabilitate the railroad from Paris to Lorraine. And that not only hundreds of millions but more than \$9,000,000,000 had at that time been loaned to foreign

Provinces, foreign municipalities, foreign railroads, foreign utility companies, and foreign manufacturing companies. I showed at that time we were financing our competitors, rehabilitating the industrial plants of Europe, lending them the capital with which to rebuild and improve their factories, and then go out and recapture the markets of the world, which we had taken during and following the World War. That is just exactly what happened and what we are still doing. We are still financing our competitors in foreign nations and enabling them, with their cheap labor, to undersell us in the markets of the world.

We have something like twenty-three hundred American manufacturing plants that have foreign branches. We are, by financing these foreign factories operated by cheap labor, enabling them to send their commodities not only into foreign markets to compete with our products, but these commodities processed in American-owned foreign factories are being sent into the United States to compete with products from American factories, fabricated by American labor.

Mr. NELSON of Missouri. Will the gentleman yield?

Mr. LOZIER. I yield.

Mr. NELSON of Missouri. The real question is whether we shall favor the employer of foreign labor over the employer of American labor.

Mr. LOZIER. My friend from Missouri is correct. It is a question of whether we think more of the all-American manufacturer than we do of the manufacturer who has one plant in the United States and one or more in foreign lands. [Applause.]

[Here the gavel fell.]

Mr. CROSS. Mr. Chairman, this is no time for Members on either side of this Chamber to be influenced by partisan slings, and I trust that no Democrat will be influenced to vote against a good amendment because a Republican offers the amendment, and I trust that no Republican will be influenced to vote against a good amendment because a Democrat offers it. We must lay aside partisanship. We are up against doing something now that is worth while for the country. We should forget partisan politics, and I regret to see the little flings that are cast from both sides by the partisan minded. It is for the purpose of arousing you Republicans over here who are big minded and broad minded and want to work for the benefit of the whole country. [Applause.] When this is done by our men over here it is done for the purpose of arousing your partisanship and trying to make you forget reason in order to spite a Republican.

Do not let this be done. Stand up here and do your duty, use your judgment, and those who make bitter, burning speeches I advise them to wipe the froth from their lips and let reason get back on the throne and be patriots and not partisans.

I believe this is a good amendment. Nobody wants to injure business and no one wants to let big business destroy little business. I do not believe it is wise that big business should expatriate billions and billions of American dollars, the product of the brain and labor of America, and enlist it in foreign enterprises to come back here and close our American factories and put our Americans out of jobs and put them on the streets hungry and begging for bread. I say the amendment is good. I am opposed to the substitute, and trust every man here will rise up and vote from the standpoint of patriotism. [Applause.]

Mr. CRISP. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 20 minutes. We discussed this section 1 hour or more yesterday, and with the 20 minutes it will be 2 hours to-day.

The motion was agreed to.

Mr. BALDRIGE. Mr. Chairman, we have heard three or four characteristic speeches in the last 10 or 15 minutes in which we have heard a great deal about big business and a great deal about the common people. They always remind me of the man who stands up with courage and determination and announces that virtue is better than vice and that a patriot is better than a traitor. Whom do they expect to

take the opposite side of the argument? This is something we like to give to the voters back home, but the thing that surprises me is how they can come into a group of Congressmen and talk about the so-called common people and the evils of big business.

Yesterday, in my estimation, was one of the saddest days in the Congress. [Applause.] The Members of this body scuttled the ship and deserted their leaders. Who was in the saddle yesterday and who is in the saddle to-day at the range? Mr. Blanton, of Texas, Mr. Rankin, of Mississippi, Mr. McFadden, of Pennsylvania, and Mr. LaGuardia, of New York.

We have left completely the leaders of the House, and the Ways and Means Committee that spent hours and days trying to figure out this tax bill.

Where are the leaders of the Democratic Party who should be here? Where is the Speaker? Where is Mr. RAINEY and where is JOE BYRNS alongside of Mr. CRISP battling here? You gentlemen know that if this were a Republican measure Nicholas Longworth would have been down here beside his leaders giving every aid to this proposition.

This is the way I look at the matter. The Ways and Means Committee on this intricate problem has spent hours and days, and they have had the benefit of the best experts we have, and along comes the House and follows somebody who has not been in the committee meetings and who has not had the benefit of any such expert advice.

There is one thing we never hear on the floor of this House. We hear men stand up and speak for the dear, common people and for the laboring man. Labor is well organized and well represented here. Capital is well organized and well represented here. Does anybody ever stand up and talk about the great middle class, the so-called white collar class, and there are millions more of them than labor and capital, and yet nobody stands up and argues for them. They are the ones that this sales tax will help.

Gentlemen, I have cast my lot, and I am proud to cast my lot with Judge Crisp, and Bert Snell, and the leaders on both sides, and I shall follow their leadership. [Ap-

Mr. LaGUARDIA. Mr. Chairman, I desire to submit a unanimous-consent request. I ask unanimous consent, in-asmuch as reference has been made to me twice, that I may proceed for five minutes outside of the 20 minutes covered by the motion.

Mr. BOYLAN and Mr. SEIBERLING objected.

Mr. FULLER. Mr. Chairman, since my good and able friend the Democratic from Massachusetts [Mr. McCormack] and some others have called for leadership on the Democratic side in opposition to the sales tax, much as I regret to assume the responsibility, I am going to attempt it in a 5-minute address.

He wanted to know how long we Democrats were going to follow this kind of a course of adding amendments to increase the income tax. We are going to follow it just as long as he and this committee and 15 or 20 other Democrats follow the Secretary of the Treasury, Ogden Mills. [Applause.]

Our leader—and in one sense he is our leader, and we respect him—is on the committee, but he is your leader in this fight. We need no leader. We have the votes, and we are going to pursue this course just as long as the committee tries to ram down the throats of the Democrats of the Nation and in this House the unjust sales tax and try to force it on the American people. [Applause.]

You know that this provision is defeated; and since you know it is defeated and you members of the Ways and Means Committee have the right to bring in a revenue measure, why do you not let us vote on it and eliminate it at once?

I am not a radical against wealth, but I am a radical in taking care of the interests of the American people. This measure is nothing else in the world but a measure in the interest of the rich of this country. Who wants it? The wealthy, Wall Street, and the bankers of this country.

Ogden Mills, Secretary of the Treasury, the spokesman of the Morgans and Wall Street, demands it. Mr. William Randolph Hearst wants it. He has spent hundreds of thousands, if not millions, of dollars to get the law on the statute books. We decline to follow him. I had a hundred times rather follow the gentleman from New York [Mr. Laguardia] for his nerve and for his courage in defending the American people than the crowd demanding this measure. He is in no sense leading us; he is cooperating with us and deserves credit. He is not by himself; there are a large number on the Republican side that will vote the same way against this unjust sales tax.

What is the question involved here? It is whether or not we are going to tax the income of the man who made his money here in the United States, as Henry Ford has made his millions, who was never known to give much to charity, who is probably the richest man in the world, and who goes to foreign countries like Canada, Russia, Ireland, and Germany and establishes businesses there. Why should he not pay an income tax on the money he makes in foreign countries?

Now, the gentleman from Ohio, who offers a substitute, is a manufacturer. I anticipate that he has been before the committee and has been in opposition to every tax named in the bill except the sales tax. His amendment will not be adopted.

We are not so radical; we do not lead nor attempt to lead anybody. We are going to take this sales tax out of the bill, and you know it. Why not get together, you business men, instead of indulging in so much discussion; why not get down to business and settle this matter, so that it will balance or nearly balance the Budget, instead of playing politics?

Mr. MICHENER. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. MICHENER. You are charging men with the responsibility. I would like to know who you are talking about?

The responsible leadership of the House is on the gentleman's side of the aisle. If he is not in harmony with that leadership he should say so and criticize it. The Republican side of the House, as the gentleman suggests, has been following that leadership.

Mr. FULLER. Some of you Republicans want this measure passed and then lay the blame on the Democrats. If it is passed it will be by a handful of Democrats and you Republicans. I am not in harmony with the leadership on the Democratic side on the Ways and Means Committee, and neither am I in harmony with the leadership on the gentleman's side. We need no official leadership to defeat this sales tax. We on this side of the aisle represent the Democratic Party and our constituency and refuse to blindly follow any committee or leaders who we consciously believe are against the bests interests and welfare of over 90 per cent of the American people. [Applause.]

Mr. CLANCY. Mr. Chairman, the British Empire sent to the Argentine Republic recently the Prince of Wales to build up British good will and trade and revive British factories. The British commercial interests made of their most distinguished royal character just a drummer boy, because Great Britain and every other country in the world realizes that it has to have foreign trade not only to flourish but to survive.

To-day we have heard here from the mouths of Members of this House hopes and expressions of a policy of "scuttle"—the scuttling of our foreign trade, which a couple of years ago, before the world collapsed, before there were 20 or 25 rebellions and revolutions in the world, was about the chief source of our prosperity.

Three hundred and thirty-five million dollars' worth of foreign gold came into my own city every year from our Detroit exports, but now foreign trade and credit have failed considerably. In 1913 one of our intelligent Cabinet members, Secretary of Commerce W. C. Redfield, and the President of the United States, Woodrow Wilson, realizing

that Germany was spending in New York City, carrying out the Bismarck doctrine, more money to get our trade than the United States was spending all over the world, initiated the policy of getting foreign trade.

Now we have \$250,000,000 of our Government money invested in loans and subsidies for the American merchant marine, and we have tremendous appropriations for commercial agencies, attachés representatives, and buildings abroad.

Just before this period of terror and depression came in this country it would have been impossible to attack, as has been attacked here on the floor of the House, the sagacious and patriotic doctrine of American trade and business. Back in Revolutionary days, and before the Civil War, the Yankee clipper ship and the Yankee drummer abroad were the things of which we were the most proud, as typical of our daring and enterprise.

Now we hear to-day that was all wrong and that we must hate and avoid foreigners and aliens for business purposes.

Appeals are made to an ignorant and ruthless spirit in America, the spirit of local isolation and provincialism. We must live and trade in this world.

It was a Democratic administration that asked the large appropriations from Congress to build up foreign trade, and to-day leading Democrats attack the promotion and protection of foreign trade.

The National City Bank competed with the Great English and German banks—in fact, their national banks—and went into the Argentine Republic and established a branch there to aid our exporters, and this bank established branches in Africa, Asia, Europe, and South America on the request of our Federal Government. The National City Bank has an agency now in Harbin, in Manchuria, and one also in Shanghai. But that was just one phase of our world-trade policy.

And what have we heard here to-day? That our American troops are in Shanghai not to protect the thousands of our innocent American men, women, and children and our missionaries and our business men and our tourists and other people and their property, but that they are there to protect the Standard Oil Co.! What an appeal to demagogy! We have heard attacked here to-day the greatest benefactor of the poor workingman and of American business, Henry Ford. Henry Ford was a poor man, a common laborer, at 40 years of age. Now he has become a rich man solely through his own ability, and now that in our hour of terror and depression it is popular to attack the rich, Mr. Ford is attacked here on this floor.

He is not afraid in these terrifying times. He is risking his entire fortune to bring back American employment, prosperity, and business, and is working like a dog personally at his advanced age.

Gentleman here to-day have even referred to the radical riot at his factory the other day, in which there was blood-shed, and have intimated he was partly responsible for it, when he is the biggest employer in the United States and is in no way responsible for hard times or for this particular riot. I do not presume to advise the House, but anybody who strikes down American foreign trade or Henry Ford, or men of his type, is striking down one of America's most vital assets and noble men, who are necessary to our revival. The big drug companies in the United States established foreign branch factories over 40 years ago; it is not wrong for American manufacturers to establish branches abroad. It is wise and helpful. The American Congress should encourage these fine Americans abroad, who, after all, take all the risks.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. DE PRIEST. Mr. Chairman, I shall take only a minute of time, as my voice will not permit me to do otherwise. A few days ago I introduced a bill (H. R. 10098) to pension the ex-slaves of America. I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DE PRIEST. Te revolution in this country was started because the American people were taxed without representation and if we keep on overtaxing the American people we will have trouble again in this country. At the beginning of the great Revolutionary War the first blood was spilled for American freedom on the streets of Boston by an ex-slave. I have a table prepared showing just how many ex-slaves there are in this country, showing just where they live, in what States, and how many of them are alive, which I shall put into the extension of my remarks. I want the Members of the House to understand the situation. Since we have been talking in this country so much about old-age pensions, I think the Members of the House should know that if America owes a pension to any class of people it owes a pension to those who had their test days taken from them. I wish my voice were such that I could talk more, but it is not. I shall extend my remarks and send a copy to every Member here. [Applause.]

Mr. Chairman and fellow colleagues, the first great war America was ever engaged in was the War of the Revolution, between England and America, brought on by taxation without representation.

The first American citizen to take part in that war was an ex-slave named Crispus Attucks, and the field of such action was Boston, Mass., in the year 1770. Over the grave of Attucks and his three white companions, all buried in one grave, the following tribute was inscribed on the stone:

Long as freedom's cause the wise contend, Dear to your country shall your fame extend; While to the world the lettered stone shall tell Where Attucks, Caldwell, Gray, and Maverick fell.

In every other crisis in this country, including the Second War with England, with Jackson at New Orleans, were included men of my racial group who died for America. We were with Perry at Lake Erie in the same war. There were many of them who died defending the Stars and Stripes, which should never touch the ground.

In the war with Mexico they fought nobly for America. In the great Civil War they fought 200,000 strong to preserve America in one solid Union. In the Spanish-American War no troops fought more nobly than the Negro soldiers, especially at San Juan Hill.

In the great World War they were enlisted 380,000 strong and fought for world democracy. May the time come in America when every citizen shall have the right to real democracy, regardless of race, color, or previous condition of servitude.

I wish to recite that during the long period of slavery, 244 years, we grew from a population of 20 brought over here in 1619 on a Dutch trading ship to 4,000,000 at the time of the Emancipation Proclamation. Of this vast number I want to say that those of my racial group were never known to be disloyal, not only to America but to the individual slave masters. None has committed treason against our Government, either in the Nation, State, or locally. Kidnaping was not known in those days. My racial group constituted the servant class and had every opportunity and some incentive for wrongdoing but were not found recreant to the trust reposed in them; and if the American people again rely on negro servants, their children will not be kidnaped and held for ransom. Kidnaping is the most horrible of all horrible crimes. Only those who are mothers and fathers can appreciate the distress, loss, and uncertainty as to the whereabouts and condition of their loved ones. Not even during the period of the Civil War, when there were those holding my group in bondage and fighting at the front to keep them in servitude, did they in any way prove disloyal. They cultivated the soil, hewed the wood, drew the water, and protected the virtue of the wives and children of those who held them in bondage. No greater loyalty can humankind show in any place in history.

Therefore I have been prompted to introduce the following bill in an effort to give recognition and do justice to those who are now living who were emancipated by the Emancipation Proclamation issued by Abraham Lincoln in 1863: A bill providing for pensions for ex-slave citizens of the United States of America or its Territorial or insular possessions

Be it enacted, etc., That any ex-slave citizen of the United States, or its Territorial or insular possessions, who was freed by the Emancipation Proclamation of January 1, 1863, and who is eligible under the requirements of section 2 of this act, shall be paid a monthly pension by the Administrator of Veterans' Affairs in an amount which equals but does not exceed \$30, when added to the monthly net income of the applicant (averaged over annual periods and included in the annual income from any personal or real property).

SEC. 2. (a) Any such ex-slave shall be eligible for a pension

SEC. 2. (a) Any such ex-slave shall be eligible for a pension under this act if such person—

(1) Is 75 years or more of age;
(2) Has been continuously a resident of the United States, or its Territorial or insular possessions, since the date of the issuance of the Emancipation Proclamation;
(3) Is not at the date of making application for pension an

(3) Is not at the date of making application for pension an inmate of any insane asylum, or any prison, jail, workhouse, or any other public correctional institution;

(4) Has not been in prison for felony involving moral turpitude during the period of 10 years immediately preceding the date of application; and

(5) Has no child or any other person responsible under the laws of any State or of the United States for the support of such person and able to support such person.

SEC. 3. (a) No pension under this act shall be payable—

(1) During the period such person is an inmate of and receiving the necessities of life from any charitable institution maintained by the United States or by a State or any political subdivision thereof;

(2) To any person who has divested himself, directly or indi-

(2) To any person who has divested himself, directly or indirectly, of any property for the purpose of qualifying for pension under this act.

(b) Any pension granted under this act shall be subject to modification or revocation by the Administrator of Veterans' Affairs in order to conform to changes in the qualifications of the pensioner in meeting the requirements of subsection (a) of this section.

SEC. 4. (a) Applications for pensions under this act shall be in writing in such form as the Administrator of Veterans' Affairs shall prescribe. If any applicant is dissatisfied with the final finding upon the application, such applicant may prosecute an appeal in the manner provided by law, and prescribed by regulations pursuant to law, for appeals in other pension cases in the Veterans' Administration.

(b) Pension under this act shall commence from the date of filing application in the Veterans' Administration, and shall be payable on the first day of each calendar month. If any person granted a pension under this act is found to be incompetent by any court of competent jurisdiction, the payment of pension shall any court of competent jurisdiction, the payment of pension shall be made to the guardian appointed by such court for such incompetent, and such guardian shall disburse the pension for the benefit of such pensioner during the continuance of such incompetency, subject to approval of the court.

SEC. 5. On the death of a pensioner who does not leave an estate sufficient to defray burial expenses, the Veterans' Administration is authorized to pay reasonable expenses for the burial of the deceased (but not exceeding \$100) to such person as the Veterans' Administration deems proper.

Veterans' Administration deems proper.

SEC. 6. (a) There is hereby established in the Veterans' Adminis-SEC. 0. (a) There is licety established to the tration an office to be known as the office of ex-slave counsel and to be under the direction of an ex-slave counsel. The counsel to be under the direction of an ex-slave counsel. The counsel shall be appointed by the President, by and with the advice and consent of the Senate, for a term of four years, and shall receive a salary of \$7,500 a year. The counsel shall not actively engage in any other business, vocation, or employment while serving as ex-slave counsel.

ex-slave counsel.

(b) It shall be the duty of the counsel to appear in the interest of and represent the ex-slave public before the Veterans' Administration. In any proceedings before the Veterans' Administration in which the counsel has entered an appearance the counsel shall have the right to offer any relevant testimony and argument, oral or written, and to examine and cross-examine witnesses and parties to the proceedings, and shall have the right to have subpœna or other process of the Veterans' Administration issue in his behalf. Whenever the counsel finds that it is in the interest of the ex-slave public to have the Veterans' Administration furnish any information at its command or conduct any investigation within the authority of the said Veterans' Administration, then the counsel shall so certify to the Veterans' Administration, specifying in the certificate the information or investigaistration, then the counsel shall so certify to the veterans Administration, specifying in the certificate the information or investigation desired. Thereupon the Veterans' Administration shall promptly furnish to the counsel the information or promptly conduct the investigation and place the results thereof at the disposal of the counsel.

(c) The counsel is authorized (subject to the civil service laws and the classification act of 1923, as amended) to appoint and fix the compensation of assistants and clerks, and is authorized to make such expenditures as may be necessary for the perform-

ance of the duties vested in him.

SEC. 7. There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this act.

This bill, as you will note from its contents, provides for a pension of \$30 a month to each ex-slave living who has arrived at the age of 75 years or over.

According to the Federal census taken in 1930, there are not to exceed 100,000 ex-slaves living past 75 years of age. According to actuarial departments of large insurance companies, people past 75 years of age have an average life of between six and seven years. So we could not be put to a great deal of expense in paying this pension, which would cost the American people about \$3,600,000 per annum, plus administration expenses which may amount to \$1,000,000, covering a period not exceeding 10 years.

I shall herein insert a table showing 118,446 negroes 75 years of age and over, of which not to exceed 100,000 are exslaves. Those of you who remember your history will know that there were about 500,000 freemen living of the Negro race when the Emancipation Proclamation was issued. This includes the total population, and therefore about 121/2 per

cent, or one-eighth of them, are not ex-slaves.

I want further to call your attention to the fact that nearly all this money would, under this act, go to States lying South of the Mason and Dixon line, and that is where it should go, because the great majority of these people live there.

I also wish to insert herein a table showing how I arrive at the sum of money these people could have earned at gainful occupations if they had had an opportunity to work for a living like other American citizens. This is based upon one-half the total population. The youngsters were put to work in the fields between the ages of 10 and 12, so one-half

or over must have been employed.

Beginning in the year 1619, including those brought over on the Dutch trading ship and other cargoes brought in by other ships, we presume there must have been 1,368 of them here. Increasing that at the rate of 30 per cent per 10-year period, the total will show you how they increased and what their annual salary should have been and also what the 10-year period would have been, and this is compiled on a 10-year period as that is the basis of the census. The first census we had was in 1790, wherein the slave population speaks for itself. The increase for every 10-year period amounted to between 28 and 331/3 per cent, so we find in the year 1790 there were 697,624 slaves, and prior to that time I estimate that every 10-year period the population would be reduced 30 per cent, which gives me the figures the table shows.

The total amount earned by those ex-slaves, at \$50 a year, would be \$3,793,758,350. At 3 per cent per annum, not compounded, for 70 years, would be 2.10 per cent, or \$7,966,892,535, and a grand total, principal and interest, of \$11,760,650,885.

It does appear to me that the great American people, philanthropically inclined as they are, would be justified in pensioning its ex-slaves, and take care of these poor, aged, and decrepit people who have not had an opportunity in life, thus assisting them in making their last days in a measure their best days.

You will note that one table shows how many there are living in each State who will receive benefits under this act. and just what it will cost the Government to put this law into execution, and what amount the slave could have earned if he had had the opportunity like other Americans. You will find a set-off in the table against the cost of administration of the act which will amount to less than \$40,000,000, as against their estimated earning capacity, including interest, of \$11,760,650,885.

Slave population, 1619 to 1863, showing earning of 50 per cent at \$50 per annum=10-year periods+3 per cent, or 2.10 for 70 years

Year	Average population	Working population	Per capita earning at \$50 per annum	Per capita earning each 10 years
1619-20. 1620-1630. 1630-1640. 1640-1650. 1650-1660.	1,368 1,686 2,400 3,443 4,920	684 843 1, 200 1, 721 2, 460	\$34, 200 42, 150 60, 000 86, 050 123, 000	\$342,000 421,500 600,000 860,500 1,230,000
1600-1600 1660-1670 1670-1680 1680-1690 1690-1700 1700-1710	6, 928 10, 041 -14, 345 20, 495 29, 279	3, 464 5, 020 7, 172 10, 297 14, 639	173, 200 173, 200 251, 000 358, 600 514, 850 731, 950	1,732,000 2,510,000 3,586,000 5,148,500 7,319,500

Salve population, 1619 to 1863, showing earning of 50 per cent at \$50 per annum=10-year periods+3 per cent, or 2.10 for 70 years—Continued

Year	Average population	Working population	Per capita earning at \$50 per annum	Per capita earning each 10 years
1710-1720. 1720-1730. 1730-1740. 1740-1750. 1750-1760. 1760-1770. 1770-1780. 1780-1790. 1790-1800. 1800-1810.	41, 842 63, 908 88, 578 122, 955 174, 660 249, 501 356, 638 509, 264 717, 222 923, 378	20, 421 31, 954 44, 289 61, 477 87, 325 124, 750 178, 319 259, 132 358, 611 461, 689	\$1, 121, 050 1, 597, 700 2, 214, 450 3, 073, 850 4, 366, 250 6, 237, 500 8, 915, 950 12, 956, 600 17, 930, 500 23, 084, 450	\$11, 210, 500 15, 977, 000 22, 144, 500 30, 738, 500 43, 662, 500 62, 375, 000 89, 159, 500 129, 566, 000 179, 305, 500 230, 844, 500
1810-1820 1820-1830 1830-1840 1840-1850 1850-1863	1, 226, 028 1, 585, 124 2, 056, 874 2, 559, 051 3, 279, 258	613, 014 792, 562 1, 028, 437 1, 279, 525 1, 689, 629	30, 650, 700 39, 628, 100 51, 421, 850 63, 976, 250 84, 481, 450	306, 507, 000 396, 281, 000 514, 218, 500 639, 762, 500

	Total
13 years \$1,098,258,850.00	
3 per cent×70 years	2.10

7, 966, 892, 535, 00 11, 760, 650, 885, 00 Grand total, including principal and interest..... Negroes 75 years of age and over as shown by the 1930 United

States census

A PART OF THE PART	Total	Male	Female
United States	118, 446	55, 791	62, 655
Alabama	10, 401	4,720	5, 681
Arizona	60	36	24
Arkansas	4.664	2,403	2, 261
California	863	392	471
Colorado	179	91	88
Connecticut	308	145	163
Delaware	509	251	258
District of Columbia	1,226	444	782
Florida	3, 209	1,593	1,616
Georgia	11,300	5, 338	5, 962
Idaho	19	13	6
Illinois	2,354	1,032	1,322
Indiana	1, 244	616	628
Iowa	310	151	159
Kansas	1,376	665	711
Kentucky	4, 168	1, 946	2, 222
Louisiana	8, 161	3,681	4, 480
Maine	33	24	9, 100
	2,946	1,379	1, 567
Maryland Massachusetts	619	245	374
	855	383	472
	134	61	73
Minnesota	10, 985		
Mississippi		5, 339	5, 646
Missouri	3, 085	1,514	1, 571
Montana		14	10
Nebraska	160	81	79
Nevada	8 7	6	2
New Hampshire		4	872
New Jersey	1,505	633	1000000
New Mexico	23	19	4
New York	1, 931	742	1, 189
North Carolina	8, 381	4,050	4, 331
North Dakota	3	2	1
Ohio	2, 741	1,340	1, 401
Oklahoma	1, 835	964	871
Oregon	27	19	8
Pennsylvania	2, 569	1,108	1, 461
Rhode Island	170	77	93
South Carolina	6, 534	3, 040	3, 494
South Dakota	10	5	5
Tennessee	5, 929	2, 826	3, 103
Texas	8, 585	4, 163	4, 422
Utah.	16	9	7
Vermont.	16	9	. 7
Virginia	8, 058	3, 794	4, 264
Washington	102	54	48
West Virginia	715	320	395
Wisconsin	72	40	32
Wyoming	17	10	7

The United States 1930 census compilation gives a total of 118,466 negroes 75 years of age and over, of which it is estimated 100,000 could qualify for consideration under the proposed law.

The bill provides a pension of \$30 a month, or \$360 per annum.

Cost to Government

100,000, at \$30 per month, or \$360 per annum\_\_\_\_ Covering a period of 10 years\_\_\_\_\_ \_\_ \$3,600,000 \_\_ 36,000,000 (Estimated cost of administration, \$4,000,000.)

Unrequited toil of the slave population

244 years, at \$50 per year, 50 per cent of population of earning capacity\_\_\_\_\_\_\_\_(Interest, at 3 per cent × 70 years, since the emancipation proclamation, 2.10 per cent)\_\_\_\_\_ \$3,793,758,350 7, 966,892, 535

Grand total, including principal and interest\_ 11, 760, 650, 885

The CHAIRMAN. All time has expired.

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent that I may proceed for five minutes.

The CHAIRMAN. Under the unanimous-consent agreement all time on this section has expired. The gentleman from New York asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. LaGUARDIA. Mr. Chairman, it seems to me it would be quite possible for this House to discuss this very important bill calmly, without personal attacks, and that the discussion could be limited to the merits of the bill. This attempt to inject animosities, to create party strife, at least indicates that the proponents of the sales-tax feature have no good sound arguments to offer.

I want to say to my friend the gentleman from Massachusetts [Mr. McCormack], because he is my friend, that on my first tax bill in this House I sat at the feet of Claude Kitchin, who had charge of that bill, learned from him, and I voted with him. In the Mellon plan, in the 1924 and 1926 bills, I followed John Garner. [Applause.] I have as much right to oppose the sales tax as the gentleman from Massachusetts has to advocate it. [Applause.]

Let me submit this: The bipartisan opposition to the salestax provision was made necessary by the bipartisan advocacy of that infamous provision. [Applause.]

I did not hear any criticism because the gentleman from Oregon [Mr. HAWLEY] is supporting the gentleman from Georgia [Mr. Crisp]. The gentleman from Massachusetts [Mr. McCormack] unfortunately took the floor and defended those corporations that are leaving our shores because they want to manufacture with cheap labor and exploit labor in foreign countries. They have never treated labor fairly. The gentleman from Massachusetts and I have nothing in common, I am sure, with a certain automobile manufacturer who has transported his plant to Canada and to Ireland for cheap labor and brings back tractors to this country under the free list and in competition with American labor.

Now, gentlemen, I want to say that the leadership against this sales-tax proposition was assumed by the gentleman from North Carolina [Mr. Doughton], a member of the committee, when he came here and announced to the House that he would oppose it. That is all there is to that. All this talk about defending the wealthy! Apparently they are well cared for and have been for many years by Congress. Why should we be abused and denounced for protecting and defending the rights of the workers and the wage earners? Where would these multimillionaires be if it were not for the workers? What have we been up against since we came here in December? First, after President Hoover made his tour of the Middle West and declared his position on the matter of the foreign debts, he returned to Washington, and a committee of bankers informed the President that he must declare a moratorium or else they would close their banks and create havoc; and the President did. Thereafter a committee of bankers went to the President and asked him to personally approve of the Credit Finance Corporation else a panic would follow; and the President telegraphed to leaders of both parties and called them into conference, and he approved the Credit Finance Corporation. When that went up as a bubble this same crowd came to Washington and told Congress to appropriate \$2,000,000,000 and to establish the Reconstruction Finance Corporation, and told us that if we did not do so, they would default on bonds and ruin every savings bank and every insurance company of the country; and Congress did. Even then they threatened a panic.

Now, did they not do that?

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

Mr. JOHNSON of Washington. Reserving the right to object, will the gentleman while he is on the floor say what is in this letter that he secured unanimous consent to extend in the RECORD this morning?

Mr. LaGUARDIA. I will give the gentleman a copy.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LaGUARDIA. Then they came in with more threats, and told us to pass the inflation bill, and Congress did. Now they came here and said, "Let the working people pay this deficit; pass a sales tax." And the best proof that the sales tax was forced is that there is not a gentleman who took the floor in favor of it who did not apologize for it. But this time Congress refuses to be threatened any more and will refuse.

Mr. McGUGIN. Will the gentleman yield?

Mr. LAGUARDIA. In just a moment.

When it appeared that there was danger that the sales tax would be defeated the cry went out, "Reduce wages at once and take it out of the working people anyway."

Now, gentlemen, I submit we have a perfect right to defend that middle class and working class that some gentlemen sneeringly referred to to-day; yes, to defend the working people that the gentleman from Massachusetts, I know, wants to defend. I want to say to the gentleman, who grew eloquent for big business, that big business needs the working people a great deal more than the working people need big business. I hope that we may proceed to the orderly consideration of this bill, and, just as the appeal was made to lay aside politics in the defense of this iniquitous sales-tax provision, to remove a just burden of taxation on the part of those best able to carry it, that we may likewise, in the spirit of bipartisanship, move in a solid mass against that iniquitous provision of the bill and defeat it. [Applause.]

Mr. McGUGIN. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from New York has expired.

All time has expired.

Without objection, the Clerk will again report the amendment offered by the gentleman from Ohio to the amendment offered by the gentleman from Missouri.

There was no objection.

The Clerk again reported the amendment offered by Mr.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Ohio [Mr. White].

Mr. JOHNSON of Washington. Mr. Chairman, a parliamentary inquiry. Is this not a perfecting amendment to perfect the text?

The CHAIRMAN. It is a perfecting amendment, as read by the Clerk.

Mr. RANKIN. Mr. Chairman, I make the point of order that it is a substitute amendment that is offered. The gentleman offered it as a substitute.

Mr. JOHNSON of Washington. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Will the gentleman please allow the Chair to make a statement? The present occupant of the Chair was absent for a few moments, and he is informed by the parliamentary clerk that, during his absence, unanimous consent was granted to the gentleman from Ohio to withdraw his original proposition and offer the amendment as a perfecting amendment to the original amendment.

The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. Johnson of Washington) there were ayes 39 and noes 113.

So the amendment was rejected.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Missouri.

The question was taken; and on a division (demanded by Mr. Stafford) there were ayes 117 and noes 91.

Mr. STAFFORD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. Crisp and Mr. Johnson of Missouri.

The committee again divided; and the tellers reported that there were—ayes 139, noes 103.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 32. TAXES WITHHELD AT SOURCE

The amount of tax withheld at the source under section 143 shall be allowed as a credit against the tax.

Mr. CRISP and Mr. SWING rose.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to speak for 10 minutes. [Applause, the Members rising.]

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to address the committee for 10 minutes. Is there objection?

There was no objection.

Mr. CRISP. My colleagues, I thank you. [Applause.] Mr. Chairman, may I say to you that up to now, and it will be equally true up to the conclusion of the consideration of this bill, I have not uttered one word of criticism against any Member of this House, no matter what his attitude may be toward this bill. I have accorded to each sincerity of purpose. I know I am actuated by but one motive, to perform my public duty to my country as I see it. [Applause.]

I do not believe there has been a member of the Ways and Means Committee that has had any criticism to make of his colleagues in this House.

Gentlemen, the Constitution of the United States says Congress shall lay taxes to pay the debts of the United States, and that instrument further says revenue bills must originate in the House of Representatives.

I took an oath to support that sacred document, and I have endeavored to the best of my poor ability to be faithful to that oath.

The Committee on Ways and Means had hearings as to how to raise money to balance the Budget. One hundred and seventy-seven witnesses appeared before us. They all protested against the singling out of a few industries, levying taxes upon them and having them bear the load. They said their business would not stand it.

I have always been just as much opposed to a sales tax as any Member of this House, but, gentlemen, I have never failed to change my opinion when I thought my duty to my country required it. [Applause.]

I am just as much in favor of collecting from wealth all that can be collected as any Member of this House, but under the condition of business to-day you can not raise the money from income, corporation, and inheritance taxes to balance the Budget. Therefore, the question was presented to the committee as to how this money was going to be raised. We doubled the income tax; we doubled the estate tax, and I grant you that if rich men die fast in the future, after the 18 months in which they are allowed to pay, the rates in this bill on inheritances will produce a great deal of money, but they will not produce it for 1933.

The committee met and considered the Treasury program, which provided taxes on a few items—gasoline, the domestic consumption of gas and electricity, increasing the postal rates from 2 to 3 cents, a 5 per cent tax on automobiles, a tax of 2 cents on bank checks, increasing the tax on tobacco one-sixth, and a tax on real-estate transfers. The committee was bombarded with protests from all over the country, and the Members were seen time in and time out by their colleagues in this House saying they could not put a bill of that character through the House.

May I say here that the Treasury Department was opposed to a manufacturers' tax. They repeatedly expressed their opposition to it and urged that the Treasury program be adopted, but after the committee had worked for a week or 10 days in executive session considering these special items, I suggested that a subcommittee be appointed to consider the broad basis of a manufacturers' tax. That was agreed to, and I appointed the majority leader of this House, the gentleman from Illinois [Mr. Rainey], as chairman of that subcommittee, and I sat in with them. The Treasury Department was still opposed to a sales tax. The Treasury Department furnished us their experts and all the information they could to assist in the preparation of the bill. We reported it to the full committee.

As I have said before, this bill is not a Democratic bill; it is not a Republican bill; it is a bill for our Government, an American bill, and the Republican members of the Ways and Means Committee shared equal responsibility with the Democratic members, and it is the joint product of all of that committee, Republicans and Democrats alike. [Applause.]

There are things in this bill that I did not want in it. That is true of every other Member, but I am standing for the bill as reported by that committee.

Gentlemen, I may be defeated in my advocacy of the passage of this bill, but I am never a quitter and I do not run under fire. [Applause.] I shall always maintain my integrity and self-respect.

We have reported this bill to the House. The House has a perfect right to work its will. The House has a perfect

right to reject any and all of it.

I say to you that if the House should reject the manufacturers' tax title of the bill, the Committee on Ways and Means, I hope, will present to you another program, and I say to you frankly I know of no other program that can be presented which will raise the money to balance the Budget except the Treasury program picking out certain items for special excise taxes, which, of course, will be also sales taxes.

Now, gentlemen, I do not believe the House is in a proper frame of mind to legislate to-day. I think it would do us all good to have an opportunity to cool off and to think. I think it is the part of wisdom that that course be pursued. I hope we may reach some understanding when the committee next resumes its consideration of this bill that we may take up, even out of order, the controverted sections under the manufacturers' tax title and see if we can dispose of them. The Committee on Ways and Means will have some amendments to present to the manufacturers' title, making a few other exemptions.

I thank you gentlemen for your attention; and, Mr. Chairman, I move that the committee do now rise. [Applause, the Members rising.]

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 10236, the revenue bill, had come to no resolution thereon.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. Chapman, indefinitely, on account of illness.

## REVENUE BILL OF 1932

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAINEY. Mr. Speaker, I stand right behind the gentleman from Georgia [Mr. CRISP] [applause], and I want to talk plainly to this House. It makes no difference what the consequences may be to me. The defeat of any Member of this House is a small matter. It will not make much difference if I am defeated in the next election, but I am going to call your attention now to the dangers into which, I think, we are drifting. This is a crucial hour in the history of this Republic, and there are many of you who do not seem to me to realize it. We must balance the Budget, and we must balance it with real taxes and with real money.

This House, I realize, at the present time is a runaway House. You are adopting measures here without proper consideration, and the committee has determined to rise to enable you gentlemen to consider what you are doing. You have adopted already an amendment to this bill restoring the war rates on incomes. Those rates were imposed at a period of rising markets, when our industries were yielding

large returns, and they were imposed at a time when the country was responding to the wild alarms of war, and when every one of our 120,000,000 people was mustering back of the flag and supporting patriotically our armies in the field. We could do it then, but you are imposing these taxes now upon the great incomes at a time when business is declining. They will not yield you as much money, gentlemen, as the taxes suggested in this bill.

You are driving men of large incomes—and their incomes are nothing like what they used to be-into tax-exempt securities, and you can not control that situation. The municipalities and the States have a right to issue tax-exempt securities, and the Federal Government is continually issuing them. You are imposing these high taxes on high incomes at a time when the States are resorting to that method of taxation.

Do you know what the aggregate taxes imposed on high incomes by some of the States, added to the taxes you suggest, amount to? It is time we were finding out something about that.

You are opposed to communism, every one of you, and so am I. I want to maintain this Government as it is [applause]; but let me tell you, gentlemen, during this Congress-and you have put the capsheaf on all of it at the present time—we have made a longer step in the direction of communism than any other country in this world ever made except Russia.

Mr. RANKIN. Mr. Speaker, may I ask the gentleman from Illinois to whom he refers in that remark?

Mr. RAINEY. I did not refer to you.
Mr. RANKIN. The gentleman is evidently referring to the Congress.

Mr. RAINEY. I am telling you what is happening, and I am going to tell you some more.

You gentlemen will answer to your constituents and I will answer to mine.

Mr. RANKIN. And I will answer the gentleman from Illinois if I get a chance.

Mr. RAINEY. We have passed the Reconstruction Finance bill, we have appropriated \$500,000,000 to help our railroads, our great arteries of commerce, and to keep our banks going, the method through which money flows out into the channels of trade. We have done all that. If you fail to balance the Budget, you make all these expenditures absolutely useless.

You are bringing about the time when the Government must take over the banks of the country; you are bringing about the time when the Government must take over the railroads. With charges and interest rates which the farmers must pay when they make their loans, and with other propositions affecting agriculture, you are driving the Government into ownership of lands. Our farming lands are not worth much more than they are worth in Russia, and they have no value there whatever. There is only one more step for you to take in imposing taxes which you believe will yield you something, and that is the step they took in Russia to completely eliminate the wealth of this country from figuring further in the affairs of the country. You are right up against communism.

To-morrow I am going to try and look it up and tell you exactly, if I can get the data, what this tax you have imposed on large incomes and the tax States are imposing on the same incomes will amount to, and where the combined taxes will leave you. I am going to show you how near you take all their income. When you have done that, gentlemen, you are nearer communism than any country in the world except Russia.

If you want to dissipate big estates, let us do it in an open way and let the country know what we are doing. Let us bring in a bill for that purpose and do it in the open, and not hide behind a tax bill.

I have no fault to find with any of my colleagues on this side or on the other side. I have no fault to find with the gentleman from Mississippi [Mr. Rankin]—he is thoroughly honest in his opinions, he is a man of great ability. I have the greatest respect for him; he is my friend, and is conscientious—you all have a right to vote according to your conscience. I am simply expressing now briefly some suggestions that come to me in this crucial hour in the history of our country. I am not talking as floor leader on the Democratic side, but as a Member of this House.

There were times during the war when the flag seemed to be fading away, the blue of the flag into the blue of the sky. I am worrying more now than I did then; we are in greater danger than when our boys marched to France and died on the poppy-strewn fields of that country. The Government is in more danger than it was then. That is the reason we are adjourning the House in order to give you time to pause and think.

You will not be expected to follow the ways and means suggestions as contained in this bill. You are the court of last resort. We can suggest to you taxes that will balance the Budget, if you want to defeat the sales tax, and that is the kind of a bill you want. The only question is, Is it less objectionable? If you like the other, it is up to you. If that is what you want, we will bow to the collective judgment of this House. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I concur in what the able gentleman from Georgia, the acting chairman of the Committee on Ways and Means [Mr. CRISP], stated when he said that in his judgment this House is in no frame of mind at this hour to legislate. I realize that there has been much impassioned discussion since the bill was brought on the floor and since it has been considered by the Committee of the Whole. There have been some intemperate expressions, and those who have indulged in them will doubtless regret it in their moments of reflection. The question now is. What is our duty at this time? Those of us who oppose the sales-tax provision of the bill, as I said the night before last in my speech, are not disposed to lecture anyone. We do not claim a monopoly on statesmanship, ability, or patriotism. We are to the best of our ability contending for a principle, for what we believe will be for the welfare of all the people. [Applause.] I suppose the gentleman from Illinois [Mr. Rainey], when he was lecturing the House a moment ago, was doing so as a Member of the House, and not as the majority leader. That is his right. It is not so much a question now of leadership, it is a question of each and every Member of this House honestly, patriotically, and deliberately doing what he thinks is his duty in this very critical hour. I have no fault to find with those who disagree with me, no disposition to lecture them. I am the only member of the Ways and Means Committee who served notice upon the committee that I would vote against the bill when it came upon the floor of the House unless it was materially amended, unless the sales-tax provision was eliminated. I have been treated with the utmost consideration and courtesy by each member of that committee: and it does not lie in my mouth, and I have no disposition to do so, to say to any of them, Why doest thou? and they have not said that to me. I think we should proceed when we meet again as brethren, that we should proceed coolly and deliberately, and that we should have a zeal not according to excitement, but according to knowledge, that we should pass upon these questions as Americans and as patriots, each conceding to the other the right to entertain his own views and express those views as seemeth right unto him.

There has been entirely too much criticism, there has been too much disposition to challenge honest sentiment on both sides of the House. I have no fault to find with those who disagree with me, and I am making now and have made no criticism of the leadership of this House. Gentlemen have a right to their views. This is not a political matter. My failure to follow them does not imply that I am out of harmony or at variance with the leadership of my

party. That must be understood. I would defend them from any accusation so far as betraying their party or not being true to it is concerned as quickly as anyone. This is a question of individual duty.

To those who are fighting with me, not following me, against this sales tax, I say, let us keep our passions down, let us not get excited, let us not indulge in any intemperate words or actions, because we are fighting this battle from deep conviction and because we believe there are provisions in the bill which are unjust and unfair and unnecessary to the American people. We who oppose the sales tax should not go to the other extreme and do something that is unjust to any class of people, lest we fall into the same error as those who criticize us. I express the hope that those who are with me in this fight will not reflect upon others or indulge in criticism of those who disagree with us.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. RANKIN. The gentleman from Illinois [Mr. Rainey] referred to the improbability of balancing the Budget under the program that we are working out. As a matter of fact, with the amendments that we have adopted, and with the amendment that is prepared now and ready to be offered by the gentleman from Maryland [Mr. Lewis], and other amendments we shall offer, we will balance the Budget along the same lines that we have been amending the bill for the last two days, and do it without levying a sales tax.

Mr. DOUGHTON. Those of us who do not agree with the sales-tax provisions are just as anxious to balance the Budget, if we know the amount necessary, as those who are in favor of the sales tax.

There is no difference of opinion as to balancing the Budget or preserving the credit of our Government. We are as jealous of that as anyone; but it is a difference as to how the taxes shall be levied, whether or not they shall be levied on consumption and on those who are unable to pay or in accordance with ability to pay. It is an honest difference of judgment.

Mr. LaGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.
Mr. Laguardia. I want to say to the gentleman that several of us the last few nights have been working on an amendment which will be offered taxing all transactions on the stock exchange one-quarter of 1 per cent, and that will bring in \$150,000,000.

Mr. DOUGHTON. If the sales-tax provision is eliminated from the bill, then I think the best thing to do is to send the bill back to the Committee on Ways and Means.

I know there are some who oppose that course, but the committee have the information; they have access to the experts, and I believe we can agree upon a bill that will be fair and just and equitable. Certainly the committee could not substitute anything that will be more objectionable, more unreasonable, more unjust, more unfair, in my judgment, than the sales-tax provision of this bill.

But, as I said at the outset, Mr. Speaker, whether we agree or whether we disagree, let us come back here next week in the right spirit. Let us put behind us this feeling of resentment one toward another, and as patriots, as American citizens, as men who have the welfare of our country at heart, men who are willing to put country above party, let us give and take and make any reasonable concession that does not conflict with principle and work out some plan whereby the safety, the honor, and credit of our Government will be preserved. [Applause.]

The SPEAKER. The time of the gentleman from North Carolina has expired.

## ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 5315. An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

## ADJOURNMENT -

Mr. CRISP. Mr. Speaker, I move that the House do now

The motion was agreed to; accordingly (at 2 o'clock and 50 minutes p. m.) the House adjourned until Monday, March 21, 1932, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

494. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend section 702 of the merchant marine act, 1928, relating to requisitioning of ships in time of national emergency declared by the President; to the Committee on Merchant Marine, Radio, and Fisheries.

495. A communication from the President of the United States, transmitting drafts of proposed provisions pertaining to existing appropriations for buildings and grounds, public schools, District of Columbia, for the fiscal years 1931 and 1932, and an amendment of the estimate of appropriation for buildings and grounds, public schools, District of Columbia, contained in the Budget for 1933 (H. Doc. No. 280); to the Committee on Appropriations and ordered to be printed.

496. A communication from the President of the United States, transmitting a proposed addition to the language of the item for military and naval compensation, Veterans' Administration, contained in the Budget for the fiscal year ending June 30, 1933 (H. Doc. No. 281); to the Committee on Appropriations and ordered to be printed.

497. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of State for the fiscal year 1932, to remain available until June 30, 1934, amounting to \$30,000, for the Second Polar Year program as authorized by the public resolution approved March 18, 1932, and a draft of a proposed provision pertaining to an existing appropriation for expenses of representation at the formal presentation of the statue of Leif Ericsson as a gift to the people of Iceland (H. Doc. No. 282); to the Committee on Appropriations and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. FERNANDEZ: Committee on Naval Affairs. H. R. 9398. A bill providing a nautical school at the port of New Orleans, La.; without amendment (Rept. No. 838). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LANKFORD of Virginia: Committee on Naval Affairs. H. R. 2928. A bill for the relief of W. B. Fountain; with amendment (Rept. No. 839). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 4396. A bill for the relief of James Johnson; with amendment (Rept. No. 840). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 7071. A bill to remove the charge of desertion from the military record of William A. Tozer; with amendment (Rept. No. 841). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 1437. A bill to reimburse the William L. Gilbert Clock Co. for revenue erroneously paid; with amendment (Rept. No. 842). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 4276. A bill for the relief of John Worthington; with amendment (Rept. No. 843). Referred to the Committee of the Whole House. were introduced and severally referred as follows:

Mr. HARLAN: Committee on Claims. H. R. 8398. A bill for the relief of John H. Day; with amendment (Rept. No. 844). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 945. An act for the relief of the Fairmont Creamery Co., of Omaha, Nebr.; without amendment (Rept. No. 845). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CABLE: A bill (H. R. 10669) to provide for the issuance of certificates of registration to aliens lawfully in the United States; to the Committee on Immigration and Naturalization.

By Mr. PARKS: A bill (H. R. 10670) to amend the first paragraph of section 24 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary"; to the Committee on the Judiciary.

By Mr. GAMBRILL: A bill (H. R. 10671) to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties; to the Committee on the

Also, a bill (H. R. 10672) to provide for separate patents in case of any invention constructed in types or forms suitable for different uses; to the Committee on Patents.

By Mr. DAVIS: A bill (H. R. 10673) to provide that advances under the Reconstruction Finance Corporation act may be made to producers of livestock and to dairy farmers; to the Committee on Banking and Currency.

Also, a bill (H. R. 10674) to amend section 14 of the shipping act, 1916, as amended by section 20 of the merchant marine act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. LUDLOW: A bill (H. R. 10675) to amend section 4 of the legislative, executive, and judicial appropriation act, approved February 26, 1907, as amended, relating to the compensation of Members and Delegates to Congress; to the Committee on Expenditures in the Executive Depart-

By Mr. SWING: Joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. CELLER: Joint resolution (H. J. Res. 342) directing the Comptroller General of the United States to correct an error made in adjustment of the account between the State of New York and the United States, adjusted under the authority contained in the act of February 24, 1905 (33 Stat. L. 777), and appropriated for in the deficiency act of February 27, 1906; to the Committee on the Judiciary.

By Mr. TIERNEY: Joint resolution (H. J. Res. 343) for creating a secrecy commission; to the Committee on Military Affairs.

By Mr. BLANTON: Joint resolution (H. J. Res. 344) to repeal the classification act of 1923, and amendments thereto, and provide that the rates of compensation for positions in the United States Government and in the municipal government of the District of Columbia shall be the rates in force prior to the enactment of such act; to fix the maximum of any statutory salary at \$7,500 per annum, and to repeal Public, No. 506, Seventieth Congress; to the Committee on Expenditures in the Executive Departments.

# MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Commonwealth of Massachusetts memorializing Congress in favor of uniform hours of labor throughout the United States: to the Committee on the Judiciary.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions

By Mr. BACHARACH: A bill (H. R. 10676) granting an increase of pension to Ellen McDonald; to the Committee on Invalid Pensions.

By Mr. BROWNING: A bill (H. R. 10677) for the relief of Elmer Eugene Derryberry; to the Committee on Claims.

By Mr. CANFIELD: A bill (H. R. 10678) granting an increase of pension to Alzora H. Graves; to the Committee on Invalid Pensions.

By Mr. CARTER of California: A bill (H. R. 10679) granting a pension to Ulysses Samuel Main; to the Committee on Pensions.

By Mr. CLANCY: A bill (H. R. 10680) for the relief of Arthur Gajeske; to the Committee on Claims.

By Mr. DICKINSON: A bill (H. R. 10681) granting an increase of pension to Elizabeth Hedglen; to the Committee on Invalid Pensions.

By Mr. DISNEY: A bill (H. R. 10682) providing for the erection of a public building in the city of Pawhuska, Osage County, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. FREEMAN: A bill (H. R. 10683) to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut; to the Committee on Interstate and Foreign Commerce.

By Mr. HOGG of Indiana: A bill (H. R. 10684) granting an increase of pension to Catherine Marvin; to the Com-

mittee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 10685) granting a pension to Missouria A. Brame; to the Committee on Invalid Pensions.

By Mr. MAJOR: A bill (H. R. 10686) granting an increase of pension to Mary Ring; to the Committee on Invalid Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 10687) granting an increase of pension to Margaret Cunneen; to the Committee on Invalid Pensions.

By Mr. PEAVEY: A bill (H. R. 10688) granting an increase of pension to Julia Deckelnick; to the Committee on Invalid

By Mr. STRONG of Kansas: A bill (H. R. 10689) to authorize an appropriation for payments to certain members of the Iowa Tribe of Indians of Kansas and Nebraska in reimbursement for allotments which they failed to receive; to the Committee on Indian Affairs.

By Mr. SWING: A bill (H. R. 10690) for the relief of Frank Charles Robie; to the Committee on Naval Affairs.

Also, a bill (H. R. 10691) granting a pension to George E. Shafer; to the Committee on Pensions.

By Mr. WELCH of California: A bill (H. R. 10692) for the relief of James Long; to the Committee on Naval Affairs.

By Mr. WOODRUFF: A bill (H. R. 10693) granting an increase of pension to Eliza A. Sternberg; to the Committee on Invalid Pensions.

By Mr. YATES: A bill (H. R. 10694) granting a pension to Lawrence A. Golden; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4617. By Mr. ANDREW of Massachusetts: Petition adopted by the General Court of Massachusetts, favoring passage of amendment to Constitution giving Congress power to regulate hours of labor and to make uniform such hours throughout the United States; to the Committee on Labor.

4618. By Mr. BLANTON: Petition of the ex-service men and citizens of Rising Star, Eastland County, Tex., presented by R. C. Brown, and signed by 132 other residents, urging Congress to pass the Patman bill (H. R. 1), requiring the Government to pay immediately the adjusted-compensation certificates; to the Committee on Ways and Means.

4619. Also, petition of ex-service men and citizens of Sipe Springs, Tex., presented by H. B. Brown, urging Congress to pass the Patman bill (H. R. 1), requiring the Government to pay off immediately the adjusted-compensation certificates; to the Committee on Ways and Means.

4620. By Mr. CARTER of California: Petition of the board of supervisors of San Francisco, Calif., protesting against any reductions in Army appropriation bills; to the Committee on Appropriations.

4621. Also, petition of the men's Bible class, First Methodist Episcopal Church of Alameda, Calif., protesting against the resubmission of the eighteenth amendment; to the Com-

mittee on the Judiciary.

4622. By Mr. CULLEN: Petition of the fifth annual conference of committees of the World Narcotic Defense Association and the International Narcotic Education Association, insisting that the illicit narcotic-drug traffic is the mortal enemy of man, and urging the Congress to cooperate actively in the organization and operation of State associations and State committees in their respective States, and to use their respective influences to obtain enactment of adequate State narcotic drug laws; to the Committee on Interstate and Foreign Commerce.

4623. By Mr. CLANCY: Petition of James H. Davis and approximately 1,612 other residents of Detroit, favoring legislation curbing the chain-store system; to the Committee

on Interstate and Foreign Commerce.

4624. By Mr. CULLEN: Petition of Retail Dry Goods Association of New York, expressing their views as being definitely and unalterably opposed to the proposed manufacturers' tax provision in the proposed revenue bill now pending before Congress; to the Committee on Ways and Means.

4625. Also, petition of the Eastern Millinery Association, strongly opposing the passage of the proposed manufacturers' sales tax as being a burden which the manufacturers of the country are not in a position to assume; to the Committee on Ways and Means.

4626. By Mr. ESTEP: Memorial of the Mary E. Humbert Tent, No. 14, Daughters of the Union Veterans of the Civil War, Pittsburgh, Pa., and signed by Sue M. Rowland, president, and Anna B. Dolan, protesting against the passage of House bills 4577, 5847, and 5848; to the Committee on World War Veterans' Legislation.

4627. By Mr. GARBER: Petition of citizens of the United States, urging passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

4628. Also, petition of citizens of Enid, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4629. By Mr. HADLEY: Petition of a number of residents of Everett, Wash., relating to the prohibition question; to the Committee on the Judiciary.

4630. By Mr. HOOPER: Petition of numerous residents of Hillsdale County, Mich., protesting against the enactment of House bill 8092 or any other compulsory Sunday observance bill; to the Committee on the District of Columbia.

4631. By Mr. JAMES: Petition of the Common Council of the City of Hancock, Houghton County, Mich., and signed by Norman D. Starrett, mayor, and W. J. Hoffenbacher, clerk, favoring a tariff on copper; to the Committee on Ways and Means.

4632. By Mr. JOHNSON of Texas: Petition of W. G. Gillis, of Cameron, and J. W. Garner, of Rockdale, Tex., favoring House bill 7620, Watson-Luce bill; to the Committee on Banking and Currency.

4633. Also, petition of R. V. Dunbar, city secretary, Malone, Tex., favoring Federal legislation to regulate interstate freight by motor trucks; to the Committee on Interstate and Foreign Commerce.

4634. Also, petition of Carlyle Post, American Legion, Rockdale, Tex., favoring Patman bill for immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4635. Also, petition of W. L. Turner, of Cameron, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4636. By Mr. KELLER: Petition of the Brotherhood of Locomotive Engineers, Division 444, Murphysboro, Ill., urging the adoption of House bill 9891; to the Committee on Interstate and Foreign Commerce.

4637. Also, petition of Brotherhood of Railroad Trainmen, Egyptian Lodge, No. 972, Hurst, Ill., urging the passage of Senate bill 2793; to the Committee on Interstate and Foreign Commerce.

4638. By Mr. MANLOVE: Petition of residents of the fifteenth congressional district of Missouri, Mr. and Mrs. Charles H. Neal, B. E. Rankard, Alice Cochran, Mrs. J. W. Anderson, C. A. Moore, Maud Snow, J. L. Baker, Sarah Crosby, C. Fessenden, Mr. and Mrs. C. E. Davis, L. M. Parsons, Mrs. Henry Edwards, Mrs. Roy Martin, Mrs. Ezra Baker, Ralph S. Carter, and Roy Baker, requesting Congress not to pass House bill 8092 or any other compulsory Sunday observance bill; to the Committee on the District of Columbia.

4639. By Mr. MEAD: Petition of residents of the fortysecond congressional district of New York, suggesting methods for reduction of Federal expense; to the Committee on Ways and Means.

4640. By Mr. PARKER of Georgia: Petition of the Derst Baking Co., of Savannah, Ga., and R. P. Catlin, secretary of the Southern Bakers Association, protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4641. By Mr. RAMSEYER: Petition of professional and business men of Montezuma, Iowa, protesting against tax on theaters; to the Committee on Ways and Means.

4642. By Mr. ROBINSON: Petition signed by W. F. Smith and about 150 other citizens of Clarion, Iowa, opposing the theater admission tax on the lower admission classifications, feeling that it will be injurious and detrimental to the business, and cause the closing of many theaters in the smaller communities and increase the number of the unemployed; to the Committee on Ways and Means.

4643. Also, petition of W. A. Dutton, of Manchester, Iowa, and signed by nearly 150 persons, opposing a tax on theater admission tickets, especially the tickets of lower prices, believing it would prolong the depression and cause discontent among the working class and the unemployed; to the Committee on Ways and Means.

4644. By Mr. RUDD: Petition of the Polytechnic Institute, Brooklyn, N. Y., favoring the exemption of 10 per cent admission tax for colleges and universities; to the Committee on Ways and Means.

4645. Also, petition of Eastern Millinery Association (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4646. Also, petition of Linde & Rub (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4647. Also, petition of the Italian Chamber of Commerce in New York, favoring olive oil being placed on the proposed sales-tax exemptions as a substitute for butter; to the Committee on Ways and Means.

4648. Also, petition of the American Institute of Architects, Washington, D. C., favoring the passage of House bill 9892; to the Committee on Foreign Affairs.

4649. By Mr. SANDERS of Texas: Petition of citizens of Winnsboro, Tex., urging the immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

4650. By Mr. SELVIG: Petition of Jacob Skadsheim, Mrs. J. Scott, and 30 other residents of Detroit Lakes and vicinity, Becker County, Minn., opposing bill providing for compulsory Sunday observance; to the Committee on the District of Columbia.

4651. Also, petition of Shelly American Legion Post, Shelly, Minn., urging enactment of House bill 8678, pension for World War veterans, widows, and dependents; to the Committee on World War Veterans' Legislation.

4652. Also, petition of American Legion Post, Barnesville, Minn., urging immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4653. Also, petition of Brainerd Rifle Club, Brainerd, Minn., favoring maintenance of the present Regular Army,

4637. Also, petition of Brotherhood of Railroad Trainmen, National Guard, and civilian organizations; to the Compytian Lodge, No. 972, Hurst, Ill., urging the passage of mittee on Appropriations.

4654. Also, petition of Minnesota Division of Master Photo Finishers of America, urging enactment of Capper-Kelly fair trade bill; to the Committee on Interstate and Foreign Commerce.

4655. By Mr. SNOW: Petition of Cromwell Grant and other citizens of Bangor, Me., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4656. By Mr. SPENCE: Petition of citizens of Campbell County, Ky.; to the Committee on the Judiciary.

4657. By Mr. SWING: Petition signed by 301 citizens of Orange County, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4658. By Mr. TAYLOR of Colorado: Petition of 37 citizens of Craig, Colo., protesting against enactment of any Sunday observance legislation; to the Committee on the District of Columbia.

# SENATE

# Monday, March 21, 1932

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Almighty God, our Heavenly Father, who hast committed to our keeping the solemn trust of life; receive us, though unworthy, as we come to Thee in prayer, for Thou art in the prayer we breathe; and make us feel the supreme loveliness of truth and simple goodness as in this sacred presence we consecrate our all to Thee.

Help us to achieve that self-consistency of character which is obtained by an unswerving and undaunted dedication to the ideals of the Christ, who, seeing facts in the clear light of reality, moved in utmost calm above the restless pulse of care, seeking to win men to their highest good by the never-failing miracle of love.

Grant to our Nation the blessings of harmony and concord, making us one in heart and mind and purpose, willing if need be to suffer pain, that, walking in the way of the cross, we may find it none other than the way of life and peace. We ask it in the name of Jesus Christ, our Lord and Savior. Amen.

## THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, March 14, 1932, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

# MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, and it was signed by the Vice President.

## CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Byrnes	Frazier	Hull
Austin	Capper	George	Johnson
Bailey	Caraway	Glass	Jones
Bankhead	Carey	Glenn	Kean
Barbour	Coolidge	Goldsborough	Kendrick
Barkley	Copeland	Gore	Keyes
Bingham	Costigan	Hale	King
Black	Couzens	Harrison	Logan
Blaine	Dale	Hastings	Long
Borah	Davis	Hatfield	McGill
Bratton	Dickinson	Hawes	McKellar
Broussard	Dill	Hayden	McNary
Bulkley	Fess	Hebert	Metcalf
Bulow	Fletcher	Howell	Morrison

Moses Reed
Neely Robins
Norbeck Robins
Norris Schall
Nye Shepp
Oddie Shipst
Patterson Shortr
Pittman Smith

Reed Smoot Steiwer Robinson, Ind. Schall Thomas, Okla. Sheppard Shipstead Trammell Shortridge Smith Smoot Steiwer Robinson, Ind. Thomas, Okla. Townsend Trammell Tydings Smith Smoot Steiwer Smoot Steiwer Robinson, Ind. Steiwer Rob

Wagner Walcott Walsh, Mass. Waterman Watson Wheeler White

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. Connally] is necessarily absent because of a death in his family.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the Friendship Citizens Association, of Washington, D. C., opposing any change that would lower the standard now set by the District of Columbia in its child labor law, which was referred to the Committee on the District of Columbia.

He also laid before the Senate resolutions adopted by the Crow Indians, in council assembled at Crow Agency, Mont., commending the Senator from North Dakota [Mr. Frazier] most highly for his efforts and the introduction of legislation in behalf and for the relief of the Indians, which were referred to the Committee on Indian Affairs.

Mr. METCALF presented a memorial of sundry citizens of the State of Rhode Island, remonstrating against present and prospective Federal taxation and praying for retrenchment in governmental expenditures, which was referred to the Committee on Finance.

Mr. VANDENBERG presented a resolution adopted by the common council of the city of Hancock, Houghton County, Mich., in behalf of the people of the Upper Peninsula of Michigan, favoring the imposition of a protective tariff duty on copper, which was referred to the Committee on Finance.

Mr. ROBINSON of Arkansas presented a telegram from the Big Rock Stone & Material Co., John C. Eakin, secretary and treasurer, of Little Rock, Ark., praying that if a sales tax be imposed on ready-mixed concrete it not exceed over 5 cents per cubic yard, which was referred to the Committee on Finance.

He also presented a letter in the nature of a memorial from the American Institute of Park Executives, remonstrating against the 50 per cent surcharge on Pullman fares for the railroads, which was referred to the Committee on Interstate Commerce.

Mr. ASHURST presented a resolution adopted by Harrington Gray Post, No. 5, American Legion, of Miami, Ariz., favoring the making of adequate appropriations for the national defense and protesting against any proposal to reduce the appropriations for the War Department, which was referred to the Committee on Military Affairs.

He also presented resolutions adopted by the city government of Mesa, the Mesa Chamber of Commerce, and the Real Estate Board of Phoenix, in the State of Arizona, favoring the placing of an adequate tariff duty on copper, which were referred to the Committee on Finance.

He also presented memorials of sundry citizens of Tucson, Ariz., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

Mr. WALSH of Massachusetts presented resolutions adopted by the Boston (Mass.) Oil Burner Association, protesting against the imposition of tariffs, taxes, or embargoes on crude petroleum and petroleum products, including fuel oils, which were referred to the Committee on Finance.

He also presented the following resolutions adopted by the Legislature of Massachusetts, which were referred to the Committee on Education and Labor: THE COMMONWEALTH OF MASSACHUSETTS, 1932.

Resolutions memorializing Congress in favor of uniform hours of labor throughout the United States

Resolved, That the General Court of Massachusetts recognizes the grave injustice done to both industry and labor by the great diversity of hours of labor now required or permitted by the laws of the several States of the Union, and respectfully requests the Congress of the United States to propose, and thereafter to submit for ratification to the legislatures of the several States, an amendment to the Constitution of the United States giving to Congress the power, by appropriate legislation, to regulate the hours of labor and to make uniform such hours throughout the United States; and be it further

Resolved, That the secretary of the Commonwealth forward certified copies of these resolutions to the presiding officers of both branches of Congress and to each of the Senators and Representa-

tives in Congress from this Commonwealth.

In house of representatives, adopted March 1, 1932.

In senate, adopted, in concurrence, March 8, 1932.

OFFICE OF THE SECRETARY, Boston, March 10, 1932.

A true copy.

Witness the great seal of the Commonwealth.

[SEAL.]

F. W. COOK,

Secretary of the Commonwealth.

Mr. CAPPER presented memorials of sundry citizens of Chanute, Durham, Lehigh, and Tampa, all in the State of Kansas, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

He also presented petitions of sundry citizens of Glasco and Blue Mound, Kans., praying for the maintenance of the prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Sunflower Study Club, of Glasco; the Woman's Missionary Society of the Alida Evangelical Church, of Junction City; the Ebenezer Sunday School, of Lyons; and the Methodist Sunday School, the Woman's Advance Club, and the local chapter of the Woman's Christian Temperance Union of Blue Mound, all in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, and protesting against the adoption of any measure looking toward its modification or repeal, which were referred to the Committee on the Judiciary.

Mr. KEAN presented a resolution adopted by the Manufacturers' Club of Bloomfield, N. J., favoring the prompt repeal of the eighteenth amendment of the Constitution and the passage of legislation providing for excise taxes on breweries or distilleries as a suitable form of revenue-producing tax to meet governmental Budget requirements, which was referred to the Committee on the Judiciary.

Mr. BARBOUR presented a memorial of sundry citizens of the State of New Jersey, remonstrating against the passage of legislation permitting vivisection, etc., which was referred to the Committee on the Judiciary.

He also presented a petition of 76 citizens, being substitute letter carriers, of Newark, N. J., praying for the passage of the bill (H. R. 6183) to promote substitute postal clerks and carriers, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Rotary Club of Maplewood, N. J., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by members of the Chamber of Commerce of New Brunswick, N. J., protesting against the passage of legislation placing discriminatory taxes on motor vehicles, which was referred to the Committee on Finance.

He also presented memorials of sundry citizens of the State of New Jersey, remonstrating against the passage of House bill 8578, to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War, which were referred to the Committee on Pensions.

He also presented a resolution adopted by Group No. 1081 of the Polish National Alliance of Bayonne, N. J., favoring the passage of legislation providing for proclaim-

ing October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Manufacturers' Club of Bloomfield and vicinity, in the State of New Jersey, favoring the prompt repeal of the eighteenth amendment of the Constitution and the passage of legislation providing for excise taxes on breweries or distilleries as a suitable form of revenue-producing tax to meet governmental Budget requirements, which was referred to the Committee on the Judiciary.

Mr. COSTIGAN presented memorials and papers in the nature of memorials from the First Presbyterian Church, by L. D. Compton, minister, of La Salle, representing 316 members; the Methodist Episcopal Church, by L. E. Cooke, pastor, of Monte Vista, representing 600 people; the Delphian Society of Monte Vista, representing 16 people; the First Baptist Church, of Monte Vista, representing 175 people; the Mesa W. C. T. U., of Pueblo, representing 30 people; the Eaton Baptist Church, of Eaton, representing 150 people; the Mayflower Ladies' Aid Society, by Mrs. Effie Sever, of Englewood; the Hungerford Union (W. C. T. U.), of La Salle, representing 20 people; the Englewood W. C. T. U., of Englewood, representing 26 people; the Presbyterian Church of Monte Vista, representing 365 people; the Monte Vista W. C. T. U., of Monte Vista, representing 42 people; the United Presbyterian Church of Loveland, 97 names being affixed thereto; and 219 citizens of Sterling, all in the State of Colorado, remonstrating against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented a memorial of members of the United Presbyterian Church of Loveland, Colo., remonstrating against the United States becoming involved in the Far Eastern crisis, which was referred to the Committee on Foreign Relations.

He also presented memorials signed by 445 citizens of Denver, Colo., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

Mr. COPELAND presented a resolution adopted by Colonel Willett Council, No. 58, Junior Order United American Mechanics, of Rome, N. Y., favoring the passage of legislation providing for the deportation of undesirable aliens, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Ideal Warrior Democratic Club, of Brooklyn, N. Y., favoring the adoption of a universal 5-day week, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted at the annual meeting of the Marketmen's Association, Port of New York (Inc.), of New York City, favoring the passage of Senate bills 2626, 2627, and 2628, strengthening and clarifying the authority of the Federal Trade Commission in its procedure in holding conferences, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Rochester, N. Y., praying for the passage of legislation granting uniform pensions to veterans and widows and orphans of veterans of all wars, which was referred to the Committee on Pensions.

He also presented a petition of sundry citizens of Syracuse, N. Y., praying for a substantial reduction of armaments as a result of the Geneva conference, which was referred to the Committee on Foreign Relations.

He also presented several memorials of sundry citizens of Buffalo, N. Y., remonstrating against proposed reductions in the wages of postal employees, which were referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted at Utica, N. Y., signed by 267 citizens of Arizona. I ask the by the annual convention of the Associated General Con-

tractors of America, New York State Highway Chapter, protesting against the curtailment of public-improvement programs at this time by the State and Federal Governments, and favoring the making of appropriations for continuing work on public improvements, which was referred to the Committee on Public Buildings and Grounds.

He also presented several resolutions of construction and contracting companies in the State of Wisconsin, favoring an amendment of the present wage act relating to Federal building projects so as to require a stipulation of the wages to be paid and made a part of the advertisement, specifications, and contract, which were referred to the Committee on Public Buildings and Grounds.

He also presented a resolution adopted by the Utica (N. Y.) Chamber of Commerce, favoring the passage of legislation to regulate motor busses and motor trucks engaged in interstate traffic for profit, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of North East, Pa., praying for the passage of legislation abolishing the Federal Farm Board and providing increased prices for agricultural products, which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens of Buffalo, N. Y., praying for the passage of legislation providing for retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Peekskill, N. Y., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented numerous petitions of sundry citizens of the State of New York, praying for the passage of legislation to prohibit experiments upon living dogs in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented petitions of sundry citizens of the State of New York, praying for the passage of legislation providing for the cash payment of World War adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented memorials of several business organizations in the State of New York, remonstrating against the adoption of the so-called sales tax, which were referred to the Committee on Finance.

He also presented a resolution adopted by the New York County Organization of the American Legion, of New York, N. Y., favoring the turning over of all moneys appropriated for the use of the Prohibition Bureau to the War and Navy Departments for the maintenance of the armed forces of the United States, which was referred to the Committee on the Judiciary.

He also presented several memorials, and papers in the nature of memorials, of citizens and temperance and religious organizations in the State of New York, remonstrating against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and praying the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented several resolutions of groups of the Polish National Alliance of the United States, of Buffalo (3 groups), Poughkeepsie, Rochester, and Yonkers, all in the State of New York, favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which were referred to the Committee on the Judiciary.

PROTECTION OF COPPER AND THE COPPER INDUSTRY

Mr. ASHURST. Mr. President, I present a telegram signed by 267 citizens of Arizona. I ask that the same be read at the desk and appropriately referred.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

BISBEE, ARIZ., March 21, 1932.

Senator Henry F. Ashurst, Senator Carl Hayden, Congressman L. W. Douglas,

Washington, D. C .:

General depression prevails temporarily throughout industrial United States, but ever-increasing and relentless ruin is rapidly obliterating the remnants of our domestic copper-mining industry due to the uninterrupted importation of billions of pounds of peon, pauper, and slave labor produced copper.

The million of dependent American citizens throughout our 19 copper-producing States are entitled to most adequate protection comparable with the protection of their economic forbears originally received for half century.

Rigid protection permitted the initiation of copper mining 70 years ago throughout our western area, same now providing 90 per cent of domestic production of copper, the metal that is vitally essential during war as well as peace.

All other domestically produced nonferrous metals are highly protected, copper alone being forced to remain within the free-list realm of unrestricted and merciless competition.

The domestic copper manufacturer has been accorded most solicitous and rigid embargo duty rates, and it is un-American and most viciously discriminatory to deny protection for labor engaged in the production of the highly manufactured domestic copper

Thousands of our local copper miners and their dependents are in abject misery and suffering for want of adequate copper pro-

The undersigned citizens from the greatest copper-producing district within the largest domestic copper-producing State urge you to work unceasingly each passing moment to destroy the free-trade copper menace that is bringing increasing ruin and devas-tation and most unprecedented suffering each hour Congress per-

trade copper menace that is bringing increasing ruin and devastation and most unprecedented suffering each hour Congress permits such a practice to prevail.

J. G. Flynn, president Chamber of Commerce; Joseph P. Hodgson, manager mines; L. T. Buell, accountant; A. R. Gilchrist, Standard Oil Co.; Miners and Merchants Bank, by L. C. Shattuck, president; Spencer Shattuck, vice president; I. F. Burgess, Earnest Beyer, Fred Corrin, J. H. Watson, Joe Muheim, Joseph M. Muheim, Franklin Oliver, Ralph Brandt, Richard Edwards, Chris Kirsch, T. E. Colford, and John Brown, Masonic Lodge; Clarence Wittig, secretary Gilman Jewelry Co.; Lowell Drug Co.; Central Pharmacy, Ed Maher, manager; John Cole, druggist; Elsie Williams, clerk; Frank Riley, attorney; James Maffeo, Lessor Marshall, Hodgson Automobiles; Will Cantner, mining engineer; Vance Marshall, clerk; Nellie Hoy, Bisbee Review; Fred Kenney, sheriff; Stanley Jewell; George Mosher, clerk; Valle Bros. Shoe Hospital; William Imrich, barber; Brehm Bros., jewelry; Adonna Fleming, optometrist; M. Fisher, McClelland Stores; D. Miller, Bisbee florist; Miners's Meat Market; Roundtree Furniture Co.; Miners's Store; Barney Norton, police judge; California Bakery; All-American Protective Association; Clarence Brown, chief of police; Cecil Burns, police department; William Johnson, Piggly Wiggly; Noel Cox, Standard Stations: Arthur Reconni, Standard police judge; California Bakery; All-American Protective Association; Clarence Brown, chief of police; Cecil Burns, police department; William Johnson, Piggly Wiggly; Noel Cox, Standard Stations; Arthur Reconni, Standard Stations; Ivey Pruitt, deputy sherif; Sam Medigovich, plumber; Paul Lorentzen, druggist; C. McDaniel, automobiles; Lowell Plumbing Co.; E. M. Powell, barber; M. Bertrand, diamond driller; Paul O'Bryan, Continental Bakery; Charles Palmer, General Petroleum; Paul Keating, Queen Laundry; C. Johnson, insurance; R. S. Beaton, Queen Laundry; C. W. Ruth, insurance; R. S. Beaton, Queen Laundry; C. W. Ruth, insurance; Stevens Grocery; Arizona Baking Co.; Lowell Grocery; Orens's Garage; Waters Shoe Shop; Market Garage; Banks Grocery; Lowell Fruit Market; John Wood, lumberman; Emil Marks, lumberman; F. C. Fenderson, lumberman; Emil Marks, lumberman; F. C. Fenderson, lumberman; Lucy Carretto, bookkeeper; Charley Allen, Standard Furniture; Johanna Allen, bookeeper; Will Cooper, salesman; Brophy Garage; Krebs Auto Co.; Southern Arizona Auto Co.; Ben Kelly, Brophy Garage; J. A. Hildreth, automobiles; A. F. Sword, contractor; M. W. Goar, clerk; C. Thomson, Brophy Garage; Scott Schaeffer, Bisbee Review; Elmer Zumwalt, mechanic; William Thomp-threen service station; I. I. Voung contractor: Evinger fer, Bisbee Review; Elmer Zumwalt, mechanic; S. Beach, mechanic; Howard Griffin, mechanic; William Thompkinson, service station; J. L. Young, contractor; Ewing Barber Shop; Ed Chipman, barber; Independent Fuel & Feed: Palace Undertaking Co.; Tom Rushing, barber Shop; R. Stout, barber; S. Anderson, barber; Eugene Stevens, electrical dealer; Louis Rupp, insurance; Bertram Smith, insurance; A. S. Ortman, policeman; J. C. Penney Co.; E. B. Wallace, merchant; L. Jackson, insurance; Harry Warren, teacher; Marko Bendersch, Coffee Market; Harry Warren, teacher; Marko Benderach, Coffee Market; M. Egnell, merchant; B. S. Cotner, buyer, Gunner Johnson, D. T. Komneuich, Arizona Baking; John Caretto, Harley Cox, board supervisors; M. N. Brinson, clerk; Mrs. R. M. Thursby, saleslady; Luella Snodgrass, beauty operator; Al Clomtner, Hilmans Cigar Store; Coney Island Shop; Howard Barkell, clerk; Samuel Wilner, merchant;

W. E. Lane. John Pecanic, J. Walker, merchants; W. Gibson, electricity; A. Riley, clerk; Lillian Walsegal; A. Stapleton; Roy Lyons; Ruel White, H. Wirtz; W. Rosenthal; George Alfred; J. Wilson; Arvon Chachere; Nora Shapleigh; H. Grissom; Phil Yared; A. Adams; Dayton Warner; M. Bateman; H. E. Wootton; Frank Dolan; H. Mathewson; H. Ween; M. Mayer; Maimer Reindinger, Bena Petroli; James Lee; J. Welborn; J. Patrick; Mark John; John McCormick; H. Johnson; H. C. Ragsdale; John W. Ball; C. C. Cosper; J. G. McGregor; Clarence Malley; Earnie Johnson; R. S. Todd; J. Kruger; Frank Hirsch; Chris Bartch; Franz Kristovich; Peter Pradanovich; A. Karam; Howard Elunt; Will's Gillespie; Dave Foster; Queen Hotele Murray; J. C. Pidgeon; R. W. Hagan; W. V. Lester; John Dickenson; W. P. Shelton; J. C. Bogert; F. E. Lawrence; Irving Miller; Claude Bergquist; James Cox; Stanley Bickle; H. A. Crane; C. F. Sage; Mrs. M. G. Kobey; Joe Kobey; R. B. Holton

Mr. SHORTRIDGE. Mr. President, I have listened to the reading of the telegram from constituents of our distinguished friend and I very heartily concur in their conclusions. I assume the distinguished Senator from Arizona will cooperate to bring about adequate protection against imported copper.

Mr. ASHURST. I shall, indeed. Mr. SHORTRIDGE. I am very glad to hear that.

Mr. NORRIS. Mr. President, the part of the telegram which I hope the Senator from California as well as the Senator from Arizona will observe is where they are directed to "work unceasingly every passing moment." [Laughter.]
The VICE PRESIDENT. The telegram will be referred

to the Committee on Finance.

### REDUCTION OF FEDERAL EXPENDITURES

Mr. BINGHAM. Mr. President, I present a petition signed by about 500 citizens of Norwich, Conn. It is very brief and very striking. I ask that it may be read at the clerk's desk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read, as requested.

The petition was read and referred to the Committee on Appropriations, as follows:

NORWICH, CONN. On account of the present deplorable condition of business the country over, we, the undersigned, desire to herewith record our protest against the present and prospective Federal taxation and to further record our conviction that the cost of maintaining the Federal Government must and shall be drastically reduced.

Reports relative to the financial condition of the Government indicate a deficit of more than \$2,000,000,000.

The commercial organizations of the country, facing a similar situation, have already radically reduced their costs as a necessary and sound economic measure to pursue.

We therefore respectfully petition you, as our representative, to use your best efforts toward:

(1) Securing an early and thorough reduction of the Federal

salary and wage scale;
(2) Eliminating duplication of activities; and
(3) Eliminating every bureau, position, and function of the Federal service that is not in accord with strict economy. Respectfully,

BRUCE F. ROGERS (and others).

Mr. BINGHAM. Mr. President, in connection with the petition just read for the elimination and reduction of Government bureaus, I ask unanimous consent to have inserted in the RECORD at this point a brief table showing how one bureau has grown from 1913, when it spent \$21,936, to 1914, when it spent \$25,640, to 1932, when it is estimated that it will spend \$395,500. The bureau referred to is the Children's Bureau in the Department of Labor. I presume every Senator has received telegrams and letters protesting against the reduction of \$100,000 in the appropriation for that bureau which has been recommended by the Senate Committee on Appropriations.

As a matter of fact, Mr. President, these figures, I think, show that executive bureaus do grow, even when we are unsuspicious of them and that a reduction in their expenditures will not be entirely lacking in public interest and appreciation.

The VICE PRESIDENT. Without objection, the table presented by the Senator from Connecticut will be printed in the RECORD.

The table is as follows:

How bureaus grow-Appropriations of the Children's Bureau, Department of Labor

Fiscal year	Salaries and expenses, including bonus and classifica- tion	Enforce- ment of child labor law	National security and defense <sup>1</sup>	Maternity and infancy, including bonus and classifica- tion	Total
1913	\$21, 936			19911	\$21,93
1914	25, 640				25, 64
1915	161, 265				161, 26
1916	164, 640			100000000000000000000000000000000000000	164, 64
1917	164, 640	\$50,000			214, 64
	280, 581	100,000			380, 58
1010	283, 610	1 125, 000	2250 000		658, 61
1000	310, 008	- 120,000			310, 00
1001	294, 874				294, 87
1000	295, 476		(T-0.10) (T-0.11) (T-0.11) (T-0.11)	\$490,067	785, 54
1000	339, 829	200000000000000000000000000000000000000		1, 241, 600	1, 581, 42
1923	341, 906			1, 241, 692	1, 583, 59
000	325, 900			1, 007, 092	1, 332, 99
	313, 000			1, 000, 000	1, 313, 00
	288, 625	The second secon		1, 055, 900	1, 344, 52
1927				1, 086, 086	1, 386, 08
	300,000				1, 408, 00
1929	300,000			1, 108, 000	1, 200, 00
1930	320, 200				
1931	368, 000				
1932	395, 500				
1933	395, 500				

1 The \$250,000 under "National security and defense" was from the President's fund

in 1919.

The appropriation for enforcement of child labor law, 1919, \$125,000, was not used as the child labor law was declared unconstitutional before the appropriation became

Mr. FLETCHER. I have here a petition signed in triplicate by certain residents of Coral Gables, Fla., which, through the secretary of the Coral Gables Chamber of Commerce, has been forwarded to me. I ask that the body of the petition be printed in the RECORD, without the signatures, and that it be referred to the Appropriations Committee.

The petition was referred to the Committee on Appropriations and the body thereof was ordered to be printed in the RECORD, as follows:

We respectfully petition you, as our representative, to bring to bear all the effort and pressure at your command to effect the following results:

 A thorough reduction of the Federal salary and wage scale.
 The elimination of all Government positions and functions which constitute a duplication of the position or function in another department or bureau.

3. The elimination of every bureau, position, and function of the Federal service the maintenance of which is not consonant

with strictest economy.

In brief we hereby record our conviction that Congress and other Government officials must find ways and means to reduce taxes, and that such reduction must come about principally through a wholesale reduction in the expenditures of the Federal Government.

We are very much in earnest in asking you to use every effort inaugurate and continuously support the program we have

#### PROPOSED FINANCING OF CREDIT SALES ABROAD OF COTTON AND WHEAT

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD and appropriately referred a telegram from the Savannah (Ga.) Cotton Exchange, protesting against the proposal made Friday or Saturday of last week by the Secretary of Agriculture, Mr. Hyde, to divert \$125,000,000 from farm loans to the Federal Farm Board for the purpose of financing credit sales of cotton and wheat abroad.

There being no objection, the telegram was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

SAVANNAH, GA., March 19, 1932.

Senator Walter F. George, Washington, D. C.

Whereas information has reached this exchange as follows: The Federal administration proposes to divert \$125,000,000 from farm loans to Federal Farm Board to finance credit sales of cotton and wheat abroad: and

Whereas the farm loan of \$200,000,000 was intended to be used whereas the farm roan to account of the same and not for marketing financing of the small percentage of the farmers connected with Farm Board affiliates; and

Whereas the proposal would result in killing the sale of all cotton

and wheat owned by farmers until the Farm Board stocks had first | manship of this kind which Senator Duncan U. Fletcher has ex-

supplied all demand equal to Farm Board stock thus disposed of; and

Whereas the money voted to relieve the farmers would be diverted to the purpose of helping Farm Board affiliates to unload their stock first, leaving the 80 to 90 per cent of the farmers not affiliated with organizations financed by the Farm Board to "hold

the bag"; and
Whereas the farm-relief money was voted to relieve the farmers

and not the Farm Board and its affiliates; and
Whereas the proposal is direct discrimination against American consumers in that it finances with the money of American farmers the foreign consumers who compete with our American consumers for these raw materials produced by American farmers; and

Whereas the price of wheat and cotton will immediately reflect this curtailed demand with a corresponding decline in the already low price to the further injury of our farming population: Therefore be it

Resolved by the members of the Savannah Cotton Exchange in meeting assembled, That, first, we strongly protest against the pro-posal as outlined in article contained in Savannah Evening Press posal as outlined in article contained in Savannah Evening Press of March 18, entitled "U. S. Plans Big Sales Campaign"; second, that a copy of these resolutions be wired to Secretary of Agriculture Hyde with a request that the program be definitely abandoned; third, that copies be wired to Georgia Senators and Representatives in Congress with request that they use every effort to defeat any such program; fourth, that copies be wired to all cotton exchanges requesting similar action on their part.

SAVANNAH COTTON EXCHANGE,

BONETT PERRIN President

ROBERT PERRIN, President.

#### TRIBUTE TO SENATOR FLETCHER

Mr. TRAMMELL. Mr. President, in a number of Florida newspapers there has appeared a very fitting and appropriate tribute to my colleague the senior Senator from Florida [Mr. Fletcher]. It is written by Dr. Harry Block, of Miami, Fla. I desire that this tribute may be printed in the main body of the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

A TRIBUTE TO HON. DUNCAN U. FLETCHER, FLORIDA'S SENIOR UNITED STATES SENATOR

#### By Dr. Harry Block

A self-perfecting vitality, as Carlyle defines it, prompts men to read and think and work incessantly. To grow mentally is primarily a matter of the will. The process of unfolding does not come of itself along with the passing of the years; it is the result of striving. "Possunt quia posse videntur"—success comes to those who are resolved to succeed. Great men have a trait in common—they continually display consciously directed efforts to increase their powers, thus growing year by year to the fulfillment of their capacities. They reflect upon their experiences and draw conclusions from them. They not only achieve power from assirconclusions from them. They not only achieve power from aspiring to something but declare themselves upon occasion and exert their influence in the world. What elevates man to the highest strata of achievement and character? Not alone a character well balanced or a temperament well ordered or a mind well discipaired of a temperament wen ordered of a mind wen disci-plined but rather a genuine effusion of cooperation, of generous and single-minded devotion to the loftiest of human ideals— namely, service to our fellow beings through the pursuit of truth and the maintenance at all times of intellectual and spiritual endeavor and accomplishment.

We must not deny ourselves the privilege of participating in the We must not deny ourselves the privilege of participating in the honor of paying tribute to the character and achievements of Hon. Duncan U. Fletcher, a type precious as it is rare. Let us pause and reflect upon the courage and fortitude with which he has gone forth in his official work at Washington—the American merchant marine, emergency-credit expansion, rallroad-freight rates, exemption of Panama Canal tolls of United States vessels, the tariff, child labor. How often has he remarked of them the bold and timely and fitting word when timeservers and sycophants were defaming the truth to serve the hour and themselves. Great services are these—great in their beneficence to mankind—yet great as they are they seem parochial when contrasted with his profound as they are they seem parochial when contrasted with his profound conception of justice and character. His life has been exceedingly

simple and his wants few and modest.

In one of his public addresses he remarks as follows: The public desire and have a right to require that the official holding its power of attorney shall stand steadfastly for the welfare of the people—yield to no pressure, whether of particular friends or powerful political or financial influences that would friends or powerful political or inflation inflations that whole people. The fidelity they have a right to insist on is of that positive, aggressive, vigilant kind which means something more than complacently moving along lines of least resistance. The honesty they placently moving along lines of least resistance. The honesty they have a right to demand is of that broad nature which means something more than keeping out of jail. Honesty, courage, and ability, in the order named, are the qualities demanded in the high official position."

It is the mission of statesmanship to search among the treasures for the best possible answer to present requirements and to recognize that from age to age ideas are more or less constant in the world mind, but that their value varies from decade to decade according to their usefulness at the present moment. It is states-

emplified in our time. As the man, he has become the picturesque embodiment of purity of life and nobility of thought, whose quickly sensitive and highly gifted mind has been played upon by the deeper inclinations which are shaping the rapidly moving events of our times. His faith is unshakable, his love for God and man strong, and his devotion to right and justice constant. Ancient Athens might have beckoned us to reflect upon Pericles. Ancient Rome might have summoned Cæsar as a witness. But here we have the man indifferent to recognition reward, or fame. here we have the man indifferent to recognition, reward, or fame, who, with undaunted fear and loyally reverent to the principles of righteousness, illimitably labors for the common good—regard-

less of race, creed, or religion.

And here in the arena of life there is many a noble encounter And here in the arena of life there is many a noble encounter for the man of heroic spirit and judicious mind. His 30 or more years of public service surpass the span of the 20-year war that Ulysses had fought and of his years of adventure that followed. It was at the expiration of those 20 years that Ulysses spoke in words that might well be those of Senator Duncan U. FLETCHER—
"Some work of noble note may yet be done not unbecoming men that strive with God."

He has given us meant things but above all he has given us the

He has given us many things, but above all he has given us the influence and example of his manhood and character.

#### REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Indian Affairs, submitted a supplemental report (No. 202, pt. 2) to accompany the bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimant on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to direct the issuance of a patent to the Pueblo of Taos for certain lands described herein, and for other purposes, heretofore reported from that committee with an amendment.

Mr. ROBINSON of Indiana, from the Committee on Pensions, to which was referred the bill (H. R. 9575) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and so forth, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, reported it with amendments and submitted a report (No. 437) thereon.

Mr. THOMAS of Idaho, from the Committee on Irrigation and Reclamation, to which was referred the resolution (S. Res. 177) authorizing an investigation of the subject of the utilization of the water resources of the Sacramento, San Joaquin, and Kern Rivers in California, reported it without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

# EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of Watt H. Gragg, of North Carolina, to be United States marshal, middle district of North Carolina, to succeed Joseph John Jenkins, whose term expired January 11, 1932

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

## BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WATSON:

A bill (S. 4140) authorizing the continuance of Francis A. Sebring as clerk of the police court of the District of Columbia; to the Committee on Civil Service.

By Mr. GEORGE:

A bill (S. 4141) for the relief of Ralp LaVern Walker; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 4142) for the relief of A. E. Shelley; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

A bill (S. 4143) for the relief of James C. Bearskin; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 4144) for the relief of W. P. Fuller & Co.; to the Committee on Claims.

A bill (S. 4145) to amend the naval record of Ralph Timothy Sullivan; to the Committee on Naval Affairs.

A bill (S. 4146) to authorize the presentation of distinguished-service crosses to certain participants in the engagement at Iloilo, P. I., in 1899; and

A bill (S. 4147) authorizing the Secretary of War to lend certain Army equipment to the Foresters of America for use at a boys' encampment to be held in the Sierra Nevadas from June 1 to September 30, 1932; to the Committee on Military

#### By Mr. VANDENBERG:

A bill (S. 4148) to permit the United States to be made a party defendant in certain cases; to the Committee on the Judiciary.

By Mr. WALSH of Massachusetts:

A bill (S. 4149) authorizing the pay of warrant officers on the retired list for transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who served as commissioned officers during the World War; to the Committee on Naval Affairs.

By Mr. BARBOUR:

A bill (S. 4151) granting an increase of pension to James B. Romaine (with accompanying papers); to the Committee

By Mr. BANKHEAD:

A bill (S. 4152) granting a pension to Paul A. Thornton (with accompanying papers); to the Committee on Pensions. By Mr. McKELLAR:

A bill (S. 4153) granting a pension to Effie Sharpe (with accompanying papers); to the Committee on Pensions.

By Mr. HALE:

A bill (S. 4154) granting an increase of pension to Etta J. Ferguson (with accompanying papers); and

A bill (S. 4155) granting an increase of pension to Josie M. Smart (with accompanying papers); to the Committee on

By Mr. NORRIS:

A bill (S. 4156) to provide for alternate jurors in certain criminal cases:

A bill (S. 4157) to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws;

A bill (S. 4158) to provide for the punishment of certain crimes against the United States; and

A bill (S. 4159) regulating procedure in criminal cases in the courts of the United States; to the Committee on the Judiciary.

By Mr. CAPPER:

A bill (S. 4160) granting an increase of pension to Ellen M. Thomas (with accompanying papers); to the Committee on

By Mr. ROBINSON of Indiana:

A bill (S. 4161) to amend the act of June 2, 1930, entitled "An act granting pensions and increase of pensions to certain soldiers, sailors, and nurses of the war with Spain, the Philippine insurrection, or the China relief expedition, and for other purposes"; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 4162) granting an increase of pension to William E. McIntosh; to the Committee on Pensions.

By Mr. COSTIGAN:

A bill (S. 4163) for the relief of Paul Ward Beck (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 4164) granting a pension to William A. Walters (with accompanying papers); to the Committee on Pensions. By Mr. NYE:

A bill (S. 4165) to remove existing discriminations incident to certain land grants and to subject them to the same conditions that govern other land grants of their class; to the Committee on Public Lands and Surveys.

By Mr. GORE:

A bill (S. 4167) to regulate the sale of cotton owned or financed and controlled by the Federal Farm Board, and for other purposes; and

A bill (S. 4168) to regulate the sale of wheat owned or financed and controlled by the Federal Farm Board, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. COPELAND:

A bill (S. 4169) relative to the citizenship of minor children, and for other purposes; to the Committee on Immigration.

By Mr. WALSH of Massachusetts:

A joint resolution (S. J. Res. 126) directing the President of the United States of America to proclaim March 5 of each year Crispus Attucks Memorial Day for the observance and commemoration of the death of Crispus Attucks; to the Committee on the Judiciary.

### AMENDMENT OF FARM LOAN BANK ACT

Mr. BORAH. Mr. President, I desire to introduce a bill in the way of an amendment to the Federal farm loan act; and I beg the indulgence of the Senate for a few moments while I explain it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Idaho will be recognized.

The bill (S. 4150) to amend article 9, section 12, of an act entitled "An act to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes," passed and approved July 17, 1916, was read twice by its title.

Mr. BORAH. Mr. President, according to the terms of the act of January 23, 1932, it is provided that—

The sum of \$25,000,000 of the amount authorized to be appropriated under section 5 of this act, as amended, shall be used exclusively for the purpose of supplying any bank with funds to use in its operations in place of any amounts of which such bank may be deprived by reason of extensions made as provided in this paragraph.

It was supposed that under this act a more liberal policy would be pursued with reference to defaulting mortgagors. It does not seem that any more liberal policy has yet been inaugurated.

The farm-land banks are now demanding chattel mortgages upon the anticipated crops of the farmers. That of itself seems to me harsh. But not only are they asking for mortgages but they are asking for 8 per cent interest.

I undertake to say that there is literally no hope for the farmer if he must pay interest upon the mortgage on his land at the rate now required, and also pay 8 per cent interest upon the default.

It is claimed by the farm-loan people that they are required to charge that rate because of the terms of article 9, section 12, which reads:

Every borrower shall pay simple interest on defaulted payments at the rate of 8 per cent per annum, and by express covenant in his mortgage deed shall undertake to pay—

And so forth. This section provides in both instances, on default, for 8 per cent interest.

The amendment I am proposing would make the interest not to exceed 6 per cent. If I find I have the support I shall make the rate lower. This article 9, section 12, was undoubtedly placed in the law in the first instance in the way of a penalty to prevent the farmer from permitting defaults where he could possibly obviate them, but the conditions which now confront the farmer are such that he can not control that matter, and the object and purpose of putting the rate at 8 per cent can not be accomplished under the

circumstances which exist at the present time. He is penalized for something he can not control.

I understand that at present we are lending money, under the Reconstruction Finance Corporation act, at 5 to  $5\frac{1}{2}$  and 6 per cent. I can see no reason, if that be true, why it would not be within reason and justice and equity to amend the farm loan act so as to permit the farm-loan banks to take this default security at a rate not to exceed 5 or 6 per cent.

I offer this amendment, and ask that it be referred to the Committee on Banking and Currency. I do not know whether it covers the entire subject. In the time I have had to prepare it, I may have overlooked some of the other provisions of the act which need correction, but, in my opinion, from the study I have been able to give to it, it does cover the subject.

The VICE PRESIDENT. The bill will be referred to the Committee on Banking and Currency.

#### RELIEF OF JAMES M. GRIFFIN

Mr. JOHNSON introduced a bill (S. 4166) for the relief of James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, and for other purposes, which was read twice by its title and (with the accompanying papers) referred to the Committee on Commerce and ordered to be printed in the Record, as follows:

A bill (S. 4166) for the relief of James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, and for other purposes

Be it enacted, etc., That the General Accounting Office is hereby authorized and directed to credit the accounts of Mr. James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, in the amount of \$360.27, which sum represents the aggregate of payments made during the fiscal year 1930 by said disbursing officer on account of travel performed by civilian officers and employees of the Coast and Geodetic Survey, and which sum has been disallowed by the Comptroller General as follows: On voucher No. 96675, to Deck Officer John C. Ellerbe, jr., \$7.65; on voucher No. 96713, to Deck Officer J. S. Morton, \$7.35; on voucher No. 96711, to Mate F. E. Okeson, \$14.37; on voucher No. 96818, to Deck Officer to Mate F. E. Okeson, \$14.37; on voucher No. 96818, to Deck Officer I. R. Rubottom, \$4.10; on voucher No. 96412, to Deck Officer J. C. Tison, \$4.20; on voucher No. 96626, to Deck Officer J. C. Tribble, \$7.45; on voucher No. 96649, to Deck Officer K. S. Ulm, \$4.40; on voucher No. 95340, to Deck Officer K. S. Ulm, \$4.65; on voucher No. 96241, to Deck Officer H. C. Walker, \$6.55; on voucher No. 97132, to Deck Officer E. B. Brown, \$4.65; on voucher No. 97150, to Chief Engineer H. Ely, \$42.35; on voucher No. 97151, to Chief Engineer H. Ely, \$12.30; on voucher No. 98186, to Deck Officer E. L. Jones, \$2.64; on voucher No. 97492, to Deck Officer R. A. Marshall, \$3.25; on voucher No. 97642, to Associate Geodetic Engineer W. Mussetter, \$9.75; on voucher No. 97175, to Deck Officer F. Natella. \$11.55; on voucher No. 97642, to Associate Geodetic Engineer W. Mussetter, \$9.75; on voucher No. 97175, to Deck Officer F. Natella, \$11.55; on voucher No. 98184, to Deck Officer C. R. Reed, \$2; on voucher No. 97020, to Deck Officer M. G. Ricketts, \$3; on voucher No. 98183, to Deck Officer W. C. Russell, \$2.10; on voucher No. 98313, subvoucher No. 250, to C. Sylar Hand, \$33.54; on voucher No. 96989, to Deck Officer J. C. Tribble, \$5.35; on voucher No. 99316, subvoucher No. 16, to Deck Officer M. A. Hecht, \$10.42; on voucher No. 99684, to Assistant Marine Engineer W. R. McLaughlin, \$4; on voucher No. 98585, to Junior Engineer E. R. Martin, \$3.70; on voucher No. 99157, to Deck Officer J. S. Morton, \$14.21; on voucher voucher No. 99157, to Deck Officer J. S. Morton, \$14.21; on voucher No. 99933, to Associate Geodetic Engineer W. Mussetter, \$8.25; on voucher No. 98776, subvoucher No. 240, to Seaman W. R. Norton, \$10.20; on voucher No. 99414, to Mate F. E. Okeson, \$9.86; on voucher No. 99261, to Deck Officer F. Natella, \$16.16; on voucher No. 101243, to Surgeon F. J. Soule, \$50.75; on voucher No. 101138, to Junior Engineer E. R. Martin, \$7; and on voucher No. 101084, to Seaman J. M. Narrow, \$18.58: Provided, That the civilian officers and employees named herein shall not be required to make any refunds to the Government on account of payments made to carriers for travel furnished by the Government on transportation requests in connection with the vouchers listed herein as follows: Deck Officer John C. Ellerbe, jr., transportation requests Nos. C-71170, 71211, 71219, 71220, in the total amount of \$138.82; Mate F. E. Okeson, transportation requests Nos. C-71233, 71234, in the total amount of \$49.42; Deck Officer I. R. Rubottom, transportation requests Nos. C-71017, 71018, 71055, 71057, 71058, 71059, 71060, in the total amount of \$175.93; Deck Officer J. C. Tison, transportation request No. C-71214, in the amount of \$11.85; Deck Officer K. S. Ulm, transportation requests Nos. C-71212, 71213, 71216, cer K. S. Ulm, transportation requests Nos. C-71212, 71213, 71216, 71217, in the total amount of \$168.11; Deck Officer K. S. Ulm, transportation request Nos. C-70768, in the amount of \$6.05; Deck Officer H. C. Walker, transportation request Nos. C-71215, in the amount of \$6.05; Deck Officer E. B. Brown, transportation requests amount of \$6.05; Deck Officer E. B. Brown, transportation requests Nos. C-70720, 71226, in the total amount of \$11.89; Chief Engineer H. Ely, transportation requests Nos. C-70638, 70639, 70636, in the total amount of \$509.49; Deck Officer R. A. Marshall, transportation request No. C-71133, in the amount of \$6.05; Deck Officer J. S. Morton, transportation requests Nos. C-70990, 71199, 71226, 71231, in the total amount of \$52.01; Associate Geodetic Engineer W. Mussetter, transportation requests Nos. C-70724, 70725, 70726, in the total amount of \$41.42; Deck Officer E. Notella, transportation requests Nos. C-70724, 70725, 70726, in the total amount of \$41.42; Deck Officer E. Notella, transportation in the total amount of \$41.43; Deck Officer F. Natella, transportation requests Nos. C-71230, 71271, in the total amount of \$56.73; Deck Officer C. R. Reed, transportation request No. C-71369, in the amount of \$6.05; Deck Officer M. G. Ricketts, transportation request No. C-70929, in the amount of \$6.05; Deck Officer W. C. Russell, transportation request No. C-71369, in the amount of \$6.05; Deck Officer J. C. Tribble, transportation requests Nos. C-70927, 70928, in the total amount of \$15.75; Deck Officer M. A. Hecht, transportation request Nos. C-71275, in the amount of \$28.41; Assistant Marine Engineer W. R. McLaughlin, transportation requests Nos. C-70865, 70866, in the total amount of \$43.49; Junior Engineer E. R. Martin, transportation requests Nos. C-70828, 70829, in the total amount of \$37.04; Deck Officer J. S. Morton, transportation requests Nos. C-71332, 71333, in the total amount of \$100.84; Associate Geodetic Engineer W. Mussetter, transportation requests Nos. C-71421, 71422, in the total amount of \$41.63; Mate F. E. Okeson, transportation requests Nos. C-71431, 71432, in the total amount of \$17.67; Deck Officer F. Natella, transportation requests Nos. C-71434, 71435, 71436, in the total amount of \$57.21; and Surgeon F. J. Soule, transportation requests Nos. C-71022, 71023, in the total amount of \$41.64. tion requests Nos. C-71230, 71271, in the total amount of \$56.73; |

The accompanying papers were referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

STATEMENT TO ACCOMPANY DRAFT OF LEGISLATION FOR THE RELIEF OF MR. JAMES M. GRIFFIN. DISBURSING AGENT, UNITED STATES COAST AND

This proposed legislation authorizes and directs the General Accounting Office to credit the accounts of Mr. James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, in the amount of \$361.33, which sum represents the aggregate of payments made by him during the fiscal year 1930 to various civilian officers and employees of the Coast and Geodetic Survey as reimbursement of expenses incurred in travel in connection with the

field work of that bureau under orders signed by the director.

The legislation also provides that the various-named civilian officers and employees shall not be required to make refund to the Government on account of payments which have been made by Mr. Griffin to the carriers for travel furnished by the carriers on transportation requests in connection with the same accounts upon which the disallowances were made by the General Account-

ing Office.

The legislation, if enacted, will involve no appropriation, but

The legislation, if enacted, will involve no appropriation, but only a credit for money already expended.

While the accounts will be taken up individually later, one general statement will apply to all. The disallowances were made by the General Accounting Office and have been sustained by the Comptroller General upon the grounds that the orders directing the travel were signed by the Director of the Coast and Geodetic Survey and had not been approved by the head of the department. The General Accounting Office ruled that even though the travel was in connection with the regular field work of the bureau, and the civilian officers and employees named were not appointed to was in connection with the regular field work of the bureau, and the civilian officers and employees named were not appointed to positions at a particular place, the movements called for in the orders directing the travel constituted transfers from one duty station to another within the meaning of section 2 of the act of December 30, 1928, id., 1055.

It should be stated that the same procedure in regard to orders directing the travel was followed as has been followed for years; namely, the orders were written by the director in accordance with regulations approved by the Secretary of Commerce for the government of the Coast and Geodetic Survey.

The first intimation from the General Accounting Office to

for the government of the Coast and Geodetic Survey.

The first intimation from the General Accounting Office to the effect that travel such as had been performed by these civilian officers and employees constituted transfer from one official station to another in accordance with the intent of the act of December 22, 1927 (45 Stat. 50), and section 2 of the act of December 30, 1928, id. 1055, was in the notices of exception taken by the General Accounting Office to the accounts of Mr. Griffin for the quarter ending December 31, 1929. These notices of exception were dated April 22, 1930. Immediately upon receipt of these notices of exception the necessary steps were taken to have all orders issued subsequent to that date approved by the head of the department, but all such orders issued prior to that head of the department, but all such orders issued prior to that date and included in the accounts of Mr. Griffin for the quarters ending December 31, 1929, March 31, 1930, and June 30, 1930, had not been so approved and exceptions were taken to all of them by the General Accounting Office.

them by the General Accounting Office.

The field work of the Coast and Geodetic Survey by its very nature requires almost constant travel of personnel. A particular project in any given locality will require the presence of personnel for such length of time as is necessary for the completion of the work. Upon its completion, work in another locality will be taken up necessitating the travel of the personnel some of whom are included in the category of civilian officers and employees, to the location of the new project. Without entering into a discussion as to whether this travel constitutes transfers within the meaning of the statutes cited, it may be stated that the General Accounting Office so regards it and the procedure outlined by them must be followed.

Under orders dated November 13, 1929, Deck Officer John C. Ellerbe, jr., traveled from Washington, D. C., to San Francisco, Calif. In addition to the amount of \$7.65 which was paid Deck Officer Ellerbe by Mr. Griffin and which amount has been disallowed by the General Accounting Office, railroad transportation and pullman accommodations from Washington, D. C., to

San Francisco, Calif., on transportation requests Nos. C-71170, C-71211, C-71219, and C-71220, in the total amount of \$138.82, were furnished. As the disbursing agent of the Coast and Geodetic Survey has reimbursed the carriers for these railroad and pullman accommodations, Deck Officer Ellerbe will be called upon to refund the amount stated unless this legislation is

In the following cases, which are identical in principle with the one stated above, only the dates of orders and amounts involved will be given.

Under orders dated November 13, 1929, Deck Officer Jeremiah S. Morton traveled from Washington, D. C., to Norfolk, Va. As no transportation was furnished on transportation requests, relief is necessary only in the amount of \$7.35, which has been disallowed in the accounts of Mr. Griffin.

in the accounts of Mr. Griffin.

Under orders dated December 7, 1929, Mate Franz E. Okeson traveled from Norfolk, Va., to Miami, Fla. In this case the amount of \$14.37 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$49.92 were furnished on transportation requests Nos. C-71233 and C-71234.

Under orders dated November 6, 1929, Deck Officer Ira R. Rubottom traveled from Norfolk, Va., to San Francisco, Calif. In this case the amount of \$4.10 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$175.93 were furnished on transportation requests Nos. C-71017, C-71018, C-71055, C-71057, C-71058, C-71059, and C-71060.

Under orders dated November 14, 1929, Deck Officer James C. Tison, jr., traveled from Washington, D. C., to Norfolk, Va. In this case the amount of \$4.20 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$11.85 were furnished on transportation request No. C-71214.

C-71214.

Under orders dated November 13, 1929, Deck Officer John C. Tribble, jr., traveled from Washington, D. C., to Norfolk, Va. As no transportation was furnished on transportation requests relief is necessary only in the amount of \$7.45, which has been disallowed in the accounts of Mr. Griffin.

Under orders dated November 13, 1929, Deck Officer Kenneth S. Ulm traveled from Washington, D. C., to Seattle, Wash. In this case the amount of \$14.40 has been disallowed in the accounts of Mr. Griffin and transportation and Pullman accommodations in

Mr. Griffin, and transportation and Pullman accommodations the amount of \$168.11 were furnished on transportation requests Nos. C-71212, C-71213, C-71216, and C-71217.

Under orders dated September 20, 1929, Deck Officer Kenneth S. Ulm traveled from Washington, D. C., to Norfolk, Va. In this case the amount of \$4.65 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$6.05 were furnished on transportation request No.

Under orders dated November 13, 1929, Deck Officer Harry C. Walker traveled from Washington, D. C., to Norfolk, Va. In this case the amount of \$6.55 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$6.05 were furnished on transportation request No. C-71215.

C-71215.

Under orders dated December 26, 1929, Deck Officer Edward B. Brown, jr., traveled from Washington, D. C., to New York, N. Y. In this case the amount of \$4.65 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$11.89 were furnished on transportation requests Nos. C-70720 and C-71226.

Under orders dated July 16, 1929, Chief Engineer Harry Ely traveled from Manila, P. I., to Washington, D. C. In this case the amount of \$42.35 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$509.49 were furnished on transportation requests Nos.

amount of \$509.49 were furnished on transportation requests Nos. C-70638, C-70639, and C-70686.

Under orders dated December 27, 1929, Chief Engineer Harry Ely traveled from Baltimore, Md., to New York, N. Y. As no transportation was furnished on transportation requests, relief

transportation was furnished on transportation requests, relief is necessary only in the amount of \$12.30, which has been disallowed in the accounts of Mr. Griffin.

Under orders dated March 5, 1930, Deck Officer Edmund L. Jones traveled from Washington, D. C., to Norfolk, Va. As no transportation was furnished on transportation requests, relief is necessary only in the amount of \$2.64, which has been disallowed in the accounts of Mr. Griffin

the accounts of Mr. Griffin.

Under orders dated January 15, 1930, Deck Officer Robert A.

Marshall traveled from Norfolk, Va., to Washington, D. C. In this case the amount of \$3.25 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in amount of \$6.05 were furnished on transportation request No. C-71133.

Under orders dated November 30, 1929, Deck Officer Jeremiah S. Under orders dated November 30, 1929, Deck Officer Jeremiah S. Morton traveled from Norfolk, Va., to New Orleans, La. In this case the amount of \$3.94 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$52.01 were furnished on transportation requests Nos. C-70990, C-71199, C-71226, and C-71231.

Under orders dated March 20, 1929, November 21, 1929, and December 17, 1929, Associate Geodetic Engineer William Mussetter traveled from Havana, Ill., to Washington, D. C. In this case the amount of \$9.75 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount.

and transportation and Pullman accommodations in the amount

of \$41.43 were furnished on transportation requests Nos. C-70724, C-70725, and C-70726.

Under orders dated January 7, 1930, Deck Officer Fred Natella traveled from Washington, D. C., to Everglades, Fla. In this case the amount of \$11.55 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$56.73 were furnished on transportation requests Nos. C-71230 and C-71271.

Under orders dated March 5, 1930, Deck Officer Clarence R. Reed traveled from Washington, D. C., to Norfolk, Va. In this case the amount of \$2 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$6.05 were furnished on transportation request No. C-71369.

Under orders dated December 26, 1929, Deck Officer Max G. Ricketts traveled from Norfolk, Va., to Washington, D. C. In this case the amount of \$3 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$6.05 were furnished on transportation request No. C-70929.

Under orders dated March 5, 1930, Deck Officer William C. Russell traveled from Washington, D. C., to Norfolk, Va. In this case the amount of \$2.10 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$6.05 were furnished on transportation request No.

Under contract of employment dated September 25, 1929, Clarence Sylar was reimbursed for travel expenses in traveling from Seattle, Wash., to San Francisco, Calif., in the amount of \$33.54. This amount has been disallowed for the reason that the transportation was not approved by the head of the department

Under orders dated December 26, 1929, Deck Officer John C. Tribble, jr., traveled from Norfolk, Va., to New York, N. Y. In this case the amount of \$5.35 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in

of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$15.75 were furnished on transportation requests Nos. C-70927 and C-70928.

Under orders dated January 10, 1930, Deck Officer Maurice A. Heeht traveled from Washington, D. C., to Jacksonville, Fla. In this case the amount of \$10.42 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$28.41 were furnished on transportation request No. C-71275.

Under orders dated February 25, 1930, First Assistant Marine Engineer William R. McLaughlin traveled from San Francisco, Calif., to Seattle, Wash. In this case the amount of \$4 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$43.49 were furnished

Pullman accommodations in the amount of \$43.49 were furnished on transportation requests Nos. C-70865 and C-70866.

Under orders dated March 28, 1930, Junior Engineer E. R. Martin traveled from Jacksonville, Fla., to Washington, D. C. In this case the amount of \$3.70 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$37.04 were furnished on transportation requests Nos. C-70828 and C-70829.

Under orders dated January 30, 1930, Deck Officer Jeremiah S. Morton traveled from New Orleans, La., to San Francisco, Calif. In this case the amount of \$14.21 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$100.84 were furnished on transportation requests Nos. C-71332 and C-71333.

Under orders dated March 31, 1930, Associate Geodetic Engineer

William Mussetter traveled from Washington, D. C., to Havana, Ill. In this case the amount of \$8.25 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$41.63 were furnished on transportation requests Nos. C-71421 and C-71422.

Under orders dated December 14, 1929, from his commanding officer, Seaman W. J. Norton, attached to and serving on board the ship *Discoverer*, but who had been temporarily detailed to duty ashore at Point Arena Cove, Calif., traveled from Point Arena Cove to Oakland, Calif., to rejoin his ship. He was reimbursed his travel expenses in the amount of \$10.20, which amount has been disallowed in the accounts of Mr. Griffin for the reason that the orders of his commanding officer had not been approved by the head of the department. head of the department.

Under orders dated April 7, 1930, Mate Franz E. Okeson traveled from Everglades, Fla., to Jacksonville, Fla. In this case the amount of \$9.86 has been disallowed in the accounts of Mr. Griffin; and transportation and Pullman accommodations in the amount of \$17.67 were furnished on transportation requests Nos. C-71431 and C-71432.

Under orders dated April 7, 1930, and April 16, 1930, Deck Officer Fred Natella traveled from Everglades, Fla., to Washingomeer fred Natena traveled from Everglades, Fia., to Washington, D. C. In this case the amount of \$16.16 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$57.21 were furnished on transportation requests Nos. C-71434, C-71435, and C-71436.

Under orders dated December 6, 1929, and December 11, 1929, Surg. F. J. Soule traveled from Manila, P. I., to Seattle, Wash. In this case the amount of \$50.75 has been disallowed in the accounts of Mr. Griffin, and transportation and Pullman accommodations in the amount of \$41.64 were furnished on transportion requests Nos. C-71022 and C-71023.

Under orders dated March 27, 1930, Junior Engineer E. R. Martin traveled from Melbourne, Fla., to Jacksonville, Fla. In this case the amount of \$7 has been disallowed in the accounts of Mr. Griffin.

Under orders dated November 30, 1929, Seaman J. M. Narrow traveled from Oakland, Calif., to Portland, Oreg. In this case the amount of \$18.58 has been disallowed in the accounts of Mr. Griffin, the reason being that the orders were not approved by the head of the department.

The following papers accompany this statement:
(1) Itemized statement of differences.

(2) Copy of each individual notice of exception to which is attached a copy of the orders under which the travel was performed.

		Traveler		Amount paid—				
Period of travel			To traveler		To transportation company			
	Name	Designation	Voucher No.	Dis- allowed	Transportation request,	Trans- portation furnishe		
. Dec. 3-7, 1929	Ellerbe, John C., jr	Deck officer	96675	\$7.65	71170, 71211, 71219, 71220	\$138.8		
Nov. 16, 1929	Morton, J. S	do	96713	7.35				
Dec. 14-16, 1929	Okeson, F. E	Mate	96771	14. 37	71233, 71234	49.4		
Nov. 8-21, 1929	Rubottom, I. R	Deck officer	96818	4.10	71017-18, 71055-7-8-9-60	175. 9		
Nov. 16-17, 1929	Tison, J. C	do	96412	4. 20	71214	11.8		
Nov. 15-16, 1929		do	96626	7.45		100		
Nov. 21-25, 1929	Ulm, K. S	do	96649	14.40	71212-13-16-17	168.		
Sept. 20-21, 1929		do	95340	4.65	70768			
Nov. 16-17, 1929		do	96241	6. 55	71215	6.		
. Jan. 2-4, 1930	Brown, E. B	do	97132	4. 65	70720, 71226			
. Sept. 1-27, 1929	Ely, H	Chief engineer	97150	42.35	70638-9, 70686	509.		
. Jan. 1-2, 1930		do	97151	12.30				
. Mar. 11, 1930				2.64				
. Jan. 25-27, 1930	Marshall, R. A	do	97492	3. 25	71133	6.		
Dec. 5-30, 1929	Morton, J. S	do	97019	3.94	70990, 71199, 71226, 71231	52.		
. Feb. 5-16, 1930			97642:	9.75	70721-5-6	41.		
. Jan. 9-10, 1930	Natella, F	Deck officer	97175	11.55	71230, 71271	56.		
. Mar. 10-11, 1930	Reed, C. R.	do	98184	2.00	71369	6.		
. Jan. 4-6, 1930	Ricketts, M. G.	do	97020	3.00	70929	6.		
. Mar. 10-11, 1930		do	98183	2.10	71369	6.		
. Sept. 30, 1929	Sylar, C	Hand	98313-8V-250	33. 54				
2. Jan. 1-2, 1930	Tribble, J. C	Deck officer.	96989	5. 35	70927-8	15.		
Jan. 11-12, 1930	Hecht, M. A.	do	99316-SV-16	10. 42	71275	23.		
. Mar. 19-31, 1930	McLaughlin, W. R.	Assistant marine engineer	99684	4, 00	70865-6	43		
. Mar. 31-Apr. 1, 1930	Martin, E. R.	Junior engineer	98585	3, 70	70828-9	37.		
Mar. 5-9, 1930	Morton, J. S	Deck officer	99157	14. 21	71332-3	100.		
Apr. 6-7, 1930	Mussetter, Wm	Associate geodetic engineer	99933	8, 25	71421-2	41.		
. Dec. 17, 1929	Norton, W. R	Seaman	98776-SV-240	10. 20				
). Apr. 26-27, 1930	Okeson, F. E	Mate	99414	- 9.86	71431-2	17.		
. Apr. 30-May 2, 1930	Natella, Fred		99261	16, 16	71434-5-6			
Jan. 6-27, 1930	Soule, F. J		101243	50, 75	71022-3	41.		
Mar. 29, 1930	Martin, E. R.	Junior engineer	101138-SV-183	7.00	***************************************			
Dec. 1-2, 1929	Narrow, J. M	Seaman		18. 58				
	PROPERTY AND ADDRESS OF THE PARTY OF THE PAR		17, 18, 35, 10, 1911	-0.000	Street, Street	777		
Total				360. 27		1, 635.		

Total cost of traveling expenses reimbursed direct to employees by J. M. Griffin, disbursing agent.

Total cost of transportation furnished employees as paid to transportation company by J. M. Griffin, disbursing agent

OF WISCONSIN

Mr. BLAINE introduced a joint resolution (S. J. Res. 125) authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians, which was read twice by its title, referred to the Committee on Indian Affairs, and ordered to be printed in the RECORD, as follows:

Whereas, by chapter 144 of the Session Laws of the State of Wisconsin for the year 1931, the attorney general of said State is directed to investigate and prosecute to a conclusion all legitimate claims against the Federal Government of Indians residing in Wisconsin; and

Whereas, in conformity with said statute, the attorney general desires to examine records of the Federal Government relating to Indians within the State of Wisconsin: Now, therefore, be it

Indians within the State of Wisconsin: Now, therefore, be it Resolved, etc., That the attorney general of the State of Wisconsin, or his duly accredited representative, is authorized to examine official letters, papers, documents, and records of the United States Government, and to make copies thereof, without expense to the United States, and the departments and the independent establishments of the Government shall give access to the attorney general of Wisconsin, or his duly accredited representative, to such official letters, papers, documents, and records as may be needed by the attorney general of Wisconsin in carrying out the needed by the attorney general of Wisconsin in carrying out the provisions of the aforesaid chapter 144 of the Session Laws of Wisconsin of 1931.

#### CHANGE OF REFERENCE

On motion of Mr. Jones, the Committee on Appropriations was discharged from the further consideration of the bill (S. 4131) providing for the temporary reduction of compensation of certain officers and employees of the United States, and for other purposes, and it was referred to the Committee on Civil Service.

#### WHEAT AND COTTON-ADDRESS BY W. G. M'ADOO

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD an address delivered by Hon. W. G. McAdoo before the Salesmanship Club of Houston, Tex., on March 19, 1932, entitled "How to Save Our Wheat and Cotton Farmers and Revive General Prosperity."

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

I am going to talk to you about agriculture and the economic

I am going to talk to you about agriculture and the economic condition of the farmer. You may think that is a strange topic to discuss with salesmen, but the fact is that it concerns business men as much as anyone except the farmers themselves.

You all know it is impossible to sell to a man who has no purchasing power. That is the condition of the farmer to-day, and that is why you are not selling him any goods. If his purchasing power could be restored, he would again become your profitable customer; this would help you and your business. Therefore, as salesmen and business men you are interested in agriculture and in any sound plan to put the farmer back on his feet financially.

Much has been written during recent years about the plight of

in any sound plan to put the farmer back on his feet financially. Much has been written during recent years about the plight of the farmer. I think it fair to say that business men generally have been unsympathetic, feeling that the problem was an isolated one which did not concern them. Some have even thought that the matter was being agitated solely for political purposes. Even today, after two years of depression, business as a whole has little knowledge of the real agricultural situation. Still less is it recognized that this situation is one of the basic causes of the depression itself. The question continues to be with us in spite of all sion itself. The question continues to be with us, in spite of all

sion itself. The question continues to be with us, in spite of all the remedies that have been adopted and all the prescriptions that have been offered. No one knows or can predict with any degree of certainty, how long the disorder will last.

The recently enacted Glass-Steagall bill, which widens the base of Federal reserve credit, offers to the banks of the country the opportunity to stop the long and disastrous policy of restricting credits and gives promise of substantial relief to sorely pressed debtors, struggling business, and enterprise, if the banks now pursue a more liberal credit policy.

But the Glass-Steagall bill will not, in itself, restore prosperity. It can not alone increase the purchasing power of the people or

But the Glass-Steagall bill will not, in itself, restore prosperity. It can not alone increase the purchasing power of the people or relieve unemployment. Enlarged credit is a helpful instrumentality for accelerating a return to normal conditions only if the fundamental causes of the trouble are remedied.

Chief among the fundamental causes of the depression is the condition of agriculture, and especially those phases of it represented by two great staple commodities—wheat and cotton. I select these not alone because they constitute one of the largest sources of farm income, but because they strike me as the crux sources of farm income, but because they strike me as the crux of the farm problem on account of their large exportable surplus, which differentiates them from other farm commodities and places

them in an extremely difficult position.

It is not, I think, necessary to argue that agriculture is, more than any other single industry, the foundation of national prosperity; that an impoverished farm class is an economic sore spot which affects the entire body politic. This is generally conceded.

EXAMINATION OF GOVERNMENT RECORDS BY ATTORNEY GENERAL | If we can find the means of restoring the purchasing power of the farmer, we shall be able to reconstruct our shattered economic foundations and we may then proceed with confidence to erect the superstructure of a new prosperity.

I dislike to use statistics in a speech, but as a necessary back-

ground to my argument I must introduce some data of that

character.

During 1927, the latest year for which I have available figures, the number of gainfully occupied persons in the United States was about 45,000,000, made up approximately, as follows:

Engaged in agriculture\_ 8,500,000 Engaged in manufacturing industries\_\_\_\_\_ All others 25, 750, 000

It was in 1914 that Henry Ford announced his minimum wage of \$5 per day for employees in his plants. The effect of this is reflected in the figures of succeeding years.

In the 15-year period from 1913 to 1927, inclusive, there was a large increase in the gross per capita earnings of salaried employees and wage workers engaged in manufacturing, but in the agricultural line the increase was much less, as shown by the following table:

Salaries of wage workers engaged in manufacturing, 1913 and 1927

	1913	1927	Per cent increase
Average annual earnings: Salaried employees. Wage workers	\$1,066 594	\$2, 084 1, 205	95 103
Average gross annual income per person gainfully oc- cupied in agriculture	895	1, 387	55

You will observe that the position of the farmer improved only a little more than half as much as that of the salaried employee and the wage worker. In 1913 the total agricultural income was \$7,886,000,000, while in 1927 it was \$11,698,000,000. It is estimated that the gross agricultural income for 1931 will be approximately \$6,500,000,000. Assuming that the number of persons gainfully occupied in agriculture was the same as in 1927 (8,500,000), the gross income per capita for 1931 would be about \$765. On the basis of 300 working days this would amount to a gross per diem rate of less than \$2.55.

Now, remember that the figure of \$2.55 per day is gross. From

Now, remember that the figure of \$2.55 per day is gross. From it must be deducted taxes, interest, maintenance, fertilization, and other operating expenses.

During the 15-year period we are discussing, the expenses of Government, including Federal, State, and local, increased more than 400 per cent, with a corresponding increase in general taxation. taxation.

Without sufficient income to meet his expenses, the farmer has

Without sufficient income to meet his expenses, the farmer has had to increase his borrowings from banks until farm mortgages amounted to \$9,500,000,000 in 1928, as compared with \$3,600,000,000 in 1910. The interest charges on these obligations constitute a heavy part of the farmer's costs.

After deducting these items, together with his operating expenses, it is obvious that the average net return to the farmer is nominal. This situation has reduced his purchasing power to a minimum and, in turn, has vitally affected industry and its employees

With the farmer virtually eliminated as a customer, industry has been forced to curtail operations. This has resulted in unemployment on the industrial side to the extent of about 7,000,000 persons.

persons.

These unemployed, like the farmer, are without purchasing power. There are, therefore, about 15,500,000 potential customers (8,500,000 farmers and 7,000,000 unemployed), not counting their dependents, who are not buying manufactured goods. Thus, the condition of agriculture, generally supposed to be a problem concerning the farmer only, is seen to be of direct and paramount importance to the wage earner and to industry generally.

Unless something effective is done to actively counteract and correct the declining trend of agricultural income it is probable.

correct the declining trend of agricultural income, it is probable that the condition of the farmer in the United States will continue to grow progressively worse. That a program of correction is exigent must be obvious to anyone who considers the size and importance of the farm community.

importance of the farm community.

Of the total United States population in 1930, over 27,000,000 were farmers and their dependents working or living directly on farms. In addition, there were another 26,000,000 in small towns and communities under 2,500 population, whose prosperity depends directly upon farm prosperity. Thus nearly 44 per cent of the population of the United States is still rural and semirural. Both from an economic and social standpoint, the prosperity of so large a part of the population is vitally important in determining the prosperity of the country as a whole. Any plan which will materially increase the income of this group is bound to exert a great influence toward the betterment of national business exert a great influence toward the betterment of national business conditions.

The fundamental difficulty of the cotton and wheat farmers is that they must sell their crops in the United States, as well as in export markets, at world prices; that is, prices established in the Liverpool market, based upon world supply and demand. Under this system, the American farmer receives no more for his cotton or wheat than the peasant of Europe, Russia, Argentina, or India, where living standards are far lower than those in the United

The situation is the same as would exist if, for example, the steel manufacturers of the United States had to sell their products in this country at the world price. If this were actually the case, the prosperity of the steel industry and the steel workers would be seriously hurt.

The fact is that the steel manufacturers are protected by adequate tariffs on their products, which give them control over their domestic markets, and they sell their surplus at what they can get in the competitive markets of the world, without affecting the price which they receive at home.

If the producers of wheat and cotton were protected to such an

extent that they could sell the amount of wheat and cotton consumed in the United States at remunerative prices, they could then take their chances, as manufacturers do, on the disposition of their surplus in the competitive markets of the world.

It is true that there is now a tariff duty of 42 cents per bushel

on wheat. But this is wholly ineffective because the surplus wheat production and not the tariff controls the price. Thus the Chicago price for wheat has for years been the Liverpool price less the cost of transportation.

There is no tariff on short-staple cotton, but even if there were it would be no more effective, under present conditions, than the

tariff on wheat.

The cotton and wheat farmers operate under another handicap Although, as already shown, they must sell their crops at world prices, they are obliged to hire their labor and to purchase their equipment and supplies at United States prices. Data compiled by the United States Department of Agriculture show that the farmers' costs were, in November, 1931, 23 per cent greater than

Thus the American farmer sells in an unprotected market and buys in a protected one. He is outside of our tariff walls when he sells and inside of it when he buys. He therefore loses at both

Before we can intelligently consider means of bettering the farmer's position, we must analyze the sources of farm income to determine, first, from what products the major portion of that income is derived; and, second, which of these products has income is derived; and, second, w suffered the greatest decline in price.

In discussing farm income we must be careful to distinguish between the farm value of the various products and their income value to the farmer. Several of the major crops are of large total value; but since only a small portion of them is sold off the farm, they are not a direct and immediate source of income to the farm group. For example, although corn and hay are the leading staple crops, from the point of view of farm value they are minor sources of direct farm income. Practically all of the hay is fed to live-stock, while five-sixths of the corn is fed to hogs; only one-sixth is sold outside the farm group.

Efforts to increase farm income can be most effectively directed at those products which bring quick income from the outside into the farm group. From this standpoint cotton and wheat are among the largest sources, accounting for more than 20 per cent of the total farm income in normal times. For instance, cotton represents 13.1 per cent and wheat 7.2 per cent of the total farm

income.

Due to our unbalanced economic order, caused by long-continued tariff policies which have protected the manufacturer but not the farmer, our wheat and cotton producers have borne the brunt of the losses that have befallen agriculture. It is in these two branches of the farm industry that the need for relief is greatest, and it is here that the largest possibilities of quickly increasing farm income lie.

In devising a plan to accomplish this we must investigate each

industry separately.

Speaking in round rather than with strictly accurate figures, let us assume that the average cotton crop in the United States for the past 13 years has been 13,500,000 bales per annum, of which 6,000,000 bales are sold in this country and 7,500,000 bales are for

Under present conditions all of the 13,500,000 bales are sold at the world price, which is around  $6\frac{1}{2}$  cents per pound. There is nothing we can do to change the world price. Conse-

quently, the 7,500,000 bales which are exportable must continue to be sold at that price.

It is in the domestic market that measures of control should and can be made effective. At present domestic prices are the same as world prices. They will remain so as long as no governmental steps are taken to bring about a differential. The American consumer of cotton gets the benefit of these world maladjustments and low prices, but the American cotton grower takes the losses.

The first thing we must recognize is that the cotton producer is entitled to receive a higher price for the cotton he sells in the domestic market than for the cotton he sells in the world market. the point of view of both producer and consumer, Government measures to assure a remunerative price for cotton consumed in the United States are thoroughly justified. This can be ac-

in the United States are thoroughly justined. This can be accomplished only by giving the cotton grower tariff protection on that part of his crop which is absorbed by the home market.

Let us consider the effect that higher prices would have on the cotton farmer's income.

Suppose that a tariff duty of 12 cents per pound on the cotton consumed in the United States was imposed; that the present world price of 6½ cents per pound was raised to 18½ cents per

pound through the operation of this tariff, and that this increase ould be put into the pockets of the farmers who raise the crops.

On the basis of a domestic consumption of 6,000,000 bales the price increase of 12 cents per pound resulting from such a tariff

would enlarge the cotton farmer's income by \$360,000,000 per

Now, let us consider the effect that a higher domestic price would likely have, both on domestic production and consumption. In general, higher prices stimulate production. There are still great areas of potential cotton land in the South, particularly in Texas. With cotton on a more profitable basis the farmer would naturally be inclined to shift from other crops into cotton and to develop new areas. This would enlarge the production of cotton and would tend to further reduce the income from that part of the crop which must be sold in foreign markets. It will be necessary, in any practicable plan, to devise some means by which overproduction may be discouraged or restrained.

The influence of a higher domestic price for raw cotton would e most serious to that part of the textile industry which exports finished cotton cloth and other goods. These manufacturers have to compete in a world market with other manufacturers who can buy their cotton at lower prices. However, production costs would not, by any means, be increased in direct proportion to the increase in the cost of the raw material. Raw cotton constitutes not more than 30 per cent, on the average, of the cost of the finnot more than 30 per cent, on the average, of the cost of the inished product. Doubling the price of raw cotton would increase the cost of production by less than one-third. Wholesale prices of cotton cloth do not fluctuate to anything like the extent that the prices of raw cotton do. We must recognize, however, that domestic exporters of cotton goods might be placed at some disadvantage by a tariff on short staple cotton, but this might be overcome by a compensatory increase in the existing tariffs on cotton textiles.

Analyses made by the Department of Agriculture show that the volume of textile consumption depends principally upon current business conditions more than upon price. This is in conrent business conditions more than upon price. This is in contrast with foreign countries, where price changes stimulate or retard consumption. It is not to be expected that an increase in raw-cotton prices from the present subnormal level to a point even though well below the average of the last five years will greatly reduce consumption in the United States or materially

increase the cost of manufactured cotton to consumers.

Speaking again in round figures, let us assume that the wheat crop in the United States amounts to 800,000,000 bushels per annum, of which 600,000,000 bushels are sold domestically and 200,000,000 are exportable.

As in the case of cotton, the world price is beyond our control

and the 200,000,000 bushels for export must continue to be sold

at that price.

This leaves, subject to domestic regulation, the 600,000,000 bushels which are sold in the United States.

The present flexible tariff duty of 42 cents per bushel is too low in view of the low world price. The duty should be increased to 65 cents per bushel. If a means can be found whereby this duty can be added to the price of wheat consumed in the United States, the wheat farmer's income will be increased by \$390,000,000 per year.

The inevitable result of a great and sustained improvement in price for any commodity is to stimulate increased production. In the past, wheat acreage has expanded with higher prices. It is probable that a moderate rise from the present subnormal level would not immediately bring a large expansion in acreage. ever, as in the case of cotton, any plan for increasing substantially the price of wheat in the domestic market must be accompanied by

some practicable method for discouraging or regulating production.
Statistics show that in the past increases in the price of wheat have had practically no effect on the volume of consumption or on the price of bread and other bakery products to the consumer. An increase of 65 cents per bushel in the price of wheat would therefore have little, if any, effect on the price which the consumer

pays for bread. After these preliminaries you ask: What is the plan? I shall give it to you.

The salvation of the wheat and cotton farmers of the United States revolves around a tariff on these commodities sufficiently high to preserve for the producers the home market against outside competition. This must be accompanied by Federal regulation which will enable the farmers to get the full benefit of tariff protection awarded to them on that part of their crop consumed in the United States.

The present tariff duty on wheat is merely a gesture. The farmer receives no benefit from it, for the simple reason that no means have been provided for transferring to his pocket the paper protection thus offered to him.

Practically the entire cotton crop of the United States is what is known as short staple. There is no tariff on short staple, but there is a tariff of 10 cents per pound on long-staple cotton. This gives no help to cotton growers, because only a negligible amount of long staple is produced in this country.

The Congress should, without delay, impose a flexible tariff on short-staple cotton, the initial rate to be at least 12 cents per pound—in order that the cotton farmer, as well as the wheat farmer, may have the domestic market preserved for him—and receive, as a part of the price of the raw cotton he sells for United States consumption, the tariff duty of 12 cents per pound.

The Congress should promptly enact a law providing, in its essentials, that the Secretary of Agriculture, with the approval of the President, shall have power:

1. To determine, as of some convenient date or dates, each year, the percentage of the wheat and cotton crops for that year which shall be:

(a) For United States consumption; and

(a) For export or foreign consumption, and
(b) For export or foreign consumption.

2. To fix annually, or semiannually, or quarterly, the minimum prices at which wheat and cotton may be lawfully bought and sold for United States consumption—the prices so fixed to represent, as nearly as may be, the world price prevailing at the time, plus the flexible tariff then in effect upon wheat and cotton.

3. After the Secretary of Agriculture has determined the percentages for United States and foreign consumption, and the minimum prices for wheat and cotton, it shall be unlawful for any minimum prices for wheat and cotton, it shall be unlawful for any person to buy from any farmer or producer, or for any farmer or producer to sell wheat or cotton at less than the minimum prices so prescribed. Each transaction shall be based upon the percentages for United States and foreign consumption established by the Secretary of Agriculture; and the purchasers shall be required to pay at least the established minimum price for the percentage fixed for United States consumption and the prevailing world price for the percentage fixed for foreign consumption.

4. To increase or decrease, annually or semiannually, the flexible tariff rates on wheat and cotton.

5. To promulgate from time to time such regulations as in his

5. To promulgate from time to time such regulations as in his judgment may be necessary or expedient for carrying into effect the provisions of the act.

6. For each and every violation of the act the offender to be punished by fine or imprisonment, or both, and, in addition, to be liable to the aggrieved party in double the amount of the purchase or sale, recoverable in a civil action by the aggrieved party in any court of competent jurisdiction.

7. The tariff of 12 cents per pound on short-staple cotton, like the tariff on wheat, to be subject to the flexible provisions of the existing tariff act, and a compensatory increase in the tariffs on cotton textiles to be permitted, the amount of such increase to be determined by the Tariff Commission under the provisions of

existing law.

I shall not attempt to go into details, such as resales and other natters which will naturally arise, because these can be taken care of by the Secretary of Agriculture under the broad power of regulation which is to be conferred upon him by the proposed act.

Has Congress the constitutional power to enact legislation of this character? On this question I have no doubt.

while it is true that there is difficulty in separating intrastate and interstate transactions in wheat and cotton, I am convinced that a Federal law applying to the whole field of commerce in these commodities would be constitutional. The Supreme Court of the United States held, in the case of Stafford v. Wallace, that "the authority of Congress extends to every part of interstate commerce and to every instrumentality or agency by which it is carried on, and the full control by Congress of the subjects committed to its regulation is not to be denied or thwarted by the commingling of interstate and intrastate operations. \* \* \* The execution by Congress of its constitutional power to regulate interstate commerce is not limited by the fact that intrastate transactions may have become so interwoven therewith that the effective government of the former incidentally controls the latter. This conclusion necessarily results from the supremacy of the National Government within its appointed sphere."

The Congress has asserted its power to control interstate and foreign commerce with respect to wheat and cotton in such comprehensive legislation as the grain futures act, the United States warehouse act, the United States grain standards act, the United States cotton futures act, the United States cotton futures act, the United States cotton standards act, and the agricultural marketing act. The Supreme Court of the United States, in upholding the constitutionality of the grain standards act, the United States, in upholding the constitutionality of the grain standards act, the United States, in upholding the constitutionality of the grain standards act the property of the grain standards act the standards act that the standards act the property of the grain standards act the grain standards act

United States, in upholding the constitutionality of the grain futures act, enunciated the principle that Congress has the power to regulate cotton and wheat prices.

However, if any serious doubt is entertained as to the sole power of the Federal Government to enact the proposed legislation, the result can undoubtedly be accomplished through cooperative legislation by the wheat and cotton growing States.

The effect of the proposed plan would be to increase the present prices of wheat in the markets of the United States by the proposed tariff duty of 65 cents per bushel and the price of shortstaple cotton by the proposed tariff duty of 12 cents per pound. On the basis of present quotations, these commodities would sell, for United States consumption, at the following prices:

	Liver- pool world price	Duty	United States price
Wheat per bushel	\$0.75	\$0.65	\$1.40
	.06}2	.12	.18½

No one can say that these United States prices would be unduly high. In the depression year, 1921, the average price of wheat was \$1.31 per bushel, and the average price of cotton was 19 cents per pound.

Let us now take an assumed transaction after such a law has

been put into effect

A farmer goes to his grain elevator to sell 400 bushels of wheat. Let us suppose that the Secretary of Agriculture has declared,

with respect to the then current wheat crop, that 75 per cent is for United States consumption and 25 per cent is for foreign consumption, and that the Secretary of Agriculture has also fixed the minimum price for United States consumption at \$1.40 per bushel (being 75 cents per bushel, Liverpool world price, plus 65 cents per bushel, tariff)

The farmer would receive from the grain elevator \$1.40 per bushel for 300 bushels (75 per cent for United States con- sumption)	1 8420
He would receive 75 cents per bushel for 100 bushels (25 per cent for foreign consumption)	1 75
Total	495

Let us now turn to cotton:

A farmer wants to sell 10 bales or 5,000 pounds. Assume that the Secretary of Agriculture has declared, with respect to the then current cotton crop, that 45 per cent is for United States consumption and 55 per cent is for export or foreign consumption, and that the Secretary of Agriculture has also fixed the minimum price for United States consumption at  $18\frac{1}{2}$  cents per pound (being cents per pound, world price, plus 12 cents per pound, tariff).

The farmer would receive from the purchaser 18½ cents per pound for 2,250 pounds (45 per cent for United States consumption)

He would receive 6½ cents per pound for 2,750 pounds (55 per cent for world consumption) 2 8416. 25 2 178. 75

By this plan the new money put into the pockets of the wheat and cotton farmers in one year would be \$390,000,000 for wheat and \$360,000,000 for cotton, a total of \$750,000,000.

This increased income would so enlarge the purchasing power of these two great agricultural classes that it would tremendously stimulate business in every direction. All other agricultural producers would share in the prosperity thus created. A strong demand would spring up immediately for manufactured goods. This would result in the reemployment of labor on a large scale. Prosperity would begin to permeate all classes, because it would begin

would result in the reemployment of labor on a large scale. Prosperity would begin to permeate all classes, because it would begin at the foundation, the only place where it can have a sound beginning and receive a healthy growth.

It is not, I think, essential for the Secretary of Agriculture to consider the world price in fixing the United States minimums. A fair price may be established, regardless of the world price, so long as the minimum in the United States is not put at a level which will provoke foreign competition. This can be controlled through the fiexible tariff.

My emphatic view is that the cotton and wheat farmers are

My emphatic view is that the cotton and wheat farmers are entitled to economic security in the home market and that it is impossible to recreate general prosperity until the producers of basic commodities are restored to a prosperous status. I have long held the opinion, and I am doubly confirmed in it as a result of the experience of the past two years, that farmers are more entitled to tariff benefits and tariff protection than overgrown manufacturers.

I have always been opposed to excessive tariffs; but since that policy has been forced upon the Nation until it has become deeply

policy has been forced upon the Nation until it has become deeply embedded in our economic structure, I want the farmer to participate in its benefits on equal terms with industry.

There is economic justification for doing every reasonable thing that can be done through wise national legislation to promote the welfare of the primary producers of agricultural products, because it is self-evident that a sound basis for general prosperity can not be found until those who produce food and raiment for the people are rescued from the poverty which now envelops them.

The method I have suggested does not interfere with the normal

The method I have suggested does not interfere with the normal course of commerce. It is simple in its operation; it is not strangled with red tape; it automatically converts into money the benefits of a tariff on that part of the crops which are consumed in the United States and puts that money into the pockets of the wheat and cotton growers. While it will be unlawful to buy or wheat and cotton growers. While it will be unlawful to buy or sell wheat or cotton for domestic consumption at less than the minimum prices prescribed by the Secretary of Agriculture, no limitation is put upon trading in these commodities above the minimum prices. Only the exportable surpluses of these crops are forced into competition in the world markets. But world prices will not be permitted, after the adoption of this plan, to slaughter our farmers any longer by destroying the value of wheat and cotton in the markets of the United States. Our farmers will be put on a parity with our protected manufacturers.

By this plan it will not be necessary to maintain a Farm Board or any bureaucratic agency at Washington, with a capital of \$500,000,000 in money, taken from the United States Treasury, and used to speculate in the grain and cotton markets. The huge losses taxpayers have already suffered from the unfortunate Farm Board experiment should warn us against a continuation of such an unsound and fruitless policy.

We have recently created a Reconstruction Finance Corporation and have given it \$500,000,000—money taken from the United States Treasury—and in addition \$1,500,000,000, to be raised by the sale of bonds, guaranteed both as to principal and interest by the United States. The benefits of this colossal appropriation—

<sup>&</sup>lt;sup>1</sup> After deducting the cost of transportation, which is included in the above Liverpool price, the farmer would get \$1 per bushel for that part of his wheat consumed in the United States.

The cost of transportation to be deducted.

\$2,000,000,000 in money and credit belonging to the people—un-precedented in time of peace—are confined to certain favored interests—banks, railroads, insurance companies, and other corthe control and management of which are in private hands and for whose mistakes and for whose condition the people of the United States are not responsible. It is a dangerous experiment and, in my opinion, a perversion of the powers of democratic government-certainly as we have been taught to understand

I venture to say that even one-third of this vast sum, injected I venture to say that even one-third of this vast sum, injected into the arteries of enfeebled and sinking agriculture through a diffusion of the benefits of a properly applied tariff policy, would return prosperity to the people of the United States with greater speed and certainty than can be expected from any conceivable effort and expenditure the Reconstruction Finance Corporation may make. The same thing may be said of various other superficial remedies adopted at Washington and loaded upon the Treasure during the past two years.

ury during the past two years.

I realize, of course, that the more remunerative the price the greater is the inducement to the farmer to expand his acreage and greater is the inducement to the farmer to expand his acreage and increase production. The purpose of conferring upon the Secretary of Agriculture, subject to the approval of the President, the power to increase or decrease the flexible tariff on wheat and cotton is to enable him to discourage or encourage production by the use of this power and to use the power promptly. It will be possible for the Secretary of Agriculture to establish, in advance of the planting of the crops, the minimum price for United States of the planting of the crops, the minimum price for United States consumption upon an assumed gross production of wheat and cotton. This minimum price will specify the amount of flexible tariff on each of these crops, based upon the assumed production. The Secretary of Agriculture may go further and say that the flexible tariff will be increased in proportion to any decrease in the assumed production, and that it will be reduced in proportion to any excess above the base figure.

any excess above the base figure.

To illustrate: Suppose that the Secretary of Agriculture announced that upon the basis of an 800,000,000-bushel crop of wheat for 1932 the flexible tariff would be 65 cents per bushel; that if the crop should be 700,000,000 bushels, the flexible tariff would be increased one-eighth, or from 65 cents to 73 cents per bushel. On other other hand, if the crop should be 900,000,000 bushels, the flexible tariff of 65 cents would be reduced one-eighth, or to 57 cents per bushel. The farmer, with a definite chart of this sort before him, would have an intelligent basis upon which he could proceed to plant his crop. As it is now, he goes it blind, without anything to guide him, and we get excessive production, with starvation prices, in some years, and reduced production, with remunerative prices, in other years. A similar application could be made to cotton.

be made to cotton.

A number of Southern States have recently enacted laws for A number of Southern States have recently enacted laws for compulsory reduction of cotton acreage as a solution of the problem. These efforts are well meant, but I do not believe that they will prove efficacious, even if the laws are valid. As to their legality, I have grave doubt. Any arbitrary reduction of acreage will hit the small and poverty-stricken farmers much harder than the larger and more fortunate ones. But aside from this, reduction of acreage, without the power to control fertilization and intensive farming, might result in the production of crops, on half of the same acreage, as large almost as those produced, without fertilization and intensive farming, on the normal acreage. I can not help feeling that any interference by law with the right of the farmer to plant his land as in his judgment seems best—and he certainly knows better than anyone else what he can do with his own farm—is unwise if not dangerous in principle. It is infinitely better to induce the farmer to regulate his production through lawfully established minimum prices which will vary fairly with the size of his crops.

By wise use of the flexible tariff, automatic regulation may result, with highly beneficial consequences, not only to wheat and cotton producers, but to the entire agricultural and business community.

It is an interesting fact that since 1877 the French Government has provided a minimum price below which it is illegal to sell French wheat in that country. Germany has controlled her wheat situation in a similar manner; and England, which, like the United States, has long neglected its farmers, has recently

the United States, has long neglected its farmers, has recently adopted a plan similar in principle to the French plan.

Of course, the French situation differs from ours because France produces less wheat than she consumes, while we produce a surplus over our requirements. However, the French plan is the same in principle as the plan I have discussed here. It is only in the problems of enforcement that the two plans differ.

The French farmer has consistently received a much higher price for his wheat than the American farmer, although the average wage of the French industrial worker is only about half that of the American industrial worker. The same situation exists in Germany. Thus, during the year 1931 the French insists in Germany. Thus, during the year 1931 the French in ists in Germany. Thus, during the year 1931 the French industrial worker, receiving about \$2 a day, paid the French farmer \$1.73 per bushel for wheat. The German industrial worker, receiving about \$2 a day, paid about \$1.65 per bushel for wheat. On the other hand, the American industrial worker, receiving about \$4 a day, paid the American farmer only 67 cents per

This clearly illustrates how the unbalanced economic conditions in this country have been more to the advantage of the industrial worker than to the farmer. To illustrate: On the same relative basis that France and Germany protect their wheat growers, the American farmer would receive \$3.50 per bushel for wheat on the basis that the industrial worker receives \$4 per day in wages; but I am suggesting only \$1.40 per bushel for wheat, namely, the present world price plus the proposed tariff of 65 cents per bushel.

Our Government fixed a minimum price for the 1918 and 1919 wheat crops. During both of those years wheat sold at a price well above \$2 per bushel. The price of cotton, although not controlled by law, was above 30 cents per pound. These prices now seem high; yet only during the years 1918 and 1919 were the incomes of our agricultural and industrial populations in anything like proper balance.

Until we follow the example of the French and increase the purchasing power of our farmers, we are not going to emerge from the present depression unless an act of Providence comes to our rescue.

A prosperous agriculture means loaded instead of empty freight cars: live instead of dead smokestacks; active instead of idle labor; increased instead of subtracted bank deposits; renewed instead of declining activity in every line of business. We can not suspend the limb of a tree in the air and expect it to grow as we have been trying to do by giving Government aid chiefly to those at the top. We must plant the root in the ground if we would make it sound and enduring. Agricultural prosperity is the root of the problem.

## JOINT ADDRESS ON GEORGE WASHINGTON

Mr. COPELAND. Mr. President, people everywhere have been inspired by the events relative to the bicentennial of the birth of George Washington, and likewise the youth of our country have been so inspired. I hold in my hand an address on George Washington, the joint product of three high-school boys. It is not often that we turn aside from the great and the famous to pay attention to those in a lowly position, but I think it is well worth while that this address may be published in the RECORD. One of these boys is the son of a friend of mine, a man who achieved a good place in journalism, a place he richly deserved.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Two hundred years ago George Washington was born in West-Two hundred years ago George Washington was born in West-moreland County, Va., on a large plantation situated between Popes Creek and Bridge Creek, overlooking the "River of Swans," as the lower Potomac was called. He was to lead the American forces to a glorious victory for independence; he was to be the Father of his Country, the first President of the United States; yet surely no inexorable force of destiny guided him to these heights. George Washington, the man himself, achieved them. At the time of his birth little George was already richly supplied with relatives. He had two half brothers and a half sister, along with a considerable group of cousins.

plied with relatives. He had two half brothers and a half sister, along with a considerable group of cousins.

When George was 3 the Washington family moved to a new plantation, called "Epsewasson" by the Indians, and which later came to be called Mount Vernon. Here the family lived until George was 7 years old and here his education by his father and mother was begun. Rev. Jonathan Boucher, an English clergyman, who was employed by Washington as a tutor for his stepson, said:

"George, like most people thereabouts at the time, had no other education than reading, writing, and accounts, which he was taught by a convict whom his father bought for a schoolmaster."

taught by a convict whom his father bought for a schoolmaster."

The death of his father when George was 11 was the first tragedy in a vigorous and happy boyhood. As a result the family was broken up. It was decided that George should live with his brother Austin at the old Popes Creek plantation. Here he became interested in surveying. At first he applied himself to his studies, but soon became afflicted with the spirit of adventure. Only his mother's last-minute refusal kept him from entering the British Navy.

At the age of 15 he went to live with Lawrence at Mount Ver-

British Navy.

At the age of 15 he went to live with Lawrence at Mount Vernon. Here the mastery of surveying became his objective, as surveyors in a new country were few and their earnings were exceptionally good. When George was 16, he was appointed by Lord Fairfax to aid in the survey of the Fairfax estates in the Shenandoah Valley. A close friendship developed between the two; and this curious intimacy between young George, a hardy lad of 16, and Lord Fairfax, an old Virginia gentleman, was the source of many happy memories for both.

At the age of 19, Washington seemed already to have impressed others with a belief in his force of mind and character, for at

others with a belief in his force of mind and character, for at the break of the French and Indian war he was appointed adjutant of the Virginia troops, with the rank of major. In 1754, when Washington had barely attained his majority, he was made commander of the northern military district of Virginia. The war ended in so far as Virginia was concerned in 1758, and Washington had barely attained his respective concerned in 1758, and Washington had barely attained his concerned in 1758, and Washington had barely attained his concerned in 1758, and Washington had barely attained his concerned in 1758, and Washington had barely attained his concerned in 1758, and Washington had barely attained his concerned in 1758, and Washington had barely attained his concerned in 1758, and Washington had barely attained his property of the concerned his property of the concerned

ington, retiring from further active service, married Martha Custis, a widow, and they settled down at Mount Vernon.

Washington's life for the next 20 years was merely that of a typical Virginia planter, a consistent member of the Episcopal Church, a large slaveholder, a strict but considerate master, and widely trusted man of affairs. He was repeatedly elected to the Virginia Legislature, and in 1774 the Virginia convention, appointing seven of its members delegates to the Continental Congress, named Washington as one of them.

In 1775, after the Battles of Concord and Lexington, when war with England seemed inevitable, Congress, resolved to put the

Colonies in a state of defense, unanimously selected Washington commander in chief of the American forces. Refusing any salary, he accepted the position, stating, however, that he did not think himself equal to the command, and that he accepted only as a duty made imperative by the unanimity of the call.

Washington took active command of his "army" July 3 of that

same year, in Boston. He was at the head of some 14,000 troops. From the first, Washington laid down the principle for himself and for all other commanders, that Congress was the absolute

master. He himself was its executive, thus he established the principle that the civil government is supreme.

Washington showed his characteristic boldness in the first year of his command, by sending an expedition under Montgomery, against Montreal, and another, under Arnold, against Quebec. Both failed, but they had their compensations, since the British accumulated troops in Canada which could have been used more effectively in the insurgent Colonies.

Washington showed his military genius in 1776 by the capture of Boston, the defeat of the Hessians at Princeton, and his continued evasions of defeat at the hand of a superior British army.

tinued evasions of defeat at the hand of a superior British army. The year 1777 was notable for the surrender of Burgone at Saratoga to the army of General Gates on October 17. Following this, the British under General Howe went into winter quarters, and General Washington and his army went to Valley Forge. The rigors of winter were not the only hardships endured by Washington and his men at Valley Forge. Congress was inefficient. Three thousand soldiers were unfit for duty because they were barefoot and destitute of clothing. At times there were not three days' provisions for men or horses in camp, and often not sufficient for one day. Washington suffered in sympathy for his ragged, half-starved, poorly fed soldiers and shared every privation

three days' provisions for men or horses in camp, and often not sufficient for one day. Washington suffered in sympathy for his ragged, half-starved, poorly fed soldiers and shared every privation with them. For more than six years, although within a few hundred miles of his home of ease and plenty, he did not visit it.

After the news came at Valley Forge that the French under Lafayette were to help the country, the Army was infused with new hope, but the march to Yorktown was a weary one—yet Washington never halted in the slow stubborn advance; never rested from the toil, never lost courage in the face of disaster, never lost faith nor the determination to achieve the ultimate triumph. There were difficulties with his own officers as well as with Congress. More than once the Army itself was on the verge of desertion, and it was Washington who, with supreme patience and tact, held together the disheartened soldiers. He even pledged his private fortune for the pay of the soldiers. Upon his stalwart shoulders pressed the entire burden of the Nation. There was no other American who could have stood the strain and achieved the victory. That victory came at Yorktown, Va., October of 1781. Cornwallis, the British General, was forced to surrender his entire army. Thus ended the last major conflict of the war. Peace was concluded at Versailles, France, in 1783, and America was free.

George Washington, wise and unselfish commander of a tattered citizen soldiery, had wrung victory from the seasoned legions of Europe under discouragements that would have crushed any save an indomitable spirit.

On Christmas eve. 1783. Washington, once more a plain American.

Europe under discouragements that would have crushed any save an indomitable spirit.

On Christmas eve, 1783, Washington, once more a plain American citizen, reached his home at Mount Vernon. He entered its portals with joy. He was in the prime of life, the perfect embodiment of health and vigor. His days were devoted to the development of his estate and the entertainment of his many friends. This life was a period of happiness for the general. His diary speaks of fox hunts and neighbors' visits, of experiments with fertilizers and new farm machinery. His world-wide fame was reflected in the trees and shrubs sent him from admirers all over the world. The King of Spain sent him animals. Chinese pheasants and wolfhounds came from Lafayette. During this time he took no active part in politics nor desired to take part in them. In this happiness at Mount Vernon Washington hoped to spend the remainder of his life.

But the condition of the Nation, because of the defectiveness of

But the condition of the Nation, because of the defectiveness of the Articles of Confederation, demanded action, the populace of the States was on the verge of rebellion, the Nation was bordering on anarchy. A convention met, in 1787, in reply to the demand for the purpose of discussing changes in the articles, and Washington, yielding to the insistent demand, represented Virginia at the convention.

ington, yielding to the insistent demand, represented Virginia at the convention. He was unanimously elected as presiding officer of that convention. Debates immediately ensued among the delegates as to the advisability of changes, until it was decided to create the Federal document upon which our Government is founded. On September 17, 1787, a draft of the Constitution was signed by the convention, Washington's name heading the list of signatures, and the convention adjourned.

Enough States had ratified the Constitution by 1788, and it became effective. The Electoral College, meeting in 1789, cast their votes for the Presidency; and when the votes were counted, it was found that Washington was elected as first President of the newly created United States of America, without a dissenting vote. A messenger was dispatched to carry the news to General Washington, the news that carried the unanimous tribute of the people of an entire Nation to one individual, the news that carried the unanimous gratitude of those people of that entire Nation, but the news that meant for Washington the end of the tranquil and happy days at Mount Vernon.

The office was not of his seeking. Nothing but patriotic ardor

The office was not of his seeking. Nothing but patriotic ardor could have induced him to sacrifice that tranquillity of domestic life at Mount Vernon to respond again to his country's call.

Washington's journey from his home at Mount Vernon to the then capital at New York was one triumphant journey from beginning to end.

In every town or city through which he passed he was met with wide-open arms by the people paying tribute to their hero. Dinners, speeches, special ceremonies, and entertainments were given him every place he stopped. To climax his brilliant journey he was conveyed across the bay to New York on a magnificent barge especially constructed for the occasion. His entrance into

barge especially constructed for the occasion. His entrance into New York and his reception there were too magnificent to describe. On April 30, 1789, a date never to be forgotten in the annals of American history, George Washington was inaugurated first President of the United States.

The procession to Federal Hall was long and colorful, and included distinguished persons from all over the country. When Washington arrived, he was ushered into the Senate Chamber, where he was introduced to the Members of Congress. He was then conducted out on a balcony overlooking Wall Street, where he was received with the wildest acclaim.

Chancellor Robert Livingston read the oath of office, which was repeated by Washington. As he finished, a flag was raised on the Federal Hall, there was a discharge of artillery at the Battery, and all the bells of the city rang out their peals of joy. Amid this great acclaim the newly inaugurated President retired from the scene and returned to the Senate Chamber, where he delivered his inaugural address.

ered his inaugural address

Realizing the necessity for the adoption by the President of some plan for his mode of living and that as first incumbent of some pair for his mode of living and that as first incumbent of the office he must set a precedent, Washington sent out queries to many people as to their views on certain duties. He sought useful information and advice from every reliable channel, especially from persons with opposite views. An example of this is shown in his Cabinet, in which he appointed Jefferson as Secretary of State and Alexander Hamilton as Secretary of the Treasury, two men who opposed each other in practically everything that came up.

that came up.

Washington's achievements during his first term were many and varied. At first he sought to confer directly with the Senate by visiting their chambers, but this plan proved unsatisfactory,

by visiting their chambers, but this plan proved unsatisfactory, so it was given up.

During his first term Washington made tours of the United States to view the industries of the people, their homes, their farms, the progress of manufactures, and the development of all natural resources. He desired to get into personal touch with the people and appeal to them for a national spirit of unity.

It was Washington's wish to retire after his first term, but his patriotism to his country in time of need outweighed his personal desires and he suffered himself to be reelected for an additional four years as Chief Executive.

Dearly as Washington was loved and highly as he was trusted and respected, many decisions in his second administration were bitterly attacked by certain groups of people.

The situation which brought much criticism upon his head was his attitude toward the French and English War. Despite Washington's gratitude toward France for her timely assistance, he felt it his duty to keep the new Union of States out of any entangle-

it his duty to keep the new Union of States out of any entanglements. Therefore, he issued his proclamation of neutrality, which stirred up much public sentiment. Another cause contributing to national unrest was the whisky rebellion, which was successfully put down by a body of militia ordered out by Washington. Other

put down by a body of militia ordered out by Washington. Other causes also resulted in much national ill-feeling.

Thus the second term of Washington as President gradually came to a close. Stormy as it might seem, it took nothing away from the character and popularity of such an ideal man.

Washington persistently refused to consider a third term, so about six months before the actual end he issued his Farewell Address to the people of the United States, and at the conclusion of his term retired from public life and spent the remainder of his days in peace and quiet on his estate at Mount Vernon. days in peace and quiet on his estate at Mount Vernon.

## THE TARIFF-ADDRESS OF SENATOR JAMES E. WATSON

Mr. THOMAS of Idaho. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address by the senior Senator from Indiana [Mr. Warson] in support of the tariff principles of the Republican Party, delivered during the Lucky Strike hour over the National Broadcasting system on the evening of Tuesday, March 8, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

printed in the Record, as follows:

Among the great problems that demanded solution at the hands of President Hoover and the Republican Congress when they came into power was a revision of the tariff in accordance with the platform pledges of the party, and to its solution they devoted 17 months of time.

The first contention of the opposition with reference to this law is that it is not a limited revision as demanded by the President. What is the fact? In a report after the law had been in operation a year the Tariff Commission found that of the 3,300 dutiable items mentioned in the Fordney-McCumber Act, 890 were altered and 2,170 unchanged.

The second charge is that the duties in the present bill are unreasonably high, too many of them having been unduly increased; but the commission found that in the value of total imports the duties were raised upon 23 per cent, while upon 77 per cent they were either unchanged or lowered.

The third charge is that while the President asked in his message that the tariff be revised in the interest of agriculture, yet the manufacturers had fared better than the farmers

of the country; but the Tariff Commission reported that 93 per of the country; but the Tariff Commission reported that 93 per cent of the increases are upon products of agricultural origin, while but 7 per cent are upon commodities of nonagricultural origin. And in addition to that, 130 imported articles which the farmer is compelled to buy were placed on the free list. To put it another way, the ad valorem rate on industrial products in the 1922 law was 37.35 per cent, while in the present law it is 42.63 per cent. Therefore, the per cent of increase in industrial rates in the 1930 act, as compared with the 1922 act, was but 14.6 per cent.

was but 14.6 per cent.

At the same time the computed ad valorem rate on At the same time the computed ad valorem rate on agricultural products in the act of 1922 was 22.37 per cent, while in the present law it amounts to 33.94 per cent, showing that the per cent of increase in the 1930 act over the 1922 act was 51.06 per cent. In other words, the protection to agricultural products was increased three and one-half times as much as the protection recorded the increased three and one-half times as much as the protection recorded the increased three and one-half times as much as the protection recorded the increased three and one-half times as much as the protection recorded the protection recorded the protection recorded the protection of the

on afforded to industrial products.

And so in the light of the truth all of these charges fade into nothingness.

#### ANOTHER MISSTATEMENT

Opponents of the present law have most insistently charged from the time Congress began to consider it up to the present day that the duties levied in it were altogether above the real demands of American industry. But what is the truth as to that charge?

The fact is that on dutiable imports the rates imposed by the present law are below the McKinley law and the Dingley law, practically the same per cent as the Wilson law of Democratic origin, 1 per cent under the Payne-Aldrich law, and 3 per cent

under the Fordney-McCumber law.

But a complete refutation of the charge that the present rates are "outrageous," as we hear so frequently charged, is found in the tariff ad valorem rates on all imports, both free and dutiable, under all our different tariff acts. This comparison shows that these rates are less than those imposed by any Republican tariff law passed in the last 50 years save alone those provided by the Fordney-McCumber Act. And so that charge disappears when the searchlight of truth is thrown upon it.

#### FOREIGN TRADE

But the most insistent assault upon the new law is made on the theory that it has destroyed our foreign trade. There has need been a tariff act passed since the Republican Party came into power that has not met with an unceasing fusillade of such charges, and yet they have not been sustained in a single instance and can not be now.

and can not be now.

For months we listened to these same charges against the Dingley law, and yet under its operation our foreign commerce increased one billion four hundred millions.

From the beginning of the life of the Republic to the passage of the Dingley law in 1898 the total value of all exports over all imports amounted to \$100,000,000, but the average annual value of our exports over our imports during the entire life of that law amounted to \$475,000,000—not, mind you, for the entire duration of that act but for each year it remained on the statute books—and this in the face of the most violent assertions, repeated for months in both the House and Senate, that its passage would utterly ruin our foreign trade.

Under the Payne-Aldrich law we increased our foreign commerce \$1.300,000,000, and all this right in the teeth of the most persistent

\$1,300,000,000, and all this right in the teeth of the most persistent declarations, made on the floor of both the House and the Senate for months, that that law could do nothing else but destroy our

foreign trade.

foreign trade.

And under the Fordney-McCumber law that trade increased \$2,607,000,000 in what we bought of and sold to the other people of the world, and yet throughout its entire consideration we heard nothing but the most doleful prophecies as to the disastrous results that would necessarily flow from the passage of that law.

And while our foreign trade has decreased since the passage of the present act, is there anyone so bold as to claim that the tariff law had anything to do with it? If so, let him produce his facts, his figures, his arguments that are at all tenable to prove so insupportable a theory.

That this law has nothing to do with this condition is avidenced.

portable a theory.

That this law has nothing to do with this condition is evidenced by the fact that the imports and exports of every nation on earth have fallen in an equivalent degree, and that all nations, and not we alone, have suffered because of existing economic conditions.

And how could we be expected to increase the sale of our products to Europe during this time when they have been suffering from a greater degree of prostration than the United States, and when they have been compelled to appeal to this country to save them from the disastrous, if not the fatal, conditions with which they are struggling? Their people can not buy their own prodthey are struggling? Their people can not buy their own products; how then can they be expected to buy ours? We can not sell our products to our own people; how then could we have bought, or how can we now buy, the products of other people?

No man can fathom the intellectual processes of those gentlemen who insist that the way to make our country prosperous is to pull who insist that the way to make our country prosperous is to pull down our tariff and permit an influx of products from abroad, produced by laborers who receive from one-fourth to one-half of the wages paid in our own country for producing the same products. That policy, instead of increasing the power of their people to sell in this land, would decrease the ability of our own people to buy, either Europe's products or our own, and how can that possibly benefit any man living under our flag?

Their alleged argument proceeds on the theory that we must

Their alleged argument proceeds on the theory that we must largely import the products of other nations in order to be pros-

perous ourselves, but this statement is fallacious. Our total imports last year amounted to \$2,090,000,000, and of that amount at least one-third was noncompetitive. For instance, our imports of rubber, raw silk, tropical fruits, and many other products of like character that we either do not or can not produce in this country run up to one-third of our total imports.

They are free, and should be, because a tariff on them would

not protect any industry here; but it is not true that we are compelled to import the products of other people that compete with the products of our own people in our own land, and to that extent displace the products of our own workmen, in order to be

Nor is it true that it is necessary to make us prosperous, or that it in any wise adds to our prosperity, to admit competing products which are produced at a less cost than we can produce them in America. To the extent of their value we supplant American products, and to the same extent we displace American labor; and it is not necessary to do that in order to be prosperous.

Nor is it necessary to buy in order to sell. Other nations do

Nor is it necessary to buy in order to sell. Other nations do not purchase of us because they love us, because no other nation on earth loves us, but because they are either compelled to come here and buy what they want or because of our improved machinery and superskilled labor we can produce it better for the same price than elsewhere on earth, and they will continue to buy of us under these conditions whether we buy anything of them or not.

Our total exports last year were something over \$3,000,000,000, and for the period from 1921 to 1925 the average annual exports of raw cotton alone amounted to over \$800,000,000. That product of raw cotton alone amounted to over \$800,000,000. That product they must continue to buy here in large part if they continue to use it at all, and the same is true of various other things we produce. It is desirable that we should export, but it is not necessary for us to give up any portion of our home market in order to be able to supply others.

And in this connection it is worthy of note, too, that last year the decline in free imports was much greater than the decline in dutiable imports, showing that our tariff has nothing whatever to do with the falling off in our trade. That decline amounted to

do with the falling off in our trade. That decline amounted to \$684,000,000 of foreign products that were admitted here free, while there was a falling off of but \$377,000,000 in the value of dutiable imports that entered our ports.

#### HOME MARKET

In considering this problem our friends overlook altogether the tremendous importance of the home market. In 1929 the value of all agricultural products amounted to \$11,775,000,000 and of all manufactured products to \$68,453,000,000, or a total of \$80,229,-000,000, while in 1930 we exported but \$3,781,000,000 and in 1931 \$2,377,000,000.

These figures show us that with the enactment of a proper protective tariff we are seeking to preserve for the American manufacturer and the American farmer, employing American labor, the big part of our home market, which consumes \$80,000,000,000 of products annually. Added to this we must remember the millions that are employed in the distribution of these products. If we could but calculate the value of our domestic products at domestic

could but calculate the value of our domestic products at domestic prices the amount would be staggering.

So that if by pulling down the tariff to a point below the difference between the cost of production at home and abroad we enable our foreign competitors to take over a part of the American market, we are sacrificing a portion of that \$30,000,000,000 of business we do right at home to foreign competition, while at the same time the most that we ever have been able to export amounted to \$5,000,000,000, thereby offering to sacrifice a part of an \$80,000,000,000,000 market to enhance a \$5,000,000,000 sale.

## PRESENT FIGURES

And in the midst of all this discussion let us not forget three salient features—one that notwithstanding the cry that our tariff is preventing imports from abroad, yet 70 per cent of all such imports come in free of duty, a much larger per cent than under any other tariff law ever enacted by the Republican Party.

Second, that we have high Democratic authority for the statement that the price of commodities in America does not depend

upon the amount we export but upon steady domestic consump-

Third. That 15 countries have gone off of the gold standard, thus reducing the per cent of tariff they pay on imports into this country by from 25 to 30 per cent. In 1930, 43 per cent of the total imports into the United States came from countries which are on a depreciated-currency basis, these imports amounting to \$1,726,000,000, so that on all of these products, greatly to the detriment of the American producer, the tariff is reduced at least 25 per cent below the water provided by the Hawley Spect least 25 per cent below the rates provided by the Hawley-Smoot law

Our Democratic friends have engaged in a campaign of epithets, constantly assailing the tariff law by characterizing it as "outrageous" and "infamous" and "monstrous," but not one of rageous and 'mamous' and "monstrous," but not one of them has yet been bold enough to tell us what he would do with these rates if given power to act. They are in full charge of the House of Representatives, where all tariff legislation must originate. They are in perfect command of the Committee on Ways and Means, which formulates all bills relating to revenue. And yet, after months of unremitting assault upon the Hawley-Smoot bill, and after such a flood of denunciation of this measure as this bill, and after such a flood of denunciation of this measure as this country has not heard before even with reference to any other tariff act, they have not offered one single amendment to any existing rate but are permitting them all to stand unchallenged except by general charges of "outrageous" and "infamous."

#### THE UNDERWOOD-SIMMONS ACT

Do our Democratic friends want to go back to their last expression in law of their views on the tariff? Will they be so bold as to assert that that is their intention? In it they put the following farm products on the free list; no tariff whatever on any one of them:

Alfalfa, bacon, ham, beef, veal, buckwheat, casein, cattle, clover seed, corn, cheese, cream, fresh eggs, lard, milk, mutton, pork, sheep, swine, rye, wheat, and wool; the whole range

of agricultural products.

The war, while it lasted, prevented the full effects of this act being felt in this country; but, when that struggle was over, the farmer was plunged into such a condition of dire distress that among was pringed into such a condition of the distress that almost the first things the Harding administration did was to pass an emergency tariff law, confined to agricultural products alone, in order to save that industry from the withering effects of the last Democratic tariff law. Is it their intention, if given power, to Democratic tariff law. return to those rates?

#### INTERNATIONAL CONFERENCE

And their only remedy is to provide an international commission to aid us in adjusting our tariff rates. This is the first time This is the first time in the history of America that it has been deliberately proposed to turn over the tariff policy of our country to an international commission composed of people who are hostile to our entire protective policy and whose only thought and purpose is to so arrange our tariff rates as to enable them to enter this, the mightiest market of the earth, made so by the protective policy of the

market of the earth, made so by the protective policy of the Republican Party.

And after our experience with European governments in all matters pertaining to and arising out of the late war, I am wondering how the American people will relish a proposal to call an international conference to agree upon the tariff policy of America. We believe that we have reached our present position among the nations of the world by attending to our own affairs and lending our assistance to other nations if and when we believed it essential, and doubtless we shall continue to pursue that policy; but, since the adoption of the preamble to the League of Nations covenant, we have not heard of any other proposal that commits us to international domination and to the determination of our national policies by the alien powers of the earth. And we do not believe that the American people will tamely submit to a proposition of that kind. tion of that kind.

#### INVESTIGATION OF COAL-MINING CONDITIONS IN KENTUCKY

Mr. COSTIGAN. Mr. President, I desire to ask the chairman of the Committee on the Judiciary [Mr. Norris] a question. About two weeks ago Senate Resolution No. 178, authorizing an investigation of coal-mining conditions in Kentucky, was referred to the Committee on the Judiciary. May I inquire of the chairman of the Judiciary Committee whether the committee will soon be prepared to report on

Mr. NORRIS. Mr. President, as I have often stated heretofore, I can not offer, much as I should like to do so and much as I sympathize with the object of the resolution, any suggestion that the committee will be able to report in the very near future, because of the large amount of other work that the committee has had in charge for some time; and it is going to be some time before I can see relief.

Mr. COSTIGAN. Mr. President, unless the chairman of the Committee on the Judiciary objects, I desire at this time to move that the Judiciary Committee be discharged from further consideration of the resolution in question and that it be referred to the Committee on Manufactures.

Mr. NORRIS. I have no objection to that motion being made by the Senator.

The VICE PRESIDENT. Is there objection? Without objection, the Committee on the Judiciary will be discharged from the further consideration of Senate Resolution 178, and it will be referred to the Committee on Manufactures.

## PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, I inquire when it would be possible to bring the subject of Philippine independence to a vote in the Senate? It seems that on a subject of this importance, which has been before the Congress for a long time and on which two committees-the Senate committee and the House committee—have favorably reported by practically unanimous votes, before other great measures now pending come over from the House, there should be some definite determination as to a vote in the Senate.

Mr. President, in 1924 the House committee reported a bill for Philippine independence. In 1930 the Senate Committee on Territories and Insular Affairs conducted long hearings; witnesses were brought from various portions of

the country, and a report was submitted to the Senate favoring Philippine independence. At this session of Congress a new bill was presented following the philosophy of the bill presented in 1924. This bill was prepared by the War Department and had been recommended by Secretary Weeks. As it is reported now it contains some new provisions, but the committee is unanimous on one point, and that is that a condition of uncertainty exists which calls for a decision upon the part of the Congress. All the witnesses who appeared before the House committee and before the Senate committee, with only on exception, agreed whether they were for independence or opposed to independence, that a situation of uncertainty existed which should be decided by this Congress.

Union labor with its 5,000,000 membership, farm organizations with their membership of some 4,000,000, and various business organizations have placed themselves on record as being in favor of action on this subject at this session, and from the Pacific coast there comes the unanimous demand that the matter of limitation of immigration from the Philippine Islands be settled. Supplementing the request from the Pacific coast we find the American Legion indorsing exclusion of Philippine immigrants. But we found in both Houses, and especially in the Senate, a feeling that to limit or change the economic relations now subsisting between the islands and our people prior to a definite declaration of policy as to our future intent would be an immoral act; that it would be repugnant to a sense of right and justice to attempt to handle matters affecting tariff or immigration or limitations until the policy of the United States regarding independence had been settled. Both Senators and Congressmen have stated that they favored limitations and exclusions, but would not vote for either until independence was decided upon and a definite date set for the termination of our sovereignty. Only one witness before either the Senate or House committees even indicated that such a course could be justified. The business of the islands and the business of our people require the setting of a definite date for separation.

I venture the assertion, Mr. President, that there will not be a handful of votes in the Senate against this bill when it shall reach its final form, and it is my belief that in the House there will not be 75 votes against a bill.

The opposition to it in its present form is a disguised opposition. There are a few men in our country who are still imperialists, but they are very few, and no witnesses appearing before either the House committee or the Senate committee had the hardihood or temerity to discuss permanent retention of the Philippine Islands, and no bill proposing a new colonial policy has been presented. The attempt to establish a colonial policy seems to have been abandoned, and there remain only a few questions to be decided, such as the question of time, the question of limitations, the question of defining a period between the time of our decision to grant independence and the time when independence should become a fact.

I do not know of a single leader on the Republican side or on the Democratic side of this Chamber who does not favor a declaration of independence for the Philippine Islands. It may be true, Mr. President, that there is some slight disagreement as to the period of preparation, and I believe the distinguished junior Senator from Michigan [Mr. VANDENBERGI desires to present a substitute plan, and that the junior Senator from Utah [Mr. King] desires a shorter period, but on the broad question of the necessity for definite action at this session of the Congress there is no disagreement.

I do not at this time desire to move to take up this bill. but I believe that some general agreement should be arrived at that it can be done within the next two or three weeks.

I am under the impression that five hours on the House side and two or three days on this side would dispose of the question.

Last week I listened to a day's debate on the subject of a collector of customs. It was a proper debate. For nearly a week, time was consumed on the question of the Indians and

Indian reservations, involving the welfare of some 250,000 ing priority always given, and properly given, to appropriation bills. I assume that the committee would wish its pro-

This is a question that involves the welfare of 13,000,000 people, far distant in Asia, and of our own interests in the matter. I, therefore, ask the chairman of the Committee on Territories and Insular Affairs if he has any definite program or suggestion as to when this matter can be brought to a vote.

The VICE PRESIDENT. The Chair may state that this can be done only by unanimous consent. We have not passed the order of presentation of reports of committees or introduction of bills. If there is no objection—

Mr. KING. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Senator will state it.

Mr. KING. No Senator has suggested that the Senator from Missouri was proceeding improperly. He is evidently proceeding by unanimous consent.

The VICE PRESIDENT. That is why the Chair did not call attention to the matter while the Senator was speaking; but the Chair thinks it is his duty to call the attention of the Senate to the fact that the morning business has not been concluded. Of course, the matter is in the hands of the Senate. Is there objection? The Chair hears

Mr. HAWES. Mr. President, it was not my intention to occupy very much of the Senate's time this morning.

Mr. BINGHAM. Mr. President, I sympathize most heartily with everything the Senator from Missouri has said. I am just as anxious as he is to get this bill up. I have repeatedly spoken about it to some of the members of the steering committee of the majority, expressing my hope that it might be brought forward at a very early date. I have stated that I did not think it would lead to prolonged debate; and I think that two days might easily dispose of the speeches that would be made. I am sure that neither the Senator from Missouri nor the chairman of the committee will take up very much time.

I agree with the Senator entirely that it is a matter of the very greatest importance to 13,000,000 wards of the United States that this question be settled at the earliest possible date; and I shall be glad to cooperate with him in every way possible to bring the matter to the attention of the Senate.

I am not a member of the steering committee. I have no means of forcing them in any way to bring the matter to the attention of the Senate. I do hope, however, that the leaders on both sides of the aisle will see to it that this matter shall be given a couple of days' debate in the very near future, in order that it may be determined, and in order that our friends and wards may know definitely what Congress proposes to do, particularly what the Senate—which has spent so much time in the study of this matter in the past few years—intends to do in the matter.

Mr. HAWES. Mr. President, may I ask the junior Senator from Michigan [Mr. Vandenberg], chairman of the program committee, what he thinks are the prospects of placing this bill upon his program?

Mr. VANDENBERG. Mr. President, I think the able and earnest Senator from Missouri knows how heartily I sympathize with his objective. He has been exceedingly zealous and courteous throughout the consideration of the bill in committee in endeavoring to meet conflicting views. Unfortunately, we have not entirely enjoyed a meeting of minds, although we do agree that a definite independence formula is due the Filipinos under our trust obligation. The fact remains that whatever differences remain should be liquidated on the floor of the Senate. They should not prevent debate and conclusion at this session.

So far as the steering committee is concerned—and I am speaking only as one member of it—I remind the Senator that we reported a program on the 28th of February with three suggested measures given priority. That agreement was entered into in conjunction with the leaders upon the Democratic side as well as the leaders upon the Republican side. Thus far we have been unable to reach even the first suggested measure upon that program, because of the stand-

ing priority always given, and properly given, to appropriation bills. I assume that the committee would wish its program as already announced to continue. Subsequent thereto there must be a decision as to which among several highly important measures must be given priority. Certainly, the Philippine bill is among these measures. So is Senate Joint Resolution 76, which would arm the President with needed authority to redistribute and consolidate Federal bureaus and commissions in the desperately important quest of economy. It seems to me that this and kindred matters are of prime concern. It is our problem to find the most useful order in which these measures can become the Senate's unfinished business.

I remind the Senator, for instance, that the Muscle Shoals legislation is again pending in the Senate and that the senior Senator from Nebraska [Mr. Norris] is highly anxious that it should have its earliest possible day in court. I remind the Senator that additional banking legislation will probably be upon the Senate's calendar within the next week or 10 days. These and other matters will have to be relatively considered in the full committee with a purpose of reaching the best possible conclusion with a view to the interests of all concerned.

So far as I am concerned, Mr. President, I assure the Senator of my anxiety to conclude the Philippine question effectually, and with finality, before this session of Congress adjourns. The Senator is wholly justified in his attitude. With the added assurance that I shall sympathetically seek to hasten its consideration, the Senator will understand that I can not give him a further commitment at the present time.

Mr. HAWES. May I ask the Senator a question? He is a keen observer of affairs in the Senate. Does the Senator anticipate that it would require more than two days' debate to settle the matter?

Mr. VANDENBERG. I should think it would require more than two days, Mr. President. I am hoping myself to submit to the Senate a substitute measure which will represent the views of at least one section of public opinion which disagrees with some of the details of the Senator's bill, although we do not disagree with the fundamental purpose to fix a definite independence formula. Personally, I can conclude in one hour any presentation I have to make upon the subject when the time comes.

Mr. HAWES. May I ask a question of the Senator from Oregon [Mr. McNary] in this connection? I am trying to ascertain the possibility of bringing before the Senate the question of Philippine independence for final determination. So far as I can ascertain, it will not require more than two days to discuss it. I am wondering if the Senator can encourage me in any way to believe that we can bring it up at any early date and dispose of it.

Mr. McNARY. Mr. President, I will say to the Senator from Missouri that during any morning hour other than the hour of Monday the Senator may move to take up his bill for two hours' consideration until 2 o'clock, at which time it would be displaced by the unfinished business. If that is not ample time, if the Senator is looking for a secure place, he probably should follow the program as it has been arranged by the steering committee. The Senator, of course, is conversant with that program. How long that will take depends entirely upon the amount of debate that ensues from the consideration of each item on the program.

Of course, the Senator need not be content with a program. If he has the desire, and the votes to support his desire, he may displace any business that is pending before the Senate, or interrupt the processes that have been laid out by the steering committee.

Mr. HAWES. I am quite sure such a motion would prevail; but the friends of independence do not desire to be precipitate or to force a vote. All they desire is the certainty that a vote and decision shall be arrived at within the next few weeks.

Mr. McNARY. The Senator probably is asking me for an estimate of time on the assumption that he is willing to follow through the program that has been arranged by the

steering committee. That program consists first of the appropriation bills; next, the tariff bill, to be followed by a resolution offered by the Senator from Pennsylvania [Mr. REED], then to be followed by a naval construction bill; and that is the end of the program that has been outlined by the committee.

The Senator is entitled to early consideration for his bill, of course, because it involves and presents a very important subject matter. It is my opinion that the Senator probably could reach his Philippine bill in the natural course of events within the next three weeks. That, of course, is just an estimate, however.

Mr. HAWES. I thank the Senator. A vote, if assured, would be satisfactory.

Mr. BINGHAM. Mr. President, may I say to the Senator from Missouri that the bill which he is now discussing was not reported from the committee and placed on the calendar until the day after the steering committee had presented its program. It has been the custom in the past for steering committees to revise their programs from time to time, taking cognizance of the new bills on the calendar and attempting to arrange them in the order of precedence, even though some of the bills have been on the calendar longer than others. So may I suggest to him that it might be well for him to ask the chairman of the steering committee for an opportunity to present reasons why the present program should be revised.

Mr. HAWES. I will adopt the suggestion of the Senator. Mr. President, I ask permission to insert at this time in the body of the RECORD the report of your Committee on Territories and Insular Affairs made to the present Congress. All of the members of this committee, without exception, are in favor of a solution of the Philippine problem. Two or three of the members are in disagreement in the matter of time or limitations, but on the subject of a definite decision in this Congress they are unanimous.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

For a generation the Philippine problem has confronted the American people. It involves American-Philippine political and economic relations, and the fulfillment of our promise of independence. This bill provides sound, feasible, and fair methods

of substituting a definite policy for one of evasion and indecision.

Virtually every witness who testified at the extended hearings conducted by the committee has expressed the view that the present uncertainty characterizing our relations with the Philippine Islands should be removed. Further delay threatens to be prejudicial to the best interests of both the United States and the Philippine Islands.

## FAR EASTERN SITUATION

The present situation in the Orient should not prevent Congress from taking definite action at this time. Unsettled conditions in the Far East may continue indefinitely; they may be settled at any time. But the varying fortunes of conflicting forces on the other side of the Pacific can not justly be set up by us as an excuse for delaying the solution of our own problems.

The fulfillment of our duty toward the Philippines must be determined upon the basis of the welfare of the people of the United States and the 13,000,000 people of the Philippine Islands. To change at this time a long-established national policy because of conditions for which we are not responsible and over which we have no immediate control will be interpreted as timidity or

have no immediate control will be interpreted as timidity or weakness.

## FACTORS RECONCILED

The recommended bill harmonizes previous divergent views of different groups likely to be affected by Philippine independence. The American farmer, speaking through the three national farm federations, and the dairy organizations, is seeking protection from Philippine competition in our markets. The American workingman through the American Federation of Labor, and organizations on the Pacific coast, and the American Legion, are demanding the exclusion of Filippine immigrants as well as protection from ing the exclusion of Filipino immigrants as well as protection from duty-free Philippine articles produced at lower labor costs.

Nor can the rights and interests of the Filipino justly be ignored. He, too, is under the American flag, and that not by his own choice but by our own will and purpose. While he remains under our sovereignty he should not be discriminated against. It would be politically immoral to retain indefinitely the Filipino people in their present status as wards and at the same time impose upon them discrimination and unfair restrictions and inhibitions.

We have also to consider our promise to grant independence to the Filipino people. By the declaration of our political parties, by

the utterances of our Presidents, by an enactment of Congress, we have pledged our word as a nation that they should at some time be free and independent. This we can not evade.

### INDEPENDENCE—" WHEN " AND " HOW

Only two questions require decision—first, "When shall the Philippines be granted independence?" and, second, "How should it be granted, so as to protect both Philippine and American welfare?" welfare?

To achieve these purposes the bill in the main provides that-PHILIPPINE AUTONOMY

1. The Philippine people shall adopt a constitution for the government of the "Commonwealth of the Philippine Islands," pendernment of the "Commonwealth of the Philippine Islands," ernment of the "Commonwealth of the Philippine Islands," pending complete independence. Under that government they will enjoy complete autonomy as to domestic affairs, subject only to the restrictions and limitations specified in the bill that safeguard both the sovereignty and responsibilities of the United States.

#### TRADE LIMITATION

2. Pending final withdrawal of American sovereignty, free importations of certain Philippine products into the United States shall not exceed specified limits, based upon the status quo as represented by estimated importations from existing investments.

#### IMMIGRATION RESTRICTIONS

3. Pending independence Philippine immigration to the United States is limited to a maximum annual quota of 100.

#### COMPLETE INDEPENDENCE

4. At the end of a 15-year period from the date of inauguration of the government of the Commonwealth of the Philippine Islands, the people of the islands shall, at a plebiscite, vote on the question of independence, and if a majority favor independence the President is directed to recognize and declare the independence of the Philippine Islands, whereupon, for all purposes, they will become to the United States a foreign nation.

These provisions establish a process for the independence of the

Philippine people and the adjustment in an orderly manner of our economic and other relations with them. They provide the erection of the new Philippine national structure and at the same time a safe and satisfactory transition from the present dependent to the future independent status.

#### GRADUAL TRADE ADJUSTMENT

Twenty-five years ago free-trade relations were established between the United States and the Philippine Islands. This was done by the American Congress against the expressed desire and despite the opposition of the people of the islands. As a consequence of free trade, Philippine industries and trade with the United States have developed on that basis.

This arrangement resulted in an artificial stimulation in the production of certain articles and manufactures in the Philippines and an extraordinary increase in the volume of American-

oines, and an extraordinary increase in the volume of American-Philippine trade, with a corresponding decrease in the trade of the islands with foreign countries.

Obviously, the existing free trade relations between the United States and the Philippines can not be terminated abruptly without serious injury to Philippine economic interests and American trade with the islands. Both require a definite time to prepare for the change. Investment made on the basis of free trade must be given sufficient time for adjustment or liquidation without loss. Philippine industries must be given time to establish themselves on a competitive basis before they are placed outside the tariff walls of the United States.

## MORAL OBLIGATION

The United States owes a moral obligation to the Filipino people in this respect. The existence of this obligation can not be too strongly urged. We can not justify an act which might result in the destruction of the economic structure that we helped to build in the Philippines, with the consequent lowering of stand-

orderly transfers of sovereignty have usually been accompanied by such provisions as those proposed in this bill. When the Philippines were ceded to the United States by Spain we agreed by treaty to permit Spain for 10 years to send her merchandise and her ships to the Philippines on the same basis as ours. We did this because we realized that we would injure Philippine and Spanish interests if we abruptly forced on the Philippine Islands a different arrangement.

The committee examined the various proposals as to the time at which independence should be granted. There were proposals for immediate independence, for independence in 5 years, for independence in 10 years, and for independence in 20 years. The reasons urged in behalf of each were considered. Your committee concluded that a period of 15 years was required for the necessary readjustments. Some members of the committee yielded their preference for earlier independence on the basis of evidence developed at the hearings. There was unanimous agreement that a definite date for independence should be set.

During the first 10 years of the 15-year period there is to be a limitation on importations from the Philippines to the United States as already indicated.

GRADUATED TARIFF

## GRADUATED TARIFF

At the end of the first 10 years there begins a gradually increasing tariff levy in the nature of an export tax imposed and collected by the Philippine government on all Philippine free exports to the United States. From the eleventh to the fifteenth year the tax

will rise from 5 per cent to 25 per cent of the American tariff on like articles imported from foreign countries. Products on the general free list of the American tariff will not under the bill be subject to this tax.

considerations dictated this procedure. main Three main considerations dictated this procedure. First, to permit Philippine industries to adjust themselves to the new conditions following independence; second, to induce the Filipino people to diversify their products on a competitive basis and to find new markets for them; third, to protect American agriculture, labor, and industry.

#### PAYMENT OF BONDED INDEBTEDNESS

One additional reason prompted this provision. It will permit the Philippine Islands to discharge its bonded indebtedness prior to independence, for the bill requires that all collections from this tax shall constitute a special fund to be used exclusively for the retirement of the outstanding indebtedness of the Philippine Islands. It is believed that at the end of the 15-year period the bonded indebtedness of the islands will have been paid.

#### UNITED STATES SOVEREIGNTY UNIMPAIRED

The sovereignty of the United States over the Philippine Islands during the 15-year period continues unimpaired. The United States also retains such authority in the government of the Philippine Islands as is commensurate with its responsibilities. But it is in the nature of reserved powers and authority rather than of is in the nature of reserved powers and authority rather than of actual and affirmative participation in the government. The authority can be exercised when the necessity for it arises. Additional power is unnecessary. These powers extend to the safe-guarding of the finances of the Fhilippine nation, its currency, its foreign trade, its public lands and mines, public order, and all those activities and services of the government necessary for the protection of life, liberty, and property. It is also provided that foreign relations of the islands shall be exclusively under the control and supervision of the United States, and that our Government at any time may intervene to prevent a violation of international obligations. national obligations.

#### RECOGNITION OF AMERICAN AUTHORITY

Pending the consummation of independence United States sovereignty will be represented in the Philippines by a high commissioner, who shall be recognized as such representative by all the

sioner, who shall be recognized as such representative by all the departments of the Philippine government.

The high commissioner will act as the representative of the United States, and he is vested with all of the prestige and authority required for the discharge of such responsibility. He shall have access to all of the records of the government and have means at his disposal to acquaint himself with the manner in which the government of the Commonwealth is conducted.

Should any of the aventualities described in the bill invalid

Should any of the eventualities described in the bill, involving either the finances or the orderly functioning of the government, occur, the way is clear for the exercise of authority by the United States to remedy such conditions.

The governmental powers reserved to the United States and the United States high commissioner are effective to insure an efficient administration of public affairs in the Philippines.

## MILITARY AND NAVAL BASES

Under the provisions of this bill the United States also reserves Under the provisions of this bill the United States also reserves the right to retain its present military, naval, and other reservations in the Philippine Islands. It is also provided that after independence the United States may obtain, by lease or purchase, any additional territory in the Philippine Islands as it may consider necessary for such purposes. There is no provision in the bill to prevent the withdrawal or abandonment of these naval and military posts at any time, or at the end of the 15-year period. That question is left to future decision and determination.

The bill provides that after the people of the Philippine Islands have voted for independence, and prior to the final withdrawal of American sovereignty, a conference of representatives of the American and Philippine Governments shall be held for the purpose of formulating recommendations as to future trade relations between the United States and the independent government of the Philippine Islands.

## CONCLUSION

The recognized policy of the United States in the Philippines has been to prepare the Philippine people for independence. Every Chief Executive since our occupation of the islands down to the present time has stated that we were in the islands for the purpose of assistance rather than colonization. Every legislative act congress has contemplated ultimate independence. pose of assistance rather than colonization. Every legislative act of Congress has contemplated ultimate independence. For 30 years every act of the American Government in the islands has been based upon and in furtherance of this policy.

We have done much for these people. Americans may justly say that we have accomplished for the Filipino people in 30 years what no other nation has done for the people of its colonization in hundred works. And the Philippine people appreciate that fact

a hundred years. And the Philippine people appreciate that fact, and they are grateful to America for it.

The rest they must do and achieve by themselves. And they can only have this opportunity if, as this bill provides, they are permitted to lead their own life, enjoying their independence, free

permitted to lead their own life, enjoying their independence, free to exercise their own genius, and thrown on their own resources. Every condition precedent that we have imposed upon them has been fulfilled. They now have a stable government. We can no longer postpone a definite solution of the question of independence without serious injustice. The Filipino people unitedly are respectfully, but with insistence, urging their independence. Further delay will not be understood by them and can not be justified by us.

Mr. HAWES. Mr. President, in the Seventy-first Congress your Committee on Territories and Insular Affairs held long hearings; witnesses appeared from various portions of the country representing all elements of our political life, business men, farm organizations, labor organizations, magazine writers, Government officials; and it was disclosed in these hearings that there was general agreement amongst those who favored independence and those who opposed it that a situation of uncertainty was paralyzing economic progress in the Philippines, and a situation that was injurious to American interests, which calls for decision. Every witness that appeared at this time agreed that a definite, defined policy should be entered into quickly by the Congress

The report at the conclusion of these hearings was long and voluminous. It is not necessary to repeat it all, but the conclusions arrived at by the committee are important, and I ask that they be inserted in the body of the RECORD as part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

#### CONCLUSIONS

From the foregoing, the following conclusions may be drawn: (1) That it is the policy of the American Government to free rather than retain the Philippines.

(2) That the Philippine people are justified in their plea for

independence at this time.

(3) That the Philippine people have made remarkable strides in

(4) That the Philippine people have made remarkable strates in the path of self-government.
(4) That at the present time the Philippine people are conducting, except in a few instances, the affairs of government.
(5) That the Philippine people are keenly alive to the untoward eventualities of independence.

(6) That the Philippine people, realizing serious hardships may result from independence and from the loosening of the ties that now bind them to American sovereignty, prefer to risk these hardships at the present time, when they are confident of their ability to endure them, than at a remote date when the hazards of separation from the American Government would be so great as either to threaten disaster or to preclude their independence.

(7) That, so far as the interests of Americans are concerned in

Philippine trade, it will be more simple to grant independence at an early date than when their interests have a deeper and more far-reaching contact with the Philippines.

an early date than when their interests have a deeper and more far-reaching contact with the Philippines.

(8) That at the present time the conditions existing in the Philippines and the uncertainty of the future status of these islands is operating to dwarf their initiative, handicap their agricultural and industrial development, hamper their efforts to obtain investments of foreign capital, and militate against their enjoying the full possibilities of their economic development.

(9) That there are important elements, both American and Philippine, whose interests demand some action on the part of Congress in the settlement of this national uncertainty.

(10) That the action of the American Government in relation to the Philippines will determine America's prestige in the Orient.

(11) That the Philippine Islands, of doubtful advantage at the present, from a purely trade standpoint, have little or no utility in times of war and might even become a burden and a threat to us in the event of our embroilment with certain powers.

(12) That proposals to postpone the date for the granting of Philippine independence for any great number of years will result in the expansion of certain economic ties which may ultimately make impossible the granting of independence.

make impossible the granting of independence.
(13) That no selfish motives of commercial advantage or expansion should interfere with the redemption of our pledges to these

sion should interfere with the redemption of our pledges to these people.

(14) That the Philippine people are unanimous in their demand for early and complete independence.

The United States owes a solemn duty to the Philippine people—the duty of an honest declaration of our future intent. If we have decided to retain these islands under some form of colonial government, we should be frank enough to proclaim it. We should not further encourage national aspirations to ultimate independence on the part of the Philippine people if we are ourselves opposed to their independence. selves opposed to their independence.

Mr. TYDINGS. Mr. President, will the Senator from Missouri yield?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Maryland?

Mr. HAWES. I do.

Mr. TYDINGS. Mr. President, before the end of this session the Senate will vote on the subject of Philippine independence.

The facts connected with our early occupancy of the islands have been more or less obscured. Their development, their readiness for independence, and their unanimity of appeal for it, are all subjects upon which the Congress should protected and the United States was their protector. On the other hand, Washington seems to have realized that the Filipinos have full and complete information.

There recently appeared in the Baltimore Sun a résumé of the situation, interesting and informative, by P. Stewart Macaulay, an able analyst and writer. I ask that portions of it which seem to be pertinent be printed in the body of the RECORD and referred to the Committee on Territories and Insular Affairs for their consideration.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

The independence movement on the islands really began while the Spaniards still were in control and years before Dewey's specthe Spaniards still were in control and years before Dewey's spectacular naval victory in Manila Bay over a ludicrously inferior and almost unresisting Spanish squadron. Under the leadership of the youthful and spirited Aguinaldo it had reached respectable proportions by 1898. Dewey recognized this fact and he was not slow to profit by it. He rescued Aguinaldo from exile in Hong Kong, set him ashore on the islands, and wished him godspeed in his offert to rescue an error for the purpose of destroying Spanish his effort to raise an army for the purpose of destroying Spanish outposts.

outposts.

In both these endeavors the Filipino leader was amazingly successful. Natives flocked to his standard in such numbers that he was not able to equip all of them with guns. In a series of brilliant assaults he mopped up virtually all of the outlying Spanish garrisons and then, with captured arms and augmented forces, he turned on Manila itself. While Dewey lay in the bay, unable to capture the city because land forces had not yet arrived from the United States, Aguinaldo probably could have taken the city with ease. But he postponed the assault, on Dewey's request, until the Americans arrived. Meanwhile, he had set up a provisional independent Philippine Government with himself at its head—and that is where all the trouble started.

There are still many different opinions as to the justice or the injustice of the American attitude toward the Filipino insurgents. No one denies that it was vigorous in the extreme. Up until Au-

No one denies that it was vigorous in the extreme. Up until August, when General Anderson arrived with troops from the United States, there is no doubt that Dewey and Aguinaldo had worked in perfect harmony. The former, in his dispatches, reported as much, pointing out that Aguinaldo was most obedient to his suggestions, that his forces, in capturing the Spanish outposts and investing Manila itself, were actually saving the American troops (which had not yet arrived) by doing most of their work. Aguinaldo, on his part, looked upon the Americans as liberators of his people. He believed all during this early period that, in ridding the islands of Spaniards, he was opening the way for the establishment of an independent Philippine government. And nothing on the record indicates that he received from Dewey or any other American source a single intimation, that his hopes in any other American source a single intimation that his hopes in this respect were not in accord with the policy of the United

Then General Anderson arrived. He found that the insurgents had encircled the entire city with a system of trenches, that food and water supplies had been cut off effectually, and that the population within the encircling insurgent line was on the point population within the encircling insurgent line was on the point of starvation. The American general politely requested Aguinaldo to move some of his troops so that Americans might occupy a section of the earthworks. The Filipino leader obliged, the Americans took their stations, a few shots were fired, and a white flag was raised above the city. It is clear that for reasons of his own the Spanish commander was willing to surrender to the United States, but not to the Filipinos.

As soon as the white flag appeared General Anderson took complete charge of the negotiations leading up to the surrender of the Spaniards. He was in position to dictate terms, but in fact he made one concession which, no matter how wise it may have ne made one concession which, no matter now wise it may have seemed at the time, certainly had disastrous results. The Spaniards, still resolute against the Filipino army, demanded that the occupation of the city be accomplished with American troops only; that no Filipinos be permitted to take part. Anderson agreed and sent word to Aguinaldo to move his troops back from the outskirts. Even though the insurgent leader must have been sadly disappointed at seeing all the honors of a victory that really was his going to troops which had played only a small part in it, he acquiesced and, on the surface at least, no enmity was displayed on either side.

Meanwhile Washington had become greatly disturbed over the Philippine situation. Almost overnight the United States had developed into a potential empire and both the people and the leaders were having a hard time to adjust themselves to the new outlook. The country began to divide sharply into two camps outlook. The country began to divide snarply into two camps—the imperialists and the anti-imperialists—and both sides exhibited considerable strength. So far as Cuba was concerned, it was not regarded as a permanent American possession. Even before its occupation by American troops Congress had gone on record as disavowing any permanent designs upon the island. It had, in fact, promised that as soon as the Cubans themselves could set

that as soon as the Cubans themselves could set up a government the Americans would withdraw. But no such definite promise existed in the case of the Philippines.

They had come to us, official Washington asserted, as an accident of war (although there is plenty of evidence that the "accident" had been planned carefully well in advance of its actual occurrence). And, since we had taken them over, we could not simply throw them on their own resources. They had to be

themselves did not look upon the matter in the same light; that the insurgents believed firmly in their own ability to run their own affairs. Anxious dispatches were sent to Dewey and Anderson, warning them against committing the United States to any definite policy with regard to the native movement.

The treaty of Paris had been signed and by its terms the Philippines were to be purchased by the United States for \$20,000,000, but the pact had not yet been ratified by the Senate, and so the

but the pact had not yet been ratified by the Senate, and so the situation on the islands—and in Washington—was rather confused. The Americans held Manila; the insurgents controlled most of the outlying territory; while Spaniards remained in a few isolated posts. With the ratification of the treaty Spain could withdraw, but still there would be two armies in the Philippines, neither of which was anxious to relinquish control to the other. Any lingering hope the Filipinos may have had that the United States was going to grant them independence died when President McKinley, in December, 1898, several weeks before the ratification of the treaty, issued a proclamation ordering the troops to extend American authority over "the whole ceded territory." He referred to the American "rights of sovereignty" and to the immediate necessity for exercising that sovereignty by extending the military government. The proclamation was so direct an attack on Aguinaldo's hopes that General Otis, who had become commander of the American forces, attempted to censor it before making it pubthe American forces, attempted to censor it before making it public. Through an oversight, however, the original draft was published and the tenseness of the situation was increased.

It is probable that so definite an avowal of the American attitude would have resulted in war under any circumstances, but critics of the McKinley administration contend that the Americans, not the Filipinos, were responsible for the actual outbreak. It is conceded that even after publication of the proclamation Aguinaldo made no warlike move. He even watched peaceably while the American military government extended its grip on the islands. Then, just two days before the treaty was to come up in the Senate for ratification, an American sentry shot and killed a Filipino who had encroached on a "dead line"; there was firing on

Filipino who had encroached on a "dead line"; there was firing on both sides and a long and bloody war had begun.

The critics point out that the outbreak occurred at a very crucial moment. In spite of a vigorous campaign on the part of the imperialistic group, it appeared that the Senate was going to reject the treaty by about 2 votes. If one or two Senators could be persuaded that the Filipinos were entirely incapable of self-government, the day might be won; otherwise the outlook for an American empire was dark. The outbreak, which dispatches from Manila described as having originated in the insurgent camp, probably saved the treaty, for it was ratified by the requisite votes, with none to spare. with none to spare.

As early as 1899 President McKinley had sent a commission of civilians, headed by Jacob Gould Schurman, to study conditions on the islands for the purpose of establishing a civil government. There was not much the commission could do, however, since the military government was still in complete control and the war was still being waged. The same conditions existed the following year when the Taft Commission reached the islands, but by this time Washington felt that it had to set up at least the skeleton of civil government in order to justify the American

Taft, naturally, had some skirmishes with the military before he was able to progress very far in the establishment of a civil organization, but he persevered and, with increasing support from Washington, soon succeeded in erecting a framework upon which a peace-time government later was built. In March, 1901, which a peace-time government later was built. In March, 1901, Congress passed the so-called Spooner amendment, which provided for a civil government. Later in the same month Aguinaldo was captured in a spectacular coup engineered by Colonel (later General) Funston, and on July 4 Taft was formally inaugurated first civilian governor of the islands. By that time the insurrection had dwindled to minor proportions, although the Philippine desire for independence was in no wise diminished.

Taft served as governor only until 1904, but the period 1901–1913 is regarded as something of a "Taft regime" in the Philippines. From the governorship he stepped into the office of Secretary of War, and the islands were directly under the control of his department. Later, as President, he still was in a position to guide the Nation's policy with regard to its island possessions. Whether this régime was bad or good seems to depend entirely on

the point of view.

the point of view.

Strong advocates of Philippine independence assert that it was bad; that as civil governor Taft installed a "white man's government" on the islands, reserving a preponderant balance of power to American citizens and stifling the political ambitions of natives by refusing to take even those appointed to important positions into the inner councils. It is asserted that the first civil governor's acts were guided by the desire to convert the natives to the idea of American domination and to make them forget about political autonomy. He conceded that the natives might some day be capable of self-government, but he expressed the hope that by that time they would be so well satisfied with the good resulting from union with the United States that there would be no desire for separation. In any event, he postponed the ultimate desire for separation. In any event, he postponed the ultimate decision for "several generations," which did little to pacify the island agitators and their American sympathizers.

Setting aside the question of whether the Filipinos were entitled

to immediate independence, however, it should be possible to judge the Taft régime simply on its merits as an agency of colonial administration. In that light it shows up quite favorably.

Working with a populace which at its worst was hostile and at best was unsympathetic, Taft and the Governors General who succeeded him were able, nevertheless, to effect a number of political, social, and financial reforms which must be entered on the credit soid of the ledger. They built roads, founded public schools, introduced modern sanitation and established an efficient public health organization. Municipal and provincial police forces were organized throughout the islands to maintain order and a system of courts was established. After these reforms had been in effect for some time there was a marked decrease in the Philippine death rate and an equally marked increase in literacy. The finances of the islands were sound and violent outbreaks against the established order became more and more rare.

Nevertheless, the undercurrent of discontent remained. The Filipinos, of course, had to pay all the costs of the new government through taxation and many of them felt that the burden was unnecessarily large and unfairly distributed. They objected particularly to an export tax levied against all goods leaving the island, and they resented the fact that, although they belonged to the United States, their exports to the parent country were not exempted from tariff payments. Tariff concessions were made earlier, but it was not until 1913 that unlimited free trade was authorized by Congress and the offensive export tax abolished.

earlier, but it was not until 1913 that unlimited free trade was authorized by Congress and the offensive export tax abolished.

On the face of things the Filipinos do not seem to have fared so badly in the field of politics. In 1901 three natives were appointed members of the Philippine Commission and in the following year provision was made for the election of provincial governors. Taft himself had proclaimed a policy of filling all possible public positions with Filipinos and of increasing their number as rapidly as conditions warranted. His successors in office followed the same general policy. If it is true, as come contend, that all the "fattest" jobs went to Americans, it is also true that the number and percentage of Filipinos in public office increased greatly as time went on and as, in the view of the governors, they demonstrated their capacity for government.

In 1907 an important step was taken in the direction of representative government—the Philippine Assembly was organized and assumed legislative functions hitherto reserved to the commission. The latter body, however, still acted as an "upper house." In the same year two Philippine Resident Commissioners were sent to Washington and in 1908 a native was appointed to the post of secretary of finance and justice—the first to hold a portfolio in the government. Gradually, in the period prior to 1914, the Filipinos were taking an ever-increasing part in the handling of their own affairs. But the never-tiring advocates of complete independence contended the changes were changes of form, not of substance. The Governor General still retained a veto power; Congress still might nullify any of the acts of the assembly and the stance. The Governor General still retained a veto power; Congress still might nullify any of the acts of the assembly and the President of the United States was the final court of appeal in case

of a dispute between the governor and the legislature.

There was widespread rejoicing on the islands when the Wilson administration came into power, for Philippine independence had been one of the planks in the Democratic platform. And administration came into power, for Philippine independence had been one of the planks in the Democratic platform. And there was even greater rejoicing when, in 1914, the Senate passed the Jones bill, calling for the complete withdrawal of the United States in not less than two nor more than four years. But, as had been the case back in 1898, when Aguinaldo optimistically hafted America as "liberator," the celebration was premature. The bill went to the House, then into conference, and emerged with the "two to four years" clause deleted. Even so the nationalists were not downhearted, for the final draft of the measure did include the first definite statement of Philippine policy ever made by Congress:

"It is and always has been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein."

In addition, the Jones bill provided for such changes in the existing government as were necessary to give the Filipinos a real chance to demonstrate their ability to govern themselves. The Governor General, Francis Burton Harrison, in accordance with the terms of the act, replaced practically all of the American officials with Filipinos. And the latter, for the first time, were permitted to formulate and carry out their own governmental policies. For the time being the agitation for immediate independence subsided and the islanders turned their efforts to the establishment of a government which the United States would be forced to recognize as stable.

From 1913, when Harrison succeeded W. Cameron Forbes as

the establishment of a government which the United States would be forced to recognize as stable.

From 1913, when Harrison succeeded W. Cameron Forbes as Governor, until 1921, when Gen. Leonard Wood succeeded to that position, the achievements of the native government in specific fields may be used as an index to its ability and stability. In that interval the enrollment in public schools increased from 440,000 to 1,100,000, and the number of schools and teachers was more than doubled. In 1913 there were only 2,035 kilometers of first-class roads on the islands; by 1921 this figure had been increased to 4,693 kilometers. During the Forbes administration there were no public dispensarics in the Philippines, but in eight years the Filipinos themselves had established more than 800 centers at which free medical advice and treatment might be obtained. The hospital facilities of the territory were increased greatly and effective measures were taken to lower the infant greatly and effective measures were taken to lower the infant mortality rate.

President Wilson was so impressed with the progress made

President Wilson was so impressed with the progress made during his administration that, in December, 1920, he informed Congress that all the conditions set forth in the Jones Act had been met and that the Philippines, consequently, were entitled to their independence. Once again there was rejoicing on the islands and once again it was followed by gloom. For before Congress reached the point of action the Wilson administration came to an end and Harding became President. One of his first acts was to send General Wood and Mr. Forbes to the Philippines as an in-

vestigating commission.

Both of these men were well known on the islands, since the former had served there in a military capacity and the latter as governor, but their appointment was not greeted with any great enthusiasm by the nationalists. Both had gone on record preenthusiasm by the nationalists. Both had gone on record previously as opposing independence, and the Filipinos had no reason to believe that they had changed their minds. Without questioning the honesty or integrity of the two commissioners, the advocates of independence charged that Harding had picked them deliberately for their known views on the subject—because the administration already had made up its mind to keep the islands a while longer. Wood and Forbes reported that great progress had been made by the native government, but they recommended that the Filipinos be given more time to "absorb and master the powers already in their hands."

Moreover, the commission recommended that the powers of the legislature.

American governor be increased at the expense of the legislature, and when Harding appointed General Wood governor of the islands the latter at once began to carry out his own recommendation. He met with vigorous opposition on the part of the native leaders, who claimed that he had arrogated to himself power over the island population greater than that of the American President over his people. During the Wilson régime the hope of independence had served to divert nationalist energies into constructive channels. Now with that here dimension that tive channels. Now, with that hope dimmed, they began a concerted attack on the handiest target—which happened to be

General Wood.

Because of his alleged high-handed methods a number of Filiplno Government officials resigned their posts, and in 1924 a commission headed by the speaker of the Philippine House of Representatives arrived in Washington to present a list of grievances to the President. It was after they had presented their petition to Coolidge and while they were still in Washington that the cause which they espoused received another serious setback.

In spite of the administration attitude, Congress had displayed strong sympathy for the cause of Philippine independence. In a strong sympathy for the cause of Philippine independence. In fact, while the island delegates were awaiting action on their petition an independence bill had been reported favorably from the House Insular Affairs Committee by a vote of 11 to 5. Its passage, in view of the committee's vote, seemed assured, and once again there was celebrating in the nationalist camp. Then Mr. Coolidge stepped in and put an end to the rejoicing. His reply to the grievance petition was brief and, according to critics, vague and uncertification, but it left no doubt as to the firmness of the ed-

unsatisfactory, but it left no doubt as to the firmness of the administration's opposition to immediate independence:

"The extent to which the grievances which you suggest are shared by the Filipino people has been a subject of some disagreement. The American Government has information which justifies

ment. The American Government has information which justifies it in the confidence that a very large proportion, at any rate, and possibly a majority, of the substantial citizenry of the islands does not support the claim that there are grounds for grievances."

This letter was immediately effective in blocking the expected congressional action, and it served also to rouse a storm of criticism from the Filipinos and their American sympathizers. Whence, these asked, came the Government's "information" which implied that a majority of Filipinos were satisfied with things as they were? And just what was the nature of the information and why was it not revealed in the President's message? The questions were not answered, nor was the situation altered. The questions were not answered, nor was the situation altered. The Philippine problem had been sidetracked casually but firmly,

and the independence agitators had to start all over again.

Undoubtedly more complications are involved in America's Philippine policy than meet the eye of a casual observer. It is extremely difficult to believe that, when we took the islands from Spain, we were guided solely by the lofty and altruistic motives enunciated at the time. Twenty million dollars is a high price to pay for altruism and the cost of "purchasing" the islands was only a fraction of the cost of keeping them during the early years of American occupation. Moreover, it is hard to reconcile our alleged yearning for the peace and welfare of a helpless people with the

yearning for the peace and welfare of a helpless people with the casualty lists of the insurrection.

Going back to 1898 it is not difficult to discover the motives which really dictated the early stages of our insular policy and which, perhaps, have influenced it profoundly ever since. While McKinley was issuing his humanitarian appeals for public consumption he was also conducting important investigations which at the time were kept discreetly quiet. In August, 1898, a commission was sent to the islands to "investigate and report on financial and industrial conditions," and its report, submitted some time afterward, spoke glowingly of the commercial prospects inherent in the proper exploitation of Manila hemp. In the same year the President dispatched a confidential inquiry to Admiral Dewey:

"The President desires to receive from you any important infor-

"The President desires to receive from you any important information you may have of the Philippines, the desirability of the several islands, the character of the population, coal, and other mineral deposits, their harbor and commercial advantages, and in a naval and commercial sense which would be the most advan-

tageous."

On the basis of this evidence and in view of the rapidity with which American capital established itself on the islands it is possible to reach the conclusion that commercial considerations were weighed carefully in the formulation of our Philippine policies. Many advocates of Philippine independence charge that these same commercial considerations have been responsible for the failure of Congress to take definite action on the several occasions

when such action seemed imminent.

Regardless of the motives which guided it, a great deal may be said in favor of American rule on the islands. If we exclude the period of the insurrection it has been, on the whole, an excellent example of colonial government. The succession of men who have ed the destinies of the islands have been almost without exception enlightened, able, and considerate. Under exceedingly difficult circumstances they have maintained peace and promoted progress, with the result that, by American standards at least, the Filipinos are better off to-day than they would have been without American aid and advice.

Opponents of separation point out that the progress of the last quarter century can be maintained only so long as the islands remain dependent and, again purely from the point of view of American standards, they may be right. On the other hand, those who sympathize with the Nationalists point out that the Filipinos are entirely capable of running their own affairs. Moreover, it is held, they want to, and have wanted to, ever since 1898. It is pointed out that the islanders are virtually of one mind in this respect and that every session of the legislature since its organization in 1907 has petitioned unanimously for separation. It is argued that the very foundation of American Government is a argued that the very foundation of American Government is a recognition of the right of a people to choose how they shall be governed; and while claiming that right ourselves we have no right to deny it to others

Mr. METCALF. Mr. President, an interesting letter addressed to Senator Hawes by General Aguinaldo, former President of the Philippine Republic, ably discusses the desire for independence of the Philippine people and their relations with our people. I ask that it be printed and referred to the Committee on Territories and Insular Affairs.

There being no objection, the letter was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

St. Joseph's Hospital, Manila, July 25, 1931.

DISTINGUISHED SENATOR: I have read with care the questions you formulated on the subject of Philippine independence. My answers are herein conveyed in the form of a memorial which I have prepared for such use as you may deem convenient. I only regret that due to my confinement in this hospital it has not been possible for me to venture into a fuller discussion of the subject. I hope, however, that although the answers are incomplete you will have an idea of my points of view on the independence of my country.

I am thankful to you from the bottom of my heart for having I am thankful to you from the bottom of my heart for having requested an expression of my opinions on the salient phases of this question, so vital to all of us. The restoration of the Philippine Republic has been the principal longing of my life. That Republic we had erected after tremendous sacrifices; it was the compendium of our dreams as a nation subjugated for three centuries by foreign domination; it forms a part of our very being as a people

as a people.

The efforts you are exerting to bring about the restoration of that Republic have the unanimous support of the Filipino people. To you and to your colleagues in the Congress who have assumed the difficult task of helping us in the campaign we all owe a debt of gratitude. In our hearts you will find the monument to

your great work.

No one, I believe, without committing an injustice, could question the sincere and unanimous desire of the Filipino people to obtain their coveted independence. Our revolutions are proof of that desire. Since then the sentiment of the Filipinos regarding

that desire. Since then the sentiment of the ringinos regarding their emancipation has not changed.

The insinuation that the popular expressions in favor of independence have been secured by intimidation is without justification. On the contrary, it may be said that the political leaders have had to declare themselves openly for independence, because a contrary behavior would have brought popular condemnation upon them.

upon them.

The demand for independence by the Filipino people will be

The demand for independence by the Filipino people will be more and more pressing as the years go by, not only because of the innate desire of peoples for self-determination but also because of the assurances given by the United States through her legitimate representatives, both civil and military, that upon occupying these islands America did not entertain designs of exploitation but of emancipation. The delay, therefore, in the concession of independence serves only to accentuate the people's desire for liberation and at the same time to aggravate the political and economic situation of the country.

It is true that the concession of independence will usher in new domestic problems. But it is then that our statesmen could, and will, dedicate themselves to the consideration of those national problems, preferably the economic, which have been and will continue to be neglected and relegated to the background as long as our political situation is not defined in harmony with our agelong aspirations. If we recall our revolutionary epoch of 1896 and 1898, I may be permitted to state that at that time we faced grave internal problems under the dictatorial and revolutionary governments and later under the Philippine Republic, but, thanks governments and later under the Philippine Republic, but, thanks to the patriotism and civic spirit of our people, we emerged successful from the test to which Fate had subjected us.

What is more, I believe that when we are independent we shall have a better kind of democracy than that which prevails in the islands at present. As it is now, it may be said that we have only one political party. The opposition has always been weak, and this is attributable to the system whereby the majority party has intrenched itself formidably in power with the unconscious

has intrenched itself formidably in power with the unconscious abetment of the representative of American sovereignty.

Twenty-four years have elapsed since representative government was inaugurated here, and yet the opposition party has not succeeded in coming into power. If things are to continue as they are now, I doubt whether the opposition, no matter what efforts it exerts, could ever succeed the majority party in the government. With independence the opposition will have a better chance; many national questions will be the theme of discussion; party responsibility and fiscalization will always be a serious issue. We could then expect periodical changes in party administration and the consequent betterment of the public service.

The possibility of a civil war or of a general disturbance is not an impediment to the concession of independence. Civil wars and uprisings have in many cases been the price which independent peoples have had to pay in order to consolidate their institutions. If it is written that the Filipino people shall pass through such a terrible ordeal, they will not hesitate to do so provided they

a terrible ordeal, they will not hesitate to do so provided they could be masters of their destinies. Civil wars, however deplor-able, are often inevitable when constitutional means are impotent able, are often inevitable when constitutional means are impotent to restore the reign of law. But, despite all that, I do not believe in the possibility of a civil war or general disorder if independence is granted. By nature we are a peaceful people, lovers of public order, and it is not hazardous to affirm that if we are declared independent there will be a firmer union among the Filipinos brought about by the sense of a common responsibility and desire to support and elevate the country redeemed. This was the case in the days of the Philippine Republic.

With the termination of the present uncertainty in the relations

With the termination of the present uncertainty in the relations between the Philippines and the United States public attention will be concentrated on our economic problems, capital will emerge from its retirement, and, as a result, the material progress of the country will be emancipated from its present stagnation.

I believe that a delay of 20 or 30 years in the concession of Philippine independence will work irreparable harm to the cause of economic and political progress, aside from the fact that during such a long period of time new difficulties might arise which would necessitate further postponement of the grant. At present the country is literally mortgaged to the United States. Twenty years hence, therefore, the big interests will have intrenched themselves in such a manner and will commend such means as themselves in such a manner and will command such means as would enable them easily to stifle our future as well as our desires for emancipation. Those big interests which made the independence of Cuba a solemn fiction will, if Philippine independence were further delayed, make that independence an eternal aspiration impossible of realization.

If the present situation continue for 20 years more, at the end of that period the Philippines would be a political as well as an economic tributary of American capital. Individual initiative in the manhood of our race will have disappeared, and we will be nothing but a nation of bureaucrats and employees groaning beneath the thumbs of political chieftains, and whatever vestige of

democracy we have now will then be a myth.

Other contingencies, too, might arise if the granting of independence were to be delayed further. The difficulties incident upon severance of relations will naturally increase a thousandfold. Various other new interests of the United States might be affected by the continuance of our association. Tariffs on our products will have to be imposed in the meantime if certain American industries are to be saved from extinction. A greater agricultural or industrial development here will have its telling effect on America's own agricultural and industrial interests. The severance of free-trade relations would seem to be inevitable. Congress could not prevent that even if it wanted to. The time, therefore, will surely come when the relations between America and the Philippines will be purely political; we will be a foreign country to her as regards trade relations, but politically we will be under her supervision and protection.

on the other hand, if independence were granted now it would stimulate our initiative as a nation. The idea of political dependence will disappear from our minds. We could begin to fashion the structure of our nationality in our own way. We shall grapple with our problems in accordance with our capacity and means. And we shall have an opportunity to be strong and really prosperous, a thing we never can accomplish under the typicage of such problem region.

tutelage of another nation.

The argument that we are not prepared for independence is gratuitous. And in the strict sense, we are not being prepared for independence anyway, even under the ægis of the United States. Where is the preparation for an army and navy, for aviastates. Where is the preparation for an army and havy, for aviation, and for aerial defense? Where is the preparation in diplomacy and consular service? It is true that much has been accomplished under American guidance; we have better roads, sumptuous government offices, a higher standard of living, and a sumptuous government offices, a higher standard of living, and a modern system of public instruction. Nevertheless, as the enemies of independence would interpret the word "preparation," we have not got it in spite of 30 years' tutelage. And two centuries from now we will be told the same thing.

The present uncertainty, as I have stated above, retards the economic development of the country. Capitalists have said that they do not care to make investments here in view of that un-

certainty in our political status. If the uncertainty were terminated, the situation will change. Even in Bolshevistic Russia and in China, with its continuous civil wars, foreign capital keeps pouring in. It can be safely predicted, I believe, that once independent we also can get desirable foreign capital invested here. Our industries and financial growth will also be accelerated. The responsibilities attendant upon the changed status will be so great that our people will exert all their efforts to create more wealth with which to meet their obligations. This has been the experience of countries that have attained their independence.

experience of countries that have attained their independence. And the Philippines does not have to be the exception.

I would prefer the opening up of world markets for our products. We have many tropical products which are in great demand not only in the United States but also in other lands. If we could place those products in the markets of other lands besides, it would surely be to our advantage. With the possible exception of cotton and steel and machineries, we could produce the things we need locally. We do not need much for our daily living. Foodstuffs we could produce in abundance. The raw materials for the primary manufactures are here also in abundance. materials for the primary manufactures are here also in abundance. We could be in a position to compete in the markets of the world.

The free-trade relations we now have with the United States were established by the Congress. I do not remember that we have asked for this arrangement. It has been beneficial to the islands, to be sure; but from the point of view of our national destiny, it has deprived us of other markets and hence other chances.

The result of this free-trade arrangement is as follows: En-The result of this free-trade arrangement is as follows: Encouraged by the demand in the American market we have produced more sugar and we have also increased our production of oil and other products. But this increase is not now looked upon with favor by American agricultural interests, and we are being told to restrict our output, because we are competing with American products in the United States. At the same time we are told to develop our country economically if we desire to be free. It would seem, therefore, that we are between the devil and the deep blue sea.

free. It would seem, therefore, that we are between the devil and the deep blue sea.

I venture to assert, then, that the economic structure of the country will be more stable if we secure an access to other markets besides those of the United States, although, for reasons of gratitude and other considerations which we hold toward her, we would be willing always to consider America as the favored nation under equal circumstances.

I am convinced that the contemplated readjustment of free-

trade relations should come after the concession of independence. Disposed as we are to face the consequences imposed by new obligations that will arise, our country will intensify its activities in all lines of endeavor with those new obligations in mind.

Necessity is the mother of progress, and on the necessities inci-

Necessity is the mother of progress, and on the necessities incident upon an independent government the Filipino people will construct the edifice of their prosperity and national greatness. On the understanding, therefore, that the adjustment regarding free trade should not precede the concession of independence, notwithstanding opinions to the contrary, I would suggest a period of not more than 10 years within which we hope to be able to adjust the economic difficulties attendant upon separation in a way satisfactory to both peoples. Let independence come at the earliest hour, however—at the latest within the next five years—inasmuch as the continuation of the present guardianship will kill our spirit of initiative as well as the characteristic elements of our nationality.

There is no doubt that the danger of a foreign invasion will be

There is no doubt that the danger of a foreign invasion will be greater when we are independent than now under the sovereignty of the United States, this in spite of America's commitment under the quadruple treaty that the Philippines will not be fortified further. The mere presence of the United States here, without necessity of fortifications, is sufficient guarantee against any possible danger of invasion. The country is perfectly aware of this advantage, but it can not sacrifice to it its independence ideal. It would be desirable, of course, if the principal powers of the Pacific could reach an agreement guaranteeing the neutrality of the islands. International relations are slowly evolving toward concord and peace, and a treaty of neutrality would be a good guarantee of the external safety of the Philippines in the future. But if there should be difficulties in the realization of such a treaty the country will not renounce its ideal because of those difficulties. The Filipino people desire their independence and they will pay the price that destiny might exact.

Our people have waged two revolutions, shed much blood, and sacrificed innumerable lives and fortune in order to attain their political independence; they are disposed now to forego the mate-

political independence; they are disposed now to forego the material advantages they enjoy and even the greater ones they might enjoy in the future in exchange for their liberation. After all, these are transient advantages, and we have seen how, recently, a movement has been started, and is gathering momentum, to ter-

movement has been started, and is gathering momentum, to terminate the present tariff relations between the Philippines and the United States. Hence, even under the present state of dependence, there is a possibility, not remote, of those advantages disappearing. The preservation of our public lands for the present and future generation of Filipinos is undoubtedly one of the serious problems which will require most careful study by our statesmen. The present laws, however, offer sufficient guarantees of protection for foreign and for local capital alike, and whatever attempt there will be to liberalize the present public land laws will meet with decided and vehement pepular protest. No political party would dare father a measure which would thus rile popular sentiment.

It has been argued that with the advent of independence there will be a backslide in the sanitary conditions of these islands. Nothing is more erroneous. The present sanitary service, which is a success, has been in the hands of Filipino officials for more than 15 years. In case of independence, therefore, the danger is not in a possible backsliding but in going ahead too fast, for then there will be greater desire to serve the country recently emancipated.

The so-called Moro problem has never existed and does not exist.

During the life of the short-lived Philippine Republic our Mohammedon themselves the statement of the short of the

During the life of the short-lived Philippine Republic our Mohammedan kinsmen shared with us in the benefits of that government and abided by the orders and decrees promulgated. I repeat that there is no such problem. It has been fabricated by the enemies of independence in order to discredit us in the eyes of the Government and people of the United States. Our Mohammedan brothers are conscious of our desire and solicitude to impart to them the benefits of civilization enjoyed by the Christian Filipinos.

With respect to the oft-repeated Japanese menace, I would state that Japan has a noble rôle to play in this part of the globe as a nation which is at the vanguard of the other nations of the Far East. It would be a dark day for oriental peoples if Japan would

East. It would be a dark day for oriental peoples if Japan would seek to impose her sovereignty on every one of them. The awakening of China and other oriental countries during recent years is not a sign that would encourage Japan to entertain designs of suzerainty over the Far East. On the other hand, it would be to her advantage if she could have the friendship and good will of all her neighbors. Overlordship based on might has never endured. Week proples will not continue week forever. Always there

all her neighbors. Overlordship based on might has never endured. Weak peoples will not continue weak forever. Always there have been upheavals resulting in their emancipation. National conclousness and the instinct of self-preservation have always saved nations, however small, from humiliation and disaster. There are, it is true, many more Chinese than Japanese in the Philippines. Whether, however, the Chinese constitute a menace to the country is something we can not as yet foresee. Indications are to the contrary. The Chinese here are peaceful and lawabiding. They do not bother the government nor their neighbors. They comply with their obligations and attend industrially to their industrial and commercial speculations in which it is hard to their industrial and commercial speculations in which it is hard to excel them. They mix with Filipinos, they intermarry with Filipino women, and their children become good Filipino citizens. A treaty on immigration between China and the Philippines would

treaty on immigration between China and the Philippines would be good for the preservation of their friendly relations.

I believe that the fact that there are only about 7,000 Americans who have taken up their residence here is due to the distance from the United States and also to the climate here. Having been born and reared in surroundings vastly different from ours, the lure of home and of dear relations would be too strong for them to want to other horse all their lives.

want to stay here all their lives.

Our feeling of gratitue toward the United States will be intensified with the grant of independence. This is but natural. America and her illustrious statesmen have repeatedly announced that her presence here is not actuated by selfish motives, nor is it for exploitation, but to aid us in the establishment of a representative system of self-government. We placed implicit faith in her word. Its fulfillment will be the occasion for rejoicing throughout the islands; it will strengthen our faith in the sincerity of the United States. To our people the waiting has been too long. Many Fili-pinos of worth who have fought for the freedom of the land have already passed on—they would have been glad to witness the restoration of the Republic they proclaimed and defended. If, on the other hand, the United States does not fulfill her promise, then the Filipinos will be convinced of the injustice that has been their fate; they will realize that all their efforts and sacrifices, in war and in peace, have been in vain, and that they made a great mis-take for which their children and their children's children will rebuke them, in having trusted in the word of the United States.

Reiterating my sincere gratefulness to you and to those other Members of Congress who are taking an interest in the independ-ence of my country, I am Very sincerely yours,

EMILIO AGUINALDO.

Senator HARRY B. HAWES, Manila Hotel, Manila.

# LOUISIANA AFFAIRS AND NATIONAL LEGISLATION

Mr. LONG. Mr. President, before proceeding with what remarks I wish to make, I send to the desk and ask to have read by the clerk an article appearing in the Washington Post.

The VICE PRESIDENT. Is there objection to the reading of the article? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

[From the Washington Post, March 19, 1932] JUSTICE IN LOUISIANA

The courts of Louisiana have decided that they have no jurisdiction over the gubernatorial tangle which Senator HUEY P. Long left at Baton Rouge when he came to Washington. In doing so they have nullified the election of Paul N. Cyr as lieutenant gov-

ernor and given effect to the dictates of Senator Long.

When Doctor Cyr filed suit to oust Governor Long on the ground that he was a United States Senator, and therefore could not legally hold the governorship under the State constitution, the lower court ruled against him. But the Louisiana Supreme

Court overruled that decision and held that the courts had no jurisdiction over the matter. It is obvious that the judiciary of any State is without authority to say when a Senator-elect becomes a Senator, but when the courts disavow jurisdiction over a dispute involving the governorship, it does seem as if they were sidestening.

sidestepping.

In seating Senator Barbour, of New Jersey, the Senate held, in effect, that it is not necessary to take the oath of office to become a Senator. Mr. Barbour was appointed to succeed Senator Morrow, who had not taken the oath since the beginning of his 6-year term at the time of his death. In spite of that fact, Mr Morrow was held to be a Senator at the time of his death, and Governor Larson was therefore entitled to appoint Mr. Barbour to succeed him

This termination of the Barbour case leaves the strong presumption that Huer Long served as governor after becoming a Senator, in violation of the State constitution. Yet he was allowed to depose the elected and qualified lieutenant governor and to set up one of his own loyal confrères as chief executive. Now the courts support him in that action by saying that only the legislature has authority to remove a governor. Apparently the courts did not pass upon the question of the former governor's right to oust, with the aid of the militia, an official elected by the people. The new rule of upholding only those laws and protecting only the rights of those officials who have the approval of Huer Long may be popular in Louisiana, but it is not calculated to enhance the prestige of that State anywhere else.

Mr. LONG. Mr. President-

The VICE PRESIDENT. Is there objection to the Senator from Louisiana addressing the Senate at this time? The Chair hears none, and the Senator is recognized.

Mr. LONG. Mr. President, this campaign of newspaper editorials which has gone on in the State of Louisiana has apparently been transferred to Washington. It could not be possible that the number of editorials which have been appearing in the newspapers in Washington, particularly this paper, the Washington Post, could have simply been produced in those columns by chance or by accident.

The editorial which has just been read by the clerk would undertake to inform the ordinary public men of this Capital City that in the State of Louisiana the law was being administered by corrupted courts, that the courts were rendering decisions and handing down decrees in that State in accordance with the will of some one engaged in politics, and that there was no such thing as justice to be secured in that State.

This fight, however, is a little bit broader than the one the editorial entirely discloses. The fight began in the State of Louisiana when it should have begun in the Congress of the United States. It is just about reaching the climax in the Congress of the United States.

In 1928 I was elected Governor of the State of Louisiana by the largest plurality ever given to a candidate up to that time, I think. An impeachment flasco began one year later, with a lieutenant governor as the party seeking to become the Governor of the State of Louisiana. The impeachment was started when we proposed a bill to tax the Standard Oil Co. 5 cents a barrel on the business of refining oil to support the government of that State, as a result of which a state-wide gathering was called in the capital city of Baton Rouge to repel the undertaking to levy a tax on oil in that State of 5 cents a barrel.

At the same meeting an impeachment resolution was introduced, without any charges being specified at the mass meeting, at which some 100 musicians of the Standard Oil Co. furnished entertainment, the resolution stating that impeachment resolutions were to be filed in the house of representatives on the following day or so in order to make Dr. Paul Cyr the Governor of the State of Louisiana.

The lieutenant governor, Doctor Cyr, had been elected on the Long ticket, on a platform pledging that he was going to support that administration, and every man who supported that ticket knew that one of the provisions in its platform was a pledge to place the taxes in that State on the wealthy interests operating there who were in position to pay those taxes.

The impeachment move failed. Later on, Mr. President, I ran as a candidate for the United States Senate. My platform was that if I were to be elected to the United States Senate, I would not take the oath of office for one year and

six months from the date of my election, but that I would remain in the State and serve out my term as governor before coming to the United States Senate.

A year elapsed. We went into another election, in which we proposed to submit to the people of the State of Louisiana again the issues, the verdict on which, by the people, a certain element in that State refused then and refuses now to accept at all, until everyone of them has been put out of office by the people. We went into the election with a ticket of nine candidates, who pledged themselves to undertake to complete the work of the Long administration in the State, and, Mr. President, every man on that ticket, nine out of nine, was elected in the State of Louisiana, and carried, out of 64 parishes, I think 56 or 57, or somewhere about that number.

The lieutenant governor, Doctor Cyr, in the meantime proceeded to take the oath of office as governor, and announced that he had abandoned the office of lieutenant governor. He refused to attend a meeting of the board of pardons, saying he was no longer lieutenant governor. He refused to attend a meeting of the board of liquidation of the State debt, saying he was no longer lieutenant governor. He refused to attend a meeting of the State highway advisory board, saying he was no longer lieutenant governor. He brought a suit and stood in court and said that he was Governor of Louisiana.

It has been held by four courts of last resort in the United States that when one renounces an office which he is holding and claims another office, whether the courts sustain him in his claim to the latter office or not, he forfeits all title to the original office which he held. The lieutenant governor apparently relied on those decisions, because the president pro tempore of the senate moved into the position of lieutenant governor and served as lieutenant governor for four months, until the Supreme Court of Louisiana finally disposed of the case and held that Lieutenant Governor Cyrhad not become the governor, and upon having abandoned the lieutenant governor's office the then acting lieutenant governor naturally, under well-founded jurisprudence, succeeded to the office of governor of that State when I took my oath here as United States Senator.

The courts of the State of Louisiana followed the decisions of four other courts of the United States and followed all of the jurisprudence that is relevant on this subject, considering the conduct of the then acting lieutenant governor, who abandoned his own office, and not only abandoned his office, but allowed the salary of that office to be paid to the president pro tempore of the senate, Mr. King; and after Mr. King had drawn the salary for four months, with a lieutenant governor who had been elected having abandoned his own office, taking the position that he had no right to draw his salary as lieutenant governor of the State, then. when the case was finally disposed of, no one could say that the then acting lieutenant governor, Mr. King, could do other than step into the office of governor.

Mr. President, if it had not been for this continuous line of editorial gossip, an attempt to have washed out in Washington the linen of Louisiana politics, I would not at this time undertake to say anything that might be adrift from the sole matter of answering the editorial which has just been read, but I am now going a little further, and I trust that Senators in just a few minutes will see that what I say is relevant and that it is consistent.

A statement was made on the 16th of March by Mr. Julius H. Barnes to which I want to refer. The headlines read:

Trust laws rapped by Barnes at board of trade gathering.

I read from the newspaper account:

The board approved 11 points of a referendum of the United States Chamber of Commerce in regard to Government tax and fiscal problems. The referendum indorsed the balancing of the Federal Budget for the year ending June, 1934, through decreased expenditures, borrowing to keep tax rates from great increases, and by added taxes upon individual and corporate income, the broadening of the individual income tax so that more persons would bear the tax burden; and enactment of an excise or sales tax upon widely used articles not of the first importance.

Mr. Barnes and David Lawrence, publisher of the United States Daily, both analyzed the present economic conditions in their addresses to the trade body.

Stability of government was stressed as of vital importance in the creation of confidence, which was cited as the most important factor influencing a return to normalcy by Mr. Barnes.

With industry's problem no longer production but control, conservation, distribution, and the creation of buying power, anti-trust laws and Government regulation of business must be scrapped, Julius H. Barnes, chairman of the board of the United States Chamber of Commerce, told the Washington Board of Trade at the Willard Hotel last night.

Mr. President, every effort that is made in this country to put the taxes where they ought to be put becomes a national issue with that element undertaking to scrap that kind of ingenuity. We undertook to put a tax on the Oil Trust in the State of Louisiana. We voted a severance tax. That was upheld by the Supreme Court of the United States. We voted certain other taxes that were upheld by the Supreme Court of the United States when those taxes were placed upon the oil interests. They have never for one moment since ceased to denounce us and to launch a verbal and editorial and news tirade against the deplorable state of affairs that is supposed to exist in the State of Louisiana, meaning nothing under the living sun except that we placed the tax where the tax ought to have been placed and because we undertook at that time to bolster up the antitrust laws and other laws to protect the common and ordinary individual business man in the State of Louisiana.

The fight has reached the Congress. We have eight Representatives from the State of Louisiana and two Senators. My information is that the eight Representatives from the State of Louisiana are opposing the so-called "coalition leadership" of the Republican Party and the Democratic Party that is exerting power in the Congress. I do not know what this "coalition of leadership" is, and I have not seen anybody else that knows what it is. It is supposed to be a coalition of leadership to balance the Budget, supposed to be a coalition of leadership to save the country, supposed to be a coalition of leadership to relieve the country from distress. We do not know what the coalition of leadership is, but if we are to take it from the Washington papers who are giving the news, considering the attitude which is no doubt being taken here in the Capitol by the delegation which comes from the State of Louisiana, they will say, no doubt, as they have already in their editorial columns, not only that the courts are yielding to the pressure of some political dictatorship in the State of Louisiana, but that the Members of Congress are yielding to some political dictatorship in the State of Louisiana.

There is no political dictatorship in the State of Louisiana. There has not been any political dictatorship in the State of Louisiana. Men are left in that State to run according to their merits and their wishes. The opposition that has reared itself up and formed itself at one time into what was known as the Constitutional League, financed by hundreds of thousands of dollars of public and private funds, has gone before the people of that State undertaking to secure representation different from what the people were willing to vote. So now here in the House of Representatives the fight is coming as it has come up in the State of Louisiana.

The newspaper to which I have referred says that the House of Representatives adjourned in disorder on last Saturday. In my opinion, the House of Representatives adjourned in order on last Saturday for the first time in 12 years, when a majority of the House of Representatives gave it out to the country that they were not going to stand for a coalition of leadership in the Congress that was going to allow taxes on various articles to be saddled on the backs of the people of the country. It is about the first time we have heard of any such thing as a supposed-to-be revolutionary movement. One Member on the Democratic side, Mr. Rainey, is quoted as having said that the country is on the very verge of communism. He is quoted as saying that a most chaotic state of affairs exists. Other leaders on the Democratic side and on the Republican side of the House are quoted as saying that their personal and political fortunes mean nothing, and that the Members of the House

of Representatives ought to leave it to the will of the people to rebuke them when they go back home, but that they should follow the leadership that is engaged in the lower house of Congress—I do not know how far it has gone in the upper house of Congress—in driving through whatever plan they say for us to sponsor, or whatever they, in their good and careful judgment, think to be necessary to balance the Budget of the country.

The leaders want to know where the money is coming from to balance the Budget. Where is the money coming from to balance the Budget? They say that only a certain amount of money can come from the income tax, and that that is too little. They say only a certain amount of money can come from an inheritance tax, and that is too little. They say that only a certain amount of money can come from all the other sources, and that is too little.

But, Mr. President, with all the great efforts that are exerted here in the Congress for the virtues of the tariff, there has not been one of them yet that has arisen and proposed to protect the oil people of the country from the foreign oil that is being imported into the United States. They do not propose, in their protection of everything that is manufactured on the coast and the inner sections of the country, to have any such thing as a tax placed on the products of the Standard Oil Co. and various other and sundry affiliated oil concerns. They do not dare. "Touch not my anointed and do my prophets no harm." They do not dare talk about raising several billions of dollars by a tax on the Standard Oil Co. I might say that well they might profit by the experience I have had in Louisiana and not advocate putting a tax on the Standard Oil Co., because when I proposed it down there in that State I heard nothing but denunciation by mass meeting after mass meeting, threats of impeachment, and every kind of charge that could be made, and every kind of political persecution and personal persecution that could be applied. Well might the Members of the Congress of the United States profit by the experience we have had in the battle we have had to fight in that State ever since we undertook to put the taxes where they belong.

Mr. SHORTRIDGE. Mr. President-

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Louisiana yield to the Senator from California?

Mr. LONG. I am glad to yield.

Mr. SHORTRIDGE. I infer from what the Senator says that he would favor an adequate tariff duty on imported crude oil or petroleum and also an adequate tariff duty on its by-products. Will the Senator permit me to remind him that I have introduced a bill which I earnestly hope will come to early consideration calling for \$1 a barrel on crude petroleum and 50 per cent ad valorem on certain of its enumerated by-products? I favor that bill. I think it should be enacted into law and that it should be enforced in the interest of the American laboring man, the American operators, the American people. I trust that I shall have the earnest and, I feel, able support of the distinguished Senator from Louisiana.

Mr. LONG. I agree with the Senator most heartily. Has the coalition passed on that matter? [Laughter.]

Mr. SHORTRIDGE. I do not know.

Mr. LONG. I do not know, myself. I agree with the Senator absolutely, 100 per cent.

Mr. SHORTRIDGE. With or without any "coalition," I believe that the rate I have proposed, namely, \$1 a barrel on crude oil and 50 per cent ad valorem on certain byproducts, is sound and meritorious, and, to repeat, I do certainly hope that the bill I have introduced will receive the earliest possible attention, be approved by the Congress, and become law.

Mr. LONG. I agree with what the Senator from California has said. What the Senator proposes is sound.

Mr. President, foreign oil imported into this country has not only been used after being brought into this country as a means of unfair competition with American products and American labor, but it has done more. The oils of Mexico and of Venezuela and of Colombia have been brought into

this country to enforce the demands of the Oil Trust in the | United States. They have brought oil in from Venezuela by the shipload and by the tank-car load, placed it upon the border of the Gulf at one time and upon the Pacific coast at another time to increase an already abominable surplus, so that an independent oil operator could not weather the storm and survive. I have known the time when we have sold a 16-gravity oil on the coast and the Gulf for as much as \$1.80 a barrel, and at the same time, by the importation of Venezuelan crude, they have forced the people in the State of Louisiana to sell 28-gravity oil for 60 cents a barrel and then declined to take more than one-fifth of the output until they brought the independent oil industry to its knees and forced a sacrifice of the properties it had in this country.

So when there was before us a tax proposed to prevent this injustice that was being inflicted, the message came from President Harding, as it has come from his successor in the distinguished Republican Party, "Nothing must be done that will interfere with the agreed policy of this country to put no tariff on oil." There we have the Wall Street banker; there we have the Non-Partisan League, to which one of the Senators so often refers; there we have the great Non-Partisan League urging that there should be a tariff to protect American industries, but when we came up with a proposal to put a tariff on oil the same invisible government that sent the message down here to put a tariff on everything else sent a reverse message that there was not to be a tariff on oil, and just as abjectly and just as discreetly as the Congress of the United States followed their demands for a tariff on everything else, it followed their demand that there was not to be a tariff that would interfere with the dominion of the Oil Trust in this country.

I do not know what the "coalition" is in the House or what the "coalition" is in the Senate, but let us hear from the coalition when it has investigated this proposition if it is going to undertake to put a tariff on oil to protect the labor and the products of the American people.

Mr. President, going just a little further, we are told that we are faced with communism in America. Certainly we are facing communism in America. Why are we facing communism in America? President Wilson evidently saw this thing coming. Back in 1916 he appointed an Industrial Relations Commission to make a study of economic distress which was then creeping upon the country. I want to read an excerpt from the report of the Industrial Relations Commission:

The ownership of the wealth of the United States has been concentrated to a degree which is difficult to grasp. The recently published researches of a statistician of conservative views have shown that, as nearly as can be estimated, the distribution of wealth in the United States is as follows:

The "rich," 2 per cent of the people, own 60 per cent of the

wealth.

The "middle class," 33 per cent of the people, own 35 per cent

of the wealth.

The "poor," 65 per cent of the people—

Sixty-five per cent of the peopleown 5 per cent of the wealth.

That was in 1916 when conditions had not become so aggravated. Away back in 1916, 65 per cent of the people of this country, two-thirds of the people, owned less than onetwentieth of the wealth of the country.

Now, we have a report which is somewhat later than the one from which I have quoted. At that time, in 1916, an editorial was published in the Saturday Evening Post. The heading of that editorial was, "How Rich Are We?" The writer of that editorial summed the situation up by saying that along one statistical line this was a country bursting with wealth, but that along another practical and statistical line it was a bloated plutocracy, lording it over the starving hordes, "with a thin margin of merely well-to-do in be-tween." That was the statement of an editorial in the Saturday Evening Post in 1916, I think in the month of October of that year.

I now read as to the condition which was found by the Federal Trade Commission which has been summarized in a little pamphlet entitled "The Country's Plight," by Mr.

Charles G. Ross, the correspondent in Washington of the St. Louis Post-Dispatch. In summing up what the Federal Trade Commission found in its report he says:

It found that 1 per cent-

And I quote this, Mr. President, to show how much worse the country's economic situation is growing so far as the distribution of wealth is concerned-

It found that 1 per cent of the decedents owned 59 per cent the estimated wealth.

In other words, in 1916 it was ascertained that 2 per cent of the people owned 60 per cent of the wealth of the country, and a short time ago it was ascertained that 1 per cent of the population of this country owned 59 per cent of the wealth. It is only fair to say from that standpoint, there being a difference of only 1 per cent in the two statistical estimates, the country has become twice as bad off since 1916 in the matter of the concentration of wealth. So in this country economic distress has been gradually intensifying and becoming more aggravated; that process has proceeded ever since 1916 just as fast as a snake ever crawled on the ground

We have seen concentrated wealth force the closing of many banks and have seen it take in every bank that was allowed to remain open, and the others not taken in are closing at a very rapid rate.

Large commercial interests stepped out and took over the stores which they wanted to take over and closed up the others that they did not want to take over, and so since 1916 the whole length and breadth of the United States has been changed into one commercial chain enterprise from one side to the other.

Where is the independent bank in this country that has not been absorbed by the chain bank? Where is the independent grocery store that has not been absorbed by the chain grocery? Where is the independent dry-goods store that has not been absorbed by the chain dry-goods interests in this country? Where are the drug stores that have not been included in the chain? They have been going out of business at a statistical average rate of 435 places of business

In what position now are the 33 per cent of the people of this country who in 1916 owned 35 per cent of the wealth, those whom the Saturday Evening Post described as the "thin margin of merely well-to-do in between," the people of average means, the so-called middle class embracing the grocery man who might make something like five or six or seven thousand dollars a year, who employed a clerk who probably made \$2,000 a year, and perhaps an assistant who made as much as \$2,500 a year, and then a delivery man or driver who made something like a thousand dollars a year? These little independent businesses operated by middle-class people, the 33 per cent, have been fading out at the rate of 435 a day for a number of years as the concentration of wealth grew like a snowball going down hill, until we have finally reached the point where it may be asked, "Where is the man who made \$7,000 last year and could buy a \$2,000 automobile? Where is the man who made \$2,000 a year and who could buy a \$750 automobile?"

Why was it that the automobile factories became paralyzed? Why was it that the garment workers found no employment in making the finer class of fabrics which had been sold on the market? What has come of the department store that used to sell the \$100 dress and the \$90 dress? They all found that there was such a maldistribution of profits in this country that the point had been reached where there was hardly a man left who could buy an automobile nor an individual left who could afford the kind of fabrics that his family wore in years past.

We talk in Congress now about putting a tax on the people when they are crying for some relief at the hands of the Congress of the United States, when they have been fastening their eyes on Washington and waiting for the knock to come to their doors followed by visitors who would say, "Your Congress and your Government have sent us to you with the relief that you are requiring in order to

bring you out of this distress." Instead of that, however, | it is proposed in the other House by the leaders of the coalition movement-and I do not know what is going to be proposed over here, and perhaps there is nobody else who knows-to impose further taxes on the people. There is not going to be any knocking at their doors by visitors bringing glad tidings, but when the knock is heard at the door and the humble citizen rises from the table to meet the visitor for whom he has been waiting for so many years, instead of a visitor bringing the necessary and needed help for the distressful conditions of this country he finds the tax gatherer coming to levy a tax of 21/4 per cent on every-

Mr. ROBINSON of Arkansas. Mr. President—
The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. LONG. Yes, sir; I yield.

Mr. ROBINSON of Arkansas. A few moments ago the Senator from Louisiana referred to the tax on crude oil, and I think justified such a provision. He also attacked the House for failure to incorporate a provision on the subject while seeking to impose a general sales tax. I know the Senator desires to be accurate in his statement, and I wondered if the Senator's attention had been called to pages 228 and 229 of the bill which is now before the body at the other end of the Capitol, the bill to provide revenue, and so forth, in which on page 228 there is provision for a tax as follows:

(1) Lubricating oils, of the grades designated (at the time of the enactment of this act) by Society of Automotive Engineers viscosity Nos. 20 to 70, inclusive, 4 cents a gallon.

And on page 229 for a tax on crude petroleum, and so forth, as follows:

(4) Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, imported into the United States, 1 cent a gallon.

Mr. LONG. I had understood that the provision for a tax of a cent a gallon on foreign oil was written in the bill not by the coalition but by the insurgent element.

Mr. ROBINSON of Arkansas. No; the provision was in the bill as reported to the House.

Mr. LONG. Yes; it was reported by the committee.

Mr. ROBINSON of Arkansas. It was reported by the

Mr. LONG. Yes, sir; but it was written in the bill, my understanding is-and if I am wrong, I desire to be corrected-or was proposed by one of the unfortunates outside of the breastworks. I mean it was proposed by members of the committee who were opposed to the sales-tax plan; it was not in the original provision that went to the committee. That is my understanding, but I may be mistaken about it.

Mr. ROBINSON of Arkansas. It was unanimously reported by the committee and it was incorporated in the bill as reported by the committee, and is in the bill now, and I think likely it will be retained.

Mr. LONG. I accept the Senator's statement.

Mr. SHORTRIDGE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from California?

Mr. LONG. I yield.

Mr. SHORTRIDGE. I have understood that the committee, as far as it has gone, has provided for a tax of 42 cents a barrel.

Mr. LONG. For 42 cents a barrel, which is far too little to do any good.

Mr. SHORTRIDGE. It is entirely too small.

Mr. LONG. We all know that.

Mr. SHORTRIDGE. I have proposed a tax of \$1 per barrel, as the Senator knows.

Mr. LONG. Yes, sir. I understood that a little concession was made in the House in the direction of such a tax.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator, who evidently has made a special study of the subject of a tax on oils, what he has to suggest about the tax on lubricating oil.

Mr. LONG. On imports, does the Senator mean? Mr. ROBINSON of Arkansas. Yes, sir.

Mr. LONG. Without question, there ought to be a tax on imported oils. I will say this before departing too far from the subject of oil. The proposal to tax oils has managed to survive up to this time at the rate of 42 cents on a barrel of oil of 42 gallons-I believe that is the number of gallons in a barrel, though the Senator probably knows better than I do. We have been that far several times before though; once before we went that far with the proposal to impose a tax of a dollar a barrel, I believe, but we never got far enough to have it enacted into law. Rules have not yet been brought into effect to restrict the amendments that are coming and going, as I understand, in the other House.

But to get back to the point, Mr. President. I was saying that the leaders of the other House of Congress to-day are warning us that communism is almost on its way. I do not wish to misquote anybody, and I am not responsible if this is not an accurate quotation, but I want to read just what was said by one of the leaders of my own party speaking along with the leader of the Republican Party in the House. He

You are opposed to communism, and so am I, but I want to ay that this Government has gone farther on path toward comsay that this munism in this session of Congress than any other government except that of Russia.

Mr. President, the country has not gone toward communism during this session of Congress, but the country has been going toward communism ever since the wealth of this country began to get into the hands of a few people. It began to go toward communism when the people saw their independent businesses going out of existence; it began to go toward communism when 1 per cent of the people got hold of 59 per cent of the wealth; it began to go toward communism when every independent bank in this country began to go out of existence; it began to go toward communism when every wholesale and retail independent store in this country began to go out of business. It began to go toward communism when, as I said here on the floor of the Senate some few days ago, according to the estimates of the Federal Trade Commission, less than 2,000,000 people-to be exact, one and one-quarter million peoplehad cornered practically every resource and business enterprise, and left no livelihood out of which a man could thrive to-day.

What business could a man have gone into? He could not go into the grocery business and make a living to save his life-not against the chain stores. He could not go into the dry-goods business and make a living to save his lifenot against the chain stores. He could not go into the banking business and last until water got hot. There was not a business on the living face of the earth that a young, growing, enterprising young man, coming from college or from school, could go into, with the enormously paralyzed conditions facing him as they do now, out of which he could ever expect to become a man of respectable standing or of any means at all.

So we have reached a condition in America where somebody has asserted the right to speak. How long the House will remain that way, I do not know; but, Mr. President, in all my lifetime I never slept with the ease and with the composure and with the satisfaction that I did when I learned that the House of Representatives had rebelled against the leadership of the Republican Party and the Democratic Party in undertaking to put this tax upon the backs of the people of this country.

You ask them to go back home to be sacrificed. You say to them that this bill is more necessary than their personal welfare. For whom are they going to be sacrificed? You ask them to go back to the homes of the congressional districts they are supposed to represent in this country when the American people have been waiting and waiting and waiting and waiting for this condition to come about, that a Congress might meet and have an opportunity to render help back there in that country; and they are to be sent back not as men bearing gifts, not as men bearing relief, not as men saying, "Here is the opportunity for the revival of this country," but you propose to send back to the State of Louisiana the Congressmen as taxgatherers off the backs of the people to-day suffering from this economic distress!

There is not any one of the eight men from the State of Louisiana in the lower House of Congress, whom I am informed about, who is going to be sent back there by the Democratic leadership of the House to make a collection of  $2\frac{1}{4}$  per cent; and there is at least one man in the United States Senate who is not going to be sent back there to do that.

"Well, how are you going to balance the Budget?" I am for that, Mr. President, above everybody else; and I want to say here that I do not lay the sole responsibility for this condition at the feet of the Democratic Party or the Republican Party, and I do not by any means lay the responsibility for the economic condition that has prevailed here at the feet of the Republican Party. The Democratic leadership in the United States Senate and in the Congress and in—

The VICE PRESIDENT. The Senator can not refer to Senators in a disrespectful way.

Mr. LONG. I am not referring to the leadership, Mr. President. There has been no opposition as a party matter—put it that way—either by the national convention of the Democratic Party or the national convention of the Republican Party; there has been no pronouncement as a party matter by the caucus of the House of Representatives nor by the caucus of the United States Senate, either from the Democrats or from the Republicans, proposing to save the masses of the American people from this economic calamity in a way that would provide for the redistribution of the profits of this land and of the wealth of this land.

"How are you going to balance the Budget?" Mr. President, let it be understood that I am not undertaking to take any party advantage of the situation. I am not undertaking to make it a matter of Democratic politics. I am undertaking simply to say that the fault for this condition lies at the feet of everybody in this country. It lies at the feet of us all for failing to step out and meet the enemy without the gates of the city before the distress came here.

We had plenty of warning before the time this condition came on. We know that the wealthy interests of this country will not consent to anything that is going to impair their fortunes—not to a thing on earth. They are not going to consent to anything that takes the income through which they have piled their concentrated fortunes high. All the more they are not going to consent to or tolerate anything that might for a moment chisel into these concentrated piles that have brought about the paralysis of this country.

We have a little line of authority on that. I am going to take the terrible liberty, if the Chair will permit, of reading a few lines from Josephus' Antiquities of the Jews. He said this, page 207:

By these examples anyone may learn how many and how great instances of wickedness men will venture upon for the sake of getting money and authority, and that they may not fail of either of them; for as when they are desirous of obtaining the same, they acquire them by 10,000 evil practices; so when they are afraid of losing them, they get them confirmed to them by practices much worse than the former, as if (no) other calamity so terrible could befall them as the failure of acquiring so exalted an authority; and when they have acquired it, and by long custom found the sweetness of it, the losing it again; and since this last would be the heaviest of all afflictions, they all of them contrive and venture upon the most difficult actions out of the fear of losing the same.

And so, as it was written 2,000 years ago, it applies to-day that all of them have contrived upon "the most difficult actions" for fear that they might lose some of the fortune that they have accumulated. Yes; they have contrived the most difficult of actions. When you go back to the toiling and suffering and distressed people of this country to-day who can not pay their taxes, who can not buy shoes for their children here in this land of plenty, this land of wool and

cotton piled so high that you can not see the sun for it, but with nobody that has any money to buy it, and foodstuffs that are rotting on the shore and in the inland country and people starving for them and nobody with money enough to buy them—when you go back and contrive and scheme to-day to put taxes upon those people, who can not bear what they now have, you are venturing upon the most unspeakable tyranny that has ever been looked upon by the common man in the streets and by the man at the forks of the creek.

If you love this country and want it preserved as I want it preserved here, you will not go back to the people of America to-day telling them that in this time of economic crisis and with the concentration of wealth as it is, you are going to undertake to solve the troubles of the public Treasury by leveling an additional burden upon them at this time; not if you want, as Mr. Rainey so ably says, to keep communism from the door of the American people.

Now, Mr. Barnes comes out—but before going into that, how are we going to balance the Budget if we can not balance it with a tax on inheritances? By a tax on inheritances, Mr. President, I mean a tax applying to these cases where a man dies leaving a billion dollars or \$2,000,000,000 and transfers that entire \$2,000,000,000 to somebody and like a snowball to roll downhill for 25 more years, and then that son dies with probably double that amount of money, and that snowball rolls until it goes downhill. They tell you that these fortunes break up every three or four generations. Some of them do, but there are fewer and fewer fortunes at the end of every 10 years and there is always a smaller per cent owning a greater per cent of the wealth at the end of every decade under this constantly growing system.

Hence, if you can not raise the money from the incomes in the higher brackets, if you can not raise the money from the inheritances—and I think you can raise a great deal there—and from the tax that ought to be put on oil, then what ought to be done?

Let us say that the leadership is correct. Let us say that when we have exhausted those fields we will not have sufficient revenue to meet the deficit now prevailing in the Treasury of the United States. Then, what are we going to do?

Why, Mr. President, I saw the time during the war with Germany, when I was undertaking to defend a man charged with crime, that I was afraid to read Washington's Farewell Address to the jury for fear of being jailed for contempt! We have seen times when the very sacred documents of this country could hardly be quoted by a man who was being tried for his life or his liberty. And, gentlemen of the Senate, and Mr. President, if I might be pardoned, if I might not shock the sensibilities of the great lawmakers of this country, if I might not be revolutionary in undertaking to avoid communism, if we can not raise the funds from the inheritance taxes, if we can not raise the funds from income taxes. if we can not raise the funds from the oil taxes, I wonder if it would be possible for me to say that the Lord propounded the law and pointed out the way. I wonder if it would shock the understanding and the customs of the Senate if we were to turn back to the law that was laid down for man when this earth was created or a short time after it was

How would we raise the money? If we could not raise it from incomes, if we could not raise it from inheritances, if we could not raise it from the gambling that occurs in the stock exchanges of this country, then there is a way pointed out in the Bible. Take it from the profit. Mr. Rockefeller, Mr. Baker, Mr. Morgan would sleep considerably more soundly to-night with \$100,000,000 under their pillowcases than they are going to sleep during the next 10 years with a billion or two billion dollars under their pillowcases.

I would not take away from them one single luxury that their human appetites could demand or consume. I would not deprive them of the palaces in Spain, in Switzerland, in England, nor the fish ponds for the sports, nor the various and sundry estates for the chase of the hounds, nor anything that is needed to appease the most refined and developed appetite. I would not take away one of the 100

limousines from them; but I would simply say, "When you reach the point in this country where you have so many billions and billions and billions, and another nine hundred millions on top of it is not going to do you any more good than what you have now, we are not going to allow the water to be siphoned out of the spring and have more people left in a little pool, twenty times as many people left in a little pool, as you have; we are not going to let your useless gluttony stagnate this country."

If it will not offend the sensibilities or the standards or the customs of a lawmaking body, I am going to read about three or four lines clipped out of Scripture at random:

Moreover the profit of the earth is for all: The King himself is served by the field.

Who gave Jacob for a spoil, and Israel to the robbers?

Who was it that gave America for a spoil, and turned Chicago over to the Capones?

Did not the Lord, He against whom we have sinned? For they would not walk in His ways, neither were they obedient unto His law.

What were the laws? These were the laws, that every 50 years there would be a jubilee throughout the land, and that wealth would be redistributed in such a way as to keep the common horde of people consuming and enjoying the fruits of the land. That was the first command of the Creator.

The second command of the Creator was that these laws which were prescribed for the Jews were prescribed for all races, and that if the human race would not heed the warning, that the wealth must not be allowed to accumulate in a few hands, there was no country on the earth which could survive with such a failure to heed the warning.

So the Lord spoke further. "If you distribute this wealth, then," the Scripture says, "you will lie down at night in a land of safety and peace, and dwell in a land of comfort and plenty for all. But if you will not do it, there is no country that is going to survive with the accumulation of wealth in the hands of a few people."

Divine law does not seem to mean much in this day and time; it does not mean very much, but there has never been a country which arose on the face of the living earth that has ever been able to stay on the face of the earth if it did not keep the wealth of the country distributed in the hands of the people of the country.

It does not mean much; it is rather resented when one undertakes to go back and quote from the very common causes which have meant the fall of every empire and nation that has ever arisen, but there has never been a country that has ever been able to survive when departing from that law.

Here in the Congress of the United States we have an opportunity. There is a House of Representatives which appears to be willing to declare that we will not put on the backs of the people of this country one single additional burden, that we will not enact one law which will aggravate this condition of the concentration of wealth. We have the opportunity, through the methods which have been proposed, and through a national policy, to accomplish the deconcentration of wealth in the United States.

I know what that means. That is a terrible task to follow. It is a hard road to travel. We all realize the control and the influence of certain commercial interests in the political affairs in this country; and I am the last above all men ever to invite a man to commit suicide, politically speaking. But to-day the opportunity is here. There are the great masters of finance and fortune, with all the power that Samson ever had, with the left arm around one pillar of the temple and the right arm around the other. They have all the goods, all the food to eat, all the clothes to wear, factories which are idle because there is nobody to buy the products to be made because the people have no money with which to purchase them. Here we have the great, towering, masterly Minotaurs of finance and of fortune-I almost said of government—and here they have the opportunity not only of saving the greatest country we know of but of saving themselves.

This country and this Congress should have mercy, not only upon the people generally but mercy upon the masters of finance and fortune, who unless they are restrained from pulling the pillars from underneath the temple, are going to pull the temple down upon themselves, along with the remainder of the people. Unless they are restrained to-day, unless we, in the midst of this economic paralysis, unless this Congress set about these things which will result in the wealth of this country drifting back into the hands of the masses to some reasonable extent, and unless we undertake to make up the deficit, and make the Government discharge the lawful and ordinary purposes that government is supposed to serve, placing the burdens in such a manner that there will be a more nearly equal distribution of wealth, then we are not going to be of any service to this country.

I would not for a moment have it thought that I was stepping out of spirit with the times in what I am saying. I can quote the President of the United States to this effect. I am not out of line with President Hoover. He may not say it any more, but at least he has said something about it. I refer to a speech President Hoover delivered in Indianapolis, and in the same speech the President said, in opposing a large bond issue for new public works:

The remedy for economic depression is not waste but the creation and distribution of wealth.

That was the stand of Mr. Hoover in a speech he delivered in Indianapolis, that the practical relief for the people during this economic situation was in the distribution of the wealth of the United States.

The Hon. Oscar W. Underwood, who served as leader of the Democratic Party in the Senate and in the House of Representatives for a number of years, near the end of his public career, or perhaps after he had retired from public life, published his memoirs. He finally made the statement, although his record in the two Houses of Congress may not appear to everybody, as it does not to me, to have been consistent with this statement, that it was his opinion as the result of his numbers of years of experience in public life that the conditions which prevailed and the fault with this country were due to the distribution of its wealth in the hands of a few people.

That was the doctrine of the Scriptures. That was the doctrine of every law writer we have ever known. I do not understand that that doctrine is opposed by any conservative leadership that we find in either of the Houses of Congress. I do not hear it being opposed. But Mr. RAINEY, in his speech the other day, said that if we really are intent on a proposition of reducing the fortunes of this country, not to hide behind a screen to do it but to come out into the open and say that we have a motive to try to distribute the wealth of this country more nearly among the people as a whole.

I think it should be not only our paramount, our primary object, but our main purpose, to raise money to support the Government, to provide for this deficit, aye, more, to provide for the various other things which need the help of the Government; but if there is a coalition in the Senate or in the other House, I think it ought to be up to the Congress of the United States, the Senate and the House, to go on record, when we are trying to solve the distress of the Government Treasury, that we are going to prescribe a cure that is going to be for 120,000,000 people.

Let us have it understood that it is our object and that it is our purpose to bring the fruits of this land, the wealth of this land, to be enjoyed by 120,000,000 people; that there will be no surplus of food with people starving; that there will be no overproduction of clothing with people naked; that there will be no empty houses with people sleeping on park benches and walking the roads; that there will be no idleness of factories because people have not the money with which to buy the products those factories make—but that we will distribute the wealth, the products, the fruit, the fortunes of this land not only to support this Government but to provide an economic welfare and a chance to

[Manifestation of applause in the galleries.]

The VICE PRESIDENT. Under the rules of the Senate, there must be no demonstrations in the galleries.

## AMENDMENT OF WORLD WAR VETERANS' ACT

The VICE PRESIDENT laid before the Senate, in the form of a resolution coming over from a previous day, the motion of Mr. Norris to discharge the Committee on Finance from the consideration of the bill (S. 929) relating to the taking of depositions in cases arising under section 19 of the World War veterans' act, 1924, as amended.

Mr. NORRIS. Mr. President, this is a motion to discharge the Committee on Finance from the further consideration of Senate bill 929. If the motion is agreed to, the effect will be to place the bill on the calendar.

Mr. President, this bill was introduced in the Senate on December 9, 1931. It was referred to the Judiciary Committee on the 1st day of February. On February 2 it was reported from the Judiciary Committee by the Senator from Indiana [Mr. Robinson] and placed on the calendar. On February 5, upon a call of the calendar, when the bill was reached the amendment proposed by the committee was agreed to, and the bill was about to pass, there being up to that time nowhere, either in the subcommittee or the full Committee on the Judiciary or in the Senate, any objection whatsoever to it.

The Senator from Utah [Mr. Smoot] and the Senator from Pennsylvania [Mr. REED] then called attention to the fact that the bill was an amendment of the World War veterans' act and that since that act had been reported by the Finance Committee the bill ought to have gone to the Finance Committee. I thought and said at the time that the bill had been properly referred to the Judiciary Committee. It refers to litigation and lawsuits pending in the district courts of the United States. It has relation to the taking of depositions where a World War veteran has pending an action against the United States in some district court of the United States.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The Legislative Clerk. A bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

Mr. NORRIS. Mr. President, I ask unanimous consent that the Senate may continue the consideration of my motion and dispose of it.

Mr. JONES. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, unless the Senator from Nebraska desires to speak further, I wish to make a brief

Mr. NORRIS. Unless the Senator is willing that my motion shall prevail, I wish to proceed. If he is so willing, I have nothing more to say.

Mr. SMOOT. Will the Senator yield?

Mr. NORRIS. I yield if the Senator does not want to make a speech. If we have to debate it, I want to conclude what I have to say before I yield to him.

Mr. SMOOT. I will assure the Senator I have no desire to debate it at all. I merely wish to make a statement and then I have to attend a meeting of the Committee on Appropriations.

Mr. NORRIS. I yield to the Senator from Utah.

Mr. SMOOT. It is true that the bill was referred to the Finance Committee. We referred it to the Veterans' Bureau, as we do all similar legislation affecting veterans of the World War. Administrator Frank L. Hines addressed a letter to myself as chairman of the Finance Committee,

live and a chance to grow to the people of the United States. dated February 11, 1932, a copy of which I ask now to have printed in the RECORD.

> The VICE PRESIDENT. Without objection, leave is granted.

The letter is as follows:

VETERANS' ADMINISTRATION, Washington, February 11, 1932.

Hon. REED SMOOT,

Chairman Committee on Finance,

United States Senate, Washington, D. C.

MY DEAR SENATOR SMOOT: This is in response to your request for a report from this administration concerning S. 929, "A bill relating to the taking of depositions in cases arising under section 19 of the World War veterans' act, 1924, as amended." The proposed amendment is as follows:

proposed amendment is as follows:

"In any suit, action, or proceeding brought under the provisions of this section no deposition shall be taken at a greater distance from the place of trial than 100 miles without permission of the court being first had upon proper application and cause shown. No such permission shall be granted unless (1) the application is accompanied by an affidavit setting forth the fact intended to be established by such deposition, and (2) reasonable opportunity has been afforded the opposite party to be present at the hearing upon such application. Where the claimant is suing as a poor person pursuant to the act entitled 'An act providing when plaintiff may sue as a poor person and when counsel shall be assigned by the court,' approved July 20, 1892, as amended, no such permission shall be granted upon application by the United States unless there is deposited with the clerk of the trial court the sum of \$25, which sum, or so much thereof as may be necessary, shall be available to the claimant for obtaining representation at shall be available to the claimant for obtaining representation at the taking of such deposition. Any part of such sum not required therefor shall be returned to the United States. Reasonable notice of the name of the witness and the time and place of the taking of the deposition shall be given in writing to the

That part of the proposed bill that requires an affidavit setting forth the fact intended to be established by such deposition is objectionable because it compels the Government to disclose in advance of the trial a part of its defense. In other words, it amounts to fishing.

That part of the proposed bill which requires that reasonable opportunity has been afforded the opposite party to be present at the hearing of the application seems unnecessary since it is not thought that any court would grant such application on an ex

thought that any court would grant such application on an exparte hearing.

Section 500 of the World War veterans' act, as amended, provides that the court may allow the attorney for the successful party to a suit on a war-risk insurance contract a fee not exceeding 10 per cent of the amount recovered. Furthermore, it has been held that in addition to the fee provided for in section 500, the attorney for the successful party may have his necessary expenses.

expenses.

The proposed bill provides that in addition to the foregoing the Government shall pay an attorney's fee of \$25 for each deposition taken. Under the practice of the administration to take the depositions of its doctors rather than for them to appear in court personally many depositions will be taken in each case, and, therefore, to compel the Government to pay a fee of \$25 in each case would result in large expenditure being made by the Government. Also the proposed amendment would add to the amount to be received by the attorneys for a plaintiff. On the basis of to be received by the attorneys for a plaintiff. On the basis of our present load it is estimated some 50,000 depositions will be taken on behalf of the United States, so the expenditure required by the bill would total approximately \$2,500,000. The bill does not set forth the department of the Government which will be called upon to advance the money, but presumably it would be

the Department of Justice.

It is, of course, to be assumed that no attorney will file a suit on a contract of war-risk insurance unless he thinks he can secure judgment. Most courts allow an attorney 10 per cent of the full amount of the contract, which results in the attorney receiving the sum of \$1,380 in each case in which he is successful. This seems to this administration to be a very liberal fee, and that out of such fee the plaintiff's attorney should be required, if necessary, to pay an attorney for representing his client at the taking of the depositions. This seems especially so since in the general practice of law where an attorney takes a case on a contingent fee he can easily secure attorneys to represent his client at the taking of

depositions who will do so for a contingent fee.

The bill is probably objectionable since it seeks to amend an act approved July 20, 1892, which is a general act, by an amendment to a section of a strictly separate act, which is in the nature of a special act.

In view of the foregoing reasons this administration is not in favor of the proposed legislation.

A copy of this letter is inclosed for your use.

Very truly yours,

FRANK T. HINES, Administrator.

Mr. SMOOT. So far as I am personally concerned, I have no objection to the motion of the Senator from Nebraska, and allow the bill to be placed upon the calendar.

Mr. NORRIS. Then, I shall have nothing further to say.

Mr. KING. Mr. President

The VICE PRESIDENT. Does the Senator from Nebraska yield to the junior Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I would like to ask my colleague whether the bill was considered by the Senator from Massachusetts [Mr. WALSH], the Senator from Pennsylvania [Mr. REED], and the Senator from Georgia [Mr. George], or by the full com-

Mr. SMOOT. No; I will say to my colleague that it has not been considered by the committee, nor was it assigned to any of the five subcommittees of that committee to consider. At that time, of course, we had not received an answer from General Hines, but it is an adverse report which we finally did receive, and I am having it printed in the RECORD.

Mr. KING. I would like to ask the Senator another question. In view of the fact that the bill was referred to General Hines and a report has recently been submitted by him and the committee have not had an opportunity to take up the matter, though they have taken up many other bills and passed upon substantially all of them, I was wondering whether the Senator considered it necessary to discharge the Finance Committee? Personally, I have no objection.

Mr. NORRIS. I was proceeding to give those reasons, and I can give them; but if there is no objection to my motion prevailing I do not want to take the time of the Senate to do so.

Mr. McNARY. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. NORRIS. I yield.

Mr. McNARY. The bill was originally referred to the Committee on the Judiciary. Did the Committee on the Judiciary consider the bill on its merits?

Mr. NORRIS. Yes. Mr. McNARY. The Then it was referred to the Finance Committee and I understand an unfavorable report was made by General Hines to the Finance Committee.

Mr. NORRIS. Yes. Mr. McNARY. Is it the purpose now to place the bill on the calendar?

Mr. NORRIS. If my motion prevails the bill will automatically be placed upon the calendar.

Mr. McNARY. As it has been committed to the Finance Committee, why does it not report the bill and have it placed on the calendar?

Mr. NORRIS. That is the purpose of my motion. Of course, I have not gone into the matter, but the Senator from Utah [Mr. Smoot], representing the Finance Committee, has no objection to the bill being placed on the calendar, and therefore I do not care to discuss it unless somebody desires further debate on it.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Pennsylvania?

Mr. NORRIS. Certainly.

Mr. REED. The bill deserves consideration by a committee before it is reported. It deserves consideration by the committee which has been handling veterans' relief matters. These are days of economy. I am sure the Senate would be surprised to know that the effect of the bill would be to add about two and one-half million dollars to the fees paid by the Government to lawyers of the veterans who bring suits on insurance policies. These lawyers at present are getting something like \$1,300 per case, a very liberal fee, and it is coming out of the United States Treasury. The bill adds \$25 to that sum. It means a total of about two and one-half million dollars, according to General Hines, added to the amount to be paid to the lawyers. Why should not the Finance Committee have a chance to consider the proposal and to consider how much these lawyers are getting now? We can not act as a Committee of the Whole and pass on details like that.

I do not know why the Senator from Nebraska should be so impatient to discharge the committee. The Finance

Committee has been working very earnestly ever since the beginning of the session.

Mr. SMOOT. We have reported nearly 75 bills.

Mr. REED. It is not that we have been idle all this time. I think the Senate, in consideration of the onus of the work before that committee, ought to give us a little more time. There is no disposition on our part to smother the bill.

Mr. SMOOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. Certainly.

Mr. SMOOT. I stated that, so far as I am concerned, I have no objection to having the bill placed upon the calendar. Even if the Finance Committee should consider the bill and report it adversely, as no doubt it would, based on the report of General Hines, it would go to the calendar, so we might as well let it go there now.

Mr. NORRIS. Of course it will, unless we let the committee put it to sleep in a pigeonhole, where it would stay permanently.

Mr. President, I can see from what the Senator from Pennsylvania has said it is necessary for me to explain the present parliamentary situation, which I now proceed to do, and ask the consideration of the Senate. If I am not able to show a fair, honest procedure by the Judiciary Committee in this case, and if promises made by the Senator from Utah and the Senator from Pennsylvania are not shown to have been disregarded, then let the Senate vote down my motion and let the bill sleep the eternal sleep of death in the pigeonholes of the Finance Committee.

There is no reason why the bill originally should not have gone to the Committee on the Judiciary. I appeal to every lawyer that it was properly referred in the first place. When it was called on the calendar I only consented to having it referred to the Finance Committee on the promise of the Senator from Pennsylvania [Mr. REED] and the Senator from Utah [Mr. Smoot] that if I would let it go to that committee, all they cared was to have a record of it going there and that they would report it back promptly. I will show what the record was, and I will read what they said on the floor of the Senate when I made that agreement.

This is a bill providing that in the particular litigation referred to by the Senator from Pennsylvania, in a case by a World War veteran on his insurance policy, begun under the law and to be tried in a district court of the United States, that where the Government undertakes to take a deposition, if notice provides for the taking of the deposition at a point more than 100 miles distant from the place of holding court, before they can take such deposition they must make a showing to the court that it is necessary, and if the court finds that it is necessary for them to take such a deposition at that distance, then it will require the Government to pay not to exceed \$25 to some lawyer at the place of taking the deposition, to appear and represent the

As I stated, the bill is here on a recommendation of the World War veterans and their attorneys who have had experience in trying these kinds of cases. I called attention to one case as an illustration, which was pending before one of the district courts of the United States when the Government served notice upon the attorney for the veterans to take depositions. It was in my own State of Nebraska. The notice was to take the deposition of a witness in Richmond, Va., and another in St. Louis, Mo., and still another in Chicago, Ill. I no doubt have the cities wrong, though I am sure Richmond, Va., was one of them. What did that mean? It meant that the veteran was absolutely blocked. He could not go around to take those depositions. He was poor, as most of them are who are suing in similar cases. It was an impossibility for him to attend or to employ an attorney to attend the taking of those depositions.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. NORRIS. In just a moment I will yield. All the bill does is to provide that if depositions are to be taken more than 100 miles away from where the court sits, the Government must furnish enough money for the veteran to hire a lawyer at the place of taking the deposition to represent the veteran in the suit.

I now yield to the Senator from Alabama.

Mr. BLACK. On Saturday last I received a letter from a veteran in Birmingham, Ala., stating that he has a claim pending in the court there. He had been notified that the Government would take the evidence of three doctors in Washington next week. He was asking me to represent him in cross-examining the witnesses, because he said he was not able to employ a lawyer in Washington to represent him. Of course, I could not represent him as a lawyer in a case against the Government. I have written him that we have this bill pending, which I had supposed would not have serious opposition. But in the meantime he is endeavoring to get representatives of the American Legion here to appear as his representatives to cross-examine the doctors in Washington when the depositions are taken.

Mr. NORRIS. There is another illustration. The man in Nebraska who gave me this information is a professor in the State university, a very able lawyer. He represents veterans in these cases without a fee. He has had a great deal of experience. He told me it was a common thing. He said in some cases he had paid expenses of other attorneys and had himself gone at his own expense, because he was impressed with the justice of his client's case, because the soldier had no money and the great Government of the United States was endeavoring to drag him all over the country where he could not go. Places within 100 miles of the place of holding court are not covered by the bill.

Is there anything wrong about the bill? Does it not appeal to all fair-minded men? I introduced it. It was referred to the Judiciary Committee, and as chairman of that committee I referred it to a subcommittee. The subcommittee had it for a couple of weeks. I gave the subcommittee a large amount of correspondence which they looked over and examined. I told the chairman of the subcommittee if they wanted further evidence, I would wire to this man who had given a great deal of attention to the matter in Lincoln, Nebr., one of the professors in the State university of that State.

After they had examined what they had, the chairman of the subcommittee said, "We do not need any more evidence; it is so fair, as it appears to us, there can be no objection to the bill." The subcommittee reported the bill to the full Judiciary Committee and that committee took it up and considered it. They approved the report of the subcommittee, and unanimously recommended to the Senate the passage of the bill. The Senator from Indiana was designated by me, as chairman of the Judiciary Committee, to make the report, and he did it. The bill was on the calendar; nobody ever dreamed that there would be any objection to it. No suggestion up to that time had ever come to me that the bill ought originally to have been referred to the Finance Committee.

Mr. REED. Mr. President, will the Senator from Nebraska yield for a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Pennsylvania?

Mr. NORRIS. Yes; I yield.

Mr. REED. Did the Senator from Nebraska ask for the opinion of the Veterans' Bureau on the bill before his committee reported it?

Mr. NORRIS. No; and that reminds me to say that there are some things about which I do not need to ask the Veterans' Bureau. I know what it means for a poor man in litigation to have notice served on him to take the deposition of a witness 2,000 miles away. I do not need any advice from the Veterans' Bureau on a subject of that kind. Furthermore, every one of the members of the Judiciary Committee knows more about trying lawsuits than the head of the Veterans' Bureau knows; and I mean no disrespect to him whatever.

Mr. DILL. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. DILL. As I understand, the suits in question are brought against the Veterans' Bureau, and one would hardly expect the Veterans' Bureau to be advising legislation that would make their difficulties greater.

Mr. NORRIS. It is the Veterans' Bureau's condition we

are trying to remedy by this legislation.

Mr. DILL. And in the light of the record here, in case after case, to the number of hundreds, if it had not been for the lawyers who risked their money, very many of the exservice men would not have a dollar to-day.

Mr. NORRIS. They would not have a dollar.

Mr. DILL. It seems to me that the opinion of the Veterans' Bureau is not worth very much in this matter.

Mr. NORRIS. Mr. President, is it not possible that the Judiciary Committee of the Senate ought to know something about the trial of an ordinary lawsuit? If not, the Senate ought to dismiss that committee; there should not be a Judiciary Committee. The 18 Senators who are members of that committee know something about taking depositions; they know what it means to have the other side serve notice on a client who has not a dollar to take a deposition in San Francisco and the same day to take another deposition in New York. It means the absolute denial of justice, Mr. President, and nothing else. Those are the things which are going on; that is what we want to remedy.

The Senator from Pennsylvania says it will take millions of dollars out of the Treasury. It will not take 1 cent out of the Treasury unless those who represent the United States make the move that will take it out.

The bill, as I have said, on the call of the calendar came up. Then the Senator from Utah and the Senator from Pennsylvania stated in substance—and if anybody questions it I will read word for word what they said; they said a good deal, and I also said some things when the bill came upthat the Committee on Finance was the committee to which was referred the veterans act, and all amendments to that act, therefore, ought to be referred to that committee. I think there is some reason and some justice in that contention. They further said, however, that there was no objection to the bill, but they wanted it referred to the Finance Committee so that the record would be complete. Under those circumstances I consented to have the bill referred to that committee.

Let me read to the Senate just a few of the statements that were made when action referring the bill to the Finance Committee was taken. That was done on February 5, 1932. To-day is the 21st day of March. Almost two months have elapsed—remember that—and yet, as the Senator from Utah has said, the bill has not even been referred to a subcommittee of the Committee on Finance. With that in mind, listen to what was said on that occasion. I stated, as I have said here, that the bill involved a question of law and it seemed to me it ought to have gone to the Judiciary Committee. It is a question of legal practice.

The Senator from Pennsylvania [Mr. Reed], among other things, said:

Mr. President, the Senator will not have to convince me. On reading the bill, it seems to me to be all right and I have no objection whatever to it. But I think it is highly important that objection whatever to it. But I think it is highly important that the same committee should consistently act on amendments to the veterans' act. The bill might also go to the Committee on the Judiciary, and we are glad to have their help; but think how ridiculous it would be if, not knowing what the Judiciary Committee were doing to the section affected by the bill, we in the Finance Committee were to report out another bill amending the section to read so and so section to read so and so.

So Senators will see there was no objection to the measure, as the Senator from Pennsylvania said, in so many

On reading the bill, it seems to me to be all right and I have no objection whatever to it.

But it was desired to have the bill go to the Finance Committee in order that the records of the Finance Committee might show that the measure had been referred to that committee and had been reported to the Senate. Later on the Senator from Pennsylvania [Mr. Reed] said:

The chairman of the Finance Committee is here, and I think he expects to have a meeting of the committee very soon, and

I should think this bill could be back on the calendar and passed before this time next week. I will do my best to speed action on it.

"This time next week." That was February 5; this is the 21st day of March, and the bill still slumbers in the Finance Committee. I can read all this debate if Senators desire me to do so; it is all interesting; but I am only going to read an occasional excerpt. I then said:

Mr. President, in the present parliamentary status of the bill, its consideration being subject to objection, I have to comply with the request. I am doing so, however, on the express assurance of the chairman of the Committee on Finance that within a reasonable time the bill will be reported back to the Senate so that we can have action on it.

Then the Senator from Utah [Mr. Smoot], the chairman of the Finance Committee, who had previously given assurance that this would happen, said:

I assure the Senator that it will be reported next week, perhaps Tuesday or Wednesday.

That was just a few days. February 5 was on Friday; and the Senator from Utah was going to have the bill reported the next Tuesday or Wednesday; but still nothing has been done.

Mr. President, it is not my contention that the Committee on Finance has been derelict; I am making no complaint. That committee is overworked, as are most of the other committees; but we were given to understand that these Senators favored the bill, though they desired to make their records complete, and it was understood that the reference of the bill to the Committee on Finance was merely a matter of form. Now, however, we are confronted with opposition. I have waited now for six weeks for the Finance Committee to report this bill. They could have reported it unfavorably if they had wanted to do so, but no action has been taken.

It seems to me, Mr. President, that the Finance Committee, if they can not consider a bill within the time during which this bill has been before them, ought to be willing to report it back to the Senate, especially when it is a bill which has had the consideration and the unanimous recommendation of a committee that, after all, is the proper committee to consider this kind of legislation. Therefore I ask Senators to yote for this motion.

Mr. REED. Mr. President, when this matter came up last in the Senate, on the 5th of February, I did as all other Senators did, I presume—I glanced at it very hastily—and, as it seemed to be all right, I said that there did not seem to be any objection to it. However, whether the Senator from Nebraska agrees or not, we think it is wise to send bills to the departments which are affected by them, in order to obtain their opinion. The report of the Veterans' Administrator was so strong in opposition to this bill that it put a new light on it.

I make no apology for changing the impression which I had formed on a hasty glance at the bill.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Nebraska?

Mr. REED. I yield to the Senator.

Mr. NORRIS. I concede very frankly that the Senator has a right to change his mind, and I am not finding fault with him for that; but I should like to ask if, under the record as shown here and which I have read, the Senator does not believe that the committee ought to have acted before this, even though they wanted to make an adverse report?

Mr. REED. I grant that, and if the Senator had brought it to my attention I would have been the first to ask that the committee have a meeting and act on the bill, just as I now expect to ask the Senator from Utah to have a meeting to act on the bill.

However, Mr. President, if we are going to pass this kind of legislation without proper committee study of its effects, there is no telling where the end will be. It is not a bill for the relief of the veterans; it is a bill for the relief of the lawyers of the veterans who are already being very generously treated by the Government paying their fees. This is not going to help the veterans any, but the lawyers of the

veterans are getting \$1,380 per case out of these lawsuits. They could very easily pay the expense involved in calling in an associate in a distant town where a deposition is to be taken; but it is because the lawyers are too stingy to give up one penny of the stated fee which they accept from the Government that we are now asked to make the Government pay two million and a half dollars more for the benefit of those lawyers to relieve them of the responsibility which is theirs of protecting their clients and taking the depositions.

Under all the circumstances, Mr. President, I feel it is my duty to call for the regular order.

The VICE PRESIDENT. The regular order is called for. The motion will go to the calendar.

Mr. NORRIS. Mr. President, I make the point of order that the proceeding is by unanimous consent. I asked unanimous consent, which was granted, to dispose of this motion, even if the hour of 2 o'clock had passed.

The VICE PRESIDENT. Unanimous consent was given only to lay aside temporarily the unfinished business.

Mr. NORRIS. No; before that was requested I asked unanimous consent to take up the motion and dispose of it.

The VICE PRESIDENT. The Chair put the other request for unanimous consent.

Mr. ROBINSON of Indiana. Mr. President, the motion ought to be disposed of, as a matter of fact, if it does not violate the rules completely, because the Senate Committee on the Judiciary once decided this matter and decided it definitely, and there is no occasion for another committee to hold it up for months and months, when unquestionably

the relief ought to be granted.

Mr. NORRIS. It is in order at least to make a motion to take this question up, is it not?

The VICE PRESIDENT. It is.

Mr. NORRIS. I make that motion now. If we have got to go through with it a half a dozen times, we might just as well commence now. I move that the Senate proceed to consider the motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Nebraska to discharge the Committee on Finance from the further consideration of the bill S. 929.

Mr. NORRIS. I want to be heard on that; it is a debatable question.

The VICE PRESIDENT. The Senator from Nebraska is recognized.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst Dale Robinson, Ind. Jones Austin Bailey Davis Dickinson Kean Kendrick Schall Sheppard Bankhead Dill Keves Shipstead King Barbour Shortridge Smith Fletcher Logan Barkley Long McGill McKellar Bingham Frazier Smoot Steiwer George Thomas, Idaho Thomas, Okla. Blaine Glass Glenn McNary Metcalf Goldsborough Townsend Bratton Broussard Gore Morrison Trammell Mos Tydings Vandenberg Hale Harrison Neely Bulow Wagner Hastings Norbeck Hatfield Norris Capper Caraway Carey Coolidge Walsh, Mass. Hawes Nye Hayden Oddie Waterman Watson Patterson Hebert Wheeler Howell Pittman Copeland White Costigan Hull Couzens Johnson Robinson, Ark.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present. The Senator from Nebraska has the floor.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield to the Senator.

Mr. SMOOT. I should like to see the bill go over in favor of the regular order. I have called a meeting of the Committee on Finance for Thursday morning. That is the first time I can have the meeting.

I am going to ask the Senator to allow the committee to make a report on the bill not later than Thursday, and we

will settle this whole question.

Mr. NORRIS. Mr. President, I will propose a unanimousconsent agreement; and if it is agreed to, that will settle it. Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. I desire to make just one brief observation.

This is simply another instance of the fact that bills and resolutions vitally affecting the service men of the country, and particularly the disabled service men of the country, go into the Committee on Finance and are never heard from afterwards. That is the very thing that led the American Legion, in its national convention last year, to insist that a committee be organized in the United States Senate to handle veterans' legislation and to handle that alone, for the very reason that when such legislation goes before the Finance Committee of the Senate, for some cause or other that is the last that is ever heard of it.

I am not accusing anybody connected with the committee of any conduct that is in the slightest degree or in any sense of the word unbecoming. The work of that committee is tremendous. The committee certainly has enough to do to keep it busy all the time without wrestling with this character of legislation, which frequently and usually involves the expenditure of millions, and sometimes hundreds of millions of dollars. So there ought to be a special committee for that purpose.

Here is this bill, introduced by the senior Senator from Nebraska. It went to the Committee on the Judiciary. The chairman of that committee, who is the senior Senator from Nebraska, appointed a subcommittee, of which I think I had the honor to be the chairman—a subcommittee of three Members of this body and of the committee. The subcommittee unanimously reported the bill back to the entire committee with the recommendation that the bill pass. Then the Judiciary Committee unanimously ordered it reported to the Senate. I had not known until to-day that the Senator from Nebraska had agreed to a unanimous-consent proposal to have the bill then recommitted to the Committee on Finance. There, it seems, it has been until this moment.

While I do not impugn in the slightest degree the motives of members of the Finance Committee, I do say that the press of business in that committee is such that these matters that are vital to hundreds of thousands of service men in the country are lost sight of and never see the light of day.

Mr. SMOOT. Mr. President, I should like to say to the Senator from Indiana, if the Senator from Nebraska will

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. Not just at the present time. I started to say something, and I want to finish it.

After saying that I was going to comply with the request that was made on February 5, when this bill was reached on the calender, I used this language: I have read it before to-day, but it may be that some Senators have come in since:

In the present parliamentary status of the bill, its consideration being subject to objection, I have to comply with the request.

That was the request to let it go to the Finance Committee, and they had promised that if I let it go there they would bring it right back. Further, I said this:

I am doing so, however, on the express assurance of the chairman of the Committee on Finance that within a reasonable time the bill will be reported back to the Senate so that we can have action on it.

Then the Senator from Utah [Mr. Smoot] said:

I assure the Senator that it will be reported next week, perhaps Tuesday or Wednesday.

This occurred on Friday, February 5; and, as I have said before, the bill is still unreported, although the committee had a report, which the Senator has put in the Record, from General Hines, the Administrator of the Veterans' Bureau, dated February 11, 1932. So they were doing something there. They wrote to the bureau. They got an answer on the 11th day of February. No action was taken, although this is the 21st day of March.

As between gentlemen, as between Senators as well as gentlemen, do you not think that with that agreement that we had when this bill went to the Finance Committee it ought to be back here now, when they agreed to bring it back within a few days—probably the following Tuesday or Wednesday—and that was on Friday?

Six weeks have passed, and before this roll call was asked for to get a quorum I read what the Senator from Pennsylvania [Mr. Reed] had said. He said, in so many words, that he had read the bill; that he had no objection whatever to it; that he wanted it to go to the Finance Committee so that their records would be complete, because they had been handling that kind of legislation. Under those circumstances, under that agreement, the bill went to that committee.

I ask any man who wants to be fair whether the time that has elapsed is not sufficient to justify me in making this motion to discharge the committee. Notwithstanding that, I am willing even to go beyond that; and I say now to the Senator from Utah that if he will agree to a unanimous-consent agreement that the bill shall be reported by the Finance Committee on or before Thursday next, and, if not so reported, it shall be placed upon the calendar, we will let it go. Will the Senator agree to that?

Mr. SMOOT. I have already stated that I would do that, Mr. President.

Mr. NORRIS. I ask the Chair, then, to put the proposed unanimous-consent agreement.

The VICE PRESIDENT. Is there objection to the unanimouse-consent agreement suggested by the Senator from Nebraska? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, just a word.

The VICE PRESIDENT. The Senator withdraws his motion?

Mr. NORRIS. I do not withdraw it. We had an agreement once before. Just let the motion be undisposed of. I have not agreed to withdraw the motion.

The VICE PRESIDENT. The Senator withdraws his request to proceed to the consideration of the motion?

Mr. NORRIS. Oh, yes; I withdraw that; but the motion itself to discharge the committee still lies on the table.

Mr. SMOOT. Mr. President, the Senator from Indiana no doubt can do a great deal more work than can the Senator from Utah or the other members of the Committee on Finance, and perhaps he thinks we have not done anything at this session of Congress. But we have reported out of that committee over 70 bills at this session.

Mr. ROBINSON of Indiana. Mr. President, if the Senator will yield, I am talking about veterans' legislation, and that alone.

Mr. SMOOT. Over 60 veterans' bills have been reported by the committee.

Mr. ROBINSON of Indiana. Even so, I still say that there ought to be a veterans' committee of the Senate.

Mr. SMOOT. I was not going to refer to that. The Senate can do whatever it desires to do about that. If the Senate wants such a committee, it can create it. But so long as such legislation comes before the Committee on Finance, and so long as that is the proper place for such bills, we are going to do the very best we can with the measures which come before the committee.

Mr. ROBINSON of Indiana. Mr. President, may I ask the Senator a question?

Mr. SMOOT. I want to say to the Senator from Nebraska that perhaps I am to blame for the whole situation to which he has referred. I want also to call his attention to the fact that not a single day passes when we have not worked

in some committee, upon some important legislation, ever ! since this session began.

Mr. NORRIS and Mr. ROBINSON of Indiana addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield to the Senator from Nebraska. Mr. NORRIS. I do not dispute the Senator at all; in fact, I am prepared to admit that the Senator is one of the hardest-worked men in the Senate; but the Senator knew that when he made the agreement to report on the next Tuesday or Wednesday the bill to which I have referred.

Mr. SMOOT. Yes, Mr. President; and that is what I thought we could do. I thought at that time that that could be done.

Mr. NORRIS. Not being able to do that, why does the Senator object now to letting the bill go to the calendar?

Mr. SMOOT. The Senator must remember that when the Senator brought up the matter in the first place I said that as far as I was concerned I had no objection to the bill going on the calendar.

I shall try to get the Finance Committee together, although it is the hardest thing in the world to get a quorum of the committee, because all the committees of the Senate are now worked almost to death. I would like to see the time, and I believe it will come, when there will not be so many as 20 Senators upon one committee. The number is too large, and it results in Senators being on too many committees. It seems impossible for Senators to attend all committee meetings and get out legislation from the committees.

### LOANS TO VETERANS ON CERTIFICATES

Mr. BLACK. Mr. President, I desire to ask the chairman of the Committee on Finance a question.

Several weeks ago I called the Senator's attention to Senate bill 272, which was introduced December 9, last, and is No. 7 on the calendar of the Finance Committee. It is a very brief bill.

I would like to ask the Senator whether the Finance Committee could not take up that bill Thursday when they meet. I do not care to make a motion to discharge the committee, of course, if I can obtain action.

Mr. SMOOT. That bill relates to loans to veterans upon their adjusted-service certificates?

Mr. BLACK. It relates to the case of a soldier who did not secure his adjusted-service certificate at the time the law was passed, and under the law, as it is, if a soldier gets his certificate now, he can not obtain a loan until the expiration of two years. It has worked a very unfair discrimination against those veterans who waited, from patriotic motives, because they believed they did not need the money and could get along without it. This measure would amend the law so as to authorize a loan to be made upon a certificate immediately upon its issuance.

There can be no earthly reason that I can imagine why a soldier who served in the same war with the other soldiers should not obtain his loan as quickly as some one who happened to have secured his certificate earlier. The main purpose of the amendment is to accomplish that. There is another provision to it which the committee can take up, but it is a very brief bill.

Mr. SMOOT. Mr. President, the committee received from the Veterans' Bureau an adverse report on this bill. I will say to the Senator that in the Thursday morning meeting I shall ask the committee to consider the bill to which he refers. I do not promise what action the committee will take on it.

Mr. BLACK. The Senator will ask the committee to take it up Thursday morning?

Mr. SMOOT. Thursday morning.

Mr. BLACK. That will be satisfactory.

# EMERGENCY HIGHWAY CONSTRUCTION

Mr. HAYDEN. Mr. President, I desire to address the Senate to see whether it might not be possible to temporarily postpone debate on an appropriation bill and proceed to the consideration of the bill (H. R. 9462) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment. That bill was reported to the House on February 25, passed that body by a vote of 205 to 109 on the 27th of that month, and was promptly reported to the Senate on the 2d of March. It is an emergency measure, as is shown by its title, yet the bill has not received emergency treatment by the Senate.

The bill was discussed on March 11 by the Senator from Nevada [Mr. Oddie] and the Senator from Kansas [Mr. McGill with complete detail to satisfy anyone of its merits. All the affirmative arguments necessary were presented at that time. The Senator from Connecticut [Mr. BINGHAM] on that day spoke briefly, and then subsequently addressed the Senate at greater length on March 16 in opposition to the measure.

The Senate has indicated no disposition to expedite the passage of the appropriation bills. In all my service in Congress I have never seen this late in a long session of Congress but one appropriation bill a law, and that one a deficiency bill. If Senators will look at the back of the calendar they will find that the Agricultural appropriation bill was reported to the Senate on February 18 and was under consideration for 19 days in this body before it passed. The Interior Department appropriation bill was reported on March 1, and it has not as yet passed the Senate. For some unaccountable but very apparent reason the brakes are on. The Senate is not passing appropriation bills. There appears to be no hurry with respect to such measures. But there is urgent need for the passage of the emergency highway construction bill.

One might well suspect that there exists a cold-blooded, deliberate determination to delay the passage of the road bill until the cold weather is over-and to-day is the first day of spring-in the hope that the emergency, like the winter, may pass away and then there would be no necessity for its enactment. With the coming of summer there will be, of course, some increase in seasonal employment which may temporarily take up some of the unemployment slack; but this legislation, which is designed to immediately put men to work, if it is going to be acted upon at all, ought to be passed now.

I have recently noticed in the newspapers kind and philosophical suggestions that the poor be persuaded to plant gardens so that they may sustain themselves on carrots and turnips and string beans and other garden truck. The unemployed can, like cattle in the fields, adopt a vegetable diet. There is no work; let them vegetate.

Then there is spinach, which every dietitian will say is excellent for the human system. By planting crops of spinach the poor can grow healthy even if unemployed. Kindhearted philanthropists also highly recommend broccoli as wonderful for filling an empty paunch. With a stomach full of broccoli any man out of a job can peek around the corner and see prosperity coming down the street. All such plans may help the unemployed to eke out a mere existence, but what the jobless want is work, not vegetables.

I repeat my protest against delay in the consideration of the emergency highway construction bill. The steering committee should arrange some method whereby the Senate may take it up, give it the consideration it deserves, and pass it. All the committee amendments to the bill have been agreed to, and three perfecting amendments offered by different Senators have been adopted. There is now pending only one amendment to the bill offered by the Senator from Connecticut [Mr. BINGHAM] which provides that the apportionment of Federal-aid funds shall be not in the usual form, on the basis of population, area, and mileage of the postroads, but upon population only.

A change of that kind is an entering wedge to wreck the entire Federal aid highway system. The apportionment of Federal aid funds on a population basis alone does not justify this legislation. The only justification for the appropriations to be made pursuant to this bill is a wise expenditure of funds to the best advantage of a national highway transportation system. The wholesale construction of highways

without regard to future traffic demands is both wasteful and foolish. The State highway departments are all organized to allocate road funds for the highest economic benefit and where the greatest necessity exists. Transportation surveys are cooperatively carried on by the State and Federal authorities to determine accurately where highways should be improved to satisfy the greatest legitimate demand. Justification for the passage of this emergency road bill is the same as was set forth by the President of the United States a little over a year ago, in December, 1930, when he recommended the passage of similar legislation.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. BINGHAM. Will the Senator be so good as to tell us about when he expects to move to take this bill up?

Mr. HAYDEN. I hope that after I have presented this matter to the Senate we may reach an agreement with respect to that very thing. The sooner the better, of course.

Mr. President, in December, 1930, President Hoover sent a special message to Congress transmitting a Budget estimate for \$150,000,000 for public works to relieve unemployment. In that message he said:

The application of this money to work already authorized by the Congress not only limits its application to work already directed by Congress but assures its use in directions the economic importance of which has already been determined by Congress. This plan also avoids the long delays incident to selection of new projects by Congress and the further long delays in technical preparation which new projects would require, both of which would render such action of no purpose in emergency relief of unemployment.

If the amendment suggested by the Senator from Connecticut shall be adopted, the entire system will be changed. More money will be placed in some States in which they do not know where to use it, and less money will go to other States where plans have already been made to carry out that character of work which will give employment to those who sadly need it.

Maricopa County, Ariz., where I was born, is as large as the State of Connecticut, where my father was born. Arizona is as large as all of New England and New York combined. If we are to have a national system of improved highways to bind the States of the Union more firmly together, all the miles in Arizona, just like all the miles in New England now comprising a part of that designated and approved system, must ultimately be built. Area, of necessity, therefore, must be an equal factor with population in the apportionment of Federal aid for highways.

I beg of Senators to be national, to have the vision to see beyond the boundaries of some States that are no larger than some counties, and, as Governor Gilpin, of Colorado, was fond of saying, to "think continentally." My father said that when he was a small boy in the Connecticut River Valley, they spoke of going out West when it was necessary to make a trip to New York State. Communication was so poor and general contact between the people of the two States was so infrequent that there was also a persistent rumor that Dutchmen lived on the Hudson who wore wooden shoes. Now, it is nothing wonderful for Professor Sharp, of Boston University, to go by automobile to Santa Barbara in search of "the better country." One can drive his car from Minneapolis to Galveston on a Federal-aid highway. America is no longer sectional but a nation. Let us build roads as a great nation should.

The Senator from Connecticut [Mr. BINGHAM] is the last Member of this body who should be provincial. He has been in many far and strange places on this earth. As an intrepid explorer and a great traveler he has utilized almost every known method of conveyance from the lowly South American burro to the most speedy airplane. The Senator knows the supreme necessity for good roads and no one sets a higher value on them as a means of national defense. I am surprised that my friend would even offer an amendment the effect of which is to establish a precedent that means that a truly national system of highways can not be built.

The Senator from Connecticut, in the remarks he made a few days ago, indicated that money spent upon the roads in

one States is of no benefit to the people of another State. He would have the American people believe that. Permit me to read very briefly from a press release given out by the Bureau of Public Roads on the very day that the emergency highway construction bill passed the House of Representatives. This is a statement authorized by the Chief of the Bureau of Public Roads. I want to say in this connection that Mr. MacDonald, of the Bureau of Public Roads, like Mr. Norcross of the Forest Service, like Mr. Albright of the National Park Service, and Mr. Dodd of the Indian Service, all of whom appeared before committees of the Senate to discuss road legislation, was not a voluntary witness. Each appeared only at the request of the committee and gave their testimony in answer to questions from Senators. This is what the Bureau of Public Roads said about the final distribution of the road dollar:

About 75 per cent of the cost of a high-type pavement filters back through the transportation companies and through industry to men who work for salaries and wages far distant from where these highways are built. Most of these men are city workers employed by the transportation companies or in the mills and factories—men who may never see more than a few of the highways. Their efforts help to build, but, who taken altogether, receive several times as much in salaries and wages as is paid to the men who are directly employed in building them.

I ask leave to include the entire press release of the Bureau of Public Roads printed as an exhibit to my remarks.

The PRESIDING OFFICER (Mr. Dickinson in the chair). Without objection, it is so ordered.

(See Exhibit A.)

Mr. HAYDEN. It is strange to me that those who now object to the passage of emengency highway-construction legislation made no objection in December, 1930, when the President submitted a Budget estimate for \$150,000,000 to provide work for the unemployed and included in it \$30,000,000 for Federal aid to be expended in the identical manner provided in this bill, to wit, that the money may be used in lieu of State funds to match Federal aid. I ask leave to incorporate in the Record as further exhibits to my remarks the Budget estimate submitted by the President, and the act passed pursuant to it, so that those who read the Record may see clearly that there is no deviation in principle between what we are proposing to do in this bill and what Congress and the President did a little over a year ago.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibits B and C.)

Mr. HAYDEN. What has happened in the meantime to induce Senators to say that what was entirely proper in December, 1930, is wholly improper in March, 1932? Has the depression ended? Is there less employment in the United States to-day than there was at that time?

Mr. President, the American people pay for roads whether they have them or not. Why not have roads which must be paid for anyhow? Motor-propelled vehicles now transport the bulk of the Nation's goods of every description. Operated on well-built roads, the cost of transportation is greatly reduced. Driven laboriously over bad roads, the maintenance cost of such vehicles is immediately increased. The people who own automobiles, and most of them do, must pay either way. It may be a gasoline tax or a "mud tax," but they pay it just the same, and one form of tax equals the other.

Dick Wick Hall of Salome, "where she danced," once said that a chuck hole is a bump upside down. However defined, chuck holes and bumps are bad for every kind of a car. Any man who has skidded through the mud into a ditch believes in good roads. Every farmer who is so fortunate as to be able to catch the top of the market by loading some part of his crops on trucks and trailers and quickly moving the same to town over a hard-surfaced road knows that he has saved more than his share of the cost of the highway. And so it is throughout the entire United States. There are none who do not know that well-built roads pay perpetual dividends and that in the end bad roads cost as much as good roads.

The purpose of this bill is to build more good roads, to make a capital investment in roads when they can be bought

for less than ever before and when they will be better built for the money than at any other time in all history. Ninetenths of every dollar expended on roads ultimately goes to labor. The enactment of this legislation will promote employment by doing road work which is ready to be accomplished. The surveys are done. The plans are made. The location, the grade and curvature, the cuts and fills, are all known, so that there will be no delay in commencing construction.

The testimony of responsible officials given before committees of the Senate and the House of Representatives shows that the sums contained in the bill combined with regular appropriations heretofore authorized from the Federal Treasury for expenditure between the date when it becomes a law and June 30, 1933, will provide employment for labor to about the same extent as was advanced from the same source for the same purpose during the calendar year 1931. This means that approximately an equal number of men will be doing road work during the next 16 months as were employed last year, which is possible because costs of almost every kind have been reduced. If the bill is not passed, tens of thousands of men who were at work on the roads in 1931 will be thrown back into the body of the unemployed, a crime of which the Federal Government should not be guilty.

The Committee on Ways and Means of the House of Representatives has reported a bill designed to raise enough revenue to balance the Federal Budget not on June 30, 1932, but one year later, on June 30, 1933. The passage of this road construction bill and the prompt appropriation of the sums authorized to be expended pursuant to its terms will not interfere with balancing the Budget. Every Senator should know that the sum of all expenditures less the total Federal income is the amount which will be added to the public debt at the beginning of the next fiscal year, July 1, 1932. If the revenue bill as finally enacted levies sufficient taxes, the Treasury will start out with a clean slate and with a fair prospect that thereafter the increased income thus procured will make unnecessary further additions to the public debt.

I therefore do not hesitate to assert that this bill can be passed and the work under it carried on within a balanced Federal Budget such as is proposed to be established by the Committee on Ways and Means and the Treasury Department. The procedure in this instance will differ in no respect whatsoever from that which must be adopted to meet the demands of other emergency measures approved at the present session of Congress, of which the \$500,000,000 appropriated for the use of the Reconstruction Finance Corporation is the chief example.

I concede that it may be necessary to borrow every cent that will be expended on highway construction if the bill should become a law. Looking at the Budget in one way, as it exists to-day, certain fixed charges are absorbing the entire revenue of the Federal Government. The total income of the Government is now about \$2,300,000,000. The interest on the public debt is about \$600,000,000; the cost of national defense, the Army, Navy, and so forth, is about \$700,000,000; and \$1,000,000,000 more is paid out for the relief of veterans, which sums take up all of the revenue of the Government. That means, of course, that every other expenditure is made out of borrowed money.

Where is the Federal Government going to get the money to pay for the work authorized to be done by this bill? Senators who now so boldly ask that question did not make any such inquiry when the act to create the Reconstruction Finance Corporation was under consideration in this body. Then there was not a whisper from anyone of them to raise a doubt as to where that \$500,000,000 could be obtained. Such Senators favored that bill and therefore asked no questions. They are opposed to the purposes of this bill; they do not want to give work to the unemployed and therefore suddenly become most inquisitive. My answer to these Senators is—and I make the answer most respectfully—that this emergency appropriation of \$136,000,000 is to come from exactly the same sources as the \$500,000,000 to be expended

by the Reconstruction Finance Corporation to meet another kind of an emergency. In every taxation and budgetary particular the two appropriations are identical.

The Treasury will end this fiscal year with a deficit of about \$2,000,000,000, which must be carried over into the public debt, but if revenue legislation is enacted, as I believe it will be, to raise enough taxes to balance the Budget thereafter, the ordinary operating expenses of the Government will, I repeat, be met by the increased revenue during the coming fiscal year.

At the time they voted for the foreign-debt moratorium last December did Senators say just how the loss of \$252,000,000 was to be made up? They did not. The Treasury is out just as much money through failure to make a collection when due as it is by the expenditure of an equal amount. Senators approved of the moratorium secure in the faith that a way would be found to balance the Budget despite that loss. Now there is just as good reason to have faith that all of the sums contained in this bill can be included within a balanced Budget.

France had the money on hand to pay what she owed the United States last December. France is not in financial distress, she has over a quarter of the gold in the whole world, and will pay all that is due on her debt next December. England will also pay whatever sums are due the United States at the close of the year. The English had the sound business sense to quit spending millions in a vain and fruitless effort to maintain the gold standard.

The decline in the gold value of the pound sterling has not only stimulated business in Great Britain with a consequent increase in the revenues of its Government but has also caused a flood of gold to pour into London from India and all parts of the British Empire. A pound sterling, whose purchasing power within the Empire has been but little affected, can now be bought for over a dollar less in gold than its old par value of \$4.86. That is why millions of people under the British flag are turning hoarded gold into paper pounds and also explains why the English Government has found means to repay \$150,000,000 in bank credits six months before they are due. England will pay next December.

As further proof of Great Britain's ability to pay, I quote from the weekly report of business conditions issued by the Alexander Hamilton Institute on March 12, 1932:

# THE BRITISH SITUATION

For quite some time it has been evident that economic conditions in Great Britain were improving. As signs of this improvement there may be mentioned the lowering of the discount rate from 6 to 5 per cent, the improvement in the security markets, and, above all, a substantial rise in the value of the pound. Further evidence of this improvement may be found in the fact that not only was the Bank of England in a position to repay the \$250,000,000 due to the Federal reserve banks and the Bank of France but also that the British Government was able to repay a substantial amount of the \$400,000,000 contracted last summer in the United States and in France. It is reported that the amount due in the United States was reduced from \$200,000,000 and the amount due in France was reduced from \$200,000,000 to \$135,000,000.

I have digressed briefly to mention this source of income to the Federal Treasury to allay the fears of those who are in such a panic that they can not see any way to provide work for the unemployed through road construction. I am well aware that it is not practical to specifically earmark the payments on the debts due from foreign countries for the purpose of paying for highway building in the United States, but it does help to cheer up the pessimists who, after voting for every other emergency appropriation, are now alarmed that Uncle Sam may go broke.

Suppose, for the sake of argument, that there is a difference between the way the money must be found to pay to labor on roads and the way in which it must be found to meet appropriations for the Reconstruction Finance Corporation, and I do not admit for a moment that such is the fact. But suppose that it is, and that in each case the money had to be borrowed. I claim that the purpose of this bill is entirely worthy and that the Government can save enough in the purchase price of the roads to be bought with this money to pay interest even as high as 4 per cent for

over six years. Six years from now, when prices are again | restored to their prepanic level, there will be no saving of 25 per cent in the cost of highway construction.

Let me read from the testimony of Mr. Thomas H. Mac-Donald, Chief of the Bureau of Public Roads, before the Committee on Appropriations of the House of Representatives on December 17, 1931, wherin the cost of roads is

The CHAIRMAN. There has been a decrease in the cost of construction, has there not?

Mr. MacDonald. There has been a material decrease, Mr. Chairman. Compositely, we estimate that it is 25 per cent under the base price that prevailed over the 5-year period 1925-1929. It varies as between items, of course, but taking the average cost, or the composite cost, for road work for 1925 to 1929, our estimate on the same basis would be just about 25 per cent under that cost.

The Charraman. Do you think we will get probably 25 per cent

more mileage?

Mr. MacDonald. Yes, sir.

The CHARMAN. For the same amount of money? Mr. MacDonald. We will get 25 per cent more units.

This testimony proves that it is entirely possible to carry out the purpose of the bill, which, as I said, is to make a capital investment at a time when more roads can be bought for the same amount of money than ever before in the history of the United States.

I ask Senators to seriously consider this question. Are we going to pass this bill? Is there any hope that it will be considered? If we shall follow the program laid out by the steering committee, let us see where we will arrive. Appropriation bills have the right of way. After that we are to consider, first, an act to amend the tariff act of 1930. There is not a Senator, a regular Republican, on the other side of the Chamber but will say that if that bill shall pass both Houses of Congress it will be vetoed.

The next measure upon the steering committee list is a Senate resolution to investigate the effect of the depreciation of foreign currency values upon importations of important commodities into the United States. Very valuable information, no doubt, will be obtained from such an investigation, but will it give anybody a job? Will it relieve unem-

Last upon the list is a bill to authorize the building of the United States Navy to the strength permitted by the Washington-London naval treaty. I have always advocated an adequate Navy; I shall probably vote for the bill; but it will not put anybody to work; it is a mere authorization. We may debate it here for a long, long time. It is perfectly evident that if the consideration of this road bill is to be put behind every appropriation bill, behind all three of the measures mentioned, and it is to take its place behind some other bills on a program hereafter to be laid out by the steering committee, it will be away into the summer before the bill can possibly be enacted.

I have made this statement, Mr. President, with the hope that my colleagues in the Senate will give serious consideration to the question involved in order to ascertain whether or not some way may not be found whereby this important piece of legislation may be placed upon its passage. It represents no wild or extravagant proposal. The emergency highway construction bill makes the total expenditures for road work about equal to what was done last year. The bill will permit work to be done which is ready to be done. Let Congress say that it shall be done.

## EXHIBIT A

LABOR GETS GREAT SHARE OF HIGHWAY EXPENDITURE

At least 85 per cent and possibly more than 90 per cent of the money expended for a concrete pavement is ultimately paid out as wages and salaries, according to the Bureau of Public Roads of the United States Department of Agriculture.

This conclusion is reached as a result of studies of typical concrete construction jobs and it is believed to be approximately true for other high-type pavements. Expenditures were traced back through various channels until the money went into personal use.

About 15 per cent of the cost of concrete pavements is paid to

About 15 per cent of the cost of concrete pavements is paid to men employed directly on the construction jobs. About 12 per cent is paid to men employed in quarries, sand pits, mills, and factories where the materials are produced, and about 14 per cent is paid to men employed by the transportation companies (principally the railroads) for hauling these materials to the jobs. Part of the cost is paid to the men who build the machinery and equipment used in constructing highway. Even more is paid to equipment used in constructing highways. Even more is paid to

the men who build the machinery and equipment used in the sand pits, the quarries, the cement mills, and the steel mills where road materials are produced, and to those who build the equipment of companies that deliver these materials. Some is paid to the miners, the men who work in the refineries, and those who work on the pipe lines and in the oil fields—the industries which pro-

on the pipe lines and in the oil fields—the industries which provide the fuel that produces the power used in producing materials, in transporting them, and in working them into finished pavements.

A part of the cost of high-type roads goes to those industries which furnish the supplies used all along the line. Some goes to the men who make blasting powder; some to those who make hand tools, and even the very minor items, such as cotton waste and the sheet of emery paper with which the mechanic smooths a joint on a machine he is repairing, absorb a bit of the cost at which pavements are built.

About 75 per cent of the cost of a high-type pavement filters.

avements are built.

About 75 per cent of the cost of a high-type pavement filters back through the transportation companies and through industry to men who work for salaries and wages at points distant from where these highways are built. Most of these men are city workers employed by the transportation companies or in the mills and factories—men who may never see more than a few of the highways their efforts helped to build—but who, taken together, receive several times as much in salaries and wages as is paid to the men who are directly employed in building them

the men who are directly employed in building them.

The bureau's studies further show that out of every \$100 paid to the contractors who build concrete pavements—and much the same thing is true of high-type highway construction generally—more than \$40 passes through the hands of the transportation companies (principally railroads) and assists these companies in maintaining a profitable volume of business. Approximately \$13 is paid to the producers of aggregate (sand, gravel, broken stone, and slag); about \$24 goes to the cement mills. At least \$16 ultimately goes to the manufacturers of machinery and equipment, including trucks, railroad cars, locomotives, etc. Some is paid to the manufacturers of explosives; some to the producers of coal; some to the gasoline refineries; and much to manufacturers who contribute in lesser degree by supplying materials used by those who produce the materials used in highway construction and those who transport them or who build the equipment used at some point in the long series of processes out of which highways

result.

From these facts it is apparent that the construction of highways, particularly those of the higher types, not only provides work for those employed on the job but that it provides a great deal more work for men employed in industry and in transportation; and that, in addition to this, it supplies a large volume of business to those industries through which the materials that must be used are collected, worked, and reworked before they become a part of a finished pavement.

# EXHIBIT B

[House Document No. 655, Seventy-first Congress, third session] EMERGENCY CONSTRUCTION FUND ESTIMATE OF AN APPROPRIATION FOR FISCAL YEAR 1931

THE WHITE HOUSE,

Washington, December 4, 1930. The Speaker of the House of Representatives.

Sir: I have the honor to transmit herewith for the consideration of Congress an estimate of appropriation for the fiscal year 1931, amounting to \$150,000,000, for an emergency construction fund to

enable the Chief Executive to accelerate work on construction projects already authorized by law so as to increase employment.

In my annual message to the Congress I requested that an appropriation of from \$100,000,000 to \$150,000,000 be granted for this purpose, and this estimate is in furtherance of that request. As I stated in that message, the application of this money to work already authorized by the Congress not only limits its application to work already directed by Congress but assures its use in directions the economic importance of which has already been determined by Congress. This plan also avoids the long delays incident to selection of new projects by Congress and the further long delays in technical preparation which new projects would require, both of which would render such action of no purpose in

quire, both of which would render such action of no purpose in emergency relief of unemployment.

I suggested in my message that the allocation of the moneys between the different authorized projects should be made upon recommendation of a committee of the Cabinet. Such a committee should comprise the Secretaries of the Treasury, War, Navy, Commerce, and Agriculture, and may be established in the terms of the appropriation or appointed by me.

The test of the value of such relief is the ability to pay wages between now and the end of the fiscal year, and I therefore urge that this estimate be given early consideration.

The details concerning this estimate are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith.

with.

Respectfully, HERBERT HOOVER

> BUREAU OF THE BUDGET Washington, D. C.

Sin: By your direction, I have the honor to submit herewith a supplemental estimate of appropriation for the fiscal year 1931 for the purpose of accelerating during the remainder of the current fiscal year such work on authorized governmental construction projects as will increase employment during the present emergency, as follows:

Emergency construction fund\_\_\_\_\_

In response to your request I have canvassed the departments with a view to ascertaining how much money could be spent during the next six months with a view to aiding the unemployment situation if additional funds could be provided.

This canvass has been conducted with the limitations which you indicated kept clearly in mind, namely, (1) items which would require additional congressional authorization have been eliminated, (2) items which do not afford direct benefit to the employment situation within the next six months have been eliminated, (3) only such items have been included as are believed to be justified on their merits and for which money would be provided within the next few years as Government finances would permit, and (4) while some of these projects can not be fully completed within the next six months and will necessarily involve some additional future expenditure to complete them the emptor. some additional future expenditure to complete them, the emphasis has been laid in every case upon the relief which would be afforded to the unemployment situation during the next six months and projects which would involve materially larger expenditures in the future to complete them have been eliminated, except in those cases where the commencement of the project is contemplated in the 1932 estimates now before Congress.

In view of the necessary technical work in the preparation of plans and estimates, the acquisition of sites, etc., it is impossible at this time to make an absolute determination of all the projects upon which money can be effectively and efficiently spent for the purpose of aiding employment within the next six months. I am still conducting hearings on these proposals of the departments in order to be in a position to recommend to you from time to time the projects to which I believe money should be allocated

if an appropriation for this purpose is provided.

For your information, I append a list by departments and bureaus of the amounts which it is believed could effectively be spent during the next six months for aid to the employment situation.

By far the greater part of these projects are not provided for in the estimates of appropriations for the fiscal year 1932 transmitted in the Budget, but there are some items in the list which have been so included in the 1932 Budget. It is my understanding that should it be practicable and advisable to allocate part of the emergency appropriation to these items, any money appropriated in the 1932 appropriation acts for the same purpose could be impounded by the department concerned under instruction from you unless required for the continuation of the same project.

It is pertinent to mention a fact which has been repeatedly developed in the course of the hearings upon these items, namely, that the amount of benefit to the employment situation during the next six months is not fully reflected in the amount of money expended by the Government during that period, as on contracting work where there is a lag of from one or two months or more bebetween the actual execution of the work and the Federal payment for it. This is particularly true with regard to Federal-aid highway for it. This is particularly true with regard to Federal-aid highway construction, where the lag frequently exceeds three months. In other words, the contractor is paying the wages of the workmen and buying material for a particular job a month or two before money is paid out of the Federal Treasury to reimburse him.

This supplemental estimate of appropriation is required to meet an emergency which has arisen since the transmission of the Budget for the fiscal year 1931.

Very respectfully,

J. CLAWSON ROOP.

J. CLAWSON ROOP, Director of the Bureau of the Budget.

The PRESIDENT, The White House.

Department of Agriculture	
Office of the Secretary	\$83, 480
Animal Industry	57, 995
Biological Survey	489, 505
Dairy Industry	114,000
Forest Service	3,540,000
Plant Quarantine and Control	35,000
Weather Bureau	5,000
Weather BureauFederal-aid highway system	80, 000, 000
Total, Department of Agriculture	84, 324, 980
Department of Commerce	antiers Engl
되고 하는데 되면 어린 것이 되었다. 하나 되는데 하나 하는데 살아보니 아무리	000 000
Air navigation facilities	325, 000
Public works, aids to navigation.	538, 000
Repairs and vessels, Coast Survey Construction of stations, Bureau of Fisherles	70,000
Construction of stations, Bureau of Fisheries	150, 000
Total, Department of Commerce	1,083,000
Department of the Interior	
Bureau of Indian Affairs	1,083,000
National Park Service	1, 650, 000
Office of Education	250, 000
St. Elizabeths Hospital	495, 000
Howard University	229,000
Freedmen's Hospital	50,000
Total, Department of the Interior	3, 757, 000

Department of Justice	
United States Reformatory (to be located west of the	
Miceissinni Diver	\$100,000
National Training School for Boys, Washington, D. C.	155, 000
Hospital for defective delinquents	100,000
Total, Department of Justice	355, 000
H	
Navy Department	
Bureau of Yards and Docks: Public works	4, 620, 000
Treasury Department	
Coast Guard	170,000
	800000000
War Department	
Military activities:	
Quartermaster Corps	9, 694, 500
Seacoast defenses	3, 161, 000
Signal Corps	393, 000
Air Corps	4, 751, 000
Ordnance Department	6, 902, 000
Chemical Warfare Service	1, 447, 000
United States Military Academy	1, 465, 000
National Guard	2, 042, 000
Reserve Officers' Training Corps	672, 000
Total, military activities	30, 527, 500
Nonmilitary activities:	
Quartermaster Corps	1, 266, 300
Corps of Engineers	25, 500, 000
[전로/ 프로그램 : 10 전기 : 12 HT - 1	
Total, nonmilitary activities	
Grand total, War Department	57, 293, 800
RECAPITULATION	
Department of Agriculture	84, 324, 980
Department of Commerce	1,083,000
Department of the Interior	3, 757, 000
Department of Justice	355,000
Navy Department	4, 620, 000
Treasury Department	170,000
War Department	57, 293, 800
	01, 200, 000
Total	151, 603, 780
SUPPLEMENTAL ESTIMATES OF APPROPRIATION PROJUDES	DOD THE

SUPPLEMENTAL ESTIMATES OF APPROPRIATION REQUIRED FOR THE SERVICE OF THE FISCAL YEAR ENDING JUNE 31, 1931 Emergency construction fund: For the purpose of accelerating during the remainder of the fiscal year ending June 30, 1931, such governmental construction projects as have already been authorized by ending June 30, 1931, such governmental construction projects as have already been authorized by law and will increase public employment during the present emergency, including repairs and alterations and the expedition of work on rivers and harbors, flood control, buildings, utilities, and appurtenances at military posts, the United States Supreme Court Building, hospitals and domicilliary facilities of the Veterans' Administration, the Federal-aid highway system, roads and trails in national forests and national parks, air-navigation facilities, aids to navigation under the Lighthouse Service, naval vessels and buildings and appurtenances at navy yards and naval stations, penitentiaries, reformatories, jails, and prison camps, the public-buildings program under the act of May 25, 1926, as amended, and the Arlington Memorial Bridge Commission, \$150,000,000, to be allocated by the President, in such amounts as he may determine the public interest requires, to the several executive departments and independent establishments charged with the prosecution of such enterprises. ments charged with the prosecution of such enter-prises. Allocations made hereunder shall be to specify projects in stated amounts and each allocation shall be accounted for separately. Allotments, when so specified by the President, shall be available for employment, by contract or otherwise, of outside professional or technical services of persons, firms or conversions without reference to the elecoutside professional or technical services of persons, firms, or corporations, without reference to the classification act of 1923, as amended, or section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), and also for the employment in any department or establishment in the District of Columbia and/or in the field of such other personal services as may be necessary hereunder, to be procured and compensated in accordance with existing law. The President is authorized to apportion to the several States under the provisions of the Federal highway act, as amended, any part of the appropriation herein made, as a temporary advance of funds to meet the provisions of such act as to State funds required on Federal-aid projects, the sums so advanced to be reimbursed to the Federal Government over a period of five years, commencing with the fiscal year 1933, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act,

as amended and supplemented: Provided, That the amounts apportioned in consequence hereof shall be limited in each case to the sum actually snail be limited in each case to the sum actually paid out by a State for work performed before July 1, 1931, for the construction of Federal-aid projects: Provided further, That should any State fail to claim any part of its allotment hereunder the President may reapportion such unclaimed funds to States capable of using them prior to July 1, 1931 (submitted)

.\_ \$150,000,000

# EXHIBIT C

# PUBLIC, No. 550, SEVENTY-FIRST CONGRESS

An act (H. R. 14804) making supplemental appropriations to provide for emergency construction on certain public works during the remainder of the fiscal year ending June 30, 1931, with a view to increasing employment

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of providing for emergency construction on certain public works during the remainder of the fiscal year 1931 with a view to increasing employment, namely:

## DEPARTMENT OF AGRICULTURE

# FOREST SERVICE

Improvement of national forests: For the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified under this head in the agricultural appropriation act for the fiscal year 1931, \$3,000,000.

### SPECIAL ROAD ITEMS

National forest highways: For the construction and improvement of highways within the boundaries of the national forests, fiscal year 1931, \$3,000,000.

Roads on unappropriated or unreserved public lands, nontax-able Indian lands, and so forth: For the survey, construction, reconstruction, and maintenance of main roads through unapproreconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act entitled "An act to amend the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes," approved June 24, 1930 (46 Stat. 805), fiscal year 1931, \$3,000,000.

Federal-aid highway system: For apportionment to the several States under the provisions of the Federal highway act, as amended, as a temporary advance of funds to meet the provisions of such act as to State funds required on Federal-aid projects, \$80,000,000: Provided, That the sums so advanced shall be reimbursed to the Federal Government over a period of five years, commencing with the fiscal year 1933, by making deductions from

commencing with the fiscal year 1933, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act as amended and supplemented: Provided further, That the amounts advanced in consequence hereof shall be limited in each case to the sum actually quence hereof shall be inlitted in each case to the sum actuary paid out by a State under such advance for work performed before September 1, 1931, for the construction of Federal-aid projects: Provided further, That should any State fail to claim any part of its allotment hereunder the President may reapportion such unclaimed funds to States capable of using them prior to Septem-

# DEPARTMENT OF THE INTERIOR

## NATIONAL PARK SERVICE

Roads and trails: For the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, fiscal year 1931, \$1,500,000.

# WAR DEPARTMENT

## CORPS OF ENGINEERS

Rivers and harbors: For the preservation and maintenance of existing river and harbor works and for the prosecution of such existing river and harbor works and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation, etc., including the same objects specified under this head in the War Department appropriation act for the fiscal year 1931, \$22,500,000, to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers and to remain available until expended.

Flood control, Mississippi River and tributaries: For prosecuting the work of flood control in accordance with the provisions of the flood control act, approved May 15, 1928 (U. S. C., supp. 3, title 33, sec. 702a), \$3,000,000, to remain available until expended. Sec. 2. The sums herein appropriated shall be available interchangeably for expenditure on the objects named in this act upon

of the President stating the amounts and the appropriations between which such interchanges are to be made.

SEC. 3. A report shall be submitted to Congress on the first day

of the next regular session showing by projects or other appro-priate detailed classification the amounts allocated under each of the foregoing appropriations, the expenditures under each allocation, and such other information which the President may deem pertinent in advising Congress as to the allocation and expenditure of such appropriations.

Approved, December 20, 1930.

Mr. ODDIE. Mr. President, I have listened with much interest to the Senator from Arizona [Mr. HAYDEN] and thorougly agree with every statement he has made in regard to the emergency road bill. The bill passed the House of Representatives February 27. On March 1, as chairman of the Committee on Post Offices and Post Roads of the Senate, I called a special meeting of that committee, with a view to considering and reporting the bill promptly to the Senate. Considerable progress was made at the first meeting of the committee, and the following day I called another meeting, as a result of which the bill was reported favorably to the Senate by the Senator from Arizona [Mr. HAYDEN], accompanied with an able report, which he prepared, and the bill was placed on the Senate Calendar.

Mr. President, I have been trying since that time to find an opportunity to secure action on the bill. I moved that it be taken up on March 11 during the morning hour. The motion was agreed to, and I made a somewhat detailed statement regarding the bill. We could not dispose of the measure on that occasion before 2 o'clock arrived. I am hoping that we may get another opportunity within the next few days to act on the bill.

Mr. President, I will not now delay the Senate to argue the matter. I made a statement concerning the bill on the 11th of March. At that time I went into detail quite carefully and showed that for every man who works on roads two men work behind the line in the factory and in the mines, and so forth. That statement thoroughly refutes the contention advanced by the Senator from Connecticut [Mr. BINGHAM] a few days ago that a large proportion of the benefits of this legislation, if enacted, would go to sections of the country that have the least population. If the proposed legislation shall be passed, it will mean that men in the large communities now unemployed will obtain work; it will mean a fair distribution of the money which will be expended. The passage of the bill will result in about 800,000 men being placed or kept at work. In my opinion, the number will be nearer a million men. If this bill shall be passed, the men who will be put to work will help start the wheels of industry turning throughout the country.

Mr. President, I am tired of hearing proposed as a remedy for existing conditions the wholesale cutting of expenses, the elimination of necessary activities, which will mean throwing more men out of employment. Why not indulge in a little wholesome optimism and, instead of throwing men out of employment and swelling the army of unemployed and increasing distress, help as best we can in starting the wheels of industry? We are taking a wrong view of the existing situation and suggesting the wrong remedies. We are thus helping to prolong the period of distress. Why not start in to-day and try to set a time for the passage of this bill, and in so doing put an end, so far as possible, to the pessimistic talk and thought that are going through the country and endeavor to breathe a little optimism into our daily lives and into the public mind and help bring back prosperity and normal times once more?

I hope we shall find an opportunity within the next few days to bring this bill up. The President recently declared for continuation of work on waterways and harbor construction and stated that dislocation of construction work and unemployment would otherwise result. The same thing should be done in regard to the emergency road bill we are now discussing. Pass this bill in the Senate and men will be put to work and the end of the period of depression will be nearer in sight.

Mr. President, I ask that there may be printed in the RECORD at this point an interesting article from the Reno Evening Gazette, of Reno, Nev., on March 12, 1932, which discusses a report of the Bureau of Public Roads showing that a large part of the money expended on roads goes to

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Reno Evening Gazette, March 12, 1932] ROAD PAVING COIN GOES MOSTLY TO WAGE EARNERS

At least 85 per cent of the money paid for concrete pavement ultimately is paid out as wages and salaries, the Bureau of Public Roads, Department of Agriculture, states, on the basis of studies of movement of money paid in road construction. The conclusion is believed to be true of other high-type pavement also, the bureau said.

The money goes into wages not only in actual construction of highways, the bureau found, but also in railroads, machinery factories, quarries, cement mills, oil fields, mines, and other phases of industry. A statement by the department summarizing the bureau's findings follows in full text:

At least 85 per cent and possibly more than 90 per cent of the money expended for a concrete pavement is ultimately paid out as wages and salaries, according to the Bureau of Public Roads.

This conclusion is reached as a result of studies of typical concrete construction jobs and it is believed to be approximately true for other high-type pavements. Expenditures were traced back through various channels until the money went into per-

sonal use.

About 15 per cent of the cost of concrete pavements is paid to men employed directly on the construction jobs. Above 12 per cent is paid to men employed in quarries, sand pits, mills, and factories where the materials are produced, and about 14 per cent is paid to men employed by the transportation companies (principally the railroads) for hauling these materials to the jobs.

Part of the cost is paid to the men who build the machinery and equipment used in constructing highways. Even more is and equipment used in constructing highways. Even more is paid to the men who build the machinery and equipment used in the sand pits, the quarries, the cement mills, and the steel mills where road materials are produced, and to those who build the equipment of companies that deliver these materials.

Some is paid to the miners, the men who work in the refineries, and those who work on the pipe lines and in the oil fields—the industries which provide the fuel that produces the power used in producing materials, in transporting them, and in working them into finished payements.

them into finished pavements.

A part of the cost of high-type roads goes to those industries which furnish the supplies used all along the line. Some goes to the men who make blasting powder; some of those who make hand tools, and even the very minor items, such as cotton waste and the sheet of emery paper with which the mechanic smooths a joint on a machine he is repairing, absorb a bit of the cost at which payements are built. which pavements are built.

About 75 per cent of the cost of a high-type pavement filters back through the transportation companies and through industry to men who work for salaries and wages at points distant from where these highways are built. Most of these men are city workers employed by the transportation companies or in the mills and factories—men who may never see more than a few of the highways their efforts help to build, but who, taken together, receive several times as much in salaries and wages as is paid to the men

several times as much in salaries and wages as is paid to the men who are directly employed in building them.

The bureau's studies further show that out of every \$100 paid to the contractors who build concrete pavements—and much the same thing is true of high-type highway construction generally—more than \$40 passes through the hands of the transportation companies (principally railroads) and assists these companies in maintaining a profitable volume of business. Approximately \$13 is paid to the producers of aggregate (sand, gravel, broken stone, and slag); about \$24 goes to the cement mills.

and slag); about \$24 goes to the cement mills.

At least \$16 ultimately goes to the manufacturers of machinery and equipment, including trucks, railroad cars, locomotives, etc. Some is paid to the manufacturers of explosives; some to the producers of coal; some to the gasoline refineries; and much to manufacturers who contribute in lesser degree by supplying materials used by those who produce the materials used in highway construction, and those who transport them or who build the equipment used at some point in the long series of processes out of which highways result.

From these facts it is apparent that the construction of high-ways, particularly those of the higher types, not only provides work for those employed on the job but that it provides a great deal more work for men employed in industry and in transporta-tion; and that, in addition to this, it supplies a large volume of business to those industries through which the materials that must be used are collected, worked, and reworked before they become a part of a finished pavement.

Mr. JONES. Mr. President, I hope we may now proceed with the pending bill so that we may get it out of the way and perhaps be able to consider some of the other measures, which have been mentioned.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The Senate resumed the consideration of the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

The PRESIDING OFFICER. The clerk will read the bill for committee amendments.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Title I-Department of State, foreign intercourse, ambassadors, and ministers," on page 6. line 1, after the word "to," to strike out "the Serbs, Croats, and Slovenes" and insert "Yugoslavia," so as to read:

Envoys extraordinary and ministers plenipotentiary to Albania, Austria, Bolivia, Bulgaria, Czechoslovakia, Colombia, Costa Rica, Denmark, Dominican Republic, Dominion of Canada, Ecuador, Egypt, Finland, Greece, Guatemala, Haiti, Honduras, Hungary, Irish Free State, Liberia, Nicaragua, Norway, Panama, Paraguay, Persia, Portugal, Rumania, Salvador, Siam, Union of South Africa, Sweden, Switzerland, Uruguay, and Venezuela, at \$10,000 each; Yugoslavia, \$10,000; and to Estonia, Latvia, and Lithuania, \$10,000.

The amendment was agreed to.

The next amendment was, under the subhead "Emergencies arising in the Diplomatic and Consular Service," on page 12, at the end of line 3, to strike out "\$200,000" and insert "\$300,000," so as to read:

To enable the President to meet unforeseen emergencies arising in the Diplomatic and Consular Service, and to extend the com-mercial and other interests of the United States and to meet the necessary expenses attendant upon the execution of the neutrality act, to be expended pursuant to the requirement of section 291 of the Revised Statutes (U. S. C., title 31, sec. 107), \$300,000.

The amendment was agreed to.

The next amendment was, under the subhead "Post allowances to Foreign Service officers," on page 12, line 14, to strike out "\$50,000" and insert "\$100,000," so as to read:

For post allowances as authorized by the act approved February 23, 1931 (U. S. C., Supp. V, title 22, sec. 12), \$100,000.

The amendment was agreed to.

The next amendment was, under the subhead "Representation allowances," on page 12, at the end of line 24, to strike out "\$25,000" and insert "\$100,000," so as to read:

For representation allowances, as authorized by the act approved February 23, 1931 (U. S. C., Supp. V, title 22, sec. 12), \$100,000.

The amendment was agreed to.

Mr. BLAINE. Mr. President, the rate of speed with which the Senate is proceeding to increase the appropriations contained in the bill seems rather strange when we compare the legislative situation with that which prevailed during the consideration of the Interior Department appropriation bill.

As I recall, about one week was spent in discussing an appropriation involving, according to my memory, some \$25,000 or \$27,000 for the eradication of barberry bushes which produce a spore that causes rust on the farmer's grain. Hours and days were spent in trying to cut that appropriation something like \$25,000 or \$27,000, and yet I counted the seconds, as nearly as seconds can be counted, and I found that in a twinkling of an eye and without objection the Senate increased the appropriation on page 12, line 3,

Mr. McKELLAR. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. BLAINE. For the Diplomatic and Consular Service overseas the appropriation is increased \$100,000, for what purpose, I do not know. There was not a word of explanation why there should be that increase, and there was not even a whisper on the part of the distinguished Senator from Tennessee, who is now on his feet, against that increase; the Senator who so ably fought against any increase in the Interior Department appropriation bill, who so vigorously opposed-

Mr. McKELLAR. Mr. President, will the Senator yield? Mr. BLAINE. The reinstatement of \$25,000 or \$27,000 for the eradication of barberry bushes which produce rust upon wheat and other grain of the farmers. Not a protest against the \$100,000 increase in this instance was voiced by the Senator from Tennessee, nor was a protest raised by any other Senator.

Then I find that the very next item for Foreign Service officers is increased from \$50,000 to \$100,000 in less than, to repeat, the twinkling of an eye.

Mr. McKELLAR. Mr. President, will the Senator yield?
Mr. BLAINE. It went through without a protest from
the Senators who were so vigorously opposed to the reinstatement of the small amount to which I have referred.
We went so fast that I am not certain about which amendment is now pending, but I assume it is the amendment at
the bottom of page 12. Let me inquire what is the amendment now pending?

The PRESIDING OFFICER. The clerk informs the Chair that the Senate is now considering the amendment on

page 13.

Mr. BLAINE. The amendment on the last line of page 12 is—

For representation allowances, as authorized by the act approved February 23, 1931—

I do not know what that is about, and no one has told us what it is about, but here is an increase over and above the amount allowed by the House of 300 per cent, the appropriation being increased from \$25,000 to \$100,000, and not even a whisper is heard on the part of those who so vigorously.——

Mr. McKELLAR. Will the Senator yield?

Mr. BLAINE. And with economy rushing out of their throats in great floods of oratory—

Mr. McKELLAR. As the Senator apparently is going on without yielding, I will sit down.

Mr. BLAINE. Like water going over Niagara, opposed the small item to which I have referred, and not a moment is spent by the Senate in considering this increase. Now I yield to the distinguished Senator from Tennessee.

Mr. McKELLAR. Mr. President, if the Senator understood the parliamentary situation, I do not think he would grow so eloquent. The other day the Vice President ruled that a motion to recommit with instructions to reduce the amount of appropriations 10 per cent as carried in another bill should be made just before the third reading of the bill and after the bill had been considered and completed. Basing my action on that ruling, I allowed, and the whole Senate allowed, unanimous consent to be granted to have the pending bill read for committee amendments, and it is now being so read.

I want to say to the Senator that I understand it is in accord with parliamentary procedure to move at any time to recommit this bill with instructions to provide a 10 per cent reduction, and I am going to make such a motion as soon as the unanimous consent under which we are now operating has expired.

I want to say to the Senator further that I very much hope that the motion to recommit with instructions to reduce the appropriations carried by the bill 10 per cent on all items or on the total will be agreed to as was a similar motion the other day in the case of the Interior Department appropriation bill, and, if it shall be agreed to, what is now being done is a matter of no importance whatsoever. If, however, the Senate shall not agree to that, then those of us who want to reduce appropriations are out of luck.

I desire to say to the Senator that when these amendments have been passed on, if we have to proceed with the third reading of the bill, there are a number of other amendments that will be offered.

Mr. ASHURST. Mr. President-

Mr. BLAINE. Just a moment, and then I will yield to the Senator.

The Senator suggests that I do not understand the parliamentary status of the bill. I quite well understand the parliamentary status of the bill. I assume from what the Senator has said that he proposes to make a motion to recommit the bill with instructions to reduce the amount of appropriations contained in it 10 per cent below the amount authorized by the House.

Mr. McKELLAR. That is right.

Mr. BLAINE. But the Senator spent nearly two weeks— motion to recommit, which thereby instructed the committee and I am not criticizing him for it—in his effort to prevent to make a horizontal reduction of 10 per cent. Without in-

the increases in the Interior Department bill that had been recommended by the Senate committee over and above the House committee recommendations. The Senator, while he was doing that, had just as much assurance that the bill would be recommitted as he has assurance, or at least as he asserts he has assurance, that this bill will be recommitted on his motion in this respect.

Mr. McKellar. Mr. President, will the Senator yield?
Mr. Blaine. But supposing that motion does not prevail. Then the Senate will have approved these enormous increases without any explanation of why they are made.

Mr. McKELLAR. Mr. President, the Senator has the floor. Why does not he ask for an explanation?

Mr. BLAINE. Mr. President, I do not occupy the exclusive franchise on economy that the Senator from Tennessee did in his two weeks' assault upon the \$25,000 or \$27,000 barberry eradication, and some small amount that was to be taken away from the Indians, and some other cheeseparing proposals for economy.

Mr. McKELLAR. It is open to all 96 of us. There is nothing exclusive about it.

Mr. BLAINE. I simply wanted to call to the attention of the Senate the fact that when these increases were being made of 100 per cent and 300 per cent, these valiant defenders of the Public Treasury and the taxpayers of this country sat in silence. So, Mr. President, it is not sufficient to say that the motion which the Senator proposes to make will prevail. It may not prevail.

I observe that in this appropriation bill there is carried an item of over \$11,000,000 for the enforcement of prohibition. When the Senator begins to talk about decreasing the appropriation for prohibition enforcement I wonder whether or not he will have the courage to prevail against the bludgeon of the Anti-Saloon League. Ah! I am not so sure, Mr. President, that there will be any success in recommitting this bill in the face of the proposition to reduce the appropriation for the enforcement of prohibition over a million dollars. How can we have any assurance to that effect when the Senate has so overwhelmingly voted "dry" upon a resolution promoted by the Senator from Connecticut [Mr. Bingham]? If we are to take the sentiment of the Senate as recorded by that vote, there is every assurance that the Senator's motion to recommit will not prevail.

Therefore, Mr. President, those of us who believe not in a cheeseparing policy, not in whittling off a penny here and a nickel there, we who believe that economy can be practiced only through cutting off appropriations in great chunks, must deal with the various items in the bill as they arise. The Senator from Tennessee was quite willing to pare off a little here and pare off a little there.

I do not want to point out the Senator from Tennessee particularly. I honor the Senator for the fight he made for economy in some respects. I have not any doubt but that he had the deepest convictions upon the subject. I have not any doubt but that his ability and persuasiveness led the Senate to recommit that bill with instructions to reduce it 10 per cent; but we have not any assurance now that the sentiment that prevails in the Senate upon the question of prohibition is ever going to permit this bill to be recommitted with instruction that 10 per cent be carved off the prohibition enforcement appropriation.

So, Mr. President, in trying to put on the brakes in this excessive speed with which we were going in appropriating additional money over and above what is provided in the House bill, running as high as 300 per cent, I merely thought it might be the part of consistency at least on my part, as one who voted for the motion of the Senator to recommit, to call the attention of the Senate to these particular items, and ask that the Chair at least give an opportunity for a Member to catch his breath, so that he might have the opportunity to inquire of the chairman of the committee what the increase is for, and why it is made.

Mr. ASHURST. Mr. President, I did not vote for the motion to recommit, which thereby instructed the committee

I now yield to the Senator from Arizona.

tending in an unparliamentary way to criticize the sponsor of the motion or those who voted for it, I believe it will soon be demonstrated that that motion was the climax of foolishness, the apex of ridiculousness in legislative matters, for this reason:

There were items in the appropriation bill which could not be reduced 10 per cent. They were fixed charges. The good faith of the Government was pledged. Contracts were let. How can legislators, therefore, make a horizontal reduction of 10 per cent?

I believe the Senator from Wisconsin is correct now in his conclusion that we can not economize by making a flat reduction, willy nilly, of 10 per cent.

There are items in this bill that ought to be cut 25 or 40 per cent. There are some items that ought to be increased. Oh, how easy would be the task of legislating if we for sooth brought in a bill, looked at the total, and cut it off 10 per cent! It would relieve us of the privilege, rarely employed nowadays, of thinking.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ASHURST. I have not the floor.

Mr. McKELLAR. Will the Senator from Wisconsin yield to me?

Mr. BLAINE. Certainly; I yield.

Mr. McKELLAR. I desire to suggest to the Senator that the motion I made does not require an arbitrary reduction of each item of the bill at all. The committee has full latitude to deal with each item of the bill, just as before. The only thing the 10 per cent reduction motion requires is that the total be reduced 10 per cent; that is all.

Mr. ASHURST. In other words, the Senate is so debilitated and so reduced in courage and in discernment that it is unable to make its own reductions, but it must needs send the bill back to the committee to make reductions for it. Unable to make our own computations, so feeble in mental processes that we can not conduct our own arithmetic, we send the bill back to the committee to compute for us, or in the senile desire to escape responsibility we throw that responsibility upon the committee.

In these days of great excitement it is easy to rise and say majestically, "I stand for virtue, for patriotism, and for economy." Who does not? Who, indeed, does not stand for these? That does not reduce appropriations. Nobody here is better posted on appropriations than the Senator from Tennessee. If the Senator believes an appropriation is unjust and is excessive, let him say so and not dodge the responsibility by sending the item to the committee. I can point out an item or two in this bill that is excessive, but I shall not resort to the expedient of asking somebody else to make the computations for me, or send the bill back to the committee and request it to make the deductions.

So, whilst the Senator from Wisconsin and I did not vote alike the other day, I am glad to see that now, with his pungent intellect, he perceives that it is utterly fantastic to talk about sending the bill back there for the committee to take a pair of shears and shear off 10 per cent. Oh, how easy it would be for us all if we could rescue from oblivion the old Procrustean bed of fixity and, when a man was not long enough, stretch him out; or, if he was too long, cut off his head or his feet! How easy would be the task of legislators!

I think we should proceed with this bill or any other bill in the usual way. If an item is 10 cents too much, cut it off; eliminate it. If it is not enough, increase it. But while I am reluctant to set my judgment on matters of appropriation against that of the senior Senator from Tennessee, I nevertheless stand my ground and prophesy-which is a rare thing for me to do and a dangerous thing for anyone to do-that we will not economize, we will not get anywhere, by transferring the responsibility of reductions from ourselves to the committee. It was not fair to the committee. It was not dealing with them in the way that men ought to deal with each other.

If the Senator from Tennessee thinks any item ought to be reduced, let him say so. Where is the amendment?

Where is the item that should be reduced? Is he, as the Senator from Wisconsin says, going to vote to reduce the appropriations to enforce prohibition? I am not. Is he?

Mr. McKELLAR. Indeed I am not.

Mr. ASHURST. Why, of course not.

Mr. McKELLAR. Mr. President, let me interrupt for just a moment.

The Senator has asked why we did not reduce the various items in the bill. If the Senator was here when the agricultural bill was before the Senate-and I think he was-

Mr. ASHURST. The Interior bill.

Mr. McKELLAR. No; the agricultural bill-he will remember that I followed the plan that he is now suggesting. I offered 29 distinct amendments both to abolish and afterward to reduce the appropriations in each one of those 29 particulars; and the Senate, by an average vote of about 45 to 20, voted down every one of them. When the motion was made in the case of the next bill that came up, however, to recommit it to the Appropriations Committee, with instructions to reduce the total 10 per cent, it carried by a vote of 40 to 25.

Mr. ASHURST. Then we are in this situation: The appropriations for the Agricultural Department have not been reduced a flat 10 per cent; but the appropriations for the Interior Department-which is the people's department, or the social-service department, the department more closely concerned with the people of this country than almost any other department-are to be reduced. When we begin to talk about an appropriation that may be of some benefit to the home, the farm, the field, the workshop, that is reduced. Is that the Senator's idea?

Mr. McKELLAR. I take it that the Senate will apply the same rule to each department, and while it is a little more difficult to apply it to the Department of Agriculture, I think the Senator can be absolutely assured that if it is applied to the other departments it will be applied to that department, though it will be applied later.

Mr. ODDIE. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. ODDIE. I will comment on what the Senator from Arizona has just referred to, the sending of the Interior Department appropriation bill back to the Appropriations Committee. The Interior Department appropriation bill deals almost entirely with a few of the Western States. The East is not as interested as the people from the Western States are in this bill. Therefore, I think it is highly unfair that that bill be referred back, as it has been.

Mr. McKELLAR. Mr. President, if the Senator will yield. I suggest to the Senator from Nevada that he will have an opportunity to vote for a reduction in appropriations in connection with each one of the appropriation bills, regardless of whether it more particularly applies to one part of the country than to another. We are going to play no favorites.

Mr. ASHURST. Mr. President, I have no right to do so. and I am not drawing any strictures upon the esteemed Senator from Tennessee. The Senator from Tennessee was not sitting with the Committee on Appropriations for some days, suffering from a very sad bereavement, in which the entire Senate grieved with him. I am not at all charging him with any dereliction with respect to these appropriations. I am not a member of the Committee on Appropriations, but, I repeat, that I could scarcely believe my own ears when it was proposed that, without regard to the justice or propriety thereof, these Interior Department items be reduced 10 per cent, forgetting that many of them were fixed charges, the contracts were let, and that it was the acme of ridiculousness to reduce them a flat 10 per cent.

Oh, how easy it would be to remove the depression if we could just cancel our debts or our commitments 10 per cent. That is no more ridiculous than the proposition to reduce all these appropriations 10 per cent or to increase all of them 10 per cent, whereas some items should be reduced 50 per cent, some should be eliminated, and some should be increased 15 or 20 per cent.

Mr. TYDINGS. Mr. President, will the Senator from | Wisconsin yield?

Mr. BLAINE. I yield.

Mr. TYDINGS. I hope the Senator from Wisconsin will touch on the prohibition matter very carefully, because if we are to eliminate this appropriation of \$10,000,000, does not the Senator know that crime will break out in the country; that bootleggers will immediately begin to ply their trade; that people will be in a position to buy this outlawed product?

Mr. ASHURST. Mr. President, I do not think the Senator need talk about liquor. Liquor is not good for an empty stomach, and that is what the American people have now. Let us not talk about liquor on an empty stomach.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BLAINE. I just want to suggest to the Senator from Maryland that liquor, of course, is not the question under debate. What is under debate, or what will be under debate, is whether or not we want to expend \$11,000,000 in a futile attempt to enforce a foolish law. That is what will be involved in the debate when we arrive at that stage in the bill. Now I yield to the Senator.

Mr. McKELLAR. All I wanted to ask was this: If I recall aright, the other day when a motion was made to recommit the Interior Department appropriation bill, directing a 10 per cent reduction, the Senator from Arizona voted against it, did he not?

Mr. ASHURST. Yes; I did.

Mr. BLAINE. Mr. President, if I may proceed now-

Mr. ASHURST. I have too long trespassed on the courtesy of the Senator from Wisconsin, but let me suggest this for example: On page 62 of the bill we come to the question of appropriations for promoting commerce in Europe and "other areas"—that is to say, such part of the world as is not embraced in Europe—\$828,000; for the promotion of commerce in Latin America, \$456,000; and so on and so forth. I think Senators may very properly ask for a justification of those items, and there may arise some debate as to whether or not they could stand a cut of 10 per cent.

Mr. TYDINGS. Mr. President, will the Senator from Wisconsin yield?

Mr. BLAINE. Mr. President, the Senator from Arizona ought to realize that there is a \$17,000,000 Department of Commerce Building up on Pennsylvania Avenue, with something like 52 or 53 acres of floor space, and a private elevator for the Secretary of Commerce. All of those things are going to cost money. It will cost money to keep the brass knobs properly polished and other things in nice shape. So that it will take a lot of this \$800,000, or whatever the amount is, to maintain that building. I want the Senator to realize that before he begins to talk about economy in connection with the Commerce Department. He should not overlook the trifling sum of \$800,000. A good big chunk could be lopped off in many such sums.

Mr. ASHURST. Mr. President-

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Arizona?

Mr. BLAINE. I yield.

Mr. ASHURST. There is in the world, and has been for a century or more, a class of learned men who have discussed the question, Where is the best place for a boil on the human body? But mankind is agreed that the place for a boil is on the back of the neck—of the other fellow. [Laughter.] The Senate and all legislative bodies seem to agree that economy is something to be practiced by the other fellow, not by ourselves.

Mr. TYDINGS. Mr. President, will the Senator from Wisconsin yield?

Mr. BLAINE. I yield.

Mr. TYDINGS. I hope the Senator will be very careful in suggesting that the prohibition appropriation be curtailed for another reason. As I understand it, the Federal Government now is asking for an appropriation of approximately \$5,000,000 for a new Federal prison. Does not the

Senator realize that if he could be the means of cutting any of this money off, perhaps that many less people would be arrested for violation of the prohibition laws? Then the Government would be in the ridiculous position of having a beautiful \$5,000,000 prison with nobody to put into it, and such inefficiency should not be tolerated by any legislative body. [Laughter.]

Mr. BLAINE. Mr. President, we will get to the prohibition provision after a while. The appropriation proposed in this bill is over \$11,000,000. That is more than twice as much as the Senator from Tennessee expects to save by a 10 per cent reduction in the Interior Department appropriation bill. One item alone is more than twice as much as the entire proposed 10 per cent reduction in the Interior Department appropriation bill amounts to. So it is an important question, from the standpoint of economy, and from the standpoint of balancing the Budget, and from the standpoint of preserving the financial integrity and solvency of the United States.

Mr. President, we will undertake to discuss that when we offer an amendment to strike out that enormous appropriation for the perfectly silly operation of undertaking to enforce the Volstead Act.

Mr. McKELLAR. Mr. President, if the Senator will yield, the Senator talks about the small amount which will be saved if this bill is reduced 10 per cent under what the House provided. The House voted in this bill—

House provided. The House voted in this bill—
Mr. BLAINE. To which bill is the Senator referring?
Mr. McKELLAR. I am talking about the bill under discussion.

Mr. BLAINE. I mentioned especially the amount authorized for the enforcement of prohibition alone.

Mr. McKELLAR. I was just going to say that the entire bill as it came from the House provided for an appropriation of \$124,215,000, and therefore the saving, under the 10 per cent provision, would amount to \$12,400,000.

Mr. BLAINE. Then I am going to ask the Senator from Tennessee and other Senators to join with us in reducing that by \$11,000,000 more by cutting out the amount suggested for prohibition enforcement.

Mr. McKELLAR. Mr. President, that will have to be taken up before the committee.

Mr. BLAINE. That will make a saving of \$23,000,000—enough to cover a very large part of the sales tax which some are proposing to put upon the backs of the hungry.

Mr. TYDINGS. Mr. President, will the Senator yield? Mr. BLAINE. I yield.

Mr. TYDINGS. Of course, we could effect real economy if we could cut out the whole appropriation for the enforcement of prohibition, because the Attorney General says that over half of the present cases are directly attributable to prohibition. Therefore if the Senator from Wisconsin could save to the taxpayers this much money, he would effect a double saving, because then the new prison would not be necessary, and the addition of the \$5,000,000 would make \$16,000,000 of saving, and that much money would not have to be raised through a sales tax.

The Senator must realize, however, that we can not economize when it comes to prohibition, because already that is one of the major factors in the expenses of the Government. If we did away with that, the body at the other end of the Capitol would have nothing to talk about. There would be no sales-tax proposal. The Senator is only nibbling at the bud, because the minute prohibition is repealed the sales tax will not be necessary, nor will an increase in estate taxes be necessary, because in that one matter alone enough money will be saved to provide for the needs of the Government and balance the Budget.

Mr. BLAINE. I am quite in accord with the Senator from Maryland. But, of course, we are confronted with this situation. We have this appropriation bill before us now. We can not amend the appropriation bill to levy excise taxes. We must settle each one of these problems as it comes before the Senate. I submit that if \$11,000,000 is

cut out of this bill, we will have taken a pretty long step toward eliminating one of the sources of tremendous waste and extravagance in the conduct of our Government.

Mr. McKELLAR. Mr. President, if the Senator will yield, if he believes that expenditures of the Government are extravagant and ought to be reduced, and will vote for the motion which I am going to make in connection with each of the appropriation bills, to reduce it 10 per cent, I think he will find that that will go a long way toward economy, and will save the Government and the taxpayers an enormous amount of money.

Mr. BLAINE. Mr. President, I voted with the Senator the other day on the 10 per cent reduction.

Mr. McKELLAR. I am happy the Senator did, and I hope he will vote for the motion I shall make a little later in connection with the pending bill.

Mr. BLAINE. I voted with the Senator on the only motion he has made to recommit. But I want to reduce these items before we approach that motion, and if we can cut out several million dollars of appropriations for purely useless, wasteful purposes, we will save considerably more than the Senator can hope to save through his 10 per cent reduction.

Mr. President, I confess very frankly that the three amendments which have been adopted by the Senate refer to subjects about which I have no definite or specific information. I am not on the Committee on Appropriations, and I am not on any committee which has to do with the general subject, reference to which has been made in the three appropriation items. Therefore I must ask the Senator from Washington to give me some information.

I may desire to make a motion. I do not want to make that motion unless there is justification for it. I wish to ask the Senator from Washington about the item under "Emergencies Arising in the Diplomatic and Consular Service," pages 11 and 12. What unforeseen emergency could arise and what is the purpose of extending the commercial and other interests of the United States in foreign parts under the present situation of the world economic condition that would justify an increase of 50 per cent in the amount carried in the bill as it passed the House?

Mr. JONES. I wish to say to the Senator that we have not approved all that was estimated for by the Budget, which estimate was based very largely upon our experience during the last five or six years. Since 1926 there has been no time when the amount was less than \$230,000 a year, and there have been three years since 1926 when the amount necessary to meet conditions under the act amounted to over \$300,000. The Budget estimate was \$400,000. In considering the facts and the experience we have had since 1926, the committee felt hardly justified in granting the \$400,000, but we did feel wholly justified in granting \$300,000.

Mr. BLAINE. Did the committee take into consideration the fact that our foreign commerce has been greatly reduced, and in all probability will continue to recede in the years to come under present world economic conditions and the high tariff walls that have been erected here and abroad?

Mr. JONES. Of course, we might differ as to the effect of the high tariff walls, and so on, but that condition of things was taken into consideration by the committee and that was one reason why we did not grant the Budget estimate of \$400,000. I think the committee was influenced more by the actual experience of the Government since 1926. There were only three years, I believe, when the amount was some \$230,000 and three years when it was over \$300,000, so we concluded \$200,000 was a little bit small based upon the actual practical experience of the country during the last six or seven years, and we made it \$300,000.

Mr. BLAINE. Would it not have been perfectly safe, on account of the gradual reduction in our foreign commerce, to have adopted the amount provided for by the House?

Mr. JONES. I have really stated to the Senator the reasons why the committee made it \$300,000. We know that during the last six years there has been no year when it was

less than \$232,000. We know that in three years it went over \$300,000. Those are the facts which led us to decide on \$300,000. The Senate has the information we had, in view of what I have stated with reference to the actual expenditures that we have been called on to make since 1926.

If the Senate thinks the committee has been too cautious under the present condition of things, of course, they will reduce the amount. We think that the facts—not theories, but the facts—and the experience of the Government since 1926 fully justify not only cutting the amount down from \$400,000, but in placing it at \$300,000 instead of \$200,000.

Mr. BLAINE. The second and third amendments are on page 12, one increasing a House appropriation 100 per cent for post allowances in foreign service, and the other item for representation allowances increased by about 300 per cent. I assume they relate to similar matters?

Mr. JONES. In a way they are similar matters, but there are various points where heretofore there has been a small allowance distributed to the minister or to the representative of this Government to help in defraying his expenses. The Budget estimate was \$100,000. That amount has been distributed to the various points to help make up the compensation of our representatives there because of the various conditions which confront them, the changes of raiment they have to have on account of climatic conditions and the fact that they are moved from one place to another. They do not know what time they will be moved from a warm climate to a cold climate or from a cold climate to a warm climate. The department can make allowance for those things. We felt that in the distribution all over the world \$100,000 was not at all too much. It does not at all defray the expenses to which these representatives of our Government are subjected, even above the amount of the salaries paid to them.

Mr. BLAINE. I presume the committee knew that former Secretary Mellon had been appointed to the Court of St. James. Is some of this allowance going to help him out in changing his raiment?

Mr. JONES. No; none of this will go to him.

Mr. BLAINE. It goes only to the poor?

Mr. JONES. It goes to our representatives abroad who really need something to supplement the salaries that are paid them.

Mr. BLAINE. The representation allowance, I presume, is for entertainment?

Mr. JONES. That is the fact. The Budget estimate was \$125,000. The House cut it to \$100,000. I care nothing about the entertainment so far as I am personally concerned, but I know that our representatives abroad have to do some things there that they would not have to do at home.

Possibly the standing of our country abroad in many different places is affected more or less by the sort of entertainment that our representatives offer. I have never been abroad. I do not know anything about it personally. I have heard some of our representatives, some Members of the Senate who have represented the National Government abroad, tell of entertainment which they had to furnish, and because they were unable to pay for it out of funds allowed by the Government for that purpose, they had to pay the expense out of their own pockets. This was done in order to maintain the standing of our country abroad. While I feel that our representatives really needed the \$125,000, yet we did not grant it. We gave only \$100,000. We felt that this was only partial justice to our representatives abroad.

Mr. BLAINE. Mr. President, I thank the Senator for his explanation. Under ordinary circumstances, if the United States Treasury was overflowing with revenue and a surplus of money, then it might be all right to talk about maintaining certain standards on the part of our foreign representatives; it might be all right then to talk about giving them larger funds for the purpose of entertaining their friends and themselves and their relatives when they happened to be abroad visiting the various diplomats. But under the present conditions prevailing in the United States,

the standard of living of several million people has been reduced almost to zero. They have not a dollar with which to buy essential food and clothing.

The thing that surprises me is that the Senate could spend about two weeks debating about a few thousand dollars intended to be used to destroy the pest which destroys the farmers' crops, and then in the adoption of these three amendments spend only a little over three seconds per item in increasing appropriations 50 per cent in one case, 100 per cent in another case, and 300 per cent in another case.

I know we are not going to effect great economies by this method, and yet these are no doubt matters which can await a more prosperous day before we begin to expend additional sums for the purposes defined by the Senator from Washington. Therefore, in view of the situation and in view of the attitude of the Senate on the Interior Department appropriation bill, it seems to me the votes by which the three amendments on page 12 were agreed to should be reconsidered, and I ask unanimous consent that they be reconsidered en bloc.

The PRESIDING OFFICER (Mr. Fess in the chair). Is there objection to the request of the Senator from Wisconsin?

Mr. JONES. Under the circumstances and because of the reasons on which the Senator bases his request, I feel that I must object.

The PRESIDING OFFICER. Objection is made.

Mr. BLAINE. Does the Senator object because I ask that they be reconsidered en bloc?

Mr. JONES. No. I really object because the Senator bases his request on the action of the Senator from Tennessee.

Mr. BLAINE. Oh, no; I am not basing my objection at all upon that condition. I want now to say, not by way of apology but by way of explanation, that when I referred to the Senator from Tennessee I think I did point out, at least I intended to do so, that he was entirely sincere and honest. He had a proper motive in mind when he made his contest on the Interior Department appropriation bill. am not criticizing him for it at all. I would imply no criticism whatever. I do not, in what I have said this afternoon, imply any criticism of any action upon the part of any Senator respecting these appropriations.

However, I was pointing out that it is a strange spectacle to me, and I think it will be a strange spectacle to the country, that we should spend two weeks here debating the Interior Department appropriation bill, largely a debate over two or three small items, but when this bill is before the Senate in a few seconds we increase the appropriations over the amount fixed by the House far in excess of the specific items that were attacked in the Interior Department appro-

priation bill.

Mr. JONES. I did not mean to imply that the Senator criticized the Senator from Tennessee.

Mr. BLAINE. The Senator from Tennessee shakes his head in disapproval. I want to complete my statement. The increase in the bill before us in the three items is many times the increase in the two specific items to which I have heretofore referred in the Interior Department appropriation bill, one relating to barberry eradication and the other to furnishing certain agricultural service to the Indians.

Mr. McKELLAR. Mr. President, will the Senator indulge me a moment?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. BLAINE. Certainly.

Mr. McKELLAR. A while ago I explained to the Senator and the Senate that long ago I would have made a motion to recommit the bill to the Committee on Appropriations, but that I had understood that the Vice President had held that such a motion could not be made until just before the third reading of the bill.

I find upon inquiry that I wholly misunderstood the ruling of the Vice President, and that the motion is permissible at any time. I would be glad to make the motion now, but we

consider committee amendments. In view of that situation, there is no reason to bother about the amendments, because if the motion to recommit the bill with directions to reduce the amount 10 per cent should be agreed to, as I hope it will, it will probably change all the amendments anyway.

Mr. ASHURST. Mr. President-

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Arizona?

Mr. BLAINE. I yield.

Mr. ASHURST. The Senator from Wisconsin has the right, no matter upon which side he voted, to move to reconsider at any time within a certain number of days. I wish to say that there is no Senator here whose devotion to the general public is more assiduous and disinterested than that of the Senator from Tennessee: I have followed and shall continue to follow his lead with respect to economy; but, lest it might appear that I had a more or less cynical view of economy, I wish it distinctly understood that I sympathize with all sensible and practical moves toward reducing the expenses of the Government, which have quintupled in my day and generation.

What I fear is that under the guidance and leadership of the Senator from Tennessee I shall be led into a position where I shall not get any economy or any reduced appropriations, and, with all emphasis, I wish to say that I hope the able Senator will take up these items seriatum as we come to them, point out, if he is able to do so, where there is an inadequate appropriation and where there is one that is swollen to a degree beyond that which it should be.

I again say that I am sure we shall get nowhere by recommitting the bill to the committee with instructions to reduce it a flat 10 per cent. Let us see what would result. I call attention to an item that we have not yet reached on page 44 of the bill which deals with the expenses of circuit courts. I believe there are 44 judges of circuit courts of the United States, which are the intermediate courts between the district courts and the Supreme Court of the United States. The bill provides, on page 44, line 19:

That the maximum salary paid to any law clerk to any circuit judge shall not exceed \$2,400 per annum.

Mr. President, I have never been on the circuit bench, but the lawyers here will bear me out in the statement that it is absurd to talk about paying a salary of \$2,400 a year to the law clerk to a circuit judge. The business of the circuit courts has expanded enormously during the past 10 years. It is the business of the circuit courts, and I believe they have applied themselves to it, to weed out in every proper way, where they may legally and constitutionally do so, certain cases and thereby relieve the Supreme Court from congestion. Suffice it to say that I doubt if there are in the United States to-day officials who work with more assiduity and more zeal than do the circuit judges.

The law clerk of a circuit judge ought to be a man comparable in intellect, comparable in character, comparable in zeal and learning at least to a clerk of a United States Senator. If the philosophy of the learned Senator from Tennessee should prevail, the salaries of law clerks of the circuit judges, which are limited in this bill to \$2,400 a year, would be reduced 10 per cent.

Mr. McKELLAR. Oh, no, Mr. President; the Senator from Arizona wholly misconstrues the purpose of the motion. It is not to reduce such salaries. For instance, I have no idea that the salaries of the circuit judges will be attempted to be interfered with.

Mr. ASHURST. But the salaries of the law clerks will be. Mr. McKELLAR. Or the salaries of the law clerks. The committee has full authority and power to change some appropriations, to leave others just as they are, and even to raise other appropriations if in its judgment it thinks it proper to do so. The motion, if agreed to, will not interfere with that power of the committee at all.

Mr. ASHURST. The able Senator from Tennessee, as to 27 or 28 items in the Interior Department appropriation bill. asked for reductions; I think I voted with him on a majority of them, and he may think that he should have triumphed, are operating under a unanimous-consent agreement to but he did not. Now when the Senate does not agree with him, he asks the Committee on Appropriations to be the tribunal which will overrule the Senate. When the Senate committee brings the bill back with a reduction of 10 per cent, doubtless the then majority of 2 to 1 that voted against the Senator's reduction will hold the same view; so that we will be going around in a circle.

Mr. President, taking the particular items under consideration, I believe that I ought to and I shall vote against the amendment found on line 3, page 12, where the Senator from Wisconsin points out there is an increase of 50 per cent. On line 14 there is an increase of 100 per cent and on line 24 an increase of 300 per cent. These increases—

Mr. McKELLAR. Mr. President-

Mr. ASHURST. Just a moment. Should be discussed each on its merits, and each one voted up or down upon its merits and not dumped over en bloc to the committee to make the 10 per cent reduction.

Mr. McKELLAR. If the Senator will yield, of course he has a right to do that; he may call for a vote on every one of these amendments; there is no reason in the world why he should not; but I merely want to call his attention to a mistake he has made.

For a number of years, I think for the last five years at least, Congress has been appropriating \$400,000 a year for a fund which is known as an entertainment fund. I do not think such a fund ought to be provided at all. I am one of those who believe that entertainments ought to be paid for by the officials who give the entertainments, and that the Government ought not to pay for any official's entertainment. I do not think it is a proper, and I never have thought it was a proper, item to be charged against the Government.

For the last five years, to my certain knowledge, as I have just looked at the figures, Congress has been allowing \$400,000 a year for this purpose. In the pending bill the House cut the amount down to \$200,000; the Senate committee has restored one-half of the remainder, and recommends an appropriation of \$300,000, instead of \$400,000 which was appropriated last year. For my part, if the motion which I expect to make to recommit the bill to the Appropriations Committee shall be adopted, I am going to take the same position which I have always taken regarding this item. It ought to be stricken out entirely; no amount should be appropriated for the purpose specified, and, especially at a time when our Government is over \$2,000,000,000 in the hole, we ought not to be appropriating the enormous sum of \$400,000 to allow our diplomats to wine and dine people, and I am opposed to it.

Mr. BLAINE. Mr. President-

Mr. JONES. I should like to correct a statement which has been made.

Mr. BLAINE. I will yield in just a moment. When the bill before us was taken up, as I recall, the first amendment occurred on page 6, a very informal and inconsequential amendment. The clerk is a very efficient clerk, a very excellent clerk, and of course, in the exercise of his splendid efficiency, he turned immediately to page 12, as I recall, stated that the next amendment was on line 3 on that page to strike out \$200,000 and insert \$300,000, and the Chair immediately announced that, without objection, the amendment was agreed to.

At the rate of speed with which the proceedings were being conducted it was practically impossible for a Member of the Senate to have thumbed the pages from 6 to 12 in the time taken to state the amendment and adopt it. As a matter of fact, exercising as great speed as I could, I did not reach page 12 until the third amendment on that page had been stated. There are three amendments on that page, making an aggregate increase in three appropriations of \$225,000, and almost as quickly as one could snap his finger they were agreed to. I think in all fairness the Senate ought to have an opportunity to pass on those increases, and for that reason I asked unanimous consent to have the vote by which the amendments were agreed to reconsidered. That unanimous consent having been denied, I now move that the vote by which the amendment on page 12, line 3,

was adopted may be reconsidered, and I shall then make the same motion respecting the other two amendments on that page.

Mr. McKELLAR. Mr. President, I want to express to my friend from Washington [Mr. Jones], the chairman of the committee, the hope that he will consent, without action on the motion, to the unanimous consent which I ask that the votes by which the amendments in line 3, line 14, and line 24, on page 12, were agreed to may be reconsidered. I hope the Senator will not object to that.

Mr. JONES. I want to say that I rose to suggest that very thing. Under the circumstances I am willing to do that for the Senator from Wisconsin, although it does seem to me that he deliberately allowed these amendments to be adopted. I will admit, however, that we went through them very speedily as we sometimes do.

Mr. BLAINE. The Senator will have to eliminate the word "deliberately."

Mr. JONES. I will withdraw that word.

Mr. BLAINE. There was not very much deliberation in regard to the amendments.

Mr. JONES. That is the reason I said they went through very fast. I know there was not any deliberation, but I thought they were allowed to go as fast as they did go without objection.

Now, Mr. President, I wish to make a suggestion. I understand the Senator from Tennessee, regardless of the outcome of the consideration of this bill, regardless of the action which may be taken on the amendments, proposes to move to recommit the bill to the Committee on Appropriations with instructions to report it back with a reduction of 10 per cent below the amount carried by the bill as passed by the House.

I do not think that the unanimous-consent agreement to consider committee amendments before other amendments precludes such a motion being made at any time, and, if the Senator is going to make such a motion, I should like to have him make the motion now and let the Senate not waste its time considering the various amendments to the bill and then have them all stricken out and the appropriations cut 10 per cent below the amount provided in the House bill.

Mr. McKELLAR. Mr. President, if the Senator will yield to me, after the request for unanimous consent shall have been granted and the amendments referred to have been reconsidered, then, as soon as I can get the floor, in view of the Senator's statement as to the parliamentary situation, I shall be very happy to make the motion to recommit.

Mr. JONES. I withdraw my objection to the request of the Senator from Wisconsin.

Mr. McNARY. Mr. President, as I understand the parliamentary situation, unanimous consent was granted first to consider committee amendments.

Mr. McKELLAR. Yes; that is what I understood.

Mr. McNARY. And acting under that unanimous-consent agreement, the Senate proceeded to consider the committee amendments. That agreement can not now be altered other than by unanimous consent.

Mr. McKELLAR. That was my idea, but the Senator from Washington stated that he thought it would be in order to make the motion to recommit at any time.

Mr. McNARY. I do not entertain that view at all. I am addressing myself to the question of procedure. Unanimous consent was given to pursue a particular course, which was to consider committee amendments to the bill. That agreement can be modified only by similar action, namely, by unanimous consent. After that shall have been done and the committee amendments shall have been considered it will be timely, prudent, and proper for the Senator from Tennessee to make his motion.

Mr. McKELLAR. If I make the motion and it is objected to, then I will ask unanimous consent, and then, if that is objected to, I will have to wait, I imagine, until after the consideration of the bill shall have been concluded.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Senator from Tennessee is.

Mr. McKELLAR. It is to reconsider the votes by which the three amendments on page 12 were adopted, so that the Senator from Wisconsin may have a vote on each one.

Mr. McNARY. I have no objection to a reconsideration of the votes whereby the amendments were agreed to.

The PRESIDING OFFICER. Does the Senator from Washington object?

Mr. JONES. No; I withdraw my objection.

The PRESIDING OFFICER. There is no objection. The Chair understands the Senator from Wisconsin to withdraw his formal motion to reconsider.

Mr. BLAINE. I withdraw the motion to reconsider.

The PRESIDING OFFICER. By unanimous consent the votes where the amendments were agreed to are reconsidered. The clerk will state the first amendment on page 12.

The LEGISLATIVE CLERK. On page 12, at the end of line 3, it is proposed to strike out "\$200,000" and insert "\$300,000."

Mr. BLAINE. During the discussion of this amendment, particularly the discussion relating to what the amendment covers, there has been only a handful of Senators on the floor. I doubt if 8 or 10 or 12 Senators should legislate \$225,000 in or out without some fair representation on the floor. I, therefore, suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst Dale Robinson, Ind. Austin Davis Kean Schall Bailey Bankhead Dickinson Dill Sheppard Shipstead Kendrick Keyes Fess Fletcher King Shortridge Barbour Logan Smith Barkley Bingham Black Frazier Long Smoot McGill George Steiwer McKellar Thomas, Idaho Thomas, Okla. Townsend Blaine Glass Glenn McNary Metcalf Goldsborough Bratton Broussard Bulkley Gore Morrison Trammell Moses Hale Tydings Vandenberg Harrison Neely Bulow Hastings Norbeck Byrnes Capper Caraway Hatfield Walcott Norris Hawes Hayden Nye Oddie Walsh, Mass. Waterman Carev Coolidge Hebert Patterson Watson Wheeler Copeland Howell Pittman Costigan Hull Reed White Robinson, Ark. Johnson

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. JONES. Mr. President, the Senator from Tennessee announces that he proposes to move to recommit this bill to the Committee on Appropriations with instructions to strike out 10 per cent of the amount carried by the bill as it passed the House.

It seems to some of us that it is useless for us to take the time and effort to go clear through this bill if at the end of that time we are to have our work all undone and thrown away, and the bill is to be sent back to the committee with instructions to report the bill with the amount reduced 10 per cent below the total appropriated by the House. So I am perfectly willing to have that motion voted upon at this time.

Mr. McKELLAR. Mr. President, I offer the following motion:

I move that the pending bill, H. R. 9349, making appropriations for the Departments of State and Justice and for the judiciary and for the Departments of Commerce and Labor be recommitted to the Committee on Appropriations with instructions to report the same back to the Senate with amendments providing an aggregate reduction of 10 per cent in the amount of the appropriations contained in the bill as received from the House of Representatives.

Mr. President, I am going to take just a moment of the Senate's time to give the reasons for that motion.

If Senators will turn to page 2 of the bill, they will find that it is proposed to appropriate \$1,915,540 for the office of the Secretary of State. I find that in 1928 we appropriated for that office \$1,089,000; in 1929, \$1,045,000; even as late as 1930 we appropriated \$1,340,000; and now, for the fiscal

Mr. McNARY. I do not know what the request of the | year 1933, the appropriation is jumped up to \$1,915,000. In other words, these appropriations have almost doubled in the period of five years, and they have doubled at a time when they should not have doubled, because, as everybody knows, the country is in a very different condition than it was five years ago.

> Then if Senators will turn to page 4, they will find there an appropriation for contingent expenses of \$101,000. In 1928 this appropriation was \$43,000; so that in the five years it has more than doubled.

> The next item, printing and binding, was \$190,000. It is increased to \$258,000, as will be seen there.

> As to passport agencies, the increase was not so great. Five years ago the appropriation was \$63,000. Now it is only \$77,000.

> On page 5 practically the same thing is shown, but on the next page I call especial attention to the item of "salaries of clerks in the Foreign Service." Five years ago that appropriation was \$1,400,000; the next year, \$1,462,000; the next year, \$1,692,000; the next year, \$2,364,000; the next year, \$2,502,000; and this year it is about the same.

> I turn now to page 8. The first item is for \$847,000. next two items are merely unobligated balances, which are reappropriated. I doubt whether anything should be reappropriated. The unobligated balances should be paid to the Treasury. But that is another matter.

> I next come to an appropriation for contingent expenses— United States consulates. That is found on pages 8, 9, and 10, but the full amount of the appropriation, \$815,000, is stated on page 10.

> Mr. VANDENBERG. Mr. President, I call the Senator's attention to the fact that all of these items he is now reading in respect to the Consular Service are, to a large degree, duplicated in the back of the bill, under the independent foreign service, which is operated in the Department of Com-

Mr. McKELLAR. Yes.

Mr. VANDENBERG. I take the liberty of suggesting to the Senator that if we were bent in a practical fashion upon reaching economies in the operation of the Government, the prime method of doing it in respect to this particular bill would be to clothe somebody with authority to redistribute and consolidate these bureaus so that we could get economy.

Mr. McKELLAR. Yes, Mr. President; I think the Senator from Michigan is right in his statement. Even larger savings could be secured. But unquestionably there would not be the slightest difficulty, if this bill were recommitted, in effecting a saving of 10 per cent, without injuring the service in the slightest, and the items I have mentioned I think amply sustain that view. In other words, in the State Department, just as in all the other departments, in five years these increases in appropriations of somewhere between 75 and 100 per cent for doing substantially the same work have been made.

Mr. NORRIS. Mr. President, I call the Senator's attention to three items on page 12, as to which I understand the votes were reconsidered.

Mr. McKELLAR. Yes.

Mr. NORRIS. I was called out of the Chamber, and was not here when that was done. One of those is on line 3, one on line 14, and one on line 24. What are those items

Mr. McKELLAR. In the first item the House appropriated \$200,000, but the Senate committee raised it to \$300,000. That is an item in which \$400,000 has been allowed for the last five years. It is for entertaining.

Mr. JONES. Mr. President, the Senator is mistaken about that; \$125,000 is for entertainment.

Mr. McKELLAR. Four hundred thousand dollars has been allowed.

Mr. BLAINE. Mr. President, which item includes the change in raiment which seems to be essential for these diplomats?

Mr. McKELLAR. I think there is no change in raiment, so far as I know, provided for in this; but perhaps the chairman of the committee can enlighten us about that.

Mr. NORRIS. Mr. President, there ought to be a change | ning. I was going to suggest that the motion be considered of raiment. We can not expect these fellows to wear the same clothes for four or five years.

Mr. McKELLAR. Does the Senator think there ought to be an addition for knee breeches?

Mr. NORRIS. There ought to be some new knee breeches. This has been going on for so long that they are worn out.

Mr. JONES. I suggest to the Senator that this does not apply to activities in this country, and it is not brought about by customs which I would follow myself. This matter of change of raiment really comes under the post allowances, as to which we have raised \$50,000 to \$100,000.

Mr. McKELLAR. I think that is what the Senator is referring to. I am going to vote against the \$50,000 increase. If it is allowed, it will be to enable Mr. Mellon to have knee

Mr. NORRIS. I ask the chairman of the committee what the \$300,000 is for?

Mr. JONES. It is for carrying out neutrality laws and things of that kind. The Budget estimate was for \$400,000. Mr. NORRIS. Just what is it for?

Mr. JONES. There are different controversies. There has been no year when the expenditures for this purpose have been less than \$230,000 a year, and there have been three years when they were over \$300,000 a year, for carrying

out the neutrality laws. Mr. NORRIS. That is under the head of Consular Service?

Mr. JONES. Yes.

Mr. NORRIS. Is that money expended here in Washington or in foreign countries?

Mr. JONES. That, I think, is expended largely in foreign

Mr. McKELLAR. It is Diplomatic and Foreign Service. That expenditure is for entertainment also.

Mr. JONES. That is not used by any of the departments for entertaining purposes at all.

Mr. McKELLAR. The department has a right to direct that it be so used, I am quite sure.

Mr. JONES. The \$100,000 at the bottom of page 12 is for entertainment purposes. There is no question about that.

Mr. McKELLAR. The other can be used for that purpose. Mr. JONES. I can not think so. I do not think there is any law which would allow that money to be used for that

Mr. NORRIS. How about the amendment on line 14? Mr. JONES. That is for changes of various kinds allowed

Mr. NORRIS. For what?

to various officers.

Mr. JONES. It really supplements the compensation allowed to some of the officers at various places. For instance, a man may be in a torrid zone and be transferred in winter to a northern zone, where it is cold; or there may be some such change as that. Of course, that entails different raiment, different methods of living, and so on. They make some allowances for those purposes. There is no specific amount, but that just illustrates what is done. It is really a supplement to the compensation paid to men in positions where they get very small compensation.

Mr. McKELLAR. Mr. President, I think that is about all I desire to say. I think the motion should be submitted to the Senate at this time, and I hope we may have a vote on it.

Mr. BLAINE. Mr. President, as I understand, we are now proceeding under a unanimous-consent agreement for the consideration of committee amendments.

The PRESIDING OFFICER. The motion before the Senate is to recommit the bill, a motion offered by the Senator from Tennessee.

Mr. McNARY. Mr. President, is it the desire of the Senator from Tennessee to press his motion to-morrow morning? Mr. McKELLAR. If we have a quorum, I see no reason

why we should not vote on the motion now.

Mr. McNARY. It is a very important matter, and Senators did not know it would be brought to a vote this eve-

as pending, and that we take a recess now until to-morrow.

Mr. BLAINE. I desire to enter my objection to the motion, on the ground that we are acting under a unanimousconsent agreement to consider committee amendments, and it seems that a motion such as that the Senator from Tennessee has made can not be in order now.

The PRESIDING OFFICER. Does the Senator from Wisconsin suggest that as a point of order?

Mr. BLAINE. I make that as a point of order.

The PRESIDING OFFICER. The point of order is overruled.

#### RECESS

Mr. McNARY. I move that the Senate now take a recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 50 minutes p. m.) took a recess until to-morrow, Tuesday, March 22, 1932, at 12 o'clock meridian.

# HOUSE OF REPRESENTATIVES

Monday, March 21, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, we praise Thee for a continuance of Thy merciful goodness, utterly marvelous, miraculous, and strange. It supplies a hope very dear and precious—a hope that looks forward into the distant ages of God; let its hymn be sung in all our hearts; cleanse Thou us from secret faults. May we not soil the page of life with thoughtless, heedless, sinful fingerprints. Each day may there be in us the process of the formation of habits of mind, of character, and of life that shall carry us forward into those regions where goodness inspires every faculty of our being. Heavenly Father, quiet fretful voices and irritations and ease the minds of care. Help to have conquest over unwise propensities and let justice and wisdom dictate all conclusions. Gracious Lord, guide us through these troublesome times. May the good of country be our whole mission and a restful conscience the reward of our toil. Through Jesus Christ our Lord.

The Journal of the proceedings of Saturday, March 19, 1932, was read and approved.

# REVENUE BILL OF 1932

Mr. KETCHAM. Mr. Speaker, I ask unanimous consent to proceed for one minute in order to make an announcement. The SPEAKER. Is there objection?

There was no objection.

Mr. KETCHAM. Mr. Speaker, a few days ago I prepared and published in my remarks some tables showing the distribution of the manufacturers' sales tax among the several States, using as the basis of such distribution the value of such products in each State in comparison with the total for the Nation. Comparison was also shown between the present system of internal-revenue taxation and the manufacturers' sales tax, if the latter should be substituted entirely for the present system. Several Members have suggested that it would be very helpful and informative if a table were prepared showing a comparison in the distribution of the taxation upon incomes and corporations alone in contrast to that under a manufacturers' sales tax. I have prepared such a table and under general leave to extend already granted will insert the same at this point. I hope it will be interesting and helpful in the consideration of this important subject.

Mr. Speaker, when the House of Representatives shows such a determination to reject a major recommendation of one of its leading committees, all but unanimously reported, as has been witnessed in the past few days in the storm of opposition to the manufacturers' sales tax, it is a fair assumption that there must be sound reasons for the determined opposition. Many of these reasons have been presented clearly and vigorously. Individual and corporate income and profits have heretofore been the principal source of Federal taxation. Ability to pay has been the standard of assessment. The manufacturers' sales tax sets up a new policy. Production rather than profits is the new base upon which this tax is to be levied. If the tax is passed on it becomes a consumption tax, and the big manufacturers will be best able to pass it on, thus introducing a new and harmful element of competition.

With entire frankness some Members have admitted that the term "manufacturers' sales tax" is a misnomer and that for the most part the tax imposed will be passed on. One committee member frankly stated that such was the purpose of the plan.

To anyone who has not completely lost all conception of the terrific burden of local taxation the people of the country are now bearing, even the possibility of adding thereto by a Federal tax levy on consumption is unthinkable. Much has been heard about increasing Federal taxation until it approaches "a capital levy." Local taxes paid by farmers and small home owners have been "capital levies" in a very high percentage of cases this past year, and in fact in recent years. The average in Michigan is \$32.37 per \$1,000 valuation. These taxes support local government and local and State institutions, and constitute a far heavier relative burden than the Federal income-tax payer carries. Not another penny should be imposed on such taxpayers under this proposed sales tax.

Considerable emphasis has been put on the attempt to shift the burden of income and corporation taxes to this new base of sales or consumption tax. The chief newspaper propagandist for a sales tax openly urges such a shift. In the tables I inserted in my remarks on page 6073 I showed what a shift from the total internal revenue to a sales-tax base would mean to each State.

Internal-revenue collections include levies upon tobacco, narcotics, theaters, and so forth, in addition to income and corporation taxes. The tables I present to-day compare the distribution of \$500,000,000 of Federal taxes among the States under the present income and corporation plan with that of the sales-tax plan. I am hopeful that members will note the comparison with interest.

The income and corporation data is from pages 60 and 61 of the Report of the Commissioner of Internal Revenue for 1931, House Document No. 11, and the data on manufacturing is from the Bureau of the Census for the census of 1921.

Comparison of distribution of \$500,000,000 Federal tax under salestax plan and income and corporation tax plan

State	Manu- facturers' tax	Amount	Income and cor- poration tax	Amount
TO THE REAL PROPERTY OF THE PARTY.	Per cent	THE	Per cent	
Alabama	0.8	\$4,000,000	0.23	\$1, 150, 000
Arizona	.28	1, 400, 000	.12	600,000
Arkansas	.29	1, 450, 000	. 098	490,000
California	4.4	22, 000, 000	5.03	25, 150, 000
Colorado	40	2, 400, 000	.82	4, 100, 000
Connecticut	2.1	10, 500, 000	1.88	9, 400, 000
Delaware	. 21	1, 050, 000	1.77	8, 850, 000
Florida	.3	1, 500, 000	.42	2, 100, 000
Georgia.	1.02	5, 100, 000	.34	1, 700, 000
Idaho	. 19	950, 000	. 036	180,000
Illinois	8.9	44, 500, 000	9, 03	45, 150, 000
Indiana	3.5	17, 500, 000	1,02	5, 100, 000
Iowa	1.3	6, 500, 000	. 53	2, 650, 000
Kansas	1.4	5, 200, 000	.72	3, 600, 000
Kentucky	.7	3, 500, 000	.57	2, 850, 000
Louisiana	.98	4, 900, 000	.41	2, 050, 000
Maine	.56	2, 800, 000	.34	1, 700, 000
Maryland	1.6	8, 000, 000	1, 48	7, 400, 000
Massachusetts	4.75	23, 750, 000	4.5	22, 500, 000
Michigan	6.6	33, 000, 000	5.5	27, 500, 000
Minnesota		8, 350, 000	1.12	5, 600, 000
Mississippi	. 31	1, 550, 000	. 031	405, 000
Missouri	2.62	13, 100, 000	2.2	11,000,000
Montana	. 35	1, 750, 000	. 091	455, 000
Nebraska	. 69	3, 450, 000	. 245	1, 225, 000
Nevada	.05	250,000	.07	350,000
New Hampshire	. 49	2, 450, 000	. 15	750, 000
New Jersey	5.6	28, 000, 000	3.85	19, 250, 000
New Mexico	. 05	250, 000	. 033	165, 000
New York		70, 000, 000	33. 05	165, 250, 000
North Carolina		9, 000, 000	.73	3, 650, 000
North Dakota	.08	400,000	. 019 [	95,000

sented clearly and vigorously. Individual and corporate | Comparison of distribution of \$500,000,000 Federal tax under salesincome and profits have heretofore been the principal | tax plan and income and corporation tax plan—Continued

State	Manu- facturers' tax	Amount	Income and cor- poration tax	Amount
Ohio. Oklahoma. Oregon. Pennsylvania Rhode Island South Carolina South Dakota Tennessee. Texas Utah Vermont Virginia Washington West Virginia Wisconsin Wyoming. District of Columbia	. 59 10. 5 . 95 . 55 . 14 1. 03 2. 06 . 3 . 25 1. 04 1. 13 . 7	\$43, 000, 000 3, 200, 000 2, 950, 000 52, 500, 600 4, 750, 000 2, 755, 000 700, 000 5, 400, 000 1, 500, 000 1, 250, 000 5, 200, 000 5, 200, 000 5, 200, 000 6, 000 6, 000	Per cent 5. 16 79 22 9. 36 53 096 033 49 1. 7 13 091 1. 03 63 47 1. 42 036 7	\$25, 800, 000 3, \$50, 000 1, 100, 000 46, 806, 000 2, (50, 000 165, 000 2, 450, 000 (55, 000 5, 150, 000 5, 150, 000 2, 350, 000 7, 100, 000 188, 300 7, 100, 000 3, 500, 000
	98, 77		99, 283	

It will be noted that under the manufacturers' sales tax plan eight States and the District of Columbia pay less than they would under the income and corporation plans. Delaware and New York would enjoy the chief advantage. Delaware would shift \$7,800,000 and New York \$95,250,000 to 40 other States. Ohio would pay \$17,200,000 more, Indiana follows with \$12,400,000 more, New Jersey \$8,750,000 more, Wisconsin \$7,900,000 more.

Your special attention is invited to New York. It will be noted that she pays 33 per cent plus of the income and corporation taxes of the country. She would pay 14 per cent of the manufacturers' sales tax. In money she pays \$165,-250,000 of each \$500,000,000 income and corporation taxes of the country. She would pay \$70,000,000 of each \$500,000,000 of sales tax. Naturally every New Yorker might be expected to shout for the sales tax. Up-State New Yorkers should take a second look, however. Greater New York City pays 88.2 per cent and up-State 11.8 per cent of the whole State's share of Federal income and corporation taxes.

In money this division is \$145,750,500 paid by Greater New York and \$19,499,500 by up-State under the present plan. Turning now to the sales-tax plan, Greater New York City has 60 per cent of the value of all manufactured products of the State and up-State 40 per cent. Dividing the \$70,000,000 on this basis, gives \$42,000,000 to Greater New York and \$28,000,000 up-State. If the \$70,000,000 were divided between city and up-State by the income and corporation plan, or on the basis of 88.2 per cent and 11.8 per cent, the result would be \$61,740,000 to the city and \$8,260,000 up-State.

Summarizing, then, Greater New York City pays \$145,-750,500 of the whole State's \$165,250,000 of each \$500,000,000 Federal income and corporation tax. Under the proposed sales-tax plan she would pay \$42,000,000 and shift \$84,-010,500 to the country at large and \$19,740,000 to up-State New York. That is a total shift of \$103,750,500.

Contemplating these figures might one not fairly say that they afford some explanation of the unusual interest of William Randolph Hearst and his large New York City interests in the proposed sales-tax plan!

Your particular attention is called to the shift of \$19,-740,000 or 13.6 per cent from Greater New York City to up-State under the proposed sales-tax plan. It is worthy of special note by Representatives of other States having large cities. It is my belief that similar situations would be found.

Other interesting comparisons will be suggested by the tables. Note Delaware particularly. Under the present income and corporation tax plan she pays \$8,850,000 of each \$500,000,000 collected. Under the proposed sales-tax plan she would pay \$1,050,000, or \$7,800,000 less. One can easily understand the special interest in that State in the proposed sales-tax plan or other plan to shift Federal income and corporation taxes.

I am aware that it will be argued that the income and corporation tax payers of Delaware and New York are to have their increases under this bill. Conceded. But so are the income-tax payers of the 40 States to whom the shift described above is being made. By what logic should New Jersey take on \$5,750,000 of the burden of New York, or Tennessee bear an extra \$2,950,000?

These tables and comments have been submitted in an earnest effort to defeat the proposed sales-tax plan. Patriotism has been frequently invoked during the last few days. I fail to see its application to the present situation, so far as the merits of the sales tax are concerned. We must reduce expenses and impose taxes temporarily. But a general sales tax such as proposed should be stricken from this bill and forgotten as a Federal tax policy.

### DR. RICHARD BARTHOLDT

Mr. DYER. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. DYER. Mr. Speaker, Dr. Richard Bartholdt, who served as a Member of this House in the Fifty-third to the Sixty-third Congresses, inclusive, died at his home in St. Louis Saturday, March 19, 1932, at the age of 76.

During his long service here he was greatly admired and respected by his colleagues.

I came to the House a short time before Doctor Bartholdt

voluntarily retired. He was a great help to me in the beginning of my legislative service here.

He was an able public servant and a fine citizen. It was my good fortune to know him and to have his friendship for more than a quarter of a century.

Doctor Bartholdt was born November 2, 1855, in Schleitz, Germany, and came to the United States after being graduated from high school.

Stopping first in Brooklyn, he entered newspaper work as a printer. From there he went to Philadelphia and later to St. Louis. After receiving his citizenship, Doctor Bartholdt returned to Germany, where he studied law.

Coming back to St. Louis in 1884, he took charge of the Tribune, evening German daily. During his previous stay he was married to Cecilie Niedner, who died several years ago.

Entering politics first as a member of the school board, Doctor Bartholdt made an unsuccessful campaign for Congress in the tenth Missouri district. He ran again in 1892 and was elected at the age of 37. He served continuously for 22 years.

Doctor Bartholdt described his career in his autobiography, From Steerage to Congress, published in 1930. In his book he told of his arrival in the United States in the steerage and details of his rise to Congressman.

As the Albany correspondent for the New York Staats-Zeitung he met Chester A. Arthur, Grover Cleveland, and Theodore Roosevelt. He gave Roosevelt lessons in German.

Mr. Bartholdt, familiarly known as Doctor Bartholdt, became interested in the cause of world peace at the start of his career in the House of Representatives and played an important part in it. He attended the First Hague Peace Conference in 1899 and the conference of the Interparliamentary Union at Christiania, Norway, the same year.

He again went to the Interparliamentary Union in 1903 and extended to the members an invitation to hold their meeting in St. Louis in 1904. He personally arranged the conference, since he had issued the invitation, and was president of the arbitration group. He presided at the conference.

With only one or two exceptions thereafter, Doctor Bartholdt went every year to Europe to attend the meetings of the union.

In recognition of his work with the union his associates suggested him three times for the Nobel peace prize. He was the author of a model arbitration treaty which has received close study among leaders in the world peace movement.

Doctor Bartholdt's activities in Congress included successful work for the rebuilding of Jefferson Barracks and improvement of the Mississippi and Missouri Rivers. He supported liberal immigration laws and was largely responsible for the \$5,000,000 Government appropriation for the Louisiana Purchase Exposition in St. Louis.

Doctor Bartholdt was appointed by President Taft in 1911 as a special envoy to present a statue of Baron von Steuben, German hero in the American Revolution, to Kaiser Wilhelm of Germany. Doctor Bartholdt had sponsored a bill providing for the erection of the original of the statue, which was placed in Washington. He knew many international statesmen, including Count Bismarck, Germany's Iron Chancellor.

Doctor Bartholdt was a life-long Republican, but his liberal views caused him to bolt the party in the last two presidential elections. He supported Alfred E. Smith in 1928 and the late Senator La Follette in 1924.

He made his fifty-sixth crossing of the Atlantic when he went to Germany last year. He returned to St. Louis last October, and in January the University of Jena, Germany, conferred honorary membership on him "for having, while a Member of the United States Congress, always manfully and successfully championed the rights and welfare of his native Germany."

Since his retirement from Congress in 1915, Doctor Bartholdt had lived quietly at his home in St. Louis.

Doctor Bartholdt, noted as an orator in the German and English languages, was often sought as speaker, be it for the celebration of German event or an American. An ardent foe of prohibition, he was often called on to make speeches against this act whenever the occasion called for it.

Doctor Bartholdt as a member of the Liederkranz Club, one of the strongest social organizations of St. Louis, came in contact with all the leading St. Louisians of German birth or abstraction. In turner circles and in benevolent associations, organized and conducted by the German element of St. Louis, Doctor Bartholdt always was a leading figure.

Though he had avowedly retired from politics in 1915, Doctor Bartholdt was urged by his many friends and political followers to reenter politics in 1926 and seek the seat in Congress which he had so long held before. However, on advice of his physician and because of his age, he declined to follow their calling.

## PROPOSED AMENDMENTS TO THE TAX BILL OF 1932

Mr. Laguardia. Mr. Speaker, I ask unanimous consent to insert at this point in the Record, for the information of the membership, amendments which I intend to offer to the pending revenue bill at the proper time. The amendments are on the subject of the taxing of stock transfers. I do this because I have had many requests from Members for the exact wording of my proposed amendments.

The SPEAKER. Is there objection?

There was no objection.

Mr. LaGUARDIA. The first amendment will be as follows:

Page 257, line 21, strike out the figure "100," the balance of the line, all of lines 22, 23, 24, and all of line 1 on page 258 and the words "may be" in line 2 thereof and insert in lieu thereof the following: "on each sale, or agreement to sell, or memorandum of sales or delivery of, or transfers of legal title to any of the shares or certificates, one-fourth of one per cent of the sale or transfer price of the share, provided that in no case shall the amount of such tax be less than 4 cents a share."

This amendment simply provides a tax of one-fourth of one per cent on all transfers of stock and on all transactions of the various stock exchanges. In order to meet the situation, on short sales a separate provision will be offered in the form of a separate and distinct section, as follows: Page 259, after line 10, add the following paragraph:

(b) In addition to the tax provided for in subsection (a) there shall be an additional tax on each short sale, or agreement to sell short, or memorandum of short sale, or delivery of, or transfer of legal title to any shares or certificates of stock or rights to subscribe for or to receive such shares or certificates of stock, made before the seller acquires title and unqualified ownership of the shares so sold, of an additional one-fourth of one

per cent of the sale or transfer price of the shares, whether made upon or shown by the books of the corporation or other organization, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum of other evidence of transfer or sale (whether entitling the holder in any manner to the benefit of such share, certificate, interest, or rights, or not): Provided, That it is not intended by this title to impose a tax upon an agreement evidencing a deposit of certificates as collateral security for money loaned thereon, which certificates are not actually sold, nor upon the delivery or transfer for such purpose of certificates so deposited, nor upon the return of stock loaned: Provided further, That the tax shall not be imposed upon deliveries or transfers by a broker to a customer for whom and upon whose order he has purchased same, but such deliveries or transfers by a broker to a customer for whom and upon whose order he has purchased same, but such deliveries or transfers is shown only by the books of the corporation or other organization the stamp shall be placed upon such books; and where the change of ownership is by transfer of the certificate the stamp shall be placed upon the certificate; and in cases of an agreement to sell or where the transfer is by delivery of the certificate assigned in blank there shall be made and delivered by the seller to the buyer a bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. Any person liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such person, who makes any such sale, or who in pursuance of any such sale delivers any certificate or evidence of the sale of any stock, share, interest or right, or bill or memorandum thereof, as herein required, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guil

(c) Subsections (a) and (b) shall take effect on the 15th day after the date of the enactment of this act.

### PERMISSION TO ADDRESS THE HOUSE

Mr. PARKS. Mr. Speaker, I ask unanimous consent that immediately after the disposition of business on the Speaker's table to-morrow I may be permitted to address the House for 10 minutes.

The SPEAKER. The gentleman from Arkansas asks unanimous consent that immediately after the disposition of business on the Speaker's table he may be permitted to address the House to-morrow for 10 minutes. Is there objection?

There was no objection.

# MEET THE DEFICIT BY CUTTING EXPENSES

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on the sales tax.

The SPEAKER. The gentleman has that permission under the general order of the House.

Mr. LAMNECK. Mr. Speaker, probably no bill has been presented at this session of Congress that is of greater importance than the so-called tax bill, known as H. R. 10236. All reports will show that the revenues of the Government at present are insufficient to pay the expenses. One of two proposals must be followed in order to make the revenue and the expenses meet. One is to increase taxes. The other is to reduce expenditures. As a substitute for the two foregoing proposals, perhaps a combination of the two might produce the desired results, namely, make up a part of the deficit by cutting expenses, and increase taxes slightly. I am of the opinion that a great deal of our present problem has been caused by the fact that the Federal Government, during the past decade, has interested itself in affairs with which it should not have had anything to do, which has increased the cost of the Federal Government to a point where taxes have become very burdensome.

Section 8 of the Constitution provides that Congress shall have power to lay and collect taxes, duties, imports, and excises, to pay the debts and provide for the common defense and general welfare of the United States. If our activities were confined to this section of the Constitution, I am of the opinion that most, if not all, of the following items could be eliminated from our present Federal expenditures. I believe in this list of expenditures there are items which, if eliminated, would solve our present deficiency problem.

I offer the suggestion to the Congress for its serious consideration:

Eradication Mediterranean fruit fly	\$4, 250, 000. 00 3, 240, 000. 00
Do	290, 000.00
Prevention of spread of pink bollwormConstruction of rural post roads	587, 500, 00 31, 400, 000, 00
Topographic survey	1, 077, 000.00
Gaging streams	942,000.00
Rural sanitationFarmers' cooperative demonstration work	338, 000. 00 1, 550, 000. 00
Animal husbandry	719, 535.00
Citrus-canker eradicationPhony-peach eradication	419, 920. 00 170, 000. 00
Forest-fire prevention	3, 475, 000.00
Investigation of soils, State experiment station	310,000.00
Soil-erosion investigation Investigation road management	370, 000. 00 203, 680. 00
Livestock investigation in South	92, 000.00
Agricultural investigation in South One-half cost of bridge, Hazard, Ky	40, 000. 00 31, 000. 00
Yorktown celebration	200, 000.00
Agricultural extension work	1,000,000.00
State experimental farm Prevention of epidemics	400, 000.00
Prevention of spread of contagious diseases	68, 040. 00
Barberry eradication Distribution of tree seeds	377, 140. 00 95, 000. 00
Investigation of soils	323, 705.00
Chemical and physical test food products Bureau of Prohibition	1, 315, 865. 00
National Park Commissioners	9, 024, 770. 78 15, 749. 76
Federal Farm Board	1, 353, 359. 17
Planning Commission War Finance Corporation	1, 187, 897. 48 172, 453. 88
Alaska relief funds	17, 750. 26
Alien Property Custodian American National Red Cross	500.00 43,035.91
Board of Mediation	192, 725. 71
Bureau of Efficiency	172, 960. 57 9, 667. 84
Federal Board for Vocational Education	9, 100, 114. 48
United States Shipping Board	33, 961, 996. 34
Federal Oil Conservation Board	9, 371, 73 73, 736, 11
National Advisory Committee for Aeronautics	1, 556, 891. 01
Porto Rican Hurricane Relief Commission Smithsonian Institution	3, 180, 444. 78 431, 282. 17
National Museum	777, 429.00
United States Geographic Board	10, 137. 88 188, 202. 18
George Rogers Clark Sesquicentennial Commission_ George Washington Bicentennial Commission	209, 301. 30
Investigation of enforcement of prohibition and	044 450 51
other laws Mount Rushmore National Memorial Commission_	244, 452. 51 7, 023. 00
Protection of interests of United States in oil	
leases and oil lands United States-Yorktown Sesquicentennial Commis-	105, 247. 66
sion	20, 197. 16
Plant quarantine	5, 197, 003. 22 762, 670. 34
Road construction	171, 022, 579. 45
Bureau of Public Roads	588, 831. 03
Enforcement grain futuresOffice of the Secretary of Agriculture	165, 765, 49 1, 175, 884, 65
Office of Information, Department of Agriculture	1, 351, 857. 31
Library, Department of Agriculture Office of Experiment Stations	103, 652. 89 4, 733, 590. 14
Extension Service	1,710,349.48
Cooperative agricultural extension work	8, 650, 229. 21 9, 885, 815, 37
Bureau of Dairy Industry	771, 845. 08
Bureau of Plant Industry	5, 433, 500. 36 18, 515, 996. 72
Cooperative work. Forest Service	2, 202, 002. 79
Payment to States and Territories from national	* 710 075 00
forest fundAcquisition of lands for protection of watersheds	1, 718, 875. 33
and streams	2, 195, 415. 07
Bureau of Chemistry and Soils Bureau of Entomology	1, 825, 004. 58 2, 662, 348. 09
Bureau of Biological Survey	1, 956, 514. 96
Bureau of Agricultural Economics	6, 237, 833. 53 209, 024. 57
Bureau of Home Economics Loans to farmers in storm, flood, and drought-	200,021.01
stricken areas	42, 568, 607. 12
Agricultural credits and rehabilitation emergency relief	6, 173, 780. 64
General Land Office	4, 648, 654. 17
Bureau of Reclamation  National Park Service	13, 942, 762. 06 9, 142, 608. 51
Women's Bureau	140, 351. 07
Bureau of Labor Statistics	393, 262. 07
Federal Farm Loan Bureau  Bureau of Prohibition, enforcement of narcotic and	999, 787. 66
national prohibition acts	599, 552. 17
Bureau of Industrial Alcohol, salaries and ex-	4, 461, 349. 67
Bureau of Narcotics	1, 611, 820. 95
Public Health Service	11, 000, 541. 90

Treasury miscellaneous	\$74,999.98
Post Office deficit	145, 643, 613, 12
Agricultural marketing act	191, 506, 622. 54
Bureau of Prohibition, Treasury	434.30
Bureau of Industrial Alcohol	148, 883. 59

Cotal \_\_\_\_\_ 797, 491, 794. 85

### PERMISSION TO ADDRESS THE HOUSE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be privileged to address the House to-morrow for 10 minutes immediately following the address of the gentleman from Arkansas.

The SPEAKER. Is there objection?

There was no objection.

## MUD RIVER IN THE STATE OF KENTUCKY

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

The Clerk called the first bill on the Consent Calendar, H. R. 5865, declaring the Mud River in the State of Kentucky a nonnavigable stream.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BROWNING. Mr. Speaker, I object.

# IMPROVEMENT OF CHEVY CHASE CIRCLE

The next business on the Consent Calendar was House Joint Resolution 152, for the improvement of Chevy Chase Circle with a fountain and appropriate landscape treatment.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, there seems to be anything but unanimity of opinion on the part of residents in and around this circle as to the advisability of this proposed fountain. It seems to me there is some merit in the objection that is being made to the effect that the donation of \$10,000 would put up a very meager fountain at this point. I think that rather than rushing the bill through—and I do not think there is any immediate urgency—it would be well to allow this matter to go over for a while. I will be glad to give the gentleman from New York [Mr. Bloom] the objections I have, so that he may straighten them out.

Mr. BLOOM. I will say to the gentleman that no one appeared before the committee and objected to this proposition. If it requires an additional sum, the people are willing to donate it. What we would like to do is to have this started for the bicentennial year; and if we do not get it started now, we will not be able to finish it in time.

Mr. LaGUARDIA. I am sure a \$10,000 fountain at Chevy Chase Circle will not be a very impressive monument.

Mr. BLOOM. It has to be submitted to the Fine Arts Commission, Mr. Speaker.

Mr. LaGUARDIA. I think the gentleman had better let this go over for a while. I have no personal interest in the matter except we do not want to mar the city beautiful of Washington, and this would certainly do it.

Mr. BLOOM. I will say to the gentleman that the beauty of the city could not be marred, because this has to be approved by the Fine Arts Commission, and there is no reason for any objection of that kind.

Mr. Laguardia. That is just what I want to do. I want to take it up with the Fine Arts Commission, and I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. LaGuardia]?

There was no objection.

# PORTRAIT OF FORMER PRESIDENT COOLIDGE

The Clerk called the next business on the Consent Calendar, S. J. Res. 75, a joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

Mr. PATTERSON. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

### WITHDRAWALS OF PUBLIC LANDS

The Clerk called the next bill on the Consent Calendar, H. R. 8087, a bill authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements.

Mr. STAFFORD. Mr. Speaker, this is an important bill and I ask that this go over without prejudice. The Committee on the Public Lands will have the call on Calendar Wednesday very shortly.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

### BRIDGE ACROSS FOX RIVER IN KANE COUNTY, ILL.

The Clerk called the next bill on the Consent Calendar, H. R. 8236, a bill granting the consent of Congress to the State of Illinois to reconstruct a free highway bridge across the Fox River at Geneva, in Kane County, State of Illinois.

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that this bill be recommitted to the Committee on Interstate and Foreign Commerce.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

### BRIDGE ACROSS FOX RIVER IN M'HENRY COUNTY, ILL.

The Clerk called the next bill on the Consent Calendar, H. R. 8237, a bill granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Fox River, 5½ miles south of McHenry, in McHenry County, State of Illinois.

Mr. MILLIGAN. Mr. Speaker, I make the same request as to this bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

## JURISDICTION OF WAR DEPARTMENT OF INDIAN COUNTRY

The Clerk called the next bill on the Consent Calendar, H. R. 8178, a bill to transfer certain jurisdiction from the War Department in the management of Indian country.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. There is a similar Senate bill at the desk.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the Senate bill (S. 3322) be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the provisions of section 2139 of the United States Revised Statutes, and the act of January 30, 1897 (29 Stat. 506), now section 241, title 25, United States Code, be amended so as to read as follows:

"Sec. 241. Intoxicating liquors; sale to Indians or introducing into Indian country: No ardent spirits, ale, beer, wine, or intoxicating liquor or liquors of whatever kind shall be introduced, under any pretense, into the Indian country. Every person who sells, exchanges, gives, barters, or disposes of any ardent spirits, ale, beer, wine, or intoxicating liquors of any kind to any Indian under charge of an Indian superintendent or agent, or introduces or attempts to introduce any ardent spirits, ale, wine, beer, or intoxicating liquors of any kind into the Indian country shall be punished by imprisonment for not more than two years and by fine of not more than \$300 for each offense.

"Any person who shall sell, give away, dispose of, exchange, or barter any malt, spirituous, or vinous liquor, including beer, ale, wine, or any ardent or other intoxicating liquor of any kind whatsoever, or any essence, extract, bitters, preparation, compound, composition, or any article whatsoever, under any name, label, or brand, which produces intoxication, to any Indian or ward of the Government under charge of any Indian superintendent or agent, or any Indian, including mixed bloods, over whom the Government, through its departments, exercises guardianship, and any person who shall introduce or attempt to introduce any malt, spirituous, or vinous liquor, including beer, ale, and wine, or any ardent or intoxicating liquor of any kind whatsoever into the Indian country, shall be punished by imprisonment for not less than 60 days and by a fine of not less than \$100 for the first offense and not less than \$200 for each offense thereafter: Pro-

vided, however, That the person convicted shall be committed until fine and costs are paid. But it shall be a sufficient defense to any charge of introducing or attempting to introduce ardent spirits, ale, beer, wine, or intoxicating liquors into Indian country that the acts charged were done under authority, in writing, from the Interior Department or any officer duly authorized thereunto by the Interior Department."

Mr. BLANTON. Mr. Speaker, I move to strike out the last word. I merely want to call the attention of the House to the fact that with the wet leader, the distinguished gentleman from Maryland [Mr. Linthicum], present on the floor, and also with the distinguished gentleman from New York [Mr. LaGuardia], the wet leader from the Republican side of the aisle, present on the floor, both of them vigilant, active always, one of the most drastic prohibition laws in the history of the country has come up for passage by unanimous consent. It applies, however, to the first Americans—the Indians. It prevents all kinds of liquor from being given to, sold to, or used by them.

Mr. LAGUARDIA. This was the law where I was raised,

in Arizona, 50 years ago.

Mr. BLANTON. Yes; the gentleman was raised on it, just like he was on the milk bottle, but he has gotten away from it all, except with reference to the Indians. [Laughter.]

Mr. LaGUARDIA. Prohibition has nothing to do with

Mr. BLANTON. These wet gentlemen recognize that prohibition is good for the Indians and they let it pass by unanimous consent without objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

COEUR D'ALENE AND ST. JOE NATIONAL FORESTS

The Clerk read the title of the next bill on the Consent Calendar, H. R. 6659, for the inclusion of certain lands in the Coeur d'Alene and St. Joe National Forests, in the State of Idaho, and for other purposes.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent

that this bill go over without prejudice.

There was no objection.

ACT TO AMEND SECTION 8 OF THE ACT OF JUNE 19, 1886

The Clerk read the title of the next bill on the Consent Calendar, H. R. 8875, to amend section 8 of the act of June 19, 1886, as amended by section 2 of the act of February 17, 1898 (U. S. C., title 46, sec. 289).

Mr. BOYLAN. Mr. Speaker, I object.

Mr. LaGUARDIA. I ask, Mr. Speaker, that the bill go over without prejudice.

Mr. BLANTON. I object to that.

Mr. BOYLAN. I object to the bill.

## SINGERS AND CHORISTERS

The Clerk read the title of the next bill on the Consent Calendar, H. R. 8978, to clarify the application of the contract labor provisions of the immigration laws to singers and choristers.

Mr. STAFFORD. Reserving the right to object, I am not in sympathy with the latter-day policy of keeping out artists who come here to entertain the American public.

Mr. JOHNSON of Washington. If the gentleman will examine the bill—

Mr. STAFFORD. I have examined the bill carefully.

Mr. JOHNSON of Washington. The bill is carefully written and is designed to protect singers and artists in this country.

Mr. STAFFORD. The bill would keep out many performers who have entertained Presidents.

Mr. JOHNSON of Washington. Oh, no; it protects the contract-labor provisions with regard to the arrival of talented singers, and I think it takes care of such as organizations.

Mr. STAFFORD. I ask, Mr. Speaker, that the bill go over without prejudice.

Mr. DYER. Reserving the right to object, I want to ask the gentleman from Wisconsin if he will not withdraw his objection?

Mr. STAFFORD. No.

Mr. DYER. This is for the purpose of protecting American artists in this country.

The SPEAKER. Does the gentleman from Wisconsin object?

Mr. STAFFORD. I do.

IMPROVING INLAND WATERWAY FROM NORFOLK, VA., TO BEAUFORT, N. C.

The Clerk read the title of the next bill on the Consent Calendar, H. R. 6184, for the improvement of the inland waterway from Norfolk, Va., to Beaufort Inlet, N. C.

Mr. STAFFORD. Mr. Speaker, I wish to give further consideration to this bill. Since it was last up I have made some investigation, but there is one further question I wish to investigate. I have written the Chief of Engineers in regard to the matter, and would like to have it go over for another two weeks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

BRIDGE ACROSS MISSOURI RIVER, RANDOLPH, MO.

The next business on the Consent Calendar was the bill (H. R. 8072) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I would not object to the bill if it is amended so as to limit this to a railroad bridge, in conformity with the recommendation of the Roads Bureau. This is a third extension that this promotion has had, and seemingly it has not materialized yet.

Mr. MILLIGAN. Mr. Speaker, it has not, for the reason that there have been negotiations between certain railroads out there, and they have not been able to complete those negotiations.

Mr. LaGUARDIA. I am not objecting to it as a railroad bridge, if the gentleman will accept an amendment in line 4, after the word "of," strike out the word "the" and insert "a railroad," so that it will read "construction of a railroad bridge," and so forth.

Mr. MILLIGAN. I could not agree to that without consulting the Member who introduced the bill. I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

# PRIVILEGES, RULES, AND REGULATIONS FOR CANAL ZONE

The next business on the Consent Calendar was the bill (H. R. 7518) to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, I reserve the right to object. The gentleman from California [Mr. Lea] was kind enough two weeks ago to let this matter go over. I have looked into it, and I find that as a result of existing regulations the Governor of the Panama Canal Zone has so modified the sanitary laws and the quarantine laws as to create a great deal of havoc in the policy of this Government. For instance, he has issued a regulation under the powers now vested in him, under existing law, permitting all vessels to enter the Canal Zone with a simple certificate from any local official, while the quarantine laws of the United States require a health certificate from the American consul.

In other words, any ship leaving a foreign port and coming to the United States or to any possession of the United

States must have a bill of health from the American consul. but owing to the powers given to the Governor of the Panama Canal Zone he has so changed the regulations as to have thrown into confusion the Department of State and the Department of the Treasury. The amendment which the gentleman from California was kind enough to submit to me, while at first blush seemed satisfactory, still leaves with the governor entirely too much discretion. What we desire to do is to have some sort of standard requirements for the practice of medicine in the Canal Zone. I suggest the following amendment to the gentleman from California, that in line 9 of the bill, page 2, after the word "issued," insert a colon and the following:

Provided, That all applicants for a license to practice the healing art shall qualify before a licensing board, the members of which shall be the senior medical officers of the Army, Navy, and Public Health Service on duty in the Canal Zone and one member selected by the governor.

That would establish a reasonable control, and while the territory is small, surely the gentleman from California can see the danger that might ensue if at any time we had a governor who had peculiar or fixed notions in respect to the matter of medicine or the art of healing.

Mr. LEA. The only physicians permitted to practice there at the present time, those who are licensed, are employees of the Government, outside of physicians from the Republic of Panama, who are permitted to practice in the Canal Zone.

Mr. LAGUARDIA. I do not think the bill is really nec-

essarv.

Mr. LEA. There is a board of health there. Will the gentleman be willing to let them pass on the sufficiency of the applicant? The present regulations are copied after those of the District of Columbia.

Mr. LAGUARDIA. Who is on the board of health?

Mr. LEA. I could not tell you.

Mr. LAGUARDIA. It is a governmental board of health.

Mr. LEA. Yes; it is a Canal Zone Board of Health.

Mr. LAGUARDIA. That would be satisfactory.

Mr. LEA. Then suppose we amend it so that it will read "under regulations prescribed by him," that being the President, and strike out the words "under regulations to be prescribed by the governor" and insert "the Board of Health of the Canal Zone."

Mr. LaGUARDIA. Yes. That would be satisfactory.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. With that understanding, I shall not object.

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act approved August 21, 1916 (ch. 371, 39 Stat. 527), is hereby amended to read as follows: "That, until otherwise provided by Congress, the President is authorized to make rules and regulations in matters of sanitation, health, and quarantine for the Canal Zone or to modify or change existing rules and regulations and those hereafter made from time to time: Provided, That the President may authorize the Governor of the Panama Canal to issue licenses to practice the healing art under regulations to be prescribed by the governor, which regulations shall include conditions under which such the healing art under regulations to be prescribed by the governor, which regulations shall include conditions under which such licenses shall be issued and include provisions for revocation for cause of licenses issued. Violations of any quarantine regulations provided for herein shall be punished by fine not to exceed \$500 or by imprisonment in jail not to exceed 90 days, or by both such fine and imprisonment, in the discretion of the court; and a violation of any sanitary or health regulation authorized hereunder shall be punished by a fine not to exceed \$25 or by imprisonment in jail not to exceed 30 days, or by both such fine and imprisonment, in the discretion of the court. Each day such violation may continue shall constitute a separate offense."

SEC. 2. That section 4 of the act approved August 21, 1916 (ch. 371, 39 Stat. 527), is hereby amended to read as follows:

371, 39 Stat. 527), is hereby amended to read as follows

"SEC. 4. Whoever shall be guilty of any conduct which tends to disturb the peace or the orderly administration of government, or injure the morals, safety, or health of the community, shall be punished as for a misdemeanor, except as may be otherwise specifically provided in the laws of the Canal Zone."

Sec. 3. That section 5 of said act approved August 21, 1916, is hereby amended to read as follows:

"Sec. 5. Any person who commits any act or who carries on any business, trade, or occupation in the Canal Zone without complying with the rules and regulations established by the President for the levying, assessing, and collecting of taxes, or who violates any rules or regulations for the use of the public roads and highways, or who violates any rules and regulations touching the licensing, taxes, operation, and use of self-propelled vehicles, shall be punished by fine not to exceed \$25 or by imprisonment in jail not to exceed 30 days, or by both such fine and imprisonment, in the court's discretion."

With the following committee amendment:

Strike out sections 2 and 3

The committee amendment was agreed to.

Mr. LEA. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Lea: Page 2, line 4, after the word "President," insert "under regulations prescribed by him," and after the word "the," in the same line, strike out the word "Governor" and insert "Public Health Board of the Canal Zone"; and in line 5, after the word "art," strike out the words "under regulations to be prescribed by the Governor."

The SPEAKER. The question is on agreeing to the amendments offered by the gentleman from California.

The amendments were agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

### AMENDING THE PENAL CODE OF THE CANAL ZONE

The Clerk called the next bill on the Consent Calendar. H. R. 7519, to amend the Penal Code of the Canal Zone.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object-of course, I shall not object-I simply want to confess I have not had time to study the bill carefully and therefore I am disqualified to pass judgment upon it.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, as this and the next bill provide for the criminal procedure applicable to the Canal Zone and as they are quite lengthy, I thought it might be practicable if both bills be passed over temporarily, to be taken up later in the after-

Mr. COLLINS. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. COLLINS. I think it would be well for the gentleman from California [Mr. Lea] to state who prepared these codifications of laws. There are other similar bills that will be reached soon on the calendar.

Mr. LEA. I gave a full statement to the House at the session two weeks ago, explaining somewhat in detail the way in which this codification was prepared. A special codifier was employed, furnished by the West Publishing Co. He went to Panama and studied these measures for 15 months. As a committee working with him were the district judge of the Canal Zone and also the district attorney. Subsequently the bills were studied and revised by a committee of eight, appointed by the governor. Then, subsequent to that, the bar association studied them.

Mr. COLLINS. Who composed that committee of eight? Mr. LEA. They were appointees of the governor and employees of the Canal Zone. Of course, all American citizens there are employees. Six of those men were lawyers, members of that committee. In addition to that the bar association made a study of them, and also the Metal Trades Council appointed a committee which made a study of the bills after they were printed. All agree that they would prefer to have the bills passed as they are. Some of them preferred changes, but, taking these measures as they are, all persons interested in the zone preferred to have the bills passed rather than have any delay.

Mr. COLLINS. Has the gentleman the changes that were suggested?

Mr. LEA. Yes; the changes are set forth more or less in detail in the report, but in the main they are a revision of the existing law, except the Civil Code, which is a new code.

Mr. COLLINS. What has the commission done on this situation? The administration of the civil laws of the Canal Zone is under the War Department. The War Department recommends the judge, the district attorney, and the other court officers. I believe the administration of civil justice on the Canal Zone ought to be under the jurisdiction of officials responsible to civilian authority.

Mr. LEA. The President now has authority to place it under the Attorney General, and the governor and the Secretary of War have agreed that shall be done. We contemplated offering legislation covering that matter, but inasmuch as the President has the power already, and the governor has consented to this exercise, as well as the Secretary of War, we concluded to dispose of it in that way.

Mr. COLLINS. There is nothing in these codification bills that might be regarded as a continuation of the old

system, is there?

Mr. LEA. Not in that respect. We have already passed a bill which more or less radically changes the judicial system, and we tried to give the judge more independence than he has ever had before. We have placed the marshal and the district attorney under the direct appointment of the President.

Mr. COLLINS. Who recommends the appointment of the judge, the district attorney, and the marshal under the new system?

Mr. LEA. The Attorney General would recommend the appointment as soon as that system is made the order.

Mr. STAFFORD. Mr. Speaker, under reservation of objection, if it is the wish of the gentleman from California to go ahead with this and the next bill at the present time, I have no objection. I thought it would expedite consideration of the bills finally if we passed over these two revision bills temporarily.

Mr. LEA. Mr. Speaker, after the passage of this bill, if it is passed. I will ask unanimous consent that we dispense with the reading of the two large codes to follow in order to save time. I would say to the Speaker that one of these codes involves over 500 pages, and it would manifestly be

hard to read to-day. Mr. STAFFORD. Will the gentleman yield?

Mr. LEA. I yield.

Mr. STAFFORD. I have examined somewhat carefully the bill at present under consideration, and the following bill providing, respectively, for the codification of the Penal Code and of the Code of Criminal Procedure, but I have not examined the two lengthy bills following, and I am going to ask unanimous consent to have those two following bills passed over without prejudice. These two I am ready to have disposed of at the present time.

Mr. LEA. Well, I would not object to that.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., that section 1 of the Penal Code of the Canal Zone is hereby amended to read as follows:
"Section 1. That this act shall hereafter be known as the 'Criminal Code of the Canal Zone.'"
Sec. 2. That section 4 of the Penal Code of the Canal Zone

SEC. 2. That section 4 of the Penal Code of the Canal Zone is hereby repealed.

SEC. 3. That section 6 of the Penal Code of the Canal Zone is hereby repealed.

SEC. 4a. That section 14 of the Penal Code is hereby amended

to read as follows:
"Sec. 14. As to all offenses included in this code, a felony is a crime which is punishable with death or by imprisonment in the penitentiary. Every other crime is a misdemeanor. When a crime punishable by imprisonment in the penitentiary is also punishable by fine or imprisonment in jail, in the discretion of the court, it shall be deemed a misdemeanor for all purposes after a judgment imposing a punishment other than imprisonment in the penitentiary.

"As to all offenses against the general laws of the United States applicable to the Canal Zone, a felony is a crime which may be punished by death or imprisonment for a term exceeding one year, and all other such offenses shall be deemed misdemeanors."

meanors.

SEC. 5. That section 15 of the Penal Code is hereby amended

to read as follows:

"Sec. 15. Except in cases where a different punishment is prescribed by law, every offense declared to be a felony is punishable by imprisonment in the penitentiary not exceeding five years or by a fine not exceeding \$5,000, or by both such fine and imprisonment."

SEC. 6. That section 16 of the Penal Code of the Canal Zone is hereby amended to read as follows:

4 25

"SEC. 16. Except in cases where a different punishment is pre-scribed by law, every offense declared to be a misdemeanor is punishable by imprisonment in jail not exceeding 30 days or by a fine not exceeding \$100, or by both."

SEC. 7. That section 20 of the Penal Code of the Canal Zone is

hereby repealed.

SEC. 8. That Title II of the Penal Code of the Canal Zone is

hereby amended by inserting therein after section 23 a new section numbered 23a to read as follows:

"SEC. 23a. The district court of the Canal Zone, in exercise of its original jurisdiction of criminal actions, when it shall appear to the satisfaction of the court that the ends of justice and the to the satisfaction of the court that the ends of justice and the best interests of the public, as well as the defendant, will be subserved thereby, shall have power, after conviction or after a plea of guilty for any crime or offense not punishable by death or life imprisonment, to suspend the imposition or execution of sentence and to place the defendant upon probation for such period and upon such terms and conditions as the court deems best; or the court may impose a fine and may also place the defendant upon probation in the manner aforesaid. The court may revoke or modify any condition of probation, or may change the period of probation. The period of probation, together with any extension thereof, shall not exceed five years.

"While on probation the defendant may be required to pay in one or several sums a fine imposed at the time of being placed on probation and may also be required to make restitution or reparation to the aggrieved party or parties for actual damages or loss caused by the offense for which conviction was had, and may also be required to provide for the support of any person or persons for whose support he is legally responsible."

SEC. 9. That section 26 of the Penal Code of the Canal Zone is heareby amended to read as follows:

hereby amended to read as follows:

"Sec. 26. A sentence of imprisonment in jail, when imposed, may be executed by confinement in any jail of the Canal Zone."

Sec. 10. That section 29 of the Penal Code of the Canal Zone

sec. 10. That section 29 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 29. Whenever any person is declared punishable for a crime by imprisonment in the penitentiary for a term not less than any specified number of years, and no limit of the duration of such imprisonment is declared, the court authorized to pronounce judgment upon such conviction may, in its discretion, sentence such offender to imprisonment for any number of years. sentence such offender to imprisonment for any number of years not less than that prescribed."

SEC. 11. That subdivision 2 of section 34 of the Penal Code of the Canal Zone is hereby amended to read as follows:
"2. All who commit any offense without the Canal Zone which, if committed within the Canal Zone, would be larceny, robbery, or embezzlement under the laws of the Canal Zone, and bring the property stolen or embezzled, or any part of it, or are found with it, or any part of it, within the Canal Zone."

SEC. 12. That section 37 of the Penal Code is hereby amended by adding, after the word "court" in sentence 2, the words "or

SEC. 13. That Title III of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 43 a new sec-tion numbered 43a to read as follows:

"Sec. 43a. The Postal Laws and Regulations of the United States, not locally inapplicable, which define crimes against the Postal Service, and prescribe punishments therefor, are hereby extended to the Canal Zone and shall be enforceable in the courts of the Canal Zone in the manner and form prescribed for other criminal cases by the Canal Zone laws."

Canal Zone in the manner and form prescribed for other criminal cases by the Canal Zone laws."

SEC. 14. That the word "intent" in section 44 of the Penal Code is hereby amended to read "attempt."

SEC. 15. That section 49 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 49. The right of self-defense in no case extends to the infliction of more harm than is necessary for the purpose of defense."

defense."

SEC. 16. That the word "magistrate" in sections 58, 59, and 60 shall hereafter be deemed to refer to the magistrates authorized by section 7 of the Panama Canal act, approved August 24, 1912, as amended.

SEC. 16a. That Title VIII of the Penal Code of the Canal Zone

SEC. 16a. That Title VIII of the Penal Code of the Canal Zone is hereby amended by inserting therein, preceding section 75, a new section numbered 74a, to read as follows:

"SEC. 74a. The words 'executive office' as used in this title shall be construed to mean such offices as are occupied and administered by the Governor of the Panama Canal and the heads of the various departments or divisions of the Panama Canal and the Panama Railroad Co., and the words 'executive officer' to mean the Governor of the Panama Canal and the heads of the various departments or divisions of the Panama Canal and the Panama Railroad Co."

SEC. 17. That section 79 of the Penal Code of the Canal Zone

Panama Raliroad Co."

Sec. 17. That section 79 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 79. Every executive or ministerial officer who knowingly asks or receives any emolument, gratuity, or reward, or any promise thereof, excepting such as may be authorized by law, for doing any official act, is guilty of a felony."

Sec. 17a. That section 80 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 80 No officer or agent of any corporation joint-stock

"Sec. 80. No officer or agent of any corporation, joint-stock company, or association, and no member or agent of any firm, or person directly or indirectly interested in the pecuniary profits or contracts of such corporation, joint-stock company, association,

or firm, shall be employed or shall act as an officer or agent of the United States, the Panama Canal, or the Panama Railroad

the United States, the Panama Canal, or the Panama Railroad Co., for the transaction of business with such corporation, joint-stock company, association, or firm. Whoever shall violate the provisions of this section shall be fined not more than \$2,000 and imprisoned in the penitentiary not more than two years."

SEC. 18. That section 83 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 83. Every public officer who, for any gratuity or reward, appoints another person to a public office, or permits another person to exercise or discharge any of the duties of his office, is guilty of a felony, and in addition thereto forfeits his office, and is forever disqualified from holding any office in the Government of the Canal Zone." the Canal Zone.

of the Canal Zone."

Sec. 19. That section 89, section 90, section 91, section 92, and section 93 of the Penal Code of the Canal Zone, defining under Title IX crimes against the legislative power, are hereby repealed. Sec. 20. That section 94 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 94. Every person who gives or offers to give a bribe to any judicial officer, juror, referee, arbitrator, or umpire, or to any person who may be authorized by law to hear or determine any question or controversy, with intent to influence his vote, opinion, or decision upon any matter or question which is brought before or decision upon any matter or question which is brought before him for a decision, is punishable by imprisonment in the penitentiary not more than 10 years."

SEC. 21. That section 95 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 25. From typical"

is hereby amended to read as follows:

"SEC. 95. Every judicial officer, juror, referee, arbitrator, or umpire, and every person authorized by law to hear or determine any question or controversy, who asks, receives, or agrees to receive, any bribe, upon any agreement or understanding that his vote, opinion, or decision upon any matter or question which is or may be brought before him for decision, shall be influenced thereby, is punishable by imprisonment in the penitentiary not more than 10 years."

SEC. 22. That section 96 of the Penal Code of the Canal Zone

SEC. 22. That section 96 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 96. Every judicial officer who asks or receives any emolument, gratuity, or reward, or any promise thereof, except such as may be authorized by law, for doing an official act, is guilty of a felony."

SEC. 23. That section 98 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 98. Every person who corruptly attempts to influence a juror, or any person summoned or drawn as a juror, or chosen as an arbitrator, or umpire, or appointed a referee, in respect to his verdict in, or decision of any cause, or proceeding, pending, or about to be brought before him, either:

"1. By means of any communication, oral or written, had with him except in the regular course of proceedings;

"2. By means of any book, paper, or instrument exhibited, otherwise than in the regular course of proceedings;

"3. By means of any threat, intimidation, persuasion, or

entreaty; or,

"4. By means of any promise, or assurance of any pecuniary or other advantage;

"Is punishable by a fine not exceeding \$5,000, or by imprisonment in the penitentiary not exceeding five years."

SEC. 24. That section 99 of the Penal Code of the Canal Zone is hereby amended to read as follows:

Sec. 99. Every juror, or person drawn or summoned as a juror, or chosen abitrator or umpire, or appointed referee, who either:
"1. Makes any promise or agreement to give a verdict or de-

"2. Willfully and corruptly permits any communication to be made to him, or receives any book, paper, instrument, or information relating to any cause or matter pending before him, except according to the regular course of proceedings, is punishable by fine not exceeding \$5,000, or by imprisonment in the penitentiary not exceeding five years."

SEC. 25. That section 102 of the Penal Code of the Canal Zone

SEC. 25. That section 102 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 102. Every person, not an officer referred to in the preceding section, who is guilty of any of the acts specified in that section, is punishable by imprisonment either in the penitentiary not exceeding five years, or in jail not exceeding one year, or by a fine not exceeding \$1,000, or both such fine and imprisonment."

SEC. 26. That Chapter II of Title X of the Penal Code of the

Canal Zone is hereby amended by inserting therein after section 103 a new section numbered 103a to read as follows:

"Sec. 103a. Every person who adds any names to the list of persons selected to serve as jurors, either by placing the same in the jury box, or otherwise, or extracts any name therefrom, or destroys the jury box or any of the pieces of paper containing the names of jurors, or mutilates or defaces such names so that the same can not be read, or changes such names on the pieces of

paper, except in cases allowed by law, is guilty of a felony."

SEC. 27. That Chapter II of Title X of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 103a a new section numbered 103b, to read as follows:

"SEC. 103b. Every officer or person required by law to certify to the list of persons selected as jurors who maliciously, corruptly, or willfully certifies to a false or incorrect list, or a list containing other names than those selected, or who, being required by law to write down the names placed on the certified lists on separate pieces of paper, does not write down and place in the jury box the same names that are on the certified list,

and no more and no less than are on such list, is guilty of a felony.

SEC. 28. That Chapter III of Title X of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 104 a new section numbered 104a to read as follows:

"SEC. 104a. Any person who, in any affidavit taken before any person authorized to administer oaths, swears, affirms, declares, deposes, or certifies that he will testify, declare, depose, or certify before any competent tribunal, officer, or person, in any case then pending or thereafter to be instituted, in any particular manner, or to any particular fact, and in such affidavit willfully and contrary to such oath states as true any material matter which he knows to be false, is guilty of perjury. In any prosecution under this section, the subsequent testimony of such person, in any action involving the matters in such affidavit contained, which is contrary to any of the matters in such affidavit contained, shall be prima facie evidence that the matters in such affidavit were false."

SEC. 29. That section 110 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 110. Perjury is punishable by imprisonment in the penitentiary for a term not exceeding 10 years."

SEC. 30. That section 113 of the Penal Code of the Canal Zone

SEC. 30. That section 113 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 113. Every person who practices any fraud or deceit, or knowingly makes or exhibits any false statement, representation, token, or writing, to any witness, or person about to be called as a witness upon any trial, proceeding, inquiry, or investigation whatever authorized by law, with intent to affect the testimony of such witness, is guilty of a felony."

SEC. 31. That section 115 of the Penal Code of the Canal Zone is hereby amended to read as follows:

skt. 31. That section 115 of the Fenal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 115. Every person who, knowing that any book, paper, record, instrument in writing or other matter or thing, is about to be produced in evidence upon any trial, inquiry, or investigation whatever authorized by law, willfully destroys or conceals the same, with intent thereby to prevent it from being produced, is guilty of a felony." is guilty of a felony.

SEC. 32. That section 116 of the Penal Code of the Canal Zone

"SEC. 116. Every person who willfully prevents or dissuades any person who is or may become a witness from attending upon any trial, proceeding, or inquiry authorized by law is guilty of a felony.

SEC. 33. That section 122 of the Penal Code of the Canal Zone

is hereby amended to read as follows:
"Sec. 122. Every officer, warden or jailer, or guard who is guilty of willful inhumanity toward any prisoner under his care or in his custody is punishable by imprisonment in jail not exceeding one year or by a fine not exceeding \$2,000, or by both such fine and imprisonment, and by removal from office."

SEC. 34. That section 123 of the Penal Code of the Canal Zone

and imprisonment, and by removal from office."

SEC. 34. That section 123 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 123. Every person who willfully resists, delays, or obstructs any public officer in the discharge, or attempt to discharge any duty of his office, when no other punishment is prescribed, is punishable by fine not exceeding \$5,000 or imprisonment in jail not exceeding one year, or by both such fine and imprisonment."

SEC. 35. That section 124 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 124. Every public officer who, under color of authority, without lawful necessity, assaults, wrongs, oppresses, or beats any person is guilty of a felony."

SEC. 36. That section 127 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 127. Every debtor who fraudulently removes his property or effects beyond the jurisdiction of the courts, or faudulently sells, conveys, assigns, or conceals his property, with intent to defraud, hinder, or delay his creditors of their rights, claims, or demands is punishable by imprisonment in the penitentiary not exceeding one year or by a fine not exceeding \$5,000, or by both."

SEC. 37. That section 131 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 131. A person guilty of misbehavior in the presence of the case of the ca

nereby amended to read as follows:

"SEC. 131. A person guilty of misbehavior in the presence of or so near a court, judge, or magistrate as to obstruct the administration of justice, including the refusal of a person present in court to be sworn as a witness or to answer as a witness when lawfully required, shall be guilty of contempt, which the court may punish summarily by imprisonment in jail not exceeding 10 days or by fine not exceeding \$100, or by both such fine and imprisonment."

SEC. 38. That the Penal Code of the Canal Zone is hereby amended by inserting section 131a, to read as follows:

"Sec. 131a. A person guilty of any of the following acts may be punished as for contempt:

"1. Disobedience of or resistance to a lawful writ, process, order,

"1. Disobedience of or resistance to a lawful writ, process, order, judgment, or command of the district or a magistrate's court, or injunction granted by the district court or judge;

"2. Misbehavior of an officer of a court in the performance of his official duties, or in his official transactions;

"3. A failure to obey a subpœna duly served;

"4. The rescue, or attempted rescue, of a person or property in the custody of an officer by virtue of an order or process of a court held by him."

SEC. 39. That the Penal Code of the Canal Zone is hereby amended by inserting section 131b, to read as follows:

"SEC. 131b. The court shall determine whether the accused is guilty of contempt, and, if he be adjudged guilty, he may be fined

not exceeding \$100 or imprisoned not more than 10 days, or both. If the contempt consists in the violation of an injunction, the person guilty of such contempt may also be ordered to make complete restitution to the party injured by such violation."

Sec. 40. That section 132 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 132. Every public officer authorized by law to make or give any certificate or other writing who makes and delivers as true any such certificate or writing containing statements which he knows to be false is guilty of a felony."

Sec. 41. That section 133 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 133. Every district attorney, clerk, judge, or other officer who, except by issuing or in executing a warrant of arrest, willfully discloses the facts of a presentment or information having been made for a felony until the defendant has been arrested is guilty of a felony." guilty of a felony."

SEC. 42. That section 135 of the Penal Code of the Canal Zone is

hereby amended to read as follows:

"Sec. 135. Every captain, master of a vessel, or other person who willfully imports, brings, or sends, or causes or procures to be who willfully imports, brings, or sends, or causes or procures to be brought or sent into the Canal Zone, any person who is a foreign convict of any crime which, if committed within the Canal Zone, would be punishable as a felony, or who is delivered or sent to him from any prison or place of confinement in any place without the Canal Zone, is guilty of a felony, and every person so landing shall also be guilty of a felony."

SEC. 43. That section 136 of the Penal Code of the Canal Zone is hereby amended by adding after the word "imprisonment," in subsection 3 thereof, the words "in the penitentiary."

SEC. 44. That section 137 of the Penal Code of the Canal Zone is hereby amended to read as follows:

SEC. 44. That section 137 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 137. Every person who willfully injures or destroys, or takes or attempts to take, or assists any person in taking or attempting to take, from the custody of any officer or person, any personal property which such officer or person has in charge under any process of law is guilty of a felony."

"SEC. 45. That Chapter V of Title X of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 141 a new section No. 141a to read as follows:

"SEC. 141a. Any person who willfully assists any inmate of a hospital of the Government of the Canal Zone to escape, or in an attempt to escape therefrom, is guilty of a misdemeanor."

SEC. 46. That section 142 of the Penal Code of the Canal Zone is hereby amended to read as follows:

hereby amended to read as follows:

"Sec. 142. Every officer or person to whom a writ of habeas corpus may be directed who, after service thereof, neglects or refuses to obey the command thereof, is guilty of a felony."

Sec. 47. That section 143 of the Penal Code of the Canal Zone is

SEC. 47. That section 143 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 143. Every person who, either solely or as a member of a court, knowingly and unlawfully recommits, imprisons, or restrains of his liberty, for the same cause, any person who has been discharged upon a writ of habeas corpus, is guilty of a felony."

Sec. 48. That section 144 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 144 Every person heritage has custody or under his

is hereby amended to read as follows:

"SEC. 144. Every person having in his custody, or under his restraint or power, any person for whose relief a writ of habeas corpus has been issued, who, with intent to elude the service of such writ, or to avoid the effect thereof, transfers such person to the custody of another, or places him under the power or control of another, or conceals or changes the place of confinement or restraint, or removes him without the jurisdiction of the court or judge issuing the writ, is guilty of a felony."

SEC. 49. That chapter 5 of Title X of the Penal Code of the Canal Zone is hereby amended by adding thereto the following sections:

sections:
"145a. Every attorney who, whether as attorney or as counselor,

"1. Is guilty of any deceit or collusion, or consents to any deceit or collusion, with intent to deceive the court or any

Willfully delays his client's suit with a view to his own

"2. Willfully delays his client's suit with a view to his own gain; or
"3. Willfully receives any money or allowance for or on account of any money which he has not laid out or become answerable for, is guilty of a felony.

"145b. Every attorney who, either directly or indirectly, buys or is interested in buying any evidence of debt or thing in action, with intent to bring suit thereon, is guilty of a felony.

"145c. Any person other than one regularly admitted to the bar of the district court of the Canal Zone who advertises or represents himself as practicing or entitled to practice law in any court of the Canal Zone, other than for himself, is guilty of a misdemeanor."

SEC. 50. That section 148 of the Penal Code of the Canal Zone

SEC. 50. That section 148 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 148. Murder which is perpetrated by means of poison, lying in wait, torture, or by other willful, deliberate, or premeditated act or acts, or which is committed in the perpetration or attempt to perpetrate arson, rape, robbery, burglary, or mayhem is murder of the first degree, and all other kinds of murders are of the second degree."

Sec. 50a. That section 162 of the Penal Code of the Canal Zone is hereby amended to read as follows:

is hereby amended to read as follows:
"SEC. 162. Kidnaping is punishable by imprisonment in the penitentiary not more than 50 years."

SEC. 50b. That section 168 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

is hereby amended to read as follows:

"Sec. 163. Every person who maliciously, forcibly, or fraudulently takes or entices away any child under the age of 12 years, with intent to detain and conceal such child from its parent, guardian, or other person having the lawful charge of such child, is punishable by imprisonment in the penitentiary for not more than 50 years."

Sec. 50c. That section 164 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

"Sec. 164. Every person who, with intent to kill, administers, or causes or procures to be administered to another, any poison or other noxious or destructive substance or liquid, but by which death is not caused, is punishable by imprisonment in the penitentiary not more than 20 years."

Src. 50d. That section 165 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Szc. 165. Every person who assaults another with intent to commit murder is punishable by imprisonment in the penitentiary not more than 20 years."

Szc. 50c. That section 166 of the Penal Code of the Canal Zone

SEC. 50e. That section 166 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 166. Every person who shall unlawfully throw out a switch, remove a rail, or place any obstruction on any railroad, tramway, or electric railway, with the intent of derailing any passenger, freight, or other car, or who shall unlawfully board any passenger train with intent of robbing the same, or who shall unlawfully train with intent of robbing the same, or who shall unlawfully place any dynamite or any other explosive material or any obstruction on the track of any railroad, tramway, or electric railway, with the intent of blowing up or derailing any passenger, freight, or other car, or who shall unlawfully set afire to any railroad, tramway, or electric railway, bridge or trestle, over which any passenger, freight, or other car must pass, with intent of wrecking said car, upon conviction thereof shall be adjudged guilty of a felony, and shall be punishable by imprisonment in the penitentiary for not more than 40 years."

Sec. 51. That section 167 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 167. Every physician who, in a state of intoxication, does

"Sec. 167. Every physician who, in a state of intoxication, does any act as such physician to another person by which the life of such other person is endangered, is guilty of a felony."

Sec. 51a. That section 168 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 168. Every person who willfully mingles any poison with any food, drink, or medicine, with intent that the same shall be taken by any human being, to his injury, and every person who willfully poisons any spring, well, or reservoir of water, is punishable by imprisonment in the penitentiary for a term not more than 20 years."

SEC. 51b. That section 169 of the Penal Code of the Canal Zone

is hereby amended to read as follows:
"Sec. 169. Every person who assaults another with intent to commit rape, the infamous crime against nature, mayhem, robbery, or grand larceny is punishable by imprisonment in the penitentiary not more than 14 years."

SEC. 51c. That section 182 of the Penal Code of the Canal Zone is hereby amended to read as follows:

is hereby amended to read as follows:

"SEC. 182. Every person who willfully and maliciously places or throws, or causes to be placed or thrown, upon the person of another any vitriol, corrosive acid, or caustic chemical of any nature with the intent to injure the flesh or disfigure the body of such person is punishable by imprisonment in the penitentiary not more than 14 years."

SEC. 52. That section 188 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 188. False imprisonment is punishable by fine not exceed-

"SEC. 188. False imprisonment is punishable by fine not exceeding \$5,000, or by imprisonment in the penitentiary not more than one year, or both."

SEC. 53. That section 190 of the Penal Code of the Canal Zone is hereby amended to read as follows:
"Sec. 190. Every person who willfully and with a malicious intent to injure another publishes or procures to be published any libel is punishable by a fine not exceeding \$5,000, or imprisonment in the penitentiary not exceeding one year."

SEC. 54. That section 192 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 192. In all criminal prosecutions for libel the truth may be given in evidence to the jury, and if it appears to the jury that the matter charged as libelous is true and was published with good motives and for justifiable ends the party shall be acquitted."

SEC. 55. That section 198 of the Penal Code of the Canal Zone

SEC. 55. That section 198 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 193. Every person who threatens another to publish a libel concerning him, or any parent, husband, wife, or child of such person or member of his family, and every person who offers to prevent the publication of any libel upon another person, with intent to extort any money or other valuable consideration from any person, is guilty of a felony."

SEC. 56. That section 204 of the Penal Code of the Canal Zone is bareby amended to read as follows:

is hereby amended to read as follows:

"SEC. 204. Rape is punishable by imprisonment in the penitentiary not more than 50 years, except where the offense is under subdivision 1 of section 201 of the Penal Code, in which case the punishment shall be either by imprisonment in jail for not more than 1 year or in the penitentiary for not more than 50 years, and in such case the jury shall recommend by their verdict whether the punishment shall be by imprisonment in jail or in the penitentiary; provided that when the defendant pleads guilty of an offense under subdivision 1 of section 201 of the Penal Code the punishment shall be in the discretion of the trial court, either by imprisonment in jail for not more than 1 year or in the penitentiary for not more than 50 years."

SEC. 56a. That section 205 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

"SEC. 205. Every person who takes any woman unlawfully, again her will, and by force, menace, or duress, compels her to marry him, or to marry any other person, or to be defiled, is punishable by imprisonment in the penitentiary not more than 14 vears.

SEC. 56b. That section 211 of the Penal Code of the Canal Zone

is hereby amended to read as follows:
"Sec. 211. Every person who provides, supplies, or administers to any pregnant woman, or procures any such woman to take any medicine, drug or substance, or uses or employs any instrument or other means whatever, with intent thereby to procure the miscarriage of such woman, unless the same is necessary to preserve her life, is punishable by imprisonment in the penitentiary not more than five years."

Sec. 56c. That section 212 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 212. Every woman who solicits of any person any medicine, drug, or substance whatever, and takes the same, or who submits to any operation, or to the use of any means whatever, with intent thereby to procure a miscarriage, unless the same is necessary to preserve her life, is punishable by imprisonment in the penitentiary not more than five years." SEC. 56cc. That section 213 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

"Sec. 213. Every person who willfully writes, composes, or publishes any notice or advertisement of any medicine or means for producing or facilitating a miscarriage or abortion, or who offers his services by any notice, advertisement, or otherwise, to assist in the accomplishment of any such purpose, is guilty of a felony: Provided, That nothing in the laws applicable to the Canal Zone shall be construed to forbid regular physicians from giving contraceptive information to their patients in the regular course of practice or to make nonmailable standard medical works, standard medical and scientific journals and reprints therefrom which contain information with reference to the preventing of conception."

SEC. 56d. That section 218 of the Penal Code of the Canal Zone

SEC. 56d. That section 218 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 218. Bigamy is punishable as a felony."

SEC. 57. That section 220 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 220. Persons being within the degrees of consanguinity within which marriages are declared by this section to be incestuous, who intermarry with each other, or who commit fornication or adultery with each other, are punishable by imprisonment in the penitentiary not exceeding 10 years. Marriages between parents and children, ancestors and descendants of every degree, and between brothers and sisters of the half as well as the whole blood. between brothers and sisters of the half as well as the whole blood, and between uncles and nieces, or aunts and nephews, are incestuous, whether the relationship is legitimate or illegitimate."

SEC. 58. That section 221 and section 222 of the Penal Code of the Canal Zone are hereby repealed.

SEC. 59. That chapter V of title XII of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 223 a new section, No. 223a, to read as follows:

"SEC. 223a. Any person who shall willfully and lewdly commit any lewd or lascivious act other than the acts constituting other crimes provided for in this code upon or with the body, or any part or member thereof, of a child under the age of 13 years, with the intent of arousing, appealing to, or gratifying the lust or passions or sexual desires of such person or of such child, shall be guilty of a felony and shall be imprisoned in the penitentiary for a term not exceeding 10 years."

Sec. 60. That section 227 of the Penal Code of the Canal Zone is hereby semended to read as follows:

is hereby amended to read as follows:

"SEC. 227. Every person who shall bury or inter, or cause to be buried or interred, the dead body of any human being, or any human remains, in any place other than in a cemetery or place of burial now existing under the laws of the Canal Zone, and in which interments have been made or that is now or may hereafter be established or organized, except with the permission of the Governor of the Panama Canal, shall be guilty of a misdemeanor."

SEC. 61. That section 229 of the Penal Code of the Canal Zone is

hereby amended to read as follows:

"SEC. 229. Every person who is authorized or enjoined to arrest any person for a violation of subdivision 3 of the preceding sec-tion is equally authorized and enjoined to seize any obscene or tion is equally authorized and enjoined to seize any obscene or indecent writing, paper, book, picture, print, or figure found in possession or under the control of the person so arrested, and to deliver the same to the magistrate before whom the person so arrested is required to be taken."

SEC. 62. That section 230 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 230 The magistrate to the control of the canal Zone is the con

SEC. 230. The magistrate to whom any obscene or indecent writing, paper, book, picture, print, or figure is delivered, pursuant to the foregoing section, must, upon the examination of the accused, or if the examination is delayed or prevented, without awaiting such examination, determine the character of such writ-

ing, paper, book, picture, print, or figure, and if he finds it to be obscene or indecent, he must deliver one copy to the district

SEC. 63. That section 235 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 235. Whoever, through invitation or device, prevails upon any person to visit any room, building, or other places kept for the purposes of prostitution is guilty of a misdemeanor; and upon conviction thereof shall be imprisoned in jail not exceeding six months, or fined not exceeding \$500, or be punished by both such fine and imprisonment." fine and imprisonment."

fine and imprisonment."

SEC. 64. That sections 236 to 241, inclusive, of the Penal Code of the Canal Zone, are hereby repealed.

SEC. 65. That section 243 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 243. Every member of a partnership who commits any fraud upon the other members in the affairs of the partnership is punishable by imprisonment in the penitentiary for not more than five years."

SEC. 66. That section 244 of the Penal Code of the Canal Zone is hereby amended to read as follows:

sec. 66. That section 247 of the Fenal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 244. Every person guilty of any harsh, cruel, or unkind treatment of, or any neglect of duty toward any idiot, lunatic, or insane person is guilty of a felony."

Sec. 67. That section 245 of the Penal Code of the Canal Zone

sec. 67. That section 245 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 245. Every person who makes, issues, or puts in circulation any bill, check, ticket, certificate, promissory note, or the paper of any bank, to c'rculate as money, except as authorized by the laws of the United States or the Canal Zone, is guilty of a

SEC. 67a. That section 248 of the Penal Code of the Canal Zone

SEC. 67a. That section 248 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 248. Every person having charge of any steam boiler or steam engine, or other apparatus for generating or employing steam used in any manufactory or on any railroad or in any vessel or in any kind of mechanical work who willfully or from ignorance or neglect creates, or allows to be created, such an undue quantity of steam as to burst or break the boiler, engine, or apparatus, or to cause any other accident whereby the death of a human being is produced is punishable by imprisonment in the penitentiary for not more than 10 years."

SEC. 67b. That section 250 of the Penal Code of the Canal Zone is hereby amended to read as follows:

is hereby amended to read as follows:

"SEC. 250. Every conductor, engineer, brakeman, switchman, or other person having charge, wholly or in part, of any railroad car, locomotive, or train which is used as a common carrier who willfully or negligently suffers or causes the same to collide with another car, locomotive, or train, or with any other object or thing whereby the death of a human being is produced, is punishable by imprisonment in the penitentiary not more than 10 years."

SEC. 68. That Title XIII of the Penal Code of the Canal Zone

section, numbered 250a, to read as follows:

"Sec. 250a. Whenever an automobile, motor cycle, or other motor vehicle, or any vehicle whatsoever, regardless of the power by which the same may be propelled or drawn, strikes any person, by which the same may be propelled or drawn, strikes any person, or collides with any vehicle containing a person, the driver of, and all persons in, such automobile, motor cycle, or other motor vehicle, or other vehicle, who have or assume authority over such driver, shall immediately cause such automobile, motor cycle, or other motor vehicle, or other vehicle, to stop and shall render to the person struck, or to the occupants of the vehicle collided with, all necessary assistance, including the carrying of such person or occupant to a physician or surgeon for medical or surgical treatment. If such treatment be required or if such carrying is rement, if such treatment be required, or if such carrying is requested by the person struck or the occupant of the vehicle struck; and such driver, and person having or assuming authority over such driver, shall further remain at the scene of the accident until the arrival of the police authorities or shall communicate without delay to the person police authorities a full report of the without delay to the nearest police authorities a full report of the

without delay to the nearest police authorities a full report of the accident.

"Any person violating any of the provisions of this section is punishable by imprisonment in the penitentiary not exceeding five years or in jall not exceeding one year, or by fine not exceeding \$5,000, or by both such fine and imprisonment."

SEC. 69. That Title XIII of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 250a a new

section, numbered 250b, to read as follows:

"SEC. 250b. Any person operating or driving an automobile, motor cycle, or other motor vehicle who becomes or is intoxicated while so engaged in operating or driving such automobile, motor cycle, or other motor vehicle shall be guilty of a misdemeanor."

SEC. 70. That Title XIII of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 250b a new

section, numbered 250c, to read as follows:

"Sec. 250c. Any person operating or driving an automobile, motor cycle, or other motor vehicle who becomes or is intoxicated while so engaged in operating or driving such automobile, motor cycle, or other motor vehicle, and who by reason of such intoxication does any act, or neglects any duty imposed by law, which act or neglect of duty causes the death of, or bodily injury to, any person, shall be punishable by imprisonment in the penitentiary not exceeding 10 years, or in jail not exceeding 1 year, or by fine not exceeding \$500, or by both such fine and imprisonment."

Szc. 71. That section 255 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 255. Every person who makes or keeps on the zone or transports on or across the zone more than 5 pounds of gunpowder, nitroglycerin, or other highly explosive substance without a permit from the governor so to do is guilty of a misde-

meanor."

SEC. 72. That section 258 of the Penal Code of the Canal Zone

SEC. 72. That section 258 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 258. Any person who places in bales, bags, boxes, barrels, or other packages of sugar, tobacco, coffee, rice, or other goods usually sold in bales, bags, boxes, barrels, or other packages, by weight or otherwise, and conceals therein anything whatever for the purposes of increasing the weight or measurement of such that there have been been as the readers with intent thereby bales, bags, boxes, barrels, or other packages, with intent thereby to sell the goods therein, or to enable another to sell the same for an increased weight or measurement, is guilty of a misdemeanor."

SEC. 73. That section 269 of the Penal Code of the Canal Zone

is hereby repealed.

SEC. 74. That section 270 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 270. If the owner of a ferocious, vicious, or mischievous animal, knowing its propensities, willfully suffers it to go at large, or keeps it without ordinary care, and such animal, while so at large, or while not kept with ordinary care, kills any human being who has taken all the precautions which the circumstances permitted, or which a reasonable person would ordinarily take in the same situation, such owner is guilty of a felony."

SEC. 75. That Title XIII of the Penal Code of the Canal Zone

is hereby amended by inserting therein a new section, No. 270a, to read as follows:

read as follows:

"SEC. 270a. If the owner of a ferocious, vicious, or mischievous animal, knowing its propensities, willfully suffers it to go at large, or keeps it without ordinary care, and such animal, while so at large, or while not kept with ordinary care, attacks, bites, or maims any human being who has taken all the precautions which the circumstances permitted, or which a reasonable person would ordinarily take in the same situation, such owner is punishable by imprisonment in jail not exceeding one year, or by fine not exceeding \$500, or both."

SEC. 76. That section 276 of the Penal Code of the Canal Zone is hereby amended to read as follows:

is hereby amended to read as follows:
"SEC. 276. Every person who brings into the Canal Zone any cattle, horses, mules, or asses, after the governor has made proclamation holding in quarantine, for the purpose of inspection for contagious or infectious diseases, such animals, and allows the same or any of them to leave the place of their first arrival in the same or any of them to leave the place of their first arrival in the Canal Zone until they have been examined by the health department, and a certificate has been obtained therefrom that such animals are free from disease, or permits any such animals to run at large, or to be removed, or to escape, before such certificate has been received, is punishable by a fine not exceeding \$530."

SEC. 77. That section 279 of the Penal Code of the Canal Zone is hereby repealed.

SEC. 78. That section 282 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 282. Every person who participates in any riot is punishable by imprisonment in the penitentiary not exceeding two years, or by fine not exceeding \$2,000, or both."

SEC. 79. That section 283 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 283. Whenever two or more persons, assembled and acting together, make any attempt or advance toward the commission of

together, make any attempt or advance toward the commission of an act which would be a riot if actually committed, such assembly

SEC. 80. That section 285 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

"Sec. 285. Every person who participates in any rout or unlawful assembly is guilty of a misdemeanor."

Sec. 81. That section 286 of the Penal Code of the Canal Zone is

hereby amended to read as follows:

"SEC. 286. Every person remaining present at the place of any riot, rout, or unlawful assembly, after the same has been lawfully warned to disperse, except public officers and persons assisting them in attempting to disperse the same, is guilty of a mis-

SEC. 82. That section 293a of the Penal Code of the Canal Zone, as added by the Executive order of January 9, 1908, is hereby

amended to read as follows:
"SEC. 293a. Every vagrant or person found within the Canal
Zone without legitimate business or visible means of support; and

"2. Every mendicant or habitual beggar found within the Canal

Zone; and
"3. Every person found within or loitering about any laborers' camp, mess house, quarters, or other Canal Zone building, or any railroad car or station or other building of the Panama Railroad railroad car or station or other building of the Panama Railroad Co., or any dwelling or other building owned by any private person without due and proper authority and permission so to be; or peddling goods or merchandise about any laborers' camp or mess house during hours when laborers are ordinarily employed at work or in or about places where groups of men are at work; and "4. Every person found in any public place in such a state of intoxication as to disturb others, or unable by reason of his condition to care for his own safety or the safety of others, shall upon conviction thereof be punished by a fine of not to exceed \$25 or by imprisonment in jail not to exceed 30 days, or by both such fine and imprisonment."

Sec. 82a. That the last paragraph of section 294 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Is punishable by imprisonment in the penitentiary for not more than 10 years, and is disqualified from holding any office in the Canal Zone.

SEC. 83. That section 295 of the Penal Code of the Canal Zone is

hereby amended to read as follows:

"SEC. 295. Any employee of the United States, the Panama Canal, or the Panama Railroad Co. who collects or receives public moneys:

"1. Who fails, fully and promptly, to account for any and all public funds, fines, internal-revenue stamps, licenses, receipts, books, documents, records, papers, or any other form of public property; or

2. Who is guilty of any extortion or willful oppression under

color of law; or

"3. Who knowingly demands other or greater sums than are authorized by law or receives any fee, compensation, or award, except as herein provided for the performance of any duty; or "4. Who willfully neglects to perform any of the duty."

"4. Who willfully neglects to perform any of the duties en-joined upon him by laws; or

"5. Who conspires or colludes with any person to defraud the public revenues; or

6. Who makes opportunities for any person to defraud the

public revenues; or

"7. Who does or omits to do any act with intent to enable any
other person to defraud the public revenues; or

"8. Who, negligently or designedly, permits any violation of the
law by any person; or

Who makes or signs any false entry in any book, or makes or signs any false certificate or return in any case where he is required by law to make any entry, certificate, or return; or

"10. Who, having knowledge or information of the violation of any provision of the laws respecting public revenues by any person, or of fraud committed by any person against the public revenues, fails to report in writing such violation or fraud to the designated authority; or

"11. Who demands, accepts, or attempts to collect, directly or indirectly, as payment, gift, or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement

other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation or alleged violation of the laws respecting public revenues; or

"12. Who shall divulge or make known, in any manner whatsoever not provided by law, to any persons, the accounts, condition of business affairs, or manner of conducting the same of any person, association, or corporation whose books, accounts, and business operations may have been investigated in the discharge of their duties, shall be dismissed from office and shall be guilty of a felony, and, upon conviction, shall be fined not more than \$2,000, or be imprisoned in the penitentiary not more than five years, or both, at the discretion of the court. For the purpose of this section, all funds, moneys, and properties of the Panama Railroad Co. shall be deemed public funds."

SEC. 84. That section 297 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 297. The phrase 'public moneys,' as used in the preceding sections, includes all bonds and evidences of indebtedness, and all moneys belonging to the United States, the government of the Canal Zone, the Panama Canal, or the Panama Railroad Co., and all moneys, bonds, and evidences of indebtedness received or held by Canal Zone or Panama Railroad officers or employees in their official capacity."

SEC. 85. That section 298 of the Penal Code of the Canal Zone is hereby amended to read as follows:

SEC. 85. That section 298 of the Penal Code of the Canal Zone

SEC. 85. That section 298 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 298. If any clerk, marshal, or other officer, who receives any fine or forfeiture or other moneys, refuses or neglects to pay over the same according to law, and within 30 days after the receipt thereof, he is punishable by imprisonment in jail not exceeding six months, or by a fine not exceeding \$500, or by both."

SEC. 86. That sections 299, 300, 301, and 302 of the Penal Code of the Canal Zone are hereby repealed.

SEC. 87. That section 305 of the Penal Code of the Canal Zone is hereby repealed.

SEC. 88. That section 306 of the Penal Code of the Canal Zone is

hereby amended to read as follows

"SEC. 306. Arson is the willful and malicious burning of a building with intent to destroy it."

SEC. 88a. That section 311 of the Penal Code of the Canal Zone

is hereby repealed.

SEC. 89. That section 324 of the Penal Code of the Canal Zone is

SEC. 89. That section 324 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 324. Forgery is punishable by imprisonment in the penitentiary for a term not exceeding 14 years."

SEC. 90. That section 325 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 325. Every person who knowingly and willfully sends by telegraph or telephone to any person a false or forged message, purporting to be from a telegraph or telephone offfice, or from any other person or who willfully delivers or causes to be delivered to other person, or who willfully delivers or causes to be delivered to any person any such message falsely purporting to have been received by telegraph or telephone, or who furnishes, or conspires to furnish, or causes to be furnished to any agent, operator, or employee, to be sent by telegraph or telephone, or to be delivered, any such message, knowing the same to be false or forged, with the intent to deceive, injure, or defraud another, is punishable by imprisonment in the penitentiary not exceeding five years, or in

jail not exceeding one year, or by fine not exceeding \$5,000, or by both such fine and imprisonment."

SEC. 91. That section 326 of the Penal Code of the Canal Zone

SEC. 91. That section 326 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 326. Every person who has in his possession, or receives from another person, any forged promissory note or bank bill, or bills for payment of money or property, with the intention to pass the same or to permit, cause, or procure the same to be uttered or passed, with the intention to defraud any person, knowing the same to be forged or counterfeited, or has or keeps in his possession any blank or unfinished note or bill made in the form or similitude of any promissory note or bill for payment of money or property, made to be issued by any incorporated bank or banking company, with intention to fill up and complete such blank and unfinished note or bill, or to permit, or cause, or procure the same to be filled up and completed, in order to utter or pass the same, or to permit, or cause, or procure the same to be uttered or same to be lifted up and completed, in order to deter or pass the same, or to permit, or cause, or procure the same to be uttered or passed, or to defraud any person, is punishable by a fine of not more than \$1,000 or by imprisonment at hard labor in the penitentiary not more than five years, or by both."

SEC. 91a. That section 327 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

is hereby amended to read as follows:

"Sec. 327. Every person who makes, passes, utters, or publishes, with intention to defraud any other person, or who, with the like intention, attempts to pass, utter, or publish, or who has in his possession, with like intent to utter, pass, or publish, any fictitious bill, note, or check, purporting to be the bill, note, or check or other instrument in writing for the payment of money or property of some bank, corporation, copartnership, or individual, when in fact, there is no such bank, corporation, copartnership, or individual in existence, knowing the bill, note, check, or instrument in writing to be fictitious, is punishable by imprisonment in the penitentiary for not more than five years."

SEC. 92. That Chapter IV of Title XVI of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 327 a new section numbered 327a to read as follows:

"Sec. 327a. Every person who for himself or as the agent or representative of another or as an officer of a corporation, willfully, with intent to defraud, makes or draws or utters or delivers to an-

with intent to defraud, makes or draws or utters or delivers to another person any check or draft on a bank, banker, or depositary for the payment of money, knowing at the time of such making, drawing, uttering, or delivery, that he or his principal or the corporation of which he is an officer has not sufficient funds in, or poration of which he is an officer has not sufficient funds in, or credit with such bank, banker, or depositary, to meet such check or draft in full upon its presentation, is punishable by imprisonment in jail for not more than 1 year or in the penitentiary for not more than 14 years. The word 'credit' as herein used shall be construed to be an arrangement or understanding with the bank or depositary for the payment of such check or draft."

SEC. 92a. That section 329 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 329. Counterfeiting is punishable by imprisonment in the penitentiary for not more than five years."

SEC. 92b. That section 330 of the Penal Code of the Canal Zone is hereby amended to read as follows:

is hereby amended to read as follows:

"SEC. 330. Every person who has in his possession, or receives from any other person, any counterfeit gold or silver coin of the species current in the Canal Zone, or any counterfeit gold dust, gold or silver bullion, or bars, lumps, pieces, or nuggets, with the intention to sell, utter, put off, or pass the same, or permits, causes, or procures the same to be sold, uttered, or passed, with intention to defraud any person, knowing the same to be counterfeit is numberable by imprisonment in the neutronic contract. feit, is punishable by imprisonment in the penitentiary not more than five years."

SEC. 93. That section 336 of the Penal Code of the Canal Zone

SEC. 93. That section 336 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 336. That every person who, within the Canal Zone, shall have in his possession any such false, forged, or counterfeited bond, certificate, obligation, security, Treasury note, bill, promise to pay, bank note, or bill issued by a bank or other corporation of the United States, State, or Territory thereof, or any foreign country, with intent to utter, pass, or put off the same, or to deliver the same to any other person with intent that the same may thereafter be uttered, passed, or put off as true, or who shall knowingly deliver the same to any other person with such intent, shall, upon conviction thereof as aforesaid, be punished by a fine of not more than \$1,000 or by imprisonment at hard labor in the penitentiary not more than five years, or by both." not more than five years, or by both."

SEC. 94. That section 339 of the Penal Code of the Canal Zone is hereby amended to read as follows:

hereby amended to read as follows:

"Sec. 339. Every person who, for the purpose of restoring to its original appearance and nominal value in whole or in part, removes, conceals, fills up, or obliterates the cuts, marks, punch holes, or other evidence of cancellation from any ticket, check, order, coupon, receipt for fare, or pass issued by any railroad company, or any lessee or manager thereof, canceled in whole or in part, with intent to dispose of by sale or gift, or to circulate the same, or with intent to defraud the railroad company, or lessees thereof, or any other person, or who, with like intent to defraud, offers for sale or in payment of fare on the railroad of the company such ticket, check, order, coupon, or pass, knowing the same to have been so restored, in whole or in part, is punishable by imprisonment in jail not exceeding six months or by fine not exceeding \$1,000, or by both imprisonment and fine."

Sec. 94a. That the Penal Code of the Canal Zone is hereby amended by inserting after section 339 thereof a new section, numbered 339a, reading as follows:

"SEC. 339a. Every person who, with intent to defraud, alters are clubhouse. commissary, or restaurant check, ticket, coupon, any clubhouse, commissary, or restaurant check, ticket, coupon, or other evidence of a transaction with such clubhouse, commissary, or restaurant, is guilty of a misdemeanor punishable by imprisonment in jail not exceeding six months or by fine not exceeding \$1,000, or by both such fine and imprisonment."

Sec. 95. That section 345 of the Penal Code of the Canal Zone is hereby repealed.

SEC. 95. That section 345 of the Penal Code of the Canal Zone is hereby repealed.

SEC. 96. That section 352 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 352. Every person who, in any country or State of the United States, embezzles or steals the property of another, or receives such property knowing it to have been embezzled or stolen, and brings the same into the Canal Zone, may be convicted and punished in the same manner as if such embezzlement, larceny, or receiving had been committed in the Canal Zone."

punished in the same manner as if such embezzlement, larceny, or receiving had been committed in the Canal Zone."

SEC. 97. That Chapter V of Title XVI of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 354 a new section, numbered 354a, to read as follows:

"SEC. 354a. Any person who shall, without the permission of the owner thereof, take any automobile, bicycle, motor cycle, or other vehicle for the purpose of temporarily using or operating the same shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding \$200 or by imprisonment in jail not exceeding three months, or by both such fine and imprisonment."

SEC. 93. That Chapter V of Title XVI of the Penal Code of the

Sc. 98. That Chapter V of Title XVI of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 354a a new section, numbered 354b, to read as follows:

"Sec. 354b. Every owner or manager of an automobile garage, or agent or employee of such owner or manager, or any other person having the care, custody, or possession of any automobile, who takes, hires, runs, drives, or uses such automobile, or who takes or removes therefrom any part thereof, without the owner's consent, is punishable by a fine not exceeding \$1,000 or by imprisonment in jail not exceeding one year, or by both such fine and imprisonment."

SEC. 93a. That section 355 of the Penal Code of the Canal Zone is hereby amended to read as follows:

hereby amended to read as follows:

"Sec. 355. Every person who saves from fire, or from a building endangered by fire, any property, and for two days thereafter corruptly neglects to notify the owner thereof, is punishable by imprisonment in the penitentiary not more than 10 years."

Sec. 99. That section 359 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"Sec. 359. Every officer of the government of the Canal Zone, and every deputy, clerk, or servant of any such officer, and every officer, director, trustee, clerk, servant, attorney, or agent of any association, society, or corporation (public or private), and any other person who fraudulently appropriates to any use or purpose not in the due and lawful execution of his trust, any property which he has in his possession or under his control by virtue of his trust, or secretes it with a fraudulent intent to appropriate it to such use or purpose, is guilty of embezzlement."

Sec. 100. That section 366 of the Penal Code of the Canal Zone is hereby amended to read as follows:

SEC. 100. That section 300 of the Penal Code of the Cahai zone is hereby amended to read as follows:

"SEC. 366. The fact that the accused intended to restore the property embezzled is no ground of defense or of mitigation of punishment, if it has not been restored before a complaint has been falled before a magistrate or an information has been filed before the district court, charging the commission of the offense."

SEC. 101. That section 367 of the Penal Code of the Canal Zone is hereby amended to read as follows:

SEC. 101. That section 367 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 367. Whenever, prior to any complaint laid before a magistrate or an information filed in the district court, charging the commission of embezzlement, the person accused voluntarily and actually restored or tendered restoration of the property alleged to have been embezzled, or any part thereof, such fact is not a ground of defense, but it authorizes the court to mitigate punishment, in its discretion."

SEC. 101a. That section 383 of the Penal Code of the Canal Zone.

SEC. 101a. That section 383 of the Penal Code of the Canal Zone is hereby amended to read as follows:
"SEC. 383. Every person who, after once selling, bartering, or

"Sec. 383. Every person who, after once selling, bartering, or disposing of any property, real or personal, or any interest therein, or after executing any bond or agreement for the sale of any of such property, again willfully and with intent to defraud previous or subsequent purchasers, sells, barters, or disposes of the same property, or any part thereof, or interest therein, or willfully and with intent to defraud previous or subsequent purchasers, executes any bond or agreement to sell, barter, or dispose of the same property, or any part thereof, or interest therein, to any other person for a valuable consideration, is punishable by imprisonment in the penitentiary not more than 10 years."

Sec. 102. That section 386 of the Penal Code of the Canal Zone is hereby amended to read as follows:

hereby amended to read as follows:

"SEC. 386. Every commission merchant, broker, agent, factor, or "Sec. 386. Every commission merchant, broker, agent, factor, or consignee, who shall willfully and corruptly make, or cause to be made, to the principal or consigner of such commission merchant, agent, broker, factor, or consignee, a false statement concerning the price obtained for or the quality or quantity of any property consigned or intrusted to such commission merchant, agent, broker, factor, or consignee, for sale, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine not exceeding \$500, or imprisonment in jail not exceeding six months, or by both such fine and imprisonment."

Sec. 102a. That the Penal Code of the Canal Zone is hereby amended by adding thereto, after section 389, a new section, read-

amended by adding thereto, after section 389, a new section, read-

ing as follows:

"Sec. 389a. Every person who, after mortgaging any personal property, during the existence of such mortgage, with intent to defraud the mortgagee, his representative or assigns, takes, drives, carries away, or otherwise removes or permits the taking, driving, or carrying away, or other removal of the mortgaged property, or any part thereof, from the Canal Zone, without the written consent of the mortgagee; or who rells, transfers, or in any manner further incumbers the said mortgaged property, or any part consent of the morgagee, or who cens, transfers, or in any manner further incumbers the said mortgaged property, or any part thereof, or causes the same to be sold, transferred, or further incumbered, is guilty of larceny and is punishable accordingly; unless at or before the time of making such sale, transfer, or incumbrance is made, of the existence of the prior mortgage, and also informs the person to whom such sale, transfer, or incumbrance is made, of the existence of the prior mortgage, and also informs the prior mortgage of the intended sale, transfer, or incumbrance, in writing, by giving the name and place of residence of the party to whom the sale, transfer, or incumbrance is to be made."

SEC. 102b. That section 390 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 390. Every person who willfully burns or in any other manner injures or destroys any property which is at the time insured against loss or damage by fire, or by any other casualty, with intent to defraud or prejudice the insurer, whether the same be the property of or in the possession of such person, or of any other, is punishable by imprisonment in the penitentiary not more than 10 years."

SEC. 102c. That section 401 of the Penal Code of the Canal Zone is hereby amended to read as follows:

Zone is hereby amended to read as follows:

"SEC. 401. Every director, officer, or agent of any corporation or joint-stock association who knowingly receives or possesses or joint-stock association who knowingly receives or possesses himself of any property of such corporation or association otherwise than in payment of a just demand, and who, with intent to defraud, omits to make, or to cause or direct to be made, a full and true entry thereof in the books or accounts of such corporations or associations, and every director, officer, agent, or member of any corporation or joint-stock association, who, with intent to defraud, destroys, alters, mutilates, or falsifies any of the books, papers, writings, or securities belonging to such corporation or association, or makes, or concurs in making, any false entries, or omits, or concurs in omitting, to make any material entry in any book of accounts, or other record or document kept by such corporation or association, is punishable by imprisonment in the penitentiary not more than 10 years or a fine not exceeding \$500, or by both such fine and imprisonment."

SEC. 103. That Chapter XIII of Title XVI of the Penal Code of the Canal Zone is hereby amended by inserting therein after section 420 a new section numbered 420a to read as follows:

"Sec. 420a. Any person who throws or deposits any glass bottle,

"Sec. 420a. Any person who throws or deposits any glass bottle, glass, nails, tacks, hoops, wire, cans, or any other substance likely to injure any person, animal, or vehicle upon any public highway in the Canal Zone shall be guilty of a misdemeanor."

SEC. 104. That section 424 of the Penal Code of the Canal Zone

is hereby repealed.

SEC. 105. That subsections 4, 5, and 6 of section 426 of the Penal Code of the Canal Zone are hereby amended to read as "Every person who willfully commits any trespass by either-

"Every person who willfully commits any trespass by either—
"4. Digging, taking, or carrying away from any lot situated within the Canal Zone, without the license of the owner or legal occupant thereof, any earth, soil, or stone; or,
"5. Digging, taking, or carrying away from any land in the Canal Zone, recognized or established as a street, alley, avenue, or park, without the license of the proper authorities, any earth, soil, or stone; or,
"6. Putting up, affixing, fastening, printing, or painting upon any property of any person, without license from the owner, any notice, advertisement, or designation of, or any name for any commodity, whether for sale or otherwise, or any picture, sign, or device intended to call attention thereto, is guilty of a misdemeanor." demeanor.'

SEC. 106. That section 431 of the Penal Code of the Canal Zone

is hereby amended to read as follows:
"Sec. 431. Every person who willfully and maliciously cuts, "SEC. 431. Every person who willfully and maliciously cuts, breaks, injures, or destroys any bridge, dam, canal, flume, aqueduct, levee, embankment, reservoir, or other structure erected to create hydraulic power, or to drain or reclaim any swamp and overflowed tide or marsh land, or to store or conduct water for agricultural or other purposes, or for the supply of the inhabitants of any city or town, or any embankment necessary to the same, or either of them, or willfully or maliciously makes, or causes to be made, any aperture in such dam, canal, flume, aqueduct, reservoir, embankment, levee, or structure, with intent to injure or destroy the same, or draws up, cuts, or injures any piles fixed in the ground for the purpose of securing any sea bank, or sea walls, or any dock, quay, or jetty, lock, or sea wall, is guilty of a felony, and upon conviction, punishable by a fine not exceeding \$1,000, or by imprisonment in the penitentiary not exceeding two years, or by both."

SEC. 107. That section 434 of the Penal Code of the Canal Zone is hereby repealed.

is hereby repealed.

SEC. 108. That section 435 of the Penal Code of the Canal Zone

is hereby repealed.

SEC. 109. That section 436 of the Penal Code of the Canal Zone, as amended by the Executive order of April 24, 1908, is hereby amended to read as follows:

as an ended by the Executive order of a fight 27, 1000, is an ended to read as follows:

"SEC. 436. Every person who willfully injures, defaces, or removes any signal, monument, building, or appurtenance thereto, placed, erected, or used by persons engaged in the United States

Coast and Geodetic Survey, the Military Survey of the United States Army, the Hydrographic Office of the United States Navy, or any other Government surveys, or the Panama Canal, or any public-service company within the Canal Zone, knowing the same to be a boundary or survey monument, is guilty of a felony."

SEC. 110. That section 438 of the Penal Code of the Canal Zone

is hereby amended to read as follows:

"SEC. 438. Every person who maliciously mutilates, tears, defaces, obliterates, or destroys any written instrument, the property of another, the false making of which would be forgery, is punishable by imprisonment in the penitentiary for a term not exceeding five years."
SEC. 111. That section 440 of the Penal Code of the Canal Zone

SEC. 111. That section 440 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC. 440. Every person, not the owner thereof, who willfully injures, disfigures, or destroys any monument, work of art, or useful or ornamental improvement within the limits of the Canal Zone, or any shade tree or ornamental plant growing therein, whether situated upon private grounds or on any street, sidewalk, or public park, or place, is guilty of a misdemeanor."

SEC. 112. That section 444 of the Penal Code of the Canal Zone is hereby amended to read as follows:

is hereby amended to read as follows:
"Sec. 444. Every person who, by means of any machine, instru-"SEC. 444. Every person who, by means of any machine, instrument, or contrivance, or in any other manner, willfully and fraudulently reads, or attempts to read, any message, or to learn the contents thereof, whilst the same is being sent over any telegraph line, or willfully and fraudulently, or clandestinely learns, or attempts to learn, the contents or meaning of any message while the same is in any telegraph or cable office, or is being received thereat or sent therefrom, or who uses or attempts to use, or communicates to others, any information so obtained, is punishable by imprisonment in the penisoniary for not more than five

communicates to others, any information so obtained, is punishable by imprisonment in the penitentiary for not more than five years, or by fine of not to exceed \$5,000, or both."

SEC 113. That section 445 of the Penal Code of the Canal Zone is hereby amended to read as follows:

"SEC 445. Every person who, by the payment or promise of any bribe, inducement, or reward, procures, or attempts to procure, any telegraph or cable agent, operator, or employee to disclose any private message, or the contents, purport, substance, or meaning thereof, or offers to any such agent, operator, or employee any bribe, compensation, or reward for the disclosure of any private information received by him by reason of his trust as such agent, operator, or employee, or uses, or attempts to use, any such information received by him by reason of his trust as such agent, operator, or employee, or uses, or attempts to use, any such information. operator, or employee, or uses, or attempts to use, any such information so obtained, is punishable by imprisonment in the penitentiary for not more than five years, or by a fine of not more than \$5,000, or both."

Sec. 114. That the first subdivision of section 461 of the Penal Code of the Canal Zone, defining the word "willfully," is hereby amended to read as follows:

"First. The word 'willfully,' when applied to the intent with which an act is done or omitted, implies simply a purpose or willingness to commit the act, or make the omission referred to. It does not require any intent to violate law, or to injure another, or to acquire any advantage."

With the following committee amendments:

Line 1, page 2, strike out "4a" and insert "4."
Page 3, line 11, strike out the words "the district" and insert any trial," and in line 12 strike out the word "original."

Page 4, at the beginning of line 2, after the word "years," insert "in the district court, or one year in a magistrate court."

Page 18, line 5, after the word "any," strike out the words "inmate of" and insert in lieu thereof the words "person legally confined in."

Page 19, line 24, strike out the word "felony" and insert in lieu thereof the word "misdemeanor."

Page 29, line 23, strike out the words "five years" and insert in lieu thereof the words "one year."

Page 32, line 4, strike out the word "further" and insert in lieu thereof the word "either."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

PRIVILEGES, RULES, AND REGULATIONS FOR THE CANAL ZONE

Mr. LEA. Mr. Speaker, I find that in adopting an amendment a while ago we duplicated some of the existing language. In order to make that clerical correction I ask unanimous consent to return to the bill (H. R. 7518) to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, selfpropelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits, and vacate the proceedings by which that bill was passed."

The SPEAKER. The gentleman from California asks unanimous consent to return to the bill H. R. 7518 and

vacate the proceedings by which that bill was passed, for the purpose of making a correction. Is there objection?

There was no objection.

Mr. LEA. Mr. Speaker, I offer an amendment. On page 2, line 4, strike out the words "of the Panama Canal."

The SPEAKER. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Lea: On page 2, line 4, strike out the words "of the Panama Canal."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDMENT OF THE CODE OF CRIMINAL PROCEDURE FOR THE CANAL ZONE

The Clerk called the next bill, H. R. 7520, to amend the Code of Criminal Procedure for the Canal Zone.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I think it is due the House that the gentleman should make a brief explanation of this important bill, which relates to the criminal procedure that will be applicable to the Canal Zone, particularly so far as it affects the jury system and the changes in the rules of evidence that are prescribed in this bill.

Mr. LEA. Mr. Speaker, this is a revision of the criminal law adopted for the Canal Zone by order of the Isthmian Canal Commission in 1904. The partial adoption of the Penal Code of California at that time was intended to be temporary. It was done hastily and not in a thorough manner. It is found defective in many respects. Since that time the jury-trial system has been adopted for the Canal Zone. In 1908 a man was hanged in the Canal Zone without a jury trial, as the law provided no jury trial. Since that a law providing for jury trials has been adopted.

Mr. STAFFORD. Was that a trial by the court in the district court?

Mr. LEA. It was tried by three judges under the system that prevailed at that time. Those courts have since been abolished. That led to the establishment of the jury system, so that one purpose of revising this Criminal Code is to adapt it to the jury system of trial.

Another thing proposed by this code is to provide a probation system for the Canal Zone, which does not exist at the present time. This code applies that system both to the district court and the magistrate courts for a limited period.

Another important phase of this revision is that in the main it eliminates the minimum penalties and leaves the penalty in the discretion of the judge, limited only by the maximum penalty. Then there is a change in the jurisdiction of the magistrate courts, raising the fine that may be imposed from \$25 to \$100 in criminal cases.

Then there is also a provision definitely permitting the imprisonment of a man in any of the jails in the zone instead of requiring him to be confined in a particular jail in the district where he is convicted.

Mr. STAFFORD. Will the gentleman yield?

Mr. LEA. Yes.

Mr. STAFFORD. My attention was directed to the amendment of section 9 as found on page 11 of the report, where you make all laws of the United States applicable to the Canal Zone. I wish to inquire whether under existing practice there is such an extensive and all-pervading provision making the laws of the United States, so far as applicable, cover the Canal Zone? I direct the gentleman's attention to page 11 of the report, section 9.

Every person is liable to punishment by the law of the Canal

And here is the amendment:

Or by the laws of the United States applicable to the Canal Zone, for an offense committed by him therein.

So you are extending very generally the criminal laws of the United States-of course, so far as they may be applicable—to the Canal Zone, whereas before a person could only be punished for violation of the laws of the Canal Zone.

Mr. LEA. The reason for this section grew out of the dispute among lawyers as to what are laws of the Canal Zone. The contention by one group of lawyers is that laws can not be called Canal Zone laws unless they are made especially for the Canal Zone. So they have made this distinction between the laws. One class they call the Canal Zone laws and the other the United States laws, which are specifically made applicable to the Canal Zone.

Mr. STAFFORD. Here you are going to extend all criminal law, so far as applicable to the Canal Zone, as being the basis for punishment for offenses in the Canal Zone.

Mr. LEA. No; it is not the intention to make all laws of the United States applicable, but only those that are made applicable specifically.

Mr. STAFFORD. That is not the reading of the amendment, and I think we should hesitate before we go ahead with the consideration of the bill under unanimous consent. Section 9, as appears in the report at page 11, reads, as amended, as follows:

Every person is liable to punishment by the law of the Canal Zone, or by the laws of the United States applicable to the Canal Zone, for an offense committed by him therein.

You are now broadening very generally by that language—and counter to the opinion of the gentleman just expressed, that it is only the intention to make those laws applicable for offenses which are designated to be applicable in the Canal Zone.

Mr. LEA. I am under the impression that the terms of the bill itself sustain the distinction I make.

Mr. STAFFORD. I am making my inquiry based upon the change of existing law as found in the report on page 11.

Mr. HOCH. Will the gentleman yield?

Mr. STAFFORD. Surely.

Mr. HOCH. As I read this, I think the gentleman misinterprets the intention. The language is, "or by the laws of the United States applicable to the Canal Zone." This would seem to me to limit it to the laws of the United States which in their terms are made applicable to the Canal Zone.

Mr. STAFFORD. With all due deference, I think it would bear a much broader construction. Any criminal law that would be applicable would be held under that phraseology to embody offenses committed in the Canal Zone.

Mr. HOCH. Will the gentleman note that language again very carefully, and let us read the whole section:

Every person is liable to punishment by the law of the Canal Zone, or by the laws of the United States applicable to the Canal Zone, for an offense committed by him therein.

It seems to me that plainly means simply those laws of the United States which are applicable to the Canal Zone, and they could only be applicable to the Canal Zone when they are specifically made applicable in the statute itself.

Mr. STAFFORD. I think there ought to be a clarifying amendment to express the intendment of the Congress.

Mr. HOCH. If we would insert after the words "United States," the words "which are," would not that make it beyond any question?

Mr. STAFFORD. I think so.

Mr. LEA. That would be agreeable.

There being no objection, the Clerk read the bill, as fol-

Be it enacted, etc., That section 2 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows: "Sec. 2. No person can be convicted of a public offense unless

by the verdict of a jury, accepted and recorded by the court, or upon a plea of guilty, or upon a judgment of the district court, a jury having been waived, or upon the judgment of a magistrate's

SEC. 2. That section 3 of the Code of Criminal Procedure for

SEC. 2. That section 3 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 3. Every offense of which the district court has original furisdiction must be prosecuted by information signed by the district attorney, or in the case of his absence by an assistant district attorney. The information must state that it is based upon due investigation of the facts relating to the crime charged therein."

SEC. 2a. That the Code of Criminal Procedure for the Canal Zone is hereby amended by adding a new section numbered 3a, reading

SEC. 3a Wherever the designation 'district attorney in this code such designation shall include an assistant district attorney: Provided, however, That this section shall only apply during the absence or disability of the district attorney or during a vacancy in the office of district attorney."

SEC. 3. That section 8 of the Code of Criminal Procedure for the

Canal Zone is hereby amended to read as follows:

"SEC. 8. The jurisdiction of an offense triable either in the district or magistrates' courts shall be in the division or subdivision where the offense has been committed."

SEC. 4. That section 9 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 9. Every parson is lights to requirement by the lower

"Sec. 9. Every person is liable to punishment by the law of the Canal Zone, or by the laws of the United States applicable to the Canal Zone, for an offense committed by him therein." Sec. 5. That section 11 of the Code of Criminal Procedure for

Canal Zone is hereby amended to read as follows: SEC. 11. In a criminal action, the defendant is entitled-1. To a speedy and public trial.

"2. To be allowed counsel as in civil actions, or to appear and

defend in person and with counsel.

defend in person and with counsel.

"3. To produce witnesses on his behalf and to be confronted with the witnesses against him, in the presence of the court, except that where the charge has been preliminarily examined before a committing magistrate and the testimony taken down by question and answer in the presence of the defendant, who has, either in person or by counsel, cross-examined or had an opportunity to cross-examine the witness; or where the testimony of a witness on the part of the Government, who is unable to give security for his appearance, has been taken conditionally in the like manner in the presence of the defendant, who has, either in person or by counsel, cross-examined or had an opportunity to cross-examine the witness, the deposition of such witness may be read, upon its being satisfactorily shown to the court that he is dead or insane, or can not with due diligence be found within the Canal Zone; and except also that in the case of offenses hereafter committed the testimony on behalf of the Government or the defendant of a witness deceased, insane, out of jurisdiction. or the defendant of a witness deceased, insane, out of jurisdiction, or who can not, with due diligence, be found within the Canal Zone, given on a former trial of the action in the presence of the defendant, who has, either in person or by counsel, cross-examined or had an opportunity to cross-examine the witness, may be admitted."

SEC. 6. That section 12 of the Code of Criminal Procedure for

SEC. 6. That section 12 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows: "SEC. 12. The magistrates and the district attorney shall have power to issue warrants for the arrest of persons charged with public offenses."

SEC. 7. That section 14 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 14. One magistrate may conduct the proceedings of the magistrate of the other subdivision upon inability to act, sickness, or any other cause. In such cases the proper entry of the proceedings of such magistrate so acting shall be made in the docket of the magistrate for whom he so acts."

SEC. The receiver 18 of the Code of Criminal Procedure for

of the magistrate for whom he so acts."

SEC. 7a. That section 18 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 18. Before a magistrate shall issue a warrant in any case, a complaint must be made by affidavit of the complaining witness, clearly charging therein the offense committed, and such affidavit must be signed by said complaining witness."

SEC. 8. That section 19 of the Code of Criminal Procedure for the Code of Criminal Procedure for

SEC. 8. That section 19 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 19. Every affidavit shall contain as particularly as can be done the nature of the offense charged and the particulars as to the time, place, person, and property, so as to enable the defendant to understand the nature and character of such offense."

SEC. 9. That section 20 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 20. After a complaint has been made charging that an offense has been committed against the laws of the Canal Zone, and the magistrate before whom such complaint was made is satisfied that the complaint charges an offense, he shall forth-

satisfied that the complaint charges an offense, he shall forth-with issue a warrant of arrest for the offending party, directed to any peace officer, commanding the said peace officer to forth-with arrest the offender and bring him before the said magistrate." Sec. 11. That the Code of Criminal Procedure for the Canal

Zone be amended by inserting therein, following section 21, a new section numbered 21a, to read as follows:

new section numbered 21a, to read as follows:

"SEC. 21a. The warrant must specify the name of the defendant, or, if it is unknown to the magistrate, the defendant may be designated therein by any name. It must also state the time of issuing it, and the place where it is issued, and be signed by the magistrate, with his name and office. The warrant must be directed to and executed by a peace officer."

SEC. 12. That the Code of Criminal Procedure for the Canal

Zone is hereby amended by inserting therein, following section

21a, a new section numbered 21b, to read as follows:
"Sec. 21b. The following are peace officers: The marshal and deputy marshals of the Canal Zone, constables of the magistrate courts, and all officers and members of the police force of the Canal Zone."

SEC. 13. That section 22 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 22. In the event that the offense charged against the "SEC. 22. In the event that the offense charged against the person be triable in the magistrate's court, the defendant may be admitted to bail upon executing a bond in a sum to be fixed by the magistrate not exceeding \$500. Such bond shall be in favor of the 'government of the Canal Zone' upon condition that the defendant shall be and appear before said magistrate at a certain date therein mentioned; said bond shall be signed by the defendant and two or more good and sufficient sureties. The date of the appearance shall not be later than three days from the signing of the bond. Should the defendant fail to enter into such bond, the sale and shall not be later than three days from the signing of the bond. Should the defendant fail to enter into such bond, the said magistrate shall commit him to jail awaiting trial."

SEC. 14. That section 23 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 20 Whence the process of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 23. Whenever a person arrested charged with an offense cognizable by a magistrate is placed on trial, he shall give the names of his witnesses, if he has any, and their places of abode; and the magistrate shall forthwith issue subpænas for the same to testify in said cause. The subpænas shall state the day, hour, and place of trial."

Sec. 15. That section 24 of the Code of Criminal Procedure for

Sec. 15. That section 24 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 24. When a defendant is put upon trial in a magistrate's court, the magistrate shall read the complaint to the defendant, whereupon the defendant may plead to the same, which plea shall be 'guilty' or 'not guilty.' Should the defendant refuse to answer or plead to the same, the magistrate shall enter a plea of not guilty. Should the defendant plead guilty, the magistrate shall, after hearing testimony to determine the gravity of the offense, within 24 hours thereafter render his decision as to the amount of punishment to be inflicted."

offense, within 24 hours thereafter render his decision as to the amount of punishment to be inflicted."

SEC. 16. That section 25 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 25. After having heard the charge, if the defendant plead 'not guilty,' the proceedings shall be as follows:

"First. The witnesses for the prosecution shall be examined under oath. The oath shall be as follows: 'You do solemnly swear before Almighty God that you will tell the truth, the whole truth, and nothing but the truth in the matter now pending before me.' and nothing but the truth, in the matter now pending before me." "Second. The witnesses for the defendant, including the de-

fendant himself if he wishes to testify, shall be examined under oath; if the defendant does not testify, that fact can not be used against him.

Third. Witnesses for the prosecution may be called to testify in rebuttal only of testimony given by the defendant or his

"Fourth. The court shall then consider the evidence, and within 24 hours thereafter render his decision. The trial must be had and a decision rendered in the presence of the defendant. When a decision is in favor of the defendant by acquitting him of the charge, he shall be at once released. Should the decision be that the defendant is guilty, the court shall, within the time limit, fine or commit the defendant to jail, or both, as the case may be" may be."

SEC. 17. That section 26 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 26. A private person who has arrested another for the commission of an offense must without unnecessary delay take the person arrested before a magistrate or deliver him to a peace

SEC. 18. That section 30 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:
"SEC. 30. If the offense charged is ballable and the defendant is arrested in another division or subdivision, the officer must, upon being required by the defendant, take him before the magistrate in that subdivision, who may admit the defendant to ball to answer before the magistrate issuing the warrant within reasonable time.'

SEC. 19. That section 32 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:
"SEC. 32. If, on the admission of the defendant to bail, the ball

is not forthwith given, the officer must take the defendant before the magistrate who issued the warrant or to whom it is made returnable.'

SEC. 20. That section 33 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 33. When a magistrate orders the defendant to be held to answer, after preliminary investigation in cases triable in the district court, he must make out a commitment signed by him, district court, he must make out a commitment signed by him, with his name and office, and deliver it, with the defendant, to the officer to whom he is committed, or if that officer is not present, to a peace officer, who must deliver the defendant to the proper custody, together with the commitment."

SEC. 21. That section 40 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 40. Any attorney at law entitled to practice in the courts of the Canal Zone was at the requirement."

of the Canal Zone may, at the request of a prisoner, after his arrest, visit the person so arrested."

SEC. 22. That section 41 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 41. Whenever any person is charged, other than by information direct, with an offense not triable before the magistrate, the said magistrate shall hold a preliminary hearing, and if the magistrate be satisfied that the offense has been committed, and there exists probable cause that the defendant has committed the same, he shall remand the defendant to jail, or admit him to bail, as the case may be, for his appearance before the district court to answer said charge. If there be no evidence that an offense has been committed, or no probable cause showing the defendant's connection therewith, he shall be discharged."

SEC. 23. That section 44 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 44. An appeal from the judgment of a magistrate's court may be taken by the defendant by giving notice in open court of his intention so to do at the time the judgment is rendered. Upon the perfection of such an appeal the magistrate shall forthwith transmit the warrant and the complaint to the clerk of the district

SEC. 24. That section 50 of the Code of Criminal Procedure for

SEC. 24. That section 50 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 50. When a judgment is rendered against a defendant that he pay a fine and the cost of said proceeding, should he fall to do so at once, the magistrate shall commit him to jail, to be confined one day for each \$1 fine and costs remaining unpaid: Provided, however, That such imprisonment shall not exceed 30 days in any

SEC. 25. That the second and third subsections of section 52 of the Code of Criminal Procedure for the Canal Zone are hereby amended to read, respectively, as follows:

"SEC. 52. \* \* \*
"Second. To enforce order in the proceedings before him.
"Third. To provide for the orderly conduct of proceedings before

SEC. 26. That section 59 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:

"Sec. 59. It shall be the duty of magistrates to keep all papers relating to criminal matters in which preliminary examination has been held in good order and on file in their offices for a term not to exceed two days, and within said time to deliver to the district attorney a transcript of all proceedings had in such cases and all attorney a transcript of all proceedings had in such cases and all papers relating to such cases, including original complaint and warrant, affidavits, and the names of the witnesses. The district attorney shall return all such papers to the magistrate in every case where the district attorney does not file an information."

SEC. 27. That section 60 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 60. It shall be the duty of the magistrates, after the filing for the information by the district attorney to the contract of the contract o

of an information by the district attorney, to turn over to the clerk of the district court all undertakings or moneys deposited in lieu thereof with the magistrate for appearance in the district

SEC. 28. That section 62 of the Code of Criminal Procedure for

"Sec. 28. That section 62 of the code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 62. The first pleading on part of the government in all criminal matters within the original jurisdiction of the district court is the information."

SEC. 29. That section 64 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:

"Sec. 64. All informations must be filed with the clerk of the district court."

SEC. 30. That section 67 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 67. It may be substantially in the following form:

"'In the district court in and for the division of ———, Canal

Zone. "'The government of the Canal Zone against -

district court for the said division, and for the government of the Canal Zone gives the court here to be informed and to understand Canal Zone gives the court here to be informed and to understand that:

———, on the — day of ———, A. D. 19—, in the division aforesaid, did then and there (here set forth the act or omission charged as an offense) and so did then and there commit the offense of (here state the character of the offense committed, whether it be murder, arson, larceny, or the like, or designating it as a felony or misdemeanor) contrary to the law in such case made and provided and against the peace and dignity of the government of the Canal Zone.

"'This information is based upon due investigation of the facts."

"'This information is based upon due investigation of the facts relating to the crime charged therein, and I believe there is just cause for the filing of this information.

"'Signed this —— day of ——, A. D. 19—.

" ' District Attorney.' "

SEC. 30a. That sections 68 and 69 of the Code of Criminal Procedure for the Canal Zone are hereby repealed.

SEC. 31. That the word "directed," in section 70 of the Code of Criminal Procedure for the Canal Zone, is hereby amended to

SEC. 32. That subdivision 2 of section 77 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as

"2. That the information be signed and filed by the district attorney of the Canal Zone."

SEC. 33. That the Code of Criminal Procedure for the Canal Zone be amended by inserting therein, following section 86, a new section, No. 86a, to read as follows:

"SEC. 86a. In charging in an information the fact of a previous "SEC. 86a. In charging in an information the fact of a previous conviction of felony, or of an attempt to commit an offense which, if perpetrated, would have been a felony, or of petit larceny, it is sufficient to state, 'That the defendant, before the commission of the offense charged in this information, was in (giving the title of the court in which the conviction was had) convicted of a felony (or attempt, etc., or of petit larceny).' If more than one previous conviction is charged, the date of the judgment upon

each conviction must be stated, but not more than two previous convictions must be charged in any one information."

SEC. 34. That section 90 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 90. The district attorney shall have the power to issue subpernas for witnesses."

SEC. 35. That section 92 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:
"SEC. 92. When a defendant has been committed as provided in sections 33 and 41, the district attorney may, within 20 days thereafter, issue subpœnas for witnesses and examine such witnesses under oath as to the offense charged. Such examination

shall be conducted in private."

SEC. 36. That section 93 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 93. If, after investigation, it appears either that no public offense has been committed, or that there is not sufficient cause one see has been committed, or that there is not sufficient cause to believe the defendant guilty, the district attorney must, within such 20-day period, order that the defendant be discharged, and shall file with the committing magistrate the original proceedings indorsed thereon as follows: 'There being no sufficient cause to believe the within named, A. B., to be guilty of an offense, I order his discharge.'"

to believe the within named, A. B., to be guilty of an offense, I order his discharge."

SEC. 37. That section 84 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 94. If, however, it appears from the examination that a public offense has been committed, and that there is sufficient cause to believe the defendant guilty thereof, the district attorney shall, within such 20-day period, file an information against such person in the division of the district court in which the offense is triable charging the defendant with such offense."

person in the division of the district court in which the offense is triable, charging the defendant with such offense."

SEC. 38. That section 97 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 97. All offenses triable in the magistrates' courts, when appealed to the district court, shall be tried de novo on the original complaint and warrant: Provided, however, That the complaint may be amended in the district court as to matters of form or substance where the rights of the defendant are not substantially prejudiced thereby; but the amended complaint may not charge a crime different from that charged or sought to be charged, in the original complaint."

charge a crime different from that charged or sought to be charged, in the original complaint."

SEC. 38a. That section 103 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 103. A docket must be kept by the clerk of the district court denominated a criminal docket, in which he shall enter each criminal action and whatever proceedings are had therein, and a criminal action and the costs. The clerk shall at the end of each statement of the costs. The clerk shall at the end of each month turn over to the collector of the Panama Canal all the government revenues collected or paid to him of whatever character or nature.'

SEC. 39. That section 105 of the Code of Criminal Procedure

SEC. 39. That section 105 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 105. The clerk shall perform such other duties as may from time to time be assigned him by the judge of said court."

SEC. 40. That section 113 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 113. If the offense charged is a felony, the arrest may be made on any day and at any time of day or night. If it is a misdemeanor, the arrest can not be made at night, except upon direction of a magistrate by indorsement on the warrant, or except when the offense is committed in the presence of the arresting officer."

except when the offense is committed in the presence of the arresting officer."

Sec. 41. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 114, a new section, No. 114a, to read as follows:

"Sec. 114a. A warrant of arrest may be executed in either division or subdivision of the Canal Zone."

Sec. 42. That section 116 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 116. If a person about to be arrested either flees or forcibly."

"SEC. 116. If a person about to be arrested either flees or forcibly resists, after he has been informed of the intention of the arrestresists, after he has been informed of the intention of the arresting officer to place him under arrest, the officer may use all reasonable means to effect the arrest."

SEC. 43. That section 119 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 119. Any person making an arrest may take from the person arrested all dangerous weapons which he may have about his person.

SEC. 44. That section 125 of the Code of Criminal Procedure for

"Sec. 125. The defendant must be personally present on arraignment for felony. If the offense be a misdemeanor, he need not be arraigned, but when the trial begins the clerk shall read the information."

SEC. 45. That section 129 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:
"SEC. 129. The bench warrant upon the information must be

substantially in the following form:

In the district court of the Canal Zone division of The government of the Canal Zone.

## BENCH WARRANT

To the Marshal or Any Peace Officer of the Canal Zone:

An information having been filed on the \_\_\_\_\_\_ day of \_\_\_\_\_,
A. D. \_\_\_\_\_, in the \_\_\_\_\_\_ division of the district court of the Canal Zone, charging \_\_\_\_\_\_ with the crime of (designating it generally), you are therefore commanded forthwith to arrest the above named \_\_\_\_\_ and bring him before the court (or if the

information has been sent to the other division, that division must be named as the place to bring the defendant) to answer said information; or if the court be not in session, that you deliver him into the custody of the warden of said district.

Given under my hand, with the seal of the court affixed, this — day of — , A. D. — .

By order of the court.

Clerk of the Court."

SEC. 46. That section 134 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 134. If the defendant appears for arraignment without counsel, he must be informed by the court that it is his right to have counsel before being arraigned, and must be asked if he desires the aid of counsel. If he desires and is unable to employ counsel, the court may assign counsel to defend him."

Sec. 47. That section 138 of the Code of Criminal Procedure for the Carel Zone as emended by Eventive order of August 16, 1910.

SEC. 47. That section 138 of the Code of Criminal Procedure for the Canal Zone as amended by Executive order of August 16, 1910, is hereby amended to read as follows:

"SEC. 138. When the information is not subscribed by the district attorney, it must be set aside by the court in which the defendant is arraigned, upon his motion."

SEC. 48. That section 140 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 140. The motion must be heard at the time it is made, unless, for cause, the court postpones the hearing to another time. If the motion is denied, the defendant must immediately answer the information either by demurring or pleading thereto. If the motion is granted, the court must order that the defendant, if in custody, be discharged therefrom; or, if admitted to bail, that his bail be exonerated; or, if he has deposited money instead of bail, that the same be refunded to him, unless it directs that an information be filed by the district attorney."

SEC. 49. That section 150 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

SEC. 49. That section 150 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 150. An information may be amended by the district attorney without leave of court, at any time before the defendant pleads. Such amendment may be made at any time thereafter, in the discretion of the court, where it can be done without prejudice to the substantial rights of the defendant. If a demurrer is allowed, the judgment is final upon the information demurred to, and is a bar to another prosecution for the same offense, unless the court, being of the opinion that the objection on which the demurrer is sustained may be avoided in a new information, directs a new information to be filed."

SEC. 50. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 163, a new section numbered 163a, to read as follows:

"SEC. 163a. When a defendant who is charged in the informa-

is hereby amended by inserting therein, following section 163, a new section numbered 163a, to read as follows:

"SEC. 163a. When a defendant who is charged in the information with having suffered a previous conviction, pleads either guilty or not guilty of the offense for which he is informed against, he must be asked whether he has suffered such previous conviction. If he answers that he has, his answer must be entered by the clerk in the minutes of the court, and must, unless withdrawn by consent of the court, be conclusive of the fact of his having suffered such previous conviction in all subsequent proceedings. If he answers that he has not, his answer must be entered by the clerk in the minutes of the court, and the question whether or not he has suffered such previous conviction must be tried by the court or jury which tries the issue upon the plea of not guilty, or in case of a plea of guilty, by the court or a jury impaneled for that purpose. The refusal of the defendant to answer is equivalent to a denial that he has suffered such previous conviction. In case the defendant pleads not guilty, and answers that he has suffered the previous conviction, the charge of the previous conviction must not be read to the court or jury, nor alluded to on the trial."

SEC. 51. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 169, a new section numbered 169a, to read as follows:

"SEC. 169a. The court may also order the removal of the action from one division to the other upon the agreement of the parties."

SEC. 52. That section 170 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 170. An issue of fact arises:

"1. Upon a plea of not guilty.

"2. Upon a plea of a former conviction or acquittal of the same offense.

"3. Upon a plea of once in jeopardy."

"3. Upon a plea of once in jeopardy."

SEC. 53. That section 171 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 171. Issues of fact in criminal cases within the original

"Sec. 171. Issues of fact in criminal cases within the original jurisdiction of the district court of the Canal Zone must be tried by jury, unless a trial by jury be waived."

Sec. 54. That section 175 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 175. After his plea the defendant is entitled to at least two days to prepare for trial."

Sec. 55. That Chapter I of Title VII of the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, before section 177, new sections numbered 176a, b, c, d, e, f, g, h, i, j, k, l, m, n, o, oo, p, q, r, s, t, u, v, w, x, y, and z, reading as follows:

"Sec. 176a A challenge is an objection made to the trial jurors.

"SEC. 176a. A challenge is an objection made to the trial jurors, and is of two kinds:
"1. To the panel;
"2. To an individual juror.

"SEC. 176b. When several defendants are tried together they

"Sec. 176b. When several defendants are tried together they can not sever their challenges, but must joint therein.

"Sec. 176c. The panel is a list of jurors to serve for a particular period or for the trial of a particular action.

"Sec. 176d. A challenge to the panel is an objection made to all the jurors returned, and may be taken by either party.

"Sec. 176e. A challenge to the panel can be founded only on a material departure from the forms prescribed in respect to the drawing and return of the jury, or on the intentional omission of the marshal to summon one or more of the jurors drawn.

"Sec. 176f. A challenge to the panel must be taken before a juror is sworn and must be in writing or be noted by the reporter, and must plainly and distinctly state the facts constitut-

porter, and must plainly and distinctly state the facts constituting the ground of challenge.
"Sec. 176g. If the sufficiency of the facts alleged as ground of "SEC. 176g. If the sufficiency of the facts alleged as ground of the challenge is denied, the adverse party may except to the challenge. The exception need not be in writing, but must be entered on the minutes of the court, or of the reporter, and thereupon the court must proceed to try the sufficiency of the challenge, assuming the facts alleged therein to be true.

"SEC. 176h. If on exception the court finds the challenge sufficient, it may, if justice requires it, permit the party excepting to withdraw his exception and to deny the facts alleged in the challenge. If the exception is allowed, the court may, in like manner, permit an amendment of the challenge.

"SEC. 176i. If the challenge is denied, the denial may be oral.

permit an amendment of the challenge.

"SEC. 176i. If the challenge is denied, the denial may be oral, and must be entered on the minutes of the court, or of the reporter, and the court must proceed to try the question of fact; and upon such trial, the officers, whether judicial or ministerial, whose irregularity is complained of, as well as any other persons, may be examined to prove or disprove the facts alleged as the ground of the challenge.

"SEC. 176j. When the panel is formed from persons whose names are not drawn as jurors, a challenge may be taken to the panel on account of any bias of the officer who summoned them, which would be good ground of challenge to a juror. Such chal-

which would be good ground of challenge to a juror. Such challenge must be made in the same form, and determined in the same manner, as if made to a juror.

"Sec. 176k. If, either upon an exception to the challenge or a denial of the facts, the challenge is allowed, the court must discharge the jury so far as the trial in question is concerned. If it is disallowed the court must direct the jury to be instanced.

it is disallowed, the court must direct the jury to be impaneled.
"Sec. 1761. Before a juror is called the defendant must be informed by the court, or under its direction, that if he intends to challenge an individual juror he must do so when the juror appears and before he is sworn.

SEC. 176m. A challenge to an individual juror is either-

1. Peremptory; or

"2. For cause.

"SEC. 176n. It must be taken when the juror appears and be-fore he is sworn to try the cause; but the court may for cause permit it to be taken after the juror is sworn and before the jury is completed.

"Sec. 1760. A peremptory challenge can be taken by either party, and may be oral. It is an objection to a juror for which no reason need be given, but upon which the court must exclude

"Sec. 1760o. Upon a trial by jury each side shall be entitled to six peremptory challenges. A waiver of a challenge by either party shall preclude such party, except by consent of court, from thereafter challenging peremptorily any juror then in the jury box, and the remaining challenges of such party shall be limited

"SEC. 176p. A challenge for cause may be taken by either party. It is an objection to a particular juror, and is either—
"1. General—that the juror is disqualified from serving in any

case; or
"2. Particular—that he is disqualified from serving in the action

on trial.

"SEC. 176q. General causes of challenge are:

"Sec. 176q. General causes of challenge are:

"1. A conviction for felony;

"2. A want of any of the qualifications prescribed by law to render a person a competent juror;

"3. Unsoundness of mind, or such defect in the faculties of the mind or organs of the body as to render him incapable of performing the duties of a juror.

"Sec. 176r. Particular causes of challenge are of two kinds:

"Sec. 176r. Particular causes of challenge are of two kinds:
"First. For such a bias as, when the existence of the facts is ascertained, in judgment of law disqualifies the juror and which is known in this code as implied bias.

"Second. For the existence of a state of mind on the part of

the juror in reference to the case, or to either of the parties, which will prevent him from acting with entire impartiality and without prejudice to the substantial rights of either party, which

is known in this code as actual bias.

"Sec. 176s. A challenge for implied bias may be taken for all or any of the following causes, and for no other:

any of the following causes, and for no other:

"1. Consanguinity or affinity within the fourth degree to the person alleged to be injured by the offense charged, or on whose complaint the prosecution was instituted, or to the defendant.

"2. Standing in the relation of guardian and ward, attorney and client, master and servant, or landlord and tenant, or being a member of the family of the defendant, or of the person alleged to be injured by the offense charged, or on whose complaint the prosecution was instituted, or in his employment on wages.

"3. Being a party adverse to the defendant in a civil action or having complained against or been accused by him in a criminal prosecution.

Having served on a trial jury which has tried another person

for the offense charged.
"5. Having been one of a jury formerly sworn to try the same charge and whose verdict was set aside, or which was discharged without a verdict after the case was submitted to it.

"6. Having served as a juror in a civil action brought against the defendant for the act charged as an offense.

"6. Having served as a juror in a civil action brought against the defendant for the act charged as an offense.

"7. If the offense charged be punishable with death, the entertaining of such conscientious opinions as would preclude his finding the defendant guilty, in which case he must neither be permitted nor compelled to serve as a juror.

"SEC. 176t. An exemption from service on a jury is not a cause of challenge, but the privilege of the person exempted.

"SEC. 176u. In a challenge for implied bias one or more of the causes stated in section 176s must be alleged. In a challenge for actual bias the cause stated in the second subdivision of section 176r must be alleged; but no person shall be disqualified as a juror by reason of having formed or expressed an opinion upon the matter or cause to be submitted to such jury, founded upon public rumor, statements in public journals, or common notoriety, provided it appear to the court upon his declaration, upon oath or otherwise, that he can and will, notwithstanding such an opinion, act impartially and fairly upon the matters to be submitted to him. The challenge may be oral, but must be entered in the minutes of the court or of the reporter.

"SEC. 176v. The adverse party may except to the challenge in the same manner as to a challenge to the panel, and the same proceedings must be had thereon as are prescribed in section 176g, except that if the exception be allowed the juror must be excluded. The adverse party may also orally deny the facts alleged as the ground of challenge.

"SEC. 176w. If the facts are denied, the challenge must be tried by the court.

"SEC. 176w. If the facts are denied, the challenge must be tried

by the court.
"SEC. 176x. Upon the trial of a challenge to an individual juror, the juror challenged may be examined as a witness to prove or disprove the challenge and must answer every question pertinent

"SEC, 176y. Other witnesses may also be examined on either side, and the rules of evidence applicable to the trial of other side, and the rules of exidence of evidence on the trial of the challenge.

"SEC. 176z. The court must allow or disallow the challenge, and

its decision must be entered in the minutes of the court."

SEC. 56. That the word "respectfully" in subsection 3 of section 177 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read "respectively."

SEC. 57. That the Code of Criminal Procedure for the Canal

Zone is hereby amended by inserting therein, following section 184, a new section numbered 184a, to read as follows:

The rules of evidence in civil actions are applicable also to criminal actions, except as otherwise provided in this code."

SEC. 58. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 184a, a new section numbered 184b, to read as follows:

"Sec. 184b. Perjury must be proved by the testimony of two witnesses, or of one witness and corroborating circumstances."

Sec. 59. That section 199 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 199. When, in the opinion of the court, it is proper that the jury should view the place in which the offense is charged to have been committed, or in which any other material fact occurred, it may order the jury to be conducted in a body, in the custody of the marshal, to the place, which must be shown to them by a person appointed by the court for that purpose; and the marshal must be sworn to suffer no person to speak or communicate with the jury, nor to do so himself, on any subject connected with the trial, and to return them into court without unnecessary delay or at a specified time."

Sec. 60. That the Code of Criminal Procedure for the Canal Zone

SEC. 60. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202, a new section numbered 202a, to read as follows:

"Sec. 202a. When the jury have agreed upon their verdict they must be conducted into court by the officer having them in charge. When the jury appear they must be asked by the court, or clerk, whether they have agreed upon their verdict, and if the foreman answers in the affirmative, they must, on being required, declare the same." the same.

SEC. 61. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202a, a new section numbered 202b, to read as follows:

new section numbered 202b, to read as follows:

"Sec. 202b. The jury may render a general verdict, or, when they are in doubt as to the legal effects of the facts proved, they may, except upon a trial for libel, find a special verdict."

Sec. 62. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein following section 202b, a new section numbered 202c, to read as follows:

"Sec. 202c. A special verdict is that by which the jury find the facts only, leaving the judgment to the court. It must present the conclusions of fact as established by the evidence, and not the evidence to prove them, and these conclusions of fact must be so presented as that nothing remains to the court but to draw conclusions of law upon them."

SEC. 63. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202c, a new section numbered 202d, to read as follows:

"Sec. 202d. The special verdict must be reduced to writing by

the jury, or in their presence entered upon the minutes of the court, read to the jury and agreed to by them, before they are discharged."

SEC. 64. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202d, a new section numbered 202e, to read as follows:

"Sec. 202e. The special verdict need not be in any particular

form, but is sufficient if it present intelligibly the facts found by the jury.

SEC. 65. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202e, a new section numbered 202f, to read as follows:
"Sec. 202f. The court must give judgment upon the special

verdict as follows:

"I. If the plea is not guilty, and the facts prove the defendant guilty of the offense charged in the information or of any other offense of which he could be convicted under that information. judgment must be given accordingly. But if otherwise, judgment of acquittal must be given.

"2. If the plea is a former conviction or acquittal of the same

offense, the court must give judgment of acquittal or conviction, as the facts prove or fail to prove the former conviction or

acquittal."

SEC. 66. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202f, a new section numbered 202g, to read as follows:

"Sec. 202g. If the jury do not, in a special verdict, pronounce affirmatively or negatively on the facts necessary to enable the court to give judgment, or if they find the evidence of facts merely, and not the conclusions of fact, from the evidence, as established to their satisfaction, the court must order a new trial.'

trial."

SEC. 67. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202g, a new section numbered 202h, to read as follows:

"SEC. 202h. When there is a verdict of conviction, in which it appears to the court that the jury have mistaken the law, the court may explain the reason for that opinion and direct the jury to reconsider their verdict, and if, after the reconsideration, they return the same verdict, it must be entered; but when there is a verdict of acquittal, the court can not require the jury to reconsider it. If the jury render a verdict which is neither general nor special, the court may direct them to reconsider it, and it can not be recorded until it is rendered in some form from which it can be clearly understood that the intent of the jury is either to render a general verdict or to find the facts specially and to leave the judgment to the court."

SEC. 68. That the Code of Criminal Procedure for the Canal

leave the judgment to the court."

SEC. 68. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 2021, a new section numbered 2021, to read as follows:

"SEC. 2021. If the jury persist in finding an informal verdict, from which, however, it can be clearly understood that their intention is to find in favor of the defendant upon the issue, it must be entered in the terms in which it is found, and the court must give judgment of acquittal. But no judgment of conviction can be given unless the jury expressly find against a defendant upon the issue, or judgment is given against him on a special verdict."

SEC. 69. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 202i, a new section numbered 202j, to read as follows:

"SEC. 202j. When a verdict is rendered, and before it is re-corded, the jury may be polled, at the request of either party, in which case they must be severally asked whether it is their verdict, and if anyone answer in the negative, the jury must be sent out for further deliberation."

SEC. 70. That the Code of Criminal Procedure for the Canal

Sec. 70. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 2021, a new section numbered 202k, to read as follows:

"Sec. 202k. When the verdict given is such as the court may receive, the clerk must immediately record it in full upon the minutes, read it to the jury, and inquire of them whether it is their verdict. If any juror disagree, the fact must be entered upon the minutes and the jury again sent out; but if no disagreement is expressed, the verdict is complete, and the jury must be discharged from the case."

Sec. 71. That section 206 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 206. Whenever the fact of a previous conviction of another offense is charged in an information, the court or jury, if it finds a verdict of guilty of the offense with which he is charged.

it finds a verdict of guilty of the offense with which he is charged, must also, unless the answer of the defendant admits the charge, find whether or not he has suffered such previous conviction. The verdict of the court or jury upon a charge of a previous conviction may be: 'The charge of previous conviction is true,' or 'The charge of previous conviction is not true.'"

SEC. 72. That section 207 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 207. The court or jury may find the defendant guilty of any offense, the commission of which is necessarily included in that with which he is charged, or of an attempt to commit the offense." offense."

SEC. 73. That section 208 of the Code of Criminal Procedure for

"Sec. 208. On an information against several, if the court or jury can not agree upon a verdict as to all, they may render a verdict as to those in regard to whom they do agree, on which a judgment must be entered accordingly, and the case as to the others may be retried." others may be retried."

SEC. 74. That the Code of Criminal Procedure for the Canal Zone

SEC. 74. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 209, a new section numbered 209a, to read as follows:

"SEC. 209a. The court may, without regard to the consent or objection of parties, direct the jury, in case they should agree, to sign the verdict, place it in an envelope, and return it into open court, or may direct the marshal to permit the jury, upon agreement, to sign and seal their verdict and return it into open court the following morning, or, upon the jury's coming into court to report agreement, counsel being absent, may instruct the jury to seal their verdict and return it into court on the following day."

SEC. 75. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 209a, a new section numbered 209b, to read as follows:

"SEC. 209b. All criminal cases in the district court in which a jury is had shall be tried by a jury of 12, all of whom must concur to render a verdict."

SEC. 76. That section 210 of the Code of Criminal Procedure for

cur to render a verdict."

SEC. 76. That section 210 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 210. An exception is an objection upon a matter of law to a decision made by a court, tribunal, judge, or other judicial officer in an action or proceeding. Except as provided in section 212, the exception must be taken at the time the decision is made. Rulings of the court upon minor discretionary matters, such as adjournments, postponements of trials, and the like, shall not be subject to exception."

SEC. 77. That section 212 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

the Canal Zone is hereby amended to read as follows:

"Sec. 212. The verdict of the jury, the final decision in an action or proceeding, an interlocutory order or decision finally determining the rights of the parties or some of them, an order or decision from which an appeal may be taken, an order sustaining

termining the rights of the parties or some of them, an order or decision from which an appeal may be taken, an order sustaining or overruling a demurrer, granting or refusing a motion to set aside an information, a motion in arrest of judgment, a motion for a new trial, making or refusing to make an order after judgment affecting any substantial rights of the parties, refusing to grant a change of the place of trial, allowing or refusing to allow an amendment to a pleading, striking out a pleading or a portion thereof, an order made upon ex parte application, an order or decision made in the absence of a party, and instructions given or refused, are deemed to have been excepted to."

Sec. 78. That section 214 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 214. Where a party desires to have the exceptions settled in a bill of exceptions, the draft of a bill must be prepared by him and presented, upon notice of at least two days to the adverse party, to the judge for settlement within 10 days after the announcement of the verdict, unless further time is granted by the judge, or within that period the draft must be delivered to the clerk of the court for the judge. When received by the cierk, he must deliver it to the judge, or transmit it to him at the earliest period practicable. When settled, the bill must be signed by the judge and filed with the clerk of the court. If the judge in any case refuses to allow an exception in accordance with the facts, the party desiring the bill settled may apply by petition to the United States Circuit Court of Appeals for the Fifth Circuit to case refuses to allow an exception in accordance with the facts, the party desiring the bill settled may apply by petition to the United States Circuit Court of Appeals for the Fifth Circuit to prove the same. The application may be made in the mode and manner and under such regulations as the court may prescribe; and the bill, when proven, must be certified by the court as correct and filed with the clerk of the court in which the action was tried, and when so filed it has the same force and effect as if settled by the judge who tried the cause. If the judge who presided at the trial ceases to hold office before the bill is tendered or settled, he may nevertheless settle such bill, or the party may, as provided in this section, apply to the Circuit Court of Appeals for the Fifth Circuit to prove the same."

SEC. 79. That section 215 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 215. A bill of exceptions must contain only so much of the evidence as may be necessary to present clearly the questions of law involved in the rulings to which exceptions are reserved, and such evidence as is embraced therein shall be set forth in con-

and such evidence as is embraced therein shall be set forth in condensed and narrative form, save as a proper understanding of the questions presented may require that parts of it be set forth otherwise."

SEC. 80. That the Code of Criminal Procedure for the Canal

SEC. 80. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 215, a new section numbered 215a, to read as follows:

"Sec. 215a. No bill of exceptions shall be allowed which shall contain the charge of the court at large to the jury upon any general exception to the whole of such charge. But the party excepting shall be required to state distinctly the several matters of law in such charge to which he excepts; and those matters of law, and those only, shall be inserted in the bill of exceptions and allowed by the court."

Sec. 81. That section 219 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"A motion for a new trial shall be made only after verdict of the jury or decision by the court, and before judgment. Such motion shall be filed within five days after verdict of the jury or

decision by the court, unless, for good cause shown, the court or judge, within such 5-day period, extends such time. Such motion shall be in writing and must set out specifically the grounds upon shall be in writing and must set out specifically the grounds upon which the same is made. When a ground of a motion is the insufficiency of the evidence to justify the verdict or decision, the motion must specify the particulars in which the evidence is alleged to be insufficient. If a ground of the motion be error in law occurring at the trial and excepted to by the moving party, the motion must specify the particular errors upon which the the motion must specify the particular errors upon which the party will rely, and in the case of a question as to the admissibility of evidence the question, objection or motion, ruling, and exception thereto must be fully set out. Such motion shall be heard and determined as speedily as possible after the same is

filed."

SEC. 82. That section 237 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 237. A judgment that the defendant pay a fine and costs may also direct that he be imprisoned until the fine and costs be satisfied. But the judgment must specify the extent of the imprisonment, which must not exceed one day for every dollar of the fine and costs, nor extend in any case beyond the term for which the defendant might be sentenced to imprisonment for the offense of which he has been convicted."

SEC. 84. That subsection 1 of section 241 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 241. \* \* \*
"1. The information, and a copy of the minutes of the plea or demurrer.'

SEC. 84a. That section 242 of the Code of Criminal Procedure for

"Sec. 34a. That section 242 of the code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 242. When a judgment, other than death, has been pronounced, the clerk shall forthwith furnish a mittimus to the officer whose duty it is to execute the judgment, and no other warrant or authority is necessary to justify or require its execution."

SEC. 85. That section 243 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows: "Sec. 243. If the judgment is for a fine and costs alone, execu-

tion may be issued thereon attaching the property of the defendant."

SEC. 86. That section 244 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows: "SEC. 244. If the judgment is for imprisonment, or a fine and

costs and imprisonment until they be paid, the defendant must forthwith be committed to the custody of the proper officer, and by him detained until the judgment is complied with."

SEC. 87. That section 289 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 289. After conviction of an offense not punishable with death, a defendant who has appealed may be admitted to bail—
"1. As a matter of right, when the appeal is from a judgment

imposing a fine only.
"2. As a matter of right, when the appeal is from a judgment

imposing imprisonment in cases of misdemeanor.

"3. As a matter of discretion in all other cases."
SEC. 88. That section 290 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:
"Sec. 290. If the offense is bailable, the defendant may be admitted to bail before conviction—

"1. For his appearance before a magistrate for trial or for pre-liminary investigation in cases triable in the district court.

"2. To appear at the court to which the magistrate is required to return the complaint and warrant, upon the defendant being held to answer after investigation.

"3. After the information is filed either before the bench warrant is issued for his arrest, or upon any order of the court committing him, or enlarging the amount of bail, or upon his being surrendered by his bail, to answer the information in the court in which it is found or to which it may be transferred for

"And after conviction, and upon appeal—
"4. If the appeal is from a judgment imposing a fine only, on the undertaking of bail that he will pay the same, or such part of it as the appellate court may direct, if the judgment is affirmed or modified, or the appeal is dismissed.

"5. If judgment of imprisonment has been given, that he will surrender himself in execution of the judgment, upon its being affirmed or modified, or that in case the judgment be reversed and the cause be remanded for a new trial, that he will appear in the court to which said cause may be remanded, and submit himself to the orders and process thereof."

Sec. 83-A. That the Code of Criminal Procedure for the Canal Zone is hereby amended by adding after section 291 thereof a

Zone is hereby amended by adding after section 291 thereof a

section reading as follows:

"SEC. 291a. When an arrest is made, either with or without a warrant, in a misdemeanor case triable in a magistrate's court, and for any reason the officer making the arrest is unable to take the offender forthwith before a magistrate, he may take such offender forthwith to the nearest police station and the officer in offender forthwith to the hearest police station and the officer in charge thereof may accept bond, or a cash deposit in lieu thereof, in a sum not exceeding \$500, to secure the appearance of the offender before the magistrate having jurisdiction of the case, and the offender shall then be released from custody, and the bond, or cash deposit in lieu thereof, shall be delivered to the magistrate having jurisdiction of the case, and a receipt for such bond or deposit shall be given to such officer by said magistrate. "When a money deposit is made in lieu of bail bond the deposit shall be held and disposed of in accordance with the provisions of sections 305, 306, 307, 310, and 311."

SEC. 89. That section 293 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 293. Bail upon being held to answer after a preliminary investication is a written undertaking a secured by two sufficient

investigation is a written undertaking, executed by two sufficient sureties (with or without the defendant, in the discretion of the

dollars; we, — and — of — (stating their place of residence and occupation), hereby undertake that the above-named —, will appear and answer any information growing named ——, will appear and answer any information growing out of the charge above mentioned, in whatever court it may be prosecuted, and will at all times hold himself amenable to the order and process of the court, and if convicted, will appear for judgment, and render himself in execution thereof; or, if he fails to perform either of these conditions, that we will pay to the government of the Canal Zone the sum of —— dollars (inserting the sum in which the defendant is admitted to ball)."

SEC. 90. That subdivision 1 of section 294 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as

follows:

follows:

"I. Each of them must be a resident of the Canal Zone."

SEC. 91. That section 297 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 297. The bail fixed by a magistrate under sections 292 to 296 upon holding the defendant to answer for an offense triable in the district court shall be construed to continue so as to require the defendant to appear and answer the information filed in the district court and to at all times render himself amenable to the orders and process of the court, and if convicted to appear for judgment and render himself in execution thereof."

SEC. 92. That section 302 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 302. After the filing of an information, the court in which the charge is pending may fix or, upon good cause shown, either

the charge is pending may fix or, upon good cause shown, either increase or reduce the amount of bail. If the amount be increased, the court may order the defendant to be committed to actual custody, unless he give bail in such increased amount. If application be made by the defendant for a reduction of the amount, notice of the application must be served on the district attorney." attorney

SEC. 93. That section 304 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 304. The sureties must possess the qualifications and the bail must be put in, in all respects as provided in sections 292 to 296, except that the undertaking must be conditioned as prescribed in section 290 for undertakings of bail on appeal."

SEC. 94. That section 305 of the Code of Criminal Procedure for

SEC. 94. That section 305 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 305. The defendant in a criminal proceeding may make a cash deposit in lieu of a bail bond and a certificate of deposit shall be issued to the defendant in each case by the magistrate or clerk of the district court, as the case may be."

SEC. 95. That section 307 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 307. When money has been deposited, if it remains on deposit at the time of a judgment for the payment of a fine, the magistrate, or the clerk of the district court under the direction of the court, as the case may be, must apply the money in satisfaction thereof, and, after satisfying the fine and costs, must refund the surplus, if any, to the defendant. If the defendant be not found within a period of two years from the date of the judgment, the magistrate or the clerk of the district court, as the case may be, shall turn over such surplus to the collector of the Panama Canal to be accounted for by him in the same manner as fines are accounted for."

SEC. 96. That section 313 of the Code of Criminal Procedure for

fines are accounted for."

SEC. 96. That section 313 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 313. If, by reason of the neglect of the defendant to appear, money deposited instead of bail is forfeited, and the forfeiture is not discharged or remitted, the magistrate or the clerk of the district court, as the case may be, with whom it is deposited must pay over the same to the collector of the Panama Canal in the manner prescribed for the paying over of other funds."

SEC. 97. That section 315 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 315. The court to which the magistrate commits the defendant, or in which an information or appeal is pending, or to

fendant, or in which an information or appeal is pending, or to which a judgment on appeal is remitted to be carried into effect, may, by an order entered upon its minutes, direct the arrest of the defendant and his commitment to the officer to whose custody he was committed at the time of giving ball, and his detention until legally discharged, in the following cases:

"1. When, by reason of his failure to appear, he has incurred a

forfeiture of his bail or of money deposited instead thereof.

"2. When it satisfactorily appears to the court that his bail, or either of them, are dead or insufficient or have removed from the Canal Zone."

SEC. 98. That section 320 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:
"Sec. 320. When the defendant is admitted to bail, the bail may be taken by any magistrate."

SEC. 99. That section 322 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows: "SEC. 322. The process by which the attendance of a witness

before a court or magistrate is required is a subpœna. It may be signed and issued by:

"1. A magistrate before whom a complaint is made, for witnesses in the Canal Zone, either on behalf of the Government or

of the defendant.

"2. The judge of the district court.

"3. The clerk of the district court upon application of either the district attorney or the defendant."

SEC. 100. That section 323 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:

"SEC. 323. A subpœna authorized by the preceding section must be substantially in the following form:
"'The government of the Canal Zone:

"'You are commanded to appear before (the district court or the magistrate) of ———— (division or subdivision) (or as the case may be) at (naming the place) on (stating the day and hour), as a witness in a criminal action prosecuted by the government of the Canal Zone.

"'Given under my hand this -, clerk," or as the day of -(Magistrate, or "By order of the court, —, clerk," or as the case may be).' If books, papers, or documents are required, a direction to the following effect must be contained in the subpæna: 'And you are required also to bring with you the following (describing intelligibly the books, papers, or documents required).'

SEC. 101. That section 325 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:

"Sec. 325. When a person attends before a magistrate or court as a witness in a criminal case, upon a subpœna or in pursuance as a witness in a criminal case, upon a subpena or in pursuance of an undertaking to testify on behalf of the prosecution, and it appears that he has come from a place more than 3 miles distant from the place where he is to appear, or that he is poor and unable to pay the expenses of such attendance, the court, in its discretion, if the attendance of the witness be upon a trial, by an order upon its minutes, or in any other case, the judge, at his discretion, by a written order, may direct the clerk of the court to pay the witness a reasonable sum to pay his expenses, which shall be charged against his per diem." be charged against his per diem."

SEC. 102. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 328, a new section numbered 328a, to read as follows:

328, a new section numbered 328a, to read as follows:

"Sec. 328a. The rules for determining the competency of witnesses in civil actions are applicable also to criminal actions and proceedings except as otherwise provided in this code."

Sec. 103. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 328a, a new section numbered 328b, to read as follows:

"Sec. 328b. Neither husband nor wife is a competent witness for or against the other in a criminal action or proceeding to which one or both are parties, except with the consent of both, or in case of criminal actions or proceedings for a crime committed by one against the person or property of the other, or in cases of criminal actions or proceedings for bigamy, or adultery, or in cases of criminal actions or proceedings for bigamy, or adultery, or in cases of criminal actions or proceedings brought under provisions of law requiring the husband to furnish proper maintenance and support to wife and minor children and providing for punishment for abandonment of wife or minor children." donment of wife or minor children."

SEC. 104. That the Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 328b, a new section numbered 328c, to read as follows:

328b, a new section numbered 328c, to read as ionows.

"Sec. 328c. A defendant in a criminal action or proceeding can not be compelled to be a witness against himself; but if he offers himself as a witness, he may be cross-examined by the counsel for the government as to all matters about which he was examined in chief. His neglect or refusal to be a witness can not in any recover projudice him nor be used against him on the trial or manner prejudice him nor be used against him on the trial or SEC. 105. That section 329 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 329. When defendant has been held to answer a charge for a public offense, either or both defendant and the government may, either before or after an information, have witnesses examined conditionally in his or its behalf, as prescribed in this chapter."

SEC. 106. That section 330 of the Code of Criminal procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 330. When a material witness for the defendant, or for the government, is about to leave the Canal Zone, or is so sick or infirm as to afford reasonable grounds for apprehension that he will be unable to attend the trial, the defendant or the government may apply for an order that the witness be examined conditionally." ditionally.

SEC. 107. That section 331 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 331. The application must be made upon affidavit stating:

"1. The nature of the offense charged.

"2. The state of the proceedings in the action.

"3. The name and residence of the witness, and that his testimony is material to the defense or the prosecution of the action.

"4. That the witness is about to leave the Canal Zone, or is so sick or infirm as to afford reasonable grounds for apprehending that he will not be able to attend the trial.

"The application may be made to the district court or the judge thereof, and in case of his absence or inability to act may be made to a magistrate, and must be made upon three days' notice to the

opposite party."
SEC. 108. That section 332 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows

"SEC. 332. If the court, judge, or magistrate is satisfied that the examination of the witness is necessary, an order must be made that the witness be examined conditionally, at a specified time and place, and before a magistrate designated therein."

SEC. 109. That section 333 of the Code of Criminal Procedure

for the Canal Zone is hereby amended to read as follows:
"SEC. 333. The defendant has the right to be present in person and with counsel at such examination, and if the defendant is in custody, the officer in whose custody he is, must be informed of the time and place of such examination and must take the defendant thereto and keep him in the presence and hearing of the witness during the examination."

SEC. 110. That section 334 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 334. If, at the time and place so designated, it is shown to the satisfaction of the magistrate that the witness is not about to leave the Canal Zone, or is not sick or infirm, or that the appli-

cation was made to avoid the examination of the witness on the trial, the examination can not take place."

SEC. 111. That the word "sixty" in subsection 1 of section 362 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read "twenty."

SEC. 112. That section 366 of the Code of Criminal Procedure for

SEC. 112. That section 366 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 366. An order for the dismissal of the action, as provided in this chapter, is a bar to any other prosecution for the same offense, if it is a misdemeanor, unless such order is explicitly made for the purpose of amending the complaint in such action, in which instance such order for dismissal of the action shall not act as a bar to a prosecution upon such amended complaint; but an order for the dismissal of the action is not a bar if the offense is a fellow." felony.

felony."

SEC. 113. That section 368 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"SEC. 368. The summons must be served at least five days before the day of appearance fixed therein, by delivering a copy thereof and showing the original to the president or other head of the corporation, or to the secretary, cashier, or managing agent within the Canal Zone."

SEC. 114. That section 379 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

for the Canal Zone is hereby amended to read as follows:
"SEC. 379. If the property stolen or embezzled is not claimed by
the owner before the expiration of six months from the conviction of a person for stealing or embezzling it, the court shall order it sold on such terms and under such conditions as the court shall sold on such terms and under such conditions as the court shall direct. The officer making such sale shall return the proceeds into court, whereupon the court shall order the balance of such proceeds, after deducting therefrom the expenses incurred in the preservation and sale of the property, to be delivered to the collector of the Panama Canal to be covered into the Treasury of the United States as miscellaneous receipts."

Sec. 115. That section 399 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 399. Any person who has been committed on a criminal charge may be brought before the district judge on a writ of habeas corpus."

habeas corpus."
SEC. 116. The Code of Criminal Procedure for the Canal Zone is hereby amended by inserting therein, following section 413, a new section numbered 413a, to read as follows:
"SEC. 413a. During the absence of the district judge, the powers conferred upon said judge and the jurisdiction conferred upon the district court by this chapter may be exercised by a magistrate or a magistrate's court: Provided, however, That the magistrate herein referred to must be one other than one who has committed the party to jail. In the event the magistrate or magistrate's the party to jail. In the event the magistrate or magistrate's court denies the writ, the proceedings may be begun and proceeded with de novo before the district judge or district court upon the return of the district judge."

SEC. 117. That section 427 of the Code of Criminal Procedure

SEC. 117. That section 427 of the Code of Criminal Procedure for the Canal Zone is hereby amended to read as follows:

"Sec. 427. When the property is delivered to a court, judge, or magistrate, he must, if it was stolen or embezzled, dispose of it as provided in sections 376 to 381, inclusive. If it was taken on a warrant issued on the grounds stated in the second and third subdivisions of section 415, he must retain it in his possession, subject to the order of the court to which he is required to return the proceedings before him, or of any other court in which the offense in respect to which the property taken is triable."

SEC. 118. That section 447 of the Code of Criminal Procedure for

the Canal Zone is hereby amended to read as follows:

"SEC. 447. In case in any penal institution there should not be sufficient room for the prisoners confined therein, or, in the cases of women prisoners or of prisoners under 18 years of age, if the governor determines that the public welfare will best be subserved by their imprisonment elsewhere than at Gamboa, they shall be transferred to such penal institutions within the Canal Zone as the governor may designate.

"This transfer, however, will not aggravate or affect in any way the condition of the prisoners, who will serve in accordance with the penalty to which they have been sentenced."

SEC. 119. That the following sections of the Code of Criminal Procedure for the Canal Zone be, and they are hereby, repealed: Sections 13, 29, 39, 42, 54, 55, 56, 65, 68, 69, 91, 95, 98, 99, 100, 102, 104, 106, 120, 121, 130, 132, 152, 203, 211, 238, 240, 298, 299, 300, and 301

That the Executive order of July 28, 1925, prescribing rules of practice and procedure for the District Court of the Canal Zone, be, and it is hereby, repealed.

With the following committee amendments:

Page 2, line 9, after the word "therein," insert "and on the sworn testimony of one or more witnesses."

Page 15, line 2, after the word "therein," insert the words "and on the sworn testimony of one or more witnesses."

Page 52, line 23, strike out the word "defendant" with quotation marks and insert in lieu thereof "defendant" without quotation marks tion marks.

Page 52, insert after line 23 the following:
"4. A magistrate or the clerk of the district court must, at any time and without charge, issue subpænas for witnesses for the defendant upon his request."

The committee amendments were agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, at page 3, line 6, after the word "States," insert which are made."

The Clerk read as follows:

Amendment offered by Mr. Stafford: Page 3, line 6, after the word "States," insert the words "which are made."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CODE OF CIVIL PROCEDURE FOR THE CANAL ZONE

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the next two bills on the Consent Calendar (H. R. 7521 and H. R. 7522) be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

#### MAILING OF SECOND-CLASS MATTER

The Clerk read the title of the next bill on the Consent Calendar, H. R. 4594, to fix the rate of postage on publications mailed at the post office of entry for delivery at another post office within the postal district in which the headquarters or general business offices of the publisher are located.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, I notice that the committee by the proposed bill is granting a preference to the publishers who have already availed themselves of the privilege of establishing subsidiary branch offices. That is accomplished by the last clause beginning on line 11:

But this provision shall not be applicable to publications already entered as second-class matter which retain their entry at the post office where now entered.

Mr. KELLY of Pennsylvania. The purpose of the bill is to prevent an abuse in the future and is recommended by the department and the committee on that ground.

Mr. STAFFORD. To what extent has it been abused?

Mr. KELLY of Pennsylvania. There are, perhaps, 100 publications of this character. I will say that applies largely to publications of a religious, educational, and fraternal class issued by associations that are not operated for profit. Under the law they are chargeable with postage at the rate of 1 or 2 cents a copy, according to the frequency of the issue of the publication or the weight of the publication. Sometimes they will go 50 miles from the office of publication and secure entry in order to avoid payment of this postage rate and secure instead a rate of 11/2 cents a pound.

Mr. STAFFORD. Does not the gentleman think that the bill would be improved by inserting at the end of line 4, page

2, the phrase "such or at "?

Mr. KELLY of Pennsylvania. It would have to be at a "different" post office. They could not get the low rate unless it was

Mr. LAGUARDIA. If this change is necessary and beneficial, why is the last provision inserted in the bill?-

But this provision shall not be applicable to publications already entered as second-class matter which retain their entry at the post office where now entered.

Mr. KELLY of Pennsylvania. This is the question that the gentleman from Wisconsin put, and I have just answered by pointing out the character of these publications and suggesting that we had best confine this provision to future action.

Mr. LaGUARDIA. I beg the gentleman's pardon, I was absent from the Chamber for a few moments.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 286 of title 39 of the United States Code is hereby amended by the addition of the following

"Copies of a publication, other than a weekly, hereafter admitted to the second class of mail matter, when mailed by the publisher or registered news agent at a post office where it is entered, for delivery by letter carriers at a different post office within the delivery limits of which the headquarters or general business offices of the publisher are located, shall be chargeable with postage at the rate that would be applicable if the copies were mailed at the latter office, unless the postage chargeable at the pound rates from the office of mailing is higher, in which case such higher rates shall apply, but this provision shall not be applicable to publications already entered as second-class matter which retain their entry at the post office where now entered."

#### With the following committee amendment:

In line 3, page 1, strike out "section 286 of title 39 of the United States Code" and insert in lieu thereof "section 25 of the act entitled 'An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1880, and for other purposes,' approved March 3, 1879 (20 Stat. 361, U. S. C., title 39, sec. 286)" 39, sec. 286)."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE MISSOURI RIVER AT OR NEAR ARROW ROCK, MO.

The Clerk read the title of the next bill on the Consent Calendar, H. R. 8379, to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.

There being no objection, the Clerk read the bill, as fol-

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River at or near Arrow Rock, Mo., authorized to be built by the St. Louis-Kansas City Short Line Railroad Co., a corporation of the State of Missouri, and their successors and assigns, by the act of Congress approved March 2, 1929, are hereby extended one and three years, respectively, from March 2, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby

expressly reserved.

With the following committee amendments:

Page 1, line 6, after the word "Company," strike out the words a corporation." Strike out all of line 7.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS MISSOURI RIVER, ST. CHARLES, MO.

The next business on the Consent Calendar was the bill (H. R. 8394) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

The SPEAKER. Is there objection?

Mr. DYER. Mr. Speaker, reserving the right to object, what has so far been done, if anything, toward this project?

Mr. MILLIGAN. I do not think anything has been done. Does the gentleman mean the actual work upon the bridge?

Mr. DYER. Yes.

Mr. MILLIGAN. I do not think anything.

Mr. DYER. Is it to be simply a bridge for this company, a rail bridge for the street-car company?

Mr. MILLIGAN. Yes.

Mr. STAFFORD. I direct the gentleman's attention to letter of the vice president of the railroad company which says \$265,000 up to the present time has been expended.

Mr. MILLIGAN. I was referring to the actual work on the bridge.

Mr. STAFFORD. That is obtaining rights of way?

Mr. MILLIGAN. Yes.
The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River at or near St. Charles, Mo., authorized to be built by the St. Louis-Kansas City Short Line Railroad Co., a corporation of the State of Missouri, and their successors and assigns, by the act of Congress approved March 2, 1929, are hereby extended one and three years, respectively from March 2, 1929. respectively, from March 2, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 6, after the word "Company," strike out the comma and the words "a certain corporation of the State of Missouri, and their successors and assigns."

The committee amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS ROCK RIVER, PROPHETSTOWN, ILL.

The next business on the Consent Calendar was the bill (H. R. 8396) granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Rock River at or near Prophetstown, Ill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the committee amendment

The Clerk read as follows:

Strike out all after the enacting clause and insert:

"That the times for commencing and completing the construction of a bridge across the Rock River at or near Prophetstown, Ill., in section 28, township 20 north, range 5 east, fourth principal meridian, authorized to be built by the State of Illinois by an act of Congress approved March 28, 1930, are hereby extended one and three years, respectively, from the date of approval hereof.
"SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended to read: "A bill to extend the times for commencing and completing the construction of a bridge across the Rock River at or near Prophetstown, Ill."

BRIDGE ACROSS MAHONING RIVER, NEW CASTLE, PA.

The next business on the Consent Calendar was the bill (H. R. 8506) to extend the times for commencing and completing the construction of a bridge across the Mahoning River at New Castle, Lawrence County, Pa.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Mahoning River at a point just south of New Castle, Lawrence County, Pa., now served by a structure known locally as the Willow Grove Bridge, authorized to be built by the State Highway Department, Commonwealth of Pennsylvania, by the act of Congress approved March 2, 1931, are hereby extended one and three years, respectively, from March 2, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS ST. LAWRENCE RIVER, ALEXANDRIA BAY, N. Y.

The next business on the Consent Calendar was the bill (H. R. 8696) to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.

There being no objection, the Clerk read the bill, as fol-

Be it enacted, etc., That the times for commencing and comp'eting the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N. Y., authorized to be built by the New York Development Association (Inc.), a corporation organized under and by virtue of the membership corporation laws of the State of New York, its successors and assigns, by an act of Congress approved March 4, 1929, are hereby extended one and four years, respectively, from March 4, 1932.

SEC 2. The right to alter amend or repeal this act is hereby

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 2, line 1, after the figures "1929," insert "and heretofore extended by an act of Congress approved February 13, 1931," and line 2, page 2, after the word "hereby," insert the word "further," and in line 3, page 2, strike out the word "four" and insert the word "three."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER, BETTENDORF, IOWA

The next business on the Consent Calendar was the bill (H. R. 9066) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, Iowa.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I have been objecting to this bill. It is a private enterprise, and I understand that no progress has been made on the promotion.

Mr. JACOBSEN. There has not been on the promotion. Mr. ALLEN. The bridge is being financed now by the city.

Mr. JACOBSEN. Yes; the city voted it 3 to 1.

Mr. LaGUARDIA. The gentleman states this concession has been turned over to the city of Bettendorf?

Mr. JACOBSEN. Yes.

Mr. LAGUARDIA. And they have authorized a bond issue?

Mr. JACOBSEN. Yes.

Mr. LAGUARDIA. So that it will be a municipal enterprise?

Mr. JACOBSEN. Yes.

Mr. ALLEN. In order to float the bond issue, they have to have an extension.

Mr. LaGUARDIA. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Mississippi River at or near Tenth Street in Bettendorf, Iowa, authorized to be built by B. F. Peek, G. A. Shallberg, and C. I. Josephson, of Moline, Ill.; J. W. Bettendorf, A. J. Russell, and J. L. Hecht, of Bettendorf and Davenport, Iowa, their heirs, legal representatives, Bettendorf and Davenport, Iowa, their heirs, legal representatives, and assigns, by the act of Congress approved May 26, 1928, heretofore extended by an act of Congress approved June 10, 1930, are hereby further extended one and three years, respectively, from the date of approval hereof, whether said bridge shall be constructed by said B. F. Peek and associates above named or be constructed by said city of Davenport or other municipality, political subdivision, corporation, or person by virtue of a sale, assignment, or transfer of the rights, powers, and privileges conferred by said act of Congress approved May 26, 1928.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

expressly reserved.

With the following committee amendments:

Page 2, line 3, strike out the words "an act" and insert "acts," and after the word "approved," in the same line, insert the words "March 2, 1929, and"; and on the same page in line 5, after the word "hereof," strike out the comma and the remainder of the

The committee amendments were agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

HIGHWAY BRIDGE ACROSS ST. FRANCIS RIVER AT OR NEAR MADISON. ARK.

The next business on the Consent Calendar was the bill (H. R. 9264) to extend the times for commencing and completing the construction of a free highway bridge across the

St. Francis River at or near Madison, Ark., on State highway No. 70.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and com-pleting the construction of a free highway bridge across the St. Francis River, at a point suitable to the interests of navigation, at or near Madison, Ark, on State highway No. 70, authorized to be constructed, maintained, and operated by the State of Arkansas, through its State highway department, by an act of Congress approved March 3, 1931, are hereby further extended one and three years, respectively, from such date.

With the following committee amendments:

Page 1, line 5, after the word "River," strike out the words "at

Page 1, line 5, after the word "River," strike out the words "at a point suitable to the interests of navigation."

Page 1, line 7, strike out the words "constructed, maintained, and operated" and insert in lieu thereof the word "built."

Page 2, line 2, after the word "hereby," strike out the word "further."

Page 2, line 3, after the word "from," strike out the words "such date" and insert in lieu thereof the words "March 3, 1932."

Page 2, line 4, insert: "Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

HIGHWAY BRIDGE ACROSS ST. FRANCIS RIVER AT LAKE CITY, ARK.

The Clerk called the next bill on the Consent Calendar, H. R. 9266, granting the consent of Congress to the State of Arkansas, through its State highway department, to construct, maintain, and operate a free highway bridge across St. Francis River at or near Lake City, Ark., on State Highway No. 18.

There being no objection, the Clerk read the bill, as

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Arkansas, through its State highway degranted to the State of Arkansas, through its State highway department, to construct, maintain, and operate a free highway bridge and approaches thereto across the St. Francis River, at a point suitable to the interests of navigation, at or near Lake City, Ark., on State Highway No. 18, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Strike out after the enacting clause and insert the following, on page 2, line 8:

page 2, line 8:

"That the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark., on State Highway No. 18, authorized to be built by the State of Arkansas, through its State highway department, by an act of Congress approved June 30, 1930, are hereby extended one and three years, respectively, from the date of approval hereof.

"Sec. 2. The right to alter, amend, or repeal this act is hereby expressely recorved."

expressly reserved."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended to read: "A bill to extend the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark."

BRIDGE ACROSS THE MISSISSIPPI RIVER AT GRAND RAPIDS, MINN.

The Clerk called the next bill on the Consent Calendar, S. 3237, to legalize a bridge across the Mississippi River at Grand Rapids, Minn.

There being no objection, the Clerk read the Senate bill. as follows:

Be it enacted, etc., That the bridge now being constructed by the State of Minnesota across the Mississippi River at Grand Rapids, Minn., and located on trunk highway No. 35, if completed in accordance with the plans accepted by the Chief of Engineers and the Secretary of War, shall be a lawful structure, and shall, together with the persons owning or controlling it, be subject to the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS BAY OF SAN FRANCISCO FROM RINCON HILL DISTRICT IN SAN FRANCISCO BY WAY OF GOAT ISLAND TO OAKLAND

The Clerk called the next bill on the Consent Calendar, S. 3282, to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the times for commencing and completing construction of a bridge across the Bay of San Francisco, at or near the general site from Rincon Hill, in the city and county of San Francisco, to and across Goat Island, in San Francisco Bay, thence to Oakland, in the county of Alameda, authorized to be built by the State of California, by an act of Congress approved February 20, 1931, are hereby extended two and seven years, respectively, from February 20, 1932.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 2, line 1, strike out the word "seven" and insert in lieu thereof the word "five."

Mr. STAFFORD. Mr. Speaker, I ask recognition in opposition to the amendment.

Will the lady from California inform the House what, if any, progress has been made under this valuable franchise that was granted by the last Congress?

Mrs. KAHN. There certainly has been progress made. The State appropriated \$650,000 to start the work. All the preliminary borings have been made. We simply have this bill as a safeguard, because the State expects to sell the bonds, and this bill is simply a safeguard for the bonds.

Mr. STAFFORD. Can the lady give any estimate as to when this great project is likely to be completed, so persons going across the continent may have the advantage of this great highway bridge?

Mrs. KAHN. They hope to have it completed within the time limit set by the committee. The Senate gave them a little longer, but the House committee, as I understand, has a rule about not extending the time beyond a certain number of years for completion. Of course, I do not know, in this period of depression, how successful they will be, but we hope they will be able to sell the \$75,000,000 of bonds. Meantime they have appropriated out of the public treasury an amount of \$650,000, and the work has progressed.

The committee amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PROTECTION OF THE PALO VERDE VALLEY, STATE OF CALIFORNIA

The Clerk called the next bill, H. R. 4715, for the protection of the Palo Verde Valley, State of California, against injury or destruction by reason of Colorado River floods.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I find this language in the letter from the Secretary of the Interior to the chairman of the committee:

My suggestion is that transfer of the sum of \$70,000 to the reclamation fund under one of the flood control bills now pending before the House be authorized as an emergency measure.

I note the bill provides for an authorization of \$200,000 annually for five years. How are you going to finance this?

Mr. BLANTON. Mr. Speaker, I am going to object to the bill because it is not in accordance with the President's financial program. It involves the large sum of \$1,000,000. The Interior Department reports that the expenditure at this time of this \$1,000,000 would not be in accord with the financial program of the President. I am against spending every million dollars that is not necessary and which can be saved. Only by stopping these expenditures may we ever

expect to balance the Budget. Therefore, Mr. Speaker, I object.

The SPEAKER. Is there objection?

Mr. BLANTON. I object.

EXTENSION OF BENEFITS OF HOSPITALIZATION IN THE SOLDIERS' HOMES TO CERTAIN PERSONS WHO SERVED IN THE QUARTER-MASTER CORPS

The Clerk called the next bill, H. R. 4724, to confer to certain persons who served in the Quartermaster Corps or under the jurisdiction of the Quartermaster General during the war with Spain, the Philippine insurrection, or the China relief expedition the benefits of hospitalization and the privileges of the soldiers' homes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, since this bill was last under consideration I have noted that they are seeking to extend the provisions of the World War veterans' act to these former employees of the Quartermaster Corps. I wish to confer with the author of the bill, and I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

INDIAN CEMETERY RESERVES ON THE WICHITA INDIAN RESERVATION IN OKLAHOMA

The Clerk called the next bill, H. R. 8691, authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent to substitute Senate bill 3409 for the House bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to advertise and sell to he is hereby, authorized, in his discretion, to advertise and sell to the highest bidder for cash, at not less than the appraised value, the following-described tracts of land on the Wichita Indian Reservation in Oklahoma: SE. ¼ SE. ¼, sec. 3, T. 9 N., R. 10 W., Indian meridian, in Oklahoma, 40 acres; and N. ½ NE. ¼ NW. ¼ and SE. ¼ NE. ¼ NW. ¼, sec. 10, T. 7 N., R. 10 W., Indian meridian, in Oklahoma, 30 acres: Provided, That the proceeds derived therefrom shall be used by the Secretary of the Interior in purchasing suitable tracts of land more conveniently situated. purchasing suitable tracts of land more conveniently situated, which may be desired by the Wichita and affiliated bands of Indians for cemetery purposes.

Mr. LEAVITT. Mr. Speaker, I offer the House committee amendment.

The SPEAKER. The gentleman from Montana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Leavitt: At the end of the bill insert: "And provided further, That there shall be reserved to the Indian owners all coal, oil, gas, or other mineral deposits found at any time in the land."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill (H. R. 8691) was laid on the table.

STATUES OF GEORGE WASHINGTON AND ROBERT E. LEE

The next business on the Consent Calendar was House Concurrent Resolution 24, thanking the Governor of the State of Virginia for the statues of George Washington and Robert E. Lee.

The SPEAKER. Is there objection to the present consideration of the concurrent resolution?

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this resolution go over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

CONTINUATION OF AUTHORIZATION FOR THE CONSTRUCTION OF ROADS AND TRAILS IN THE NATIONAL PARKS AND MONUMENTS

The Clerk called the next bill, H. R. 6059, to continue the authorization for the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges in and approach roads to the national parks and monuments under the jurisdiction of the Department of the Interior, and for other purposes.

The SPEAKER. Is there objection to the present consid-

eration of the bill?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, why can not this be carried out through the provisions of the road bill we passed a few days ago?

Mr. LEAVITT. That was an emergency bill only and this provides, during the fiscal years 1934 and 1935, for a continuation of the authorization for work that has always gone on in the national parks. Without this legislation the work can not be done during the two years covered in this bill.

Mr. LaGUARDIA. But under the provisions of the emergency road bill, if you want to call it that, you certainly could do the work next year that you contemplate doing this year.

Mr. LEAVITT. For one year, but it does not give the authorization necessary for the orderly carrying on of the work in the parks. This is a smaller amount than the old authorization, I will say to the gentleman.

Mr. LaGUARDIA. It is only \$5,000,000, of which not to exceed \$1,000,000 may be allocated each year. I think the road bill covers this sufficiently.

Mr. LEAVITT. It does not.

Mr. LaGUARDIA. What does the gentleman from Texas think about it?

Mr. BLANTON. I think it does. Why put this additional burden on the Government when the other bill covers it absolutely.

Mr. LEAVITT. No; it does not, except for one year, and not either of those in this bill.

Mr. BLANTON. Does the gentleman think he needs to go now up to 1934, 1935, and 1936? Does he not think Congress is going to meet before then?

Mr. LaGUARDIA. I would advise the gentleman not to press this bill.

Mr. BLANTON. Mr. Speaker, this bill involves \$5,000,000, and I object.

CONCURRENT POLICE JURISDICTION OVER THE RIGHTS OF WAY OF THE BLACKFEET HIGHWAY

The Clerk called the next bill, H. R. 8914, to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, how is this road going to be policed?

Mr. LEAVITT. It is policed by a motorcycle policeman who now operates along the east side of the Glacier National Park. He has authority on those parts of the road that are within the park but he has no authority over the connecting roads outside.

Mr. LaGUARDIA. Does the whole police force consist of one man?

Mr. LEAVITT. Sometimes two.

Mr. LaGUARDIA. Do we need an act of Congress for this purpose?

Mr. LEAVITT. Yes; because you can not confer any jurisdiction on the National Park Service except by accepting the grant of concurrent jurisdiction offered by the State of Montana.

Mr. BLANTON. If the gentleman will yield, I want to ask the gentleman from Montana if he does not think that with a bill of this character there should be a report from a department showing its probable cost to the Government and also showing the uttermost limit of cost?

Mr. LEAVITT. I can state that. It will not cost any more than it does now.

Mr. BLANTON. There is no report from the department on the probable cost to the Government, and inasmuch as the gentleman has passed so many bills here—I think he has the record on the number of bills passed in a Congress—he ought to know that sometimes these things get away from us; and even when the Member who introduces them does not believe they are going to cost much, yet in the final analysis they cost tremendous sums and sometimes amount to hundreds of thousands of dollars.

Mr. LaGUARDIA. Mr. Speaker, I do not desire to reduce the batting average of our colleague from Montana—

Mr. COLLINS. Mr. Speaker, I have another objection to this bill. The Federal Government is called upon to police a State road, a practice that should not be started; therefore, I object to the bill.

## COMPACTS OR AGREEMENTS BETWEEN STATES

The next business on the Consent Calendar was the bill (H. R. 8897) to authorize compacts or agreements between States relating to service of process and production of witnesses in criminal cases.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to inquire of some member of the Committee on the Judiciary as to the reason for the committee amendment eliminating approval by the legislatures of the respective compacts that are entered into. I should think that the legislatures should certainly exercise their function in passing upon these compacts.

Mr. DYER. If the gentleman will permit, I think they are to do that under the first paragraph, and the other was

considered unnecessary.

Mr. LaGUARDIA. No; I think there is something in what the gentleman from Wisconsin says, and the matter came up in committee. The second section provides first for the ratification of the compact after the agreement has been made, and then it is to be submitted for approval, but the gentleman from Texas [Mr. Sumners], the author of the bill, is here and I am sure the gentleman will explain it.

Mr. STAFFORD. I would like to inquire, and I am sure other Members of the House would like to know, why the committee recommended the elimination of approval by the legislatures before these compacts would be effectual.

Mr. SUMNERS of Texas. I am not sure that I caught the

gentleman's question.

Mr. STAFFORD. This is a bill which the gentleman introduced granting the consent of Congress to the various States to enter into agreements providing for the service of process upon a person living in another State and compelling his attendance as a witness in criminal proceedings. Section 2 of the bill, as the gentleman originally introduced it, provided that these agreements should not be binding unless they had been approved by the legislatures and also by the Congress of the United States. I am not so much concerned about having them approved by the Congress of the United States as I am about having them receive approval by the legislatures.

Mr. SUMNERS of Texas. Mr. Speaker, may I say to the gentleman who has propounded the interrogation that the reason that particular change was made—I assume the gentleman has no question about having stricken out the provision requiring congressional approval.

Mr. STAFFORD. No; I have no objection to that at all. Mr. SUMNERS of Texas. However, with regard to the second proposition, the committee, or at least myself—and I think that is the view of the committee generally—did not think it would be proper—or at least I had that notion—for the Congress to suggest to the State through what agency the State should indicate its approval. This was my own view. Here is a State, and the State legislature has created agencies that may speak for the State, make arrangements for the State, enter into negotiations for the State, and I thought we might leave it to the people of the

State to select the agency through which the State could express its approval.

Mr. DYER. If the gentleman will permit, is there any other agency known to the gentleman from Texas, other than the legislature, to pass upon a matter of this kind?

Mr. SUMNERS of Texas. No; I do not know of any other, but I do not want Congress dictating to States as to these agencies through which they may act.

Mr. McKEOWN. I want to state to the gentleman that the process by which these agreements are entered into is usually that the legislature in the first instance, after Congress consents, enacts the resolution authorizing the governor of the State to enter into negotiations, and the governor is authorized to conduct these negotiations, and after that is done it has never been looked upon as necessary—

Mr. STAFFORD. As explained by the gentleman from Texas [Mr. Sumners] and as confirmed by the gentleman from Oklahoma [Mr. McKeown], the legislature does virtually grant its consent by delegating to certain agencies the right to enter into these compacts.

Mr. SUMNERS of Texas. I will say to my friend from Wisconsin it is my judgment that probably there is no agency in any State that is authorized to enter into these compacts other than the legislature.

Mr. STAFFORD. That was the query in my mind, whether the governor, ipso facto, without authority deputed to him by the legislature, would have the right to enter into compacts or agreements.

Mr. SUMNERS of Texas. No.

Mr. STAFFORD. I assume the gentleman would agree that they should not without legislative authorization.

Mr. SUMNERS of Texas. Not unless the legislature, in the first instance, has created an agency that has the right to do this; and if it has, I do not think it is any business of the Congress to interfere.

Mr. COLLINS. Will the gentleman yield?

Mr. STAFFORD. Surely.

Mr. COLLINS. I am in sympathy with the purpose of the bill. I fear, however, with its passage a very doubtful policy is begun. I notice this language in the committee's report:

The purpose of this bill is to remove the constitutional limitation upon the right of States to enter into compacts or agreements and make it possible for them by such agreements to provide that process may run beyond the border of the State issuing the process into a State a party to such agreement.

Mr. SUMNERS of Texas. Yes.

Mr. COLLINS. Now, how is it possible for this Congress to remove the constitutional limitation?

Mr. SUMNERS of Texas. This is it. There is a provision in the Federal Constitution prohibiting States entering into compacts except by the consent of Congress. What we propose to do by this act is to remove that limitation in the Federal Constitution and leave the States free to negotiate in regard to the matter.

Mr. COLLINS. Does not the gentleman get himself into this situation? The idea back of that constitutional provision is to give Congress the right to veto or approve of a compact entered into by two or more States. In this case, in advance, the Congress is giving up this right, and are we not indirectly violating this provision of the Constitution?

Mr. SUMNERS of Texas. Not at all. The only matter involved is the proposition in regard to this compact, in that a subsequent Congress reserves the right to examine the compact and give its approval. It is a very simple proposition, simply relieving the States from the constitutional limitation.

Mr. COLLINS. Let us take another case. Suppose the States of Alabama and Tennessee and other Southern States adjacent to Muscle Shoals should make an agreement suitable to them as to a division of power generated at Muscle Shoals, could the Congress in advance of any such agreement ratify that agreement?

Mr. SUMNERS of Texas. I hope the gentleman will not take us so far afield.

Mr. COLLINS. I am afraid that we are setting a very bad precedent. Not that I have any objection to the purpose of this particular bill, but it seems that we are getting into territory that we ought to stay out of. We ought not in advance of these compacts to ratify them.

Mr. SUMNERS of Texas. Let me state the concrete proposition. What is it? That States may enter into compacts to do a definite thing-remove the barrier and make it possible for the process of the State to reach beyond the border of a single State. This is very important. The Committee on the Judiciary is under tremendous pressure to increase the jurisdiction of the Federal courts. The rapidity of transportation makes it possible for criminals and witnesses to get quickly beyond the border of the State in which the crime is supposed to be committed. There is freedom of movement between these States. Almost the only time the State barrier goes up is when a State is pursuing a criminal or seeking to get witnesses. This is a plain, practical, common-sense proposition. If we do not move in the direction indicated by this bill, the Federal Government has got to take over jurisdiction as to crimes where it is made possible because of the greatly extended interstate provisions. I hope the gentleman will not object.

Mr. COLLINS. Let me say that I think this bill ought to go over, so that Members may think about the farreaching possibilities of such legislation. Also its constitutionality.

Mr. McKEOWN. I would like to make a short statement. The gentleman from Mississippi raises a very important question as to whether Congress shall give its consent in advance to do certain things in regard to compacts between the States. The Supreme Court of the United States has held that the States can enter into compacts without the consent of Congress given in advance and may sometimes by act of Congress later ratify it. It has been held that where States have entered into a compact, like Virginia and Maryland, and that compact is permitted to go on for years without objection, that that was virtually ratified. So the objection of the gentleman has no effect on the situation.

Mr. COLLINS. The gentleman is just arguing my side of the proposition.

Mr. McKEOWN. We had a proposition of this kind up between the State of Texas and the State of Oklahoma.

Mr. DYER. This is not new.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

## INTERPARLIAMENTARY UNION

The next business on the Consent Calendar was House Joint Resolution 320, to authorize an appropriation for the American group of the Interparliamentary Union.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. GREENWOOD. Mr. Speaker, I reserve the right to object. I understand that this is the same appropriation usually made. I would like to have some explanation of what the money is used for in connection with this conference.

Mrs. OWEN. This appropriation covers the expenses of the American delegates.

Mr. GREENWOOD. How many delegates go?

Mrs. OWEN. The selection of the delegates depends upon the will of the interparliamentary group in Congress. The year that I attended, 1930, we had 15 delegates.

Mr. GREENWOOD. What practical results have ever come from these conferences in proposing legislation?

Mrs. OWEN. I should be very glad to answer the gentleman's question, citing my own personal experience. When I went as a delegate in 1930 I was appointed to the International Committee on Legislation for Women, Children, and Labor. This permitted me not only to participate in the international discussions of this subcommittee at London, but it makes me now the recipient of all the international surveys on those questions. Since our 1930 meeting

tor Francois, of Belgium, has been gathering together statistical surveys of all of the legislation on these subjects.

Mr. JOHNSON of Washington. Is not that very work being done in connection with other leagues of an international character? All these labor statistics come from Geneva from another international organization.

Mrs. OWEN. I believe there is no other in which the members of parliaments have an opportunity to discuss these questions amongst themselves.

Where are the docu-Mr. JOHNSON of Washington.

ments belonging to the Congress of the United States?

Mrs. OWEN. The major purpose of the Interparliamentary Union is to permit members of the congresses and parliaments to benefit by the discussion of public questions. further benefit is represented by the subsequent work of the subcommittees, through which members may familiarize themselves with the experience of all nations in respect to a

Mr. JOHNSON of Washington. This thing has gone on year in and year out, and what has been accomplished from it? Nothing but talk, conversation, and good feeling, ap-

parently to very little purpose.

Mr. BLANTON. Mr. Speaker, I will state to our friend from Washington [Mr. Johnson] and to our friend from Indiana [Mr. GREENWOOD] that if they were here when the Interparliamentary Union met several years ago in this Chamber, representing some 44 countries, they would have seen some of the benefits that I think are derived from this convention by all of the people of all the countries.

So far as the meeting at Geneva is concerned, Congress appropriated \$300,000, and this sum now asked is a mere bagatelle compared with the Geneva appropriation, this little \$10,000 that is being asked for here.

Mr. PARKS. What good does it do?

Mr. BLANTON. I think it does a great deal of good.

Mr. PARKS. What?

Mr. BLANTON. It gives the members of every congress of every nation the privilege of meeting and exchanging views on vital subjects, out of which grows friendly contacts helpful to all peoples.

Mr. PARKS. Was that of very great value to the coun-

Mr. BLANTON. I deem it well worth \$10,000 to the United States, as the absence of our delegates would be especially noted to the detriment of our Nation.

The SPEAKER. Is there objection? Mr. DYER. Mr. Speaker, I object.

TRANSFERRING CERTAIN LAND TO THE NAVY DEPARTMENT, VALLEJO, CALIF.

The next business on the Consent Calendar was the bill (H. R. 9146) authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes.

The SPEAKER. Is there objection?

Mr. CHAVEZ. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

LEASING OF INDIAN LANDS, RED LAKE RESERVATION, MINN.

The next business on the Consent Calendar was the bill (H. R. 472) to authorize the leasing of unallotted tribal Indian lands in the Red Lake Indian Reservation, Minn.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice. The Indian Committee will have a day very shortly.

The SPEAKER. Is there objection?

There was no objection.

CLAIMS OF EASTERN EMMIGRANT AND WESTERN CHEROKEE INDIANS

The next business on the Consent Calendar was the bill (H. R. 9441) to confer jurisdiction on the Court of Claims to

the committee, under the leadership of our chairman, Sena- | and Western Cherokee Indians of Oklahoma and North Carolina.

The SPEAKER. Is there objection?

Mr. BALDRIGE. I object.

Mr. HASTINGS. Will the gentleman withhold his objec-

Mr. BALDRIGE. Yes.

Mr. HASTINGS. Mr. Speaker, I think I can make a satisfactory explanation of the bill. This bill passed the House at the last session of Congress. It passed the Senate a few days ago. All that the bill does is to permit the two divisions or parties of the Cherokee Tribe to intervene in suits that are already pending in the Court of Claims, brought under the act of March 19, 1924. When the Cherokee Tribe of Indians resided east of the Mississippi River, occupying the territory around Chattanooga, in Georgia, Tennessee, and North Carolina, certain of them removed west prior to the treaty of 1925. That constituted about one-fourth of the

They were afterwards known as old settlers. Some of them moved west subsequent to the treaty of 1835, and they were thereafter known as Eastern or Emmigrant Cherokee. Congress, by an act of March 19, 1924, authorized the Cherokee Nation to bring suit in the Court of Claims for any claim which it might have against the Government of the United States, with the right of appeal to the Supreme Court. It is suggested that perhaps these two divisions, namely, about one-fourth of them that removed west as old settlers prior to the treaty of 1835, and those who removed subsequent to the treaty of 1835, known as Eastern Emmigrant Cherokees, might have some claims that will not be adjudicated in these suits, and this bill only gives those two divisions of the Cherokee Tribe a right to intervene in those suits.

That is all it is. The suits are already pending. This will give them one year within which to intervene in the pending suits. I can not see any possible objection to the bill. This bill passed the last session of Congress. It did not pass the Senate on account of the congestion. It passed the Senate the other day, and there is a Senate bill on the Speaker's

Mr. STAFFORD. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. STAFFORD. Does the gentleman say that this bill passed the last Congress?

Mr. HASTINGS. Yes, sir; in exactly these identical words, because I copied and reintroduced the bill as it passed. Mr. STAFFORD. It got by me, then.

Mr. HASTINGS. Oh, no. The gentleman understood it. I explained it to the gentleman in colloquy, because we eliminated the objection of the Secretary of the Interior in the amended bill. I have reintroduced it exactly as it passed last year.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BALDRIGE. Mr. Speaker, I object.

TRANSFERRING JURISDICTION OVER PUBLIC LANDS IN THE DISTRICT OF COLUMBIA

The Clerk called the next bill on the Consent Calendar, S. 2498, to authorize the transfer of jurisdiction over public land in the District of Columbia.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COLLINS. Mr. Speaker, I object.

Mr. DALLINGER. Will the gentleman withhold his objection?

Mr. COLLINS. I will reserve the objection.

Mr. DALLINGER. May I ask the gentleman what his objections are to this bill?

Mr. COLLINS. My objection is based upon my experience in dealing with the affairs of the District of Columbia. In several instances in the past I have noticed that the District has traded away land for other land of comparable size, but hear and determine certain claims of the Eastern Emmigrant | the land traded was worth three or four times as much as

the land it acquired. I think these bills to exchange property should come to Congress for its approval.

Mr. DALLINGER. This does not. This only transfers jurisdiction.

Mr. COLLINS. That is exactly what I want to prevent.

Mr. DALLINGER. It has to be by mutual agreement between the authorities of the Federal Government and the authorities of the District of Columbia.

Mr. COLLINS. I understand that, but I have seen instances where I thought the right was abused.

Mr. STAFFORD. Will the gentleman yield? Mr. DALLINGER. I yield. Mr. STAFFORD. Under this bill, would it permit the Commission on Public Buildings and Parks, or the authority which has jurisdiction over the Botanic Gardens, to get together and say, "We will transfer this to another agency," without the knowledge of Congress?

Mr. DALLINGER. Oh, no. Mr. STAFFORD. Why not?

Mr. DALLINGER. Not at all. Mr. STAFFORD. Why not? The phraseology is all per-

Mr. DALLINGER. This simply transfers jurisdiction.

Mr. STAFFORD. It would authorize the District authorities to get together with the respective Federal bodies and agree upon a transfer of jurisdiction without notice to Congress whatever.

The SPEAKER. Is there objection? Mr. COLLINS. Mr. Speaker, I object.

Mr. STAFFORD. I object.

EMPLOYEES' COMPENSATION ACT TO AID THE TOTALLY DISABLED

The Clerk called the next bill on the Consent Calendar, H. R. 92, to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

Mr. LAGUARDIA. Mr. Speaker, I object.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, the author of the bill is not present.

Mr. BLANTON. I object for the present, Mr. Speaker. The SPEAKER. Three objections are necessary.

Mr. STAFFORD. I object, in view of the gentleman not allowing it to go over without prejudice.

Mr. COLLINS. I object.

SILVER SERVICE TO ALABAMA SOCIETY OF FINE ARTS

The Clerk called the next bill on the Consent Calendar, H. R. 6444, authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts, the silver service presented to the United States for the U.S.S. Montgomery.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have no objection to the fundamental principle, but customarily in these bills provision is made so that the department may recall the silver service in case of need. I suppose it is the intention of the chairman of the committee to permit this silver service, in case there would be another vessel named in honor of the city which he so creditably represents, to have it recalled for that purpose?

Mr. HILL of Alabama. That will be perfectly agreeable. Mr. STAFFORD. I have prepared an amendment to offer at the end of the bill providing for that.

Mr. HILL of Alabama. There will be no objection to that.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts, for preservation and exhibition, the silver service which was presented to the United States for the

U. S. S. Montgomery by the citizens of that State: Provided, That no expense shall be incurred by the United States for the delivery of such silver service.

Mr. STAFFORD offered the following amendment:

In line 9, page 1, after the word "service," insert a colon and the following: "Provided further, That said silver service shall be subject to recall when, in the opinion of the Secretary of the Navy, it may be of service to the Navy."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ADJUSTMENT OF THE BOUNDARIES OF THE SIUSLAW NATIONAL PARK

The Clerk called the next bill, H. R. 8548, authorizing the adjustment of the boundaries of the Siuslaw National Forest, in the State of Oregon, and for other purposes.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That the provisions of the act of Congress approved March 20, 1922 (42 Stat. 465), section 485, title 16, Code of Lands of the United States, be, and the same are hereby, extended, and made applicable, to any lands within township 12 south, ranges 6 and 7 west, Willamette meridian, Benton County, State of Oregon. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the Siuslaw National Forest and subject to all laws relating thereto.

With the following committee amendment:

Page 1, line 5, strike out the word "Lands" and insert in lieu thereof the word "Laws."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

INCREASED EXPENDITURES FOR ENFORCEMENT OF CONTRACT-LABOR PROVISIONS OF IMMIGRATION LAW

The Clerk called the next bill, H. R. 9598, to authorize increased expenditures for the enforcement of the contractlabor provisions of the immigration law.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. PATTERSON. Mr. Speaker, the gentleman from Alabama [Mr. Oliver] requested me to ask that this bill be passed over without prejudice. He wants to study it.

The SPEAKER. The gentleman from Alabama asks unanimous consent that this bill be passed over without prejudice. Is there objection?

Mr. DICKSTEIN. Mr. Speaker, reserving the right to object, I wish the gentleman would ask that this bill go to the bottom of the calendar and that it be passed over temporarily.

Mr. PATTERSON. Mr. Speaker, I will make that request. The SPEAKER. The gentleman from Alabama asks unanimous consent that this bill be temporarily passed over. Is there objection?

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I desire to make a very brief statement. The title makes it appear that this would call for an increased expenditure, but the committee struck the word "increased" from the title, as the bill calls for no increase.

Mr. PATTERSON. I am for the bill, but the gentleman from Alabama desires to study it.

Mr. JOHNSON of Washington. I want to state now that this transfers to the sum authorized in the act of 1917 an additional \$100,000 of money already appropriated to be used in the detection of alien criminals who are entering the United States by airplane and otherwise and for breaking up alien gangs of counterfeiters of Government passports and other documents.

Mr. PATTERSON. I do not think there is any opposition to it. It does not call for any additional appropriation and I think the bill ought to pass.

Mr. JOHNSON of Washington. I am sorry it can not be passed to-day.

The SPEAKER. Is there objection to the request of the gentleman from Alabama that this bill be passed over temporarily?

There was no objection.

ATTENDANCE OF NAVY BAND AT CONVENTION OF VETERANS OF

The Clerk called the next bill, H. R. 5828, to authorize the attendance of the Navy Band at the convention of the Veterans of Foreign Wars of the United States at Sacramento, Calif.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, reserving the right to object, just now I hardly believe it would be advisable to spend \$15,838 on such a trip, and I object. Fifteen thousand eight hundred and thirty-eight dollars and eighty-eight cents is not such a large sum, it is true, but the time has now come when we must retrench and stop spending. No matter how much we preach economy, we will never balance the Budget unless we practice economy. There is but one way to practice it, and that is to quit passing bills that appropriate sums of money that are not needed. With regard to all of these bills the first question I ask when taking them up for consideration is, "Can we get along without this; is it necessary?" In my judgment, it is not necessary that this \$15,838.88 should be spent; therefore, Mr. Speaker, I object.

ATTENDANCE OF MARINE BAND AT UNITED SPANISH WAR VETERANS'
CONVENTION

The Clerk called the next bill, H. R. 8635, to authorize the attendance of the Marine Band at the United Spanish War Veterans' convention at Milwaukee.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, for the same reason I object. This bill carries over \$11,000, or, to be exact, it would cost the people \$11,645.08. If we expect to balance the Budget, we must stop spending. We must stop the many small items sought to be appropriated as well as the large ones. While this \$11,645.08 is a comparatively small sum, yet when added to the many other items continually appropriated, the aggregate is a large amount during the fiscal year. My opinion is that this money should not be so spent. Therefore, Mr. Speaker, I object.

CONVEYANCE OF LAND BY UNITED STATES TO THE STATE OF MINNESOTA

The Clerk called the next bill, H. R. 5603, to authorize the conveyance by the United States to the State of Minnesota of lot 4, section 18, township 131 north, range 29 west, in the county of Morrison, Minn.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to convey to the State of Minnesota all right, title, and interest of the United States in and to lot 4, section 18, township 131 north, range 29 west, fifth principal meridian, in the county of Morrison, State of Minnesota, formerly a part of Fort Ripley Military Reservation and restored to homestead entry by act of April 1, 1880 (21 Stat. L. 69), for military purposes and specifically as part of Camp Ripley Military Reservation. Such conveyence shall contain the express condition that if said State of Minnesota shall at any time cease to use such lot for such purpose or shall alienate, or attempt to alienate, such lot, title thereto shall revert to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

REHABILITATION OF THE STANFIELD PROJECT, OREGON

The Clerk called up the next bill, H. R. 8164, for the rehabilitation of the Stanfield project, Oregon.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to ask the gentleman from Oregon whether this is going to require an expenditure of \$100,000?

Mr. BUTLER. The bill authorizes \$100,000, or so much as may be necessary, out of the reclamation fund.

Mr. BLANTON. Does not the gentleman think that we can hold this up, this proposed \$100,000 expenditure, for a year or so, until we get out of this depression?

Mr. BUTLER. Well, of course it could be held up, and would be held up if the gentleman objects, but not without injury to the settlers and the Government.

Mr. BLANTON. I object. Mr. Speaker.

EQUIPMENT ALLOWANCE TO THIRD-CLASS POSTMASTERS

The Clerk called the next bill, H. R. 4602, granting equipment allowance to third-class postmasters.

The SPEAKER. Is there objection to the present consideration of the bill.

Mr. LaGUARDIA. Mr. Speaker, I object for the present. Mr. PATTERSON. Will the gentleman reserve his objection. We want to make a statement about this important bill

Mr. LaGUARDIA. Mr. Speaker, I will withhold my objection.

Mr. ROMJUE. Mr. Speaker, the postmasters of this class have to furnish their own equipment for their own offices. This bill provides that inasmuch as that law is in effect the postmasters be allowed 50 per cent of the returns from the box rentals. However, as soon as the Government equips the post offices all the box rentals from the equipment will go to the Government.

Mr. DYER. Will the gentleman yield?

Mr. ROMJUE. In just a moment.

The fact of the business is that you will find the revenues from these offices will increase somewhat over what the revenue is at the present time. Why? Simply because the postmasters will be entitled to receive 50 per cent of the box rents. Criticize it if you will, but where there is no advantage to the postmaster whatever he is not as apt to push the rental of the boxes as he would if he were entitled to a part of the receipts from the rents, and he will try to rent more boxes and install more boxes and rent them when he gets a part of the return; but if he receives no part of the rental he will be slow to furnish additional boxes at his own expense.

Mr. DYER. Is not this the same bill we had up a few days ago?

Mr. PATTERSON. Yes; but we want to bring out the merits of this bill, and I hope the gentleman will not object

Mr. DYER. I am not objecting.

Mr. ROMJUE. I want to be fair with the Members of the House. There is only one reason in the world why any Member of the House should have any legitimate reason for being opposed to this bill, in my judgment, and that is if you have any complaint with this bill it must be on the ground that it may take some revenue from the Government. I think if that is your position you have a perfectly legitimate right to object to the bill at this time. If that is the basis on which you put your objection, I shall find no complaint with any man objecting to the bill; but the Government ought to come to this policy finally, and at some time it will do so in fairness to itself and to the postmasters who now have to equip their own offices. When a man is appointed postmaster and the office is turned over to him, there is no reason why the postmaster should equip that office at his own expense, because he has no life tenure on the office and is apt to be there not very long, and then to go out; and if his successor does not choose to purchase his equipment, then it is a total loss in some instances and a heavy partial loss in others, because he has installed something that he has no further use for under the sun when he goes out of office. You might as well say that a road overseer should pay for his own plows and scrapers and road graders.

Mr. PARKS. Will the gentleman yield?

Mr. ROMJUE. Yes.

Mr. PARKS. In the case of these third-class postmasters, if they fit up the post office, buy all the equipment, and then a new postmaster is appointed and they can not sell to him, their equipment is a dead loss, is it not?

Mr. ROMJUE. Yes; that is true. The gentleman is entirely correct.

Mr. PARKS. And becomes junk.

Mr. ROMJUE. Absolutely; or at least it may become a appeared before our committee or had he time to read the heavy or total loss.

Mr. LINTHICUM. Will the gentleman yield?

Mr. ROMJUE. Yes.

Mr. LINTHICUM. Suppose the landlord owns the equipment-who gets the rent then?

Mr. ROMJUE. If the landlord owns the equipment he has to make some arrangement with the postmaster himself along with the lease, and he is at liberty to agree with the postmaster.

Mr. LINTHICUM. They do not always do it. We allowed them a certain rental here a few years ago, and I know of some postmasters who put the money in their pockets and the landlords got none of it. Why do you not make some provision for the landlord in the case where he owns the equipment?

Mr. ROMJUE. As a matter of fact, if the landlord furnishes the building, and if he chooses to furnish the equipment, he should take care to make a proper contract for rental pay for the equipment by the postmaster or arrange to sell him the equipment.

Mr. LINTHICUM. I shall have to object to the bill at this time. If the gentleman will make some provision for the landlords, then I will be with the gentleman.

The SPEAKER. Is there objection?

Mr. LINTHICUM. I object, Mr. Speaker. Mr. PATTERSON. Will not the gentleman withhold his objection a moment? There is one other explanation I want

Mr. LINTHICUM. I will withhold it a moment.

Mr. PATTERSON. I just want two minutes to make this explanation to the House with respect to this bill. Every postmaster in the first and second class has his equipment furnished. The fourth-class postmasters are paid an allowance for their equipment, and a part of the third-class postmasters have the equipment furnished them, but the balance of the third-class postmasters have to furnish their own

Mr. STAFFORD. Does the gentleman make the statement that the fourth-class postmasters are not required to furnish their equipment?

Mr. PATTERSON. They are required to furnish their equipment, but they have allowance paid to them for rental, heat, and so on.

Mr. HOGG of Indiana. They get 15 per cent of their receipts as an allowance.

Mr. STAFFORD. Will any member of the Committee on the Post Office state what 50 per cent of these receipts will amount to in a year?

Mr. PATTERSON. Wait a minute. Here is all that is asked for. Part of these postmasters, as I have said, have this equipment furnished them, and the remainder of these third-class postmasters buy their own equipment, rent it out to the box holders, and turn every dollar of this rent over to the department and do not get a cent for it. When the equipment is worn out they have a loss, and the purpose of this bill is to permit them to get one-half of the rentals on their own equipment that they buy.

Mr. STAFFORD. How much will this amount to?

Mr. PATTERSON. It amounts to several hundred thousand dollars.

Mr. STAFFORD. A million dollars, it has been stated: and in these times when we are going to levy a tax on consumers, is the gentleman in favor of giving \$1,000,000 to the postmasters

Mr. PATTERSON. Do you think they ought to be required to buy something and rent it out and turn the receipts back to the Government?

Mr. STAFFORD. I believe the ultimate policy of the Government should be to furnish this equipment, but we can not do it at this time.

Mr. PATTERSON. I believe these postmasters are entitled to this relief, and I believe the gentleman from Wisconsin would agree with me if he had heard the witnesses who

hearings.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. I object, Mr. Speaker.

TO DEFER REDUCTIONS IN POST-OFFICE SALARIES OF POSTMASTERS AND EMPLOYEES

The Clerk read the title of the next bill on the Consent Calendar, H. R. 6305, to amend the act reclassifying the salaries of postmasters and employees of the Postal Service. readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Reserving the right to object-

Mr. PATTERSON. The gentleman from New York is always in favor of the unemployed. He is sincere in his purpose, and that is the purpose of this bill. A number of post offices have their receipts reduced so that they are going back into a lower class, and when they do they invariably discharge a number of people. The purpose of this bill is to give temporary relief and keep the men from being discharged. It is the same thing that has been done for big business in this country.

Mr. JOHNSON of Washington. Until this Congress determines where it is going to raise revenue, why should we pass

these bills that are costing so much money?

Mr. PATTERSON. This does not cost any extra money. We passed the Reconstruction Finance Corporation \$2,000, 000,000 bill, and yet some people try to prevent this most deserved relief to this deserving class of our citizens.

Mr. STAFFORD. And that was to rescue the small banks in the gentleman's State.

Mr. PATTERSON. I hope no member of this committee will object to this legislation.

Mr. JOHNSON of Washington. Mr. Speaker, I object.

Mr. PATTERSON. Mr. Speaker, I am for economy as strongly as any man in this House, and have, I believe, supported as many economy moves in the last three years as any man in this House, but to kill this bill is not, in my judgment, economy, but its passage would be a splendid relief to a large number of the people who will be out of work if this bill is not enacted into law. I hope those who object to this legislation will study this bill, and that they will see fit later to withdraw their objection.

# STANDARDIZATION OF BALE COVERING FOR COTTON

The Clerk read the title of the next bill on the Consent Calendar, H. R. 8559, to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, this is one of two bills that I did not have on my list, and I ask that it go over without prejudice.

Mr. LaGUARDIA. Reserving the right to object, may I suggest that if this is to go over for two weeks I have an amendment I would like to have the author consider.

Mr. PATTERSON. I am not the author of the bill, but what is the gentleman's suggestion?

Mr. LAGUARDIA. I want to be helpful, and I am in sympathy with the bill. What I want to suggest is this: On page 3, line 13, after the word "be," insert "of cotton and," so that it will read, "shall be of cotton and of sizes, weights," and so forth, so that regardless of the investigation and regardless of law it provides for a cotton wrapping.

Mr. PATTERSON. I think we would accept that. Mr. STAFFORD. Mr. Speaker, I ask that the bill go over without prejudice.

The SPEAKER. Is there objection? There was no objection.

AMENDING THE PENAL LAWS OF THE UNITED STATES

The Clerk read the title of the next bill on the Consent Calendar, H. R. 300, to amend section 319 of the act entitled "An act to codify, revise, and amend the penal laws | of the United States," approved March 4, 1909.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, I would like to inquire of the Delegate from Alaska or some member of the Committee on Territories whether the District of Alaska has passed through its legislature similar laws relating to the recording of marriage licenses. If the District of Alaska has done like the Territory of Hawaii, then there is no need for this section of the code. It should be stricken out entirely, because the very purpose of the original enactment was that it should apply to Territories. Now, you propose to except the Territory of Hawaii when we have only the Territory of Alaska.

Mr. JOHNSON of Washington. As a member of the Committee on Territories, I will ask that it go over without

Mr. McKEOWN. This bill comes from the Committee on the Judiciary, and not from the Committee on Territories. I will say, however, that if the Alaska situation is as the gentleman describes he is correct in his assumption.

The SPEAKER. The gentleman from Washington asks that the bill go over without prejudice. Is there objection?

There was no objection.

Mr. STAFFORD. In the interim will the gentleman make inquiry, because there is no need of amending a law that no longer has any effect.

Mr. HOUSTON of Hawaii. The Federal judiciary in Alaska is much more extensive, and the Territory is so large it may be necessary in that Territory to carry on registration as it is here.

Mr. STAFFORD. Will the gentleman make inquiry between now and next consent day?

The SPEAKER. Is there objection to passing the bill over without prejudice?

There was no objection.

FEDERAL BUILDING, PONCA CITY, OKLA.

The next business on the Consent Calendar was the bill (H. R. 8075) relating to the construction of a Federal building at Ponca City, Okla.

The SPEAKER. Is there objection? Mr. BLANTON. Mr. Speaker, I reserve the right to object. Why is it that this particular building is taken out of the general class and given precedence over all other public buildings?

Mr. CHAVEZ. The money already has been appropriated for the Federal building at Ponca City, Okla., and this bill was introduced by the gentleman from Oklahoma [Mr. GARBER]. At the time the money was appropriated and the plans were drawn, no provision was made for Federal-court accommodations.

Mr. BLANTON. This is to increase the appropriation from \$250,000 to \$360,000.

Mr. STAFFORD. Oh, no.

Mr. CHAVEZ. It will not take any appropriation whatsoever.

Mr. BLANTON. I read from the letter of Acting Secretary Lowman of the Treasury Department:

The proposed change would require an increase in the limit of cost for the project from \$250,000 to \$360,000.

So you see it is an increase of \$100,000. For Ponca City, Okla., that seems to me to be a tremendous increase. Why should we pass this special bill raising it to \$350,000? Two hundred and fifty thousand dollars is about as much as some pretty good-sized cities get for a building. In any event this splendid little city in Oklahoma should wait until the general bill comes in here making provision for all cities to which buildings have been allocated. In other words, it should take its turn, and come in with the rest. and not ask for this special advantage. Mr. Speaker, I object.

## LAWRENCE (MASS.) POST-OFFICE SITE

The next business on the Consent Calendar was the bill (H. R. 8907) to authorize the Secretary of the Treasury to acquire land adjoining the Lawrence (Mass.) post-office site.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provision of the act of Congress approved July 3, 1930 (46 Stat. 899), for extension and remodeling of the post-office building at Lawrence, Mass., be, and the same is hereby, amended so as to provide for the acquisition by the Secretary of the Treasury by purchase, condemnation, or otherwise, of such land adjoining said post-office site as may be needed in connection with said extension; and the unexpended balance of the appropriation for said remodeling and extension shall be available for the acquisition of said additional land.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

LEASING COAL AND ASPHALT DEPOSITS OF CHOCTAW AND CHICKASAW INDIANS

The next business on the Consent Calendar was the bill (H. R. 9496) to provide for the leasing of the segregated coal and asphalt deposits of the Choctaw and Chickasaw Indian Tribes, Oklahoma, and for an extension of time within which purchasers of such deposits may complete payments.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

Mr. HASTINGS. Mr. Speaker, will the gentleman reserve

Give me an opportunity to make a moment's explanation. This bill was introduced at the request of the department. The bill has passed the Senate. The report of the committee substitutes the Senate bill. The Senate bill is on the Speaker's table. The Choctaws and Chickasaws are represented by the governor of the Choctaws and the principal chief of the Chickasaws and their two attorneys. They also have a mining trustee. They are all here in the city. The representatives of the two tribes have gotten together with the department officials, and they have drafted this bill, which is acceptable to every one of them without objection. There is no objection to it from any source. The Indian Office approves it; the Choctaws and the Chickasaws and the tribal attorneys and mining trustee and the coal miners in Oklahoma indorse it. There are about three or four hundred thousand acres of these coal deposits. They have had leases of them. These leases are about to expire, and practically all of them will expire in September next. It is absolutely necessary between now and then to make some provision for the continuance of the leasing of these coal deposits. It is important to those two tribes. It does not affect anybody else. Everyone in that section is agreeable to the provisions of this bill. The departmental officials appeared at a hearing before the Indian Committee the other day and orally stated that it was entirely agreeable to them and asked that a favorable report be made upon it.

Mr. LaGUARDIA. Who are the lessees?

Mr. HASTINGS. The lessees are people who are leasing the coal deposits in Oklahoma.

Mr. LaGUARDIA. Are not they the real beneficiaries?

Mr. HASTINGS. Oh, no. The Choctaw and Chickasaw Tribes are the beneficiaries. Practically all of these leases are terminated in September.

Mr. LAGUARDIA. Have they been paid their current leases?

Mr. HASTINGS. Some of them have, and this provides for collections.

Mr. LAGUARDIA. It provides for collections?

Mr. HASTINGS. Yes. It provides for adjustment in making certain collections that are agreeable under these depressed times to the representatives of the tribes.

Mr. LaGUARDIA. If it is for the benefit of the Indians, of course, I would not object.

Mr. HASTINGS. They are the ones who are pressing it. The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the bill go over for two weeks.

The SPEAKER. Is there objection?

There was no objection.

PRELIMINARY EXAMINATION OF FLINT RIVER, ALA, AND TENN.

The Clerk called the next bill on the Consent Calendar, H. R. 9451, to provide a preliminary examination of the Flint River, Ala. and Tenn., with a view to the control of its floods.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Reserving the right to object, I believe we ought to decide, as a matter of policy, whether these surveys on floods are to come up in this way on the Consent Calendar. I believe we will be absolutely swamped with bills of this kind. It is impossible to go into details of them. They are not like general legislation where we have an opportunity to be informed about them. There is no way to find out about local conditions. I have no objection to the bill on its merits, but I believe that we should not encourage bills of this kind on the Consent Calendar.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, I object to these bills for the time being.

Mr. ALMON. Will the gentleman withhold his objection?

Mr. LaGUARDIA. Certainly.

Mr. ALMON. I just want to say that this merely provides for a preliminary survey. It will not cost anything; and, if the survey is made, it may be a permanent survey or it may not. It is for the purpose of flood control. It had the unanimous approval of the Committee on Flood Control, and I hope the gentleman will not object.

Mr. JOHNSON of Washington. Until we find where we will get the funds for future flood control, I shall object.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, I object.

PRELIMINARY EXAMINATION OF FLINT CREEK AND ITS BRANCHES IN MORGAN COUNTY, ALA.

The Clerk called the next bill on the Consent Calendar, H. R. 9452, to provide a preliminary examination of Flint Creek and its branches in Morgan County, Ala., with a view to the control of its floods.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, I object.

PRELIMINARY EXAMINATION OF CATACO CREEK AND ITS BRANCHES IN MORGAN COUNTY, ALA.

The Clerk called the next bill on the Consent Calendar, H. R. 9453, to provide a preliminary examination of Cataco Creek and its branches in Morgan County, Ala., with a view to the control of its floods.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, I object.

APPROVAL OF GENERAL COUNCIL OF THE SEMINOLE TRIBE FOR DISPOSAL OF TRIBAL LAND

The Clerk called the next bill on the Consent Calendar, H. R. 10362, to require the approval of the General Council of the Seminole Tribe or Nation in case of the disposal of any tribal land.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this seems to be a harmless bill, but I was wondering whether a bill of this importance should not be considered when the Committee on Indian Affairs has its day on Calendar Wednesday, in the near future?

Mr. McKEOWN. They asked us to bring it in. There is just a little property of this poor old Seminole Tribe left. The committee heard the case thoroughly. This is to prevent them from selling their property. It is a very meritorious bill.

Mr. STAFFORD. As I understand from reading the letter of the Commissioner of Indian Affairs, the commission does not intend to dispose of the rights anyway.

Mr. McKEOWN. For the present. He will not say that he will not do it in the future. The feeling of the members of the committee was that as soon as Congress adjourned, he might proceed to sell the lands.

Mr. STAFFORD. Is it the purpose of the bill to tie up the disposition of these rights for all time?

Mr. McKEOWN. No, no; until he is ready to be heard on the sale of his property.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That hereafter the Secretary of the Interior shall not sell, lease, encumber, or in any manner dispose of, any land or any interest in land belonging to the Seminole Tribe or Nation in Oklahoma or reserved for the benefit of such tribe, except with the approval of the Seminole Tribe or Nation acting through its general council selected in pursuance of Seminole customs.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TRANSFER OF PORTION OF UNITED STATES RANGE LIVESTOCK EXPERIMENT STATION, MONTANA

The Clerk called the next bill on the Consent Calendar, H. R. 8923, authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Montana, to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I would like to inquire of the gentleman from Montana [Mr. Leavitt] whether he has any objection, or the State of Montana has any objection, to paying for this land at the appraised value when it is turned over by the National Government?

Mr. LEAVITT. The only objection is the difficulty of securing an appropriation through the State legislature. It would have to be raised locally among the people, and it goes from one public purpose to another.

Mr. STAFFORD. But we are establishing a precedent here.

Mr. LEAVITT. But I will say to the gentleman that has already been established.

Mr. STAFFORD. Then we are extending the precedent, if that is the case. The policy of the National Government should be, when it has no further need for property, to give preference in the transfer to the States or some subdivision thereof

Mr. LEAVITT. Of course, I can not have any objection. If the gentleman wants to amend it, I will not oppose the amendment.

Mr. STAFFORD. I could not consistently allow this bill to go through without an amendment.

Mr. DYER. Is the property worth something?

Mr. STAFFORD. I have no knowledge of that. There may be improvements or there may not be.

Mr. LEAVITT. I shall not oppose the gentleman's amendment, although the committee thought that passing from one public service to another there should be no charge.

Mr. STAFFORD. I may say to the gentleman that the Committee on Military Affairs has the same proposition before it, and that is the position that some of us are taking.

With the understanding that that amendment will be accepted, I will not offer any objection.

Mr. GOSS. Reserving the right to object, Mr. speaker, has the amendment which the commissioner suggested been offered to this bill?

Mr. LEAVITT. The bill has been rewritten in that language.

Mr. GOSS. And it carried the suggested amendment?

Mr. LEAVITT. Except it left out the \$1.25 per acre.

Mr. GOSS. That was what they recommended.

Mr. LEAVITT. They recommended \$1.25 an acre.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Interior, upon agreement of the Secretary of Agriculture, be, and he is hereby, authorized and directed to transfer to the State of Montana, for use as a fish-cultural station, game reserve, public recreation ground, and similar purposes, lot 10 of section 3 and lot 9 of section 4, township 7 north, range 47 east, and lot 15 of section 33 and lot 4 of section 34, township 8 north, range 47 east, Montana principal meridian, containing approximately 122.98 acres and now being an unused portion of the United States Range Livestock Experiment Station.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the provisions of the act of Congress approved April 15, 1924 (43 Stat. 99), in so far as said act places under the control of the Department of Agriculture the lands described as lot 10, section 3, and lot 9, section 4, township 7 north, range 47 east, and lot 15, section 33, and lot 4, section 34, township 8 north, range 47 east, Montana principal meridian, containing approximately 122.98 acres, be hereby repealed, and that the Secretary of the Interior be, and he is hereby, authorized and directed to issue patent to the State of Montana for the lands hereinbefore described for use as a fish-cultural station, game reserve, public recreation ground, and similar purposes, with a reservation to the United States of all coal, oil, gas, and other minerals, together with the right of the United States, its grantees, or permittees, to prospect for, mine, and remove the same."

Mr. STAFFORD. Mr. Speaker, I offer the following amendment: On page 2, line 15, after the word "to," insert the words "have an appraisal made thereof and upon payment of the appraisal price, to."

The SPEAKER. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Stafford: Amend the committee amendment, on page 2, line 15, after the word "to," where it occurs the first time, and insert the following: "have an appraisal made thereof and upon payment of the appraisal price, to."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

EXEMPTION FROM THE QUOTA OF FATHERS AND MOTHERS OVER 60 YEARS OF AGE OF UNITED STATES CITIZENS

The Clerk called the next bill, H. R. 8174, to exempt from the quota fathers and mothers over 60 years of age of United States citizens.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. PERKINS, Mr. GREEN, and Mr. STAFFORD objected.

AMENDMENT OF THE SIXTH EXCEPTION IN SECTION 3 OF THE IMMIGRATION ACT OF 1924

The Clerk called the next bill, H. R. 8766, to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigration status of certain aliens.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD, Mr. PERKINS, and Mr. PATTERSON objected.

AMENDMENT OF THE ACT AUTHORIZING THE WICHITA AND AFFIL-IATED BANDS OF INDIANS IN OKLAHOMA TO SUBMIT CLAIMS TO THE COURT OF CLAIMS

The Clerk called the next bill, S. 1719, amending the act of Congress entitled "An act authorizing the Wichita and affiliated bands of Indians in Oklahoma to submit claims to the Court of Claims," approved June 4, 1924.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, I object.

EXPENDITURES FOR THE ENFORCEMENT OF THE CONTRACT-LABOR PROVISIONS OF THE IMMIGRATION LAW

Mr. PATTERSON. Mr. Speaker, I ask unanimous consent for the consideration of the bill (H. R. 9598) to author-

ize increased expenditures for the enforcement of the contract-labor provisions of the immigration law, which was temporarily laid aside. I have conferred with the gentleman from Alabama [Mr. OLIVER], and he has no objection to this bill.

The SPEAKER. The gentleman from Alabama asks unanimous consent for the consideration of the bill H. R. 9598, which was temporarily laid aside. The Clerk will report the bill by title.

The Clerk read the title of the bill. The SPEAKER. Is there objection?

Mr. DYER. Mr. Speaker, reserving the right to object, how much of an expenditure will this amount to?

Mr. DICKSTEIN. None at all.

Mr. DYER. Does it involve any money at all?

Mr. STAFFORD. Of course, it involves the expenditure of an additional \$100,000.

Mr. JOHNSON of Washington. The title as shown on the calendar is misleading. The committee amended the title so that the word "increased" is stricken out. What the bill does is to permit the transfer of funds already appropriated to be added to the \$100,000 authorized in section 24 of the immigration act of 1917, under which that money is used for the enforcement of the contract-labor provisions of the immigration law, and certain other provisions of that law. That money is now needed in the worst way in order to take necessary steps toward the breaking up of these gangs of alien smugglers.

Mr. DYER. Unless this bill is passed that money can not be used?

Mr. DICKSTEIN. It will be used in the department. The present law fixes the amount at \$100,000 for that purpose, and this permits \$200,000. We are not asking any more money than that which has already been appropriated.

Mr. DYER. Then it does involve more money.

Mr. JOHNSON of Washington. All money for the Immigration Service is provided in a lump sum. The basic law specifies that \$100,000 of that lump sum shall be used for the enforcement of the contract-labor provisions of the immigration law and certain other provisions of that law. This transfers \$100,000 from the lump sum to the uses provided for in section 24 of the immigration act of 1917.

Mr. STAFFORD. An additional \$100,000.

Mr. JOHNSON of Washington. It is a fund which is used for the enforcement of the contract-labor provisions of the immigration law. It does not take another new dollar, and it will break up these gangs of alien smugglers. Twenty or thirty were arrested in Buffalo a few weeks ago, many others in Chicago, and some in Detroit. They are being indicted and convicted.

Mr. DYER. I will not oppose this legislation if I have the assurance of the gentleman from Washington and the gentleman from Alabama that this will not mean an additional burden upon the Government, but as far as any additional burdens on the Government are concerned I propose to object until the Congress enacts revenue legislation to take care of obligations.

Mr. JOHNSON of Washington. I would be with the gentleman if that was what the bill did, but it does not.

Mr. PATTERSON. If the gentleman will permit, I will read the bill, as it is very short:

That section 24 of the immigration act of February 5, 1917 (39 Stat. 874), is amended by striking out the figures "\$100,000" where they appear in said section and inserting in lieu thereof the figures "\$200,000."

Mr. JOHNSON of Washington. Which sum is already in the lump-sum appropriation.

Mr. LaGUARDIA. I might add, if the gentleman will permit, that this \$100,000 has been in the act of 1917 and is to carry out the purposes of the act of 1883.

Mr. JOHNSON of Washington. Exactly; the contractlabor provision of that date.

Mr. STAFFORD. And they are circumscribed so as to be limited to \$100,000.

Mr. LaGUARDIA. Yes.

is that they are using the Immigration Service to ferret out every little offender and harass him.

Mr. JOHNSON of Washington. But now they are after the big alien criminals and have made a mighty good start. Mr. STAFFORD. No; I think they are abusing their power in many cases.

Mr. LAGUARDIA. This is limited to contract labor and to people unlawfully coming into the United States.

Mr. DICKSTEIN. If the gentleman will permit, I can assure the gentleman I have given this matter very careful consideration. The Secretary of Labor has been before the committee in executive session, and his facts have been properly presented. I recommended that this bill pass, and I can assure the gentleman that the money is not going to be used as indicated by him, because I am opposed to that very thing myself.

Mr. PARKS. Mr. Speaker, reserving the right to object, may I ask how this money is to be used and who is to get the money?

Mr. DICKSTEIN. No one is to get this money. It is in the department appropriation and has been appropriated. Mr. LAGUARDIA. I have the original act here and can read it to the gentleman:

That the Secretary in the enforcement of that portion of this act which excludes contract laborers and induced and assisted immigrants may employ for such purposes and for detail upon additional service under this act when not so engaged, without reference to the provisions of the said civil service act or various acts relating to the compilation of the official registers, such persons as he may deem advisable and from time to time fix their compensation. He may draw annually from the appropriation for the enforcement of this act \$100,000—

And the bill increases that to \$200,000.

Mr. PARKS. I have no objection, Mr. Speaker. There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 24 of the immigration act of February 5, 1917 (39 Stat. 874), is amended by striking out the figures "\$100,000" where they appear in said section and inserting in lieu thereof the figures "\$200,000."

With the following committee amendment:

Amend the title to read as follows: "A bill to authorize expendithe enforcement of the contract-labor provisions of the immigration law.'

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended.

RELIEF OF WATER USERS ON IRRIGATION PROJECTS

Mr. HALL of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 3706) for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 3706, with Mr. Keller in the

The Clerk read the title of the bill.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. As I recall the parliamentary situation, this bill by unanimous consent was given a privileged status and was called up on a former occasion, and general debate was pursued for a few minutes and then it was found that they could not proceed further on account of the expiration of the time on that day. Will the general debate that was had on the bill be counted as a part of the one hour that the proponents of the bill had?

The CHAIRMAN. It will. Mr. BANKHEAD. Mr. Chairman, how much time was consumed in debate on that occasion?

The CHAIRMAN. The remaining time is divided as follows: The gentleman from Wisconsin [Mr. Stafford] has 52

Mr. STAFFORD. The condition I find in my own city | minutes and the gentleman from Mississippi [Mr. Hall] has 15 minutes

> Mr. BANKHEAD. I understood the gentleman from Wisconsin [Mr. Stafford] might be in a frame of mind to-day to cut down on general debate in order that we may get some action

Mr. STAFFORD. I wish to assure the gentleman from Alabama I do not intend to take up all the time at my disposal, although I could readily do so.

Mr. BANKHEAD. I know that.

Mr. STAFFORD. I am of a disposing mind to-day.

Mr. Chairman, when this bill was under consideration on the last occasion, considerable opposition was manifested, particularly to one provision, that, as to these deferred payments and charges, no interest charge was to be levied against the recipients of the Government's favor. The gentleman from Idaho [Mr. SMITH] not only once but more than three times justified the passage of this moratorium on the ground that we had just granted 40,000,000 bushels of wheat to the poor people of the country, and this established a precedent for giving away further money.

Mr. PARSONS. Will the gentleman yield?

Mr. STAFFORD. Not at present.

The gentleman stated then that this would not cost the Government one cent of money. As I stated to the gentleman from Alabama, I am in a disposing mood to pass this legislation. I think it is only fair to the committee to set forth just what this does as a moratorium for a year and a half. It is more than that-it also suspends the payment that the Reclamation Service is bound to pay back into the Treasury, beginning July 1, 1932, of \$2,000,000, until July 1.

Since this bill has been under consideration there have been some conferences between those who violently oppose the bill, primarily because it did not carry any provision for interest on deferred payments, these opponents believing it would set up a dangerous precedent if that policy were established; that we could not justify charging interest to the poor farmers when we loan them money for seed with a lien on their crops if we should allow these persons having water rights on irrigation projects to be relieved of payment of interest when payment of the annual installment is

So there has been an understanding so far as the interest is concerned, and amendments will be proposed to carry that agreement out.

On page 2, line 9, strike out the language: "No interest or penalty shall be payable on that portion of the charges herein authorized to be deferred," and insert in lieu thereof "and otherwise the deferred payments herein authorized shall bear interest until paid at such rate and shall be paid at such times as the Sec-retary of the Interior shall determine."

That is for the purpose of having these deferred interest payments bear interest until such times as may be agreed upon between the water users and the Secretary of the

Another amendment, suggested by the gentleman from New York [Mr. TABER], is at the end of section 1:

Page 2, line 18: "And provided further, That the payments for construction charges and interest payments on the cost of the power systems referred to in this act shall not be deemed waived, but only deferred, and shall be paid in the manner set forth in section 4 of this act."

Section 3 relates to the construction projects, both in Colorado-the Uncompangre reclamation project and the Grand Valley reclamation project. It is proposed to strike out the clause "without interest and penalty," and add at the end of the section the following:

Under the terms as provided in this act.

Again, carrying out the same idea, section 6, line 3, at the end of the line insert:

The rate of interest to be fixed by the Secretary of the Interior.

That carries out the former idea.

Now, section 9, it is proposed to strike out the words "6 per cent per annum."

The last amendment is vital, and it is to strike out "1935" and insert "1934," so that the annual payments of \$2,000,000 to the Treasury will begin July 1, 1934, instead of 1935.

I realize that all legislation is a compromise. The Commissioner of Reclamation in his testimony before the subcommittee of the House Committee on Appropriations on the Interior Department bill, page 87, et seq., very strongly opposed this moratorium. In view of the request of certain Members who oppose the bill, I have taken upon myself to study the hearings before the Senate committee. I gave special consideration to the hearings relating to the projects in the district of the gentleman from Texas, a Rio Grande project. Those hearings disclose what was a good case. It affected nearly 80 per cent of all of the users of that project.

The department takes the position that we are establishing a dangerous precedent of having the National Government act merely as a ward to all of these person who cultivate the soil on irrigation projects.

I think the Commissioner of Irrigation sets forth the arguments in support of that position very strongly. I do not wish to contest this legislation, though I would feel impelled to vote against it and to strongly oppose it if these amendments I have suggested were not accepted. Those who are strongly in favor of the bill, the gentleman from Mississippi [Mr. Hall], the two gentlemen from Idaho [Mr. Smith and Mr. French], the gentleman from Nebraska [Mr. Simmons], the two gentlemen from Washington [Mr. Johnson and Mr. Summers], the gentleman from Nevada [Mr. Arentz], and the gentleman from Wyoming [Mr. Carter], are favorable to the acceptance of these amendments as being meritorious. Unless there is further request for time, I shall reserve the remainder of my time.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. JOHNSON of Washington. A moratorium act is not a pleasant thing, but I make the prediction that before a year is gone there will be more moratorium acts upon the part of the Federal Government in respect to payments to the Federal Government.

Mr. STAFFORD. There is no question but that this is a most dangerous precedent.

Mr. JOHNSON of Washington. But it is necessary, and still other moratoriums will be necessary.

Mr. STAFFORD. Fifty per cent of those occupying the land are in a position not only to pay but they have paid. It is only another illustration of Government paternalism. When we get into Government operation then these people appeal to Uncle Sam for gratuities and continued gratuities. Here is a Reclamation Service that does not pay any interest on these millions and millions of dollars that the Government has advanced to it. We have voted a \$9,000,000 subsidy already to this Reclamation Service.

We are deferring for a year and a half the payments due under the law, but we are requiring by these proposed amendments that they shall pay interest at such rates as the Secretary determines, and we have now with these amendments a harmonized bill. While it may in the future be a perplexing precedent against us, I think under the circumstances the bill should be passed to provide for the ne'erdo-wells who are cultivating the land, who have big loans with farm-loan banks, who have taxes unpaid, and who asked to be let off from the water charges so that they will be able to pay the banks and their taxes. This bill is largely for the benefit of the banks who have mortgages and claims against these projects in that it relieves the users of the obligation to pay the Government under the existing contracts.

Mr. PARSONS. Mr. Chairman, will the gentleman yield? Mr. STAFFORD. Yes.

Mr. PARSONS. What the gentleman has been saying is true in a measure, but has not every measure that we have enacted here for the relief situation been in favor of the

banking interests and the larger interests all the way through?

Mr. STAFFORD. No. The benefits were designed to seep through ultimately for the benefit of the people generally.

Mr. PARSONS. That is what this does.

Mr. STAFFORD. We passed the Reconstruction Finance Corporation bill primarily for the relief of small banks in the Southern and Western States that were on the verge of bankruptcy. That Finance Corporation has come to the rescue of those banks and it is saving the depositors and the communities. I reserve the remainder of my time.

Mr. HALL of Mississippi. Mr. Chairman, the committee has no objection to the amendments proposed by the gentleman. I ask now that the bill be read for amendment.

Mr. MILLARD. Before that is done will the gentleman from Wisconsin yield?

Mr. STAFFORD. Yes.

Mr. MILLARD. A statement was made that some of the people could pay. Is there any provision in the bill to compel them to pay?

Mr. STAFFORD. The Secretary of the Interior and the Director of Reclamation took the position that we should not come to the rescue of those who are able to pay and who have paid. This bill comes to the aid of all.

Mr. EATON of Colorado. The interest charge will operate to cause those farmers who can pay, to pay the charges. Perhaps the gentleman from New York [Mr. Mnlard] did not understand the effect of the amendments proposed. Those who have the money to pay the annual charges can be depended upon not to undertake the obligation of having to pay the charges and interest in addition thereto.

Perhaps the gentleman does not understand that the basis of this reclamation fund is from the proceeds of the sales of public lands from Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming. At page 166 of the 1931 report of the Secretary of the Interior it is stated that \$110,957,828 proceeds from the sale of public lands were placed in and amount to 41.4 per cent of the reclamation funds. Forty million seven hundred and thirty-six thousand two hundred and fifty-six dollars have been placed in the reclamation fund from the royalties received for mineral leasing and power licenses. This is 15.2 per cent of the fund; every dollar has been produced out of the land of the reclamation States. There appears to be \$17,582,746 in special appropriation and unpaid Treasury loans, or 6.7 per cent of the fund. The balance of the fund, consisting of \$99,006,720, or 36.9 per cent, has been paid back in the fund by collections from the settlers.

When you consider that \$206,041,522 has been spent in the construction of these projects and realize that the settlers have paid back practically \$100,000,000, you immediately realize how serious the situation is when they ask for a moratorium to permit the less fortunate to continue operating their lands. That construction cost 76.8 per cent of the total amount spent; the operation and maintenance during all these years has taken 16.4 per cent of the total, \$44,067,641. Incidental operation and other items, \$13,301,440, make 6 per cent of the amount spent, and on June 30, 1931, there was available 1.8 per cent of the total collections up to that date for the use during the current year. The amount was \$4,872,947. I can not tell how much of it is left to-day for maintenance and construction costs on existing projects.

Remember that practically every cent of this \$268,283,550 has come out of the pockets of the project settlers, the sale of public lands, and the royalties from oil produced in some of the reclamation States. Remember that every project settler is bound to pay the balance upon his contract for his land and water and has no land title upon which he can make an ordinary farm loan. And then think that there are only 1,550,967 acres in the total acreage in all the Federal irrigation projects. Why, in the State of Colorado we have 12 counties, in each of which there is a bigger acreage.

I submit that neither the gentleman from New York [Mr. Millard] nor his colleague [Mr. Taber] nor the other gen-

tlemen who evidenced concern over this bill realized what the actual financial situation is as disclosed by the foregoing facts. Every forecast of any kind of business would indicate that every single settler who can find the money to pay his annual charges would do so and thus save an additional interest charge upon the amount. It is an omnibus bill that will be availed of by all.

Mr. STAFFORD. It is fair to say that perhaps the interest charge will deter the progressive up-to-date farmers on these lands from taking advantage of the moratorium, because they will have to pay some time or other. If they have the money they would rather have the mortgage paid off and the charges paid off than to pay interest perhaps

Mr. BLANTON. Mr. Chairman, will the gentleman yield me 10 minutes?

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I do not like the reference which the gentleman from Wisconsin slurringly made to the farmers when he called them "ne'er-do-wells."

Some of the Members here who do not live in Milwaukee know that the farmers are the backbone of this Nation. It is true that they have gone through this depression, with other citizens, and, in addition to that, they have gone through, in some places, three years of continuous drought preceding the past year, when they did make a good crop and could not get anything for it. Nothing has been done of any consequence in this Congress for the farmers of the Nation. We thought we were helping them when we gave the Secretary of Agriculture a fund to make loans to them this year. I am in receipt of letters and telegrams during the past few days and this morning, from my district, showing that the Secretary of Agriculture, under Mr. Warburton. has required of every farmer seeking a loan in Texas, a contract requiring such farmer to reduce his cotton crop one-third.

From the printed Regulations Relative to Loans for Crop Production During the Year 1932, dated February 10, 1932. and signed by Hon. Arthur M. Hyde, Secretary of Agriculture, and which control in making all loans to farmers for crop production, I quote the following paragraph:

No loan will be made to any individual or to the tenants or share croppers of any landlord to finance or assist in financing the planting of an acreage of cotton or tobacco in excess of 65 per cent of the acreage of such crops planted by such individual or by the tenants or share croppers of such landlord in the spring of 1931, and unless such individual or landlord agrees that he will not have any interest whatsoever in any such crops in excess of 65 per cent of the acreage of such crops to which he had an interest in 1931: Provided, That the foregoing shall not apply to the farmer, tenant, or share cropper who, in 1931, planted not more than 10 acres of cotton or 3 acres of tobacco

I have just received the above this morning from Hon. T. N. Carswell, secretary, chamber of commerce, of my home city of Abilene, Tex., stating that farmers are required to put the above provision in their contracts, agreed to by their landlords, where they are renters, agreeing to reduce their cotton crop one-third of what it was in 1931, and that such requirement was tantamount to a denial of all loans to farmers, for they had already reduced their acreage for 1931, and to again reduce it one-third would be ruinous, as cotton is their money crop.

Under such bureau requirements, if a farmer had planted only 101/2 acres of cotton for 1931, he is required to reduce such small acreage one-third for 1932 in order to get a loan.

What authority has been given to Mr. Secretary Hyde to demand a contract requiring a farmer to reduce his crop at least one-third? Congress did not so authorize him. Congress, when providing this money, authorized crop loans to be made to farmers. That will not help him. The farmers will not be able to do that, and they are thereby deprived of any loan or of any help whatever. They are not getting the loans that we intended for them, and I want to say that Secretary Hyde and his administrator, Mr. Warburton, are not carrying out the will of Congress when they are denying loans to farmers because they will not

kowtow to them and get down on their knees and accept any kind of a proposition they demand of them.

Mr. JOHNSON of Washington. Will the gentleman vield?

Mr. BLANTON. I yield to the gentleman from Washington, because he does not call the farmers "ne'er-do-wells."

Mr. JOHNSON of Washington. I think they are most unfortunate, particularly those who have been inveigled recently onto homesteads or reclamation projects; but the trouble with the loan business seems to be that the landlord can not agree with the tenant as to how they shall mortgage the crop. The tenant wants to make a loan in order to make a crop and the landlord himself does not give it.

Mr. BLANTON. That is not altogether the case. We have no such trouble in Texas. There is only a certain per cent of the farmers who are compelled to make loans. Other farmers who are not compelled to make loans are not going to be controlled by the Secretary of Agriculture in Washington as to the amount of crop that they shall plant, and therefore the regulation that he has put into effect to reduce acreage on certain crops, like cotton, will not become effective and will avail nothing. He is preventing the farmers all over a great portion of the United States from getting any loans at all because they can not comply with the terms of the contract demanded.

Mr. HOPKINS. Will the gentleman yield?

Mr. BLANTON. I yield. Mr. HOPKINS. The gentleman knows that in the law it is stated they can not get a loan if they do increase their

Mr. BLANTON. That is all right. But the farmers are not trying to increase. We did not say that they must agree to reduce their crops. Mr. Secretary Hyde is requiring them to reduce their crops one-third before he will give them a loan.

Mr. HOPKINS. No; but we did limit it.
Mr. BLANTON. We limited it only by requiring them not to increase. That is as far as the Secretary of Agriculture ought to have gone-within the limitation fixed by Congress-but he has not done that. He and Mr. Warburton require them to agree to reduce their crop acreage one-third. I am going to put into the RECORD in connection with my remarks that entire provision of the contract partly quoted by me, which shows they are demanding of the farmers right now that they reduce their acreage one-third. They have no right to do it. I make a public demand of the Secretary of Agriculture that he conform to the will of Congress expressed in the act we passed when providing this money in the promulgation of his contract and his regulations and that he not require that the farmers shall do what Congress did not intend.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. HALL of Mississippi. Mr. Chairman, I ask that the Clerk read the bill.

The Clerk read as follows:

Be it enacted, etc., That any irrigation district, water-users' sociation, or other water-users' organization under contract association, or other association, or other water-users organization that with the United States for payment of construction charges under the act of June 17, 1902 (32 Stat. 383), or acts amendatory thereof or supplementary thereto, including the act of February 21, 1911 (36 Stat. 923) (upon acceptance of this act by resoary 21, 1911 (36 Stat. 923) (upon acceptance of this act by resolution of its board of directors or corresponding body), shall be required to make no payment on the regular construction charge for the calendar year 1931, and in lieu of the regular installment of construction charge provided for under existing contracts may pay for the calendar year 1932 on the basis of 50 per cent of the amount which for this act would be payable under said contracts, such amount to be computed and determined for that year in the manner provided in said contracts and the law year in the manner provided in said contracts and the law applicable thereto. Interest and penalty as now provided by law and contracts for nonpayments when due shall apply on all charges for 1932 adjusted as herein authorized. No interest or penalty shall be payable on that portion of the charges herein authorized to be deferred: Provided, That in determining the rate for the sale of power during the irrigation season of 1931 to irrigation districts from any power plant operated by the Bureau of Reclamation interest on the cost of the power system shall not be included as an element, but interest at the rate of  $2\frac{1}{2}$  per cent per annum shall be included as an element of such rate for the sale of power to such districts during the irrigation season of 1932.

Mr. STAFFORD offered the following amendment:

Page 2, line 9, after the word "authorized," strike out the period and the words "no interest or penalty shall be payable on that portion of the charges herein authorized to be deferred" and insert a semicolon and the following words: "And otherwise deferred payments herein authorized shall bear interest until paid, at such rate and shall be paid at such times as the Secretary of the Interior shall determine."

The amendment was agreed to.

Mr. TABER offered the following amendment at the end of the paragraph:

Page 2, line 18, after the figures "1932," strike out the period, insert a semicolon and the following: "And provided further, That the payments for construction charges and interest payments for the cost of the power systems referred to in this act shall not be deemed waived, but only deferred, and shall be paid in the manner set forth in section 4 of this act."

The amendment was agreed to. The Clerk read as follows:

SEC. 2. On projects or divisions of projects where no irrigation SEC. 2. On projects or divisions of projects where no irrigation district, water-users' association, or other water-users' organization has assumed joint obligation for payment of construction charges individual water-right applicants or entrymen upon acceptance of this act in a manner satisfactory to the Secretary of the Interior, shall be required to make no payment on the regular construction charge for the calendar year 1931, and in lieu of the installments payable under existing contracts, may pay their regular installments of construction charges for the calendar year 1932 on the same basis as that authorized in section 1 hereof for districts, associations, and other water-users' organizations.

Mr. PATTERSON. Mr. Chairman, I move to strike out the last word. I want to call the attention of the House to contracts made in lending the seed-loan funds to farmers. I do this in connection with the gentleman from Texas [Mr. Blanton], who pointed out the inequities of these contracts a few minutes ago. I recall that quite a number of us-and probably the gentleman was among that group saw the Secretary of Agriculture before these contracts were finally issued. We pointed out the danger in making the kind of contract they now have, as the gentleman from Texas has pointed out. I think that most of us will agree with him that under the law the Secretary is at least stretching a point when he requires such a contract with the farmers. Then, it seems to me there is another danger in that kind of a contract, and it is especially true of my section, as it may be in all of the sections represented by the Members of this House. I think most of us agree that the southern farmers should reduce their cotton crops, and that if the Secretary of Agriculture puts this in the contract, so few will get the benefit of it that the others who do not need it will go ahead and increase their crops and thus defeat the very thing we wish for and need so much.

Mr. BLANTON. Will the gentleman yield?

Mr. PATTERSON. Yes.

Mr. BLANTON. As the gentleman knows, the farmers who will get loans from the Government will be few as compared to other farmers engaged in the same kind of crop production. Now, if the Secretary of Agriculture requires a few who need loans to agree to reduce their crops he would simply make them "the goat," because the ones who do not need loans and who are not under any restrictions at all will naturally increase their acreage, and they will produce much greater crops than they otherwise would.

Mr. PATTERSON. That is what we pointed out to the Secretary. We questioned then, and I do now, the legal right of the Secretary of Agriculture to do it, and the doing of it will in all probability have the result which the gentleman from Texas has just pointed out. In that very meeting I, along with other Members, pointed out this very danger.

Mr. BLANTON. Mr. Warburton ought to rescind his action of requiring this restriction to go in their contracts.

Mr. PATTERSON. The Secretary after this meeting did

not go further, for if there was ever a time when the farmer needs help and leniency it is now.

Mr. LANKFORD of Georgia. Mr. Chairman, I rise in opposition to the pro forma amendment, for the purpose of saying I heartily indorse what has just been said in opposition to the red tape which the Department of Agriculture is wrapping about the production loans which Congress authorized for the farmers of the Nation.

Scores of telegrams and letters reach my office every day complaining of the unfair tactics which the department is using in connection with these loans. Once and twice a day I am taking these complaints up with the department. Several changes have been promised, and yet the situation is nothing short of outrageous.

Congress intended that these loans be made to certain farmers, and the Department of Agriculture ignores and overrides the will of Congress and provides that the loans shall only be made to such farmers as the department selects after it puts them through a sweating process of a specially concocted third degree.

Is this department, intended for the farmers, to become the department of aggravation, with an extermination service specially set up for use on the unfortunate farmers? It is certainly succeeding in aggravating and exterminating the

During all these years millions and millions have been spent by the department in urging the farmers in every way possible to produce more abundantly, and now the department is persecuting the farmers for following this advice.

Approximately one-third of the department's time is now taken up madly trying to undo what the department has been trying to do all these years. Another third is used doing over poorly what has already been done, and the rest of the time is used devising means to thwart the will of Congress and carry forward the further enslaving of the farmers of the Nation.

God knows Congress does far too little for the farmer. and now for the farmer to be subjected to all the plagues devised by this department is simply adding outrageous insult to the already unfair burdens of these noble people of the farm.

The Department of Agriculture has set itself up as a lawmaking body and is promulgating rules and laws in defiance of all laws of decency and in the teeth of the Federal Constitution.

A law enacted by the State legislature or Congress can be tested by the courts and set aside if unconstitutional. Not so with these departmental requirements, for the farmers must yield to the unjust requirements if he is to get his loan in time to make his crop. He is simply held up and must sign on the dotted line or suffer the threatened dire consequences of punishment to be borne by him and by his wife and children.

The farmer can no more appeal the unfair rule of this department than a father or mother can appeal the kidnaping of their child. The kidnaper demands ransom in exchange for the safety of the child. The department demands the surrender of the constitutional rights of the farmers and the abject abandonment of liberties dear to the heart of every free American in exchange for a paltry reloan of money already taxed out of the farmer. Both are unfair and the act of either a criminal or a person acting without due regard for the rights of others. Neither outrage is subject to appeal to a tribunal of justice. Both are enforced by the fear of punishment of innocent women and children.

If the Department of Agriculture was abolished, most of the farmers of the Nation would only know it by finding that they are annoyed less or by seeing the news item.

Speaking of consolidation of bureaus and departments, I suggest that if the Department of Agriculture is to continue its fight on the farmers, then this department should be abolished and its activities handled by the War Department. The name would not be so misleading. The farmers would at least know what to expect.

I may suggest, though, that there would be very little or make some valuable modifications, and I regret that he did nothing to transfer, if Congress would only eliminate all the efforts of this department to undo what it has done, do over without improvement what it has already done, and to do what it should never do.

Certain it is that there would be no necessity for spending millions and millions of money to build one of the largest and most expensive office buildings in the world for this department as is now being done. If the activities just mentioned were eliminated, there would be only about three left, and to my mind all of these are among those which should never occur.

The Secretary very probably would want to continue to give out erroneous crop and other reports and thus drive down the prices of farm products; give out statements that the farmers are very prosperous and extremely happy and furthermore endeavor to convince the public that the Federal Farm Board act is perfect and that the Federal Farm Board should be retained without any amendment to this act. If these three unfair and unnecessary activities just had to be carried on at Government cost, this little job could be done in one little room, by one little man, at very little expense.

It is hard to be temperate in thought and language when one realizes just what has been done and is now being done under the reconstruction finance act for the great corporations of the country and the unfair deal that is being given the farmers under the same act.

Just here let me say there are in the Department of Agriculture and the extension service some of the most splendid men and women I ever saw. They are truly friends of the farmers of the Nation. Many of them are among the best friends I have on earth. I am not criticizing them. I am criticizing, though, those officials who purposely and deliberately make it so difficult for the farmers to get any real good out of anything Congress attempts to do for them. I resent as unfair any effort on the part of the department to force the borrowers of the little production loans to make curtailments of acreage of any crop unless that same curtailment scheme is voluntarily made and entered into by the rich as well as the poor and the big farmer who does not borrow as well as the poor borrower.

I repeat, I have no objection to the farmers signing any cropping plan they may wish to make. I am most anxious though that there be no unnecessary delay of loan applications on this account, and for this reason I urged the Department of Agriculture not to take cropping-plan contracts in connection with the applications for loans. I feel these ought to be disconnected altogether from the applications for loans, as I do not want the Department of Agriculture to embark on a program of attempting to control every activity of the farmer under a threat, either actual or implied, that he would not receive his loan or other help from the Government unless he executed a cropping plan or any other paper curtailing the liberties of the borrower to a greater extent than is imposed by law on the man who does not borrow.

I feel that to force the borrower to curtail his acreage in this manner, while the man who does not borrow increases his will not at all solve the so-called overproduction problem, but on the contrary will not only complicate it, but will also become a precedent for what in my mind is a very unfair system. Many months ago I made my position clear to the Department of Agriculture, that I should oppose in every way possible forcing the unfortunate farmers of the country who borrow, to curtail their acreage unless a system could be worked out which would also bring about a similar curtailment by the larger planters who do not obtain any loans from the Government.

I may repeat, though, that I am not making any fight on the obtaining of these production plans where executed voluntarily and disconnected with the aid given the farmers by these production loans so that the farmer will be exercising the fullest freedom in executing these production contracts or promises.

Any effort to control production is wrong unless it oper- vote to put this additiona ates evenly and equally on the rich and the poor and on all | bended and broken backs.

the farmers, not of only one section or State, but of the whole Nation. The present device used by the Department of Agriculture to control the acreage of cotton and tobacco is unfair and vicious for another reason.

As soon as the Department of Agriculture succeeds in forcing a reduction of acreage on my farmers the department through the press, the radio, and in every way possible, will broadcast to the rest of the Nation an exaggerated report of the enforced curtailment or reduction of acreage and thus invite a much greater production of tobacco and cotton by the tobacco growers and producers, especially those of wealth of the whole country who do not borrow from the Government.

Thus this department enslaves the poor farmer, curtails not only his production but his price in behalf of the rich growers of the whole Nation. The poor farmer is forced to cut acreage and the farmers of the whole country who do not borrow from the Government are graciously invited to accordingly increase their acreage.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

Mr. JOHNSON of Washington. Mr. Chairman, reserving the right to object, does not the gentleman believe that the statements just made by him tend to prove the danger of continually extending the Federal activities to this, that, and everything under the sun?

Mr. LANKFORD of Georgia. Yes.

Mr. JOHNSON of Washington. It creates more and more red tape, more delay, and more Federal employees.

Mr. LANKFORD of Georgia. Especially where the Government does so much and creates so many bureaus for everybody else but the farmers, and when something is to be done for the farmers there is so much red tape they get absolutely nothing out of it.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Chairman, it matters not whether a law is enacted in the name of the farmer or not, in the end he does not get a square deal. Something is sure to be wrong, either in the act as worded, in the administration of it, or in its final effect. This certainly is true of all bills passed in the name of the farmer and all tax or revenue proposals.

It may not be amiss for me at this time to say a few words about the proposed general sales tax now under consideration. As I have repeatedly said on this floor and elsewhere, I am unreservedly and unalterably opposed to the principle of this system of taxation. It is contrary to all other principles of raising revenue.

It taxes poverty instead of wealth; the need for the necessaries of life instead of ownership of property; hunger and want instead of luxuries and riotous living; losses and misfortune instead of income and profits; those who get the least out of the Government instead of those who get the most, and those least able to pay instead of those most able to pay.

Many exemptions are being proposed. I favor many more. In fact, I hope every article needed by our people for any proper purpose may be eventually excepted or exempted and that then the general sales tax principle be overwhelmingly defeated.

No amount of exemptions will cause me to vote for a principle which I feel is as vicious as a general sales tax. If the sales-tax principle is ever ingrafted upon our Federal taxing system, the camel's nose will be in the tent and a mighty drive will be made to eliminate the income tax and all forms of taxing wealth and to raise all funds for Federal purposes by this tax, excise taxes, and the tariff system. This Congress to this good hour has not passed a single general law in behalf of the masses who are suffering most as the result of this depression. I certainly shall not now vote to put this additional unconscionable burden on their bended and broken backs.

The war cry is, the Budget must be balanced. I am more alarmed about budging the balance than about not balancing

If the deficit in the Treasury was caused by appropriations saving the homes of my farmers and ushering in the return of prosperity for all my people, I would feel that they could afford to be taxed by any fair means with the rest of the Nation to raise the necessary money, but this is not the CASE

This very Congress appropriated \$500,000,000 to be dished out by the Reconstruction Finance Corporation to the Wall Street bankers. This amount is about what would be raised by this sales tax in one year. But this is not all; this same act made \$2,000,000,000 available for loans to these Wall Street banks and monopolies. It would take four years to raise this money by this sales tax.

Think of it, the advocates of the Reconstruction Finance Corporation wanted that act so worded that the entire amount that could be raised by this sales tax could and would be loaned to only three big corporations, and yet we, as Representatives of our bleeding, dying people, are asked to raise these millions upon millions of dollars by taxing the poorest of the poor a few cents here and yonder and everywhere from everybody and a few dollars here and yonder and everywhere from everybody until the sum runs into millions and millions of tribute to be dumped into the vaults that are already busting with hoarded billions of ill-gotten wealth.

They seek to raise this money by squeezing the very last dollar, nickel, and penny from the impoverished, hungry, freezing, homeless, jobless, and outraged poor of the land, to be turned over in \$100,000,000 sums to the very international bankers who wanted and secured the foreign-debt cancellation and moratorium program for their own outrageous, selfish, diabolical interest, who now are hoarding the money of the Nation and causing the most awful depression since the beginning of time; who have originated, sponsored, and secured the passage of every big financial or banking piece of legislation in behalf of the rich during the last several decades and who are now engaged in a campaign to get both the Democratic and Republican Parties to put over this system of sales tax as an entering wedge to relieve wealth of all Federal taxes and to place the entire burden on the backs of the millions of the poor.

Mr. Chairman, I thank God and the good people of my district for the privilege as their Representative of voting against any such scheme.

Ah, Mr. Chairman, why should we have any Congress or any committees, if we are to put over only such program as is outlined by the Wall Street interests?

Mr. Chairman, if all these outrages are to be perpetrated by Congress without protest and if the definite program is for the Wall Street interests, to tell the President, the President tell the Democratic and Republican leaders, and leaders tell the Members of Congress, and the Members are to, more or less, blindly follow and do as requested, as was the case in the foreign debts moratorium and Reconstruction Finance Corporation act, then why go through the expense, delay, and foolishness of meeting and thinking we constitute a decent, deliberate, legislative body?

Again I ask if all this is to be true, why have Congress? Why have leaders? Why not let a Secretary of the Treasury, selected by Wall Street and the Wall Street money interest, run the country and manage its finance just as is now done and sought to be done, except without the wear and tear of a Congress, some Members of which may be a bit rebellious and just a little unwilling to be lead at all times in all matters?

Mr. Chairman, I am not only opposed to the sales tax I am also opposed to and shall vote against either an increase of postage on first-class mail or a tax on gasoline or an additional tax on manufactured tobacco products. I shall likewise oppose all other nuisance taxes, such as taxes on soft or cool drinks, candies, and so on.

I am convinced that sufficient revenue for current ex-

than these just mentioned. Let us trim out all unnecessary bureaus and commissions and we can curtail our expenditures so there will not be any need for all these taxes. I have just referred to the red tape and unnecessary and vicious usurpation of power in the Department of Agriculture. The same kind of situation, I am sure, exists in all the other departments.

I feel that it is not at all necessary to squeeze the last few pennies out of the common people to refinance the foreign loans and offset our loss there, to buy up the bad loans of the international bankers, and to pile up additional hundreds of millions of dollars in the vaults of the immensely rich.

To my mind we can not tax our people out of the depression. It would be much better for us to sell Government bonds and bring money out of hoarding and put it in circulation rather than as a taxgatherer attempt to squeeze additional millions out of the people, to be delivered to those who are hoarding millions and billions of dollars.

The sale of bonds would bring money out of hoarding and put it into circulation. The sales tax and other taxes of the poor gets the last dime, nickel, or penny from our povertystricken people and puts it into the hands of the only real hoarders who have never known or felt hunger or want, and who view with an indifferent, heartless, and cruel stare the millions of upturned, freezing, and starving faces of the innocent victims of the relentless greed of great wealth.

Mr. Chairman, why are these taxes being sought? The answer is to balance the Budget. Who got the Budget out of balance? Who caused the deficit? The answer is, the very crowd who are now asking for it to be balanced. The very men in and out of Congress who worked for and voted for the foreign debts moratorium and the Reconstruction Finance Corporation act are now loudest in this advocacy of taxes to pay the losses caused by these two bills. Why is it sought to tax the poorest of the poor? Listen. The answer is to raise revenue to help foreign nations balance their budget; to buy up without indorsement notes which the international banks are afraid to carry and to make loans of the people's money as large as \$100,000,000 at a clip to single big corporations, to carry on an orgy of bureaucratic expensive control of all the people's affairs striking at the very foundations of our Government, and to make millions of useless expenditures of money too numerous to mention, such as building here in Washington numerous, expensive, and unnecessary buildings and tearing down and destroying most beautiful, splendid, and useful buildings only because some bureaucratic appointee likes better the coffin-shaped building that is to be built in the place of the splendid, beautiful Post Office Department Building, or because some bureaucratic appointee thinks the tower is too high, or does not like for the clock in the tower to tell him the time of night he passes by, or because these buildings are not in accord with some one's distorted asthetic taste they are now doomed to destruction at enormous cost to make way for a building not any better and not as pretty at a fabulous cost to the taxpayers. The sales-tax sponsors want the poorest of the poor taxed to pay these bills. I object. It is not right.

Is this Congress to put over this program of iron and blood, do absolutely nothing for the farmer, the laborer, or the private independent citizen or business man, and then adjourn for its Members to rush to the conventions to construct political platforms of delicious promises made only to deceive and never to be kept? We have had the legislative program of iron and blood up to the present; the people of the Nation are asking "what is to follow?"

Instead of invading every home and taxing every man, woman, and child, Congress should relieve the already too heavy tax burden and by constitutional amendment provide for an exemption from all taxes of a reasonable amount of real and personal property for home purposes.

Instead of more taxes and embarrassment for the farmers, a real relief program should be provided. Instead of remaining an outraged borrower, the farmers should receive penses of the Government can be raised from taxes other governmental aid elevating and stabilizing his prices and making him an independent citizen with money for his own use and to spare.

Instead of squeezing more money out of the poor for the big corporations and multimillionaires, legislation should be enacted putting the hoarded money of the wealthy to work giving employment at reasonable salaries.

The rights of the individual private citizen and small business concern should be preserved instead of the masses of people being left as the prey of the monopolies of our Nation.

The farm problem should be solved; the railroad or transportation question should be handled at once to the best interest of all the people; a system of banking should be set up at the earliest possible moment making absolutely secure against loss the deposits of our people; the great monopolies again should be held in due bounds; the rights of all our citizens protected to the fullest, and the confidence of our people in their Government and in each other restored to that high standard of faith and patriotism possessed by our fathers.

Mr. GLOVER. Mr. Chairman and gentlemen of the committee, I think the regulations prescribed by the Secretary of Agriculture in some respects are not only unjust, but it seems to me they are absolutely foolish. Before these regulations were put out the question was raised as to whether they were to be permanent. I took this matter up with the Secretary of Agriculture because it vitally affects the people of my State as it does the people of your State. I asked them to change some of those regulations, especially the one referring to cotton and rice. The regulations prescribed by the Secretary in that respect were never contemplated by this Congress. Nobody ever thought that such a foolish regulation as that would be made by the Secretary of Agriculture.

Many farmers do not need this aid, but about one-tenth of them do. Here is a man who, because he is a poor man, must borrow money in order to make his cotton crop. He is penalized by the Secretary of Agriculture because he is poor and because he wants to borrow money and is forced to reduce his acreage. Here is a man, his neighbor, who can raise the crop he raised last year in full, or he can double it ten times, but here is a poor man who has to borrow money and he must cut his crop down. The Secretary of Agriculture has fixed a rule that penalizes him because he is poor, and he says, "You can not grow as much as you did last year." I think that is absolutely ridiculous.

They have not only prescribed foolish regulations with reference to cotton, but they have done so with reference to other things. For instance, in the great rice district of Arkansas, which is about the third largest in the United States, they have fixed a regulation providing that the loan is small and becomes a first lien on the crop, and in that level country, the prairie, they have to pump all the water that goes on their rice-growing farms, which costs them about \$15 an acre. Now they have fixed the regulations of borrowing so low on them that they could not afford to take a loan because it would not make a crop, and if he did take it, prevents him from borrowing elsewhere as he has given a first lien on his crop.

We have appealed time after time for them to raise that to where it would be enough for them to make their crop. They have raised it somewhat after this appeal, but not to where it ought to be. I hope if we ever make a loan of this kind again we will put some restrictions in the bill that will control even the Secretary of Agriculture so that he can not make such drastic regulations with respect to the poor farmer who is sweating away his life in order to make a living.

The pro forma amendments were withdrawn. The Clerk read as follows:

SEC. 3. The act of Congress approved January 31, 1931, entitled "An act for the relief of the Uncompanger reclamation project, Colorado" (Private, No. 300, 71st Cong.), is hereby amended to extend for one year from and after January 1, 1932, the time for beginning construction of drainage system upon the Uncompanger project, and any and all construction charges accruing upon or for said project for or during the year 1932, shall be deferred and

included in and made payable as a part of the project supplemental construction charge provided for in said act of January 31, 1931; and in order to afford opportunity to complete the construction authorized by the act of Congress approved February 21, 1931 (Public, No. 708), relating to the Grand Valley reclamation project, Colorado, any and all construction charges accruing upon or for said project for or during the year 1932 shall be deferred without interest and penalties and shall be included in and made payable as project supplemental construction charges.

Mr. STAFFORD. Mr. Chairman, I offer the following amendment: Page 3, line 22, strike out the clause "without interest and penalties," and the further amendment, at the end of the section insert the following: "under the terms as provided in this act."

The Clerk read as follows:

Amendment offered by Mr. Stafforn: Page 3, line 22, after the word "deferred," strike out the words "without interest and penalties," and at the end of the section, after the word "charges," insert "under the terms as provided in this act."

The amendment was agreed to. The Clerk read as follows:

SEC. 4. At the expiration of the period for which deferment of charges is made under this act, all districts, water-users' associations, or other water-users' organizations, and all individuals accepting the provisions hereof shall resume payment of charges on the basis of and in accordance with existing contracts and shall continue payments thereafter until the entire indebtedness of said districts, water-users' associations, or other water-users' organizations, and individuals to the United States shall have been fully paid. In the case of a district, water-users' association or other water-users' organization, or individual having contracts executed pursuant to the act of February 21, 1911 (36 Stat. 925), the act of August 13, 1914 (38 Stat. 686), or the act of May 25, 1926 (444 Stat. 636), or any special act the deferred construction installment or installments for the calendar year 1931, and that portion of the 1932 installment or installments of deferred construction and/or operation and maintenance for 1931 and 50 per cent of the installment and/or installments of such deferred charges for 1932, shall be paid as an additional installment to be due and payable one year after the date the last installment under existing contracts shall become due, except in those cases in which the Secretary of the Interior, whose decision shall be final, shall find necessary additional installments, which he is hereby authorized to fix. In the case of any district, water-users' association, or other water-users' organization, or individual under contract for payment of construction charge pursuant to subsection F, section 4, act of December 5, 1924 (43 Stat. 702), construction payments shall be continued on the basis of existing contracts until the entire indebtedness to the United States, including all charges deferred pursuant to this act, shall have been fully paid. Installments so carried over shall be subjected to the reductions provided for in section 7 hereof.

Mr. SMITH of Idaho. Mr. Chairman, I offer an amendment, page 5, line 10, strike out the figure "7" and insert the figure "8."

The Clerk read as follows:

Amendment offered by Mr. Smith of Idaho: Page 5, line 10, strike out the figure "7" and insert in lieu thereof the figure "8."

The amendment was agreed to.
The Clerk read as follows:

Sec. 6. The Secretary of the Interior, in his discretion, is further authorized to defer the payment to the United States from any water-users' organization, as defined in section 1 hereof, and from any individual water-right applicant or entryman of construction charges and installments of deferred construction and/or deferred operation and maintenance charges for the calendar year 1930 and prior thereto. Such deferred charges, together with penalty or interest to December 31, 1931, under existing laws and contracts shall be paid in such annual installments as the Secretary of the Interior may fix.

Mr. STAFFORD. Mr. Chairman, I offer an amendment, at the end of line 3, page 6, insert a comma and the following after the word "contracts": "and thereafter at a rate of interest to be fixed by the Secretary of the Interior."

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 6, line 3, after the word "contracts," insert a comma and the following language: "and thereafter at a rate of interest to be fixed by the Secretary of the Interior."

Mr. SMITH of Idaho. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SMITH of Idaho. I wish to say that this section has reference to existing law and existing contracts, the rate it would not be harmful, would not add anything whatever

Mr. STAFFORD. The language in the bill is "such deferred charges, together with penalty or interest to December 31, 1931, under existing laws and contracts."

The bill as brought over from the Senate is predicated upon the idea that no interest shall be charged. This provision says penalty and interest shall be charged to December 31, 1931, and I am carrying out the idea that thereafter it shall be charged at such rate of interest as is carried in section 1.

Mr. SMITH of Idaho. If the gentleman will permit, section 1 refers to the deferred payments of 1931 and one-half of 1932. Section 6 refers to payments due and not paid for 1930 and prior years. The existing law provides for interest and penalty on those deferred payments.

Mr. STAFFORD. Let me ask the gentleman, because he has far better acquaintance with the operation of the law than I have, as to these deferred charges for the calendar year 1930. If they are not paid on December 31, 1931, as prescribed by the contract, what interest do they then bear?

Mr. SMITH of Idaho. They bear 6 per cent interest, and there is also a penalty attached, and, in addition, the water can not be furnished under the law to those who are delinquent on payments due December 31, 1931.

Mr. STAFFORD. So, if they are not paid on December 31, 1931, they will continue to bear interest under the terms of the contract?

Mr. SMITH of Idaho. Absolutely. Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to withdraw the amendment just proposed.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The Clerk read as follows:

SEC. 9. Collections of construction charges for the calendar year 1931 (which charges are subject to adjustment and are adjusted under sections 1, 2, and 4 of this act) and penalties and interest, if any, from water-users' organizations and individual water-right applications or landowners, heretofore made under existing contracts, plus interests on all amounts so collected at the rate of 6 per cent per annum, shall be credited upon the succeeding payments as they become due, including operation and maintenance

Mr. STAFFORD. Mr. Chairman, I offer the following amendment.

Page 7, line 13, strike out the clause and the comma "plus interest on all amounts so collected at the rate of 6 per cent per

The amendment was agreed to. The Clerk read as follows:

SEC. 10. That the act of June 25, 1910, entitled "An act to authorize advances to the reclamation fund, and for the issue and disposal of certificates of indebtedness in reimbursement therefor, and for other purposes," as amended, and the act of March 3, 1931 (46 Stat. 1507), are hereby amended so as to provide that payments in reimbursement of moneys so advanced under these acts and not heretofore repaid shall be made by transfer annually from the reclamation fund to the general funds of the Treasury beginning July 1, 1935. beginning July 1, 1935.

Mr. STAFFORD. Mr. Chairman, I offer the following amendment.

Strike out the figures "1935" and insert in lieu thereof "1934."

The amendment was agreed to.

Mr. HALL of Mississippi. Mr. Chairman, I move that the committee do now rise and report the bill to the House, with amendments, with the recommendation that the amendments be agreed to, and that the bill as amended do

The motion was agreed to; accordingly, the committee rose, and the Speaker having resumed the chair, Mr. Keller reported that that committee had had under consideration the bill, S. 3706, for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law and had directed him to report the same back with sundry amendments, with the recommendation

of interest being fixed in the law, and the amendment, while | that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Is a separate vote demanded on any amendment?

The amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. Hall of Mississippi, a motion to reconsider the vote whereby the bill was passed was laid on the table

#### EXTENSION OF REMARKS

#### COLORADO'S TWO RECLAMATION PROJECTS

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a statement made by myself on February 23, 1932, before the Rules Committee of the House of Representatives, on the bill, H. R. 9489, for the temporary relief of water users on irrigation projects.

STATEMENT OF HON. EDWARD T. TAYLOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. TAYLOR. Mr. Chairman and gentlemen of the committee, what your committee wants to know is, first, the fairness, just-ness, and reasonableness of this bill. H. R. 9489, and second and very definitely, as to the actual necessity for its enactment at this

I will speak first as the Representative in Congress from the western half of Colorado, which includes the Uncompangre Valley reclamation project and the Grand Valley reclamation project, both of which are in my congressional district. I live in an adjoining county to the three counties in which those two projects are situated and have known those people and their conditions inti-mately and have represented them in this House for the past 23

matery and have represented them in this House for the past 23 years.

I hesitate somewhat to picture for a public record the actual conditions of the water users on those two projects as seriously as they really are at this time. Those water users have kept going during the past few years by absolutely forcing in every way possible payments from the people on the projects and practically compelling them to make payments of money, much of which had to be borrowed in every way possible and little of which has been repaid or can be repaid at this time.

On the Grand Valley project some seventy-odd water users have been compelled to deed their farms to the Water Users' Association in order to get water during the past year. They have not been able to sell their crops, and they can not make the payments necessary to secure a reconveyance to themselves of their titles to their homes. I am advised by the bankers and many substantial people living upon and adjacent to that project that the water users have completely exhausted their credit. They have no collateral that is not already mortgaged for probably more than it could be sold for. Several banks upon those two projects have suspended or have been closed, and the remaining banks say they can not make any further loans to these water users under the avisting conditions. not make any further loans to these water users under the existing conditions.

can not make any further loans to these water users under the existing conditions.

The Uncompahgre people have not deeded their lands to their association, but they are in equally, if not more, serious condition; that is, the water users on both projects are facing utter ruin unless they can be relieved for the present from their indebtednesses to the Government and be given an opportunity to raise another crop this year. Even their working stock and farming implements and practically all of their personal property are mortgaged; and if those mortgages are foreclosed, they will be put out of their homes and set out in the world with nothing. Notwithstanding the severe drought a fairly good crop was produced last season, but, due to market conditions, the settlers have been compelled to sell their crops for much less than the actual cost of production; besides, they can not find a market even at any price for much of their crop sufficient to pay the freight and leave them any balance at all. The banks can not possibly even furnish working capital to the water users to purchase the necessary seed and feed during this year.

Gentlemen, it is absolutely imperative that Congress should extend such deferment of the payments upon the construction charges as to make it possible for the people under these projects to live and raise their crops this year but even if they do raise a good crop this year and if they do succeed in getting a fair price for it, every dollar of the proceeds will be consumed in paying existing obligations and paying for the operation and maintenance and upkeep of lateral ditches, flumes, and so forth, and it will be utterly impossible for them to pay construction charges in addition to all that and live during the coming year. They absolutely must be allowed to have some surplus to clothe and feed themselves and families not only during 1932 but to purchase seed and carry on during 1933.

The least possible relief that would afford a faint hope to the

carry on during 1933.

The least possible relief that would afford a faint hope to the water users on these two projects in my district would be to grant them the relief provided in this bill. While there ought to be a straight moratorium for the years 1931, 1932, and 1933, to let them get on their feet again, yet we are not considering 1933 in this bill.

The relief that we are now asking, although not being all I think they should have, will be a great encouragement and will give the sorely distressed water users some hope of a possibility of

paying out.

There is a human equation involved in this situation, and I speak now of all of the water users on all of the Government projects throughout the Western States. The settlers upon those projects must be given a fair chance for their very existence and a fair opportunity to supply their families with at least the bare necessities of life. Anything short of that destroys their courage and morale. Not only the banks but the business men and merchants of those communities have extended all the credit the possibly can and as long as they can and they are now compelled

and morale. Not only the banks but the business men and merchants of those communities have extended all the credit they possibly can and as long as they can, and they are now compelled under existing financial conditions in our country to absolutely refuse further credit. Those settlers have tried heroically and with the utmost energy and frightfully hard work and good faith, for years and years, to cooperate with the Reclamation Bureau in every way possible. Those people are not repudiators, nor are they disposed to complain of their lot or be trouble makers. But the plain fact is that they have reached the limit of their endurance. They are now at a point where they simply can not comply with the Government requirements and continue to live.

It does seem to me that Uncle Sam and Congress both should and must recognize that there is a personal side and a human element in this situation. Those projects can not continue without farmers, and farmers can not carry on with the crop prices they are now having and with the many handicaps and discouragements that they are working under unless they can obtain more liberal consideration from the Reclamation Bureau than has been accorded them in recent years. This situation is not the fault of the Reclamation Bureau nor of the law, but it is a cruel and tragic result that is brought about by this universal depression. Practically everything the farmer raises is at the lowest price it has been in 40 years. Moreover, the freight rates from all that interior mountainous portion of the West are so excessively high that they largely consume the value of the crops before they reach the market. It does seem as though the officials here in Washington do not and can not visualize or realize the conditions of those sorely tried and cruelly afflicted people under present conditions. the conditions of those sorely tried and cruelly afflicted people

under present conditions.

If there was any reasonable hope for improved conditions within the next 12 months, that might make it possible to collect some small part of the 1932 construction charges from some of the settlers on some of the projects.

small part of the 1932 construction charges from some of the settlers on some of the projects.

But, as I say, they have got to pay operation and maintenance charges at all events, which amount to several dollars an acre, and they must pay some grocery bills and other expenses. Conditions have been getting worse all the time for three years; and, moreover, there appears to be little hope at this time of there being sufficiently favorable conditions or circumstances that will enable these people to work out, even under the provisions of this bill.

You must bear in mind that these reclamation projects are enormously expensive constructions, and the upkeep of the reservoirs and large canals and distributing ditches and flumes involves an immense amount of annual hard work and expense. Raising crops by irrigation is a very expensive way of farming.

These reclamation projects are organized in what is known as reclamation projects, and the Government deals with them in that collective and incorporated capacity. The Government holds a first lien against all of the land and irrigation reservoirs, canals, and property of that kind. So that every man's home has a blanket Government mortgage on it of anywhere from \$5,000,000 to \$10,000,000 on an average. The associations stand good to Uncle Sam for all of the indebtedness of all its members.

Now when they have not, practically speaking, a dollar, the reservoirs is whether or not the Government is going to drive them.

Now when they have not, practically speaking, a dollar, the question is whether or not the Government is going to drive them off the project and out of their homes and starve them out, or let them stay there and try to work out and pay the Government as soon as they can make it out of the land and out of their crops. as soon as they can make it out of the land and out of their crops. They have no other way of paying. Suppose the Reclamation Bureau drives practically all of them off their lands, what has Uncle Sam left? He has a lot of farms that have been compelled to run down for lack of means to upkeep them. These farms will then have to be turned over to new settlers to rebuild and to try to carry on from where the present old-timers have left off. That would be a calamity, almost an inhuman act, which I know Congress can not and will not permit. These old-time settlers, who have put in 20 or more of the best years of their lives in reclaiming this barren land, should be permitted to stay in their homes and pay back the Government when they can. Those settlers have already repaid to the Government something like \$50,000,000, and some of them have paid back nearly a hundred per cent of all that is due.

Now, all we western Members, who represent these projects, are

Now, all we western Members, who represent these projects, are asking of you gentlemen of this committee and of Congress is to withhold collection of construction charges, which these people

withhold collection of construction charges, which these people can not now pay.

Mr. Chairman, in conclusion I must, in justice to the people of three naturally wonderfully rich counties in my State, say that when our Government has been so prodigal with its relief to suffering humanity all over the world and is now appropriating billions of dollars for relief, which largely goes to railroads and big banks and large business concerns, I do feel that it is unfortunate when our high officials are either unwilling or very rejuctant to grant to our own pioneer, loyal, patriotic, hardworking, worthy, and courageous citizens the bare relief so absolutely necessary to permit them to live and to continue to develop their homes and these projects and to largely enhance

the value of the Government's investment in time. If these settlers are forcibly driven off, bankrupt, heartbroken, discouraged, and necessarily embittered, who will take their places? Who can possibly carry on as well? Who are the most deserving, those who have spent almost a lifetime of hard work trying to reclaim the

have spent almost a lifetime of hard work trying to reclaim the desert and make a home or those who may come in and take up these farms and homes that Uncle Sam has compelled these pioneer settlers to leave behind them?

Gentlemen, I appeal to you in the name of common and deserving humanity, in the name of the hardy, courageous, western spirit that has made these projects possible, to extend, not grudgingly but fairly, such relief to them as will not only make it possible for them to live and keep their homes but to give them some hope and encouragement and a feeling of gratitude and appreciation of our Government.

Mr. Cox. Mr. Taylor, this is, after all, a loan that they are asking.

Mr. Cox. Mr. Taylor, this is, after all, a loan that they are asking,

Mr. Taylor. No; it is not a loan. We are not asking for a dollar. We are appealing to Congress to let those settlers have water this year to raise a crop on their farms so they may continue to live on them and pay the Government back out of their crops, the only way they can pay.

fr. Cox. All right. Then what is the objection to promising at

least interest on this deferred payment?

Mr. Taylor. Those settlers, most of them, absolutely could not they paid interest even if they were compelled to promise to. Even if they paid interest it would go into the reclamation fund and not into the Federal Treasury. Goodness alive, gentlemen, when the administration and Congress are granting moratoriums and prodigally throwing money all over the world, to every nation that will take it, with no intention of ever paying it back, and here who have

gally throwing money all over the world, to every nation that will take it, with no intention of ever paying it back, and here at home we have a lot of deserving pioneer people out there who have endured untold hardships to settle and reclaim that country from a wilderness, and need a little time to work out of this depression, I do not see how there can be any question about the justness or urgency of their appeal. Mr. Michener is wrong about their crop being guaranteed. It is only about 2 or 3, possibly 4, years out of 5 that we get a good crop. We have late and early frosts, and droughts, and many other obstacles. The altitude of my district ranges from about 4,500 to 10,000 feet, and our fruit and potato and some other crops are often destroyed by frosts.

Mr. Michener. That is your particular district?

Mr. TAYLOR. Yes; but practically all of those projects are in a mountainous country. Our greatest handicap against us is our long distance from markets, insufficient marketing facilities, and frightfully high freight rates for everything we buy or sell. Speaking of Idaho potatoes being sold in the eastern markets, I sometimes think they advertise them somewhat the way they do the Rocky Ford cantaloupes in all the eastern markets. Nearly all over the United States farmers and truck growers buy from Colorado Rocky Ford cantaloupe growers' seed and plant that seed and grow a crop and advertise those cantaloupes as Rocky Ford cantaloupes. That is the only way the people in the East, North, and South ever get Rocky Ford cantaloupes. They scarcely ever get one that is grown in Colorado. People get them here in the East throughout May, June, July, and August, and they do not get ripe in our Rocky Ford country until September. Cantaloupes grown in the East, North, or South, even from our seed, do not taste much like the cantaloupes grown at Rocky Ford or at Palisade, by irrigation and Colorado sunshine. Gentlemen, with all the earnestness and seriousness I can command, I tell you this is a "ground-hog case." We hav

I might say for my own district that for the last two years they have not been able to pay the operation and maintenance charges and the construction charges and besides do the drainage work and the construction charges and besides do the drainage work that is necessary. When irrigated land is not properly drained, it becomes water-logged. We call it going to seep. The Uncompahgre project has got to be drained. A large part of it is now so water-soaked that it will not grow anything. It will cost half a million dollars to build the necessary drain ditches and canals and tiling, and so forth, to wash out that alkali ground and reclaim it and bring it back to production; and the Government at present declines to do that work. I passed a bill last winter giving the water users on this project the right to use all the money that they would otherwise be required to pay to Uncle Sam toward the repayment of the construction cost for five years, and allowing them to spend that money on the drainage of that land. So that the Treasury is not going to get a dollar of that construction charge for five years. But we have not now got the money to do that drainage work.

for five years. But we have not now got the money to do that drainage work.

It is an enormous proposition to figure out a system of drainage for some 8,000 or 10,000 acres of that water-soaked land, and it is awfully expensive. They have been industriously investigating, surveying, and experimenting, and trying to get ready to do this drainage work. At my request they sent some engineers and practical irrigators up to Mr. Smith's district in Idaho to examine their electric pumping wells that they have there. They have quite a number of shallow wells with electric pumps, and they set them running day and night, pumping the water out of the ground so as to keep the water level in the ground down far enough so that it will not destroy the crops.

It has two very important purposes—it prevents the ground

It has two very important purposes—it prevents the ground from going to seep and furnishes a large amount of additional water for irrigation. Those water users have also investigated other systems of drainage. That bill to which I refer, for the relief of the Uncompangre Valley water users act of January 31, 1931

(46 Stats. 1974), is printed in full in the report on this bill. It relieved the water users on that project from paying the construction charges last year and put those charges off to the end of the payment period. But they were expected to start on the drainage work this year. Now they have not got, and absolutely can not get, the money to do so. There is no possibility of their doing about \$85,000 worth of drainage work that they are required to do this year. The Government is not reving out any money nor give The Government is not paying out any money nor giving up anything. That law requires these water users to either spend the money on drainage, or pay it into the reclamation fund. Now, what I am asking is that you do not require us to pay it into the reclamation fund; because we want to spend it on that drainage, as that law of mine allows them to do. We have absolutely got to do that drainage as soon as we can, but we have not the preliminary plans and are not ready to start yet. All I am asking in this bill for that project is a year's extension of the time for

starting that drainage work.

It is not really a matter of money at all. It is a matter of giving these people an opportunity to do a lot of hard and expensive work. That is the object of section 3 of this bill, H. R. 9489. I wrote that section for that purpose and personally presented it to both the Senate and House Irrigation Committees as an amendment to the original Senate and House bills, and both those committees accepted that amendment without changing a single word, and both reported out the bill as it is now before you. The Senate passed the bill in this identical form within about three minutes. The Senate knew that their Irrigation Committee had very fully and carefully considered the bill, and they evidently thought no discussion was necessary. Speaking for the Uncompangre project, I am not asking for a loan of any money nor for a waiver or cancellation of any payments of any money or for any extension of time to nay any money but for an money or for an extension of time to pay any money but for an extension of time and an opportunity to do the very technical and expensive work of drainage that is specifically authorized by that act of Congress passed a year ago.

To a certain extent, the same applies to my Grand Valley project. I passed an act a year ago that is also set out in full in the report on this bill: that is, the act approved February 21, 1931 (46 Stat. 1202). That act authorizes those water users to construct a power plant on that project, from which they expect to derive a large and very necessary revenue. They have not yet had time to com-plete that construction, and section 3 of this bill gives them a year's extension on construction charges for that purpose. for the additional reason that most of them, as I stated before, have already been compelled to convey all their property to the association and they have no property nor credit nor money to pay this year's construction charges.

Mr. Bankhead. The statement you have made rather confirms my opinion that the Interstate Commerce Commission is right when they say you are out of luck.

Mr. TAYLOR. We are out of luck in many ways just now, and we western Members have a desperately hard time to convince you people down here of our situation.

Mr. Bankhead. You need not shake your golden locks at me. I have never failed you that I know of.

Mr. TAYLOR. No; you never have, and on behalf of my constituents and myself I profoundly thank you for your invariable consideration and good will. You have been out there and looked us over, and we were delighted to have you do it.

Mr. Smith. I wish to suggest, with reference to having people come out and look over these projects, that Hon. Will Wood, chairman of the Appropriations Committee, on the floor of the House of Representatives 12 years ago made a speech in May against reclamation, and in June, after traveling over the reclamation projects, he made an address at a meeting in Boise, Idaho, in which he stated he was not fully informed when he was arguing in which he stated he was not fully informed when he was arguing against reclamation, and he has supported the policy ever since. Chairman Fitzgerald, of New York, became a strong friend of reclamation after visiting the projects, as did Chairman Swagar Sherley, of Kentucky. The late Congressman Good, of Iowa, chairman of the committee, was also convinced after visiting the projects that the reclamation policy was a wise one and supported it strongly, as did Congressman Cramton, chairman of the subcommittee, and Congressman Murphy, of Ohio, ranking Republican member of the subcommittee, having in charge the activities of the Interior Department—all eastern men.

You gentlemen who are prajudiced against reclamation of the

You gentlemen who are prejudiced against reclamation of the arid lands and do not realize how it benefits all of the country are invited to come out and inspect these projects and visit with our splendid people, and you will conclude that the money spent in building up the West is in the interest of the whole country.

Mr. Michener. Don't you think, Mr. Smith, that when the Members get out there they are under a spell? I was with the gentlemen from Colorado, I think, on one of those trips, when you visited Mount Rainier, and I heard Senator Robinson and Mr. Wood say that night that Mount Tacoma was Mount Tacoma, and that it should be changed from Mount Rainier. They never appreciated it until they got there. They were in the environment. Next year they came down from the West with thousands of petitions and delegations to change the name; but when Senator Robinson and Mr. Wood got back here, away from the environment, and got back

on to normal again they appreciated that possibly they had spoken out of order, and they assumed a reasonable, natural position.

Mr. Smrrh. But that did not prove true with these gentlemen; because all of them, after they came out there, have supported the reclamation policy on the floor of the House, and none of them has been a stronger friend of that policy than Mr. Cramton, of Michigan.

Mr. Taylor. I may add in regard to this Uncompange project, that they have also got to rebuild or enlarge a 6-mile tunnel some time, and that will cost them probably \$500,000. Thus far, the Government will not agree to do that work. The association may have to bond itself somehow or other to do so. We appeal to you gentlemen to give these settlers a chance to work out. When the bill was first introduced it provided for a flat moratorium for three years, and it went before the Irrigation Committees of both the Senate and the House in that form.

Senate and the House in that form.

They held meetings and decided to cut that in two in the middle and give them a moratorium for last year—which is water that has all gone over the wheel—and only give them a 50 per cent moratorium for this year, and give them nothing for 1933. So it is just half of what they were trying to get and justly needed. The water users feel that they ought to have a 3-year chance to work out, because they are so desperately in debt; but nevertheless, the committees decided to cut out 1933 and practically said, "We will cross that bridge when we get to it."

Mr. Purnell. Are you willing to say affirmatively that they shall not have anything for next year?

Mr. Taylor. No; I can not speak for next year. But if prices are as low and times as hard then as they are now, God help them. We will have to cross that bridge when we reach it. We all hope and pray that conditions will be so much better that they will not need any further relief at that time.

need any further relief at that time.

But I started to say that the few potatoes that Idaho sends back here are not an infinitesimal drop in the bucket compared with the produce of 34,000,000 farmers throughout the United States. It is somewhat like the Imperial Valley products from California. The most important part of the crops they produce in that country comes in January, February, March, and April, when the snow is on the ground in the rest of the country. Their competition does

not amount to anything.

Mr. Michener. Except that the only question is whether you take it off the vine or out of the can, so far as the consumer is

concerned.

Mr. TAYLOR. Gentlemen, we could have had every one of the western Members come before you here. There are 19 of us Members of the House who represent all the reclamation projects. The chairman, Mr. Hall, and the ranking Republican and former chairman of this committee, Mr. SMITH, and I, came at their invitation. man of this committee, Mr. SMITH, and I, came at their invitation. Possibly that was a courtesy to me, because I was a member of the Irrigation Committee for about 12 years, and was a part of the time chairman of the committee, and have always, ever since I came to Congress many years ago, taken an active part in these irrigation matters. I might add that I went out and personally examined many of these projects this last summer. Mr. Murphy, Mr. French, Mr. Hastings, and I, as the Interior Department Appropriation Subcommittee, visited and personally inspected and critically inquired into about 15 or 20 of these reclamation projects. We put in several months investigating reclamation projects. We put in several months investigating reclamation projects,

ects. We put in several months investigating reclamation projects, national parks, Indian conditions, and so forth, this last summer. We learned their conditions, and we know them personally. We could have all those gentlemen come in here and bespeak the urgent need for this relief.

You are principally asked to grant temporary forgiveness for something that has gone by and could not be avoided. We are only asking a 50 per cent reduction this year on the construction cost—not on the operation and maintenance. Uncle Sam does not pay a cent of that. The water users have got to do that themselves, no matter what it costs nor how much work they have to do on all the canals, the ditches, the flumes and tunnels, the reservoirs, and on all the lateral ditches and headgates. Raising crops by irrigation is really a hard and very expensive proposition. And when we raise a crop we are a long, long way from the ing crops by frigation is really a hard and very expensive proposi-tion. And when we raise a crop we are a long, long way from the market. If we ship to Chicago, we are 1,500 miles or more away; if we ship to the Pacific coast, we are also 1,500 miles; if we ship to the Gulf, we are that far; and there is nothing between us and the North Pole in the other direction.

the North Pole in the other direction.

Mr. Michener. You would not advise, under those conditions, further development of reclamation projects?

Mr. Taylor. No, I would not; until conditions change very much indeed. There are many sites in Colorado, most of them in my district, that may some time be made into practical irrigation projects; but I have for 20 years absolutely refused to create any more projects in my district because I knew from long and serious experience what back-breaking hard work and heart-breaking disappointments some of them are.

I may add, parenthetically, that they are no soft snap for the Congressmen who represent them. We are, nearly every session of Congress, between the devil of the Reclamation Bureau here in Washington and the deep blue sea of political oblivion out home. It may seem rather peculiar, but it is true that the 30 western Sentors always pass these reclamation relief bills without ever batting

tors always pass these reclamation relief bills without ever batting an eye or anybody questioning the justness of these measures, while we 19 Members of the House who represent those districts are jumped onto from the East, North, and South for asking so much, and we are often criticized and denounced at home because we don't get more.

I certainly hope there will be no more new reclamation projects started for many years to come, and certainly not until after the Boulder Canyon project is completed. But I understand the President, the Secretary of the Interior, and the Director of the Reclamation Service are going to, during this session of Congress, recommend a new project that will cost \$18,500,000.

Mr. Purnell. Is that the Columbia River?

Mr. Taylor. No. The Columbia River project would cost \$500,-000,000, and the reclamation of the central part of California would

also cost at least \$500,000,000. When times get better Congress will probably be called upon to consider both of those projects.

Mr. Martin. Where is this one?

Mr. Taylor. It probably would not be appropriate for me to specifically name it at this time, as it is not before you. But in all probability, it will come before you before long.

all probability, it will come before you before long.

Mr. Chairman, I have received a large number of very earnest
and forcible resolutions and letters and telegrams in support of
this bill from the three counties in which these two Colorado
reclamation projects are situated, and I will not ask to insert all
of them in the record. But there is one resolution from the bank
in Delta County that states the situation so concisely and clearly
that I ask that it may be inserted in the hearings, as a typical
statement of the sentiment of the business interests throughout
those three counties. those three counties.

The CHAIRMAN. Gentlemen, we will take this bill under consideration.

(Thereupon the committee proceeded to the consideration of business in executive session.)

"RESOLUTION

"Be it resolved by the board of directors of the Colorado Bank & Trust Co., of Delta, Colo., That
"Whereas there is now pending before the Congress of the United States a bill granting certain extensions of time for the repayment of construction charges on reclamation projects throughout the West to the United States Government; and
"Whereas it is understood that the Department of the Interior

will approve a moratorium on the construction charge due for the year 1931 but insists upon a payment of 50 per cent of the regular annual construction charge for the years 1932 and 1933;

"Whereas recently the following banks in the vicinity of the "Whereas recently the following banks in the vicinity of the Uncompalagre project in Montrose and Delta Counties, Colo., have failed: The First National Bank of Delta; the Fruit Exchange Bank, of Paonia, a State bank; the Bank of Crested Butte, in Gunnison County, Colo.; the Bank of Ridgeway, Colo.; the Bank of Telluride, San Miguel County, Colo.; and the Norwood State Bank, of Norwood, Colo.; and

"Whereas there are only four banks remaining on the Uncompalagre project, to wit, the First National Bank of Montrose, Colo., the First National Bank of Olathe, Colo., the Montrose National Bank, of Montrose, Colo., and the Colorado Bank & Trust Co., of Delta, Colo.; and

"Whereas the Uncompalagre project is dependent for its revenues upon the receipts from sheep, cattle, hogs, grains, fruits, and vegetables; and

vegetables; and

Whereas the returns from each and all of said projects are

at this time insufficient to pay the cost of production; and
"Whereas for the next 24 months there will not be sufficient revenues to increase the cash reserve of the banks aforesaid on the Uncompangre project; and
"Whereas it has been impossible for many years for said banks

"Whereas it has been impossible for many years for said banks to finance themselves from outside areas or sources; and "Whereas the farmers living on said Uncompanding reclamation project are wholly unable to pay their present taxes, operation, and maintenance charges for water and their living expenses; and "Whereas the United States Government has recently formed a \$2,000,000,000 Reconstruction Finance Corporation and has appropriated \$125,000,000 to pay the delinquent interest charges on bonds on farm loans issued by certain Federal land banks throughout the United States; and out the United States; and

"Whereas the moratorium sought, if granted, would only affect the revenues of the United States Reclamation Service in an amount throughout the West of less than \$3,000,000 per year:

Now, therefore, be it "Resolved, That we respectfully urge the Hon. EDWARD T. "Resolved, That we respectfully urge the Hon. Edward T.
TAYLOR, United States Representative from Colorado, to do everything within his power and to use his active influence to insure the passing of legislation that will secure for the western reclamation projects blanket moratorium covering all construction charges for the years 1931, 1932, and 1933.

"Done at Delta, Colo., this 23d day of February, A. D. 1932.

"BOARD OF DIRECTORS OF THE COLORADO BANK & TRUST CO.,
"BY MELVIN SPRINGER, President.

" By MELVIN SPRINGER, President.

"I, Charles E. Parker, cashier of the Colorado Bank & Trust Co., of Delta, Colo., hereby certify that the foregoing resolution was duly passed at a meeting of the board of directors held at Delta, Colo., this 23d day of February, A. D. 1932.

"Chas. E. Parker, Cashier."

# LEGISLATION

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I have asked for this permission in order that I might print a letter which I have addressed to one of my friends, the contents being as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NAVAL AFFAIRS,
Washington, D. C.

Dear Friend: I hope you will read the inclosed speech, which covers the sales tax and the soldiers' bonus; also the statement taken from the Congressional Record relating to seniority. My! what a row the proposed sales tax caused. We who opposed the policy of taxing the necessities of life defeated the same on the

I want you to read what this man Hearst said about the income tax, which is the fairest method known to raise taxes. His papers foully attacked me when I started a fight on a \$600,000,000 author-

tax, which is the fairest method known to raise taxes. His papers foully attacked me when I started a fight on a \$600,000,000 authorization to build a lot of warships. This was in violation of the spirit of the treaty this Nation had entered into. Such criticism was for the purpose of injuring me at home. However, those connected with big business will never deter me from performing that which I think is right. This is the second time I have been attacked; the authorizations that I opposed amounting to over \$4,000,000,000 failed. If big business had received these benefits, our Government might now be paralyzed as the Nation is confronted with a deficit of over \$2,000,000,000.

May I point with pride to some of the honors that have come to me as your Congressman? I have served on seven committees and am now next to the chairman on an exclusive major committee; also chairman of the patronage committee, which looks after 171 Members; chairman of subcommittee on aeronautics, also yards and docks; chairman speakers' committee of the congressional committee; chairman Oklahoma House delegation; and secretary of the caucus. Hard work and the rule of seniority have made this possible, yet my friends are entitled to the credit, as nothing could have been accomplished without their continued support. Did you know that States that have observed the rule of seniority now control practically everything in Congress, as their citizens know every time a change is made in their Representative, all assignments are lost. This district would lose all I have gained during my 18 years of hard work if a change is made in its Representative. My party has not been in power since the war. Money has gone

ments are lost. This district would lose all I have gained during my 18 years of hard work if a change is made in its Representative. My party has not been in power since the war. Money has gone into hiding and it is going to be necessary to restore confidence before conditions can get better. One of the most beneficial laws that could be passed would be a national guaranty bank law. This would cause our banks instead of the Postal Savings to be patronized, thereby causing money to remain at home instead of being sent to eastern centers. I have introduced such a bill and hearings are now being held. I am doing all in my power to get this and the soldiers' bonus bill enacted into law at the earliest date possible. date possible.

I need your cooperation in all matters and certainly will thank you for any assistance you can give me. I am,
Faithfully yours,

J. V. McCLINTIC Member of Congress.

#### ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 30 minutes p. m.) the House adjourned until to-morrow. Tuesday, March 22, 1932, at 12 o'clock noon.

# COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, March 22, 1932, as reported to the floor leader by clerks of the several committees:

# DISTRICT OF COLUMBIA

(10 a. m.)

To establish a board of indeterminate sentence and parole, etc. (H. R. 10273).

(10.30 a. m.)

To supervise and regulate the sale of securities within the District of Columbia, prevent fraud, etc. (H. R. 8912, H. R. 9065, S. 3362).

# EXECUTIVE COMMUNICATIONS, ETC.

498. Under clause 2 of Rule XXIV, a letter from the vice chairman of the Veterans of Foreign Wars of the United States, transmitting the proceedings of the Thirty-second National Encampment of the Veterans of Foreign Wars of the United States, held at Kansas City, Mo., August 30 to September 4, 1931 (H. Doc. No. 49), was taken from the Speaker's table, referred to the Committee on Military Affairs, and ordered to be printed, with illustrations.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEAVITT: Committee on Indian Affairs. H. R. 8918. A bill to authorize the collection of penalties and fees for stock trespassing on Indian lands; with amendment (Rept. No. 846). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 5848. A bill authorizing and directing the Secretary of War to lend to the entertainment committee of

the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16 by 80 by 40 foot assembly tents; thirty 11 by 50 by 15 foot hospital-ward tents; 10,000 blankets, olive drab, No. 4; 5,000 pillowcases; 5,000 canvas cots; 5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; 20 field ranges, No. 1; 10 field bake ovens; 50 water bags (for ice water); to be used at the encampment of the United Confederate Veterans, to be held at Richmond, Va., in June, 1932; without amendment (Rept. No. 853). Referred to the House Calendar.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CHIPERFIELD: Committee on Military Affairs. H. R. 5154. A bill for the relief of Stephen Sowinski; with amendment (Rept. No. 847). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 3720. A bill for the relief of Anna Caporaso; without amendment (Rept. No. 848). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 3961. A bill for the relief of Catherine Bell; with amendment (Rept. No. 849). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 6634. A bill for the relief of Vertner Tate; with amendment (Rept. No. 850). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 7734. A bill for the relief of Annie Moran; without amendment (Rept. No. 851). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 1021. An act for the relief of Joseph J. Baylin; without amendment (Rept. No. 852). Referred to the Committee of the Whole House.

# PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEAVITT: A bill (H. R. 10695) to provide for prompt construction of highways by local labor to alleviate unemployment due to drought, flood, or other natural disaster; to the Committee on Roads.

Also, a bill (H. R. 10696) to provide equipment for Hardin Post, No. 8, American Legion, of Montana, to be used in conducting military funerals at Custer Battle Field National Cemetery, and for other purposes; to the Committee on Military Affairs.

By Mr. FULMER: A bill (H. R. 10697) to amend the tariff act of 1922; to the Committee on Ways and Means.

By Mr. McSWAIN: A bill (H. R. 10698) to provide certain allowances for United States commissioners; to the Committee on the Judiciary.

Also, a bill (H. R. 10699) to require the Secretary of War to mark the places where military organizations trained for the World War; to the Committee on Military Affairs.

By Mr. BUTLER: A bill (H. R. 10700) withdrawing certain public lands of the United States of America in Harney County, Oreg., from entry under the agricultural land laws, and authorizing the Secretary of the Interior to lease the described lands and to enter into cooperative agreements with the State of Oregon and private owners of lands within the State of Oregon for grazing and range development, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 10701) withdrawing certain public lands of the United States of America in Harney County, Oreg., from entry under the agricultural land laws, and authorizing the Secretary of the Interior to lease the described lands and to enter into cooperative agreements with the State of Oregon and private owners of lands within the State of Oregon for grazing and range development, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 10702) for the incorporation of the Klamath Indian Corporation, and for other purposes; to the Committee on Indian Affairs.

Also (by request), a bill (H. R. 10703) for the relief of the Indians of the Klamath Indian Reservation, in Oregon, and for other purposes; to the Committee on Indian Affairs.

By Mr. SEIBERLING: A bill (H. R. 10704) to prohibit communication of information respecting excessive money rates; to the Committee on Banking and Currency.

By Mr. MANLOVE: A bill (H. R. 10705) relating to retirement annuity for civil-service employees who served under the government of the Philippine Islands and of the chartered cities thereof; to the Committee on the Civil Service.

By Mr. TAYLOR of Tennessee: A bill (H. R. 10706) to insure payment of bank deposits in national banks and other member banks of the Federal reserve system; to the Com-

mittee on Banking and Currency.

By Mr. CELLER: A bill (H. R. 10707) to regulate, control, and safeguard the disbursement of Federal funds expended for the creation, construction, extension, repair, or ornamentation of any public building, highway, levee, dam, excavation, dredging, drainage, or other construction project, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. SIMMONS: A bill (H. R. 10708) to authorize the Secretary of Agriculture to sell the Morton Nursery, in the county of Cherry, State of Nebraska; to the Committee on Agriculture.

By Mr. CLANCY: A bill (H. R. 10709) to incorporate the United States Civil Legion; to the Committee on the Judiciary.

By Mr. CRISP: Resolution (H. Res. 173) for the consideration of Title IV, H. R. 10236, entitled "A bill to provide revenue, equalize taxation, and for other purposes"; to the Committee on Rules.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARBOUR: A bill (H. R. 10710) granting a pension to Julia L. Curle; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 10711) granting a pension to James W. Patterson; to the Committee on Pensions.

By Mr. DICKINSON: A bill (H. R. 10712) granting a pension to William H. Ross; to the Committee on Invalid Pensions

By Mr. DOUTRICH: A bill (H. R. 10713) granting an increase of pension to Mary Craft; to the Committee on Invalid Pensions.

By Mr. FIESINGER: A bill (H. R. 10714) for the relief of Hermie Frederick; to the Committee on World War Veterans' Legislation.

By Mr. FREEMAN: A bill (H. R. 10715) granting an increase of pension to Maria A. De Forest; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10716) granting a pension to Mary Fabel; to the Committee on Invalid Pensions.

By Mr. KENDALL: A bill (H. R. 10717) granting an increase of pension to Sarah J. Hochstetler; to the Committee on Invalid Pensions.

By Mr. LONERGAN: A bill (H. R. 10718) granting a pension to Excelia Lague-Leyo; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10719) for the relief of John Neuhs; to the Committee on Military Affairs.

By Mr. MAJOR: A bill (H. R. 10720) granting a pension to Henrietta Burris; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 10721) granting an increase of pension to Frank M. Fast; to the Committee on Pensions.

Also, a bill (H. R. 10722) granting an increase of pension to Nancy G. Gurley; to the Committee on Invalid Pensions.

By Mr. MEAD: A bill (H. R. 10723) for the relief of Charles H. Kinzie; to the Committee on Military Affairs.

By Mr. MILLIGAN: A bill (H. R. 10724) for the relief of Joy Sturgis; to the Committee on War Claims.

By Mr. MOBLEY: A bill (H. R. 10725) granting a pension to James T. Chasteen; to the Committee on Pensions.

By Mr. MOUSER: A bill (H. R. 10726) granting a pension to John Herschler; to the Committee on Pensions.

By Mr. PARSONS: A bill (H. R. 10727) granting a pension to Sarah Arbuckle; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 10728) granting an increase of pension to Magdalena Meyer; to the Committee on Invalid Pensions.

By Mr. PRATT: A bill (H. R. 10729) to extend the times for commencing and completing the construction of a bridge across the Hudson River at or near Catskill, Greene County, N. Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. REED of New York: A bill (H. R. 10730) granting an increase of pension to Anna Ryan; to the Committee on Invalid Pensions.

By Mr. ROBINSON: A bill (H. R. 10731) granting an increase of pension to William Blades; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 10732) to adjudicate the claim of Alfred Sollum, a homestead settler on the drained Mud Lake bottom, in the State of Minnesota; to the Committee on Claims.

By Mr. SHANNON: A bill (H. R. 10733) granting a pension to Anna M. Gordon; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 10734) granting a pension to George W. Crawley; to the Committee on Pensions.

Also, a bill (H. R. 10735) granting a pension to Hettie Prewitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 19736) granting a pension to Mary Roach; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 10737) for the relief of James Francis McManus; to the Committee on Naval Affairs.

By Mr. WELCH of California: A bill (H. R. 10738) granting a pension to Julius Hansen; to the Committee on Pensions.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4659. By Mr. BLANTON: Petition of leading citizens of Valera and Coleman County, Tex., presented by L. S. West, H. T. Marcus, H. E. Spears, Theo Griffis, W. A. Carroll, and many others, protesting against certain sales-tax features of the revenue bill; to the Committee on Ways and Means.

4660. Also, petition of the Smith-Heath Post, No. 471, American Legion, De Leon, Tex., presented by officers thereof, joined by the leading citizens of De Leon and Comanche County, Tex., urging immediate payment in cash of adjusted-compensation certificates; to the Committee on Ways and Means.

4661. By Mr. BOHN: Petition of the Common Council of the City of Hancock, Houghton County, Mich., favoring a protective tariff on copper; to the Committee on Ways and Means.

4662. By Mr. BOYLAN: Resolution unanimously adopted at the recent annual convention of the Associated General Contractors of America, New York State Highway Chapter, Utica, N. Y., favoring the expenditures of funds for public works to relieve unemployment; to the Committee on Public Buildings and Grounds.

4663. Also, petition from the president of the Virgin Islands Civic & Industrial Association, favoring the passage of House bill 10357; to the Committee on Immigration and Naturalization.

4664. By Mr. COCHRAN of Missouri: Petition of several hundred mothers of Davenport, Iowa, and surrounding territory, submitted by Mr. Ralph W. Cram, editor and publisher of the Davenport Democrat, praying for the enactment of the Cochran bill making it a crime punishable by death to kidnap for ransom a person and move that person to another jurisdiction; to the Committee on the Judiciary.

4665. By Mr. CONDON: Petition of Jennie Mogel and 61 other residents of Rhode Island, favoring House Joint Resolution 197, proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

4666. By Mr. CONNOLLY: Petition of Group No. 266 of the Polish National Alliance of the United States, Philadelphia, Pa., praying for passage of House Joint Resolution 144, directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4667. By Mr. CULKIN: Petition of M. D. Pratt and sundry other citizens of Watertown, N. Y., protesting against the enactment of House bill 8092 providing for the compulsory closing of barber shops in the District of Columbia on Sunday; to the Committee on the District of Columbia.

4668. Also, petition of Joseph R. Purdy, of Hamilton, N. Y., and sundry other veterans of the same locality, urging the immediate cash payment in full of the adjusted-compensation certificates; to the Committee on Ways and Means.

4669. Also, petition of Lillian Trumble and 165 other citizens of Pulaski, N. Y., urging the retention of the eighteenth amendment in the Constitution and for adequate appropriations for law enforcement; to the Committee on the Judiciary.

4670. By Mr. CULLEN: Petition of Associated General Contractors of America, New York State Highway Chapter, urging the Government to make available for public construction of all worthy types, by bond issues, advances to States, or other sound financial methods, at least one-fourth as many billions of dollars as were expended by this country in its participation in a war that was not nearly so great a menace to our country's civilization as the economic depression which now prevails; to the Committee on Banking and Currency.

4671. By Mr. HADLEY: Petition of a number of residents of Arlington, Wash., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4672. By Mr. KADING: Petition signed by 92 citizens of Watertown, Wis., protesting against the enactment of any compulsory Sunday observance legislation for the District of Columbia; to the Committee on the District of Columbia.

4673. By Mr. KLEBERG: Petition of A. E. Maas and 225 other citizens of Corpus Christi, Tex., opposing the passage of Sunday observance bill, S. 1202, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4674. Also, petition of Cora Taylor and 17 other citizens of Guadalupe County, Tex., opposing the passage of Sunday observance bills, S. 1202 and H. R. 8092, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4675. By Mr. KVALE: Petition of Rifle Club, Brainerd, Minn., approving Budget for the year 1932-33 as recommended by President Hoover; to the Committee on Appropriations.

4676. Also, petition of Farmers Union Local, No. 286, Hardwick, Minn., protesting against the proposed sales tax; to the Committee on Ways and Means.

4677. Also, petition of Master Photo Finishers of America, Sleepy Eye, Minn., urging enactment of Capper-Kelly bill; to the Committee on Appropriations.

4678. Also, petition of Sedgwick Division No. 313, Brother-hood of Locomotive Engineers, indorsing the national railroad employees' pension plan; to the Committee on Interstate and Foreign Commerce.

4679. Also, petition of Release Lodge, No. 579, of the Brotherhood of Locomotive Firemen and Engineers, Montevideo, Minn., urging enactment of House bill 9891 and Senate bill 3677; to the Committee on Interstate and Foreign Commerce.

4680. Also, petition of Farmers' Union, Local No. 251, urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4681. By Mr. LEA: Petition of 138 residents of Paradise, Butte County, Calif., protesting against House bill 8092; to the Committee on the District of Columbia.

4682. By Mr. LINDSAY: Petition of L. Wohl & Co., New York City, protesting against the proposed sales tax; to the Committee on Ways and Means.

4683. Also, petition of New York State Highway Chapter, Associated General Contractors of America (Inc.), Albany, N. Y., opposing curtailing of appropriations for public improvements at this time; to the Committee on Appropriations.

4684. Also, petition of the Polytechnic Institute, of Brooklyn, N. Y., favoring exemption of colleges and universities from the 10 per cent admission tax; to the Committee on Ways and Means.

4685. Also, petition of Eastern Millinery Association (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4686. Also, petition of David Crystal, of New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4687. Also, petition of Canvas Goods Manufacturers Association, of Greater New York, opposing the proposed manufacturers' sales tax; to the Committee on Ways and Means.

4688. Also, petition of Barbara Fritchie Middy Corporation, New York City, opposing the proposed sales tax; to the Committee on Ways and Means.

4689. Also, petition of Card & Co., New York City, opposing the proposed manufacturers' sales tax; to the Committee on Ways and Means.

4690. Also, petition of Comet Undergarments (Inc.), New York City, protesting against the manufacturers' sales tax; to the Committee on Ways and Means.

4691. Also, petition of the Eastern Isles Importing Co., New York City, opposing the sales tax; to the Committee on Ways and Means.

4692. Also, petition of the Virgin Islands Civic and Industrial Association, headquarters New York City, favoring the passage of House bill 10357, granting full rights of citizenship to all native-born Virgin Islanders who have not retained their Danish citizenship, and who are not citizens of any foreign country; to the Committee on Immigration and Naturalization.

4693. By Mr. McCLINTOCK of Ohio: Petition of Guy K. Farber and 106 other citizens of Stark County, Ohio, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4694. By Mr. MICHENER: Petition of sundry citizens of Michigan, protesting against the passage of the compulsory Sunday observance bill House bill 8092; to the Committee on the District of Columbia.

4695. By Mr. MURPHY: Petition of Mary Suchta, president, Group 2568, of the Polish National Alliance, of Bridgeport, Ohio, asking that Congress designate October 11 of each year as General Pulaski's Memorial Day in honor of services rendered; to the Committee on the Judiciary.

4696. By Mr. PARKER of Georgia: Petition of P. M. Coleman, president of J. E. Hanger (Inc.); Earl O. Wilson; Frank Rowsey, editor the New South Baker, protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4697. Also, petition of the Savannah (Ga.) Cotton Exchange, protesting against the misappropriation by the Secretary of Agriculture of funds provided by the Reconstruction Finance act for the relief of farmers; to the Committee on Banking and Currency.

4698. Also, petition of the Georgia Public Service Commission, Sigo Myers, and W. Denny Cooke, urging the enactment of legislation regulating the interstate traffic of busses and trucks carrying passengers and freight; to the Committee on Interstate and Foreign Commerce.

4699. By Mr. PEAVEY: Petition of Group No. 1062 of the Polish National Alliance of Superior, Wis., urging the enact-

ment of House Joint Resolution 144, directing the President of the United States of America to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4700. Also, petition of Group No. 1863 of the Polish National Alliance of Gilman, Wis., urging the enactment of House Joint Resolution 144, directing the President of the United States of America to proclaim October 11 of each year as the General Pulaski Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4701. By Mr. REED of New York: Petition of the Presbyterian Men's Bible Class of Olean, N. Y., proposing a graduated sales tax on stock-exchange sales; to the Committee on Ways and Means.

4702. By Mr. ROBINSON: Petition of L. M. Winslow, of Belle Plaine, Iowa, signed by many citizens of Belle Plaine, Luzerne, and Chelsea, favoring, first, the passage of constructive legislation for agriculture; second, the passage of House bill 7797 and Senate bills 2487 and 1197; third, the abolition of the Federal Farm Board; and fourth, the withdrawal of United States soldiers and Navy from the Orient; to the Committee on Agriculture.

4703. Also, petition of E. E. Morris, of Eagle Grove, Iowa, and signed by more than 100 citizens of Eagle Grove, opposing the theater admission tax on the lower admission classifications, feeling that it will be injurious and detrimental to the business and cause the closing of many theaters in the smaller communities and increase the number of the unemployed; to the Committee on Ways and Means.

4704. By Mr. RUDD: Petition of Mailers Union No. 6, International Typographical Union, New York City, favoring the passage of the Romjue bill, H. R. 8576; to the Committee on Ways and Means.

4705. Also, petition of Rainbow Children Drew Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4706. Also, petition of Canvas Goods Manufacturers' Association of Greater New York, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4707. Also, petition of Lima Hat Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4708. Also, petition of Comet Undergarments (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4709. Also, petition of Barbara Fritchie Middy Corporation, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4710. Also, petition of David Crystal, New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4711. Also, petition of the Eastern Isles Importing Co., New York City, protesting against the proposed sales tax; to the Committee on Ways and Means.

4712. Also, petition of New York State Highway Chapter, Associated General Contractors of America (Inc.), opposing curtailment of public-improvement program at this time; to the Committee on Appropriations.

4713. Also, petition of Card & Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4714. By Mr. SINCLAIR: Petition of 37 residents of Minot, N. Dak., and vicinity, protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the Judiciary.

4715. Also, petition of J. M. Lahr, chairman, P. A. Wick, C. T. Olson, and Charles Kelner, resolutions committee, Bowman County Tax Payers Association, condemning the proposed sales tax; to the Committee on Ways and Means.

4716. By Mr. SWING: Petition signed by 41 members of the San Diego Chapter of Reserve Officers' Association of the United States, supporting national defense, and opposing any reduction in the Regular Army, the Reserve Officers' Training Corps, and the citizens' military training camps; to the Committee on Appropriations.

# SENATE

TUESDAY, MARCH 22, 1932

(Legislative day of Monday, March 21, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

The message also announced that the House had passed the bill (S. 3706) for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, each with an amendment, in which it requested the concurrence of the Senate:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 4594. An act to fix the rate of postage on publications mailed at the post office of entry for delivery at another post office within the postal district in which the headquarters or general business offices of the publisher are located:

H. R. 5603. An act to authorize the conveyance by the United States to the State of Minnesota of lot 4, section 18, township 131 north, range 29 west, in the county of Morri-

H. R. 6444. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts the silver service presented to the United States for the U.S.S. Montgomery;

H. R. 7518. An act to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916;

H. R. 7519. An act to amend the Penal Code of the Canal

H.R. 7520. An act to amend the Code of Criminal Procedure for the Canal Zone;

H. R. 8379. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.;

H. R. 8394. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.;

H. R. 8396. An act to extend the times for commencing and completing the construction of a bridge across the Rock River at or near Prophetstown, Ill.;

H. R. 8506. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at New Castle, Lawrence County, Pa.;

H. R. 8548. An act authorizing the adjustment of the boundaries of the Siuslaw National Forest, in the State of Oregon, and for other purposes;

H. R. 8696. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.;

H. R. 8907. An act to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office

H. R. 8923. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Montana, to the State of Montana for use as a fishcultural station, game reserve, and public recreation ground, and for other purposes;

H. R. 9066. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street, in Bettendorf, Iowa;

H.R. 9264. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Francis River at or near Madison, Ark., on State Highway No. 70;

H. R. 9266. An act to extend the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark.;

H. R. 9598. An act to authorize increased expenditures for the enforcement of the contract-labor provisions of the immigration law; and

H. R. 10362. An act to require the approval of the general council of the Seminole Tribe or Nation in case of the disposal of any tribal land.

#### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Sheppard
Austin	Davis	Keyes	Shipstead
Bailey	Dickinson	King	Shortridge
Bankhead	Dill	Logan	Smith
Barbour	Fess	Long	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Thomas, Idah
Black	George	McNary	Thomas, Okla
Blaine	Glass	Metcalf	Townsend
Borah	Glenn	Morrison	Trammell
Bratton	Goldsborough	Moses	Tydings
Broussard	Gore	Neely	Vandenberg
Bulkley	Harrison	Norbeck	Wagner
Bulow	Hatfield	Norris	Walcott
Byrnes	Hawes	Nye	Walsh, Mass.
Capper	Hayden	Oddle	Walsh, Mont.
Caraway	Hebert	Patterson	Waterman
Carey	Howell	Pittman	Watson
Coolidge	Hull	Reed	Wheeler
Copeland	Johnson	Robinson, Ark.	White
Costigan	Jones	Robinson, Ind.	
Couvens	Kean	Schall	

Mr. MOSES. Mr. President, I was requested to announce that the Senator from Maine [Mr. Hale] is detained from the Senate on account of illness. I ask that this announcement may stand for the day.

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. Hastings] is unavoidably detained from the Senate. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. Connally] is necessarily absent because of a death in his family.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

#### BAY OF SAN FRANCISCO BRIDGE

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3282) to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland, which was, on page 1, line 10, to strike out "seven" and insert "five."

Mr. JOHNSON. I move that the amendment made by the House be accepted by the Senate.

The motion was agreed to.

## DESTRUCTIVE STORM IN ALABAMA

Mr. BLACK. Mr. President, in the last few hours a dreadful storm has swept over Alabama and other Southern States. A few moments ago I received a telegram from my native county, which was not mentioned in the original press reports, which telegram states that extensive damage and destruction occurred there.

It is not yet known how many people have been killed or how many people have been injured. According to the last reports I have received, there are more than 100 who are known to be dead and perhaps the number of injured will mount into the thousands. The condition is widespread over the State. Coming at this time, when it is known that desolation and distress are in existence throughout the entire country, it makes the situation far more appalling. It is my information that the Red Cross has already established headquarters in Birmingham and is busy on its mission of universal relief.

At the present time, as I stated, it is impossible to measure or even to estimate the loss of life, the number of injured, or the loss of property. The State of Alabama is shocked by the catastrophe and grieved by this sudden and awful calamity. At this time I do not desire to do anything more than simply invite the attention of the Senate to the tragedy. I have sent messages to Alabama officials, to the Red Cross, and to other citizens in an effort to ascertain if any immediate help other than that which is being supplied is absolutely imperative. If it is, I have not the slightest doubt that the Congress, in line with the humanitarian custom which has grown up through the years, will be ready to act generously and expeditiously.

If additional help should be needed, I shall present an appropriate resolution and I have no doubt as to the action this body will take. At the present time I simply desire to call the attention of the Senate to this widespread tragedy which has brought so much grief and sorrow to the hearts of the people of my State and, I feel, of the people throughout the entire Nation.

Mr. JONES. Mr. President, I desire to express the hope that the catastrophe is not so bad as now indicated, but I am sure the Congress will take whatever action may be necessary under the circumstances.

# AID OF DISTRESSED CITIZENS

Mr. THOMAS of Oklahoma. Mr. President, I would like to have the attention of the distinguished Senator from Pennsylvania [Mr. Reed].

Some time ago, more than two months ago, I introduced a joint resolution providing that the War Department should be ready legally to act in an emergency like this. When the joint resolution was introduced I called attention to a situation then existing in my State. I was promised at that time that the measure would have immediate consideration and, of course, I naturally thought immediate attention and report. The joint resolution in time was referred to a special committee. The special committee acted and reported back to the main Committee on Military Affairs. The full Committee on Military Affairs reported the joint resolution favorably; it came before this body for consideration within a day or two; but for some reason it was ordered recommitted to the committee, and it is now slumbering there, I presume, peacefully. I have done as much as I can to get the joint resolution out of the committee

without calling upon the Senate; and at this time, in order that the Senate may pass upon the matter, I should like to ask the chairman of the committee the status of this particular piece of proposed legislation.

Mr. REED. Mr. President, will the Senator from Washington yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Pennsylvania for the purpose indicated?

Mr. JONES. I yield.

Mr. REED. The joint resolution to which the Senator from Oklahoma [Mr. Thomas] refers was recommitted to the Committee on Military Affairs because we received a report from the War Department making it plain to us that the passage of the measure was entirely unnecessary. The War Department in that report, a copy of which I furnished the Senator from Oklahoma, called our attention to the fact that the department is now and has for years past been affording every relief in its power by supplying tentage, blankets, cots, and food in cases where calamities bring suffering and need, and that at the time the Senator from Oklahoma introduced his joint resolution the War Department was actually engaged in rendering such relief in Oklahoma to people in distress there. In Alabama to-day such relief is being extended, if it is needed, and doubtless there are places in which it is needed. The committee, therefore, decided to take no action on the joint resolution because the committee felt that its passage would be entirely unnecessary.

Mr. THOMAS of Oklahoma. Mr. President, if I may say just another word—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Oklahoma?

Mr. JONES. I yield.

Mr. THOMAS of Oklahoma. Here is the exact status of this matter: When a calamity happens in the country and an appeal is made to the War Department, if the War Department desires to act it does so; but if it does not desire to act, it sets up the claim that the law prohibits its action. I have word from the Secretary of War in writing that he has to violate the law every time he acts favorably in response to such appeals. I can produce the letter. I do not care to make it public, but if any Senator desires to see it I will produce the letter. In it the Secretary of War states that every time he grants relief in response to an appeal of this kind he is forced to disobey the law, to waive it, and set it aside.

I am not trying to have the Secretary of War do anything contrary to public policy or to extend any relief which is not merited and deserved, but I do want to take away from him the opportunity of making the objection, when he does not see fit to act, that there is a law in the way. I should like to see this joint resolution become a law, Mr. President; and if I can have no assurance that a report will be made upon the measure and that it will be brought before this body, I will enter a motion that the committee be discharged from the further consideration of this particular piece of legislation, and at the proper time I shall call that motion forth.

Mr. REED. Mr. President, I do not see any reason why the committee should reverse its decision; but, of course, the Senator may move to discharge the committee from the consideration of the joint resolution if he wishes to do so.

Mr. THOMAS of Oklahoma. I wish to enter a motion, Mr. President, to discharge the Committee on Military Affairs from the further consideration of the joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens.

The PRESIDENT pro tempore. The motion of the Senator from Oklahoma will be entered.

# EXPENDITURES OF CHILDREN'S BUREAU

bering there, I presume, peacefully. I have done as much as I can to get the joint resolution out of the committee ington will yield further, I desire to say that on yesterday

I made reference to a statement of the expenses of the Children's Bureau, but I neglected to call attention to the fact that the figures I then gave did not contain the allotment made to that bureau for printing. That item has been furnished me by the department, and amounts to \$70,000, so that the actual cost of the Children's Bureau during the past year has been \$465,000.

In this connection, Mr. President, let me say further that I have received a letter from the Secretary of Labor explaining the activities of the Children's Bureau and the necessity for the appropriation for it, which in all fairness I ask to have printed in the RECORD. Personally, as is well known, I think that the bureau has gone far beyond the scope intended when it was established, at which time it was said that not more than \$50,000 would ever be needed for its purposes, whereas at the present time it is spending nearly \$500,000.

The PRESIDENT pro tempore. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

DEPARTMENT OF LABOR, OFFICE OF THE SECRETARY, Washington, March 17, 1932.

Hon. HIRAM BINGHAM,

United States Senate, Washington, D. C.
My Dear Senator: Confirming our conversation of this morning egarding the proposed reduction of \$100,000 in the appropriation for the Children's Bureau, recommended by the Senate Committee on Appropriations in H. R. 9349, I am pleased to give you the fol-

on Appropriations in H. R. 9349, I am pleased to give you the following information regarding the work of this bureau:

The regular work of the Children's Bureau includes research in the fields of maternal and child health, child labor, recreation, dependency, and delinquency, and the preparation and distribution of popular and scientific bulletins. This research is of two kinds: One, special studies of particular subjects, usually carried on in particular localities; and, two, the assembling of current statistical information in certain fields covering the entire country or a large number of representative States and communities or a large number of representative States and communities.

Those engaged in child-health and child-welfare work through-

out the country look to the Children's Bureau for reliable information as a basis for planning local and State programs.

Among the special studies now being carried on, the reports of

Among the special studies now being carried on, the reports of some of which are practically completed, are the following: A study of maternal deaths in 15 States, covering 7,537 deaths, for which histories were obtained by physicians on the staff of the Children's Bureau or of State departments of health, this study having been planned by an advisory committee of physicians and carried on with the approval of State medical societies; a study of the deaths and illness of infants under 1 month of age, being carried on in cooperation with the pediatrics department of the Yale University School of Medicine and the New Haven Hospital; studies of rickets in children, carried on in Washington, New Haven, and Porto Rico; studies of the welfare of children of working mothers; studies of minors injured in industrial accidents; studies of State and county welfare organization and of the prevention and treatment of juvenile delinquency.

vention and treatment of juvenile delinquency.

The Children's Bureau maintains no permanent field offices, since its work covers the entire country and the nature of its investigations do not ordinarily require that employees remain the annual property of the entire treatment of the present of the presen any one place for an extended period. This accounts for the large proportion of the bureau's staff which has headquarters in Washington, the employees being sent wherever their services are

Heavy demands are made upon the Children's Bureau by other governmental agencies, and these demands have increased because of needs growing out of the unemployment situation. The bu-reau is reporting monthly to the President's Organization for Employment Relief concerning relief to families and to transient Employment Relief concerning relief to families and to transient and homeless persons in many cities of 50,000 and over. These statistics are used by the President's committee and by local organizations as a basis for planning local relief programs. The service is an outgrowth of the social statistics being gathered in 42 metropolitan areas through the cooperation of community chests and councils. Again, at the request of the President's committee, the Children's Bureau has been conducting studies of child welfare in certain areas of extreme depression, especially coal-mining communities, and the facts thus gathered led to the school feeding activities undertaken in several States by the American Friends Service Committee.

Statistics of the trend in child labor in a number of States and communities and of cases dealt with by juvenile courts in nearly 100 communities are compiled regularly.

The bureau publishes each year a summary of State legislation relating to child welfare and is constantly called upon for information as to State laws on various subjects.

information as to State laws on various subjects.

Last summer the Attorney General requested the Children's Bureau to cooperate with the Department of Justice in working out a plan for more adequate treatment of juvenile offenders who violate Federal laws. The bureau is now assisting in developing plans which will promote assumption of responsibility for many of these cases by local and State courts and institutions.

The Children's Bureau receives each year an allotment from the Department of Labor appropriation for printing. During the present fiscal year the allotment is \$70,000. Of this amount approximately \$52,000 will be spent for popular bulletins and folders, \$12,000 for new and revised publications, and the remainder for other reprints and miscellaneous printing, including the printing of field schedules and reports of current statistics. It will be seen that most of the printing expense of the Children's Bureau is for the popular bulletins, chiefly Prenatal Care, Infant Care, Child Care, and Child Management. This year the free distribution of these popular bulletins will amount to more than a million copies, and in addition large numbers are sold through the Government popular bulletins will amount to more than a million copies, and in addition large numbers are sold through the Government Printing Office. The number thus sold in 1930 amounted to 285,741 copies, in payment of which \$15,612.17 was received. The bureau is never able to meet the demand for these bulletins and develops sales as far as possible.

It is necessary for the bureau to exercise the greatest possible economy in connection with its printing. Editions of technical bulletins are limited to not more than 3,000 copies, and these bulletins are never sent out to the mailing list without notices of

bulletins are limited to not more than 3,000 copies, and these bulletins are never sent out to the mailing list without notices of their issuance first being sent to those on the mailing list. If a response is received to this notice indicating a desire to have a copy, it is furnished so far as the free supply permits. In this way the mailing list is kept up to date and publications are not wasted. All material is carefully prepared with a view to eliminating nonessential matter. Increases in printing costs due to higher rates established by the Government Printing Office have been heavy. been heavy.

The proposed reduction of \$100,000 in the appropriation for the Children's Bureau would very seriously cripple its work, and I sincerely hope that the amount may be restored by the Senate.

Cordially yours,

W. N. DOAK, Secretary.

### PETITIONS AND MEMORIALS

Mr. ASHURST presented resolutions adopted by Henry Berry Post, No. 4, the American Legion, of Globe, Ariz., favoring the making of adequate appropriations for the national defense and protesting against any proposal to reduce the appropriations for the War Department, which were referred to the Committee on Military Affairs.

Mr. BARBOUR presented the petition of the executive board of the League of Women Voters of Plainfield and North Plainfield, N. J., favoring international disarmament, which was referred to the Committee on Foreign Relations.

He also presented a petition of 568 citizens of Short Hills and vicinity, in the State of New Jersey, praying that the United States be not involved in the far eastern crisis, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a petition of sundry citizens, being ex-service men, of Harvey County, Kans., praying for the passage of legislation providing cash payment of adjusted-service compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented memorials of sundry citizens of Chanute and Kansas City, Kans., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

He also presented petitions of the Ladies' Union of the Christian Church of Stockton, and sundry citizens of Kendall, in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification or repeal, which were referred to the Committee on the

Mr. JONES presented a memorial of sundry citizens of Port Townsend, Wash., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Tacoma, Wash., praying for the passage of legislation known as the Dill bill, providing for checking accounts in the postal savings banks, which was referred to the Committee on Post Offices and Post Roads.

He also presented resolutions adopted by the Northwest, West End, Eckington, and Mary Pelbock chapters of the Woman's Christian Temperance Union, all of Washington, D. C., protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States,

law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Woman's Christian Temperance Union of Clear Lake; the Ballard Chapter of the Woman's Christian Temperance Union of Seattle; the Omak Chulow Chapter of the Woman's Christian Temperance Union of Omak, and Everett Lodge, No. 281, I. O. G. T., of Everett, all in the State of Washington. protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Albion and Wickersham, in the State of Washington, praying for the maintenance of the prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of Kent, Wash., remonstrating against the proposed repeal of the eighteenth amendment of the Constitution or the resubmission of the prohibition amendment to State conventions or legislatures, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Thornton, Whitman County, Wash., praying for the maintenance of the eighteenth amendment of the Constitution and the Volstead Act, and favoring the passage of legislation providing that States seeking to nullify the eighteenth amendment of the Constitution be not allowed to have military training camps within their borders, which was referred to the Committee on the Judiciary.

Mr. COPELAND presented several memorials of sundry citizens of New York and New Jersey, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

# WORLD DISARMAMENT

Mr. COPELAND also presented a letter from citizens of Syracuse, N. Y., with an accompanying article printed in the Post-Standard of Syracuse, N. Y., of the 15th instant. entitled "For Universal Arms Reduction," which were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

SYRACUSE, N. Y., March 13, 1932.

Hon. ROYAL S. COPELAND.

Senate Chamber, Washington, D. C.

DEAR SIR: The Geneva Conference on Disarmament is meeting under peculiarly difficult circumstances. The conflict in the Far East is being used to discourage a general reduction of arms under the belief that had China been as well armed as Japan there would have been no Japanese intervention in Manchuria. Is not the contrary equally true—that had there been an agreement between the nations of the world, Japan and China included, by which all were reducing arms, the Japanese military party would not have ventured on a career of conquest. In other words if the discrement conference and the second of the world. words, if the disarmament conference could have met earlier to carry out the provisions for universal disarmament anticipated in the treaty of Versailles, the world might have been spared the spectacle of two countries in deadly conflict, while their representatives are among the 60 nations met to discuss reduction of

A counterweight to this unhappy situation is the overwhelming expression of popular will to disarm throughout the world, represented by millions of signatures to petitions presented to the disarmament conference from citizens of most of the countries participating, including more than a hundred and fifty thousand from Japan and China.

We take pride in the stand taken by our delegates to the disarmament conference for the policy of universal reduction of arms coupled with abolition of the more frightful means of warfare, and we rejoice that this program has been followed by a majority of nations. We view with misgiving, however, the rejuctance of some to join in a determined effort to limit the tools of war.

In our desire to uphold our delegates and to assure them of their country's backing we call upon you, our representative in the Senate, which will have the duty of acting upon whatever measures are adopted at Geneva, to convey to Mr. Hugh Gibson and his associates of the United States delegation our assurance that we are prepared to support them in every reasonable effort to bring about marked and progressive reduction of international

and favoring the making of adequate appropriations for armaments for the purpose of realizing the disarmament pro-

CHARLES W. ANDREWS.
DORA G. S. HAZARD.
WILLIAM E. MOSHER.
MARION R. FULTON (Mrs. A. C.). ANNA M. LUCID (Mrs. M. M.). T. AARON LEVY. ELIZABETH CANOUGH (Mrs. W. F.). ALMUS OLVER.
M. LESLEY WEST. MARTHA H. PHILLIPS (Mrs. Henry). EDWARD N. TRUMP. BENJAMIN STOLZ.

[From the Post-Standard, of Syracuse, N. Y., March 16, 1932] FOR UNIVERSAL ARMS REDUCTION

TO THE EDITOR OF THE POST-STANDARD:

May we claim the courtesy of your columns for two open letters? The first is to the Senators of New York State.

GENTLEMEN: The Geneva Conference on Disarmament is meet-

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arms,
A counterweight to this unhappy situation is the overwhelming expression of popular will to disarm throughout the world, represented by millions of signatures to petitions presented to the disarmament conference from citizens of most of the countries participating, including more than 150,000 from Japan and China.

We take pride in the stand taken by our delegates to the disarmament conference for a policy of universal reduction of arms coupled with abolition of the more frightful means of warfare, and we rejoice that this program has been followed by a majority of nations. We view with misgiving, however, the reluctance of some to join in a determined effort to limit the tools of war.

In our desire to uphold our delegates, and to assure them of their country's backing, we call upon you, our representatives in the Senate, which will have the duty of acting upon whatever measures are adopted at Geneva, to convey to Mr. Hugh Gibson and his associates of the United States delegation, our assurance that we are prepared to support them in every reasonable effort to and his associates of the United States delegation, our assurance that we are prepared to support them in every reasonable effort to bring about marked and progressive reduction of international armaments, for the purpose of realizing the disarmament provisions of the Versailles treaty, and implementing the Kellogg pact.

CHARLES W. ANDREWS.

DORA G. S. HAZARD.

WILLIAM E. MOSHER.

MARION R. FULTON (Mrs. A. C.).

ANNA M. LUCID (Mrs. M. M.).

T. AARON LEVY.

ELIZABETH CANOUGH (Mrs. W. F.).

ELIZABETH CANOUGH (Mrs. W. F.). ALMUS OLIVER.
M. LESLEY WEST.
MARTHA H. PHILLIPS (Mrs. Henry).
EDWARD N. TRUMP. BENJAMIN STOLZ.

And the second letter: To Voters of New York State:

If you are in sympathy with this letter, will you not write briefly, in accordance with the last paragraph, but in your own words, to your Senators, Hon. ROBERT F. WAGNER and Hon. ROYAL S. COPELAND, addressing them at the Senate Office Building, Washington, D. C.? They have no means of knowing your opinion unless you voice it. And this moment is critical for the disarmament conference and for the world.

MARION R. FULTON.

PAYMENT OF WORLD WAR ADJUSTED-SERVICE CERTIFICATES

Mr. SMITH. Mr. President, I ask leave to present a petition from the Legislature of the State of South Carolina, and ask that it may be printed in the RECORD and properly

The PRESIDENT pro tempore. Under the rule, all communications from State legislatures are printed in the RECORD. The petition presented by the Senator from South Carolina will be printed in the RECORD and properly re-

The petition, in the form of a resolution, was referred to the Committee on Finance, and it is as follows:

A concurrent resolution memorializing the President of the United States and National Congress to pass a bill to pay the soldiers of the World War adjusted-service certificates

Whereas, due to the economic conditions and the depression now prevailing everywhere, there is dire need of relief by everyone; and

Whereas the World War veterans are needing help now more

than at any time since the close of the war; and Whereas the amount due the World War veterans for certificates for service on adjusted compensation will assist these deserving soldiers who risked their lives in responding to the call of the United States Government; and

Whereas there is before Congress a bill appropriating the amount due on adjusted compensation to World War veterans:

Therefore be it

Resolved by the house of representatives (the senate concurring), That Congress be urged to pass the bill and pay the

Resolved by the house of representatives (the senate con-curring), That Congress be urged to pass the bill and pay the soldiers the amount due them Sec. 2. That copies of this resolution be sent to the President, Vice President, and Speaker of the National House of Repre-sentatives, requesting favorable action. Sec. 3. That copies be sent to United States Senators E. D. SMITH and JAMES F. BYRNES, and each of the seven Congressmen from South Carolina, with request that speedy favorable action be taken

IN THE HOUSE OF REPRESENTATIVES

Columbia, S. C., March 21, 1932.

I hereby certify that the foregoing is a true copy of a resolution adopted by the house of representatives and concurred in by the senate.

[SEAL.]

J. WILSON GIBBES Clerk of the House.

PETITION OF THE VIRGIN ISLANDS CIVIC AND INDUSTRIAL ASSOCIATION

Mr. BINGHAM. Mr. President, I present a petition from the Virgin Islands Civic and Industrial Association and ask that the body of the petition may be printed in the RECORD and the petition referred to the Committee on Territories and Insular Affairs.

There being no objection, the petition was referred to the Committee on Territories and Insular Affairs, and the body thereof was ordered to be printed in the Record, as follows:

[The Virgin Islands Civic and Industrial Association (in cooperation with the new civil government of the Virgin Islands to help Virgin Islanders help themselves). Temporary headquarters, 239 West One hundred and thirty-sixth Street, New York, N. Y.]

Petition to the Seventy-second Congress of the United States of America from natives of St. Thomas, St. Jan, and St. Croix, Virgin Islands, United States of America, resident in Continental United States

Honorable Congressmen:

Pursuant to the enactment of a law passed by the Senate and House of Representatives of the United States of America in the Fifty-ninth Congress assembled, full rights of citizenship were granted to certain nature of the Virgin Islands, United States of

America, on February 25, 1927.

Section 2 (b) of this law reads that all natives of the Virgin Islands of the United States who on January 17, 1917, resided in the United States or Porto Rico, and who are not citizens or subjects of any foreign country, if not ineligible to citizenship, may upon petition filed within one year after the effective date of this act, and upon full and complete compliance of all other provisions of the naturalization laws, be naturalized without making declaration of intention.

It is further declared that all natives of the Virgin Islands, United States of America, residing in foreign countries on January 17, 1917, and on February 25, 1927, be considered "non quota" immigrants.

In defense of this petition, it must be clearly and definitely understood that the 5,000 (more or less) natives resident in the United States classified under section 2 (b) of this act did not take advantage of the "1 year" grant to secure citizenship papers without making declaration of intention because they were totally ignorant of the existence of this particular clause. When Congress granted citizenship on February 25, 1927, it was and is still the belief of at least 90 per cent of the natives resident in the United States that by reason of their failure to appear before a Danish court of record within one year after the transfer they were held to have renounced it and to have accepted citizenship in the United States according to Article VI of the sale treaty.

What is true of natives resident in the United States is also true of natives residing in foreign countries, and as a result Virgin In defense of this petition, it must be clearly and definitely

of natives residing in foreign countries, and as a result Virgin Islanders representing several thousand migrants are now expatriates from the land of their birth. They are denied the privilege of properly cooperating with their kindred and others in the islands and are by every line of reasoning "a people without a flag or country."

The law governing citizenship of Virgin Islanders effective Feb.

The law governing citizenship of Virgin Islanders effective February 25, 1927, in its various ramifications has caused chaos and confusion in that it alienates parent from child and discourages those who are desirous of returning to the islands to participate in its rehabilitation program. This is admitted in the report of Gov. Paul M. Pearson to the President of the United States, recom-

mending that justice be given to all Virgin Islanders by granting

mending that justice be given to all Virgin Islanders by granting full rights of citizenship.

In view of these indisputable facts we hereby petition your honorable body of the Seventy-second Congress assembled, to gratify the expectation, hopes, yearnings, and aspirations of Virgin Islanders by putting into immediate and unhesitating effect a law granting full rights of citizenship to all native-born Virgin Islanders who have not retained their Danish citizenship, and who are not citizens of any foreign country, regardless of where they resided on January 17, 1917, or on February 25, 1927.

Respectfully submitted.

ASHLEY L. TOTTEN President

ASHLEY L. TOTTEN, President.
ANDREW C. PEDRO, Executive Secretary.
(And others.)

#### REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2246. An act for the relief of Lawrence Dowling (Rept. No. 438) and

H. R. 2285. An act for the relief of Dock Leach (Rept. No. 439).

Mr. SCHALL, from the Committee on Claims, to which was referred the bill (S. 3477) for the relief of the Playa de Flor Land & Improvement Co., reported it without amendment and submitted a report (No. 440) thereon.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES:

A bill (S. 4170) to extend the provisions of the forest exchange act to lands adjacent to the national forests in the State of Washington; to the Committee on Agriculture and Forestry.

By Mr. KEAN:

A bill (S. 4171) for the relief of Martin-Walsh (Inc.); to the Committee on Claims.

By Mr. LOGAN:

A bill (S. 4172) granting an increase of pension to William G. Patton; to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4173) for the relief of Dennis F. Collins; and

A bill (S. 4174) for the relief of John E. Meehan; to the Committee on Military Affairs.

A bill (S. 4175) granting a pension to Charles T. Kineth (with accompanying papers); to the Committee on Pensions. By Mr. THOMAS of Oklahoma:

A bill (S. 4176) for the relief of Samuel C. Sparks (with an accompanying paper); to the Committee on Naval Affairs.

By Mr. REED:

A bill (S. 4177) to authorize increased expenditures for the enforcement of the contract-labor provisions of the immigration law; to the Committee on Immigration.

By Mr. SHIPSTEAD:

A bill (S. 4178) to amend section 8 of the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, as amended, relating to misbranded foods; to the Committee on Agriculture and Forestry.

By Mr. WHEELER:

A bill (S. 4179) to provide funds for cooperation with the school board at Poplar, Mont., in the completion of the highschool building there to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

A bill (S. 4180) granting a pension to James Conroy; to the Committee on Pensions.

A bill (S. 4181) to provide equipment for Hardin Post, No. 8, American Legion, of Montana, to be used in conducting military funerals at Custer Battlefield National Cemetery, and for other purposes; to the Committee on Military Affairs.

By Mr. DAVIS:

A bill (S. 4182) granting a pension to Leon P. Chesley; to the Committee on Pensions.

AMENDMENT TO EMERGENCY HIGHWAY CONSTRUCTION BILL-RELIEF OF UNEMPLOYMENT

Mr. WAGNER submitted an amendment intended to be proposed by him to the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, which was ordered to lie on the table and to be printed.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 4594. An act to fix the rate of postage on publications mailed at the post office of entry for delivery at another post office within the postal district in which the head-quarters or general business offices of the publisher are located: to the Committee on Post Offices and Post Roads.

H. R. 6444. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Alabama Society of Fine Arts the silver service presented to the United States for the U. S. S. Montgomery; to the Committee on Naval Affairs.

H. R. 8907. An act to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office site; to the Committee on Public Buildings and Grounds.

H. R. 8923. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Montana, to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes; to the Committee on Agriculture and Forestry.

H. R. 9598. An act to authorize increased expenditures for the enforcement of the contract-labor provisions of the immigration law; to the Committee on Immigration.

H.R. 10362. An act to require the approval of the General Council of the Seminole Tribe or Nation in case of the disposal of any tribal land; to the Committee on Indian Affairs.

H.R. 5603. An act to authorize the conveyance by the United States to the State of Minnesota of lot 4, section 18, township 131 north, range 29 west, in the county of Morrison, Minn.; and

H.R. 8548. An act authorizing the adjustment of the boundaries of the Siuslaw National Forest, in the State of Oregon, and for other purposes; to the Committee on Public Lands and Surveys.

H. R. 7518. An act to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916;

H. R. 7519. An act to amend the penal code of the Canal Zone: and

H.R. 7520. An act to amend the Code of Criminal Procedure for the Canal Zone; to the Committee on Interoceanic Canals.

H. R. 8379. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.;

H. R. 8394. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.;

H. R. 8396. An act granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Rock River at or near Phophetstown. Ill.:

H. R. 8506. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at New Castle, Lawrence County, Pa.;

H. R. 8696. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.;

H. R. 9066. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, Iowa;

H. R. 9264. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Francis River at or near Madison, Ark., on State Highway No. 70; and

H. R. 9266. An act to extend the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark.; to the Committee on Commerce.

PROPOSED TWENTIETH AMENDMENT TO THE CONSTITUTION—
ADDRESS BY SENATOR WALSH OF MONTANA

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the Record an address delivered by the Senator from Montana [Mr. Walsh] over the radio last night upon the subject of the twentieth amendment to the Constitution.

There being no objection, the address was ordered to be printed in the Record, as follows:

On the 3d day of March, in this year of grace 1932, there was transmitted to the Secretary of State, upon the concurrence of the two Houses of Congress, for certification to the legislatures of the various States for ratification in accordance with the fifth article of the Constitution, the twentieth amendment thereto, commonly known as the lame-duck amendment. So responsive is it to popular sentiment that, having passed the Senate with but 7 dissentient votes, and the House with but 56, it was ratified by the Legislature of the staid old State of Virginia even before the resolution of the Congress in the premises had been formally and officially submitted to the body so acting, and like action was promptly taken by the Legislature of the State of New York, just about to adjourn for the session, when the proposal was laid before it. It is singular that these two States should have led in the ratification of this particular amendment, the two in which took place the most searching and decisive debates over the adoption of the Constitution itself.

The amendment is proposed for the correction of at least two major evils incident to our system of government. The election for Members of Congress takes place on the first Tuesday after the first Monday in November of each alternate year, but the terms of the Members elect do not begin until the following 4th day of March on the expiration of the terms of their predecessors at noon on that day, at which time the session of Congress commencing on the first Monday in December preceding automatically comes to an end. Accordingly, a full session of Congress intervenes between the time of the election and the commencement of the terms of all Members elect of the House of Representatives and of one-third of those of the Senate. The result is that Members who have actually been repudiated by their constituents continue throughout a whole session of Congress to represent them

and of one-third of those of the Senate. The result is that Members who have actually been repudiated by their constituents continue throughout a whole session of Congress to represent them. It is conceivable that though a complete party turnover may have occurred in the November election and the policies of the administration were distinctly disavowed, they could be enacted into law with the approval of the President, who likewise remains in office until the following 4th of March, and who is in a position to execute the policies thus sanctioned in defiance of the will of the people expressed at the policy.

to execute the policies thus sanctioned in deflance of the will of the people expressed at the polls.

It is from the fact that one of its purposes is to prevent legislation through the votes of Members who have been defeated for reelection that the amendment gets the designation by which it is popularly known, such Members being jocularly known as lame ducks. Some wag classified Members not returning as either "lame ducks" or "rare birds," the latter being those who retire on their own volition, the former those who quit on the insistence of their constituents. As may be imagined, the "rare birds" are far outnumbered by the "lame ducks," though there passed into the first-mentioned class in recent years some Members of the Senate of conspicuous ability.

Senate of conspicuous ability.

Senator John Sharp Williams retired a few years since to revel among his books and live the quiet life on his plantation; Jim Reed was lured by the prospect of a lucrative law practice, fully realized, according to current rumor; and Harry Hawes is about to quit to devote himself to the sport that made Izaak Walton famous and to promote it for the enjoyment of the multitude.

and to promote it for the enjoyment of the multitude.

The origin of the term "lame duck" as applied to a defeated candidate for reelection is involved in some obscurity, but it was used in England in connection with a stock-exchange member or broker who was unable to meet his obligations and came into use in America in the way it is now commonly applied as early as the famous contest of 1800, in which the Federalist Party was overwhelmed under the leadership of Jefferson, though it was not extensively applied in the significance now given it until comparatively recent times.

tively recent times.

It is a tribute to the disposition of the American people to yield to the judgment of the majority expressed in an election—the vital principle of a republic, as Jefferson expressed it—that the instances have been rare in which a Congress lacking a vote of confidence in the election has sought to enact general legislation, particularly along lines of which the result of the election may fairly be considered as a disapproval. Ordinarily it has been content with the passage of the general appropriation bills and measures to which there is no opposition, or at least such as have no political significance. It is likewise to their credit that they

are not disposed to sanction changes in the Constitution because of embarrassing situations that may arise, and for which no adequate provision is made, but which never have arisen and, so far quate provision is made, but which never have arisen and, so far as existing conditions warrant prediction, are not likely to arise. However, when, after the election of 1922, at which the administration suffered some serious reverses, to which it was generally believed the seating of Newberry materially contributed, President Harding recommended in his annual message the enactment of a ship subsidy law, long a highly controversial measure on which division had been leggely on party lines the late Senetor Caraway. ship subsidy law, long a highly controversial measure on which division had been largely on party lines, the late Senator Caraway introduced a resolution, though that was by no means the first attempt in that direction, to effect the change in the Constitution now before the States for ratification. With characteristic wit at the expense of the Committee on the Judiciary, to which it would regularly be sent, he moved that it be referred to the Committee on Agriculture, where it did go and from which a substitute was offered by Senator Norris, then chairman of that committee, by whom it has ever since been championed and who has led in the struggle for its adoption. It got no further in that Congress, but being reintroduced in the next was passed by the Senate on March 18, 1924, and sent to the House, where it was ignored. It passed the Senate again in the Sixty-ninth Congress on February 15, 1926, and was then noticed by the House, so far as that it was referred to the appropriate committee, which reported a substitute, on which the House took no action.

It made further progress in that body the next time, for, having passed the Senate again on January 4, 1928, the House committee

reported a substitute, on which the House took no action.

It made further progress in that body the next time, for, having passed the Senate again on January 4, 1928, the House committee again reported a substitute which was voted on in the main body but failed for lack of the necessary two-thirds vote. Nothing daunted the Senate, in the next Congress, the Seventy-first, on June 7, 1929, passed the necessary resolution, and reaching the House the next day, it was permitted to remain on the Speaker's table, not even being referred to a committee, until April 17, 1930, when it was referred to the Committee on the Election of President, Vice President, and Representatives in Congress. In the meantime, resolutions having a like purpose had been introduced by House Members and referred to that committee which, on the 8th of April, 1930, reported one of them, the Senate resolution still reposing on the Speaker's table. It was never acted on by the committee to which it was referred, but by unanimous consent was laid before the House when it was amended by striking out all after the enacting clause and substituting the House resolution which had been reported. In this form it passed the House February 24, 1931, and was sent to conference on the very eve of the expiration of that Congress on the succeeding 4th day of March, then only eight days distant. The conferees disagreed, the difference bringing into relief the

The conferees disagreed, the difference bringing into relief the second major reform to be inaugurated by the amendment.

As proposed by the Senate the Congress would assemble immediately after the first day of January in each year, at which time the terms of the Members elected at the preceding Novemtime the terms of the Members elected at the preceding November elections would begin, and they would take their seats. The session would never come automatically to an end except by the arrival of the time for the new session. It could be brought to a close only by agreement of the two Houses, or, in the event of a disagreement between them as to the time of adjournment, by the President. Under the prevailing system, in the evennumbered years that is the condition, yet so harmonious have been the relations between the two branches of Congress thus far that the President has never been called upon to exercise his authority in that regard. But in the odd-numbered years, the Congress comes automatically to an end at noon on March 4. The result is that there is scarcely a Congress in recent years that has not come to a close with a filibuster in the Senate and a perfect bedlam in both Houses in the strife for consideration of measures, in which the contenders are interested, before the fatal hour of 12 strikes. Meritorious measures are talked to death in

hour of 12 strikes. Meritorious measures are talked to death in the Senate, and worse still, amendments to bills which the body eagerly desires to see passed—often appropriation bills by which funds are provided with which to carry on the necessary functions of government—amendments wholly unjustifiable, are accepted under a threat, diplomatically expressed, to filibuster the bill to its grave unless the proposed amendments are adopted. In the House a tremendous power rests with the leaders, always including the Speaker, to say what bills shall and what shall not have con-

the Speaker, to say what bins shall and what shall not have consideration and how much time may be assigned to each.

The House resolution provided that though no limit should be set to the session in the odd-numbered years, it should terminate at noon on the 4th day of May in the even-numbered years. Speaker Longworth, a most unusual thing for him, took the floor in favor of the limitation thus proposed and succeeded in having the House adopt his view. At least it voted for the substitute with the result heretofore indicated, the Senate conferees being confident that with the passage of time their attitude would be vindicated. This proved true, as the resolution again introduced in the Senate by Senator Norris on January 4, 1932, was, two days later, passed by that body and sent to the House which, on February 2, had it back from the committee with a recommendation that all after the enacting clause be stricken out and a House resolution of like import be substituted. This was done, and the resolution passed February 16, 1932. The differences being incon-

resolution passed February 16, 1932. The differences being inconsequential, the House no longer standing for a limit to either session, the conferees quickly agreed, and their report was adopted by the House on March 1 and by the Senate on the next day.

I have dwelt upon the details of the more recent history of the effort to institute this reform because it gives to the uninitiated a faint idea of the course most reforms depending upon congressional action must run. When every resource of parliamentary

procedure to which ingenious opponents can have recourse to avert a test is exhausted, the measure is finally carried by an overwhelming vote to which Members may refer to appease stituents doubtful of their fidelity to the favored cause.

Should the amendment be ratified by the legislatures of three-fourths of the States, as is probable, the regular annual session of the Congress will commence at noon on January 3, at which time the terms of the Members elected in November will begin.

At present Members elected in November, though their terms

begin on the following 4th of March, do not actually sit, unless a special session is called, until 13 months after their election, during which time new issues, perhaps not thought of by the voters, may have arisen and the circumstances inducing their choice may have undergone a radical change. While it is quite customary for a new President, particularly if he comes in with a politically friendly Congress and succeeds an Executive of different political friendly Congress and succeeds an Executive of different political fath, to call promptly upon his inauguration a special session, experience shows that should the result of the election in the middle of his term be adverse he is most unlikely to assemble Congress in extraordinary session, so that the policies for which the people declared in November can not be enacted for more than a year, a situation that would be regarded as intolerable in countries operating under a parliamentary system in most, if not all, of which the newly elected Members take office forthwith.

Another merit attributed to the change is that the votes for President and Vice President cast in the Electoral College will be canyassed by the newly elected Members of Congress instead of

President and Vice President cast in the Electoral College will be canvassed by the newly elected Members of Congress instead of by those whose terms (save for two-thirds of the Members of the Senate) are expiring. Conceivably the party spirit might at some time run so high that a "lame duck" Congress might "count in" a candidate favored by the then dominant party, while the successful contender and the Congressmen elected with him in a land-slide could be only interested but helpless bystanders. I say helpless, though the statute under which the Supreme Court is about to determine the right of George Otis Smith to the position of to determine the right of George Otis Smith to the position of member of the Power Commission equally authorizes a writ of quo warranto to determine the title of a claimant to the office of President of the United States.

The amendment advances the date at which the term of the President and Vice President begins and ends to January 20, the purpose being to bring it as near the date of the assembling of Congress as practicable, having in mind the necessity of counting the votes to determine who shall fill those offices. It was thought that a President who in November had been defeated at the polls should remain at the helm no longer than was necessary to de-termine who was in fact the successful candidate, the same prin-ciple being applied as in the case of Members of Congress.

An incidental result of the amendment will be to abbreviate the terms of all of the officials affected who shall be in office at the time the amendment goes into effect, each retiring on the 3d or the 20th of January, as the case may be, instead of the 4th of March of the year in which his term expires. Out of abundance of caution, the amendment also provides for the case of the death of the President elect before qualifying and for the case of the death of both President elect and Vice President elect, but these provisions are of minor consequence.

provisions are of minor consequence.

The outstanding accomplishments to be expected from the change are the removal of the peril of legislation through the action of officials who, by the acid test of the election, are out of harmony with prevailing sentiment, the avoidance of the defeat of meritorious legislation, and the enactment of measures devoid of merit if not actually harmful in the jam incident to adjournment on a day fixed by law, and finally the more prompt action toward the enactment of legislation dealing with issues involved in congressional elections. in congressional elections.

## PROPOSED ECONOMIC COUNCIL-RADIO INTERVIEW WITH SENATOR LA FOLLETTE

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an interview of Mr. Charles G. Ross with the Senator from Wisconsin [Mr. LA FOLLETTE] over the radio on the 15th day of March, 1932.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

Mr. Ross. Senator La Follette, what were the reasons that led you to introduce your bill for the establishment of an economic

council a little over a year ago?

Senator La Follette. There were numerous reasons,

Senator La Follette. There were numerous reasons, but the most important one is my conviction that we must bring order out of the chaos in our economic life. As a step in that direction I introduced the bill now pending in the Manufactures Committee of the Senate. With intelligent guidance, based on essential economic facts, I am sure that we can secure a measure of planning in our business life. I believe that the unhealthy conditions of 1928 and 1929 would have been remedied and the crash that followed avoided had the people of the United States been aware of the actual state of affairs at that time.

Many of these facts could have been available had we had the machinery for collecting and disseminating them. Indeed, I attempted to bring some of the facts to public attention as far back as the winter and spring of 1928. I submitted to the Senate a resolution calling upon the Federal Reserve Board to check and reduce the enormous amount of brokers' loans being diverted from the Federal reserve system and used for speculative purposes on the Federal reserve system and used for speculative purposes on the stock exchange. I also sponsored a resolution calling for in-vestigation of the problems of unemployment. The resolution on

brokers' loans was never acted upon by the Senate, but the Senate Committee on Education and Labor was authorized to study unemployment and its report revealed that despite the so-called prosperity there was, even at that time, a large number out of employment and that their ranks were constantly increasing. But even after the facts were ascertained there was no official But even after the facts were ascertained there was no official economic organization in the United States which could command public confidence to broadcast them to the country and to point out what they signified as to the future. If we had an official board whose members commanded the respect and confidence of all portions of the population, and which, fortified with the necessary information, would point out the probable trends in economic affairs, I believe that their recommendations and warnings would believe that their recommendations and warnings would

affairs, I believe that their recommendations and warnings would help to bring a measure of orderly progress into what has thus far been a blind and unguided system.

Mr. Ross. Everybody seems to be talking about planning at the moment. I suppose that Russia's experiment is responsible for this trend of thought. From what you have just said, however, I take it that your council would not be of the type that Russia has set up. Its functions, as I see it, would be primarily to get the facts, digest them, and advise the country of its conclusions. Senator La FOLLETTE. The bill is not modeled on the Russian plan. It confers no such powers as that exercised in Russia to

Senator La Follette. The bill is not modeled on the Russian plan. It confers no such powers as that exercised in Russia to determine what industrial activity should go on and what should not. Under its terms the task of the economic council would be to keep itself informed about economic and business conditions and to give careful consideration to the problems affecting the economic life of the country. It would endeavor also to formulate proposals looking to the solution of such problems. If, on the basis of its conclusions, it felt that congressional action was necessary, it would make recommendations for necessary legislation. From time to time, as it deemed advisable, it would submit reports dealing with specific economic problems to the President reports dealing with specific economic problems to the President and make such recommendations to him as it saw fit. Finally it would keep industry informed of its activities and its findings and submit its conclusions and recommendations to all interested groups in our economic life.

groups in our economic life.

Mr. Ross. Does this mean, Senator, that your plan calls for the creation of a new Government bureau for the collection of statistical information? One hears a lot in Washington about the large number of bureaus already in existence. Indeed, it is said by many that all the necessary statistical data about our industrial system are already being collected.

Senator La Follette. The plan does not necessarily mean the establishment of a new statistical bureau in Washington. It does mean, however, that there will be created a central organization which will collect, assemble, sift out, and digest such data as are now being collected by existing public and private agencies. At the present time there is no agency in Washington charged with the responsibility of interpreting the data which are being daily collected here and elsewhere. In other words, we have a mass of all sorts of figures, but it is nobody's business to interpret them and to submit their interpretations and recommendations to the public. the public.

Now, this does not mean that the council will not at times have to become the original agency for the collecting of statistical material which is not already available. It must have the power to make first-hand investigations when it becomes necessary. This means that it must be authorized to call for such information as it feels it must have in order intelligently to do its job, and it must have the power to call witnesses and require the submission of essential documentary evidence. What I think would happen in practice is that in most cases the council would secure the cooperation of existing governmental agencies whenever it wanted certain information which was not already at

Here, by the way, I must disagree with what you say about the necessary economic information being already available. In our hearings on the bill for the creation of a national economic our hearings on the bill for the creation of a national economic council we went into the question as to what information was at hand rather carefully. We called in as an expert witness the chief of economic research of the Department of Commerce and secured from him a rather complete picture of the present state of economic statistics. We learned, for example, that our wholesale price statistics, which are generally considered to have reached a rather high degree of perfection, are really defective in very many respects. As for retail prices, the only data we have are monthly figures on certain foodstuffs and fuels and semiannual figures for certain goods that go into the budget of the wage earner. When it comes to statistics of production, the only real index we have of industrial conditions, we find that our monthly production figures cover only 50 or 60 of the standard commodities. When we remember that the census lists something approaching half a million commodities, the inadequacy of these data becomes evident. data becomes evident.

There is a great deal of discussion concerning the stocks of goods on hand and the relation of these stocks to the severity and duration of the depression. One would think that in so vital a field as this we should at least have a fairly accurate picture of the actual facts. Yet, according to expert testimony, all we have is information for certain important world commodities like coffee, rubber, and similar goods, and for the supplies of some 15 or 20 important raw materials that are on hand in certain important market centers. We know virtually nothing about the stocks of these important raw materials that are being held all along the line in the hands of dealers.

In the field of retail trade the extent of available information on stocks on hand concerns department stores, which, after all, do less than 6 per cent of the retail business of the country. And this information is in terms of dollars and not in terms of the commodities stored. We haven't the slightest idea, for instance, how many men's suits, women's dresses, radios, or vacuum cleaners are to-day in the hands of our retail merchants. A similar situation prevails in all of the other branches of economic statistics. It is a sad commentary on our statistical information that in the third winter of the depression we have absolutely no authoritative official figures on unemployment. The only data we have are those collected by the census in 1930 for the country as a whole, and for certain cities in January, 1931

Likewise, with all the talk we have heard from bankers and Likewise, with all the talk we have heard from bankers and others about the need for cutting wages and with all the actual wage cutting that has taken place, we are woefully lacking in any adequate wage statistics. Also, while we are discussing the wages of labor, it is startling that we have no accurate information on the wages which capital is taking in the form of net profits from the point of view of industry as a whole. Furthermore, do you know that we never have had any official estimate of the total national income of the United States and the only authoritative information we have to go on is the estimate of an authoritative information we have to go on is the estimate of an

authoritative information we have to go on is the estimate of an unofficial agency in 1929.

With the exception of certain data on department and chain stores and mail-order houses, we know little or nothing about how much is being spent in the United States for consumers' goods. We have hardly any figures on installment credit. The figures on the cost of living do not in any way give a true picture of what is happening to the living costs of the people. Existing data are based on a budget made up of a typical family's expenditures in 1918, when few of us had automobiles, none of us had radios, when houses wired for electricity were far fewer in number; in short, when the type of family expenditures was entirely different from what it is to-day.

Mr. Ross. We have heard a lot recently about the Swope plan and the plan of the committee on the continuity of business of the Chamber of Commerce of the United States. These plans, as I understand them, were also conceived for the purpose of bring-

I understand them, were also conceived for the purpose of bringing about more orderly conditions in the business world. Do you feel that they would accomplish this end as effectively as would the economic council which you propose?

Senator La Follette, I do not feel that either of the plans you

mention approaches the problem from the right direction. As I understand these plans, their immediate aim is to make it possible for industry to regulate its output so that it can limit its production to the demands of the market; and while the proposal may have merit as an emergency measure in a time like this, as a permanent policy I regard it as absolutely fallacious.

as a permanent policy I regard it as absolutely fallacious.

Fundamentally the Swope and chamber of commerce plans are based on the assumption that if the manufacturers of any product could get together through trade associations or similar organizations and agree on trade and cost practices, and were allowed to collect and distribute information on the volume of business transacted, stocks of goods on hand, stabilization of production and stabilization of prices, and all other matters relating to the growth and development of their industry, each manufacturer could know from such information how much of a demand there is for the product of his industry and how much reserve stock is available to meet this demand. With this information it is said, the individual manufacturer could guide himself. mation, it is said, the individual manufacturer could guide himself

The plan of the chamber of commerce provides for the legaliza-tion of contracts whereby the members of a given industry could agree to limit their total output to a certain size and divide their production among them. Realizing that the public must be protected in the event that such contracts are made legal, provision is made for a Government agency which would have the power to abrogate such restrictive agreements when it felt that the public

interest so required.

Interest so required.

As I have just stated, I believe that adjusting supply to demand is an absolutely wrong approach to a permanent solution of the problem. We must attack the problem from the point of view of increasing purchasing power. It seems to me that the trouble thus far has been that we have not increased the purchasing power of the people as rapidly as we have increased the capacity to produce. Thus we have a vicious circle in which production is limited by purchasing power and purchasing power is limited by production. We bring supply and demand together on a level that leaves a large fraction of our producing power idle. We need to break this vicious circle so that the great body of consumers will be able to buy the products we can produce. In this way we can bring supply and demand together at a point that approaches the full use of our power to turn out goods.

We have created a great industrial mechanism. It must be run

the full use of our power to turn out goods.

We have created a great industrial mechanism. It must be run so that its benefits will be more generously and widely distributed. My conception of a planned economy is one which will assure an ever-increasing standard of living and an ever-increasing purchasing power for all the people. I am not interested in plans or devices which seek to maintain the status quo in our economic life. Devices designed to preserve the unequal distribution of the wealth now produced will halt the progress of mankind and in the end will retard or prevent recovery.

One of the most significant points brought out in the hearings was the fact that in the years of greatest prosperity there were

22,000,000 people in the United States living at the barest necessity level or below it. Also I was startled to learn that real wages in this country had fallen from 1923 to 1929 except in transportation and building industries. Under such conditions it is more important to make it possible for families now denied their essential needs to secure the necessities and comforts of life than it is to create machinery which makes possible the curtailment of production by agreement.

Mr. Ross. I notice, Senator, that another difference between

Mr. Ross. I notice, Senator, that another difference between your proposed council and that proposed by the United States Chamber of Commerce lies in the fact that the latter provides for a council to be appointed and financed by private industry, whereas yours is a governmental body. Do you feel that this difference is an essential one?

Senator La Follette. I believe, Mr. Ross, that a council organized and financed by private industry has inherent weaknesses.

First, no private body would have the power to collect the information which is necessary for formulating effective policies. There are many firms in the United States to-day which will not voluntarily furnish any information to anybody concerning their

There are many firms in the United States to-day which will not voluntarily furnish any information to anybody concerning their activities. Indeed, some concerns even go so far as to refuse such information to the departments of the Government. It wasn't so long ago, you know, that the Federal Trade Commission was ordered by Congress to investigate certain phases of the cost of living. In order to find out whether certain prices were out of line, the Federal Trade Commission undertook to look into the investments and profits of a few of the large industries. What happened? The members of one of the industries refused to reveal this information, and through their trade association secured a court injunction temporarily prohibiting the commission reveal this information, and through their trade association secured a court injunction temporarily prohibiting the commission from getting these facts. Their argument was that theirs was a manufacturing industry and not engaged in interstate commerce, and that the Federal Government did not have any power to demand information from firms not primarily engaged in interstate commerce.

I believe that such essential information as we should need would to-day be available to a Government body armed with the proper authority. But I want to emphasize that without such authority no agency could get the data we need. And the only agency that could be vested with such power would necessarily

have to be governmental.

Secondly, our economic system involves far more than the field Secondly, our economic system involves far more than the field of industry. There are so many important factors affecting the economic life of the country which private industry, even if given the power, could not control. Many of these primary factors are wholly within the field of government. For example, there are the banking, monetary, and tax policies, which have a tremendous bearing on economic trends. There are purely governmental functions. There is the problem of Government borrowing and Government expenditure. Nor need I at this time mention the tariff. Each of these vitally affects our industrial activity. Their coordination requires the existence of an officially constituted council. They do not lie within the realm of any private organization. organization.

organization.

Finally, I feel that a council organized by the Government is preferable to one set up by private business, because if such a body is to accomplish its purpose its findings and recommendations must have the confidence of the general public. An organization in which the masses of the people have faith and for which they have respect would be far more influential in securing a measure of planned economic activity than would be the case with even the most carefully selected private group of business leaders.

business leaders.

business leaders.

Mr. Ross. Your last statement interests me greatly. Isn't there the possibility that your council, if appointed by the President, with the consent of the Senate, might become politically minded? Might it not be used, in other words, for promoting the fortunes of the party in power? If the American people should get the feeling that this was so, the pronouncements of a council concerning industrial policy would surely be heavily discounted.

Senator La Follette. Yes; such a thing is possible. Personally, however, I have no fears on this score. I have enough faith in our political institutions to believe that we can secure for membership on the council men of courage, integrity, ability, and high purpose, whose sole aim would be the advancement of the common good.

common good.

Mr. Ross. Is it your opinion that the men who are to constitute the council should represent specific groups in the community? Would you have representatives of labor, agriculture, banking, transportation, and similar groups on the council?

Senstor La Follerre. No; I do not feel that the members of the

senstor LA FOLLETTE. No; I do not feel that the members of the council should represent any particular economic interests. It should be, rather, a body of impartial men who would not be influenced by the desires or interests of any group in making decisions and recommendations. Nevertheless, the members of the council should be thoroughly trained and qualified to consider the problems of agriculture, labor, industry, finance, transportation and scientific means the problems.

tion, and scientific management.

Mr. Ross. But to do their job effectively, would not these men have to keep in touch with the various economic groups? How

would that be accomplished?

Senator La Follette. That would not be difficult. The bill specifically provides that the economic council should initiate the organization of councils or associations within the major branches of production, distribution, and finance. These bodies, as I see them, would be highly developed trade associations, representative of all the economic interests of the particular industries or groups

in which they are organized. In an economic world as complex as ours is, no board is competent by itself to prescribe for all of our major industries and how they should be organized. These are problems which the different interests in the various industries must work out themselves. Obviously the problems of the steel industry are widely different from those of agriculture or coal industry are widely different from those of agriculture or coal mining. As I picture the practical working of this tie-up, the trade association would serve as the bridge between all the factors in the industries they represent and the National Economic Council. Facts, information, and matters of policy would pass from a given industry to the council by way of its trade association. Conversely, information, suggestions, and recommendations would pass from the council to the various industries and other groups through the intermediary of adequately representative associations. groups through the intermediary of adequately representative associations.

Mr. Ross. As I look at the problem of depressions, it seems

Mr. Ross. As I look at the problem of depressions, it seems that the financial aspects of our system are among the most important. I feel that there has been overinvestment and overexpansion along many important lines. Without a more intelligent guidance of our investment policy, I can not see how we can accomplish much along the lines of stability and growth. I fail to see how a national economic council, without power to control investment banking, could keep us from running into another situation similar to that of 1928 and 1929. How would your economic council affect this situation?

Senator La Follette. Suppose late in 1928 some authoritative body in Washington had publicly emphasized the fact that there

Senator La Follierre. Suppose late in 1326 some statistication body in Washington had publicly emphasized the fact that there was an excess of private houses on the market. Suppose it had pointed out that construction figures showed an appreciable falling off in the building of new houses. Surely in the light of such warnings people would not have continued investing their hard-earned savings in first and second mortgage real-estate

bonds, thus increasing the supply of new capital for speculative building, which continued into 1929. Or, let us take another case, Mr. Ross. If the American public had been told on January 1, 1928, that any given industry was 150 per cent overequipped, and that it was running at 80 per cent of normal operation; and if it were told again three months later that this same industry was 160 per cent overequipped and running at 80 per cent; and six months later it was told that running at 80 per cent; and six months later it was told that the industry was 170 per cent overequipped and still running under normal capacity—do you believe that with such information broadcast through the press and the financial journals the people of this country would have invested their own funds or have borrowed money from the banks to purchase securities for the erection of new plants in that industry? Or do you think that if any banker had on his desk an official statement that a certain industry already had an overcapacity of 100 per cent he would loan money to put up another factory to produce the same would loan money to put up another factory to produce the same products?

I am not one of those who believe that the American people refuse to follow reason. Thus far they have not had the facts upon which to base sound judgment. It has been hit or miss; following this tip or that one. I believe that with the publication of adequate and disinterested information the general public will become sufficiently informed so that they will not swallow misleading refuse approximation investment, approximations.

lic will become sufficiently informed so that they will not swallow misleading statements concerning investment opportunities.

Mr. Ross. What you have told me is very informative, Senator. Now I should like to ask one final question. What is the present status of your bill for the creation of an economic council?

Senator LA FOLLETTE. It is pending in the Committee on Manufactures of the Senate. The committee has not yet taken action. I hope, however, that there will be an opportunity to discuss the bill on the floor of the Senate before this session adjourns.

# ANNIVERSARY OF THE BIRTH OF WALTER HINES PAGE

Mr. MORRISON. Mr. President, I request unanimous consent that there may be printed in the RECORD certain letters, remarks, and editorials relating to the commemoration of the seventy-fifth anniversary of the birth of Walter Hines Page, late American ambassador to the Court of St.

The celebration of the anniversary of the birth of Mr. Page took place at the little town of Cary, N. C., the place of his nativity.

The matter that I ask to have inserted in the RECORD is brief and consists of, first, telegrams from President Hoover and former Secretary of State Kellogg; second, letters from Senators Simmons and Overman and other Members of Congress and from other distinguished public leaders; third, two short editorials from leading newspapers in North Carolina; fourth, remarks by Lord Grey, former British Secretary of State for Foreign Affairs, and a letter signed jointly by Lord Grey and four former British Prime Ministers, to wit, A. Bonar Law, Lord Balfour, H. H. Asquith, and David Lloyd George, in connection with the ceremonies at the unveiling of a marble tablet in honor of Mr. Page in Westminster Abbey on July 3, 1923; and, fifth, remarks of Dr. W. P. Few, president of Duke University, at the Cary celebration of Mr. Page's birthday anniversary.

Mr. Page was one of North Carolina's greatest sons. His public services, not only as a diplomat during a crucial period but also as an internationally known editor, author, and publicist, were of such tremendous value, and his ability and character so outstanding, that I feel justified in asking that these deserved tributes to his life and career upon the occasion of the seventy-fifth anniversary of his birth may be printed in the Congressional Record.

There being no objection, the matter was ordered to be

printed in the RECORD, as follows:

THE WHITE HOUSE Washington, D. C., August 14, 1930.

Washington, D. C., August 14, 1930.

J. M. Templeton, Jr.,
Chairman Committee Arrangements, Cary, N. C.:
I am glad to learn that the citizens of Cary, N. C., are preparing to celebrate the seventy-fifth anniversary of the birth of my good friend the late Walter Hines Page. He was a great ambassador and a great patriot, whose many public services have contributed permanently not only to better international understanding but also to the causes of education and social advancement in the United States. I am glad of the occasion to express my admiration and States. I am glad of the occasion to express my admiration and affection for him.

HERBERT HOOVER.

Among the messages read on the occasion was one from Frank B. Kellogg, former Secretary of State:
"I am pleased to send to you on this occasion of the cere-"I am pleased to send to you on this occasion of the ceremonies commemorating anniversary of Walter Hines Page, former American ambassador to the Court of St. James, a high tribute to the services rendered to his country by this distinguished scholar and statesman. During the trying period of the Great War Mr. Page was appointed as American ambassador to London in 1913. And the following year found him confronted with an almost insurmountable task in maintaining this country's true position in the European war. For years Mr. Page worked ceaselessly and fearlessly for his Government until, owing to his health, he was forced to resign his high post. He was a martyr to his country's cause and a hero whose great service will ever be appreciated and whose name will go down in the annals of his country as a noble and faithful servant to a great cause."

UNITED STATES SENATE, New Bern, N. C., August 14, 1930.

My Dear Mr. Chairman: I deeply regret I am unable to attend the meeting at Cary in commemoration of the seventy-fifth anniversary of the birth of Walter Hines Page and to participate in these exercises as well as express my personal respect, admiration, and pride in the life, achievements, and fame of my college mate and life-long friend.

Mr. Page by reason of his splendid attainments, sterling qualties, and ability achieved not only national but international distinction and eminence as a man and citizen, scholar and author, diplomet and statement

diplomat, and statesman.

The career and fame of this great son of North Carolina should be cherished with abiding pride not only by the people of his native town of Cary but by his native State and the Nation.

I shall be pleased to have you read this letter and to express my full accord and sympathy with the objects and purposes of the

meeting.

I am, with great respect, yours sincerely,

F. M. SIMMONS.

SALISBURY, N. C., July 25, 1930.

SALISBURY, N. C., July 25, 1930.

Mr. J. M. Templeton, Jr.,
Attorney at Law, Raleigh, N. C.

My Dear Mr. Templeton: Your letter of the 23d has been received, and in reply I regret to inform you that I will not be able to be present at the celebration of the seventy-fifth anniversary of the birth of Walter Hines Page on August 15. I wish it were possible, for Page was one of the greatest men who have gone forth from this State to serve the Nation and the world, and we should not be true to the best that is North Carolina if we falled to keep alive his memory and forgot the things he fought for so valiantly, so brilliantly, so sympathetically. Many misunderstood him, but now we know that he had a passionate love for North Carolina and its people, and that all that he did and said and wrote was done and said and written to advance their best interest as he saw it.

as he saw it. as he saw it.

He was a man of extraordinary ability, possessed of a brilliant mind and far-seeing vision, with a power of expression both keen and charming. Without doubt I think he was the most popular and beloved ambassador we ever sent to the Court of St. James. Great man though he was, when his end approached it was to his well-beloved sandhills that he directed his faltering steps, proof

well-beloved sandhills that he directed his fartering speps, processing of his great love.

His own life is the best testimony to the truth of his statement that each year North Carolina could furnish enough character and brains to run an empire. I am rather fatigued from 10 months' continuous attendance in the Senate, and only this prevents my coming in person to do honor to my old friend and college mate, Walter Hines Page.

Very truly yours,

Lee S. Overman.

LEE S. OVERMAN.

ASHEBORO, N. C., August 15, 1930.

J. M. Templeton,

Cary, N. C.:

Regret conditions prevent my presence and personal participation in the exercises and giving expressions of sentiment commemorative of seventy-fifth anniversary of birth of Walter Page, one of the State's ablest and most distinguished citizens.

WILLIAM C. HAMMER.

LAUREL SPRINGS, N. C., July 26, 1930.

LAUREL SPRINGS, N. C., July 26, 1930.

Mr. J. M. Templeton, Jr.,

Commercial National Bank Building,

Raleigh, N. C.

My Dear Mr. Templeton: I have your favor of July 23 and note what you say with reference to the exercises to be held in Cary, N. C., on August 15, commemorating the services of Hon. Walter Hines Page. I feel that this is a most appropriate thing to do, and if I can think of anything that will be fitting and appropriate I shall be glad to write a short statement and send it to you. Thanking you for calling this matter to my attention, I am, Sincerely yours,

R. L. Doughton.

R. L. DOUGHTON.

AUGUST 14, 1930.

Mr. J. M. Templeton, Jr.,

Commercial National Bank Building,

Raleigh, N. C.:

Walter Hines Page was one of the greatest diplomats ever in service of our country. Your celebration is most appropriate at Cary, N. C. Regret can not be present.

Charles L. Abernethy.

WASHINGTON, D. C., July 31, 1930.

Mr. J. M. Templeton, Jr.,

Chairman Committee on Arrangements,

Watter Hines Page Celebration, Raleigh, N. C.

My Dear Mr. Templeton: I thank you for kindly inviting me to be present at the celebration of the seventy-fifth anniversary of the birth of Hon. Walter Hines Page at Cary on August 15 next. I am indeed sorry that another engagement will prevent my being

I regard Walter Hines Page as the outstanding statesman of North Carolina since the Civil War. He was certainly one of the few great men of the country in his day. I have often wondered why people of North Carolina have seemed not to understand and appreciate the greatness of this good man. The people do well to honor his memory in the way you have planned. Sincerely yours,

CHAS. A. JONAS.

Washington, N. C., August 6, 1930.

Washington, N. C., August 6, 1930.

Mr. J. M. Templeton, Jr.,

Raleigh, N. C.

My Dear Mr. Templeton: Upon my return home I find your letter asking me to be present at the exercises to commemorate the seventy-fifth anniversary of the birth of Walter Hines Page at Cary. As an admirer of this outstanding American nothing would give me greater pleasure than to accept this invitation and making a short talk as you suggest, but other engagements made some time ago will prevent.

I am afraid that it has been only recently that North Carolinians have begun to appreciate the magnitude of Walter H. Page. You are to be congratulated on this movement to perpetuate his memory and place his ideals before the people.

ory and place his ideals before the people.
With best wishes, I am, sincerely,

LINDSAY C. WARREN.

WARRENTON, N. C., August 12, 1930.

Hon. J. M. Templeton, Jr.,

Raleigh, N. C.

My Dear Mr. Templeton: I had hoped that I would be able to be present on August 15 to join with you in tribute to the great honor that has come to our State, and to Cary especially, in the page and fame of Hon. Walter Hipes sharing with the Nation the name and fame of Hon. Walter Hines Page. In honoring him we honor our State, for no man has gone out from among us with greater vision and greater capacity to get the right things done.

With assurance of my best wishes and for a happy commemorating service to one of North Carolina's great citizens, I am,

Sincerely yours,

JOHN H. KERR.

RALEIGH, N. C., July 18, 1930.

Mr. J. M. TEMPLETON, Jr.,

Raleigh, N. C.

My Dear Templeton: I have delayed replying to your good letter of July 2 until I could get somewhat more completely in sight of the demands of my schedule for August.

As I told you when we discussed this, it would give me genuine pleasure to have some part in this commemorative celebration. My fondness for several of the living members of the Page family, together with my conviction that Walter Hines Page was one of the greatest men that North Carolina has ever produced, is sufficient to explain my interest. On the other hand, I do not believe that I can possibly reconcile my engagements so as to be here at that time. I have engagements immediately before and

after this date which will take me out of Raleigh, and I frankly do not see how I can be here except at a physical hardship which would be almost unreasonable to undergo. I therefore feel that I must decline this invitation but I do hope that you will understand that I have not done so except upon what appears to me to be the most compelling reasons. be the most compelling reasons.

With every good wish and warm personal regards, I am, Cordially yours,

O. MAX GARDNER.

ASHEVILLE, N. C., July 31, 1930.

Raleigh, N.C.

My Dear Friend: I wish to thank you for the invitation to be present and to join others in talks on the life of Walter Hines Page.

North Carolina and the whole of America are proud of his great record. I hope to be able to be present, but in the event that I can not be it will afford me pleasure to write a letter as suggested by you.

With best wishes, I remain, sincerely yours,
Geo. M. PRITCHARD.

THE ATLANTIC MONTHLY.

DEAR MR. TEMPLETON: Walter Hines Page's usefulness to me was so great that I am tempted to think of him more as a friend than as a statesman. He was the only editor I ever knew who could really teach young men his trade. When I left college Mr. Page was kind enough to set me to come as his explorer him. was kind enough to ask me to come as his assistant, but the Atlantic was at that time too small a raft to keep two afloat, and with infinite regret I determined to paddle my own canoe. But during all the years of his American editorships I went to him frequently for advice and always got it, helpfully and pun-

gently.

He had a wonderful way of giving concrete expression to an abstract idea, and he was the only man I ever knew whose modernity was definitely accentuated by intimacy with the classics of Greece. He had a clear conception of history and saw behind all the problems of contemporary life the busy workings of the past. I never knew him too occupied to give help and counsel, and he had the gift—which a man now growing old always can look back upon and appreciate—of inspiring confidence in a boy that he holds his future in his hand.

Of course, his southern birth helped him. He understood the two sections of his country as few men of his generation, and they made him the complete type of American he was. He enjoyed his life to the full and died fighting, as he would have wished. I wish he could have known that years after he had gone the citizens of his birthplace would combine to do him honor.

Yours sincerely,

Yours sincerely.

ELLERY SEDGWICK

WORLD'S WORK, Garden City, N. Y., August 12, 1930.

Mr. JAMES TEMPLETON, Jr.,

714 Commercial National Bank Building, Raleigh, N. C.

DEAR MR. TEMPLETON: It is a pleasure to send you a word in

DEAR MR. TEMPLETON: It is a pleasure to send you a word in appreciation of Walter Hines Page from the editorial offices of the magazine he founded. Mr. Page had that rare combination of qualities, a humanness that made it possible for him to enjoy the society of the humble and at the same time the greatness that made it easy for him to move in the society of the exalted. Both classes were equally pleased with his understanding and real liking. When Page became ambassador this country lost a great editor, but his services as diplomatic representative of this country were even greater than his usefulness as an editor. We who

editor, but his services as diplomatic representative of this country were even greater than his usefulness as an editor. We who were his close associates found it hard to give him up.

We are proud to carry on the ideals and the ideas on which World's Work was founded, and we hope that his spirit will continue to live in the magazine for many years to come. First as a subordinate, later as a partner, and always proud in having his friendship, I am particularly glad to send this note.

Very truly yours,

Russell Doubleray Editor

RUSSELL DOUBLEDAY. Editor.

THE UNIVERSITY CLUB, August 2, 1930.

DEAR MR. TEMPLETON: I greatly regret that I can not come to Cary on August 15 to pay a personal tribute to the memory of Walter Hines Page. I am most impressed by the fitness of observing this anniversary. The fact that Walter Page spent his early years in your community should always be an inspiration to good citizenship and the highest personal and political ideals. I realize, perhaps better than most, what his life in Cary meant to him. Among your people he absorbed many of the conceptions and purposes to which he subsequently devoted his life. It was to Cary that in his last illness in England his thoughts constantly returned. His one desire was to return again to the scenes of his that in his last illness in England his thoughts constantly returned. His one desire was to return again to the scenes of his childhood, to see once more the places that, in spite of all his wanderings, he still regarded as his home. The world now claims Walter Page as its citizen. In England he is held in an affection that is seldom accorded to one of British birth. These Northern States in which he passed his years of maturity regard him almost as a native son. All these sympathies Page returned, yet in the

deepest recesses of his heart he was a southerner and a North Carolinian. In your anniversary, therefore, I hope Cary will keep this loyalty of Page to his native soil foremost in mind. What the little town of Cary did for him and meant to him should never be forgotten. Very sincerely yours,

BURTON J. HENDRICK.

J. M. TEMPLETON, Jr., Esq.,
Raleigh, N. C GENEVA, SWITZERLAND, September 10, 1930.

Dear Sir: I have just received your letter of August 9, inviting my participation in the exercises held by Cary, N. C., in commemoration of the seventy-fifth anniversary of the birth of Ambassador Page on August 15. I very greatly regret that my absence from home precluded my having any part in that tribute to a great representative of our people.

Yours very singerely.

Yours very sincerely,

J. V. A. MACMURRAY.

[Editorial in the News and Observer, Raleigh, N. C., Saturday, August 16, 1930]

A DISTINGUISHED SON

When the late Frank Page, Captain Guess, Rufus and Adolphus

When the late Frank Page, Captain Guess, Rufus and Adolphus Jones, and other high-class Christian citizens secured the incorporation of Cary they stipulated in the charter that intoxicants should never be made or sold in that town, and they named it for Mr. Cary, an eloquent temperance evangelist.

Last night the people of that good Wake County town, upon the seventy-fifth anniversary of his birth, paid honor to the late Ambassador Walter Hines Page, who was born in Cary and always kept a warm place in his heart for the place of his birth. Indeed, when he was editor of the State Chronicle he made his residence there and commuted to and from Raleigh. Tributes from President Hoover and other distinguished of the earth were paid to Cary's ablest citizen. These tributes told of his brilliancy as a writer, as a teacher, as an orator, and the great place he occuas a writer, as a teacher, as an orator, and the great place he occupied in world affairs when he served as ambassador to Great Britain during the administration of Woodrow Wilson. It was a notable occasion in honor of a notable and distinguished son of

[From the Raleigh Times, August 16, 1930]

CARY CELEBRATES ANNIVERSARY OF ITS APOSTLE OF FREEDOM

Cary, home site of the Pages of North Carolina, did well in celebrating the seventy-fifth anniversary of the birth of that one of a famous family who became known to the world at large.

Walter Hines Page's record as ambassador to Great Britain gave and will continue to give rise to controversy, but that he displayed remarkable qualities of diplomacy and that he powerfully affected the relations between the two great English-speaking nations in the time of acute crisis will never be denied. It was charged against Mr. Page, with a good deal of evidence in support, that from the beginning of the World War he was pro-British. But if so, the fact only meant that he saw earlier and more clearly the necessity which more cautious politicians on this side of the water were brought to face in the end. In the difficult period when Great Britain was interfering with American shipping it was he who made possible adjustment after adjustment until the time came for a final pooling of interests,

he who made possible adjustment after adjustment until the time came for a final pooling of interests.

As a southerner and a man of letters, Mr. Page also showed the quality of being in advance of the times. In his books, articles, and in speeches he preached a new South in the intellectual as well as the industrial sense. In this he shocked at one time the people among whom he had vainly tried to make headway as a journalist in his youth. He preached the righteousness of clear and direct thinking, the elimination of taboos, the forgetting of prejudice. The State that later came to sing his praises was in the middle of the first decade of the twentieth century in a perfect frenzy of resentment of his phrase to the effect that the South was being led among stagnant pools of theology.

It is a major part of Mr. Page's achievements, if little remembered, that he was largely responsible for the fact that the man in the South who has something to say and something to think can now deliver himself of his burden without fear of political or religious lynching.

religious lynching.

[Editorial in the Charlotte News, Sunday, August 17, 1930] A GREAT NORTH CAROLINIAN

August 15, the seventy-fifth anniversary of the birth of Walter Hines Page, was celebrated at Cary, his birthplace, with appropriate and fitting tribute to this most celebrated North Carolinian. It is doubtful, to our mind, that the place of Page in history is held in as much distinction in his native State as is its right. held in as much distinction in his native State as is its right. His contribution to affairs was made nationally, rather than through participation in State matters alone, and his activities led him far afield from the place of his birth. While remaining essentially a North Carolinian, his life and letters were dedicated to a larger sphere, with the result that his greatness has falled to receive due recognition from the State on which it reflects.

It might prove of benefit for North Carolinians in general to study the life of this man, and to read his letters in published form, in order that his accomplishment and his place in history may be fully appreciated.

may be fully appreciated.

THE LIFE AND LETTERS OF WALTER H. PAGE (By Burton J. Hendrick, Vol. III, pp. 427-431)

Great Britain has also paid tribute to the man who believed that in acting as her friend and the friend of the allied cause he was best serving his own country and the world. Soon after the publication of the Page biography, the following letter, signed by the Prime Minister of Great Britain, three former Prime Ministers, and a former Secretary of State for Foreign Affairs appeared in the

a former secretary of state for Foreign Analis appeared in the London Times:

"Sir: The publication of the two admirably edited volumes of The Life and Letters of Walter H. Page has revealed to the world a personality and a record of achievement, of which, perhaps, only those who came into intimate social and official contact with him during the term of his ambassadorship in this country were

him during the term of his ambassatoramp in the dearest already aware.

"In these 'letters' Mr. Page lives again. They give the clearest and widest expression we can ever now hope to receive of his vivid, free-ranging mind and of that mellow integrity of character and abounding humanity which endeared him to us all. More particularly, they show him to have been one of the best friends that Great Britain ever had, and a far-seeing and practical crusader in the cause of Anglo-American cooperation.

"In the difficult period of the war, before the United States had entered it, and when many contentious issues inevitably arose be-

"In the difficult period of the war, before the United States had entered it, and when many contentious issues inevitably arose between the British and American Governments, it was Mr. Page's handling of these issues, as much as any other factor, that kept them within the bounds of reason and good temper. Scrupulous, as an ambassador should be in presenting his country's case with all the vigor and persuasiveness at his command, Mr. Page's conduct of the negotiations entrusted to him was informed throughout by his native courtesy, humor, and straightforwardness; by a quick understanding of the nature of the European struggle; and by an intensity of sympathy for the allied cause and of admiration for Great Britain's part in it which was irrepressible. He was the happiest, the most liberated man in Europe when America entered the war.

"For all that Mr. Page contributed toward that supreme development, by smoothing away friction and minimizing and removing difficulties and misunderstandings, this country, no less than his own, owes him an inestimable debt. There must, moreover, be many hundreds of our people who used his services and those of his most efficient staff to inquire after the fate of relatives at the fronts, and who drew freely and gratefully on his exhaustless stock of sympathy, patience, and promptitude.

tives at the fronts, and who drew freely and gratefully on his exhaustless stock of sympathy, patience, and promptitude.

"There is nothing in Great Britain to mark the fact that Mr. Page lived here for five years as United States ambassador, and that in a great crisis he served his own country and ours, and civilization itself, with a noble competence. We desire to repair that omission. We confidently invite subscriptions to perpetuate a name and services that can never be thought of, on either side of the Atlantic, without deep affection and gratitude.

"We are, sir, etc.,

We are, sir, etc.,

" A. Bonar Law, "Balfour.

"H. H. ASQUITH.
"D. LLOYD GEORGE.

"GREY OF FALLODON."

The response from all classes of British life was immediate.

The response from all classes of British life was immediate. The opinion was unanimous that there was only one place in Great Britain for a memorial to Page—that was Westminster Abbey. On July 3, 1923, a gathering which completely filled the ancient structure attended services in memory of the ambassador. A few minutes before this service Mrs. Walter H. Page, the ambassador's widow, and other members of the Page family gathered with the Prime Minister, Mr. Stanley Baldwin, Mr. H. H. Asquith, Mr. Winston Churchill, Lord Lansdowne, and others in the chapter house of the abbey to unveil a marble tablet in Page's honor.

The following remarks were made by Lord Grey:

"The tablet that is to be unveiled to-day is in memory of one whose every word and act in great place were inspired by singleminded and earnest desire to make human freedom, as he saw it realized in democracy, prevail among the nations of the world. Walter Hines Page was an example of the truth that the strongest personalities are the outcome not so much of striving for personal success or fame as of patriotism and of faith in an ideal. His patriotism was of the noblest kind; he loved his country both for what it was and for what he believed it could and would do for the benefit of mankind. His perception of the power of the United States, his belief in its democracy, his absolute and neverfaltering trust in the will of its people to do great things and good things for the world were part of his very being.

"Surely it must be a proud as well as a happy thought for his country to remember that it inspired a faith so high in a mind so keen and pure.

"I have spoken first of Walter Hines Page as an American, be-

country to remember that it inspired a faith so high in a mind so keen and pure.

"I have spoken first of Walter Hines Page as an American, because that is how, I am sure, he would have wished us to speak of him and to think of him; but it was very near his heart that there should be between his country and ours true knowledge and understanding each of the other; and there is no greater consummation to be wished for in public affairs than that the high and beneficial hopes for the world which he founded upon this should be realized.

be realized.

"We in this country feel deep gratitude to him; we wish that there should be something to commemorate the sympathy and moral support that he gave us in the greatest crisis of our history. We wish his name to be remembered with regard, with honor, and with affection, as that of one who gave us invaluable help at a

time when our liberty, our very independence even, seemed to be

at stake.

"His countrymen who still cherish the names of those who helped the United States years ago in time of trial and peril will find it easy to understand that we here now feel for such men as Walter Hines Page. In all conversations with him I felt—what I am sure many others here who knew him also felt—that there was am sure many others here who knew him also felt—that there was between him and us a peculiarly close tie of personal sympathy. We felt attached to him by a sense of the same values in public life, by a desire for the same sort of world in which to live, by a kinship of thought, of standards, and of ideals. Therefore, while his resting place is in his own country, which he loved so devotedly, we have wished to have a memorial here to do honor to him and to preserve for those who come after us a record and memory of his life. It is most fitting that the place for this should be Westminster Abbey—where so much that is great and honorable and dear in our history is consecrated—this abbey, which not so very long ago, as time is reckoned in the life of nations, was as much part of the inheritance of his ancestors as of our own. In this spirit I unveil the memorial and ask the dean to accept it."

Lord Grey then unveiled the tablet, which bears the following

"To the glory of God and in memory of Walter Hines Page, 1855-1918, Ambassador of the United States of America to the Court of St. James, 1913-1918. The friend of Britain in her sorest need."

W. P. Few, president of Duke University, speaking August 15, on the seventy-fifth anniversary of the birth of Walter H. Page, at Cary, N. C.:

"When I first knew Mr. Page he was editor of the Atlantic Monthly and lived in Cambridge, Mass., not far from the campus of Harvard University, where I was a student in the graduate school. I was a good many times a guest in his home and was the recipient of many courtesies at his hands, both then and in later years. He procured for me, through Mr. Scudder, the opportunity to edit a book for the old Houghton Mifflin Co., an opportunity which I did not avail myself of, for I had then come to Durham and had already renounced my ambition for a scholar's career in the interest of building educational institutions and causes in this part of America, which appealed strongly to me just as it appealed to Mr. Page.

"I give this detail because it is typical of Mr. Page. He was always helping young and struggling men and women, and though

"I give this detail because it is typical of Mr. Page. He was always helping young and struggling men and women, and though a true American and before the end a distinguished world citizen,

a true American and before the end a distinguished world citizen, he had a lifelong interest in the Southern States, and particularly his native State of North Carolina. You therefore do well here in the community where he was born to cherish and make much of his memory, his example, and his world-wide fame. It is Cary's crown of glory; it is one of North Carolina's chief glories to have given Walter H. Page to the Nation and to the world.

"Our people did not always understand him. He had that rarest sort of love for his people that made him willing to tell them disagreeable truths and take the consequences. This is still the acid test of a man—'If you can talk with crowds and keep your virtue.' Mr. Page had this courage to an extraordinary degree, and we now know well that this was a chief element in his greatness. And if enough of us will follow his example, it will make us great as a Commonwealth, just as it made him great as a man.

ness. And if enough of us will follow his example, it will make us great as a Commonwealth, just as it made him great as a man.

"He was once a student in Trinity College (since 1924 a part of Duke University) and he was not satisfied with it. When I knew him in Cambridge he and I both had particular interests in the English department at Harvard. I know he was not satisfied with that. If he were this autumn entering Trinity College or Harvard College he would not be satisfied with either. He was too much influenced by the 'beautiful idealisms of excellence' ever to be satisfied with anything that had been handed down to us from the fathers, believing as he did that there was some better thing provided for us and 'that they without us should not be made perfect.'

thing provided for us and 'that they without us should not be made perfect.'

"We at Duke University join you of his native place in honor and gratitude for Walter Hines Page, one of the greatest men our State has ever produced. We want one of our new buildings at Duke forever to bear the name of Page, in Walter Page's memory and in memory of noble young Allison Page, his nephew, and the first of our undergraduates to give his young and beautiful life on a battle field in France, moved by the same impulse that moved Mr. Page himself to give his life for what they each alike counted the high causes of mankind."

REMARKS OF THE PRESIDING OFFICER, J. M. TEMPLETON, JR.

My fellow citizens, we are gathered to commemorate the seventy-fifth anniversary of the birth in this community of that dis-tinguished American and representative of the English-speaking ice, Walter Hines Page.

Perhaps it is not inappropriate to mention that during this year

the western world is memorializing the bimillennial anniversary of the birth of the great poet Virgil, and in our own State recently the one-hundredth anniversary of the birth of that great North Carolinian, Zebulon Bayard Vance, was observed with fitting

Further inducement for this occasion is found in the great inquest conducted this year in the fourteenth decennial census, the results of which are just being announced, which shows that North Carolina, with no natural resources discovered like gold or oil, had the unrivalled growth in population of more than 610,000 people, with corresponding advantages and assets. Mr. Page as the herald and evangelist of popular education deserves as much credit as anyone for this great record. His memorable utterance, "All wealth is but the creation of man, and he only creates it in proportion to the trained uses of the community, so that the more men we train the more wealth may everyone create," was the platform of this achievement.

And finally, my friends, let us find warrant for this occasion in these words of Mr. Page's accredited biographer, Mr. Burton J. Hendrick, "I realize, perhaps better than most, what his life in Cary meant to him. Among your people he absorbed many of the conceptions and purposes to which he subsequently devoted his life. It was to Cary that in his last illness in England his thoughts constantly returned. His one desire was to return again to the scenes of his childhood to see once more the places that, in spite of all his wanderings, he still regarded as his home. The world now claims Walter Page as its citizen. In England he is held in an affection that is seldom accorded to one of British birth. These Northern States in which he passed his years of maturity regard him almost as a native son. All these sympathies Page returned, yet in the deepest recesses of his heart he was a southerner and a North Carolinian."

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The Senate resumed the consideration of the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

Mr. DICKINSON. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Iowa?

Mr. JONES. I yield.

Mr. DICKINSON. I should like to inquire who made the motion to recommit the appropriation bill now pending before the Senate.

The PRESIDENT pro tempore. The motion was made by the Senator from Tennessee [Mr. McKellar].

Mr. DICKINSON. I should like to offer an amendment to that motion.

Mr. JONES. I have not asked that the motion be laid before the Senate. I want to have that done, however, as soon as possible.

Mr. DICKINSON. I should like, for the information of the Senate, to present my proposed amendment at the present time.

Mr. JONES. If no one else desires to interrupt, I ask that the motion to recommit may be laid before the Senate.

The PRESIDENT pro tempore. That is the pending question.

Mr. JONES. That is the pending question.

Mr. DICKINSON. I move to amend the motion of the Senator from Tennessee by adding the following:

And that all bills making appropriations for the fiscal year ending June 30, 1933, shall be reported by the Committee on Appropriations to the Senate with a reduction of 10 per cent below the amount carried by such bills as passed by the House, and that all amendments offered on the Senate ficor which would have the effect of increasing the total in excess of said amount shall be subject to a point of order.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. ROBINSON of Arkansas. What the Senator from Iowa proposes can not be done—

The PRESIDENT pro tempore. A portion of the amendment would be contrary to the rules.

Mr. ROBINSON of Arkansas. It would be a violation of the rules and work a change of the rules without the customary procedure.

The PRESIDENT pro tempore. The present occupant of the chair will hold that a portion of the amendment can not be entertained, as it is in violation of the rules. The question is on agreeing to the motion offered by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, what was done with the amendment offered by the Senator from Iowa?

The PRESIDENT pro tempore. A certain portion of it the Chair declined to entertain, inasmuch as it involves an amendment to the rules.

Mr. DICKINSON. Mr. President, in view of a decision of the Chair, I move as an amendment to the motion of the

Senator from Tennessee that all appropriation bills reported to the Senate by the Senate Appropriations Committee shall be reported at a figure 10 per cent below the amount carried by the bills as passed by the House.

Mr. McKELLAR. I have no objection to that, and will

accept it as a part of my motion.

The PRESIDENT pro tempore. The Chair will state his understanding of the parliamentary situation. The Chair understands the Senator from Tennessee to have accepted the suggestion of the Senator from Iowa with reference to the wording of the motion—

Mr. McKELLAR. If it is not subject to a point of order, I

have no objection to it.

The PRESIDENT pro tempore. The last amendment suggested by the Senator is not subject to a point of order. It applies, as the Chair understands, to all appropriation bills hereafter reported, so that there are two—

Mr. McKELLAR. That is what I understand the Senator

from Iowa to propose.

Mr. DICKINSON. I propose that the amendment shall apply to all appropriation bills for the fiscal year ending June 30, 1933.

The PRESIDENT pro tempore. So that there is a divisible question before the Senate if any Senator wishes to have it divided.

Mr. JONES. Mr. President, I thought I had the floor.

The PRESIDENT pro tempore. The Senator from Washington has the floor.

Mr. JONES. As I understand, the proposition now is to make the motion of the Senator from Tennessee apply to every appropriation bill during the remainder of the session?

Mr. McKELLAR. Every appropriation bill that may be considered hereafter during the session.

Mr. JONES. And including the pending bill.

The PRESIDENT pro tempore. The Chair understands the motion before the Senate now to be the motion of the Senator from Tennessee, to the effect that the pending bill is to be recommitted to the committee with instructions to reduce the appropriations 10 per cent below the aggregate of the figures contained in the bill as it came to the Senate from the House, and that all appropriation bills hereafter reported shall contain a similar reduction.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. JONES. I yield.

Mr. BINGHAM. Mr. President, I hope the motion will be divided, for the reason that if it should be adopted in its present form it would affect the second deficiency bill, and it might be absolutely impossible to apply the motion to that bill,

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Washington yield?

Mr. JONES. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, there is a practical consideration which I think ought to be looked at by the Senate in dealing with the amendment proposed by the Senator from Iowa. The House of Representatives has not as yet passed several of the other appropriation bills. That body is reducing the appropriations very substantially, and it is my impression that the process of reduction there is likely to be accentuated and is certain to be continued. For that reason, I am going to suggest to the Senator from Iowa the propriety of withdrawing the amendment he has proposed. We can not deal with a bill that has not reached the Senate; it is a parliamentary impracticability to provide now that, no matter what reductions the House may make in future bills, we propose automatically to reduce them 10 per cent without any further consideration.

Upon mature thought, I do not believe the Senate should enter into such an arrangement; I think it will prove detri-

mental in the long run and obstructive.

The PRESIDENT pro tempore. The Chair will state that, technically, the suggestion of the Senator from Iowa has passed out of that Senator's hands and is now in the hands of the Senator from Tennessee, having been made a part of his motion.

Mr. McKELLAR, Mr. President, will the Senator from Washington yield to me?

Mr. JONES. I yield.

Mr. McKELLAR. I see the force of the objection that has been raised. When the matter first came up it struck me in this way: I expected to make the motion to recommit with reference to each appropriation bill as it came up, and I thought, Why take several bites at the same cherry. However, upon reflection, I am inclined to believe that it will be better if the course I desire to take were taken as to each individual bill. Of course it would not do so far as deficiency appropriations are concerned, and furthermore it would not do for us to anticipate the action of the House. For that reason I am going to ask to further amend my motion by striking out the amendment which has been offered and accepted.

Mr. DICKINSON. Mr. President, will the Senator from Washington yield?

Mr. JONES. I yield until we can have this matter straightened out.

Mr. DICKINSON. Mr. President, I simply wanted to show the folly of the method of procedure which the Senate is adopting by recommitting appropriation bills with a certain yardstick with reference to reductions. If it is good for one bill, why is it not good for all; and if it is good for the committee, why is it not good for the Senate? It is for that reason that I wanted to make it permissible to raise a point of order when an amendment was offered which would have the effect of increasing the appropriations contained in the bill above the 10 per cent limitation.

As a matter of fact, I voted against the other motion to recommit, and I expect to vote against the pending motion to recommit. I do not believe it is the proper thing for the Senate to do. In my judgment, if there are any items in this appropriation bill that ought to be reduced, the Senate ought to have the courage to study the bill and reduce them on the floor, and not turn the bill back with a 10 per cent blanket clause for reduction.

Mr. President, I withdraw my amendment to the amend-

The PRESIDENT pro tempore. With the consent of the Senator from Iowa, the Senator from Tennessee modifies his motion so that the question before the Senate is the question of recommitting the bill with instructions.

Mr. JONES. Mr. President, I am going to take just a little of the time of the Senate. I desire to call attention to what the Senate is proposing to do. Of course, if the Senate desires to do that thing, and considers it well to do it, it is all right with me. I am a Senator just the same as anybody else here, and I am no more responsible than any other Senator, except as I have charge of the bill that the Senate is considering.

What is it proposed to do? It is proposed to take an appropriation bill and send it back to the committee and direct the committee to report a bill carrying a total that is 10 per cent below the total amount carried by the bill as it passed the House of Representatives. In other words, the Senate says that all of the amendments of the Senate committee are set aside, and the Senate will take this bill as it passed the House, cut down by 10 per cent. If the Senate desires to do that in the face of what has been done with regard to this bill, that is for the Senate to determine.

How has this bill been handled so far?

In the first place, all the items in the bill have been considered by the department that is primarily interested, and that probably knows more about the details of the various items than any other part of the Government. Then the items have gone to the Budget Bureau; and the Budget Bureau, as I understand, in connection with the department, has considered every item very carefully, and has cut out some and accepted others and finally agreed upon what it felt it should refer to Congress.

This estimate by the Budget Bureau, concurred in by the department, has come to the House of Representatives, a coordinate branch of the Government. What action has it taken? What has it done in regard to this bill? Has it partment of the Government, and just arbitrarily say, "You

acted hastily? Has it taken these items and said, "These items must be reduced, regardless of the merits"?

The House of Representatives has referred this bill to its committee. Its committee has gone over every item in the bill. It has investigated every one of them, as the hearings will show. It has passed upon the reasons for the item and has passed upon the reasons against it. It has had before it the representatives of the department, who know more about each item than anybody else. It has accepted some; it has rejected others. It has lowered many; and then the committee has reported the result of its consideration to the

That does not end the matter. The bill has been considered by the House of Representatives one item at a time. Paragraph by paragraph it has been discussed and finally acted upon by the House of Representatives.

Then the bill has come to the Senate. It has been referred to the Committee on Appropriations. What was the conduct of that committee?

In the first place, we have made it a rule to ask each department whether or not the bill as it has passed the House is satisfactory or whether there are any objections, whether anything can be cut out, whether it can be reduced in any way. Here is a copy of the letter sent to the committee by the Secretary of State in reply to a letter to him. I hope Senators will pay attention to this:

I thank you for your letter of February 19, 1932, asking me to indicate the changes which I think absolutely necessary and my reasons for such changes in the bill (H. H. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the

fiscal year June 30, 1933.

In regard to the hope you express that I can point out some items in the House bill that can be omitted or further reduced— I expressed that hope in the letter to the Secretary of

I desire to say that I fully appreciate the necessity for reducing appropriations under present conditions as far as may be done consistently with the public interest. It was in this spirit that the estimates for the Department of State for 1933 when submitted to the Bureau of the Budget showed a reduction of nearly \$1,000,000 below the amounts requested by those in immediate charge of the various activities of the department.

In other words, the request of those who were especially interested and especially acquainted with these various matters was taken by the Department of State itself and cut down nearly a million dollars.

In collaboration with the Bureau of the Budget a further reduction of over a million dollars was made. The House of Representatives has made a still further reduction-

They have made it as we propose to make it. They have not made this reduction simply by an arbitrary cut. They have made the reduction, as I said a while ago, by going over, item by item, all of the proposed appropriations.

The House of Representatives has made a still further reduction of \$1,492,212.77, so that the amount carried by the appropriation bill now pending in the House of Representatives is \$3,174,214.22 below the amount appropriated for the current year. While I have every desire to cooperate with the Congress to the fullest extent, I do not feel that in justice to the responsibilities resting upon this department and the Foreign Service I can suggest further reductions. On the contrave ther reductions. On the contrary-

This is a responsible official of the Government, the head of one of the great departments of the Government. He is just as much interested in saving money as we are. He has to look after the interests of the Government, however, in the particular matter that he is looking into. He says:

I do not feel that in justice to the responsibilities resting upon this department and the Foreign Service I can suggest further reductions. On the contrary, I deem it my duty to recommend several increases over the amounts in the House bill.

The representatives of the various departments covered by this bill have written to us similar letters. Similar action has been taken with reference to the Department of Justice, the Department of Commerce, and the Department of Labor.

What are we to do? Are we to take this bill, which has been so carefully considered in every detail by every demust cut off 10 per cent below what you have been presenting to the United States Senate?"

Mr. McKELLAR. Mr. President, will the Senator yield?
The PRESIDENT pro tempore. Does the Senator from
Washington yield to the Senator from Tennessee?

Mr. JONES. I yield.

Mr. McKELLAR. Take the very first item in the bill, of \$1,915,540 in the office of the Secretary of State. That item in the last five years has grown in this way: In 1928 we appropriated \$1,039,000; in 1929, \$1,045,000; in 1930, \$1,340,000; and for the fiscal year 1933 it has jumped up to \$1,915,000. In other words, if we follow the recommendations of the department itself, we increase this item for doing virtually the same work from \$1,000,000 to \$1,900,000, or nearly double.

Mr. JONES. Mr. President, I am not going to discuss these different items, so far as that is concerned, except to say that this Government has developed in the last five years in every activity in which we are engaged. It has increased very greatly. Notwithstanding that fact, the State Department, as they say in the letter, recognizing the condition of things that confronts the country, in the face of the increases that we made and the activities that we enlarged when times were good, are themselves making such reductions as they feel they consistently can make with the welfare of the Government at heart just as much as we have it at heart.

Mr. McKELLAR. Mr. President-

Mr. JONES. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Senator says that the activities of the Government have increased in the last five years. The principal activity for the last two or three years has been a depression; and it seems to me that now, of all times, we should conserve our resources, and not appropriate extravagantly, as recommended by the department.

Mr. JONES. Mr. President, I recognize the force of that argument, as far as that is concerned. That is an argument which every Senator should consider; but the question is whether we will make anything by this haphazard way of reducing appropriations. It is a haphazard way. It can not help but be that, and it may do more harm than good, although undoubtedly it tends toward reducing expenditures.

I desire to call attention to this matter to which the Senator has just called attention in the Department of State.

Mr. McKELLAR. What page?

Mr. JONES. On page 2 of the bill, under the Department of State, for the Secretary's office, for the current year the appropriation is \$1,960,588. The estimate that came in for the coming fiscal year was \$1,975,000-just a little increase over last year. That was cut down by the House to \$1,915,540. There is not any question but that the House is just as anxious for economy as we are; and considering the condition of the country and considering the absolutely imperative needs of this department, it cut down the amount to \$1,915,540. We have not changed that. We have no facts, no justification, in my judgment, for an arbitrary 10 per cent reduction. The item might stand that reduction. I think the Senate ought to determine, upon consideration of that item alone, what ought to be cut there, and in the same way it ought to determine what other items ought to be cut.

Mr. COPELAND. Mr. President, it has seemed to me that this motion was not presented at the right stage of the proceedings. I have the feeling that the Senate itself should perfect this bill before it seeks to send it back to the committee. The Senate should share the responsibility for the changes which are made. I am inclined to vote for such a motion at some time or other, but I do not think we should adopt it until we have made the effort in the Senate to make such changes in the bill as would result in ultimate economy.

Frankly, I feel that it is not fair to the committee to send the bill back to the committee, and ask them arbitrarily to cut 10 per cent from the aggregate. It might

well be that in the discussion on the floor we might find that we could make greater reductions than 10 per cent in the total, but we should not evade the responsibility resting upon us to perfect the bill, and we should not be stampeded into doing something which may retard government, which may interfere seriously with the operation of government.

Every one of us wants to have economy, and rigid economy, practiced, but we can not evade our own individual responsibility as Members of the Senate to inspect and study, analyze, and, if possible, reduce the proposals. That is the way I feel about it.

I wish this motion of the Senator from Tennessee might come at a later time, after the Senate itself has had an opportunity to see what it can do with the bill.

Mr. JONES. Mr. President, let me call the attention of the Senator from New York to another fact. I agree with him to a great extent, if not entirely. But suppose we go on considering the various appropriation bills, and then have similar motions, as we had as to the Interior Department bill. We would do away with everything we had done. It does not mean the reduction of 10 per cent in the bill as reported by the Senate committee. It means a reduction of the bill by 10 per cent below what the figures were as the bill passed the House, without consideration of any amendment we may have considered, or any matters which the Secretary of State may have suggested to our committee which we ought to add to the bill. I think the Senator's suggestions are exactly what we ought to follow.

Mr. DICKINSON. Mr. President, I want to make a further suggestion. The Senate spent several days in considering the Interior Department appropriation bill. The time was wasted, for the reason that we have to go back and begin all over. If the Committee on Appropriations of the Senate is to be commanded to reduce the appropriations 10 per cent below what the House allowed, then we ought to know it in advance, and the motion ought to be made when the bill first comes on to the floor, or there ought to be a general resolution adopted by the Senate, and then we would be prepared when a bill came on the floor.

One thing more. I hope every Senator who votes in the affirmative on this motion to recommit will take that fact into consideration when amendments are offered on the floor of the Senate to increase the appropriations, as will be the case if the bill comes back to the floor of the Senate carrying 10 per cent reductions all along the line, as the Senate is about to command. I do not see how any Senator can vote to send the bill back to the committee and, when it is reported back and comes on the floor of the Senate, vote to increase any item in the bill which will increase the total. That is the reason why I made the suggestion in my previous remarks.

Mr. JONES. I was just about to suggest that situation to the Senate. Suppose we send the bill back to the committee under this motion, and the committee does the best it can, and strikes down items here and there and vonder without any special consideration, because this reduction resolution is being passed upon without any special consideration. We cut out items so as to comply with the Senate's order, and then the bill comes back to the Senate. No Senator would be prevented from offering an amendment. No Senator would be prevented from proposing that an increase be made, or that a new item be put into the bill, or anything of the sort. The motion would simply bind the committee and direct that we must report the bill back to the Senate with the aggregate reduced 10 per cent below the figures sent over by the House, and then the Senate could consider it in whatever way it pleased, amendments being offered, which would be in order, of course. Senators may offer amendments of various kinds and the Senate can disregard its instructions to the committee. There will be no instructions then. The Senate, of course, is a body to itself. It can put on as much as it pleases and take off as much as

Mr. SMOOT. Mr. President, will the Senator yield? Mr. JONES. I yield.

Mr. SMOOT. I wanted to call attention to the situation we are in with the Interior Department appropriation bill. The House passed the Interior Department appropriation bill, it came over to the Senate, and the Senate added approximately \$4,000,000 to it. Then came the motion of the Senator from Tennessee to reduce the bill 10 per cent. below the amount the House appropriated. In other words, there were all the increases put on in the Senate, which must be taken out or an equivalent amount taken out of some other part of the bill. That is the situation.

It seems to me the Senator from Washington is perfectly correct; if this plan is to be carried out and applied to the bill as it passed the House, that is what we want to know. Then we will go at the matter the best we can, and if the order of the Senate can be complied with we will report the bill to the Senate, and if it can not be we will

come to the Senate and say so.

Mr. JONES. Mr. President, just a word or two more and I will be through. I think the Senate clearly appreciates the situation which confronts us—appreciates what is proposed to be done.

If the Senate says to the Committee on Appropriations, "You must cut the appropriations 10 per cent below the House figures," the committee will do that. The bill will come back to this body. It will again be for the approval or disapproval of the Senate. It will then be open to amendment, just the same as it is now. It does seem to me that the right course for us to take is to consider the bill, with the amendments which are proposed, by whomever they are proposed, and decide upon the course we want to take.

I want to suggest this to the Senate, and I say it in all frankness; I was authorized to say it in frankness: If the Senate agrees to this motion and the bill is sent to conference with the amendments which will be made necessary by the direction of the Senate, they will be accepted by the House conferees without any question. Whatever they may think about the efficacy or the wisdom of the amendments, I have been authorized to say after conversation with the chairman of the House Committee on Appropriations that they will accept the amendments we put on.

Mr. FLETCHER. What amendments?

Mr. JONES. The amendments made necessary under the motion directing the 10 per cent reduction. However we may dispose of that 10 per cent matter, it will be accepted by the House conferees.

Does the Senate desire to act in that way in regard to this important bill? If that action is taken with reference to this bill, as the Senate has already acted with reference to the Interior Department appropriation bill, why should it not so act with reference to subsequent bills? I do not say this in the way of a threat but simply as a fact; but if the Senate applies such a rule to this bill, I shall expect it to apply the same rule to subsequent bills. So we vote on this proposition with our eyes open with reference to that phase of the situation.

I think I am just as economical as any Member of this body. I think I recognize the situation just as clearly as any Member of this body does. I propose to hold appropriations down where I do not think holding them down will do more harm than good, but where I do think that it would do more harm to cut in the way suggested I will oppose such action, unless the Senate directs us to act differently.

Mr. FLETCHER. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I yield.

Mr. FLETCHER. I want to suggest to the Senator that if the House recognizes that the Senate is disposed to reduce every bill 10 per cent all it has to do is to raise every bill 10 per cent, with the idea that the Senate is going to reduce it.

Mr. JONES. They could follow that course. Nevertheless they will do with reference to this bill as I have stated.

If we adopt the hard and fast rule with reference to all these measures, the House will act with knowledge of that intention on the part of the Senate, and taking that into

account. By the adoption of this motion we would notify the House that they could act as they saw fit, but they would know what was coming and they could take advantage of their knowledge and meet the situation.

I think the wise course for the Senate to pursue is to take this bill up and wherever an item ought to be cut down or cut out, cut it down or cut it out, and let us pass the bill

as we think it ought to be passed.

Mr. SMOOT. Unless it is passed in that way we shall see a deficiency bill come in to cover most of the amounts cut out. That is what is going to happen; I care not what action is taken to-day, if the 10 per cent is taken off, we will find a deficiency bill here before the fiscal year which this

appropriation bill covers ends.

Mr. ROBINSON of Arkansas. Mr. President, the Senate has arrived at what I believe will prove to be a crisis in the legislative program of the present session. In supporting an amendment to reduce these general appropriation bills 10 per cent no one, I presume, proceeds on the theory that the allowance of the amounts estimated for would be reckless extravagance. If we respond to the argument made by the Senator from Washington and accept the conclusions and representations of the heads of the departments as to the amounts required for the services which they represent, we will never be able to reduce the total cost of government.

I wonder whether it is necessary for me at this stage of the proceedings to enter into a prolonged argument to enforce that conclusion in the minds of other Senators.

Mr. JONES. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. JONES. I know the Senator did not intend to misrepresent my attitude, but I do not take the position that we must take the items as they are recommended by the departments. We have not done that in making our recommendations. We consider them, however, and reduce wherever we think reductions should be made.

Mr. ROBINSON of Arkansas. The Senator correctly states that he did not say that the representations of the heads of departments were absolutely conclusive, but I recall that a material part of his time was consumed in trying to convince the Senate that the departments know what their departments need much better than Senators can know.

Mr. President, it is just exactly acquiescence in that principle which has led this Government to a position where we are required to reverse our attitude. If we go on pursuing that course we will find that over a definite period of years instead of the Government growing smaller and less expensive it will be growing larger and more expensive. That is a natural process, one that is not to be condemned in all of its details.

We are confronted with this situation. We have a Government which costs \$4,000,000,000 a year, at a time when our revenues are scarcely \$2,000,000,000 a year. From limit to limit of this country the cry is resounding, "Reduce your costs. Do not increase taxes."

In my judgment, we can not restore a proper proportion between revenues and Government expenses without resorting to both plans, reducing expenses and increasing revenues.

Revenues from income taxes have diminished alarmingly during the period of the present depression. The amount of revenue received from income taxes up to the present date compared with last year is only approximately one-half, and that ratio is likely to be continued throughout the fiscal year. We are confronted with a practical proposition. If we rely on the judgment of the departments we will make only a few small reductions and they will amount to very little when it comes to solving our great problem.

The Senator from Washington made an appeal on the ground that the House of Representatives had cut the bill to the very bone and that the House is just as much interested in economy as the Senate can be. That is true. The House did perform a very valuable service. It reduced the estimates in many items. But still the bill carries an amazingly large aggregate. At a time when the Treasury is

almost bankrupt we are proposing to appropriate more than twice the amount that was appropriated for the Department of Commerce in the year 1925. Think of that! Only seven years have elapsed. In 1925 the aggregate appropriation for the Department of Commerce was \$24,000,000 plus. It is now very near \$55,000,000.

What is the object of the Department of Commerce? I think I need not enter into that in detail, but surely, when we analyze the results that have come from its efforts, rapid increase is not justified. Our foreign commerce is diminishing. It may be and doubtless is true that it would be still less than it is if it were not for the activities of the Department of Commerce. I raise no question about that. But I wonder if we are to be committed now to the judgment of the Secretary of Commerce or any other executive officer that the amount estimated for must be appropriated in spite tof the fact that we are having the greatest difficulty in obtaining the revenues necessary to meet the absolutely indispensable expenses of government.

The same thing is true of other departments. It is true in a less degree of the Department of Labor, of the Department of the Interior, of the Department of State.

Mr. LONG. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. The Senator has pointed out the situation with reference to the Department of Commerce and I agree with him. I also agreed with the proposed reduction in the appropriation for the Department of the Interior. The Department of Commerce apparently can stand a very large reduction. I was just wondering, instead of sending the bill back to the committee with instructions to make a reduction of 10 per cent, whether it would not be better that the Senate first prescribe the reductions to which the departments should be subjected rather than to have the bill go back to the committee and reductions put where they could possibly not be supported.

Mr. ROBINSON of Arkansas. That is an open question. That is one of the questions raised by the Senator from Washington. My experience is, I will say to the Senator from Louisiana, that in efforts to reduce general appropriation bills in the Senate the tendency has been to increase them rather than to decrease them upon the consideration of specific amendments. There is reason for that. It is not as absurd as one would first think, because practically every item in the bill and any amendment that may be offered to an item in the bill has in itself, considered from what I may term the intrinsic standpoint, some element of merit: that is, there may be presented arguments to sustain it. It is just exactly that fact that makes necessary in my judgment the adoption of the policy involved in the amendment. After all, it is the Budget policy. It says, "You have so much money that you can expend for the purposes of this particular department. Now tell us how that may best be distributed."

Mr. BINGHAM. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I am glad to yield.

Mr. BINGHAM. Is it not true that exactly what happens is that about six or eight months before the bill comes to Congress the President says to each department, "You may have so much money. Divide it as you deem best"? Then what the Senate is asked to do, and I join with the Senator from Arkansas in the hope that it will do it, is to say to the Appropriation Committee, "That was too much. Cut it 10 per cent. Consult with the Budget and the department as to the best way the cut may be made."

Mr. ROBINSON of Arkansas. The statement of the Senator from Connecticut is correct with this single exception. I do not understand that the President in the beginning says to the head of a department, "You can have \$200,000,000 or \$400,000,000 or \$1,000,000." The directions which he actually gives, as I am informed, are, "You must reduce your estimates as much as you can without interfering with

the efficient administration of your department." Upon that direction the Cabinet member who is the head of the departments directs that the estimates be made up. As stated by the Senator from Connecticut, that is all right in a time of prosperity; that is all right when revenues are abundant, as they have been until the last year or two. But it certainly is not a policy that can be strictly adhered to in a time like the present.

We know that no matter how the tax problem confronting the present session of Congress is finally resolved, we know that no matter whether a general sales tax is levied or a luxury sales tax is levied and other sources of revenue provided for, there will still be an enormous deficit in the Treasury which can be covered only by the exercise of the power to borrow, and in every case where we issue bonds there should be provision for the payment of interest and sinking fund. So that it is not a question which arises in normal times. I think the Government has been growing too fast, even though the times have been prosperous up until the recent years.

It is a question of whether we wish to take hold of this matter and determine it decisively and emphatically. Does anyone doubt that if a reduction of 10 per cent is made—

Mr. LONG. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. Before the Senator leaves the question of the Department of Commerce may I say that we have had considerable experience with the Department of Commerce through the port of New Orleans. We have had to maintain agents in all of the principal centers of foreign countries where we were doing business. We have received practically no benefit, so far as we can ascertain, from the Department of Commerce. I do not know of any other port that has been receiving any particular benefit through the Department of Commerce. Certainly the result at our port has been that since 1925 our foreign commerce has shown no increase, but I would think rather a decrease. I see no reason for the Department of Commerce being operated on revenues in double the amount they received in 1925. For that reason I have been hopeful that before the bill left the floor of the Senate, such aggravated items as that relating to the Department of Commerce would be slashed to such an extent as to bring them down to the amount with which they could probably more effectively and more efficiently operate.

Mr. COPELAND. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. I think there is a \$300,000 cut in the very item which the Senator from Louisiana mentions. I would like to say that the experience of my State is that the foreign agents have been of extreme value to the merchants and manufacturers of New York, so no matter what item comes up we find that one section of the country will be aligned against another as to its beneficial results. But in that particular item there has been a cut, if I remember correctly, of about \$300,000.

Mr. ROBINSON of Arkansas. I think there is this justification for the reduction of the appropriations for the Department of Commerce. In spite of all the activities to stimulate foreign commerce, which is presumed to be one of the primary functions of the Department of Commerce, we find now that our foreign commerce is constantly shrinking and that in spite of everything that has been done, in spite of this enormous expenditure to promote commerce, we are still losing commerce all the time. It may be entirely true that the Department of Commerce is not responsible for that result, but it certainly is true that it has not been efficient enough to overcome whatever causes have resulted in the reduction of our foreign commerce.

Now, Mr. President-

Mr. COPELAND. Mr. President, will the Senator yield before he leaves that point?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. It seems to me one of the great mistakes made by the administration was the failure of the President last June, when there was a world gathering here of chambers of commerce, to take advantage of the gathering to discuss these matters of economic interest. We have world conditions involved in the depression of trade everywhere, and in our country particularly, but when there was an opportunity for a practical consideration of the problem there was a complete failure on the part of the administration to take advantage of it.

In regard to the particular matter referred to by the Senator from Louisiana, I would still think there is very important work to be done through the foreign agents of the Department of Commerce in the development of American commerce.

Mr. LONG. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Arkansas yield further to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LONG. I do not believe the Senator is really aware of what actually happens at his own port of New York. As a matter of fact, long before the depression came, as I believe the statistics will show, because I have had occasion to investigate them, we were losing traffic at the port of New Orleans, losing it at about the rate the activities of the department were increasing. There has not been any practical result from the activities of the department that we have been able to find. Out of New Orleans our foreign business is as widely scattered as from any port in the world. I do not think there is any reason in the world now, particularly with the Department of Commerce showing no results in securing any trade, so far as we have been able to find, why the department should not be put back upon the basis where it was seven years ago. I believe if we would restrict the activities of the Department of Commerce they might do better, because in instances where we have been attempting to develop the commerce with Latin America which we were enjoying seven years ago we know that the activities of the department have restricted rather than helped us. Fewer agents of the department in foreign countries would be more helpful than more agents.

Mr. ROBINSON of Arkansas. However that may be, one fact stands out indisputably, and that is that during this period when the Department of Commerce has been growing and expanding so rapidly our commerce for at least a considerable part of that time has been diminishing and has been shrinking.

The rule of rapid increase applies to nearly all the departments. The legislative establishment in 1925 cost \$16,-648,000; in 1932—and the figures I am using are all for that year—the legislative establishment required \$27,832,000, or approximately twice as much as in 1925. I do not think anyone here will contend that the Department of Commerce is worth more than twice as much to this Government now as it was in 1925, or that the legislative department is worth twice as much as it was in 1925.

Mr. BINGHAM. Mr. President-

Mr. ROBINSON of Arkansas. I yield to the Senator from

Mr. BINGHAM. May I remind the Senator—I am in entire sympathy with him—that the Department of Commerce since those years has been given a number of other activities that it did not have before such as the Census Bureau, the Bureau of Mines, and the Patent Office. They have swollen its appropriations beyond what would be a fair ratio of increase.

Mr. ROBINSON of Arkansas. That is a fair statement, and I thank the Senator for injecting it at this point, because it might have been omitted but for his interruption.

The appropriations for independent offices have increased from \$411,000,000 plus in 1925 to \$1,383,000,000 plus in 1932. That is more than three times as much within seven years.

The Department of Agriculture cost the Government \$74,000,000 plus in 1925, and in 1932 it cost \$422,000,000 plus. Here also I should say that certain special activities were required of the Department of Agriculture, which contributed in part to that increase.

Mr. BINGHAM. Mr. President, will the Senator from Arkansas permit another interruption?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. I think the Senator from Arkansas mentioned the fact that the appropriation for the independent offices had increased more than three times.

Mr. ROBINSON of Arkansas. Yes, sir.

Mr. BINGHAM. Did the Senator also state the fact that that increase was almost entirely due to the Veterans' Administration?

Mr. ROBINSON of Arkansas. I am not sure what proportion of it is due to the Veterans' Administration. What I am pointing out is that appropriations for general governmental purposes have grown from a total of \$3,748,000,000 in 1925 to \$5,178,000,000 in 1932.

Mr. FESS. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. Has the Senator the figures before him relative to the appropriations made for the Post Office Department?

Mr. ROBINSON of Arkansas. I have before me the figures showing the appropriations for the Post Office Department and the Postal Service payable from postal revenues. The appropriation for that purpose was \$629,000,000 plus in 1925, and it was \$844,000,000 plus in 1932.

Mr. FESS. Those figures show that the increase of appropriations in the case of the Post Office Department is not nearly so great as in the case of the other departments. While I agree that the growth in appropriations for the departments is almost exorbitant, I am wondering how much in the meantime the business of the country has grown. The expenditures for the Post Office Department would furnish a good barometer by which to make a comparison; but the figures quoted by the Senator from Arkansas show that the increase of appropriations for the Post Office Department has only been from about \$600,000,000 plus in 1925 to \$800,000,000 in 1932.

Mr. ROBINSON of Arkansas. The figures quoted represent the cost of operating the Post Office Department.

Mr. FESS. Has the Senator before him the figures showing the receipts of the Post Office Department?

Mr. ROBINSON of Arkansas. The revenues from the Post Office Department are not given on the table I am

Mr. FESS. The increase in the revenues of the Post Office Department would be about in the same proportion as the increase in the appropriations for its support.

Mr. ROBINSON of Arkansas. It is fair to say that the State Department has not shown the expansion and increase of appropriations that have marked other departments. In 1925 its cost was \$15,000,000 plus, and in 1932 it was \$18,000,000 plus. I am omitting the thousands for convenience's sake.

What has just been said of the State Department is likewise true of the Treasury Department. In 1925 the appropriation for the Treasury Department was \$269,000,000 plus, and in 1932 it was \$278,000,000 plus.

Mr. BINGHAM. Mr. President, the Senator from Arkansas will remember that nearly \$100,000,000 has been taken away from the Treasury for the enforcement of the prohibition act and has been given to the Department of Justice. I am not sure as to the figure; the amount may be less.

Mr. ROBINSON of Arkansas. It would be nothing like that amount.

Mr. BINGHAM. I find it is about \$30,000,000.

Mr. ROBINSON of Arkansas. It is about \$30,000,000. That, of course, accounts for some part of the discrepancy; but, on the whole, the department has been growing, the Government has been expanding, and the cost of government has been increasing.

We are now at a time when we can not afford a \$4,000,000,000 or \$5,000,000,000 annual National Government; we must reduce our expenses; for, no matter in what form we seek to obtain the taxes which are necessary to overcome the deficit, we are going to encounter very great difficulty; and we have not solved that problem by any means.

I think it will cause difficulty, it will occasion annoyance, to make a reduction as much as is contemplated by this amendment, but we can not avoid it, and if we simply rely on amendments to be agreed to in the Senate, without regard to the total amount of the bill, we shall have what actually happened in the committee occurring in the Senate. The committee commends the House for reducing the estimates and then reports a bill that increases the appropriations over those provided by the House by \$1,017,000 plus. No criticism is offered of the committee for that, but efforts to reduce by separate amendments is a process that is ineffective. It is the same process that is suggested to be pursued here. If we leave this open to the proposition that individual amendments shall be added to the committee amendments, this bill will go back to the House probably with several million dollars added, just as was the case in the agricultural appropriation bill and in the Interior Department appropriation bill, although the latter bill has not gone back to the House but has been recommitted to the

Mr. BINGHAM. Mr. President-

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. I thought the Senator was nearly through, but since he has been so kind as to yield to me, may I not give this additional information which came to me only a day or two ago?

I asked the Treasury Department what the receipts and expenditures had been for the 12 months previous to March 1, 1932. The Senator will realize that that includes all receipts of income taxes, the first quarter of which were paid March 15, 1931. The period includes a part of two fiscal years and the figures show how we have been running behind; they show how far the country has been going back and the small likelihood of our being able to raise much more from income and other taxes. The figures as given me by the Treasury Department are these: That during the period from March 1, 1931, to March 1, 1932, the Government received from all sources \$2,629,557,267, and the Government spent \$5,000,161,594—just about 2 to 1.

Mr. ROBINSON of Arkansas. Approximately 2 to 1. There is nothing in present conditions to indicate an increase in revenues from existing sources which are now being tapped within the next few months, and circumstances do not seem to me to justify the belief that business will be so revived within the early future as to assure that a part of the deficit will be overcome without additional taxes. The figures the Senator has given are believed to be accurate, and they illustrate the point that is attempted to be made.

Now, what solution have we for this very great problem? We may raise income taxes to any figure that has been proposed and the additional amount of revenue that will be received from them will be comparatively unimportant. We may impose certain taxes on so-called luxuries and the aggregate amount will be inadequate.

The problem is to cut expenses in every way possible. I have not the slightest doubt that there will be less suffering, less annoyance resulting from the reduction proposed by the Senator from Tennessee, than there will be to the taxpayers of this Nation when we attempt to levy such an amount as must be levied. It is not a mere question of being "nice" to people or doing what we would like to do; it is a question of doing something substantial and decisive.

Mr. GEORGE. Mr. President, may I make a suggestion to the Senator, if it will not interrupt the thread of his argument?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Georgia?

Mr. ROBINSON of Arkansas. I yield.

Mr. GEORGE. The habit of leaving to the Budget Bureau, and throwing upon the President the necessity for economy, is an exact reversal of what ought to be done by the legislative branch of the Government. The Congress alone has the power to appropriate, and if the Congress does not exercise that power the Budget Bureau and the Executive himself are not likely to come to the Congress and ask for the elimination of any needless expenditure of money or for the elimination of any needless bureau or board or commission or other agency of government; but when and if the Congress exercises its primary duty and obligation to place a definite and distinct limitation upon all appropriations made for any department of the Government, then we may hope that there will be some actual progress made toward economy in government.

Mr. ROBINSON of Arkansas. The Senator from Georgia is entirely correct, and his suggestion has prompted this additional thought: Those of us who have been in Congress for a great many years realize that there is a measure of competition between or among the departments in their efforts to secure appropriations. The head of the department who can do best for his organization, who can secure the largest amount of money and the most liberal authorizations for salaries is usually quite popular with his department; and, as suggested by the Senator from Georgia, this system does not make for the promotion of rigid economy, such economy as is necessary to be practiced at this time.

Mr. President, the Senator from Washington made a statement intended to prevent the Senate from agreeing to the pending motion, and that was that if we adopt the motion the House will accept it. Mr. President, that is to me very gratifying information, and for that reason, as well as for the others that I have attempted to assign, I shall support the motion.

Mr. VANDENBERG obtained the floor.

Mr. GLASS. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. VANDENBERG. I do.

Mr. GLASS. Before the Senator from Arkansas takes his seat I should like to inquire if he happens to know what is the relative increase in the cost of government for this fiscal year and the receipts of revenue by the Government as contrasted with, say, 1914—the year before the war?

Mr. ROBINSON of Arkansas. I have not compiled those figures. I think, however, they could be easily obtained.

Mr. GLASS. It would be very interesting to know what the contrast is; whether in the matter of expenditures we have far exceeded the percentage of increase in the revenues of the Government.

Mr. ROBINSON of Arkansas. There is no doubt of the fact that the revenues are diminishing now; and that is one of the circumstances that make absolutely necessary a diminution in expenditures. As compared with the period of 1914, I have not the figures.

Mr. GLASS. I would undertake to say, from my personal observation, that the Government is not more efficiently administered now than it was 16 years ago.

Mr. McKELLAR. Mr. President, if the Senator will permit me-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. VANDENBERG. I yield; although I should like to proceed.

Mr. McKELLAR. I will read these figures:

On page 184 of the Statistical Abstract of the United States for 1930, it appears that there was appropriated for the Department of Commerce, for the fiscal year 1919, the sum of \$15,000,000 plus. The next year it went up to \$30,000,000. In

1921 it was reduced to \$23,000,000 plus; in 1922, \$17,000,000; in 1923, \$20,000,000; in 1924, \$22,000,000. Since that time it has more than doubled; and to-day the amount recommended is \$54,000,000 plus.

Mr. GLASS. My inquiry was not directed to any particular department of the Government, but to the total receipts and total expenditures of 1914, as contrasted with the total receipts and the total expenditures now. It would be interesting to know, if the chairman of the Finance Committee of the Senate can furnish the information, just what is the relative percentage of increase in revenues and expenditures for those two periods.

Mr. SMOOT. I have not the report, Mr. President; but I can send and get it in just a moment.

Mr. ROBINSON of Arkansas. I have sent for the figures and will put them into the RECORD.

Mr. ROBINSON of Arkansas subsequently said:

Mr. President, a few moments ago, about the time when my remarks were being concluded, the Senator from Virginia [Mr. Glass] made an inquiry about the comparison of appropriations and revenues in the year 1914. The following figures have been handed to me. I have not had the opportunity of confirming them myself, but I believe them to be correct.

In 1914 the aggregate appropriations of government were \$1,098,000,000 plus, and in 1914 the revenues were \$1,018,-000,000 plus, slightly less than the total amount of appropriations, but the difference was not sufficient to occasion any difficulty.

We have gone from a little over a billion dollars in 1914 to \$5,000,000,000 in 1932, in round figures, in our appropriations. The revenues have been falling off very rapidly and now equal less than half the amount of our expenditures, taking the figures furnished by the Senator from Connecticut.

Mr. JONES. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I should like to proceed briefly, Mr. President.

The VICE PRESIDENT. The Senator declines to yield further.

Mr. VANDENBERG. Mr. President, I listened to the persuasive reasons submitted by the very able and always conscientious chairman of the Appropriations Committee why this motion should not prevail. I think there is an unanswerable preponderance of reason why it should prevail, and I rise in sympathy with the views just expressed by the distinguished minority leader.

It is perfectly true that the Senate is to be indicted for supreme inconsistency in connection with its action in relation to the Interior Department bill through the adoption of the horizontal 10 per cent reduction formula submitted by the Senator from Tennessee. Perhaps it is the final inconsistency that I am in favor of the same 10 per cent reduction formula in the pending bill, in spite of these other inconsistencies; but the situation, taken in all its implications, drives me to the inevitable conclusion that this is the only avenue of practical and substantial economic hope.

The Senate was inconsistent in first voting added appropriations into the bill and then ordering the Appropriations Committee to take out the appropriations which we had put in and 10 per cent more. That was inconsistent. It was a species of fiscal piety which might be termed thundering in the index. We certainly were inconsistent when we declined the amendment of the House providing for a practically painless reduction in Federal personnel and the expense involved in it. We were decidedly inconsistent when we declined the House plan and failed to offer any of our own. But that was not the worst of the inconsistency, Mr. President. The worst of the inconsistency was that a perverse majority of the Senate, on a roll call, declined to add to the amendment proposed by the Senator from Tennessee the formula which I offered and which could have produced a swift and practical reorganization of a large part of this bureaucratic structure which is substantially

responsible for the burdensome difficulties in which we find ourselves. But, in spite of all those inconsistencies, I agree absolutely with the Senator from Arkansas in the propositions which he submits, that, all other recourses obviously having failed, we must take the only one left, which is a major operation. I have faith in it and its promise of ultimate fiscal convalescence.

What is calculated to result, Mr. President—and this is the thoroughly practical reason why I think this motion might well prevail—what is calculated to be the lengthened shadow of this action, if we continue to order these 10 per cent reductions?

If, arbitrarily, the Congress does require a 10 per cent setback in this organization structure of the Government, I think we ourselves will be driven within the next few weeks either to adopt the resolution submitted by the distinguished junior Senator from Georgia [Mr. George], which permits executive latitude for the reorganization of the executive structure, and which has been reflected in my own motions and amendments, or we will be driven to propose these reorganizations ourselves. In a word, the Senate will come to a point where essential reorganization no longer can be disingenuously evaded or avoided.

Any Member of Congress who is upon the fundamental trail of Federal economies is interested fundamentally in a reorganization of this structure. It can be reorganized by act of Congress if Congress is willing. Occasionally—very occasionally—Congress is willing; and I should like to submit to the Senate the monitory and significant result which has come from the one reorganization act which Congress did have the courage and the vision to order.

On July 3, 1930, Congress did order a redistribution of all the various functions dealing with veterans' affairs and combined them under one concentrated management. This management went into the capable hands of General Hines, one of the ablest administrators who ever served the Government. As a result of that concentration, the following economies already have been effected:

In personnel, \$5,900,000.

In the better coordination and use of homes and hospitals in lieu of new units, \$1,200,000.

In economies effected through combination of field activities. \$1.200.000.

Through the acquirement of increased facilities through internal rearrangement rather than through new construction. \$2,400,000.

And another item of \$750,000; a total, without going into further detail, of nearly \$12,000,000—and the operation has only started. There is the proof of what can be done by the reorganization which I have been begging the Senate to precipitate throughout this enormous Federal institution.

Mr. President, it is perfectly obvious that the expense of this particular operation of Government under other and diverse auspices would have multiplied tremendously in view of the new duties that have been loaded upon the Veterans' Bureau during the last year or two, having particular reference to the new Spanish War pension claims, having particular reference to the 715,000 new disability-allowance claims in connection with the World War, and having particular reference to the loans upon 1,378,000 adjusted-compensation certificates. The expense would have gone skyward if it had not been for this new, reorganized, and concentrated administration of these veterans' affairs.

Why did not the expense multiply? Why is it that upon this day the net immediate savings in the appropriations for the administration since consolidation are represented by \$2,500,000, the estimate of the amount of money which will be returned to the Treasury—there is a novelty—returned to the Treasury from administrative appropriations at the expiration of the fiscal year, not including \$1,300,000 remaining unexpended—there is another novelty—in the appropriation made for the administration of the loan provisions of the adjusted compensation act? He who runs may read. Let the lesson be read by the Senate in the light of our contemporary challenge. Ten executive departments! Forty independent establishments! Two hundred bureaus,

boards, and commissions! Five hundred and fifty thousand employees! And a deficit of \$2,000,000,000 which must be conquered! There is the challenge. Yet thus far the Senate has defeated every motion I have made to provide for swiftest possible readjustments and redistributions and consolidations which would curtail the appetite of our Frankenstein. Mr. President, we can not much longer dodge these realities.

Mr. President, anybody who says that the expense of operating the bureaucracy of our Government can not be cut 10 per cent must deny the implication of this perfectly obvious exhibit; and the implication is that any time we are ready to lay the ax to the root of the tree—if I may refer to the simile which was brought to us by the lyric Senator from Illinois [Mr. Lewis] the other day—if we are ready to lay the ax to the root of the tree, instead of merely pruning its foliage, it is perfectly obvious that we can accomplish the result to which the Senator from Tennessee addresses his amendment.

Congress can do it if it is willing to address itself to this problem of reorganization. I should prefer that Congress do it. The trouble is that Congress will not do it, as has been demonstrated time and time again. The best possible demonstration of this fact is the pathetic history of what happened to the tremendous report of the joint committee on reorganization which was raised in 1920, which consisted of some of the ablest men in Congress, including the senior Senator from Utah [Mr. Smoot] and the senior Senator from Mississippi [Mr. HARRISON], which worked three and a half faithful years, which concluded its public hearings in April, 1924, and submitted a formal report on June 3, 1924. Since then it has not been heard of. We shall soon celebrate the eighth anniversary of its obsequies. Why has it not been heard of? It is quite obvious why it has not been heard of. It has not been heard of for the same reason that a reorganization plan can not be put through Congress to-day. It was too good a plan. It crushed too many toes. It defied bureaucracy. It died aborning.

Just contemplate, Mr. President, the invaluable recommendations submitted to Congress as a result of this four years of constructive and effectual labor on the part of the servants of the Congress. Here is a complete scheme of reorganization submitted by this joint committee. Here are the detailed charts. I venture the assertion that if this complete scheme of reorganization were in vogue at this moment there would be no trouble whatever about saving even more than the 10 per cent to which the Senator from Tennessee addresses himself.

Yet the inconsistency of the situation is that although there is not a single pending plan in the Senate for a senatorial reorganization of bureaus the Senate has voted upon roll call to decline the only other available recourse to accomplish that result, to wit, to permit the Executive sufficient executive latitude to do it upon his own responsibility and within his own exercise of power.

Mr. President, the point I am submitting in behalf of the 10 per cent proposal which comes again from the Senator from Tennessee is this. I am persuaded that if we force a contraction in the available funds for the operation of these departments, one of two things is bound to happen: Either the departments themselves will find that it is possible to live within the curtailed income, or the Senate will have to reverse its action on my various motions and pass the reorganization resolution submitted by the distinguished junior Senator from Georgia [Mr. George] now waiting on the calendar for the Senate's attention.

That is the reason why it is useful, in my judgment, to take this arbitrary, otherwise unscientific, and normally utterly indefensible method of attacking the expenditures which are throttling the country. The sequence of events will force us to implement our economies in order that they may become real.

Figures have been submitted here to indicate what the extent of the tax burden is. I think the most striking figure I have seen is that submitted by the Industrial Conference Board of New York about a week ago. It showed that the

total expense of all types of government in the United States, meaning local, State, and Federal, in 1929 was \$13,000,000,000,000, or \$40,000,000 every week day of the year. I understand it is now \$14,000,000,000. Mark you, the cost of government equals in the United States the total cash products of all the motor factories, all the factories making motor bodies and parts, all the iron and steel blast furnaces, all the rolling mills, all the slaughter and meat packing, all the industry engaged in men's and women's clothing. That total volume of cash production out of the commerce of the United States is to-day the tax burden upon the American people, and it is no wonder they are in revolt.

Our share of that burden is 30.1 per cent of the total, or about \$12,000,000 every week day that rolls by. That is the share which is within our control. That share will never be appreciably reduced if we continue the normal process of attempting to reduce it either by amendment in committee or amendment on the floor. The sterility of such methods is now obvious. We are much happier economists in the abstract than in the concrete.

Mr. President, we all render vocal allegiance to the pursuit of economy. The question is, Are we going actually to practice what we preach?

We first have to stop all new expenditures, no matter how nobly meditated. At this point may I say that if there are any inconsistencies in the record of the Senate upon the score of economy, they are as nothing compared with the inconsistencies in the attitude of the American people themselves toward the Federal Government and its expenditures. Within the last 90 days, when all this urge for economy had been upon us and on the country, I have had requests from organized groups in the State of Michigan demanding that I support a total of over \$11,000,000,000 in new appropriations. The people themselves have to learn that we can not spend and save simultaneously. They have to learn that Uncle Sam is not Santa Claus, and until they cooperate with an affirmative economical impulse with those within the Congress who are similarly stimulated we can not hope for economic salvation.

I have said that we must stop all new expenditures. Beyond that what can we do? We can try to reduce appropriations in committee, but it is perfectly obvious that any such effort is necessarily pathetic. That is no reflection upon the committees; it is a reflection of the fact that the committees confront imponderables, and they can not get away from them.

There is no possibility of a successful reduction upon the floor of either the House or the Senate, because most of the reductions which have occurred in the House—and I am not speaking critically—are calculated ultimately to show up in the form of deficiency appropriations. We are dealing with the shadow rather than the substance.

Mr. President, when we finally cut down to the root of the tree, there is just one way we are going to curtail substantially the appropriations upon which we are laboring, and that is through a reorganization of this swollen bureaucracy. Congress can do it, but Congress will not do it, and Congress has not the time in this session to do it, even if it were willing.

The President has asked for authority to do it. He is willing to accept the responsibility. But thus far we have declined to give him the implements. That is the supreme inconsistency, and it is the supreme challenge to the Senate up to date.

I do not intend again to offer the amendment to this bill which has so heartily been rejected by the Senate upon five or six other occasions when I have sought to put essential reorganization power in the hands of the President. But I am saying that in my judgment the result of this otherwise arbitrary 10 per cent order to reduce appropriations will be, in the sequence of inevitable events, to drive the Senate into an ultimate acceptance of some such amendment or of the resolution submitted by the distinguished junior Senator from Georgia [Mr. George] and approved by a unanimous report of the Finance Committee, to arm the President of the United States with authority to do this job which the

earth requires the application of business methods to a critical business perplexity. Economy is something more than a campaign speech. Our slogans must have the implements to make them real. The tax challenge will not down. It must be answered.

Mr. LOGAN. Mr. President, I most heartily indorse all the Senator from Michigan has said. He seems to have some hope that the Congress may sooner or later reduce governmental expenses. I doubt whether that hope is justified. It never has been done in the past. Egypt was unable to do it. Persia was unable to do it, Babylon was unable to do it. Greece and Rome were unable to do it, and I do not know that we are any wiser in our generation than their statesmen were.

Mr. President, I do not know much about this problem, and it is difficult to find out anything. The items in the appropriation bills are there, and no one knows whether they are imperatively necessary or whether we could get along without them. So I thought I would go through some of the books issued by the departments and make a few calculations myself, and along the line of what the Senator from Arkansas as well as the Senator from Michigan have said, I want to call attention briefly to a few facts which, to my mind at least, show that it is possible to reduce the appropriations called for by this bill at least by 10 per cent, and, of course, that action should be taken by the committee. The committee is the proper body to consider these matters.

Things are relative. Nearly everything is relative. Everything must be compared with something else before we can ascertain exactly where it should be placed. An appropriation in a prosperous year, when the Government had plenty of money, might be entirely justified, when at another time the same appropriation would be wild extravagance.

I took the year 1921 and made a comparison of the appropriations for that year with those for the year 1930, covering a 10-year period. By the way, I might say it is within that 10-year period that we have had most economy preached. The administration of former President Coolidge and the administration of the President who now occupies that exalted position have preached economy, and the expenses of these particular departments and independent establishments have increased every year.

I have attempted to work out in percentages figures which would show the real increase, because the amounts in dollars and cents are only relative.

Going back to 1921, we find that the income of the Government was \$4,921,294,019. In the year 1930 the total income of the Government was \$3,483,225,292. That was the total income. Of course a part of that must be allocated to the payment of interest, a part to the payment of pensions and compensation, and things of that kind. A part of it must be allocated to capital investment, as we might call it for want of a better name. But we can not find out what the total expenses of the Government were at that time.

In 1921 the expenses of the Government-that is, the operating cost of the Government-was \$1.534,039,419, while in 1930 the cost of governmental operations was \$1,274,-850,467. I might say that this apparent decrease is made up wholly by the figures in the expenditures of the Army and Navy, and more.

In 1921 the percentage of the cost of governmental operation to the entire income of the Government was 31.2 per cent. A little less than one-third of the entire income of the Government was paid out as the cost of operating the Government. But when we come to 1930, 10 years later, we find that the percentage of operating expense to the total income of the Government had mounted to 36.6 per cent of the total governmental income, or an increase of about 16 per cent. That I ascertain from the reports of the departments.

Turning for a moment to some of the departments which we have been considering, the Department of Agriculture, for instance. In 1921 the cost of operating the Department of Agriculture was \$55,204,902, which included \$9,155,873 that had been invested in nitrate plants representing work

country so righteously demands. The greatest business on | undertaken for war needs, and, of course, that was an expense which was not ordinary. Deducting that from the expenditures of the Agricultural Department, we find that in 1921 the balance of expenditure was \$46,199,029. The cost in 1930 was \$79,090,396, an increase in money of \$32,991,367, or 71 per cent. In 1921 the percentage of total income of government expended by the Department of Agriculture was a little less than 1 per cent, or, to be more nearly exact, a fraction more than nine-tenths per cent. What I mean by that is that the Department of Agriculture in 1921 expended a little less than 1 per cent of the total income of the Government. In 1931 the percentage of the amount expended to total income was 2.3 per cent, or an increase in percentage of total Government income of 155 per cent.

The Department of Commerce, about which we have been talking this morning, in 1921, which was just after the year in which the census was taken, expended \$31,378,169, while in 1930 the total expenditures were \$56,869,984, an increase in money of \$25,491,815, or a percentage increase of slightly more than 80 per cent.

Mr. JONES. Mr. President-

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Washington?

Mr. LOGAN. Certainly.

Mr. JONES. I find that since 1925 several new activities of the Government have been transferred to the Department of Commerce. For instance, the Federal Employment Stabilization Board, involving an expense of \$90,000; aircraft in commerce, \$9,079,660. The Bureau of Mines has also been transferred to the Department of Commerce, and its expenditures in 1925 were \$1,900,468. The Patent Office has likewise been transferred to the Department of Commerce, and its expenditures in 1925 were \$2,808,800. According to the memorandum which I have, the total increase in expenditures in the Department of Commerce has been a little over \$6,498,000.

Mr. LOGAN. I have no doubt that what the Senator from Washington said is true. As I said, I made up these figures myself from the statistics, and I have tried to deduct such items as those to which he has referred. But let me suggest to the Senator from Washington that immediately after 1921, and in 1922, 1923, 1924, and I believe 1925, the expenses of each of the departments went down and down, and then suddenly took a rise, and have been rising ever since.

Mr. McKELLAR. Mr. President-

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Tennessee?

Mr. LOGAN. Certainly.

Mr. McKELLAR. What the Senator from Washington said is correct about the additions to the Department of Commerce, but I invite the attention of the Senator from Kentucky to the fact that the 58-acre building in which we house the Department of Commerce is not included in the items referred to.

Mr. LOGAN. It is not. That is not an annually recurring expense.

Mr. FLETCHER. Mr. President-

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Florida?

Mr. LOGAN. Certainly.

Mr. FLETCHER. I call attention to the fact that several bureaus were transferred to the Department of Commerce, as follows: In 1925 the Patent Office, in 1926 the Bureau of Mines, in 1927 the Aeronautics Branch, and in 1930 the Radio Division; so there have been four bureaus added since 1925 to the Department of Commerce. The net increase in the past 13 years in what may be termed the "normal" Department of Commerce has been only \$3,294,478. This is a 14 per cent total increase in 13 years.

Mr. LOGAN. That is true; but notwithstanding all of that, the increase in expenditures has been very, very large, and no one anywhere disputes it.

Mr. KING. Mr. President-

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. LOGAN. I yield.

Mr. KING. May I say to the Senator from Kentucky that the radio agency to which the Senator from Florida referred has been transferred to the Radio Commission. Nevertheless, the Department of Commerce insists doubtless upon maintaining a large number of employees unnecessarily for that purpose. There should not be two heads to the radio activities. There ought to be only one.

With respect to the Patent Office, may I say that a few years ago the Patent Office was self-sustaining, but under the present Commissioner of Patents, and possibly under his predecessor, the costs have been increasing. Only a few years ago we increased the salaries and personnel of the Patent Office materially, and still there is a deficit. The Patent Office, if it were properly run, would show a net revenue instead of a deficit.

Mr. LOGAN. I think there is no doubt about that.

Mr. FLETCHER. Let me call the attention of the Senator to the fact that the net increase in the past 13 years of normal Department of Commerce expenditures, without the addition of the bureaus referred to, has amounted to \$3.294,478.

Mr. LOGAN. I thank the Senator. In the figures which I have submitted I have tried to eliminate those things which do not truly reflect the normal increases in the various departments.

In 1921 the percentage of total Government income expended by the Department of Commerce was slightly more than 0.6 per cent. In 1930 it was slightly more than 1.6 per cent, or an increase in percentage of total governmental income of 166 per cent.

The Department of the Interior in 1921 expended \$25,-993,438. In 1930 its expenditures were \$36,527,728, an increase in money of \$11,834,290 and a percentage increase of a fraction more than 45 per cent. Nearly all of that increase was absorbed by the Indian Bureau. The Indians have been very well treated in the last few years so far as appropriations would indicate.

In 1921 the percentage of total Government income expended by the Department of the Interior was a little less than 0.5 per cent. In 1930 the percentage of total Government income was a little more than 1 per cent, or a per-

centage increase of 100 per cent.

In 1921 in the Department of Justice, which we discussed briefly a while ago, the expenditures were \$6,610,440. In 1930 the expenditures were \$22,473,601, but it should not be overlooked that the prohibition enforcement unit has been transferred to the Department of Justice and that the expenses properly chargeable to that unit were \$8,977,000. If we deduct that sum from the total expenditure by the Department of Justice for that year, there is still left \$13,496,601, an increase in money of \$6,886,168, or a percentage increase of 104 per cent. In 1921 the percentage of total governmental income expended by the Department of Justice was a little more than 0.13 per cent. In 1930 the percentage of total income was 0.39 per cent, or an increase in percentage of 200 per cent.

The Department of State in 1921 expended \$8,055,000. In 1930 it expended \$13,833,921, an increase in money of \$5,828,921, or a percentage increase of 72 per cent. In 1921 the percentage of total Government income expended by the Department of State was a little more than 0.16 per cent. In 1930 it was 0.39 per cent, or a percentage increase of 143 per cent.

The Department of Labor in 1921 expended \$7,056,989. In 1930 the expenditure was \$11,387,950, an increase in money of \$4,331,961, or a percentage increase of slightly more than 60 per cent.

I could not figure out the Treasury Department. There have been so many transfers back and forth that I at least did not figure it out. Nor did I figure out the Army and Navy Departments.

However, I did figure out the "independent establishments." In 1921 the expenditures by independent establishments were \$44,435,257. In 1930 the expenditures were \$124,891,619, an increase in money of \$80,456,362, or an increase in percentage of 180 per cent.

What I have been talking about is governmental expense, the cost of administration. I do not mean to say that the expenditures were unnecessary or that they were unwisely made. If a man has plenty of money in the bank he can buy a good automobile, but if he has no money in the bank and owes everybody, which is the condition of so many people now, he has no right to buy an automobile. He must reduce his expenses. The time has come, it seems to me, when the Committee on Appropriations, either in the House or the Senate, or both—arbitrarily, if necessary, but certainly in any event—should take steps to decrease very materially the cost of governmental departments and independent establishments. I believe it can be done. I know it must be done.

We talk about raising money. I do not know whether we are going to get any money or not in the way of taxation. We know we have not enough with the indicated income so far for next year. It is true that we have a tax bill providing a sales tax and other kinds of taxes under consideration in another branch of the Congress. We can not get anything out of business by increasing income taxes because business has no income. When we go into the question of a sales tax we are entering a trail in the wilderness. We do not know where it will lead or whether we will get anything from it or not. It would be a good idea, it seems to me, for the committee to see if we can not trim this total down somewhat and wait until we find out how much money we will have to spend before we enter upon any such wild orgy of spending. So I very much hope that the motion of the Senator from Tennessee will prevail, and I know the chairman of the Appropriations Committee means what he says when he says the committee will do the very best it can to comply with the request of the Senate.

Mr. SMITH. Mr. President, I wish to enter my protest against the motion of the Senator from Tennessee, and I desire to give my reasons for my position. I take it for granted that the coordinate legislative body at the other end of the Capitol are just as patriotic and just as zealous for the maintenance of a proper relation between income and expenditures as are we, and that they have adequate machinery for performing the duties which devolve upon them in connection with the preparation of appropriation bills.

They have a committee whose duty it is to examine the facts. The committee is limited in number and perhaps does not reflect the full expert knowledge of other Members of the body who are not members of the committee; but the duty is imposed upon that committee, with such aid as it may get from the various departments and from what I consider a useless appendage to our Government known as the Budget Bureau—and if I had an opportunity to do so, I would vote against its perpetuation—to scrutinize meticulously and carefully the activities of the different departments, commissions, and other governmental agencies, and then to bring in their findings before what may be termed and what I believe is termed in the other body the "Committee of the Whole."

Then each Member of that body has a right, and it is his duty, to examine every item with which he is familiar. I do not think any Member is called upon to scrutinize, except more or less perfunctorily, the items which he himself has not studied and mastered; but there is nothing that comes up in a body of that kind in which some one is not particularly interested and to which some one has not given study; and if he is a proper man to be a Member of that body, or of this body, no selfish interest will sway his judgment. I know that selfish interests do affect judgment sometimes, but they should not. However, the facts are gathered and the other House then passes upon them. The bill goes through that mill and then comes to this body.

Here they go through identically the same process. In the Senate there are only two representatives from each State. and consequently their duty is larger and wider and more comprehensive than that of Members of the House. The bill is here referred to the Appropriations Committee, which has the benefit of the findings of the committee of the other body and the other body itself, together with additional facts

which it may ascertain. The committee of the Senate goes over the bill with care. It has some facts with which, perhaps, the other body was not acquainted. After it has gone through the bill with the care that ought to characterize the committee—and I have been here for a long time and I have found that the committees generally discharge their duties carefully and efficiently—then the bill comes to the floor of this body for further consideration and study.

Every department of this Government and every commission which is necessary ought to be adequately taken care of; they constitute the machinery of our organized society. After all this care in both bodies, the bill going through the same process in both places, undergoing elimination, substitution, comparison, and the truth being finally arrived at, why should we, before we consider it, arbitrarily impeach the other body by saying that they were derelict in their duty to the extent of 10 per cent? Why not 20 per cent? Why not 5 per cent? What right have we to say that the other body has fallen short of its duty and that 10 per cent of the total provided by it can be saved without impairing the efficiency of our Government?

I do not feel that I would be true to myself or to my colleagues if I should attempt to shift the responsibility which is on me as a member of the larger committee, namely, the United States Senate, to scrutinize each one of the items in this bill and determine whether or not, in my judgment, the amount is sufficient or whether it is too large or too small or what are the facts, and then to vote accordingly. If the motion were adopted, we would arbitrarily impeach a coordinate body by saying that they have not done their duty to the extent of an arbitrary 10 per cent and then force upon the committee of the Senate the absurd duty of reducing the amount carried by the House bill by such a percentage.

Suppose—and it is reasonable to suppose—that every item included in some of the appropriation bills, if not all of them, has been trimmed just as low as it can be trimmed consistent with the maintenance of efficiency, which governmental activities are we going to cripple beyond the degree of efficiency and which ones are we going to leave efficient?

It has been claimed that we must not cut all the appropriations 10 per cent, but must use discretion. Whose discretion—the discretion of the members of the committee or the discretion of this body upon whom the responsibility lies? Is it proposed when the bill comes back from the committee, carrying the 10 per cent reduction, that the Senate shall go over it section by section to ascertain whether or not, in its judgment, the reduction has been made wisely or unwisely?

In any event when the bill comes back will we have to do what we are required to do now, namely, to see whether or not the committee, in carrying out the arbitrary command, has made the reductions where they rightfully should be made. I submit that not a member of this body would be fulfilling his duty if he did not, after the bill comes back and the 10 per cent reduction has been achieved, satisfy himself whether or not it has been wisely achieved as it relates to the different items in the bill. The adoption of such a motion as that now pending is not going to expedite matters at all. It will not save one penny in the long run.

Why should we not proceed decently and in order, as sensible Members of the United States Senate should proceed, and scrutinize these bills in the light of the report of the committee and the facts that are before us and reduce the appropriations contained according to the judgment of the Senate acting as a Committee of the Whole.

Mr. President, I am not going to vote for the motion. I think, if agreed to, it would be an absurd shifting of responsibility. It is my duty to retrench, but to do so according to my judgment in conjunction with my colleagues and not arbitrarily to throw this burden on the committee that has already done its duty and brought in its findings. I challenge any Senator on this floor to rise up and point out what items ought to be reduced to make the aggregate of 10 per cent. The committee has declared what it thinks is

right, and when the House has done its best it seems to me that we should not send the bill back to them with the implication that they have failed in their duty to the extent of 10 per cent and thus impeach by that declaration a coordinate body.

Mr. President, our duty is clear and unmistakable. It is to take this bill and go over it item by item and trim it according to our idea of what is wise and proper with all the light before us, each and every one doing his duty here rather than to recommit it to a committee that has already done its duty.

Mr. BLAINE. Mr. President, I desire to offer an amendment providing for additional instructions under the motion to recommit.

On page 38, line 1, of the bill is an appropriation of \$11,369,500 for the Bureau of Prohibition. That is an appropriation available for the Department of Justice for enforcing the Volstead Act. Of that amount "not to exceed \$370,120 may be expended for personal services in the District of Columbia."

I desire to offer an amendment to the motion submitted by the Senator from Tennessee to this effect, that the committee is further instructed to strike out on page 38, in lines 1 and 2, the figures and words "\$11,369,500, of which amount not to exceed \$370,120 may be expended," and insert the figures "\$250,000."

Mr. President, the effect of that proposal is to strike out the appropriation for the enforcement of prohibition except the sum of \$250,000 to be used by the Department of Justice in the office of the Attorney General in Washington. It is essential to provide the Attorney General some appropriation to carry out the law, in view of the fact that the Congress transferred the Prohibition Enforcement Bureau from the Treasury Department to the Attorney General's department. There are certain matters that require the attention of attorneys and clerks and specialists in connection with the granting of permits, the approval of licenses respecting industrial alcohol, and other essential civil matters of administration. However, we find that there has been set up specifically in the law a large amount for the enforcement of this one specific undertaking.

It is unnecessary to discuss the merits or demerits of prohibition in connection with this proposal. Neither the merits nor the demerits are involved. There is a fundamental principle involved, however. In no other undertaking in which the Government of the United States is engaged is there set up such complete machinery for the enforcement of a specific law as is contained in this bill and in the general law.

The Attorney General's department has appropriations to enforce all other penal laws and has appropriations for the purpose of carrying out all the administrative features of the Department of Justice—features both civil and criminal. This appropriation bill carries, under Title II, for the office of the Attorney General, for his assistants, for the Solicitors of the Treasury, Commerce, and Labor Departments, and the office forces of the Solicitors of the Treasury, Commerce, and Labor Departments, the sum of \$1,287,780. That covers the general official administration of all the duties of the Attorney General in the Department of Justice here in the District of Columbia, and a part of those duties, and a part of the services rendered by those in the department, is the enforcement of prohibition.

For the purchase of law books there is \$9,000 appropriated. That part of enforcement, whether of the prohibition law or some other law, is provided for.

For the contingent expenses for the Department of Justice the bill carries an appropriation of \$93,000. Within that appropriation are sums that go toward the payment of certain services and certain activities on the part of the Attorney General's department in the enforcement of prohibition. It still remains, notwithstanding the effect of the amendment which I have proposed, if it were adopted.

For rent of buildings for the office of the Attorney General, \$122,000 is carried by the bill. Those buildings are

engaged in part in carrying out activities respecting the enforcement of prohibition.

For printing and binding for the Department of Justice and the courts of the United States there is an appropria-tion of \$350,000. That appropriation will take care of all the essential printing and binding necessary for the Department of Justice in the enforcement of prohibition.

Another item of \$20,000 for traveling and miscellaneous expenses will in part be used by those who are engaged in the enforcement of prohibition.

We find in the same bill, under the same title, the general provision relating to the detection and prosecution of crime. That includes all crime against the Government of the United States. It provides for the activities of the Department of Justice in the enforcement of law against those who commit crimes against the United States, including violations of the prohibition law. For that purpose there is appropriated \$2,826,210.

The appropriation for the examination of judicial officesthat is, the official acts, records, and accounts of marshals, attorneys, clerks of courts, probation officers, and United States commissioners, all of whom have some legal function to perform in the enforcement of prohibition—would remain exactly the same as it is.

In addition to that, there is an appropriation of \$239,650 for the salaries and expenses in the Bureau of Prisons. those prisons are incarcerated violators of the prohibition law. So, with respect to that question of enforcement, the law will stand as it is and the violators will continue to be imprisoned, notwithstanding the elimination of the \$11,000,-000 appropriation.

So, then, we come to the proposition that the appropriations to which I have made specific reference are designed for the purpose of enforcing all laws, quite regardless of what those laws may be, including the prohibition law.

Mr. President, I maintain that all laws ought to be impartially enforced. I know of no reason why an expensive department such as is the Prohibition Bureau should be set up and given over \$11,000,000 for the purpose of enforcing a specific law. It is contrary to the best practices known in all civilization respecting the enforcement of law.

What is there about the prohibition law that requires that there should be set up a specific, special department and millions and millions of dollars appropriated to enforce that law? Is that law any more sacred than is the law against embezzlement of Government funds? Is the prohibition law any more sacred than the law against robbery of the mails? Is the prohibition law any more sacred than any other law on the statute books of the United States?

Mr. President, it seems to me that we ought in these times to go back to the standard, logical, sensible method of enforcing law, but enforce all laws with the same vigor, with the same impartiality. So by striking out this \$11,000,000 we will still leave for the Department of Justice \$250,000 to carry out the additional obligations that were placed upon that department when the Prohibition Bureau was transferred to that department.

I do not know that it requires that amount. No one knows; but certainly \$250,000 is ample to pay the salaries and the services in connection with the civil administration of the prohibition law within the District of Columbia at the office of the Department of Justice.

The marshals, the United States attorneys, the clerks, all of the organized machinery of our courts, are provided for in the general appropriations of the Attorney General's Department-every one of them. They all function in respect to the enforcement of all law. Every means, every part of the machinery, every power of the Government, can be exercised by the Attorney General's Department in the enforcement of prohibition notwithstanding the striking out of this \$11,000,000, just as those functions and powers are exercised by the Attorney General in the enforcement of any other law of the United States.

So, Mr. President, as I have outlined in these few remarks, it is not a question of prohibition enforcement any

used by solicitors, by attorneys, and by clerks who are | more than it is a question of enforcement of the laws against mail robbery or embezzlement, or interstate commerce in stolen automobiles, and a whole category of criminal laws. They all should be under the same department, enforced in the same manner, and enforced without discrimination, impartially, and with the same zeal as may be exhibited in the enforcement of any law.

There is nothing special about a law that undertakes to determine and regulate the personal customs and habits in which people have engaged and which they have enjoyed for centuries past that demands any different or other or special enforcement than is involved in the enforcement of all other laws. For that reason I think the entire amount, with the exception of the few thousand dollars necessary to carry on the necessary work in the office of the Department of Justice here in Washington, should be stricken out.

Mr. President, that means a saving of over \$11,000,000. That is worth while. It can be done without any detriment to the enforcement of law. If it is done, it will be in harmony with the practices in the enforcement of all laws of the Government.

I can not conceive of any reason why there should be a sales tax placed upon food and clothing, the necessities of life of the poor, and \$11,000,000 taken from the same poor and put into the hands of detectives and spies to snoop upon their neighbors; put in the hands of spies so that some one might be sent to jail if there should be an opportunity to take a drink, spies who are engaged in the most nefarious undertaking in which any human being can engage. There is nothing laudable or honorable in the life of a spy. In war times, when they are detected, they are taken out at sunrise.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. LONG. Has it been the Senator's experience that the prohibition-enforcement officers in the various States pick out such institutions as they wish to raid and leave others? In other words, they have quite a selection that appears never to be troubled, except it may be at some stated intervals.

Mr. BLAINE. The Senator asks me the question, and I think I can give some testimony upon that proposition. The prohibition agents usually have special clients who are not disturbed. Prohibition agents usually have some particular territory in which they conduct their raids, and other territories are left quite free. There is no question about that. There is no question, Mr. President, but that the enforcement of prohibition has involved the Government and its agents in bribery and in corruption, and the Government of the United States even pays money out of the Public Treasury with which these prohibition agents commit offenses themselves. So it seems strange to me that we should continue to engage in the futitle undertaking of attempting to control the personal habits and desires of men and women. It has not succeeded; it never did succeed in any country in the world. Prohibition has been a failure wherever it has been adopted, and, as I said on the floor of the Senate not long ago, America is the single country in the whole world to-day that has a prohibition law. America, as far as that subject is concerned, as I stated, is still in the Dark Ages.

I hope my amendment will be adopted. Mr. McKELLAR. Mr. President, I have no intention whatsoever to discuss the legal question. All I want to do is to explain to the Senate just what this amendment is. It is to take out one item of this appropriation bill and strike it out before the bill is recommitted to the committee. I do not think any item, it makes no difference whether it is good, bad, or indifferent, should be taken out, but if we are to recommit the bill, I think the whole matter ought to be recommitted together. When the bill comes back, the Senator will have an opportunity to present his amendment to the Senate, and it will be for the Senate to pass on the amendment at that time. I hope the Senator will take that course.

Mr. BLAINE. Mr. President, the item to which reference has been made is the largest single item in the whole bill, Mr. McKELLAR. Yes; but I think the committee ought to pass upon that item, just as it ought to pass on every other item in the bill.

Mr. BLAINE. It not only is the largest item in the bill but is almost equal in amount to the amount which would be saved under the 10 per cent reduction proposed by the Senator from Tennessee.

Mr. LONG. Mr. President, I, for one, have never voted against any prohibition legislation. I do not consider the amendment of the Senator from Wisconsin as being on the question of prohibition. I might not entirely agree with his views. However, our experience with the funds which have been distributed in our section of the country has led us to the conviction that they have never been productive of law enforcement.

I have seen flourishing in the city in which I live establishments in which liquor has been dispensed openly and widely. I wrote a letter to the Department of Justice when I was Governor of Louisiana undertaking to ask them if they were going to enforce the prohibition law in New Orleans not to raid the establishment of every man who had a "Huey Long" sign on his front door and leave every other institution going wide open that did not have such a sign. I gave them the names and the places; I designated the spot where the liquor establishments were running in the city of New Orleans as wide open as they ever operated a restaurant; gave them the names, gave them the lots, gave them the addresses, showed them that instead of having undertaken to close down that kind of establishment they had gone up three stories, employed agents to knock on this door and other agents to knock on the other door, to raid some man where it took two and a half hours, with a half a dozen agents, to find him, while leaving others operating upon the streets at the addresses I had given them with no undertaking whatever to enforce the law.

There has been no difference in that practice. I see no good being done by the expenditure of the money that is being appropriated under this special item. I do not think the caliber of men who have been employed to enforce the prohibition law, so far as I have been able to find out anything about them, deserves an appropriation of \$11,000,000 on the part of Congress.

If I thought it was interfering with the enforcement of the prohibition law, I would not vote to strike out the item of \$11,000,000 from the appropriation bill, but my conviction is that it is not assisting the enforcement of prohibition at all to give them special departments and \$11,000,000 for the enforcement of the law in the way in which it has been enforced in the territory with which I have had more or less intimate association.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Wisconsin [Mr. Blaine] to add further instructions to the motion of the Senator from Tennessee [Mr. McKellar].

The amendment was rejected.

The VICE PRESIDENT. The question now is on the motion of the senior Senator from Tennessee [Mr. McKellar].

Mr. McKellar. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Copeland Costigan Ashurst Bailey Bankhead Couzens Dale Davis Barbour Barkley Bingham Dickinson Dill Black Keyes King Fess Fletcher Blaine Frazier Borah Bratton George Glass Broussard Bulkley Glenn Goldsborough Gore Bulow Byrnes Capper Caraway Harrison Hatfield

Hawes Hayden

Carey Coolidge

Hebert Norris Howell Hull Nye Oddie Johnson Patterson Jones Pittman Reed Robinson, Ark. Robinson, Ind. Kean Kendrick Schall Logan Sheppard Long McGill Shipstead Shortridge McKellar McNary Metcalf Smith Morrison Thomas, Idaho Thomas, Okla. Neely Townsend Norbeck Trammell

Tydings Vandenberg Wagner Walcott Walsh, Mass. Walsh, Mont. Waterman Watson Wheeler

The VICE PRESIDENT. Eighty-six Senators have answered to their names. There is a quorum present.

Mr. ODDIE. Mr. President, I hope this motion will not prevail. As a member of the Committee on Appropriations, I have worked long and hard on this bill and on the other appropriation bills which have come before us. A number more are to come before us, and I wish the Members of the Senate generally knew how hard and earnestly that committee has been working.

The recommitting of the bill will mean contributing to unemployment, and we can not afford to do that to-day. It will mean throwing worthy men and women out of employment and swelling the ranks of the unemployed.

Mr. President, I consider it false economy to do this. I feel that it is a mistake. It will cripple the various branches of the Government which are affected, and it will hold back the return to normal times. It will contribute to a continuation of the distress.

I hope the motion will not prevail.

The VICE PRESIDENT. The question is on agreeing to the motion of the senior Senator from Tennessee [Mr. Mc-Kellar].

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. Mr. President, it is conceded, I think, by those who favor the motion that the step we propose to take is illogical and that it is anything but efficient. It is argued that it is the only thing left for us to do, that it is the only way we have of reducing the expense of government which we believe ought to be reduced. I am not prepared to say that the argument is not sound, although I have not yet reached the conclusion that we have arrived at the time when such a desperate method of reducing expenditures is necessary.

To make such a reduction without any reason except that we are going to reduce expenses and to confess that we are not able to make reductions along efficient lines as we ought to do, is a confession on the part of the Senate in which I am not willing to participate now. We may come to that time. It may become necessary, but I do not believe we have reached the condition where it is necessary to resort to such illogical and inefficient methods to obtain a reduction.

Mr. McKELLAR. Mr. President-

The VICE PRESIDENT Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. The figures from the Treasury Department as given here this morning show that our revenue is about \$2,600,000,000, or a little bit more, while the appropriations this year will run a little over \$5,000,000,000. In other words, our income will be about one-half of our outgo. Does not the Senator think it is time we were looking into that rather serious situation?

Mr. NORRIS. I do. I agree to that.

Mr. KING. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. During the summer, the fall, and the winter I am sure the Senator heard statements frequently made by Congressmen and by Senators and by the press that there ought to be and will be a reduction of at least \$500,000,000 from the normal appropriations which we would make in ordinary times of prosperity. With a diminution of 10 per cent upon each appropriation bill it would scarcely reach the amount which I have just stated and which, it seemed to be the consensus of opinion, should be the amount of reduction in the general appropriations.

I am sure the Senator with his fine regard for conservatism in Government expenditures will deplore as much as anyone a deficit. I am sure he will concur in any measure that will tend to prevent a deficit and enable us to maintain the credit of the country. It does seem to me in the light of the facts that the committee—and I am not criticizing them at all—have failed to meet the situation and make the reductions which it seems are inevitable, and that the drastic method is justified, even if it is only a gesture and does only challenge the attention of the committees and the country to the fact that we are in a position which calls for drastic measures, apart from what the Senator has called logical methods of legislation.

Mr. NORRIS. All right; suppose that is all true. Still I do not believe that we are now driven to adopt the desperate and illogical method which the pending motion suggests. We are asked to reduce without reference to what we are to reduce. We are asked to say that the total appropriation carried in the bill must be reduced in the aggregate 10 per cent below what it was as it passed the House. To begin with, has anyone produced any evidence that as it passed the House the amount is not already reduced to the very minimum? I do not know that it has been. I do not believe we have yet had evidence that the appropriations in the bill as it passed the House were too high. I myself think many of them can be reduced very materially and probably more than 10 per cent, but we ought to do it in a logical way and make the reduction where the reduction ought to take

In this bill more than in any other appropriation bill, in my judgment, we can make very large reductions without materially injuring the country; but we ought to make them after due and fair and honest consideration, and not just take a knife and cut off items in the dark, because if we make reductions in that haphazard way, we will evidently do injury many times and in other instances not get the reduction we ought to have.

The bill appropriates money for the Department of Commerce among others. The country lived for 100 years or more and got along fairly well without a Department of Commerce. We could wipe it out of existence to-day and save all the money appropriated for its personnel, from the Secretary of Commerce himself down, and still the country would go along pretty well. I would hate to do that, but I would rather reduce in a way similar to that than to take the knife and blindly cut everything 10 per cent or upon any other such basis.

The Department of State has its representatives all over the world, in hundreds and hundreds of cases with nothing to do but to dress up, go to dinners, wear fine clothes, and attend to social duties. We could get rid of thousands of them without injury, but with real benefit to the country. When the world is in a depression such as it is in now, the United States Government, in my judgment, could well take the lead in saying to the rest of the world, "We are going to cut our Government off from all kinds of social functions,"

It is conceded that in the bill, which the Secretary of State says is already cut to the bone, are appropriations to buy clothes and to furnish entertainment of a social nature having nothing whatever to do with Government anywhere. We can cut out those items, all of them. There ought to be in some cases 100 per cent reduction. There are many such instances in the bill. There is money appropriated in the bill for the State Department which I presume, if undertaken to be spent in the United States, could not legally be spent without a violation of the prohibition law. We could cut out all such items and we ought to cut them out for two reasons—first, because under no circumstances have they any business there; and, in the next place, because under present conditions we must reduce expenses.

But these items are going to be approved. By this motion we are not going to reduce materially these useless and unnecessary expenses. There is more money spent by our officials in living up to the demands of society than there is money spent in the performance of official duties. As a great democratic government we ought to say to all the world, "When people are starving all over our country and the rest of the civilized world, we are going to cut off such expenditures. No taxpayer's money is going to be

used to buy clothes, to buy flowers, to buy food for entertainment in high social quarters." It would not be difficult to cut out all such items. It would be possible by a stroke of the pen on the part of the President of the United States to stop it all, and to stop it instantly. But we are appropriating money here for that purpose.

I would like to see the amount carried in the bill "cut to the bone." I think if properly considered, we could reduce it much more than 10 per cent, but there are items in the bill where the appropriations suggested are necessary.

I do not know what may happen in the near future. If the depression keeps on over the world and becomes a permanent thing, the entire world will be in the hands of a receiver, and it will not make any difference then whether we appropriate or not, because we will not have money to appropriate for anything. The hope is, the feeling is, the belief is that this condition is not going to last forever. We all believe that it is only temporary. The world is upside down. It is paying the debts and paying the penalties of a great World War which put everything else in history in the background. We had had nothing like it. We are still in the war in a degree. We are still suffering from the extravagance which is going on in one quarter while there is starvation and poverty in other quarters. We ought to have the wisdom and the ability to go through the bill and cut down the appropriations contained in it. I think some of them should be taken out entirely.

Yesterday there was some discussion of an amendment on page 12 of the bill. I was surprised when I found out what the money really was to be used for. I am not a member of the Committee on Appropriations. There is nothing on the face of the bill to show just what it is appropriated for. Let me read it:

To enable the President to meet unforeseen emergencies arising in Diplomatic and Consular Service, and to extend the commercial and other interests of the United States and to meet the necessary expenses attendant upon the execution of the neutrality act, to be expended pursuant to the requirement of section 291 of the Revised Statutes, \$200,000.

This was increased by the committee to \$300,000. I suppose that is one of the items which the Secretary of State asked to have increased as referred to in his letter to the chairman of the committee. There is nothing wrong about that language as I read it. There is nothing that indicates that the money is to be used for entertainment. But we are told that out of that fund payment is made for entertainment. I do not know to what extent, but to the extent that it is used for that purpose, it ought, in my humble judgment, all to be stricken out. Not one penny should be appropriated for that purpose,

Again, on the same page, I read this item:

For post allowances, as authorized by the act approved February 23, 1931, \$50,000.

This appropriation the committee has increased to \$100,000. I suppose that is another item as to which the Secretary of State in his letter, a part of which the able chairman of the committee read to the Senate, has advised an increase. I should like to ask the chairman of the committee if that is correct?

Mr. JONES. That is correct, but that item is not for entertainment purposes or anything of that kind; it is to meet the varying situations arising by reason of climatic conditions, and so forth, among poorly paid employees.

Mr. NORRIS. This particular item is not for entertainment, but, as the Senator stated on yesterday, and I noted the statement on my copy of the bill, this appropriation is used to pay rent and to buy clothes. If an employee in the Torrid Zone is sent up somewhere near the North Pole to carry on his official duties, the Government buys him a new suit of clothes, a beaver overcoat, and such things as that, and perhaps such commodities as may be slipped into overcoats to help keep one warm in a cold climate.

Mr. JONES. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. JONES. Of course, I appreciate the situation. The purpose of the appropriation may be described in the language the Senator uses, but it is extreme language.

Mr. NORRIS. Well, it is an illustration of what could be

Mr. JONES. That is true; but it is rather ridiculous to think that it would be done.

Mr. NORRIS. It is ridiculous to me to think that such a provision is in the bill at all. At the bottom of the same page I find this provision:

For representation allowances, as authorized by the act approved February 23, 1931, \$25,000.

The Senate committee again, I presume, under the advice of the Secretary of State, have increased the appropriation to \$100,000. That item looks innocent on its face. As I remember the statement of the chairman of the committee yesterday, out of that appropriation some new clothes are bought.

Mr. JONES. No, Mr. President.

Mr. NORRIS. What is bought out of that appropriation? Mr. JONES. Not new clothes; but something worse.

Mr. NORRIS. I will bet my last penny that secondhand clothing will not be bought.

Mr. JONES. Something even worse than that.

Mr. NORRIS. Something is bought to carry in the clothes

to put inside the men later on. [Laughter.]

Mr. President, why not obliterate that appropriation entirely? It is an innocent-looking item on its face, but I presume there is enough whisky in that \$100,000 to provide for the whole Diplomatic Corps and make every one of them drunk. [Laughter.]

That is extravagance, in my judgment; but if we cut it down 10 per cent, we would take off but \$10,000 and still have enough left to get more men drunk than there probably are in any one branch of the Diplomatic Corps.

Mr. McKELLAR. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. If this bill goes back to the committee under the motion I have made, it will be in the province of the committee to cut out that item entirely.

Mr. NORRIS. I agree to that.

Mr. McKELLAR. And, by the way, I want to say that I agree with the Senator about this entertainment item. I think at this time, when our Government is pressed as it is, we ought to cut out entirely appropriations for entertainments, and I hope to have the pleasure of voting to do so when the bill goes back to the committee.

Mr. NORRIS. Mr. President, evidently the influence of the Secretary of State is great with the committee. I confess, when I listened to the argument made here in favor of the pending motion, I felt, in desperation almost, as though I ought to vote for it; but I voted against the other similar motion, and this one seems to me to be so illogical; it may not result in making reductions that are even desirable, in my judgment, and it proposes to make reductions without reference to merit that I can not bring myself now to the idea of voting for it. We may have to cut out many items if the hard times continue longer than we think they will—and they may—that we now regard as necessary.

As I have said, the Department of State has its representatives all over the civilized world, giving entertainments to foreigners to talk to whom they have to have an interpreter, and in the same localities are representatives of the Department of Commerce. It may be they do some good; I am inclined to think they do; but it seems to me now that we ought to get along without the services of thousands of them in order that we may economize.

Mr. JONES. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. JONES. It is unnecessary, I know, for me to suggest to the Senator that many of these items could be cut out entirely by the Senate.

Mr. NORRIS. I think so, and I will say to the Senator I think we ought to cut them out.

Mr. JONES. I would heartily vote that way as to many of them.

Mr. NORRIS. We ought to cut out every one of those mentioned. We can do so with less injury than we can cut out many other appropriations. For instance, while we do not appropriate directly for common schools, we would exceedingly dislike to cut down governmental expenditures so that we would have to close our public schools. I can conceive of a condition where we might have to do that, but I do not believe we have reached that point as yet.

I do not believe that we ought to get so scared over the fact that we have a deficit, even though we have to borrow money temporarily in order to tide us over a bad condition. It is a serious question whether that is not better business than to destroy some of our institutions that are necessary for the education of our children and for the welfare of our people generally. Although it is not in this bill, I should dislike to cut out, for instance, all appropriations for the Public Health Service. I would not want to cut out all appropriations for the War Department and the Navy Department, although I think we can well afford to reduce them very much. I would not want to obliterate the State Department, and while I can not say, because of a lack of intimate knowledge just how much we could reduce its appropriations, I do know that the provisions of the bill for State Department activities are filled with what seem to me not only unnecessary but harmful appropriations.

We ought to say to the world, "We are going out of the society business, we are going to stay in the government business, and we are not going to permit our representatives abroad to devote fortunes, whether their fortunes or the fortune of the Government, to the expensive luxury of giving dinners and other social entertainments which cost millions and millions of dollars, particularly when our people at home and people abroad are suffering for the very necessaries of life."

Mr. COUZENS. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. COUZENS. I wonder if the Senator has ascertained, from a study of the bill, why the committee cut down the appropriation for the Children's Bureau \$100,000 and added \$75,000 to the booze item?

Mr. NORRIS. No; I do not understand why.

Mr. COUZENS. The booze item was raised from \$25,000 to \$100,000 and the appropriation for the Children's Bureau was cut from \$395,005 to \$295,500.

Mr. NORRIS. In my judgment, both those changes are mistakes. If I had my way about it, while we may reach a point if we get far enough behind, so that we will have to wipe out the Children's Bureau, it would be one of the last things that I would want to cripple. It is something, I think, that will redound in the end to the honor, to the glory, and to the perpetuity of our Government itself to see that children are properly reared, properly fed, and properly educated, in order that they may be able, when the time comes, to take upon their shoulders the responsibilities of civilization and of government.

Mr. ROBINSON of Indiana. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. I simply want to observe, in connection with what the Senator has so well said, that in many places throughout the world consular officers and other representatives of the State Department and the foreign representatives of the Department of Commerce apparently are engaged in much the same work, gathering the same statistics, interviewing the same people, to such a degree, indeed, that there has developed in many places intense rivalry between the various agents of the respective departments of the same Government. Certainly the agencies of the Commerce Department or those of the State

Department could cover the field entirely and save that duplication of expense. I merely wanted to make that observation in connection with the Senator's remarks.

Mr. NORRIS. I thank the Senator for his observation; he has told the truth. There is real competition, even, I understand, in foreign lands, between representatives of different departments of the Government. Probably there are instances where neither department ought to be there at all; we could pull out entirely and save all the money thus expended by both departments.

Mr. GLENN. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. I yield.

Mr. GLENN. I myself have wondered about these commercial attachés, as they are called. The Department of Commerce has now reached into almost every corner of every country on the globe, and it seems to me, from what I know of their activities, that they are traveling salesmen for private enterprises in this country, going about the world and through the world, maintained by our Government for the benefit of private corporations here. They are what we called in the old days in the country towns "drummers," drumming up business for private interests at the expense of the Federal taxpayers. It is activities such as those which have multiplied so widely and so rapidly which have aroused the feeling of the people of the country against this rapidly growing expansion of the Federal Government. I can not see any real justification for such activities.

Mr. NORRIS. Now, Mr. President-

Mr. ROBINSON of Indiana. Just one further word, Mr. President.

Mr. NORRIS. I yield to the Senator.

Mr. ROBINSON of Indiana. Let me suggest, if the Senator from Nebraska will be good enough to yield, that this rivalry becomes oftentimes so keen as to work positively to the disadvantage of the United States.

Mr. NORRIS. I think it does.

Mr. DICKINSON. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. First let me answer the suggestion made by the Senator from Illinois, which was very timely. I would not under normal conditions abolish entirely the system to which he has referred. I believe it does some good for our business men, although as a rule it is the large corporations that get the benefit of the market obtained by these "drummers," as the Senator has well named them. In a time like this, however, Mr. President, this is an item where we ought to cut the appropriation. There is not any business now and all the traveling men in the world can not get it. We have put the rest of the world away from us to a great extent by a tariff that is as high as the mountains; the depression has come on and, it seems to me, when it is admitted that we must cut appropriations somewhere, here is a place to cut them, even though we may not want to do so.

I now yield to the Senator from Iowa.

Mr. DICKINSON. Mr. President, with reference to the conflict between the State Department and the Commerce Department and the Agricultural Department I desire to suggest that in my judgment that complaint in former years was justified. I do not believe it is justified now. For the past three to five years those three departments of the Government have been working out a systematic cooperative program whereby there is not the duplication suggested by the Senator from Indiana.

If we want to curtail the service and do away with the possibility of having trade emissaries in foreign countries, all right; but I do not believe we are going to find that there is as much duplication there as has been suggested.

Mr. NORRIS. Well, why have them there, even if there is not duplication at the present time? They are not getting us any business now, are they?

Mr. DICKINSON. In my judgment, that would curtail what business we are getting over there; and we are holding our share.

Mr. NORRIS. The best way to get some of that business, I think, is to say to the world, "Instead of shutting ourselves in by a tariff wall that runs to the sky, we are going to put our tariff down to a reasonable point and do business with you and enable you to live as well as ourselves."

Mr. ROBINSON of Indiana. Mr. President-

Mr. NORRIS. I yield to the Senator from Indiana.
Mr. ROBINSON of Indiana. In answer to the Sen

Mr. ROBINSON of Indiana. In answer to the Senator from Iowa, I will say that I had not as yet mentioned the Department of Agriculture, and do not think I care to do so, with reference to any duplication of effort, expense, and overhead; but as recently as last summer some of this duplication was going on as between agencies of the Department of Commerce and the Department of State—so much so in various parts of the world that there was the keenest rivalry between the two departments, and in some instances foreign governments have been nonplused to know why there should be this keen competition between different governmental departments of the same country. So, in answer to the Senator's suggestion that that condition might have existed three years ago, I am suggesting to him that it exists now, or it did exist as recently as the past summer.

Mr. NORRIS. I will say to the Senator from Indiana that it exists to-day; and if you talk confidentially with some of the men in the Department of Commerce and in the Department of State, they will tell you that only a year or two ago the competition was so great that there were even strained relations between the heads of two or three of these departments. I know that to be the case, because I came in contact with them in one way or another, and found that it was there. They were jealous of each other. One wanted the other to take his men out and let him have the territory, and the other would not do it. They came in competition, and the result was rivalry and jealousy.

When a man is in a manufacturing business and has traveling men on the road, when his business all disappears and he has no more customers, it may be bad business to pull his traveling men off temporarily, but I think that is what business men do. The Senator from Utah [Mr. Smoot] suggests that he would put on an extra man; but if five men can not get you any business, probably six can not get you any business. Anyway, in these times, when we must cut appropriations somewhere, we ought to say, "If these traveling men in foreign countries are necessary, let their expenses and their salaries be paid by the men who get the benefit of the business, if any, that they bring to those men."

Mr. President, it was developed yesterday, and admitted to-day, that some of these items have no more to do with the official duties of our representatives abroad than the flowers that bloom in the springtime. It is in the minds of some people, some alleged statesmen, that in order to do business with a man you must take him to the theater, you must buy him 50-cent cigars, you must give him something to drink, you must give him a dinner.

The ordinary business man, however, looks with horror upon the traveling man who tries to hoodwink him in that way. While he may accept his invitations to the theater, and to other places of amusement known better outside of the Senate than in it; while he may accept the entertainment, he may smoke the cigars, he may drink the whisky, he realizes that if the man who is trying to get his trade with inducements of that kind makes any money, he must charge enough to get back with a profit everything that he has spent for this unnecessary and useless entertainment. So we ought to say to the world, "We are not going to bribe you to get your friendship, neither are we going to pay for the whisky to get you drunk in order to make you our friends," and they will respect us more in the end than though we pursued a different course.

Why, it is said here—and we have something in this bill for it—that when a man changes his location, and has to have a new suit of clothes, he pays for it out of this appropriation. If he has to buy something to entertain the officials of other governments, he pays for it out of the tax-payers' money; and yet we are crying for reduction of taxes!

Mr. President, it has been only a few weeks since it was publicly announced in the newspapers that Mr. Mellon would not have to buy any knee breeches when he went over to London; that General Dawes had given him his, and that Mr. Mellon was going to use them. It is unnecessary for us to appropriate money to buy clothes for men who accept these posts and spend ten times more than their salaries in entertainments and social functions.

So it seems to me, Mr. President, that the Senate itself ought to cut out these appropriations. Instead of increasing from \$25,000 to \$100,000 this "booze appropriation," as the Senator from Michigan [Mr. Couzens] so well calls it, let us cut it out entirely. Instead of increasing the fund for new clothes from \$50,000 to \$100,000, let us cut that out. Instead of increasing the entertainment fund from \$200,000 to \$300,000, let us cut that out.

The adoption of this motion for a 10 per cent reduction will not accomplish those things. We will find when the bill comes back here that these funds will still be in it, because there is too much influence in society to take them out. After all, society, to a great extent, controls governmental functions, not only in Europe but in the city of

Washington as well.

Mr. ASHURST. Mr. President, it may be remembered that I spoke briefly on this subject yesterday. I have no desire now to traverse the same ground, and I am sure no Senator would welcome such performance on my part; but I have been challenged by good friends personally, politically, and parliamentarily, and have been told that the only way we can ever secure a reduction is by a flat 10 per cent on each bill.

I am reminded that when the responsible authorities many years ago concluded to build the Siberian transcontinental railway, and the engineers laid before the then Czar the blue print and said, "Your Majesty, will you kindly indicate the general route that you would like to have this great railroad take from St. Petersburg to Vladivostok?" the Czar took a straightedge and a pencil and marked a straight line and said, "That is the way I desire the road to go." "But," they said, "Your Majesty, there are hills, there are mountains, there are grades, there are rivers to be considered." He said, "Well, against my idea rivers and mountains and grades amount to nothing. I want it built in a straight line." Of course, the engineers did not do it. They built a great road, but they could not pursue the line the Czar indicated.

I wish it distinctly understood that I am not cynical with respect to reducing appropriations. I believe that those who are going to hold office in the future in county, State, and Nation will be those who appreciate and try to reduce the heavy load of taxes the American people are bearing. Some Senators see in the distance something of peril to our Republic, some see another peril; but for some years I have seen, not in the distance but in the offing, a gigantic octopus that will ultimately strangle all business in America unless restrained. I refer to excessive taxation in State and Nation. I wish it distinctly to be understood that I am in sympathy with the general result sought to be obtained by the Senator from Tennessee; but I believe that he will not lead us to any position where we can get a practical reduction in governmental expenses.

I have always been proud of the Senate. No matter what traducements and maledictions may be poured upon the United States Senate, there is not a citizen of the United States but would be glad to be here. It is a great office, and it is a great honor to be a Senator of this Republic, but I must admit that the Senate pays itself a poor compliment when it says, forsooth, "We can not take up a great appropriation bill nor make these refined distinctions as to who shall have an appropriation increased or what department should have it reduced." That, to my mind, is a poor

compliment to the Senate of the American people—that they are so debilitated in intellect, in information, or in character that they must, forsooth, throw the whole bill back to the committee in order that the committee may act for them

Mr. President, in view of my opposition to the flat reduction of 10 per cent, because I believe it is illogical and will not work true reform, I have been asked to state wherein I think, then, that any appropriations could be reduced.

Only yesterday, on page 12 of the bill, I indicated where I think at least two or three hundred thousand dollars of appropriations might be saved and not made. I am not a member of the Committee on Appropriations. My colleague [Mr. Hayden] is. Moreover, in addition to his membership on the committee, I have scanned the membership, the personnel. They are Senators of patriotism, of clear judgment. A man who serves on the Appropriations Committee does a heavy duty, and I doubt if he should have any other assignments, because it is real work to serve on the Appropriations Committee. The questions I am now about to ask with respect to items in this bill do not and should not indicate that I am opposed to those that I am going to mention.

I hold before me here the Official Register for the year 1931. Senators, of course, peruse this book frequently, one not more than the other. I will ask them to advert to page 101 of this Official Register.

Under the Department of Commerce we find a large number of commercial attachés listed. They are too numerous for me to attempt to name. But, for example, here is a commercial attaché at Santiago, Chile, at \$8,000 a year; one at Paris, France, at \$10,000 a year; one at Shanghai, at \$10,000 a year; one in Guatemala, at \$6,500; one at Montevideo, Uruguay, at \$6,000; one at Tokyo—and I will omit the salaries, because they range from four to six thousand dollars a year; Lima, Peru; Cairo, Egypt; Bogota, Colombia; Johannesburg; Buenos Aires; Bucharest; Berlin; Budapest; Rio de Janeiro; and so on through many pages.

I had supposed that our consular officers abroad took care of business for the American Government and our business men, and that our Diplomatic Corps, our envoys, our ministers, our ambassadors took care of all other matters not particularly relating to business. Doubtless the chairman of the Committee on Appropriations can give me the reason why we apparently have men at salaries of from \$4,000 to

\$10,000 a year in all the principal cities of Europe.

Mr. President, if one travels in Europe he can scarcely walk about without stumbling over a commercial attaché representing the United States at some \$8,000 or \$10,000 a year. They may be necessary; I do not know. I can not vote to reduce their salaries 10 per cent, because I do not know. Possibly all of the business we have abroad is due to their activities. I now ask the honorable chairman of the Committee on Appropriations to tell me what service these functionaries perform and when they were first inducted into office; and may we not make some reduction by eliminating some of them here and there?

Mr. JONES. Mr. President, in the first place, their positions are established by law. It was through legislation which Congress enacted that the positions were created.

Mr. ASHURST. That is just what I wanted to know. I am not too proud to expose my ignorance on the subject. I seek information.

Mr. JONES. I know the Senator's interest, and the reason for his inquiry.

Mr. ASHURST. Are these officials absolutely necessary?

Mr. JONES. They may not be very necessary now-Mr. ASHURST. That is what I thought.

Mr. JONES. Yet they might be next month, or they might be next year. At any rate, we enacted the legislation which created the offices and the positions, and it is not for the Committee on Appropriations to say that these men should not be paid.

Mr. ASHURST. It is for the Senate. Mr. JONES. It is for the Senate; yes. Mr. SMOOT. Mr. President, will the Senator yield? Mr. ASHURST. I yield.

Mr. JONES. The Senate would not make a change without some alteration in the law, no doubt.

Mr. SMOOT. I want to say to the Senator that I think that in times like the present these men are of more importance in securing business for the industries of this country than they are in times when we can sell anything anywhere. They are at their posts virtually as traveling men, as we call them in this country, in order to secure orders for American concerns which manufacture different lines of goods. I can remember the time when we had no trade to speak of in these foreign countries. Our trade there has been built up by the Department of Commerce, and I want to give them honor and credit for it.

Mr. ASHURST. Mr. President, here is an illustration of the importance of these appropriations laid before the Senate and the country; and the country has been quite suspicious of these particular items. Make no mistake that our heavily burdened taxpayers look with inquiring eye to see why, in addition to our ambassadors, ministers, envoys, diplomats, and consuls, we have in every important city in the world these commercial attachés. Here is a statement-before the Senate, not in a committee room, but before the Senate-by the chairman of the Committee on Appropriations, and by the Senator from Utah [Mr. Smoot], who is himself also well posted, vouching for the necessity of these appropriations. Is not that a better plan than to have a committee tell us privately? The Senators from Washington and Utah have performed a public service in informing the Senate and the country as to why these officials are necessary in the various foreign cities.

Mr. JONES. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. JONES. I will give the Senator a little more testimony. In the House hearings Mr. Oliver inquired of Mr. Klein, who is the Assistant Secretary of Commerce, almost the identical question which has been raised by the Senator from Arizona. He said:

Would you like to discuss briefly the necessity for maintaining a full force in the foreign fields at a time when, of course, there is a falling off of the business?

Doctor Klein said this:

Most certainly, because on the face of it our exports have lost heavily. In value they have lost more than they have in volume. That would indicate with less export trade to handle the Government facilities need not be so extensive; as a matter of fact, you have there again a reversal of the situation as in the domestic position, which I described—that is, more help is being demanded from our facilities. An increasing pressure of competition is coming about. The Europeans are more and more industrious in searching for their markets, and they are pressing our export men. We have got to be more vigilant than we were in the fat years of 1926, 1927, and 1928, when Europe was not so much in position to give us stiff opposition. To-day they are well equipped as to plants and partly because of the heavy American investments abroad; American capital over there has given Germany, England, and Italy a new industrial plant largely, and we are running up against that competition throughout the world. The result is the decision confronts our business men as to whether they must out up a fight, where they may have the aid of the Department of Commerce, or get out of the field.

Mr. ODDIE. Mr. President, will the Senator from Ari-

Mr. ODDIE. Mr. President, will the Senator from Arizona yield to me?

Mr. ASHURST. I yield.

Mr. ODDIE. Testimony was given before the Committee on Appropriations of the Senate on this very subject, and I think the Senator from Arizona would like to hear a short statement from a representative from the Department of Commerce on a few of the activities of the Bureau of Foreign and Domestic Commerce. He said:

Last year we returned in this work more than \$57,000,000 to American business, which is more than 10 times the total appropriation for our whole bureau. We are a sales group in that sense. We are a working organization, attempting to check what we do in terms of service against results.

It is through the commodity divisions, with the aid of the district and foreign offices, that the department was able to secure for American business \$57,000,000 of new foreign sales and savings

during the past fiscal year. They serve continuously over 24,000 export firms and 46,000 firms making daily use of the bureau's domestic trade services.

Then he said further:

The demand on our lumber division alone for that purpose has increased 76 per cent since the first of this year. If every individual lumber manufacturer in the country had to send abroad to private connections through his banks or through local chambers of commerce, you would get a fearful duplication of expenditures by private industry everywhere.

Just one other interruption in regard to the Bureau of Mines. Does the Senator mind if I refer to that briefly in his time?

Mr. ASHURST. I yield for that purpose.

Mr. ODDIE. The House cut various items relating to the Bureau of Mines to a very low point, and afterwards, in my opinion, one of the most courageous and manly things was done by a Member of the House, the Representative from the Senator's State, Representative Douglas. He offered the amendments in the House reducing the items under the Bureau of Mines. Then he saw from the figures given him that a mistake had been made and he wrote to the chairman of the Committee on Appropriations of the Senate stating that a mistake had been made and the items were restored in this bill by the Senate committee.

Mr. President, I think that should not pass without some notice. Mr. Douglas is an able engineer, a man of the highest integrity, and he proved it by that act of his.

Mr. ASHURST. Mr. President, I wish to thank the Senator from Nevada for the contribution he has made, and I am grateful to him for the generous, indeed, the just tribute which he has paid to the Representative in Congress from Arizona, Mr. Douglas. Mr. Douglas needs no word of praise from me, because his services to the American people are valuable beyond the range of eulogy.

Mr. FLETCHER. Mr. President, will the Senator yield? Mr. ASHURST. I yield.

Mr. FLETCHER. I call the Senator's attention to a statement, which I imagine appears in the hearings. The Bureau of Domestic and Foreign Commerce I think is doing a splendid work. This statement says that \$5,334,122 was the appropriation for the present fiscal year, 1931–32, for that bureau. The estimate for 1932–33 was \$4,869,531. The decrease in the appropriation for the Bureau of Foreign and Domestic Commerce has been \$464,591, or 8.7 per cent.

Mr. ASHURST. I thank the Senator from Florida.

Mr. President, I am now satisfied as to these items, and I have demonstrated to the Senate that when we take these items up seriatim, one after the other, the Senate body is informed. It is not fair to ourselves, it is not fair to the committee, to ask them in a committee room to do all this work, and then inform Senators by word of mouth—not by debate on the floor of the Senate but by word whispered privately here and there—that this item is all right, and this one is not.

We should take up the bill item by item, legislating, in my judgment, in approved, parliamentary, and American fashion, and in the way we ought to legislate.

Mr. FESS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield, of course, to the able Senator from Ohio.

Mr. FESS. If the motion prevails and the bill goes back to the committee with the order to bring it back with a 10 per cent cut, will the Senate be free to make any changes in the bill as reported by the committee, or would this motion be an instruction to the committee only?

Mr. ASHURST. I assume that if the Senate instructs the committee to reduce the bill 10 per cent, the committee will do so; but I do not believe that I would thereby be foreclosed from moving to reduce an item if I wished to, or from moving to increase one if I saw fit to do so. I shall ask the Senator from Tennessee about that.

Mr. McKELLAR. Of course, the Senator would have the right, and any Senator would have the right, when the bill came back, to suggest amendments.

Mr. ASHURST. Then what is the use of marching the men up the hill and marching them down again? If, when the bill comes back, we find ourselves in the same position where we are to-day, how far have we advanced upon the stream of legislative time? We are just where we began.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield. Mr. COUZENS. I would like to ask the Senator whether, in view of the fact that all of these department heads, these bureau heads, and Secretaries, can be called before the Committee on Appropriations, and can state how best to reduce these items, and that can not be done in the Senate. is it not better to send the bill back to the committee and have the committee find out from the bureaus where best they may take off the 10 per cent? In other words, we can not call these men in before the Senate. We can not discuss these items with the bureau chiefs in the Senate. We can not discuss them with the Secretaries. Yet the Committee on Appropriations can call in the men and say, "We have instructions to cut the Budget estimate 10 per cent. How do you suggest that we do it to the best advantage?"

Mr. ASHURST. If I had the slightest suspicion that some committee of Congress had not called these bureau chiefs before them, I would vote instantly to send the bill back. I had assumed-and surely it is not a violent assumption-that the Committee on Appropriations of the House of Representatives, which by custom if not by the Constitution originates all supply bills, had called representatives of all the various agencies and bureaus before them and had asked these questions. I had assumed that my learned friend, the chairman of the Committee on Appropriations of the Senate, had called the representatives of these agencies of the Government before his committee and had questioned and interrogated them about these appropriations. Surely he has not failed to do that.

Mr. COUZENS. Mr. President, I ask the Senator whether, if the bill goes back, a new situation will not have arisen? Of course, the chairman of the Committee on Appropriations and the committee have heard from these bureaus. But now comes a new proposal, a proposal to reduce the appropriations by 10 per cent. Does not that create a new situation in which these Secretaries and bureau chiefs ought

Mr. ASHURST. I appreciate the force of the question. and I would cut a poor figure in attempting to discuss fiscal matters with the able Senator from Michigan. I wish to participate in no such exhibition. But I insist that the status quo has not been altered so completely within a few weeks as to change the testimony on the part of the executive branch. I give the executive branch credit for trying in a modest way to be economical at this time, but in 5 cases out of 6, in 5 replies out of 6, the bureaus and de-

partments will say, "We need these appropriations."

Mr. COUZENS. Of course that is true; but, if we have only so much money to spend, is it not desirable to ascertain from those in charge the best way to spend it?

Mr. ASHURST. The Senator is not a member of the Committee on Appropriations, I believe?

Mr. COUZENS. No. Mr. ASHURST. I am assuming, and I have a right to assume, that the Appropriations Committee of the House and the Appropriations Committee of the Senate, either or both, called the department heads and bureau heads before them and have questioned them as to these items. Assuming that the committees have done so, surely the witnesses can not now change their testimony.

Mr. COUZENS. No; I was not suggesting that; but suppose the Senate said the appropriation must be reduced \$12,000,000. What is the best way to do it? That can not be done on the floor of the Senate. I believe the committee can do it when they call the bureau chiefs and department heads before them and say, "We have a mandate to reduce this appropriation \$12,000,000. How do you suggest we go about it?"

Mr. ASHURST. I want the Senate, rather than the committee, to do that. I would prefer the body of the Senate to

cut the appropriation \$12,000,000 rather than leave it to the committee to do.

Mr. COUZENS. How can the Senate do it?

Mr. ASHURST. I am not trying to dodge the Senator's question. I am giving the information at my command.

Mr. COUZENS. There must be more or less desirable places where the \$12,000,000 can be deducted. It seems to me it is only proper courtesy to the department to consult them as to the best place to deduct it. I confess I do not know. We can not call the Secretaries and bureau chiefs to the floor of the Senate to debate the question with us, but that can be found out by the Appropriations Committee.

Mr. ASHURST. But I am assuming the Appropriations Committee have already performed that function.

Mr. COUZENS. They have, in so far as this specific bill is concerned; but now the Senate is about to say, apparently, "We think this is at least \$12,000,000 too high and we want that amount taken out of the bill somewhere." Where is the best place to take it out?

Mr. ASHURST. The Senate is the best judge of that and not the departments.

Mr. COUZENS. But we can not call the department heads and bureau chiefs to the Senate Chamber and ask them here the best place to take it out of the bill.

Mr. ASHURST. That is to say, our attempts at economy depend upon the ipsi dixit of the departments. That is what I object to. I want the appropriations to be granted upon the ipsi dixit of the Congress and not of the departments, with all due deference to my friend from Michigan.

Mr. KING. Mr. President-

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Utah?

Mr. ASHURST. Certainly.

Mr. KING. Will the Senator permit me to invite attention to the fact that the Bureau of the Budget had all the department chiefs before them and, after meticulous examination, as we may assume, they made only slight reductions. The President insisted there should be a reduction and they only made a slight reduction. The Senator knows some bureau chiefs came before the House committee, and if he will read the hearings as I have done—and I do not want to be critical—that investigation was merely, "We have now come to this item of \$150,000. What have you to say about it?" The witness would make a statement and then they would take up the next item. The Senator will find-and I make no criticism of any committee-that there is no digging down to bedrock in the hearings to which attention has been called. We take the recommendation of the bureau, and, as the Senator knows, when we rely upon the bureau we can never get any reduction.

Mr. ASHURST. That is the reason why I want the body of the Senate instead of the committee to make the reductions

I repeat that I am not oblivious to the necessity for reducing appropriations. I have never been one of those who join in the "anvil chorus" against the former Secretary of the Treasury. I did not agree with him in many things. Some of the things he did I was glad to approve: but to my mind it was strange to see a man with the experience of the former Secretary of the Treasury attempting to retire the national debt at the rapid pace at which he attempted to retire it.

Mr. LONG. Mr. President-

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. I yield.

Mr. LONG. And to be making the rebates to the large corporate interests that he was making, of course, made it practically impossible to reduce the total expenditures of the Government.

Mr. ASHURST. I thank the Senator for the suggestion, but I can not go into that because it is a subject on which I have no knowledge, and, as I said in the Senate the other day, I long ago abandoned the idea of talking about a subject upon which I have no information. So, not knowing a thing about the very vital subject which the Senator from Louisiana properly brings up, I again say that we can save, we can retrench, to the amount of \$500,000,000 a year by the simple and, I think, the just expedient of departing from the plan of Mr. Mellon, who, for some strange reason, had an obsession that he ought to retire the national debt within 20 or 30 years. If, instead of retiring the national debt at that pace, we should be more moderate and should distribute the national debt along as is done in all well-managed finance organizations in business and in government, and if we may depart from that foolish pseudophilosophy, which so captivated Mr. Mellon, namely, that we ought to retire the national debt within 20 years, we can retrench to the extent of \$500,000,000 a year. The Government needs to retrench. The bondholders are pleased that the period of maturity of the bonds shall be extended.

So when the appropriation bill comes before us I do not see where our Committee on Appropriations could make a greater contribution to the public service at this time than to slow up the reckless and relentlessly rapid pace at which the former Secretary Mellon was attempting to retire the national debt.

# PROPOSED RESUBMISSION OF EIGHTEENTH AMENDMENT

Mr. TYDINGS. Mr. President, there are several Senators and many people in the country who desire, if possible, and by orderly parliamentary methods, to secure a resubmission of the eighteenth amendment to the people and to the legislatures. The Committee on the Judiciary has been very busy with many pieces of important legislation and perhaps it has not had an opportunity to consider the resolution seeking to accomplish a repeal of resubmission, as it were, of the eighteenth amendment.

In order to test out the sentiment of the Senate I have prepared a petition which I have submitted to a number of Senators, asking the Judiciary Committee to report a resolution which would resubmit the question to the Senate and, if approved by the Senate, to the legislatures of the States. I am gratified to report that 24 Senators, representing various parts of the country, have affixed their signatures to that petition. I am also gratified to report that at least a half a dozen more stated that while they do not desire to sign the petition they would be inclined to vote for a resubmission of the question if opportunity were offered them.

Mr. WALSH of Massachusetts. Mr. President, will the Senator read the names of the Senators?

Mr. TYDINGS. I am coming to that in a moment. There are also a number of Senators who, I know, want to sign the petition, but who happen to be absent, namely, for example, the Senator from Illinois [Mr. LEWIS].

With all due respect I trust the Committee on the Judiciary will accede to our wishes and report the resolution so we may have an opportunity to vote upon it. Recently a vote was had in another body where the vote was almost even between those opposed and those in favor of the question.

On next Wednesday, March 30, as soon as I may have an opportunity to obtain the floor, it is my intention to move formally that the Committee on the Judiciary be discharged from further consideration of the resolution. In the meantime I ask that the petition with the names be read in my time and that the petition be left in the custody of the clerk so that Senators who may be temporarily absent may have an opportunity between now and March 30 to sign it if they desire so to do. I ask that the clerk may read the petition.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Certainly.

Mr. NORRIS. I have just entered the Chamber after a temporary absence. I heard the Senator say that he expected, as soon as he could get the floor, to file a formal motion to discharge the Committee on the Judiciary from something.

Mr. TYDINGS. I said I would make that motion on March 30.

Mr. NORRIS. As chairman of the committee I suggest to the Senator that I have no objection to the Senator filing that motion now; and I will agree, if the Senator can get other Senators to agree, to take it up now by unanimous consent. There is nothing before the Judiciary Committee that I want to see held back. I will say to the Senator that I think the resolutions which he introduced—and he will agree to what I say, I know-were referred to the Committee on the Judiciary and immediately upon his request I appointed a subcommittee, and that subcommittee has been working upon the question.

Mr. TYDINGS. If the Senator will permit me to interrupt him, I think the Senator is more than fair in what he just said. As I said, perhaps before the Senator came into the Chamber, this motion is intended as no reflection upon the committee which has been occupied with very important

legislation.

Mr. NORRIS. No; I do not take it as a reflection at all. The Senator has a right to make the motion and when he makes it all I will do on the part of the Judiciary Committee will be to state the facts as to just what we have been doing and what we have been trying to do, and leave it to the Senate. If they want to take it out of our hands and bring it to the floor of the Senate, I shall have no objection.

Mr. BORAH. Mr. President-

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. In just a moment. I would like to say to the Senator from Nebraska that I would prefer to make the motion on March 30 for the reason that many Senators may desire to vote on the motion, and if we made it in too short a time and with too short notice they might be absent.

Mr. BORAH. Why not make it on April 1? [Laughter.] Mr. TYDINGS. I think April 1 would illustrate the foolishness of the eighteenth amendment better than any other

Mr. BORAH. I was going to say that if those who are advocating a change or modification or repeal of the eighteenth amendment could agree among themselves as to the kind of resolution which they would like to have reported, it would expedite matters in the committee a great deal.

Mr. TYDINGS. That is true. I ask that the clerk read the petition and the names of those who have signed it, and I also wish to renew my announcement that on March 30. as soon as I can obtain the floor, I shall file a motion for discharge of the Committee on the Judiciary from the further consideration of the resolution.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

WASHINGTON, D. C., March 21, 1932.

To the Committee on the Judiciary, United States Senate.

GENTLEMEN: We, the undersigned Members of the United States Senate, realizing the widespread interest and divergent opinions concerning resolutions dealing with the repeal and modification of the eighteenth amendment, which are now pending before your committee, do respectfully petition said committee to report said resolutions to the Senate of the United States in order that a vote may be had upon the same by the membership thereof.

Respectfully yours,
MILLARD E. TYDINGS. E. S. BROUSSARD. ROYAL S. COPELAND. B. K. WHEELER. TASKER L. ODDIE. JESSE H. METCALF. KEY PITTMAN. MARCUS A. COOLIDGE. HUEY P. LONG.
ROBERT F. WAGNER.
DAVID I. WALSH. W. WARREN BARBOUR.

HIRAM BINGHAM F. C. WALCOTT. JAMES E. WATSON. GEORGE H. MOSES. HAMILTON F. KEAN. JAMES COUZENS. ROBERT D. CAREY. FELIX HEBERT HENRY W. KEYES. HARRY B. HAWES. ROBERT J. BULKLEY. OTIS F. GLENN.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The Senate resumed the consideration of the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. McKellar].

Mr. McKELLAR. Mr. President, before we vote I want to refer to two or three statements made by my distinguished friend from Nebraska [Mr. Norris], whom we all esteem

most highly.

One of the statements of the Senator from Nebraska was, "You can not take a knife and cut them off"—meaning appropriations—"in the dark"; and again, "You must not take a knife and blindly cut appropriations 10 per cent." I just want to say to the Senator and to the Senate that that is not what is proposed at all. Here is a bill appropriating \$125,000,000 and covering four departments. It is simply proposed to send it back to the Committee on Appropriations with instructions to reduce the aggregate sum about twelve and a half million dollars.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I will yield in just a moment. That does not take away the authority of the committee. For instance, the Senator from Nebraska read three amendments having to do with food, clothes, and drink for our foreign representatives under three special provisions of the bill, and he said that he was entirely opposed to them and they ought all to be stricken out. I agree with him entirely that they all ought to be stricken out, but the Senate is not going to strike them out; there is but one way in the world to get them out, and that is to recommit the bill, to send it back to the committee. If the committee reports that they be stricken out the chances are that they will be stricken out: but we know that, after the committee has gone over a bill and reported it back to the Senate, to strike out an appropriation on the floor of the Senate is almost an impossibility. The Senator never saw better proof of that fact than here a short time ago when we undertook to strike out certain provisions of another appropriation bill.

So, when the Senator says that there are certain appropriations that ought to be stricken out, and others that ought to be reduced in large measure and others in lesser degree, I want to say to him that if he wants to do that thing, the logical way to do it, the reasonable way to do it, the only possible way to do it, in my judgment, is to vote for this motion, let the bill go back to the committee, and have the committee do the will of the Senate. I now yield

to the Senator from Nebraska.

Mr. NORRIS. What assurance can the Senator give the Senate now that if his motion prevails, when the bill shall be reported back to the Senate the items which the Senator

has just mentioned will be stricken out?

Mr. McKellar. I can not give the Senator any assurance, but I will say that I heard the Senator from Washington [Mr. Jones], the chairman of the committee, say that he thought that some of them ought to be stricken out, and I want to say that the chairman of the committee has more influence, I sometimes think, than all the rest of the members of the committee put together. He is a fair man, he is a just man, and he is trying to do his duty as a Senator and as a member of the Appropriations Committee; and I, for one, am willing to trust him, though he does not belong to the party to which I belong. I believe he wants to do the fair thing.

Mr. NORRIS. Let me ask the Senator-

Mr. McKellar. Just a moment. And when the Senate directs a bill to go back to the Appropriations Committee with instructions to cut down the aggregate appropriations 10 per cent, I am absolutely sure that the Senator from Washington will join whole-heartedly in that program; that he will summon the necessary department chiefs before the committee and ascertain the best way to reach the result, as was so well explained by the junior Senator from Michigan [Mr. Vandenberg] a few moments ago. The committee can do it; it can do it with knowledge; it can do it with more accuracy than can the Senate as a body; and I believe that is the only way to do it at such a time as this. I now again yield to the Senator from Nebraska.

Mr. NORRIS. If the Senator is willing to trust the Senator from Washington, and thinks that through his great influence with the committee the bill will be reported back with these items stricken out, why is the Senator not willing to trust the Senator right here on the floor of the Senate and let us make a motion to strike them out and see what will happen?

Mr. McKELLAR. I do not want the pending motion displaced. If the motion shall carry, it will make no difference whether we strike them out or not. The desire of the Senate would be made evident by the adoption of the motion; and while these three amendments might remain in the bill. I want to say that if the Appropriations Committee does not follow the suggestion of the Senator from Washington about these three items and does not follow my suggestion about them-and I am in hearty accord with the Senator from Washington as to these proposals. I do not think they ought to be in the bill at all, and I expect to support a movement in the committee to strike them out-if they remain in the bill as reported back to the Senate, then the Senator from Nebraska can make a motion to strike them out, and I want to say to the Senator I am going to vote with him if when the bill comes back such a motion is made.

Mr. NORRIS. Let me ask the Senator another question. The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. NORRIS. If the Senator thinks that the committee is going to strike out these three items or that that is the way to get them stricken out, I want to ask him if he is not inconsistent in moving to recommit the bill to the committee on the theory that the committee is going to strike them out when the committee has already acted on those three items and has increased the appropriations in every one of them?

Mr. McKELLAR. Oh, no; I do not think so.

Mr. NORRIS. Yes.

Mr. McKellar. I understand that the committee has increased the amounts, but I do not think I am inconsistent. Why? Because when the committee agreed to them they never had any idea that the Senate, as a body, was going to bring about a real reduction, if it could. But the Senate has gone on record as being very much in favor of cutting down not only these three items but perhaps a thousand other items in the bill. These three items are not the only items in this bill that ought to be stricken out; there are, in my opinion, innumerable other items in this bill that ought to be very carefully gone into and changed. To undertake to do it by piecemeal, assuming that the Senator is right, and that the whole Senate unanimously want to take out these three items, I think it is a useless thing to do now, because we ought to have the bill as a whole referred back to the committee.

Mr. NORRIS. Let me ask the Senator another question. The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Nebraska?

Mr. McKELLAR. Certainly, I yield.

Mr. NORRIS. If the Senator is in favor of striking out these items, and he says that the chairman of the committee is in favor of striking them out, and both the Senator and the chairman of the committee were in the committee when they were increased, why were they not stricken out there?

Mr. McKELLAR. I think I stated on yesterday that I was in favor of practically none of the increases in this bill.
Mr. NORRIS. We want to decrease the appropriations by

striking the items out.

Mr. McKELLAR. We all know that the Senator has had a great deal more experience here than I have had; he has been here much longer; he is a remarkably able man; but I want to say that the Senator is doing everything he can, by voting against the pending motion, to increase the appropriations for items in this bill rather than to reduce them, in my judgment.

Mr. NORRIS. Let me ask the Senator another question. Mr. McKELLAR. Certainly.

Mr. NORRIS. We have already sent one bill back to the | committee, with some kind of instructions fastened to it. Assuming that the pending motion is to be agreed to, and this bill is to be sent back, is it the intention of the Senator to offer a similar motion as to every other appropriation bill?

Mr. McKELLAR. I have said that, but I want to make this explanation, if I may.

Mr. NORRIS. Let me finish the question.

Mr. McKELLAR. Very well.

Mr. NORRIS. Assuming that he does that, and that all the other appropriation bills are likewise recommitted, though a good many of them are still in the House, and some have not even been reported to the House, does not the Senator believe that when the House finds out that that is going to be the treatment accorded to every appropriation bill, it will simply tack on 10 per cent more, if the Members of the House think the appropriations are necessary, in order that the Senate may bring about the reduction and the House may have the appropriations it thinks ought to be provided?

Mr. McKELLAR. Let me answer the Senator. No; I do not think anything of the kind. I want to say to the Senator that I served in the House, as he did, and I have the very highest opinion of the House-

Mr. NORRIS. So have I.

Mr. McKELLAR. Wait a moment; let me answer the Senator.

Mr. NORRIS. The Senator must not put me in a different attitude toward the House.

Mr. McKELLAR. I want to show what attitude the Senator is putting himself in. I do not believe that the House will increase the appropriations because the Senate has indicated its purpose to reduce them. Instead of that, I believe-and I have been reliably informed-that the House welcomes the reduction of appropriations on the part of the Senate and will cooperate with the Senate in still further reductions if we but make them.

Mr. NORRIS. Now, let me say to the Senator that, like him. I have the highest opinion of the integrity and patriotism of the House; but if I were a Member of the House, and I had my way in the case of an appropriation bill, and got an appropriation right where I thought it ought to be, and knew that when a bill got into the Senate the Senate was going to cut it down 10 per cent, I would vote in the House to increase it 10 per cent, so as to get what I wanted.

Mr. McKELLAR. The Senator might do that; I do not believe I would.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. GLENN. I was just going to inquire of the Senator from Nebraska if under similar circumstances, he being a Member of the Senate, the House peremptorily increased the appropriation 10 per cent, would he not correspondingly make the reduction 20 per cent in order to reach the same end?

Mr. NORRIS. Mr. President-

Mr. McKELLAR. I yield to the Senator in order to reply to the Senator from Illinois.

Mr. NORRIS. We could do that, of course; but whenever we commence that the next bill will be increased 20 per cent instead of 10.

Mr. McKELLAR. No, Mr. President.

Mr. NORRIS. And so they can defeat our action in any contingency; they ought to do it; and I am not finding fault with it; I would do it myself, if I had an opportunity.

Mr. McKELLAR. Mr. President, I yielded to the Senator from Nebraska, and will he now allow me just a moment or two to say what I desire to say?

Mr. NORRIS. I beg the Senator's pardon; I did not realize that he had not spoken on this question previously, or I would not have interrupted him.

Mr. McKELLAR. Mr. President, in conclusion I merely want to say-and I hope the Senator from Washington will not object to my saying what I am going to say-that in a talk I had with him this morning he said if this motion were adopted and it was shown that there was a desire

upon the part of a majority of the Senate to cut these appropriations 10 per cent, that hereafter, instead of reporting the appropriation bills as they have been reported. he saw no use of doing that, but would simply reduce the amount 10 per cent below the House totals, and in that way carry out the will of the Senate. It seems to me that that is a very proper and a very fair attitude to take: it is just such an attitude as I expected the Senator from Washington to take; and I hope he will confirm it here. because I think that is the only proper and right way to reach what we have in mind.

Mr. JONES. Mr. President, I think the statement of the Senator from Tennessee is substantially correct. I stated that if the Senate at this time should vote to recommit this bill to committee with instructions to bring about a reduction of 10 per cent in the appropriations it provides I would take that to be an expression of the policy decided upon by the Senate; and while I might be in favor of a greater reduction than 10 per cent, I would be in favor of taking the bills as they come from the House and decreasing the appropriations instead of increasing them.

Mr. McKELLAR. I thank the Senator. Mr. President. I now ask for a vote.

The VICE PRESIDENT. The year and nays have been ordered.

Mr. WALSH of Massachusetts. Mr. President, I have no desire to take up the time of the Senate in discussing the general question underlying this debate, but my sentiments on the question of the need of drastic reductions of Federal expenses are very well expressed in two editorials, one from the Commonweal, a weekly publication of the city of New York, and the other from the Boston Post. I ask that these editorials may be printed in the RECORD in connection with this debate.

The VICE PRESIDENT. Without objection, that order is made.

The editorials referred to are as follows:

[From the Commonweal, New York, March 16, 1932] FACING FACTS

To borrow new money at the rate per day of \$24,350,000, even if the United States Treasury is the borrower, rather staggers the conservative imagination. It is all the more staggering when only a small fraction of the new money is to go for construction of permanent values. Yet all present indications (aside from oppermanent values. Yet an present indications (aside from optimistic official statements) point to this huge sum as the daily average of new borrowing requirements by the Federal Government between now and June 30 of this year. In all it will mount to a total of nearly \$3,000,000,000 added to the public debt in four short months. It will represent that part of the probable fiscal year's deficit of \$4,250,000,000 not yet borrowed from the patient public.

Figures have recently become rather odious to many people-Figures have recently become rather odious to many people—especially since everyone, high and low, has been obliged to use large minus signs in most of their figuring. In the present instance, however, we are only partly concerned with figures, and much more deeply and anxiously concerned with the human and social consequences of the figures. Signs of strain both in the business and governmental credit structures are multiplying. What does this strain imply? What, if anything, is being done to ease it? If nothing is done, what effect will the increasing strain have upon the lives and welfare of millions of humble citizens to whom financial operations, as such, are remote and strain have upon the lives and welfare of millions of humble citizens to whom financial operations, as such, are remote and bewildering? Do we not need, even more than courage, and even more than blind faith, an American leadership that is ready to face realities with utter ruthlessness and to restore economic order and human hope through applying the simplest standards to even the loftlest problems?

The present debts of the world are appalling. Most of them are not being paid off. Instead they are being multiplied through the process of adding new current debts to old frozen ones. Debts based on land values and on crops and the products of the mines are frozen because the prices of those products have fallen. Their prices are far below the level at which loans were made with the land or its products as security. That is one part of the picture.

But far more than a drop in prices is involved. Similar prices dropped 40 per cent in one year during the 1920-21 depression, but business recovery set in even before prices stopped falling. To-day, in addition to price declines, the speed of business itself To-day, in addition to price declines, the speed of business itself has dropped. Instead of having buying activity increase as prices fell (a fact which gave the basis for prompt recovery in 1921) the general use of currency and bank deposits has dropped nearly 60 per cent in the last two years. What the business man calls "turnover"—or the number of times a year he can make a profit on his invested capital—has dropped at a similar alarming rate.

The merchant who could "turn over" his goods six times a year in 1929, with a small "gross" profit on each occasion, finds

to-day that he can turn over the same quantity of goods only twice—making only two small profits in the year instead of six. These reduced "gross" profits for the year are barely enough to pay his running expenses. He has almost nothing left to pay his borrowings at the bank. Loans he hoped to pay off in three months he can barely meet in a whole year. Thus business loans as well as commodity loans are "frozen." New borrowings are added in order "to keep going." The outstanding and unsettled credit is increasing and the means to pay it off are diminishing. It is an unexpected and grave "second phase" of the depression—something we did not have to face in 1921, when only prices fell and "turnover" activity actually increased.

To top this off, and to add immeasurably to the crushing burden of unsettled debt, we have the spectacle of the Federal Government itself plunging wildly into increasing debt at the astounding rate described above. Nowhere is there the least sign of a leader-

ment itself plunging wildly into increasing debt at the astounding rate described above. Nowhere is there the least sign of a leadership ready to call a halt, to cut Government salaries to the bone until they are on a par with the slashed salaries of private business employment, to admit a crisis and face it, to say that the Government must not and shall not, without the gravest cause, compete for borrowed money with the already overstrained borrowings of frozen business.

There has probably never been in peace times a more flagrant abuse of the public borrowing power than we are witnessing to-day—not alone at Washington, and with the consent of leaders to-day—not alone at Washington, and with the consent of leaders in both parties, but also in States, counties, and municipalities. Every one of these agencies, with a few such outstanding exception as the State of Maryland, is adding millions daily to the mountain of frozen debt—and doing it either through willful extravagance or in the subtle illusion that by increasing debt we can restore a business activity which the very fact of excessive debt itself is suffocating.

The mere handicap to crippled business of a growing public debt is less ominous, however, than certain practical human consequences which only a sudden reversal of Government policy can avoid. First, there is the prolonging of unemployment due to the further strain on business credit. Then there is the fact that when the Government competes with business in the already strained money markets, the inevitable result over the period is to increase interest rates for all borrowers.

The supply of funds to-day is diminishing rapidly. The net

increase interest rates for all borrowers.

The supply of funds to-day is diminishing rapidly. The net balances of bank depositors have been cut by a third in the last seven months—from over \$6,000,000,000 to just over \$4,000,000,000, for example, in the reporting member banks of the Federal reserve system. Thus the probable demand of the Government for \$3,000,000,000 of new loans before June 30 comes at a most unfortunate time. Interest rates on Government securities will undoubtedly be forced up by this obvious fact of diminished supply and increased demand. And as interest rates on "governments" rise, the prices of all other high-grade bonds, including those held by great savings and insurance institutions, will decline still further. Can Federal expenditures for pay roll for prohibition enther. Can Federal expenditures for pay roll, for prohibition enforcement, and for credit pools possibly do enough good to offset the broad social effects of such an attack on the immediate security behind the life's savings of tens of millions of working people? We think not.

people? We think not.

Taxes must be raised to stop the need for wild Government borrowing. To that we readily agree. But the whole notion of public duty in both parties in Washington must also be raised. If this is a war against economic and social disaster, the Government itself must go on war rations. Only determined and wise leadership can bring this about. The spirit to accept what the whole world of private business has already been forced to accept must spread from the President to the lowest-rated file clerk, and from the highest admirals and generals right to the forceastle. and from the highest admirals and generals right to the forecastle and the tail-end squad. Then, and only then, can the new taxes be justified. The existing debts of the world are insupportable.

But unnecessary fresh debts would be intolerable.

# [From the Boston Post] HOW TO DO IT

The movement in Congress for a reduction of Government salaries may sound impressive, but as a measure of real economy it is only a drop in the bucket. At best it will yield only a few million dollars. The cost of government can not be effectively cut

million dollars. The cost of government can not be effectively cut by piecemeal.

The money saved on salaries will quickly be frittered away by Congress. What is needed is a realization that the whole machinery of government is expensive beyond all reason.

There can be no real relief for taxpayers until Congress tackles the matter in a wholesale way. Savings should be by hundreds of millions instead of by single millions. Each year sees a huge piling on of the cost of government.

Aside from the Post Office Department and perhaps the Treasury Department, the budgets for the various departments could be cut in halves by dropping the thousand and one useless bureaus and cutting off various activities, none of them useful.

But even drastic measures of economy would be wasted unless Congress ceased the practice of pouring out hundreds of millions for the "relief" of various interests having great vote-controlling power.

The Farm Relief Board has spent around \$500,000,000, all to no purpose whatever. The money is lost. And yet the call is for still

more funds.

Various costly irrigation projects, which never pay their way, only add to the plight of the farmers. The great Hoover Dam

undertaking will probably be a constant drain on the Treasury for the benefit of a small section of the country.

Until reckless spending by Congress is halted there can be no actual economy in government. The problem is our biggest one and ought to be tackled in a big way. But so long as Congress persists in bidding for votes by digging into the Public Treasury there is no hope for even checking the wholesale waste of public

Mr. SMOOT. Mr. President, I want to call the attention of the Senate to the fact that in the case of most of these items the money is appropriated to carry out existing law. We can not change such appropriations; they have got to be appropriated in full, because of the fact that they are to cover outstanding obligations of the Government made in accordance with law, and appropriations must be made every year to cover those particular items.

Mr. COUZENS. Mr. President, will the Senator yield? The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I yield.

Mr. COUZENS. Mr. President, I do not understand that every time the Congress authorizes an appropriation the appropriation has to be made.

Mr. SMOOT. The appropriation has to be made wherever a law has been passed which says that hereafter the appropriations shall be such amounts.

Mr. COUZENS. Of course, the work can not be carried on if there is no appropriation to carry it on with; can it?

Mr. SMOOT. That is true as far as the activities of the Government are concerned, the amounts that we appropriate for the departments; but appropriations will be made to carry out existing law. I want to say to the Senator from Michigan that I shall now, if I can get time, go into those very appropriations. I did it about 10 years ago, to find out just exactly what they were. The next move I want to make, if I can possibly get time to do it, is to take some of those existing laws and have the Congress repeal them, and not keep appropriating for those purposes every year. I think we can save a great deal of money in that wav.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Yes; I yield.

Mr. NORRIS. I should like to ask the Senator from Utah a question on the very subject about which the Senator from Michigan asked. Take an appropriation for some line of officials in the Department of Commerce, for instance, in foreign lands. The law provides for the appointment of those officials. It also provides what their salaries

Mr. SMOOT. I did not refer to cases like that. Mr. NORRIS. I want to ask the Senator about this particular case, and I think that is what the Senator from Michigan had in mind.

This appropriation bill commences to operate on the 1st of July next.

Mr. SMOOT. That is true.

Mr. NORRIS. Suppose we pass a law now cutting off the appropriations, let us say, for 100 men who are in one of these departments in Europe or South America or Central America. They would have notice that after the 1st of July there would be no salary for them.

Mr. SMOOT. That is true.

Mr. NORRIS. And on the 1st of July they would all quit.

Mr. SMOOT. Why, certainly.
Mr. NORRIS. So that even though we have a law that says, "So and So in this position shall draw a salary of \$10,000," if we do not appropriate for it he does not get it; and it is not an injury to him if, in advance, he has several months' notice that his job has disappeared.

Mr. SMOOT. Of course, that is true, Mr. President. I know that, and what I stated had no reference whatever to that. If I can get time I will ascertain the amount of appropriations made for those very purposes. I have had it in the past. That, however, does not apply at all to the employees who are appropriated for every year in our general appropriations.

Mr. KING. Mr. President, will my colleague yield?

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. SMOOT. Yes. Mr. KING. I do not want to misunderstand my colleague, and I may not do so. It occurs to me, if I understood my colleague's position, that he would abrogate what I conceive to be the rule acknowledged by all, that the acts of one Congress do not bind succeeding Congresses.

Let me illustrate. For instance, there is a positive law that our sinking fund shall be created, and that the Secretary of the Treasury shall take sufficient of the revenues for the purpose of providing for the sinking fund. Notwithstanding that is a positive law, and automatically he is authorized to take money to create and maintain the sinking fund, nevertheless if by this or any other bill or by all bills we should not make provision for it, he would not be justified in taking it, notwithstanding there is a law upon the statute books, because this would be pro tanto a repeal of existing law; and that is true with nearly all of the laws which my colleague, as I understand, contends require us to make an appropriation every year.

Mr. SMOOT. Mr. President, I do not make any such contention. The language of these provisions quite often used to be that "hereafter" there should be appropriated so much. We do not find that in any appropriation bills lately; but I remember that 15 or 16 years ago the bills quite often said that "hereafter" there should be appropriated, for a particular purpose, so much every year.

I know that a lot of those "hereafter" appropriations ought to be abolished. They are not in the annual appropriation bills; and they are the ones to which I had reference. I do not have reference to the bills that we pass upon here every year, Mr. President.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SMOOT. Yes: I yield.

Mr. LONG. If we fail to put in an appropriation bill one of these so-called hereafter appropriations, would not that, ipso facto, be a repeal of the law? In other words, if the appropriation bill failed to carry an appropriation that a previous statute required it to carry, that would be an action of Congress nullifying the law, would it not?

Mr. SMOOT. Yes; but I want to say that it never has been done, and the appropriation has always been carried.

There is only one other thing I desire to mention. The Senator from Nebraska referred to the tariff law that he said was "mountain-high," with rates "reaching the sky," and contended that it is interfering with our trade in the world and having an effect upon the business of our country.

Senators, the Treasury statement of March 18, 1932, just a few days ago-that is the last statement I have upon my desk-shows that notwithstanding the decrease in the value of goods imported into the United States of every name and nature, our customs receipts for the present fiscal year up to this time were \$261,547,307.15. For the same period of the last fiscal year they were \$277,498,605.97. There is a difference of only 5 per cent in the two amounts. That is what is happening as to goods coming into the United States under the present tariff act. Those figures show, as far as they are concerned, that there is more yardage, there are more pounds, there are more goods coming into the United States, even under the conditions existing to-day, than there were a year ago. That is the effect of the present tariff law under existing conditions.

Suppose that this awful world-wide decline had not taken place: Our importations then would have been perhaps 50 per cent more than they are. As they are now, there is more yardage, as I say, and more goods coming into this country; and when they come in I want to say to the Senate that of course they throw just that many men out of employment in the United States, and give the employment

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. McKellar] to recommit

the bill with instructions. On that question the yeas and nays have been demanded. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the junior Senator from Texas [Mr. Con-NALLYI, who is absent on account of death in his family. I transfer that pair to the Senator from Delaware [Mr. HASTINGS] and will vote. I vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. Swansonl, who is necessarily absent. I find that I can transfer that pair to the Senator from Maine [Mr. Hale]. I do so and will vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. Stephens]. In his absence I withhold my vote.

Mr. COPELAND (when Mr. Wagner's name was called). My colleague [Mr. WAGNER] is detained by official business of the Senate. If he were present and at liberty to vote, he would vote "yea."

Mr. WALSH of Massachusetts (when his name was called). On this question I have a pair with the junior Senator from New Mexico [Mr. Cutting]. I find that I can transfer that pair to the Senator from New York [Mr. WAGNER]. I do so and vote "yea."

The roll call was concluded.

Mr. FESS. I desire to announce the following general

The Senator from California [Mr. SHORTRIDGE] with the Senator from Georgia [Mr. HARRIS];

The Senator from Iowa [Mr. Brookhart] with the Senator from Illinois [Mr. Lewis];

The Senator from Maryland [Mr. Goldsborough] with the

Senator from Montana [Mr. Walsh]; and The Senator from Colorado [Mr. Waterman] with the Senator from Oklahoma [Mr. Thomas].

Mr. WHEELER. The pair of my colleague [Mr. Walsh of Montanal has been announced. I wish to state that my colleague was slightly indisposed and had to leave the Chamber before the vote was taken.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the

The result was announced—yeas 50, nays 29, as follows:

YEAS-50 Bailey Bankhead Coolidge Hebert Copeland Costigan Howell Hull Robinson, Ark. Sheppard Shipstead Bingham Kean Keyes Couzens Thomas, Idaho Trammeli Tydings Vandenberg Fletcher King Logan Long Blaine Borah Bratton George Glass Walcott Walsh, Mass. Bulkley Glenn McGill Bulow Gore Harrison McKellar Byrnes Metcalf Wheeler Hatfield Morrison Caraway Hawes Moses NAYS-29 Norris Nye Oddie Ashurst Fess Frazier Austin Barbour Steiwer Townsend Watson White Hayden Patterson Pittman Broussard Johnson Jones Carey Kendrick Dale Reed McNary Norbeck Dickinson Smith NOT VOTING-17 Brookhart Harris Shortridge Walsh, Mont. Connally Hastings Stephens Waterman Cutting La Follette Swanson Goldsborough Thomas, Okla. Robinson, Ind.

So Mr. McKellar's motion to recommit the bill to the Committee on Appropriations with instructions was agreed to.

Wagner

Hale

Mr. JONES. Mr. President, I think I had better make a parliamentary inquiry of the Chair, or make a statement at any rate. There are four departments included in the bill which has just been recommitted to the Committee on Appropriations. Each one, of course, is independent of the other. I take it that the 10 per cent reduction is to apply

to each department separately, for instance, 10 per cent with reference to the Department of State.

Mr. ROBINSON of Arkansas. I think the motion iself determines that. Only one bill was presented.

Mr. JONES. That is true.

Mr. ROBINSON of Arkansas. A single motion was made to recommit with instructions, so that the committee will have an opportunity of making the reduction covering all the items in the entire bill.

Mr. JONES. Very well.

The PRESIDENT pro tempore. The language of the motion is "in the aggregate."

Mr. ROBINSON of Arkansas. That is true.

# AMENDMENT OF THE TARIFF ACT OF 1930

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. HARRISON. Mr. President, I ask unanimous consent that everything after the enacting clause be stricken out and that the substitute which I have offered be considered, and that the substitute be open to amendment just as the original text would have been.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. I see no reason for the substitute being read at this time, as I understand we are not to proceed further with legislative business this evening.

The PRESIDENT pro tempore. The substitute will be printed and printed in the RECORD.

The amendment, in the nature of a substitute, proposed by Mr. Harrison to the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, was to strike out all after the enacting clause and insert in lieu thereof the following:

That section 336 of the tariff act of 1930 is amended to read as

follows: "SEC. 336. Recommendations for adjustment of duties: (a) Upon the request of the President of the United States, or upon its own motion, or upon application of any interested party showing good and sufficient reason therefor, the commission shall investigate and ascertain the differences in the cost of production of any domestic article and of any like or similar foreign article, whether or not actually imported into the United States. If the commission finds it shown by the investigation that the duty imposed by law upon the foreign article does not equalize the differences in the cost of production of the domestic article and of the foreign article when produced in the principal competing country or countries, then the commission shall report to the President and to the Congress such increases or decreases in the duty upon the foreign article as the commission finds to be necessary in order to equalize such differences in the cost of production. Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification. The report shall be accompanied by a statement of the commission setting forth the findings of the commission with respect to the differences in cost of production, the elements of cost included in the cost of production of the respective articles as ascertained by the commission, and any other matter deemed pertinent by the commission.

"The President, upon receipt of any such report of the commission, shall promptly transmit the report to the Congress with his recommendations, if any, with respect to the increase or decrease in duty proposed by the commission.

"Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any such report shall not include any item not included in such report; and in the consideration of such bill, either in the House of Representatives or in the Senate, no amendment thereto shall be considered which is not germane to the items included in such report.

"(b) No report shall be made by the commission under this ing good and sufficient reason therefor, the commission shall investigate and ascertain the differences in the cost of production

"(b) No report shall be made by the commission under this section unless the determination of the commission with respect thereto is reached after an investigation by the commission during the course of which the commission shall have held hearings and given reasonable public notice of such hearings, and reasonable opportunities for the parties interested to be present, produce evidence, and to be heard. The commission is authorized to adopt such reasonable rules of procedure as may be necessary to execute its functions under this section.

"(c) In ascertaining the differences in costs of production under this section, the commission shall take into consideration, in so far as it finds it pertinent and practicable—

"(1) The differences in conditions of production, including wages in terms of labor cost per unit of production, including wages in terms of labor cost per unit of product, costs of materials, and other items in cost of production of like or similar articles in the United States and in competing foreign countries; "(2) Costs of transportation:

"(2) Costs of transportation:

"(3) Other costs, including the cost of containers and coverings of whatever nature, and other charges and expenses incident to placing the article in condition, packed ready for delivery, storage costs in the principal market or markets of the United States and of the principal competing country or countries, and costs of reconditioning or repacking wherever incurred;

"(4) Differences between the domestic and foreign article in packing and containers, and in condition in which received in the principal markets of the United States:

principal markets of the United States;

"(5) Invoice prices or values and/or wholesale selling prices in the principal market or markets in the principal competing country or countries, in so far as such prices or values are indicative of costs of production, provided such costs can not be satisfactorily obtained. torily obtained:

"(6) Advantages granted to a foreign producer by a foreign government or by a person, partnership, corporation, or association

in a foreign country;

"(7) Any other advantages or disadvantages in competition which increase or decrease in a definitely determinable amount the total cost at which domestic or foreign articles may be deliv-

the total cost at which domestic or foreign articles may be delivered in the principal market or markets of the United States; and "(8) Definition of costs of transportation: Costs of transportation for the purposes of this section shall be held to include, in so far as applicable, freight charges and all other charges incident to transportation, including transit insurance, costs of loading and unloading, and port charges and landing charges. These costs shall be computed from the principal producing areas (in the United States and in the principal competing country or countries) that can reasonably be expected to ship to the principal competing region or regions of the United States and shall be computed to such principal market or markets of the United States as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in such region or regions. If this purpose may be best accomplished region or regions. If this purpose may be best accomplished thereby, such costs on domestic articles and on like or similar foreign articles shall be computed to different principal markets of the United States.

"(d) In determining costs of production in the United States

and in the principal competing country or countries for the purposes of this section, the commission shall take into consideration

and in the principal competing country or countries for the purposes of this section, the commission shall take into consideration the costs of production only of such establishments as are economically located and efficiently operated, and shall obtain such costs for a normal and representative period.

"(e) In connection with its investigations as to differences in costs of production the commission shall inquire into the following matters and shall include in its reports pursuant to this section a summary of the facts with respect to such matters:

"(1) The efficiency and economic operation and location of the domestic industry under consideration;

"(2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment;

"(3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors;

"(4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff law, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors; and

"(5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States."

SEC. 2. All uncompleted investigations instituted prior to the approval of this act under section 336 of the tariff act of 1930 prior to its amendment by this act, including investigations in

approval of this act under section 336 of the tariff act of 1930 prior to its amendment by this act, including investigations in which the President has not proclaimed changes in classification or in basis of value or increases or decreases in rates of duty, shall be dismissed without prejudice; but the information and evidence secured by the commission in any such investigation may be given due consideration in any investigation instituted under the provisions of section 336 of the tariff act of 1930 as amended

the provisions of section 336 of the tariff act of 1930 as amended by this act.

SEC. 3. Consumers' counsel: (a) There shall be an office in the legislative branch of the Government to be known as the office of the consumers' counsel of the United States Tariff Commission. The office shall be in charge of a counsel to be appointed by the President, by and with the advice and consent of the Senate No person shall be eligible for appointment as counsel if such person has at any time acted in tariff matters before Congress or the United States Tariff Commission, either on his own behalf or as attorney, at law or in fact, or as legislative agent. The counsel shall be appointed for a term of four years and shall receive a salary of \$10,000 a year. The counsel shall not actively engage in any other business, vocation, or employment than that of serving any other business, vocation, or employment than that of serving as counsel.

as counsel.

(b) It shall be the duty of the counsel to appear in the interest of and represent the consuming public in any proceeding before the commission. In any proceeding before the commission in which the counsel has entered an appearance, the counsel shall have the right to offer any relevant testimony and argument, oral or written, and to examine and cross-examine witnesses and parties to the proceeding, and shall have the right to have subpœna or other process of the commission issue in his behalf.

Whenever the counsel finds that it is in the interest of the consuming public to have the commission furnish any information at its command or conduct any investigation as to differences in costs of production or other matters within its authority, then the counsel shall so certify to the commission, specifying in the certificate the information or investigation desired. Thereupon the commission shall promptly furnish to the counsel the information or promptly conduct the investigation and place the results thereof at the disposal of the counsel.

results thereof at the disposal of the counsel.

(c) Within the limitations of such appropriations as the Congress may from time to time provide, the counsel is authorized (subject to the civil service laws and the classification act of 1923, as amended) to appoint and fix the salaries of assistants and clerks, and is authorized to make such expenditure as may be necessary for the performance of the duties vested in him.

SEC. 4. International economic conference: That the President is respectfully requested to initiate a movement for an international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices, and other economic barriers affecting international trade, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that any agreement, treaty, or arrangement which changes any tariff then in existence, or in any way affects the revenue of the United States.

The President be and he is hereby, synthesized and represent at

The President be, and he is hereby, authorized and requested, as early a date as may be convenient, to proceed to negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions. Such agreements shall not operative until Congress by law shall have approved them.

#### BURIAL SITES FOR WICHITA INDIANS

The PRESIDENT pro tempore. The Chair lays before the Senate, and invites the attention of the senior Senator from North Dakota [Mr. Frazier], the amendment of the House of Representatives to the bill (S. 3409) authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands. The amendment was, on page 2, line 8, after "purposes," insert "And provided further, That there shall be reserved to the Indian owners all coal, oil, gas, or other mineral deposits found at any time in the land."

Mr. FRAZIER. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. BRATTON. Mr. President, will not the chairman of the Committee on Indian Affairs explain the purport of the bill and the effect of the amendment?

Mr. FRAZIER. Mr. President, the bill merely authorizes the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and other bands. I have consulted with the senior Senator from Oklahoma [Mr. THOMAS], and he is perfectly willing that the Senate concur in the amendment.

The PRESIDENT pro tempore. The question is on concurring in the amendment of the House.

The amendment was concurred in.

Mr. McNARY obtained the floor.

Mr. BLACK. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Alabama?

Mr. McNARY. I yield.

# ALABAMA SENATORIAL CONTEST

Mr. BLACK. Mr. President, I have a short resolution, which relates to a matter of rather great importance to witnesses who testified in Alabama in the Heflin-Bankhead controversy, which I would like to have read. It will take me only about a minute to explain it.

Mr. McNARY. Will not the Senator wait until to-morrow, when we will have a morning hour?

Mr. BLACK. I may state to the Senator that I desire to have the resolution acted on now by reason of the fact that we thought we had appropriated money to pay the witnesses in the election contest in Alabama, but we find that the committee did not pay all the witnesses. They paid certain clerks here in Washington and a part of the stenographic bill. The witnesses for the contestee have been waiting for

their money for two months. The witnesses for the contestant were promptly paid.

Mr. McNARY. Is there any objection from the Committee on Privileges and Elections to the proposal?

Mr. BLACK. I can not imagine it is possible that there would be any objection to paying the witnesses who testified two months ago.

Mr. McNARY. Very well.

Mr. BLACK. I would like to have the resolution read. The PRESIDENT pro tempore. The clerk will read.

The Chief Clerk read the resolution (S. Res. 188), as follows:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heffin, involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate \$1,142.76 in addition to the amount heretofore authorized for such purpose, said sum to be used to pay witnesses for contestee.

The PRESIDENT pro tempore. Without objection, the resolution will be received, and, under the law, referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. BLACK. Mr. President, before I yield the floor I would like to ask now that the chairman of the committee make a report on this resolution to-morrow, because of the fact that there can be no possible excuse for any longer holding up the payment of the witnesses for the contestee. The others were very promptly paid.

## TRADE AND COMMERCE

Mr. WALSH of Massachusetts. Mr. President, I ask to have printed in the RECORD an article appearing in the Boston Financial News of February 2, 1932, concerning S. 3256, which I introduced on January 25, "To protect and foster trade and commerce, to supplement the powers of the Federal Trade Commission, and for other purposes."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Financial News, Boston, Mass., February 2, 1932] LEAVES FROM THE NOTEBOOK OF THE OLD-TIMER

(While the laws that govern stock-price movements are not immutable there is much that can be reduced to formula by thorough analysis of the history of the market and the forces that have been applied to it. The spectacular market of the past few years, while blazing a new trail, nevertheless acted in a manner comparable with other markets in bygone years, and had the thousands of new security buyers been cognizant of the history of those markets they might have seen the danger signals in time enough to prevent disaster. It is with this thought in mind that we present the observations of the Old-Timer from week to that we present the observations of the Old-Timer from week to week. The Old-Timer has seen markets come and go, and has had an intimate contact with Wall Street for more than a quarter of a century. It is our hope that you may read from them lessons that will teach you how to accept Wall Street's opportunities and reject its lures.—ED.)

# NEED TO SCRAPE BARNACLES OFF THESE LAWS

Let's get the good ship "American Commerce" ready for her 1932 cruise by scraping the barnacles of antiquated antitrust laws off her keel, and by polishing her sides with assurances of a better revenue for the railroads.

Moves in these directions are already being made in the efforts Moves in these directions are already being made in the ellotts of important industrialists, railroad executives, and economists to obtain a modification, if not an outright repeal, of our stultifying antitrust laws, and for an unconditional and retroactive repeal of the "recapture provision" of our national railroad act of 1920. There is a crying need for legislative action on both of these proposals. It is to be hoped that they will both have speedy

enactment by Congress.

# 'TWOULD HELP STABILIZE INDUSTRY

So vital to our economic progress is the proposed modification of our antitrust laws that the measure now providing for it is

of our antitrust laws that the measure now providing for it is appropriately entitled a "stabilization of industry" bill.

As recently introduced into Congress by Senator David I. Walsh, of Massachusetts, this anti-antitrust bill seeks only a modification of the Sherman law, so as to make it possible for the Federal Trade Commission to decide, in advance, whether agreements for curtailment of production and other plans to avoid unnecessary competition shall be exempt from the ordinary operations of the antitrust laws.

# HOPE TO MODIFY SHERMAN LAW

But, at all events, it will serve to scrape some of the barnacles off the Sherman law and afford direct and much-needed relief to general business.

Our antitrust laws—foremost among which are the Sherman and Clayton Acts—were originally designed to curb monopoly and to encourage competition.

But the world is now passing through a period of unexampled depression, produced in part by that overproduction which unrestrained competition promotes.

#### WANT TO ELIMINATE NEEDLESS COMPETITION

How to control competition without subjecting the public to extortion and running afoul of the antitrust laws is the problem which this so-called Walsh bill undertakes to solve.

The outstanding feature of this bill is the endowment of the Federal Trade Commission with new powers whereby it could act as arbiter in deciding to exempt specific instances of concerted moves to reduce production and prevent needless duplication and competition from the provisions of this law.

The filing of this bill in the United States Senate constitutes a sign of the times

sign of the times.

Debate on this measure will turn on the probable perils of competition, alleged to be ruinous, and upon monopoly, alleged to be oppressive.

## SHERMAN LAW TOO ALL-EMBRACING

That the Sherman and Clayton Acts have not accomplished all

that was expected of them is well known. The whole theory on which they were based is once more reopening for discussion.

Many contend that these antitrust acts should be repealed in their entirety, inasmuch as they are already regarded in most quarters as dead letters in our national statutes.

Let us see what it is that the Sherman and Clayton laws are supposed to prohibit.

The Sherman law, enacted July 2, 1890, was intended to be a sweeping antimonopoly statute. It was enacted for the express purpose of prohibiting formation of any sort of contract or compurpose of prohibiting formation of any sort of contract or combination in the form of a so-called trust, which might operate "in restraint of trade." In effect, it declared that every person making any such contract, or engaging in any such combination or conspiracy, should be deemed guilty of a misdemeanor; also, that every person who "shall monopolize or attempt to monopolize or combine, or attempt to combine, any part of trade" shall be deemed guilty of a misdemeanor and subject to a penalty not exceeding one year in the penitentiary and a fine of not exceeding \$5,000. It likewise provided that all property so involved should be subject to forfeiture.

## SHOWS DEPLORABLE LACK OF VISION

The Sherman law says in part:

The Sherman law says in part:

"Whenever it shall appear to the court, before which any proceeding under section 4 of this statute—giving jurisdiction to the United States circuit courts, regardless of where alleged offenses occur—may be pending and the ends of justice require that other parties shall be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not."

Obviously, the principal intent of this law was to stamp out unconscionable greed and ruinous competitive practices on the part of dominant industrial corporate combinations. But the net result has proved conclusively that the drafters of this act missed their mark by a mile. For, like many later statutes, this act failed completely to visualize the then undreamed-of growth of our country and the absolute need for colossal expansion of our industrial structure which assure the fulfillment of its ultimate destiny. destiny.

The Sherman law has never done anything except hamper such

constructive development.

# HAS HAMPERED INDUSTRIAL PROGRESS

It has made every pretentious industrial combination a prospective victim of scheming political pharisees.

It has set the country back a century by throttling big business and placing a stigma of legal wrongdoing on magnificent projects merely because of their size.

# CLAYTON ACT OFTEN MISAPPLIED

The Clayton Act was created during the first year of the World

War.

This statute undertook to prohibit corporations from creating monopolies by indirect action, such as offering their products at special low prices until their competitors were driven out of

Dusiness.

Trade agreements of all sorts, in restraint of barter and free competition, were thereby banned.

Any formal contract, by which the purchaser of an article or articles agreed not to buy some article or articles from a competitor of the seller, was also barred.

Other clauses of the Sherman law, sometimes called the "unfair

actices" law, forbade holding corporations and interlocking directorates.

Authority was given to the Federal Trade Commission and the Interstate Commerce Commission to end these alleged discriminations wherever and whenever found.

# PREVENT UNNECESSARY DUPLICATION

But the teeth of the Sherman law have been filed down considerably by obiter dicta of the United States Supreme Court in two of the most celebrated "dissolution" cases. In these "passing opinions" of the highest tribunal of our country it was clearly pronounced that all the so-called antitrust laws should be interpreted "in the light of reason" and that mere magnitude of size did not necessarily constitute a monopoly.

LXXV-419

The "age of reason" has since decreed that industry shall not be hampered, that corporate enterprises shall not be circumscribed or hamstrung, that constructive effort shall be rewarded so long as the motivating influence back of it reveals no ulterior purpose or unduly restrictive influence.

While destructive competition is acknowledgedly ruinous, it is now recognized by the courts that proper control of mass production is in direct harmony and accord with one of the most basic laws which have to do with the future welfare of our

Nation—conservation.

It is also very clearly recognized that consolidations of the right kind tend to eliminate unnecessary duplication and wasteful competition

petition.

In the case of almost all the companies which are now integral parts of big "combines" it is noteworthy that they formerly had too many salesmen selling articles differing very slightly, if at all, in value and price and covering identically the same territory.

It was often discovered that two or more relatively big enterprises were spending, let us say, \$1,000,000 apiece on advertising, when, by spending \$2,000,000 on one output, they could more than double the effectiveness of their advertising.

## BOTH THESE LAWS HAVE STULTIFYING FEATURES

But until very recently the restrictive influences of the Sherman and Clayton laws have limited consolidations of a desirable kind in this country in their endeavors to expand vertically, and even horizontally, by an unreasoning enforcement of their provisions.

### WASTEFUL DISTRIBUTION CAUSES LOSSES

But progress along these lines would be greatly facilitated by a modification of the antitrust laws, allowing the elimination of unnecessary duplication and wasteful competition.

The trend in this direction is being hastened by the casualties which have resulted from the ban on the elimination of needless competition.

While Secretary of Commerce, President Hoover estimated that fully \$20,000,000,000 is wasted each year in inefficient distribution. This vast amount, or at least the bulk of it, could be saved by eliminating needless competition.

### WALSH BILL COULD ACCOMPLISH MUCH

It is also contended that every line of business which has attained an important position within the last 20 years, both in the manufacturing and distributing departments, are eager to obtain from their trade organizations the statistics and cost-accounting systems which these organizations have compiled, showing accurately and conclusively what it costs to do business in their particular lines.

Under the Sherman antitrust law and former rulings of the Federal Trade Commission it has not been possible to use this information and these statistics to their full value without fear

of the consequences.

But under the terms of Senator Walsh's bill it will be possible to use them for the purpose for which they were intended—to permit those who know what their costs are to agree not to make or sell goods at a loss and to obtain redress against those through ignorance or unscrupulousness, do otherwise.

# ALL AGREE ON REPEALING "RECAPTURE CLAUSE"

On the score of the desirability of deleting the so-called "recapture clause" of the national railroad act, which is now incorporated in section 15-A of the interstate commerce act—it is noteworthy that the long-sought-for unconditional and retroactive repeal of this provision is now urged by a majority, if not by all, of the members of the Interstate Commerce Commission. Since the enactment of this "recapture clause," the Interstate Commerce Commission has not prescribed rates which have not permitted the railroads, as a whole, to earn, in any year, a fair return, fixed either by statute or by the commission.

From 1921 to 1931, inclusive, the steam carriers failed to earn 5% per cent on the value of their property, as found by the commission.

commission

The indicated shortage in the "fair return" prescribed by the

act, and also by the commission, is unquestionably in excess of \$3,000,000,000,000, if the entire period is considered.

Furthermore, it is worthy of note that as of January 1, 1931, no less than \$7,500,000,000 of railroad bonds were legal investments for savings banks but that this large total has now shrunken to less than \$2,000,000,000.

# RAILROADS DESERVE BETTER TREATMENT

I would go a step further than advocating the unconditional and retroactive repeal of this so-called "recapture clause" by recommending that the Interstate Commerce Commission make determined efforts toward the establishment of railroad freight rates which would permit the carriers to earn a fair return.

The repeal of the "recapture clause" without the substitution of a provision recognizing the needs of the railroads on the score of more adequate freight rates would be treated by investors as an abdication by Congress of all interest in the financial welfare of the railroads.

of the railroads.

By all means let us grant to the faithful steam carriers a return which will afford a reasonable profit for their services.

THE OLD-TIMER.

# CONDITIONS IN AMERICA

Mr. CAPPER. Mr. President, a few days ago there was printed in the Kansas City Star, one of the great newspapers of this country, an editorial that is a challenge to every true American. Henry J. Haskell, who, I understand, wrote this editorial, entitled "What of America?" is a student of affairs. a thinker with vision and conscience. The Star has long been known throughout the Middle West as a fighter for good government, a defender of the public welfare.

In this editorial, "What of America?" public attention is centered in striking fashion on a most serious situation. The Kansas City Star states it clearly, succinctly, forcefully,

patriotically

Mr. President, this Nation to-day seems helpless against the gangsters and the racketeers. The people who refused to pay tribute to Tripoli pay and pay and pay to Al Capone and his ilk.

When Colonel Lindbergh has to go to the underworld to deal for the return of his baby son-when the country admits that is the only answer to kidnaping-then I say it is time to think clearly and act decisively.

I ask permission to print the following editorial in the CONGRESSIONAL RECORD. I hope every Senator will read and consider it. I wish every American would read it carefully and prayerfully.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### WHAT OF AMERICA?

(A reprint of the editorial appearing in the morning edition of the Kansas City Star, March 14)

Two hundred years from the birth of Washington, who bequeathed to us a great heritage won through fire, sword, suffering, and self-sacrifice, we who are the inheritors find ourselves again under a yoke, abject and shameful subjects of a power enthroned by our own lethargy. This new despotism is symbolized by machine gun and bomb, by kidnaping, extortion, and racketeering. Its brazenness is exemplified by the picture of "Al" Capone seeking to barter his way out of jail as if the Lindbergh babe were his hostage, as well the child might be.

Must America bargain with its public enemies to restore a

Must America bargain with its public enemies to restore a child to its parents? Must the child itself be sacrificed before a nation is aroused to its own ignominy?

The moral rot that other countries see in us is confirmed in the kidnaping of the child of Colonel Lindbergh—a tragedy that appalls and stuns. If the crime itself damns America's social organization, the necessary means taken to defeat it damn her public justice. Colonel Lindbergh can not be blamed for turning to gangdom, now in possession of our soil and citadels, and com-missioning the generals of its defiant army of occupation to re-cover his infant son.

# LINDBERGH CHILD AMERICA'S HOSTAGE

The child is not his hostage alone; it is America's hostage to the forces that have seized our most precious liberties while we have slept. The time has come again when the drums should beat and the lights gleam from church tower to rouse us to our

This demonstration of the power of an encroaching dictatorship of crime is not new. It has been witnessed in all our cities; a slinking, treacherous power that preys upon the people, levying tribute, exacting its demands, enforcing its own punishments with ruthless and cruel disregard for all human rights, even to life

It is a shameful picture to paint in this year of the Washington bicentennial. That observance has produced much lip praise of the institutions which we Americans of this age, who did not create them and have done much to destroy them, claim as our own. By some process of muddy thinking we are able to spur ourselves into shouting and babbling that these institutions were bequeathed to us by Washington, but we haven't unwrapped them lately to see what they are.

# WE MOCK OUR HERITAGE

We like to make speeches about the sufferings of George Washington and his Army at Valley Forge, but our own fortitude isn't great enough to take us to the polls, if it happens to be raining, to preserve what Valley Forge won for us. Even when we do reach the polls by the most extraordinary sacrifice of time from golf or bridge, we are told how to vote and for whom to vote. After this votary gesture before party fetishes, we go our ways, leaving too often in office puppet mediocrities who dance on strings pulled by the manipulating machines, many of which are allied to or a part of the new tyranny.

are allied to or a part of the new tyranny.

We celebrate Washington's anniversaries with oratory and brass bands—and cast the heritage he left to us into the nearest alley. When brass-throated orator and brass-throated band have run out of wind, hark to America's real acclaim of the Father of His Country and the institutions he bequeathed. Hark to the sounds of its laughter and revelry, and the rattle of the gangster's machine gun. These are America's true salvos of salute to George Washington. With them she has accomplished in a few short years of selfish pleasures and easy living the descent from the sunlit

heights of freedom and glory, where he placed her, to the black and slimy depths of moral anarchy.

In the two-hundredth year of Washington's birth, America, reeling and laughing in her dance of madness, has come at this day

to be the fulfillment of the word of the prophet:

"The heart of the fool is in the house of mirth, but the heart of the wise is in the house of mourning."

#### IGNOMINIOUS SURRENDER

There, in our revelry, in our unthinking, is cast up the account of our stewardship of Washington's heritage. Americans and all other peoples may read it. Ours is the most lawless country in the world. Its name is a scoff and a jeer.

Stern virtues of Pilgrim forefathers have drained away in years of ease and easy living. Privileges and preferment usurp the rewards of honest toil. Wordy phrases take the place of deeds and our social structure has surrendered to the enemy of corruption and crime. All must share the blame when this enemy lays war indemnities upon us. America's citizenship must render homage and crime. All must share the blame when this chemy lays war indemnities upon us. America's citizenship must render homage and pay tribute to the powers that be in their land. They are no longer the powers of America's organized society. There is another government of this country; it is the government of organized crime, and it exercises the power to levy upon us a constantly increasing burden.

Colonel Lindbergh had to treat with this other government in his State and country when their government of ordained law could neither protect his family from violence nor give him justice

against it. He had to treat with the powers that be, and so do all Americans when those powers put pistols to their heads.

Americans, did we say? They may bear the name, but are they the breed of Americans Washington led across the Delaware that freezing Christmas night to surprise the enemy at Trenton, not far from the stricken home of the Lindberghs? That was in another age, when Americans were fighting barefoot in the snow to establish that there should be only one government in America. and that their own.

#### THE NEW GOVERNMENT

There now is another government in America. How has it come about? Americans of to-day did not try to stop the enemy at the walls. They let the invader in to seize and occupy our cities and then sued for terms upon which they might be permitted to live and pay tribute in the country Washington had bequeathed to free from tyranny and oppression.

them free from tyranny and oppression.

This conquest of a great nation by an internal enemy springing up from the jungles that nation had permitted to overgrow its once blessoming domain is the most shameful in history. The inheritors of the land did not strike a blow. Rich and lazy, we preferred paying to fighting. Ours is the history of all tribute-paying the more we paid, the more was demanded. The whole social organization surrendered. Cowed and intimidated, it gave with its tribute its political institutions to be debauched and its pampered body to be kicked.

# THE VALLEY FORGE SYMBOL

Back a little way in history, a soldier, his bleeding feet wrapped in rags, his musket under his ragged coat to protect its lock from the snow, is marching mile on mile through the dark and cold of a bitter winter night. Ahead is his leader, the first captain of the age, serving without pay in what seemed in that black hour to be a lost cause. These two soldiers had taken up arms to free America. The fame of one of them now fills all the world. The name of the other is unknown. It can be found in no book or on no But if he is not known by name, he is known by monument. But if he is not known by name, he is known by the proudest title the history of the country he died to save that freezing night could bestow upon him. Like his great leader, he was an American. These two soldiers, the Commander in Chief of that army and the continental who left his bloody tracks in the snow, founded the greatest republic in the annals of man.

Is it to be recorded that they lived and suffered and strove in vain, and that their Republic, which they thought would be a boon to their countrymen for all time and a beacon to the oppressed of all lands, has been given back to the jungle by their descendants, the huddled, bleating, sheep-Americans of to-day?

# NOT DEAD, BUT SLEEPING

Surely the spirit of Valley Forge can not be dead, for if it is, then not "What of America?" but alas for America! But we do not believe it is. Americans have been unthinking, careless, self-ish, but they can be aroused. Their pride in their land, their heritage, will yet bring them to its defense. Only 14 years ago, Americans were showing their mettle on the battlefields of France. The "Lost Battalion" was the spirit of Valley Forge flaming again. There was discipline, unity, consecration, self-sacrifice. These qualities surely remain in the great inert mass of our people. America, like China, has been a sleeping giant. The time has come for it to stir to the dangers, to act, and, in the action, crush out all the vicious, parasitic, and damnable usurpers.

To paraphrase Lincoln, America can not live free only in name and subject in fact.

# EMERGENCY HIGHWAY CONSTRUCTION-PHILIPPINE INDEPENDENCE

Mr. HAYDEN. Mr. President, I want to inquire of the Senator from Mississippi, in charge of the tariff bill, whether it is expected that debate will begin on it to-morrow, or whether there might be an opportunity, if we are not to

proceed with the consideration of that bill, to take up House bill 9642, the emergency highway construction bill?

Mr. HARRISON. It was expected that we would proceed right along with the tariff bill, but the senior Senator from Utah [Mr. Smoot] has just informed me that he can not be here to-morrow, and I told him that I thought there would be no objection raised, so far as this side is concerned, to laying aside temporarily the tariff bill for to-morrow, if there were other matters to come up. Of course, I have no objection to the Senator's bill coming up.

Mr. HAYDEN. I would like to give notice that if there is an opportunity to debate the bill to-morrow I propose to take advantage of it.

Mr. BINGHAM. Mr. President, just in order that there may not be any waste motion in this ma'ter, if the Senator proposes to ask unanimous consent to lay aside the unfinished business in order to take up the road bill, I shall have to object.

Mr. HAYDEN. If it is quite evident that there is to be no debate upon the tariff bill to-morrow and there is an opportunity for the Senator from Connecticut to make the speech which he desires to make, I hope he will make it.

Mr. BINGHAM. I really think that the Filipino independence measure is of more importance than the road bill, and if the tariff bill is not debated to-morrow, I shall ask the Senate to proceed to consider that measure.

## EXECUTIVE BUSINESS

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### REPORT OF COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

## BERT REDMON

Mr. GORE. Mr. President, I ask unanimous consent that the vote by which Bert Redmon was confirmed as postmaster at Sallisaw, Okla., be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads.

This nomination was confirmed on Friday last in my absence and I had released it through inadvertence. The highest man on the eligible list is an ex-soldier, and therefore has a preferred status. The lowest man on the list was nominated. I desire to look into the situation further, and therefore I make this request.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the vote by which the nomination was confirmed is reconsidered, and by unanimous consent the nomination is recommitted to the Committee on Post Offices and Post Roads.

# TREATIES

The Chief Clerk proceeded to read Executive KK.

Mr. McNARY. I ask that the treaties on the calendar may go over.

The PRESIDENT pro tempore. The treaties will be passed over.

# THE JUDICIARY

The Chief Clerk read the nomination of Charles A. Jonas to be United States attorney, western district of North Carolina.

Mr. McNARY. By agreement between the Senators from North Carolina and the junior Senator from Minnesota [Mr. Schall], that nomination will be passed over this evening.

The PRESIDING OFFICER. The nomination will be passed over.

The Chief Clerk read the nomination of Watt H. Gragg to be United States marshal, middle district of North Carolina.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### FEDERAL FARM LOAN BOARD

The Chief Clerk read the nomination of Vulosko Vaiden to be a member of the Federal Farm Loan Board.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ODDIE. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, all nominations of postmasters on the calendar will be confirmed en bloc.

This completes the calendar.

## ADJOURNMENT

Mr. McNARY. As in legislative session, I move that the Senate adjourn, the adjournment being until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) adjourned until to-morrow, Wednesday, March 23, 1932, at 12 o'clock meridian.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 22 (legislative day of March 21), 1932

# MEMBER OF THE FEDERAL FARM LOAN BOARD

Vulosko Vaiden to be a member of the Federal Farm Loan Board.

#### UNITED STATES MARSHAL

Watt H. Gragg to be United States marshal, middle district, North Carolina.

### POSTMASTERS

ARIZONA

Loren W. Harper, Buckeye. John A. Williams, Hayden.

GEORGIA

Herbert I. King, Dexter. Thomas J. Barfield, Emory University. Estelle Willis, Hardwick. Virginia E. Holder, Jefferson. Clarence G. Hardigree, Watkinsville.

# ILLINOIS

William R. Cale, London Mills.
INDIANA

David M. Hoover, Elkhart.
Roy R. Roudebush, Greenfield.
Frank H. McGuire, Milroy.
Grant F. Long, Monon.
George W. Owen, Poseyville.
Jacob Ochs, Remington.
Frank M. Thompson, Versailles.

# MICHIGAN

C. Clyde Beach, Deerfield.
Arthur Dillon, East Tawas.
Harry E. Penninger, Lake Linden.
Burton E. Giles, Plymouth.
Carrie M. Colegrove, Remus.
Ralph S. Wiggins, Sunfield.
Albert S. Stieg, Temperance.
Charles J. McCauley, Wells.

# NEW YORK

Harold L. Payne, Bainbridge.
Jennie M. Steinhilber, Beaver Falls.
George H. Farley, Broadalbin.
Elizabeth H. Oschmann, Broad Channel.
Peter R. Carmichael, Caledonia.
Edmund B. Windsor, Castile.
John G. McNicoll, Cedarhurst.
John F. Wickham, Clyde.
Laurance C. Baker, Comstock.
Stanley W. Parsons, Copenhagen.

Harry L. Hedger, Glen Cove. Henry L. Sherman, Glens Falls. Oby J. Hoag, Greene. Carl Gardner, Groveland. Nell S. Barclay, Hillsdale. Robert L. McBrien, Huntington. Estella Otis, Keene Valley. Ruth W. J. Mott, Oswego. John H. Quinlan, Pavilion. Harry C. Holcomb, Portville. Giles C. deGroot, Ronkonkoma. Asa C. Rowland, Salamanca. Conrad Happ, Sparrow Bush. Walter W. Tilley, Theresa. James Richtmyer, Windham. John T. Gallagher, Witherbee.

NORTH CAROLINA

William T. Fletcher, Boonville.

NORTH DAKOTA

Guy E. Abelein, Anamoose. Gilbert A. Moe, Sheyenne. James C. Acheson, Souris. Edith M. Ericson, Underwood.

VERMONT

Joshua H. Blakley, Bellows Falls. Sanford A. Daniels, Brattleboro. Percy E. Bevins, Burlington.

VIRGINIA

Campbell Slemp, Wise.

# HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 22, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, our prayer to Thee is not an attempt to change Thy will, but to adjust our motives to the divine purpose. Thou hast said, "God so loved the world"-then it is not lost. Have pity when Thou lookest upon its marred face. Restore unto it everywhere the blessings of just and righteous government. Look upon our own country; may we have a boundless faith in its institutions and work unceasingly for its greatest good. Mold our decisions and determine their direction. Create within us heroic convictions, and may we be of tried metal in every hour of need. Make us men who bear in our own breasts the worth of man. God help him; he is more immature than wicked. By every widening of our affection for him we reflect the character of our Elder Brother. Grant that we may have this day the consciousness of having done cheerfully the things which are altogether worthy of our station and made an essential contribution to the stability of the Republic. Amen.

The Journal of the proceedings of yesterday was read and approved.

# ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, before the special order is taken up to-day, may I ask the majority leader a question or two? Several Members have asked me about the Granata contested-election case. I wish we could have some agreement on a day certain to determine that case, if possible. The suggestion is made on this side because a great many of the Illinois Members have primary election contests, and they would like to have this go over until after April 12. As a matter of fact, I shall make the request for April 14 as a day certain, if the gentleman from Illinois could consider it.

Mr. RAINEY. Mr. Speaker, I regret that that would be impossible. We do not want to bring it up during the pendency of the tax bill, although it is a matter of the highest privilege. We will call it up immediately after the tax bill and make it the first order of business.

Mr. SNELL. It is somewhat uncertain when the tax bill will be finished. Could the gentleman agree that he would give this side at least three days' notice before the election contest is called up? I think that is only fair, so that we may have a definite day fixed.

Mr. RAINEY. I think before we get through with the tax bill we will be able to determine approximately the day that we will finish it.

Mr. SNELL. I think it is only fair that we should have two or three days' notice before the case is taken up.

Mr. RAINEY. I agree with the gentleman.

Mr. SNELL. I would like to have it fixed for the 14th of April, but if the gentleman can not do that, I hope that he will definitely announce it two or three days in advance.

Mr. RAINEY. The only definite thing that I can state is that we can not take it up during the consideration of the tax bill; but we will take it up immediately afterwards, and we will give the gentleman three days' notice.

## REVENUE BILL OF 1932

The SPEAKER. Under special order, the gentleman from Arkansas [Mr. Parks] is recognized for 10 minutes.

Mr. CROSSER. Mr. Speaker, before that is done, will the gentleman from Arkansas yield?

Mr. PARKS. Yes.

Mr. CROSSER. In order that I may call the attention of the House to the fact that we have from Ohio here this morning, in the gallery, the representatives of the Chiefs of Police and Sheriffs Association of Ohio. [Applause.]

Mr. PARKS. Mr. Speaker and gentlemen of the House, I realize as much as any man who lives the critical condition of this country to-day and that the hour has come for every patriot of this land to give to this subject the most careful and thoughtful consideration. I have no criticism to offer of the members of the Ways and Means Committee that brought in the tax bill under consideration. I know the cross currents under which they labored. I know that here and there, their trail has been beset until they were unable to bring in a bill that was satisfactory to them, and I have no thought in my remarks of criticising the committee. I disagree with most of the bill.

I think, perhaps, for the first time in the history of this Congress, or at least during the years that I have been here, one of the leaders of this House felt it his duty to catechize and chastise the Members who were endeavoring to follow him. On the first day that the bill came up for consideration our distinguished friend took the floor to criticise those of us who dared to speak the language of the man who toils, and the man who labors, and then on a succeeding occasion there was broadcast one evening to the four corners of the earth, the statement that an insidious lobby was here undertaking to join with us to defeat the sales tax. Later on this same distinguished leader took the floor to further chastise us and say that Democrats following the Democratic platform and listening to the voice of humanity had gone further toward communism than any country in the world except Russia. I fling back into the face of those who criticise us in this way that we resent that criticism. Then finally, through a national hookup, it was broadcast to our constituents over the radio to send to their Congressmen a message telling them to lay upon the backs of the laboring people of this land \$595,000,000 in taxes that the Congressmen think are unjust, and which the Democratic platform said you should not put upon the backs of the people as a matter of principle.

The first day the bill was under consideration and before the ink was dry upon it, one of our distinguished leaders said, "Oh, yes; it is a popular thing to say, soak the rich," and that has become the shibboleth of the men who are advocating this sales tax. I have no disposition to soak the rich, but I say to you now that whether you soak the rich or not, this patriotic band stands together and vows by all we hold sacred in this world that you shall not soak the poor. [Applause.]

I am just as jealous of the credit of our country as any man here. I am just as jealous of her credit and her faith as any man who walks this earth, but the fight that we made has brought about a change in this bill that will be for the benefit of the American people. If we can help it, you shall not take the sweat from the toil of the working people of this land and pay this deficit, but you must go to the accumulated fortunes of the men who brought on this infamous panic, and pay this deficit. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. PARKS. I vield.

Mr. RANKIN. It was intimated on the floor of the House on Saturday and carried throughout the press that those of us who are opposing the sales tax were excited and in no condition to legislate. As a matter of fact, the only people who were excited were the advocates of the sales tax who were opposing us.

Mr. PARKS. I think the gentleman is correct about that. Surely no man who is opposing this sales tax has got so excited that he would criticize unjustly the men who do not op-

pose it, in this great fight.

What is the bill before us? What does it do? It taxes everything, practically, that is manufactured in this world. It taxes the ice that you press to the fevered brow of your sick and your loved ones. It taxes the bread that you put in the mouths of the hungry. It taxes the shoes that you put on the feet of the barefooted. It taxes the clothes that you put on their backs. It taxes the hat that goes on their heads. It taxes every manufactured article, almost, known to man.

Mr. BLANTON. Will the gentleman yield?

Mr. PARKS. I will.

Mr. BLANTON. It has been stated also, through the press and here, that those of us who, in accordance with the Democratic platform, are fighting a sales tax, are insurgents, when it is very evident that a great majority of this House is against the sales tax, hence those who are for it should be called "the insurgents."

Mr. PARKS. Not only that, but nowhere has any Democratic platform nor any Republican platform ever declared for this unholy tax that must be put upon the necessities of life, and not upon the ability of a man to pay and the man that has it. Why not levy a tax upon incomes? We have the lowest income taxes of any nation on earth which has an income tax. Why not go to the men that have ability to pay? Why not go to the men who have accumulated these fortunes, men who have hidden them out and taken them away and put them out of circulation? Why should we not lay our hands upon those vast fortunes that to-day have made this panic that we are now going through?

Three years ago this was a prosperous land. Three years ago the wheels of industry sang a song of happiness, of prosperity, love, and contentment. Millions of men bade their families good-by in the morning, with a full dinner pail on their arm, and went forth to make an honest living, happy in the thought that they were able to build a home and to buy for their loved ones. Then there came striding across this earth that great colossus who said. "Make me your leading official; make me your chief, and prosperity will not only continue but we will have an automobile in every garage; we will have two chickens in every pot." Lo and behold, three years from that time you not only do not have the automobile in the garage but you do not have the garage. You not only do not have two chickens in the pot but you do not even have the pot in which to put the chickens. [Applause.]

To-day over the head of every man and over the head of every woman disaster hangs like the sword of Damocles, and millions of men to-day are without work. In more than 8,000,000 homes the wail of the wolf of want is heard by day and by night, and famine, like a grim specter, wraps her shroud about her and goes from door to door, from coast to coast, and yonder in the White House sits that great mind, impotent and helpless, while men are without employment. [Applause.]

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. PARKS. Mr. Speaker, I ask unanimous consent to proceed for one additional minute.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. PARKS. Mr. Speaker, in conclusion, let me say our crowd is not to be terrorized or intimidated by anybody. They have just begun to fight, and in the words of that immortal American who will live forever in the hearts of his countrymen, "We are standing to-day at Armageddon, battling for the Lord." [Applause.]

The SPEAKER. Under the special order of the House, the gentleman from Nebraska [Mr. Howard] is recognized

for 10 minutes.

Mr. RAINEY. Mr. Speaker, may I propound a unanimous-consent request?

The SPEAKER. The gentleman will state it.

Mr. RAINEY. I have no desire to reply to the address just made by the gentleman from Arkansas; but I ask unanimous consent to insert at this point in the Record and just after the gentleman's address my radio speech to which the gentleman referred.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. RANKIN. Reserving the right to object, is that the same radio address to which the gentleman referred, criticizing the Members of Congress who are opposed to the sales tax?

Mr. RAINEY. The gentleman will find nothing of that kind in it. That is the reason I want to press it at this

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Reserving the right to object, and I shall not object, but if the gentleman's radio speech-

Mr. BACHARACH. Mr. Speaker, the regular order.

Mr. LaGUARDIA. The gentleman can have the regular order if he wants it. The regular order is that I am going to make a unanimous-consent request.

The SPEAKER. There is one unanimous-consent request pending.

Is there objection?

There was no objection.

Mr. RAINEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, granted this day, I include the speech I made over a coast-to-coast network of the National Broadcasting Co. on Thursday night, March 17, 1932, beginning at 10.15 p. m., eastern standard time.

The speech is as follows:

The levying of taxes is one of the unpleasant duties devolving upon a Member of Congress; but when the necessity arises for the imposition of additional taxes, we must meet it with courage. No-body likes to be taxed.

body likes to be taxed.

There is under consideration to-day in the House of Representatives a tax bill which we will commence to read for amendments to-morrow, and which proposes to raise enough additional taxes to balance the Budget in 1933. The bill is being vigorously opposed upon the theory that we can balance the Budget by reducing the expenses of operating the Government or that we can balance it by imposing higher taxes on the big incomes and on the big estates, and the general public has the impression that Federal salaries are too large and they should be cut, that they should receive the same cut that business is now giving to its employees and which have been sanctioned by the labor organizations, and this amounts to a 10 per cent cut in all salaries. These propositions appeal very much to the taxpayers, and they have become convinced that this is the road out of our present difficulties.

difficulties.

To-night I expect to discuss the exact situation in which we find ourselves at the present time. The facts I am going to give you are the result of close study and the figures are official and are also corroborated by extensive research work.

At the present time our Federal deficit is greater than the deficit of any other nation in the world and is greater than the deficit of any nation at any time in the history of the world. We are not collecting enough money to run the Federal Government.

In 1931 we ran behind \$1,123,000,000. Nearly half this amount was due to borrowing for the loans we made to veterans. At the present time the Federal Government is running behind \$7,-82,000 every day, and unless we succeed speedily in balancing our Budget this daily deficit will not only continue but will be substantially increased. stantially increased.

The deficits for the fiscal year 1931 and for the fiscal year 1932 are not provided for in the Budget for 1933. It would be impossible to do that. These enormous amounts are being added, or will eventually be added, to the public debt. By the end of the fiscal year 1932 we will have added to the public debt \$5,000,000,000

which must some day be paid. In other words, the public debt is | which must some day be paid. In other words, the public debt is almost back now to where it was when we commenced to reduce it a few years ago. If we can sell long-term Government bonds at 4½ per cent in the near future, and that is the least we can expect to pay, we will have added to the expenditures of this Government on the item of interest alone per year \$210,000,000.

We have borrowed all we can. The Government's credit is destroyed. Recently some of our bonds were selling as low as 85.

When the announcement was made three or four weeks ago that we proposed to balance the Budget, Government bonds went up until these low-interest-bearing bonds are now selling around 91. Less than a year ago they were selling for 101. When the credit of a government is so destroyed that its bonds sell below par, as our bonds are doing, and when it can not borrow money at all on long-term issues, and when we are running behind nearly eight million dollars a day, the conclusion is inescapable that the Government is bankrupt and its solvency must be restored.

Our Federal Government has no assets except its public build-

ings which yield nothing in the way of revenues, and its public lands which yield no revenues, and which we can not even give away on account of the fact that they are practically worthless

away on account of the fact that they are practically worthless except for grazing purposes.

The Members of both branches of the National Congress sit here as directors of the greatest corporation in the world, of which 120,000,000 people constitute the stockholders, and the 120,000,000 stockholders ought to be in favor of measures which will restore the solvency of the great corporation in which they are interested. Unless we do it, there is ahead of us in the immediate fortunes of the work of the suppose this suppose that the life. interested. Unless we do it, there is ahead of us in the immediate future, and it may come this summer, a panic the like of which no other nation in the world ever experienced. We must restore confidence in our banks. People are now hoarding their money, and over a billion and a half dollars have now been retired from circulation. We must restore the buying power of the people, and the first step in that direction is to restore the solvency of the Government itself.

It is a popular thing to "soak the rich" by taxes. Those of you who agree to that proposition will be pleased, I am sure, to know that we are doing it in this bill. We take in taxes approximately one-half of all incomes over \$100,000 a year. This is as far as we are advised by economists we can safely go without reaching diminished returns. We are practically doubling the income taxes and surtaxes and we are lowering the exemptions. After having done all this we will still have left a Budget deficit of \$1,241,000,000 for 1933.

are decreasing all governmental expenditures for 1933 by reductions made now in Congress as the Budget estimates come in of \$125,000,000. We are, by administrative economies in the deof \$125,000,000. We are, by administrative economies in the departments of the Government, accomplishing a saving of \$100,000,000 more. Already governmental employees are being discharged in order to accomplish this, and Members of Congress are beginning to hear from it, but we expect to accomplish these economies, and this is as far as we can hope to go unless we reduce salaries of all employees of the Federal Government from the President

You will be interested in knowing what can be accomplished in You will be interested in knowing what can be accomplished in the way of salary reductions. It is popular to suggest that reductions be made of salaries of \$5,000 and over that. I have been advising that course myself, but a 10 per cent reduction in all salaries of \$5,000 and over will result in a yearly saving of approximately \$3,500,000, which is less than half of the Federal Budget deficit for one day of time. If we reduce all salaries of \$5,000 and more than that 20 per cent, the result would be that we will then have failed to overcome the Budget deficit the Government is now sustaining for one day.

will then have laised to overcome the Budget denot the Government is now sustaining for one day.

In order to accomplish any substantial cost saving, we are going to be compelled to reduce all salaries 10 per cent. If we reduce all salaries 10 per cent, from the President down, we will accomplish a cost saving in the operations of the Government of less than \$58,000,000. In other words, we will only overcome the Budget deficit we are now sustaining for approximately eight days

I only speak for myself, but I have been compelled to the con-clusion that we must reduce all Federal salaries, little and big, for the psychological effect it will have on the country in the immediate future.

I might mention also that we are practically doubling the taxes on the big estates by these increases, but they will not be available during the fiscal year 1933. Therefore they do not help us much. It takes over a year to settle up an estate, especially a big estate. The Government will not get the taxes until the estates are settled. The next proposition which presents itself is how much can we reduce the ordinary expenses of the Government. It will surprise many of you to know that out of every \$100 the Government expends \$71.38 is expended on account of wars—wars which have been and wars which may occur in the future. It would appear to those of you who have not closely studied the question that reducing this amount ought easily to be effected, but I call your attention to the fact that \$28.83 of that amount goes out in the payment of interest on war debts, and these bonds are held by our own nationals. This, of course, can not be reduced.

Of that amount \$26.71 is expended on account of pensions to

our own nationals. This, or course, can not be reduced.

Of that amount \$26.71 is expended on account of pensions to soldiers of all of our wars and to their dependents. There is no way of reducing that. We can not close the hospitals and discontinue our pensions to disabled and aged veterans and their widows and dependents. None of you want to do that if you could.

I have now accounted for \$55.54 of the \$71.88 expended on account of war. That part of it can not be reduced. At the present the way and dependents.

ent time we are expending on account of our Army and Navy only

\$16.35 of the amount which I am enumerating as war expenditures. We hope to accomplish some reductions in that, but not much. Patriotic organizations throughout the United States are most vigorously protesting against reductions in the amount expended on the Army and Navy and thereby interfering with our national defense. This makes up the entire amount of \$71.88 out of every \$100 the Government expends. I would like to know how we could accomplish many substantial reductions there.

Out of every \$100 which the Government expends, \$9.03 goes for public improvements, good roads, improvements in rivers and harbors, and public buildings. If we stop building roads and stopped absolutely the work on rivers and harbors and stopped the building of public buildings and eliminated this entire expense, we will not have saved much, and the demand for roads, improved rivers, and public buildings is so great that we can not expect much reduction in this amount.

reduction in this amount

This leaves out of our \$100 only \$20 which we expend for carrying on all of the functions of this great Government of ours, amounting in all to eight hundred millions, out of four billion plus dollars we expend every year, and out of this \$800,000,000 must come the reductions we expect to make.

We expect to accomplish a reduction in this amount of \$225,-000,000 in the next year, and to that should be added approximately \$58,000,000 if we cut all salaries 10 per cent, and in estimating our deficit we are already accounting for this reduction in expenses of \$225,000,000. If we cut salaries and take out \$58,000,000 more we will have left only \$607,000,000 with which

\$58,000,000 more we will have left only \$607,000,000 with which to carry on the functions of this Government.

These facts are unpleasant to a great many of you, but you ought to know about them. I might add to this, and I regret to do it, this additional fact, that in estimating our income for 1933 we include as receipts the \$270,000,000, the allied nations will now owe us in 1933. Personally, I do not think they will pay a dollar of it. If they do not pay, our deficit for 1933 will be \$270,000,000 more than we have estimated it to be.

We have also estimated that our receipts from income taxes in

\$270,000,000 more than we have estimated it to be.

We have also estimated that our receipts from income taxes in 1933 will be \$1,100,000,000. It may be much less than this. I notice from newspaper items statements to the effect that it may be \$300,000,000 less than this amount, and estimates they make are based upon the income-tax returns now coming in. If they are right about it, this will add to the deficit another \$300,000,000. Personally, I can not believe that they are right, although I am sure there will be a substantial reduction below our estimates. The situation I am describing is not pleasant, but the millions of people who are listening to me to-night ought to know exactly what is happening. Our great deficit is not due so much to in-

of people who are listening to me to-night ought to know exactly what is happening. Our great deficit is not due so much to increased expenditures of the Government, although increased expenditures in part account for it, but in small part. Our deficit is due to diminishing returns in practically every item of national revenue. The income tax is our principal source of revenue. In 1932 our income from this source decreased \$660,000,000 below the receipts for 1931. For 1933 we are estimating a further decrease of revenue from this source of \$40,000,000. Personally, I now believe it will be much more than that amount, and the newspapers which are now estimating it at \$300,000,000 may even be right about it. right about it.

I might go through the list of revenue receipts from all sources

and they will all show decrease

This is go thindigh the last of revenue receipts from all sources and they will all show decreases.

We are proposing a general sales tax of \$600,000,000 spread over the entire field of industry, exempting raw foodstuffs and canned foodstuffs, exempting every business with a turnover of less than \$20,000, also exempting from its operation all farm products and the expenses of farmers for fertilizers and seeds. This is the kind of a tax in force now in practically every country in the world. It is an emergency tax. It will be an invisible tax, not perceptible to the purchaser of completely processed articles.

A tremendous opposition to this is being stirred up in the country. If it is defeated, we are going to be compelled to go to the high, objectionable war-time excise taxes, such as additional taxes on tobacco, on conveyances of real estate, on automobiles, on admissions to theaters of 10 cents and over, on radios and phonographs, on checks and drafts, on increased postage rates from 2 to 3 cents. Some or all of these taxes may be necessary to balance the Budget. It is a choice now, so far as the battle goes, between the general sales tax I have mentioned and the objectionable taxes like these. Of course, we must go to one or the other of these systems.

If you prefer a return to the war, time taxes may not prefer a return to the war, time taxes are a constant. systems

systems.

If you prefer a return to the war-time taxes, your representatives in Congress will put them in. If you prefer the emergency general sales tax spread over practically the entire field of industry, therefore bearing lightest on the individual industries, your representatives in Congress will give you that kind of a tax. Members of Congress hear only from their constituents who are opposed to balancing the Budget, and the letters and telegrams they are receiving—I am receiving hundreds of them every day—are the result of propaganda sent out by the new type of lobbyists we have, whom I am calling invisible lobbyists. We never see them. They give no study whatever to the subjects they take up. Their effort is, in order to defeat certain propositions or to get higher tariff rates, to circularize the districts of Members of Congress asking the citizens that they write to their Members of

gress asking the citizens that they write to their Members of Congress or wire them opposing or favoring certain propositions, and then we commence to hear from them; and if a Member of Congress hears from his constituents, whether what he hears is propaganda or not, he listens to it. We have had enough of these

propaganda letters.

And in conclusion I want to ask all of my listeners to-night who are impressed by the facts I have been relating to wire or

write their Members of Congress at once, insisting that the solvency of the Government be restored and that they vote to do it. If you prefer the sales-tax method, tell them that. If you prefer the more objectionable methods which you have already tried in war time, tell them to vote for that; but tell them, so that they can understand it thoroughly, to vote for these taxes and to do what they can to balance the Budget of the great corporation in which you are all interested as stockholders.

Member of the Congress and our presidential nominee out into the world defending the infamous thing known as a sales tax?

Mr. RANKIN. Will the gentleman yield?

Mr. HOWARD. Certainly.

Mr. RANKIN. Every time this sales tax has ever come up in a National Democratic Convention it has been unani-

The SPEAKER. The gentleman from Nebraska [Mr. Howard is recognized for 10 minutes. [Applause.]

Mr. HOWARD. Mr. Speaker, every American citizen with red things in his blood has difficulty in being calm in the presence of either a direct or an implied challenge to his patriotism. I shall be calm now, Mr. Speaker, for two reasons: The first is the command of my doctor. The second is that I do not want to inject anything here which might further increase the bitterness entertained by many Members of this House with reference to the sales tax.

Oh, I wish that my beloved leader by choice of the years ago, and my leader through only the call of love in this moment, might inject into this debate more of the views he entertained in other years as to this legislation, and less of his unhappy transformed views of to-day.

Those of us who have opposed the sales tax have been charged, impliedly, at least, with trying to Russianize this dear Republic of ours, and with creating a spirit of communism.

Mr. Speaker, who is now creating the spirit of communism in America? I declare to you my sincere belief that the daily conduct of those elements so largely behind the sales-tax proposition, without any reference at all to my colleagues here—the attitude of those men—is creating more of the spirit of communism in our country in an hour than a thousand street-corner, scap-box orators could create in a month. [Applause.]

I have heard it stated on this floor that one William Randolph Hearst was responsible for the bringing of this

sales-tax proposition before our House.

I want to be fair toward all men. I hold no brief for William Randolph Hearst. I accepted his invitation to go to Canada to study the sales tax. I was his guest. I am glad to say he treated all of us very courteously, and I am here to testify that so far as I knew he did not, even by inference, try to impress us with his view regarding the sales tax while we were in Canada. But I am glad I went to Canada. I saw at first hand the workings of the sales tax, and God forbid that those workings should ever be carried to my own country. [Applause.]

Mr. Speaker, what is the chief object of the sales tax, or, rather, what is the chief object of its promoters-meaning, of course, not at all any colleagues of mine in the The chief object of the real promoters of the sales tax is to build up a system of taxation in the United States under the terms of which those who are able to pay will have a large measure of the burden of taxation removed from their shoulders and laid upon the shoulders of those

less able to pay.

In fine, it means, carried to its legitimate conclusion—just as it means in Canada—that soon or late there will be so much of a sales tax collected from the common herd in our country that the Congress will be called upon to lift the burdens of income taxation which now rest upon the shoulders of the uncommon herd. That is all there is about it.

We have read in the newspapers in recent hours that this sales-tax feature of our bill is going to be sugar-coated in a manner to win to its support those of us who are opposed to the principle of the tax. I do not believe, Mr. Speaker, that any one of the progressive Democrats and progressive Republicans with whom I have been associated in opposition to this bill can be brought to desert a principle by any sugar-coating of this legislation by the committee. [Applause.]

Mr. Speaker, with your permission, I would just like to talk a little to Democrats alone. [Laughter.] If it be trueand it is true-that the Democratic Party has always been the party of the people in this country, what will the people whom this party is supposed to represent have to say to us during the approaching campaign if we shall send every

up in a National Democratic Convention it has been unanimously condemned.

Mr. HOWARD. Oh, yes, it has, and it will be condemned by the approaching Democratic National Convention. [Applause.] But I want to ask you Democrats to think of this seriously. Do you really want to see a Democratic President occupying the chair of state here in Washington? Do you? Do you believe that you can send a presidential candidate out to plead the cause of a sales tax before the common people with any assurance whatever of his election? Why, no; you do not. You do not believe anything of that kind. It is not possible.

Oh, my friends, I wish I might be privileged to speak to you very vigorously this morning. If I could, I would like to paint a word picture of a wonderful house on a high hill. a beautiful house, and over the door of that house in letters of silver and gold would appear the words "The House of Victory."

Now, pretty soon we are going out on a march toward that house. Here in this House to-day we will act in manner to make possible the entering of the Democratic hosts into the door of that house of victory or we will act in manner to have the Democrats stopped at the very threshold of that door-stopped by their own suicidal act in passing a sales tax. [Applause.]

Mr. SCHAFER. Will the gentleman yield?

[Here the gavel fell.]

Mr. HOWARD. Mr. Speaker, may I speak a little while longer? [Applause.] I ask unanimous consent to speak for five minutes more.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. First I want to answer the question of the gentleman from Wisconsin.

Mr. SCHAFER. Is it not a fact that the gentleman who holds a mortgage on the Democratic Party, Mr. Raskob, is in favor of this sales-tax monstrosity?

Mr. HOWARD. The gentleman from Wisconsin is more acquainted with mortgage holders than I am.

Mr. BLANTON. Will the gentleman yield?
Mr. HOWARD. Oh, yes.
Mr. BLANTON. Neither Mr. Raskob nor anybody else holds any mortgage on the Democratic Party. The gentleman from Wisconsin will learn that when the Democrats of this House get through with the so-called nonpartisan sales tax the Democrats of the Nation will still have plenty of confidence in the Democratic Party. [Applause.]

Mr. HOWARD. Oh, I hope so.

Mr. CONNERY. Will the gentleman yield?

Mr. HOWARD. Yes.

Mr. CONNERY. The gentleman has talked about our march toward Democratic victory in the next election, and I would like to ask the gentleman's reaction to this fact: The President of the United States at no time has said in any public statement that he is in favor of any pay cut in Federal salaries. If the gentleman, like myself, wants to see a Democratic President of the United States, does he not think that the Economy Committee had better take a vacation? [Laughter and applause.]

Mr. HOWARD. Mr. Speaker, instead of having the Economy Committee take a vacation, my best wish at the moment is that instead of a vacation the Economy Committee get busy and bring into this House a proposition to do away with every useless board and Federal commission created by the President [applause]; and, further than that, to bring in legislation to reduce temporarily, at least, the salary of every public official in the higher brackets, including my own. This is what I think the Economy Committee ought to do. [Applause.] I do not speak from the standpoint of a man who has so much money that he can afford to give away two or three thousand dollars of his salary, but God and men know that we, as Members of this Congress, can better afford to sacrifice one-fourth of our salary and still be in better attitude to live and to eat than millions of American citizens who but a little while ago were even better financially fixed than we are.

I do not want to be regarded as a demagogue, but if my advocacy of human rights as against money rights shall win me that designation, then I shall accept it as a badge of honor. [Laughter and applause on the Republican side.]

Now, I want to go over here and talk a little bit to my sales-tax brothers on the other side of the aisle. [Laughter and applause.] Now, my brothers—brothers in name, but not in fact—I sympathize with you.

Mr. SNOW. We do not need it.

Mr. HOWARD. Oh, you do need lots of sympathy. I sympathize with any man belonging to a political organization who is unable to look up to the titular head of that organization and discover one single act or one single principle ever performed or advanced by that titular head for the cause of human rights as against money rights, which anyone here present or elsewhere can go out and plead to the world and ask its acceptance. [Applause.]

We who are opposing this or any other form of sales tax have several times been admonished to pause and consider what we are doing. My reply is that we have carefully considered our course of action. The question we are discussing presents a fundamental difference of viewpoints. We hold no animosity toward wealth as such. We recognize that great wealth may be honestly acquired and properly employed. But we know that the great concentration of wealth in this country has, to a large extent, been the result of governmental favoritism-favoritism of tariffs, financial control, and similar advantages by which, year by year, a smaller and smaller number of our citizens acquire a larger and larger proportion of all the wealth of the country. Added to these economic advantages, the wealthy citizens have not been compelled to bear burdens of taxation which weigh upon them to the extent that taxes weigh upon the ordinary citizen. Our primary purpose in this fight is to raise the revenue from those who are best able to pay. You talk about our proposals being confiscatory upon those of great wealth. Let me reply to that by asking you, What ordinary individual to-day would not be glad to have an income which compelled him to pay the increased surtaxes which we have provided in the higher brackets?

This is a time of stress and the average citizen is not in a position to meet his present burdens, much less to have additional ones imposed upon him. The heavy burden of taxation which we are compelled to impose upon some one should be placed upon those who are best able to carry that burden to-day. That is the essence of the fight we are waging here in this House.

Mr. Speaker, I am remembering that my doctor commanded me to speak ever so quietly and briefly to-day, and so, in the vernacular of my Indians, I say no more. [Laughter and applause.]

ONE HUNDREDTH ANNIVERSARY OF THE DEATH OF GOETHE

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to address the House for five minutes on the one hundredth anniversary of the death of Goethe.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, to-day marks the one hundredth anniversary of the death of Johann Wolfgang von Goethe. It is only fitting, at a time when the entire world is participating in a bicentennial celebration honoring our George Washington, that we recognize this great date.

It is fitting and appropriate, for a number of reasons, that we pause in our thought of George Washington to turn our attention to the great German poet, philosopher, dramatist, novelist, and scientist.

Far apart as the two men were in the fields assigned them by the great Creator, the two were alike in many respects. They were alike, first of all, in being among the very few supreme minds that humanity has produced.

No statesman was greater than Washington. No poet, not even Homer or Shakespeare, was greater than Goethe.

The great German did his work for human advancement in the peace of his study, while the great American wrought the good that he did on the field of battle or in political councils. But in essentials the two men thought alike.

One of Goethe's first dramas concerned itself with the celebrated of a great sixteenth-century champion of liberty. And in the last great work of his life, the completion of Faust, he raised the hero of that immortal work to the plane that Washington occupied throughout his life—the plane of simple wisdom and disinterested service to one's fellow men.

A survey of Goethe's contributions to human thought, an estimate of what he did for the lifting up of the human heart, is the task of scholars and critics. But the person of even limited reading knows something of Goethe's place among the immortals.

So much of human life is gathered up in his varied works—he explored so many human problems, he lighted up so many deep recesses in the human heart—that it is little wonder that critics assign him the honor of having given shape to an entire era of human culture.

Goethe is Germany's pride, as Washington is ours. And the nation which sent to Washington's aid the military genius of Von Steuben and De Kalb, and the loyalty of thousands of German-Americans in Washington's ragged army, deserves the compliment of America's tribute to its chief adornment.

Though Washington and Goethe never met, their purposes ran parallel, their efforts were alike for human good, and the two were one in their counsels of good will.

Could we honor them in any more fitting way than by putting into our everyday relations that same good will, not only among ourselves but with all other nations?

Is it not possible for surface differences between peoples to sleep, as the bodies of these two great men sleep, while the spirit of concord they voiced lives on?

I suggest that in the name of George Washington, whose last public words expressed that spirit, we Americans extend to the German people a fitting return for the honors they have tendered the memory of George Washington in this bicentennial year. [Applause.]

On March 6, under the patronage of President von Hindenburg, the German Reichstag held a celebration in honor of the George Washington Bicentennial, at which time the walls of that chamber rang with the strains of the Star-Spangled Banner.

To-day let us pause and think of their great hero—their gift to civilization—Johann Wolfgang von Goethe. [Applause.]

# THE REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, and, pending that, I ask leave to make a short statement.

The SPEAKER. Is there objection.

There was no objection.

Mr. CRISP. My colleagues, I sense the temper of the House as well as any other Member. I repeat that I have said or done nothing to alienate the personal feelings of any Member of this House, and neither have I criticized any Member of this House. I am performing my duty as I see it, and you are doing likewise.

I do believe, my colleagues, it is to the interest of the country that this matter be speedily disposed of. I am confident that every Member of this House knows how he is going to vote and that prolonged acrimonious debate will not change a vote. I am anxious to do what I can to expedite the consideration of this bill, and I say to you that which you all know, that the House has a perfect right to do what it pleases with the bill. I am confident that the

sooner the real controversial issue in the bill is disposed of the better it will be for the country and for the House.

Yesterday I talked with several friends, who are active in opposition to the manufacturers' tax, to see if we could come to some understanding whereby we might go at once to the manufacturers' tax title and dispose of it. No understanding was reached.

Acting in accordance with the Ways and Means Committee direction, I introduced a rule yesterday simply to provide that when the House again considered this bill we should take up the manufacturers' title under the general rules of the House.

Some of my friends who favored the bill as written, and some who are opposed to it, were opposed to any rule and thought it might add to the difficulties of the situation. Surely I am one of the last men in this House to do anything that might add anything to the difficulties in the speedy consideration of the bill.

This morning the gentleman from North Carolina [Mr. Doughton], the gentleman from Mississippi [Mr. Rankin], and the gentleman from New York [Mr. LaGuardia] did me the honor to come to my office to see if there was not some way by which we could reach an agreement to expedite the consideration of the bill.

We talked the matter over. I advised them that, of course, I could not come to any agreement with them, that I would have to confer with the Ways and Means Committee, with the Speaker, with the gentleman from Illinois [Mr. Rainey], and the gentleman from New York [Mr. Snell].

When the Ways and Means Committee met at 10.30 this morning, I presented the matter to them, but prior to that I had a conversation with the Speaker and the gentleman from New York [Mr. Snell].

Now, the proposed suggestion by the three gentlemen I have named, Mr. Doughton, Mr. Rankin, and Mr. LaGuardia, was this: That I should ask unanimous consent that when the bill was taken up in the Committee of the Whole House on the state of the Union, we should proceed at once to the consideration of Title II, which is the inheritance estate tax title. It was suggested that we might have two hours' debate on that, to be under the 5-minute rule, and when the two hours were up not to preclude the offering of any further amendments that anybody desired to offer. You know that under the rules of the House you can move to close debate after the five minutes on each side is up.

The suggestion was that after the vote on the inheritance estate tax title we go immediately to Title IV, the manufacturers' sales tax title; that we would have two hours' debate, and that Members were to have the right to offer preferential perfecting amendments to the first section of the bill, and then it would be in order for anyone to move to strike out the entire title.

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. I will.

Mr. RANKIN. My understanding of the agreement was that we were to take up the inheritance-tax provision under the general rules of the House. Then, when that is disposed of, that we take up the sales-tax provision under the general rules of the House, just as we would if we were to come to it in the course of reading the bill, as we are now doing. I did not understand that we were to agree that anybody should have any undue right to offer any perfecting amendments.

Mr. CRISP. I do not think that is necessary under the gentleman's statement, and I agree that the matter was to be considered under the rules of the House, although I think it was understood that we were to limit the debate to two hours. The gentleman from North Carolina [Mr. Doughton] said that he was willing to have two hours of debate, the gentleman from New York [Mr. LaGuardia] said that he was willing, but the gentleman from Mississippi [Mr. Rankin] said that he was not willing to make any limitation but suggested that we let the House make the limitation.

Mr. RANKIN. I was not then referring to the time.

Mr. CRISP. I am going to answer the other, but I wanted to clarify that. I think the gentleman from North Carolina and the gentleman from New York will verify that statement.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield? Mr. CRISP. Yes.

Mr. O'CONNOR. Will the gentleman tell the House from which side this suggestion comes? Who suggested the irregular order of jumping from one place in the bill to another?

Mr. CRISP. I might say both sides made the suggestion. I made the suggestion in the interest of expediting it, to do it by bringing in a rule to make the manufacturers' tax title first in order. Then this morning the suggestion was made from the other side that this unanimous-consent agreement be had, so I think I truthfully say that both sides suggested it in the interest of expediting the determination of the bill.

Mr. O'CONNOR. Is expedition the only motive that prompts this unusual arrangement? Is there any other reason the gentleman can ascribe?

Mr. CRISP. I think the foremost reason of all is that it is in the interest of our country to get this matter speedily decided. [Applause.]

Mr. O'CONNOR. Does the gentleman mean by that that the only thing now that is in sight is the matter of expedition, which might carry the suggestion that any possibility of agreement between the contending factions is gone?

Mr. CRISP. No. This agreement, if the House enters into it, does not affect the right of any Member of the House. Each Member would have a perfect right to offer germane amendments to any part of the bill, and the proposal is not to change the rules of the committee as to the consideration of bills under the 5-minute rule in the slightest degree. This agreement, if made, does not change in any way the orderly procedure of these two subject matters as to how they would be considered under the rules of the House. The estate tax, Title II, is in the bill ahead of Title IV, the manufacturers' tax, and if we just continue to read the bill as we were doing the estate tax would be reached first.

Mr. O'CONNOR. I do not think the gentleman caught the purport of my question.

Mr. CRISP. Let me finish this statement and then I shall yield further. Here is the advantage in this proposition as I see it: We left off reading the bill the other day on page 36. There are about 158 pages between that point in the bill and the point where we reach the estate tax. Those 153 pages are devoted to mostly noncontroverted administrative changes. They are matters that ordinarily would be read through rapidly. Unless some understanding or agreement is made in respect to reaching these controverted items it is within the power of the Members on both sides of the House to offer amendments to all of those 158 pages and delay, and it might be two or three days or a week before we would reach Title II. That is the whole proposition.

Mr. O'CONNOR. What I am trying to obtain from the gentleman for my own information is this: First, is there any possibility of an agreement between the contending factions?

Mr. CRISP. None whatever.

Mr. O'CONNOR. Has the gentleman from Georgia or his committee made any effort to compose the differences?

Mr. CRISP. Members of the Committee on Ways and Means in the performance of their public duty, as they see it, brought in a bill for the House to consider. It became almost immediately apparent that there were many Members of the House who were opposed to it, bitterly opposed to it, and there is no way in the world to compromise those differences. The only thing is to have it go to the House and let the House vote, and the House vote will be decisive of the matter. We have proposed amendments to meet certain exemptions. The members of the committee did not care to bring in a manufacturers' sales tax. They did it because they believed it to be the best method to meet the emergency. Naturally, the members of that committee when they first brought in the bill exempted all farm products, certain food products, and many other articles which I shall not

other amendments which we think, from the veiwpoint of those opposed to the bill, should certainly make it less objectionable to them, and the committee believes that, with those amendments adopted, \$468,000,000 would still be raised by the manufacturers' sales tax.

Mr. PURNELL. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. PURNELL. In case the gentleman's unanimous consent is refused, does the gentleman intend to pursue his request for a rule or to continue the reading of the bill under the 5-minute rule as usual?

Mr. CRISP. If this request is not granted, personally I would prefer to go on with the reading of the bill.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. CANNON. The gentleman has just said that under this unanimous-consent agreement the bill would be read under the rules of the House. Then the gentleman said further that he desired to offer an amendment proposing additional exemptions. If the bill is read under the rules of the House, that means it will be read by paragraphs, does it not?

Mr. CRISP. That is the question which the gentleman from Mississippi [Mr. RANKIN] propounded to me a moment ago and I intended to answer it, but the gentleman asked me other questions and I could not answer it. Yes. The bill, under the rules of the House, is read by paragraphs. I apprehend, if this agreement is made, some gentleman opposed to the manufacturers' sales tax-I would not make it because I am for it-but I suppose some Member would perhaps move to strike out the first paragraph. Then I would offer a perfecting amendment to that first paragraph, with certain exemptions, and under the rules of the House, and under the rules of all parliamentary bodies I know of, where there is a motion made to strike out matter, a preferential motion to perfect the text is made before the vote on striking out is taken.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LaGUARDIA. Assuming, of course, that the amendment is germane?

Mr. CRISP. Certainly.

Mr. BLANTON. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. BLANTON. Mr. Speaker, has not the Chairman of the Committee of the Whole House on the state of the Union, the gentleman from Alabama, Mr. Bankhead, already ruled that this bill is to be read by sections?

Mr. CRISP. No, no.

Mr. BLANTON. Well, what I want to ask the gentleman is this: What the gentleman from Georgia sought to do by his rule was to jump from page 36 in the bill over to section 4-the sales-tax section. The only thing that the other side demanded was that we first take up section 2. Is that not true?

Mr. CRISP. No. They proposed to jump from page 36 to about page 189.

Mr. BLANTON. Did they not insist that we take up section 2, which embraces the estate tax, first?

Mr. CRISP. Yes. And that is what I am asking to do. I am in no wise attempting to change.

Mr. BLACK. Will the gentleman yield?

Mr. CRISP. I yield. Mr. BLACK. Assuming that the committee's preferential amendment is voted down, and assuming a motion to strike the first paragraph is carried, will the Committee of the Whole House on the state of the Union be in any position then to consider substitutes?

Mr. CRISP. The Committee of the Whole House on the state of the Union would be in that position, yes; and I will say to the gentleman from New York that this is what I would hope would happen: Should the House strike out the manufacturers' sales tax title we would lose from the bill \$460,000,000 if all of our amendments making exception were adopted. From our viewpoint, counting the \$30,000,000 in-

now enumerate. The committee has proposed a number of | crease from the two amendments that have been adopted as to the income-tax rate, the bill would still be short \$460,000,000. I would call the Ways and Means Committee and ask them to recommend to you certain amendments to fill in that gap. Then any other Member of the House. of course, could offer any amendment he pleased; and, if we should make a second recommendation and the House should disapprove it, I personally would see no necessity for the bill being referred again to the Ways and Means Committee; but what I would like to see would be for the House to adopt such amendments as they see fit and pass what remains of the bill and let it go to the Senate where the Senate could offer amendments, and if the Senate amended it, then it could come back to the House for consideration of the amendments put on in the Senate.

Mr. BLACK. Will the gentleman yield further? Mr. CRISP. I yield.

Mr. BLACK. Would the amendment be an amendment to Title IV, that the matter concerning the sales tax be stricken out? Would there be just plain Title IV before the House, to which we could offer amendments?

Mr. CRISP. I would say to the gentleman from New York that they would not move to just strike out "Title IV." They would move to strike out the first paragraph, with notice that if that prevailed they would move to strike out each succeeding paragraph as it was reached, and then I think what I said a while ago would be true, that under the rules of the House, when another section was read and an amendment made to strike it out, a perfecting amendment would be preferential to be voted on before we vote to strike it out. This is the theory, and it is common sense, that the friends of a paragraph of legislation should be given an opportunity to perfect it before a vote is had on rejecting it entirely. It might be amended in such way that the House would not want to reject it entirely.

Mr. LOZIER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LOZIER. In harmony with the suggestion made by the gentleman from Georgia, it seems to me that this unanimous-consent request should be granted for the reason that this bill is largely built around the sales tax and the estate tax, and the action of the Committee of the Whole House on the state of the Union on those two provisions will tremendously influence what shall be done with the other provisions of the bill. So it seems to me the part of prudence to go first to the principal controversial question and get it out of the way. Then we will know what changes, if any, to make in the other schedules.

Mr. BURTNESS. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. BURTNESS. I would like to have the attention of the chairman on a practical question. I note that the first section under Title IV is, of course, section 601, while the exemptions are provided for under section 602. I think there are quite a number of Members of the House whose vote upon the question of straightening out the manufacturers' sales tax may, in large part, depend upon what is done with the exemption section. Do I understand the gentleman correctly when I understand that the entire title, not only the first section but the entire title, would be perfected before the vote was put to strike out the entire

Mr. CRISP. No, sir. But I will say to the gentleman that I am going to offer an amendment to the first section which will cover what the gentleman is talking about.

Mr. Speaker, I ask unanimous consent that when the Committee of the Whole House on the state of the Union resumes consideration of the tax bill, Title II, the inheritance or estate tax, be first considered; that immediately upon the conclusion of the consideration of that title the committee begin the consideration of Title IV, the manufacturers' tax title, and that under the 5-minute rule on each of those titles there be two hours' debate.

The SPEAKER. Is there objection?

Mr. ABERNETHY. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Georgia a question. I have just come back from home, and I understand there has been considerable confusion among the craft. I am wondering if during that two hours' debate the gentleman will be liberal in the disposition of time and will not allow all of the time to be taken up by members of the committee.

Mr. CRISP. The gentleman says he has not been here. There were 7 days of general debate on this bill and 2 days under the 5-minute rule. There never has been such gener-

ous debate on any bill.

Mr. ABERNETHY. Still further reserving the right to object, I will say to the gentleman that I have been engaged in Red Cross work trying to relieve some suffering fishermen, and when I came back here I understood there was a mob, and I am just wondering if this consent is granted-and I always like to give consent to the gentleman from Georgiawhether there will be an opportunity given to Members to address the committee during that two hours' debate. For instance, I might want to say a word.

Mr. CRISP. Mr. Speaker, may I change the request?

The SPEAKER. The gentleman will state it.

Mr. CRISP. I ask unanimous consent that when the committee resumes consideration of this bill it proceed at once to the consideration of Title II, the estate title, under the rules of the House, and immediately upon that being concluded it begin consideration of Title IV, the manufacturers' tax title, under the rules of the House.

The SPEAKER. The gentleman from Georgia asks unanimous consent that when the Committee of the Whole House on the state of the Union resumes the consideration of the bill H. R. 10236, it immediately begin the consideration of Title II and consider it under the rules governing the committee to its conclusion, and upon the conclusion of the consideration of Title II, it begin the consideration of Title IV under the rules of the committee. Is there objection?

Mr. CONNERY. Mr. Speaker, reserving the right to object-

Mr. BLANTON. Mr. Speaker, I ask for the regular order. The SPEAKER. The regular order is, Is there objection? There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN. I would like to know if it will be in order when the committee amendments are offered to section 4 to offer amendments to the committee amendments.

The CHAIRMAN. Of course, because we are considering the bill under the general rules of the House. Under the unanimous-consent agreement the Clerk will read Title II of the bill.

The Clerk read as follows:

TITLE IT-ADDITIONAL ESTATE TAX SEC. 401, IMPOSITION OF TAX

In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, an additional tax equal to such tax is hereby imposed upon the transfer of the net estate (determined as provided in Title III of the revenue act of 1926, as amended) of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States.

Mr. LEWIS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Maryland offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Lewis: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof insert the following:

"(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—
"(1) The amount of a tentative tax computed under subsection

(b) of this section over
"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions of this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the

"Upon net estates not in excess of \$12,500, 1 per cent.

"\$125 upon net estates of \$12,500; and upon net estates in excess of \$12,500 and not in excess of \$25,000, 2 per cent in addition of such excess.
"\$375 upon net estates of \$25,000; and upon net estates in

excess of \$25,000 and not in excess of \$37,500, 3 per cent in addi-

tion of such excess.

\$750 upon net estates of \$37,500; and upon net estates in excess of \$37,500 and not in excess of \$50,000, 4 per cent in addition of such excess.

\$1,250 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$62,500, 5 per cent in addition of such excess.

"\$1,875 upon net estates of \$62,500; and upon net estates in excess of \$62,500 and not in excess of \$75,000, 6 per cent in addisuch exces

"\$2,265 upon net estates of \$75,000; and upon net estates in access of \$75,000 and not in excess of \$87,500, 7 per cent in addition of such excess.

"\$3,500 upon net estates of \$87,500; and upon net estates in excess of \$87,500 and not in excess of \$100,000, 8 per cent in addition of such excess.

\$4,500 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$112,500, 9 per cent in addition of such excess.

\$5,625 upon net estates of \$112,500; and upon net estates in ess of \$112,500 and not in excess of \$125,000, 10 per cent in addition of such excess

\*\$6,875 upon net estates of \$125,000; and upon net estates in cess of \$125,000 and not in excess of \$137,500, 11 per cent in addition of such excess.

"\$8,250 upon net estates of \$137,500; and upon net estates in cess of \$137,500 and not in excess of \$150,000, 12 per cent in

addition of such excess.

"\$9,750 upon net estates of \$150,000; and upon net estates in excess of \$150,000 and not in excess of \$162,500, 13 per cent in

addition of such excess.

"\$11,375 upon net estates of \$162,500; and upon net estates in excess of \$162,500 and not in excess of \$175,000, 14 per cent in addition of such excess.

"\$13,125 upon net estates of \$175,000; and upon net estates in excess of \$175,000 and not in excess of \$187,500, 15 per cent in addition of such excess

"\$15,000 upon net estates of \$187,500; and upon net estates in excess of \$187,500 and not in excess of \$200,000, 16 per cent in addition of such excess

"\$17,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$212,500, 17 per cent in of such exce

\$19,125 upon net estates of \$212,500; and upon net estates in tess of \$212,500 and not in excess of \$225,000, 18 per cent in addition of such exces

\$21,375 upon net estates of \$225,000; and upon net estates in sess of \$225,000 and not in excess of \$237,500, 19 per cent in addition of such excess \*\* \$23,750 upon net estates of \$237,500; and upon net estates in

ss of \$237,500 and not in excess of \$250,000, 20 per cent in addition of such excess

"\$26,500 upon net estates of \$250,000; and upon net estates in excess of \$250,000 and not in excess of \$262,500, 21 per cent in addition of such excess.

"\$28,875 upon net estates of \$262,500; and upon net estates in excess of \$262,500 and not in excess of \$275,000, 22 per cent in addition of such excess.

"\$31,625 upon net estates of \$275,000; and upon net estates in cess of \$275,000 and not in excess of \$287,500, 23 per cent in addition of such excess.
"\$34,500 upon net estates of \$287,500; and upon net estates in

excess of \$287,500 and not in excess of \$300,000, 24 per cent in addition of such excess.

"\$37,500 upon net estates of \$300,000; and upon net estates in excess of \$300,000 and not in excess of \$312,500, 25 per cent in addition of such excess.

"\$40,625 upon net estates of \$312,500; and upon net estate in excess of \$312,500 and not in excess of \$325,000, 26 per cent in addition of such excess

"\$43,875 upon net estates of \$325,000; and upon net estate in excess of \$325,000 and not in excess of \$337,500, 27 per cent in addition of such excess.

"\$47,250 upon net estates of \$337,500; and upon net estates in excess of \$337,500 and not in excess of \$350,000, 28 per cent in addition of such excess.

"\$50,750 upon net estates of \$350,000; and upon net estates in excess of \$350,000 and not in excess of \$362,500, 29 per cent in addition of such excess.

"\$54,375 upon net estates of \$362,000; and upon net estates in excess of \$362,500 and not in excess of \$375,000, 30 per cent in addition of such excess,

\$58,125 upon net estates of \$375,000; and upon net estates in cess of \$375,000 and not in excess of \$387,500, 31 per cent in

addition of such excess.

"\$62,000 upon net estates of \$387,500; and upon net estates in excess of \$387,500 and not in excess of \$400,000, 32 per cent in addition of such excess.

"\$66,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$412,500, 33 per cent in addition of such excess.

"\$70,125 upon net estates of \$412,500; and upon net estates in tees of \$412,500 and not in excess of \$425,000, 34 per cent in addition of such excess.

\$74,375 upon net estates of \$425,000; and upon net estates in tess of \$425,000 and not in excess of \$437,500, 35 per cent in

addition of such excess,

"\$78,500 upon net estates of \$437,500; and upon net estates in
excess of \$437,500 and not in excess of \$450,000, 36 per cent in addition of such excess

"\$83,250 upon net estates of \$450,000; and upon net estates in excess of \$450,000 and not in excess of \$462,500, 37 per cent in addition of such excess

"\$87,875 upon net estates of \$462,500; and upon net estates in excess of \$462,500 and not in excess of \$475,000, 38 per cent.

"\$92,625 upon net estates of \$475,000; and upon net estates in excess of \$475,000 and not in excess of \$500,000, 39 per cent in excess of \$475,000 and not in excess of \$500,000, 39 per cent in addition of such excess.

\$102,375 upon net estates of \$500,000; and upon net estates in

excess of \$500,000, 40 per cent in addition of such excess.

"(c) For the purposes of this section the value of the net estate shall be determined as provided in Title III of the revenue 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be \$50,000."

The CHAIRMAN. It is the desire of the Chair to divide equally the time for debate on this amendment between those for and against the proposed amendment, and the Chair will undertake, so far as possible, to carry out that program.

The gentleman from Maryland is recognized for five minutes.

Mr. LEWIS. Mr. Chairman, I shall make only a factual and not an argumentative statement with respect to the above amendment.

In making my statement last Thursday I explained that if the rates applicable to individual incomes under the bill were applied to inheritances, a revenue equal to \$714,-000,000, greater than that realized in the proposed bill, would be reached. This statement was based on two principal factors, namely: A 40 per cent maximum rate, and that rate applied at \$100,000 of income, as in the case of individual incomes.

The above amendment, however, which has just been read is not designed to raise \$714,000,000 but about \$481,-000,000 in addition to the revenues arising under the present law; and the difference in these yields is accounted for by the difference in the income and estate rates and in the points of application of the maximum rates.

I will here insert a comparison by percentage of the present rates on net estates and individual incomes under the bill; also the estate rates proposed in the amendment as offered by me.

Present and proposed rates

Net income before exemption—individual or estate	Per cent of tax on estates under act 1926	Per cent of tax on individual incomes under bill	Per cent of tax on estates under Lewis amendment
\$2,000	None.		None.
\$3,000	None.	0.083	None.
\$4,000	None.	. 50	None
5,000	None.	.75	None
86,000	None.	.91	None
7,000	None.	1.17	None
8,000	None.	1.50	None
9,000.	None.	1.83	None
10,000	None.	2.10	None
12,000	None.	2.83	None
14,000	None.	3, 57	None
16,000	None,	4.37	None
18,000	None.	5.11	None
20,000.	None.	5.80	None
22,000	None.	6.45	None
24,000	None.	7.08	None
26,000	None.	7.69	None
\$28,000	None.	8.28	None

Present and proposed rates-Continued

Net income before exemption—individual or estate	Per cent of tax on estates under act 1926	Per cent of tax on individual incomes under bill	Per cent of tax on estates under Lewis amendmen
30,000	None,	8, 86	Non
35,000	None.	10. 28	Non
40,000	None.	11.65	Non
45.000	None.	13.00	Non
50,000	None,	14. 32	Non
62,500	None.	16. 93	Non
75,000	None. None. None.	17. 58 20. 80	0.2
87,500	None.	23. 89	200
100,000	None.	26. 56	1.5
112,000	0.11	28, 75	1.6
125,000	. 20	30.64	1.8
137,500. 150,000.	.27	32. 13	2.5
162,500	. 33	33. 73	3.0
175,000	. 46	34. 42	3.4
187,500	. 57	35. 32	3.9
200,000	.66	36.09	4.
212,500	.88	36.78 37.38	4. 5. 5. i
220,000	1.00	37. 38 37. 91	5.8
287,500	1.11	38.39	6.
200,000	1.20	38.82	6.8
262,500	1.28	39. 21	7.5
275,000	1.36	39, 56	7.1
287,500	1.43	39.89	8.5
312.500	1.50 1.60	40. 18 40. 45	8.
325,000	1.69	40. 40	9. 2
337,500	1.77	40. 94	10. 2
350,000	1.85	41.16	10.
362,500	1.93	41.36	11. 2
375,000	2,00	41. 54 41. 72	11. 7 12. 1
387,500	2.06	41.72	
400,000. 412,500.	2. 12 2. 18	41.89	12. (
425,000	2. 23	42.04 42.19	13. 1
437,500	2.28	42.32	14.1
	2. 33	42, 45	14. (
462,500	2.37	42.58	15. 1
1/0,U(X)	2.42	42.69	15. 6
487,500	2.46	42.80	16. 1
500,000	2.50 2.56	42.91	16.6
25,000	2.61	43.00 43.10	17. 17. 6
37,500	2.67	43. 19	18. 1
30,000	2.72	43.28	18.6
,050,000	4.28	45.05	28.7
,550,000	5. 45	45.68	32,4
2,050,000	6. 29	46.00	34. 2
,550,000 ,050,000	7.00	46.19	35. 3
3,550,000	7.63 8.23	46. 32 46. 42	36, 1 36, 6
,050,000	8.81	46.49	37.0
,000,000	9.37	46.55	37.4
,050,000	9.83	46.59	37.6
5,550,000	10. 28	46, 63	37.8
3,050,000 3,550,000	10.67	46.66	38. 0
,050,000	11.07 11.42	46.68 46.71	38. 2
7,550,000	11.79	46.72	38. 3 38. 4
8,050,000	12.11	46.74	38. 5
3,550,000	12.45	46.76	38.6
0,050,000	12.75	46.77	38. 7
0,550,000	13.07	46.78	38.7
10,050,000	13.37	46.79	38.8
wjooojaad	13.68	46.80	38.8

Ladies and gentlemen of the committee, the above table shows discriminations in taxation probably not paralleled in the history of taxation. It was perhaps not designed and represents only the neglect of the legislative mind. I have heard no justification offered for it. The difference between the dead man's relation to the estate-" It is my capital "-and the living beneficiary's relation to it as acquisition or unearned income need not confuse us. From the point of view of a mind in the coffin, say, the earthbound spirit of the departed, it was his capital. From the point of view of the living recipients it is their income when received just as is the reward of the inventor who awakes from the dreams of the night with an invention that he sells for \$100,000. The dead man's relation and point of view are clearly inapplicable. The Government owes him no duties, and he owes no duties to the Government; both have ceased to exist. New relations and new duties have taken their place. The relations of the living beneficiaries to the values coming to them-initially income for them-and the duties of Government toward them and their duties to it. There can be no property dynasties in contemplation of American law. To project the decedent's relation—"his capital"—beyond his grave and mummify if for the recipients who take the property through the instrumentality of Government is only a

method of erecting dynasties of wealth as belong to the ] feudal system.

Mr. Chairman, this amendment I have offered provides an exemption of \$50,000. The exemption carried in the law and in the bill is \$100,000. Formerly the exemption was \$50,000, I am told.

The point of application of the 40 per cent or maximum rate in the amendment just read to you is upon a net taxable estate of \$500,000—not \$100,000—after the allowance of an exemption of \$50,000. This distinction in the application of the maximum rates at \$500,000 rather than at \$100,000, as in income taxes, reduces the yield about \$232,000,000.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. JOHNSON of Washington. Does this plan that is outlined provide for a drawback if the estate taxes are assessed by a State or by a Commonwealth?

Mr. LEWIS. The bill is unchanged in that respect. The States would continue to get what they are getting under the current law.

Mr. JOHNSON of Washington. But this is a heavier tax than any heretofore proposed?

Mr. LEWIS. Yes.

Mr. Chairman, reading these rates means nothing until you put them into application, for they are cumulative; that is, 40 rates must be applied to ascertain the real rate; and so I shall ask your attention for just a moment while I give you some examples of these cumulative rates in application to the net estate left by a decedent.

On a net estate of \$100,000 left by a decedent these rates would amount to 11/4 per cent only, a rate less than that usually levied on real estate by the local authorities.

On an estate of \$150,000 net the rate comes to 3 per cent. On an estate of \$200,000 the rate is about 5 per cent.

On an estate of \$250,000 the rate is about 7 per cent.

On an estate of \$350,000 the rate is about 11 per cent.

On an estate of \$450,000 the rate is about 141/2 per cent. Mr. EATON of Colorado. Will the gentleman yield?

Mr. LEWIS. Let me finish this, please.

Mr. EATON of Colorado. I just want the gentleman to accentuate whether that is stepped up or not.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Maryland may be extended 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. LEWIS. I have just one more illustration and then I shall answer your question.

On an estate of \$550,000 net the tax comes to 18.1

Mr. EATON of Colorado. Is that 18 per cent on the entire \$500,000 or is it stepped up in each one of those places?

Mr. LEWIS. It is stepped up through the incomprehensible forms of rate statement that the draftsman finds necessary in the amendment.

Mr. EATON of Colorado. No; I am referring to what the gentleman is reading now.

Mr. LEWIS. Let me make that plain. If the decedent leaves an estate of \$100,000 net, 1¼ per cent will be paid on it. That is the whole payment, and it will amount to \$1,250.

Mr. JOHNSON of Washington. And how much on an estate of \$500,000?

Mr. LEWIS. Eighteen and one-tenth per cent.

Mr. JOHNSON of Washington. Then what does the 40 per cent proposal that was read mean?

Mr. LEWIS. It means nothing until it is combined with the 39 lower rates. You have to employ 39 other rates beside this 40 per cent. This is an actuarial problem, gentlemen, which can not possibly be worked out on the floor. I think that is the reason why the American people have never had a real inheritance tax. [Applause.]

Mr. LINTHICUM and Mr. FREAR rose.

Mr. LEWIS. I yield first to the gentleman from Mary-

Mr. LINTHICUM. Does this tax apply to the value of the estate when the man dies or the value at the time of the distribution of the estate?

Mr. LEWIS. The gentleman will please ask Judge CRISP that question.

Mr. FREAR. One of the points that is so continually urged in regard to the money that can be raised relates to the British estate tax. How does this compare with the rates at present with respect to British estates, if the gentleman can tell?

Mr. LEWIS. I would rather not go into that subject at this time; it may be necessary later. Let me say in answer to the question-

Mr. BULWINKLE. If the gentleman will permit, are these taxes in addition to the taxes under the existing law of 1926?

Mr. LEWIS. The rates quoted include the present rates. Mr. BULWINKLE. How much would that be on an estate of \$500,000 with the taxes proposed by the gentleman's amendment and the taxes under existing law?

Mr. RAGON. I do not think the gentleman from Maryland [Mr. Lewis] understood the gentleman's question. Will the gentleman state that question again?

Mr. BULWINKLE. Are the taxes, proposed under the gentleman's amendment in addition to the taxes imposed now under existing law?

Mr. LEWIS. The amendment rates include the present

Mr. BULWINKLE. Then may I ask what would be the combined tax under the gentleman's amendment and under the 1926 law on an estate of \$500,000?

Mr. LEWIS. I can not apply on my feet the many rates of the current law, to answer you, but I can give you a datum from which you can make your own application.

The yield under the current law is \$127,000,000 on aggregate taxable estates of about two and one-third billions, or about 5 per cent. The amendment yields \$609,000,000, that is, an average of about 20 per cent of \$3,000,000,000 of expected estates. The table I have inserted gives the average effective rates on different sizes of estates.

Mr. COCHRAN of Missouri. Is it not true that this is the only way you can redistribute the wealth of this country?

Mr. LEWIS. Well, I would rather not go into that separate question now. The rates are designed for revenue.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. O'CONNOR. What we are anxious to know is this. You have been given the figures and have been asked the question whether these figures you have read are in addition to the already existing estate tax.

Mr. LEWIS. That is correct. The rates include the present rates.

Mr. O'CONNOR. Then, will the gentleman tell us what the whole tax will be under his amendment and the present

Mr. LEWIS. It is very difficult for one to solve these actuary questions for particular amounts of estates on his feet.

Mr. JOHNSON of Washington. The State drawback amounts to about 80 per cent. We adopted quite a while ago an amendment which coerced the States into passing an inheritance tax in order to keep up with the Joneses, and it amounts to about 80 per cent.

Mr. MONTAGUE. Will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from Virginia.

Mr. MONTAGUE. I would like to ask a factual question. Say a man leaves a hundred thousand dollars estate, what would he pay under both schemes, the present law and your proposed amendment?

Mr. LEWIS. He pays \$1,250 under my amendment, but under the current law, and under the bill as reported, he would pay nothing.

Mr. KVALE. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. KVALE. I asked the gentleman to yield simply to make the statement that the figures set forth in the gentleman's amendment make it a simple matter to compute the actual tax for each bracket.

Mr. LEWIS. That is true at his desk.

Mr. BURTNESS. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BURTNESS. If I understand the gentleman, the maximum rate under the present law, when it is finally stepped up, is 20 per cent. As I understand the gentleman's proposition, after the step-up, the maximum rate, if adopted, will be 60 per cent under the law.

Mr. LEWIS. The maximum rate of 40 per cent would apply at \$500,000, and at \$500,000 would mean only an 18

per cent rate on the whole.

Mr. BURTNESS. If I understood the gentleman's answer to the gentleman from New York, that would be the result.

Mr. LEWIS. Let me say, first, that the tax under the present law is virtually only a tax for the benefit of the States, for 80 per cent goes back to the States. Out of the yield of \$127,000,000 in 1929, \$102,000,000 goes to the States. Now, it is true that, looking at the draftsman's form of the rate under the bill, a 40 per cent maximum seems to be imposed. That maximum is not reached under the present law until a \$10,000,000 estate is encountered; and then amounts only to 13 per cent, whereas the income tax amounts to 46 per cent. You can see for yourselves that when only \$127,000,000 is realized from some two and a half billions of dollars of estates that the present inheritance law, on an average, brings only about a 5 per cent yield on the total taxable estates. On the actual net estates it is much less.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes. Mr. SNELL. As I understood the gentleman, he stated that the total amount collected at the present time, to say nothing about rebates to the States, is practically \$127,000,000 a year.

Mr. LEWIS. Yes. Mr. SNELL. How much will be collected under his proposed amendment, to say nothing about the rebates?

Mr. LEWIS. \$609,000,000.

Mr. SNELL. Then the gentleman is increasing it about

Mr. LEWIS. If the gentleman likes ratio discussions, he perhaps would like to hear some other ratios?

Mr. SNELL. I am asking just for information. It is not a question of what my likings are. I want to know definitely what we are doing.

Mr. LEWIS. I prefer not to argue those matters.

Mr. SNELL. I am trying only to get the facts.

Mr. LEWIS. Very well; we will give the gentleman some more facts while we are at it.

Mr. SNELL. I grant that is correct, \$127,000,000, so that if I am correct on the other computation, in addition to \$127,000,000, the amendment will produce \$611,000,000 more.

Mr. LEWIS. The whole yield expected is about \$609,000,-

Mr. SNELL. Then it will be about five times what it is at the present time.

Mr. LEWIS. Yes; and I may say that in England the inheritance tax at this time is about six times what it is in the United States, including the States.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Chairman, will the gentleman

Mr. LEWIS. Yes.

Mr. O'CONNOR. Does any part of this \$611,000,000 go back to the States?

Mr. LEWIS. Yes; the same as now.

Mr. O'CONNOR. How does the gentleman expect the States will get their inheritance tax?

Mr. LEWIS. They are already receiving \$102,000,000 a year under the present law, or 80 per cent.

Mr. O'CONNOR. And they will receive none of this \$611,000,000?

Mr. LEWIS. They will receive the same as now.

Mr. VINSON of Kentucky. Referring to the section to which the gentleman offers his amendment, this supertax, the State does not get any portion of it under this bill.

Mr. LEWIS. There is no supertax involved in this amendment.

Mr. VINSON of Kentucky. But under the section which it attempts to supersede.

Mr. LEWIS. Oh, I understand. The committee treatment of this subject is quite the same as my own.

Mr. VINSON of Kentucky. I understood the gentleman to say that it was just \$611,000,000. At the beginning of the debate I understood the gentleman to say that the proposed amendment would yield only \$482,000,000.

Mr. LEWIS. Four hundred and eighty-two million dollars more than the proposal of the committee. The \$127,-000,000 under the present law is to be added to this \$482,000,000.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield? Mr. LEWIS. Yes.

Mr. BRITTEN. I did not understand the gentleman's reply to the question of the gentleman from Missouri [Mr. Cochranl, in which he said the gentleman's amendment would redistribute the wealth of the country. I thought the gentleman either said yes or that he did not care to argue the question. What was the gentleman's reply?

Mr. LEWIS. I do not recall, but I will answer now. In any measure of taxation, of course, two objectives are likely to be envisaged. The first one, especially in an emergency of the character through which our Treasury is passing, is the revenue objective. That is the only objective I am considering in this amendment. If a social objective were to be taken into account, a much wider and, I must add, a different kind of discussion would be invited. I have confined my effort entirely to the revenue aspect of this matter at this time.

Mr. JOHNSON of Washington. Is not this a problem of such magnitude that what the gentleman called a philosophical or social phase is entitled to be well considered; that is to say, as to whether this proposal will not cause the dissipation of fortunes and destroy the incentive to invest and set back a new country? Those things are entitled to be discussed.

Mr. FREAR. What has been the effect in England? Has it destroyed everything there?

Mr. LEWIS. I leave that question to be answered by the larger wisdom of the membership of this House.

Mr. LANKFORD of Virginia. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Yes.

Mr. LANKFORD of Virginia. Several times the question has been asked, What will be the total tax, both present and proposed, on an estate of \$500,000?

Mr. LEWIS. I have already stated it would be about 18 per cent.

Mr. CROWTHER. The question that several Members are asking is, What is going to be the amount of the tax on an estate of \$500,000 under the gentleman's proposed amendment and under the present rate?

Mr. LEWIS. Under the present law the rate is 2.5 per cent on the entire net estate.

Mr. BOILEAU. Will the gentleman yield?

Mr. LEWIS. I yield.

This tax which the gentleman proposes Mr. BOILEAU. is an addition to the existing law. Is that correct?

Mr. LEWIS. That is true. So is the tax proposed by the committee.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield? Mr. LEWIS. I yield.

Mr. ALLGOOD. As I understand, the amendment proposed by the gentleman changes the rates from what the gentleman proposed in his first amendment?

Mr. LEWIS. I offered no amendment on Thursday last, but only presented a comparison of the income and estate

Mr. ALLGOOD. So that now only half the revenue will be raised from estates?

Mr. LEWIS. About \$482,000,000 and not \$714,000,000. This amendment will raise something like three-fourths of the revenue that would follow the application of individual income-tax rates to this subject matter.

Mr. ALLGOOD. But the rates on the higher incomes have been reduced by the gentleman's amendment, have

they not?

Mr. LEWIS. No.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield.

Mr. STAFFORD. I understand the gentleman's proposal, where the net estate is above \$500,000, is to be 40 per cent, which amount is to be paid exclusively as a superinheritance tax to the National Government. Under the existing law the rate as carried in the 1926 act on estates of \$500,000, allowing \$100,000 exemption, is 4 per cent in that amount between \$200,000 and \$400,000.

Mr. LEWIS. I can not follow your computations on my feet in these circumstances.

Mr. STAFFORD. I was attempting to aid the gentleman in support of his amendment.

Mr. LEWIS. I wish to thank the gentleman and hope he will make a statement to the House. I think his figures are about right.

Mr. FIESINGER. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. FIESINGER. The gentleman has said that this tax will raise \$609,000,000 in the fiscal year 1933. Will it raise any more than that in the fiscal years 1934 and 1935? Will it increase in the coming years?

Mr. LEWIS. It will change only in proportion to the population and the general wealth of the country.

Mr. FIESINGER. Has the gentleman taken into consideration the fact that estates may not be settled up in 1933?

Mr. LEWIS. That circumstance is always involved. It is involved in the present law.

Mr. PARSONS. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. PARSONS. The exemption under the present law is how much?

Mr. LEWIS. One hundred thousand dollars.

Mr. PARSONS. Under the present law it is \$100,000?

Mr. LEWIS. Yes, sir.

Mr. McKEOWN. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. McKEOWN. Does the gentleman contemplate raising the gift-tax rates?

Mr. LEWIS. Yes. When we get to that title the figures will be changed correspondingly.

Mr. BULWINKLE. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BULWINKLE. The gentleman has been asked the question how much would the total tax be on \$500,000?

Mr. LEWIS. Yes.

Mr. BULWINKLE. It is approximately \$119,750, and on an estate of \$1,000,000 it would be \$349,750, approximately. Mr. DAVIS. Will the gentleman yield? Mr. LEWIS. I yield.

Mr. DAVIS. With respect to the different inquiries about yields under the present law, I wish to call the attention of the membership to the fact that the gentleman from Maryland [Mr. Lewis] made a speech on Thursday, March 17, in which he inserted those figures in the RECORD, and they will be found on pages 6342 and 6343 of the RECORD, in which the gentleman gives the present yield by various different amounts under the present law.

Mr. BOYLAN. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. BOYLAN. Has the gentleman had the Treasury Department officials or experts make any computation as to the yield under the gentleman's proposed amendment?

Mr. LEWIS. Yes; I have. The estimates given you have been made by the staff of the joint committee on internalrevenue taxation at my request. They are not responsible in any sense for the purpose of the amendment or for the rates, but they have made the computations.

Mr. BOYLAN. Will the gentleman please state the amount that they assumed could be collected under this

amendment?

Mr. LEWIS. I have stated it. Under this amendment \$609,000,000 is estimated to be collected.

Now, perhaps the most helpful statement I can make in enabling you to weigh the importance of this levy is a statement by national comparison. The British people, as you know, are some 40,000,000 in number. They are paying 80,000,000 pounds in estate taxes, including the taxes that are imposed on the beneficiaries as well. That comes to about \$10 per capita, or a gross of \$400,000,000, taking the pound at \$5. If we take the rate under the amendment, we should get \$609,000,000 as the gross levy in the United States. with a population about three times as great and with wealth per capita supposed to exceed greatly that of the British people.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. RAGON. Mr. Chairman, I ask unanimous consent that the gentleman have five additional minutes.

Mr. RAMSEYER. Mr. Chairman, I offer a substitute amendment.

Mr. RAGON. I wanted to ask that the gentleman have five additional minutes, Mr. Chairman. This is a very important matter. I ask unanimous consent that the gentleman from Maryland have five additional minutes.

Mr. LEWIS. Mr. Chairman, I am not asking for it. I would rather have an opportunity later in the discussion to meet questions asked.

Mr. ABERNETHY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.
Mr. ABERNETHY. I understand that under the rules of the House under which we are operating there are something like 30 Members of the Ways and Means Committee, and those who are not members of that committee will not be permitted to express themselves.

The CHAIRMAN. The gentleman will please state his

parliamentary inquiry.

Mr. ABERNETHY. I am just asking if that is not the rule? The CHAIRMAN. The House is proceeding under the general rules of the House.

Mr. ABERNETHY. I thank the Chair very much for the information.

Mr. LEWIS. Mr. Chairman, taking advantage of the leave to extend my remarks, I wish to present some data which may aid us in reaching conclusions on this subject. The wealth of the United States, as estimated by the National Industrial Conference Board, during the past decade has been as follows:

Hous.	
1920	\$483, 783, 000, 000
1921	311, 730, 000, 000
1922	314, 719, 000, 000
1925	355, 678, 000, 000
1929	355, 029, 000, 000
1930	322, 735, 000, 000

It is the view of public financiers that on the average there is a total turnover of such wealth by death each 30 years, which means that each year there is a turnover of 3.33 per cent. On this basis, and taking the year of 1930, the property passing in 1930 was \$10,733,000,000, while the total taxes collected from this source by both the Government and the States amounted to less than \$245,563,241, or less than 21/3 per cent on the national turnover.

Official data on the subject are confined to some 8,798 returns made to the Treasury and reported in Statistics of Income of 1929 at page 46. These account for a gross estate turnover of \$4,108,517,490, or 38\% per cent of the national turnover. From this gross total deductions of about \$1.800.-000,000 were made, leaving \$2,376,972,608 subject to taxation. about 58 per cent of the reported and but 22 per cent of the

113, 388, 179

national turnover. The following are the	deductions as re-
ported by the Treasury for the year 1930:	

Total gross estate	\$4, 108, 517,490
Nature of deduction: Insurance exemption Funeral and administrative expenses	54, 203, 863 166, 133, 745 385, 591, 176
Debts, unpaid mortgages, etc.  Property from an estate taxed within 5 years; value at the date of previous decedent's death.  Charitable, public, and similar bequests.  Specific exemption.	94, 101, 251 223, 489, 533 876, 050, 000
Total deductions	1, 799, 569, 568
Net taxable estate	2, 376, 972, 608
Total tax Tax credit for estate, inheritance, legacy, or succession taxes actually paid to any of the several	152, 391, 240

States, Territories, or District of Columbia 1\_\_\_\_\_

Net tax after deducting tax credit\_\_ 39, 003, 061 The whole national turnover is taxed in Great Britain and was £466,466,978 in 1926-27, or \$2,332,334,890 in our money, and about the same gross as here with three times the population. The British figure has since advanced to \$2,900,000,-000. From its gross-estate turnover, less than one-third ours, the British collected about \$400,000,000, or about 14 per cent as compared with 21/3 per cent here. My amendment contemplates collecting about \$600,000,000, which, considering the gross turnover in the United States, comes to less than

Kingdom.

# one-half the percentage of levy prevailing in the United FORM OF RATE MISLEADING

Mr. Chairman, the form of the rate employed by the expert draftsmen of the bill and amendments and carried into the discussion defeats an intelligent understanding of the rates proposed. Some of the rate is stated in percentages and some of it in the terms of the gross tax payable. Thus, with regard to estates of \$500,000, we have:

Ninety-two thousand six hundred and twenty-five dollars upon net estates of \$475,000, and upon net estates in excess of \$475,000 and not in excess of \$500,000, 39 per cent in addition of such

One hundred and two thousand three hundred and seventy-five dollars upon net estates of \$500,000, and upon net estates in excess of \$500,000, 40 per cent in addition of such excess.

Nearly 40 of these paragraphs are employed to express the estate tax on an estate of \$10,500,000 under the law or of \$500,000 under the amendment.

It is only too apparent that reading one of these tax paragraphs does not bring to the mind a correct conception of the amount of the rate. Instead a misleading impression is gotten from the partial percentage employed. You would conclude that estates of \$500,000 paid 39 per cent. The actual rate is 18.1 per cent. Meanwhile the gross figure also employed fails to express a percentage at all, and the incongruities of terms and figures leaves one mystified and sends him looking for the specialist who wrote the paragraph as the only person who can surely interpret it aright. The result is that discussion in the House of these rates as found in the bill and the amendments becomes impossible.

# CLARIFICATION OF RATE STATEMENT

Mr. Chairman, I am proposing a clarification of this rate schedule so that it will be intelligible. I employ percentages only and propose that the following rate percentages take the place of the rate paragraphs as passed by the House:

[CONGRESSIONAL RECORD, pp. 6661-6662 and 6669-6670]

	Per cent
DOMESTIC	7
	I
	2
	3
	4
	5
AND DESCRIPTION OF THE PARTY OF	6

<sup>1</sup> Limited to 25 per	cent of the t	total tax after	the effective date
of the revenue act	of 1924 (June	2, 1924), and	prior to effective
date of revenue act	of 1926 (Feb. :	26, 1926), and	to 80 per cent of
the total tax after th			
\$200.000			8

The Avaluation	And September 1	Per cent
\$225,000		9
\$250,000		10
		12
		13
		14
ACRE 444		15
		17
\$450,000		18
\$475,000		19
		20

And on net estates intermediate in amount between the amounts set forth above the tax shall be the percentages given for the amount next below plus one twenty-fifth of 1 per cent for each \$1,000 (or major part of \$1,000) by which the estate exceeds such amount below it in Part I of the schedule.

Schedule Part II upon net taxable estates of-

8600.000	Per c
\$600,000 \$700,000	
\$800.000	
8900.000	
1,300,000	
17 i Nobel Carlo C	
1,700,000	
1,800,000	
1,900,000	
2,000,000	
2,100,000	
2,200,000	
2,300,000	
2,400,000	
2,500,000 and over	
And in make adult and the fact of the state	DOSERT DE CONTRACTOR DE LA CONTRACTOR DE

And on net estates intermediate in amount between the amounts set forth above the tax shall be the percentage given for the amount next below, plus one one-hundredth of 1 per cent for each \$1,000 (or major part of \$1,000) by which the estate exceeds such amount below it in Part II of the schedule.

Mr. Chairman, these are the final rates themselves, as applied to the estates of the amounts enumerated and require no interpretation. If the estate be of some amount not stated, say, of \$110,000, falling in part I of the schedule, the rate will be 4 per cent, plus ten twenty-fifths of 1 per cent, or a total rate of 4.40 per cent. The tax on \$110,000 would be \$110,000 multiplied by 4.40, which equals \$4,840.

Mr. Chairman, it may serve a useful purpose to give a comparison of the effective rates under my and the Ramseyer amendments since it is impracticable to make such a comparison by grading the amendments themselves. I may say that the computations were made by the staff of the Joint Committee on Internal Revenue.

Comparison of rates

Net estate before exemption	Lewis amend-ment	Ramseyer amend- ment	
alle 1983 Maria de San Maria de Maria Ingras	Per cent	Per cent	
\$62,500	0.20	0.21	
\$75,000	.50	. 64	
\$87,500	85	1.02	
\$100,000		1.50	
\$112,000	CONTRACT OF THE PARTY OF THE PA	2.11	
\$125,000	CONTROL OF THE PARTY OF THE PAR	2.60	
\$137,500		3.00	
\$150,000	W 00	3. 33	
\$162,500		3.76	
\$175,000	3, 92	4.14	
\$187,500	4.40	4.46	
\$200,000.	4.87	4.75	
\$212,500		5.00	
\$225,000		5. 23	
\$237,500		5.43	
\$250,000		5. 60	
\$262,500.		5. 85	
\$275,000		6.00	
\$287,500	8. 26	6, 30	
\$300,000	8.75	6, 50	
\$312,500		6.68	
\$325,000		6.84	
\$337,500		7.00	
\$350,000		7.14	
\$362,500	11. 20	7.27	
\$375,000		7.40	
\$387,500	12, 19	7.51	
\$400,000		7.62	
\$412,500	13. 18	7.72	
\$425,000		7.82	
\$437,500		7.91	
\$450,000	14.66	8.00	
\$462,500	15. 16	8. 13	

\$537,500.

\$2,550,000

Comparison of races—Constitued		
et estate before exemption	Lewis amend- ment	Ramseyer amend- ment
	Per cent 15, 65 16, 15 16, 65 17, 14	Per cent 8. 26 8. 38 8. 56 8. 60

# Comparison of rates-Continued

Net estate before exemption	Lewis amend- ment	Ramseyer amend- ment
\$7,050,000 \$7,550,000 \$8,050,000 \$9,050,000 \$9,050,000 \$0,550,000 \$10,050,000	Per cent 38. 33 38. 44 38. 53 38. 62 38. 70 38. 76 38. 82 38. 88	Per cent 25. 75 27. 56 28. 27 29. 01 29. 01 30. 31 31. 00 31. 60

Mr. Chairman, with these two amendments and the rates clearly before us, our next inquiry will be, What is the comparative revenue yield under each amendment? Again I present a table giving the computations of the staff of the Joint Committee on Internal Revenue:

Estate tax-Comparison of yield, under 1926 act. Lewis amendment and Ramseyer amendment

8. 81 8. 90 12. 00 14. 25 15. 90 17. 29 18. 55 19. 74 20. 88 22. 00

18. 13 18. 61 28. 79 32. 41 34. 26 35. 38 36. 14 36. 68 37. 09 37. 41

37. 67 37. 88 38. 05 38. 20

Average net estate before exemption 1	Estimated number of estate-tax returns	Estimated total net estates before exemptions	1926 act		Lewis amendment— additional		Ramseyer amendment— additional	
			Average tax	Yield	Average tax	Yield	Average tax	Yield
\$70,000 \$120,000 \$170,000 \$240,000 \$380,000 \$700,000 \$1,700,000 \$2,200,000 \$2,200,000 \$2,200,000 \$3,200,000 \$3,200,000 \$3,200,000 \$3,700,000 \$4,400,000 \$5,400,000	1, 835 850 975 755 658 205 108 64 37 14 16 23 12 8	\$525,000,000 220,200,000 144,500,000 234,000,000, 286,900,000 460,600,000 183,600,000 140,800,000 140,800,000 59,900,000 44,800,000 51,200,000 51,200,000 42,000,000 18,800,000 18,800,000	\$200 900 2, 700 7, 700 22, 500 56, 500 97, 500 194, 500 250, 500 311, 500 405, 500 548, 500 701, 500 804, 500 1, 337, 500 1, 230, 500 1, 230, 500	\$387,000 765,000 2,632,500 14,805,000 11,582,500 10,530,000 9,184,000 7,196,500 3,507,000 4,984,000 6,582,000 6,582,000 6,051,500 5,187,500 5,187,500 2,441,000 21,202,500	\$275 2, 125 5, 475 12, 700 37, 525 139, 875 305, 875 464, 875 618, 875 911, 875 1, 236, 875 1, 236, 875 1, 236, 875 1, 740, 875 1, 977, 875 2, 204, 875 2, 421, 875 2, 422, 875 2, 628, 875	\$2,002,500 3,899,375 4,653,750 12,383,500 28,331,375 92,037,750 62,704,375 50,200,500 39,608,000 28,411,375 12,766,250 16,814,000 28,448,125 17,926,500 13,927,000 11,024,375 4,843,750 39,433,125	\$300 2,700 5,900 10,400 20,600 47,000 98,000 217,000 284,000 356,000 433,000 433,000 434,000 740,000 1,158,000 1,382,000 1,616,000	\$2, 250, 000 4, 954, 500 5, 915, 000 10, 140, 000 16, 308, 000 20, 090, 000 16, 740, 000 16, 740, 000 16, 788, 000 4, 984, 000 6, 928, 900 12, 927, 000 8, 880, 000 6, 910, 000 6, 910, 000 27, 952, 000 27, 900, 000
Total. Yield under 1920 act.		3, 131, 300, 000		127, 770, 000		481, 347, 875 127, 770, 000		217, 933, 506 127, 770, 000
Total tax paid by estates				127, 770, 000 102, 216, 000		609, 124, 875 102, 216, 000		345, 708, 500 102, 216, 000
Tax for Federal Government.				25, 554, 000		506, 908, 875		243, 492, 500

<sup>&</sup>lt;sup>1</sup> Exemptions: Under 1926 act, \$100,000; under Lewis amendment, \$50,000; under Hamseyer amendment, \$50,000.

It appears, Mr. Chairman, that assuming the conditions of the basic wealth turnover of \$3,131,300,000 in 1930, the yield would be:

Present law	\$127, 770, 000
Ramseyer amendment	345, 708, 500
Lewis amendment	609, 124, 875

In effect the Ramseyer amendment, the assumed conditions obtaining, would increase the revenue by \$217,938,500. while the Lewis amendment would increase the revenue by \$481,354,875. Of the need of the greater revenue there, unhappily, is no doubt. Of the relative justice of these amendments, I shall leave that question to other judges.

Mr. Chairman, I wish to thank the House for the exceptional indulgence it has shown me in presenting a subject so tedious in its statistical aspects.

In conclusion I am inserting data on the estate taxes levied in the United Kingdom, France, and Germany compiled by the Legislative Reference Service of the Library of Congress, also the amendment on estate taxation which has been the subject of this discussion.

RATES OF AND REVENUE DERIVED FROM DEATH DUTIES IN GREAT BRITAIN, FRANCE, AND GERMANY

# GREAT BRITAIN

The inheritance duties or death duties are seven in number, of which three only are payable in connection with deaths occurring at the present time, namely:

(a) The estate duty, a duty payable with reference to the passing of property on death; and

LXXV-420 (b) The legacy duty and the succession duty, each of which is a duty payable with reference to the acquisition of property by beneficiaries.

# 1. Estate duty-scope

The estate duty is an ad valorem graduated tax leviable upon the net principal value of all property situate in Great Britain which passes upon the death of any individual.

# RATES

Small estates, of a gross value of £300 or less, fixed duty (including all other death duties), 30 shillings.

Between £300 and £500, fixed duty (including all other death

duties), 50 shillings

Rate (per cent) of duty when death occurred after August 1, 1930, where the net principal value of the estate is between (in pounds sterling)—

100 and 500
500 and 1,000
1,000 and 5,000
5,000 and 10,000
10,000 and 12,500
12,000 and 15,000
15,000 and 18,000
18,000 and 21,000
21,000 and 25,000
25,000 and 30,000
30,000 and 35,000
35,000 and 40,000
40,000 and 45,000
45,000 and 50,000
50,000 and 55,000
55,000 and 65,000
65,000 and 75,000
75,000 and 85,000
85,000 and 100,000

100.000 and 120.000	20
120,000 and 150,000	22
150,000 and 200,000	24
200,000 and 250,000	26
250,000 and 300,000	23
300,000 and 400,000	30
400,000 and 500,000	32
500,000 and 600,000	34
600,000 and 800,000	36
800,000 and 1,000,000	38
1,000,000 and 1,250,000	40
1,250,000 and 1,500,000	42
1,500,000 and 2,000,000	45
Over 2,000,000	50

Where estate duty has become payable on any property consisting of land or a business (other than a business carried on by a company) or any interest in land or such a business, and estate duty comes payable again within five years by reason of passing on the death of the person to whom the property passed on the first death, the estate duty payable on the second death in respect of that property is to be reduced as follows:

Where second death occurs within-	Per cent
1 year of first death by	50
2 years of first death by	40
3 years of first death by	30
4 years of first death by	20
5 years of first death by	10

but where the value of the property on the second death exceeds the value on which duty was payable on the first death, the latter value shall be substituted for the former for the purpose of calculating the duty on which the reduction is to be calculated. (Finance act, 1914, sec. 15.)

# II. Legacy duty and succession duty-Scope

Legacy duty is a tax upon personal property under wills or intestacles.

Succession duty is chargeable under every transfer on death by which a person becomes gratuitously entitled to property.

Relationship of the beneficiary (or of the person of nearer consanguinity whom he or she has married) to the author of the

Rate of duty Husband or wife, child or lineal descendant of child, father or mother or any lineal ancestor.\_\_\_\_\_\_\_\_1
Brother or sister, lineal descendant of brother or sister.\_\_\_\_\_\_\_5
Any other person, including any related only by Any other person, including any related only by natural ties\_\_ III. Revenue derived from death duties

Fiscal year	Estate duty	Legacy and succession duties	Total death duties		
1916–17	£25, 097, 630	£6, 094, 516	£31, 192, 148		
1917-18	25, 742, 554	5, 992, 944	31, 735, 498		
1918-19	25, 143, 566	5, 656, 455	30, 800, 021		
1919-20	36, 637, 708	6, 122, 269	42, 759, 977		
1920-21	40, 613, 627	6, 567, 454	47, 181, 081		
1921-22	45, 145, 725	7, 375, 262	52, 520, 987		
1922-23	48, 463, 487	8, 031, 180	56, 494, 667		
1923-24	49, 804, 961	7, 751, 866	57, 556, 827		
1924-25	50, 514, 243	8, 403, 046	58, 917, 289		
1925-20	52, 861, 205	8, 469, 195	61, 330, 400		
1920-27	59, 088, 239	8, 345, 552	67, 431, 791		
1927-28	68, 621, 349	8, 363, 275	76, 984, 624		
1923-29	72, 231, 460	8, 703, 153	80, 934, 613		
1929-30	69, 548, 208	9, 557, 719	79, 106, 027		

#### FRANCE

Death duties are of two kinds, an inheritance tax on the net estate of the deceased (Droits de mutation par décès) and a succession or estate duty (taxe successorale). There is also levied a tax on gifts inter vivos (mutations entre vifs à titre gratuit).

# 1. Tax on transfers at death

The principal tax on transfers at death of real or personal property is an inheritance tax payable on the net share received by each person.

### 2. Succession or estate duty

In all successions in which the deceased does not leave two children, either living or represented, a progressive tax on the net total capital of the estate is due in addition to the death duties. This tax is a superimposition with the object of putting heavier charges on bequests in small families.

In contrast to the death duties, succession duty does not depend upon the degree of relationship and is not payable on the hereditary share but on successive portions of the net total capital of the succession.

# I. Rates of inheritance tax (Droits de mutation par décès)

[Rates applicable to the fraction of the net share from]

Degree of relationship	1 to 10,000 francs	10,001 to 50,000 francs	50,001 to 100,000 francs	100,001 to 250,000 francs	250,001 to 500,000 francs	500,001 to 1,000,000 francs	1,000,001 to 2,000,000 francs	2,000,001 to 5,000,000 francs	5,000,001 to 10,000,000 francs	10,000,001 to 50,000,000 francs	Over 50,000,000 francs
Lineal descendant to first degree	Per cent 1. 20	Per cent 2.40	Per cent 3.60	Per cent 4.80	Per cent 6.60	Per cent 9,00	Per cent 10, 20	Per cent 11.40	Per cent 12.60	Per cent 13, 80	Per cent 15.00
Lineal descendant to second degree and between busband and wife. Lineal descendant beyond second degree. Lineal ascendant to first degree. Lineal ascendant to second degree and	2. 40 4. 20 4. 80	3. 60 5. 40 6. 00	4, 80 6, 60 7, 20	6. 00 7. 80 8. 40	7. 80 9. 00 9. 60	9.60 10.20 10.80	10.80 11.40 12.00	12.00 12.60 13.20	13. 20 13. 80 14. 40	14. 40 15. 00 15. 60	15. 60 16. 20 16. 80
beyondBetween brothers and sisters	5. 40 14. 40	6. 60 16. 80	7. 80 19. 20	9. 00 21. 60	10. 20 24. 00	11.40 26.40	12. 60 28. 80	13, 80 31, 20	15. 00 33. 60	16. 20 36. 00	17. 40 38. 40
Between uncles, aunts, nephews, and nieces. Between great-uncles or grandaunts and grandnephews or grandnieces and first	20. 40	22. 80	25. 20	27. 60	30.00	32, 40	34. 80	37. 20	39, 60	42.00	44. 40
cousins	26.40	28.80	31. 20	33.60	36.00	38.40	40.80	43. 20	45. 60	48.00	50. 4
Between relatives beyond the fourth de- gree and between persons not related	32.40	34. 80	37. 20	39.60	42.00	44.40	46.80	49. 20	51. 60	54.00	56. 4

# II. Estate tax (taxe successorale)

Fraction of value of estate included between-	Number dren, survive sue, le cedent	d by is-
	One	None
and 2,000	Per cent 1. 20 2. 40 3. 60 4. 80 6. 00 7. 80 9. 60 14. 40 16. 20 18. 00 19. 80 21. 60 24. 00	Per cent 3. 60 7. 20 10. 80 14. 40 18. 00 21. 60 25. 20 28. 80 32. 40 36. 00 39. 60 43. 20 44. 40

III. Tax on gifts inter vivos (mutations entre vifs à titre gratuit)

2000
Per cent
3.00 5.40
7. 80
4, 20
5. 40 6. 60

Permits ascendants to distribute their present property among

Permits ascendants to distribute their present property among descendants by gitts inter vivos.

\*Sec. 1082 of the Civil Code permits this form of gift which may include all the property left by the donor at death. Such gifts, as well as all others made at marriage, must be embodied in the marriage contract in order to partake of the privileged character of marriage gifts under French law.

In direct descending line—Continued.  Other gifts—	Per cent
More than two children living or survived by	
issue	6, 60
Two children living or survived by issue	9.00
One child living or survived by issue	11.40
In direct ascending line	11.40
Between husband and wife:	
By marriage contract	5.40
Otherwise	0.10
More than two children living or survived by	
issue	6, 60
Two children living or survived by issue	9.00
One child living or survived by issue	11.40
No children	13.80
Between brothers and sisters:	
By marriage contract	18.00
Otherwise	30.00
Between uncles or aunts, and nephews and nieces:	
By marriage contract	24.00
Otherwise	36.00
Between great-uncles or great-aunts, and grandnephews	
or great-nieces, and between cousins:	
By marriage contract	30.00
Otherwise	42.00
Between relatives more distant than the fourth degree and between nonrelatives:	
By marriage contract	36.00
Otherwise	48.00

Gifts inter vivos made to public establishments other than charitable institutions or hospitals are taxed at the special rate of 21.60 per cent. However, gifts and legacies made to departments or communes for the special benefit of charitable, etc., institutions are taxed at the rate of 10.80 per cent. Gifts and legacies made to departments, communes, or public establishments other than those to which the rate of 10.80 per cent applies are taxed at the following rates:

Rate applicable to the net share taken between-	Per cent
1 and 2,000 francs	21.60
2.001 and 10.000 francs	22.80

Rate applicable to the net share taken between—Con. P	er cent
10,001 and 50,000 francs	24.00
50,001 and 100,000 francs	25.20
100,001 and 250,000 francs	26.40
250,001 and 500,000 francs	27.60
500,001 and 1,000,000 francs	28.80
1,000,001 and 2,000,000 francs	30.00
2,000,001 and 5,000,000 francs	31.20
5,000,001 and 10,000,000 francs	32.40
10,000,001 and 50,000,000 francs	33.60
Over 50,000,000 francs	34.80
*** *** **** **** *	

IV. Net receipts derived from the death duties

Year	Inheritance and estate taxes	Gift tax
1024	France 1, 399, 352, 000 1, 450, 781, 000 1, 653, 202, 000 1, 940, 449, 518 2, 179, 291, 976 2, 727, 059, 210 2, 389, 705, 966 2, 220, 851, 371	Francs 143, 839, 003 156, 575, 000 161, 525, 000 139, 714, 000 152, 839, 000 205, 744, 000 2145, 935, 000

<sup>&</sup>lt;sup>1</sup> 15-month period, Jan. 1, 1929-Mar. 31, 1930. <sup>2</sup> Fiscal year ended Mar. 31, 1931.

The German death duties include a tax on inheritance, gifts inter vivos, and gifts restricted by special conditions.

### 1. Tax on inheritances

This tax is imposed on the individual share received by the heir, at rates graduated according to the amount, and according to the degree of relationship to the decedent.

# 2. Tax on gifts inter vivos

This tax is imposed on gifts between the living and is due by the donor as of the date of transfer of the gift.

Rates Rate applicable to the fraction of the net share taken between!

Class	Degree of relationship	1,000- 10,000 marks	10,000- 20,000 marks	20,000- 30,000 marks	30,000- 40,000 marks	40,000- 50,000 marks	50,000- 100;000 marks	100,000- 150,000 marks	150,000- 200,000 marks	200,000- 300,000 marks	300,000- 400,000 marks	400,000- 500,000 marks
11	Husband and wife, children, adopted children, stepchildren, and illegitimate children having the legal position of legitimate children or recognized by the father	Per cent	Per cent 2.5	Per cent	Per cent 3,5	Per cent	Per cent	Per cent	Per cent 5.5	Per cent	Per cent 6.5	Per cent 7
100	wife; descendants of adopted children only if terms of adoption extend to descendants	4	5	6	7	8	9	10	11	12	13	14
III	Parents, stepfather, stepmother, brothers, sis- ters, and half brothers and sisters Grandparents, and more remote ancesters, descendants in the first degree of brothers	6	7. 5	9	10. 5	12	13. 5	15	16. 5	18	19. 5	21
v	and sisters, father-in-law, mother-in-law, sons-in-law, daughters-in-law.  All others not specially provided for	8 14	10 16	12 18	14 20	16 22	18 24	20 26	22 28	24 30	26 32	28 34
Class	Degree of relationship	500,000- 600,600 marks	600,000- 700,000 marks	700,000- 800,000 marks	800,000- 900,000 marks	900,000- 1,000,000 marks	1,000,000- 2,000,000 marks		4,000,000- 6,000,000 marks	6,000,000- 8,000,000 marks	8,000,000- 10,000,000 marks	Over 10,000,000
1	Husband and wife, ehildren, adopted children, stepchildren, and illegitimate children hav- ing the legal position of legitimate children or recognized by the father.	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent				
11	Descendants of above, except husband and wife; descendants of adopted children only if terms of adoption extend to descendants	15	- 16	17	18	19						25
III	Parents, stepfather, stepmother, brothers, sis-		Control 755			111200	20	21	22	23	24	
IV	ters, and half brothers and sisters	22.5	24	25. 5	27	28.5	30	32	34	36	38	40
v	and sisters, father-in-law, mother-in-law, sons-in-law, daughters-in-law  All others not specially provided for	30 36	32 38	34 40	36 42	38 44	40 46	42 48	44 51	46. 54	48 57	50 60

Husband and wife are exempt from tax, if, when the tax falls due, there are living: (a) Children; (b) persons in legal position of legitimate children; (c) adopted children; (d) or descendants of (a) and (b); descendants of (c), if terms of adoption extended to descendants.

Note.—If persons in Class I or II acquire by right of succession from persons in the same class, property which was divided by reason of decease within the past 5 years and on which the tax was paid in conformity with the present law, the tax on the said property shall be reduced by half; the tax shall be reduced by one-fourth if the division took place between 5 and 10 years.

Net receipts from death duties

	Reichsmarks
1925-26	27, 259, 630
1926-27	34, 602, 292
1927-28	71, 900, 000
1928-29	73, 531, 591
1929-30	82, 200, 000
1930-31	79, 000, 000

Mr. LEWIS. The form of the Ramseyer amendment is the same as the amendment which follows except as to the fig- | an amendment, which the Clerk will report.

ures expressing the rates. The attention of the nonexpert is invited to the lack of clarity and misleading characteristics of the forms used.

Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Maryland offers

The Clerk read as follows:

Amendment offered by Mr. Lewis: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof insert the following:

"(a) In addition to the estate tax imposed by section 301 (a)

of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—
"(1) The amount of a tentative tax computed under subsection

(b) of this section over
"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions

of this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the

"Value of the net estate:
"Upon net estates not in excess of \$12,500, 1 per cent.
"\$125 upon net estates of \$12,500; and upon net estates in excess of \$12,500 and not in excess of \$25,000, 2 per cent in addition of such excess.

"\$375 upon net estates of \$25,000; and upon net estates in excess of \$25,000 and not in excess of \$37,500, 3 per cent in addition of such excess.

"\$750 upon net estates of \$37,500; and upon net estates in excess of \$37,500 and not in excess of \$50,000, 4 per cent in addition of such excess.

"\$1,250 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$62,500, 5 per cent in addition of such excess.

"\$1,875 upon net estates of \$62,500; and upon net estates in excess of \$62,500 and not in excess of \$75,000, 6 per cent in addition of such excess.

"\$2,265 upon net estates of \$75,000; and upon net estates in excess of \$75,000 and not in excess of \$87,500, 7 per cent in addi-

tion of such excess.
"\$3,500 upon net estates of \$87,500; and upon net estates in excess of \$87,500 and not in excess of \$100,000, 8 per cent in addi-

tion of such excess.

"\$4,500 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$112,500, 9 per cent in addition of such excess.

"\$5,625 upon net estates of \$112,500; and upon net estates in cess of \$112,500 and not in excess of \$125,000, 10 per cent in addition of such excess.

"\$6,875 upon net estates of \$125,000; and upon net estates in excess of \$125,000 and not in excess of \$137,500, 11 per cent in addition of such excess.

"\$8,250 upon net estates of \$137,500; and upon net estates in excess of \$137,500 and not in excess of \$150,000, 12 per cent in addition of such excess.

"\$9,750 upon net estates of \$150,000; and upon net estates in excess of \$150,000 and not in excess of \$162,500, 13 per cent in addition of such excess.

"\$11,375 upon net estates of \$162,500; and upon net estates in access of \$162,500 and not in excess of \$175,000, 14 per cent in addition of such excess.

"\$13,125 upon net estates of \$175,000; and upon net estates in excess of \$175,000 and not in excess of \$187,500, 15 per cent in addition of such excess.

"\$15,000 upon net estates of \$187,500; and upon net estates in cess of \$187,500 and not in excess of \$200,000, 16 per cent in addition of such excess.

"\$17,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$212,500, 17 per cent in addition of such excess.

"\$19,125 upon net estates of \$212,500; and upon net estates in excess of \$212,500 and not in excess of \$225,000, 18 per cent in addition of such excess

"\$21,375 upon net estates of \$225,000; and upon net estates in excess of \$225,000 and not in excess of \$237,500, 19 per cent in addition of such excess

"\$23,750 upon net estates of \$237,500; and upon net estates in excess of \$237,500 and not in excess of \$250,000, 20 per cent in addition of such excess.

"\$26,500 upon net estates of \$250,000; and upon net estates in excess of \$250,000 and not in excess of \$262,500, 21 per cent in addition of such excess.

"\$28,875 upon net estates of \$262,500; and upon net estates in excess of \$262,500 and not in excess of \$275,000, 22 per cent in addition of such excess.

"\$31,625 upon net estates of \$275,000; and upon net estates in cess of \$275,000 and not in excess of \$287,500, 23 per cent in addition of such excess.

"34,500 upon net estates of \$287,500; and upon net estates in excess of \$287,500 and not in excess of \$300,000, 24 per cent in addition of such excess.

"\$37,500 upon net estates of \$300,000; and upon net estates in excess of \$300,000 and not in excess of \$312,500, 25 per cent in addition of such excess.

"\$40,625 upon net estates of \$312,500; and upon net estates in excess of \$312,500 and not in excess of \$325,000, 26 per cent in addition of such excess.

"\$43,875 upon net estates of \$325,000; and upon net estates in excess of \$325,000 and not in excess of \$337,500, 27 per cent in addition of such excess.

"\$47,250 upon net estates of \$337,500; and upon net estates in excess of \$337,500 and not in excess of \$350,000, 28 per cent in addition of such excess.

"\$50,750 upon net estates of \$350,000; and upon net estates in excess of \$350,000 and not in excess of \$362,500, 29 per cent in addition of such excess.

"\$54,375 upon net estates of \$362,000; and upon net estates in excess of \$362,500 and not in excess of \$375,000, 30 per cent in addition of such excess

"\$58,125 upon net estates of \$375,000; and upon net estates in cess of \$375,000 and not in excess of \$387,500, 31 per cent in

addition of such excess.

"\$62,000 upon net estates of \$387,500; and upon net estates in excess of \$387,500 and not in excess of \$400,000, 32 per cent in

addition of such excess.

"\$66,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$412,500, 33 per cent in addition of such excess.

"\$70,125 upon net estates of \$412,500; and upon net estates in excess of \$412,500 and not in excess of \$425,000, 34 per cent in addition of such excess.

"\$74,375 upon net estates of \$425,000; and upon net estates in excess of \$425,000 and not in excess of \$437,500, 35 per cent in

addition of such excess "\$78,500 upon net estates of \$437,500; and upon net estates in excess of \$437,500 and not in excess of \$450,000, 36 per cent in

addition of such excess. "\$83,250 upon net estates of \$450,000; and upon net estates in excess of \$450,000 and not in excess of \$462,500, 37 per cent in

addition of such excess

"\$87,875 upon net estates of \$462,500; and upon net estates in excess of \$462,500 and not in excess of \$475,000, 38 per cent.

"\$92,625 upon net estates of \$475,000; and upon net estates in excess of \$475,000 and not in excess of \$500,000, 39 per cent in addition of such excess.

"\$102,375 upon net estates of \$500,000; and upon net estates in excess of \$500,000, 40 per cent in addition of such excess.

"(c) For the purposes of this section the value of the net estate

shall be determined as provided in Title III of the revenue act of 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be \$50,000."

Mr. RAMSEYER. Mr. Chairman, I offer a substitute.

The CHAIRMAN. The gentleman from Iowa offers a substitute, which the Clerk will report.

The Clerk read as follows:

Substitute offered by Mr. RAMSEYER for the Lewis amendment: Page 189, strike out lines 8 to 14, both inclusive, and in lieu thereof

insert the following:

"(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, an additional tax equal to the excess of—
"(1) The amount of a tentative tax computed under subsection

(b) of this section, over
"(2) The amount of the tax imposed by section 301 (a) of the revenue act of 1926, computed without regard to the provisions of

this title.

"(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the

"Upon net estates not in excess of \$10,000, 1 per cent.

"\$100 upon net estates of \$10,000; and upon net estates in excess of \$10,000 and not in excess of \$20,000, 2 per cent in addition of such exces

"\$300 upon net estates of \$20,000; and upon net estates in excess of \$20,000 and not in excess of \$30,000, 3 per cent in addition of such excess.

"\$600 upon net estates of \$30,000; and upon net estates in excess

of \$30,000 and not in excess of \$40,000, 4 per cent in addition of such excess

"\$1,000 upon net estates of \$40,000; and upon net estates in excess of \$40,000 and not in excess of \$50,000, 5 per cent in addition of such excess.

"\$1,500 upon net estates of \$50,000; and upon net estates in excess of \$50,000 and not in excess of \$100,000, 7 per cent in addition of such excess.

"\$5,000 upon net estates of \$100,000; and upon net estates in excess of \$100,000 and not in excess of \$200,000, 9 per cent in addi-

tion of such excess.

"\$14,000 upon net estates of \$200,000; and upon net estates in excess of \$200,000 and not in excess of \$400,000, 11 per cent in addition of such excess.

"\$36,000 upon net estates of \$400,000; and upon net estates in excess of \$400,000 and not in excess of \$600,000, 13 per cent in

addition of such excess.

"\$62,000 upon net estates of \$600,000; and upon net estates in excess of \$600,000 and not in excess of \$800,000, 15 per cent in

addition of such excess.

"\$92,000 upon net estates of \$800,000; and upon net estates in excess of \$800,000 and not in excess of \$1,000,000, 17 per cent in addition of such excess.

"\$126,000 upon net estates of \$1,000,000; and upon net estates in excess of \$1,000,000 and not in excess of \$1,500,000, 19 per cent in addition of such excess.

"\$221,000 upon net estates of \$1,500,000; and upon net estates in excess of \$1,500,000 and not in excess of \$2,000,000, 21 per cent

in addition of such excess.

"\$226,000 upon net estates of \$2,000,000; and upon net estates in excess of \$2,000,000 and not in excess of \$2,500,000, 23 per cent

in addition of such excess. "\$441,000 upon net estates of \$2,500,000; and upon net estates in excess of \$2,500,000 and not in excess of \$3,000,000, 25 per cent in addition of such excess.

"\$566,000 upon net estates of \$3,000,000; and upon net estates in excess of \$3,000,000 and not in excess of \$3,500,000, 27 per cent in addition of such excess.

"\$701,000 upon net estates of \$3,500,000; and upon net estates in excess of \$3,500,000 and not in excess of \$4,000,000, 29 per cent in addition of such excess.

"\$846,000 upon net estates of \$4,000,000; and upon net estates in excess of \$4,000,000 and not in excess of \$4,500,000, 31 per cent in addition of such excess.

\$1,001,000 upon net estates of \$4,500,000; and upon net estates in excess of \$4,500,000 and not in excess of \$5,000,000, 33 per cent in addition of such excess.

"\$1,166,000 upon net estates of \$5,000,000; and upon net estates in excess of \$5,000,000 and not in excess of \$6,000,000, 35 per cent in addition of such excess.

"\$1,516,000 upon net estates of \$6,000,000; and upon net estates in excess of \$6,000,000 and not in excess of \$7,000,000, 37 per cent

in addition of such excess.

"\$1,886,000 upon net estates of \$7,000,000; and upon net estates in excess of \$7,000,000 and not in excess of \$8,000,000, 39 per cent in addition of such excess.

"\$2,276,000 upon net estates of \$8,000,000; and upon net estates in excess of \$8,000,000 and not in excess of \$9,000,000, 41 per cent in addition of such excess.

"\$2,686,000 upon net estates of \$9,000,000; and upon net estates in excess of \$9,000,000 and not in excess of \$10,000,000, 43 per cent in addition of such excess.

"\$3,116,000 upon net estates of \$10,000,000; and upon net estates

in excess of \$10,000,000, in addition 45 per cent of such excess.

"(c) For the purposes of this section, the value of the net estate shall be determined as provided in Title III of the revenue act of 1926, as amended, except that in lieu of the exemption of \$100,000 provided in section 303 (a) (4) of such act, the exemption shall be

Mr. RAMSEYER. Mr. Chairman, this is a very important subject. It is a little difficult to speak under the 5-minute rule, and in order to have time to explain just what the situation is and to use the blackboard before us, I ask unanimous consent that I may proceed for 20 minutes.

The CHAIRMAN (Mr. BLAND). The gentleman from Iowa asks unanimous consent to proceed for 20 minutes. Is there objection?

There was no objection.

Mr. RAMSEYER. Mr. Chairman, I have been in this estate-tax fight ever since the war. I have urged increases in this form of taxation. I have never urged confiscatory rates, but I have insisted on rates that would be productive of revenue.

I never thought I would live to see the day when I would have to get up on the floor of the House and advise caution against unreasonable increases in estate tax rates. There is such a thing as going to excess on anything. If you go to excess now you get a reaction later.

I was through the fight in 1924, when we increased the estate-tax rates. The country at that time was not prepared for those increases, with the result that when the revenue bill was up in 1926 we almost lost the estate tax altogether.

To make the estate tax productive of revenue-and I want to see this source of revenue more productive than it now is—you have got to develop it gradually. The British probably have had more success with the development of estate taxes and making them productive of revenue than any other people.

Before I go further I wish to say for your information that the amendment which I offered is printed in the Con-GRESSIONAL RECORD for March 12 and can be found on page 5897. I hope to proceed for a while without interruption and after that I will gladly yield for relevant questions.

The British started in on estate taxes a good while before the war. The British brackets notwithstanding many changes and increases in rates are much the same now as they were in 1894.

In 1894 their estate-tax rates ran from 1 per cent in the first bracket over the exemption to 8 per cent in the bracket of \$10,000,000 and over. The next time they amended these rates was in 1907. They took the same brackets they had and increased the rates. They ran from 1 per cent to 15 per cent. In 1909 they again increased their estate-tax rates. They adopted the same brackets and they ran from 1 per cent to 15 per cent, increasing more in between. In 1914 they revised the estate taxes upward, from 1 per cent to 20 per cent. In 1919, with the same brackets, they went from 1 per cent to 40 per cent. In 1925 they again revised their estate-tax rates, retaining the same brackets, and their brackets are a good deal the same as our brackets. They increased the rates between the minimum and the maximum. In 1930—that is, two years ago—sticking to the same brackets, they increased the rate from 1 per cent to 50 per cent: that is, the maximum British rate now is 50 per cent on that part of an estate over \$10,000,000. The minimum is 1 per cent. The British only have an exemption of £100, or about \$500. Then they start with 1 per cent.

Now, under our existing law we have an exemption of \$100,000. Under the law prior to 1926 our exemption was \$50,000. In the substitute I offer I go back to the \$50,000 exemption and then graduate the rates from 1 per cent on the first \$10,000 over the \$50,000 exemption to 45 per cent upon the net estate in excess of \$10,000,000.

I want to give you a picture of how the rates run under the present law. Here is the base line [illustrating on black board] and over here you will see is \$10,000,000. That is the top bracket. Our present law runs from 1 per cent to 20 per cent, and the rates run up gradually like that [indicating]. Under our income tax law our rates swing upward more and then go out horizontally.

The committee proposes to double the rates in the present bill and they start with 2 per cent. The line has a gradual upward trend. This is 20 per cent maximum and this is 40 per cent maximum carried in the bill [indicating].

The rates I propose are more along the line of the British rates; that is, there is an upward curve so as to impose a little more weight on the intermediate estates, because there is where you have the large volume of property that devolves on account of the death of the owners.

The rates I propose start with 1 per cent over \$50,000 and go more in this order [indicating]. Mind you, that beginning with an exemption of \$50,000 the brackets of my amendment follow very much the brackets of existing law; that is, the maximum rate of 45 per cent applies to that portion of the estate over \$10,000,000.

The gentleman from Maryland proposes a schedule of rates that looks something more like this and then straight over like that [indicating]. He does not propose a gradual upward trend but a steep upward movement until he gets to \$500,000, when he applies 40 per cent rate to all above that amount. That is, on a \$1,000,000 estate the part over \$500,000 would have a rate burden just as great as the rate burden imposed on a \$25,000,000 estate; that is, 40 per cent all the way through.

I am here speaking in the interest of developing the estate tax so as to make it productive of revenue.

The rates I have adopted were written, as they were read to you, after conferring with persons who have had experience in administering the estate-tax laws. I doubt whether the gentleman from Maryland, in preparing his amendment. conferred with men experienced in administering the estate tax law. I had experts prepare the amendment I have offered. I asked them to prepare an amendment which would yield, as nearly as they could figure it, \$500,000,000.

Now, let me make it clear to you that the amendment I offer does not affect the existing law. It is not put over on top of the existing law. It specifically provides that the amount the States are entitled to under existing law remains undisturbed. The rates that are in my amendment are the maximum rates that would be imposed on any estate. To figure out what the estate would have to pay,

you would first figure with my rates and then to find out what a State is entitled to retain under the 80 per cent provision, you figure out what the State would be entitled to under existing law and subtract that from the amount that the tax would amount to under my amendment. So the rights of the States to a part of the estate tax under existing law will under my amendment remain undisturbed. That is, the State's participation in estate taxes is neither enlarged nor diminished but will be in the future the same as it has been since 1926.

Mr. RAGON. Will the gentleman yield right there?

Mr. RAMSEYER. I yield to the gentleman from Arkansas, a member of the committee.

Mr. RAGON. As we have treated the amendment in the bill, we have treated the increase as a supertax and the States do not participate in that in any way. I do not think the gentleman has made it clear whether the States will participate in his supertax or not.

Mr. RAMSEYER. They do not.

Mr. RAGON. They only participate in the tax that is levied at present.

Mr. RAMSEYER. That is it exactly, and that part is not disturbed at all.

Now, let me make this clear again. I can not stop here to write all this out, but Figure 1 here [indicating on the blackboard] is a line which indicates the existing law; Figure 2 is the line or the step-up in the bill; Figure 3 is a line of the step-up under my amendment; and Figure 4 illustrates the line or step-up of the amendment of the gentleman from Maryland [Mr. Lewis].

Each year since the war, except last year, when I did not have time to do so, I have read the report of the British Chancellor of the Exchequer. This in itself is a liberal education in public finance, and I have followed especially with interest their estate-tax law development.

In Great Britain there has been nothing radical about the development of their estate taxes; in fact, nearly every increase that has been proposed and put on has come when the Conservatives of Great Britain were in power. I am not proposing to you anything radical. I am proposing to you something that is just, I am proposing to you something whereby you can get revenue according to capacity to pay, and it is a source of possible revenue that in my opinion has barely been tapped. What I am asking you to do to-day is to take a logical step forward and, maybe, some time in the future, other steps can be taken.

Now, as to the British rates. When I prepared this amendment I did not have the British rates before me, but since the amendment has been published in the Congressional Record I have had access to the latest British rates. Of course, the British exempt only \$500. We, in this amendment, exempt \$50,000. The British rates run from 2 per cent to 5 per cent higher than my rates, but the British line is a good deal like this No. 3 which I have drawn on the blackboard to illustrate the rates I have proposed. The British maximum rate on that portion of the estate over \$10,000,000 is 50 per cent, whereas my proposal is 45 per cent.

I think I have made plain to you just what the different proposals before the House amount to. No. 2 is what you see in the bill, No. 3 is my own amendment, and No. 4 is the amendment of the gentleman from Maryland.

Mr. RANKIN. Will the gentleman yield? Mr. RAMSEYER. For a question; yes.

Mr. RANKIN. How much will the gentleman's amendment yield over and above what the present bill would yield?

Mr. RAMSEYER. Of course, remember that any increase to become productive will take probably two years.

Mr. RANKIN. I understand that. I am not talking about the time, but the yield.

Mr. RAMSEYER. When this becomes productive it will probably yield between \$500,000,000 and \$600,000,000. The committee proposal, I understand, will yield, when it be-

comes productive, something like \$300,000,000. So the difference would be two or three hundred million dollars, and it is made on the intermediate brackets, where the burden is a little heavier than that proposed by the committee.

Mr. SIROVICH. Will the gentleman yield?

Mr. RAMSEYER. For a question; yes.

Mr. SIROVICH. No. 3 represents the gentleman's amendment, is that right?

Mr. RAMSEYER. Yes.

Mr. SIROVICH. And it resembles the British form of taxation?

Mr. RAMSEYER. Yes.

Mr. SIROVICH. And the British form of taxation brings out £80,000,000 a year for 40,000,000 people.

Mr. RAMSEYER. I know what the gentleman is driving at.

Mr. SIROVICH. Why is it that the gentleman's plan with 120,000,000 people will only bring \$500,000,000?

Mr. RAMSEYER. For this reason—the great bulk of the property that devolves is in smaller estates. If we would tax as heavily as the British do small estates, exempting only \$500, we would probably get from three to four times as much revenue from this tax as the British do. The difference is in that our exemption is higher.

Mr. REED of New York. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. REED of New York. There was a little confusion, and I did not get clearly this point. Do the States share under the gentleman's amendment?

Mr. RAMSEYER. I can assure the gentleman that under my amendment the part that the States get now will not be affected at all.

Mr. JOHNSON of Washington. That is to say, they will get no more.

Mr. RAMSEYER. They will continue to get just what they have been getting under existing law since 1926.

Mr. JOHNSON of Washington. The States will get what they are getting now, and any possibility of their going further and getting more from estates will be limited as the United States rates go higher.

Mr. RAMSEYER. The United States rates are higher because of the need of the Federal Treasury.

[Here the gavel fell.]

Mr. RAMSEYER. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Will the gentleman yield?

Mr. RAMSEYER. For a question.

Mr. BLANTON. The gentleman has evidenced his purpose of raising the rates. May I ask the gentleman whether or not, if his amendment should be defeated, would he then support the Lewis amendment?

Mr. RAMSEYER. I am not in favor of the Lewis amendment.

Mr. BLANTON. I wanted to see if he can not go along with those who favor a raise if the committee does go along with him.

Mr. RAMSEYER. Let us take one amendment at a time.

Mr. BLANTON. I only wanted to see how far we could go with the gentleman on his proposition.

Mr. RAMSEYER. I did not yield for that question. I want to dispose of this first.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. WHITTINGTON. Has the gentleman had any estimate of the Treasury as to what his amendment would produce?

Mr. RAMSEYER. I have had the estimate of an expert, not connected with the Treasury, that it will yield at least \$500.000.000.

Mr. WHITTINGTON. But the gentleman has not asked the Treasury for an estimate?

Mr. RAMSEYER. No; I have not.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. STRONG of Kansas. The amount of this tax must be collected in cash. But suppose an estate has no cash, that its assets are in business, and so forth. What length of time does the gentleman give for the payment of the tax?

Mr. RAMSEYER. My amendment would not affect the administrative provisions of the law. I always have been in favor myself of liberal administrative provisions, to give the estates plenty of time to settle up so they will not be hurried or crowded in settling up at a loss.

Mr. STRONG of Kansas. Ought there not be some provision for that in the bill?

Mr. RAMSEYER. That comes later on.
Mr. WOODRUFF. Will the gentleman from Iowa yield?

Mr. RAMSEYER. I yield to the gentleman.

Mr. WOODRUFF. There has been considerable confusion around here, and I did not get all the responses of the gentleman to the questions propounded to him. The committee bill will raise a certain amount of money.

Mr. RAMSEYER. I understand something like \$250,-000,000 or \$300,000,000.

Mr. WOODRUFF. And how much additional will the gentleman's proposition raise?

Mr. RAMSEYER. About \$200,000,000 or \$300,000,000

Mr. CAVICCHIA. Will the gentleman yield? Mr. RAMSEYER. Yes. Mr. CAVICCHIA. Some States levy a tax as high as 14 per cent, which is in addition to the gentleman's amend-

Mr. RAMSEYER. Certainly. That is taken care of under existing law. This does not in one iota affect the present relationship between the States and the Federal Govern-

Mr. CAVICCHIA. That was not my question. Some of the States collect plus 14 per cent maximum-

Mr. RAMSEYER. And that 14 per cent is deducted under the provisions of existing law. The provisions of existing law are not changed by my proposition for increasing the rates.

Mr. CAVICCHIA. My question is, Has the gentleman considered the addition of his tax to the 14 plus per cent tax now paid in certain States under existing law?

Mr. RAMSEYER. My dear sir, seven or eight years ago I made an exhaustive study of the inheritance tax laws of every State, and if the gentleman had been here-

Mr. CAVICCHIA. I am sorry to say I was not here. Mr. RAMSEYER. He would have heard me speak on State inheritance tax laws. I have studied State laws; yes.

Mr. CAVICCHIA. And your conclusion is that with the tax you are proposing now and the tax now paid to the States it is less than the English tax?

Mr. RAMSEYER. Oh, certainly; no question about that.

Mr. McKEOWN. Will the gentleman yield? Mr. RAMSEYER. Yes.

Mr. McKEOWN. Does the gentleman propose to offer an amendment to the gift-tax section?

Mr. RAMSEYER. No. The gift tax should be lower than the estate tax. Heretofore I have always stood for a gift tax. I thought it was a mistake in 1924 to put the gift-tax rates as high as in the estate-tax rates. There is such a thing as going too high on gift-tax rates, thereby rendering them unproductive. The same rule applies to income taxes. You can not, by merely writing high rates on incomes, collect a lot of money. That is, you will reach the point of diminishing returns. With estate taxes it is different; the law of diminishing returns does not apply. It is a matter of judgment. We do not want excessive rates, but we want reasonable rates, productive of large revenue.

Mr. McKEOWN. The gentleman knows that in a dissenting opinion in the Supreme Court yesterday it cited millions of dollars that have escaped us through the gift tax.

Mr. RAMSEYER. We have a gift tax in this bill, and I am for it. The only question the gentleman raised was whether I proposed to offer an amendment to increase the gift tax, and I answered that I did not.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. CRISP. I would like to say in answer to what the gentleman from Oklahoma [Mr. McKeown] said that the Supreme Court merely decided that the provision of law that gifts made within two years of death were presumed to be made in contemplation of death is unconstitutional. The Supreme Court has decided that Congress can pass a gift tax to take effect from the date of the passage and not be retroactive. That decision yesterday in no way affected the validity of the gift tax as set out in the bill.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Yes. Mr. JOHNSON of Texas. What is the minimum amount not subject to tax under the gentleman's amendment?

Mr. RAMSEYER. Fifty thousand dollars net.

Mr. McGUGIN. If I understand the gentleman's amendment correctly, it is an additional and further tax to the tax now in existence under the revenue act of 1926.

Mr. RAMSEYER. It is an increase of that tax, but the rates of my amendment are not superimposed on existing rates.

Mr. McGUGIN. Under the tax as it now exists, the rate runs from 1 per cent to 20.

Mr. RAMSEYER. Yes.

Mr. McGUGIN. The gentleman's rate does not increase the maximum at the top from 45 to 65 or at the bottom.

Mr. RAMSEYER. No.

Mr. HAWLEY. In any bracket of the gentleman's proposal, the amount he states is the total tax to be paid.

Mr. RAMSEYER. Up to that bracket; yes.

Mr. WOLVERTON. Mr. Chairman, will the gentleman

Mr. RAMSEYER. Yes.

Mr. WOLVERTON. I am in sympathy with the amendment you have proposed. You have indicated an interest in the administrative features of the present law relating to the collection of estate taxes so that the manner of such collection would not work an undue hardship or loss. Has the committee, in increasing the rates, taken that into consideration in this bill?

Mr. RAMSEYER. There has been no change in the administrative provisions.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. RAMSEYER. Just for one question.

Mr. SIROVICH. I think the whole House is interested in one matter which the gentleman can explain, and that is the difference between the gentleman's amendment which is No. 3, and Mr. Lewis's, which is No. 4. They both show that you can raise \$500,000,000.

Mr. JOHNSON of Washington. If enough people die.

Mr. SIROVICH. But the difference between the gentleman's amendment and the Lewis amendment is that between \$50,000 and \$500,000 the gentleman's proposal is more gradual, while his is a greater jump.

Mr. RAMSEYER. I do not know where the gentleman from Maryland got his figures. I submitted my rates to experts, and they estimated about \$500,000,000 annually would be collected.

Mr. SIROVICH. He says the same with his.

Mr. RAMSEYER. I think he said \$600,000,000 additional. The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. RAMSEYER. I submit the following table of rates, which are self-explanatory:

Estate tax—Comparison of rates

Net estate (after exemption):	Ramseyer rates	Present rates	Bill rates	British rates
	Per cent	Per cent	Per cent	Per cent
5-\$2,500	1	1	2	T es come
\$2,500-\$5,000	THE PARTY IS	1	2	man product
\$5,000-\$10,000	1	1	2	1
\$10,000-\$20,000	2	1	2	July 1
\$20,000-\$25,000	3	1	2	I Cunii i
\$25,000-\$30,000	3	1	2	1000
\$30,000-\$40,000	4	1	2	The best of
\$40,000-\$50,000	5	1	2	in house
\$50,000-\$62,500	7	2	4	
\$62,500-\$75,000	7	2	4	Harris Indian
\$75,000-590,000	7	2	Haran 4	ngallis
\$90,000-\$100,000	7	2	4	
\$100,000-\$105,000	9	3	6	1,41,41;
\$105,000-\$125,000	9	3	6	Mana Lo
\$125,000-\$150,000	9	3	6	1
\$150,000-\$175,000	. 9	3	- 6	1
\$175,000-\$200,000	9	3	6	1
\$200,000 \$225,000		4	8	1:
\$225,000-\$250,000	11	4	8	1
250,000-\$275,000	11	4	8	1
\$275,000-\$325,000	11	4		1
325,000-\$375,000	11	4	8	1
\$375,000 -\$400,000	11	4	8	1
\$400,000-\$425,000	13	5	10	11
8425,000-\$500,000	13	5	10	1
\$500,000-\$500,000	13	5	10	2
\$600,000-\$750,000	15	6	12	2
\$750,000-\$800,000	15	6	12	2
800,000-\$1,000,000	17	7	14	2
\$1,000,000-\$1,250,000	19	8	16	2
31,250,000-\$1,500,000	19	8	16	2
\$1,500,000-\$2,000,000	21	9	18	30
2,000,000-82,500,000	23	10	20	3
2,500,000-\$3,000,000	25	11	22	34
3,000,000-\$3,500,000	27	12	24	31
N; 000,000 P4,000,000	20	13	26	36
34,000,000-84,500,000		14	28	31
4,500,000-\$5,000,000	. 33	14	28	3
\$5,000,000-\$5,000,000	35	15	30	4
6,000,000-\$6,250,000	37	16	32	40
\$6,250,000-\$7,000,000	37	16	32	43
\$7,000,000-\$7,500,000	39	17	34	4:
57,500,000-\$8,000,000		17	34	4
88,000,000-89,000,000	41	18	36	4
9,000,000-\$10,000,000	43	19	38	4
Over \$10,000,000	45	20	- 40	50

<sup>1</sup> Under Ramseyer amendment, \$50,000; existing law, \$100,000; bill, \$100,000.

British deduction, \$500. Italic indicates brackets of Ramseyer amendment. Sterling converted at \$5 for £1.

Mr. JOHNSON of Washington. Mr. Chairman, I desire to be heard in opposition to the amendment.

I ask unanimous consent that I may proceed for 10

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. JOHNSON of Washington. Mr. Chairman, I asked that this blackboard be left in the well of the House for a moment in order that I might call attention to something that is quite accidental. The distinguished gentleman from Iowa [Mr. Ramseyer] brought in this blackboard in order to make a diagram which shows four different methods of taking wealth away from the deceased.

The gentleman happened to bring in a board which had on it these pictures, which were used by the distinguished Member from Florida [Mrs. Owens] to show the beauties of the proposed Everglades National Park, which, by the way, will be a charge, sooner or later, on the Federal Government. See the pictures. They have served her purpose. Now they will serve ours. See the beautiful fernlike trees. See the pretty birds, flying against the hazy blue sky. Why, these seem to be pictures of Elysium; almost a portrayal of Utopia, and the perfect state where there shall be no taxes, no riches, aye, no government—the ultimate outlined in all of the socialist textbooks, from those of Marx and Engels down to Henry George, but mostly in Marx's heavy volumes-Das Kapital. While I can not hope to outline to you Karl Marx's theories as they have been developed to fruition, and are now being carried on in many European countries, if you will read this book, the Terror of Europe, written this year, you will understand what I am driving at.

Mr. KELLER. Written by whom?

Mr. JOHNSON of Washington. By H. Hessell Tiltman, author of J. Ramsay MacDonald, and other volumes, and written from facts, not theories, and not filled with guesses

or predictions, you will get the last word about Stalin, Russia's "Man of Steel," the communist dictator of the Union of Socialist Soviet Republics. And about Italy, Hungary, Yugoslavia, the Polish Ukraine, the little "Liberia" in Italy, the forced labor camps of northern Russia, and so on. You will get the communistic trend, and the death and destruction of its wake.

I have not the time to tell you, but I can make the suggestion that, as far as I can see, the best thing that the Members of this Committee of the Whole House on the state of the Union, in consideration of this tax bill can do at this time will be to vote for the Ramseyer substitute for the Lewis amendment, on the ground that the Ramseyer substitute is less socialistic.

Mr. LEWIS. Will the gentleman yield?

Mr. JOHNSON of Washington. In just a moment.

Then you will have a chance, if you so vote, to fall in behind your Ways and Means Committee of 25 Members, who have labored hard in good faith, under extreme difficulties, to bring out a bill that will raise some revenue. If we are going to follow mere dreams, let us all be dead sure that we know what we are doing and where we are going.

I now yield to the gentleman from Maryland.

Mr. LEWIS. I have never been conscious, in discussions in this House, passionate though the discussions sometimes began, of throwing an epitaph-

Mr. JOHNSON of Washington. Not an epitaph, but an epithet.

Mr. LEWIS. At any other Member of this House, such as the gentleman has just thrown at me, and I want to let the gentleman from California-

Mr. JOHNSON of Washington. Not California, but Washington.

Mr. LEWIS. To let the gentleman from Washington now

Mr. JOHNSON of Washington. Let us be fair about it. Mr. LEWIS. Will the gentleman wait until I am through?

Mr. JOHNSON of Washington. Well, really, I can not wait. I am making this particular speech. It is my time.

Mr. CLARKE of New York. Mr. Chairman, the regular

Mr. JOHNSON of Washington. I yield to the gentleman. Mr. LEWIS. I want to let the gentleman from Washington know that perhaps he has failed to draw my size in this discussion and has only exposed his own.

Mr. JOHNSON of Washington. Well, be that as it may, Mr. Chairman, I said I believed that one amendment proposed as a substitute for this amendment was less socialistic than the other. If that is an epitaph or an epithet (laughter) it seems to have stung and cut deep. [Applause.] I am reminded, as a matter of fact, that proposal No. 4, on this blackboard diagram, the proposal of the gentleman from Maryland [Mr. Lewis] is an epitaph as to the possibility of much of an estate tax by any of the sovereign Commonwealths of this Union. [Applause.] Did not Mrs. Malaprop say something about "a nice disarrangement of epitaphs "?

What I want to say is this: Are we looking solely for revenue upon bases which are fundamentally sound, from the standpoint of economics, or are we indirectly and insidiously trying to thrust a form of social legislation on the people in the guise of taxation. Let us be honest with ourselves and with the Nation.

You will notice that the gentleman from Maryland [Mr. LEWIS]—and I admire his talent and industry—said in his speech, while he was presenting his amendment, he preferred not to discuss the social features, the phychological features. I am trying to call attention to the fact that those features are here and are dangerous, and should be dis-

Are we insidiously trying to thrust a form of social legislation on the people in the guise of taxation? That is the question, and do not forget it. We are offered several plans of increased graduated taxes upon those who are fortunate enough to be rich when they die. We are trying to do all this in Committee of the Whole. Not five men can

stand up here now and say what the various proposals really are, as indicated on the blackboard by the first straight line, the first hypotenuse, and this last, the double jumper. [Laughter and applause.] The Treasury of the United States needs money and needs it now, and the rich who die are taxed double in the bill of the Ways and Means Committee. But it is proposed to tax the dead rich four, five, or six times on top of the committee's 50 per cent increase, and some of you will want the rich to die now to fill the Treasury, or, perhaps, give 30 days' notice and then die, to be stripped to the shroud. [Laughter.]

No, Members, this is not a matter for laughter. It is most serious.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. RANKIN. Mr. Chairman, reserving the right to object, how much time is left?

The CHAIRMAN. There is no limit on the time.

Is there objection?

There was no objection.

Mr. JOHNSON of Washington. Mr. Chairman, I have been talking over on the Democratic side, and now, Mr. Chairman, I shall step across the aisle and speak to my Republican brethren. Speaking on the question of inheritance taxes before the National Tax Association in Washington on February 19, 1925, Mr. Coolidge, then President of the United State, said-you see, this thing has been brewing for a long time:

If we are to adopt socialism it should be presented to the people of this country as socialism and not under the guise of a law to collect revenue. The people are quite able to determine for themselves the desirability of a particular public policy and do not ask to have such policies forced upon them by indirection.

Mr. CAMPBELL of Iowa. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes; I yield.

Mr. CAMPBELL of Iowa. Is the gentleman against all inheritance taxes?

Mr. JOHNSON of Washington. I am not, of course. But inheritance taxes can be laid with reason. The bill as reported doubles the inheritance tax. There are some who would lift taxes into a straight-out capital tax; that is, so that as taxes are paid the principal is eaten into and finally it is gone. No county commissioner from away back would do that.

Mr. CAMPBELL of Iowa. Will the gentleman from Washington yield again?

Mr. JOHNSON of Washington. I will ask the gentleman to let me proceed. Mr. Chairman, I can not yield any further. There are a great many western men here. live, prosper, and develop on borrowed money. If we tax estates beyond a certain point, we will create a desire on the part of those who have accumulated large sums of money to dissipate those sums before they die. They quit investing; and if they do that, we dissipate the chances for development.

Mr. BLANTON. Will the gentleman yield? Mr. JOHNSON of Washington. Yes; I yield.

Mr. BLANTON. May I ask whether or not the gentleman from Washington is for the committee bill?

Mr. JOHNSON of Washington. I am, with the amendments as to manufacturers' tax on canned foods and the cheaper clothing and shoes.

Mr. BLANTON. Everyone who is for the committee bill as it is written is naturally against the raising of taxes on estates and against us who are fighting against the sales tax.

Mr. JOHNSON of Washington. Oh, no. The gentleman is not stating my position correctly or treating me fairly. It so happens I was one of the first to lead in the movement to lift the tax on canned fruit, canned vegetables, canned fish, and canned meats. But I did not have to help tear the bill to pieces in order to get that relief. There are other ways to win than by raring, bucking broncho insurgency.

However, I am not concerned or alarmed about all of this excitement, about all this hubbub over this tax bill, for

I am satisfied that even the bill as written, even with the amendments adopted the other day, and the other amendments to be proposed and adopted, will not even then raise sufficient revenue. We are tearing an extreme tax bill all to pieces. Great revenue does not drop into the Treasury when we in Congress say "Great revenue, drop into the Treasury now, instanter." No. I have a letter from the Secretary of the Treasury, Mr. Mills, in response to eight specific inquiries propounded by me. He tells how the debt is increasing.

Mr. BLANTON. The gentleman said he had a letter from Ogden Mills, who favors this sales tax.

Mr. JOHNSON of Washington. I can not yield, please. This bill, with all the high-sounding brackets the House has shot into it, will not anywhere raise the revenue. The other legislative body will hold hearings on this bill for weeks, debate it for still other weeks, amend it, and it will be worse.

Mr. Chairman, after we have stricken out the manufacturer's tax, voted down the proposed beer tax, elevated all income taxes, and raised estate taxes we will come back here some day all too soon and find it necessary to raise more revenue in some of the very ways we are now throwing into the waste basket.

Now, Mr. Chairman, I have a letter of mine written a month ago, containing eight questions asked of the Secretary of the Treasury, and I have his reply. My time has about expired. In addition to extending my own remarks. I ask unanimous consent to print these letters.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to incorporate as a part of his remarks the documents referred to. Is there objection?

Mr. RANKIN. Mr. Chairman, reserving the right to object, if the Ramseyer substitute were adopted would the gentleman be in favor of the bill?

Mr. JOHNSON of Washington. I will vote for anything that will get anywhere near the necessary revenue in a reasonable way, and I will go along with the trained and experienced members of the Ways and Means Committee who have acted with nerve, with dignity, and with reason.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, and I shall not object, I want to ask the gentlemanfrom Washington whether or not his people back home are in favor of the sales tax?

Mr. JOHNSON of Washington. They favor a balanced Budget. They want the credit of the Government maintained; they want its sovereignty maintained, its defense kept up, and business from top to bottom given an ordinary chance, so that the wheels may go round, pay rolls resume, commodity prices come up, and normal living be restored.

They do not want sovietism or a dictatorship or too much government. Oh, if I had but five minutes more to speak, I could tell the gentleman that back in the offing and behind this insurrection in the House is the desire, not to raise money by taking it from the rich as taxes, but a desire to actually take away the property of the rich. Socialism. and then some! I ask you to study this, think about it, and 10 years from to-day, if you live, please read this Congres-SIONAL RECORD as to this day's proceedings. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. JOHNSON of Washington. Mr. Chairman, a short time ago I addressed a letter to the Secretary of the Treasury, Hon. Ogden L. Mills, requesting information on 'several questions which were propounded as follows:

- 1. Estimate deficit for the fiscal year ending June 30, 1932?
- What was the Treasury deficit for the fiscal year ending June 30, 1931?
- 3. How was that deficit cared for?
  4. If bonds were issued then, in what amount and under what provisions of law?
  5. How long do those bonds run and at what rate of interest?
- 6. What, if anything, is there in the Treasury to the credit of the soldiers' bonus?
  7. What amount will be necessary to pay the remaining portion
- of the soldiers' bonus in full?

several explanatory tables inclosed. His letter is as follows:

TREASURY DEPARTMENT,

Washington, March 18, 1932.

My Dear Congressman: I acknowledge receipt of your letter requesting information concerning the deficit for the fiscal years 1931 and 1932, and also information concerning the soldiers' bonus. There is transmitted herewith a copy of the Annual Report of the Secretary of the Treasury for the fiscal year 1931, in which your attention is called to the statement appearing on pages 25 and 26. You will note that the deficit for the fiscal year 1931 amounted to more than \$902,000,000, and that the deficit for the fiscal year 1932 has been estimated at over \$2,122,000,000. This last-mentioned figure does not include any funds required on account of legislation passed since the publication of the Budget in December, such as payments on account of subscriptions to the capital stock of the Reconstruction Finance Corporation and the Federal land banks, which may amount to \$625,000,000. In addition, a recent revision of estimates for internal revenue and customs receipts shows a decline of \$117,000,000 from the estimates submitted in the Budget, which will have the effect of further increasing the deficit by that amount.

The deficit for the fiscal year 1931 was cared for entirely by borrowing, as will also be the case during the fiscal year 1932. It is not possible to state what particular issues of Government securities are for the purpose of covering the deficit in receipts. The Treasury generally bases its borrowings on its estimated needs for a three months' period and through these borrowings the deficit is automatically taken care of.

During the fiscal year 1931 the Treasury, in addition to its short-term borrowings, issued on March 16, 1931, \$594,230,050 face amount of 3% per cent Treasury bonds of 1941–1943. On June 15, 1931, there was an issue of 3 per cent Treasury bonds of 1946–1949, aggregating in face amount \$821,406,000, and on September 15, 1931 (fiscal year 1932), there was an issue of 3 per cent Treasury bonds of 1951–1955 in the aggregate face amount of

tember 15, 1931.

423,000. No further issues of bonds have been made since September 15, 1931.

In this connection there is transmitted herewith a copy of the statement of the public debt of the United States for December 31, 1931, from which you can readily ascertain the dates and amounts of the issues of securities during the fiscal years 1931 and 1932 which are still outstanding. There is also inclosed a copy of the Daily Statement of the United States Treasury for February 29, 1932, in which, on page 4, you will find a preliminary statement of the public debt for that date. The 3½ per cent Series A-1932 certificates of indebtedness maturing August 1, 1932, in the amount of \$227,631,000 and the 3¾ per cent Series A-1933 certificates maturing February 1, 1933, in the amount of \$144,372,000, have been issued since the statement of December 31, 1931. All of these obligations have been issued under authority of the Libery bond acts, as amended.

You will note from the preliminary statement of the public debt shown on the Daily Statement of the United States Treasury for February 29, 1932, that there are in the adjusted-service certificate fund 4 per cent obligations in the amount of \$167,200,000. As the Veterans' Administration needs funds with which to make loans to veterans or to pay death benefits, these obligations are redeemed by the United States Treasury and the funds placed to the credit of the Veterans' Administration. This is the only fund in the Treasury held for account of the adjusted-compensation certificates.

Un to February 29, 1932, there has been approximately \$900.

certificates.

Up to February 29, 1932, there has been approximately \$900,-000,000 loaned out of this fund to the veterans under authority of the act of February 27, 1931, which liberalized the loan provisions of the adjusted-compensation certificates. This sum does not include loans made from the Government life-insurance fund. In this connection there are transmitted herewith statements showing certain information regarding loans to veterans on ac-count of the adjusted-service certificates.

count of the adjusted-service certificates.

The Veterans' Administration is in a position to furnish you accurate figures on the amount required to pay the remaining portion of the soldiers' bonus in full, but the Treasury is glad to furnish for your information the following estimated round figures. As stated above, there has already been loaned to the Acterans approximately \$900,000,000 of the adjusted service certificate fund, and there is available in the fund at this time the sum of \$167,200,000, making a total of over \$1,067,000,000 made available by Congress for the adjusted service certificate fund. It has been estimated that the face value of the adjusted-service certificates outstanding amounts to approximately \$3,500,000,000. certificates outstanding amounts to approximately \$3,500,000,000. Deducting the above-mentioned funds which have already been made available and eliminating for the purpose of this computation the accrued interest on loans that have been made and are now outstanding leaves approximately \$2,400,000,000, which would be required in appropriations to pay the veterans' adjusted-compensation certificates in full.

Very truly yours, OGDEN L. MILLS, Secretary of the Treasury.

Hon. Albert Johnson,
House of Representatives, Washington, D. C.

The following table gives the status of the adjusted service certificate fund from February 28, 1931, to February 29, 1932:

I received a reply from the Secretary of the Treasury with | Adjusted service certificate fund-February 28, 1931, to February

20, 1	302	
Available funds:		
In fund Feb. 28, 1931— Cash	900 AR1 A16 75	
Securities	735, 400, 000, 00	
the state of the same and the find the same of the same		
Available Feb. 28, 1931 Appropriation Mar 4, 1931	110 000 000 00	\$755, 861, 416, 75
Appropriation Dec. 21, 1932		
The second secon	200, 000, 000. 00	312, 000, 000, 00
Interest collected—		a compass of the
Treasury investments		
On loans	1, 686, 330. 17	13, 125, 852, 35
The state of the s		10, 120, 002, 00
Available between Feb. 28, 193		1, 080, 987, 269, 10
Net expenditures from Feb. 28,		
1931, to Feb. 29, 1932:	Television and	
Death benefitsBank loans re-	\$20, 605, 943. 46	
d e e m e d		
(net) \$4,897,519.04		
Direct loans to		
veterans 883, 231, 112. 52	The state of the s	
Total loans from fund_	888 128 631 56	
	000, 120, 001, 00	908, 734, 575. 02
Balance available Feb. 29,	1032	172, 252, 694, 08
Cash balance	\$5, 052, 694, 08	114, 202, 054. 00
Securities	167, 200, 000.00	
- H. Les applican at with said to the	ponts - commit	172, 252, 694. 08
MARCH 11, 1932.		USE STREET

The statement below sets forth the total amount of loans made to veterans under the original adjusted compensation act as well as the amendatory act of February 27, 1931, providing for the payment of 50 per cent of the face value of the certificates.

# Total loans to veterans

From adjusted-service certificate fund since Feb. 28, 1931	\$878, 809, 266. 40
Redeemed bank loans prior to Feb. 28, 1931	11, 398, 621. 20
From Government life-insurance fund: Unliquidated loans made prior to Feb. 27, 1931 \$281, 684, 914.17 Net loans under act of Feb. 27, 1931	890, 207, 887. 60
Total net loans from Government life- insurance fund	343, 651, 335. 76
Total net loans through Veterans' Administration Estimated loans held by banks	1, 233, 859, 223, 36 75, 000, 000. 00
Total loans from all sources (partly estimated)	1, 308, 859, 223. 36
Number of certificates outstanding	ng
Total number of certificates issued	3, 658, 527
death	122, 574
Total number of certificates outstanding Jan. 31, 1932	3, 535, 953
By the Government 2, 454, 741 By the banks (estimated) 175,000	

mated) \_\_\_\_\_ March 10, 1932. Inasmuch as the statement of the condition of the United States Treasury is issued daily in circular form, I have not inserted one of these, but desire to call attention to the fact that all daily statements as to the receipts since March 15 from income-tax returns show a very heavy drop as compared with last year's receipts, compared day by day. The deficit is increasing.

Number of unpledged certificates (partly esti-

2, 629, 741

1 906, 212

Knock out the carefully thought-out manufacturers' tax, which has the license plan to prevent pyramiding of the tax, and which now has food and clothing exempted from

<sup>&#</sup>x27;It is estimated that of this number 200,000 certificates are not eligible for loans because effective less than two years.

tax, and you will have to reach here, there, and everywhere for taxes, many of which will be excise taxes, which will have to be taken "right on the nose" by the purchaser as he buys, and you will hear from it everywhere you turn. I do not object to high income taxes or high profit taxes, but I do think that a mistake can be made in levying such taxes too high-that is, if you really desire to raise the enormous sum of tax money needed to even approximately balance the Budget.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to speak for 10 minutes. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and my colleagues, I am not conceited enough to arrogate to myself the ability to change the views of any man in this House on this amendment. However, I would be recreant to my duty as I understand it if I did not present a few thoughts to you in connection with these amendments.

The amendment of my friend from Maryland [Mr. Lewis] applies income-tax rates to accumulated estates.

Mr. LEWIS. Will the gentleman yield? Mr. CRISP. No; I will not.

Mr. LEWIS. The gentleman is in error in that state-

Mr. CRISP. I will not yield. The gentleman applies graduated income-tax rates to estates over \$50,000. Now, what is the effect of that, gentlemen? It is treating the accumulation of years as income for one year. The graduated income-tax rate is based on your net earnings for one year while estate taxes are based on your life's accumulations. You may by your industry and frugality have saved during a long life \$100,000, \$200,000, or \$300,000 to leave to your wife and children. It is not net income for one year. Those rates apply to your life's accumulation. I am, of course, against that amendment. [Applause.]

The amendment of the gentleman from Iowa increases the rates recommended by the committee, and I understand that my friend from Iowa claims his amendment will raise about \$200,000,000 in a full year more than the amendment recommended by the committee.

The amendment recommended by the committee doubles the estate tax and attaches the maximum of 40 per cent to estates in excess of \$10,000,000.

It is estimated by the Treasury Department that the committee's amendment in a full year will raise \$150,000,000. The Treasury Department advises me that the estimates that my friend from Iowa [Mr. RAMSEYER] has were made by the staff of the Joint Committee on Internal Revenue Taxation, and were based on business values in 1930. Of course, the value to-day of stocks, bonds, and all other property is much lower than it was in 1930, and therefore I do not believe his estimate is actually correct, although it was furnished to my friend. I am simply pointing out this difference. The Treasury estimates were based on values in 1925.

May I read you what Thomas Jefferson said?-

To take from one because it is thought that his own industry and that of his fathers has acquired too much, in order to others who or whose fathers have not exercised equal industry and skill, is to violate arbitrarily the first principle of association, "the guaranty to every one of a free exercise of his industry and the fruits acquired by it."

[Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. No; I do not yield now.

I can add nothing to what I have said. Oh, gentlemen, I have no wealth, neither have I a brief for the wealthy class, but I do say that wealth is what enables factories, industries, railroads, and others to operate and to furnish employment to many of our good citizens.

I hope both the amendment of the gentleman from Maryland and the amendment of the gentleman from Iowa will be rejected, and that the rates proposed by the committee doubling the estate tax will be agreed to.

Mr. CROWTHER. Mr. Chairman, of course the specific purpose of this bill is to raise sufficient revenue to balance the Budget. Other subject matter has been introduced

that is undoubtedly extraneous, but revenue is its prime objective.

I think on a serious matter of this kind we ought to apply the ordinary rules of common sense. In the surtax rates we applied rates that we thought dangerously approached the point of diminishing returns.

It is not inconceivable that the general public and those who have money and who are in business, with the vision before them of extortionate rates of this kind, when their estate is finally liquidated will see to it that there is not so much increment to be divided among their relatives at the time of death, and they will endeavor to distribute it in some other way.

There is only one material advantage that I see in the Lewis amendment, and that is it would be a constant urge to everybody in the United States that has accumulated a fortune to keep on living and not to die. [Laughter and applause.] You had better stay here under that kind of a rate and enjoy it for a while.

The distinguished leader, Mr. RAINEY, said the other day that after 20 years of research in tax matters he had discovered the answer with regard to raising money is that you are to get the most feathers with the least squawking of the goose. Here is a case where the goose can not squawk-it is dead-and, of course, it is considered an easy method of securing the money. There is nobody to find any fault. The goose or gander, whichever it may be, can not squawk any longer. Now, the gentleman from Mississippi [Mr. RANKIN] has just made one of his characteristic appeals here on behalf of the toiling masses and the burdens of the toiling masses of the country, and let me say to the gentleman from Mississippi that he and the rest of the Members of this House know that the toiling masses of this country have just as much common sense, just as much patriotism, just as much loyalty as he has, and they are just as willing, in an emergency, to subscribe their share of an equitable tax as any of the rest of the population of the country. [Applause.] You do not get very far with these constant appeals in behalf of the toiling masses. They do not want these demagogic appeals made in their behalf. I remember a few years ago when we had this estate tax before us, Chairman Green, of Iowa, espoused this tax. It was the only proposition on which the chairman, Mr. Green, and the distinguished Speaker of this House, Mr. GARNER, were in accord 100 per cent. They were both strong for the estate tax. But just look at the rates they had at that time. Why, I said a few moments ago to the former chairman of the committee, Judge Green, "You were a mild-mannered hold-up man with the rates you advocated at that time, as compared with Captain Kidd and his band of pirates who appear here to-day under the leadership of the gentleman from Maryland." [Laughter and applause.]

Mr. McGUGIN. Mr. Chairman-

The CHAIRMAN. The Chair recognizes the gentleman from Kansas for five minutes.

Mr. O'CONNOR. A point of order, Mr. Chairman. Under the rules, the proponent is allowed five minutes in favor of a proposition and the opposition five minutes against the

The CHAIRMAN. The Chair understands the gentleman from Kansas desires to offer a substitute for the amendment of the gentleman from Iowa.

Mr. O'CONNOR. I did not know that.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. McGugin as a substitute for the amendment of the gentleman from Iowa [Mr. Ramsever]: Strike out the first five brackets of subsection (b) and section 2.

Mr. McGUGIN. Mr. Chairman, this amendment which I have offered to the Ramseyer amendment simply says that the inheritance-tax rate as provided by his amendment will begin with an estate of \$100,000, rather than \$10,000.

Mr. RAMSEYER. Will the gentleman yield for a correction?

Mr. McGUGIN. Yes.

gentleman seek?

Mr. McGUGIN. I understand the gentleman's amendment begins at \$10,000.

Mr. RAMSEYER. Oh, no; paragraph (c) the exemption is \$50,000.

Mr. McGUGIN. Then why, if you are going to exempt ten, twenty, thirty thousand dollar estates, why have these estates absorbed by an exemption?

Mr. RAMSEYER. The \$10,000 is above the exemption.

Mr. McGUGIN. Well, Mr. Chairman, in that event, I will ask to withdraw my amendment.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. McGUGIN. Now, Mr. Chairman, I would like to rise in favor of the Ramseyer amendment.

Mr. O'CONNOR. Mr. Chairman, I make the point of order that the time has been exhausted under the rule.

The CHAIRMAN. The Chair is familiar with the rule, and the Chair sustains the point of order.

Mr. LEWIS. Mr. Chairman, I ask unanimous consent that I may address the House for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. CLARKE of New York. I object.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The Chair recognizes the gentleman from New York and calls his attention to the fact that the last word is \$50,000. [Laughter.]
Mr. LaGUARDIA. Mr. Chairman and gentlemen, I hope

the membership will not be too technical in holding me to the \$50,000 when we are discussing estates of \$100,000,000

All this talk about the confiscation of property and about the destruction of wealth, I want to say in all kindness, has been just a bit overdone. I submit that any proposition which is contained in the Ramseyer amendment, which provides for a tax of 45 per cent on estates of over \$10,000,-000, is certainly not sufficient justification to wave the flag and denounce its proponents as radicals. [Applause.] I refuse to admit that only legislation which creates special privileges is constructive. There has been too much special privilege in the past. Since when are Members to be classified as constructive and patriotic only when they sponsor legislation beneficial to large fortunes?

After all, the right of inheritance is a right given by the State, and without that right there would be no inheritance.

Mr. McGUGIN. Will the gentleman yield? Mr. LaGUARDIA. No; I do not yield.

Now, let me give you a few instances in the last two years of large estates, taken at random from press reports. I cite these cases only to indicate the size of the fortunes and estates and in no way to reflect on the decedents. They were all no doubt well thought of in their respective communities. Thomas B. Slick died August 17, 1930, leaving an estate of \$75,000,000. Dr. J. T. Dorrance, of the Campbell Soup Co., died September 21, 1930, leaving an estate estimated at \$200,000,000. W. P. Foss, of the New York Trap Rock Corporation, died September 21, 1930, leaving an estate of \$30,000,000. Daniel Guggenheim died September 29, 1930, estate not yet estimated, but it is reported that it will run in eight, if not nine, figures. Ella von E. Wendel, died March 15, 1931, estate of \$100,000,000, with no known heirs or next of kin living, though it seems thousands of next of kin are now scrambling for the estate. George F. Baker. died May 2, 1931, estate of \$75,000,000. Rodman Wanamaker, died within a year and a half, estate of \$41,790,544. Payne Whitney, died May 25, 1931, estate of \$239,301,017. E. H. Gary, died August 13, 1931, estate of \$22,579,521. W. M. Wright, died August 28, 1931, estate of \$60,000,000. Samuel Mather, died October 19, 1931, estate of \$50,000,000. Abraham Erlanger, died March 7, 1930, estate of \$75,000,000. Edward Bok, died January 9, 1931, estate of \$23,718,981. Some of those who have died whose estates have not yet

Mr. RAMSEYER. How much of an exemption does the been estimated, are Colonel Friedsam, head of B. Altman & Co., died April 8, 1931, estate of over \$50,000,000; Isaac Gimbel, who died April 12, and others. These are taken at random, from all sections of the country.

There is no feeling between the adherents of the Lewis amendment and the adherents of the Ramseyer amendment. These two gentlemen worked out the two propositions, two plans for an inheritance tax, and the difference is very slight. Under the Lewis plan the maximum rate is reached at \$500,000, while under the Ramseyer plan the maximum is reached at \$10,000,000.

Mr. LEWIS. And that is what it is now under the present

Mr. LaGUARDIA. No; there is a very material increase as the discussion on the subject has already indicated. Both the gentleman from Maryland [Mr. Lewis] and the gentleman from Iowa [Mr. RAMSEYER] are entitled to the thanks of their colleagues for their work and labor on this subject and have made a distinct contribution to this bill. The increase in the inheritance-tax rate is in keeping with our program to eliminate the sales tax provision and with the policy not only to raise needed revenue but to establish social legislation which will eventually prevent the concentration of wealth of the Nation into the hands of a few families. [Applause.]

Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

Mr. MARTIN of Oregon. Mr. Chairman, I object.

Mr. LEWIS. Mr. Chairman, I rise in opposition to the LaGuardia amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. LEWIS. Mr. Chairman, I shall not yield to a feeling natural under the circumstances. I thought I had presented this subject dispassionately and endeavored to present the actuarial features involved in it. The difference between the Ramseyer amendment and that which I propose is fundamental. The maximum rate of 40 per cent is reached at \$500,000 in the case of my amendment but is not reached until the \$10,000,000 point in the case of the Ramseyer amendment. This is the trouble with the present law; it is the trouble with the proposal of the committee; the maximum rate is so long deferred that the great body of the estates is passed by before a rate of taxation is reached that will give us revenue. Let me call attention to a few facts here that ought to prove decisive. Do you realize, you representatives of 120,000,000 people, that the amount of estates taxed in the United States at this time is about two and one-half billion dollars, while it is \$2,900,000,000 in Great Britain, with one-third of our population.

What does that mean? That about two-thirds of the estates of decedents in the United States entirely escape under the present statute the application of any rates at all.

Mr. O'CONNOR. Mr. Chairman, will the gentleman

Mr. LEWIS. I do not. This is a question not of a social purpose but with me one of being just to the United States Treasury in the moment of its greatest need. I asked Mr. RAMSEYER to yield that I might learn the yield under his amendment, but he declined. The yield I have given to you is the yield estimated by men of a staff competent to make these calculations, and it shows that we will have \$355,000,000 more revenue under the amendment I propose than we would have under the proposal of the committee. It would take the place, substantially speaking, of the present sales-tax schedule. Mr. Ramseyer's amendment in its yield is indefinite. Both our income-tax rates and our inheritance-tax rates have been written from two points of view-antimillionairism with regard to the rates at the top and a disposition to coddle the middle classes with low rates at the bottom. Listen to a report, made under the direction of Congress, on our income-tax rates as compared with the British rates. On \$4,000 net in the United States, as compared with the rate in Great Britain, the British payment under the present law is fifty-eight and a half times

as great as the American payment. On \$7,000 the British payment is twenty-one times the American payment. On \$10,000 it is 14 to 1; on \$20,000, 61/2 to 1; on \$30,000, 5 to 1; on \$80,000, 21/2 to 1; and \$100,000, 21/4 to 1. The current law on inheritance and income taxes in the United States might just as well be entitled "Laws to exempt the middle classes of the United States from their just burdens of taxation."

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LEWIS. Mr. Chairman, I ask for enough time to finish a concrete illustration.

Mr. CLARKE of New York. Mr. Chairman, I shall have to object.

Mr. CONNERY. Mr. Chairman, I move to strike out the last three words of the Ramseyer amendment. I have the honor and privilege of belonging to the Captain Kidd Lewis group, to which the gentleman from New York [Mr. Crow-THER] referred. I consider it one of the finest privileges that has come to me since I have been a Member of Congress.

I listened to my distinguished colleague from Georgia quote from Thomas Jefferson. That is the first quotation I ever heard the gentleman read, or the first statement I ever heard the gentleman make which I was really surprised at, coming from the intellect of the gentleman from Georgia, for whom I have a real admiration and respect. If we followed out the principles now as set out in the document which he read-I repeat, if we follow it out to its logical conclusion today—then the gentleman from Georgia is telling us that the man who is so unfortunate in his birth that he is obliged to go into a factory and merely has the opportunity of earning a daily low wage, striking at one nut or fixing one part of a machine, through no fault of his own, not being born with a silver spoon in his mouth and not being given the opportunity of a college education, we should not tax the son of any of the big multimillionaires of the United States to prevent privation and want in the families of those who did not have the advantage of being born rich. That man's children, when he goes to work, must go hungry. They must starve for fear we might interfere with the vested interests of the multimillionaires of the United States. We who favor these amendments have been termed communists, reds, and

I am not a socialist, but I never worry about being called a socialist, because I have found out that every time you attack the vested interests of the country the smoke screen is put out that you are a red, you are a bolshevist, you are an anarchist. That is done to keep from the people the truth of what is really being done to labor. I noticed by the headlines in the papers throughout the country that the House was in a terrible turmoil and disorder last Saturday. It is always in turmoil and disorder in the headlines when it begins to take money from the pockets of the rich.

Mr. ABERNETHY. We are a mob.

Mr. CONNERY. We are a mob whenever we attempt to put up the surtaxes on the rich. But when we cut down taxes under the Mellon plan and when we reduce their taxes the story goes out in great head lines that the House proceeded in a very orderly and gentlemanly manner to-day to help save the fortunes of the rich in the United States.

Mr. CRISP. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CRISP. I know the gentleman has as kindly a feeling for me as I have for him. Is not that one of the greatest things in our beloved country that every man works out his own status in life; and is it not true that many of the millionaires, many of the intellectual leaders of the Nation, many of the Members of this House never went to college, were not born with silver spoons in their mouths, but worked out their own standing in their community and accumulated what they have? [Applause.]

Mr. CONNERY. That is absolutely true. But I will ask the gentleman to tell me how many millionaires there are in this House of Representatives? [Applause and laughter.]

Mr. CRISP. I am unable to answer, but I can assure the gentleman that I am not in that class.

Mr. CONNERY. And I will tell the gentleman that I am below him in that class. [Applause.]

Now, I have no desire further to take up the time of the House, except to say that I am in favor of the Lewis amendment and I am happy at the opportunity to be in that Captain Kidd Lewis class and vote for the Lewis amendment to tax huge estates and use that money for the common good of the people.

Mr. CRISP. Mr. Chairman, may I see if we can come to some understanding as to the closing of debate on these amendments?

I ask unanimous consent, Mr. Chairman, that the debate on the pending amendments close in 15 minutes. The gentleman from Massachusetts [Mr. GIFFORD] wishes five minutes, the gentleman from Oregon [Mr. HAWLEY] five minutes.

Mr. RANKIN. Does the gentleman mean the substitute?

Mr. CRISP. The two amendments.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that all debate on the pending amendment and the Ramseyer substitute close in 15 minutes. Is there objection?

There was no objection.

Mr. GIFFORD. Mr. Chairman, I wish to express a particular thought which has been running through my mind during the past two or three days. A few days ago the gentleman from Maryland talked much about special privilege. He was "agin it." But to-day he, with many others, seems to believe thoroughly in special penalties. It seems to me highly inconsistent to favor patent special penalties and protest supposed or apparent special privileges. If either one is worse than the other, special penalties should be more condemned than special privileges created through an attempt to protect industry by means of a tariff

In the last tax bill we recognized the rights of the States in the field of inheritance taxes and credited them with 80 per cent. Has not the committee gone far enough to satisfy everybody when it doubles the last tax imposed and "takes it all," giving the States no portion of this additional

In this form of taxation there is a lack of comity among the States. Certain ones take a portion of a nonresident's tax if the property of the corporation of which he may own shares is located in whole or in part within that State. Nonresidents are taxed in various ways under inheritance laws, and executors find it most difficult to obtain releases and settle such various claims in order to make final distribution. The advice is given us, "Die in your own State; have all your securities in a safe deposit box in that State; have all your securities in corporations organized in that State, and see to it that such corporations own property located only in the same State or else your executor will have to pay as well the various and complicated taxes levied by other States."

We know these conditions. The States have inheritance tax laws of various rates and in various forms which must be satisfied. I repeat that having doubled the amount of this tax and given nothing of the extra amount to the States, we have gone far enough.

It is not within our rights to assail special privileges when we are now so enthusiastic about imposing special penalties on both individuals and classes. [Applause.]

Mr. PATTERSON. Mr. Chairman, all of this talk about the confiscation of wealth and all such, in my judgment, is to drag a red herring across the trail. I feel this is a great day in the history of our country and a lot will be determined as to how we act here to-day. And I believe that if I understand the temper of this House, we will act in the interest of America by raising these inheritance and estate tax rates.

When some Members of Congress propose to levy a sales tax, which will add a burden on the poverty and necessities of our country, I feel that certainly there can be no objection to a proposal to levy a 45 per cent tax on estates of

ing it socialism

In my judgment, the Ramseyer amendment and the Lewis amendment do not go far enough. Why should you levy the same rate of inheritance tax on estates of \$500,000 as you do on estates of \$100,000,000, as some of these estates are? I think we should have an amendment to the amendment raising that levy when we get into the higher brackets and not stop at \$500,000. The Ramseyer amendment stops at \$10,000,000. Why should we stop at \$10,000,000 and leave the same rate on estates of \$200,000,000 or nearly a half billion dollars as we have on an estate of \$10,000,000?

My friends, it seems to me that to-day we might refer back to the time of old Joshua, when his forces were mustered on the plains of Jordan to assail the walls of Jericho. I feel that we here to-day will show that we are in favor of a tax system which will help America to come more and more into her own for equal opportunities, as was intended by the Constitution.

A great many Members of this House have taken the floor and spoken about the great concentration of wealth in this country. I am one who believes the concentration of wealth and abuse of wealth have caused some of the evils which we face to-day.

There is only one way to get at these great estates and this great wealth. We can not take it away from them and divide it among our people. We do not stand for that, but stand for a system which will remedy the situation. We can remedy these things by taxation. Taxation has two purposes. One is to raise revenue, and we propose to raise revenue under this bill.

I do not see how anyone can object to raising the rates on these great estates, especially when it is proposed to levy a toll or tax of \$15 or \$25 annually on the necessities of life, which would fall heavily on people who are earning only \$1,000 a year. The fact is, that people in my section earn much less than that, the farmers and the laboring men, have almost no income; it has nearly reached the vanishing point, and I for one do not propose to make that burden heavier by adding the weight of this iniquitious sales tax to the people I represent or the people of this country. They say it is easily collected. Sure, for the people will not have high-priced lawyers to try to find loopholes and resist. They are patriotic and will pay, but I shall resist for them to the last the levying of such a tax. Many are walking the streets without work, and yet it is proposed to tax the shoes they must wear and the other things they must buy. I dissent, gentlemen of the Congress, and say the levy we propose here is not near the burden it would be if we put on this sales tax.

Mr. RAMSEYER. Will the gentleman yield for a statement?

Mr. PATTERSON. Yes.

Mr. RAMSEYER. I have had many Members ask me the time in which estates may be settled. The law is one year and six months added without interest, and the commissioner, upon a showing of hardship, can extend that period for three more years. That makes four and a half years all

Mr. PATTERSON. I thank the gentleman for that contribution.

Now, members of the committee, the second reason: Apportion the tax where it has to be levied, as it does in all civilized countries, so as to make those most able to pay bear the burden of taxation. This in effect is a social purpose, and its aim in a country with large concentrated wealth, as we have here, is to prevent the further concentration and give the great masses who have now only a small amount of the wealth an opportunity to acquire an income sufficient to have a home and rear a family. Mr. Chairman, I believe every American who works and does his duty and supports the Constitution and the laws and makes his contribution as an American citizen has the right to a home, and to rear a family and prepare them for life and its responsibilities. I do not believe any Member of this House will take the posi-

\$10,000,000 and over and that certainly is no excuse for call- | tion that with the large concentration of wealth, as has been outlined in previous speeches by a number of gentlemen of this House, it is not getting more and more difficult to do this.

In view of this fact I for one stand unqualifiedly now, as I have in the past, to remedy this system as best we may under the laws and Constitution of our great country. So I support a higher estate tax than that recommended by the committee, believing that this is one way of helping bring that about.

I believe we are all agreed that more in wages and income among the great masses of people is needed in this country to increase the purchasing power of our people who are in need. Talk about improving business, what it needs. This will do that. And will anyone question the fact that a sound tax system will contribute to cause these men to put more in wages and thereby make a social contribution to our country? True, this blessing, wealth, is to promote industry and pay wages, which will help men build homes and support families. And, I believe that the right kind of taxes will cause that to be done. I have therefore supported these increases on higher incomes and estates.

Then, finally, will anyone take the position that most of these great estates which have been built up were not accelerated by concessions in many instances given by governments? In all instances they have had protection, and in a great many instances gifts and concessions worth millions; and then, too, I wonder if there are any here who remember the thievery practiced in the old days by selling stock for public-utility developments and then the freeze out, and such like. Then the large pressure on legislatures and city governments-many of these concessions have helped build up these great fortunes. And then, too, as the estates become larger they get international concessions and demand the Army and Navy to defend them. I doubt not there are in our country to-day certain great companies which, if the truth were known, have cost our Government almost as much as 50 per cent of their great estates to defend and protect them in their ruthless methods.

Mr. Chairman, for these reasons and others which time will not permit giving at this time I hope that we will not only adopt these amendments but will, as I say, not stop the graduation of this tax at this figure but will graduate it to correspond on through the very high brackets.

I stand foursquare for principles which will promote labor and develop industry and the resources of our country and preserve the people's right in these things and dispense these blessings to all of our people, and thereby giving better opportunities to our farmers, laborers, professional and business people, to the end that we may remedy the evils which face this country and bring about prosperity and relief for the great masses of our people.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, reference has been made to the estate tax in Great Britain. Great Britain has no local estate taxes such as we have in the States of the United States. There is only one estate tax on an estate in that country while we have two. Taking into consideration the fact that rates are imposed on lower brackets in that country than in ours, our estate tax, as a whole, bears about as heavily upon the estates of this country as the English rates do on estates in England. On the whole our estate taxes are comparable with those in England. But whether our estate taxes aggregate less than those in another country is not the question. What we are to decide is how great a burden should we place. I think it is agreed that England would be better off if they could lower their estate taxes.

Mr. CRISP. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. CRISP. I failed to say this: The highest estate tax this country has ever had and collected was 25 per cent in the act of 1924, when there was a rate of 40 per cent. In 1926 that was repealed and made retroactive to 25 per cent. So this country has never had an estate tax of over 25 per cent, while this bill, as reported, makes it 40 per cent.

Mr. RAMSEYER. We had a rate of 40 per cent in 1924.

Mr. CRISP. It was repealed in 1926; it was made retroactive and no taxes were collected higher than 25 per cent.

Mr. RAMSEYER. They were collected but refunded.

Mr. HAWLEY. I think this deserves the attention of the committee: When a man dies his estate immediately becomes frozen assets. The courts, on the one hand, control the action of the administrator or executor; the Federal Government controls his actions to determine the amount of the estate for Federal tax purposes and the State government for State tax purposes. So the estates are tied up in a most unmanageable way, which operates to depreciate the value of the estate, in the first instance.

Immediately upon the death of a decedent the tax liens attach upon the value it has at that time. The fluctuations that may occur later have no effect upon the amount of money to be paid, and this tax lien upon the estate of both the State and the Federal Governments is a burden upon the estate. Estate taxes interfere with the normal operations of business concerns, large and small.

The committee proposes in the bill to levy a reasonable amount of tax upon the transfers from the decedent to those to whom the estate is to be distributed.

I accord to every man the same freedom of opinion as I claim for myself, but there is no justification for an attempt to divide up the estates of this country by means of taxation at this time. We need now, more than ever in the recent history of this country, capital that can be readily availed of in the hands of people who know how to use it to make products, to employ labor, and to reinstate the industries of this country; and not to tie up continually, as men die, great amounts of wealth and place upon such amounts a burden that is not payable in kind, because if the property is in acres of land worth, say, \$100 an acre and there is no sale for the land, the Government and the State demand "money, money, money "-not acres of land, not their proportion of the estate in kind.

This demand for payment of estate taxes in money can not be avoided, but we can be reasonable in the public demand as to the amount to be taken for public uses. An estate tax is a capital levy. The accumulations which have created an estate have paid the various income taxes to the Federal Government, and State and local taxes, unless it consists of tax-exempt securities. The estate tax is a supertax. While there are some very large estates, the generality of them are of more moderate amounts. The sudden demand for a considerable portion of an estate is an embarrassment that at least can not benefit the businesses in which they are included. If the tax be unreasonably large, it may do serious harm. This is not the time to add a further complication to the business of the country. The rates proposed by the committee are as high, in our judgment, as it is advisable to go, and this conclusion was reached after due consideration.

Mr. PATTERSON. Mr. Chairman, I offer an amendment to the Ramseyer substitute.

The Clerk read as follows:

Amendment offered by Mr. Patterson: Just preceding paragraph (c) in the Ramseyer amendment insert the following: "\$7,116,000 upon net estates of \$20,000,000, and upon net estates in excess of \$20,000,000, in addition, 50 per cent of such excess."

The amendment was rejected.

The CHAIRMAN. The question recurs on the substitute offered by the gentleman from Iowa [Mr. RAMSEYER].

The question was taken; and on a division (demanded by Mr. LaGuardia) there were-ayes 204, noes 45.

So the substitute was agreed to.

The CHAIRMAN. The question is on the amendment as amended by the substitute.

The question was taken; and on a division (demanded by Mr. CRISP) there were-ayes 156, noes 123.

Mr. CRISP. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. Crisp and Mr. Ramseyer.

The committee again divided; and the tellers reported that there were—ayes 190, noes 149.

So the amendment as amended by the substitute was agreed to.

The Clerk resumed the reading of the bill for amendment at page 189, line 15.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary in-

The CHAIRMAN. The gentleman will state it.
Mr. LaGUARDIA. It is my understanding that under the consent granted by the House we were to read the inheritance-tax provision, take a vote on any amendment which may be offered, and after that vote we were to proceed with the manufacturers' tax. As I heard the reading of the Clerk, he continues to read on the estate tax. The purpose, as the gentleman from Georgia will recall, was to get the sentiment of the House on the estate tax and let the administrative features and the gift-tax provision go until we disposed of the other matters.

Mr. CRISP. I would say to my friend that that was the understanding, but there are only two or three short sections in connection with the estate tax and I thought we might read them. I want to say to the gentleman that the chief of the drafting division tells me the adoption of the amendment might necessitate one or two little amendments in these other sections to carry out the effect of the amendment just adopted, and I will ask the drafting division to prepare those amendments making effective exactly what the committee has just done by adopting the Ramseyer amendment, and we can refer to that later and offer such amendments.

The Clerk read as follows:

SEC. 402. CREDITS AGAINST TAX

(a) The credit provided in section 301 (c) of the revenue act of 1926, as amended (80 per cent credit), shall not be allowed in respect of such additional tax.

Mr. ABERNETHY. Mr. Chairman, I move to strike cut the last three words and ask unanimous consent to proceed for 15 minutes.

Mr. PETTENGILL and Mr. O'CONNOR objected.

Mr. ABERNETHY. I can say what I have to say in five minutes. In the first place, I came here 10 years ago, and have followed the Democratic leadership of this House in most instances. I have been almost ultraconservative. I am one of the few Members who do not believe it is necessary to have a tax bill of \$2,000,000,000 to be paid for in two years. I am a Member who does not believe that it is necessary to balance the Budget at this time by such a burden upon the backs and stomachs of the poor when there is so much suffering in this country. I believe in that old doctrine, "God have mercy on the rich, for the poor can beg." [Laughter.]

Now, the House refuses to follow its leadership, and I understand it is a revolt. I came from the country where my ancestors fought in the Revolutionary War. One of my ancestors was in the Provincial Congress of North Carolina. I am not a communist. I am not a bolshevist. I represent the third North Carolina district in Congress, and I am going to be renominated, possibly without opposition. [Laughter and applause.]

I expect to come back. I am not saying what will happen to some of you who vote for this bill. I had the assurance of the leadership of the House that salaries would not be cut. But no set of men can drive me anywhere. I am a \$10,000 a year man. [Applause.] When I came to Congress I was making \$20,000 a year practicing law. [Applause.] Some of you fellows who are hollering and who want to cut salaries may be worth less in your communities than you are receiving now, but I am worth more because I represent the soul of the people. We do not want Congress to be a rich man's club. When it becomes so, privilege will rule in the land.

This bill will never pass in its present form. It was never intended to pass. It now looks as if we are going to break up in a row. If we do, the Secretary of the Treasury is going to issue short-term notes to take care of the deficit made by the Republicans until December, and God have mercy on

[Laughter and applause.]

Mr. O'CONNOR. Mr. Chairman, I move to strike out subdivision (a).

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 189, strike out all of lines 16, 17, and 18.

Mr. O'CONNOR. Mr. Chairman, I offer this amendment not as a mere pro forma amendment, but I should like to have the serious attention of the committee. As I understand the situation now, the Ramseyer amendment will raise the amount of Federal inheritance taxes by about \$500,-000,000 in addition to existing taxes. Under the provision of subdivision (a) none of that huge additional tax will be credited on account of estate taxes paid to the States. That presents a very serious situation. It was not so serious under the old tax law, where there was \$137,000,000 collected by the Federal Government, of which the States received about

Under the Ramseyer amendment, however, this is what you are doing. You are further invading the inheritancetax field that belongs primarily to the States. The National Government first invaded that field very reluctantly and should not further intrude on the rights of the States. The States also have to raise money to conduct their govern-

In many States of the Union the inheritance taxes have been raised this year and probably will be further increased. When you put this additional burden of half a billion dollars on estates, no part of which goes to the States, you are depriving the States of any possibility of raising money through their inheritance taxes. You are preventing the States from raising revenue in a field which we used to believe belonged exclusively to the States.

I was surprised, in the first place, when the committee in doubling the Federal estate tax did not allow credit for State taxes paid. But that was not so fatal, because the amount of the additional tax was not so large; \$150,000,000, I believe. Now, however, you have increased the additional tax to \$500,000,000 and still deny any credit on those halfbillion dollars of taxes paid to the States. I repeat, it presents a very serious situation.

Let me appeal to those Members on my side who still hold some loyalty and allegiance to the doctrine of State rights. If they are Democrats they surely will not take all of the revenue from the States and put it into the Federal Treasury in Washington. It must be that any Democrat who still believes even a little bit in the doctrine of State rights will vote to strike out this provision now that the Ramsever amendment has been adopted. Robbing the dead for the benefit of the Federal Government was never a doctrine of the Democratic Party. That ghoulish policy better becomes the Republican Party.

Mr. CRISP. Mr. Chairman, I hope the amendment of the gentleman from New York [Mr. O'CONNOR] will not prevail. Congress is now endeavoring to raise revenue for the Federal Government to meet the deficit in the Treasury. Our Government is dual in character. We have sovereign States and the United States Government. It is regrettable that there is an overlapping of taxes as between the States and the Federal Government. Either the State government or the Federal Government has a right to levy these taxes, and there is a good deal of duplication. For instance, the United States Government has levied a tax on tobacco for many, many years, and now many of the States are also levying taxes on tobacco. When it was proposed to tax gasoline-and a 1-cent a gallon tax on gasoline will raise \$165,000,000-it was stated that that was the province of the States, that the States were getting a large part of their revenue in that way. The States levy ad valorem taxes on land and property, and the Federal Government does not. I recognize there is some force in the statement of the gentleman from New York, but the object of this bill is to provide revenue for the Federal Government, and the bill does provide that these supertaxes it proposes to collect are not to be prorated back to the States but are all to be re-

our souls as to what will happen after that, I can not tell. | tained in the Treasury. The amendment of the gentleman from New York, if adopted, would have the effect of permitting the States to participate in this additional revenue. up to 80 per cent, provided they had an inheritance tax law.

> Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. O'CONNOR. Will the gentleman state whether or not if the committee had contemplated such a huge increase in the estate tax, it would not have considered some part of it going back to the States. I do not say 80 per cent of

Mr. CRISP. I can not answer that question because the committee never thought they were going to have these high

Mr. O'CONNOR. Does not that change the situation along the line I suggest? I do not contend necessarily for 80 per cent, but does not the gentleman think in fairness that some of it should go to the States?

Mr. CRISP. I do not think so. I think the States have the power to levy as high income and inheritance taxes as they desire.

Mr. O'CONNOR. They can not go beyond 100 per cent, and if the Federal Government goes up very high we can only get the difference in the States.

Mr. CRISP. We go up to 45 per cent on estates over \$10,000,000.

Mr. RAGON. Mr. Chairman, if the gentleman will permit, I think the full committee did consider the suggestion made by the gentleman from New York, but we considered that the money was so urgently needed by the Federal Government that we should not permit the rebate to the States and, besides, the States would get very little under the present alignment.

Mr. GREENWOOD. Mr. Chairman, I move to strike out the last word. The purpose of this amendment is to raise revenue to meet the deficit. That is the chief object in making this levy on estates higher than the taxes proposed by the bill as it came from the committee. It is to meet this deficit, so as to relieve certain other lines of taxation which I presume from the vote of the committee will be taken when we meet the next section. The gentleman from New York [Mr. O'CONNOR] made a statement that I think might be a little misleading when he said that levying these higher taxes and removing the 80 per cent clause would deprive the State of certain revenues. As I understand the application, it is that there is not a reimbursement from the Federal Government to the State, but that there is a credit to the taxpayer to the amount the estate levies up to 80 per cent. There might be some argument upon the basis of double taxation, but there is no argument upon the basis that the State will lose the taxes levied under the estate tax law.

As I see it, these gigantic fortunes are not made within the boundary lines of any State. They are national and international in character and in their accumulation. The Federal Government is attempting not only to balance the Budget, but it is attempting, in levying this kind of a tax, to dissipate to a large extent these gigantic fortunes, and that, as I take it, is one of the future problems of our country. Since these fortunes are so large and are accumulated from the four corners of our Nation, then, regardless of what the State does as to property within its confines, it is the duty of the Federal Government to levy a proper tax under those circumstances against this wealth that is national in character, so as to meet the deficit now confronting us.

Mr. BLANTON rose.

The CHAIRMAN. For what purpose does the gentleman

Mr. BLANTON. I move to amend the O'Connor amendment by striking out all of the O'Connor amendment except the first word.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment by Mr. Blanton: Page 189, line 16, strike out all of the O'Connor amendment except the first word.

The CHAIRMAN. The first word is the word "The."

Mr. BLANTON. Mr. Chairman, the portion I want to strike out is all of the amendment except its first word, to all of which I want to address my remarks.

Mr. Chairman, the gentleman from New York [Mr. O'Con-NOR1 would ask the Government of the United States to refrain from collecting a tax on estates in order that, forsooth. New York State can raise all the revenue it wants from estates as a first item of consideration. Is not such

proposal a little selfish?

Practically all of the municipal bonds of my State are owned by citizens of New York. Bonds for building jails, courthouses, and schoolhouses are owned by citizens of New York, most of them. Bond for street improvements are mostly owned by citizens of New York. Bonds for drainage and irrigation purposes in my State are mostly owned by citizens of New York, and now the gentleman from New York [Mr. O'Connor] wants the exclusive privilege of taxing those estates so that New York State, for instance, can pay its governor a salary of \$25,000 a year, so it can pay its Supreme Court judges, if you please, salaries of \$22,500 a year, much larger than the judges in any other State, so that the mayor of the gentleman's city of New York can have by law a salary granted him of \$40,000 a year-

Mr. BOYLAN. Will the gentleman yield?

Mr. BLANTON. I am sorry, not just now; I will in a

Is it not a little selfish to so contend when the great State of New York, within whose boundaries live citizens who own the wealth that comes from all of our States, should ask that the Federal Government step aside so that the State may have a monopoly on taxing most of the big estates in the Nation?

Now I yield to my friend.

Mr. BOYLAN. I would like to say to my friend that he is in error when he states that these bonds are owned by citizens of the State of New York. Let me say to the gentleman, if he wants to build a jail or a new waterworks, what does he do-

Mr. BLANTON. I do not yield further, Mr. Chairman.

Mr. BOYLAN. He goes to the bankers of the State of

Mr. BLANTON. Mr. Chairman, I can not yield further.

Mr. BOYLAN. And they sell his bonds to people all over the United States, and not to the citizens of the State of New York.

Mr. BLANTON. Mr. Chairman, I do not yield further to the gentleman. That is the reason I like my friend, the gentleman from New York, because he is going to do what

he wants to do, regardless. [Laughter.]
They do own those bonds. There are citizens in my State, county judges and bankers, coming up here on their way to New York all the time to sell these bonds; and they do sell them in New York. They are owned there, and the men who die there leave them to their estates and they do not have to pay income taxes on them because they are tax exempt during life, and not until death can the Federal Government get any revenue from them.

Mr. O'CONNOR. Will the gentleman yield?
Mr. BLANTON. In just a moment. I have only a few

They do not have to pay income taxes on them because these are tax exempt, and that is the reason they find a ready market for them. There are billions of dollars of such tax-exempt securities owned by the multimillionaires of the country. Did not a very distinguished gentleman-I will not mention the position he holds, but he lives in Michigan-by accident come into the possession of a great fortune? Did he not tell it publicly himself that he has invested nearly \$100,000,000 in tax-exempt securities and pays nothing in the way of income tax on that to the Government at all? Talk about going to foreign countries with the

wealth: those men who take their wealth to foreign countries are the very first persons in the world who want Congress to send battleships to China to protect their business there and take a chance on involving this country in war to protect them. They are the first ones to holler for the protection of our flag. Every time there is an opportunity to reach these tremendous estates, I am getting tired of seeing every kind of reason and excuse given for Congress not going after them and making them pay their just proportion of the expense of Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas

Mr. BOYLAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas [Mr.

Mr. Chairman, we hear a lot here about New York. Many people hate New York because they think all the money in the world is in New York. The gentleman from Texas [Mr. BLANTON] takes the floor and says, "Oh, they own all of our bonds. They own our jails, our waterworks, our electriclight companies. They own everything." But do we? Now, you Members are too intelligent to be carried away with a ridiculous statement of that kind. You know the facts. If the city of the gentleman from Texas wants to build a new waterworks or a new power plant or new sewers or any other public improvement, they go to the bankers of New York to sell their bonds, and they are glad to go to New York to get the money, to get their bonds sold. Who buys those bonds? Those bonds are not bought by residents of New York, except by a very small percentage. Why? Some people have the idea throughout the country that we in New York do nothing but go to night clubs at night or take cruises here and there or nowhere. We do not have the time or the money to do that. So, the bankers take those bonds and sell them to the small banks throughout the entire country.

Mr. BLANTON. Will the gentleman yield?

Mr. BOYLAN. In a moment I will. They sell them to every little bank and to the citizens of communities throughout our land. You Members know that we would not have sufficient money in New York to buy all these bonds if the money had to come from the State of New York alone. We would have to be as wealthy as Crœsus in order to absorb them, but the money comes from your town, from the North, from the East, the South, and the West. The money comes from all these places to purchase these bonds, and yet we have men coming here and parading up and down this floor saying, "Oh, the great wealth is in the State of New York; let us soak them. They have all the wealth of the country." As a matter of fact, what happens? The bond houses in New York purchase the bonds with your money and the money of every little bank in the entire United States.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BOYLAN. I yield.
Mr. O'CONNOR. The gentleman is aware, of course, that New York has been glad to loan the money to Texas, if no other States will, and the residents of New York did not feel so badly about including those bonds in their estates, but if the defaults in Texas keep on I think Texas will have to look to some other city to get its money. [Applause and

Mr. BOYLAN. That possibility might happen.

Mr. BLANTON. Will the gentleman yield? Mr. BOYLAN. Yes.

Mr. BLANTON. The securities of the different municipalities of the State of Texas are so good and there are so many financiers anxious to get them that we could sell them elsewhere than in New York: but I do not admit that the gentleman from New York [Mr. O'CONNOR] has authority to speak for all the bond buyers of New York.

Mr. BOYLAN. Why do you not sell them elsewhere, then, and not come to New York? [Laughter and applause.]

Now, gentlemen, we have got to be calm and conservative. Let us figure what we are going to do. Do not get the idea in your heads that when you are soaking the rich you are soaking New York. We pay 70 per cent of the entire expenses of this Government, and we ought to have greater consideration than we now receive here.

When this proposed amendment was brought in by the committee they figured, as I understand it, on a yield of about \$150,000,000. It was all right under the circumstances for the entire amount to go to the Federal Government; but now when you have adopted an amendment that will bring in about \$500,000,000, even by dividing it in half and only giving the States 50 per cent, you would get \$100,000,000 more than you anticipated originally. So why should not the States get a part of this increased revenue? There is no legitimate reason why they should not.

I think the amendment offered by the gentleman from New York is fair, reasonable, and just, and that it should prevail. [Applause.]

Mr. RANKIN. Mr. Chairman, I move to strike out the last

I sincerely trust that the committee will not seriously consider adopting the O'Connor amendment. It would not only undo what we have just done, but it would also take away some of the revenue that would have been raised by the original bill.

I agree with the statement that these men of large fortunes have their wealth-gathering enterprises scattered all over the United States and that we all contribute to the building of their fortunes.

But I want to assure the gentleman from New York that we have no prejudice against that great State. I am very fond of every Member from New York, including my distinguished friend, Director Crowther, the amiable gentleman from Schenectady.

Why should I have any prejudice against New York? The next President of the United States is coming from the State of New York, Governor Roosevelt. [Applause.]

But this is a matter of raising revenue to balance the Budget of the United States Government, and I certainly trust this amendment will be voted down.

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

Mr. BLANTON. Mr. Chairman, my amendment was pro forma, and I ask unanimous consent to withdraw it.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from New York to strike out subsection (a) of section 402.

The amendment was rejected.

The Clerk read down to and including line 9 on page 190. The CHAIRMAN. Under the unanimous-consent agreement the committee will now consider Title IV of the bill.

The Clerk will read the first paragraph of Title IV. The Clerk read as follows:

# TITLE IV-MANUFACTURERS' EXCISE TAX SEC. 601. IMPOSITION OF TAX

(a) In addition to any other tax or duty imposed by law, there shall be imposed a tax of 21/4 per cent of the sale price (except as provided in subsection (d)) on the sale of every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, except in the case of—

(1) Sales by a licensed manufacturer to another licensed manufacturer of articles for further manufacture;

(2) Sales by a licensed manufacturer to a registered dealer of articles for further manufacture to be resold to a licensed manufacture.

facturer

(3) Sales by a licensed manufacturer to any person of articles for further manufacture to be resold to a licensed manufacturer, but only if such articles are delivered by the first licensed manufacturer to the second licensed manufacturer;

(4) Sales for exportation;
(5) Sales to a State or political subdivision thereof, or any agency thereof, of articles for use solely in the exercise of a governmental function; or
(6) Sales of articles hereinafter specifically exempted.

Mr. CRISP. Mr. Chairman, by direction of the Committee on Ways and Means I offer an amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: On page 225, after

line 13, insert the following new paragraphs:

"(1) Sales of food for human consumption (including those (1) Sales of food for human consumption (including those grades and forms of articles chiefly used as food for human consumption in the form in which sold or after processing or as material for such food; but not including any article enumerated in subsection (d)).

"(2) Sales of wearing apparel for any part of the body.
"(3) Sales of agricultural implements and machinery.
"(4) Sales of medicines.

"(4) Sales of medicines.
"(5) Sales of insecticides, fungicides, and herbicides, if chiefly used for agricultural purposes.
"(6) Sales of malt sirup, in containers containing not less than 50 pounds each, to a baker for use in the making of bread."

Mr. LaGUARDIA. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of

Mr. LAGUARDIA. It is not germane to the section now before the committee for consideration. The section under consideration provides generally a tax on the sale price of articles sold in the United States by the manufacturers or producers thereof. The exceptions provided in this section refer to the class of manufacturers and not to articles. The exemptions of articles from this tax will be found on page 229, section 602. The section is titled "exempt arti-, cles." It provides that:

No tax under this title shall be imposed on the sale or impor-

tation of the following articles:

(1) Farm or garden products produced in the United States;

(2) Fertilizers and such grades of articles as are used chiefly for fertilizers, or chiefly as ingredients in the manufacture of fertilizers;

(3) Garden or field seeds;
(4) Bran and shorts and feeds for animals or fowls;
(5) Meat, fish (including shell fish), and poultry, fresh, dried, frozen, chilled, salted, or in brine.

There are 24 exemptions of articles.

I submit, Mr. Chairman, that the orderly method of legislating is not to permit nongermane amendments for the purpose of parliamentary advantage, but to proceed with the consideration of a bill in an orderly manner. All exempt articles should be in one section. The exceptions, I repeat, that are mentioned in section 601 are the classes of manufacturers and not the exemptions to articles or commodities not taxed. In other words exceptions of classes of manufacturers are in section 606, while exemptions of articles are in section 601. The gentleman from Georgia, who has forgotten more parliamentary law than I ever will know, and what little I might know about it I think I have learned from the gentleman from Georgia, certainly can not seriously argue that under the bill as it is now drawn, with the provisions for the imposition of tax under 601 and a separate section (602) entirely for exempted articles, that his amendment at this place is germane to this section.

Mr. CRISP. Mr. Chairman, does the Chair desire to hear from me on the point of order?

The CHAIRMAN. The Chair would like to hear the gentleman from Georgia briefly.

Mr. CRISP. Mr. Chairman, this section says that "a manufacturers' sales tax shall be levied except," and it goes on and gives five or six exceptions where the tax shall not apply. This amendment simply adds other matters to which the tax shall not apply, and to save my life I can not see how anyone can argue that this is not germane.

Now, my friend from New York argues that there is another place in the bill where there are exemptions. This may be true. It may be better to have them all together, but from a parliamentary standpoint you do not have to do that. You can have them at two or three places in the bill if you desire if they are germane.

The CHAIRMAN. The Chair is prepared to rule.

Mr. CANNON. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the

gentleman from Missouri.
Mr. CANNON. Mr. Chairman, may I call attention to the fact that we are not proceeding in order? A member of the committee desired to submit a point of order and was denied recognition.

The CHAIRMAN. The Chair will say to the gentleman from Missouri he did not know that any member of the committee desired to make a point of order, otherwise he would certainly have recognized him. Was the gentleman from North Carolina on his feet seeking recognition to make a point of order?

Mr. DOUGHTON. Yes; I was, Mr. Chairman.

Mr. CRISP. Mr. Chairman, may I say this in order to clear up the situation? I have conferred with my friend from North Carolina [Mr. Doughton]. It was my purpose when the section was read to offer the amendment, and then my friend from North Carolina was on his feet expecting to move to strike out the paragraph, with notice that if that motion prevailed, he would move to strike out all succeeding paragraphs. I was then going to move that the committee rise and leave these matters pending for consideration by the committee to-morrow or Thursday. Some of my friends say they think the Members need a rest and that I myself need a rest, in particular, and suggested not taking up the bill Wednesday, so I shall not ask to dispense with Calendar Wednesday but will let it go over until Thursday.

The CHAIRMAN. The Chair desires to reiterate that if he had known that any member of the committee desired to make a point of order, in accordance with custom he certainly would have recognized him. The Chair regrets, if the gentleman from North Carolina desired recognition, he did not see the gentleman on his feet at the time.

Mr. CANNON. The gentleman from North Carolina was on his feet asking recognition for the purpose of submitting a question of order.

Mr. CRISP. Mr. Chairman, I ask that the gentleman be permitted to make the point of order.

Mr. LaGUARDIA. Mr. Chairman, I am perfectly willing to give way to the gentleman.

The CHAIRMAN. Does the gentleman from North Carolina desire to make the point of order?

Mr. DOUGHTON. No; I do not, inasmuch as the point has been made. It was my purpose to make the point of order, but the gentleman from New York was recognized.

The CHAIRMAN. Does the gentleman from Missouri desire to be heard on the point of order?

Mr. CANNON. Mr. Chairman, Title IV of the bill contains a number of sections, each providing for a different division of the subject matter under the title. Section 601, imposition of the tax; section 602, exempt articles; section 603, tax on sales by registered dealers; section 604, sale price; and so on. The pending section, which is section 601, imposes a sales tax with provisions intended to prevent the manufacturer from passing it on. Section 602 relates exclusively to exemptions. The amendment offered by the gentleman from Georgia proposes to amend the pending section by inserting exemptions. In other words, his amendment would be germane to section 602 but is not germane to section 601.

It has been an established principle of parliamentary law from time immemorial that where there are a number of paragraphs relating to a particular subject, matter which is germane to one of them can not be offered to any of the others, but must be offered to the particular paragraph to which it is germane.

If the gentleman desires to add to the number of exemptions, he should offer his amendment to section 602, which deals with exemptions. They are germane to that section and they are not germane to any other section of the bill.

Let me cite decisions on this point by some of the most eminent parliamentarians who have presided over the Committee of the Whole. There are a great many of them, Mr. Chairman, but I shall take the time of the House to read only one or two.

On March 10, 1902, the Committee of the Whole was considering H. R. 11728 when Mr. George W. Smith, of Illinois, offered an amendment to a specific paragraph in the bill, and Mr. CLAUDE A. SWANSON, of Virginia, made the point of order that it was not germane to that particular paragraph.

The CHAIRMAN. What is the gentleman citing?

Mr. CANNON. I am citing section 5818 of Hinds' Precedents, holding that an amendment must be germane to the particular paragraph to which it is offered.

Mr. Frederick H. Gillett, later Speaker of the House, was presiding as Chairman of the Committee of the Whole and made this decision:

The Chair is clearly of the opinion that inasmuch as the bill is now being considered by paragraphs—

And that is true of this bill-

and inasmuch as the amendment offered by the gentleman is expressly covered by paragraph 4 and other paragraphs of the bill-

Just as the amendment proposed by the gentleman from Georgia is covered by section 602 of the pending bill-

Mr. CRISP. Will the gentleman from Missouri yield?

Mr. CANNON. Gladly.

Mr. CRISP. If the Chair will look at page 226, line 5, of the paragraph now before the committee, the language is "sales of articles hereinafter specifically exempted," the tax shall not apply. It is in the same paragraph and why can you not add other articles in this same paragraph to be exempted?

Mr. CANNON. For the very reason, Mr. Chairman, that the reference cited by the gentleman specifically relegates all exempted articles to section 602. When you turn to the list of articles "hereinafter specifically exempted" you find they are under section 602 and not under the section the gentleman seeks to amend.

As held by the Chairman, in this decision they are germane only to the section which covers them, and that section is section 602. And the gentleman can not amend section 602 until it is reached in the reading of the bill. Here is the authority. Speaker Gillett continued:

Inasmuch as the amendment offered by the gentleman is expressly covered by paragraph 4 toward the close of the bill this amendment is germane to that paragraph and not to the paragraph now under consideration.

Just as the amendment offered by the gentleman from Georgia is germane to section 602 and not to the paragraph now under consideration.

Again, Mr. Chairman, on March 25, 1904, section 5820 of Hinds' Precedents, a point of order was made against an amendment germane to another paragraph of the bill than that to which proposed.

Chairman Boutell, of Illinois, held:

If an amendment is more appropriate to one paragraph than to another, it is not to be considered germane to the paragraph to which it is less appropriate. Therefore the point of order is

Certainly no one will contend that the amendment offered by the gentleman from Georgia is not more appropriate to section 602 than it is to the pending section.

Mr. Chairman, I could cite many more precedents, but the House is impatient. The law of the House on this point has been settled for more than a century. Amendments must be germane not only to the bill but to the paragraph to which offered. The gentleman's amendment is germane to section 602 and is not in order at this time.

It may be contended, under the familiar rule of amending a general subject by a subject of the same class, that the exemptions proposed by the gentleman from Georgia are admissible with the exceptions under the pending paragraph. That theory is wholly untenable. They are not of the same class. Read them. These exceptions relate to methods of sale and not to lists of exemptions. In the language of Chairman Boutell the exemptions proposed by the amendment are "more appropriate" to section 602, listing all exemptions made by the bill. And they are "less appropriate" to section 601, to which the gentleman has offered them.

Therefore we submit on the authority cited that the amendment is not germane and is not in order at this time, and can not be offered until the section of the bill dealing with exemptions is reached.

The CHAIRMAN. The gentleman from Georgia, acting chairman of the committee, offers an amendment, which has been reported at the Clerk's desk. On page 225, after line 13, he proposes to insert the following new paragraph.

This bill is being considered by major paragraphs under agreement of the committee. This major paragraph (a) on page 225, extends down to and including the words through line 6 on page 226. The place at which the gentleman from Georgia [Mr. Crisp] offers this amendment follows the following language:

On the sale of every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, except in the case of—

Then the section enumerates six different exceptions from the general provisions of the bill. The Chair, of course, has very great respect for the parliamentary wisdom and experience of the gentleman from Missouri [Mr. Cannon], who argues in favor of the point of order, but in the opinion of the Chair this amendment clearly comes within the general proposition that a general subject may be amended by specific propositions of the same class, and as the Chair sees the purpose and intent of the amendment offered by the gentleman from Georgia, it merely enlarges the exceptions which are provided in this major paragraph (a) of the bill. The Chair is of opinion that the amendment is germane at this point, and therefore overrules the point of order.

Mr. LaGUARDIA. Mr. Chairman, I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The gentleman from New York appeals from the decision of the Chair. The question is, Shall the decision of the Chair stand as the judgment of the committee?

The question was taken; and on a division (demanded by Mr. LaGuardia) there were-ayes 227, noes 21.

So the decision of the Chair stood as the judgment of the

Mr. CRISP. Mr. Chairman, we have had some understanding between the different gentlemen interested on both sides of this question. As I understand it, when this amendment was offered, then the gentleman from North Carolina [Mr. Doughton] was to move to strike out the paragraph. Then I was going to move that the committee rise. If the gentleman from North Carolina does not care to offer his amendment, I shall move that the committee do now rise.

Mr. DOUGHTON. Mr. Chairman, I offer the following amendment. I could not offer it until I had received recog-

The CHAIRMAN. The gentleman from North Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Doughton: Page 225, strike out paragraph (a), beginning with line 8, on page 225, down to and including line 6, on page 226.

Mr. BLANTON. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it. Mr. BLANTON. The gentleman from North Carolina

should give notice that if his amendment be adopted, then he will move to strike out all of the succeeding paragraphs except that relating to foreign oil, and that notice ought to be given now.

Mr. DOUGHTON. Of course, I shall.

Mr. CRISP. The gentleman from North Carolina says that he does not care to debate the amendment at the present time. I move that the committee do now rise.

Mr. LEHLBACH. Mr. Chairman, will the gentleman from Georgia withhold that motion so that I can offer an amendment and have it pending? It is an amendment to the committee amendment, and I desire to have it pending. It will be printed in the RECORD.

The CHAIRMAN. Does the Chair understand that the gentleman from New Jersey asks unanimous consent to have an amendment read for information?

Mr. LEHLBACH. No; I offer the amendment. The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New Jersey.

Mr. STAFFORD. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. A motion has been made by the gentleman from North Carolina to strike out certain parts. That is preferential. No other motion can be made in the present status of affairs.

The CHAIRMAN. The parliamentary situation is this: The gentleman from Georgia stated that the committee under agreement was about ready to rise. Pending that, the gentleman from North Carolina offered an amendment which has been reported. Thereupon the gentleman from New Jersey offers an amendment to the committee amendment. The point of order of the gentleman from Wisconsin is overruled.

Mr. HARLAN. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. HARLAN. If there are any additional amendments to be offered from the floor, assuming that the amendment offered by the chairman of the committee is adopted, will additional amendments be in order?

The CHAIRMAN. All proposed amendments should be offered to the committee and disposed of in order, as proposed.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry. I also have an amendment, and I am wondering if it can be offered and remain as pending after the one is disposed

Mr. DYER. Mr. Chairman, I demand the regular order. The CHAIRMAN. The regular order is that the Clerk report the amendment offered by the gentleman from New Jersey. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Lehlbach: Amend the committee amendment by adding at the conclusion thereof:

"Merchant vessels constructed in American shippards under the provisions of the merchant marine acts of 1920 and 1928, as amended, and all material, equipment, and furnishings therefor, for which the Government has agreed to loan more than 50 per cent of the cost" cent of the cost."

Mr. DOUGHTON. Mr. Chairman, I desire to give notice that if my amendment is adopted I shall then move to strike out the succeeding paragraphs of the section.

Mr. STAFFORD. Mr. Chairman, a parliamentary in-

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. As to the present legislative situation. with the gentleman from Georgia offering one amendment, the gentleman from North Carolina offering a motion to strike out, and the gentleman from New Jersey offering an amendment to the amendment offered by the gentleman from Georgia, when will we vote on the motion to strike out?

The CHAIRMAN. That will be the last matter to be considered under the present parliamentary situation.

Mr. HARLAN. Mr. Chairman, I offer an amendment to the committee amendment.

The CHAIRMAN. The offer is out of order. There is an amendment pending.

Mr. CULLEN. Mr. Chairman, I have an amendment that I wish to offer and have it lay on the desk until Thursday. I ask unanimous consent that it be read by the Clerk, so that the House will know what the amendment is.

The CHAIRMAN. The gentleman from New York [Mr. CULLEN] asks unanimous consent that there may be reported an amendment, which he sends to the desk, for the information of the House.

Is there objection?

Mr. GREEN. Mr. Chairman, reserving the right to object, and I shall not object, I would like to couple with that a short amendment-

Mr. DYER. Mr. Chairman, the regular order.

The CHAIRMAN. The regular order is demanded. Is there objection to the request of the gentleman from New York [Mr. Cullen]?

Mr. BLANTON. Mr. Chairman, reserving the right to object, with the understanding that a point of order is considered with reference to it, I shall not object.

The CHAIRMAN. The amendment is offered only for information.

Is there objection?

There was no objection.

The Clerk read as follows:

Amendment by Mr. Cullen: Page 228, after line 19, insert a new

Amendment by Mr. Cullen: Page 228, after line 19, insert a new paragraph, No. 2-A:

"That there shall be levied and collected on all nonintoxicating beer, lager beer, ale, porter, or other similar nonintoxicating fermented liquor containing one-half of 1 per cent and not more than 2.75 per cent of alcohol by weight brewed or manufactured and hereafter sold or removed for consumption or sale within the United States by whatever name such liquors may be called a tax at the rate of 3 cents per pint, such article to be bottled at the brewery: Provided, That no such article shall contain more than 2.75 per cent of alcohol by weight, and provided further that the manufacture and transportation of such articles shall be conducted under permits to be issued in accordance with the national prohibition act and under such regulations, including assessment and collection of the tax, as shall be promulgated by the Secretary of the Treasury and the Attorney General of the United States: And provided further, That no such article shall be permitted to be transported into any State or Territory of the United States, or the District of Columbia, the laws of which forbid the manufacture or sale thereof." facture or sale thereof."

Mr. GREEN. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. GREEN. Mr. Chairman, I would like to inquire if I may now offer an amendment to be read for the information of the House?

The CHAIRMAN. The gentleman can do it by unanimous consent. Does the gentleman submit that request?

Mr. GREEN. Yes, Mr. Chairman. I ask unanimous consent that the amendment which I send to the desk be read for the information of the House and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. DICKSTEIN. Mr. Chairman, I object.

Mr. CLANCY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CLANCY. I would like to ask the Chair if he will entertain a unanimous-consent request that I be permitted to address the House for three minutes to defend the character of Senator James Couzens, who was attacked here this afternoon, in that it was charged he had made a large fortune by accident, and that Mr. Couzens had said he had "invested \$100,000,000 in tax-exempt bonds," the inference being that Mr. Couzens had done so to escape his rightful share of taxation?

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that he be allowed to address the House for three minutes, out of order. Is there objection?

Mr. SCHAFER. Mr. Chairman, reserving the right to object, such defense would violate the rules of the House, and I object.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The question was taken; and on a division (demanded by Mr. Bachmann) there were ayes 208 and noes 6.

So the motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

# LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. RAMSPECK (at the request of Mr. TARVER), for the remainder of the week, on account of illness.

# ORDER OF BUSINESS

Mr. CRISP. Mr. Speaker, I want to give notice that I will not call up this bill to-morrow, Calendar Wednesday, but will call it up Thursday.

"THE KING CAN DO NO WRONG"

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, for a quarter of a century in most of the States, and since the adoption of the eighteenth amendment in the Nation, the prohibition question has been the paramount issue in the politics of those States and the Nation. Not that this question has been the most important one for consideration, but, rather, that it has been pushed to the front in political campaigns and in legislative bodies as a sure-fire instrument of success; and for that reason there has grown a system of logrolling, wirepulling, back-scratching politics which has given the professionally dry lobbyists and the politically dry legislators the inconquerable incentive to ignore or stifle legislation having to do with other matters.

It will be readily conceded that at present there are a number of problems more pressingly important than that of prohibition-matters of foreign reparations and debts, the tariff, the collapse of the golden era of prosperity, the recurrent fears of another war, unemployment, the dire distress of the American farmer-all these, most certainly, merit a consideration more urgently than the prohibition problem. No matter how pressing the need, however, for the solution of vitally important economic problems; no matter how perfect an instrument for the solution of any particular problem a proposed bill may be; no matter how ideally and practically equipped and qualified a candidate may be to meet and deal with conditions which indicate his policies as the remedy, the wet-or-dry question is brought to the front, and the solution of the more urgent problem is postponed, the promising bill is pigeonholed or emasculated, and the candidate, if he takes a stand or is even branded as wet or dry, suffers the hostility of a large element of the electorate, and in many cases is defeated by a nonentity who passively represents the prevailing wet or dry notion of the community.

An administration which has been the beneficiary of the dry vote, whether it deserved it or not, may be ever so unhappy and discredited in its handling of oil and other scandals, of dealing with the giant utility and power menace, or of farm relief and unemployment, yet it can always count on apologists and champions among the kept men of the big interests who have had their way, and the professional drys whose activities have been encouraged. Behind the smoke screen of prohibition controversy the interests have dug in and consolidated their lines, while the wet and dry lobbyists and leaders-not the rank and file of their sincere supporters—have been indifferent toward all other issues.

The eighteenth amendment and the Volstead law enacted in pursuance thereof were acclaimed as the final settle-

ment and repose of the liquor question.

The "Wickedsham" report has shown that there has been no settlement or repose, but, on the contrary, that the liquor question is involved in a maze of confusion as complicated as that which the commission itself brought forth. The chief thing proved by the Wickersham report is the interesting psychological fact that convictions and prejudices in reference to prohibition are largely matters of emotion, not reason; largely matters of temperament, not cogitation.

As a lawyer briefs a lawsuit, each member of the commission sorted out those facts best suited to his preconceived notions and ignored the others. There was little, if any, changing of opinions, and the result was not a coherent statement of fact or even an intelligent compromise of conflicting prejudices; but, on the contrary, we beheld an instrument crammed with contradictory and confused findings, opinions, and recommendations. The Wickersham report, indeed, was not the report of the commission itself; it was, rather, the report of the individual members of the commission.

All signs indicate that determined forces are working toward what might well be termed the isolation of this issue, which, like a Halloween pumpkin face, has been so long and so successfully raised up to frighten or divert our politicians and statesmen from the consideration of more important things. It will not be long until a solution will be found for this troublesome question the undue attention to which has so often stood in the way of our fairly discussing or dealing with any others.

Lao-tsze, the great oriental philosopher, more than two centuries ago said, "As restrictions and prohibitions are multiplied in the state the people grow poorer and poorer When the people are subjected to overmuch government the land is thrown into confusion." Whether it be from the restrictions and prohibitions which have been multiplied about us or not, the fact remains that this generation is in a period of Babel-like confusion. It is manifest in the controversies within the religious denominations, the conflicts between factions of political parties, the lessening influence and declining membership of many fraternal societies, the emphasis by business corporations of size at the expense of service and of efficiency over the soul, and in thousands of other ways throughout the whole structure of our society. There is hopeless confusion in voices among those who have come forth with suggestions for ways out of the seemingly hopeless muddle in which we find ourselves over the liquor question. It is no use to debate the question as to whether we have come where we are because the amendment and the law could not be enforced, or because there has never been a "sincere attempt" to enforce them. We are where we are. To get out some have proposed the repeal of the prohibition amendment, a plan impossible so long as there shall remain 13 dry States.

Others would amend the Volstead Act as to alcoholic content of liquor, but this plan, with the usual and probable number of dry Congressmen in our legislative halls-both sincerely and only politically so, is not yet an early possibility. Among the alternatives proposed in the event of repeal have been the remanding back to the States of the power to prohibit or permit the traffic and the setting up by the Government of machinery for controlling the manufacture and distribution of intoxicating liquor. The only suggestion in all the opinions of the Wickersham Commission, which might be said to approximate a consensus was the "Anderson plan." It will most likely be some such a plan which will ultimately be adopted, and which will most nearly represent a concensus of public opinion as to what should be done. Such a plan would have these results: The elimination of profit from the traffic and the removal of all incentive to the bootlegger, bandit, and racketeer to engage in it: the product would be pure and free from poison and could be obtained at a price near the actual cost.

In their groping for a way out the sponsors of the various plans and schemes have been much like the bewildered motorist whose car balks and stops, and who proceeds to explore and inspect the entire mechanism to discover the source of trouble; last of all he looks into and finds his gasoline tank empty. Some things in the law are so fundamental that they are rarely remembered. And it is just possible that fundamentals have been overlooked in the endless discussions of prohibition. It is the purpose of this article to present a very ancient but yet living fundamental proposition of law.

That the law is by no means an exact science has been impressed upon the mind of lawyer and layman alike by the many divided decisions of the United States Supreme Court. The lawyer must in many situations found his advice or opinion upon what he believes the majority view of the courts would be. In cases of doubt, one guess is as good as another until the guess of the court of last resort becomes the law of the land for the time being.

One of the ancient maxims of the law is "Rex non potest peccare," or "The king can do no wrong." There is another maxim, complementary to that, which, in translation, reads, "The king is not bound by any statute, if he be not expressly named to be so bound."

Blackstone (Commentaries, vol. 1, ch. 7, sec. 262), discussing prerogative of the King, says:

I shall only farther remark that the King is not bound by any act of Parliament, unless he be named therein by special and particular words. The most general words that can be devised (any person or persons, bodies politic and corporate, etc.) affect not him in the least, if they may tend to restrain or diminish any of his rights or interests.

In Broom's Legal Maxims (Ninth Ed. Byrne, p. 51) is this proposition, supported by numerous English decisions:

In general, the King is not bound by a statute, unless mentioned expressly or referred to by necessary implication; "for it is inferred, prima facie, that the law made by the Crown, with the assent of the Lords and Commons, is made for subjects and not for the Crown"; and the general rule is that the Crown is never bound by a statutory enactment unless the intention of the legislature to bind the Crown is clear and unmistakable.

In the same work—page 52—the author, illustrating the principle, mentions several regulatory laws which were held in the cases cited as not applying to or binding upon the King. It is said:

So, too, the Crown is not bound (except where expressly mentioned) by the provisions of the bankruptcy acts, nor by the locomotive act, 1865, which regulates the speed at which locomotives may proceed on highways, nor by the public health act, 1875, or other acts imposing pecuniary burdens on property, or restraining the use of property.

In America there is no king, but we do have an uncrowned monarch known as the will of the majority, and that monarch of ours has all the necessary attributes of a crowned king, namely, sovereign power.

The principle that the king can do no wrong and is not bound by any statute unless expressly so intended has been adopted and firmly established as the law in America. It has been upheld by many decisions through the years, although the occasion for its application does not often arise. A few only of the decisions, typical of the theory and reasoning of all, will be noticed.

The first is the early case of State ex rel. Parrott v. Board of Public Works (36 Ohio State, 409). The third paragraph of the syllabus reads:

The State is not bound by the terms of a general statute, unless is be so expressly enacted.

At page 414, in the opinion by Chief Justice McIlvain, one of the greatest of Ohio jurists, is the language:

The doctrine seems to be that a sovereign state, which can make and unmake laws, in prescribing general laws intends thereby to regulate the conduct of subjects only, and not its own conduct. \* \* \* Indeed, the doctrine of the common law expressed in the maxim "the king is not bound by any statute, if he be not expressly named to be so bound" (Broom Leg. Max. 51), applies to States in this country as well.

That case was cited with approval and commented upon by the Ohio Supreme Court in the case of State ex rel. Attorney General v. Cincinnati Central Railway Company (37 Ohio State, 157, 176) as follows:

The principle is well established and is indispensable to the security of the public right. The general business of the legislative power is to establish laws for individuals, not for the State.

Congress at one time enacted a law prohibiting the sale of intoxicating liquors in the District of Columbia by any person without a license. The court held that by that act Congress did not intend to prohibit the continuance of such sales in the Capitol restaurants under arrangements with its own committees. (Page v. District of Columbia, 20 App. D. C. 469.)

The "police power" in our system of government has been exerted in accordance with the principle of another ancient maxim, "The welfare of the people is the supreme law." It is the inherent power of self-preservation possessed by every constitutional government. No definition of this power satisfactory to lawyers or courts has been given, but one excellent one was given in an informal way by the late Chief Justice White. He stated in substance that the police power is a power which is coextensive with the necessity for it. Typical definitions of a more formal sort follow:

The police power in its broadest acceptation means the general power of a government to preserve and promote the general wel-

fare by prohibiting all things hurtful to the comfort, safety, and welfare of society and establishing such rules and regulations for the conduct of all persons and the use and management of all property as may be conducive to the public interest. (22 Am. & Eng. Enc. Law, 916.)

The Supreme Court of the United States has held that

The police power of States extends to the protection of lives, limbs, health, comfort, morals, and quiet of society. (83 U.S. (16 Wall.) 21, 394.)

It may be said in a general way that the police power extends to all the public needs. (Camfield v. United States, 167 U. S. 518, 42 L. Ed. 260, 17 Sup. Ct. Rpt. 864.) It may be put forth in aid of what is sanctioned by usage or held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare. (Bank v. Haskell, 219 U. S. 104, 111, 55 L. Ed. 112.)

In the case of Boston Beer Co. v. Massachusetts (97 U.S. 25, 24 L. Ed. 989) the court said:

Whatever differences of opinion may exist as to the extent and boundaries of the police power, and however difficult it may be to render a satisfactory definition of it, there seems to be no doubt that it does extend to the protection of the lives, health, and property of the citizens and to the preservation of good order and the public morals. The legislature can not, by any contract, divest itself of the power to provide for these objects. They belong emphatically to that class of objects which demand the application of the maxim "Salus populi suprema lex," and they are to be attained and provided for by such appropriate means as the legislative discretion may devise. That discretion can no more be bargained away than the power itself. (Boyd v. Alabama, 94 U. S. 645, 24 L. Ed., 302.) bargained away than th U. S. 645, 24 L. Ed., 302.)

The police power under our constitutional system has been left to the States; it has at all times belonged to them, was never surrendered by them, and has not been directly restrained by the Federal Constitution. That proposition is too well established to call for supporting authorities. The legislative body can not be divested of its discretion to legislate under the police power; that power is not exhausted by a single employment of it, but may be used again and again, as often as the public interests may require.

Prohibition legislation falls under the police power and such measures are under the reserved powers of the several States. The police power of a State extends to all matters relating to the peace, health, safety, and morals of its citizens, and everything pertaining to its domestic economy. (U. S. v. DeWitt (9 Wall. 41, 19 L. Ed. 593); Federalist, No. 45, 216, Passenger cases (7 How. 523, 550); Groves v. Slaughter (15 Peters 512); License Cases (5 How. 589, 631); Holmes v. Jennison (14 Peters 568); Gibbons v. Ogden (9 Wheat. 203.)

Most persons have read about and heard of the eighteenth amendment, but few, indeed, have ever seen it. It is well for that reason to give it here.

# AMENDMENT XVIII

# SECTION I

After one year from the ratification of this article, the manufac-After one year from the rauheation of this article, the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all Territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

# SECTION II

The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

The precise wording of the amendment justifies the following conclusions: First, there is no absolute mandate to Congress or the State legislatures to enact enforcing legislation; second, it recognizes and leaves unimpaired the police power of the States; and third, it leaves the propriety of enforcement acts to the discretion of the lawmaking

Exercising its concurrent power, Congress enacted the Volstead law, which provides (U. S. C., chap. 27, sec. 12)

No person shall manufacture, sell, barter, transport, import, export, deliver, furnish, or possess any intoxicating liquor except as authorized in the chapter—

And so forth.

The act defines the word "person" to mean and include natural persons, associations, copartnerships, and corporations

It will be observed that the eighteenth amendment and the enforcing acts by Congress and State legislatures do and can only prohibit and penalize the manufacture, sale, and so forth, of intoxicating liquors by natural persons, as individuals, or as associates in one or another form of volunteer or corporate entities. The amendment, the Volstead Act, and the various State laws enacted under it, have not closed the door to Congress or the State legislatures against further exercise of their power to act again and again, as changing conditions may require, or as may be held by a "strong and preponderant opinion to be greatly and immediately necessary to the public welfare." There is nothing to prevent Congress or the State legislatures from setting up Federal or State machinery for working out some such a system as the "Anderson plan" to control and regulate the manufacture and distribution of intoxicating liquor.

On the contrary, the clear right of Congress or the several legislatures to do that very thing has been declared by the Supreme Court of South Carolina, and by the Supreme Court of the United States, as will be seen from the following cases:

3. The State, under its police power, can itself assume entire control and management of those subjects, such as intoxicating liquor, that are dangerous to the peace, good order, health, morals, and welfare of the people, even when trade is one of the instruments of such State control.

4. The South Carolina dispensary act of 1893, making all alcolholic liquors contraband and subject to seizure unless bought from a State officer whose appointment is provided for, and who is not addicted to the use of such liquors as a beverage, and providing that the liquors sold by him shall be tested and found pure before sale and can be sold only in the daytime and by the packviding that the liquors sold by him shall be tested and found pure before sale and can be sold only in the daytime and by the package which can not be broken nor the liquor drunk on the premises, and that no sale shall be made to a minor, person intoxicated, or in the habit of drinking to excess, or unknown to the dispenser, and that a majority of the voters in any township may prevent the establishment of a dispensary therein, is a valid exercise of the police power of the State.

7. The constitutional reservation to the people of all powers not delegated does not restrict the exercise of the police power so as to defeat the assumption by the State of the exclusive control and management of the sale of intoxicating liquors. (State ex. rel v. Aiken, 42 S. C. 222, 3d, 4th, and 7th Syl.)

The United States Supreme Court recognized the right of South Carolina, in the exercise of its sovereign power, to take charge of the business of selling intoxicating liquors. (State of S. C. v. U. S., 199 U. S. 437, 50 L. ed. 261.)

In all of these decisions the rights of the States in cases identical with the problem under consideration were recognized. It has become a legal commonplace for the State to do or refuse to do anything prohibited or enjoined to be done by others in our State or National statutes, so long as the State, as in the prohibition amendment and the Volstead Act, is not expressly mentioned as being bound. Each State underiably has the right under existing laws to pass such legislation as it pleases to provide for the manufacture and sale within its borders of intoxicating liquors, all, of course, as an incidental part of its sovereign power. Each State may take over the entire intrastate liquor traffic as its exclusive province, and by virtue of the eighteenth amendment and the Volstead Act or by further State legislation stifle all bootleg competition. Upon the premise that the State is not expressly prohibited from such acts under the eighteenth amendment, the lawful exercise of this inherent right is scarcely open to dispute.

The cure for the beverage ills of the Nation, the prevalence of lawlessness, which is incidental to prohibition enforcement such as we have had, even a large portion of the misconduct and immorality of our younger generation-to whom drinking is not a pastime or a pleasure but seemingly a social obligation—the cure for these ills lies in the serious consideration of fundamental legal principles.

There is no need, as a matter of fact, to worry about the repeal of the eighteenth amendment or any of its enforcing legislation. Let them stand as a deterrent to the offenses which cling to the illicit private manufacture and sale of liquor. With State or Government control, attractive profits would be eliminated, the purity and safety of the products assured, and the opportunities of the furtive purveyor of "white mule," "synthetic gin," "bottled in the barn," or the various kinds of "real stuff" would be rare, indeed. Better still, the long-running controversy would be either ended or relegated to the background of academic concern, and the professional lobbyists, both wet and dry, who obey the command of Iago, "Put money in thy purse; follow thou the wars," will be obliged to take on another

#### BRIDGE BETWEEN DAVENPORT AND MOLINE

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to insert two letters in the RECORD. These are from the mayor of Davenport and a business man of that town. They are in relation to a bridge bill that was passed yesterday, and pertain to my statement that the city of Davenport has voted a bond issue for the construction of the bridge.

The SPEAKER. Is there objection?

There was no objection.

Mr. JACOBSEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letters from the mayor of Davenport, Iowa, and a business man there pertaining to my statement yesterday that the city of Davenport has voted a bond issue for the construction of a bridge between Davenport and Moline:

JANUARY 28, 1932.

Congressman B. M. JACOBSEN, Washington, D. C.

HONORABLE SIR: Mr. J. L. Hecht, a member of the bridge commission, is forwarding to you a bill to extend the time limit on the building of a bridge between Davenport and Moline.

The people of Davenport voted for this bridge last summer at a special election, and it was carried by a vote of three to one.

We are very much interested in having this extension of time, due to the fact that the bonds will be revenue bonds and the market is none too good at the present time.

Please give this your consideration and cooperate with Congressman ALLEN, from Illinois, who I feel well satisfied will help you in having this time extended.

Sincerely yours,

GEORGE C. TANK, Mayor.

FRENCH & HECHT (INC.), Davenport, Iowa, February 13, 1932.

Hon. B. M. JACOBSEN.

Hon. B. M. Jacobsen,

House Office Building, Washington, D. C.

My Dear Congressman: Replying to your favor of February 11,
1932, regarding request of Mr. Rayburn, chairman Committee on
Interstate and Foreign Commerce, asking for further information
regarding activities in connection with the proposed bridge.

Considerable engineering has already been done. This engineering has included location of terminals, location of piers, length
and number of spans, and the determination of other data as
required by the Board of Army Engineers.

required by the Board of Army Engineers.

The city of Davenport, by special election, voted a municipal revenue bond issue for the purpose of financing this project and making it a municipal bridge. The individuals to whom this franchise was originally granted have entered into an agreement with the city of Davenport to the above effect.

The communication cent you by the mayor of Davenport also substantiates what is here said.

Arrangements have been made with a banking house to finance

Arrangements have been made with a banking house to finance this proposition as soon as it is possible to do so.

Arrangements have also been made with the engineering firm of Modjeski, Masters & Chase to engineer and build the bridge.

We have held hearings before the Board of Army Engineers and have met all requirements. We now have a permit issued by the Board of Army Engineers to proceed with this work.

I should be pleased to give any further information desired.

Please be assured that your interest and attention in this matter are very much appreciated.

Sincerely yours,

Copy to Masslich & Mitchell, Mr. Masters, Mr. Chase, Mr. Harris. LEAVE OF ABSENCE

Mr. GILBERT. Mr. Speaker, I have been absent from the House by reason of an automobile accident, which I regret, and by reason of certain litigation pending in Kentucky I feel constrained to ask leave of absence for an indefinite period.

The SPEAKER. Is there objection?

Mr. RAINEY. Mr. Speaker, we now have under consideration most important legislation. I sympathize with the gentleman and I have no doubt the business he desires to

attend to in Kentucky is of tremendous importance, otherwise he would not make this request. However, the gentleman is one of the effective Members of this House, and while I regret very much to do so, I am compelled to object.

### PROPOSET AMENDMENT TO THE REVENUE BILL OF 1932

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent to have printed in the RECORD at this point, for the information of the Members, an amendment I propose to offer at the end of title 4 of the revenue bill.

The SPEAKER. Is there objection?

There was no objection.

The proposed amendment follows:

Page 250, line 24, after the word "Title," strike out the period,

Page 250, line 24, after the word "Title," strike out the period, insert a colon, and add the following:

"Provided. That if at any time prior to June 30, 1934, the President finds that for a period of 60 days the average wholesale commodity price level is within 10 points as high as the average wholesale commodity price level of the year 1926, indicated by the figure 100 in the Revised Index of the Bureau of Labor Statistics of the Department of Labor, he shall issue a proclamation to that effect, and upon the issuance of such proclamation the provisions of this title shall cease to be in effect."

#### THE SALES TAX

Mr. BACHMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting an editorial of the Wheeling Register under date of March 16 against the sales tax.

The SPEAKER. Is there objection?

There was no objection.

Mr. BACHMANN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Speaking before the Republican State committee at its recent meeting in Parkersburg, Senator H. D. Hatfield made a strong and unassailable case against the gross-sales tax. As he sees it—

"The gross-sales tax as applied in West Virginia is iniquitous, unfair, and unjust. In many instances it taxes the unprofitable business. It exacts duplication of taxation in the process of conversion of the raw material into the finished product. It taxes the hospitals that are never profit making. It taxes the new born and the dead alike in its application.

"It is ramifying in its application without a beginning or end.

"It exacts the same toll from the unprofitable as it does from the profitable business."

A more concise or accurate description of the gross-sales tax in West Virginia could hardly be given.

West Virginia could hardly be given.

And every word that Senator HATFIELD says about the inequitable West Virginia measure applies with equal truth and force to the proposed manufacturers' sales tax which would be spread over the entire Nation.

If the manufacturers' tax were given its proper name it would be called not a manufacturers' tax but a consumers' tax.

No tax will be charged at the store, no tax bill will be handed over to the individual customer. Each transaction will be as before. But the tax nevertheless will be included in the price. It will be ed on from the manufacturer, the dealer, the retailer, directly

to the buyer.

In other words, in this depressed year the people are to have

In other words, in this depressed year the people are to have their cost of living increased 2½ per cent, or more likely 5 per cent, as prices go up under cover of the tax.

If Congressmen running for reelection think they can load this new burden upon the straining backs of the American people and that it will go unnoticed, they are due for a surprise.

Congress is asking the American people for a billion and a quarter dollars under the new revenue bill. In return they have reduced governmental operating expenses the munificent sum of \$125,000,000.

A dime for a dollar! It is a wild assumption in such a year for

A dime for a dollar! It is a wild assumption, in such a year, for anyone to think they can put over a deal like this and escape either notice or retribution.

# SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

# BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did, on March 21, 1932, present to the President, for his approval, a bill of the House of the following title:

H. R. 5315. An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.), the House adjourned until to-morrow, Wednesday, March 23, 1932, at 12 o'clock noon.

# COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, March 23, 1932, as reported to the floor leader by clerks of the several committees:

#### INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Railroad holding companies. Commissioner Eastman will appear (H. R. 9059).

#### JUDICIARY

(10 a. m.

Proposing an amendment to the Constitution relative to equal rights for men and women (H. J. Res. 197).

#### LIBRARY

(10 a. m.)

To make available to Congress the services and data of the Interstate Legislative Reference Bureau (H. J. Res. 131).

#### POST OFFICE AND POST ROADS

(10 a. m.)

To amend the air mail act of February 2, 1925, as amended, further to encourage commercial aviation (H. R. 9841, 8390).

# NAVAL AFFAIRS

(10.30 a. m.)

To authorize the disposition of the naval ordnance plant, South Charleston, W. Va. (H. R. 4657).

# EXECUTIVE COMMUNICATIONS, ETC.

499. Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury, transmitting a proposed draft of a bill to authorize telephone service in Government-controlled kuildings on public health stations, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PATMAN: Committee on the District of Columbia. S. 3222. An act to amend an act approved March 3, 1917, known as the District of Columbia appropriation act for the year ending June 30, 1918; without amendment (Rept. No. 858). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on the District of Columbia. H. R. 6402. A bill to further regulate banking, banks, trust companies, and building and loan associations in the District of Columbia, and for other purposes; with amendment (Rept. No. 859). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on the District of Columbia. H. R. 8991. A bill to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Laws of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes; with amendment (Rept. No. 860). Referred to the House Calendar.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 6501. A bill for the relief of Oswald Bauch; without amendment (Rept. No. 854). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 10294. A bill to authorize the Secretary of War to pay to R. B. Baugh, M. D., certain money due him for services rendered as a member of the local board of Smith County, Miss., operating during the World War; without amendment (Rept. No. 855). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 278. An act for the relief of Charles Parshall, Fort Peck Indian allottee, of the Fort Peck Reservation, Mont.; without amendment (Rept. No. 856). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 7191. A bill for the relief of Albert G. Dawson; without amendment (Rept. No. 857). Referred to the Committee of the Whole House.

Mr. EVANS of California: Committee on Naval Affairs. H. R. 620. A bill for the relief of Stephen A. McNeil; with amendment (Rept. No. 861). Referred to the Committee of the Whole House.

Mr. LANKFORD of Virginia: Committee on Naval Affairs. H. R. 792. A bill for the relief of William Joseph Vigneault; with amendment (Rept. No. 862). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H. R. 1177. A bill for the relief of Peter E. Anderson; with amendment (Rept. No. 863). Referred to the Committee of the Whole House.

Mr. DRANE: Committee on Naval Affairs. H. R. 1936. A bill for the relief of Sydney Thayer, jr.; with amendment (Rept. No. 864). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 2907. A bill for the relief of Walter Sam Young; with amendment (Rept. No. 865). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H. R. 5548. A bill for the relief of George Brackett Cargill, deceased; with amendment (Rept. No. 866). Referred to the Committee of the Whole House.

Mr. DRANE: Committee on Naval Affairs. H. R. 6409. A bill for the relief of William Joseph LaCarte; with amendment (Rept. No. 867). Referred to the Committee of the Whole House.

Mr. BARTON: Committee on Naval Affairs. H. R. 7263. A bill for the relief of Felix Maupin; with amendment (Rept. No. 868). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 7548. A bill granting six months' pay to Ruth McCarn; without amendment (Rept. No. 869). Referred to the Committee of the Whole House.

Mr. COYLE: Committee on Naval Affairs. H. R. 9231. A bill for the relief of George Occhionero; with amendment (Rept. No. 870). Referred to the Committee of the Whole House.

Mr. COYLE: Committee on Naval Affairs. H. R. 9326. A bill for the relief of John E. Davidson; without amendment (Rept. No. 871). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H. R. 9355. A bill for the relief of David Schwartz; with amendment (Rept. No. 872). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1264. A bill for the relief of Henry Stanley Wood; without amendment (Rept. No. 873). Referred to the Committee of the Whole House.

# CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8838) granting an increase of pension to George Bunch; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 9083) granting a pension to Mary Elliott; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

# PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONNERY: A bill (H. R. 10739) to provide that the prevailing rate of wages shall be paid to laborers and mechanics employed on certain public works of the United States, the District of Columbia, the Territories, and the Panama Canal, and for other purposes; to the Committee on Labor.

By Mr. SIROVICH: A bill (H. R. 10740) to amend and consolidate the acts respecting copyright, and to codify and amend common-law copyright; to the Committee on Patents.

Also, a bill (H. R. 10741) to provide a permanent force to classify patents, etc., in the Patent Office; to the Committee on Patents.

By Mr. WICKERSHAM: A bill (H. R. 10742) to amend an act entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes," approved February 14, 1917 (39 Stat. L. 903); to the Committee on the Territories.

By Mr. WILSON: A bill (H. R. 10743) to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works; to the Committee on Expenditures in the Executive Departments.

By Mr. EATON of Colorado; A bill (H. R. 10744) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; to the Committee on the Public Lands.

By Mr. CELLER (by request): A bill (H. R. 10745) to amend the national prohibition act, the act supplemental to the national prohibition act, the postal laws and regulations, and for other purposes; to the Committee on the Judiciary.

By Mr. COLTON: A bill (H. R. 10746) to provide for the compromise and settlement of the indebtedness of railroad companies to the United States arising under the provisions of Title II of the transportation act, 1920, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKSTEIN: A bill (H. R. 10747) to amend the immigration act of 1924, as amended, to facilitate reunion of families, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SIMMONS: A bill (H. R. 10748) for liquidating bonded and other outstanding indebtedness of the farmers' irrigation district, Nebraska; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 10749) to authorize acceptance of proposed donation of property in Maxwell, Nebr., for Federal building purposes; to the Committee on Public Buildings and Grounds.

By Mr. BUCHANAN: A bill (H. R. 10750) to provide for a survey of the Brazos River, Tex., with a view to the prevention and control of its floods; to the Committee on Flood Control.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARENTZ: A bill (H. R. 10751) granting a pension to Mary L. Burritt; to the Committee on Pensions.

By Mr. BEEDY: A bill (H. R. 10752) for the relief of Charles R. Daggett; to the Committee on Military Affairs.

By Mr. BUCKBEE: A bill (H. R. 10753) granting a pension to Anna Bailey; to the Committee on Invalid Pensions.

By Mr. CABLE: A bill (H. R. 10754) granting an increase of pension to Rosalie O. Coy; to the Committee on Invalid Pensions.

By Mr. CARDEN: A bill (H. R. 10755) granting a pension to Mary J. Logsdon; to the Committee on Invalid Pensions.

By Mr. COLTON: A bill (H. R. 10756) for the relief of Clive Sprouse and Robert F. Moore; to the Committee on the Public Lands.

By Mr. CRAIL: A bill (H. R. 10757) granting an increase of pension to Margaret Cook; to the Committee on Invalid Pensions.

By Mr. DELANEY: A bill (H. R. 10758) for the relief of Mrs. Hugh J. Finn; to the Committee on Naval Affairs.

By Mr. FIESINGER: A bill (H. R. 10759) granting an increase of pension to Jennie Harding; to the Committee on Invalid Pensions.

By Mr. FLANNAGAN: A bill (H. R. 10760) for the relief of the heirs of Robert Bliss Keys; to the Committee on Claims.

By Mr. GARBER: A bill (H. R. 10761) for the relief of Robert N. Phelps; to the Committee on Military Affairs.

By Mr. GOODWIN: A bill (H. R. 10762) for the relief of William E. Crawford; to the Committee on Military Affairs.

By Mr. HOPKINS: A bill (H. R. 10763) granting a pension to Sarah O. Mastin; to the Committee on Pensions.

By Mr. JENKINS: A bill (H. R. 10764) granting a pension to Fred Tope; to the Committee on Pensions.

By Mr. KELLY of Illinois: A bill (H. R. 10765) for the relief of Paul Sullivan; to the Committee on Naval Affairs. By Mr. LAMBERTSON: A bill (H. R. 10766) granting a pension to Joseph J. Lakin; to the Committee on Pensions.

By Mr. SIMMONS: A bill (H. R. 10767) granting a pension to Ida Feathers; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 10768) granting an increase of pension to Emaline Reichenbach; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 10769) for the relief of William Larson; to the Committee on Naval Affairs.

By Mr. TILSON: A bill (H. R. 10770) granting a pension to Bertha Jane Barnard Smith; to the Committee on Invalid Pensions.

By Mr. WOODRUM: A bill (H. R. 10771) for the relief of Allie T. Harwood; to the Committee on Military Affairs.

Also, a bill (H. R. 10772) granting a pension to Allie T. Harwood; to the Committee on Pensions.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4717. By Mr. ALMON: Petition of W. S. Minter, Bridgeport, Ala., together with 94 other railway employees on different railroad systems, requesting the support and vote of House bill 9891, as sponsored by the Railroad Employees' National Pension Association, which has for its purpose to provide adequate retirement pension for all persons employed by railroads, express, and Pullman companies that are subject to the regulatory powers of Congress over interstate commerce; to the Committee on Interstate and Foreign Commerce.

4718. By Mr. ANDREW of Massachusetts: Petition of Dr. A. E. Morrell and other citizens of Newburyport, Mass., protesting against the proposed Sunday observance bill (S. 1202); to the Committee on the District of Columbia.

4719. By Mr. ANDREWS of New York: Petition of 77 patients of the Niagara Sanatorium, urging passage of House bill 4743; to the Committee on Education.

4720. By Mr. BARBOUR: Resolutions adopted by Reserve Officers' Association and indorsed by various organizations and residents of the seventh congressional district of California, relative to appropriations affecting national defense; to the Committee on Appropriations.

4721. Also, petition of residents of Tulare County, Calif., protesting against bills providing for closing barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4722. By Mr. BLANTON: Petition of the American Legion post and ex-service men and the leading business men and citizens of Strawn, Palo Pinto County, Tex., presented by W. L. Garner, editor Tribune; F. B. Stuart, president First National Bank; C. R. Whitaker, I. C. Watson, Page Baxendale, J. R. Anderson, Dalton & Carlisle, and Gaither & Anderson, committee, urging immediate payment in cash of the

adjusted-compensation certificates; to the Committee on Ways and Means.

4723. By Mr. CAMPBELL of Iowa: Petition of Ira Fountain, of Linn Grove, Iowa, and 95 other citizens and voters of Buena Vista County, Iowa, urging the passage of Senate bill 1197, known as the Frazier bill; to the Committee on Agriculture.

4724. By Mr. CORNING: Petition signed by Edith Hayward Thorne and other citizens of Albany, N. Y., opposing reduction of our national defense; to the Committee on Ap-

propriations.

4725. By Mr. DAVENPORT: Petition of Group No. 2066 of the Polish National Alliance of the United States, New York Mills, N. Y., urging Congress to enact House Joint Resolution 144, directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4726. Also, petition of Meyer Rebeck, of Utica, and J. H. Graham, of Rome, N. Y., favoring the Oliver substitute relief bill for the relief of substitute postal employees; to the Com-

mittee on the Post Office and Post Roads.

4727. Also, petition of the Woman's Christian Temperance Union of Norway, N. Y., favoring the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4728. Also, petition of Fromia E. Bates, Julia Meyers, Enos H. Eades, E. E. Blackburn, Charles M. Root, and 125 others of Rome, N. Y., favoring the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

4729. By Mr. EVANS of California: Petition and resolution adopted by the Stickney Woman's Christian Temperance Union, representing 415 members, opposing the resubmission of the eighteenth amendment; to the Committee on the

Judiciary.

4730. By Mr. FULLER: Petition of C. E. Bunnell and 27 other residents of Berryville, Ark., urging support of a measure paying the adjusted-compensation certificates in full; to the Committee on Ways and Means.

4731. By Mr. GARBER: Petition of H. H. Valentine, of Oakland, Calif., and W. J. Thompson, 339 Gale Avenue, River Forest, Ill., urging support of House bill 9891, the railroad pension bill; to the Committee on Interstate and Foreign Commerce.

4732. Also, petition of Chapter No. 35, Railroad Employees' National Pension Association (Inc.), urging support of House bill 9891; to the Committee on Interstate and Foreign Commerce.

4733. Also, petition of the Alva Chamber of Commerce and Bell's Ice Cream Co., of Alva, and the Enid Ice & Fuel Co., and the Enid Cooperative Creamery, of Enid, Okla., protesting against the proposed imposition of tax on ice cream; to the Committee on Ways and Means.

4734. Also, petition signed by Joseph B. Thoburn, director Oklahoma Historical Society; C. H. Hyde, legislative representative, National Farmers Union; Oscar Ameringer, editor American Guardian; Mr. Porter, manager Oklahoma Broom Corn Growers Association; Mr. Arnett, chairman of board of trustees, Society for the Conservation of Life; George Bishop, founder Oklahoma Crop Improvement Association; Dan Hogan, president Leader Press; Campbell Russell; and James R. Garner, secretary Society for the Conservation of Life, urging substantial increase of the inheritance tax on the higher brackets and protesting against the proposed sales tax; to the Committee on Ways and Means.

4735. By Mr. GILCHRIST: Petition of 89 citizens of Garner, Iowa, protesting against an admission tax on the lower admission classifications, stating that it would be injurious and detrimental to the business in their community, and also that they felt that passage of this bill would cause closings of many theaters in their territory and further increase the number of unemployed; to the Committee on Ways and Means.

4736. Also, petition of 160 citizens of Britt, Iowa, protesting against an admission tax on the lower admission classifications, stating that it would be injurious and detrimental to the business in their community, and also that they felt that passage of this bill would cause closings of many theaters in their territory and further increase the number of unemployed; to the Committee on Ways and Means.

4737. Also, petition of Emil C. Ehlers and 23 other citizens of Crawford County, Iowa, urging the passage of Senate bills 2487, 3133, and 1197, providing for the fixing of the relative value of gold and silver, cost of production for farm products, and providing for the liquidating and refinancing of agricultural indebtedness, respectively; to the Committee on Banking and Currency.

4738. Also, petition of the Auxiliary Union to Adams Post, No. 119, American Legion, at Humboldt, Iowa, containing 23 names, respectfully requesting the passage of the American Legion bill to provide adequate pensions for widows and orphans of all deceased World War veterans; to the Committee on World War Veterans' Legislation.

4739. Also, petition of Alfred McCombs and 36 other citizens of Palo Alto County, Iowa, urging the passage of bills now before Congress designed to give aid and relief to agriculture; to the Committee on Banking and Currency.

4740. By Mr. HALL of Mississippi: Petition signed by 52 members of the Orville Carver Post, No. 100, American Legion, Poplarville, Miss., urging the immediate payment of the adjusted-service certificates without deduction of interest due on loans already made on such certificates; to the Committee on Ways and Means.

4741. By Mr. HANCOCK of New York: Petition of Thomas F. King and other residents of Onondaga County, N. Y., favoring the immediate payment in full of adjusted-service certificates; to the Committee on Ways and Means.

4742. By Mr. HARE: Petition of the Legislature of the State of South Carolina, memorializing the President and the Congress to pass a bill to pay the soldiers of the World War their adjusted-service certificates; to the Committee on Ways and Means.

4743. By Mr. HARLAN: Petition of Joe Spatz and others, protesting against the manufacturers' tax on malt sirup; to the Committee on Ways and Means.

4744. By Mr. HOPKINS: Petition transmitted by Frances Brown, Union Star, Mo., and signed by 22 leading citizens of Union Star and vicinity, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4745. By Mr. HOUSTON of Delaware: Petition of 44 residents of Marydel, Md. and Del., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4746. Also, petition of the Hockessin Woman's Christian Temperance Union, representing 40 people, Hockessin, Del.; to the Committee on the Judiciary.

4747. Also, memorial of Group No. 431 of the Polish National Alliance of the United States, with local headquarters at 200 South Adams Street, Wilmington, Del., and signed by W. Madej, president, John Perzanowski, secretary, and John W. Miklanewicj, treasurer; to the Committee on the Judiciary.

4748. Also, petition of 180 citizens of Milton, Del., urging the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4749. By Mr. JAMES: Petition of officers and members of Court North Star, Foresters of America, Calumet, Mich., through Anthony Landini, chief ranger, Clement P. Hammes, financial secretary, and William Mills, grand subchief ranger, committee; to the Committee on Ways and Means.

4750. Also, petition of Ancient Order of Foresters, Court Robin Hood, Calumet, Mich., petitioning for a tariff on copper; to the Committee on Ways and Means.

4751. By Mr. JENKINS: Petition signed by several merchants and citizens of Nelsonville, Ohio, petitioning Representatives of Ohio to give their support to amend the act of July 2, 1930, relating to protection of trade and commerce

against unlawful restraints and monopolies as provided in House bill 8930; to the Committee on Interstate and Foreign Commerce.

4752. By Mr. JOHNSON of Texas: Petition of Hon. J. R. Donnell and Hon. W. R. Bounds, of Hubbard; C. N. Williford, of Fairfield; and John B. Jones, of Blooming Grove, all in the State of Texas, opposing reduction of appropriation for Federal Farm Board and commending the Federal farm marketing act; to the Committee on Appropriations.

4753. Also, petition of 88 citizens of Hubbard, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4754. By Mr. LINTHICUM: Petition of Arthur I. Judge, editor the Canning Trade, Baltimore, Md., and others, opposing various sections of sales tax; to the Committee on Ways and Means.

4755. Also, petition of Steamship Trade Association, Baltimore, Md., urging passage of House bill 4648 and Senate bill 7; to the Committee on Immigration and Naturalization.

4756. Also, petition of John F. Nugent, of Baltimore, Md., and the Tupperlake Chapter, No. 121, Disabled American Veterans of the World War, Tupperlake, N. Y., urging passage of House bill 8578, World War widows' bill; to the Committee on World War Veterans' Legislation.

4757. Also, petition of the Texas Transport & Terminal Co. and the Wilbur F. Spice & Co., Baltimore, Md., protesting against the elimination of the sea service bureau, H. R. 10022; to the Committee on Appropriations.

4758. Also, petition of William G. Rohrbach, of Baltimore, Md., urging passage of House bills 5325 and 349; to the Committee on the Civil Service.

4759. Also, petition of Jarka Corporation of Baltimore, Baltimore, Md., protesting passage of House bill 8821, amending longshoremen's and harbor workers' compensation act; to the Committee on the Judiciary.

4760. Also, petition of Oriole Branch, No. 176, National Association of Letter Carriers, Baltimore, Md., urging passage of House bill 6183; to the Committee on the Post Office and Post Roads.

4761. Also, petition of Iberville Parish Health Unit, Plaquemine, La., urging passage of House bill 7525; to the Committee on Interstate and Foreign Commerce.

4762. Also, petition urging passage of House bill 4680; to the Committee on Expenditures in the Executive Departments.

4763. Also, petition of Herbert C. Fooks, of Baltimore, Md., urging passage of Senate bill 3112; to the Committee on Military Affairs.

4764. Also, petition of Colonel Theodore Roosevelt Camp, No. 6, United Spanish War Veterans, and Florence E. Bowles, of Baltimore, Md., urging passage of House bill 7230; to the Committee on Pensions.

4765. Also, petition of Baltimore Association of Commerce, Baltimore, Md., urging passage of House bill 6187; to the Committee on Public Buildings and Grounds.

4766. Also, petition of Montfaucon Post, No. 4, American Legion, and Sergeant Henry Gunther Post, No. 1858, Veterans of Foreign Wars, Baltimore, Md., urging passage of House bill 8578; to the Committee on World War Veterans' Legislation.

4767. By Mr. LONERGAN: Petition protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4768. By Mr. PERSON: Resolution of Group No. 2628 of the Polish National Alliance of the United States of America, Hamtramck, Mich., favoring the enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4769. Also, resolution of Group 2481 of the Polish National Alliance of the United States of North America, Hamtramck, Mich., favoring the enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4770. Also, resolution of Major John C. Durst Auxiliary, No. 15, United Spanish War Veterans, Lansing, Mich., indorsing and urging the passage of the Gasque bill (H. R. 7230); to the Committee on Pensions.

4771. Also, petition of 80 citizens of Detroit, Mich., and vicinity, protesting against House bill 8092; to the Committee on the District of Columbia.

4772. Also, petition of 336 citizens of Detroit, Mich., and vicinity, employees of the Railway Express Agency (Inc.), protesting against the proposed increase rate of postage on first-class mail; to the Committee on the Post Office and Post Roads.

4773. Also, petition of Charles R. Adair, Flint, Mich., and 28 others, favoring the plan for stabilizing prices through regulation of the volume of money in circulation, as proposed in the coinage act of 1932, offered by the American Monetary Reform Association; to the Committee on Banking and Currency.

4774. Also, resolution of Charles A. Learned Post, No. 1, American Legion, Detroit, Mich., favoring the immediate payment, without interest, of the unpaid portion of the adjusted compensation; to the Committee on Ways and Means.

4775. Also, resolution of Capt. David L. Kimball Camp, No. 51, United Spanish War Veterans, Pontiac, Mich., indorsing House bill 7230; to the Committee on Pensions.

4776. Also, resolution of Maj. John C. Durst Camp, No. 40. United Spanish War Veterans, Lansing, Mich., indorsing and favoring the passage of the Gasque bill, H. R. 7230; to the Committee on Pensions.

4777. Also, resolution of Group 1676 of the Polish National Alliance of the United States of North America, Hamtramck, Mich., favoring the enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4778. By Mr. PETTENGILL: Petition of Susan Armstrong, of Grass Creek, Ind., and 95 others, opposing compulsory Sunday observance; to the Committee on the District of Columbia.

4779. By Mr. RUDD: Petition of Local 802, A. F. of M., New York City, opposing the 10 per cent tax on theaters and favoring the Connery amendment; to the Committee on Ways and Means.

4780. Also, petition of Royal Undergarment Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4781. Also, petition of Star Maid Dresses (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4782. Also, petition of Scovell-Wellington Co., New York City, opposing the proposed tax on imported gasoline, fuel oil, etc.; to the Committee on Ways and Means.

4783. Also, petition of Meyer Dorfman, Brooklyn, N. Y., opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4784. Also, petition of Michael Cooper, New York City, protesting against the manufacturers' sales tax; to the Committee on Ways and Means.

4785. Also, petition of L. Wohl & Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4786. Also, petition of Weiss & Williams, New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4787. Also, petition of Gotham Children's Underwear Co., Brooklyn, N. Y., opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4788. Also, petition of Fine Form Brassiere Co. (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4789. Also, petition of Priscilla Corset Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4790. Also, petition of Bedford Dress Co., New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4791. Also, petition of Holland Hessol Co. (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means,

4792. Also, petition of Oxford Dress Co., New York, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4793. Also, petition of New York Typographical Union, No. 6, favoring the Connery bill, H. R. 7926; to the Committee on Labor.

4794. By Mr. SELVIG: Petition of 80 members of the American Legion Auxiliary, No. 27, Warren, Minn., urging enactment of widows and orphans' bill without the "need" clause; to the Committee on World War Veterans' Legislation.

4795. Also, petition of Adolph Bakke, of Newfolden, Minn., supporting various proposals aiding widows and orphans and the World War veterans; to the Committee on World War Veterans' Legislation.

4796. Also, petition of J. M. Paulson and Simon Ellefson, of Lancaster, Minn., urging immediate cash payment of adjusted-compensation certificates; to the Committee on Ways and Means.

4797. Also, petition of Charles F. Lotterer and 29 other veterans of Perham, Minn., urging cash payment of face value of adjusted-compensation certificates; to the Committee on Ways and Means.

4798. By Mr. SNOW: Petition of G. L. Newcomb and other citizens of Westfield, Me., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4799. Also, petition of H. W. Braley and other citizens of Mapleton, Me., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4800. By Mr. SUTPHIN: Petition of Ailied Theater Owners of New Jersey (Inc.), opposing admission tax on theater tickets; to the Committee on Ways and Means.

4801. Also, petition of the Board of Education of Jamesburg, N. J., opposing the sales tax on oil; to the Committee on Ways and Means.

4802. Also, petition presented by the Chamber of Commerce of New Brunswick, N. J., opposing tax burdening the use of highways; to the Committee on Interstate and Foreign Commerce.

4803. By Mr. SWANSON: Petition of O. B. Walters, Edna Whitney, William R. Allis, and others, favoring the imposition of a tax on imported gasoline, fuel oil, and crude oil; to the Committee on Ways and Means.

4804. By Mr. SWICK: Petition of J. Wilbur Randolph Post, No. 157, American Legion, Ellwood City, Lawrence County, Pa., R. Wayne Baird, adjutant, requesting the Government of the United States of America cause to be paid to all persons holding adjusted-compensation certificates of the United States the principal sums of money represented thereby or to become due thereby by proper legislative enactment authorizing such payments to be made, and that immediate steps be taken looking to the preparation and passage of required Federal legislation authorizing and directing immediate payment of World War adjusted-compensation certificates; to the Committee on Ways and Means.

4805. By Mr. TEMPLE: Petition of a number of residents of Avella, Washington County, Pa., supporting the Davis-Kelly bill to regulate interstate and foreign commerce in bituminous coal; to the Committee on Interstate and Foreign Commerce.

4806. Also, petition of M. F. Warner, of Langeloth, Pa., advocating a tariff on copper; to the Committee on Ways and Means.

4807. By Mr. TIERNEY: Petition protesting against a tax on crude petroleum and petroleum products, including fuel oils; to the Committee on Ways and Means.

4808. Also, petition protesting against a tax on imported crude oil and gasoline; to the Committee on Ways and Means.

4809. Also, petition protesting against Federal taxation and reduction of maintaining Federal Government; to the Committee on Ways and Means.

4810. Also, petition urging a change in the prohibition law; to the Committee on the Judiciary.

4811. Also, petition protesting against the enactment of Senate Concurrent Resolution 11 and House Concurrent Resolution 16, reduction of Federal maintenance, etc.; to the Committee on Agriculture.

4812. Also, petition favoring protection of grizzly and brown bears of Admiralty Island, Alaska; to the Committee on Agriculture.

4813. Also, petition protesting against the sales tax; to the Committee on Ways and Means.

4814. By Mr. WILLIAMS of Texas: Petition of the Democratic Territorial central committee of Honolulu, Hawaii, opposing any and all measures which discriminate against the people of Hawaii and favor the employing of Filipinos on plantations instead; to the Committee on Insular Affairs.

# SENATE

# WEDNESDAY, MARCH 23, 1932

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

Almighty God, our Heavenly Father, who dost bind us to life by sweet and holy ties, twining the tendrils of our hearts around loved ones and friends; make us so to love the blessed things Thou dost impart by voices and by silences, in moments of illumination and in hours of obscurity, through pleasure and through pain, in the labor to which we are compelled and in the sickness that interrupts our labor, in the experience that brings strength and in the temptation that lays bare our weakness, that being taught of Thee from day to day we may be found faithful in every relationship of life.

Speak peace to the hearts of all who are afflicted or distressed in our beloved Southland, and do Thou comfort and relieve them according to their several necessities, giving them patience under their sufferings and a happy issue out of all their afflictions.

We ask it for the sake of Him whom Thou hast sent to bear our griefs and carry our sorrows, Jesus Christ, Thy Son, our Lord. Amen.

# THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday last, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

# CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following
Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Barkley	Dill	Lewis	Steiwer
Bingham	Fess	Logan	Thomas, Idaho
Black	Fletcher	McGill	Thomas, Okla.
Blaine	Frazier	McKellar	Townsend
Borah	George	McNary	Trammell
Bratton	Glass	Metcalf	Vandenberg
Brookhart	Glenn	Morrison	Wagner
Broussard	Goldsborough	Moses	Walcott
Bulkley	Gore	Neely	Walsh, Mass.
Bulow	Harrison	Norbeck	Walsh, Mont.
Byrnes	Hatfield	Norris	Waterman
Capper	Hayden	Nye	Watson
Caraway	Hebert	Oddie	Wheeler
Carey	Howell	Pittman	White
Coolidge	Hull	Reed	
Coneland	Johnson	Robinson, Ark.	

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. Hastings] is unavoidably detained from the Senate. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. Connally] is necessarily absent because of a death in his family.

Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by Post No. 2210, Ste. Genevieve, and Jackson County Council, of Kansas City, both of the Veterans of Foreign Wars of the United States, in the State of Missouri, protesting against the proposed consolidation of the War and Navy Departments, which were referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by Jackson County Council, Veterans of Foreign Wars of the United States, of Kansas City, Mo., favoring the maintenance of the Navy at the full strength permitted by the London and Washington treaties, which was referred to the Committee on Naval Affairs.

He also laid before the Senate a memorial of the administrative committee, School of Medicine, of the University of Kansas, of Lawrence, Kans., remonstrating against the passage of legislation prohibiting experiments upon living dogs in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also laid before the Senate resolutions adopted by the General Court of Massachusetts, favoring an amendment of the Constitution giving to Congress the power, by appropriate legislation, to regulate the hours of labor and to make uniform such hours throughout the United States, which were referred to the Committee on the Judiciary. (See resolutions printed in full when presented by Mr. Walsh of Massachusetts on the 21st instant, p. 6517, CONGRESSIONAL

He also laid before the Senate a resolution adopted by Group No. 1569 of the Polish National Alliance of Conemaugh, Pa., favoring the passage of legislation providing for proclaiming October 11 in each year General Pulaski's Memorial Day, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by New York Typographical Union, No. 6, of New York City, protesting against the adoption of the so-called manufacturers' sales tax, which was referred to the Committee on

He also laid before the Senate a concurrent resolution of the Legislature of the State of South Carolina, favoring the cash payment of World War adjusted-service certificates. which was referred to the Committee on Finance. (See resolution printed in full when presented by Mr. SMITH on the 22d instant, p. 6616, Congressional Record.)

He also laid before the Senate a resolution adopted by George Washington Post, No. 1, Allied Veterans of National Homes and Hospitals of America, of Johnson City, Tenn., favoring the cash payment of World War adjusted-service certificates, which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from the chairman of the Tom Mooney Pardon Conference of New York, of New York City, praying for the printing of the so-called Wickersham report on the Mooney-Billings case, which was ordered to lie on the table.

Mr. ASHURST presented a petition of sundry citizens of Yuma County, Ariz., praying for the passage of legislation to relieve miners and prospectors from doing assessment work upon their mining claims for the year 1931-32, which was referred to the Committee on Mines and Mining.

Mr. BLAINE presented a resolution adopted by the Woman's Christian Temperance Union of Oshkosh, Wis., protesting against the proposed resubmission of the eighteenth amendment of the Constitution, and favoring the making of adequate appropriations for law enforcement and educa-

Mr. GEORGE. My colleague the senior Senator from | tion in law observance, which was referred to the Committee on the Judiciary.

Mr. COSTIGAN presented resolutions adopted by the congregation of the Methodist Episcopal Church of Florence, representing 137 people; the Christian Church of Englewood, by J. D. Pontius, pastor, representing 56 people; the Bethel Methodist Church, of Pueblo, representing 400 people; the Park Hill Woman's Christian Temperance Union, of Pueblo, representing 62 people; the Woman's Christian Temperance Union of Haxtun (74 names being affixed thereto), and the Woman's Christian Temperance Union of Trinidad, representing 78 people, and signed by Mrs. Nels Benston, president, and Mrs. E. C. Parr, secretary, all in the State of Colorado, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

### REPORTS OF COMMITTEES

Mr. WALSH of Montana, from the Committee on the Judiciary, to which was referred the bill (S. 1058) repealing various provisions of the act of June 15, 1917, entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes" (40 Stat. L. 217), reported it without amendment and submitted a report (No. 442).

Mr. COUZENS, from the Committee on Interstate Commerce, to which was referred the bill (S. 97) to protect trade-mark owners, distributors, and the public against injurious and uneconomic practices in the distribution of articles of standard quality under a distinguishing trade-mark, brand, or name, reported it without recommendation and submitted a report (No. 441) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 8379. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo. (Rept. No. 443);

H. R. 8394. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo. (Rept. No. 444);

H. R. 8396. An act to extend the times for commencing and completing the construction of a bridge across the Rock River at or near Prophetstown, Ill. (Rept. No. 445);

H. R. 8506. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at New Castle, Lawrence County, Pa. (Rept.

H. R. 8696. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y. (Rept. No. 447);

H. R. 9264. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Francis River at or near Madison, Ark., on State Highway No. 70 (Rept. No. 448); and

H. R. 9266. An act to extend the times for commencing and completing the construction of a bridge across the St. Francis River at or near Lake City, Ark. (Rept. No. 449).

EXECUTIVE REPORTS OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the following nominations:

Robert P. Joyce, of California, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America: and

Halleck L. Rose, of Nebraska, to be a Foreign Service officer, unclassified, a vice consul of career, and a secretary in the Diplomatic Service of the United States of America.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McGILL:

A bill (S. 4183) granting an increase of pension to Frederica Hardten; to the Committee on Pensions.

By Mr. ROBINSON of Arkansas:

A bill (S. 4184) to restore the right to compensation to Roberta K. Dillon; to the Committee on Finance.

By Mr. SMITH:

A bill (S. 4185) granting an increase of pension to Allan H. Browning; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 4186) to provide for a uniform system of accounts for Indian affairs, and for other purposes;

A bill (S. 4187) to provide for an accounting of Indian

funds in the hands of the United States; and A bill (S. 4188) relating to fees charged in connection with

the administration of certain Indian land; to the Committee on Indian Affairs.

By Mr. DILL:

A bill (S. 4189) granting a pension to Richard J. Queener (with accompanying papers); to the Committee on Pensions. By Mr. STEIWER:

A bill (S. 4190) for the relief of Thomas E. Reed; to the Committee on Military Affairs.

A bill (S. 4191) authorizing a preliminary examination and survey of Chetco Cove, Oreg.; to the Committee on

A bill (S. 4192) for the relief of Fred Willie Arndt; to the Committee on Naval Affairs.

By Mr. BINGHAM:

A bill (S. 4193) to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; to the Committee on Territories and Insular Affairs.

By Mr. CAREY:

A bill (S. 4194) granting an increase of pension to Melinda Morford (with accompanying papers); to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 4195) to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation; to the Committee on Commerce.

By Mr. DAVIS:

A bill (S. 4196) extending the time for awarding medals of honor, distinguished-service crosses, and distinguishedservice medals, etc.; to the Committee on Military Affairs. By Mr. WATSON:

A bill (S. 4197) granting a pension to Katherine Elizabeth Holmes; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4198) granting a pension to Nannie L. Collier (with accompanying papers); to the Committee on Pensions.

A bill (S. 4199) to authorize the design, construction, and procurement of one detachable-combination aircraft suitable for transport purposes for the Army Air Corps; to the Committee on Military Affairs.

By Mrs. CARAWAY:

A bill (S. 4200) for the relief of Benjamin H. Southern; to the Committee on Military Affairs.

A bill (S. 4201) granting a pension to Anna J. Darby; and A bill (S. 4202) granting an increase of pension to Henry W. McLain: to the Committee on Pensions.

By Mr. METCALF:

A joint resolution (S. J. Res. 127) authorizing appropriations for the maintenance by the United States of membership in the International Council of Scientific Unions; to the Committee on Education and Labor.

# CHANGES OF REFERENCE

Mr. DILL. Mr. President, yesterday I introduced the bills (S. 4173) for the relief of Dennis F. Collins, and (S. 4174) for the relief of John E. Meehan, and by mistake they were referred to the Committee on Military Affairs. The bills

should go to the Committee on Naval Affairs, and I ask unanimous consent that the Committee on Military Affairs be discharged from their consideration and that they be referred to the Committee on Naval Affairs.

The VICE PRESIDENT. Without objection, the changes of reference will be made.

RELIEF OF DISTRESSED CITIZENS

The VICE PRESIDENT. The Chair lays before the Senate a motion coming over from a previous day, which will be stated

The CHIEF CLERK. The Senator from Oklahoma IMr. THOMAS] moves to discharge the Committee on Military Affairs from the further consideration of the joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens.

Mr. THOMAS of Oklahoma. Mr. President, on yesterday I entered a motion to discharge the Committee on Military Affairs from the further consideration of Senate Joint Resolution 80. I now call up that motion. In support of the motion and giving the basis for the suggested legislation I submit for the RECORD a telegram sent me by Carl C. Magee, of the Oklahoma News. I ask that the telegram may be read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

OKLAHOMA CITY, OKLA.

Senator ELMER THOMAS,

Senator Elmer Thomas,

Care Senate Chamber:

Oklahoma City faced with serious problem housing dependent families. Have leased 100 acres and establishing temporary camp, in which hope house approximately 350 families now living in every type of shack, all undesirable and threatening entire city has unsanitary health conditions. Centralized camp to be every type of shack, all undesirable and threatening entire city because unsanitary health conditions. Centralized camp to be under the jurisdiction of the city government. Local community fund authorities and unemployment relief committee have taken the matter up with Governor Murray and General Barrett, who indorsed plan and have asked War Department through Colonel Haskell to supply the following equipment: Four hundred pyramidal tents, 1,000 regulation Army cots, 1,000 regulation Army blankets, 2 regulation Army field kitchens, 6 regulation Army field ranges, 6 regulation G. I. cans, 400 Sibley tent stoves and necessary pipe, 1 regulation delouser. Colonel Haskell advises regulations make impossible to issue only required blankets and cots. Absolutely imperative we have entire equipment. We would need equipment for approximately five months. Also imperative we receive this equipment either from Fort Sam Houston or Fort Sill not later than this week. Your assistance and influence in Sill not later than this week. Your assistance and influence in making possible to issue this Federal equipment to this city will be greatly appreciated. Please advise by wire.

CARL C. MAGEE Editor the Oklahoma News.

Mr. THOMAS of Oklahoma. Mr. President, the facts are that the committee of Oklahoma City had already telegraphed the Secretary of War asking for some equipment to take care of the unemployed, and the Secretary had turned down in part the application. I ask to have read a a copy of the message from the Secretary of War addressed to Mr. Magee, the chairman of the special committee in Oklahoma City.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

JANUARY 12, 1932.

Editor Oklahoma News, Oklahoma City, Okla.:
Reference your telegram January 9 requesting various articles of Army equipment for alleviating housing and unemployment problem your city, War Department has instructed all corps area commanders to cooperate with local authorities in extending relief commanders to cooperate with local authorities in extending relief to fullest extent along following lines: Loan of cots and blankets, when available, to charitable organizations upon request of governor of any State. Sale of salvaged clothing, when available, at nominal prices to charitable organizations as well as sale of certain surplus clothing at fixed reduced prices. Speeding up of construction and maintenance work whenever possible within limits of appropriations made by Congress. Department's program is necessarily limited to that outlined above in absence of congressional authority. Regretted that all items desired by you can not be supplied. Stocks of such equipment have been greatly depleted during past few years on account of relief work incident to floods and droughts.

Patrick J. Hurley, Secretary of War.

PATRICK J. HURLEY, Secretary of War.

Mr. THOMAS of Oklahoma. Mr. President, at this point I call attention to one line in this telegram. I read the excerpt in answer to the statement made yesterday by the chairman of the committee that he had been advised by the Secretary of War that the Secretary had ample authority to do all the things that were asked to be done and that could be done or were necessary to be done. In his reply to a committee of my State the Secretary of War states that he could not furnish certain equipment because of the absence of congressional legislation. The exact language is as fol-

Department's program is necessarily limited to that outlined above in absence of congressional authority.

Mr. President, when the situation was called to my attention, in order to give the Secretary of War the authority that he evidently desired, I introduced Senate Joint Resolution No. 80. The joint resolution does not propose to direct the Secretary of War to do anything; it does propose, however, to give him the authority to do those things that he wants to do, in order to take care of communities in distress. On the 15th of January, immediately following receipt of the communication from the Secretary of War, the resolution was introduced. I ask that the text of the joint resolution as originally introduced be made a part of my remarks, but I shall not ask that it be now read.

The VICE PRESIDENT. Without objection, that order

The joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens, as originally introduced, is as follows:

Resolved, etc., That upon the request from any governor or acting governor of any State, Territory, or possession of the United States, for equipment, goods, and supplies, the Secretary of War is hereby authorized to make available to any such governor or acting governor, such equipment, goods, and supplies, for the use and benefit of any such State, Territory, or possession, in connection with relief work for citizens in distress: Provided, That the Secretary of War shall make and promulgate rules and regulations for carrying into effect the provisions of this resolution.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. The joint resolution is short, is it not?

Mr. THOMAS of Oklahoma. Yes.

Mr. NORRIS. I myself should like to hear the joint resolution read, for I am not familiar with it.

Mr. THOMAS of Oklahoma. The reason I am not asking that the joint resolution may now be read is that it was referred to a subcommittee and the subcommittee struck out all after the resolving clause and reported a substitute which to me was satisfactory. For that reason, while the subject is the same, the text is slightly changed.

Mr. NORRIS. If the Senator will have the amended joint resolution read that will be satisfactory to me.

Mr. THOMAS of Oklahoma. I will do so in a moment. I am trying to give the history of this proposed legislation.

The joint resolution was by the Committee on Military Affairs in the usual course of business sent to the War Department for a report. The Secretary of War, as is his custom and conforming to our practice, sent a report to the chairman of the committee. I send to the desk a copy of the report of the Secretary of War and ask that it may be

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

JANUARY 20, 1932.

Hon. David A. Reed,
Chairman Committee on Military Affairs,
United States Senate.

United States Senate.

Dear Senator Reed: Careful Consideration has been given to the bill (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens, transmitted to the War Department under date of January 19, 1932, with a request for information and the views of the department relative thereto.

There are no applicable provisions of existing law on this subject. The effect of the proposed bill, if enacted, while legalizing

the use of Army property for unemployment relief would result in numerous demands upon the War Department from the executives of States for supplies and equipment which the department

To aid in alleviating distress resulting from the present general unemployment situation the Secretary of War has taken the responsibility of issuing instructions to all corps-area commanders to cooperate to the fullest extent with local authorities in extending unemployment relief as far as the available resources of the

War Department will permit by authorizing:

a. The loan of cots and blankets, when available, to recognized charitable organizations upon the request of the governor of any

State:

State;

b. The sale of salvaged clothing, when available, at nominal prices to charitable organizations as well as the sale of certain surplus clothing at fixed reduced prices.

Other than as noted in a and b above, stocks of Army supplies and equipment, including food, consist only of those required for the current supply of the Army, or for maintenance of the prescribed war reserve. With but one or two exceptions, none of the items comprising the war reserve are suitable for unemployment-relief purposes. Any reduction in such stocks, or of those required for the current supply of the Army would necessitate immediate replacement. Such replacement could be effected only by a corresponding increase in Army appropriations, and the proposed bill makes no provision for such purpose.

For the reasons stated above, the department does not favor the

For the reasons stated above, the department does not favor the passage of the proposed bill.

Sincerely yours,

PATRICK J. HURLEY, Secretary of War.

Mr. THOMAS of Oklahoma. Mr. President, as I proceed I desire, if I may, to present the cumulative evidence upon the point that I desire to call attention to later. In the message to the committee in Oklahoma City the Secretary of War stated that he had no congressional authority to furnish these supplies. In his report on the joint resolution he states that there is no law on the subject.

After his report was received by the Committee on Military Affairs, I personally appeared before the committee and made a brief statement. I want to say in behalf of the chairman of the committee that he was ill at that time and was not present, but shortly thereafter the joint resolution was referred to a subcommittee, of which, if I remember correctly, the distinguished junior Senator from Wyoming [Mr. Carey] was named chairman. In due course of time the subcommittee considered the resolution together with the report of the War Department on such resolution. The only difference between the joint resolution introduced by me and the report of the War Department was that the measure I introduced made no provision that, in the event supplies were furnished, the department should be reimbursed for such supplies. So the Secretary of War suggested, if such supplies were to be used for the purpose of taking care of people in distress, that there should be some plan provided whereby the department could be reimbursed for the cost or the value of such supplies. So the subcommittee submitted a report, embracing the same subject matter, but with a provision that, in the event application was made by the governor of a State to the Secretary of War and supplies were furnished. the Secretary of War should submit a report to the succeeding Congress and ask for an appropriation to reimburse the department for the supplies so furnished.

Mr. President, I ask that the clerk may read the copy of the amended joint resolution as reported by the Military Affairs Committee.

The VICE PRESIDENT. Without objection, the Secretary will read.

The CHIEF CLERK. The committee reported to strike out all after the resolving clause of Senate Joint Resolution No. 80 and in lieu thereof to insert:

That whenever by reason of storm, flood, famine, earthquake, That whenever by reason of storm, flood, famine, earthquake, or other emergency, considerable numbers of the people of any State, Territory, or dependency of the United States are rendered destitute or in peril of death or suffering from starvation, natural violence, or exposure to the elements, the Secretary of War is hereby authorized, in his discretion, and under such regulations as he shall prescribe, and at the request of the chief executive of the State or Territorial government concerned, to employ such military forces, equipment, transportation, services, and supplies of the United States as are available for such emergency relief military forces, equipment, transportation, services, and supplies of the United States as are available for such emergency relief measures as the said Secretary shall deem appropriate; and the Secretary of War shall annually submit to Congress, through the Bureau of the Budget, estimates to cover the amounts necessary to be appropriated to reimburse the War Department for the funds expended and the property and equipment used, lost, damaged, or destroyed in carrying out the provisions of this resolution.

Mr. THOMAS of Oklahoma. At this point, Mr. President, I ask to have inserted in the RECORD the complete text of the report submitted by the committee.

The VICE PRESIDENT. Without objection, it is so or-

The report (No. 194) is as follows:

The Committee on Military Affairs, to which was referred Senate Joint Resolution 80, authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens, having considered the same, reports favorably thereon with the recommendation that it do pass,

Strike out all after the resolving clause and insert in lieu thereof

Strike out all after the resolving clause and insert in lieu thereof the following:

"That whenever by reason of storm, flood, famine, earthquake, or other emergency, considerable numbers of the people of any State, Territory, or dependency of the United States are rendered destitute or in peril of death or suffering from starvation, natural violence, or exposure to the elements, the Secretary of War is hereby authorized, in his discretion, and under such regulations as he shall prescribe, and at the request of the chief executive of the State or Territorial government concerned, to employ such military forces, equipment, transportation, services, and supplies of the United States as are available for such emergency relief measures as the said Secretary shall deem appropriate; and the Secretary of War shall annually submit to Congress, through the Bureau of the Budget, estimates to cover the amounts necessary to be appropriated to reimburse the War Department for the funds expended and the property and equipment used, lost, damaged, or destroyed in carrying out the provisions of this resolution."

Amend the title so as to read:

"To authorize the Secretary of War to employ military forces and property for emergency relief."

The report of the Secretary of War on the original resolution is made a part of this report and is printed below.

The committee believes that the amendments offered will overcome the objections of the department. the following:

WAR DEPARTMENT. Washington, D. C., January 20, 1932.

Hon. David A. Reed,

Chairman Committee on Military Affairs,

United States Senate.

Dear Senator Reed: Careful consideration has been given to the bill (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens, transmitted to the War Depart-

for use in aid of distressed citizens, transmitted to the War Department under date of January 19, 1932, with a request for information and the views of the department relative thereto.

There are no applicable provisions of existing law on this subject. The effect of the proposed bill, if enacted, while legalizing the use of Army property for unemployment relief, would result in numerous demands upon the War Department from the executives of States for supplies and equipment which the department could not

To aid in alleviating distress resulting from the present general unemployment situation, the Secretary of War has taken the responsibility of issuing instructions to all corps-area commanders to cooperate to the fullest extent with local authorities in extendto cooperate to the tunest extent with local authorities in extending unemployment relief as far as the available resources of the War Department will permit by authorizing:

(a) The loan of cots and blankets, when available, to recognized charitable organizations upon the request of the governor of any

State.

(b) The sale of salvaged clothing, when available, at nominal prices to charitable organizations, as well as the sale of certain surplus clothing at fixed reduced prices.

Other than as noted in (a) and (b) above, stocks of Army supplies and equipment, including food, consist only of those required for the current supply of the Army or for maintenance of the prescribed war reserve. With but one or two exceptions, none of the items comprising the war reserve are suitable for unemployment relief purposes. Any reduction in such stocks or of those required for the current supply of the Army would necessitate immediate replacement. Such replacement could be effected only by a corresponding increase in Army appropriations, and the proposed bill makes no provision for such purpose.

For the reasons stated above, the department does not favor the passage of the proposed bill.

Sincerely yours,

Patrick J. Hurley,

PATRICK J. HURLEY, Secretary of War.

Mr. THOMAS of Oklahoma. Mr. President, the only difference between the original joint resolution and the amended joint resolution is that in its amended form it provides that, in the event the War Department is called upon to furnish and does actually furnish some tents or some cots or some clothing or some medicine or some food to a stricken community, when the next Congress convenes a report of the matter shall be submitted, with an estimate of the cost, and the Congress will be asked to appropriate the money to reimburse the department for such supplies.

Mr. President, the joint resolution as amended was reported to the Senate, with a formal report, and placed on the calendar. I was not present when the report was made. If I had been, I would have asked unanimous consent for the immediate consideration of the joint resolution; but before we had a morning hour, before the joint resolution could be brought up again when I was not present, the joint resolution was recommitted to the Committee on Military

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. Was the report from the Military Affairs Committee a favorable report?

Mr. THOMAS of Oklahoma. It was from the subcommittee to the committee-

Mr. NORRIS. I mean from the full committee to the

Mr. THOMAS of Oklahoma. The report from the subcommittee was favorable, and the report from the full committee was favorable. As to the vote in the committee, or whether there was a vote, of course, I am not advised.

After the joint resolution was recommitted to the committee I took occasion to confer with the chairman, suggested my continued interest in this proposed legislation, and asked as a special favor that the joint resolution be brought back to the floor, if not with a favorable report. then with an unfavorable report. That is all I could ask at

The evidence is clear before the Senate: the Secretary of War has stated in two communications that he has not the authority of law to furnish stricken communities with certain kinds of equipment necessary to afford relief in times of emergencies.

Mr. President, because I do not desire to force the Secretary of War or any other responsible official to break the law in rendering assistance to stricken areas, I have introduced this bill, and I have made a motion that it be withdrawn from the Committee on Military Affairs and placed upon the calendar for further consideration by the Senate.

I ask for a record vote upon my motion.

Mr. REED. Mr. President, I assume full responsibility for asking that this bill be recommitted. I desire to make a short statement in explanation of my action.

There is not any particularly serious question involved in the bill. As a matter of fact, the Army realizes that it exists for the purpose of serving the people of the United States. Naturally, if an emergency exists, the Army, without waiting for legislative authority, takes such steps as it can to deal with it. The Army will not wait for Congress to authorize it to restore order somewhere. It will not wait for Congress to authorize it to give of its supply to prevent starvation, or freezing, or something like that happening to a stricken group of people in the United States. As I say, the Army exists to serve the people of the United States, and it will do it whether we pass authorizing, liberalizing statutes

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield there?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. What I can not understand is the fact that the Senator seems to take the position that it is better to leave the War Department to exercise a discretion without authority of law than to give the department the authority.

Mr. REED. Yes, Mr. President.

Mr. ROBINSON of Arkansas. Why?

Mr. REED. That seems a strange attitude, and that is what I rose to express.

Mr. ROBINSON of Arkansas. I do feel that it is a strange attitude for a great lawyer to assume.

Mr. REED. If I may anticipate myself, I am going to end by agreeing, as far as I can, that the joint resolution may be reported now and the committee discharged and the joint resolution put on the calendar; but I desire to make this statement. Possibly I am talking to somebody beyond the Senate Chamber—somebody who wants to understand why it is that I am always denying relief.

The Army does that now. It advances cots, and it advances blankets, and it advances supplies, where it can, because of that conception of its function to serve the public. But when we put this joint resolution on the statute books we are issuing an invitation to the people of the United States to treat the Army as if it were the Red Cross. Every year it becomes harder to keep up the Army appropriations. Every year the pacifist sentiment grows, and every dollar that is appropriated for the Army is bitterly resented by a great many people. You can not explain to the man out in the distant country who criticizes an Army appropriation that this \$100,000 had to be appropriated because the Army gave it to starving people in some flood or cyclone or other disaster. We are called militaristic for every dollar we appropriate for the poor old Army; and that is why I dread to see the Army treated as if it were the Red Cross.

When we appropriate money for the Red Cross, that is considered praiseworthy; and yet we put on the books statutes like this, which in effect make the Army a qualified social-service organization, a qualified charity organization, thereby making it just that much harder for us to keep up the military efficiency of the Army.

That is my only objection to this measure. These people can have the cots, and the Secretary of War will be glad to advance them if he has them. It is not that we want to prevent the relief. I sometimes think that there are parts of this country in which anybody who bumps his nose howls to the Federal Government for relief, and I think we have gone too far on that point; but I am not up here to criticize that.

Mr. ASHURST. Parts only, Mr. President?

Mr. REED. Yes; up in my State we do not—I mean, excepting certain present public officials who howl for Federal relief instead of doing their own work. Generally speaking, however, the people of my State try to take care of distress there by their own local charities. I think in some places there is a disposition to lean too heavily on Washington; but that is a big question, and I do not mean to take the time of the Senate about it.

I merely want to explain why I hesitate to see us put on the statute books a provision that is tantamount to an invitation to treat the Army as if it were the Red Cross. It is not that I object to giving the relief where we can do it. I object to anything that looks as though that were the Army's primary function; and I am thinking a little bit in anticipation of the trouble that we are going to have to keep up the Army appropriation in this very Congress, where it has been cut to the very bone now. If we are going to have to cut another 10 per cent off it, God help the Army!

Mr. BLAINE. Mr. President-

Mr. REED. I yield to the Senator from Wisconsin.

Mr. BLAINE. I desire at this point to suggest to the Senator that I would not want to concede, by the passage of any law, that the Secretary of War has any jurisdiction in the premises under circumstances which, with the Senator's permission, I desire to relate.

The governor of a State is the commander in chief of the military forces of that State, the militia. In all cases of emergency—whether it be that of disturbance in the nature of a riot, a flood which drives people out of their homes without shelter, a forest fire that drives people from the area where they reside without shelter, or a tornado, where their homes are blown down, and they are without shelter—it seems to me that the governor, as commander in chief, has ample power, authority, and jurisdiction to requisition the quartermaster's department within his State—

Mr. REED. The Senator means, of the National Guard?
Mr. BLAINE. As a part of the National Guard unit,
which has possession and control of all Federal property,
such as guns, ammunition, trucks, spades, shovels, tents,

cots, sometimes food, and all the essential and necessary equipment to carry out the relief.

Now, as I understand the situation to be, and as I perceived it to be when I had the honor of being governor of my State, the governor has the right to requisition the use of that war material for those purposes; and the only responsibility of the State is that it see to it that the property in kind is returned to the possession of the Federal Government.

Mr. REED. The Senator is right as far as the property in the hands of the National Guard of the State is concerned.

Mr. BLAINE. I mentioned property that was in the control and possession of the quartermaster department that belonged to the Federal Government.

Mr. REED. The quartermaster's department of the National Guard of the State is under the control of the governor, and he has the power to use any of the material that is consigned to the National Guard practically as he pleases, subject to the property accountability to make it good later.

Mr. BLAINE. Exactly.

Mr. REED. He has not that power over property in the hands of the Federal Quartermaster's Department.

Mr. BLAINE. Yes.

Mr. REED. The Governor of New York, for example, could not seize all of the supplies on Governors Island at the Federal station there.

Mr. BLAINE. That was my conception also.

Mr. REED. But the Senator will see the difference between the procedure he has in mind and that which is contemplated by this bill. If the Governor of Oklahoma takes the blankets and the tents and the cots that have been issued to the Oklahoma National Guard, the State of Oklahoma will have to make them good; while, on the other hand, if they can be obtained from the Army of the United States, the State of Oklahoma gets the benefit, but it has not any liability at all. The burden falls entirely upon the Federal Treasury; and that, I take it, is the purpose of the bill.

If they wanted to use Oklahoma National Guard blankets and cots, they could have done it in an hour, but they would have to make them good later. Instead of doing that, they send to the Senators in Washington, and they telegraph the War Department, because while Oklahoma wants the relief, Oklahoma apparently does not want to pay for it. I take it that that is the situation.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I do.

Mr. THOMAS of Oklahoma. I think it is only fair to state, in response to what has just been said, that in my State the National Guard furnished all the equipment that it had available; but the camp at Oklahoma City wanted some stoves and field kitchens and a class of equipment that the National Guard does not possess, and that is the particular kind of equipment that was denied.

Mr. REED. I was not so informed. I understood that the National Guard in Oklahoma had an abundant supply to take care of the needs at that particular camp. However, be that as it may, I am going to agree, as far as I am concerned, that the committee may be discharged and the joint resolution go on the calendar with this report. Then, if the Senate wants to establish this policy, I can only cast my single vote against it.

Mr. President, I ask that the committee may be discharged and the joint resolution be placed on the calendar.

The PRESIDING OFFICER. The question is on the motion of the Senator from Pennsylvania.

The motion was agreed to.

The PRESIDING OFFICER. The joint resolution will be placed on the calendar.

#### EMERGENCY HIGHWAY CONSTRUCTION

Mr. HAYDEN. Mr. President, just before the Senate adjourned last evening I gave notice that at the first opportunity I intended to call up House bill 9642, to authorize supplemental appropriations for emergency highway construction with a view of increasing employment. Subsequently the Senator from Connecticut [Mr. BINGHAM] gave notice that he intended to call up the Philippine independence bill.

The authors of the Philippine independence bill, the Senator from Missouri [Mr. Hawes] and the Senator from New Mexico [Mr. Cutting], are not present in the Senate today. I have conferred with other members of the Committee on Territories and Insular Affairs; and while I have not spoken to all of them, I find only the chairman of the committee anxious to discuss that bill to-day. We have had the road bill before the Senate on two other occasions. Inasmuch as the revenue bill can not be considered to-day, I express the hope that a way can be found to devote the day to the discussion of the road bill; and if there is no filibustering against it, I am sure we can dispose of it one way or the other in the time that would be available.

I make this statement now because I understand that if I am not recognized, and the calendar is taken up, and a motion is made to take up a bill, the motion is not debatable and can not be amended.

Mr. BINGHAM. Mr. President, the other day the Senator from Missouri [Mr. Hawes] stated the present situation in regard to the Philippine independence bill, and the importance of having it considered at the earliest possible opportunity. I assured him that I would do everything in my power to bring it before the Senate, and let the various proposals for amending it be debated.

It appeared last night that there might be such a possibility to-day, and I stated that I would make an effort to get the Philippine independence measure before the Senate to-day. I now find that both of the authors of the bill, the Senator from Missouri [Mr. Hawes] and the Senator from New Mexico [Mr. Cutting], are absent, out of the city, the Senator from Missouri having been called to New York, and being expected to return to-morrow; that the junior Senator from Michigan [Mr. VANDENBERG], who had prepared a substitute, is not ready to offer his substitute and debate it to-day, and the Senator from Utah [Mr. King], who also has a substitute to offer, does not wish to take it up to-day. So that I will be in the embarrassing position, if I make the motion, of having to do most of the debating myself. I intend to offer only a few remarks in explanation of the measure, and in view of the fact that the authors of the bill are not here, and that the Senators who wish to discuss it are not present, or do not wish to have it taken up to-day, I shall not make the motion which I stated last night would be made.

# MESSAGE FROM THE HOUSE-ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

# PROHIBITION A MAJOR ISSUE

Mr. BINGHAM. Mr. President, I desire to call attention to an extremely interesting editorial appearing in the Washington Daily News to-day, an editorial appearing, I am informed, in all the papers of the Scripps-Howard Syndicate throughout the United States. It is signed by Robert P. Scripps, editor in chief. It is entitled "Meeting a Major Issue." I am going to ask unanimous consent that it be printed in the RECORD, but before doing so I should like to call attention to two or three very striking paragraphs from it. Mr. Scripps says:

The Scripps-Howard newspapers favor immediate modification of the Volstead Act, repeal of the eighteenth amendment, and

return of the liquor problem to the States for the following

Present statutory definitions of the alcoholic content of "intoxicating" beverages have no scientific basis in fact, while suppression of beer and wines creates a market limited to much more

harmful spirituous drinks.

Any Federal sumptuary legislation is at variance with the whole spirit of the Constitution, which is that of the widest possible degree of home rule.

### He goes on a little later:

The Scripps-Howard newspapers believe that Federal prohibition will properly be a major issue in every congressional election this year.

Various leading members of political parties have stated within the last few days that prohibition would not be a major issue, that it was not in politics, that it was being used only to becloud the major issues. The Scripps-Howard newspapers, however, believe it will be a major issue in every congressional election this year, and in the presidential election next November, for these reasons:

So long as this question, cutting deeply into the hearts of the people, cuts crosswise through each of our great political parties, as well as through progressive and liberal groups in Congress, the development of no sane and logical economic program by any party or group is possible. Until the question of Federal prohibition is settled, other progress, the routing of criminals, the clearing out of political corruption, waits throughout the country.

That the question is far from settled as it now stands, in spite of the eighteenth amendment and the Volstead law, is demonstrated by the expressed dissatisfaction of millions of people, as well as by the continued and "from bad to worse" drinking habits of the entire country.

The Scripps-Howard newspapers have supported the legislative activities and extolled the characters of outstanding statesmen like, for instance, Senators Norris, Costigan, and Walsh of Mon-

activities and extolled the characters of outstanding statesmen like, for instance, Senators Norris, Costigan, and Walsh of Montana, whose political fights have always been fights in the interests of the common man and of public decency, but who are known as drys. Certainly we will support no spineless or simple "organization" office seekers against men of this character, in any case where an editorial opinion is demanded.

Nevertheless, other things being equal or nearly equal as in

Nevertheless, other things being equal, or nearly equal, as in the Pennsylvania case, it will be the policy of these newspapers to point out, with respect to each of this year's congressional and senatorial candidates, that his vote in the near future on prohibition will probably be the most important vote he will ever cast in the new Congress.

I ask that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

# MEETING A MAJOR ISSUE

The Pittsburgh Press, a Scripps-Howard newspaper, nounced its support of Senator and ex-Secretary of Labor James J. Davis in the Republican senatorial primary in Pennsylvania. In the past the Pittsburgh Press, and other Scripps-Howard newspapers, have opposed the brand of conservative and stand-pat party politics with which Davis has been identified, in his State and at Washington.

In this instance Senator Davis has declared himself as favoring In this instance Senator Davis has declared himself as favoring modification of the Volstead Act and repeal of the eighteenth amendment. His opponent, the colorful Gen. Smedley D. Butler, of Marine Corps and Philadelphia Police Department fame, is a well-known 100 per cent prohibitionist, and is chiefly supported by a no less prominent prohibitionist, Gov. Gifford Pinchot.

As Senator, Davis voted for, and Pinchot and his friends advocated, direct Federal relief for the unemployed. On this matter that two candidacies are nitched apparently, on even ground.

the two candidacies are pitched, apparently, on even ground.

The Pittsburgh Press expresses no overweening enthusiasm for the mental stature or political courage of Candidate Davis. At the same time, its editors have reason to distrust the attitude toward civil liberties of Candidate Butler, which, from speeches he has made in the past, embraces the military and autocratic rather than the American and democratic ideal.

From the above it is obvious that, to the editors of the Pittsburgh Press, the outstanding question involved in the present contest is that of prohibition. This is the issue that is thought paramount.

Wherever other elements of character and public policy permit, this is the stand that other Scripps-Howard newspapers may be expected to take.

expected to take.

And with good, and sufficient, and well-considered reason.

The problem of amending, if not repealing, oppressive Federal prohibition laws has passed out of the realm of academic debate and into the sphere of quite possible political action. In the recent wet-dry test vote in the House of Representatives, 21 reversed votes would have meant a prohibitionist defeat.

This possibility, which becomes almost immediate by reason of the elections this fall, tinges our whole political horizon. Every Congressman and Senator to be elected this year will undoubtedly have the opportunity and the duty, during his term of office, to cast a vote on prohibition that will really count.

Heretofore this situation has not seemed to exist. To-day it dictates only one possible honest course—to meet the issue, and to meet it squarely.

The Scripps-Howard newspapers favor immediate modification of the Volstead Act, repeal of the eighteenth amendment, and return of the liquor problem to the States for the following

Present statutory definitions of the alcoholic content of "intoxicating" beverages have no scientific basis in fact, while suppression of beer and wines creates a market limited to much more harmful spirituous drinks.

Any Federal sumptuary legislation is at variance with the whole spirit of the Constitution, which is that of the widest possible

degree of home rule.

Proven ineffective in practice, Federal attempts to enforce the prohibition laws infringe the police powers of the States.

While liquor, some of it poisonous, flows freely everywhere, the While liquor, some of it poisonous, nows freely everywhere, the Federal Government foregoes vast sums of revenue from its taxation and is put to enormous futile expense, the whole making up a large part of the present burden of taxpayers. So Federal prohibition goes to the very heart of the present economic crisis.

It is the profits of bootlegging and liquor smuggling that are the "sinews of war" for the major "rackets" that actually threaten our civilization to-day, from kidnaping and banditry to bellot, how stuffing and police corruntion.

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So long as this question, cutting deeply into the hearts of the people, cuts crosswise through each of our great political parties, as well as through progressive and liberal groups in Congress, the development of no sane and logical economic program by any party or group is possible. Until the question of Federal prohibi-tion is settled, other progress, the routing of criminals, the clearing

out of political corruption, waits throughout the country.

That the question is far from settled as it now stands, in spite of the eighteenth amendment and the Volstead law, is demonstrated by the expressed dissatisfaction of millions of people, as well as by the continued and "from bad to worse" drinking habits

of the entire country.

The Scripps-Howard newspapers have supported the legislative activities and extolled the characters of outstanding statesmen activities and extoled the characters of outstanding statesmen like, for instance, Senators Norris, Costigan, and Walsh of Montana, whose political fights have always been fights in the interests of the common man and of public decency, but who are known as drys. Certainly we will support no spineless or simple "organization" office seekers against men of this character in any case where an editorial opinion is demanded.

Nevertheless, other things being equal, or nearly equal, as in the Pennsylvania case, it will be the policy of these newspapers to point out, with respect to each of this year's congressional and senatorial candidates that his vote in the near future on prohibition will probably be the most important vote he will ever cast in the new Congress.

ROBERT P. SCRIPPS.

Mr. BINGHAM. Before taking my seat, Mr. President, may I say that I hope it will be possible for the Committee on the Judiciary to bring to the floor of the Senate one or more of the various resolutions with regard to the repeal of the eighteenth amendment now before that committee? I hope it will not be necessary to pass on the question of discharging the committee, as was suggested yesterday.

The senior Senator from Nebraska [Mr. Norris], the chairman of the Committee on the Judiciary, has very courteously appointed subcommittees to consider the various features connected with the eighteenth amendment and the possible adoption of additions to the fifth amendment to the Constitution. It is a matter of regret that the subcommittee in charge of the resolutions to repeal have not as yet found it possible to hold hearings on this question or to take up the matter as to which one of the resolutions they would recommend, if any. I do hope that in the very near future this matter may come before us, for I agree entirely with the views expressed by Mr. Scripps in this editorial, that it is one of the major issues now confronting us, and until we get this matter settled it is going to be extremely difficult for the two great political parties to align themselves on various economic issues and get adequate returns from the voters in regard to them.

To-day many voters regard the prohibition question as the most important thing before the country, and they will vote accordingly. Some great organizations have held that they will oppose any candidate of either party favoring repeal or modification. Other great organizations have stated the opposite, that they will oppose any candidate of either party who is in favor of prohibition.

Recent votes in the House of Representatives and in the Senate showed that the question has very evenly divided the political parties. The Republican Party has only a slightly larger number of votes favoring repeal or modification, as shown by the House vote and by the Senate vote, and by the letter to the Judiciary Committee signed yesterday, which shows the unfairness of attempting to keep this matter in concealment, and the necessity for bringing it out and having it settled once and for all, in order that the two great political parties may proceed, each in accordance with its own political philosophy, and not have its representatives defeated by reason of their views on a matter of sumptuary legislation.

# EMERGENCY HIGHWAY CONSTRUCTION

The PRESIDING OFFICER. The calendar, under Rule VIII, is in order. The clerk will report the first bill on the calendar.

Mr. HAYDEN. Mr. President, if it is in order at this time, I move that the Senate proceed to the consideration of House bill 9642, to authorize supplemental appropriations for emergency highway construction with a view to increasing employment.

Mr. FLETCHER. Mr. President, may I inquire what has become of the call of the calendar?

The PRESIDING OFFICER. The Chair will state to the Senator from Florida that we are on the calendar under Rule VIII, and the motion of the Senator from Arizona is in order. The question is on agreeing to the motion that the Senate proceed to the consideration of House bill 9642.

The motion was agreed to, and the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The clerk will state the pending amendment.

The CHIEF CLERK. The pending amendment is the amendment offered by the Senator from Connecticut IMr. BING-HAM], on page 2, line 1, to strike out the period, insert a comma and the following words: "except that such apportionment shall be wholly on the basis of population."

# PRICES OF WHEAT AND COTTON

Mr. BLACK. Mr. President, I send to the desk and ask to have read a telegram from Mr. H. S. Long, of Montgomery, Ala., and a letter from Mr. T. K. Lee, of Birmingham, Ala., in connection with a subject of vital interest to every man here who represents an agricultural State.

It seems to be the prevailing opinion that the conduct of the Department of Agriculture in the last two weeks has been responsible for the decrease in the prices of wheat and of cotton. These two gentlemen have set forth very clearly the reasons for their complaints, and I send the communications to the desk and ask to have them read. I invite the attention of every Senator here from an agricultural State to these communications.

The PRESIDING OFFICER. Without objection, the clerk will read.

The Chief Clerk read as follows:

MONTGOMERY, ALA., March 23, 1932.

Senator Hugo BLACK:

For humanity's sake prevail Farm Board or the President give some pointed constructive advice tending bolster rather than destroy further price cotton since announcement board recently. Your constituents have and are suffering sinking prices, adding to already despondent circumstances.

H. S. LONG.

BIRMINGHAM, ALA., March 18, 1932.

Senator Hugo BLACK,

Washington, D. C.
DEAR SENATOR: If our Senators could grant the wishes of all their constituents they would be miracle men, I know. But in times like these, as Brisbane said this morning, somebody, somewhere, soon, with some sense must do something. The people can do nothing, as it is not in their hands. They can vote, and

In the past two days the American wheat market has declined about 5 cents per bushel. Wheat is down 7 cents per bushel in a week. Mr. Milnor, head of the so-called Grain Stabilization Corporation, left for Europe, and possibly sold wheat short before he left, and the word leaked around that he was going over to try and sell 50,000,000 bushels of Farm Board wheat—in competi-

tion, of course, with the poor, deluded farmers over here who still have wheat to sell. Same thing applies to the Farm Board's cotton holdings. One flasco follows another, until the shadow of downright disaster hangs over the land. I'm no alarmist, but some of the most foolish things I've ever heard of have been done by the administration of late. The antihoarding campaign but called to the attention of everybody that the Government itself was in a panic, and the net result has been that conditions in the past week have grown rapidly worse in every line.

done by the administration of late. The antihoarding campaign but called to the attention of everybody that the Government itself was in a panic, and the net result has been that conditions in the past week have grown rapidly worse in every line.

It is to be hoped that Congress will promptly pass a bill to impound the wheat and cotton holdings of the Farm Board indefinitely, or until prices for wheat reach a reasonable figure, and cotton the same, say 85 cents for wheat and 10 cents for cotton, or 12 cents. If this can be done quickly, agriculture can take heart, and with it looking up the rest will follow. Instead of competing with the world markets to sell wheat our Government owns at the expense of the farmers of the West—and as to cotton, the farmers of the South—the Government should announce to the world at large that it would not sell one dollar's worth until prices were back to something akin to normal.

prices were back to something akin to normal.

I hope you will sponsor such bills, if any are not pending; and if pending, that you will lend your earnest support to have them

passed promptly.
Yours very truly,

T. K. LEE.

Mr. BLACK. Mr. President, in connection with the letter just read I desire to state that I have been informed that a bill is pending before the Senate Committee on Agriculture and Forestry, a bill introduced by the junior Senator from Oklahoma [Mr. Gore], which would require the impounding of the wheat and cotton holdings for a certain period of years. Whether there has been any action on that bill by the committee or not I am not informed. Whether it is likely to be acted on soon, I am not informed. But all of us know that the constant holding over the market of a threat to dispose of this vast holding of wheat and cotton is bound, naturally, to be injurious to the prices of wheat and cotton throughout the world. They have gone down, just as was stated in the letter just read.

It is reported in the press—and, perhaps, the Senator from South Carolina can inform us whether or not this is correct—that the Secretary of Agriculture has sought within the last week to bring about a diversion of the \$200,000,000 appropriation authorized by this body from the purpose for which it was originally intended, for loans to farmers, to provide for the sale of wheat to countries in the Far East. I would like to find out from the Senator from South Carolina, if I can, whether that statement is correct or not?

Mr. SMITH. Mr. President, I have been approached by those who are in direct contact with the Department of Agriculture, and my information is that a proposition was made to take \$100,000,000 of the \$200,000,000 allocated for crop purposes and to purchase from the Farm Board a certain amount of cotton and a certain amount of wheat and to dispose of it in the Orient—and, of course, to dispose of it on credit—and to leave the Farm Board the remaining \$100,000,000. The Senator is correct that this proposal is still being agitated, as I had a conference this morning with one connected with the Government along the same line, and when the Senator has concluded his remarks I should like to take the floor for a sufficient time to explain just what is involved.

Mr. BLACK. I shall yield the floor in just a moment. Before doing so I would like to ask the chairman of the Committee on Agriculture and Forestry [Mr. McNary] whether or not any date has been set for hearings on the bill introduced by the junior Senator from Oklahoma [Mr. Gore] with reference to impounding the wheat which is now held by the Farm Board?

Mr. McNARY. Mr. President, I am not familiar with the bill, but I believe it is the bill to impound a large quantity of Stabilization Board wheat. That bill has been referred to a subcommittee of which the Senator from North Dakota [Mr. Frazier] is chairman. May I ask the Senator if he is studying the bill of the junior Senator from Oklahoma [Mr. Gore] to impound certain wheat owned by the Stabilization Board?

Mr. FRAZIER. Mr. President-

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Dakota?

Mr. BLACK. Certainly.

Mr. FRAZIER. The subcommittee was appointed by the chairman and a hearing was set for Friday or Saturday of last week. On the morning set for the hearing I received a letter from the junior Senator from Oklahoma [Mr. Gore] stating that he would reintroduce the bill with an amendment or modification. It was then decided that there would be no further hearing held on that measure until the bill was reintroduced and Senators given opportunity to study it and know what it is.

Mr. KING. Mr. President-

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. BLACK. I yield.

Mr. KING. In view of the evidence which has been presented before the committee and indeed before the Senate as to the deterioration of impounded wheat, the large expense involved in maintaining insurance and other costs amounting to nearly a million dollars a year, I believe, I want to ask the Senator if it would not be better to give the wheat away than to impound it indefinitely with this constant expense and with the deterioration which will mean in a little while that the wheat will cease to have any value whatsoever?

Mr. BLACK. Mr. President, it was not my intention at this time to discuss the merits or demerits of the question, but merely to find out the legislative situation. It is certainly true that one of the worst things that can happen to the market is to have held over it constantly a threat such as is held over the market with reference to wheat and cotton. I desired to invite the attention of the Senate to this letter, and particularly I desired to invite the attention of the Senator from South Carolina [Mr. Smith] to the proposition I have suggested with reference to the attempt to divert the appropriation of \$200,000,000 from the purpose for which it was intended, with the evident purpose to injure the cotton and wheat markets of the farmers of the country.

Mr. SMITH. Mr. President, the Senate is, of course, familiar with the resolution which I introduced and which I later submitted as an amendment to the Reconstruction Finance Corporation bill and which became a part of that measure. That amount is now \$200,000,000. When the Senate adopted the \$50,000,000 proposition and it went to the House, the final wording adopted by the conferees made it possible for the \$200,000,000, which was in the original proposal, to be made available. But there was some question in the beginning as to whether the \$50,000,000 was not all that could be obtained. The Department of Justice held that it would be 10 per cent of the remaining \$1,500,000,000 as well as the \$50,000,000 out of the direct appropriation of \$500,000,000.

It was stated by representatives of the Department of Agriculture that the \$50,000,000 was a mere bagatelle. After the amount was increased to \$200,000,000 they said it was entirely too much, and that it would be a physical impossibility to administer it. The money was appropriated to give credit to the farmers who had no other source of credit and who had no other collateral than the current crop which they were then producing. The information has been pretty widely given out that \$100,000,000 would be sufficient, and that there will be taken from the \$200,000,000, the other \$100,000,000 for the purpose of purchasing \$50,000,000 worth of wheat and \$50,000,000 worth of cotton, and shipping it to some uncompetitive market so as to get rid of the large surplus here. Some of my colleagues may know where on the habitable globe there is an uncompetitive market for \$100,000,000 worth of wheat and cotton. It certainly would be an indictment of the traders of the country if there should be found such a market that they had overlooked.

Let us review the history of this matter just a moment. Last year the proposal was made that the Stabilization Board would hold 1,300,000 bales of cotton, which they owned; the cooperatives were to hold 2,000,000 bales of cotton, which they owned; and the bankers were asked in their convention at New Orleans to match it by holding for the interest of the farmer 3,500,000 bales of cotton. That agreement was entered into. It is understood that there is ap-

proximately 7,000,000 bales of cotton, which is impounded by the Government and by the patriotic bankers to be held until the 1st day of August, 1932, at which time it will be definitely known how much acreage reduction there is, voluntary and forced. It will be definitely known what the prospect is for probable yield.

That cotton is held out, and the trade, understanding that there are 7,000,000 bales out of the surplus which will not in any event reach the market until August 1 next, has adapted itself to that situation. I am not familiar with the wheat situation, but I interviewed the Farm Board, and found that they had entered into an agreement or had a gentleman's understanding with the trade that they were to dispose of the surplus wheat in stated amounts at stated times. My memory is not very positive, but I venture it that about what was agreed upon was that 5,000,000 bushels per month is to be so disposed of. The trade has adjusted itself to that condition. Now comes the proposal to take out of the surplus 1,250,000 bales of cotton and 150,000,000 bushels of wheat and dump it on the market wherever a place can be found on credit, risking whether or not the Government will be reimbursed but furnishing the board with \$100,000,000 purchase money.

That in a word is what has been proposed. What is the result? Wheat has broken between 7 and 10 cents a bushel. The trade has adjusted itself to the understanding that 5,000,000 bushels a month would be put upon the market. Here comes a proposal to dump on the market somewhere, somehow 150,000,000 bushels of wheat. The trade was adjusting itself to the impounding of the cotton, with a definite time fixed at which they as well as the Government would have more light on the situation, and here comes a proposition to take 1,250,000 bales and turn it loose on the market. The inevitable result of this agitation has been to break the price of cotton and the price of wheat.

In justice to myself I want to say that when the proposal was made to me I said in the first place that I would never agree to have one dollar of this farm production fund diverted from the object for which it was appropriated. It was appropriated for the purpose of giving credit to those who had no other basis of credit except this, and who produced in the aggregate the cheap food and raw material that is converted into finished products at high manufactured prices. Now, to take 50 per cent of that which was appropriated for all the distressed farmers of America and go down and buy that which is impounded and held off the market for their benefit and turn it loose on the market is something that I shall not under any circumstances approve. They want to turn it loose on the market in order to do what? In order to deflate and take from those who are needy \$100,000,000.

To everyone who approached me I said the thing was entirely impractical; not only impractical but that it was not good business. It is unthinkable in the present distressed condition, when the Government has invested its money and private individuals have invested their money in order to assure the trade that a great volume of cotton and wheat might not be poured upon the market at the expense of the weak, distressed producer, but held by a strong hand hoping for a time when the markets would be in a better condition. Yet now comes the threat that perhaps the entire amount will be dumped on the market somewhere and somehow.

Mr. KING. Mr. President-

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield.

Mr. KING. I am afraid the able Senator from South Carolina has forgotten something this morning. He should remember the monumental blunder of the administration in forcing upon the country the Farm Board, which was to cure all the ills of the farmer. That monumental blunder having been committed, it is uncharitable for us now not to try to cover it up and help the administration get out of a hole. Let us take the money away from those who pro-

duce and appropriate it for the purpose of relieving the Farm Board of its difficulties and to help cover up its maladministration.

Mr. SMITH. That question will be thoroughly discussed and thoroughly threshed out when we conclude the investigation, which has already been ordered before the committee, as to what the Farm Board has done and what everybody else connected with it, both private and public, has done. When we have all the facts we will evaluate and apportion the blame wherever it belongs.

In conclusion I want to state that when this matter was brought to my attention I was amazed that those who had cooperated with myself and others, in the Government and out of the Government, to try to relieve the market of this huge surplus in the way that ultimately might aid the producer, now in this the very crux of the depression should present such a proposition. As I said, it was proposed to take the \$100,000,000 out of that which was appropriated by the Government to aid the distressed producer, who was not asking for the money to create more surplus but was asking for enough to keep soul and body together on his farm, to make something for himself and those who were dependent

God knows it was a terrible thing that they were restricted to \$400 per family-think of that, Mr. President!-when we were voting \$2,000,000,000 in order to keep the prices of stocks and bonds from going down to a point which might jeopardize the dividends of those who made their crops out of dividends. What a pitiable thing that under those conditions we were not willing to give the farmer a tithe, \$200,-000,000 out of the \$2,000,000,000, for those who feed and clothe us and they who have been cut down to \$400 per

Mr. BLACK. Mr. President, will the Senator from South Carolina yield to me?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield. Mr. BLACK. The Senator says that some one came to him and made an effort to divert this fund which was appropriated for the purpose of aiding small farmers. Is the Senator willing to state who it was that attempted to divert

Mr. SMITH. I have been approached by members of the Reconstruction Finance Corporation. Mr. Dawes spoke to me on the subject and Mr. Harvey Couch spoke to me. The Secretary of Agriculture has not yet done me the honor to do so, but in the press he has, over his signature, stated that he wanted \$100,000,000 of this fund for the purpose of diverting it to buying cotton and wheat.

Mr. BLACK. May I ask the Senator if the object of that is to dump a large portion of the existing wheat and cotton on the market and thereby further to depress the price?

Mr. SMITH. The mere agitation of the subject, the mere discussion of it, as I stated in the beginning of what I have had to say, has broken the price of wheat something like 10 cents a bushel and the price of cotton something like half a cent a pound. I am amazed at the proposition even being discussed, in view of the obvious disastrous effect upon the market and the consequent discouragement of every wheat and cotton grower in America its discussion would cause.

I hope, Mr. President, that Congress will take cognizance of this effort and see to it that not one dollar shall be appropriated for the purpose of putting on the market a commodity that it was agreed should be impounded.

### COMMITTEE HEARINGS ON PROPOSED WHEAT AND COTTON LEGISLATION

Mr. FRAZIER. Mr. President, my attention has been called to the fact that the Senator from Oklahoma [Mr. Gore] last Monday, the 21st instant, introduced his new bill (S. 4168) to regulate the sale of wheat owned or financed and controlled by the Federal Farm Board, and for other purposes. He also introduced a similar bill. Senate bill 4167. relative to cotton. I wish to announce that hearings will be held upon those bills just as soon as a date for that purpose can be arranged.

### EMERGENCY HIGHWAY CONSTRUCTION

The Senate resumed the consideration of the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Connecticut [Mr. BINGHAM].

Mr. HAYDEN. Mr. President, the pending amendment, as I said last Monday, proposes fundamentally to change the division of Federal-aid funds. The Federal aid act, which was passed in 1916 after many years of agitation and discussion, provides that Federal aid shall be apportioned among the States according to area, population, and mileage of post roads. This amendment proposes that the money shall be apportioned according to population only. The proposal was presented to the House of Representatives and was rejected there. The amendment should also be rejected by the Senate. I ask for a vote.

Mr. BINGHAM. Mr. President, will the Senator from Arizona yield to me?

Mr. HAYDEN. I yield.

Mr. BINGHAM. I am sure the Senator from Arizona does not mean to say that that matter was presented to the House of Representatives and rejected?

Mr. HAYDEN. I distinctly remember reading in the Congressional Record that there was debate on this very proposal in the House of Representatives.

Mr. BINGHAM. The proposal was before the House, but before there was any debate on it the occupant of the chair at the time, the House being in Committee of the Whole, ruled that it was out of order. Therefore there was no opportunity to take a vote on it.

Mr. HAYDEN. I stand corrected. I now realize that the Senator from Connecticut is right in that statement.

Mr. VANDENBERG. Mr. President, I can summarize my objections to this so-called unemployment relief bill in a very few sentences.

First, it seriously belies its title. It is not primarily an unemployment relief bill at all. It uses unemployment relief as an excuse to launch a new highway program for the States, exclusively at present Federal expense. It is 95 per cent highway and 5 per cent relief. That is my first objection. The bill is not what it pretends, and what the people of the country will be given to believe it promises.

Second, if it aims at unemployment relief, Mr. President, it should frankly admit it by a change in its allocation of its funds so as to send these funds proportionately where the unemployment exists. Instead of that, its method of distribution actually penalizes those States with the heaviest unemployment burden. This amazing challenge will not be controverted. My own analysis of the arithmetic of the bill confirms the prejudicial conclusions already submitted by the senior Senator from Connecticut [Mr. Bing-Mam] which prove the distribution to be wholly inequitable. My own figures, Mr. President, show that 13 States which suffer 67 per cent of the contemporary unemployment will pay 84 per cent of the appropriation involved in this bill and then get back but 32 per cent of the bounty. A pretty bargain indeed for the unemployed!

Ordinarily comparisons of this nature are invidious and inappropriate, and I would never normally make them, but this is supposed to be an unemployment relief measure. Bear that in mind. It is relevant, therefore, and competent and conclusively material to understand that the States with the greatest unemployment will suffer an actual net loss in their unemployment resources, if this bill should be passed. That is my second objection. My own State of Michigan, for example, will be several million dollars worse off in its net resources with which to meet its own unemployment problem, if this bill becomes a law.

Third, if this bill be taken for what it actually is, namely, a new and extended Federal-aid highway subsidy on a basis of unprecedented generosity for the benefit of some of the States at the expense of others, then it is entirely unjustified in the face of the existing \$2,000,000,000 Federal

deficit which we have not as yet conquered. This bill wipes out in one stroke at least eight times all the heroic economies ordered by the Senate in its recommital of the last two appropriation bills to the Appropriations Committee. That is the third reason why I am opposed to it. It is reason enough if there were no others.

The amendment submitted by the Senator from Connecticut will partially correct the inequalities; and then if the Senator from Tennessee, consistent with his attitude on other recent matters, should suggest that the authorization be reduced horizontally 10 per cent, that would better the situation. But even if both amendments were to prevail, the fundamental inequity would still heavily exist, and the fact would still remain that this is inherently a road bill and not an unemployment relief bill, and under the existing fiscal circumstances is not entitled to the approval of the United States Senate. The fact would still remain that the bill would continue actually to penalize the resources of those States which confront the heaviest unemployment problem. The fact would still remain that there is no rational warrant for the present proposed expansion of any such Federalaid program and for the proposed heavy addition to the deficit and thus to the new tax with which this mounting deficit must be met.

Mr. HAYDEN. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Arizona?

Mr. VANDENBERG. I yield.

Mr. HAYDEN. I shall be greatly obliged to the Senator from Michigan if he will point out to the Senate the distinction between this bill and the emergency public works bill which became a law on December 20, 1930. That is the act of Congress upon which the pending bill is modeled. What change has there been in the situation whereby, although the Senator could vote in December, 1930, for a Federal-aid highway appropriation, he can not vote for an almost identical proposal now?

Mr. VANDENBERG. It is precisely the same kind of a bill; but, Mr. President, the situation which the Treasury confronts to-day is totally different.

Mr. HAYDEN. Is that the only objection which the Senator has to the bill?

Mr. VANDENBERG. That plus the fact that the unemployment situation is totally different.

Mr. HAYDEN. Are there fewer unemployed in the United States to-day than there were in 1930?

Mr. VANDENBERG. No; but they are concentrated, Mr. President, to-day in even larger measure than ever before in the precise spots from which this bill would take most of its funds without comparable returns to them in any compensatory degree.

Mr. ODDIE. Mr. President, I differ absolutely with the Senator from Michigan [Mr. VANDENBERG] in the statement which he has made. We have heard a number of times on this floor recently suggestions that the bill is not equitable. The Senator from Connecticut [Mr. BINGHAM] has made the statement that the provisions of the bill are not equitable when it comes to distributing unemployment relief over various sections of the country in that the large, populous centers will not get as much benefit as will the smaller communities. That, Mr. President, is not the case, because it has been shown here time and again that from 75 per cent to 90 per cent of every dollar expended on road building goes to labor, and that for every man working on the road two men are employed behind the lines in manufacturing establishments, in making materials that will be used on the roads, in the coal mines and in the oil fields, and so on down the line. So numerous industries will be benefited by the passage of this bill, and a larger proportion of men from the more populous centers will be given employment than has been stated.

Another provision of the bill which will help the unemployment situation in the large centers is the removal of the limitation as to money being expended in towns of over 2,500 population by an amendment in this bill. That will enable cities of size to employ large numbers of men on road-

building programs. The limitation of so many dollars per mile has also been removed by an amendment to this bill. This will also help solve the unemployment problem in the larger centers of population.

Mr. President, as the Senator from Arizona [Mr. Hayden] has stated, practically the same problem was before us last year and helped by the emergency road bill which passed, only not in as intense form; there were many men unemployed last year, but to-day there are millions more unemployed. It is necessary to pass this bill in order to start the wheels going and to help get us out of the bad mess in which we are to-day in this whole country.

I do not believe in this eternal pessimism, in constantly saying that we must cut our expenses and close down here and close down there, which will result in throwing tens of thousands more men into the ranks of the unemployed, in creating more suffering, and more distress. Why not have a little bit of optimism and start the wheels of industry turning by putting men to work again instead of shutting down when it is not necessary?

According to the figures we have received, which are reliable, over 800,000 men will be put to work by the passage of this bill, and 2,000,000 people, including the families, will benefit by it. It will mean helping to start the wheels of industry again.

Mr. President, I hope this bill will be passed.

Mr. BINGHAM. Mr. President, during the past two weeks we have heard a great deal about the necessity for balancing the Budget and about the necessity for cutting down appropriations. Within the past 10 days the Senate has twice voted to cut down great appropriation bills which, in the first place, have been carefully studied by the departments: in the second place, by the President, anxious to keep expenses down; in the third place, by the Bureau of the Budget, determined to cut things to the bone; in the fourth place, by the House of Representatives, cutting off here and there a million or more; and, finally, the Senate itself has sent the Interior Department bill and the bill for the Departments of State, Justice, Commerce, and Labor back to the Appropriations Committee with directions to report the bills back to the Senate with an aggregate cut of 10 per cent on the amount allowed by the House.

Unquestionably those actions of the Senate, in which I concurred, will cause a great deal of suffering among the bureaus. They will cause diminution of employment. They will cause loss of certain important governmental activities if made into law; but the Senate, I believe wisely, took the position that in view of the present condition of the National Treasury it must be done. By a vote of 50 to 29 yesterday the Senate took that attitude and sent back to the committee the bill for the Departments of State, Justice, Commerce, and Labor.

To-day we are asked to pass a bill which is intended to provide immediately an expenditure by the Federal Government during the year 1932 of \$266,000,000. No one says where this \$266,000,000 is to come from. There is no provision in the bill for raising the revenue by taxing automobiles or gasoline or oil or any business that is particularly benefited by the building of the roads. On the one day we cut off from four important branches of the Government 10 per cent of the amount which the House thought they ought to have—and the House is in an economic mood—and on the very next day we are urged to pass a bill to indulge in a road-building orgy to the tune of \$266,000,000.

It is true that the bill carries only \$120,000,000 for Federal aid to the States and \$16,000,000 for Indian trails, forest roads, and so forth; but the object of the \$120,000,000 which is to be given to the States is to enable the States to come back to the Federal Government and say, "Now we are ready to take an additional \$120,000,000 that you have agreed to give us if we could match it." Talk about this being in line with the original Federal-aid project, the argument made by my distinguished friend from Arizona [Mr. HAYDEN]. Why, Mr. President, if it were not sad, it would

be ludicrous to say that we ought to pass this bill because the original Federal-aid project was on this basis.

Under the original plan the Federal Government says to the States, "If you want to spend a lot of your taxpayers' money in building roads in your State we will match it, dollar for dollar, up to a certain amount which has been allowed by Congress.

"If your taxpayers feel that they do not want to be taxed for this purpose; that the roads are good enough to go through the winter or through this year or next year; that they do not want the additional assessment against real estate that would be necessary; that they do not want the State to issue bonds and put additional burdens of paying interest on the citizens of the State, then you need not do it, and you need not have this money, and you need not accept this burden, except that your taxpayers will have to share in paying their part of the general appropriation."

That is the original plan. That is the plan that we have seen go on from year to year. This bill, however, says to the State, "Your taxpayers do not want to match Federal aid. Your taxpayers are overburdened already. Your taxpayers do not want additional bonds issued. Your taxpayers do not want additional assessments placed against real estate. Your taxpayers think that your roads are good enough, and the best they can afford at present. Very well. We will bribe you to put your taxpayers 'in the red' in years to come. Here is some money which you can have from us now with which to induce us to give you some more money which you can spend now, and which later on your taxpayers will raise when they do not know what is happening." In the meantime, this bill says that the Federal Government is ready to spend, in 1932, \$266,000,000.

Mr. President, as was pointed out yesterday, during the past 12 months the Federal Government has spent twice as much as it has received. The Treasury Department reports that receipts from taxation from all sources during the 12 months from March 1, 1931, to February 29, 1932, were \$2,629,557,267, and the total expenditures during the same period were \$5,161,594,000. In other words, during the past 12 months we have been spending twice as much as we have been receiving.

How have we done it? We have done it by borrowing, by putting the burden on the future. We had to do it that way. We could not let our bills go unpaid. So I asked the Treasury Department, "How much borrowing have we been doing? How much borrowing will it be necessary to do before the end of this fiscal year?" The reply is that the probable borrowing of the Federal Government during the fiscal year 1932, ending June 30 of this year, is \$2,575,-000,000. Two billion five hundred and seventy-five million dollars will have to be borrowed in this fiscal year, and in the last fiscal year we had to borrow \$900,000,000! In other words, by the end of this fiscal year we will probably have borrowed three and a half billion dollars, which the taxpayers of the United States will eventually have to pay and on which they will have to pay interest until the principal is paid.

With that staggering burden in front of us, Mr. President, the proposal offered here to-day suggests that we borrow \$266,000,000 more—that is only a little amount, just a mere bagatelle in the face of the amount we have already borrowed—in order, forsooth, to give immediate relief to unemployment! I may mention that that \$266,000,000 is a million dollars a day for the next nine months, and it has to be met by borrowing. It can not possibly be met by additional taxes. The House of Representatives to-day is struggling with proposals as to how it is going to raise additional taxes so that we may somewhere nearly balance the Budget. They have not yet succeeded in solving the problem.

In view of this, it does seem to me that this is no time to go ahead with the road program. It does seem to me that it is extremely bad policy to go far beyond what the Government has ever done before in handing out with one hand

and putting in the pockets of the States the money which they can transfer to the other hand and come back to us and let us pass it out on that side. In other words, we take \$120,000,000 out of this pocket and say to the States, "Now, you just hand it back to us here, and we will double it and give to you \$240,000,000 out of that pocket." It is a hocuspocus. It is based on the fact that there are millions of unemployed, and we would like to give them employment.

If we could have this bill in such form that the expenditure would be equally divided among the States in proportion to the numbers of their unemployed, the bill might have some justification, although even in that case, as the Senator from Michigan [Mr. Vandenberg] has eloquently pointed out, the States that would have to pay the bill eventually would receive only one-half of the benefits from it. It is far cheaper for them, far better for their taxpayers, to raise that money and use it to employ their own unemployed than to give it to the Federal Government to distribute among the States that pay the smaller part of the taxes.

I do not intend at this time to discuss further the distribution of the taxes and the distribution of the expenditures; but I do want to call attention to the fact which I mentioned the other day, that unemployment is distributed throughout the United States very closely in proportion to population. The percentage of the total unemployed in various States is about the percentage of the population of those States to the total population of the Union. That is not entirely accurate; but it is a very much fairer method of considering this matter than the one in the bill now before us.

Under the bill now before us, the relief obtained by the laboring men whom the Senator from Nevada pictures as wanting to work on the roads and work in the transportation department behind the roads, and so forth, is extremely inequitable. According to the figures received from the governors about the amount of unemployment which they calculate now in their States, the State of Arizona, so ably represented by the Senator who has just addressed us, would receive \$88 per capita-or twice that amount when they have matched the Federal aid with this money that the Government is supposed to let them have in order that they may match the other side of the bill. Compare the \$88 which Arizona gets under this bill with \$9 which California gets and \$9 which Connecticut gets, with \$5 which Illinois gets, with \$21 which new Hampshire gets, with \$32 which New York gets, with \$5 which Pennsylvania gets. There are other States where the contrast is far more striking. For instance, the State of Nevada gets for its unemployed a per capita allowance of \$631 as contrasted with Illinois's \$5, and Pennsylvania's \$5, and Connecticut's \$9.

If this amendment is adopted, it will make a difference in the distribution of the money; and that distribution has been worked out in the House by Mr. Ketcham, who originally offered this amendment which was ruled out of order and may be found on page 4861 of the Record. Perhaps it will interest some to know exactly what difference it makes.

If the amendment is adopted and the money is distributed in accordance with population, Alabama will receive a little more than under the present law. Under the present law, she would receive \$2,550,000; and under the proportion by population she would receive \$2,640,000.

Arizona, naturally, would receive far less. Under the present law, she would receive \$1,762,000. If divided in accordance with population, she would get only \$480,000, or \$1,300,000 less.

California would get a little bit more. Under the present law, she would get \$4,600,000. If divided according to population, she would get \$5,520,000.

Colorado would get very much less. Under the present law, she would get \$2,255,000. If divided according to population, she would get \$960,000.

I shall ask that this table be printed in the Record; so I will not read all the figures, but only call attention to one or two of the more striking ones.

The VICE PRESIDENT. Without objection, it is so ordered. The table is as follows:

Amount each State would receive of an apportionment of \$120,-000,000, using the percentages of the regular 1933 apportionment, also taxes paid and population

State	Per cent tax paid	Preportion by tax paid	Present law	Per cent popu- lation	Proportion by popu- lation
Alabama	0.18	\$216,000	\$2, 550, 053	2.2	\$2, 640, 000
Arizona	.09	108,000	1, 762, 636	.4	480, 000
Arkansas	.07	84,000	2, 091, 431	1.5	1, 800, 000
California	4.65	5, 500, 000	4, 669, 711	4.6	5, 520, 000
Colorado	. 64	768, 000	2, 255, 281	.8	960, 000
Connecticut	1.54	1, 848, 000	779, 324	1.3	1, 560, 000
Delaware	1, 39	1, 668, 000	600,000	.2	240, 000
Florida	.47	564, 000 364, 000	1, 629, 204 3, 120, 191	1.2	1, 440, 000
GeorgiaIdaho	.02	24, 000	1, 508, 485	.4	2, 880, 000 480, 000
Illinois	7.83	9, 396, 000	5, 077, 245	6.2	7, 440, 000
Indiana	.88	1, 056, 000	3, 060, 266	2.6	3, 120, 000
Iowa	.42	504, 000	3, 173, 493	2.0	2, 400, 000
Kansas	. 56	672,000	3, 276, 334	1.5	1, 800, 000
Kentucky	1.17	1, 404, 000	2, 259, 648	2.1	2, 520, 000
Louisiana	.36	432, 000	1,740,196	1.7	2, 040, 000
Maine	.27	318,000	1,070,600	.6	720, 000
Maryland	1.24	1,488,000	1, 015, 296	1.3	1,560,000
Massachusetts		4, 380, 000	1,712,774	3.5	4, 200, 000
Michigan	4.41	5, 292, 000	3, 783, 179	3.9	4, 680, 000
Minnesota Mississippi	.95	1, 140, 000 72, 000	3, 373, 560 2, 160, 628	2.1	2, 520, 000
Missouri	2, 12	2, 544, 000	3, 761, 014	3.0	1, 920, 000 3, 600, 000
Montana	.07	84,000	2, 525, 108	.4	480,000
Nebraska	.19	228, 000	2, 557, 683	1.1	1, 320, 000
Nevada	.05	60,000	1, 578, 025	.1	120,000
New Hampshire	.14	168,000	600,000	.4	480,000
New Jersey	4.01	4, 812, 000	1, 659, 121	3.3	3, 933, 000
New Mexico	.02	24,000	1, 962, 340	.3	360,000
New York	27. 64	33, 168, 000	6, 057, 965	10.3	12, 360, 000
North Carolina	10.89	13, 060, 000	2, 890, 203	2.6	3, 120, 000
North Dakota	.01	12,000	1, 940, 325	.6	720, 000
OhioOklahoma	4.64	5, 568, 000 732, 000	4, 501, 009 2, 893, 101	5.4	6, 480, 000
Oregon.	. 18	216,000	1, 996, 128	.8	2, 400, 000 960, 000
Pennsylvania	7. 82	9, 384, 000	5, 261, 052	7.8	9, 360, 000
Rhode Island	.45	540,000	600,000	.6	720, 000
South Carolina	.08	96,000	1, 666, 492	1.4	1, 680, 000
South Dakota	. 03	36,000	2, 002, 076	.6	720,000
Tennessee	. 53	636, 000	2, 609, 757	2.1	2, 520, 000
Texas	1.54	1,608,000	7, 668, 024	4.7	5, 649, 000
Utah		108,000	1, 387, 190	.4	480,000
Vermont	. 07	84,000	600, 000	.3	360,000
Virginia		5, 600, 000	2, 258, 196	2.0	2, 400, 000
Washington	. 47	564, 000	1, 905, 627	1.3	1,560,000
West Virginia	1. 15	540,000	1, 316, 720	1.4	1,680,000
Wisconsin	. 24	1, 380, 000 288, 000	2, 992, 438 1, 540, 811	2.4	2, 880, 000
Hawaii	. 24	288, 000	600,000	.4	240,000
District of Columbia	.68	816, 000		.4	480,000
Total	100.00	120, 000, 000	120, 000, 000	100.0	120, 000, 000

Mr. BINGHAM. In Illinois, where the governor has told us there are nearly 1,000,000 people out of work, the amount under the present law would be \$5,000,000. If divided according to population, it would be \$7,440,000—additional relief of \$2,400,000.

In Michigan, under the present law, the amount received would be \$3,783,000. Michigan, incidentally, would have had to pay into the Federal Treasury, to meet this, about \$6,000,000. Under the present law, however, she would get \$3,783,000. Under a distribution according to population she would get \$4,680,000, or nearly \$1,000,000 more.

Mr. VANDENBERG. Mr. President, will the Senator vield?

Mr. BINGHAM. I yield.

Mr. VANDENBERG. And may I emphasize again at that point the thing which the Senator himself has so specifically stated many times: Under either method of allocation, although Michigan is a State which suffers maximum unemployment, its net resources with which to meet its unemployment problem would be less after this bill is passed than before.

Mr. BINGHAM. That is correct, Mr. President. For every dollar that she raises toward this fund she will get back only 50 cents for her own use.

The State of New York, which pays such a very large share of the taxes, would receive a very considerable increased benefit under the proposed amendment. Under the bill it would get \$6,000,000; under the proposed amendment it would get \$12,360,000, or more than twice as much.

The very fact that out of the same amount of money it is possible for one State to get an additional \$6,000,000 shows

how many States would get far more than they are entitled , to, under an equitable division of the money in accordance

with their population.

The State of Pennsylvania under the bill would get \$5,-261,000; under the amendment it would get \$9,360,000, or more than \$4,000,000 more. We have been told by the governor of that State that there are nearly a million unemployed in the State of Pennsylvania.

In other words, if this is an unemployment relief measure. if it is felt that we can afford to add to our burdens by expending \$266,000,000 more this year for unemployment relief, it ought to be divided in such a way that it will reach the unemployment fairly equitably throughout the United States, and not be divided in such a way that some States, on the basis of the idea on which Federal aid is generally divided, shall get ten, fifteen, or twenty times as much relief as other States where there is a very great deal of unemployment.

The other day I called attention to some interesting figures which I should like to repeat, since we are now debating the bill.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. VANDENBERG. I suggest the absence of a quorum. The VICE PRESIDENT. Does the Senator from Connecticut yield for that purpose?

Mr. BINGHAM. I yield for that purpose.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Barkley	Dill	Lewis	Steiwer
Bingham	Fess	Logan	Thomas, Idaho
Black	Fletcher	McGill .	Thomas, Okla.
Blaine	Frazier	McKellar	Townsend
Borah	George	McNary	Trammell
Bratton	Glass	Metcalf	Vandenberg
Brookhart	Glenn	Morrison	Wagner
Broussard	Goldsborough	Moses	Walcott
Bulkley	Gore	Neely	Walsh, Mass,
Bulow	Harrison	Norbeck	Walsh, Mont.
Byrnes	Hatfield	Norris	Waterman
Capper	Hayden	Nye	Watson
Caraway	Hebert	Oddie	Wheeler
Carey	Howell	Pittman	White
Coolidge	Hull	Reed	

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

Robinson, Ark.

Johnson

Mr. BINGHAM. Mr. President, I would like to say, for the benefit of some of the Senators who have recently come into the Chamber, that if they are interested in seeing what a difference it would make to their States if this amendment which I have proposed, to distribute the fund according to population, were adopted, they will find in the Congressional Record, on page 4861, a table showing. in the center column, how the money would be distributed under the bill as it passed the House and as it is before us, and in the final column the way in which the money would be distributed if the amendment which I have proposed were adopted. I would like to repeat a few of the comparisons which I used the other day.

Mr. WALSH of Massachusetts. Mr. President, will not the Senator have that tabulation printed in the RECORD?

Mr. BINGHAM. I asked to have it printed in the RECORD, because I thought it would be interesting to all Senators.

In working out the unfairness of this bill, as it seems to me, although not, of course, to those who are interested in getting it passed, I discovered that in the apportionment of the fund proposed to be appropriated Arizona would receive 1.4 per cent, or four and a half times as much as she would be entitled to if the distribution were made according to her unemployed. On the other hand, the State of Michigan, with 6.2 per cent of the total unemployed, would receive only 3 per cent of the relief fund, or less than onehalf of what she is entitled to. To put it the other way around, the unemployed in Arizona per capita would get

eight times as much relief as would the unemployed in Michigan. Yet, as the Senator from Michigan has pointed out, Michigan would have to pay more than twice as much into the fund as she would get out of it.

Kansas has nine-tenths of 1 per cent of the total unemployed in the United States. Under this bill she would receive 2.6 per cent of the relief fund, or three times as much as she would be entitled to if the fund were distributed according to the number of unemployed.

Massachusetts, on the other hand, with 5.1 per cent of the unemployed, would receive only 1.4 per cent of the relief, or less than one-third of what she would be entitled to under the distribution of the fund in accordance with the number of unemployed. Kansas would get nine times as much relief under this measure as would Massachusetts.

Tennessee has nine-tenths of 1 per cent of the total unemployed. Under this measure she would get 2.1 per cent of the relief, or more than twice as much as she would be entitled to if the funds were distributed according to the number of unemployed.

Contrast this with Rhode Island, which has 1.1 per cent of the total unemployed, and would receive only five-tenths of 1 per cent of the relief, or one-half of what she is entitled In other words, Tennessee would get four times as much relief as would the State of Rhode Island.

Nevada has one-tenth of 1 per cent of the total unemployed, but under this bill would get 1.3 per cent of the relief, or thirteen times as much as she would be entitled to according to the number of unemployed.

Connecticut has 1.6 per cent of the unemployed and receives 0.6 per cent of the relief fund, or only about onethird of that to which she is entitled.

The bill is unfair and unjust. It gives the least help to the communities that need it most. It ought not to pass.

During the delivery of Mr. BINGHAM's speech,

Mr. ODDIE. Mr. President, may I ask the Senator to yield?

Mr. BINGHAM. I yield.

Mr. ODDIE. I should like to have placed in the RECORD a statement which the State highway commissioner of Michigan recently made before the Committee on Post Offices and Post Roads in regard to highway legislation in Michigan.

The VICE PRESIDENT. Does the Senator from Connecticut yield for that purpose?

Mr. BINGHAM. I have no objection, Mr. President. I ask that it may be placed at the end of my remarks.

The VICE PRESIDENT. Without objection, it is so or-

The matter referred to is as follows:

FEDERAL AID HIGHWAY LEGISLATION

United States Senate, Committee on Post Offices and Post Roads Washington, D. C., January 19, 1932.

The committee met, pursuant to call, in the committee room, Capitol Building, at 2 o'clock p. m., Senator TASKER L. ODDIE,

chairman, presiding.

Present: Senators Oddie (chairman). Frazier, Hebert, Capper, White, Barbour, McKellar, Hayden, McGill, Balley, Bankhead, Bulow, Byrnes, and Logan.

The Chairman. We will proceed now.

Mr. Markham. Mr. Chairman and Senators, our next witness is Mr. G. C. Dillman, State highway commissioner of Michigan, who will speak to you on some of the work of the State highway departments as it might affect the Federal situation.

STATEMENT OF G. C. DILLMAN, STATE HIGHWAY COMMISSIONER OF MICHIGAN

The CHAIRMAN (Mr. ODDIE). We will be glad to have a statement

from you, Mr. Dillman.
Mr. Dillman. I have a statement here, Mr. Chairman, covering the policies of the American Association of State Highways. This was adopted at the annual meeting of the association in November, 1930, which is strictly up to date. This statement is as

"In general it may be stated that approximately 10 per cent of the public-road mileage in the several States composes the combined Federal-aid and State systems, which may be called primary roads, and an additional 20 to 25 per cent composes the principal county trunk or State-aid highways, which may be called secondary roads, and the remaining 65 to 70 per cent composes purely local township or third-class roads.

"(a) That it is the sense of this association that until such time to the above defined primary routes have reached an advanced

as the above-defined primary routes have reached an advanced

stage of improvement Federal funds exclusively and the major portion of State funds should be used entirely to expedite work

on this system.

on this system.

"(b) That when the present designated Federal-aid systems have been improved in an advanced degree advantage should then be taken of the provision of the Federal highway act to increase the mileage of the Federal-aid system, upon which Federal-aid funds can be used, by applying said Federal money to what might now be considered secondary roads.

"(c) That when the primary routes have reached a reasonably advanced state of improvement, in keeping with traffic demands, then the States should recognize their responsibility to traffic on the secondary system of highways, or county trunk highways, which supplement the general traffic and farm-to-market service of the primary routes, and the States should stimulate such improvement by the allocation of a definite and reasonable proportion of State-collected funds for such secondary system of highways or county trunk highways; if the State has not as yet made such funds available for such systems.

"(d) That the expenditure, however, of all such State funds allotted for the improvement of the secondary systems or county

"(d) That the expenditure, however, of all such State funds allotted for the improvement of the secondary systems or county trunk highways should be made with such State supervision as will insure tangible, well-planned, worth-while improvements, all administered on a sound business and economical basis.

"(e) That where State trunk highways, roads of the secondary system, or county trunk highways pass through municipalities, funds available for the improvement of such routes may logically be used under proper supervision for the construction and maintenance of such routes through such municipalities, but such funds should not become available to the municipalities to be used on thoroughfares which are not used by the traffic carried on such routes." on such routes.'

on such routes."

The tendency is toward State and county as the smallest road building, maintaining, and administering units.

I might cite the State of North Carolina, where on July 1, 1931, all roads were added to the State highway system. Other States which control in whole or in part the county road systems are Illinois, Maine, Minnesota, New Jersey, New York, and Pennsylvania, a total of seven. This last year Pennsylvania added 20,000 miles of rural highways to the State highway systems.

States which aid the counties with or without supervision of expenditures by the State highway department are Alabama. Arie

States which aid the counties with or without supervision of expenditures by the State highway department are Alabama, Arlzona, Arkansas, California, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Massachusetts, Minnesota, Mississippi, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, Wisconsin, Wyoming. Also in Michigan for 1932 the counties take over 20 per cent of the township roads, being 12,000 miles, and 20 per cent each year until all have been added to the county road system. This makes a total of 36 States which aid the counties.

being 12,000 miles, and 20 per cent each year until all have been added to the county road system. This makes a total of 36 States which aid the counties.

Thirteen States aid the townships with or without supervision of expenditures, these being Arkansas, Iowa, Kansas, Maine, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Pennsylvania, Vermont, Virginia, and Wisconsin.

Twenty-one States aid the cities of certain populations or on certain streets. This is true at least of some of these villages and cities. The States I refer to are Arkansas, Colorado, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Massachusetts, Michigan, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, Tennessee, Vermont, Washington, and Wisconsin.

In seven of these States counties may or do control road work in townships or towns—Arkansas, California, Indiana, Iowa, Michigan, New Jersey, Ohio.

In 25 States the county is the smallest unit for road responsibility, these States being Alabama, Arizona, Arkansas, California, Colorado, Delaware, Georgia, Idaho, Iowa, Kentucky, Maryland, Mississippi, Montana, Nebraska, Nevada, New Mexico, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming.

West Virginia, and Wyoming.

There are many advantages that are gained in State and county centralized control over all roads.

I would like to discuss briefly a few advantages that have proven

I would like to discuss briefly a few advantages that have proven out in these cases the functions of the State and county highway department are road improvements in a degree commensurate with traffic importance and adequate maintenance.

The State's and county's best engineering, training, and experience, also laboratory facilities, have been made available for the road problems of all sections.

There has been concentrated into one or a comparatively few reproduce secretary of the motor vehicle and gasoline to.

spending agencies control of the motor vehicle and gasoline tax. In the case of Michigan, when the township roads are taken over, we will have 1,376 less administering units of rural highways than we now have with the township system.

A burden of millions of dollars annually has been lifted from the

property tax and the transfer of the responsibility for the future development of local roads from the local government to the

county or State.

The decision of road problems is now based on the result of factual surveys developed by trained forces.

The expenditures are subjected to the analysis of accurate cost records and budget control, impossible in so many small subdivisions. The use of heavy and expensive equipment owned is idle much of the time.

The expediting of road improvement, the probability of better maintenance and increased efficiency of administration.

This brings me to the point I wish to make, that Federal aid for highways should be confined strictly to the State highway systems, which embody the Federal highway systems, as it is or may be extended. Any aid to the county or township roads should come from the States. As an example of highway laws that I believe follows out good practice and the policy of the American Association of State Highway Officials, let me sketch briefly the Michigan law as it is carried out.

Senator Byrnes. What is the relevancy of the discussion as to the wisdom of aid between States and counties to this bill here or to the amendment? I am interested, but so far as the highways policy of the laws in the respective States, this committee has no jurisdiction over them and could not handle them. Is there any particular relevance?

particular relevance?

The CHAIRMAN. I did not know what Mr. Dillman was going to testify to, but the idea was to make as complete a picture as possible of existing conditions.

Mr. Dillman. I think in not to exceed five minutes I can cover

the ground. The point I am trying to make is to show the trend in highway development from the smaller unit to the larger unit.

Mr. Dillman. I think in not to exceed five minutes I can cover the ground. The point I am trying to make is to show the trend in highway development from the smaller unit to the larger unit. As to the case of Michigan, the highway laws applied conform very closely to the policy of the Association of State Highway Departments. In this case the State highway system has approximately 8,100 miles, being 10 per cent of the public road mileage of the State. The county road system of about 16,000 miles, or per cent of approximately 60,000 miles of township roads, amounting to 12,000 miles, or added to the county roads, amounting to 12,000 miles, or added to the county roads.

State refunds equivalent to one-half of weight or license tax to counties toward support of county roads.

In addition, \$2,000,000 toward support of the 20 per cent township roads taken over this year, and half a million increase each year until \$4,000,000 is paid to the county, when all township roads have been absorbed into county systems.

The State pays 50 per cent or more toward construction, reconstruction, and maintenance of all roads and bridges on trunk lines and Federal routes in cities and villages of the State.

That is merely cited as an example of one State that is carrying on a policy that we believe is entirely sound, and is merely the trend of the States throughout the country.

The Charraman. What is the effect of this legislation on the unemployment problem in your State?

Mr. Dillman. I might say that about the 20th of last October we put on a very extensive winter construction program, totaling \$11,500,000 of work, which necessarily was confined to work to be done during the late fall and winter months, consisting of grading, widening, drain structures, bridges, some gravel surfacing, and the work was all either carried on through the highway department organization, through the county, or largely by contract, which, by the way, we will receive \$2,000,000 of Federal ald out of \$11,500,000 to spend, and each of those jobs was

week, or every other week, in order to take care of more men than on the full-time basis.

Michigan is one of the States that has a very serious unemployment condition, and we have found in the past two and a half months that this has worked out very successfully, and the State is contributing something in this highway work to the relief of the unemployed, at the same time relieving the counties, cities, villages, and townships of a very material amount in welfare work. I am citing that as an example of one of many States which are carrying on highway work for the benefit of labor largely at this time.

The Chairman. What are you doing at the present time, and what regulations do you have in reference to making the road program go as far as possible in meeting the human needs of the

program go as lar as possible in meeting the numan needs of the laborer?

Mr. Dillman. We are establishing, as I said, the minimum wage and 8-hour day, one-half time for these men. We are specifying certain equipment that the contractor may use on the job, and that is specified. He knows that when he bids on the work, and we are trying to utilize the maximum amount of labor on the work, without cutting materially into the efficiency of handling the work, and we do know in putting on several million dollars of this work during November and December, also early in January, that the costs have been very little more than we had during the last half of the year 1931, when there were no regulations involving labor. The Charman. What is your idea about the bill that is before the committee now, and the various provisions of it?

Mr. Dillman. I feel the bill before the committee is a bill which should be passed. We are heartly in favor of it and heartly approve of it. I am speaking for some of the States, directly for Michigan, and we are very much in favor of the legislation.

The Charman. Are the States in your section of the country able to meet the authorization under this law?

Mr. Dillman. Yes, sir; Michigan is one of the Central Northern

able to meet the authorization under this law?

Mr. Dillman. Yes, sir; Michigan is one of the Central Northern States that has no difficulty whatever in meeting this, and I am quite sure that there is not a State in that part of the Union that has any difficulty in meeting the Federal aid. In our case it amounts to only about 20 per cent of the expenditures for construction on the State and Federal system this year.

The Chairman. Would the members of the committee like to ask any further questions?

Senator HAYDEN. Do you specify in your contracts the rate of wages that the contractor shall pay?

Mr. Dillman. We specify in the work—that is, we have since last October, in putting on the winter program; we are continuing that now on work that will be seasonal. This year we are setting up for common labor a minimum wage of 35 cents an hour. That is as far as we are going in setting up wages.

Senator HAYDEN. Does the contractor, when he makes a contract with the State agree to pay that minimum wage?

with the State, agree to pay that minimum wage?

Mr. DILLMAN. Yes, sir; it is checked continually by our engineers in charge of each of these jobs.

Senator HAYDEN. It is not a question of law, or regulation, but would be a breach of contract if the contractor did not pay the agreed minimum wage?
Mr. Dillman. That is part of his contract.

Senator Hayden. With respect to the emergency appropriation of \$80,000,000 made by Congress in December, 1930, did the State of Michigan make good use of that additional money?

of Michigan make good use of that additional money?

Mr. Dillman. Yes; our portion of that was \$2,500,000, and that money was all spent. We have already received that back from the Government, and we made very good use of it and feel the money was well spent. It was spent on construction of the Federal system, and, in addition to that, we have shown our interest in it by going much further in putting up State money on the Federal system, and we have found the 1931 work, throughout the year, that for every \$1,000,000 we are spending on State highway work, which includes grading, drainage, surfacing, bridges, paving—for every \$1,000,000 from 2,500 to 3,000 men are employed during the contract.

Senator Hayden. Do you believe it would be desirable for Congress to do the same thing it did last year? I am not referring to the amount of money to be appropriated, but is it desirable that Congress repeat its action with respect to emergency highway appropriations?

appropriations?

Mr. Dillman. I feel that is a matter that Congress knows so well, the condition of the country, etc., the matter of employment and financial obligations that must be met, and the demands upon Congress, that it is something that I think you men are best able of anyone in the country to pass on. As far as Michigan is con-cerned, I believe it is true with all States; we stand ready to step in and spend any reasonable amount of money appropriated. We believe we can well spend it and get value received, and it will help labor.

Senator Hayden. Is there any doubt in your mind that money appropriated by Congress in that manner can be immediately used to put men to work?

Mr. Dillman. There is no doubt about it whatever in my mind that the money can be taken up without any undue effort on the part of the States and very wisely spent on the Federal highway system, which is a big part of the total State system, and it will be of material help to labor.

Senator Hayden. Has your State highway department studied the problem of an expansion of Federal-aid road work, and has it prepared plans and specifications for such work?

Mr. Dillman, Yes.

prepared plans and specifications for such work?

Mr. DILLMAN. Yes.
Senator Hayden. They are ready so that they could put men to work if the money was made available?

Mr. DILLMAN. Yes, sir.
Senator Hayden. I took the liberty of addressing the Senate to-day on this subject. You will find my remarks in the Record to-morrow morning. It is very important that we consider any emergency road appropriation as within a balanced Federal Budget. emergency road appropriation as within a balanced Federal Budget. It may not be proper for me to ask the witness whether Congress should or should not take action that would affect the Federal Budget, but I think it is proper to ask Mr. Dillman whether emergency funds advanced in this manner will accomplish the purpose of Congress, which is to provide work for the unemployed. Senator McKellar. That is immediately.

Senator Hayden. Immediately.

The CHAIRMAN. What is your idea of the advantages of providing for authorizations a number of years in advance? How does that affect the work of the State highway department?

Mr. Dillman. It affects the work very materially in this way.

that affect the work of the State highway department?

Mr. Dillman. It affects the work very materially in this way, that a State highway department can function efficiently, and work can be expedited and carried on with the least effort, getting the best results, by knowing a year or two, at least, in advance as to what will be expected of that department, and I know in the case of the State of Michigan; I know it is true with a great many States, they are working on the basis of a program of work, when you come to consider the local involvements in putting the work on a possible relocation and changing existing conditions, acquire rights of way, surveys, and plans, that takes time, anywhere from a minimum of six months to possibly a year or two in getting those things ironed out, and when we know we have a going program, and that there will be certain demands made on the department, the work can be administered much smoother a going program, and that there will be certain demands made on the department, the work can be administered much smoother and in much better shape. In our case, at least, if that money had not been available, we would not have been ready to take up the Federal loan last year, and we went ahead with little extra effort and took it up, because plans were ready to proceed with.

The CHAIRMAN. In laying out the road system, you were placed in a better position because of having a comparatively long program mapped out some years in advance?

Mr. DILLMAN. Yes, sir. The State highway system should not and could not be extended without reasonable assurance at least that there are going to be funds for financing the work.

Senator Byrnes. The statement was made this morning on the floor of the Senate by the Senator from Utah, as I recall, that

there was a disposition on the part of some of the States to ask that the States be not required to repay the emergency appropriation. Have you heard from any of the representatives of your association here at this time any statements showing a disposition on the part of States to avoid the reimbursement to the Federal Government of the emergency appropriation which was advanced

DILLMAN. No, sir; I have heard no statement to that effect. Speaking as the commissioner from Michigan, I would say we are certainly more than willing and glad and feel we could not act in

certainly more than willing and glad and feel we could not act in good faith without first subscribing to the plan we knowingly went into, that this money was to be paid back.

Senator Byrnes. One other question. Are you familiar with the statement which was handed to the committee yesterday by Mr. Markham showing the approximate cost per mile of roads constructed in 1931? Are you familiar with that table?

Mr. DILLMAN. I do not recall the table.

Senator Byrnes. The statement made with reference to that table is this, that it shows upon its face an approximate cost of \$25,000 per mile for projects under consideration, which projects included not only macadam roads but sand-clay and surface-treated roads. Is it a fact that there was an expenditure throughout the country of approximately \$25,000 per mile for such roads?

Mr. DILLMAN. I am not able to answer that question from the average of all types. As far as Michigan costs are concerned, which are largely paving projects, building about 350 or 400 miles a year,

are largely paving projects, building about 350 or 400 miles a year, that will run in 1931 in the neighborhood of \$25,000 to \$27,000 per

mile for 20-foot paving, including grading and all necessary work.

Senator Byrnes. You say that was 1931?

Mr. Dillman. Yes; although we have some projects that cost from \$50,000 to \$75,000 a mile, on quite lengthy jobs, but this is the average of all the work.

Senator Byrnes. Senator McKellar understood the statement as

Senator Byrnes. Senator McKellar understood the statement as indicating a cost of approximately \$25,000 a mile, eliminating the cost of bridges, and I think we wanted to know whether that understanding was correct or not?

Mr. Markham. I think you are referring to one of the tables I prepared, and I sat opposite the Senator. The column of total expenditures is not the expenditures for construction only, and therefore you can not take the miles constructed in 1931 and compare it with the dollars expended. That is the total expenditures for everything, and includes \$191,000,000 for the maintenance of the roads, besides the interest on the bonds and bonds retired. This is the total expenditure of the highway department for everything. I will have for you within the next 30 days a complete statement as to what each State paid for construction, as well as maintenance and retirement of bonds.

Senator Byrnes. I simply wanted you to straighten it in the records, and I wish you would put in what the average cost per mile in the State of Tennessee was.

Mr. Markham I told the Senator I would try to get him that

Mr. Markham. I told the Senator I would try to get him that information. This is the column of total expenditures, and not for construction only.

Senator Hayden. Let me ask the witness whether the cost of material and supplies used in road construction was less in 1931 than it has been in previous years.

Mr. Dullama Less in 1931 as far as my State is concerned. It

Mr. Dillman. Less in 1931, as far as my State is concerned. It is materially less than it was in previous years. Take the average cost of a gravel road or a macadam—we have very little macadam, some concrete, and asphalt—that would run about 25 per cent

under the cost of about three or four years before that.

The Chairman. That was a statement I made based upon information I received from Mr. MacDonald, that throughout the United States the cost of road construction in 1931 is approximately 25 per cent less than it was in the 1925 to 1929 period. Is that your experience in Michigan?

perience in Michigan's Mr. Dillman. Yes, sir; that is right. The Chairman. Are there any further questions of the witness?

If not, that will be all, thank you.

Mr. Markham, do you have another witness?

Mr. Markham. Yes; Mr. Z. E. Sevison, president of the Western Association of State Highway Officials and State highway engineer of Wyoming.

The CHAIRMAN, Mr. Sevison, we will be glad to have a statement from you.

After the conclusion of Mr. BINGHAM's speech,

# AMENDMENT OF TARIFF ACT OF 1930

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

# EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

# REPORTS OF POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

The VICE PRESIDENT. The reports will be placed on the calendar.

### THE CALENDAR-TREATIES

The legislative clerk announced No. 5, Executive KK (70th Cong., 2d sess.), a treaty of friendship, commerce, and consular rights between the United States and Norway, signed at Washington on June 5, 1928, and an additional article thereto signed at Washington on February 25, 1929.

Mr. BORAH. Mr. President, my understanding is that the Senator from Montana [Mr. Walsh] is not ready to proceed with the consideration of this treaty to-day, so I will ask that it go over.

The VICE PRESIDENT. It will be passed over.

The legislative clerk announced Executive A (72d Cong., 1st sess.), a treaty of friendship, commerce, and consular rights between the United States and the Republic of Poland, signed at Washington on June 15, 1931.

Mr. BORAH. I ask that that, too, may go over.

The VICE PRESIDENT. The treaty will be passed over.

### THE JUDICIARY-CHARLES A. JONAS

The legislative clerk read the nomination of Charles A. Jonas to be United States attorney, western district of North Carolina, reported adversely.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. BAILEY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Costigan Robinson, Ind. Ashurst Jones Schall Sheppard Shipstead Couzens Dale Kean Kendrick Bailey Bankhead Barbour Davis Dickinson Keyes King Smith Barkley Bingham Lewis Logan McGill Dill Steiwer Thomas, Idaho Thomas, Okla. Fess Fletcher Black Townsend Trammell Vandenberg Frazier George Blaine McKellar McNary Metcalf Borah Bratton Glass Glenn Goldsborough Morrison Moses Wagner Walcott Brookhart Broussard Bulkley Gore Harrison Neely Norbeck Walsh, Mass. Walsh, Mont. Bulow Hatfield Waterman Byrnes Norris Nye Oddie Watson Capper Hebert Caraway Howell Hull Carey Coolidge Pittman White Reed Robinson, Ark. Copeland Johnson

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

Mr. WALSH of Montana. Mr. President, the nomination of Charles A. Jonas to be United States attorney for the western district of North Carolina is before the Senate on an adverse report from the Committee on the Judiciary. As a member of the subcommittee submitting to the general committee an adverse report, I venture to offer to the Senate the reasons which actuated the committee in its action in the

There seems to be no serious question about the ability of Mr. Jonas as a lawyer nor as to his general character. both respects he is attested by many letters filed with the committee from residents of his State, members of the bar, both Democrats and Republicans. The objection rests upon some contributions which he made to the newspapers of his State deemed by the two Senators from the State of North Carolina to be a serious reflection upon a member of the Senate, upon a committee of the Senate, upon the Senate itself, and upon the courts of the State of North Carolina.

Mr. Jonas was elected a Member of the House of Representatives in the campaign of 1928 and served from the 4th of March, 1929, until the 4th of March, 1931. He was defeated for reelection in the campaign of 1930. He ran on both occasions as a Republican candidate for Member of Congress. He informed the committee that he began life as a Democrat, but, either perceiving the error of his ways or

upon some other consideration, he joined the Bull Moose Party and subsequently became converted to the true tenets of Republicanism and ran as a Republican candidate on the occasion referred to

However, he was defeated and then nominated for this position by the President some time before the 4th of March, 1931, when he was to retire as a Member of the House from his district. At that time he was opposed by the present senior Senator from the State of North Carolina [Mr. Mor-RISON], whose objection was sufficient to carry the nomination over the session. Mr. Jonas was again nominated by the President, having meanwhile been given a recess appointment, and is now strenuously opposed by both of the Senators from that State for the reasons to which I have heretofore adverted.

It will be recalled that during the summer preceding the election of 1930 a committee was appointed, as had been customary in anticipation of congressional elections for quite a number of years, to inquire into campaign expenditures, expenditures made in the promotion of elections, of which committee the Senator from North Dakota [Mr. NyE] was made chairman. Similarly, anticipating the election of 1928, a committee was appointed, of which the Senator from Oregon [Mr. Steiwer], as my recollection now serves me, was chairman, and for the election of 1926 the famous Reed committee was appointed, of which the former Senator from Missouri, James A. Reed, was chairman,

In the pursuit of the duties of the first-mentioned committee the Senator from North Dakota [Mr. NyE] visited the State of North Carolina and apparently learned of nothing that transpired in the election in that State which seemed to be worthy of very serious attention from his committee. Nevertheless he aroused the antipathy of Mr. Jonas, who, on January 13, 1931, caused to be published in the Greensboro Daily News an article which apparently had been quite deliberately prepared, in which he stated as

Representatives of the Nye committee continued to assemble evidence of alleged fraud in the 1930 primary and general election in North Carolina. What the committee will finally do about the North Carolina situation no one seems to know. I have never met or spoken to Senator Nye or any other member of the committee in my life. I have never believed Senator Nye intends to seriously investigate the North Carolina case if he can help it.

If the Democrats did not pay him to come to the State and without any serious effort to secure evidence give out a statement that the situation in the State is "refreshing" then they

without any serious effort to secure evidence give out a statement that the situation in the State is "refreshing," then they at least owe him a debt of gratitude. Never was there a plainer case of an attempt to whitewash. As an investigation, his conduct in the State was painful, pitiful, and puerile. He is a fiend for publicity, as are all the sleepy-eyed, dreamy "sons of wild jackasses" in the Senate. He could cuff old Vare and other regular Republicans around with impunity, and the press and politicians, including those in North Carolina, would rollick with glee and bid him "Lay on, Macduff"; but when he came to North Carolina and innocently asked those charged with fraud whether they had been naughty, he got not only a frost and newspaper reminder that he had no business "meddling with our affairs," but also a fatherly lecture from the witness stand to the effect that North Carolina has a hundred counties, and, after all, \$100,000 is not an enormous sum as election matters go. \$100,000 is not an enormous sum as election matters go

The letter continues to the effect that gross frauds were perpetrated in the North Carolina election, and that it was useless to attempt to secure any redress whatever or correction of those evils through the courts of North Carolina. The imputation thus extended is quite sternly resented by the Senators from North Carolina; but I pass that for such consideration as they may care to give it.

I digress to remark, however, in this connection that whatever frauds may have occurred in the election in North Carolina, Mr. Jonas tells us they had no relation whatever to the matter of the expenditure of money. He makes no contention whatever that there was any undue expenditure of money or any unlawful expenditure of money in the State of North Carolina.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. WALSH of Montana. Yes. Mr. REED. If I correctly heard the Senator, there was an imputation of a possible payment of money to Senator Nye. Would the Senator be so good as to read that sentence again?

Mr. WALSH of Montana. Yes. The sentence reads:

I have never believed Senator Nyz intends to seriously investigate the North Carolina case if he can help it. If the Democrats did not pay him to come to the State and, without any serious effort to secure evidence, give out a statement that the situation in the State is "refreshing," then they at least owe him a debt of gratitude.

I place my opposition to Mr. Jonas upon that statement and upon that statement alone, and I advert to the other matters by way of explanation.

Mr. REED. Mr. President, will the Senator from Montana yield for another question?

Mr. WALSH of Montana. Yes.

Mr. REED. The Senator does not mean that any of the other criticism against Senator NyE is not within the proper field of criticism to which any public official may be subjected?

Mr. WALSH of Montana. Except in this regard: Any criticism that might be directed against Senator Nye for not having carried on a sufficiently drastic investigation to determine whether or not money had been unlawfully or excessively expended in the State of North Carolina would not be excepted to by me; but that is not the point. He makes no point that Senator Nye was open to any criticism whatever because he did not investigate that matter thoroughly; he concedes that there was no ground for any investigation of that character; but he complains because Senator Nye did not investigate frauds totally unrelated to the question of the expenditure of money.

Mr. REED. I think, of course, that any of us should be subject to criticism, even wholly unfounded criticism, of our public acts; but the point that I caught as the Senator was reading it was the imputation of possible bribery; and it seems to me that that, in the absence of some evidence to sustain it, goes beyond the point of fair criticism.

Mr. WALSH of Montana. That is the point I am making. This, it seems to me, is plainly a libelous charge, without, as the gentleman who uttered it says, the slightest foundation for it. He claims that he was laboring under an entire misapprehension; that he had no idea that the Nye committee was confined in its investigation to the matter of the expenditure of money. He was interrogated as to whether he did not know that the Reed committee, for instance, was appointed for the purpose of determining about the amount of money that had been expended; whether the Steiwer committee had not been appointed for that express purpose; but, although he was a Member of Congress, he disclaimed any knowledge of that fact but supposed that the committee was there for the purpose of inquiring into any frauds that might be committed in the prosesution of an election.

I should say in this connection that Mr. Jonas makes an explanation of this article. He tells us that the article was prepared by him, not at one time but a portion at one time and a portion at another time, and then the whole thing was thrown together; that having prepared it for publication in the North Carolina newspapers he caused it to be delivered to the correspondent of the Greensboro Daily News and other newspapers in North Carolina; and, having done so, he reflected upon the matter and reaching the conclusion that the observations to which I have called attention ought not to be made, he sought to get the copy back from the reporter.

Really what he said was that he prepared a revised copy, leaving out the two initial paragraphs that give offense, and that his stenographer made a mistake and gave out the original draft instead of the revised draft to the newspaper reporter; that it was on the eve of the close of Congress when he was very busily engaged, as is indeed quite likely, and that, learning of the thing, he sought to call the copy back from the reporter for the Greensboro News; and that he hunted all the afternoon and all the evening for him, but was unable to find him, and thus was unable to get the copy back. He was asked why he did not telegraph to the paper in that event to "kill" the article, and he said that that method had not occurred to him. Anyway, he was inter-

rogated then as to what other newspapers printed the revised copy, and it was disclosed that no other paper printed either one or the other copy, the Greensboro News alone carrying the article.

I have no doubt in the world that the charge is libelous even though it is put in the subjunctive form. The statement, "If Senator Nye was not paid by the Democrats they owe him a debt of gratitude," it seems to me is quite as libelous as though he had directly charged that to be the case, and, as I say, and as he now states, without the slightest foundation for it and without any investigation upon his part, apparently, or even a recollection of the fact that Senator Nye was not called upon to investigate anything except the expenditure of money.

But there is antother offense. The article, as will be observed, bears date of January 13, 1931. It was stated on behalf of Mr. Jonas that the article was written in the heat of a political campaign and that many things are uttered at such times which are hastily spoken, but it will be observed that is not the case, for the article is in a newspaper which bears date of January 13, 1931, some two months after the election took place.

Mr. FLETCHER. Mr. President, may I ask the Senator whether the article is signed by Mr. Jonas or whether it is a newspaper reporter's interview with him?

Mr. WALSH of Montana. . No. It starts off as follows:

WASHINGTON, January 12.

[Daily News Bureau and Telegraph Office, 623 Albee Building (by leased wire)]

Washington, January 12.—Representative Charles A. Jonas, member of the Republican National Committee, to-day commented on the alleged election frauds that have been committed in the State during the current year in a manner that bordered on the sensational.

Then it says-

Said Mr. Jonas: "Representative of the Nye committee"-

And so on, and so on. And Mr. Jonas tells us that he actually prepared the article and does not question the authenticity of it at all. But on the 5th day of March the Raleigh News and Observer, another North Carolina newspaper, carried an article by its Washington correspondent, Mr. H. E. C. Bryant, whom, I have no doubt, many of the Senators know, a highly honorable gentleman whose acquaintance I have enjoyed for many years, even before I came to the Senate. That article reads as follows:

WASHINGTON, March 4.—The contest threatened by George M. Pritchard for the seat of Senator Balley was launched in the closing hours of the Senate to-day.

"This," Representative Charles A. Jonas said to-day, "is the first part of my answer to the attacks made on me by Senator Morrison and others."

Mr. Bryant continues:

There was a suspicion that the Pritchard action resulted from the failure of Mr. Jonas's nomination for district attorney. The Jonas declaration makes that clear.

Let me read that again:

"This," Representative Charles A. Jonas said to-day, "is the first part of my answer to the attacks made on me by Senator Morrison and others." There was a suspicion that the Pritchard action resulted from the failure of Mr. Jonas's nomination for district attorney. The Jonas declaration makes that clear.

Pritchard was the opponent of Senator Bailey in the election in November, 1930. There were rumors from time to time that he might or would institute a contest against the election of Senator Bailey, but up to the 4th day of March no contest had been filed. Meanwhile, as I have heretofore stated, Jonas had been nominated for the office of United States district attorney, and his nomination was then being opposed by the Senator from North Carolina [Mr. Morrison]. In that situation of affairs the Pritchard contest is filed, and Mr. Jonas, when asked what is meant by that, says:

That is the first part of my answer to the attacks made on me by Senator Morrison and others.

Mr. Jonas was interrogated about that and said that perhaps Mr. Bryant misunderstood him. Mr. Bryant says in an article printed later that there is no possibility of a

mistake about it at all. Mr. Jonas then said that he would | not undertake to dispute whatever Mr. Bryant said about the matter, and that if Mr. Bryant said he made that statement he made it, but what he really meant was that the Pritchard contest was filed in order that he might have an opportunity in that contest to detail the alleged frauds which had occurred, as he contended, in the North Carolina election, and that in that way the institution of the Pritchard contest would be an answer to the attacks made upon him by Senator Morrison. That, however, did not seem to the committee to be a very reasonable construction of the language. The construction of the language put upon it by the correspondent, Mr. Bryant, seemed to the committee, at least to myself, very much more reasonable and likely than the one offered by Mr. Jonas.

Mr. MORRISON. Mr. President—
The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from North Carolina?

Mr. WALSH of Montana. I yield.

Mr. MORRISON. I desire to ask the Senator at this point whether there was any evidence before the committee that I had made any attack upon Mr. Jonas?

Mr. WALSH of Montana. None, except that it was in evidence that his confirmation as United States district attorney was being opposed by the Senator from North Caro-

Mr. MORRISON. But there was no evidence that I made any attack upon him at all. I simply filed a paper and said to the committee that it embodied my objections to him. I made no attack upon him at that time or any other.

I do not desire to say anything further, Mr. President. I think it no small offense upon the part of Mr. Jonas thus, without any justification whatever, to assail a Member of this body engaged in the discharge of the duties with which he is charged by the Senate of the United States. work, in my estimation, was an important piece of work, and, so far as I have been able to judge, was fairly discharged. Anyway, there was nothing in the North Carolina situation that seemed to warrant any such assault upon the chairman of the committee discharging the duties, as I say, with which he had been intrusted by the Senate.

Mr. REED. Mr. President, will the Senator yield for a question before he takes his seat?

Mr. WALSH of Montana. I will.

Mr. REED. I feel, as does the Senator from Montana. that that statement, although it was in the subjunctive, was clearly libelous and would support an action. I am wondering, however, whether the fact that a nominee has libeled a Member of the Senate in some manner that has nothing whatever to do with his appointment is a sound reason for his rejection.

Suppose, for example, that Mr. Jonas said that I, as Senator from Pennsylvania, had been bribed to vote as I did on the tariff bill. If it was worth while, I would sue him, prosecute him; but I am wondering whether that would be a reason for the Senate to reject his nomination. It might go to show that he was a man of no discretion and no common sense, and we might reject him for that reason: but the fact that he had libeled me might or might not be a sound reason for rejecting him. What is the view of the Senator about that?

Mr. WALSH of Montana. I rather think the presumption would be that a man who had committed a libel against a Member of the Senate ought not to be elevated to public office by the assent of the Senate; but I go farther than that. This man is to be charged with important public duties. He is to be the United States prosecutor in that district. He is to prosecute diligently and with vigor every man whom he believes guilty of crime, and he is to be equally steadfast against subjecting to prosecution any citizen who in his judgment is not guilty of crime. He seems to me wholly given over to his unreasoning passions about some things, at least. Moreover, it will be observed that he tells us that his acquaintance with the law is so limited that he did not even know that the Nye committee was restricted

in its functions to examination into the question of expenditure of money in the campaign.

His attention was called to the fact that the people of his State and of the South generally for many years have been strenuously objecting to any Federal investigation of their election proceedings or of their election laws; and in view of that situation, when all of our laws in relation to elections or control over elections anywhere in the country have been repealed except with respect to the expenditure of money in the conduct of elections, he was asked how he could imagine that the Nye committee was down there for the purpose of investigating frauds in the election in North Carolina arising out of what he contends are frailties in the election laws of the State of North Carolina; and he was obliged to say that that matter had not occurred to him at all.

It seems to me that all this goes to impeach his fitness for the office.

Mr. GEORGE. Mr. President, before the Senator from Montana takes his seat, may I ask him a question?

Mr. WALSH of Montana. Certainly.

Mr. GEORGE. I understood the Senator to say that Mr. Jonas attempted an explanation or made an explanation of the second article quoted, in which he used the expression describing the contest filed by Mr. Pritchard against the junior Senator from North Carolina; but I should like to ask the Senator if there was any denial that he used the language that was attributed to him?

Mr. WALSH of Montana. He practically admitted the language. He said, in the first place, that he thought Mr. Bryant had misinterpreted what he had said, but he eventually said that he would not dispute whatever Mr. Bryant said about it.

Mr. GEORGE. And offered an explanation which the Senator went into?

Mr. WALSH of Montana. Yes.

Mr. GEORGE. But I want to get clear in my own mind whether he denied having made that statement.

Mr. WALSH of Montana. No; he did not.

Mr. SCHALL. Mr. President, a very fair statement of the issue, I think, has been made by the Senator from Montana. However, I do not coincide with his conclusions.

It seems to me that the best way to get at the meat of this problem is to read the minority report and Mr. Jonas's testimony in reference to the Greensboro article and the Pritchard-Bailey contest.

[Senate, Executive Report No. 1, Seventy-second Congress, first sessionl

# Nomination of Charles A. Jonas

Mr. SCHALL, from the Committee on the Judiciary, submitted the

We favor the confirmation of the nomination of Charles A.
Jonas to be United States attorney for the western district of
North Carolina and submit to the Senate our reasons for our position, as follows:

1. There has been submitted to the Judiciary Committee of the Senate abundant and reliable evidence from members of all political parties, including Judge E.-Y. Webb, district judge of the western district of North Carolina, to compel the conclusion that Mr. Jonas is a man of unexceptionable personal character, a lawyer Mr. Jonas is a man of unexceptionable personal character, a lawyer of ability, learning, and experience, and an upstanding citizen in his State, who has held various legislative and administrative positions, all of which he has filled with credit to himself and to the public. In fact, not a single criticism of the personal character, professional experience, or ability of this appointee was developed before the committee. On the contrary, Senator Walsh, chairman of the subcommittee which heard Mr. Jonas, stated to the full committee that he had received a great number of letters from judges, lawyers, and other citizens of North Carolina testifying to the excellent standing of Mr. Jonas as a lawyer and citizen. Senator Walsh says, page 17 of the printed hearing before the subcommittee: subcommittee:

"The Chairman. I feel like saying, Mr. Jonas, that I have had a large number of letters speaking of you, both as a man and as a lawyer, in terms of the very highest. And have had nothing to the

2. Mr. Jonas has served as United States attorney for the western district of North Carolina since March 4, 1931, under a recess appointment, and has theretofore held the office of assistant United States attorney in this district for a number of years, and in both positions he has demonstrated his ability, energy, and disposition to prosecute all cases on behalf of the Government without fear or favor. In proof of his fitness and capability for the place for which he has been nominated, we quote herein a telegram from Judge E. Y. Webb, United States district judge for the western district of North Carolina, addressed to a member of the committee; a quotation from the chief law officer of the Veterans' Bureau, advising as to his efficient conduct of cases on behalf of that bureau; and a letter from the Department of Justice, in which the full and complete satisfaction of that department with Mr. Jonas's conduct of his office is set forth. These communications

# [Telegram]

SHELBY, N. C., February 7, 1932.

Senator Thomas D. Schall,

United States Senate, Washington, D. C.:

Answering your telegram asking my opinion of the character, ability, temperament, and general qualifications of Charles A. Jonas for United States attorney, beg to say that, in my opinion, his character and legal ability are good. He has served for a number of years as assistant district attorney and as United States attorney in the court over which I preside, and I regard him a conscientious, vigorous, and efficient public official. In the performance of his official duties I have seen nothing deserving censure or criticism. censure or criticism.

United States District Judge.

The following is an excerpt from a letter dated August 7, 1931, written by J. D. DeRamus, of Charlotte, N. C., insurance attorney of the Veterans' Bureau, to Maj. William Wolff Smith, special counsel on insurance claims:

"Mr. Jonas evinced a keen interest in the defense of all the cases and took an active and energetic part in the trials. He thoroughly familiarized himself with every case before it was called for trial; and notwithstanding the fact that these were the first war-risk-insurance cases to come on for trial since his appointment as United States attorney, he was well versed in the law and court decisions pertaining to war-risk insurance. He is a very brilliant lawyer, and this, coupled with his splendid reputation and wide experience, was in a large measure responsible for the Government prevailing in the 14 cases. We believe it to be a most unusual record for the Government to prevail in 14 insurance cases, without judgment being entered against it in a single case during one term of court. "Mr. Jonas evinced a keen interest in the defense of all the ca one term of court.

one term of court.

"This matter is called to your attention in order that you may know the excellent cooperation which the office of the United States attorney for the western district of North Carolina gives to the Veterans' Administration. It is a genuine pleasure for us to transact Government business with that office. If same meets with your approval, we suggest that you extend to Mr. Jonas and the Department of Justice our appreciation for the active and full cooperation given the Veterans' Administration in connection with the proper defense of war-risk-insurance actions."

DEPARTMENT OF JUSTICE, Washington, D. C., March 3, 1932.

Hon. THOMAS D. SCHALL,

Hon. Thomas D. Schall, United States Senate, Washington, D. C. DEAR SENATOR: Charles A. Jonas was given a recess appointment as United States attorney for the western district of North Caro-lina on March 5, 1931. Since that time his service has been diligent, conscientious, and effective. The Department of Justice feels that his work has been very satisfactory. Yours very truly,

CHARLES P. SISSON. Assistant Attorney General.

The personal character, experience, and professional fitness of Mr. Jonas being thus apparent, it remains to inquire whether he possesses any temperamental traits which disqualify him for

Senator J. W. BAILEY, of North Carolina, has filed with the Sen-Senator J. W. Bailey, of North Carolina, has filed with the Senate Judiciary Committee a complaint of seven specifications, from which he concludes that Mr. Jonas should not be confirmed. We are interested in but two of these specifications, namely, that he instigated the Pritchard-Bailey senatorial contest from North Carolina in bad faith for the purpose of forcing Senator Bailey's support for his confirmation; and that he has harshly criticized the Senate Committee on Investigation of Contributions and Expenses of Senatorial Candidates and attributed to it unworthy

Mr. Jonas has emphatically denied before the Senate Subjudi-clary Committee that he had in any wise aided or abetted in the instigation of the Pritchard-Bailey senatorial contest for the pur-pose alleged and states that, although he understood that such contest was under consideration, he had never at any time thought of it or contemplated its use for the purpose alleged by Senator Balley, and, in the absence of definite specifications on this point, we do not dwell further upon this aspect of the case. The alleged severe and unjustified criticism of the Committee

The alleged severe and unjustified criticism of the Committee on Investigation of Contributions and Expenses of Senatorial Candidates and the imputation to it of dishonorable motives is, however, a matter for the consideration of the Senate.

While Mr. Jonas admits that he did in fact make certain severe strictures upon what he understood to be the acts and omissions of Senator Nye's committee while in his State, a fact that he now deeply regrets, he denies that he had any intention whatever of reflecting upon the honor and integrity of the committee or any member of it, or of questioning their honest intentions, and he

has made personal apology to Senator Nyz and the committee. He states that his criticims had their inspiration in the fact that he, as national committeeman of his party for the State, had, at the time of his utterances, a great mass of evidence of the commission of extensive frauds in the election of 1930, which he mission of extensive frauds in the election of 1930, which he thought the committee's inquiries would reveal, and in the further fact that leading Democratic politicians and Democratic newspapers of the State had hailed the result of the committee's inquiries as a party triumph. That he was, at the time he made such strictures, of the belief that a thorough inquiry into these charges by Senator Nye's committee would awaken public attention to the situation and bring about a change in election methods through State legislation; that although he knew that the Federal Government had but little control over elections in the States, he, nevertheless, believed that the committee was in a better position than any other agency to reveal, as an incident of its inquiries, the actual facts in relation to the conduct of elections in his State.

It appears from his testimony before the Subcommittee on the

It appears from his testimony before the Subcommittee on the Judiciary that he expected more from the committee's inquiries than its limited authority would warrant, and this misunderstanding appears to have added to his provocation; that upon his realization of the fact that the committee's duties were limhis realization of the fact that the committees duties were limited to an inquiry into primary-election expenditures in the election of 1930, he became conscious that it had performed its functions faithfully within the limits of its authority and that he could not have rightly expected more from it.

We have no thought of discussing, or making any criticisms of, North Carolina election methods and have no knowledge as to the could be the properties.

North Carolina election methods and have no knowledge as to the actual facts in the premises, and merely recount these representations by Mr. Jonas in order that his state of mind at the time of the alleged utterances may be duly appreciated. We are fully aware that the purpose of the committee in his State, and its only authority, was to ascertain whether there had been undue and improper expenditures of money in the senatorial primary of 1930, and we have no doubt that that duty was performed to the best of the committee's ability and understanding.

The necessities of the committee's inquiries within recent years have been of so great and important nature that its investigations have necessarily had to be more extensive and searching than any

have necessarily had to be more extensive and searching than any like inquiries heretofore made, and it is not too much to say that many intelligent newspapers and citizens, from lack of understanding of all the facts and circumstances of these important cases, have made severe criticisms of the acts of the committee, and it can not be said that such criticisms have, in all instances, arisen from improper motives or a disposition to impede the work of the committee. It is not our aim to justify these criticisms, but to give, as well as we can, the proper coloring of the situation in

which they were uttered.

As for his criticisms of the committee, we do not deem them As for his criticisms of the committee, we do not deem them destructive of the character, integrity, or usefulness of the committee, and have no thought that its standing will be impaired by them. We feel deeply the duty of protecting the Senate, and particularly the Members from Mr. Jonas's State, from any embarrassment or improvident approval of an unworthy nominee for a high public position. The dignity and rights of the Senate, and due deference to the Members from the different States, must at all times be maintained. We have taken all these factors into consideration in considering the Jonas case. That his criticisms consideration in considering the Jonas case. That his criticisms of the committee were unduly severe, as well as ill founded, is clearly apparent. But we are of the opinion that the chief consticlearly apparent. But we are of the opinion that the chief consti-tutional aim in requiring senatorial approval of presidential ap-pointments is the certainty of the personal character of the nomi-nee and his ability and fitness to discharge the duties of the place whereunto he has been named, and not any mere incidental foible or weakness of temperament or expression, things of which all men are more or less heir. Our Government is founded upon the hon-est criticisms of intelligent public opinion. That the right of crit-icism will often lead to excesses, all men know. In these days all public men and public measures are under the searchlight of inquiry and criticism. But while unguarded and unwarranted criticisms of men and measures are to be deplored, it is too much criticisms of men and measures are to be deplored, it is too much

criticisms of men and measures are to be deplored, it is too much to expect that men shall be free from them.

We think it clear from the record that Mr. Jonas is a man of uprightness of character and integrity; that he is a learned, experienced, and ethical lawyer; that he has demonstrated his ability to discharge faithfully and efficiently the duties of his trust; that he has filled a number of public places in his State, and always with credit to himself and the public; that, while his criticisms of the Committee on Contributions and Expenses of Senatorial Candidates are to be deplored, they do not affect either the good name of the committee or of the Senate as a whole; and, furthermore, the nominee's good character and professional fitness being demonstrated, and there being no suggestion of any criticism by him of the Senators from his State, or either of them, we do not find any grounds for holding him obnoxious to them, and we, therefore, recommend his confirmation.

Respectfully submitted.

Respectfully submitted.

Mr. President, the Members voting for the minority report were Senators Borah, Hastings, Robinson, Hebert, Austin, Waterman, and Schall.

Several charges were made against Mr. Jonas by Senator BAILEY, but they were held immaterial by the entire Judiciary Committee except those that were concerned with newspaper statements relative to the Nye committee investigation of election expenditures and the Pritchard-Bailey

The objections to Mr. Jonas because of what he said about the Nye committee are based on a newspaper article that appeared in the Greensboro Daily News at Greensboro, N. C., on Tuesday morning, January 13, 1931.

Mr. President, it might be well to state here in order that the Senators may understand the psychology of the situation and the smarting condition of Mr. Jonas's mind, that Mr. Jonas was elected to the House of Representatives in 1928 and was defeated in 1930 and that he felt his defeat was contributed to by misinformation published in the newspapers concerning the Nye committee. The article referred to follows:

Representatives of the Nye committee continue to assemble evidence of alleged frauds in the 1930 primary and general election in North Carolina. What the committee will finally do about the In North Carolina. What the committee will finally do about the North Carolina situation no one seems to know. I have never met or spoken to Senator Nyz or any other member of the committee in my life. I have never believed Senator Nyz intends to seriously investigate the North Carolina case if he can help it. If the Democrats did not pay him to come to the State and, without any Democrats did not pay him to come to the State and, without any serious effort to secure evidence, give out a statement that the situation in the State is "refreshing," then they at least owe him a debt of gratitude. Never was there a plainer case of an attempt to whitewash. As an investigation, his conduct in the State was painful, pitiful, and puerile. He is a fiend for publicity, as are all the sleepy-eyed, dreamy "sons of wild jackasses" in the Senate. He could cuff old Vare and other regular Republicans around with impunity, and the press and politicians, including those in North Carolina, would rollick with glee and bid him "lay on, McDuff," but when he came to North Carolina and innocently asked those charged with fraud whether they had been naughty, he got only a frost and newspaper reminder that he had no business "meddling with our affairs," but also a fatherly lecture from the witness stand to the effect that North Carolina has 100 counties, and after all \$100,000 is not an enormous sum as election the witness stand to the effect that North Carolina has 100 counties, and after all \$100,000 is not an enormous sum as election matters go. And Nyz apologetically exclaimed through the press, "how refreshing!" And moved on to where the right kind of publicity awaited. True, he found in one day evidence of a number of substantial expenditures in behalf of the successful senatorial candidate not accounted for in his sworn report, but the atmosphere was too drab for him to linger when Nebraska offered so much more excitement of the kind he was seeking.

The Charlotte News rightly said a few days ago there should be a complete investigation. But when, how, and where? There is little use to depend upon the Nye committee. Besides, our Demoratic friends do not desire that committee to nose around too much in the State. Criminal actions in the courts are out of the question, if for no other reason than the multiplicity of actions and enormous expense and time required if private citizens should undertake this method. Further, the case of double voting by Doctor Avery and wife at Maiden and the registrar case at Shelby completely show the futility of pursuing this course. The solicitors of the State could wake the dead if they were minded to perform great public service, forget politics, and sift these charges to the bottom in an impartial and nonpartisan way. But will they? One paper suggested I should assume the burden of proving them. But no individual or group of individuals can successfully lay the facts before the people. The Charlotte News rightly said a few days ago there should be lay the facts before the people.

# Mr. President, Mr. Jonas stated to the committee:

While I accept responsibility for that article, I deem it not improper to state the circumstances surrounding its preparation and

proper to state the circumstances surrounding its preparation and publication. As published, it does not in several particulars represent my sentiments or purpose.

The material for the article had been assembled over a considerable period and in piecemeal. When the first draft was assembled, it included the first two paragraphs as published, containing the references to Senator Nyr and others which are objected to. I corrected this draft personally by deleting all references that could be personally objected to by anyone. I was not interested in personalities. My complaint was against a system and not against persons.

A copy of the final draft was handed to me as I passed my office A copy of the final draft was handed to me as I passed my office going from the Judiciary Committee room to the floor of the House. At the first opportunity I began reading my copy and was amazed to find the first two paragraphs were included as in the original. It was apparent to me that the final draft was made from the original instead of from the proofed draft.

I immediately called my secretary, Miss Lucy Rarey, to see that copies were not given the press until I could make proper corrections. I was informed copies had already been given out. Miss Rarey and I spent the evening and into the night endeavoring to recall the article. We succeeded event as to the copy given the

recall the article. We succeeded except as to the copy given the Greensboro Daily News, in which case we did not get in touch with the correspondent until too late. Upon receipt of copy of charges, I wrote Miss Rarey to state her recollection of the incident to be filed with the committee. I attach hereto her reply, marked "Exhibit F."

I deny that I ever intended to "insult the members" of the Nye committee or "gravely reflect upon this committee" or im-pute to it or its members corrupt motives; and I deny that I ever intended to criticize or mention the committee or any of its members other than Senator Nyz.

The provocation for the criticism I intended to make is as follows

follows:

(a) Members of the Nye committee arranged to come to the State October 13, 1930 (three weeks before the general election), to investigate charges of primary frauds. The Asheville Citizen of that date said: "Nye group's right to hold probe challenged—supporters of Bailey gather to plan fight. Mr. Bailey, when seen at the manor last night declared the (Nye) committee is coming to North Carolina on the eve of election for purely political purposes"—characterizing the Nye investigation of the North Carolina primary as unprecedented. Editorially the same paper said: "Mr. Bryant [meaning Mr. H. E. C. Bryant, Washington correspondent] says that at Washington it is believed by persons conversant with the facts that the program for North Carolina is not a frank, sincere effort to get facts but a plan to appease outside Republicans

the facts that the program for North Carolina is not a frank, sincere effort to get facts but a plan to appease outside Republicans who think the committee has devoted too much time to Republican States." I have filed with the committee the Asheville Citizen of October 13, 1930, as Exhibit G.

(b) October 14, 1930, the Asheville Citizen headlined "Bailey men delighted at outcome of Capital City inquiry," saying, in the body of the report, "Senator Gerald P. Nye, insurgent Republican, characterized the hearing as 'most refreshing in comparison with some of the things discovered in other States.'." In the same article Judge James S. Manning, Bailey campaign manager, was quoted as follows: "I am certainly pleased over the result of the investigation but in no sense surprised. The probe will serve to quoted as follows: "I am certainly pleased over the result of the investigation but in no sense surprised. The probe will serve to bring the whispering campaign to a close. The result of the affair will have the reaction of establishing confidence in the party organization and will greatly add to Mr. Baller's prestige and aid in his election." I am filing with the committee copy of the Asheville Citizen of October 14, 1930, marked "Exhibit H."

(c) October 15, 1930, the Asheville Citizen headlined "Inquiry in this State pleases Nye committee—Absolutely nothing is found

to verify any charges made—Terms conditions here refreshing-Primary probers praise clean politics in North Carolina." The followed: "Senator Nye stated he was frankly surprised at th facts brought out at the hearing here yesterday and at Raleigh Monday, and added that the refreshing nature of the campaign in this State in comparison with some of these investigated in other States was very noticeable." This issue of the Citizen is filed with the committee, marked "Exhibit I."

(d) In the Greensboro News of October 14, 1930, in a report of the investigation in the State, Senator Nyz is quoted as saying, among other things, "What we have encountered here is most reamong other things, "What we have encountered here is most refreshing, and the committee congratulates you on your attitude. It has seemed nobody has tried to conceal anything; and if you have deceived us, you have been very clever in doing it. You have, it seems to us, been very jealous of your elections here." The press stated 200 witnesses had been subpanaed by the committee for the hearing, and that 14 of them were examined. A copy of that issue of that paper is filed with the committee, marked "Exhibit J."

hearing, and that 14 of them were examined. A copy of that issue of that paper is filed with the committee, marked "Exhibit J."

(e) Greensboro News of October 15, 1930, headlined "Nye probe viewed as big aid to campaign—Democrats regard outcome as year's best contribution to their cause." Under the above headline there appears the following:

"As to political corruption flowing out of lax election laws, the findings in Raleigh were even more in favor of the Balley men than anybody had a right to expect.

"It was thought that the committee would at least rate the North Carolina laws as archaic, and thus a reproach to a free electorate. Instead the committee praised them. Mr. Nye thought the citizens of the State had been rather jealous of a good political name. There was a good deal to be said against certain looseness in the absentee ballot set, but the committee thought well of the election laws, an estimate not shared by thousands of good Democrats who had occasion to observe elections in recent years. Thus, the Nye-Patterson-Wagner visit has made the Democrats feel Democrats who had occasion to observe elections in recent years. Thus, the Nye-Patterson-Wagner visit has made the Democrats feel good. It turned up nothing that will be difficult to explain in a campaign; indeed, the answer of the Democrats to the conventional charges of the Republicans must be the report of the committee. To be sure, it isn't yet framed, nor has the Senate been asked to receive Mr. Balley. But Mr. Nye's visit has nullified much campaign material which has been in circulation all the fall."

A copy of that issue of the Greensboro News is filed with the committee, marked "Exhibit K."

Based upon the above newspaper reports, there appeared many

committee, marked "Exhibit K."

Based upon the above newspaper reports, there appeared many editorials in Democratic papers to the effect that the Nye Committee had made an investigation and approved election conditions and the methods here. I had not been interested in the Nye Committee investigation. Senator Nyz was reported as interested chiefly in charges of large outside sums of money alleged to have been used in the primary, and I did not believe proof would be found of the use of such funds.

I did not "prejudge" the work of the Nye committee. I was objecting to its prejudgment by the newspapers when only a mere beginning had been made in taking testimony, placing the stamp of approval on election conditions in the State, allegedly out of the mouth of the chairman of a committee of the Senate fixed with the duty of investigating these conditions, on the very

fixed with the duty of investigating these conditions, on the very eve of the general election, greatly prejudicing not only my own election but that of every candidate on my ticket. Every elec-

tion manipulator who read the reports and editorials felt that his practices had been approved. I felt a great injustice had been done me and my party associates.

In view of these reports, as to statements by Senator Nyz which I had no reason to believe incorrect and under these conditions, I meant to say in my article that, whether intentionally or not, he had rendered our opponents service which was worth more than all the money they could spend and they were under a debt of gratitude therefor; and that the Senator was a flend for publicity. That this part of the article contained language that should not have been used, I agree. That I ever intended that objectionable references or implications should appear, I

deny.

Later Senator Nys stated publicly his references while in North Carolina to the investigation and conditions in the State had been misunderstood, and that he had meant only to compliment witnesses appearing before the committee and testifying fully without challenging the jurisdiction of the committee as in some other States. Thereupon I expressed to him sincere regret for any unintentional wrong I had done him. I have no reason to

- other States. Thereupon I expressed to him sincere regret for any unintentional wrong I had done him. I have no reason to believe my apology was not accepted.

  I have not called "14" or any other number of Senators fiends for publicity. The "vane" men spoke of originally as "colts of the wild ass" are not confined to section, creed, or class.

  Nothing I have ever said was intended to "intimate that it [the Nye committee] might have been corrupt," nor do I concede that anything I said is susceptible of any such construction. I deny that anything I said was malicious. I again assert no objectionable references were intended by me to appear in that article. Such criticisms as I intended were made in good faith, in the belief that the newspaper reports of alleged statements and activities of Senator Nye while he was in our State were correct.

  I deny that I have intentionally made false, wanton, or unfounded statements about election conditions in the State. I have called attention to frauds and irregularities alleged to have been practiced in our last election. I believe reliable information and complaints in my possession warrant the statements complained of. For many years I have pointed out evils existing in our election system and have agitated for fair and free elections, not for the purpose of dishonoring the State or insulting its citizens, but in the hope of securing for our people needed election reforms. Some of the leading Democratic newspapers and eminent Democrats, including Senator Baller himself, have labored diligently to point out existing evils and advocated their eradication. As evidence of this fact I attach hereto and mark as Exhibits A, B, C, D, and E.

  Mr. President, I here quote only extracts of these exhibits,
- Mr. President, I here quote only extracts of these exhibits, and ask that they be printed in full at the conclusion of my remarks.
- (A) Report of speech by J. W. Balley in News and Observer of August 12, 1926:

This [meaning North Carolina] is supposed to be a progressive State, but it is the most backward of all, excepting possibly South Carolina, in the means of assuring a fair and accurate count of ballots. I say that our election and primary laws are not framed for the assurance of a fair election but for the purpose of enabling fraud to be perpetrated and of concealing the perpetrators.

fraud to be perpetrated and of concealing the perpetrators. \* \* Take an instance back yonder in 1912, over in the second division of the first ward; it was at White's store. At that precinct they voted a setter dog. The dog with the ballot in his mouth, went up to the box and the ballot was placed in the box and counted. The man who did that made no bones about it; he regarded it as a great joke. There is no way to count the votes after they are cast and there is no power to go behind the registrar and poll holders to attack the dog's vote unless somebody shows an inaccuracy in making returns. There is no way to attack the returns in a primary.

(B) Extract from January 7, 1931, issue of Presbyterian Standard, Charlotte, N. C., containing part of sermon by Rev. R. F. Campbell, D. D., pastor of First Presbyterian Church, Asheville, N. C., dealing with election frauds in the State:

For instance, we have an absentee law, whereby under certain restrictions people who are absent or physically unable to go to the polls are enabled to vote. This thing is abused and perverted in a shameful way. There have been people, I doubt not, who voted the absentee ballot who were absent from this planet and it could not be known where they were. And no medium was present to communicate with them as to how they wanted their votes cast. These absentees did not vote; they were voted through corruption of the ballot by the ring.

- (C) Report of hearing before house committee on elections on bill to repeal absentee ballot law, appearing in News and Observer, January 30, 1931:
- Mrs. M. H. Harris, prominent Asheville business woman and property owner and member of the Asheville League of Women Voters' organization, minced no words in telling of abuses, stating that Asheville had many sanatoriums and that their patients had been voted regularly without their knowledge, and persons dead five years were continuing to vote.

(D) Copy of editorial in Greensboro Daily News, July 12, 1928, on grand-jury investigation of primary frauds in Robeson County:

That 10 more votes were cast in South Lumberton precinct than voters registered; that the same people in a number of instances voted in both North and South Lumberton precincts; that a citizen halted carloads of people in Britts No. 1 placing a marked ballot and a dollar bill in the lap of each voter.

(E) Report of hearing before election laws committee of house of representatives appearing in Greensboro Daily News, February 14, 1929:

He (Westall) told how Miss Bonnie Franks, a school teacher, was voted as an absentee with Grady Turner as witness. She voted ballot 231 and did not authorize anybody to get her absentee ballot. Grady Turner is a fictitious name. R. L. Melton, former resident of Asheville, now living in Detroit, Mich., was voted twice in the precinct which was making Miss Franks so energetic. Melton was on the poll books as No. 393 and 580. Both witnesses, C. F. Flemming and Robert Bridges, are unknown.

### Mr. President, I again quote Mr. Jonas:

I deny that I have ever in thought or word meant to question the integrity of character, charge with corruption or corrupt mo-tives, or insult any Senator of the United States. I may have sharply disagreed with Senators and criticized their course of action, as I criticized Senator Nyz because of published statements action, as I criticized Senator Nye because of published statements and activities attributed to him in connection with the investigation of the 1930 primary in North Carolina, which criticisms are the basis of the principal charge against me. But I assert that it was never in my mind or heart to insult or attribute evil or corrupt motives to Senator Nye or any other Senator. For any statement of mine considered by Senator Nye or any other Senator as personally insulting, or which is susceptible of interpretation that would impute evil or corrupt motive, I express sincere regret and apology, not for the purpose of influencing the result of this investigation but as a duty one gentleman owes to another.

### Quoting Mr. Jonas further:

Now, may I say this also? I do not want to unnecessarily take up time here. There is no reason in the world—my whole habit of life would contradict the idea that I ever intended to characterize the so-called progressives in the Senate in an uncomplimentary way. My father was a Populist and he was called one of the dreamy-eyed wild men of his day. I was brought up in the Populist Party. I left the Populist Party after it died. In 1912 I left the Republican Party and gave out a statement there and became one of the loudest-mouthed Bull Mooses in the State of North Carolina, and was read out of the Republican Party by it. In 1916 I went to the Chicago convention and voted for Theodore Roosevelt up to the very last breath.

In 1920 Senator Hiram Johnson came through my town, and I was one of his supporters in 1920, and I sent my 16-year-old son to Chicago as a rooter for Hiram Johnson.

I tell you that to say that I meant—and may I go farther in

I tell you that to say that I meant—and may I go farther in saying that I regard Senator Borah as one of the ablest men in the United States? He came into my district in 1928 and did more than any other man in America to elect me to Congress. To say that I would refer to Senator Borah in those it was far from any intention of mine.

Mr. President, the only other objection considered by the entire Senate Judiciary Committee as material was the newspaper statement of Mr. Jonas's reference to the Pritchard-Bailey contest.

The junior Senator from North Carolina [Mr. Balley] claims that Mr. Jonas shows his unworthiness of confirmation by reason of making a certain statement in answer to a question by a certain Washington correspondent, Mr. H. E. C. Bryant, about the said Pritchard-Bailey contest, asking Mr. Jonas for a statement wherein Mr. Jonas answered that he would make a statement later, but at which time the said correspondent quoted Mr. Jonas as follows:

This is the first part of an answer to the attacks made on me.

About this statement Mr. Jonas has the following to say: The Pritchard contest was not instigated by me or by anyone else as a result of holding up my confirmation. The contest had been considered seriously long before my appointment as United States attorney was made. Senator Balley filed with the committee the Greensboro News of January 20, 1931; that was almost a month before I was appointed. That paper front-page head-lined: "Now appears likely Pritchard will start contest—many higher-ups in G. O. P. reported to favor this action."

The inference that the contest was a threat against Senator

Baller to force him to agree to the confirmation of my appointment is not well founded. At that time I had absolutely no intimation that the Senator would oppose my confirmation. The Pritchard contest and the confirmation of my appointment, so far as I am concerned or have any knowledge, have no relation-

the House March 3, 1931. Everybody was in a hurry. Cone was about to adjourn. It was my last day as a Member. asked me for a statement about the Pritchard contest. I him I had no statement to make and did not desire to be quoted, but I would give him a statement in a few days, which statement appeared in his paper on March 8. The relationship between the contest and my case was mentioned, and language in substance similar to that carried in his dispatch in the News and Observer. similar to that carried in his dispatch in the News and Observer of March 5 filed with the committee by Senator Balley (but was not the language used in the written objections) was used. If I used that language, I meant only that since opposition to the confirmation, as I understood, was based on my statements about election conditions in North Carolina, an investigation would determine whether they were justified or I had "slandered the State." To interpret that incident or anything I said as an attempt on my part to threaten or cajole Senator Balley or any other person to support my confirmation (which I did not then know he opposed) is to give is a meaning wholly at variance with any thought I ever entertained.

My record of five years prosecuting the docket in the United

My record of five years prosecuting the docket in the United States district court of my district should be some evidence as to my fitness to serve as United States attorney. The judge of the district is a Democrat and a former chairman of the Judiciary Committee of the House of Representatives. His unqualified in-Committee of the House of Representatives. His unqualified indorsement of me was filed with the Department of Justice when
I was appointed. If he will state I am temperamentally or otherwise unfitted to discharge creditably the duties of this office, I
shall resign forthwith. I have tried to discharge the duties of
the office in a sane and impartial manner. If confirmed, I shall
continue to do so, without regard to creed, class, color, or influence. I appeal from the accusation to the record.

I deny that I have ever meant to say or intimate that Senator Balley, Senator Morrison, any Member of the House, or any responsible leader in the State Democratic organization participated in, approved, or encouraged corruption, fraud, or unlawful or evil practices in regard to our elections. I assert again my criticisms have been entirely impersonal and made in good faith.

Mr. President, I have some newspaper clippings and editorials I ask to have inserted in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The clippings and editorials appear later.)

Mr. SCHALL. Mr. President, the safety of our Republic lies not in our growth alone, not in our armies and navies, not even in the perfection of our laws, for laws may be disregarded, and a disregarded law is poison. It eats away the very foundation upon which rest our liberties. The safety of our Nation is the devotion of our people to its free institutions, free speech, and our public schools.

Mr. Jonas, as a graduate of our public schools, has only exercised his right of free speech in an attempt to purify the method of elections in his State. He is a self-made man and he has done a good job.

He worked his way through the common schools and the high schools. Thinking that a high-school education was not sufficient when opportunity was afforded for a better one, he entered the University of North Carolina. He worked his way through the university by waiting tables, chopping wood, pounding carpets, doing anything he could do to earn an honest dime. He graduated from the university in 1902 with a bachelor of philosophy degree. He continued in the university, studying law and later was admitted to the bar and is now acknowledged one of the greater lawyers of the great State of North Carolina.

The record is overflowing with more than a hundred letters from prominent and vital people of his State as to his ability as a lawyer, his honesty and uprightness as a man, and his general interest in mankind. Everywhere he is recognized as a hard-hitting, red-blooded, two-fisted fighter. When he believes he is right he stands upon that decision though the heavens may fall. Because of his sterling, positive character, no one, not even his political enemies, have presumed to utter one word against him as a man, a neighbor, and a citizen, nor has there been any other thought expressed than that he is one of the best lawyers in the State. His integrity has been without question. He stands preeminently from that hearing as one of North Carolina's great and trusted citizens. Judges and lawyers from all over the State have indorsed him.

Educated in the school of toil and hard knocks, as well as the school of science, arts, and literature, he is deemed specially qualified to fill any office in the gift of his State or

Mr. H. C. Bryant called me on the telephone while I was in his country. He is one of the common people, knowing their ne House March 3, 1931. Everybody was in a hurry. Congress trials and tribulations because he came that way himself trials and tribulations because he came that way himself.

> Mr. President, I think a good judge or a good prosecuting attorney or for that matter any public official is not fully qualified to take that position and do justice to it without having had the experience of earning his own way, of helping himself and doing the things that the ordinary person must do. Those public men who come to high position who have not had this experience of the common man, knowing his trials and tribulations, are not equipped to understand humanity and are, too often, because of that lack of understanding, impelled to make decisions that lack justice and understanding.

> That the people he lives among have every confidence in him is shown in that he was elected to the State house of representatives and twice elected as State senator. In 1916 he was elected to the board of trustees of the University of North Carolina by a Democratic legislature and still serves on that board. He has served for five years as assistant United States attorney, showing unusual experience for this particular office to which he has been nominated by the President.

> In 1928 he was elected by his congressional district to the House of Representatives here in Washington and made an excellent and able Representative. In 1930 he was defeated for reelection to Congress and felt that that defeat was in a large measure due to misinformation printed in the newspapers concerning the investigation of the Nye committee. Smarting under that defeat, as he himself puts it, he indiscreetly made a statement that was printed in the Greensboro News and from which arises all this hullaballoo concerning his confirmation.

> The Nye committee came to North Carolina along the middle of October, just a little time before election. Senator Balley himself said concerning the Nye committee:

> Is coming to North Carolina on the eve of election for purely political purposes.

And stating further, Senator Balley said:

The Nye investigation of the North Carolina primary was unprecedented.

Senator Walsh just now criticized Mr. Jonas for not knowing that the Nye committee only had power to investigate expenditures. I think it is fair to assume that if Senator Balley did not realize at this time that the Nye committee had only the power to investigate expenditures that it does not entirely condemn Mr. Jonas for not knowing it. The newspapers, in my opinion, are entirely to blame, because of misinformation printed concerning what the Nye committee was going to do and what they did do for Mr. Jonas's attack upon Senator Nye. Anyway, the information printed in the newspapers is the information that is in the minds of the people and must be met. Had Mr. Jonas realized that the Nye committee was only investigating expenditures and that it did not pretend to go to the conduct and manner and method of handling those elections, I do not believe that the statement complained of would have been made.

Senators, you have heard Mr. Jonas's testimony concerning what he did to try to head off this statement. You have heard also of his fight in trying to bring about fair and honest elections in the State. By his statement he was only attempting to bring to the attention of the people the disregard for the election laws of his State. There is nothing unusual in this attempt that he should be denied confirmation. Senator Balley used even more trenchant words in his condemnation of the disregard for those same election laws, yet he is objecting to Mr. Jonas for making the same kind of a fight for the same end.

Hear Senator Balley as he says:

We need the Australian ballot system but even that is not proof against corruption. Pennsylvania has the Australian ballot but you saw not long ago what happened up there; Illinois has it, and you read about corruption in the recent primary in that State.

They spend millions in Pennsylvania and Illinois for an office that pays \$10,000 and lasts but six years. They don't spend that

much in North Carolina because they don't have to, but they do spend \$250,000 in North Carolina, and if it becomes necessary to spend a million they will spend it.

Mr. Jonas was laboring under the idea that the Nye committee had the right to look into frauds of election, such as Mr. Bailey called attention to in a speech. Mr. Bailey said that North Carolina was the most backward State in the Union except South Carolina, and he said that they voted dogs and counted the ballots, and that votes were counted that had been put into the ballot box written upon cigarette papers.

I notice in the record letters and newspaper clippings galore where Democrats are making the same corrupt charges as to the North Carolina elections. Where a minister, claiming to be a Democrat, says they voted whole sanatoriums without any of the inmates' knowledge, and that people dead for years had been voted without even the aid of a medium. There is no question that the charges fly thick and fast in North Carolina concerning corrupt elections and we should judge of what Mr. Jonas has had to say concerning them with these charges in mind.

Mr. Jonas expected an investigation of such charges but instead the Nye committee investigated expenditures as it had only the authority to do and found that \$100,000 had been spent in a State of a hundred counties, which seemed to Mr. Nye "refreshing." I understand that the Nye committee subpensed a couple hundred witnesses; that 14 were examined, but they were only examined as to expenditures.

Mr. Jonas was thinking of the actual conditions and methods used in these elections and burst forth in condemnation of Senator Nye, which he now understands was unjust to Senator Nye, and he has, like a man, said so. Senator Nye is not complaining of anything said concerning him. He has accepted Mr. Jonas's apology and, I am given to understand, appreciates Mr. Jonas's misconception as to the whole affair. Mr. Jonas was only attempting to point out to the people of his State the miscarriage of justice and the unfairness of such elections.

If Senator NyE were complaining and objecting to Mr. Jonas's confirmation I would believe that there was sufficient base, but I can not understand, unless Senator Nye has assigned to Senator Balley his right of action, how Senator Bailey can be here heard to complain of the things Mr. Jonas said connected with the Nye committee, which he himself only a short time before reiterated, though he did not connect them with the Nye committee, but did make disparaging statements concerning the Nye committee before it arrived in the State and previous to its actions and before he found that the report of the committee was it found things "refreshing" in North Carolina. In view of the conditions that Mr. Jonas knew existed, and not realizing that the Nye committee was speaking of expenditures only, can you see how Mr. Jonas might say that the Nye committee had been of great help to the Democrats, even more than money could pay for?

Mr. Jonas was fighting for principle and did not mean to attack anyone personally. That is the only fair way of looking at these published statements.

I realize, and agree with Senator Walsh, that one of these statements is undoubtedly libelous, but the right of action for that libel lies not with Senator Balley but with Senator Nye, and Senator Nye is making no complaint and, I understand, will vote for Mr. Jonas.

Mr. NYE. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from North Dakota?

Mr. SCHALL. I yield.

Mr. NYE. If the Senator will yield at that point I should like to say that I have no objection to any of the remarks he is offering except that I have not at any time stated that I had intended to vote for Mr. Jonas. I have persistently said that I would not under any circumstances make the present controversy a political one or a personal one.

Mr. SCHALL. Yes; that is the exact statement the Senator made to me some time ago, but I had heard indirectly he was going to vote for Mr. Jonas.

The other point held as material by the committee was Mr. Jonas's reference to the Pritchard-Bailey contest where it is claimed Mr. Jonas, when informed by a newspaper reporter of the filing of such a contest, said, "This is my first step in vindicating myself." Mr. Jonas claims that this was a statement made in confidence to the reporter and that he told the reporter that he did not want to be quoted. The reporter does not remember that Mr. Jonas so confined him.

Mr. Jonas was first nominated by the President for this office on the 9th of February, 1931. On account of there being so short a time to the following 4th of March, no action was taken upon the nomination. The President then gave Mr. Jonas an interim appointment which he is now serving. At the opening of this Congress, the President again sent his name in for this office. Senator Bailey had not yet become Senator and certainly Mr. Jonas could not have known that Senator Bailey would oppose him in the present session and therefore would not have participated in any contest.

Mr. Jonas explains that the expression was made only that he thought that the hearing of such a contest would show up the system that he had been fighting against, and again I reiterate that Mr. Jonas had only the principle in the matter at heart for which he was fighting, that it was nothing personal, either concerning Senator Nye or Senator Balley.

Mr. Jonas is the outstanding Republican of North Carolina; he is a member of the Republican National Committee, which office, if this nomination is confirmed, he informs me by letter, he intends to resign, and has sent in his resignation to the effect that if he is confirmed he is to be relieved of the office. If a Republican is to be appointed to this office, certainly no Republican in North Carolina is more entitled to that position than Mr. Jonas. If Mr. Jonas's confirmation is not had at the hands of the Senate to-day, it will work an injustice not only upon Mr. Jonas but upon every fearless, red-blooded, hard-fighting Republican in the State and on every man, be he Republican or Democrat, who earnestly and conscientiously attempts to bring such reforms in our election laws as will uphold and support the foundation upon which our Republic is built.

Shall we say that because a man dares to stand up and fight for what he believes to be right that he shall be punished? Shall we say that the most prominent Republican and lawyer in the State can not be confirmed to an office for which he is eminently qualified? That everyone, including the entire Judiciary Committee, agrees that he is eminently qualified to fill, can not be confirmed because of some discrepancy in newspaper gossip? I think the President has chosen the best Republican he could find in the State for that office, and he should be, and I hope he will be confirmed.

Mr. President, I have many letters bearing on this subject. I do not think I need to burden the Record with all of them, but there are some documents, editorials, and letters which I should like to have printed in the Record.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

### Ехнівіт А

[The News and Observer, Raleigh, N. C., Thursday, August 12, 1926]
SAYS STATE ON LEVEL WITH PENNSYLVANIA AND ILLINOIS—J. W. BAILEY
TELLS RALEIGH LIONS ELECTIONS JUST AS BAD IN NORTH CAROLINA—
SIMPLY DO NOT HAVE TO SPEND AS MUCH MONEY—DECLARES AUSTRALIAN BALLOT AND VOTING MACHINES NECESSARY IN NORTH CARO-

Declaring that elections in North Carolina are just as corrupt as in Pennsylvania and Illinois, where recent scandals have shocked the entire country, Josiah W. Balley, prominent Raleigh lawyer and former candidate for governor, yesterday told the Raleigh Lions Club that this State not only has corrupt elections but holds its elections and primaries under the most backward laws in the entire country, except possibly South Carolina.

"We need the Australian ballot system—but even that is not proof against corruption," declared Mr. Bailey. "Pennsylvania has the Australian ballot, but you saw not long ago what happened up there; Illinois has it, and you read about the corruption in the recent primary in that State. Mr. Pinchot said he spent a quarter of a million in Pennsylvania, Mr. Pepper says he spent \$800,000, and Mr. Vare says he spent a million. In Illinois we know they

spent from one to three millions. But this thing is denounced in our law. It is against the law to contribute to candidates without making a report of them; it is against the law to stuff ballot boxes; there are 20 criminal acts providing fines and even penitentiary sentences in our election laws. But the trouble is we don't pay any attention to them, just as they do in Pennsylvania, and we have just as much corruption here in North Carolina as they have. The trouble is with that senus home that species of voter. we have just as much corruption here in North Carolina as they have. The trouble is with that genus homo, that species of voter to whom no amount of law means anything. The time has come when the power of money in politics is absolute. They spend millions in Pennsylvania and Illinois for an office that pays \$10,000 a year and lasts but six years. They don't spend that much in North Carolina because they don't have to. But they do spend \$250,000 in North Carolina, and if it becomes necessary to spend a million they will spend it.

"In Illinois, this man Insull, who has millions and millions and controls a dozen public utilities frankly admitted that he con-

"In Illinois, this man Insull, who has millions and millions and controls a dozen public utilities, frankly admitted that he contributed something to all of the parties in the contest. He gave George Brennan, the Democratic candidate \$15,000, and George took it, because he said he needed it. He gave ten times as much to Smith, the Republican candidate. He did that because he wanted to be on the inside, no matter who won.

"We have got to get this in our minds—that a high spirit of citizenship is necessary for fairness in elections. I can take a high-spirited citizenship and handle an election without any laws; I can take a money-loving sorry citizenship and no amount of laws will prevent corruption.

will prevent corruption

will prevent corruption.

"We need an ironclad Australian ballot law and voting machines in North Carolina. I may be a little cynical, but I wouldn't trust a politician. We have got to preach the gospel of manhood in politics. They spend money to swing elections right here in Wake County. They said I was in on this last election, but I was not; I kept clear of the whole thing. But no less than 10 men came to my office during that campaign and asked for money to be used in controlling the vote. These were not ordinary, sorry-looking fellows who came up asking for \$100, and they can and do control the vote. And if one candidate does not come across with the money, they will go around and talk to the other candidate. So that's the situation right here in Raleigh and Wake County. Wake County.

and Wake County.

"I have one comment to make on this situation—it can not last. If it does last, we will go to the dogs.

"This is supposed to be a progressive State, but it is the most backward of all, excepting possibly South Carolina, in the means of assuring a fair and accurate count of ballots. I say that our election and primary laws are not framed for the assurance of a fair election but for the purpose of enabling fraud to be perpetrated and of concealing the perpetrators.

"Mr. Bailey read section 5976 of the election laws governing the conduct of polling places, with the provision for privacy for the voters, etc., including the roping off of a walk way to the ballot boxes.

ballot boxes

ballot boxes.

"Now, that's all very fine to read, but it has never happened in North Carolina. But this section has this provision: That nothing therein shall be construed as making it compulsory for the registrar and poll holders to rope off the walk way. Now, why

"Now, that's all very fine to read, but it has never happened in North Carolina. But this section has this provision: That nothing therein shall be construed as making it compulsory for the registrar and poll holders to rope off the walk way. Now, why was that proviso put in there? It was put in there by some smart politician. If it pays the dominant element in control of the precinct to rope off the walk way, it is roped off; if it doesn't pay to rope off the walk way, it isn't done. It's just a matter of which way they can get the most votes. That provision was put there in the interest of fraud and not in the interest of fairness. "Now, let's talk about the canvassing of returns. The people know a little more about that now on account of some recent experiences, including the Evans and Brassfield case. I will say this in connection with that case—that the State board of elections didn't decide anything for anybody; it did nothing in regard to either law, rule, or reason. It just decided to do nothing. But the law says that county boards of canvassers have the power of judicial determination of the issues before it, which is the same power possessed by the courts. In other words, the county boards are empowered to reach a decision, and there is no appeal, and thus the matter is disposed of.

"But the judges of elections are men who owe their appointment to the dominant political machine or element. They have got to get the backing of the ruling powers to hold their offices, and when they do get it, they are hard to dislodge.

"But it is worse in the primary than it is in the election. This law says that the county board of canvassers shall have authority to tabulate the returns, and that's all. In other words, if the returns from a precinct are written clearly and there is no apparent inaccuracy in the tabulation of the vote, all the county board can do is to certify the figures. The county board can not even get access to the ballot boxes unless somebody comes forward and shows there was an inaccuracy in wri

they backed off and offered to compromise. They said they would withdraw their opposition provided this clause was inserted in the law; that the county board of canvassers shall have authority only to tabulate the returns. Which simply meant that the dominant political element could report the returns to suit themselves without challenge unless somebody showed an inaccuracy in the report. I am profoundly ashamed of this state of affairs; and nothing has been done since 1913 to remedy it. The election law we have was drawn in 1901 and nothing has been done since that time to remedy its defects.

we have was drawn in 1901 and nothing has been done since that time to remedy its defects.

"The election law at the time it was framed in 1901 had a simple unfortunate thing to justify it—the negro situation. I firmly believe that it is the policy of this State that its affairs should be dominated and run by the whites; and it ought to be that way. But we fell by the wayside in 1893, and the State went to the Republican Populists by about from 30,000 to 40,000 majority. But in 1898 we got back in the saddle, and in 1901 Aycock came in and the task of writing an election law that would prevent a similar situation in the future was undertaken. But although it is a good gun to have behind the door, the law now is not being used to keep out the negro but to keep the people in power who controlled the election machinery regardless of the strength of the opposition. This situation can not be remedied until the people rise and demand a test vote.

rise and demand a test vote.

"We also have on the statute books the absentee voters' law. "We also have on the statute books the absentee voters' law. That law was put there in time of war, so that the soldiers who went to France could have an opportunity to vote. I think that was the right thing to do. But now the soldiers have come back, and the law stays on the books. Why? Because in any election or primary anybody with control over the registrars and poll holders can go to any precinct in the State and vote any number of votes he wants to. I believe it can be proved that cigarette coupons have been cast as ballots and counted under such circumstances. That ended it, for there was no way to attack the returns."

### EXHIBIT B

[Presbyterian Standard, official organ of Synod of North Carolina for 71 years]

> CAUSES OF CIVIC CRASH—THE INIQUITY OF RING RULE Rev. R. F. Campbell, D. D.

The second thing responsible for our crash is the principle of ring rule. That is a principle of American politics, not only in Asheville but throughout the county; one of the principles of American politics, and the root of it, is the life of the ring. There are men who cast covetous eyes on public moneys. That is the beginning of the ring. Birds of a feather flock together. These men who have covetous eyes on public money are combined into a ring in order to carry out their purposes. The ring is very

men who have covetous eyes on public money are combined into a ring in order to carry out their purposes. The ring is very compact. The cement is the love of money.

We have had one in Asheville, as you know. They are men who are in the game for political power and political plunder. They want political power in order that they may get political plunder. How do they go at it? They know that the custodians of the public funds are elected. Therefore they begin at the very beginning—with elections. They begin to corrupt the ballot. I am not telling any secret about the corruption of the ballot here in this county and in Asheville. It is well known.

Where does it begin? In the primaries, Why? Because under normal conditions there is a dominating party here. It is a fore-

normal conditions there is a dominating party here. It is a fore-gone conclusion under normal conditions that its nominees are going to be elected. Therefore they center their efforts on the primaries. If they can get men nominated that they think they can handle, then they think they have accomplished their purposes. I do not mean that there always is a bargain between them, but they make their selection as to what men are to be nominated. I have evidence—sworn evidence of the corruption of the primaries.

For instance, we have an absentee law, whereby under certain restrictions people who are absent or physically unable to go to the polls are enabled to vote. This thing is abused and perverted in a shameful way. There have been people, I doubt not, who voted the absentee ballot who were absent from this planet, and it could not be known where they were. And no medium was present to communicate with them as to how they wanted their votes cost. These observables did not vote they were voted through votes cast. These absentees did not vote; they were voted through corruption of the ballot by the ring.

Another thing I want to hit hard. I understand that under the laws of this State all the registrars are of the dominant party, whatever that party may be. Whenever a party is ashamed to let the other party know what it is doing in the matter of registrations, that party is rotten to the heart. It means that the dominant party would manipulate, if necessary, the registration books. Why this law? Because the dominant party keeps it for its own corrupt nurposes.

its own corrupt purposes

That is the party to which I belong. I wish a number of you That is the party to which I belong. I wish a number of you Democrats would come out and say you won't stand for this any longer; that no party can select registrars of its own party alone. Who is responsible? You Democrats, every one! You are responsible until it is repealed. You have the stain upon your own hands. Do not try to put it on somebody else. How many of you do it? How many of you refuse to stand for things you know are evil, the corruption of the ballot and the manipulation for this in party interests, largely under the control of the ring I have spoken of?

#### EXHIBIT C

[The News and Observer, Raleigh, N. C., Friday, January 30, 1931] WOULD ABOLISH ABSENTEE BALLOTING IN BUNCOMBE

The house committee on elections yielded to the plea of Buncombe County yesterday for repeal of the absentee ballot law in so far as it affected the local elections of that county, voting unanimously to report favorably on the Howell-Reed bill, but not until after argument had waxed warm for an hour and a half and Representative Neal, of McDowell, had served notice that he regarded the procedure as dangerous precedent and would vote against any similar proposal for other counties.

No county is at present exempt under the state-wide absentee.

No county is at present exempt under the state-wide absentee ballot act, and opposition in the committee was overridden only after representatives of Buncombe County had represented that the bill was fostered in dire necessity to meet a situation for which

no other remedy was apparent.

The bill was properly only before the house committee, but it was heard in joint meeting in order that members of the senate committee might hear the Buncombe residents without the necessity of them returning for another meeting when the bill reached

sity of them returning for another meeting when the bill reached the senate.

Opponents of exempting any county from the state-wide measure brought out that a bill was now being prepared by Attorney General Brummitt that would tighten up the general statute, and the Buncombe delegation was asked if it would not be satisfactory for its measure to go over pending consideration of that bill, but they told the committee that nothing would save the situation in Buncombe.

Aroung against submitting the bill to a subcommittee, as moved

Arguing against submitting the bill to a subcommittee, as moved by Representative Dosher, of New Hanover, Judge J. Frazier Glenn, member of the Citizens and Taxpayers League of Buncombe County, declared that immediate action was essential for relief of a state of "turmoil and strife," adding, "if we can pass this tomorrow, it will do more to reestablish ourselves than anything

"It is the opinion of 95 per cent of the people of Asheville that the absentee ballot is at the bottom of the present political and financial condition of Buncombe County," he said, in response to a question from Representative Neal, from the adjoining county of McDowell, as to why he considered it so urgent to repeal the

law for Buncombe.

"It has permitted a political situation that is intolerable," he declared, brandishing petitions with thousands of names, and declaring that not a voice had been heard against the measure. He said that the petitions were signed by Republicans and Demo-

crats, and that the petitions were signed by Republicans and Demo-crats, and that leaders in both parties were whole-heartedly for it. "If you turn your back on us you'll lose Buncombe to the Demo-cratic Party," he asserted, as Representative Neal again interrupted him to say that from his attendance upon the sinking-fund subcommittee he did not understand that all of Buncombe's troubles

were due to the absentee ballot.
"It is all due to it," Judge Glenn retorted, "for without it we

"It is all due to it," Judge Glenn retorted, "for without it we would have had other officers." He pointed to the increase in Buncombe's public debt from less than \$8,000,000 to \$50,000,000 in eight years, figures more or less familiar to the general public since the financial debacle brought on by the Central Bank & Trust Co. crash this winter.

Mrs. M. H. Harris, prominent Asheville business woman and property owner and member of the Asheville League of Women Voters' organization, minced no words in telling of abuses, stating that Asheville had many sanatoriums and that their patients had been voted regularly without their knowledge and persons dead five years were continuing to vote.

"In the name of the Lord don't let's defer it. Let us go back and tell the people of Buncombe County to take heart," she declared.

Judge Carl B. Hyatt, of the Buncombe Juvenile Court, pleaded for the measure as a matter of simple justice to voters who wanted to continue being "good Democrats."

Representative James Howell, sponsoring the bill, waxed frank about the political features of the measure, a subject treated as thin ice at first, but brought directly into the open as the argument progressed.

"If our banks had burst before the election, the Democratic Party would have been swept off the face of the earth in Buncombe," he said, pleading that it was his political funeral if the folks back home weren't for it, and asking deference of the com-

notice to a great local emergency, despite their apparent disinclination to allow any county to get out of the state-wide law.

Representative Mark Reed indorsed the stand of his colleague, declaring that at best there was no need for the absentee ballot in Buncombe.

Mr. Howell brought out that the proposed measure had been published in Asheville papers and had brought no protest. Judge Glenn admitted that the trouble had been in the primary

and Mr. Neal wanted to know if it would not be sufficient to abol-

and Mr. Neal wanted to know if it would not be sufficient to abolish the absentee voting for the primary only.

"That would be to turn the county over to the Republicans," Representative Howell declared.

Representative Butler, of Sampson, Republican, then submitted an amendment to also abolish absentee voting in Sampson, and Representative McBee, of Mitchell, the minority leader, spoke for the Buncombe measure as a matter of local justice. He said if he were playing politics he would lean the other way.

Mr. Butler redirected attention to his amendment, which was ruled out of order, and Mr. Neal found in the Republican move an illustration of political consequences he had been suggesting.

"You see already where the thing will lead," he snorted.

Mr. Butler quickly resumed his feet to deny that he was playing politics, but offered his amendment as a matter if principle. Previously he had spoken for the Buncombe bill.

Senator Bernard appeared for the Buncombe bill.

Senator Bernard appeared for the bill, declaring it was necessary to restore confidence, and Representative McDevitt, of Madison, well known in western North Carolina Democratic politics, argued that the Buncombe delegation should have the bill if it wanted it. Representative Howell stated that the bill had the indorsement

Representative Howell stated that the bill had the indorsement of J. Ed. Swain, chairman of the county board of elections, and former Superior Court Judge T. L. Johnson.

The unanimously favorable vote followed withdrawal by Representative Dosher of his motion that it go to subcommittee.

The bill will be reported out this morning, and it is regarded that it will be the center of a hot battle on the floor unless some compromise is effected in the meanwhile.

#### EXHIBIT D

[Greensboro Daily News, Greensboro, N. C., Thursday, July 12, 1928, editorial]

#### NOTABLE PUBLIC SERVICE

Yesterday's dispatch from Lumberton reported that Judge Sinclair had ordered the Robeson County grand jury to investigate conditions surrounding the primaries of June 2 and June 30, and this statement follows: "The charge, which was the second of the term of the court, came on the morning after the appearance in the Lumberton Robesonian of the afternoon before of a summary of the charges that had been brought to its attention of corruption in the primary here June 30 to nominate a recorder for the Lumberton district."

A good deal has been said, first and last, about the Robeson primaries, but so far as noted here the reports have been vague. What the Robesonian reported "as charges freely made" and "brought to the attention of the Robesonian" is this:

That 10 more votes were cast in South Lumberton precinct than voters registered; that the same people in a number of instances voted in both North and South Lumberton precincts; that a citizen halted carloads of people in Britts No. 1, placing a marked ballot

voted in both North and South Lumberton precincts; that a citizen halted carloads of people in Britts No. 1, placing a marked ballot and a dollar bill in the lap of each voter; that conditions were just as bad in Britts No. 2, but work more cleverly handled; that the registrar in one township took a number of voters to one side for alleged purpose of influencing vote, and it is alleged that vote was different in some instances from what it would have been had voters not been interfered with; that some county officials, after nomination, took active part in campaign; that when it became known that money had been placed in one town by became known that money had been placed in one town by partisans of one candidate, it was doubled by the other side; that a frightened boy came to Lumberton and asked what was going to be done with him, that he had been forced to vote in Britts No. 1, and was between 16 and 17 years old; accompanied by another youth, who appeared to be related, who said he was under age and was forced to vote in South Lumberton; that two girls and a boy, the oldest not over 19, were forced to vote in one township.

It is further related that between 2 and 3 o'clock in the morning the residence of one J. B. Humphrey, in Saddle Tree Township, was destroyed by fire; that the fire had started on the outside, in was destroyed by fire; that the fire had started on the outside, in front where no fire had been in four weeks, and several hours after a heavy rain; that on the morning before the second primary, Humphrey, who was known to be a supporter of Recorder Kornegay (one of the candidates), found on his front porch a note reading as follows: "J. B. H. vote for Ivey or you'll wish you had"; and underneath was a neatly drawn bullet. Incidentally, 11 persons were sleeping in the residence. Many persons seem to think the fire was incendiary.

In the face of information of this nature, it is difficult to see how Judge Sinclair could have done otherwise than order the grand jury to investigate. But none the less, it is satisfying to know that a judge of his vigor was present to act so promptly.

The Daily News has no information as to the accuracy of the

The Daily News has no information as to the accuracy of the charges and naturally does not prejudge them. But the act of the Lumberton Robesonian in bringing them sharply to public attention and virtually forcing a grand-jury investigation is a notable example of public service. For the rest, Robeson and the remainder of the State will have to await the report of the grand

# EXHIBIT E

# [Greensboro Daily News, Greensboro, N. C.]

ELECTION LAWS COMMITTEE IS TOLD OF BUNCOMBE FRAUDS

Buncombe County's revolution, which hit several eminent citizens of the mountain metropolis and environs in November, reached Raleigh this afternoon and gave Senator Carlisle Higgins and his

Raieign this afternoon and gave Senator Carlisle Higgins and his election laws committee a grand demonstration, the best of the session, on the Leavitt and Young proposal to repeal the absentee voters' act as it applied to Buncombe.

The revolutionists brought down Democrats mainly. True, they may not have been Democratic in November—nobody seemed to be. But they are has-been Jeffersonians. They came as witnesses to the multifarious rascality of elections in Buncombe. They appeared to be very much in earnest about this bill to repeal the absentee voters' act.

# BIG GUNS THERE

The revolutionists brought Jack Westall, big lumberman; G. D. Carter, president of the Bank of West Asheville; Clarence Blackstock, lawyer; Percy Carter, lawyer; Junius G. Adams, Frazier

Glenn, W. H. Hipps, and George Craig, all lawyers; and Thomas Waddey Raoul. Nearly all of these citizens have been prominent in Democratic politics. Some of the visitors were Republicans, but most of them were "antiring" Democrats. The rough element was not represented to-day. The Taxpayers' League came along and some of the speakers to-day were representatives of that very potent band of protestants.

### MR. WESTALL TELLS A GREAT DEAL

Mr. Westall, being a big business man, took the trouble to know most about which he was talking. He brought a pile of records and gave the contents to the committee. He told the committee that a detailed study had not been possible since the election of 1928. But he had some facts which must have been surprising to the committee. "Extreme methods were used" in several instances, he said; but always the absentee ballot got into the box. Sometimes an elector went up in person and voted in the regular way, only to find out that he had been voted in another precinct as an absentee. In some instances, he said, persons were voted in person in one precinct, then absentee in the same polling place.

"Cases were found where two absentee ballots were presented for the same person in the same precinct, one having been made up in Asheville and the other at some distant point," said Mr. Westall. "There are instances wherein mistakes were made in taking names from the registration books, but these names were

writed as absentees nevertheless."

Mr. Westall told the committee that in some of the precincts large numbers of absentee ballots were destroyed after insistent objection had been made to their being voted. There were in the first precinct in Asheville about 125 of these absentee ballots which were not voted, he said, but taken out and destroyed. Thirty ballots in one precinct and about seventy in another were thrown out by the registrar. Inspection showed that many of the absentee certificates were signed by one and the same person, he said. The clumsy fabricator took no pains to disguise his foolish

#### FRAUD UPON THE WOMEN

He told how Miss Bonnie Franks, a school-teacher, was voted as an absentee, with Grady Turner as witness. She voted ballot 231 and did not authorize anybody to get her absentee ballot. Grady Turner is a fictitious name. R. L. Melton, former resident of Asheville, now living in Detroit, Mich., was voted twice in the precinct which was making Miss Franks so energetic. Melton was on the poll books as number 393 and 580. Both witnesses, C. F. Elemming and Robert Bridges are unknown.

Flemming and Robert Bridges, are unknown.

Mr. Westall gave one after another of these alleged frauds. They were backed up by affidavits, of which Mr. Westall appeared to have half a ton. The visitor gave witnesses and called names with great volubility. The Buncombe folks are merely asking to get repeal for themselves. Their bill applies only to their county.

[From the Greensboro Daily News, Greensboro, N. C., January 23, 1932]

### PIDDLING BUSINESS

Not one gray hair in this devoted head was caused by anxiety over the confirmation of Charles A. Jonas or any other Republiover the confirmation of Charles A. Jonas or any other Republican—or Democrat—as district attorney or anything else in the gift of the Federal Government. One of the easiest things we have ever done was to take or leave the objects of political patronage. And yet we are, and have been since the inception of the argument, decidedly of the opinion that Senators Balley and Morrison were far better occupied with something vastly different from opposing the ratification by the Senate of Mr. Jonas. We are willing to accept as true the statement that Mr. Jonas has said some nasty things about Democrats in North Carolina and their manner of conducting elections. It is altogether likely that he can not begin to prove some of his charges. But what of it?

When did it become a cardinal political sin for a Republican—or Democrat—in these parts to overspeak himself? Is Mr. Jonas not capable? Is he a poor citizen, an undesirable neighbor? Does he pay his debts, confine his chickens to his premises, and keep his nose clean?

keep his nose clean?

There are many Democrats in North Carolina who ought to be talked about, and sometimes we think it would do the party as a whole good to have things said about and to it. We doubt seriously if Mr. Jonas has said anything harsher about the election manners of Mr. Balley and his friends than Mr. Balley has said—and might be in a better position to prove—concerning some of those who used to subdue the opposition to the Democratic machine in North Carolina.

Whis immediate restricts of the State over Mr. Jones pothing in

This immediate section of the State owes Mr. Jonas nothing in particular and we can not at this moment recall a personal obligation; but there are lots of things around Washington that a man of Mr. Balley's size and attainments might turn his hand to before he expends any of his energy in attempting to build a fire under the devil of partisanship.

[From the Greensboro Daily News, Greensboro, N. C., March 2, 1932]

# PUNISHING MR. JONAS

While the nomination of Charles A. Jonas to be prosecutor of the Federal court docket for the western district of North Caro-lina is yet to be acted upon by the Senate, the adverse report voted by that body's Judiciary Committee dims quite perceptibly

Mr. Jonas's chances for celebration over formal acquisition of the new job to which he was accorded a recess appointment by

With full allowance for the former House Member's injudicious and excessive loquacity, this household publication fails to see how the persistent opposition of Democratic Senators will add how the persistent opposition of Democratic Senators will add anything to the record or the sportsmanship, as if there were any such quality in politics, of their party. A Senator, with all the problems which are crying for attention and the opportunities for State and National service which now press upon him, could patently put his time, energy, and attention to far more useful purpose than diverting even a small portion of it to the more or less picayunish business of getting his man, particularly when the object of his attack is no more than one among hundreds of district attorneys who draw subsistence from the Federal pay roll.

dreds of district attorneys who draw subsistence from the Federal pay roll.

As to Mr. Jonas's unfitness for the position to which he was appointed, nothing has been said so far as has been noted in these parts. The appointee merely talked too much, a generally common fault, it must be admitted by his unfriends. Even so, it was not how much but what the prospective district attorney said. In his partisan zeal—or was it his enthusiasm for reform?—he made the mistake of casting reflection, real or fancied, upon North Carolina's election system and more particularly upon the Nye investigation committee for its designation as "refreshing" that which he conceived to be far therefrom; and for that reason he becomes "personally objectionable and obnoxious." For this criticism he must be punished.

Acceptance of the procedure as part of the political game does not, however, preclude wonderment as to how many officeholders would remain on the public pay roll were they held strictly accountable for all the statements which they made in their campaign utterances and partisan attacks.

paign utterances and partisan attacks.

[From the Greensboro Daily News, Greensboro, N. C., February 5, 19321

### JONAS INJUDICIAL

Senator Josiah W. Bailey, it would seem, is determined to balk Charles A. Jonas's confirmation as United States district attorney. The Daily News, which has referred to this matter aforetime and expressed the hope that Mr. Bailey would find some greater emprise with which to occupy his senatorial time, is inclined to let it drop. Nobody is better suited to the purpose of taking or leaving Federal appointees rewarded for service to either of the parties than is this household journal. We might even go so far as to accept Mr. Bailey's charge of "temperament" as partially proven and a little admitted by Mr. Jonas who has evidenced a

parties than is this household journal. We might even go so far as to accept Mr. Balley's charge of "temperament" as partially proven and a little admitted by Mr. Jonas, who has evidenced a slight willingness to hedge.

And yet so constrained are we to the belief that it is not the under dog which should always be called upon to present the olive branch that we wish Mr. Balley would forget it all. Especially is this desire keen with relation to the Senator's insistence that Mr. Jonas has reflected upon the State judiciary. Personally we might feel inclined to yield to none in our admiration and respect of judges of inferior, superior, and supreme courts of this State and then with divers and sundry members of Mr. Jonas's party wonder how they got that way. If there is any branch of the government of North Carolina which a Republican has some cause to resent in its constitution and selection it is our boasted nonpartisan judiciary.

Nonpartisan because there is no chance for it to be bipartisan, as all hands insist the national judiciary must be! Five members of the supreme court—count 'em—five! Twenty of the superior court, with five or six spares, county and recorder court judges too tedious and numerous to mention, and not one Republican in the lot! How many justices of the peace or even notaries public vote the minority ticket in North Carolina?

The only argument which to our notion might serve to justify

The only argument which to our notion might serve to justify such a monopoly of the administration of justice would be the fact that the Democratic Party in this State furnishes all the court

And it does seem a little hard to blame Mr. Jonas for an occasional lapse into the injudicial when he has had such limited advantages.

# [From the Charlotte Observer, Charlotte, N. C., July 15, 1931] JONAS'S CONFIRMATION

Charles A. Jonas holds the office of district attorney by virtue of a "recess" appointment by President Hoover, which means that his nomination must be confirmed at the next session of the Senate. The Observer can see no reason for objection to the Jonas appointment except on the single ground that he once defeated a Democratic candidate for the House. Objection on that ground would reduce the matter to a low scale of partisan politics, and of a kind it would not be profitable for the Democrats to engage in. Furthermore, it must be Jonas or some other Republican. No Democrat may hope to get the office held by Jonas, and, that being the case, Jonas should be indorsed for his record or "a better Republican" picked to succeed him. Then would come the difficulty of finding a Republican better qualified for the duties of district attorney than Jonas—and the Observer does not believe that can be done. Confirmation of the Jonas appointment is a circumstance of strong appeal to the people of the district he represented in his one term at Washington, for he proved resourceful of results, particularly for Charlotte. It is of record also that Jonas developed the broad mind, serving his district as a whole

wherever he found opportunity to serve, with no partiality being !

wherever he found opportunity to serve, with no partiality being of manifestation.

The spirit of appreciation, rather than the spirit of partisanry, should obtain in the case of confirmation of the Jonas appointment. If it were a matter of Democratic opportunity, the Observer would contend for the Democrat, but there is no such opportunity involved. It is Jonas or some other Republican, and the Observer would want to see a good man, a capable lawyer, and a friend of the people of the district he represented rewarded. We believe the Democrats, as well as the Republicans of this district, would be glad to see Jonas confirmed and without political quibble.

cal quibble.

This is another long-distance discussion in connection with candidates for the Senate and State offices, and might well be deferred until the time for action comes nearer, but in some way deferred until the time for action comes nearer, but in some way some folks appear to have come to believe that there is proposition on foot to oppose confirmation of the Jonas appointment, this belief probably being founded on the circumstance that Mr. Jonas has stated that in case his cause is turned down by the Senate, he would not accept another appointment at the hands of the President, in that event opening the way for successorship scramble among his party associates, with one contingent entry already in the field. Republican expectation is that both Senator Morarson and Senator Bailey will be inclined to oppose the Jonas nomination, but upon what ground belief of that kind is founded is not known. Neither Democratic Senator could oppose Jonas on the ground that he is not capable of prosecuting the duties of district attorney with ability, for his qualifications are beyond dispute, and they could oppose him only for partisan reasons, based, partly at least, as we have stated, on the political circumstance that he defeated a Democratic candidate, and furthermore, they could hope to see him succeeded only by a Republican. Because of facts of this kind, and because of Jonas's record for having done things of benefit to the people of his district, the Observer is disposed to discount any rumors that active opposition to the confirmation is in the brewing on part of the North Carolina Senators. And further, we have a feeling that December events will prove that this discount was well placed.

This is said in the light of our established belief that neither Morrison nor Bailey would oppose confirmation of Jonas for the mere satisfaction it would give in forcing the President to make a new nomination. some folks appear to have come to believe that there is proposition

new nomination.

THE CHAPEL HILL WEEKLY, Chapel Hill, N. C., March 20, 1932.

Hon. Thomas D. Schall,

United States Senate, Washington, D. C.

DEAR SIR: I read in the paper this morning that you were in favor of the confirmation of Charles A. Jonas.

You are exactly right.

I am not of Mr. Jonas's political party, but I believe he is well qualified for the post to which the President appointed him. A great many North Carolinians who are Democrats feel the same

way about it.

The opposition to him of the two Senators from this State is, I feel sure, not representative of the best opinion in North Carolina. They have simply let their judgment be clouded—in my opinion—by partisan rancor.

I am well acquainted with Senator Balley and have a high regard for him, but I believe he is badly "off the track" in this

This letter is not confidential. You can show it to whomever

you please.

I used to know Mr. Jonas but have not seen him or heard from him in several years, and he knows nothing of my writing this

letter. Yours truly,

(Inclosed is an editorial from my paper on this subject.)

[From the Chapel Hill (N. C.) Weekly, March 18, 1932] THE FITNESS OF JONAS

A dispatch from Washington a few days ago contained this

passage:
"Senator Borah adheres to the view that if all the accusations against Jonas are true, they do not give rise to any question concerning his fitness to serve as a prosecuting officer."

BORAH is right.

Jonas is a vigorous partisan, and at times, in the manner of partisans, he is apt to indulge in rather extravagant talk about the virtues of his own gang and the sins of his opponents. A year or so ago he gave the Democrats of North Carolina a furious tongue-lashing. He said that they did not conduct elections fairly, and he intimated that anybody who went into a North Carolina court with a charge against Democratic election officials had little chance of winning his case. Furthermore, he cast aspersions upon the United States Senate investigation committee headed by Nys. All of which was very indiscreet for a man whose appointment to office was coming before the Senate for confirmation. confirmation.

confirmation.

Jonas's allegations against the Democrats aroused the ire of Senator Balley and Balley presented to the Judiciary Committee a long statement opposing confirmation. Finally he said that Jonas was personally obnoxious to him. Whereupon a majority of the committee voted against confirmation.

Jonas would have been wiser if he had controlled his tongue; but, as a matter of fact, what he said about the conduct of elec-

tions by Democrats in North Carolina was largely true—just as the same thing is true of Republicans in States where Repub-licans are in control of the machinery. Of course, Balley's own election was not the result of fraud; he won by far too great a election was not the result of fraud; he won by far too great a majority to justify any assumption of fraud. But for a generation or more there has been abundant—superabundant—crookedness in the conduct of elections in North Carolina, and every North Carolinian above the grade of a simpleton is aware of it.

But, as Borah says, this has nothing to do with Jonas's fitness for the job of United States prosecuting attorney in western North Carolina. If he is well qualified for the job—and thus far nobody has given any convincing evidence to the contrary—he ought to be confirmed. We hope he will be,

CHARLOTTE, N. C., March 5, 1932.

Senator SCHALL

United States Senate, Washington, D. C.
DEAR SENATOR SCHALL: I notice you have filed a minority report on Jonas's confirmation.

on Jonas's confirmation.

I am disgusted with politics. No sensible reason has or can be given why Jonas should not be confirmed. That he is competent and highly capable, that he is a man of most excellent character, will be admitted by everybody who knows him. Why then should he not be confirmed? Have we reached a point when men of ability and character can not be confirmed by the Senate? If Jonas is summarily kicked out, I want to say with much emphasis that it will be no reflection on him.

I might add that I am 61 years of age. I am a lifelong Democrat. Jonas doesn't know I am writing this letter.

Yours truly.

Yours truly,

PLUMMER STEWART.

WILMINGTON, N. C., March 2, 1932.

Hon. THOMAS D. SCHALL,

Hon. Thomas D. Schall,

United States Senate, Washington, D. C.

Dear Sir: The writer takes this privilege of writing you to express the thanks of the people of the State of North Carolina for the splendid manner in which you handled the case of the nomination of the Hon. Charles A. Jonas to be United States district attorney for the western district of this State.

As you are aware, there is no criticism as to the ability, integrity, and statisfications of Mr. Jonas but rather some states of this state.

and qualifications of Mr. Jonas, but rather some statements attributed to him during the heat of political battle. Mr. Jonas is at this time Republican national committeeman from this State and

this time Republican national committeeman from this State and has served one term in Congress to the credit of North Carolina.

The good people down here feel that this man should not be sacrified just to satisfy the spleen of Senator Balley, who has in times past, when unsuccessful, just as strongly condemned the Democratic machine in the State, and whose seat in the Senate is now being contested for alleged irregularities at election time.

Your legion of friends in this State appreciate your efforts and

admire your sense of fair play.
Yours very truly,

V. W. FAGG.

HICKORY, N. C., March 4, 1932.

Senator SCHALL.

HICKORY, N. C., March 4, 1932.

Senator Schall.

Dear Sie: The matter of Hon. C. A. Jonas just came down to this—why should you crucify one of your own members for what you would probably have done yourself if you had been in his place? Mr. Jonas may have been a little indiscreet in the use of words—who is not, under wrath of righteous indignation?

Mr. Jonas just vigorously exposed a fraud Senator Balley, in a public statement, claimed he could commit!

Are you willing to keep your party down in this State forever by approving the absentee ballot law as it exists here?

Suppose the Democrats in New York State had control of the legislative branches of the State as well as the governor. Would all that corruption in New York City ever been exposed? Now, your party has a chance to get ahead in this State under fair elections. Are you going to crush those chances by sacrificing one of your strongest leaders for a little indiscretion of words?

The last Republican administration couldn't be so bad in this State if Senator Balley lent his aid and influence to it by serving under it, could it?

I am a Democrat; voted the straight Democratic ticket over 50 years, but I am of the type of Borah; I am in favor of honest elections no matter which party it helps!

Yours for good government,

C. G. Whiting.

C. G. WHITING.

Mr. MORRISON obtained the floor.

Mr. WALSH of Montana. Mr. President—
The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Montana?

Mr. MORRISON. I yield.

Mr. WALSH of Montana. I feel that the presentation of the case would not be complete without an answer from the record to the question asked me by the Senator from Georgia, and if the Senator from North Carolina yield, I should like to read what is said with respect to the matter.

The VICE PRESIDENT. Does the Senator from North Carolina yield for that purpose?

Mr. MORRISON. I yield with pleasure.

Mr. WALSH of Montana. Mr. President, the attention of Mr. Jonas was called to the article published by Mr. Bryant, giving what Jonas had said when he was asked what was meant by the Pritchard contest, and he had said that that was the first answer he had to make to the attacks made on him by Senator Morrison. Mr. Bryant writes about it in the News and Observer of March 8, 1931, as follows:

Mr. Jonas added:

Mr. Jonas added:

"Immediately after the adjournment of the Senate, H. E. C. Bryant, correspondent of the Raleigh News and Observer, called me over the telephone and asked the significance of the Pritchard contest. I replied that it would serve as one answer to Morrison's so-called charges against me, in that it will give a limited opportunity for the people of North Carolina to learn whether there have been wholesale frauds committed in our elections, as I believe, or whether the elections have been fair and honest, as contended by Senator Morrison. But I warned Mr. Bryant that this statement was not for publication, and he promised me he would not publish it, because I told him I intended to give out a statement in a day or two covering the entire subject. His statement that I said the Pritchard contest was a part of my answer to Senator Morrison was unjustified by any remark made by me to him. It was distinctly understood that what I said to him was not a part of an interview, nor given to him for publication."

### Now, Mr. Bryant continues:

Mr. Jonas is in error as to my understanding about my talk with him. I asked him if he would have a statement to give out that day, and he said he would not. He volunteered the suggestion about the Pritchard contest, and I did not break any pledge to him by using it. Mr. Jonas has been frank in his conversations with me, and I had no idea he did not want the few sentences he uttered to be published. I am sure I did not misunderstand him. misunderstand him.

Mr. Jonas was interrogated about that, and his answers in relation to the matter will be found at page 12 of the record, from which I read as follows:

Mr. Jonas. Mr. Bryant called me on the telephone, and I went to the cloak room, and he asked me if I had a statement to give out with reference to the Pritchard contest. That is as I recall. I told him I did not, but I also told him I would have a statement with reference to the matter. I think Mr. Bryant asked me what was the connection between the Pritchard contest and the failure of my confirmation. That is as well as I remember it. I do not of my confirmation. That is as well as I remember it. I do not pretend to remember just what was said, but I know I told Bryant I had no statement to go out. Something I had no statement to go out. Something was said about the connection between the two, and he reports that I said that it was a part of my answer to the charges against my confirmation. was a part of my answer to the charges against my confirmation. I never said it was any part of my answer. I may have said—he may have said or I may have said—that it would be considered or might be construed or it would serve as an answer to the charges made against me, and whatever I said, Mr. Bryant says, he did not understand that it was not for publication, but I certainly told him I had no statement for publication, but I do not know whether he understood that or not. There is no controversy between him and me. Whatever he says I said I will agree to tween him and me. Whatever he says I said I will agree to. I have no definite recollection about it, except that whatever I may have said, I did not mean to infer or leave the impression that there was any connection whatsoever between my failure of confirmation and the Pritchard contest,

If the Senator from North Carolina will indulge me just a little farther, I feel that I ought to supplement what has been said by a reference to the record in justification of what I have told the Senate, namely, that Mr. Jonas does not even contend that there were any expenditures either corruptly made or in any excessive amount in the State of North Carolina that would call for any investigation by the Nye committee. I read from pages 3, 4, and 5 of his testimony, as follows:

The CHAIRMAN. Could you tell us, Mr. Jonas, in what respect the revised draft differed from the draft which appears to have been

published?

Mr. Jonas. Senator, the revised draft that I prepared simply left out all the personal references, practically left out the first two paragraphs of the article. If you will read that article, you will note, Senator, that the first two paragraphs have no direct connection with the other parts of the article, and I was not interested in that part of it, but, as I say, the entire data had been prepared over a period of time, and it is not all in that issue of the paper. The issue of the 14th continued the statement. It is guite a long statement about election conditions in North is quite a long statement about election conditions in North Carolina.

The Chairman. Just let us see. I read:

"Representatives of the Nye committee continue to assemble evidence of the alleged frauds in the 1930 primary and general election in North Carolina."

This purports to be your statement. Mr. Jonas. Yes, sir. The Chairman (reading):

"What the committee will finally do about the North Carolina situation no one seems to know. I have never met or spoken to Senator Nye, or any other member of the committee, in my life. I have never believed Senator Nye intends to seriously investigate the North Carolina case, if he can help it."

Mr. Jonas. May I explain that? The Chairman. Yes.

Mr. Jonas. What I meant by that is this: So far as the reports showed—that is, the reports in the North Carolina newspapers—Senator Nyz was under the impression that the charge in North Carolina related to excessive expenditure of campaign funds, and that he never, so far as the newspaper reports went—Senator Nyz had never seemed to have understood that in our State the charge with reference to elections did not relate to excessive campaign

expenditures. The CHAIRMAN. Did you not understand, Mr. Jonas, that that was what he was called upon to investigate?
Mr. Jonas. I did not; no, sir."

Mr. BAILEY. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from North Carolina?

Mr. WALSH of Montana. I yield.

Mr. BAILEY. May I call the Senator's attention to the fact that whereas Mr. Jonas, at that point in his statement, stated that he did not know, within five minutes thereafter he said twice that he did know?

Mr. WALSH of Montana. I was about to read that. I continue the quotation from the record:

The Chairman. Did you not understand, Mr. Jonas, that that was what he was called upon to investigate?
Mr. Jonas. I did not; no, sir.

The CHAIRMAN. Well, the resolution would have advised you about that.

about that.

Mr. Jonas. Well, of course, you know, Senator—
The Charrman (interposing). He was called upon simply to investigate campaign expenditures?
Mr. Jonas. Yes, sir.
The Charrman. That is all.
Mr. Jonas. And that is where I was laboring under a misapprehension. That is what I did not know.
The Charrman. You say:
"I have never believed Senator Nye intends to seriously investigate the North Carolina case if he can help it. If the Democrats did not pay him to come to the State, and without any serious effort to secure evidence, give out a statement that the situation in the State is refreshing, then they at least owe him a debt of gratitude." gratitude.

Did you understand that Senator NyE came to your State for the purpose of investigating frauds in the election in your State

outside of campaign expenditures?

Mr. Jonas. Yes, sir.

The CHAIRMAN. How did you get that impression, Mr. Jonas?

Mr. Jonas. I got it from all the newspapers of the State, and from all the information that ever I had with reference to frauds

in the State. I never had any information—

The CHAIRMAN (interposing). This is the third time an investigation was carried on. There was the Senator Reed investigation, the Senator Steiwer investigation, and this investigation?

Mr. Jonas. Yes.

Mr. JONAS. Yes.

The CHAIRMAN. That was in 1926, 1928, and 1930. The investigations involved the Vare and Pepper expenditures in Pennsylvania. They involved the expenditures in the Smith case in Illinois. Farther back, they involved the Senators in the State of Michigan. You were in the House at that time, were you not?

Michigan. You were in the House at that time, were you not?

Mr. Jonas. Yes. sir.

The Chairman. Well, how could you fail to know that it was campaign expenditures that were being investigated by the Nye committee, Mr. Jonas?

Mr. Jonas. As I said to you, Senator, the situation in North Carolina was different from what it was in Pennsylvania, and I never knew that there were any charges, so far as North Carolina was concerned, with reference to the expenditures of large sums of money, but all the charges that ever I heard with reference to the North Carolina conditions—

The Chairman (interposing). If you had not heard anything at

The Chairman (interposing). If you had not heard anything at all about corrupt expenditures of the money in North Carolina, what you did hear was as to frauds of an entirely different char-

Mr. Jonas. That is correct.

Now, I want to make a further statement. Attention has been called by the Senator from Minnesota [Mr. SCHALL] to a speech made by the junior Senator from North Carolina [Mr. Balley] in 1926, in which he assailed with some vigor the election laws of the State of North Carolina. That is called to our attention by Mr. Jonas as a justification for his assailing the laws of North Carolina in his letter.

Of course, whether the laws of North Carolina in relation to elections were subject to attack by Senator Balley in 1926, or by Mr. Jonas in 1930, is entirely beside the question. Nobody is complaining about Mr. Bailey because of his attack on the election laws of North Carolina. The complaint is about these matters to which I have called attention—the attack upon Senator NyE and his committee, and upon the Senate of the United States, and his statement, in effect, that the Pritchard contest was introduced here for the purpose of influencing the confirmation of his nomination. Those are the two charges; but the fact about the matter is that Senator Balley did make a vigorous speech attacking the North Carolina election laws in 1926. and was elected to the legislature, and had the laws amended and perfected as he, Senator Balley, thought they ought to be. Mr. Jonas, however, did not like the laws the enactment of which Senator Bailey procured, and he proceeded to attack them in that form in 1930. We were left with the impression, however, until we were corrected about the matter, that Senator Balley had been attacking the laws in exactly the same way as they were assailed by Mr. Jonas.

Mr. BAILEY. Mr. President, the question here is not a question of liberty of speech, as was suggested just now by the Senator from Minnesota [Mr. Schall]. If it were a question of liberty of speech, I question whether any Senator here would go farther in the interest of that liberty than I would go. But the question here is whether the utterances of Mr. Jonas tend to sustain the objections which have been filed against his confirmation, tend to sustain the report made by the committee, and tend to disqualify him for the office of United States attorney.

I am going to be very brief. I am going to discuss, first, the newspaper utterance of January 13, 1930. Under what circumstance was that utterance made? It was in writing. It is printed in quotations in the Greensboro News. It utters what is conceded here to be a libel upon a committee of the United States Senate.

Say what you may in the interest of freedom of speech, no one will say that we have freedom to utter libels. I think that meets just the point of the eloquent sentences of the Senator from Minnesota.

Again, Mr. Jonas, in this article, attacks the courts of the Commonwealth of North Carolina, and, so far as I am concerned, that is the gravamen of his offense. I do not hesitate to say that if he had attacked me personally I would not have filed objections to him on that account. If he had reflected upon me in a political campaign, I would have taken it as in the ordinary course of politics. If he had very greatly offended me personally, I can not conceive that I would be willing, and I do not think in the term that I shall serve here I shall ever be willing, to use the high privilege that is vested in a matter of this sort by way of venting anything that is personal or anything that is political. I hope the years which are to follow will justify the statement I have made.

When Mr. Jonas, however, publishes to the world that justice can not be had in the courts of the Commonwealth which I represent here with my distinguished colleague, that is personally obnoxious to me; I resent it, I abhor it, and it moves me to throw everything I have in the way of personal resentment against the exaltation of the man who will deliberately utter words tending to bring obloquy and disgrace upon the courts of the Commonwealth of North Carolina.

That is plain language. But I say here the most precious possession of my Commonwealth is the honor of its courts and the confidence of its people in the administration of justice there.

Was the accusation of Mr. Jonas wanton? His own statement to the committee admits that he had no evidence and that he knew of no dereliction of duty.

The next statement was uttered with respect to the State of North Carolina to a committee of the Senate of the United States and with respect to a group of Senators, using language which I will not repeat here, and the innuendo is inserted as to the likelihood or the suggestion of corruption of a committee of the Senate, without the slightest provocation. What was the alleged provocation? What had been

going on in the month of January, 1931, to induce Mr. Jonas to publish this statement?

The Nye committee had visited the State of North Carolina in October. It had made no report, and if it had made no report, what is the justification for suggesting that it had been bought, or ought to have been bought? What is the justification for the statement that it had entered into a whitewashing proceeding? What was the provocation? I can not imagine. But I assert that the use of that language, without provocation, ought to convince every Senator that the man who used it is unfit to occupy the high office of United States attorney in any district in any State. It was wanton, it was uncalled for, it was unjustified, and Mr. Jonas himself does not at any point in his defense undertake to justify it.

He says that he undertook to recall it. I would like to be able to take at face value the utterance of every man who speaks to me and of every witness who takes the stand; but when Mr. Jonas tells me that he undertook to withdraw that statement, and I know that he was a Member of Congress at the time, and that he could have sent a wire to Greensboro in three minutes, or could have called up the editor of that paper in 30 seconds by the long-distance phone and have requested the editor not to print it—when he tells me that he tried to recall it, but does not say that he sent a wire or a phone message, I am tempted to pass by his statement with a contemptuous silence; and it is very kindly to treat it in that way, and that is the kindliest way in which one can treat it.

Let us go farther. Mr. Jonas came voluntarily before the subcommittee of the Committee on the Judiciary of the Senate. He made his statement, and the statement is in the record, and I wish Senators here to test the statement and to test the mental and moral constitution of the man, and his fitness for the position, on the statement he makes in extenuation and in defense of the newspaper article complained of. I will stake the case upon the statement of Mr. Jonas in his own defense.

On page 4, responding to the matter of the limitations upon the Nye committee, when the Senator from Montana had called attention to the fact that the committee had the right only to investigate expenditures, he declared, "That is what I did not know." He said he was laboring under a misapprehension. The minority of the committee has founded its report in his favor upon this alleged misapprehension. But when the Senator from Montana read to Mr. Jonas a newspaper statement by Mr. Jonas which indicated that Mr. Jonas did know of this limitation, Mr. Jonas, as appears on page 7, said, "Well, I knew."

Remember, his defense was, "I did not know." But when the evidence was presented to him that he must have known, he admitted that he did know.

On page 11 he again reiterated, "Yes; I knew." I leave that just where it is. He either told the truth when he said he did not know, or he told the truth when he said he did know, but he could not have told the truth both times.

Again, on page 6, this gentleman, who, at the time, was a Member of the Congress of the United States, presumed to be intelligent, when his attention was called to this use of a string of adjectives, with an epithet which I do not care to repeat, said he would swear he did not know the application of that epithet, that he would swear he did not know it had ever been applied to any particular group of Senators of the United States. If so, he is the only human being on earth over 10 years of age who knew of that expression and did not know of the circumstances of its use and its application. Yet he offered to take an oath that he knew nothing about it.

Then, on page 5, he stated that he told the representative of the Nye committee that he had no data on the subject of fraud or subjects of investigation by the Nye committee in North Carolina. "I told him I had no data."

On page 17 he said, "I have a cabinet full of evidence." I can not reconcile those two statements.

Again, on page 9—and this is another Jonas statement—he said, "I do not know of an indecent one [official] in the

the solicitors of the courts in North Carolina, there being 18 of them, would do their duty, they would wake the dead.

The next point: On page 4 he said he never believed Senator NyE intended seriously to investigate.

On page 18 he said:

Never was there a plainer case of an attempt to whitewash.

On page 18 he said:

As an investigation \* \* \* it was painful, pitiful, and puerile.

On page 18:

He is a fiend for publicity.

On page 9:

I never charged the Nye committee with any dereliction of duty

The only thing we can make out of that-well, I leave it to the Senate.

Is a man who would contradict himself that way, who would use language that is grossly insulting, and who then will come and say, "I never meant to charge the Nye committee with any dereliction of duty," after he had said, "There never was a plainer case of an attempt to whitewash" and suggested that we ought to have paid him if we did not pay him, and then say he meant nothing insulting, fit to hold this high office? I shall argue that as an indication that he did not have enough intelligence to be a district attorney and that he did not give the Senate committee credit for having enough intelligence to understand a plain contradiction.

I deny that I have ever in word, in thought, or words meant to question the integrity of the Nye committee.

In the name of our mother tongue and our capacity to understand our mother tongue, what did he mean?

I have said it was never in my mind.

On page 5 he said:

Mr. Ward talked to me.

Mr. Ward was one of the attachés of the Nye committee. On the same page he said:

No representative of the Nye committee ever talked to me.

I submit the committee will never know whether any representative of it did or did not talk to Mr. Jonas-not from Mr. Jonas-because of the fact that on the same page he states it in two different ways.

As to the Pritchard contest, here are his statements. The first statement he made is this:

This is the first part of my answer to attacks by Senator

The singular commentary there is that there had been no attack by my colleague [Mr. Morrison], who had merely filed a newspaper statement and had entered his objection. So his statement of his motives falls to the ground.

His second statement was:

I said it was part of my answer.

His third statement was this:

I said it would serve as one answer.

His fourth statement was this:

I said part of my answer.

His fifth statement was this:

Whatever Mr. Bryant says I said, I said.

His sixth statement:

Mr. Bryant's statement that the Pritchard contest was part of my answer was unjustified.

I am citing these matters as going to show the mental and moral characteristics of the man whose nomination is before the Senate.

Mr. President, in conclusion may I say that it is not an agreeable thing for me to stand in the way of anybody's promotion or anybody's interest. I would infinitely rather stand here and advocate the confirmation of the appoint-

whole State," and so forth. Yet on page 8 he said that if | ment of any human being than to be put in the position of opposing it.

I have nothing personal against Mr. Jonas in any personal way. But when he undertakes to bring my Commonwealth into obloquy; when he publishes in the newspapers wantonly and without provocation the statement that justice can not be had in North Carolina in an election case, with no evidence to support him, when we all know that contestedelection cases in North Carolina are put at the head of the docket and do not take their place in the ordinary run of cases, that a quo warranto proceeding takes precedence over every other case that is brought in order that there may be expedition; when as a matter of fact criminal actions in North Carolina are tried almost invariably within the third or fourth month after the indictment; when, so far as I know, the State's good name has never been successfully impeached in this respect at any rate; when he utters language of that sort and comes here asking to be placed in the position of United States district attorney in a court there which is to deal along with the other courts in the State, he, as the prosecuting attorney on the part of the United States, having impeached the character and the good faith of the 18 prosecuting attorneys in the superior courts of the Commonwealth, then I consider that I would not be doing my duty either to my State or to the United States Government or to myself if I did not say that on account of his own utterances he is disqualified; and on account of the utterance attacking the character of the courts in my State I must submit that he is personally and his appointment and his confirmation are personally obnoxious to me. I would be unwilling to go back and look the people of North Carolina in the face if I took any other position.

Mr. WATSON. Mr. President, I heard somewhat indistinctly a portion of what the Senator said. I want to ask the specific question whether or not, after having submitted this case in all its phases, he is willing to stand on the floor of the Senate and make the statement that this nomination is personally offensive and personally obnoxious to him?

Mr. BAILEY. I made that statement and explained exactly why-not personal in a personal sense and with no intention whatever to use any power or privilege in this body in a personal way, but personal in the sense that he has offended against my Commonwealth wantonly and un-

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. NORRIS. Mr. President, I have some doubt as to whether I ought to address the Senate on this occasion on this subject. I am aware that all human beings are susceptible to influence and that none are free from sometimes being influenced, even unconsciously, to the extent that it may be that their personal feelings override their more sober judgment. At the outset I want to state to the Senate frankly that while I am unconscious of it, I realize that we are often prejudiced unconsciously, and I think it is fair, if anything that I say has any weight with any Senator, that he should judge and pass upon what I say, knowing from my own personal experience, while it does not appear in the record in this case, that it may be I am a biased

Mr. President, I was the author of the resolution under which the Nye committee were appointed and under which they acted and from which they obtained all their authority and jurisdiction. Although it turned out afterwards that one of the major investigations took place in my own State and in which I had a personal and direct interest, I was of course unaware that such a thing would happen. It never occurred to me when I prepared and introduced the resolution that such a thing would happen.

I saw the Nye committee in action. I saw them ridiculed. I read innuendos and slighting remarks that were made about them in my own State by newspapers and politicians. Some of the leaders in both political parties and some of the prominent men who had held high office, even the highest within the gift of the State, the governorship, said things about the Nye committee casting reflection upon | their honesty and upon the resolution under which they

Then I saw the Nye committee, or two members of it, a subcommittee consisting of the chairman of the committee [Mr. NyE] and the Senator from Vermont [Mr. Dale], when they were trying to unearth one of the foulest and most disreputable and dishonorable and filthy schemes that had ever been put up in the political history of my State. I saw them fail to get any evidence. I saw them come into the State again and fail again, to a great extent surrounded by men who it was afterwards shown were guilty of crime and small things that would bring disgrace to the commonest wriggling, writhing, crawling snake in the grass. I saw all those things heaped upon them and happen to them, and I saw them finally when they uncovered to some extent this dirty, vile political scheme, and brought forth into the open and into the presence of all the citizens of the State and of the United States some of the true facts that developed and showed this political conspiracy which I have just mentioned.

I saw those two Senators surrounded by influences from both political parties which would have been almost enough to discourage anyone and cause him to go out of the State and quit. But I saw them return; I saw them continue and continue against these odds until they commenced to turn up the corners and find the slimy, disreputable perjurers who had been trying to disfranchise the voters of an entire State.

Perhaps, as I said, because I came to have an interest in that particular investigation, some of the things that admittedly had happened, disgraceful and dishonorable-and incidentally they never developed or got any of the truth until after the primary-have caused me to be somewhat biased. During that memorable primary some of those disreputable and obnoxious acts were charged publicly to me. Naturally I had a deep feeling.

I saw that subcommittee afterwards connect with parts of that dirty political scheme men high in the official positions of the party to which I belong. I saw them in Washington tear off the slimy and dirty clothing of a member of the executive committee of a great political party. I saw them in the capital of my State where one bit of evidence after another finally led them up to some of the most prominent men in the political party of which I was a member, men who all the time, of course, knew what the dirty scheme was and who were to blame for it, who had sat in silence as witness after witness was placed upon the stand by these two Senators in an effort to show who the guilty parties were. I saw those prominent men remain silent, as dumb as posts. Only after the evidence had been gradually unearthed, not until they were coupled with this disreputable conspiracy, did they come forward and admit the truth. I say, "Admit the truth." They admitted the truth only so far as it had been developed. From Washington, where the mask was finally torn from the countenance of Lucas, all the way back to Chicago, through the city of Lincoln, and 200 miles west of that, little by little the evidence developed and showed, in part at least, who was to blame and who was behind the corrupt, damning, disgraceful, unpatriotic, treasonable action of men who before had stood high among their fellows. Men who were prominent as financiers and bankers, who were active in the Boy Scout movement. one of them a teacher of the greatest Sunday-school class in the entire State, finally admitted that it was their fundsthey said the funds were theirs-that oiled this corrupt machine.

From the beginning until the investigation ended I saw, read, and heard slurs and innuendoes cast upon Senator Nye and upon Senator Dale, who sat there, it seemed to me. incorruptible, undefiled, and unafraid, with a courageous determination to get the truth no matter where it led; and it led them into avenues where they never suspected the truth would lead them, into avenues high up, even next to the

Mr. President, it may be that I conceived in my mind and

stood up under it all, who went through it all, and who bravely, courageously, and honestly brought out the truth, so far as they were able to bring it out. So when from some other quarter comes a slanderous statement against the Nye committee, it may be that I am unduly moved; it may be that I ought to remain silent; but, Mr. President, I still believe that there is something greater involved in this issue than my personal feelings, than my personal welfare, or the personal feelings or welfare of the members of the Nye committee. I believe that there is a fundamental principle involved, namely, the maintenance of honest elections according to the laws of the several States through the medium of publicity given to every attempt to nullify those laws and the effort to bring to justice, if possible, those who are guilty of frauds and crimes against the laws of our country; for, after all, Mr. President, we claim to be a republic, and the success of our Government depends upon one thing more than any other, and that is that at the bottom of our governmental structure elections shall be honest and fair and

That was the issue involved-to keep elections pure and above disrepute-when I introduced the resolution. I take it, that that was what was in the heart and the mind of every Senator when he voted for it, and in your mind, Mr. President. when you appointed the committee to carry out the mandate of the Senate. We wanted to keep our elections pure, because we knew that if they are not kept pure, if the fundamental corner stones of our Government are corrupt, then the governmental edifice will eventually topple and crumble into decay. That is what is involved, and when the Senate appoints a committee to go out and see that that is done, if we are not to defend it when it is slandered, when it is misrepresented. when innuendoes of all kinds are made against it, how do we expect the people of the United States to have any respect for it or for us? How are we going to preserve the purity of our elections if, when we appoint a committee to go out and do something to help keep them pure, we are then going to let those who have perhaps a direct interest, perhaps a fraudulent interest, in the result of elections, hold the committee up to scorn and ridicule and then we here approve their action?

It is not a question of personal assault upon Senator NyE; that is important, I concede; but I would not keep a man out of public office because in the heat of a campaign he had said something of which he afterwards repented about a Senator or about anybody else. I do not believe anyone will accuse me of having that kind of a feeling, because in the many years of my life I have been through all kinds of political contests, and I have not laid up in my heart any revengeful spirit against those who fought me, even though I believed they were unfair and unjust. But corruption has some influence upon my mind, and here is a case where a committee of the Senate, sent out to uphold the laws of Congress and of the several States, are, in a sense, assaulted by men who ought to have more sense, more wisdom, and more patriotism than to do it-assaulted for partisan political reasons. Some of us may be inclined to decide the question on personal matters and say, "If Senator NyE forgives this man, then that ought to end it." It is commendable for Senator NyE to say, "So far as anything personal is concerned, I pass it by; it does not have any effect on me "; but if we are not going to uphold our laws, and the instrumentalities which we ourselves provide to uphold them, how do we expect any respect from any of the people of the United States?

Moreover, when does this apology come? It comes too late to show good faith on the part of the man who makes it; it comes after the contest is on; it comes when he wants to be confirmed for a high office. So, even on personal grounds, it seems to me it is not entitled to very much weight.

Mr. President, there is before the Committee to Audit and Control the Contingent Expenses of the Senate another resolution, one which I did not introduce, but it is practically a copy of the one I did introduce two years ago and which was adopted. I refer to a resolution introduced by the in my heart a jealousy in favor of those two Senators who | Senator from Iowa. It has been reported out of one committee, as I understand, and is now before the Committee | to Audit and Control the Contingent Expenses of the Senate. That resolution provides for another investigation, with the idea of upholding the same laws, with the idea of putting our elections upon a higher plane, by saying to those who would be inclined to violate election laws, "You are going to be exposed if this committee can find you out." Are we going to appoint such a committee, and if we are are we going to send them out and let the country know that everybody can assault them, that everybody can try to create a public sentiment everywhere against them, can put blocks and stones in their pathway, obstruct everything they try to do, lie to them, perjure themselves on the witness stand, and get away with it, and then have their actions approved later by the Senate? How much effect will that kind of a committee have in the effort to purify our elections and prevent men from committing crimes against the election laws?

If our election laws are not to be upheld, if crime is going to be allowed to escape unpunished when it attacks election laws in partisan controversies and contests, then why not abolish all pretense of honesty in elections? Why not put a sign up over the Vice President's chair or at the outer door and say, "Seats in this Chamber are for sale to the highest bidder; send in your bids to So-and-so"? Why not sell seats outright and turn the money over to the Government and relieve the taxpayers? If we are going to quit in our attempts to try to have Senators elected by honest, honorable, and legal methods, then throw off the cloak of pretense and sell the whole Senate to those who have got money enough to buy it, or let the candidate mortgage his official action after he gets here to the man or the corporation that is willing to put up the money to buy a seat for him.

Mr. REED. Mr. President, I can not allow this matter to go to a vote, especially after what has been said by the Senator from Nebraska [Mr. Norris] without an expression of my own feeling about it.

I do not believe that the criticism made of Senator Nyz or the Nye committee furnishes any ground whatsoever for our voting to reject the nomination. I think that the argument of the Senator from Nebraska leads directly to the conclusion that we are trying to envelop ourselves with something of the sanctity and the immunity that we give to our courts of justice. I believe that every Senator, like every other legislator and every person holding an office in the executive department of the Government, should be subject to the fullest criticism of anything he does, whether as a member of an investigating committee or any kind of a legislative committee or on the floor, or anything he does in his political or personal life; and I think that the moment we ascribe to ourselves any immunity from that criticism we are doing not only a weak thing but something that would, if it were successful, weaken the integrity of our Government.

If the statement made by this nominee was in fact libelous of Senator NyE-and I think it was-then it was for Senator NyE to decide whether he would have his action for libel, or whether he would prosecute criminally for libel, or whether he would ignore the whole business as too trivial and insignificant to matter. That is a decision that all of us have to make almost from day to day, because we are libeled, we are slandered, and so is every other public official, most of the time. Ofttimes the slander or the libel is perfect nonsense; but that is an incident of public service. For us to say that we will not confirm a man here because he has insulted or libeled or slandered one of our number in any of his public activities is wrong, Mr. President; and if I should vote against this nomination I should want it to be made very clear that that was not my reason for so voting. What bothers me is a totally different

According to the Senators from North Carolina, this nominee has spoken ill of the courts of his own State. He has denied their integrity. He has reproached them for an unwillingness to administer justice; and he has ad-

mitted that those charges were wholly unfair and unfounded, and has said that he has no evidence to sustain that attack upon the integrity of the courts. If that statement were made without warrant about the courts of my own State of Pennsylvania, I should unhesitatingly rise to my feet here and say that the nominee was wholly obnoxious to me; and I should ask the Senators, regardless of party, to deny him the confirmation of his appointment. It is not a question of party. It is a question that goes to the very integrity of the operation of our Government.

It is upon that ground, and because the Senator from North Carolina has stated that this nominee is personally obnoxious, because he has flaunted and insulted the courts of that State without warrant, without excuse, that I feel myself justified in voting against this confirmation.

Mr. NORRIS. Mr. President, I only want to make a brief statement. I can see how my vote, at least, might be misunderstood.

Ever since I have been a Member of the Senate I have taken the position that the Senate was not justified in rejecting a nominee simply because some Senator said that the nominee was personally objectionable to him. I always held that when a Senator made that statement, it was his duty to tell the Senate—or, if it was a committee, to tell the committee—what his reasons were for reaching that conclusion, and let the Senate or the committee be the judge as to whether those reasons were sufficient for him to make the objection on personal grounds.

In view of what the Senator from Pennsylvania said—and I know there are a good many other Senators who do not agree with me on that, and think that when a Senator makes that statement it ought to be sufficient—for fear in the future it may be said that Senators, particularly myself, voted against Mr. Jonas because it was stated that his nomination was personally objectionable to another Senator, I want to say that while, of course, I am going to vote against his confirmation it is not on that ground.

Mr. DILL. Mr. President, I had not intended to speak on this matter, though I gave considerable attention to this nomination when it was before the Judiciary Committee; but the remarks of the Senator from Pennsylvania [Mr. Reed] lead me to say a few words.

I agree with everything that the Senator from Pennsylvania says about the criticism of Senators. I believe that any man who takes public office must expect to be attacked and accused and abused and misrepresented almost beyond endurance, sometimes; and I, for one, would never vote against anybody because he criticized a Senator in public office, or a Congressman, or a President, or a judge. That is where I want to differ from the Senator from Pennsylvania.

The Senator from Pennsylvania thinks it is absolutely all right to attack and abuse and criticize and ridicule a man who holds public office if he be in the legislative branch of the Government, but if a man utters any attack at all upon a judge he has committed the supreme crime.

Mr. REED. No, Mr. President; will the Senator yield?
Mr. DILL. I yield. I understood the Senator that way, however.

Mr. REED. I said that was so only when he attacks the courts of the land admittedly without excuse, as this man now admits he was without excuse.

Mr. DILL. He admittedly attacked Senator Nye without excuse.

Mr. REED. It would not make any difference to me whether his attack had an excuse or had not.

Mr. DILL. That is the point I am trying to make.

Mr. REED. I think there is a distinction,

Mr. DILL. I know the Senator does. That is the point I am trying to make—that because a man holds a position in the legislative branch of the Government he must endure anything and everything, and I think he should, but if he happens to hold a judicial position, there is something divine about it, there is something sacred about it, and he is above attack. I think that is the greatest curse in the Government of this Nation.

Mr. REED. Will the Senator yield again?

Mr. DILL. I yield to the Senator.

Mr. REED. Does not the Senator see any difference between a position like ours, where we can talk back, or a position like that of the President, who can talk back, and the position of a judge, who by all the ethics of his position is restrained from entering into such a controversy?

Mr. DILL. There may be a difference, but in my judgment it is not great. The thing I want to talk about is this tendency on the part of public men to throw around a man who happens to get a judicial position a reverence that he is not given if he holds any other kind of public position.

I grant that as a judge in court a man is entitled to respect, just as the Senate is entitled to the respect of the country; but when he is not on the bench, when he is off the bench, a plain citizen, he ought to be open to attack just like anybody else, and he has a right to defend himself like anybody else; and I have seen a few judges who did defend themselves like other people. For my part, I do not see any difference because a man is an official in the judicial department of the Government or because he is in the legislative branch of the Government; and my criticism of Mr. Jonas, and my objection to him, are not that he attacked Senator Nye unjustly. They are not that he attacked some judge somewhere unjustly. They are that these attacks, made as they have been made repeatedly on different public officials, show that he is a man who is not self-controlled, show that he is not temperate, show that he is reckless and can not be relied upon to use the tact and judgment that a man in the position he has been appointed to fill ought to possess. They show that he is not qualified to hold a position with the power that a United States attorney holds; and, unlike the Senator from Nebraska, I attach a great deal of weight to the fact that the Senators from Mr. Jonas's State look upon him as personally objectionable. I believe that that is an objection that ought to have great weight with Senators, and it does have great weight with me.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. DILL. I do.

Mr. NORRIS. I do not want the Senator to get the idea that I think such a thing is not entitled to weight. Perhaps what I said would convey that idea, but I do not want it to do so. What I mean to say is that when an objection is made that a nominee is personally objectionable, standing alone, I would not vote against his confirmation unless the reasons for the matter were given, and they appealed to me as being sufficient.

Mr. DILL. I can conceive, I think, of a case where that might be true; but I hardly think a Member of this body would declare a man personally objectionable to him without having good reasons—and by "good reasons" I mean reasons that would justify any fair-minded man in con-

sidering him personally objectionable.

I do not want to take the time of the Senate, but I did want to express that viewpoint, because I believe the greatest thing that can be done for the courts of America is for the judges of those courts to be made to realize that they are the servants of the people; that they hold public office just as much in the judicial department as do the men in the executive and the legislative departments; and I do not believe an attack upon the integrity of a court is any worse than an attack upon the integrity of the Presidency or of the Senate or of the House of Representatives. The difference is that the court can protect itself by contempt proceedings. They are all coordinate branches of the Government. The court has its own power to protect itself when there is a case under consideration, and that is all that is necessary. I refuse to sit silent and hear men who are in elective offices of the legislative branch of the Government treated as if nothing can injure or hurt them and men who happen to be in the judicial branch of the Government elevated to that divine place that no word of criticism may be mentioned against them without committing lèse-majesté.

Mr. ROBINSON of Indiana. Mr. President, I had not expected to say anything on this question; but in view of what has been suggested by the senior Senator from Nebraska [Mr. Norris] I feel called upon to make myself heard on one or two points at least.

I am just as much interested as is the Senator from Nebraska in clean and honest elections, in having Members represent the various States in the most creditable manner, and in having them come here with credentials against which there can be no complaint. I have a record on that subject, Mr. President. I did not hesitate to vote to reject Smith, of Illinois, and Vare, of Pennsylvania, when those contests were before the Senate.

We may have a similar contest in North Carolina. Every Member of this body knows that there were charges of widespread fraud in that State. When that question comes before this body, if it does, if there be evidence to support the charges that are made, I shall not hesitate again to vote for the rejection of anyone in this body who might have been a beneficiary of those widespread frauds.

I think this nominee for this official position was sincerely interested in that question. The junior Senator from North Carolina himself has been interested in that question for years past, according to all the information that has come to me. He himself has made charges, much more serious against the election laws of North Carolina, I am informed, than any attempted or suggested by this nominee for the office of United States attorney.

This man, if he becomes United States attorney, will be the prosecuting attorney for the Federal Government in that Commonwealth. He ought not to be intimidated. He ought to speak his mind freely. He ought to be given credit for criticizing bad election laws; and if he is sincere in it, he ought to be given credit for criticizing a Member of this body, if he really believes that Member has not done his duty in uncovering election frauds.

I know the shoulders of the Senator from North Dakota [Mr. Nye] are broad. He will not object to such criticism, whether it is right or wrong, if he believes it was sincerely made. So I think it comes to be largely a political question, from all the evidence I have been able to get.

While I was not a member of any subcommittee investigating this nominee's qualifications, I did attend meetings of the Committee on the Judiciary and became impressed with this salient fact, that Mr. Jonas is honorable, capable, clean, and that he has made an excellent record, up to this time, in the office he holds at present. So it seems to me there is no reason why he should be rejected, unless it be on political grounds.

I can not follow the logic of the Senator from Nebraska, who has my very great admiration, when he attempts to link this with the question of corruption in senatorial elections. It was exactly out of that situation that this controversy arose. What Mr. Jonas has undertaken to do has been to point out glaring defects in the election and perhaps in the machinery which has been provided for holding elections in North Carolina. Is that any reason why he should be rejected for the office of United States attorney, when we understand that if he is finally confirmed in that office it will be his duty then always to keep his eye and his ear wide open to see whether there be any corruption anywhere along the line?

Mr. MORRISON. Mr. President-

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from North Carolina?

Mr. ROBINSON of Indiana. In just a moment I will yield to the Senator.

I should think that would be an added qualification for the post to which Mr. Jonas has been nominated. When that question comes to this floor, if it does, we will know more about these alleged irregularities in North Carolina. The Members of this body may have an opportunity to weigh the evidence and then to vote; and if the evidence is as I have been given to understand it may be, it will be interesting to see Senators on the other side of the Chamwhen similar questions have been before this body.

Mr. President, while I go as far as does the Senator from Nebraska in insisting that senatorial elections be held far above corruption and that they be honestly conducted, I do not follow his logic in this situation at all, because that is what Jonas stands for, and all of his trouble at the present moment has grown out of his insistence in that

Now I yield to the Senator from North Carolina.

Mr. MORRISON. The Senator has moved so far from what he was talking about when I desired to ask him a question that I believe I will delay and answer him when he gets through, instead of asking him a question.

Mr. ROBINSON of Indiana. I am perfectly willing to answer any question the Senator may have to propound, if

it is within my power to do so.

Mr. MORRISON. Does the Senator believe Mr. Jonas was doing anything to promote fair elections by denouncing the committee a month before the election took place and charging it with whitewashing the election the Senator is talking about because the committee had displeased him in the manner in which they had investigated a primary

Mr. ROBINSON of Indiana. Mr. President, perhaps the committee did not investigate aright; perhaps there was some ground for the criticism. We will pass on that question, I will say to the Senator from North Carolina, when the time comes. The Senator will have an opportunity, I apprehend, to pass on that question and to vote, himself, with reference to the election down there. Then we shall be able to see, perhaps, whether there was any justification in the criticism leveled against the committee. But the point I make is, whether or not he was justified in that criticism. he had a right to make it if he was sincere in making it, and I honor him for having done so. It takes courage, and especially down there, to stand up and be willing to criticize in a matter of this kind, and particularly when the man making the criticism occupies the prominent place in his party this man does occupy.

Mr. President, I think the whole question as to the justification of this criticism can be left in abeyance. The Senate is in no position yet to judge. When the evidence is laid before the Senate, as I hope it will be, then, indeed, we can vote on that question; but in the meantime I am certain the Senator from North Dakota is perfectly able, and, for that matter, willing, to absorb any criticism that may come his way. He, like most of the rest of us, has been compelled to accept a great deal of criticism, and I suppose we will continue to be criticized as long as we are in public life.

I may say, in passing, that some of us have been criticized even on the floor of the Senate in far more severe terms than were suggested by this nominee for this particular place.

Finally, in my opinion, this man is eminently qualified for the place to which he has been named by the President. He is honorable, upright, straightforward, and able. Therefore, he ought to be confirmed.

Mr. WATSON. Mr. President, in many respects, whether in our individual and personal or in our official capacities, we are creatures of habit. I have followed certain rules since I came to the Senate; and, while consistency may be for small minds, nevertheless, I am open to the charge of at least attempting to be consistent during my career in the Senate. I have always believed that when a man came properly accredited from his State with a commission as a Senator elect, duly signed by his governor, it was the duty of the Senate to admit him. I argued in the Vare case and in the Smith case that that was the duty of the Senate. When the junior Senator from Alabama [Mr. BANKHEAD] came here duly accredited, I was one of those who said in the Republican conference that I expected to vote to admit him, notwithstanding charges that had been made.

Likewise, when I came here I adopted the policy of voting against the confirmation of any man appointed to a Federal position if and when a Senator from the State in which he

ber vote in accordance with views expressed in the past | lived rose in his place on the floor of the Senate and stated that the appointment was personally obnoxious and personally offensive to him. Originally that rule was followed without regard to the field of activity of the appointee; that is to say, if a man were appointed to office anywhere and a Senator rose to say the appointment was personally offensive, it was regarded as sufficient to cause rejection. But about 10 years ago there was a modification of the rule here, and I was one of those who led the fight to bring about the modification.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. WATSON. Certainly. Mr. NORRIS. The Senator does not mean to say there is a rule on that subject in the Senate?

Mr. WATSON. No; I do not mean to say there is a rule; but there is a practice; if the Senator please, an unwritten

Mr. NORRIS. Yes; very well.
Mr. WATSON. It is a practice or custom that has been followed; so that where a man is appointed to serve wholly within the State represented by the Senator who makes the objection, in such a case his objection on such grounds is sufficient reason for rejection.

I believe that the nominee in the present case is perfectly competent; I believe he is an honest man; I believe the President was fully justified in making the appointment; but, because of the fact that the Senator from North Carolina [Mr. Balley], in his capacity as a Senator, standing in his place in the Senate of the United States, clothed with all the solemn obligations that should surround a Senator, has made the statement that this appointment is personally obnoxious and personally offensive to him, following my consistent rule and believing it to be the proper one, I can not vote for his confirmation.

The VICE PRESIDENT. The question is. Will the Senate advise and consent to the nomination? [Putting the question.] The noes seem to have it. The noes have it, and the Senate refuses to advise and consent to the nomination. The clerk will state the next order of business on the calendar.

### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McNARY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Is there objection? Mr. COPELAND. I ask that Calendar No. 3217, the nomination of Charles A. Sandburg, to be postmaster at Jamestown, N. Y., may be passed over.

The VICE PRESIDENT. Without objection, it will be

Mr. ODDIE. In behalf of the junior Senator from Ohio [Mr. Bulkley] I ask that Calendar No. 3238, the nomination of Frank L. Lee to be postmaster at Campbell, Ohio, be passed over.

The VICE PRESIDENT. Without objection, it will be passed over, and, without objection, the other nominations of postmasters on the calendar will be confirmed en bloc.

# RECESS

Mr. McNARY. Mr. President, as in legislative session, I move that the Senate take a recess until 12 o'clock to-

The motion was agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) took a recess until to-morrow, Thursday, March 24, 1932, at 12 o'clock meridian.

### CONFIRMATIONS

Executive nominations confirmed by the Senate March 23. 1932

POSTMASTERS

ARKANSAS

Charles N. Ruffin, De Witt. James D. Lowrie, Elaine.

Julius L. Stephenson, Everton, Eustace A. Davis, Hatfield. Charlotte A. Proctor, Hazen. Barney L. Castleberry, Leslie, Warren P. Downing, Weiner.

CONNECTICUT

Louis J. A. Stefon, Baltic. George A. Sullivan, Guilford. Louise L. MacDonald, Riverside.

IDAHO

Elmer H. Snyder, Filer.

KANSAS

Frank E. George, Altamont.
Jemima Hill, Arma.
Chester M. Cellar, Burlington.
Thomas G. Riggs, Burns.
Harry Morris, Garnett.
Ethel White, Merriam.
Anna Smith, Moundridge.
Myron Johnson, Oakley.
William M. McDannald, Peru.
C. Harold Keiter, Scammon.
Josie B. Stewart, Sylvan Grove.
Elra L. Robison, Walnut.

LOUISIANA

Lula L. Trott, Ringgold. Dudley V. Wigner, Vidalia.

MISSISSIPPI

Cornelius V. Thurmond, Mound Bayou.

NEW YORK

Harry F. Kuss, Babylon. Walter H. Estes, Ballston Spa. Will J. Davy, Bergen. Edith M. Phelps, Brownville. Ward A. Jones, Canajoharie. Stephen E. Terwilliger, Candor. John J. Finnerty, Croton on Hudson. Sidney B. Cloyes, Earlville. Everett W. Pope, Hartwick. J. Fred Smith, Herkimer. Clara E. Craig, Hewlett. Lorenz D. Brown, Jamaica. Julia J. Tyler, Kennedy. William J. Thornton, Long Island City. Charles A. Stalker, Macedon. Earl G. Fisher, Massena. Earle U. McCarthy, Mineola. Erastus J. Wilkins, Norwood. Charles H. Brown, Orchard Park. Mary Mullin, Phoenix. Benjamin C. Stubbs, Plandome. Clarence A. Lockwood, Schroon Lake. Anna E. McHugh, Seaford. Myron J. Kipp, Sidney. Clarence Smith, Syosset. Frederick C. Simmons, Waverly. Verne B. Card, Westfield. LeRoy Smith, White Plains. Harry A. Jeffords, Whitney Point. Norman M. Misner, Woodbourne. Albert C. Bogert, Yonkers.

OHIO

Carl E. Richardson, Baltic. Howard E. Foster, Chagrin Falls. Rollo J. Hopkins, Edgerton. Edward C. Bunger, Lewisburg. Michael J. Meek, McDonald. Reinhard H. Curdes, Napoleon. Louise Lovett, Wickliffe.

OREGON

Arley A. Sollinger, Canyon City. Edward J. Dear, Clatskanie. Charles E. Lake, St. Helens. George W. Epley, Sheridan.

VERMONT

Elizabeth L. Thomas, Enosburg Falls.

### REJECTION

Executive nomination rejected by the Senate March 23, 1932

UNITED STATES ATTORNEY

Charles A. Jonas to be United States attorney, western district of North Carolina.

# HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 23, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who art the revelation of eternal love, may we seek constantly to be filled with Thy spirit, using our position, our influence, and our knowledge to soften the sorrows and lighten the burdens of our people. Thus we shall hasten society on to the better days. Thou Christ, with whom everlasting truth doth prevail, unto whom the winds were obedient as Thy holy feet pressed the turbulent surface of the darkened waters, do Thou ripen our judgment and bring us into the clearest and fullest light of Thy wisdom. So direct us that Thou canst give solemn and tremendous sanction to our conclusions. Make our associations helpful; lift them to a plane of brotherly fellowship and cooperation. Merciful God, we pray that the call of our Nation may be our creed and allow nothing whatsoever to lull the needs of the land into the shades of neglect or defeat. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

### EXTENSION OF REMARKS

Mr. RUDD. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the Record a letter received from the American Federation of Labor.

Mr. UNDERHILL. I object, Mr. Speaker.

### HON. GILBERT N. HAUGEN

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. Mr. Speaker, I desire to call the attention of the House and of the country to the fact that we have with us a man who, to-day, completes 33 years and 20 days of continuous service in the House of Representatives.

If I mistake not, this is the longest period of continuous service that any person has ever been privileged to serve in this House. I refer to that grandest old Roman of them all, everybody's friend, GILBERT N. HAUGEN, of Iowa. [Applause, the Members rising.]

Mr. Speaker, may I add that during all these years Mr. Haugen has always stood foursquare to every political wind

that has blown. He has not only rendered able, honest, and efficient service to his district but he has rendered patriotic service to his Government. I know I speak the voice of both his Republican and Democratic colleagues when I extend to him our heartiest congratulations on his long and useful service. I want the people of his district and the State of Iowa to know that he has the affection and respect of all his colleagues here in the House, and we hope his life may be spared for another 33 years and that he may be with us and continue his efficient and useful service here. [Applause.]

### PERSONAL PRIVILEGE

Mr. LAGUARDIA. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. LaGUARDIA. Mr. Speaker, a newspaper published in the city of Chicago known as the Chicago Daily Tribune on Monday, March 21, 1932, made this libelous and willfully malicious statement concerning me as a Member of this

LaGuardia, who is alien in mind and spirit from Americanism, who has no loyalty to our form of Government, and shows every indication that he is willing to destroy it.

On this I ask recognition, Mr. Speaker.

The SPEAKER. The Chair thinks the gentleman has clearly stated a question of personal privilege. The Chair has looked up the precedents and there are a number of instances not as strong as the one here presented which were held by Mr. Speaker Clark and Mr. Speaker Longworth to be questions of personal privilege.

The gentleman from New York is recognized for one hour.

Mr. LAGUARDIA. Mr. Speaker, there are only two things that a poor man has in this country. They are his honor and his love and loyalty to his country. [Applause.]

It is certainly stooping pretty low when a newspaper, because of difference of opinion, honest difference of opinion, will make such a cowardly attack on a Member of the House.

The writer of this article no doubt wrote it under instructions, and the purpose is manifest. The Chicago Tribune, apparently, disagrees with my views on maintaining a policy of taxation which this Congress has adopted of a progressive, graduated tax on incomes and disagrees with me in my efforts to prevent any system of taxation which will put a greater burden on the great masses of the American people in order to relieve a favored, privileged minority. They have a right to differ. They have no right to impugn my Americanism or attack my loyalty to my

Gentlemen, I believe in the freedom of the press. I believe in free speech. I have gone the limit in my official life to defend these institutions. I am often, and naturally, attacked and criticized and very often misrepresented because of the active attitude I take on many issues in this House. I do not complain. I realize it is part of our public life, but I do resent, and I protest an attack of this kind, inspired to create passion and prejudice and animosity in order to becloud the real issue, that of taxation, before the House.

I am sure there is not a man on the floor of this House who happens to disagree with me or who has taken a different attitude from me on this tax question who would not resent an attack of this kind. [Applause.] Has this newspaper no arguments to present to support their contention, whatever it may be? Is it necessary to jeopardize the standing of a Member on the floor of the House by such an unjustifiable attack? The writer of that article must have known the charge was false when he wrote it.

This paper owns a newspaper in my city, under different management, but it is owned by the same interest. That paper criticized me editorially Sunday. It misrepresented me to a certain extent, but the editorial, the attack or the criticism, was within bounds. It was entirely proper from their viewpoint. I did not like the editorial, it was hardly fair. I have no criticism to make of that. It is part of the game. In the case of the Chicago Tribune, it is apparent

they could find nothing else, except perhaps the two vowels in the ending of my name, and they hit on the idea expressed in the article-made this cowardly attack.

Gentlemen, there are certain things that even a Member of Congress can not submit to, and this is one of them. I am not going to take the time of the House to-day, because of the calendar situation. I am not going at this time into the reasons for my attitude on the tax bill, because to do that now would not be proper. I will defend my position on that in the course of the consideration of the bill. I do want to say to Mr. Chicago Tribune that I will compare my standing in my community with the standing of the alleged influential Chicago Tribune in the city of Chicago. [Ap-

#### THE SALES TAX

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a copy of a speech that I made over the radio last night on taxation.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address over the Dixie network of the Columbia Broadcasting System by myself on the sales-tax feature of the current revenue bill:

revenue bill:

I have been invited to talk to you to-night about the sales-tax proposal contained in the pending revenue bill now under consideration by the House of Representatives. It is probably unnecessary for me to say that I am now, and have been, against the sales tax during my entire public career."

The first and chief reason why I oppose the sales tax is that it is contrary to or sins against every sound principle of taxation; it is a tax on consumption, a tax on what we spend for the necessaries of life, it is a tax imposed without any regard or consideration whatever for the principle of ability to pay. One of the chief reasons I have always been a Democrat is because of the traditional theory of that party that taxes should be levied in accordance with this principle.

So far as I am informed, no Democratic convention, either State or National, has ever declared in its platform for a sales tax. The last Democratic convention speaking on this subject was that in 1924, which said:

in 1924, which said:
"We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation."
Upon that declaration I stood then, I stand now, and shall

always stand.

always stand.

But opposition to the sales tax is not confined to Demecrats. It has been opposed by many able and patriotic Republicans, as well as most of the great economists of the present and the past. John Sherman, a great Senator from Ohio and Republican Secretary of the Treasury, declared a sales tax to be not only the most oppressive but the most indefensible form of taxation.

Prof. E. R. A. Seligman, professor of political economy at Columbia University, one of the most noted economists of the day, declared that a sales tax is violative of every sound principle of taxation.

taxation.

John Stuart Mill, in his noted work, Principles of Political Economy, said on taxation:
"The subjects of every state ought to contribute to the support

Economy, said on taxation:

"The subjects of every state ought to contribute to the support of the government as nearly as possible in proportion to their respective abilities to pay."

That has been the Democratic Party's theory of taxation from the time it was founded by Thomas Jefferson; it was in harmony with that principle that the Democratic Party took the lead in and finally succeeded in having the Federal Constitution amended so that an income tax might be levied. It is no longer disputed, unless it be by some one who is not sufficiently patriotic to be willing to carry his share of the expenses of government, that the income tax is the fairest, soundest, and most equitable form of taxation developed in the history of government. A sales tax is in contravention of every principle of the income tax.

Economists estimate that 13 per cent of the people of the United States own 90 per cent of the total wealth of the country. Under the theory of taxation, according to ability to pay, these 13 per cent of the people should pay 90 per cent of the taxes. But under a sales tax the reverse would be the case, for basing the tax exclusively on consumption, as a sales tax would do, these 13 per cent of the people who own 90 per cent of the total wealth would pay only 13 per cent of the tax, while the 87 per cent of the people who represent 87 per cent of the consuming power of the total population would pay 87 per cent of the tax, although they only owned 10 per cent of the total wealth of the Nation.

The sales tax now under consideration by Congress is in almost its worst form, as it exempts only a portion of the food we con-

The sales tax now under consideration by Congress is in almost its worst form, as it exempts only a portion of the food we consume and levies a tax on everything else incident to life from its beginning to its close. It is also a tax on education, upon transportation, upon the arts and sciences, upon amusements and Take the case of the average man, with an average family and a modest salary, say, of \$2,000 per year. Of course, substantially everything he earns goes for the necessaries of life, and frequently that salary is insufficient to meet what appears to be requirements incident to the support and upkeep of his family—for education, medical expenses, and so forth. Under the sales tax he would pay on his entire income.

Set opposite this the case of a man with an income of a million dollars a year—and there are many such men even in these times of depression and want. He does not spend even a large fraction of his income for the necessities of life, but let us be liberal about it and say he spends \$100,000 a year; he would spend one-tenth of his income, and under the sales-tax plan would pay taxes on one-tenth of his income. May I ask which can best afford to contribute to the support of this Government? tan best afford to contribute to the support of this Government? The man who spends all of his \$2,000, and that in the most frugal way, or the man with an income of a million dollars who would pay a tax on but one-tenth of his income and possibly invest the believe in tax or any acquirities?

frugal way, or the man with an income of a would pay a tax on but one-tenth of his income and possibly invest the balance in tax-exempt securities?

I submit that in these terribly hard times, when banks are failing by the hundreds and mortgages being foreclosed by the thousands, when eight or ten million are out of employment and can not get enough money with which to buy bread, when homes are being sold for taxes, this is no time to increase the suffering and misery of our people by heaping additional tax burdens upon the poor and middle classes.

Most of those who are now advocating the adoption of the sales

Most of those who are now advocating the adoption of the sales tax apologize for it and justify their action by saying we are facing an emergency that makes this additional tax necessary in order to preserve the credit of the Federal Government. I contend, however, that the facts do not warrant this conclusion, though I maintain that the Government's credit must be protected and preserved. The first step, however, in this direction, and the first thing that should be done toward balancing the Federal Budget is to cut Federal expenditures drastically.

The Democratic-controlled Appropriations Committee House has made a splendid record in this direction. W noise has made a splendid record in this direction. With four major appropriation bills yet to be reported out, it has reduced appropriations for the fiscal year 1933 under those of 1932 by nearly \$500,000,000, and appropriation bills yet to be acted upon will increase this figure, I am confident, to more than a half billion dollars. Not only that, the committee has already cut appropriations under the Budget recommendations of the President for 1933 by \$115,000,000, and will increase this cut to not less than \$150,000,000. But we have just started. Other economies should and will be effected. With four should and will be effected.

When we add to these savings the additional sums that can be obtained through higher income-tax rates in the upper brackets, obtained through higher income-tax rates in the upper brackets, affecting those with incomes of \$100,000 or more per year, and when we increase the inheritance-tax rate and impose a gift tax, we will be pretty close to the goal of a balanced Budget—so near that I have small doubt that with needed stop-gaps in the Treasury Department to prevent tax evasions, and with some justifiable nonburdensome luxury taxes, we will be able to balance the Budget of the Federal Government in a reasonable time, and do it without the necessity of imposing a sales tax which, to my mind, can only be justified in a period of very great national stress, as, for instance, in times of war.

Not even in the grave emergency of the late World War, when we wrote a war revenue bill under the leadership of Woodrow Wilson, of William G. McAdoo, and the two great North Carolina legislators, Senator F. M. Simmons, and Claude Kitchin, did the situation become so serious that it became necessary to levy a general sales tax. Surely we have not arrived at so grave an emergency now.

We hear it said that unless the proposed sales tax is imposed in order to balance the Budget, the Government's credit will be seriously impaired, and that prices of bonds will fall to ruinous levels. I do not believe this is true, but rather that this is a threat from the great moneyed interests made in the effort to thrust the bur-

the great moneyed interests made in the effort to thrust the burden of taxation on the shoulders of those who are least able to pay in order to relieve those who are most able to pay.

If in this emergency wealth does not shoulder its share of the burden, then what has become of the patriotism of the wealthy class? Compare it with the noble and sacrificing patriotism of the millions of men who rallied to the defense of the Government in the late war, thousands of them giving even their lives as a sacrifice on their country's altar. Surely in this emergency wealth ought to offer itself now as the youth of our land did in that other period of sacrifice.

Moreover, it is within the power of the Government, without

Moreover, it is within the power of the Government, without the imposition of any additional taxes, to get enough money already owing to it to go a long way toward balancing the Budget. In December, responding to an inquiry made by Representative McFadden, of Pennsylvania, Secretary Mellon advised that tax cases involving \$917,000,000 owing to the Government were tied up in cases before the Treasury Department. A little expedition in settling these cases would bring into the Treasury in a relatively short time some \$300,000,000 more money than is estimated to be raised by the pending sales-tax proposal.

mated to be raised by the pending sales-tax proposal.

Furthermore, I invite attention to the fact that in the last 10 years the Treasury Department has allowed in cash tax refunds, credits, and abatements more than \$3,500,000,000. Nobody believes that all of this money was erroneously collected or ought to have been all paid back, because about 80 per cent of it was collected more than a decade ago in war taxes to pay the cost of winning the were

If the Treasury Department were not so generous in granting these huge tax refunds, we would not have these gaping holes in the Treasury which are being used to-day in an effort to frighten Congress into burdening the American people with a sales tax, which, I repeat, is an unjust and most burdensome tax, resting most heavily on those least able to pay it.

most heavily on those least able to pay it.

When we have collected the money rightly owing to the Government, when the Treasury Department quits giving back billions in refunds, and when we exhaust the resources to be reached by the income and inheritance taxes and by luxury taxes, and when we have cut out all unnecessary expenditures and applied the most rigid and drastic economy compatible with efficient Government, then will be the time to again consider the state of the Union and determine what further revision of our revenue system may be required. system may be required.

The committee having this bill in charge, seeing certain defeat of the sales-tax provision, have offered some amendments in their desperate effort to prevent defeat; however, the vicious principle remains, also many of its burdensome features; hence it should and, I believe, will be defeated.

#### VIRGINIA

Mr. FISHBURNE. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. The gentleman from Virginia asks unanimous consent to address the House for 10 minutes. Is there objection?

There was no objection.

Mr. FISHBURNE. Mr. Speaker, ladies, and gentlemen, I desire to read to this House a recent editorial written by a distinguished author and orator, Claude G. Bowers, entitled Virginia Shrines."

### VIRGINIA SHRINES By Claude G. Bowers

With the Washington celebration in full blast, and many with the Washington celebration in full blast, and many Americans planning a sentimental and patriotic journey into Virginia, we make this suggestion for which we will be thanked. No motorist planning his journey should fail to include Charlottesville, for not only is there charm to that ancient southern town and hospitality and the best possible hotel accommodations, but there, too, are shrines at which all Americans should bow. These shrines are associated with the intimate friends of Wash-

ington-men who with him, helped to make America and Americanism

First of all is that incomparably beautiful home of Thomas Jefferson on the hilltop, Monticello, visited for a century and a half, not only because it was the home of the author of the

Declaration of Independence and the philosopher of American Democracy, but because it is an architectural gem.

Down in the valley, and within sight of the home of Jefferson, the tourist may visit Ashlawn, the home of James Monroe, father of the Monroe doctrine. Jefferson designed the house to fit the financial means of his disciple, and Monroe chose the site so he could see the lights in his idol's mansion from his own window. A fine statue of Monroe soon will be unveiled there on the lawn.

The boxwood there is worth going hundreds of miles to see. And within easy distance of Charlottesville the motorist, on a sentimental journey, will want to see Montpelier, the stately home of James Madison, "Father of the Constitution." An ideal patriotic pilgrimage, this, to the homes and haunts of Washington, Jefferson, Madison, and Monroe.

Mr. Speaker, Virginians are justly proud of the many great men whose names have adorned the history of their State, and they are proud of the fact that the attention of the Nation is being called back to Virginia's shrines.

I shall undertake to make a statement before this House, which represents all the States of the Union, that I have made heretofore for Virginia consumption, a statement I believe historically true, and I ask you to weigh what I say. Three great Virginians did more toward the formation of this Government than any others in this Republic: George Washington made our Government possible; Thomas Jefferson made it popular; and John Marshall made it permanent.

The thirteen Colonies declared their independence of Great Britain in terms of the Declaration of Independence; they gained their independence under the military leadership of George Washington; they established the Government in a convention presided over by George Washington; and the first President of the Republic so established was George Washington, the one person in the new Republic whose transcendent fitness was unanimously recognized.

After George Washington the trend of the Government, however, was inclined toward monarchy, which was much feared by the body of the people; such fears were dissipated when Thomas Jefferson, the author of the Declaration of Independence and the Virginia Statute of Religious Freedom, identified with the great principles of Democracy, became the leader of the people, and restored confidence in

the purposes of the new Government.

The followers of the republican ideals of Jefferson in their buoyancy and enthusiasm may well have threatened the stability of the Government had not John Marshall, jurist and statesman, Chief Justice of the Supreme Court of the United States of America, by his decisions stabilized the young government and created in that court a balance wheel for the new Republic.

I have the honor of representing the district in Virginia in which Charlottesville and Albemarle County are located. I was born and reared in the county of Albemarle under the very shadow of Monticello, the little mountain, where Thomas Jefferson, the patron saint of Democracy, had his home, and I am an alumnus of the University of Virginia, established by him. I am prouder still of being a member of the party founded by Thomas Jefferson, which alone of all American parties can boast an unbroken historic continuity for more than 100 years, and which will continue to exist in undiminished vigor as long as there is a response in the hearts of our people to the doctrines taught by Thomas Jefferson, whose own great heart was attuned to the "still sad music of humanity."

It has been said of Jefferson that he was-

A wise philosopher, a consummate diplomat, a prescient states-A wise philosopher, a consummate diplomat, a prescient statesman, a daring crusader for liberty and toleration; he was one of the most accomplished gentlemen of his age. Artist, musician, architect, landscape gardener, lover of painting and sculpture, and a graceful writer; no other American statesman has approached him in versatility of talent. His artistic spirit lives in the exquisite beauty of Monticello and in the stately lines of the University of Virginia. His love of liberty and equal rights is written into the laws. His wisdom lives in his published letters and public papers, and his monument is the Republic of the fathers.

I want to recall to this House that the greatest orator, writer, and statesman of modern time, Woodrow Wilson, was an alumnus of Jefferson's university, and it is a striking reflection that the beau ideal of Woodrow Wilson was to make the world safe for Jeffersonian Democracy. [Applause.]

This is a Democratic year, and the Democrats have control of this House. Since I have been in this distinguished body, I have been voting with my Democratic brethren for measures which have originated in the opposition party, from a patriotic feeling that perhaps such measures might, to some extent, relieve the distress caused by the extravagance and misrule of Republican administrations. We have gone far, and I believe there are others beside myself who feel that perhaps we have gone too far, and we do not enjoy the unctuous commendations of a party that welcomes our efforts in behalf of measures introduced by them but treat with distrust and disdain measures which the Democratic Party advances.

In my humble judgment, the greatest question before the American people and the issue, if properly met, which will do most to benefit this country is the proper adjustment of the tariff. The day of infant industries has passed, our industries are no longer infants but lusty adults, and this Nation has become the great creditor nation of the world.

We have been supporting loyally measures originating in the White House. Is it too much to ask from the White House and the Republicans in Congress their loyal and generous support of a bill introduced in this House which asks for a reduction in the tariff walls and is designed to place this great creditor nation in the enviable position of being the great clearing house of the world? I say that we Democrats are beginning to feel that the doctrine of reciprocity is at least being neglected when we are asked to support Republican measures, and do support them, but Democratic measures are treated with disdain and contempt.

We are beginning to be suspicious of the candor of our Republican friends and feel like old Isaac of old when he exclaimed: "The voice is Jacob's, but the hands are the hands of Esau."

We are on the eve of a great election, and it may not be inappropriate to refer to the fact that Virginians may present to the country as a presidential candidate a man that the great writer and orator, whose editorial I have read you, described in a recent interview as follows:

What Harry Byrd needs more than anything else is a campaign of nation-wide publicity to acquaint the country with his truly extraordinary record as Governor of Virginia. The country as a whole is not aware of that record to the extent that it should be. Harry Byrd is a man whose record, when properly publicized, would seize the imagination of the American people. He is one of the commanding figures in the Democratic Party, and he will certainly be elected if he is nominated.

Is it not possible that the hosts of Democracy may in this year of our Lord march to victory led by a Virginian, and the battle song of the marching millions be the inspiring song so beautifully rendered recently by our distinguished colleague, Carry Me Back to Old Virginny? [Applause.]

### CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday, and the Clerk will call the committees.

The Clerk called the committees, and when the Committee on the Public Lands was reached:

Mr. EVANS of Montana. Mr. Speaker, by direction of the Committee on the Public Lands, I call up the bill H. R. 8087, authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements.

Mr. JOHNSON of Washington. Mr. Speaker, pending

that, I beg to suggest the absence of a quorum.

The SPEAKER. The gentleman from Washington makes the point that no quorum is present. The Chair will count. [After counting.] Seventy-one Members present-not a quorum.

Mr. EVANS of Montana. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, the Sergeant at Arms directed to notify absent Members, and the Clerk called the roll. The following Members failed to answer to their names:

### [Roll No. 31]

Amlie	Davenport	Jenkins	Ramspeck
Bacharach	De Priest	Johnson, Ill.	Rayburn
Beam	Dickstein	Kelly, Ill.	Reid, Ill.
Beck	Disney	Kurtz	Rogers, N. H.
Bland	Doutrich	Lea	Sabath
Bloom	Free	Lehlbach	Schneider
Boland	Freeman	Lewis	Schuetz
Briggs	Gambrill	Linthicum	Selvig
Britten	Garber, Okla.	Ludlow	Stokes
Chapman	Golder	McClintic, Okla.	Strong, Pa.
Chase	Goldsborough	McGugin	Taylor, Colo.
Chindblom '	Greenwood	McLaughlin	Tinkham
Clarke, N. Y.	Griffin	McSwain	Treadway
Collier	Hall, N. Dak.	Magrady	Tucker
Connery	Hancock, N. C.	Nelson, Me.	Watson
Cooper, Ohio	Hogg, W. Va.	Parker, N. Y.	White
Cox	Hull, William E.	Peavey	Wood, Ga.
Crisp	Igoe	Pratt, Harcourt J.	Wood, Ind.
Curry	Jacobsen	Purnell	Yates

The SPEAKER. Three hundred and fifty-five Members have answered to their names, a quorum is present.

Mr. EVANS of Montana. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. EVANS of Montana. Mr. Speaker, I now call up the bill H. R. 8087.

Mr. ABERNETHY. Mr. Speaker, I have been seeking recognition to ask unanimous consent.

The SPEAKER. The gentleman from Montana has the floor and is in charge of the bill.

Mr. ABERNETHY. I am asking the gentleman from Montana if he will permit me to speak out of order for

Mr. EVANS of Montana. I will yield to the gentleman from North Carolina.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to speak for 10 minutes out of order.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to speak 10 minutes out of order. Is there objection?

There was no objection.

Mr. EVANS of Montana. Mr. Speaker, will the gentleman from North Carolina vield?

Mr. ABERNETHY. Yes.

Mr. EVANS of Montana. Mr. Speaker, I did not object to this request, but I serve notice now on the House that to any further requests during the day I shall object. This is Calendar Wednesday, and the Committee on Public Lands has the call. We will be called only once during the session. We have some important bills. One or two of the bills are controverted. It is very evident that it is the disposition of the House not to allow those controverted bills to go through. I hope we may proceed to take up matters about which there is no controversy and have them passed. Under these circumstances I shall object to any further unanimous-consent requests.

#### THE SALES TAX

The SPEAKER. The gentleman from North Carolina is recognized.

Mr. ABERNETHY. Mr. Speaker, I hope the House will give me its respectful attention, because I am trying to perform what I believe is a real service to the country. I may not measure up to that. I dislike very much to appear in the position of a revolter against the regular Democratic organization, and I am not a revolter but only doing my duty as I see it. I have great respect and admiration and love and affection for the leadership of this House. That includes the Speaker, who I think is one of the greatest Americans in the country. That includes the very distinguished gentleman from Illinois, the majority leader, Mr. RAINEY, whom I love as I do my own father. [Laughter.] Do not laugh at that. My father is dead. When I speak the word "father" I speak it with a very great deal of reverence and respect. I would not let a man in this House harm a hair of HENRY RAINEY'S head, and any man who undertakes to do that will have to answer to me for it. I do not want any more levity, because I am going to make you a serious speech, and when I get through I am going to tell you something I think this House ought to be told, and that applies to the membership and the leadership. Take this man called CHARLEY CRISP. I have not a better friend in the United States than CHARLEY CRISP. If it had not been for Jack Garner, Charley Crisp, Henry T. Rainey, BOB DOUGHTON, and other Democratic members of the Committee on Ways and Means, the ambition of my life would not have been realized and I would not have been placed on the greatest committee in this House, the Committee on Appropriations.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. JOHNSON of Oklahoma. Is this speech in answer to the one that the gentleman from North Carolina made vesterday?

Mr. ABERNETHY. No. I have not consulted with any of the leadership of this House. I think if I had followed their dictation and the dictation of my own delegation, I would not have made this speech, but I have been here long enough and have seen enough trouble in my lifetime to know a few things about humanity. I came up as the son of a Methodist preacher. I have seen the day when I was hungry. Now, will you all give me your attention, for I am going to speak until you do.

A MEMBER. Your time is running.

Mr. ABERNETHY. I do not care whether it runs or not and I do not care whether they give me any more time or not. If you do not want to hear this speech, all right. have been here 10 years and I never have but in a few instances made a speech over 15 minutes until the other day, and I made one for an hour, and it has not been printed, and I doubt whether it ever will be printed. I owe this House this speech, I owe this leadership this speech, I owe the country this speech. I walked out of this House yesterday-and I want the attention of the press gallery up there and I want you boys to print this all over the country. There is one man sitting up in the press gallery whom I entertained down in the basement of this House, and he ate a whole barrel of my oysters; and yesterday, if he had not been afraid of it, he would have called me a fool for being against the sales tax, and maybe I am one. Now, print that,

will you? I dare you to do it. And I am going to have some more oysters here in about 15 days, and you all come and eat your bellies full, and then print that.

I am eternally, everlastingly, world without end, against the sales tax. I went to Canada and studied it, and I came to the conclusion that it did not fit in under our form of government.

Now I am going to tell you something about Bos Doughton, and he is going to object to it, and he is trembling in his shoes right now. He is going to say, "I wish you had not made that speech," but I will make it if you give me the time, and if you do not, I am going to continue to get time and make it. There is one Member of Congress—I wish he were here to-day—who has been here one term, who objected to my continuing my speech yesterday. He objected. If I wanted to be mean about it, he would never get an appropriation through the Appropriations Committee, but I am not mean.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. ABERNETHY. Mr. Speaker, I desire to proceed for 10 minutes more.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to proceed for 10 minutes. Is there objection?

Mr. WOLFENDEN. Mr. Speaker, I object.

Mr. EVANS of Montana. Mr. Speaker, I object.

Mr. JOHNSON of Washington. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Washington makes the point of order that there is no quorum present. The Chair will count.

Mr. JOHNSON of Washington (interrupting the count). Mr. Speaker, I withdraw the point of order of no quorum.

VACATING WITHDRAWAL OF PUBLIC LANDS UNDER THE RECLAMATION LAW

Mr. EVANS of Montana. Mr. Speaker, I call up the bill (H. R. 8087) authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements.

The SPEAKER. This bill is on the Union Calendar, and under the rules the House automatically resolves itself into the Committee of the Whole House on the state of the Union.

Accordingly the House automatically resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8087, with Mr. Parker of Georgia in the chair.

The Clerk read the bill, as follows:

Be it enacted, etc., That where public lands of the United States have been withdrawn for possible use for construction purposes under the Federal reclamation laws, and are known or believed to be valuable for minerals and would, if not so withdrawn, be subject to location and patent under the general mining laws, the Secretary of the Interior, when in his opinion the rights of the United States will not be prejudiced thereby, may, in his discretion, vacate such withdrawal, reserving such ways, rights, and easements over or to such lands as may be prescribed by him and as may be deemed necessary or appropriate, including the right to take and remove from such lands construction materials for use in the construction of irrigation works, and/or the said Secretary may require the execution of a contract by the intending locator or entryman as a condition precedent to the vesting of any rights in him, when in the opinion of the Secretary same may be necessary for the protection of the irrigation interests. Such reservations or contract rights may be in favor of the United States or irrigation concerns cooperating or contracting with the United States and operating in the vicinity of such lands. The Secretary may prescribe the form of such contract to be executed and acknowledged and recorded by any locator or entryman of such land before any rights in their favor attach thereto, and the locator or entryman executing such contract shall undertake such indemnifying covenants and shall grant such rights over such lands as in the opinion of the Secretary may be necessary for the protection of Federal or private irrigation in the vicinity. Notice of such reservation or of the necessity of executing such prescribed contract shall be filed in the General Land Office and in the appropriate local land office, and notations thereof shall be made upon the appropriate tract books, and any location or entry thereafter made upon or for such lands, and any patent therefor shall be subject to the terms of such contract and/or to s

SEC. 2. The Secretary of the Interior may prescribe such rules and regulations as may be necessary to enable him to enforce the provisions of this act.

Mr. EVANS of Montana. Mr. Chairman, this bill permits the Secretary of the Interior to vacate withdrawals of lands withdrawn for reclamation purposes to a limited extent.

It has developed that when these reclamation projects started large tracts of land contiguous to the development were withdrawn from any sort of entry. The Secretary of the Interior informs the Public Lands Committee that in instances more land has been withdrawn than was actually necessary and that mineral has been discovered upon some of those lands. The Secretary is not willing that there be absolute vacation of any of those tracts, because we might need them in the future. He has now asked for this enactment, that a limited patent may be granted to people to make certain locations upon those lands, the Government reserving the right of easement over the lands and the right to use any necessary material, such as gravel or sand or stone or any other material in the lands that are granted in this limited patent to mineral claimants.

As far as I know, there are no such cases in my State. The bill does not come from me, although I introduced it. I introduced it at the instance of the Secretary of the Interior, who informs me that instances of that kind have arisen and that it would be an accommodation to the Interior Department in handling the matter if a limited patent could be granted to these people, the Secretary providing what the contract shall be and the party in effect giving a bond to comply with it, the Government reserving everything that it needs in the lands and the right to go upon and take it when it so desires.

I do not know of any opposition.

Mr. THATCHER. Will the gentleman yield?

Mr. EVANS of Montana. I yield.

Mr. THATCHER. Will the operation of this measure, if enacted, entail any special costs?

Mr. EVANS of Montana. None whatever. It would be some source of revenue to the Government and to the individual, but no outlay from the Treasury.

Mr. THATCHER. Does the operation have any effect of subtracting from the assets of the Government in the ownership of the lands?

Mr. EVANS of Montana. I think not. I think indeed it would enhance the value of the lands if somebody was making profitable use of them on a reclamation project.

Mr. THATCHER. Discretionary power is given to the Secretary of the Interior?

Mr. EVANS of Montana. He absolutely has control of it. He says what shall be granted and what shall not be granted. There can be no withdrawal unless it is all vacated. By this bill we are permitting partial, limited vacation.

Mr. TABER. Will the gentleman yield?

Mr. EVANS of Montana. I yield.

Mr. TABER. Is this land a part of reclamation projects?
Mr. EVANS of Montana. Yes; in a way it is. It is land belonging to the Government of the United States that has been withdrawn from entry because of a reclamation project being constructed in the vicinity of it. It is public land.

Mr. TABER. But is it land that is benefited by an irrigation project?

Mr. EVANS of Montana. I would not say the land is benefited, but in the judgment of the Secretary it was thought necessary to withdraw it from entry because they were going to construct a project; and from time to time it has been ascertained that if they did not withdraw enough land there would be some trouble by somebody making entries, and so we have withdrawn large tracts of land, oftentimes more than was needed. Now we are trying to vacate it in part.

Mr. TABER. Is it not land that, as a result of its withdrawal, was supposed to have been benefited by the reclamation project?

Mr. EVANS of Montana. Not at all.

Mr. TABER. And which now somebody can get a little cheaper without paying the cost of the reclamation project?

Mr. EVANS of Montana. I think the gentleman is certainly in error. It does not provide for the vacation of any agricultural land, but it provides that a man may come in and mine minerals found on that land and discovered after the withdrawal by the Government was made.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. EVANS of Montana. I yield.

Mr. SUMMERS of Washington. I happen to know of an instance where land was withdrawn for irrigation purposes, a large tract, and part of this tract, upon closer examination, proved to be standing at an angle of from 45 to 75 degrees, a bluff to a stream, wholly unsuited to irrigation under any and all conditions. This particular tract of land afterwards was desired for the development of a mineral spring, and, as I understand, this bill would take care of cases of that kind and that have nothing to do with irrigation, never can have, but in blocking a large area they included some land of this kind.

Mr. TABER. It would seem to me that if we open up a lot more land to entry at this time, we are doing something that is economically unsound; that there is no demand, either for the development of the mineral resources or anything else, at this time, that would justify us in reopening a lot of land of any kind for reentry. It seems as though it would make conditions worse rather than better. I would like to hear what the gentleman has to say about that.

Mr. EVANS of Montana. I will make this statement: I am not in accord with the gentleman's views that it is economically unsound. I think it is economically sound, if there is some land withdrawn from entry, to vacate that to the extent that it might be put to some economic use, some beneficial use.

This land is lying idle. It is not needed for the reclamation project. However, at some time the Government may want to go there and take off the gravel, take off the sand, or run a tramway across the land.

Mr. SMITH of Idaho. This bill simply extends the mining laws to these lands?

Mr. EVANS of Montana. That is the effect of it; yes.

Mr. ARENTZ. Will the gentleman yield?

Mr. EVANS of Montana. Yes.

Mr. ARENTZ. I will say for the benefit of the gentleman from New York that when the Boulder Dam project was contemplated, there was a great area of land withdrawn. Of this land I dare say there was not an acre that was susceptible of irrigation. It was withdrawn in order to protect the works. We did not know how far away from the dam site gravel was located. We did not know how far away we would have to exclude settlers for the purpose above stated as well as to isolate the area to prevent in a way conflicting interests. So hundreds of square miles were withdrawn. In this area of hundreds of square miles there are deposits of potash, borax, gold, silver, copper, lead, gravel, and building stone. There is no way in the world by which a man can go on that land now and locate a claim, locate a quarry, or locate a gravel pit unless such legislation as this is enacted into law. It is not reclamation land per se, because under the term "reclamation land" we assume the land is level enough so that it can be made perfectly level for irrigation and that it is close enough to water so that water can be put on it, but this land is not of that type. It is desert land, rough mountain land, but it is of some use for gravel and for mining purposes. That is the purpose of this bill; its purpose is not directed toward the Boulder Dam project, but it could be applied there to good advantage even after the gentleman from Nevada has succeeded in decreasing the reserved area at Boulder to a much smaller area than now exists.

Mr. TABER. Is there any reasonable demand for that type of land at this time?

Mr. ARENTZ. Not for this land but for the purposes enumerated; yes. There is a demand in certain sections.

For instance, I might refer to the Imperial Valley. They are building highways there; and everything except certain sections or little ridges included in this area, is sand. It would be a ridiculous proposition to haul sand from San Diego, for instance, or from some far point in Arizona, but under the law you can not lease the land for the securing of gravel without such legislation as this. I think this bill originated in the Department of the Interior with the idea of leasing these gravel pits for the construction of highways through the Imperial Valley.

I do not believe there is any other section of the United States in which there is a demand for it. Now, it seems to me that if you apply it to gravel you must apply it to mineral locations. It is logical that we should have the land not only for gold, silver, copper, lead, and zinc, but for all of these things; and surely if we apply it to gold, which we need at the present time, we can not foreclose the man who goes in there and finds deposits of lead and zinc which may, in fact, be found to contain gold.

Mr. TABER. But if he makes an entry, he can sell the gravel to these contractors for a big price, whereas the Government ought to get that revenue.

Mr. ARENTZ. Oh. no. The contract that will be entered into between the Government and the lessee will be to the effect that the Government will get a certain royalty and the price for the gravel will be reasonable. If it is not, of course, I would not be in favor of it.

Mr. GILBERT. Will the gentleman yield?

Mr. EVANS of Montana. I yield.

Mr. GILBERT. I gather from the colloquy that there is nothing in this bill which will add to the tillable farming area of the United States?

Mr. EVANS of Montana. Nothing at all.

Mr. GILBERT. We farmers are very much opposed, in view of the overproduction, to increasing, through irrigation or otherwise, the tillable areas of farming land in the United

Mr. EVANS of Montana. The purpose is to get more gold into circulation by mining.

Mr. STAFFORD. Mr. Chairman, I ask recognition in opposition to the bill.

The CHAIRMAN. Is the gentleman from Wisconsin a member of the committee?

Mr. STAFFORD. No; I am not. The CHAIRMAN. Is any member of the committee present who is opposed to the bill? If not, the Chair will recognize the gentleman from Wisconsin.

Mr. STAFFORD. Mr. Chairman, I take this time largely to get further information as to the real operation of the reclamation law. Members of the Public Lands Committee are here in large numbers, and I wish to get some informative facts as to the reclamation law generally and as it is affected by this supposed relief act.

As I understand, when a reclamation project is opened to entry and entrymen secure their rights, they not only have title to the surface but they also have title to any mineral rights on the land they have entered.

Mr. SMITH of Idaho. No land is opened for entry for homestead purposes that has known minerals in it; but if a patent is issued and minerals are discovered later, they go with the land.

Mr. STAFFORD. I am taking the supposititious case of an irrigation project having been determined upon, whereupon certain land is withdrawn. The land is entered, and when an entryman gets the full rights for his specific 40, 80, or whatever acres it may be, does he secure only the surface rights or does he secure the rights to the mineral deposits?

Mr. SMITH of Idaho. The land has been classified as nonmineral. A homestcad entryman complies with the law and receives his patent. When his patent is issued he has not only the surface rights but the right to any minerals that may be later discovered.

Mr. STAFFORD. Are there not instances where land may be suitable for irrigation purposes and yet be mineral in character?

Mr. EVANS of Montana. I should think such a case is conceivable. I think, however, it does not apply to this situation if the settlers on this land are taking what is commonly known as agricultural, nonmineral land. The lands we are trying to get at are probably the lands close to a dam in a mountain canyon not subject at all to agricultural development, but land that has some mineral in it.

Mr. STAFFORD. I have examined the original act, and I wish to be corrected by those persons who are far better acquainted with the operations of the reclamation law than I pretend to be, and that is the act which this bill seeks to amend, that of June 17, 1902. I find nothing in this act which reserves any mineral rights so far as any of the projects that may be opened under the reclamation act are concerned. Am I correct in that position?

Mr. SMITH of Idaho. The gentleman is correct, as only agricultural land is set aside for farming by irrigation.

Mr. STAFFORD. Here is the difficulty I have as to the need for this law. The bill seeks to amend section 3 of the organic act relating to reclamation. Section 3 of that act gives this authority to the Secretary of the Interior:

SEC. 3. That the Secretary of the Interior shall, before giving the public notice provided for in section 4 of this act, withdraw from public entry the lands required for any irrigation works contemplated under the secretary of the second s templated under the provisions of this act and shall restore to public entry any of the lands so withdrawn when, in his judg-ment, such lands are not required for the purposes of this act.

Mr. ARENTZ. Will the gentleman yield right at that point?

Mr. STAFFORD. In one minute I will yield to the gentleman.

There you have full authority vested in the Secretary of the Interior over these lands that he has withdrawn for the purpose of building irrigation projects to restore them to public entry. Now, you seek to supplement that authority by allowing him to still retain the lands and not restore them to public entry. If they were restored to public entry, I will ask the gentleman from Nevada or the gentleman from Idaho, would they not then be subject to the mining laws of the country?

Mr. SMITH of Idaho. Yes; they would, if they were restored to public entry.

Mr. STAFFORD. Then I am right in my contention.

I now yield to the gentleman from Nevada.

Mr. ARENTZ. In the discretion of the Secretary of the Interior he can retain certain lands adjacent to a reclamation project; and when I say "reclamation project," I mean the lands that are susceptible of irrigation. Always outside of that area there is marginal land which is not susceptible of irrigation, and beyond that also there is a protecting area which may entirely surround the area.

Mr. EVANS of Montana. Ofttimes for flood purposes.

Mr. ARENTZ. Yes; and ofttimes for pasture, for protection purposes, or for town sites, and ofttimes just merely for the sake of preventing the lands immediately surrounding being considered natural domain on which livestock can range, in order to protect the settlers in that particular area. Now, they have gone farther than that, and the gentleman from Idaho [Mr. French] brought in a bill which was passed providing for protection of the watershed adjacent to reservoir sites so that, in grazing, that area will not be a menace to the reservoir, in that the flood waters may bring down silt. Would the gentleman call that "irrigation land" up there on the hillsides used as a public range?

Mr. STAFFORD. No.

Mr. ARENTZ. I would not, either.

Mr. STAFFORD. Those lands are not needed for the reclamation project.

Mr. ARENTZ. That is exactly what I am bringing out. In the discretion of the Secretary of the Interior he can have acreage adjacent to the reclamation project classified, and he can wait 40 years before he classifies it, and put it back under the public domain. You take the Imperial Valley, the gentleman from New York knows perfectly about that, and you take from the Colorado River clear over to the Coast Range and running from the Mexican border to Coachello Valley—nearly all that land at the present time is withdrawn for irrigation purposes. How much will ultimately be retained under the reservation? Very likely twothirds or three-fourths of it; but they do not know where the all-American canal is going, they do not know where certain protection works along the river are going to be located, and so they have withdrawn all of it. I do not know how many square miles there are in that area, but I guess there are thousands, and within that area there are gravel pits, and across that area there are highways to be constructed. The gravel bars are of such a nature and located in such a way that it is necessary that they be used in the economical construction of the highways and used for other purposes, possibly for irrigation works, but under the law that gravel pit can not be used except by the Government. The proposal of this bill is to permit the leasing of these gravel pits to the contractor who is going to build the highway; and if I have not made the picture clear, I do not know how to make it clear.

Mr. STAFFORD. As I glean from the exposition of the gentleman from Nevada, it seems that you are vesting in the Secretary of the Interior authority for him to go into the gravel and lumber business.

That instead of carrying out the provisions of the original act, when land is no longer needed for irrigation purposes, he is to reopen them to public entry, you are permitting the Secretary of the Interior to say, "No; I will keep that land and go into the gravel and lumber business under such terms as I think reasonable for road construction." Am I in error in that construction?

Mr. EVANS of Montana. The gentleman is in error. The Secretary of the Interior, under the present law, can vacate the land now. We want him to vacate certain rights and retain certain other rights.

Mr. STAFFORD. To go into the business of selling gravel and selling timber.

Mr. EVANS of Montana. This is not the intention for the Government to sell, it is the right to transport the gravel——

Mr. STAFFORD. Then I misunderstood the gentleman from Nevada. I understood him to say that the Secretary of the Interior wanted the right to retain the gravel in the pits and the timber for construction of roads and public highways that would later be developed. Am I right or wrong?

Mr. ARENTZ. I do not think the gentleman from Wisconsin explains it in the right light. The bill is specific. Some of the territory within the irrigation reservation contains certain things. Under the present law, they can go on the land only for the purposes of locating a homestead or putting water on it. Now, the land is not susceptible of such location; you can not locate on it and you can not put water on it.

Mr. STAFFORD. The gentleman will not deny that under the original act the Secretary of the Interior has authority to open the land to public entry.

Mr. ARENTZ. Public entry for what purpose?

Mr. STAFFORD. Mineral rights and surface rights.

Mr. ARENTZ. The land was reserved for a specific purpose in the interest of reclamation projects.

Mr. STAFFORD. Let me read the original act, the organic act.

He shall restore to public entry any of the land so withdrawn when in his judgment such lands are required for the purposes of this act.

Mr. ARENTZ. The gentleman knows that you can not draw a circle around the provisions made for any discretion lodged in the Secretary of the Interior. In other words, it is law by regulation.

Mr. STAFFORD. And that is what you are trying to do here; you are attempting to make law by regulation. The original law states that the lands no longer needed shall be open to public entry, and all the public then has the same right to them.

Mr. ARENTZ. Does it say anything about six months or two years?

Mr. STAFFORD. No; they have the right at any time.

Mr. ARENTZ. And there you are.
Mr. TABER. Will the gentleman yield for a question?

Mr. STAFFORD. I yield to the gentleman from New York.

Mr. TABER. I understand that because of the freedom with which our mineral resources are being wasted, the President of the United States has recently appointed a commission headed by former Secretary of the Interior Mr. Garfield, to see what steps ought to be taken to preserve the Government's rights in its public domain. Does the gentleman know whether that commission has considered this measure and given it its approval?

Mr. STAFFORD. Mr. Chairman, in reply to the gentleman's query—

Mr. SWING. Mr. Chairman, will the gentleman yield on that?

Mr. STAFFORD. No. The gentleman from New York addressed a question to me. I know that the gentleman from California is all-wise about public lands; but permit me just for a moment.

Mr. SWING. I thank the gentleman for the compliment he pays me, which is somewhat higher, probably, than I

Mr. TABER. It would seem that proper steps ought to be taken to protect the Government's public lands, and I am wondering if the gentleman knows whether or not the approval of that commission has been granted to such a measure as this.

Mr. STAFFORD. The gentleman has subordinated his great knowledge in such a humble way that I am glad now to yield to the gentleman from California [Mr. Swing] to reply to the gentleman from New York.

Mr. SWING. Mr. Chairman, the answer to the gentleman's query is that there is no such commission. I think the inquiry was not prompted for the purpose of securing information but was for the purpose of consuming time.

Mr. TABER. Does the gentleman mean that it is improper for us to find out what the bills are about before they are passed? It looks to me as if that is the gentleman's attitude, instead of having in mind the public interest. I think before we pass important bills of this character we ought to protect the interest of the public.

Mr. STAFFORD. Along that line, I want to inquire how many acres of land this bill will affect? I had that noted when I examined the bill on the Consent Calendar. I thought it was too important to be taken up on the Consent Calendar.

Mr. EATON of Colorado. Mr. Chairman, I would like very much to reply to the query of the gentleman from New York.

Mr. STAFFORD. Then I withdraw my question temporarily and allow the gentleman to reply to the gentleman from New York.

Mr. EATON of Colorado. Perhaps the gentleman from New York is not interested in an answer to his question.

Mr. TABER. Oh, I am.

Mr. STAFFORD. The gentleman from Colorado is coming to the relief of the gentleman from California, and I yield for that purpose.

Mr. EATON of Colorado. In the hearings before the Public Lands Committee of the House, that exact question was asked of Mr. Wilson, of New Mexico, who followed ex-Secretary of the Interior Garfield in explaining the commission's report and a pending bill. If his statement can be construed as the expression of the Garfield Commission, it is that such matters as are covered by this bill, namely, sand, gravel, and building stone, were included in the considerations of their commission, and it was intended that hereafter those should be known as minerals. This bill just adds to the present existing law such things as may be included in the words "construction materials" for the construction of irrigation works. Everything else in the bill in the preceding lines 1 to 5 on page 2 is in the present law. When withdrawal is made for construction purposes under the Federal reclamation laws and the land goes back and

is opened for location, whether mineral or any other, and a | in this House and risked his life for his country and his flag patent is written, it is written with reservation of rights of way and easements under present law. This bill adds the right to the removal of construction materials from the land for use in the construction of irrigation works. Since the gentleman wanted to know what the Garfield Commission thought about extending the power of the Secretary of the Interior, I thought he was entitled to an answer.

Mr. TABER. That is just what I wanted to know.

Mr. STAFFORD. I again repeat the question. I really wish to know how many acres will be affected by this bill, if it is enacted into law?

Mr. EVANS of Montana. I do not know, to be frank with the gentleman. The bill was prepared by the Interior Department. In the consideration of it we sent for Judge Finney, one of the attorneys of the Interior Department, and asked him that question, among others. He said two or three cases had arisen in California where it seemed desirable that these people be permitted to occupy the land in a dual way—to mine it, the Government still controlling the title to some degree-and we asked how many acres, how many cases there were, and he said that he knew of two cases in California. A mining claim could not, under the law, exceed 20 acres. So far as Judge Finney knew, there were probably 40 acres.

Mr. STAFFORD. Then, the gentleman from Nevada is pursuing a red-herring trail when he says this will likely increase the gold production. If it is applicable to only 40 acres, even though the 40 acres were in the district of the gentleman from California, it will hardly increase the gold production.

Mr. EVANS of Montana. It is probably very rich land if it is in that district.

Mr. STAFFORD. Rich on the surface or the subsurface? Mr. EVANS of Montana. The subsurface.

Mr. STAFFORD. Their riches I think are only on the surface, so far as California is concerned. If there are only 40 acres, then this is a minor bill, and I regret to say that the gentleman from Nevada [Mr. ARENTZ] must have the wrong slant in thinking the bill if passed would increase the gold production or even the silver production of the country. I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I crave the indulgence of my colleagues for a few minutes, which I shall use in an attempt to right a wrong that has been done one of our distinguished colleagues.

I do not believe there is a man in this House who is more earnest, more sincere, more faithful, more loyal, and more patriotic than our friend the gentleman from New York [Mr. LAGUARDIA]. [Applause.] I think it is an outrage on justice and decency for any great newspaper in the United States like the Chicago Tribune to malign him, as was done by it editorially on Monday.

I was in this House in April, 1917, when war was declared. The gentleman from New York patriotically voted for every measure requested by President Wilson. Immediately after voting for the war risk insurance act and other matters that were necessary in order to carry on that war, I saw the gentleman from New York [Mr. LaGuardia] appear in his uniform and tell us good-by, and then leave immediately for the battle front. He remained in the service until after the armistice. He was decorated with the war cross and made a knight commander of the Crown of Italy for his valiant

He gave up his high position in this House when he did not know that it would be held for him.

When this Chicago Tribune last Monday said that he was "an alien in mind and spirit from Americanism," it did not speak the truth. Our friend, Major LaGuardia, was born in the city of New York. He was raised in the State of Arizona. His father gave loyal, faithful service to our flag as a soldier in our United States Army for more than 20 years, and finally gave up his life by reason of disability suffered from that service. The gentleman from New York [Mr. LA-GUARDIA] when war was declared, gave us his honored place 'lenged.

[applause], and it is not true or right for a great newspaper to malign him and say that he is an alien in mind and spirit from Americanism.

This paper went further than that. It said that Mr. LA-Guardia "has no loyalty to our form of government." That is not true. What greater loyalty could he have displayed than risking his life for his country? On foreign battle fields his life was in danger many times.

I have disagreed with the gentleman from New York on some subjects. I have disagreed with him on the question of prohibition, very vitally. That is a fundamental disagreement between us. He is a constitutional wet and I am a fundamental dry. When he is fighting against prohibition he is a king in the eyes of the great Chicago Tribune. The Chicago Tribune then has nothing but eulogy and encomium for him when he is fighting for the wet cause. I have crossed swords with him many times on that subject. I have crossed swords with him on this floor on other subjects. He is the author of the LaGuardia anti-injunction bill he recently passed in the House, and I was one of the 13 Members who voted against it, and I fought it from this floor. But I want to say that I consider Major LaGuardia honest, sincere, patriotic, and fearless, even though I differ with him on some vital issues, and I deem it an honor to serve with him. I have fought many battles with him, shoulder to shoulder, for the people here.

Mr. SPARKS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SPARKS. Is it not a fact that when he is fighting the fight of the common people of this country is when this newspaper says he is an alien?

Mr. BLANTON. That is true. The gentleman correctly answers his own question. It is only when Major LaGuardia is fighting a fight against special privilege and in behalf of all the people that the Chicago Tribune tries to crucify him. It is not right. I want my friends to remember this, too, that when a proposed contract was brought in on this floor which would have given away Muscle Shoals to one of the multimillionaires of this country, Major LaGuardia led the fight that prevented it. I have been told that a big lawyer received \$100,000 for drawing that contract and trying to lobby it through Congress. That was the first Muscle Shoals contract that was brought before us for ratification, away back about 10 years ago. It was Mr. LaGuardia who stood up here and led the fight against giving away Muscle Shoals. I followed him then. I worked with him. He is a good worker. He works effectively. I considered it an honor to serve with him then in his fight. I am willing to follow any sincere Member when he is right. There were just a handful of Members here who followed him then, and we were outvoted, as usual. We had the steam roller run over us, and the bill passed here by an overwhelming vote, but the fight that was started here, led by Major LaGuardia, was taken up in the Senate, and that bill did not become a law, and Muscle Shoals, now the greatest power plant on earth, has been saved to the people of the United States. It was Major LaGuardia's fight that helped to save it.

I wish to say that notwithstanding he is a fundamental wet, I do not believe there is a more valuable man in this House than Major LaGuardia. I am his friend. I will go to the mat for him at any time when he is unjustly attacked. I get after him about his wet views, and his hog-tying the peoples' courts with anti-injunction bills, but I will not let any newspaper or anybody question his sincerity or loyalty or patriotism.

This paper further said about him that "he shows every indication that he is willing to destroy our Government." That is untrue. That charge is wholly without foundation.

What has there been about the loyal, patriotic, faithful service of Major LaGuardia in this House and for his country abroad that shows "an indication to be willing to destroy his Government"? That is outrageous. It is untrue. It is unfair. It is unjust. It ought not to stand unchalMr. BACON. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BACON. Will the gentleman please name the paper? Mr. BLANTON. It was the great Chicago Tribune.

Mr. BACON. I wanted to make it clear that it was not a New York City paper.

Mr. BLANTON. Why, certainly not. Certainly not. There is not a paper in New York that would question his loyalty or patriotism. Not even William Randolph Hearst, who is trying to put this sales tax over, would permit any of his papers to question Major LaGuardia's honesty or patriotism. He has held many positions of honor and trust, both in New York and for the Government, and has always proven true and faithful. [Applause.]

To show how Major LaGuardia is respected and esteemed in the Nation's Capital I will mention that the Washington Post has a section where it mentions citizens it deems worthy of note, headed "Post Gallery of Notables." Under it is carried the photograph of certain citizens of national note, with a brief write-up of their service. In this Washington Post this morning it carries none other than Major LaGuardia, and under said heading in large type, "Post Gallery of Notables," appears a splendid picture of our distinguished colleague from New York, and just below appears the following:

### REPRESENTATIVE FIORELLO H. LAGUARDIA

REPRESENTATIVE FIORELLO H. LAGUARDIA

Stocky, swarthy, dynamic, Representative Fiorello H. LaGuardia (Republican), of New York, who has been in the national spotlight recently because of his fight against the sales tax, is one of the best fighters in the House, because he is convincing and fights good-humoredly enough but with vim and sticks with his fight.

But fighting parliamentary battles is merely the present phase of his scrappiness. He was an American aviator in the World War and commanded the American flying force on the Italian front, for which service he was decorated with the war cross and was made a knight commander of the Crown of Italy.

When the United States entered the World War Mr. LaGuardia was a Member of the House of Representatives. Fearful that some official effort might be made to stop him entering the Army he sneaked away and was in the Army and on the high seas before his colleagues were aware of the reason for his absence from the House. He didn't even tell the recruiting officers he was a Member of Congress; neither did he resign, because he was afraid that might start complications. He just went to war and when he came back with the rank of major his seat was waiting for him.

Mr. LaGuardia was born in New York City on December 11, 1882. He attended high school in Prescott, Ariz., returned to New York, won his law degree, and entered the Consular Service. Returning, he became an interpreter at Ellis Island. He began to practice law in 1910 and was named deputy attorney general in 1915. He was elected to the Sixty-fifth and Sixty-sixth Congresses. He was president of the board of aldermen, candidate for mayor, and generally active in politics, returning to Congress in 1923. He has been reelected each time since. (J. B. McD.)

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman, the gentleman from Texas has just been speaking about one distinguished veteran of this House. I want to take just two or three minutes to call your attention to a matter affecting all veterans which I do not believe you know about. I was very much surprised when I heard about it, and I want to bring it to your attention. I hope some of the members of the Veterans' Committee are here, because I expect it is new

I have learned that the Veterans' Bureau is to-day charging veterans 6 per cent who have made loans through banks as distinguished from loans made through the Veterans' Bureau. I did not know it until a day or two ago, but that is what is happening, and I do not believe all of the veterans know it as yet.

Mr. RANKIN. Will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. RANKIN. In other words, banks are charging 6 per

Mr. LANKFORD of Virginia. No. That is the point I want to make. The banks all over this country were asked to help the veterans out when this first loan was made. They were asked to help them discount their certificates and in that way get the money into circulation. I find the bureau is now taking the position that all of those loans which were discounted by the banks and then sent to the

bureau are discounted at the rate of 6 per cent, whereas the banks only charged them 41/2 per cent. However, when the loans made by the banks are sent to the Veterans' Bureau the veterans are then charged 6 per cent, and that is the difference which is made between loans made to veterans through banks and loans made direct through the

Mr. RANKIN. In other words, the banks do not get 6 per

Mr. LANKFORD of Virginia. No. This is unfair to the banks, and they can not explain it to the veterans. As I have said, the banks all over the country were asked to help these boys by making these loans, and when they made the loans they received 4½ per cent, but when they send the loans to the Veterans' Bureau the bureau charges the veterans 6 per cent. I believe that should be corrected.

Mr. RANKIN. The gentleman is referring to adjusted-

service certificates?

Mr. LANKFORD of Virginia. Yes.

Mr. RANKIN. Let me say to the gentleman from Virginia that that legislation does not come to the Veterans' Committee but goes to the Ways and Means Committee, the same committee that has brought out a sales tax.

Mr. LANKFORD of Virginia. I am glad to have that correction, and I would like the Ways and Means Committee to know about this, because I do not believe it is generally known. Here is a letter from the bureau which explains the situation:

Washington, March 1, 1932. Norfolk National Bank of Commerce & Trusts,

Norfolk, Va

Norfolk, Va.

Dear Sirs: Receipt is acknowledged of your letter of February 18, 1932, transmitting copy of a letter from your bank addressed to this administration dated January 28, 1932. A thorough search fails to disclose the receipt of the original letter dated January 28, 1932, by this administration.

With reference to the notices forwarded to the veterans advising them of the redemption of their certificates by the Veterans' Administration and stating that interest will accrue on the amount paid the bank at the rate of 6 per cent per annum, compounded annually until paid, you are informed that in accordance with the provisions of section 502 (c) of the World War adjusted compensation act interest at the rate of 6 per cent per annum, compounded annually, is authorized on the amount per annum, compounded annually, is authorized on the amount paid the bank when certificates are redeemed by the Veterans' Administration. This provision of the act was not affected by

Administration. This provision of the act was not affected by the amendment February 27, 1931.

Under the provisions of the act as amended February 27, 1931, the veterans may obtain further loans on the security of their adjusted-service certificates from this administration for an amount not exceeding 50 per cent of the face value, provided there is an amount of \$2 or more available after the amount and the activities are the amount of \$2 or more available after the amount.

there is an amount of \$2 or more available after the amount paid the bank plus accrued interest has been deducted. The rate of interest charged on these loans is governed by the Federal reserve rate in effect in the fourth Federal reserve district, but in no case may exceed 4½ per cent compounded annually.

If the veterans are entitled to a further loan, note (Form 1185), a copy of which is inclosed, should be properly executed and forwarded to the Veterans' Administration, certificate accounts division, Arlington Building, Washington, D. C., for consideration

in the event the veterans are not entitled to an additional loan from this administration interest will be charged as stated in the second paragraph of this letter.

Respectfully,

M. Collins,

Director of Finance.

I have a letter from Mr. John S. Alfriend, cashier of the Norfolk National Bank of Commerce & Trusts, bringing this to my attention. The letter reads as follows:

NORFOLK, VA., March 4, 1932.

HOD. MENALCUS LANKFORD

Hon. Menalcus Lankford, House of Representatives, Washington, D. C.

Dear Mr. Lankford: I am inclosing copies of letters in regard to loans secured by adjusted-service certificates. It seems to me that the Veterans' Administration is taking an unfair advantage of veterans who borrowed through banks at 4½ per cent, as permitted under the World War adjusted compensation act, and are now being penalized to the extent of 1½ per cent because their applications for loans were not originally placed with the Government administration. administration.

administration.

If the Veterans' Administration has correctly interpreted the act, then I am of the opinion that this should be amended, inasmuch as, due to the tightening of credit, a large number of veterans' loans are being forwarded to Washington for redemption by the various banks in which the loans were originally made. Neither the veterans nor the banks were advised as to this peculiarity in the act, and I personally believe that the matter was completely overlooked at the time the amendment was put into effect.

Harold Masengill informs me that he will see you over the weekend and will at that time go more fully into the matter with you. You will readily understand that if interest is to accrue on these veterans' notes at the rate of 6 per cent the remaining one-half due the veterans will be dissipated in one-fourth less time than those veterans who were fortunate enough to have made their original loans direct with the bureau.

With kind personal regards, I am, Yours very truly,

JOHN S. ALFRIEND, Cashier.

I simply want to say this is unfair to the banks, because they did not know it. They are being criticized by the veterans who have made loans through the banks, and the veterans are just beginning to understand it. They are being charged 6 per cent when they should be charged only 4½ per cent. It seems to me some way should be devised, either by the committee or by the bureau, to prevent this additional charge of 6 per cent, which will eat up these certificates in a very short time.

Mr. SWICK. Will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. SWICK. Does the gentleman feel it is fair to charge

even 41/2 per cent to these veterans?

Mr. LANKFORD of Virginia. That can not be changed now, and I am not discussing the 41/2 per cent at the present time. However, at some future time that might be corrected, and I hope it will be. That is not the question now.

Mr. SWING. Mr. Chairman, I want to make a point of order for the purpose of making a parliamentary inquiry. On Calendar Wednesday, as I understand, under the rules of the House general debate does not mean debate on general subjects, unassociated with the legislation presented to the House for consideration. The purpose of Calendar Wednesday is to permit the standing committees to bring to this House for discussion and action legislation which they believe should be enacted into law. General debate, under the rules relating to Calendar Wednesday, must be confined to the bill. I did not desire to take the gentleman off the floor, but I shall hereafter feel compelled to ask that the rules be observed.

Mr. LANKFORD of Virginia. Knowing the interest of the gentleman in the veterans and veterans' relief, I am sure he would not object. Mr. Chairman, I yield back the balance of my time.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. KETCHAM].

Mr. KETCHAM. Mr. Chairman, I do not know that I shall take all of the five minutes; but as I read the report of the committee that accompanies this legislation, I noticed one point in it which always challenges my interest, and I am taking just a minute or two in order that I may have this particular matter cleared up.

I think those who have noted the attitude I have taken on reclamation projects know that whenever I see the word "reclamation" or the word "irrigation" in any new bill I naturally have my attention attracted to it. Because of that fact I want to direct an inquiry or two to those in charge of

Upon its face this seems to be a bill that has to do with mineral lands, but as you read the report-a major part of it: that upon section 3—the bill seems to have more to do with the materials that are to be used or possibly secured from these lands to be used in connection with reclamation projects and irrigation projects than it really has to do with minerals themselves. I am using this minute or two to ask for an explanation on that particular point. I think we are entitled to an absolutely frank and fair statement from those in charge of the bill as to the part that particular feature has in connection with this bill. I am sure there are distinguished engineers and others here who can give us the light needed on this particular point, and I will be glad to hear from the chairman of the committee.

Mr. EVANS of Montana. I do not quite grasp what it is the gentleman desires.

Mr. KETCHAM. If the gentleman will direct his attention to page 2 of the report, he will find that the major portion of that paragraph deals with a discussion of the question of how these materials upon these lands may be used for construction on reclamation projects and irriga-

tion projects and the like. I just want to know what is really back of all this proposition, whether in its major aspects it is really what it purports to be on its face, or whether there is some great scheme back in the mind of somebody looking toward some great irrigation or reclamation project that is going to be launched in the future. If the latter is the object, I think the gentleman knows what my attitude would be on the bill, and I would not be disposed to let it go through without resorting to every parliamentary means in my power to prevent it.

Mr. EVANS of Montana. I think, perhaps, the gentleman's attitude and the chairman's attitude would be the same on that proposition.

Mr. KETCHAM. I am glad to know that. Mr. EVANS of Montana. I personally never heard of this bill until it came to the committee. I read it, and we then sent for Judge Finney, of the Interior Department, and asked him who drew the bill, why the bill was drawn, and somebody asked him, "Now, Judge, tell us what is back of it." We put it in just that language. He said:

There are two cases from California where mineral has been There are two cases from California where mineral has been discovered on land that has been withdrawn for reclamation purposes. They want to mine the mineral. They can not do it while it is in withdrawal. We do not want to vacate it entirely, but we are willing to vacate it partially. We want to reserve the right to take gravel off of that ground and we want to reserve the right to run a tramway over it and we want to reserve the right to take sand from it for our purposes in connection with this dam; in other words, we think the Government and the mining locator, if permitted, could make a dual use of this land to the benefit of the man and perhaps with no disadvantage to the Government.

Mr. KETCHAM. If he will permit, the gentleman has just indicated the suggestion that will answer my possible objection to the bill. While this bill is properly drawn in very general terms, do I understand that in reality its operation will be limited to just one particular situation?

Mr. EVANS of Montana. That is my understanding, and I get the understanding from Judge Finney and from the report of the Secretary of the Interior, which is all the information I have.

Mr. KETCHAM. If it has application only to one little situation, I would have no particular objection, but the bill is drawn in general terms.

Mr. EVANS of Montana. I have confidence in the information I have received and I am sure that is the case.

The Clerk read the bill, with the following committee amendments:

Page 2, line 1, strike out the words "vacate such withdrawal" and insert in lieu thereof "open the land to location, entry, and patent under the general mining laws."

Page 2, line 16, after the word "contract," strike out the word "to" and insert the words "which shall."

Page 2, line 17, after the word "recorded," insert the words "in the county records and United States local land office."

Page 3, line 6, after the word "patent," strike out the word "may" and insert the word "shall."

The committee amendments were agreed to.

Mr. EATON of Colorado. Mr. Chairman, I move to strike out the last word. I do this for the purpose of asking the chairman of the committee whether it is understood that this bill applies only to that particular type of public land that has been withdrawn from "possible use for construction purposes under the Federal reclamation laws"? These are the words of lines 3 and 4, on page 1 of the bill, but I would like to have accentuated in the RECORD, if that is the fact, that this bill applies only to that particular type of public land and not to any other of the public lands withdrawn for many other purposes, such as oil, gas, oil shale, for survey, and a number of other purposes.

Mr. EVANS of Montana. My understanding is that just those lands withdrawn for construction purposes are affected, and I gathered that understanding from a rather minute inquisition of Judge Finney, who drew the bill and represented to us that two or three California cases demanded this sort of legislation.

Mr. EATON of Colorado. And are the lands to which this bill particularly applies in the Boulder Dam area?

Mr. EVANS of Montana. He spoke of two California cases as the only cases he knew of.

Mr. ARENTZ. If the gentleman will permit, I want to say that if it is contemplated to do this in the Boulder Dam area I am going to request the Congress to cut that Boulder Dam area down to the very limits of what is needed, because we have some very fine mineral territory in there that I want the prospectors to have unlimited rights on, and I do not want it curtailed as this bill curtails it.

Mr. STAFFORD. Will the gentleman yield?

Mr. EATON of Colorado. Yes.

Mr. STAFFORD. Does not this bill give that right to the Secretary of the Interior?

Mr. ARENTZ. Of course, it does.

Mr. STAFFORD. Now is the time to curtail his power if the gentleman is fearful of the exercise of such power.

Mr. ARENTZ. This bill can not shrink that area in any way. That is what I am talking about. I am talking about the area that is so broad now that it takes in a tremendous area. I am not referring to this bill; I am talking about the reserved area for reclamation.

Mr. STAFFORD. Is not the area the gentleman refers to withdrawn for construction purposes?

Mr. ARENTZ. Yes; but it is so broad that it covers a great deal of other territory that will never be needed.

Mr. STAFFORD. So this bill is drawn with a very broad

purpose to cover that identic case?

Mr. ARENTZ. For instance, they do not know where the aqueduct is going to go to take the water out of Boulder Canyon. It may be taken out 100 miles below or it may come right to the reservoir; we do not know. We do not know where the power line is going. For that reason the Secretary says we must retain all this area until we find out where these conduits and so on are going to go, with the result that I can only say now, hasten the day when the actual location is decided upon so that we can determine when we want to shrink this area.

Mr. STAFFORD. If the bill is passed, the Secretary of the Interior will have the right to restore land not needed for public entry.

Mr. ARENTZ. Everywhere; yes.

Mr. STAFFORD. Then the gentleman's fears are not

Mr. EVANS of Montana. Mr. Chairman, I move that the committee do now rise and report the bill, with amendments, to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. PARKER of Georgia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 8087) authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law with reservation of rights, ways, and easements, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. EVANS of Montana. Mr. Speaker, I move the previous question on the bill to final passage.

Mr. TABER. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. The gentleman from New York makes the point that no quorum is present. Evidently there is no quorum present.

Mr. EVANS of Montana. Mr. Speaker, I move a call of the House.

The motion was agreed to; accordingly the doors were closed, the Sergeant at Arms directed to notify absent Memmers, and the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 321

Abernethy Aldrich Allen Amlie Bacharach Beam

Bloom Boland Brand, Ohio Britten Byrns Cavicchia Chapman

Chindblom Clague Clarke, N. Y. Cole, Md. Collier Connery Cooper, Ohio

Crisp Crowe Curry Davenport De Priest Doutrich

Driver Eaton, N. J Houston Evans, Calif. Igoe James Jenkins Fish Johnson, Ill. Johnson, Wash. Flannagan Freeman Karch Kelly, Ill. Kelly, Pa. Kendall Kerr Gambrill Golder Goldsborough Greenwood Kleberg Griffin Hancock, N. C. Hawley Hogg, W. Va. Kurtz Lehlbach

Linthicum McClintic, Okla. McDuffie McLaughlin Martin, Oreg.
Nelson, Wis.
Polk
Pratt. Harcourt J. Underhill
Pratt, Ruth
Watson Purnell Ramspeck Rayburn Reid, Ill. Rogers, N. H. Sabath

Steagall Strong, Pa. Sullivan, Pa. Watson Williamson Withrow Woodrum

The SPEAKER. Three hundred and forty-three Members have answered to their names; a quorum is present.

Mr. EVANS of Montana. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER. The gentleman from Montana moves the previous question.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. Evans of Montana, a motion to reconsider the vote whereby the bill was passed was laid on the

Mr. EVANS of Montana. Mr. Speaker, I ask unanimous consent to proceed out of order for two minutes.

The SPEAKER. The gentleman from Montana asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. EVANS of Montana. Mr. Speaker, this is Calendar Wednesday and the Public Lands Committee has the call. We have on our tentative calendar six or seven bills. We have now put in two and a half hours on one bill, against which there was apparently no serious opposition. No amendment was offered and no vote cast against it. It is manifest that there is some serious opposition to some bill on the calendar of the Public Lands Committee. A filibuster has been going on for two hours. I am told privately that the opposition is to the Florida Everglades bill. I do not speak advisedly, but I have reached the conclusion that if that bill is taken up no other bill on the committee's calendar will be reached.

In the interest of expeditious legislation for the Public Lands Committee, we have had a little meeting here and discussed the matter with the author of the bill, Mrs. Owen, the lady from Florida, and Mrs. Owen has generously authorized me to say that if that bill is standing in the way of expeditious legislation. I had her consent to say that that bill would not be called up to-day. I therefore make that statement for the benefit of the House, in the hope that we can proceed expeditiously on the other bills on the calendar. [Applause.]

### THE TARIFF ON OIL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the present revenue bill, H. R. 10236, was introduced in response to the President's urgent message for the speedy passage of a bill to provide revenue. The urgency of the situation with respect to the unbalanced Budget caused the consideration of such legis-

It is admitted on all sides that this is not a tariff measure. At the hearings before the Ways and Means Committee our distinguished colleague [Mr. CRISP], the acting chairman, stated that the task before the committee was a "most unpleasant duty," namely, to provide "taxes to produce suffi-cient revenue" to meet the deficit for 1933. There is thus

no doubt as to the purpose of the bill, both from the message of the President and from the understanding of the committee itself. It would seem reasonable to expect that no proposal for a tax would be included in the bill unless it was for the purpose of producing revenue, the extent and amount of which could be reasonably estimated on the basis of past experience. The inclusion of the proposed tariff of 1 cent per gallon on imported petroleum and its products in a nontariff measure is therefore wrong in principle.

II. ONLY A NEGLIGIBLE AMOUNT OF REVENUE, IF ANY, CAN BE EXPECTED FROM THE PROPOSED TARIFF ON IMPORTED OIL

With a view of determining, if possible, what revenue might reasonably be expected, inquiry was made of the Secretary of the Treasury for information in that respect. The reply of Secretary Mills was as follows:

In the opinion of experts of the Department of Commerce, such a tax would yield no revenue, since the levy which would be added to the import price exceeds the margin of advantage on which oil is imported to this country and therefore would exclude the

It thus appeared, on reliable information, that no revenue could be expected from such a tax.

After the receipt of this information it seems that the committee itself estimated an expected income of \$5,000,000. This was no doubt based on the amount of gasoline imported in 1931, to wit, about 546,000,000 gallons, and upon the assumption that imports would continue at the same rate in spite of the proposed tax. It thus appears that, in comparison to the amount of revenue from the proposed oil tax, even in the committee's enthusiastic expectation, would be negligible. In fact, it is the smallest item of revenue included in the committee's bill. (See Congres-SIONAL RECORD for March 11, 1932, p. 5787.)

III. THE PROPOSED TARIFF RUNS COUNTER TO THE SETTLED POLICY OF THE UNITED STATES

Even if it be assumed that this tariff provision is properly part of a revenue bill and that it would produce an appreciable amount of revenue, it appears from a review of our tariff history that this is a new departure and is contrary to our settled policy. There has never been a tariff on crude petroleum and its related products. Both of the major political parties have recognized in their platforms the soundness of the proposition that petroleum and its products should be free from tariff. The Democratic platform for 1920 savs:

The Democratic Party recognizes the importance of the acquisition by Americans of additional sources of supply of petroleum and other minerals, and declares that such acquisition should, both at home and abroad, be fostered and encouraged.

The Republican platform for 1928 calls attention to crude petroleum, gasoline, and lubricating oil as "articles used by the farmers, which are on the free list," and thus implies a promise that they will continue to be on the free list.

This attitude toward having petroleum on the free list has been recognized by Congress. We find that in 1922 there were 130,000,000 barrels of crude oil imported into this country, as against only 47,000,000 in 1931. Nevertheless, in 1922 Congress left petroleum on the free list.

Again, in 1929, the oil producers proposed that in the tariff then under consideration a tariff should be imposed on crude petroleum and on the products derived therefrom. But both the House and Senate, after extended investigation and lengthy deliberation, denied such efforts. Again, in 1930, the subject was before Congress when an attempt was made to place an embargo on the importation of oil, and Congress again took no action thereon.

After mature consideration by several Congresses oil was thus recognized to be one of the natural resources like pulp. copper, and others, which, by design and not by oversight, were left without a tariff, and the reasons for this conclusion, deliberately arrived at, with respect to oil, are not far to seek. Not only are gasoline, fuel oil, and other petroleum products of vital necessity in motor transportation, in industry, in shipping, and in many other ways but it is recognized that our petroleum supply is limited and irreplaceable. The statistics compiled by Government bureaus show that the United States produces and consumes about 68 per cent If this increase in the cost of fuel oil is passed on to the

of the world's oil. But we have within our borders only about 18 per cent of the estimated world's underground

This rapid rate of exhaustion of our own supply has been recognized as a matter for serious consideration. The conservation of the supply is a national necessity. The United States has therefore encouraged the investment of American capital in foreign oil fields and the importation of petroleum and its products. In the first report of the Federal Oil Conservation Board the board advises that oil companies should vigorously acquire and explore foreign fields as a source of supply under the control of our own citizens.

The report made in 1931 by the Bureau of Mines to the Commerce Committee of the Senate says:

Having thus encouraged American oil companies to develop foreign oil production, it might be considered that there had been established an implied obligation to continue in the assistance of American companies engaged in foreign oil production, and that the restriction or refusal of admission to the United States of oil so produced would be contrary to the encouragement which these companies have received while engaged in foreign oil exploration and development work.

In view of this repeated recognition of policy with respect to oil, there can be no serious doubt that the tariff now proposed in the revenue bill is contrary thereto.

IV. THE PROPOSED TAX WILL INCREASE THE PRICE OF FUEL OIL AND WILL DIRECTLY AFFECT INDUSTRY, SHIPPING, WAGE EARNERS, FARMERS, HOME OWNERS, PUBLIC-SERVICE COMPANIES, ROAD BUILDING, AND OTHER INTERESTS

The sweeping effect of this proposed tax becomes evident on but slight reflection. Though it will produce no revenue for the Government, according to the experts, it will result in increasing the price of fuel oil, gasoline, and other widely used products of crude petroleum. It is reasonable to assume, and experience has shown, that the prices of petroleum products quickly follow the price changes of crude petroleum. In the 1928 report of the Federal Trade Commission, it is stated on page 175:

As a rule price advances in crude petroleum have been followed promptly by gasoline price increases

This conclusion can not be questioned. It is amply established by a mass of indisputable facts and figures collected in the August, 1931, issue of Petroleum Facts and Figures, published by the American Petroleum Institute and reprinted in the report of the hearings conducted by the Ways and Means Committee on this proposed tariff. (Pp. 50 to 56, inclusive.)

It is clear that users of fuel oil will be necessarily and promptly affected by the increase in price. Every State in the Union where manufacturing is carried on to any substantial extent is, of course, interested in having fuel for its industries at a proper price. In many industries, fuel enters to a substantial degree into the cost of production and thus constitutes a large factor in the selling price of articles manufactured. For example, in the finishing plants of the textile industry where gray goods are converted into marketable materials for consumers' use, the expense of fuel amounts to nearly 10 per cent of the entire manufacturing expense. In shipping, the proportion is even larger.

At the present time fuel oil-which is the residuum left after naphtha, gasoline, kerosene, and others of the more expensive products have been removed by the so-called cracking process—is obtainable on the Atlantic coast at less than 11/2 cents per gallon. An increase of 1 cent per gallon means an increase of about 70 per cent in the cost of fuel—a tremendous increase in this large and essential item of the cost of manufacture. The same proportion of increase in fuel cost-namely, nearly 70 per cent-will result to the shipping interests using fuel oil. It seems clear, beyond doubt, that the cost of fuel to such industries and to shipping will be nearly doubled by the advance in price of fuel oil which the proposed tariff will induce. Many of the industries have already found themselves in such condition that wages and employment were affected. This is most unfortunate. The plight of shipping is well known.

of employees will be affected. On the other hand, if this great increase in the cost of turning the wheels of industry should result in increasing the prices of the products manufactured and transported by these industries, then consumers generally will be affected. On any view of the situation that seems certain to follow in the wake of this tax, there can be no doubt that industry, shipping, wage earners, and consumers will all be affected thereby, and all with no revenue to the Government.

Asphalt, another product of crude petroleum, is necessary for the manufacture of roofing and road-building material. Only petroleum with an asphaltic base supplies this material, and there are only two sources within our own country where such petroleum is available, namely, California and a small area in Texas. The roofing manufacturers say that the proposed tax would materially increase the cost of roofing material and the road builders say that it would nearly triple the cost of road building. (See report of hearings, pp. 129 and 132.)

The farmers and the home owners also have a stake in this problem. The farmer has a direct interest in having manufactured goods come to him at as low a price as possible. It is evident that the prices of his tools, his equipment, his clothing, his roofing, his building materials, are all dependent in some degree on the cost to the manufacturer and shipper of the heat and power that turn the wheels of industry. If a fuel-oil tax is adopted, we add to the farmer's burden as well as to the already overburdened industries and to the millions of wage earners employed by them. This does not take into consideration the effects on the farmer of the increase in gasoline for his tractors, trucks, and other gasoline motors. It is no wonder that farmers' organizations are protesting against this tariff. Protests have already been received by the Committee on Ways and Means from the representative farmers' associations in Minnesota. Indiana, Nebraska, Ohio, South Dakota, Tennessee, New Hampshire, and elsewhere. (See report of hearings before Ways and Means Committee, p. 108.)

Oil as fuel is not only a basic necessity for industry, it has come to be used widely as a fuel for homes. The American Oil Burner Association reports that more than 750,000 homes have been equipped with oil burners and that \$525,000,000 have been invested in the industry of producing oil burners for home. (See report of hearings before Ways and Means Committee, p. 119.) The American home owners using oil fuel will, of course, immediately feel the result of this tax. It can not, therefore, be denied that the effects of this tax will be far-reaching and will be felt by millions.

V. THE PROPOSED TAX IS UNFAIR FOR IT WILL BEAR DOWN PARTICULARLY ON THE STATES LOCATED AT A DISTANCE FROM OIL FIELDS

The Atlantic States have been obtaining some of their supply of fuel oil from petroleum originating in Venezuela. The Tariff Commission, in its report of February 1, 1932, to the chairman of the Ways and Means Committee, show that for the years 1929 and 1930 (for which years figures as to imports were available) they were with respect to fuel oils, as follows:

TOPPED OILS, INCLUDING FUEL OILS

Barrels of 42 gallons each: 1929\_\_\_\_ \_\_\_\_\_ 20, 545, 498 \_ 26, 080, 383 1930\_\_\_

The consumption on the Atlantic coast, where these imports were received, was far in excess of the amounts imported, as appears by the report of the Bureau of Mines on deliveries of fuel oil, as follows:

	1930	1929
New England States Middle Atlantic States South Atlantic States	20, 618, 218 87, 284, 415 10, 410, 097	21, 829, 471 88, 721, 203 9, 953, 117

It is thus clear that the consumption of domestic fuel oil on the Atlantic seaboard is far in excess of the amount of such oil imported from foreign sources. The imported fuel oil naturally does not reach the States located at any great 1 Page 39.

wage earners engaged in those industries, tens of thousands | distance from salt water. The proposed tax is therefore in effect a tax bearing directly upon the people and the industries and the shipping of those States. The effect of it is the same as though those States were specifically named in the bill. The rise in price by reason of the tax will most directly affect those specific portions of the country and thus be highly discriminatory against the Atlantic States. Of course, a tax upon those industries will result in a rise in price of the products and thus indirectly affect the consumers of those products throughout the United States. But the direct effect of the tax will be upon those industries, upon their wage earners and home owners, and indirectly upon all of our people, including the farmers. It is plain that Congress could not single out the non-oil-producing States and impose a tax upon such States. That would be unconstitutional. The effect of the proposed tax produces exactly the same result by indirection, which the Constitution expressly prohibits.

> VI. THE PROPOSED TAX WILL ACTUALLY CREATE A DEFICIT TO THE GOVERNMENT RATHER THAN REVENUE

> In view of the exigency which occasioned the need for the present revenue bill, citizens must, of course, be prepared to bear tax burdens if such burdens would produce revenue. The only possible justification for the inclusion of any tax in the revenue bill would be as a revenue producer. But we find that the Government itself would suffer to the extent of millions in excess of any amount of revenue that could possibly be expected. Ludwell Denny, in We Fight For Oil, says:

> Current peace-time requirements of those branches of the Government responsible for the national defense are approximately 20,000,000 barrels of petroleum products a year.

It is to be noted that this Government consumption of 20,000,000 barrels is only peace-time requirements for national defense. The total consumption of the American Government is much in excess of this. But, taking only the 20,000,000 barrels, we have the following ridiculous result:

Used by American Government, 20,000,000 barrels per year; in gallons (42 gallons per barrel), 840,000,000 gallons

	\$8,400,000
Estimated income from tax on imported oil, as assumed by the committee	5, 000, 000
Minimum net loss to American Government	3, 400, 000

Thus we see that the net result to the Government, on its own annual requirements for national defense, will be a substantial net loss. It is clear that at best the proposed tax does not produce revenue but creates a deficit. It leads to the ridiculous conclusion of the necessity of raising further revenue to cover this new deficit.

VII. THE PROPOSED TAX WILL REDUCE OUR EXPORTS TO VENEZUELA

The great importance of foreign trade to our wage earners and industries can not be overestimated. The Bureau of Foreign and Domestic Commerce of the United States Department of Commerce (Bulletin No. 783) reports that Venezuela is buying from us 55 per cent of all the goods which she imports, and says:

Since the World War Venezuela has become of increasing interest to the American public, primarily through the intensive development of its oil fields, but also because of the increased trade between the two countries.

We sell Venezuela food products and increasingly large amounts of manufactured goods. (See bulletin of U.S. Department of Commerce No. 783, pp. 46-48.) Venezuelan imports from and exports to the United States for 1913 and from 1926 to 1929 were as follows:

	Our ex- ports to Venezuela	Our imports from Venezuela
1913	6, 829, 000 44, 063, 000	8, 335, 000 18, 926, 000
1927 1928 1129	36, 058, 000 46, 069, 000 48, 179, 000	19, 896, 000 32, 619, 000 42, 308, 000

The growth of our exports to Venezuela has thus been | both of crude and refined oils, were only about 10 per cent steadily and substantially increasing. The comparison of the figures of recent years with 1913 is impressive. Our Department of Commerce, Bulletin No. 783, page 40, recognizes that "the importance of petroleum in this rapid trade development is striking." It is the export of petroleum and its products that furnishes Venezuela a means of payment and therefore has established it as a good potential customer. The trade balance with Venezuela has been steadily in our favor, as shown by the above schedule. Our total imports from Venezuela in 1930 aggregated \$36,868,010 (p. 46). Of this amount, nearly \$26,000,000 consisted of petroleum and its products (p. 46). In other words, more than 72 per cent of the payment by Venezuela for our goods is in petroleum and its products. If by reason of this tax imports from Venezuela are cut off, as the Treasury Department says they will be, Venezuela will have to look for other markets for her petroleum and its products. Venezuela must and will import from those countries that buy her oil. It follows that our foreign trade with Venezuela will be greatly reduced. The effect of this reduction in our export trade will, of course, further reflect upon our industries and wage earners. Our foreign trade is not in such condition that we can afford to tamper with it-it has already fallen off nearly 40 per cent from 1927-and we must carefully foster and develop our remaining foreign markets.

VIII. THE PROPOSED TAX WILL NOT HELP THE INDEPENDENT OIL PRO-DUCERS

The proponents of the tax have laid stress on the plight of the independent oil producers. Their spokesman, Mr. Wirt Franklin, told the Ways and Means Committee about the condition in which owners of small wells that produce a barrel and a half a day find themselves, and urged this proposed tax as a measure for assisting these small independent oil producers. He overlooked the fact that by reason of general conditions, industry, farming, and business generally face similar price conditions in practically all commodities. The home owner is in the same condition. The Department of Labor shows that the price index declined generally between January, 1931, and December, 1931. To take a few examples:

Item	Index for January, 1931	Index for December, 1931
Farm products. Semimanufactured articles Raw material Textiles Miscellaneous Oil	73. 5 73. 4 72. 9 71. 0 64. 7 69. 8	55. 7 62. 2 60. 2 59. 2 56. 9 63. 6

It thus appears from a disinterested and reliable source that farming, textiles, and other industries generally have suffered more than oil in price reductions during 1931, and that in December, 1931, their price indices were lower than those of oil. If the oil industry is entitled to help, by means of the revenue bill, why are not the other industries? Thus the door will be opened for those interested in copper, pulp, fish, and in other necessary and designedly free materials to use this exigency of the revenue measure as a means for precipitating a discussion as to a change of tariff policy, and manufacturers and dealers in manufactured products will also, with as large a measure of justice, come forward and demand tariff legislation. The quick passage of a revenue bill will be rendered impossible, and we shall be plunged into the midst of a pulling and hauling tariff revision. result will be much noise and confusion and no present help to the Government and no balancing of the Budget.

But even aside from this important consideration, which must not be overlooked, an examination into the oil situation shows that the proposed tariff of 1 cent per gallon will not alleviate the conditions of the independent producer. The United States Tariff Commission reports (Report, February 1, 1932) that our country produced in 1931 about 850,000,000 barrels of crude petroleum. Our total imports for that year, of that amount; that is, about 86,000,000 barrels. These imports were as follows:

Crude petroleum Refined oils, including fuel oil, gasoline, etc	Barrels 47, 250, 000 38, 700, 000
Total	85 950 000

Our imports were thus but a small fraction of our production, and they had moreover decreased 24 per cent as compared with the year 1930.

The United States Tariff Commission reports show that the independents produce less than 20 per cent of the total amount of petroleum brought to the surface in our country; that they are in no position to compete with the few large and organized companies that produce the bulk of the petroleum. The troubles of the independents are clearly traceable not to any foreign competition but to the fact that a few corporations control the means of transportation, the refining and storage plants, and the marketing facilities for petroleum and its products.

Alfred M. Landon, the chairman of the Kansas delegation to the Governors' Oil Relief Conference, says:

To-day the greatest danger facing the oil industry is not from without but from within—and that danger is the elimination of competition through "integration," which is only a gentle-sounding phrase under which a monopoly masquerades.

Having no storage capacity, no means of transportation except the one in the control of the few large companies. no consignee or purchaser other than those corporations, the independent is obliged to accept what those companies see fit to give him as the price of crude petroleum.

The Independent Monthly of the Petroleum Association of America in its issue of July-August, 1931, shows that out of a base price at tidewater of 85 cents a barrel only 10 cents per barrel went to the producer of the petroleum. Of the remainder, 40 cents was the so-called trunk-line charge for transportation,  $12\frac{1}{2}$  cents was figured into the price as a "gathering charge,"  $2\frac{1}{2}$  cents as a ship-loading charge, and 20 cents as a "service charge," or premium to the parent corporation. These indisputable figures are most significant. They show the result of the monopolistic control of transportation by pipe line, which is not subjected to such regulation as other carriers, like railroads. Here is the great cause of the condition of the independent. It is evident, therefore, that the troubles of the independent producers will in no way be remedied by the proposed tax of 1 cent per gallon. He will still remain in the grip of this monopoly, and will still be without means of transportation, refining, loading, or marketing.

Surely, it can not be argued that it is the large integrated companies that are languishing for want of this tax of 1 cent per gallon, because those companies have apparently not been hit by the depression at all. We find that during these years of depression they have paid enormous dividends. From a compilation made by the Interstate Commerce Commission in its statement, No. 3170, we find that for the year 1930 six large pipe-line companies have declared dividends ranging from 40 to 338 per cent.

Surely those companies need no tariff assistance at the expense of the rest of the country, and the independents who find themselves in the iron grip of these large integrated corporations can not possibly benefit from the further depression which will result to manufacturing, shipping, and farming interests from the proposed tax. This was recognized by the western group in Congress when the matter of an embargo on oil was discussed in 1931. Said Senator ASHURST, of Arizona (Congressional Record for March 2, 1931, pp. 6722-6723):

We are asked, in behalf of the Sinclairs and the Dohenys, to put an embargo upon the importation of oil. Mr. President, there is larger question here than the mere question of serving the oil interests and the Dohenys and the Sinclairs of this country. Are we going to levy a tax, already too heavy, upon every person who uses an automobile, upon every farmer who has a motor upon his farm, in order to swell the profits, already great, of the oil industry?

The Senator must have read the record of the tremendous dividends declared by those companies. He referred only to users of gasoline who would be taxed, but his statement holds true with respect to those fuel-oil users who would be the victims of such a tax; neamly, the great industries, shipping, the wage earners, and the home owners.

IX. SUMMARY AND CONCLUSION

In this national emergency which imperatively demands the speedy balancing of the Budget, a tariff measure is entirely out of place. There is no time for the careful investigation of the plight of other industries, their comparative conditions, the complicated results, and all the numerous incidents accompanying tariff legislation. The proposed tax opens the door wide to demands by other industries equally distressed and with an equal measure of justice. The soundness of the principle that tariff legislation should not be confused with emergency revenue measures is made clear when we consider the confusion and delay that will inevitably follow the opening of the doors to these numerous demands for tariff legislation.

The proposed oil tariff is not only out of place but it will produce no revenue. Citizens might be resigned to added burdens of taxation even in these hard times if at least the taxes imposed resulted in revenue. But the only possible justification for the proposed tax disappears when we find not only lack of revenue but a direct and positive deficit to the Government itself on its own peace-time requirements

for national defense.

It has been shown that the burdens to industry, to the wage earners, to commerce, to the farmer, to the home owner, which the proposed tax involves, will be many and far-reaching. It does not even have the redeeming feature of helping the independent oil producers, for whose sole benefit it is ostensibly proposed. The corporations that exercise a monopolistic control over the means of transportation, refining, storing, distributing, and selling the oil, certainly do not need it. And when, to top all, it appears that it is contrary to our established policy, and that it will substantially interfere with our foreign trade, it would seem that the last vestige of justification for including such legislation in the emergency revenue bill disappears.

PUBLIC LANDS FOR USE OF EASTERN NEW MEXICO NORMAL SCHOOL

Mr. EVANS of Montana. Mr. Speaker, by direction of the Committee on the Public Lands, I call up the bill (H. R. 6679) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes.

The SPEAKER. The gentleman from Montana calls up

the bill H. R. 6679, which the Clerk will report.

The Clerk reported the title of the bill.

Mr. EVANS of Montana. Mr. Speaker, I ask unanimous consent to substitute for the House bill Senate bill 1590.

The SPEAKER. The gentleman from Montana asks unanimous consent to substitute for the House bill the Senate bill S. 1590. Is there objection?

There was no objection.

The SPEAKER. The Chair lays before the House the Senate bill, which the Clerk will report.

The Clerk reported the title of the Senate bill.

Mr. STAFFORD. Mr. Speaker, I have no objection to the consideration of the Senate bill, but I wish it understood that it occupies the same legislative status as the other.

The SPEAKER. Certainly. The bill being on the Union Calendar, the House will automatically resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the Senate bill, and the gentleman from Georgia, Mr. PARKER, will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1590, with Mr. PARKER of Georgia in the chair.

The Clerk read the title of the bill.

Mr. EVANS of Montana. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EVANS of Montana. This bill is designed to grant certain lands to the State of New Mexico. I yield to the gentleman from New Mexico [Mr. Chavez] such time as he may desire for an explanation of the bill.

Mr. CHAVEZ. Mr. Chairman, the purpose of the bill is simply to carry out the noble purpose of advancing the greatest of all American institutions, the cause of education. New Mexico, as you know, is a large State and was originally settled only in the western portion. In 1912, when we were admitted into the Union, we were granted certain lands, and 200,000 acres of those lands were specifically set aside for normal-school purposes. The great eastern section of New Mexico was very sparsely settled at the time, but the men who drafted the constitution of our State, under the enabling act, realizing that eventually that part of the State would be settled, set aside out of the original 200,000 acres 30,000 acres for normal-school purposes within the eastern section of the State. Within the last few years many citizens of Texas, Oklahoma, Missouri, Ohio, and other parts of the country have gone into this particular territory, and I can inform the House now that practically 50 per cent of our high-school graduates come from within a radius of about 120 miles of the normal school that is intended to be benefited by this legislation. In 1927 the State of New Mexico created the Eastern New Mexico Normal School to meet the needs of the people of that section, and also sought to take the 30,000 acres originally set aside for that purpose, but we have not enough. This bill asks only for a grant of the acreage mentioned in the bill, so that this particular normal school will be on even terms with the normal schools in the oldest settled parts of the State. It is absolutely necessary that we have this legislation if we are to go forward in our State. It is sparsely settled. it is poor in wealth. The Government has large tracts of Government domain within that State, and all we ask, in all sincerity, of this House is to look at our condition and permit us to carry out this purpose. We are not asking for this land to do with as we see fit. All we ask is that this land be granted to the State of New Mexico and a trust be created to help us out with education.

Gentlemen will notice a report from the Interior Department with reference to this bill. There are no serious objections from this source. The members of the committee will recall that the last Congress passed legislation which created a public lands commission. That commission, appointed by the President under authority of this Congress, has gone into all of the 11 so-called public-domain States of the West and has reported back to this Congress and to the Executive authority that the remaining unreserved and nonmineral public domain be ceded to all of the States, and, carrying out the provisions of that report, there is now before the Public Lands Committee of the House an administration measure by which the States will get all of the public domain that is unreserved and unappropriated, without the minerals.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. CHAVEZ. Yes.

Mr. STAFFORD. This bill does not extend to unsurveyed lands. It specifically provides for surveyed lands.

Mr. CHAVEZ. Yes. The other applies to unreserved lands remaining in the public domain, with the exception of what is reserved for forest reserves and other governmental purposes. If it is proposed to give to the States all of the public domain, we do not believe that we are asking at this time anything that is unreasonable, and I hope the Members of the House will help me to-day in carrying out the noble purpose of education in our State. That is all we ask.

Mr. SNELL. Mr. Chairman, will the gentleman yield? Mr. CHAVEZ. Yes.

Mr. SNELL. About what is the value of this land that you want given to the State?

Mr. CHAVEZ. I can answer that in this way. What is left of the public domain in New Mexico or elsewhere throughout the West is what you may classify in ordinary

parlance as "the leavings," it is the least valuable land | that we could get. We could possibly lease it out for grazing purposes: and if you were to lease every acre, the most that we could get would be the average rental now paid in New Mexico for better lands, which would be 3 cents an acre. We have a provision in our constitution by which we are limited to a certain amount per acre in matters of sale.

Mr. SNELL. I can not see that this would be of very great value toward maintaining a normal school, if you

could get only 3 cents an acre.

Mr. CHAVEZ. It would help us immensely. We hope that we may develop our other natural resources in the State, by which the State could carry on the greater burdens.

Mr. SNELL. That would be only about \$900 or \$1,000

a vear.

Mr. CHAVEZ. The amount would be small. But to us it means as much as a million or two to somebody else.

Mr. SNELL. What is the average price paid for grazing land in the gentleman's State?

Mr. CHAVEZ. Under a constitutional provision we can not sell them for less than \$3 an acre, but even at that price it is impossible to dispose of it.

I will say to the gentleman from New York [Mr. SNELL] that of the land that has been granted to the State, which means millions of acres, we have only been able to dispose of some 100,000 acres by sale. It is impossible to sell it for the amount limited by the constitution of our State, under the enabling act. Does that answer the gentleman's ques-

Mr. SNELL. Yes.

Mr. SMITH of Idaho. If the gentleman will permit, I wish to say that the President's Public Lands Commission recommends that all public lands, nonmineral in character, be given to the States.

Mr. SNELL. Would the States take them if they were given to them?

Mr. SMITH of Idaho. No; not as a general proposition, but in a case like this where the State wants 200,000 acres and for a specific purpose.

Mr. SNELL. Why would they not take it all?

Mr. SMITH of Idaho. Because the surface right alone would be of no advantage to them. The cost of administration would amount to more than the States would receive from the lands.

Mr. COLTON. It is a liability instead of an asset, in many instances, that is being transferred to the States.

Mr. STAFFORD. It is a policy of the States to throw the liabilities on the National Government and take the assets for their own benefit.

Mr. COLTON. If the National Government will give us fee-simple title to the lands, that is an entirely different proposition, but they are reserving all the worth-while lands and giving us the remnants, not worth anything.

Mr. EVANS of Montana. Mr. Chairman, I yield two minutes to the gentleman from Oregon [Mr. HAWLEY].

Mr. HAWLEY. Mr. Chairman, on yesterday the House made certain amendments in the estate tax. I have asked the Secretary of the Treasury, for our information, to submit an estimate of the yield under the Ramseyer amend-

I ask unanimous consent to extend my remarks by including the letter of the Secretary of the Treasury, for the information of the House.

Mr. PATTERSON. Mr. Chairman, reserving the right to object, if I understand the gentleman this is a letter from Secretary Mills telling how much more this tax would yield under the Ramseyer amendment?

Mr. HAWLEY. This is an estimate of the Treasury Department of the additional revenue that the Ramseyer amendment will earn.

Mr. PATTERSON. It will earn more than the bill which the committe brought in?

Mr. HAWLEY. It was estimated that the estate-tax rates proposed by the committee in the bill would earn for the fiscal year 1933, \$25,000,000 over and above the amount produced under existing law. This estimate was made on the assumption that the bill would become effective at a

much earlier date than is now possible. If the bill should become law by May 1, the new rates under the Ramseyer amendment will be effective only during two months of the fiscal year 1933. On that assumption the estate-tax rates proposed by the committee would produce for the fiscal year 1933, \$12,000,000, while the Ramsever amendment would produce some \$20,000,000 during the fiscal year 1933, or \$8,000,000 more than the amount that would be earned under the bill as reported by the committee.

Mr. PATTERSON. I shall not object, but I wish to make this observation: The gentleman from Iowa [Mr. Ram-SEYER] is not here, and this is so far from what the gentleman estimated that I suppose it is about as correct as the estimate of the present Secretary of the Treasury when he asked the committee to return that \$190,000,000 to the taxpayers in 1929.

Mr. STAFFORD. Will the gentleman state what the total amount is? The membership is interested in that.

Mr. HAWLEY. The additional revenue estimated for the fiscal year ending June 30, 1933, is \$20,000,000, and for the next fiscal year is \$135,000,000. I submit the letter for the information and consideration of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The letter referred to is as follows:

THE SECRETARY OF THE TREASURY,

Washington, March 23, 1932.

My Dear Mr. Hawley: You have requested that the Treasury submit an estimate of the probable yield of the revised estate tax rates which were adopted by the House of Representatives in Committee of the Whole as an amendment to section 401 of H. R. 10236, the so-called Ramseyer amendment. I am glad to comply with your request.

The additional revenue to be derived under the Ramseyer amend-

The additional revenue to be derived under the Hamseyer amendment during the first full fiscal year in which those rates will be effective, that is, the fiscal year 1933-34, will, in our judgment, not exceed \$135,000,000. This is a liberal estimate.

So far as the fiscal year 1933 is concerned, for which the House of Representatives is now budgeting, the amendment will not in all probability yield much in excess of \$20,000,000. It is obvious that the proposed tax bill can not become law before the first of May, if then. The new rates would only apply to the estates of decedents dying after the new law goes into effect. The estate-tax returns and the Federal estate tax are not due until a year after the date of death, and payment of the tax may be postponed under certain conditions for a period of three years. It is apparent, therefore, that under the most favorable circumstances payments under the new rates will only be received during the last two months of the fiscal year 1933.

I note that during the debate of yesterday in the House it was suggested that the new estate tax rates will yield for a full year between \$500,000,000 and \$600,000,000. This estimate obviously between \$500,000,000 and \$600,000,000. This estimate obviously was based upon returns for estates filed in the calendar year 1930. Estate-tax returns filed during the calendar year 1930 cover for the most part estates of decedents who died during the calendar year 1929. Estates are valued as of the date of death. It is well

the most part estates of decedents who died during the calendar year 1929. Estates are valued as of the date of death. It is well known that values during most of 1929 were grossly inflated. Any estimate based on 1930 returns, therefore, reflects grossly inflated values and can not in the very nature of things represent a fair basis on which to forecast future returns.

Stocks and bonds ordinarily constitute a large proportion of the larger estates. The standard statistics index of more than 400 selected stocks averaged about 190 during the calendar year 1929. This same index at the present time stands at about 60, representing a decline of about two-thirds. Nothing could indicate more clearly the fallacy of basing future estimates of estate-tax yields on 1930 returns, which represent 1929 values.

In making estimates of the yield from estate taxes during the fiscal year 1933-34 we are bound to take into consideration values and prices likely to prevail during the last six months of the calendar year 1932, as well as the first six months of the calendar year 1932. Our estimate of \$135,000,000, while taking into consideration the present low level of values and prices, does make adequate allowance for improvement during those periods. Furthermore, owing to the period over which postponement of payments is possible and likely in view of the difficulties attending the settlement of estates under existing conditions, property values as in the fiscal year 1932-33 will not only affect collections in the fiscal year 1933-34 but will be reflected in collections even beyond that year. fiscal year 1933-84 but will be reflected in collections even beyond

that year.

The important fact to be noted in connection with the revenue The important fact to be noted in connection with the revenue bill now pending before the House and intended to furnish ade-quate revenue for the fiscal year 1933 is that increased estate-tax rates can not be made effective in time to have any real influence on 1933 revenues.

Sincerely yours,

OGDEN L. MILLS, Secretary of the Treasury.

Hon. WILLIS C. HAWLEY, House of Rpresentatives, Washington, D. C.

Mr. STAFFORD. Mr. Chairman, I ask recognition in opposition to the bill.

The CHAIRMAN. Is there any member of the committee opposed to the bill? If not, the gentleman from Wisconsin [Mr. STAFFORD] is recognized.

Mr. STAFFORD. Mr. Chairman, I take the floor largely to gain some information, part of which has already been furnished by the gentleman from New Mexico.

There is an adverse report by the Commissioner of the General Land Office against this bill. He concludes his memorandum to the Secretary of the Interior, dated January 18 of this year, in the following language:

It has not been the policy of the department to recommend further grants of lands to the States for specific purposes, except in case of some special or urgent need for such grant.

His memorandum also shows that the Government has been more generous in the granting of public lands to the Territory and State of New Mexico than in any other instance. We have up to the present moment, without regard to this further grant, conveyed to New Mexico, while a Territory or State, 12,000,000 acres. The gentleman says that of this 12,400,000 acres the State has only disposed of 100,000.

Mr. CHAVEZ. In the way of sale.

Mr. STAFFORD. In the way of sale, because the lands can not be disposed of under the statutory limitation of price fixed by the constitution.

Mr. CHAVEZ. That is right.

Mr. STAFFORD. Now I yield to the gentleman from New Mexico.

Mr. CHAVEZ. At first glance one would think that the fact we have 12,000,000 acres when some other States only have 8,000,000 would prove that we were getting more; but it does not prove that we are getting more, for the reason that possibly 1,000 acres in Montana or Wyoming are more valuable than 50,000 acres in our State. Values are not measured by acreage.

Mr. STAFFORD. But the fact that there have been some valuable sectional lands granted to New Mexico, more than there have been to some of the other States.

Mr. CHAVEZ. Yes.

Mr. STAFFORD. The State of New Mexico is not as barren as the Great Desert of Nevada.

Mr. CHAVEZ. Well, we are pretty barren in places.

Mr. STAFFORD. In some places, but not quite as arid as the State of Nevada.

Mr. CHAVEZ. But under our constitutional limitation a cow man could not buy land at \$3 an acre and get by at all. That is impossible, and anyone who knows anything about conditions in the West knows you can not buy certain lands at \$3 an acre and make a living.

Mr. STAFFORD. The commissioner goes on to say:

In addition to these grants, a further grant of 250,000 acres was made by the act of Congress approved May 23, 1928, in aid of said railroad bond fund, making in all more than 12,650,000 acres granted to New Mexico for educational and other purposes.

Mr. CHAVEZ. That is right.

Mr. STAFFORD. Now I wish to direct this inquiry. Of course, we are all sympathetic with the purpose of having our public lands used for school purposes. How much of the public lands that have been previously granted to New Mexico are being used for that purpose?

Mr. CHAVEZ. I will say to the gentleman from Wisconsin that out of the trust created by those grants New Mexico gets something like \$1,500,000 a year for school purposes.

Mr. STAFFORD. How do they receive that \$1,500,000? Mr. CHAVEZ. The gentleman means through what

process?

Mr. STAFFORD. Yes.

Mr. CHAVEZ. They lease the lands, and the rental from those lands goes for school purposes.

Mr. STAFFORD. Do they lease the land for grazing purposes?

Mr. CHAVEZ. Mainly for grazing purposes. I should say that 98 per cent is leased for grazing purposes alone.

Mr. STAFFORD. What is the character of the land purposed to be conveyed to New Mexico under this act?

Mr. CHAVEZ. This is what is referred to as a floating grant; that is, you can not get all the acreage in one block. The process would be as follows: If this bill were to become a law the New Mexico land authorities would select some land and make a request on the General Land Office in Washington. The General Land Office would then clear-list this land and say whether or not it would come within the purview of this law. We can not say we want this particular piece. We may go there and, due to the character of the land, say we want this section and that section and that Then that request is submitted to the General Land Office and they clear-list it if it comes within the law.

Mr. STAFFORD. I notice this bill delimits all mineral land from its operations.

Mr. CHAVEZ. Yes.

Mr. STAFFORD. Is any of the proposed land capable of being included in reclamation projects?

Mr. CHAVEZ. Not in any reclamation project, not an acre, I will say to the gentleman.

Mr. SNELL. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SNELL. I would like to know how they arrive at 76.667 acres?

Mr. STAFFORD. That is a very pertinent inquiry.

The gentleman says this is a floating grant. How does the State of New Mexico arrive at the specific number of acres that are desired in addition to the 12,000,000 they already have?

Mr. CHAVEZ. Those figures bothered me a little bit at first, so I wanted to know the reason why. I inquired of the Senator who introduced the original bill, and I was advised that those figures were only put in there for this purpose-it could have been 80,000 or 75,000-

Mr. SNELL. It seems to me it would have been better to say 70,000 acres. There must be something back of it.
Mr. CHAVEZ. No. These figures, together with what we

already have for this particular school, would bring this school on even terms with our other two normal schools.

Mr. SNELL. Making 250,000 acres for the support of this school?

Mr. CHAVEZ. No; 30,000 acres plus what is provided in this bill.

Mr. SNELL. As I understand the gentleman, the total income of the State of New Mexico for this purpose is about \$1.500,000.

Mr. CHAVEZ. Something like that.

Mr. SNELL. I can not understand how that amount of money can be received by the State of New Mexico when, as I understood the gentleman, these lands are leased for 3 cents an acre for grazing purposes.

Mr. CHAVEZ. Of course, a lot of these lands, in certain sections of the State, are leased for oil purposes. I will say to the gentleman from New York that if New Mexico were allowed to develop its oil industry the way it should, we would not be asking for a meager \$2,000 or \$3,000 a year, as we would get under this bill, and for this reason: We have one particular oil field in the eastern section of the State which has a potential proven capacity of over 1,000,000 barrels daily. Much of that is in Government lands and some in State lands.

Mr. SNELL. But that has nothing to do with this bill?

Mr. CHAVEZ. No. But we could get more revenue if we were allowed to do that than we will get under the present

Mr. SNELL. I can not understand how the State gets an income of \$1,500,000 at 3 cents an acre.

Mr. CHAVEZ. I think I told the gentleman heretofore that we are leasing some for other purposes.

Mr. SMITH of Idaho. This is all nonmineral land?

Mr. CHAVEZ. Yes; it is.

Mr. STAFFORD. This is only another instance where the National Government is being called upon to dispose of some of its property, not for the benefit of the people of the United States but for the benefit of an individual State. We adopted the policy when we granted statehood to New Mexico of giving it certain sections of land for school purposes. Under the enabling act we gave to New Mexico as much land as we gave to any other State.

This land has value. You are asking the National Government to give up something of value for the support of the school system of the State of New Mexico. It is on a par as if we had a bill here asking the National Government to contribute a certain amount of money out of the Treasury of the United States for the support of the school systems of the respective States.

Mr. CHAVEZ. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CHAVEZ. Does not the gentleman from Wisconsin know that there is a proposal before Congress now by which we will get all of the public domain and not simply 70,000 acres?

Mr. STAFFORD. That is a proposal recommended by a commission, but it has not been acted upon by Congress. The public lands not disposed of are the property of the people of the United States.

Mr. CHAVEZ. May I interrupt the gentleman there?

Mr. STAFFORD. Yes.

Mr. CHAVEZ. Does not the gentleman from Wisconsin understand that the public policy involved here means the advancement and education of intelligent people in this country which will be beneficial to the country at large, I am sure?

Mr. STAFFORD. New Mexico has taken a counter policy to that which my own State took; and I wish to compliment the Legislature of New Mexico in taking the advanced stand which the people of Wisconsin did not take in holding the land that the Government of the United States gave to the State upon its admission to statehood, and which lands were sold years back at a very nominal price with little returns for the benefit of education. They were valuable timberlands

New Mexico is going to profit by this policy, and I rather commend the Legislature of New Mexico, and am inclined to withdraw my opposition to this bill because the legislature places a definite, fixed value on the land so that it can not become the prey of timber exploiters at the present time, and will ultimately redound to the benefit of the school system.

There was abuse so far as Wisconsin is concerned, and I can only speak of my own State, in the early years, and the valuable timber lands that were granted to the State with a trust impressed upon them that they should be used for school and university purposes were sold for a mere song and were subjected to the speculation of timber interests. The State suffered in not receiving the revenue that it should have received by holding the school lands for present-day use to educate our people, not only to-day but in the future.

I am going to withdraw my opposition to this bill because of one fact, and one fact alone, that the State of New Mexico has placed a limit of value at which these lands can be sold, knowing that limit is not capable of being reached to-day but that future generations will get the benefit that Congress intended in the transfer of these lands for school purposes. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. EVANS of Montana. Mr. Chairman, I would like to say just a word about this bill. Two years or so ago the President of the United States recommended that the unreserved and nonmineral public lands be turned over to the several States. After a fight in the House we got through a bill appropriating \$50,000 to make a survey and a report upon this question. Ex-Secretary Garfield and others were appointed upon this commission, and the committee made its report, recommending that we turn over all these lands to the States. The bill is now pending before us, and here comes a bill providing that we shall turn over 30,000 acres to the State of New Mexico. If the administration at present wants to turn them all over to the States, why not

turn over this tract of 30,000 acres while we are determining whether we shall turn all these lands over to the States? I think the bill should be passed.

The Clerk read the bill for amendment.

Mr. EVANS of Montana. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Parker of Georgia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (S. 1590) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes, had directed him to report the same back to the House with the recommendation that the bill do pass.

Mr. EVANS of Montana. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. Evans of Montana, a motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

POLICE JURISDICTION OVER BLACKFEET HIGHWAY, MONTANA

Mr. EVANS of Montana. Mr. Speaker, I call up the bill (H. R. 8914) to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana.

The SPEAKER. This bill is on the Union Calendar.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8914, with Mr. PARKER of Georgia in the chair.

The Clerk read the title of the bill.

Mr. EVANS of Montana. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EVANS of Montana. Mr. Chairman, this bill is designed to concede to the Federal Government jurisdiction over a road running through the Blackfeet Indian Reservation, a road that enters the Glacier National Park at one point, runs through the Indian reservation and again enters the park.

The topography of the country is such that the road can not be run wholly within the park, because of the mountainous conditions. Therefore, it must run outside the park for a distance and on the Indian reservation.

There is really no police protection for that road or for travelers upon the road after they leave the park until they again enter the park. The State of Montana has asked that the Government of the United States assume the control over it as it runs through the Indian reservation.

I know of no objection to the bill except a seeming constitutional objection to the Government of the United States taking jurisdiction over a matter of this kind.

I now yield to the gentleman from Montana [Mr. Leavitt], the author of the bill.

Mr. LEAVITT. Mr. Chairman, the chairman of the committee, the gentleman from Montana [Mr. Evans] has quite thoroughly stated the case. In 1910 the Glacier National Park was established and taken under administration. It was necessary to construct highways to and through the park. On the eastern side of the Glacier National Park lies the Blackfeet Reservation. There is no land touching the park on the east that is not within the Blackfeet Reservation.

The first highway built in 1910, from the park station to Glacier National Park, was constructed by a private railroad company and turned over to the jurisdiction of the National Park Service.

the highway, but as years went by it became necessary to build a much better road to take care of the travel through the park.

That reconstruction was brought about under the Federal highway act. The road between the Glacier National Park station and the Canadian border was built as a part of the 7 per cent system in Montana. It has been necessary to change its location to some extent, and the question arose whether the old jurisdiction of the Park Service extended over the road as reconstructed. It was the opinion of the solicitor of the department that this road, having become a State road under the Federal law, could not be taken under the jurisdiction of the Park Service without the consent of the Legislature of Montana.

In 1929, in order to meet that situation, the Legislature of Montana passed an act which conferred on the Federal Government joint jurisdiction over the road. The purpose of this bill is the protection of the public who visit the Glacier National Park

It must be remembered that this road is in a part of the State of Montana that is entirely uninhabited, with the exception of a few scattered Indian families who have allotments in that section. It is used mostly in connection with travel to and in the national park. There is no policing over this highway, and there can be none except that which is given by the Park Service. People go to the Glacier National Park from all parts of the United States and from all parts of the world. That travel is continually increasing. This road could not be built within the boundaries of the Glacier National Park in most of its mileage because of the contour of the country. It was necessary to go outside the boundaries of the park and run through the Indian reservation. It has leading out from the trunk road itself feeder roads that lead into the national park in three or four different places. We are now completing the construction of a transmountain highway that will cross through Glacier National Park by way of Logan Pass, and that will greatly multiply travel into Glacier National Park. The people of the United States and of the world visiting the Glacier National Park are entitled to protection on the road. That can not be given to them except by the enactment of this legislation. This legislation will not cost the Government of the United States one cent more than it spends now. In order to police the highways within the park it now is necessary for the motor-cycle police, generally consisting of only one man and sometimes in the rush season of two, to travel over the entire length of this road, so that it will take no more men than now are used and necessary.

But they have no direct jurisdiction at the present time except that they can stop a man who is speeding or driving in a dangerous way and admonish him. They have no authority to do anything beyond that on the great proportion of the road that is outside of the park itself.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield? Mr. LEAVITT. Yes.

Mr. BRIGGS. How much use is made of this highway by the public?

Mr. LEAVITT. A great deal of use. During the park season of about three months probably 50,000 to 60,000 people would travel over this highway.

Mr. BRIGGS. What is the length of this portion?

Mr. LEAVITT. The length outside of the national park is about 60 miles. The distance between Glacier Park and the entrance to Canada is 52 or 54 miles, and these spurs that lead into the various places of interest within the park vary in length from 13 to 2 miles, with probably half of that mileage outside of the park.

Mr. BRIGGS. And this imposes no obligation upon the Federal Government except that of policing the highway?

Mr. LEAVITT. That is all, and that is all of the authority given in this act. It is intended only to protect the people who visit the national park by putting an end to speeding and improper driving. One life has been lost on

The National Park Service has always had jurisdiction of [ that highway up to the present time, and five or six rather serious accidents have occurred, without any police authority to control the situation and no valid reason to expect that the State of Montana should establish a motor-cycle protection of that particular piece of road. The State of Montana has no such system on any of its roads. Montana is tremendous in area and very small in population, and has never established a State police system to control travel on its highways. But here is a place of congested travel where that kind of protection is necessary, and where it can only be had through the enactment of this legislation, accepting the grant by the State of Montana of concurrent jurisdiction. Concurrent jurisdiction is suggested because the tourist season extends for only three months of the year, and through the remainder of the year the park tourist travel is not going over that part of that particular road. It should at other times have the same jurisdiction as any other road on an Indian reservation or any other place in Montana. During the tourist season the protection of people in life and limb requires the enactment of this legislation.

Mr. STAFFORD. Mr. Chairman, I ask for recognition in opposition to the bill, if no member of the committee is opposed to the vital principle involved in this bill.

The CHAIRMAN. Is any member of the committee opposed to the bill?

Mr. EVANS of Montana. None that I know of.

The CHAIRMAN. The gentleman from Wisconsin is recognized.

Mr. STAFFORD. Mr. Chairman, were it not that the Committee on Military Affairs in the last Congress had similar legislation before it for consideration, involving the policing of the highway from the Key Bridge to Fort Myer, perhaps I would not be so strongly opposed to the principle involved herein. A very efficient and capable representative then representing the Virginia district across the Potomac, Mr. R. Walton Moore, strongly urged that the National Government should take over jurisdiction of policing the highway leading through the villages on the other side of the bridge to Fort Myer and beyond. It involved a constitutional question of most vital importance, considering the polity that should exist between the National Government and the State governments. Mr. Moore, reared upon the principle of State rights, that a State should not confer any of its sovereignty upon the National Government, was willing to have the National Government interpose its police power on that highway to the extent of punishing all offenses that might be committed there at any time.

I do not know of another instance in the history of the Government where the National Government has been asked by a sovereign State to take jurisdiction over highways exclusively outside of our national parks and other Government reservations.

Mr. LEAVITT. Mr. Chairman, will the gentleman yield? Mr. STAFFORD. Yes.

Mr. LEAVITT. This is not such a case as the gentleman suggests. This is a case in which the Federal Government asked the State to pass an act conferring concurrent jurisdiction upon the National Park Service in order that it might give protection to the people visiting that park.

Mr. STAFFORD. I understood from a reading of the bill that the State of Montana has already voted to confer jurisdiction upon the National Government over offenses committed on this highway.

Mr. LEAVITT. Yes. That was done by the State legislature in 1929; but at the suggestion of the Federal Government, in order that the Federal Government, which has its police force there, may protect it properly, this bill was proposed.

Mr. STAFFORD. Whether at the suggestion of the National Government, it does not infringe upon the statement I made that never before in the history of this Government have we, with consent or without consent, assumed police jurisdiction of highways outside of Government reservations.

Mr. LEAVITT. This is on an Indian reservation.

Mr. STAFFORD. Oh, yes. The enabling act here does not state that this policing shall be limited only as long as this highway is within an Indian reservation.

Mr. LEAVITT. And it should not be so limited.

Mr. STAFFORD. The gentleman from Montana goes to the very limit of surrendering all State authority and making the appeal in mendicant fashion, that they are not able, the great State of Montana is not able, to properly police its roads, but must call upon the National Government to do that which is essentially a State function.

Mr. LEAVITT. Will the gentleman yield further?

Mr. STAFFORD. I yield.

Mr. LEAVITT. The statement has been made that Montana is approaching the Federal Government in mendicant fashion, asking this. The State is not doing anything like that. The State has passed an act of its legislature conferring this concurrent jurisdiction, at the request of the Park Service.

Mr. STAFFORD. The State of Montana is surrendering its jurisdiction to the National Government, over essential police powers, over a highway that may ultimately be a public highway outside, and having no connection whatsoever with any national reservation.

Mr. LEAVITT. Will the gentleman yield again?

Mr. STAFFORD. Yes.

Mr. LEAVITT. The State of Montana nowhere within its boundaries has a police force on its highways

Mr. STAFFORD. If it has not, then it should have, and the State of Montana is calling upon the National Government to do that which the State should do.

Mr. LEAVITT. Will the gentleman please allow me to complete my statement? The gentleman surely would not suggest that the State of Montana should go to one 60 miles of road and establish a police force to take care of the travel that is almost entirely due to the existence of a national park, when it is not able to do it anywhere else in the State?

Mr. STAFFORD. That argument shows the vice of the very principle involved in this bill. If we do it here, we will be called upon to do it in every instance where a highway leads into some kind of reservation. We will be called upon to do it, for instance, on Sheridan Drive, in Illinois, leading up to Fort Sheridan, and the Great Lakes Naval Training Station, because it might be claimed that most of the traffic on that highway is occasioned by going to the respective institutions. That is the vice of this precedent that is being established here, and I now call upon the gentleman, with all his erudition, to cite a concrete case where before in the history of the Government we have ever assumed police jurisdiction over highways outside of our reservations.

Mr. LEAVITT. I can not give any other case where so much of the road is outside of the boundaries of a national park, of course, because there is none. But at the same time when the Rocky Mountain National Park was created in Colorado it had crossing it numerous roads built by counties and by the State, and the State of Colorado conferred jurisdiction upon the Federal Government for that very purpose. It happened that those were within the boundaries of the park, but jurisdiction was entirely under the State.

Mr. STAFFORD. That is not a comparable case. That is the same as where the States have deeded property for national soldiers' homes, as in my home city. It is a wellestablished policy that the State surrenders all jurisdiction over that reservation to the National Government. Has the gentleman any other instance comparable to this? I take issue that there is any case in the history of the Government where we have done what we are attempting to do here for the first time.

Mr. LEAVITT. Since 1910 this road in its first and present location has been operated and maintained by the Federal Government as a part of the highway system of the Glacier National Park. It merely happens that in the running of the boundary line the contour of the country was such that the highway could not be constructed entirely within the National Park, which was not mentioned, the Legislature of

boundaries. It is in every way a part of the highway system of the Glacier National Park.

Mr. STAFFORD. Oh, yes; operated and maintained by the National Government, our national highway system. It is but an easy step for the National Government to take jurisdiction over all publicly aided highways, because the National Government has contributed to the maintenance and operation. There is no well-defined difference between the gentleman's case and that which I have cited. It is only one of degree.

Mr. LEAVITT. The gentleman left out a part of my statement. I said "operated and maintained by the Federal Government as a part of the highway system of the Glacier National Park." The gentleman left out the last part of the

Mr. STAFFORD. Yes. There are others similarly situated. Roads lead into the Yosemite National Park, but the National Government has not policed those highways. It is policed, and properly so, by the State of California. The State of California is not a mendicant.

Mr. LEAVITT. No; and neither is the State of Montana. Mr. STAFFORD. The State of California is profiting by the large numbers that enter the Yosemite National Park. but the State of Montana is not willing to do its proper share in the receiving of large support by tourists that go to that State, but they say, "No; we will ditch upon the National Government all the liabilities that we can, even though they properly belong to the State government."

Mr. LEAVITT. Of course, the gentleman's statement seems unfair.

Mr. STAFFORD. I do not want to make an unfair statement to the State of Montana. But I do say-and the gentleman will not challenge this statement—that the State of Montana is trying to transfer a duty which properly belongs to it to the National Government.

Mr. LEAVITT. Will the gentleman contend that on an Indian reservation, without any white settlement in that section, it is the duty of the State of Montana to put on motorcycle police to patrol the only road that would be patrolled on that reservation or elsewhere?

Mr. STAFFORD. The gentleman refers to an Indian reservation. How long is it going to be an Indian reservation? We are providing for all time.

Mr. LEAVITT. It will be an Indian reservation for many vears.

Mr. STAFFORD. It will be only a question of time-I will not be here, but the gentleman from Montana will probably be-before the gentleman from Montana will be seeking to have that Indian reservation opened to private settlement.

Mr. LEAVITT. No; I will not. That will never be done by any bill introduced by me, for it belongs to the Indians.

Mr. STAFFORD. Let that be as it may. I do not profess to be a constitutional lawyer, but I have given some study to constitutional subjects. I remember that when I first entered upon the study of the law my preceptor, who was later a member of the court, suggested that there was no need of giving close study to constitutional questions, because I would not have occasion to use them for 20 years. Well, I subsequently attended a law school, where I did study constitutional law as well as it could be studied, and I have naturally given some consideration to constitutional questions since. The section involved in the subject before us is clause 17 of section 8 of Article I. I will read it.

Mr. EATON of Colorado. Will the gentleman yield for a question before he reads the Constitution?

Mr. STAFFORD. Yes.

Mr. EATON of Colorado. I want to say, for the benefit of the gentleman from Wisconsin, that probably his experience has not put him in a position where he could find out what the Department of the Interior does and how the members of the Appropriations Committee of the House of Representatives badger these States in an effort to compel them to do the very thing about which the gentleman is complaining. In connection with the Rocky Mountain National Park, which was mentioned, and the Mesa Verde the State of Colorado, year after year, from 1915 to 1929, was requested to give up its sovereignty. For 14 years they resisted that request, but in 1929 the demand was made in connection with all of the appropriations dealing with the national parks, and the Legislature of Colorado of 1929 did yield and do the thing the gentleman complains of; that is, they permitted the United States, upon the demand of the Department of the Interior, to have the United States officials police the roads and the entrances as well as the inside of the national parks. I am sure the gentleman never heard of it before. I am sure that if he had heard the chairman of the subcommittee last year, in the Seventy-first Congress, talk about these very things he would not take the position he is taking here to-day.

Mr. STAFFORD. I am not at all surprised that the heads of bureaus wish to increase their authority. I wish to say to the gentleman that I have learned that the natural propensity of bureau chiefs and bureau officers is to increase their authority. I learned that more than 25 years ago, when the gentleman was in swaddling clothes as compared to service in the House of Representatives. That was one of the first lessons I learned in my legislative work, that every head of a bureau and every head of a department wants to magnify the importance of his work, and Congress has the problem always to try to keep them within their proper spheres. Now, after giving that kind and considerate reply to my friend from Colorado, I will proceed to read the provision of the Constitution which I think is applicable in this case. You will notice, gentlemen, that the bill under consideration-and I am speaking very emphatically about this-I do not want to weary the House, and wish to assure the Members that we are going to finish the Calendar this afternoon in an expeditious way-provides for concurrent police jurisdiction over these highways. I wish to call the attention of the House, and particularly the attention of the constitutional lawyers of the House, to clause 17 of section 8 of Article I. It is the applicable clause.

To exercise exclusive-

Not concurrent-

legislation in all cases whatsoever over such District-

That is, the District of Columbia-

(not exceding 10 miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the Government of the United States, and to exercise like authority over all places purchased by the consent of the legislature of the State in which the same shall be for the erection of forts, magazines, and arsenals, dock yards, and other needful buildings.

I bottom my position in opposition to this bill upon the fact that there is nothing in the Constitution which grants to the Congress the right to accept from a State concurrent jurisdiction over any property that is not otherwise designated in this section.

There is a reason why the framers of the Constitution made this exclusive jurisdiction as to the designated places, and there is reason also in recognition of the existing polity that was then very sacred to the framers of the Constitution and the founders of the Government, that certain jurisdiction properly belonged to the States and other jurisdiction properly belonged to the National Government. In every instance in the history of our Government, where the people have gone awry on this fundamental principle of transferring to the National Government jurisdiction over matters which are essentially of State concern, the consequences have been detrimental to efficient government.

Mr. YON. Will the gentleman yield there?

Mr. STAFFORD. Yes.

Mr. YON. In connection with this question, the road is built in a location available for the use of people that want to go to the parks, but it happens to be on a Government reservation in that it is an Indian reserve. Does not the gentleman think the Constitution would apply there?

Mr. STAFFORD. I will say to the gentleman, in all frankness, that I am not opposing this bill with nearly the degree of opposition that I would have opposed the proposal

to establish a national park in marsh land down at the southern end of Florida—

Mr. YON. We are not discussing that proposition now.

Mr. STAFFORD. Because the main purpose of that bill was to spend money for the building of roads through that marsh and along the seacoast for the pleasure seekers of the country at the expense of the National Government.

I can not yield to the gentleman further.

Mr. LOOFBOUROW. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LOOFBOUROW. The gentleman from Wisconsin recognizes the fact that the Constitution of the United States is a grant of power by the States to the Federal Government, and the provision there specifies what power the Federal Government shall have. Here is an instance where a State expressly consents that there shall be concurrent jurisdiction. Can there be any objection to that under the Constitution?

Mr. STAFFORD. Yes; because it violates the fundamental principle of the Constitution that that which belongs to the States shall be held by the States, and that which belongs to the National Government shall be held by the National Government.

Mr. LOOFBOUROW. The State here expressly consents through its legislature and offers this jurisdiction.

Mr. STAFFORD. Yes; but jurisdiction outside of expressed limitations of the Constitution can not be conferred by mere legislative dictum. The legislature of a State could not confer upon the Federal courts jurisdiction over crimes committed outside of Government reservations, even with the assent of Congress, because such a grant of power is not within the scope of the National Government under the Constitution. I have now set forth the basis of my objection.

I reserve the balance of my time, and yield 10 minutes to the gentleman from Mississippi [Mr. Collins].

Mr. COLLINS. Mr. Chairman, I am opposed to the enactment of this bill. I am not opposed to the purpose desired by the committee reporting it. I am opposed to the enactment of this type of class legislation because of the consequences that will follow.

The Park Service lands are near this highway. The Park Service lands are rugged and the building of a road through these lands was difficult, with the result that the road was built through a near-by Indian reservation. The Park Service has its court, the State of Montana has its courts, and a crime of any kind committed on this highway, which is in the Indian reservation, is triable in the courts of the State of Montana. This bill undertakes to give to the Federal court the right to try offenses that are committed on this highway, which is not within the Federal jurisdiction.

If a State can transfer jurisdiction over offenses committed within its boundaries from its State courts to the Federal courts, and the Congress in turn can assume jurisdiction of offenses committed wholly within the jurisdiction of the State, the consequence will be that in time every crime triable in State courts can ultimately be transferred to Federal courts and State courts will disappear.

Mr. LOOFBOUROW. Will the gentleman yield?

Mr. COLLINS. No; not now.

Eqorts to pass legislation of this type have been made in this House before. I refer to the antilynching bill. This legislation is of the same type. There is just as much constitutional authority to transfer jurisdiction in the one case as the other. I want to warn you that when you attempt to transfer to the Federal courts authority to try cases in the Federal courts involving crimes committed wholly within the jurisdiction of the State, you are attempting to barter away a power that under the Constitution I am convinced belongs exclusively to the States. Hence, when this bill came on the floor of the House on the Consent Calendar I objected to it.

I feel that the Park Service ought to be helped, if it can be helped. Under existing circumstances these cases can be tried now in the State courts, and the distance to the nearest State court is very little longer than the distance to the | ice, but it can not be built within the boundaries of the district Federal court.

Mr. SWING. Will the gentleman yield at this point?

Mr. COLLINS. I yield.

Mr. SWING. If this should be undertaken to be availed of as a preference, of course, there would have to be an act of your State legislature consenting to it.

Mr. COLLINS. No: I do not concede that the States have the right by legislative enactment to transfer to the Federal courts jurisdiction that the Constitution of the United States

imposes solely upon them.

I am not objecting to this bill because it affects one section. I objected to a similar bill transferring jurisdiction over offenses committed on the highway that runs from Washington to Fort Myer because the same question was involved there.

Mr. LOOFBOUROW. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. LOOFBOUROW. If the acts are committed on the Indian reservation, the Federal law applies and the Federal court would have jurisdiction. This road runs entirely through the Indian reservation and it does not change the jurisdiction.

Mr. COLLINS. The jurisdiction now is in the State court. The Director of the Park Service told me a few minutes ago that offenses committed on this highway are triable in State courts.

Mr. Chairman, I yield back the remainder of my time.

Mr. LEAVITT. Mr. Chairman, if I thought there was any possibility of any such result, as suggested by the gentleman from Mississippi, I would not be presenting this bill here.

Here is a case where the government of the State has been turned over to the Federal Government for supervision and control of the road within certain limits. this bill does in effect is to establish concurrent police jurisdiction over the right of way over which the road runs, and which is really a part of the Glacier Park highway system. It says that so far as the protection of the public is concerned it shall be under the same rules and regulations as the area within the national park which is served by this highway. That is all there is to it.

There is in it no jurisdiction, except over speeding and reckless driving. It has nothing to do with general jurisdiction over criminals. It only allows the jurisdiction of the Park Service to be extended over the right of way for the protection of the traveling public. This is in reality a part of the highway system of the national park.

Mr. COLLINS. Will the gentleman yield?
Mr. LEAVITT. Yes.
Mr. COLLINS. The way this ought to be handled is to get a bill through Congress transferring this road to the national park. Then the Federal courts will have jurisdiction of offenses committed on it.

Mr. LEAVITT. That is probably true, but the road runs over an Indian reservation.

Mr. COLLINS. The suggestion I made to the gentleman is the proper way to handle the matter. The gentleman from Mississippi [Mr. RANKIN] introduced a bill and it is now the law making the road from Corinth, Miss., to Shiloh National Park a part of the Shiloh National Park. You could do the same in this instance.

Mr. LEAVITT. You could not do it immediately, for the reason that the Indians would have to consent to have the transfer of the jurisdiction. Without their consent, I would not ask for it. If there ever comes a time when the Indians are willing to have it done, that would, of course, be a happy solution. Meanwhile this bill merely gives jurisdiction, police control, over speeding and reckless driving on the highway used by the people of the United States. for their protection. It is not for the benefit of the Park Service or for the State of Montana. It is for the benefit of the people of the whole country who travel there. If the contour of the land were such that a road could be constructed with the boundaries of the park, it would then be under the jurisdiction completely of the Park Serv-

park, because the country is too rough. So, with a general agreement on the part of the State and at the request of the Federal Government, through the Park Service, this bill proposes to accept the grant given by the State of Montana of concurrent police jurisdiction on the highway.

Mr. EVANS of Montana. Mr. Chairman, I ask that the bill be read for amendment.

The Clerk read as follows:

Be it enacted, etc., That the provisions of the act of the Legisgranting to the United States of Montana, approved February 27, 1929, granting to the United States concurrent police jurisdiction over and within all the territory which is now or may hereafter be included in the rights of way of the Blackfeet Highway, including the highway itself throughout its length between Glacier Park Station and the Canadian boundary line, and including also the rights of way of the highways on the Blackfeet Indian the rights of way of the highways on the Blackfeet Indian Reservation connecting the Blackfeet Highway with the Glacier Reservation connecting the Blackfeet Highway with the Glacier National Park road system, including the highways themselves, are hereby accepted, and the laws and regulations of the United States relating to and while in force within the Glacier National Park, so far as applicable, are hereby extended over and within the territory of said rights of ways and highways.

SEC. 2. The Secretary of the Interior shall notify in writing the Governor of the State of Montana of the passage and approval of this act, and so far as the interests of the United States shall require the said Secretary shall exercise administrative control and jurisdiction over said rights of way and highways through the National Park Service.

SEC. 3. The United States commissioner for the Glacier Na-

SEC. 3. The United States commissioner for the Glacier National Park shall have jurisdiction under the provisions of the act of August 22, 1914 (38 Stat. 699), of violations of law or the rules and regulations of the Secretary of the Interior in force within sold with the formation of the Secretary of the Interior in force within said rights of way and highways.

Mr. EVANS of Montana. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. PARKER of Georgia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8914 and had directed him to report the same back to the House with the recommendation that it do pass.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the

The question was taken; and on a division (demanded by Mr. Stafford) there were—ayes 23, noes 8.

So the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

GRANTING SAN DIEGO, CALIF., CERTAIN INDIAN LANDS

Mr. EVANS of Montana. Mr. Speaker, I call up the bill H. R. 10495, amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands, which I send to the desk and ask to have read.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar. The House will automatically resolve itself into the Committee of the Whole House on the state of the Union and the gentleman from Georgia, Mr. PARKER, will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10495, with Mr. PARKER of Georgia in the chair.

Mr. EVANS of Montana. Mr. Chairman, I am advised that this bill is an emergency matter for the purpose of securing water for one of the cities on the Pacific coast. I yield to the gentleman from California [Mr. Swing!, the author of the bill, to make a statement in respect to the

Mr. SWING. Mr. Chairman, in 1919 Congress passed an act transferring the title to 1,940 acres of land to the city of San Diego to build a reservoir for which the city was to pay a price determined by a condemnation suit. The proceedings under that act have all been complied with, and the city was ready to build the dam when it found that the amount of land which it had asked for in 1919 was not quite sufficient to take care of the reservoir that they now plan to provide water required for the increased population of the city of San Diego. Nine hundred and twenty additional acres will be needed. Therefore, they come back to Congress and ask permission to purchase these additional 920 acres at the same price they paid for the other and have it included in the reservoir site with what they purchased in 1919. The city is ready to let the contract. It will aid in the effort to relieve unemployment in that part of the country. The water is badly needed for the increased population of the city. There are provisions in the bill that have been requested by the Government in the interest of the Indians, which have been agreed to by the city and approved by the committee. I sincerely trust that the bill will be passed.

Mr. STAFFORD. Mr. Chairman, will the gentleman from Montana yield me 15 minutes?

Mr. EVANS of Montana. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, the report of the Commissioner of Indian Affairs is rather involved. I wish to make some inquiry to rather remove some doubts I have about the bill. Back in 1919 we granted to the city of San Diego certain flowage rights in this Indian reservation in consideration that they would pay for the 1.940 acres the sum of \$75,000, and in addition thereto that they would pay the award that would be determined by the Secretary of the Interior for damages that the Indians might suffer by reason of the removal of their homes from these inundated lands, which amounted, according to the report of the Secretary of the Interior, to \$286,428, or a total for land and damages of \$361,428. By this bill you are seeking to secure additional land because it is the desire of the city of San Diego to raise the crest of the dam some 20 or 27 feet, which will take an additional 920 acres. For these 920 acres you are paying nearly the same rate that you paid for 1,940 acres, but you are not making any provision whatsoever for any damages the Indians may suffer by reason of the inundation of this land, as you did in the other case. Why?

Mr. SWING. The reason is obvious.

Mr. STAFFORD. It is not obvious from the report. I read every line of it, almost until midnight last night.

Mr. SWING. Under the original act the Secretary of the Interior figured out very generously what it would cost to move each of these 127 Indians, put them on other pieces of ground, build them new homes, build them barns, give them fences, and all other equipment necessary, and establish them completely anew. That was all taken care of in the figure which was estimated by the Secretary, and which has been paid by the city of San Diego. Of course, it is not necessary to again pay for the moving of these same 127 Indians. They are the same 127 to-day that they were in 1919. The money is in the hands of the Secretary to move them, and he said then, and he says now, that that is ample to move them and rehabilitate them on new and better ground than they are on at the present time.

Mr. STAFFORD. Is the gentleman personally acquainted with this territory?

Mr. SWING. I am; yes. I have been on it.

Mr. STAFFORD. Does the gentleman contend that there are no habitations on these additional 920 acres which will be required by reason of increasing the height of the dam?

Mr. SWING. The Secretary in his estimates under the 1919 act has contemplated the removal of all the Indians, and included the cost of removing all in his original estimate.

Mr. STAFFORD. Will the gentleman also inform the committee as to the securing of water rights to those Indians, if this bill is enacted, which takes away their water rights on their present reservation?

Mr. SWING. The water rights of the Indians as they were before the act of 1919, before there was any encroachment upon their land, will be preserved for them after this act is passed. If they stay upon the remainder of this reservation, they will have leave to utilize and develop such water as they had the right to use before the act of 1919 was enacted. If they should elect to go some place else, and the Government buy for them new lands within the drainage area of the San Diego River, they are accorded under this bill the right to transfer whatever rights they now have to the new lands to which they might be removed.

Mr. STAFFORD. So the water rights of the Indians on the new lands are amply protected under the provisions of

the present bill?

Mr. SWING. Two attorneys for the Indian Bureau gave that their serious consideration and so testified before the Committee on the Public Lands.

Mr. STAFFORD. Now, may I have the attention of the chairman of the committee? I was rather misled last evening when I was studying this bill by the bracketing of the bill so as to give information to the House in conformance to the so-called Ramseyer rule.

I direct the gentleman's attention to page 7, where there is bracketed all language from the first line down to the end. I gleaned from that, when I was reading the report—and it is my rule usually to read the report before I read the bill—and that language was all eliminated from the bill, whereas, upon examination of the bill, I find that it is all incorporated. I did not wish to raise a point of order against the bill, as I might have done, in not complying with the Ramseyer rule, because it does not. Will some one acquaint me at least with the purpose of putting in brackets matter that is virtually incorporated in the bill under consideration?

Mr. SWING. As the gentleman knows, the Ramseyer rule is not entirely capable of self-execution. It reads:

Do it one way or the other, so that the changes are indicated.

All of the subject matter within brackets is new matter which is added to the old act. Not being able to write in italics myself, I put in brackets the new language, and on the margin of the copy I wrote "put in italics the language within brackets." The printer saw fit to exercise his discretion, which he frequently exercises, and printed the new language in brackets.

Mr. STAFFORD. This is the fault of the typographical devil, then, rather than the gentleman from California.

Mr. SWING. I do not like to blame them, because sometimes they save us from ourselves, but all within brackets is new language added to the act of 1919 by way of amendments.

Mr. STAFFORD. This is the first time I have known the Public Printer to receive blame for not properly acquainting the House with the information—

Mr. SWING. I want to compliment the printers. Many times they save us from grammatical errors, wrong quotations, dates, and so on.

Mr. STAFFORD. I realize the gentleman is a candidate for the United States Senate and is indulging in every opportunity to pay compliments.

Mr. SWING. I will even pay the gentleman from Wisconsin a compliment.

Mr. STAFFORD. I am glad the gentleman has changed his position as far as I am concerned, and I hope that when he leaves this House he will not include in the character of epithets that he has used in times past, as far as the Representative from the State of Wisconsin is concerned.

Mr. SWING. I am happy to be able to compliment the gentleman from Wisconsin for the many valuable services he has rendered the House and the country during his long service here.

Mr. STAFFORD. Mr. Chairman, I yield back the balance of my time.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of an act of Congress approved February 28, 1919, granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water and other purposes, be amended to read as follows:

"That the east half southwest quarter southeast quarter and the south half northeast quarter southeast quarter section 5; the south half northeast quarter northwest quarter and the north half southwest quarter section 8; the west half southwest quarter southwest quarter and the west half northeast quarter northwest quarter section 9, all in township 15 south, range 2 east, San Bernardino base and meridian, within the Cleveland National Forest; and the southwest quarter southwest quarter to east half south. isouth half northeast quarter morthwest quarter and the north half southwest quarter section 8; the west half southwest quarter section 9, all in township 15 south, range 2 east, San Bernardino base and meridian, within the Cleveland National Forest; and the southwest quarter southwest quarter, the northwest quarter than the west half northeast quarter southeast quarter and the west half northeast quarter and the southwest quarter, the northwest quarter and the west half northwest quarter and the southwest quarter quarter southwest quarter and the southwest quarter southwest quarter southwest quarter southwest quarter southwest quarter southwest quarter than the southwest quarter southwest quarter northwest quarter southwest quarter the north-ast quarter northwest quarter the north half southeast quarter northwest quarter section 15; the northeast quarter southwest quarter section 15; the northeast quarter, the southwest quarter quarter, and the south half northeast quarter, the southwest quarter, and the south half northeast quarter, the southwest quarter, and the south half northeast quarter, the southwest quarter, and the south half northeast quarter, the southwest quarter, the west half southeast quarter, the southwest quarter, the west half southwest quarter, the southwest quarter, the west half southwest quarter, the southwest quarter northwest quarter, the west half southwest quarter northwest quarter, the west half southwest quarter southwest quarter southwest quarter north half southwest quarter northwest quarter, the west half northeast quarter southwest quarter southwest quarter, the west half northwest quarter southwest quarter southwest quarter, the west half northwest quarter southwest quarter southwest quarter, the west half northwest quarter southwest quarter, the west half northwest quarter southwest quarter southwest quarter southwest quarter southwest quarter southwest quarter so

"The grant herein to the said city of San Diego is hereby expressly made subject to such rights, which rights shall not be subject to loss by nonuse or abandonment thereof so long as the title to said lands remains in the Indians or in the United States.

"The funds paid and those to be paid by the said city of San Diego as compensation to the Capitan Grande Indians for their lands and those to be paid by the said city of San Diego as compensation to the Capitan Grande Indians for their

lands shall, in addition to the uses in the act of February 28, 1919

(40 Stat. L. 1206-1209), for the removal of said Indians as a tribe, be available also for reestablishing individually or as a group or groups the Capitan Grande Band of Indians, including those residing within the Conejos Valley of the retained reservation, on tract or tracts of land to be acquired by purchase or otherwise for them, and for the acquiring of water rights including cost of transferring in whole or in part their present water rights to such other lands, construction of necessary water works, including the development of a water supply, for domestic and irrigation purposes, purchasing or building homes, purchasing of household furnishings, farm equipment, livestock, and other improvements for the benefit of these Indians under such rules and regulations to be prescribed by the Secretary of the Interior: Provided, That those Indians desiring to remain on that part of the Capitan Grande Reservation not disposed of under this act may remain thereon and receive such benefits there."

Vith the following committee amendment:

On page 2, in line 3, after the quotation marks, strike out "That the east half southwest quarter southeast quarter and the south half northeast quarter southeast quarter section 5" and insert the word "That."

The committee amendment was agreed to.

Mr. EVANS of Montana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Evans of Montana: On page 3, line 18, strike out the word "with" and insert in lieu thereof the word "within". within.

The amendment was agreed to.

The Clerk reported the following committee amendment:

On page 7, insert:
"SEC, 2. Nothing contained in section 1 hereof shall be held, deemed, or construed as affecting, altering, or in any wise changing the rights of the riparian owners under the provisions in the act approved February 28, 1919."

The committee amendment was agreed to.

Mr. EVANS of Montana. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. PARKER of Georgia, Chairman of the Committee on the Whole House on the state of the Union. reported that that committee had had under consideration the bill (H. R. 10495) amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the bill, as amended, do pass.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. Evans of Montana, a motion to reconsider the vote by which the bill was passed was laid on the table.

INCLUSION OF CERTAIN LANDS IN THE COEUR D'ALENE AND ST. JOE NATIONAL FORESTS, STATE OF IDAHO

Mr. EVANS of Montana. Mr. Speaker, by direction of the Committee on the Public Lands, I call up the bill (H. R. 6659) for the inclusion of certain lands in the Coeur d'Alene and St. Joe National Forests, State of Idaho, and for other purposes.

The SPEAKER. The gentleman from Montana calls up a bill which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself into the Committee of the Whole House on the state of the Union.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6659) for the inclusion of certain lands in the Coeur d'Alene and St. Joe National Forof Georgia in the chair.

The Clerk read the title of the bill.

Mr. EVANS of Montana. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EVANS of Montana. Mr. Chairman, I yield to the author of the bill, the gentleman from Idaho [Mr. French]. such time as he may desire to use.

Mr. FRENCH. Mr. Chairman and gentlemen of the committee. I think a brief statement will suffice to explain the

provisions of this bill. President Roosevelt emphasized the importance of preserving the national forests of the United States under laws that had been passed by extending forest areas in Idaho and in other States 30 years ago. The pending bill provides for making available for forest-reserve purposes approximately 500,000 acres of land in northern Idaho in the counties of Shoshone, Kootenai, Benewah, and Latah.

Prior to the inclusion of areas in forest reserves adjacent to the areas referred to in this bill the lands herein were permitted, for the most part, to pass into private ownership, in part through grants to the Northern Pacific Railroad aggregating something over 100,000 acres, but for the most part through public land laws, chief of which were the homestead, the timber, and stone and the preemption laws. Most of the entries were made between 30 and 40 years ago. During the last 30 years most of this land has been cut over, the valuable part of the timber has been sold, and now has come a time when the United States, the State of Idaho, and the counties are interested in what is going to be the future of this sizable area.

The land has very little value when the timber has been removed. It is relatively high and rugged and in a region that is subject to frosts, and, therefore, is not fit for successful agricultural purposes other than grazing. The land is not of such value as to justify the owners, in many instances, in retaining it, and the land is beginning to slip back to the counties for nonpayment of taxes.

It is a fire hazard at this time, hazardous to adjacent lands owned by the Federal Government and hazardous to the areas themselves, because whatever new growth of timber is coming on is constantly menaced and threatened by fire.

About 100,000 acres are now public land, the balance, something like 400,000 acres, being the land to which I have just referred as having passed from Government

Mr. GOSS. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. GOSS. Will the gentleman explain this language in the commissioner's report:

This would permit private owners to exchange their lands within the area for an equal value of national forest timber or land in the State, including the public lands within the area.

Mr. FRENCH. I was coming to that in just a moment. Now, what does the bill do? It provides for extending the provisions of the act of March 20, 1922, to this area. In other words, the area is not arbitrarily included within the national forest reserves, except the part that is public land. As to the other area, the provision of the act of March 20, 1922, is extended, under which provision the Federal Government would have the privilege of exchanging lands, either public lands or lands within the national forest, or timber thereon, with the private owners of land in compensation for their land. The exchange would be made upon the basis of actual values. In that way the lands would be acquired by the Federal Government, and as they would be acquired would be included within either the St. Joe or the Cœur d'Alene National Forest. This would bring these two forests together. The lands now are like a wedge in between the two Government-owned forest areas.

Mr. GOSS. Is there any difference in the value of the land which would be exchanged by this transfer?

Mr. FRENCH. Surely; and that is the merit of the act of March 20, 1922. In other words, under that act, as

ests, State of Idaho, and for other purposes, with Mr. PARKER | the gentleman will notice, regard is had for the values of the land.

Mr. COLLINS. Will the gentleman yield to me? Mr. FRENCH. Yes.

Mr. COLLINS. The owners of these lands, in order to insure fire protection, formed their own fire-protection societies. The burden of providing proper fire protection is very onerous and the purpose of this bill is to transfer the cost of providing protection against fire from the shoulders of the private organizations to the Federal Government.

Mr. FRENCH. That is not the purpose of the bill; no. Mr. COLLINS. But that is the effect?

Mr. FRENCH. Well, in part, for it is receiving almost no protection now-the cut-over land. So long as the land is covered with timber that is valuable, private owners will protect it. But the owners have cut a very large part of the timber. This has been their policy, and as the timber is cut off, the land passes into the same condition that pertains to the cut-over lands in Michigan, Wisconsin. Pennsylvania, and other States where the false policy of many years ago was followed, of stripping the lands of their valuable stands of timber and not providing for reforestation at the same time. We are trying in this bill to stop this wicked waste. We do have fire-protective associations in which you will find private owners, sometimes just individuals and sometimes lumber companies; together with the State because of its ownership of land; together with the Federal Government because of its extensive ownership. The theory is that all should combine in bearing the cost of fire protection.

Mr. COLLINS. And if this bill goes through quite a burden will be lifted from their shoulders and transferred to the Treasury of the United States.

Mr. FRENCH. To some extent, and with the burden would go certain benefits, and in the great long run enormous benefits.

Mr. COLLINS. The gentleman has just stated that the lands have no value.

Mr. FRENCH. I would say that the cut-over lands have little value at this time for agricultural purposes. They have some immediate grazing value, but their main value lies in their suitability for new forests that in another 40 or 50 years and beyond will mean merchantable timber, and in their value for holding back the moisture fall for areas below.

Mr. COLLINS. The costs will be shifted to the Federal Treasury.

Mr. FRENCH. In a sense, yes; but unless this be done, there will be little gain for anyone and immense loss for a great section of country for the years to come. Under the laws of the several States the citizens of the State do not feel like exempting lands from taxation, particularly when the lands are owned by companies. Therefore, companies as a rule do not find it profitable to adopt the policy of long-time cutting over a period of forty or fifty or a hundred years, retaining in the area a crop that will come on every year. On the other hand, the Federal Government will not be subject to taxation and is better suited to hold the land for the growing of timber for all purposes through the future years.

This area has produced most valuable timber and will again, and it ought to belong to some agency that can think in terms of the great future and of public welfare.

Mr. BROWNING and Mr. EATON of Colorado rose.

Mr. FRENCH. I yield first to the gentleman from Ten-

Mr. BROWNING. Whom will this timber belong to when it grows there 40 years from now?

Mr. FRENCH. If the land should be acquired by the Government, the timber would belong to the Government and be disposed of as other timber now owned in the national forests.

Mr. COLLINS. Provided the Government buys it.

Mr. FRENCH. Yes.

Mr. BROWNING. In what status will that land be when | this bill is passed? Will the land then belong to the Gov-

Mr. FRENCH. As I said in the earlier part of my remarks, under the bill the public lands will at once become a part of the national forest. As to the other lands that are now privately owned, they will become part of the national forest only as the Government acquires them, and then as the Government acquires the lands they will be included in the national forest.

Mr. EATON of Colorado. Is it not just as true to say that for every acre that is taken away and goes into the United States Government under a bill of this sort, the counties and the State lose the taxes from that land?

Mr. FRENCH. That is true. Ultimately, however, as the gentleman well knows, the counties would receive back the 25 and 10 per cent from whatever profits would come from the lands for school and road purposes.

Mr. EATON of Colorado. In other words, it is really giving up by the State to the Federal Government control of lands which otherwise would be under their control, and is not a charge upon the Government, but is something that they could get some benefit out of; is not that true?

Mr. FRENCH. That is true. Consider another factor. Some of these lands are going back to counties for nonpayment of taxes. But counties are not able to handle them. Counties should not be asked to set up county forest-administration work to be carried along beside the work of the National Government. The counties would need to dispose of the land in some way, because counties are not organized upon such a basis as to be able to handle forest lands. Ultimately, I have no doubt the lands will go to the State or the Federal Government for forest purposes. I should like to see this done now, so as to save the precious years of time so valuable and necessary in the life of a tree.

Mr. GOSS. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. GOSS. In the public act the gentleman referred to

Timber given in such exchanges shall be cut and removed.

That is mandatory. When it refers to timber, does it refer to stumpage, or does it refer to logs, or just what does

Mr. FRENCH. I think if the gentleman will read the act again he will see that the mandate refers to the manner of cutting the timber. The act says the timber "shall be cut and removed under the laws and regulations of the Forest Service"; in other words, in passing the law the Congress sought to prevent a lumber company from trading for timber and going in and cutting the little trees and the big treeseverything of value-off a great area and making it look like the abomination of desolation. Rather, the Congress undertook to require that such timberlands be treated as other forest lands are treated under the national forests, the large ripe timber being cut, the new growth being permitted to stand, and in this way to take its place in later years as a merchantable crop.

Mr. GOSS. There is a good deal of difference between the value of the stumpage and the value of the land itself.

Mr. FRENCH. Surely; and the Government may do one of two things: In some places the Government may exchange lands and timber that are public domain or within a national forest for the land it may seek to acquire. Or, again, in most instances, I assume, the Government will trade stumpage and not the land itself.

Mr. GOSS. Yes. But, as I say, there is a good deal of difference between stumpage and the land itself; that is, the stumpage value. Has the gentleman any idea what it will cost the Government to cut out the undergrowth and get ready for cleaning up for second-growth timber, as it would have to be done in the national forests, and the organization for cutting down the timber and having it sold under the terms of the public act?

Mr. FRENCH. We have not reached the stage in the Northwest in the great forest areas that embrace many millions of acres—in the State of Idaho some 27,000 square

miles within national forests—we have not reached the time, I say, and perhaps it is a long time off, when it will be possible to keep the area as clean as the public and private woodlands in the East are kept. The Government, however, as timber is cut, ought to have the right to have it cut along the methods provided by the national forests, so that good merchantable timber will be felled, and the rest of the timber prevented from being destroyed.

Mr. GOSS. As I have said, there is a great difference between the stumpage and the actual timber value. There is a great deal of difference of what it would cost the Government in the exchange of stumpage rights, and the actual timberland, and putting it in shape for timber growing. I know something about this, for I have been out in these national forests. It might cost considerable money to clear it off for fire protection and for second-growth timber. If we do it on the basis of exchange of stumpage, that is another thing.

Mr. FRENCH. The Government would not exchange timber with a company and permit it to go in and leave the land with a lot of fallen timber and débris that would be a

fire hazard.

Mr. GOSS. Where is there any provision in the bill to stop that?

Mr. FRENCH. The act under which the exchange would be made provides that it shall be cut under such rules and regulations as pertain to the national forests and under the direct supervision in accordance with the requirements of those regulations.

Mr. GOSS. Under regulations of the department you would be required to clear it of brush and that would be more expensive. I am asking the gentleman if he can tell the House what it will cost in making the exchange on a stumpage basis.

Mr. FRENCH. I am sorry to say that I can see no possible basis for a definite answer. The land would need to be appraised, every acre of it; any timber would need to be estimated. At this time there can be no certain figure of

Mr. GOSS. When we receive this land we have to take care of it under the regulations of the department.

Mr. FRENCH. Yes.

Mr. GOSS. For fire prevention and other things. Surely there must be some past experience that would give us an idea of how much per acre it would cost to clear that land and keep it under the terms of the regulations of the department. What has it cost in the past? How many acres are involved in it?

Mr. FRENCH. With what has been eliminated, something like 500,000 acres.

Mr. GOSS. It will be quite an expense to take care of that after we get it into the national forest preserves, under the terms of the exchange, on either stumpage or exchange of timber, where the act states that we must cut the timber. It is mandatory that it will be given in exchange and shall be cut and removed under the law, and as I say under the law removing and cutting out this underbrush is a tremendously expensive job. In fact, it is dealt with on a purely stumpage basis. If this bill passes, it seems to me that it would cost the Government a large sum of money to accept 500,000 acres under the terms of the exchange.

Mr. FRENCH. I think the gentleman does not quite understand the way in which the Forest Service handles the exchange of timber for lands.

Mr. GOSS. I would be very glad to get an explanation.

Mr. FRENCH. Under the language to which I referred a moment ago, the person who acquires timber in exchange and cuts it must leave the area from which he takes the timber clean, must burn the brush, must handle the removal of timber under forest reserve supervision. That is true under the Federal laws and policies, and it is true under our State laws, and the burden of this work is upon the purchaser of the timber. When it comes down to the precise cost of the exchange, that is a matter that will turn upon close appraisals under a law that has been in force and applied for 10 years. The exchanges provided for in the pending bill would probably require some years of time to consummate.

Mr. GOSS. And there again we come back to the old question of stumpage on the one hand, which is just purely the timber rights, and on the other hand, the actual land with the timber rights, regardless of who cuts it, for it has to be cleared under the regulations, and that will be taken into account in connection with the exchange of property.

Mr. FRENCH. It probably would.

Mr. GOSS. Therefore it seems to me that a tremendous amount of money would have to be appropriated to take care of 500,000 acres. How many thousand feet of timber grow to the acre in Idaho, offhand?

Mr. FRENCH. A great deal of this land, the timber from which has been cut, has produced all the way from two million feet to four million feet board measure to the quarter section. Some areas have little timber, some great stands.

Mr. GOSS. That is quite a bit when you spread it over 500,000 acres.

Mr. FRENCH. The gentleman overlooks that most of this area is cut-over land, and the land itself does not have great value.

Mr. GOSS. If it has been cut over by private industry, usually they go in and have no regard for the underbrush, for any trees that are left there. They cut off absolutely what they want, and the thing is a bad waste almost to look at it. I have been over lots of this timber land. If it was taken off by private industry, and then you want to make the change without the stumpage, it seems to me it would be an expensive thing to do on such a large amount of land.

Mr. STAFFORD. Mr. Chairman, the gentleman from Idaho has been for many years on the Committee on Appropriations. Will the gentleman tell the committee what

the expense per acre is of our national forests?

Mr. FRENCH. I should say for fire protection purposes, which will be the essential expense here, that it would run not over 7 to 10 cents per acre. The cost probably throughout the years would be not over \$35,000 to \$50,000. I should like my colleague from the adjoining State-Montana-who. before he came to Congress, for years had experience with the Forest Service, to give us his opinion on that point. I have estimated that it would cost for fire protection probably not over 7 to 10 cents per acre.

Mr. LEAVITT. I think that is approximately right. Mr. FRENCH. But in return the Forest Service would receive income from grazing fees and from sale of timber as the years would run along.

Mr. GOSS. What is stumpage worth in Idaho per 1,000

Mr. SMITH of Idaho. That would depend upon the character of the timber and the distance from the market.

Mr. GOSS. That is the point.

Mr. SMITH of Idaho. And the demand for the lumber. Mr. GOSS. Idaho is a lumbering State and has a great deal of timber of various kinds. Therefore, in these exchanges I am trying to point out to the House that we have no idea of knowing how much money would be involved if you are dealing on the basis of stumpage.

Mr. SMITH of Idaho. This bill provides that exchanges shall be made for equal value and not for equal area. The gentleman from Wisconsin has referred several times during my service here with him to the timber frauds in the West,

which occurred 25 or 30 years ago.

Mr. STAFFORD. And they were partly perpetrated on this very land by the Northern Pacific Railroad.

Mr. SMITH of Idaho. Yes; because of the fact that the law provided the exchanges should be on the basis of equal area, but this bill and others enacted during the last 25 years provided for exchanges of equal value.

Mr. STAFFORD. Let us get the practical question before the committee as to what the ultimate cost of maintenance of this forest reserve is going to be.

The gentleman from Idaho [Mr. French] states that the cost of fire protection would be in the neighborhood of 10 cents an acre, but what is the other cost for maintenance of | ent.

the forest reserve? As I view this bill, it is sought in this instance to impose some local burdens upon the National Government for the main purpose of conservation. Is it worth while, as far as costs are concerned, to the National Government? That is the question. In Wisconsin we are taking care of our own fire protection on our privately owned lands. By this act it is sought to have the National Government undertake work that properly belongs to the State or to private interests. There are hundreds of thousands of acres included in this tract that belong to railroads or subsidiaries. I want to know just how much benefit is going to be conferred on those private interests, as far as privately owned lands are concerned.

Mr. SMITH of Idaho. When additional lands are put into an existing national forest, the additional expense of fire protection and the expense of administration amounts to but very little, because in the case of a fire in the forest they have the force there, and they can get control of it much quicker if it is all within the control of the Federal Government than if a part of it is in control of the State. which might not have proper protection afforded, or in the case of private ownership, where they might not have protection.

Mr. STAFFORD. In this case the report shows that this land, under private control, has private protection maintained by themselves. I wish to ask the gentleman from Idaho, who is the sponsor of this bill, whether this bill primarily is to relieve these privately owned lands of the burden of properly conserving their lands as far as fire is concerned and imposing that burden upon the National Government?

Mr. FRENCH. Oh, no; that is not the purpose of the bill. Mr. STAFFORD. It will have that incidental effect.

Mr. FRENCH. The Government will take on no duties except as it acquires land. Owners of timberland will continue to share in protecting their own timber. Their cutover lands they are not protecting now. We want them protected.

Mr. STAFFORD. But how about the privately owned lands? Hundreds of thousands of acres are owned by the Northern Pacific Railway. Are we going to come to their relief and assume a burden that they are now assuming themselves?

Mr. FRENCH. May I say that the Northern Pacific has disposed of practically all its holdings.

Mr. STAFFORD. Well, then, take the Milwaukee interests, the Milwaukee subsidiaries, which bought lands in large quantity up there, running into thousands of acres. How about that private interest, in which I suppose many citizens of my city are interested? I am not in favor of relieving them of some burden that naturally pertains to their proprietary interest and is not national in character.

Mr. FRENCH. Something like 200,000 acres of land belong to companies owning rather sizable areas. I have a memorandum of something like 10 of the concerns which own the largest acreage, the smallest one indicated being a 2,000-acre holding. It is indicated that the sum total is 200,000 acres and that something like 113,000 acres are to-day in merchantable timber, owned by those same concerns.

Mr. MILLIGAN. Mr. Chairman, I make a point of order. I think we should have the full membership of the House here. I make the point of order that there is not a quorum

The CHAIRMAN. The Chair will count. It is quite evident that there is not a quorum present.

Mr. FRENCH. Will the gentleman withdraw the point of order for a moment? I think we can come to an understanding

Mr. MILLIGAN. Mr. Chairman, there are only 18 Members present and the Delegate from the Philippine Islands. It is a very important question, the matter of taking over a policing of 500,000 acres of land, and I think we should have the full membership present to consider it.

I insist upon the point of order, Mr. Chairman.

The CHAIRMAN. Evidently there is not a quorum pres-

the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. PARKER of Georgia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 6659 and had come to no resolution thereon.

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco, by way of Goat Island, to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

## WITHDRAWAL OF FILES

The SPEAKER. The Chair lays before the House the following request:

Mr. French asks leave to withdraw from the files of the House, without leaving copies, the papers in the case of H. R. 14190. Seventy-first Congress, third session, granting a pension to Frederick H. Bradbury, no adverse report having been made thereon.

Is there objection?

There was no objection.

APPEAL FOR A RULE ON PHILIPPINE INDEPENDENCE BILL

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. OSIAS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement before the Committee on Rules on the Philippine independence bill:

before the Committee on Rules on the Philippine independence bill:

Mr. Osias. Mr. Chairman, you have listened to the chairman of the Committee on Insular Affairs [Mr. Harr] and the ranking member of the minority [Mr. Knutson] of the same committee, who stated that the bill before you (H. R. 7233) has merited practically the unanimous approval of the members of their committee. They took up the basic provisions of the bill, and I need not make repetitious arguments.

I am immensely gratified to have been given the privilege to voice the appeal of the people of the Philippine Islands who are anxiously awaiting early action on the bill granting them the independence which America promised and which I trust will be redeemed by this Congress.

During my incumbency in office as a representative of the Philippine Legislature and the Filipino people in the United States I have constantly and consistently made articulate our supreme aspiration for a free and independent life. In Congress and out of Congress I have sought to make our independence stand clear and unequivocal. It is certainly encouraging that both the Senate and the House committees charged with the duty and responsibility to pass upon legislation on Philippine affairs have now favorably reported out bills calculated to remove the present uncertainty of our situation and which is designed more definitely to bring to us the blessings of a self-governing existence.

This clearly is not the occasion for a lengthy discussion of the Philippine question. We are all busy and time is priceless. I shall limit myself to a plea for a rule on this measure, H. R. 7233, in order that the membership of the House may be given an opportunity for discussion, deliberation, and action.

Mr. Chairman, there is presented before you for decision a matter at once grave and momentous. This committee has it in its power to grant or deny action on a problem exceedingly vital to the relations between the peoples of the United States and the Philippine Islands and not without importa

ment and fortified by reason.

When you will grant a rule on this independence bill, a grateful people will know that you have acted in a manner befitting the spirit which animated magnanimous America at the incipiency

Mr. EVANS of Montana. Mr. Chairman, I move that of your Philippine occupation and that you have been actuated by the same noble purpose which made Washington a towering figure among the great liberators of the world.

#### ADJOURNMENT

Mr. EVANS of Montana. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 54 minutes p. m.) the House adjourned until to-morrow, Thursday, March 24, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, March 24, 1932, as reported to the floor leader by clerks of the several committees.

POST OFFICE AND POST ROADS

(10 a. m.)

To regulate the manufacture and sale of stamped envelopes (H. R. 8493, H. R. 8576).

INTERSTATE AND FOREIGN COMMERCE

(10.15 a. m.)

Railroad holding companies. Commissioner Eastman to continue testimony (H. R. 9059).

BANKING AND CURRENCY

(10.30 a. m.)

Guaranty fund for depositors in national banks, etc. (H. R. 10241).

PUBLIC LANDS

(10 a. m.)

Public domain bill (H. R. 5840).

COINAGE, WEIGHTS, AND MEASURES

(10 a. m. and 2 p. m.)

Silver investigation (H. Res. 72).

ELECTIONS NO. 2

(10 a. m.)

Disney-O'Connor contest.

PATENTS

Copyright bill (H. R. 10740).

NAVAL AFFAIRS

(10 a. m.)

Subcommittee on private bills.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

500. A letter from the Secretary of War, transmitting a copy of a resolution, No. 46, adopted January 14 by the Provincial Board of Isabela, forwarding a resolution, No. 138, December 31, 1931, of the Municipal Council of Santiago, Isabela, Philippine Islands, relative to Philippine independence; to the Committee on Insular Affairs.

501. A letter from the secretary-treasurer of the Law Alumni Association of the Howard University, transmitting a copy of a resolution adopted by the association at a special meeting held March 18, 1932, indorsing House Resolution No. 160, authorizing an investigation into the affairs of Howard University; to the Committee on Rules.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 8877. A bill to clarify the application of the contract-labor provisions of the immigration laws to actors; without amendment (Rept. No. 876). Referred to the House Calendar.

Mr. CONNERY: Committee on Labor. H. R. 10739. A bill to provide that the prevailing rate of wages shall be paid to laborers and mechanics employed on certain public works of the United States, the District of Columbia, the Territories, and the Panama Canal, and for other purposes; without amendment (Rept. No. 877). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 8031. A bill to provide for expenses of the Crow Indian Tribal Council and authorized delegates of the tribe; without amendment (Rept. No. 878). Referred to the Committee

of the Whole House on the state of the Union.

Mr. LOOFBOUROW: Committee on Indian Affairs. H. R. 10086. A bill to amend the act of February 14, 1920, authorizing and directing the collection of fees for work done for the benefit of Indians; without amendment (Rept. No. 879). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. S. 3569. An act to amend the act of May 27, 1930, authorizing an appropriation for the reconstruction and improvement of a road on the Shoshone Indian Reservation, Wyo.; without amendment (Rept. No. 880). Referred to the Committee of the Whole House on the state of the Union.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on Claims. H. R. 1767. A bill for the relief of Pete Jelovac; with amendment (Rept. No. 874). Referred to the Committee of the Whole House.

Mr. BUTLER: Committee on Claims. H. R. 2917. A bill for the relief of Primo Tiburzio; with amendment (Rept. No. 875). Referred to the Committee of the Whole House.

# PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WRIGHT: A bill (H. R. 10773) to amend section 77 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. IGOE: A bill (H. R. 10774) to extend the time in which application may be made for the benefits of the disabled emergency officers' retirement act of May 24, 1928; to the Committee on World War Veterans' Legislation.

By Mr. PRATT; A bill (H. R. 10775) to extend the times for commencing and completing the construction of a bridge across the Hudson River at or near Catskill, Greene County, N. Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. CRAIL: A bill (H. R. 10776) to extend the specially meritorious medal to certain officers and men of the Navy and Marine Corps who served during the World War; to the

Committee on Naval Affairs.

Mr. BACHMANN: Resolution (H. Res. 174) directing the president of the Reconstruction Finance Corporation to submit to the House of Representatives the name, place of residence, and annual salary of each official and employee of said corporation; to the Committee on Banking and Currency.

## MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of South Carolina, memorializing Congress to pass House bill No. 1 and pay the soldiers' adjusted-service certificates; to the Committee on Ways and Means

By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, favoring amendment to the Constitution to empower Congress to regulate hours of labor; to the Committee on Labor.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARTON: A bill (H. R. 10777) for the relief of James Bragan; to the Committee on Military Affairs.

By Mr. CHAPMAN: A bill (H. R. 10778) for the relief of Irvin Pendleton; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 10779) granting a pension to Samuel Max Richter; to the Committee on Pensions.

By Mr. EVANS of Montana: A bill (H. R. 10780) for the relief of D. E. Lucier; to the Committee on Claims.

By Mr. GILLEN: A bill (H. R. 10781) granting a pension to Charles Hovermale; to the Committee on Invalid Pensions. By Mr. JOHNSON of Texas: A bill (H. R. 10782) granting a pension to Edwin Myers: to the Committee on Pensions.

a pension to Edwin Myers; to the Committee on Pensions. By Mr. LANKFORD of Virginia: A bill (H. R. 10783) to place Lieut. Webster Cross, Supply Corps, United States Navy, on the list of past assistant paymasters next after Lieut. John A. Fields, Supply Corps, United States Navy, with the rank of lieutenant, Supply Corps, United States Navy, from August 3, 1920; to the Committee on Naval Affairs.

Also, a bill (H. R. 10784) for the relief of Mae C. Tibbett,

administratrix; to the Committee on Claims.

By Mr. LUCE: A bill (H. R. 10785) for the relief of William Patrick White; to the Committee on Naval Affairs.

By Mr. MALONEY: A bill (H. R. 10786) for the relief of John Thornton; to the Committee on Military Affairs.

By Mr. NELSON of Maine: A bill (H. R. 10787) granting a pension to Mary E. Ramsdell; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 10788) granting a pension to Elizabeth J. Coburn; to the Committee on Invalid Pensions.

By Mr. SANDERS of New York: A bill (H. R. 10789) granting an increase of pension to Libbie Achilles; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 10790) granting a pension to Cora E. Kellan; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 10791) granting an increase of pension to Rebecca E. Spicher; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 10792) for the relief of James W. Walters; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4815. By Mr. ARNOLD: Petition of representative citizens of Centralia, Ill., urging reduction in Federal expenditures, abolition of unnecessary bureaus and commissions, and reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

4816. By Mr. BLOOM: Petition of community councils of the city of New York, favoring the enactment of House bill 8765, to protect labor in its old age, and indorsing the principal that the Federal Government participate with the States and Territories in the old-age pension relief; to the Committee on Pensions.

4817. Also, petition of the Association of One Hundred Per Cent United States Women, earnestly urging favorable action on House bill 8549; to the Committee on the Judiciary.

4818. Also, petition of 660 residents of the State of New York, protesting against the passage of House bill 8092; to the Committee on the District of Columbia.

4819. Also, petition of 436 residents of the State of New York, opposing the passage of the compulsory Sunday observance bill, H. R. 8092; to the Committee on the District of Columbia

4820. Also, petition of the hotel and restaurant owners and employees and those of allied industries, urging the modification of the Volstead Act; to the Committee on the Judiciary.

4821. Also, petition of American Hotel Association of the United States and Canada, urging restoration to the several States of the right of their people to enact such liquor laws as they may respectively choose, or if they wish, for the prohibition of the liquor trade, provided such legislation shall not conflict with the duty of the Federal Gov-

ernment to protect each State against violation of its laws by the citizens of other States; to the Committee on the Judiciary.

4822. By Mr. CAMPBELL of Iowa: Petition of 28 citizens of Odebolt, Sac County, Iowa, urging that Congress uphold the national defense act of 1920; to the Committee on Military Affairs.

4823. Also, petition of 48 citizens of Odebolt, Iowa, urging the passage of the widows and orphans' pension bill; to the Committee on Pensions.

4824. By Mr. CONNERY: Petition of the General Court of Massachusetts, favoring an amendment to regulate and to make uniform hours of labor throughout the United States; to the Committee on Labor.

4825. Also, petition of veterans and citizens of Springfield, Mo., favoring immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4826. Also, petition of veterans and citizens of Akron, Ohio, favoring immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

4827. By Mr. DICKINSON: Petition of citizens of Warrensburg, Mo., protesting against compulsory Sunday observance: to the Committee on the District of Columbia.

4828. By Mr. EVANS of California: Petition signed by approximately 125 persons, supporting the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4829. Also, petition signed by approximately 36 citizens, opposing a resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4830. By Mr. HOOPER: Petition of numerous residents of Battle Creek, Mich., protesting against the enactment of House bill 8092, or any other compulsory Sunday observance bills that have been or may be introduced; to the Committee on the District of Columbia.

4831. By Mr. HUDDLESTON: Petition of sundry residents of Birmingham, Ala., opposing a Sunday closing law for the District of Columbia; to the Committee on the District of Columbia

4832. By Mr. JOHNSON of Texas: Petition of Sidney J. Files, secretary Itasca Cotton Manufacturing Co., Itasca, Tex., favoring House bill 6178; to the Committee on the Post Office and Post Roads.

4833. By Mr. KINZER: Resolution of Lititz Spring Council, No. 197, O. of I. A., Lititz, Pa., urging passage of legislation reducing immigration 90 per cent from quota and non-quota countries into the United States; to the Committee on Immigration and Naturalization.

4834. Also, resolution of Lancaster Council, No. 912, O. of I. A., Lancaster, Pa., urging passage of legislation reducing immigration 90 per cent from quota and nonquota countries into the United States; to the Committee on Immigration and Naturalization.

4835. Also, resolution of Lady Franklin Council, No. 85, S. and D. of L., Lancaster, Pa., urging passage of legislation reducing immigration 90 per cent from quota and nonquota countries into the United States; to the Committee on Immigration and Naturalization.

4836. Also, resolution of Intercourse Council, No. 650, Fraternal Patriotic Americans, Intercourse, Pa., urging passage of House Joint Resolutions 216 and 277 and House bill 9597; to the Committee on Immigration and Naturalization.

4837. Also, resolution of Millersville Council, No. 188, Fraternal Patriotic Americans, Millersville, Pa., urging the passage of House Joint Resolutions 216 and 277 and House bill 9597; to the Committee on Immigration and Naturalization.

4838. Also, resolution of Empire Council, No. 120, O. of I. A., Lancaster, Pa., urging passage of legislation reducing immigration 90 per cent from quota and nonquota countries into the United States; to the Committee on Immigration and Naturalization.

4839. By Mr. KVALE: Petition of Herbert K. Kellam Post of the American Legion, urging enactment of House bill 1; to the Committee on Ways and Means.

4840. Also, petition of 17 members of the A.-B. Post, No. 127, of the American Legion, Hanley Falls, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

4841. Also, petition of North Side Post, No. 230, American Legion, Minneapolis, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

4842. Also, petition of 17 independent merchants of Willmar, Minn., urging enactment of House bill 8930; to the Committee on the Judiciary.

4843. Also, petition of voters of Holland Township, Minn., urging enactment of Senate bill 2487; to the Committee on Agriculture.

4844. Also, petition of voters of Holland Township, Minn., protesting against the imposition of a sales tax; to the Committee on Ways and Means.

4845. Also, petition of Minnesota Live Stock Breeders' Association, protesting against the proposed sales tax; to the Committee on Ways and Means.

4846. Also, petition of Farmers' Local, Beardsley, Minn., protesting against the Federal gasoline tax; to the Committee on Ways and Means.

4847. Also, petition of Minnesota Live Stock Breeders' Association, favoring independence for the Philippines; to the Committee on the Territories.

4848. Also, petition of Minnesota Live Stock Breeders' Association, indorsing Resolution No. 12; to the Committee on Agriculture.

4849. Also, petition of citizens of Douglas County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4850. Also, petition of Farmers' Elevator Association of Minnesota, demanding the repeal of the marketing act and the discharge of the Federal Farm Board; to the Committee on Agriculture.

4851. Also, petition of 45 residents of Sacred Heart, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4852. Also, petition of Taxpayers' Association of Rolette County, N. Dak., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4853. Also, petition of Appleton Association, Appleton, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

4854. Also, petition of Ladies' Auxiliary of the Veterans of Foreign Wars of Chisholm, Minn., urging enactment of House bill 7230; to the Committee on Pensions.

4855. Also, petition of Ladies' Auxiliary of the Veterans of Foreign Wars, of Chisholm, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

4856. Also, petition of 18 residents of Douglas County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4857. Also, petition of Big Stone Local, No. 219, of the Farmers Union, Clinton, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4858. Also, petition of farmers and business men of Beeker County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4859. Also, petition of Pension Club, No. 233, of Montevideo, Minn., urging enactment of House bill 9891; to the Committee on Pensions.

4860. Also, petition of 38 members of the American Legion of Minnesota, urging enactment of House bill 1; to the Committee on Ways and Means.

4861. Also, petition of North Star Local, No. 97, Renville, Minn., protesting against the entire sales tax, and particularly the tax on gasoline; to the Committee on Ways and Means.

4862. Also, petition of North Star Local, No. 97, Renville, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

4863. Also, petition of North Star Local, No. 97, Renville, Minn., urging enactment of Senate bill 2487 and House bill 7797; to the Committee on Agriculture.

4864. By Mr. LINDSAY: Petition of Nichols Copper Co., Laurel Hill, Long Island, N. Y., favoring the passage of House Resolution 319; to the Committee on Ways and Means.

4865. Also, petition of Warrior Ideal Democratic Organization, 9 Seigel Street, Brooklyn, N. Y., favoring a universal 5-day week; to the Committee on Labor.

4866. Also, petition of Louis Brosky, 213 Kent Street, Brooklyn, N. Y., executive secretary of the Unemployed and Unattached Veterans of Greenpoint, Brooklyn, N. Y., favoring the immediate payment of the adjusted-service certifi-

cates, House bill 1; to the Committee on Ways and Means. 4867. By Mr. NELSON of Maine: Petition of George S. Staples and 86 other citizens of Maine, urging support for House bill 9891, to provide pensions for certain railroad employees; to the Committee on Interstate and Foreign Commerce.

4868. By Mr. NOLAN: Petition of the city of Minneapolis, indorsing the Shipstead-Mansfield bill financing the river and harbor projects; to the Committee on Rivers and Harbors.

4869. Also, petition of organizations in Minneapolis, Minn., relative to the enactment of a law providing for Federal supervision of motion pictures; to the Committee on the Judiciary.

4870. By Mr. PEAVEY: Petition of numerous citizens residing at Ashland, Wis., protesting against compulsory Sunday observance; to the Committee on the Judiciary.

4871. By Mr. RAINEY: Petition of Robert Franknecht and 24 other citizens of Chicago, Ill., favoring the reduction of the Federal deficit without inflation by utilizing fully idle gold and other guaranties of currency; to the Committee on Banking and Currency.

4872. By Mr. ROBINSON: Petition signed by Henry Theed, jr., of Gladbrook, Iowa, and 18 other citizens of Gladbrook, Iowa, opposing the Federal sales tax; to the Committee on Ways and Means.

4873. Also, petition signed by George H. Hake, Belmond, Iowa, and about 100 other citizens of Belmond, Iowa, opposing the theater admission tax on the lower admission classifications, feeling that it will seriously handicap both local theater and general business conditions and cause the closing of many theaters in the smaller communities; to the Committee on Ways and Means.

4874. Also, petition signed by F. M. Kachelhoffer, of the Ackley Gun Club, Ackley, Iowa, and 42 others from Ackley and near-by towns, protesting against the 1-cent tax on shotgun shells; to the Committee on Ways and Means.

4875. By Mr. RUDD: Petition of Nestles Milk Products Co., New York City, favoring exemption of malt sirup in the proposed sales tax; to the Committee on Ways and

4876. Also, petition of Association of Army Employees, Governors Island, N. Y., opposing salary reduction; to the Committee on Appropriations.

4877. Also, petition of William P. McGervey, Pittsburgh, Pa., referring to deduction of losses on worthless bank stock; to the Committee on Ways and Means.

4878. Also, petition of Richey, Browne & Donald, Maspeth, Long Island, N. Y., referring to the sales tax; to the Committee on Ways and Means.

4879. Also, petition of Ann Rose Frocks (Inc.) opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4880. Also, petition of allied salesmen of the Garment Industry (Inc.), New York City, opposing the sales tax; to the Committee on Ways and Means.

4881. By Mr. SCHNEIDER: Petition of residents of Hortonville, Wis., protesting against the levy of a sales tax on sausage, lard, canned meat, and cooked ham; to the Committee on Ways and Means.

4882. By Mr. SEGER: Letter from William Green, president of the American Federation of Labor, opposing any reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

4883. By Mr. SHOTT: Petition of 100 members of Williamson Chamber of Commerce, and including the repre-

sentatives of the wholesale and retail merchants, bankers, and manufacturers of Williamson, W. Va., urging that Congress enact legislation providing that bus and truck lines be placed under the rules and regulations and direction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

4884. By Mr. STALKER: Petition of members of the Woman's Christian Temperance Union of Washington, D. C., opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures, and supporting adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4885. Also, petition of residents of Hornell, N. Y., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4886. By Mr. SWANSON: Petition of Parent-Teacher Council of Council Bluffs, Iowa, favoring House bills 5859 and 1867, for investigation of communists and for strengthening of immigration laws; to the Committee on the Judiciary

4887. By Mr. SWING: Petition signed by 58 citizens of San Diego, Calif., protesting against legislation making Sunday observance compulsory; to the Committee on the District of Columbia.

4888. By Mr. TEMPLE: Petition of Grand Theater, 104 East Lincoln Avenue, McDonald, Pa., suggesting amendments to the Vestal bill; to the Committee on Patents.

4889. By Mr. TIERNEY: Petition relating to General Pulaski's Memorial Day; to the Committee on the Judiciary.

# SENATE

# THURSDAY, MARCH 24, 1932

(Legislative day of Wednesday, March 23, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

# MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 1590) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 8087. An act authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements;

H.R. 8914. An act to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana; and

H. R. 10495. An act amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands.

## ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the

Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Public Lands and Surveys:

H.R. 8087. An act authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements:

H.R. 8914. An act to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana; and

H.R. 10495. An act amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands.

#### AMENDMENT OF TARIFF ACT OF 1930

The VICE PRESIDENT. The tariff bill is before the Senate, and the question is on the amendment in the nature of a substitute proposed by the Senator from Mississippi [Mr. Harrison].

The Senate proceeded to consider the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst Costigan Robinson, Ind. Austin Bailey Bankhead Couzens Dale Kean Kendrick Schall Sheppard Shipstead Davis Keyes King Dickinson Smith Smoot Dill Logan McGill Barkley Steiwer Thomas, Idaho Thomas, Okla. Bingham Black Fess Fletcher McKellar Frazier George Glass Blaine McNary Metcalf Townsend Trammell Morrison Bratton Moses Neely Brookhart Broussard Glenn Goldsborough Tydings Vandenberg Bulkley Norbeck Wagner Walcott Walsh, M Gore Norris Nye Oddie Harrison Hatfield Byrnes Capper Caraway Hayden Hebert Walsh Mont Waterman Watson Carev Howell Pittman Reed Robinson, Ark. Hull White Copeland Johnson

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. Hastings] is unavoidably detained from the Senate. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. Connally] is necessarily absent because of a death in his family.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. Harris] is still detained from the Senate because of illness. I will let this announcement stand for the day

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. HARRISON. Mr. President, the object of this legislation is to restore to Congress the power designed by the fathers of laying taxes upon the American people. The bill as it passed the House and the substitute which has been offered in behalf of the minority members of the Finance Committee differ not a great deal. The purposes are the same.

It will be recalled that in 1922 in the Fordney-McCumber Act the Tariff Commission was given the power to increase or reduce rates 50 per cent, Congress withholding, of course, the right to take items that were on the free list and impose any duty upon them or to place on the free list any items that were dutiable. The object of the legislation is to take away from the Tariff Commission that power and to lodge it back with the Congress.

The bill as it passed the House not only does that but it creates in the Tariff Commission the position of a consumer's counsel, designed and intended to represent the consuming public in matters before the Tariff Commission.

Third, the House bill sought to have the President of the United States inaugurate a movement for an international economic conference, the purpose of which was the lowering of excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade, preventing retaliatory tariff measures and economic wars and promoting fair, equal, and friendly trade and commercial relations between nations,

The House bill sought to do those three things, to restore to Congress the power to fix tariff rates, the holding of an international economic conference, and the creation of the position of consumers' counsel.

The substitute bill which is now being considered by the Senate does not disturb in essentials the bill as it passed the House taking away from the Tariff Commission the right to fix duties. It only clears up some ambiguities and lays down more particularly and definitely what factors shall enter into consideration by the Tariff Commission in ascertaining the difference in cost of production. It proposes to reincorporate the provision of the House bill calling for an international economic conference; it proposes to reincorporate the provision for the creation of a consumers' counsel; and it goes one step further and requests the President to inaugurate proceedings to bring about reciprocal trade agreements.

In passing, Mr. President, permit me to say that whatever the work of the proposed international economic conference may be, whatever trade agreements it may formulate, whatever understandings may be arrived at as to reducing excessive rates or removing trade barriers, a report must be submitted to Congress and action must be taken by Congress before any final result shall be reached. The same thing is true as to the provision that invites the President to undertake to negotiate reciprocal trade agreements for the purpose of bringing about mutual tariff concessions. Whatever agreements may be entered into, they must not merely be reported to the Senate but they must be reported to the American Congress and be ratified and confirmed by the Congress before they shall become effective. That is the legislation we are seeking to enact.

Of course, my distinguished friend from Indiana [Mr. Warson] and the Senator from Utah [Mr. Smoot] and others, if the speech made by the Senator from Indiana over the radio the other night is to be accepted as an indication of the line of attack on this proposed legislation, will bring up the bugaboo that we are again about to get into the League of Nations; that we are going to allow other countries to fix our tariff duties; and that we are treading on very delicate and dangerous ground. I answer that contention merely by the suggestion that all we seek to do, in order that we may again build up some export trade and commerce, is to create a world sentiment favorable to the reduction of excessive tariff rates and the removal of trade barriers and discriminations, and, in any event, a report must be submitted to Congress.

No one will be deceived by the suggestion advanced by the Senator from Indiana that there might be international complications. Before I shall have finished, Mr. President, I will call to the attention of the Senate the fact that what we propose to do along the line of endeavoring to get some reciprocal trade agreements and mutual tariff concessions is exactly what the Republican Party attempted to do in the Fordney-McCumber law, because as that bill passed the

House of Representatives there was a provision in it to that | vision was recommended by the Finance Committee, but

Recurring, Mr. President, to the flexible-tariff provision, which is really the milk in the coconut, I desire to say that we are not attempting to do any radical thing, we are not attempting to do any extreme thing with reference to tariff legislation. We are merely trying to formulate a plan which will prove most effectual in the future in working out a tariffrevision program.

The provision in the present law giving to the Tariff Commission the right to increase or lower tariff duties is a new idea. It was never thought of previously to 1922. So far as I have been able to ascertain from my search of the Con-GRESSIONAL RECORD, the first proposal that was made to carry out that scheme was in 1922. It was offered at that time, as I shall show, merely as a temporary proposal. No one dreamed that it was to be a permanent feature of our governmental structure; no Senator lifted his voice and said that he was for it as a permanent policy of this Government. Why? Because for 140 years this Government had existed under a constitution giving to Congress the power to fix taxes upon the American people, to levy duties at our customhouses. That plan had worked very well through these years, it was the conception of the founders of the Government, and consequently no one until 1922 had the audacity even to suggest a plan that would take away from the Congress of the United States the power to levy taxes and to fix duties at the customhouses.

I will be pardoned I hope for reviewing the history of that proposal. Senators now within the sound of my voice will recall that the then distinguished chairman of the Ways and Means Committee of the House of Representatives, Mr. Fordney, whom we all admired in his lifetime and whose memory we now respect, a splendid gentleman, was among the highest of all protectionists who ever walked the public stage. He boasted of the fact that a tariff could not be fixed too high for him. Indeed, he almost asserted he would be willing to put a tariff wall around this Government so high that we should live entirely to ourselves with respect to trade and commerce.

So, as a Member of the other House, he conceived the idea in framing that legislation of providing an American valuation scheme, something that had never previously been proposed in this country except once, away back in 1868, as I recall, and it was proposed then because of certain abnormal conditions then existing, Congress repealed it as soon almost as it was passed. However, Mr. Fordney conceived and put through the House the plan of fixing tariff rates on the American valuation plan, the whole idea being to get rates as high as possible. It was a fine scheme for the protectionists, but it was so indefensible that even my good friend from Indiana [Mr. Warson] and the present distinguished chairman of the Finance Committee [Mr. Smoot] when the bill came over here-and I say it to their credit-would not stand for that proposal. So it was stricken out in the Mc-Cumber end of that legislation.

But what did they do? They struck out the American valuation plan, which sought to increase the rates much above the high figures which were provided in that measure; but because, as they said, there was an exceptional situation in the country, because there were abnormal conditions confronting the world, because the currencies of foreign countries were depreciated and exchange was all out of joint, in order to meet the then extraordinary and abnormal conditions, they decided that they would try out a flexible provision in the law. So they gave the Tariff Commission, which had already been created, the power of increasing to the extent of 50 per cent or reducing to the extent of 50 per cent the duties on goods coming into this country. It was offered as a temporary suggestion, and, as I say, no one argued that it should be a permanent feature of our governmental structure.

To show that that is true, in the discussion of what we are trying to do now, I want to read just briefly from some of the arguments which were then made. The flexible pro-

when it reached the floor of the Senate a Republican Senator argued against it and offered an amendment to it to the effect that it should apply for only two years, and the amendment he offered made it operative accordingly.

The author of the amendment was the then distinguished Senator from New Mexico, Mr. Bursum. His argument was so strong and forceful, as were the arguments of other Senators against that proposal and in favor of his amendment, that the amendment was adopted by the Senate without any partisan character whatever. The Bursum amendment, which limited the operation of the flexible provision to practically two years, was adopted in this body by a vote of nearly 2 to 1. In looking over the list of distinguished Senators who at that time voted to make the provision operative for only two years, thus putting their stamp of approval on the proposition that it was merely of temporary character, one can not decide whether there were more Republicans or more Democrats who voted for it: indeed, it is my belief that there were on the roll call more Republicans who voted for the Bursum amendment than voted against it. The vote was-yeas 34, nays 19; and in looking over the list of distinguished Senators who now adorn this Chamber and who voted on that roll call I see the name of CAPPER; I see the name of McNary, one of the able leaders on the other side; I see the names of Moses, NORBECK, ODDIE, and SHORTRIDGE. Those Senators who are here now voted at that time. Of course, I know that the distinguished Senator from Idaho [Mr. Borah] and other distinguished Senators were at that time in favor of making the flexible provision temporary, but, unfortunately, they did not vote on that particular amendment. There were only 19 votes against that proposal. In arguing the question, this is what Mr. Bursum said:

Mr. Walsh of Montana. What is the date fixed by the Senator in his amendment?

Mr. Bursum. Two years; until December, 1924.
Mr. Walsh of Montana. Would it not suit the Senator a little better if he fixed it the 4th of March, 1925?

Mr. Bursum. No. I have no disposition, in submitting this amendment, to undertake in any way to curtail the prerogatives of any President. The amendment is offered in good faith. My position is that the proposal to delegate this power to the President is a departure and an unusual procedure. It involves a great national issue, an issue which has not been submitted to

great national issue, an issue which has not been submitted to the people of this country.

It can only be justified, to my mind, upon the assumption that there is chaos all over the world to-day, that values are upset in all of the countries of the world, that the rates of exchange are erratic, that values are constantly changing, and it may be possible, and is probable, that some of the rates which have been agreed upon by the Senate committee and adopted by the Senate, while they may be fair and just at this time, three months from now cr six months from now may be entirely too high, may be out of all proportion, and upon that theory, and assuming that those are the actual conditions existing in the world to-day, this change might be justified. I think it is justified as an emergency relief which could not be obtained through any other method or through the usual proceedings of legislation.

which could not be obtained through any other method or through the usual proceedings of legislation.

This amendment would limit to two years the time of the extension of the authority granted by the amendments to section 315. If during those two years the experience has proven satisfactory to the country, it will not be difficult for Congress to continue this authority if the country believes it wise and if the Congress agrees to it. It might be said that we can repeal the law if it is not agreeable. I submit that that is putting an unnecessary burden upon Congress, the burden of repealing this authority.

I believe we can trust Congress to reenact this provision if it is in the future found necessary, and if it is not found necessary it will not be reenacted. I have grave doubts personally as to the wisdom of a permanent change of this character. I am of the opinion that Congress is amply able and capable of designating the rates of duty and providing for the raising of revenue; but under the circumstances, under the extraordinary conditions which exist all over the world, the uncertainty of values, the constant changes in every line of industry which affect our imports, for the purpose of serving this vital emergency, the delegation of authority may be justifiable.

Mr. McCumber, who was in charge of the bill as chairman of the Finance Committee at that time, in the discussion

Now I want to say a word upon the other proposition. I agree with the Senator from New Mexico that this is something in the nature of an emergency measure, to meet conditions which may arise in the near future, and before prices become stabilized throughout the world. I would not want this provision to remain a part of our laws for any greater length of time than would be necessary, and that would be determined, in my opinion, by the length of time that would elapse before conditions return to a normal state.

I want to say in all candor to the Senator that I fully understand that the Senator does not like this provision at all; and I do not like it, except for this particular purpose.

Further on Mr. McCumber said:

Further, I want to say to the Senator from New Mexico that when Congress thinks it ought to change this law it can do it. It can do it in one year or in two years, and I think it is better to leave to Congress the duty of ascertaining and determining when it is longer necessary or proper to continue this power; and that time will be, as I have suggested, when we have reached a more normal condition.

Further on Mr. McCumber said:

The reasons given by the Senator do not appeal to me. It seems to me that we may trust Congress and trust the President, whether he is Democratic or Republican, to carry out the law until Congress repeals it, and we can trust Congress to repeal it whenever the conditions justify it.

Why, even my good friend from California [Mr. Short-RIDGE], one of the distinguished members of the Finance Committee, who voted to make the time two years, said:

Personally, I am at this moment inclined to favor a limitation as to the time of the power which is here proposed to be delegated under the pending amendment.

And all the arguments that were made at that time were that the provision was adopted by the Finance Committee to meet an extraordinary condition in world affairs, purely temporary in character, and that it would be repealed whenever those conditions warranted. So, Mr. President, that being true, it seems to me that there is no better time to

repeal the provision than now.

After the Senate, by a vote of 2 to 1, adopted the provision limiting the power to two years, the matter went into conference between the House and the Senate. The conference committee included my distinguished friend from Utah [Mr. Smoot], the distinguished chairman of the Senate committee at that time, Mr. McCumber, and the distinguished chairman of the House committee, Mr. Fordney, with his high ideas of extreme protection. Of course, with those gentlemen on the committee, you can imagine what happened to the limitation when it got into conference. It went out, just as the amendment of the distinguished Senator from Nebraska [Mr. Norris] respecting trust-controlled goods and a consumers' counsel and the flexible provisions that we incorporated here, and many other provisions went out of the Smoot-Hawley bill when it was considered by the conferees.

So, Mr. President, we seek to restore to Congress at this time the power to pass on these rates after they are deter-

mined by the Tariff Commission.

Mr. President, I have a very strong conviction that if this proposed legislation can become the law, it is going to do more to stabilize tariff legislation than anything else we could do. I appreciate, and I am sure my friend from Indiana [Mr. Watson] appreciates, that it is almost impossible for a committee, without expert advice, to write tariff duties on the basis of difference in cost of production here and abroad. The Tariff Commission has had a great deal of friction in years gone by. They have had their controversies there. They have had them over the question of transportation and innumerable other things that arose that really caused hard feelings and jealousies within the Tariff Commission. But in this legislation we lay down so plainly and so particularly what factors the Tariff Commission shall consider in ascertaining differences in cost here and abroad that we will eliminate in the future, or ought to eliminate in the future, any friction within the membership of the Tariff Commission.

For instance, until we passed the Smoot-Hawley bill there was nothing in the law prescribing to what extent transportation should be taken into consideration by the commission in ascertaining the difference in cost of production here and abroad. The Tariff Commission had gotten into innumerable squabbles as to where the transportation charge

was to be applied—whether it should be applied to the port of New York, even though that might not be the consuming area; whether it should be applied to San Francisco, which might not be the consuming area; or whether on a domestic matter, such as sugar, it should be applied from Utah or Colorado to Chicago, which might be the consuming area, or whether the domestic producers should be given the advantage of applying it all the way from there to New York, where the Cuban sugar comes in. So we laid down in this legislation, so that no expert would have any doubt about the meaning, the definition of transportation charges and where those things shall apply.

We go farther. In days past the Tariff Commission, in trying to ascertain the difference in cost, have not taken into consideration the economic location of the particular domestic industry that they were considering. They have not taken into consideration the efficiency of that particular industry. We say that when the difference in cost of production here and abroad is to be ascertained, it ought at least to be applied to efficiently operated industries here, as well as to economically located industries here. That is an innovation in the law. It is one of the real safeguards that will take care of the consuming people in this country when we commence to fix rates upon the basis of difference in cost of production here and abroad.

I recall, in serving on the agricultural subcommittee of the Committee on Finance, I believe, during the consideration of the Smoot-Hawley bill, that some sugar interests, for instance, from Indiana came before our committee, and the facts disclosed that they operated for only six weeks in the year; and they wanted such a tariff duty on sugar as would permit them to make a profit running only six weeks in the year! If this bill is passed, they can not do that, because either they are inefficiently operated or they are not economically located.

It will be recalled that during the consideration of that tariff bill in 1929 the glass people, for instance, wanted a very high duty on certain kinds of glass. It was shown that the American Window Glass people operated old, antiquated machinery; but the Libbey-Owens people, who had for 10 years amassed tremendous profits and declared abnormal dividends, their stock rising away up, making tremendous amounts of money, had adopted the new and modern method of machine blowing the glass, and so forth. Here was one part of the industry that was losing money, and here was another part that was making money. Consequently, the people operating in the old, antiquated way wanted a high duty in order to protect them, which would have given still higher dividends and greater profits to the Libbey-Owens people, who had the modern machinery.

I am glad to know, if I read correctly and my information is correct, that the American Window Glass people and the other parts of the industry that operated in the old, archaic fashion have now adopted the modern method; but if this law is passed, the commission will investigate, not these old, inefficient methods, not the uneconomically located plants, but the efficiently managed and economically located institutions, and ascertain the difference in cost of production on a consideration of those matters.

So, Mr. President, the other things are clarified in this provision that lays down the factors that the Tariff Commission shall investigate in ascertaining the difference in cost.

One of the differences between the Senate substitute offered by the minority of the Finance Committee and the House bill is this, and it is most important:

We state that after the commission ascertain the difference in cost, they shall go beyond that, and they shall make a report to the Congress with their findings; and as to that report for the guidance of the Committee on Ways and Means of the House and the Finance Committee of the Senate the substitute says:

In connection with its investigations as to differences in costs of production the commission shall inquire into the following matters and shall include in its reports pursuant to this section a summary of the facts with respect to such matters.

These are the things they are going to report to us, so that we can have the data upon which to write the fair and the just duty, and ascertain the difference in cost here and

(1) The efficiency and economic operation and location of the

domestic industry under consideration;

(2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment—

Very splendid factors to be considered in determining what rate should be imposed upon importations into this coun-

(3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors;
(4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff law, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any

other pertinent competitive factors; and
(5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the

Mr. President, a tariff commission as it is to-day by law charged with the duty of ascertaining the difference in cost, with broad discretionary powers given to it as to what factors shall enter into the ascertainment of those cost differences, without the power to consider, as it does not consider, the amount of importations that come into this country or the amount of exportations that we send abroad, without considering the efficiency and the economic operation of the industry, can not ascertain the right rates to put on a commodity. But when an expert commission ascertains for Congress the cost differences and gives us all the facts enumerated in the five provisions I have read, then we can intelligently pass on the question as to whether the particular rate ought to be reduced or increased, or whether the commodity ought to be put on the free list, or whether it ought to be taken from the free list and put on the dutiable list, and so forth.

So it seems to me that if we could have legislation like this passed, if next year we got ready to pass a revision of the tariff rates, we would have the basis upon which to

work intelligently in fixing the rates.

I do not go so far as to say that in every case where there is a difference in cost of production in this country and abroad we ought to put a duty of that amount on the article. I think there are other factors to be considered. I see no reason in the world to put a duty on a product of this country when we are supplying the markets of the world with it, and there are no importations or no appreciable importations of that particular product or thing into this country. Neither can I see any reason for imposing a duty at the customhouse on any article or any product that is flowing into this country, which our people need and must have, which we can not produce here economically and in fact do not produce in this country. In my opinion, in the ascertainment of these cost differences, and in fixing our rates, we must take into consideration the amount of importations of an article, the amount of exportations of the article, and all the other factors that enter into the consideration of that particular question.

So much for that, Mr. President.

That, in a nutshell, is what we expect to do.

My distinguished friend the Senator from Indiana [Mr. Warson] spoke over the radio the other night. I see that Mr. Jekyll Jahncke of the firm of Jahncke and Hyde, in speaking somewhere in the North, says that the Democrats have been in control of the House now for several months, and that they have not yet brought out a tariff bill to reduce a rate. My friend from Indiana says that many of these Democrats have talked about the monstrosity of the tariff, but have not tried to reduce rates.

We could not please the Senator from Indiana under any circumstances. When we go along conservatively and try to act wisely and fit up a vehicle to study facts relating to costs of production, and the many prerequisites to proper consideration of the tariff, so that we can intelligently pass tariff legislation, they criticize us, and if we go in and cut rates

and slice rates on this and that article, they say that they are doing it without the facts, and, "just as Democrats always do, they act the fool." That is what would be said. But here we propose wise legislation, which ought to appeal even to the conscience of a hardened Senator like my friend from Indiana. Yet he grabs it as a reason for criticizing. We appreciate the attitude of the President. When he signed the Smoot-Hawley legislation, we knew and the country knew where he stood. It would be, under the circumstances, a waste of time to legislate rates, knowing that the President would veto the legislation. We will wait for a more propitious day, and from all indications it will not be long.

I read the speech delivered by the Senator the other night. I have a copy of it here. It is wonderfully strange what my friends get away with. They have fooled the people so long, and they fool them so often, that they think they can fool them all the time.

Here is the speech my friend delivered during the Lucky Strike hour. I do not know why he picked on the Lucky Strike hour. [Laughter.] It is a long speech, and he delivered it well, as he always delivers a speech. But here is the species of argument employed by my friend on that occasion. The people over the country, unsuspecting as they are, listening in from their humble homes, or in their fine mansions, or in their counting places everywhere, get the words of my friend. He said this:

The first contention of the opposition with reference to this law is that it is not a limited revision as demanded by the President.

He was speaking about the Smoot-Hawley tariff law.

What is the fact? In a report after the law had been in operation a year the Tariff Commission found that of the 3,300 dutiable items mentioned in the Fordney-McCumber Act 890 were altered and 2,170 unchanged.

Does not the Senator think that was going pretty far when 890 items were increased? Is it the conception of the distinguished Senator from Indiana that that was a limited revision of the tariff, with 890 rates raised in that particular law?

He said further:

The second charge is that the duties in the present bi'll are unreasonably high, having been unduly increased; but the commission found that in the value of total imports the duties were raised upon 23 per cent, while upon 77 per cent they were either unchanged or lowered.

An unsuspecting person, hearing those tremendous figures, hearing the statement that the duties were raised upon only 23 per cent, while on 77 per cent they were either unchanged or lowered, would not get the real picture. I am wondering what part of that 77 per cent he speaks of as unchanged or lowered were lowered in that tariff act.

Mr. WATSON. Mr. President-

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Mississippi yield to the Senator from Indiana?

Mr. HARRISON. In one moment, when I finish. Then it will call for an explanation from the Senator.

Mr. WATSON. It calls for an explanation now.

Mr. HARRISON. It will call for an explanation. Let me read it again.

But the commission found that in the value of total imports the duties were raised upon 23 per cent.

Of all the imports into this country, he said, whether they were on the dutiable list, whether they were on the free list, or what not, he says, of all the dutiable imports, the rates were raised upon only 23 per cent.

That means on all the rubber that comes into this country, which in some years amounted to more than \$500,000,000 worth. It means on all the tin that comes into this country, which mounts so high in figures. On all of the coffee that comes in free, as with tea and with silk, in some cases having mounted to \$400,000,000 worth. All those are included in his figures. He says that if we take all those imports, dutiable and undutiable, we find that the rates were raised on only 23 per cent. That is the kind of argument he uses in

trying to fool the people, and it is possible to fool some of them, and my friend is so adroit that he can fool more than anybody else I know of.

Mr. WATSON. I thank the Senator.

Mr. HARRISON. I yield.

Mr. WATSON. The Senator ought to couple with that the other statement in the speech, that of all the imports coming into the United States, 70 per cent come in absolutely free.

Mr. HARRISON. Of course; I do not know the exact amount, but one of the things that has made our people great and this country strong and wonderfully influential is the fact that our manufacturers import so much raw material. They have to do it. We would not have the great automobile industry if we did not import rubber free of duty, because we do not produce it in this country. We have to have raw silk, we have to have tin, we have to have these things which come in free, many of which go into the manufacture of the finished products here which have made great American industries, notably, the automobile industry. Of course, many raw products that formerly came in free are now on the dutiable list, thus adding the cost to the manufacturer and transmitted to the consumer.

Mr. WATSON. Does the Senator know of any Republican who has ever proposed putting a tariff on those things, the like of which we do not produce in the United States?

Mr. HARRISON. Oh, now the Senator is trying to get out of the dilemma. I congratulate the Senator that he never has suggested putting a tariff on rubber.

Mr. WATSON. No; that is right.

Mr. HARRISON. He never has suggested putting a tariff on raw silk.

Mr. WATSON. That is right.

Mr. HARRISON. But when the Senator talked over the radio to give facts to the American people, stating that on only 23 per cent of the total importations were the rates raised, why did he not say what the percentage of increase was on all the dutiable articles coming into this country?

Mr. WATSON. I did in part of the statement.

Mr. HARRISON. Where is it?

Mr. WATSON. I have it in the speech. The Senator knows my speech better than I do.

Mr. HARRISON. Yes; I know it, because the Senator has made it so often. Let me proceed. The Senator said:

The third charge is that, while the President asked in his message that the tariff be revised in the interest of agriculture, yet the manufacturers had fared better than the farmers of the country; but the Tariff Commission reported-

Listen to this-

But the Tariff Commission reported that 93 per cent of the increases are upon products of agricultural origin, while but 7 per cent are upon commodities of nonagricultural origin.

That sounds pretty good until one analyzes it. Sitting and listening in one says, "Is it a fact that 93 per cent of the increases were on agricultural products?" That is what the Senator said. He has clothed it in such fine-spun language that what he says is probably true, but when we analyze it, it will not hold water.

"Ninety-three per cent of the increases are upon products of agricultural origin." That means wool; that means cotton; that means sugar; that means everything that is built up on an agricultural foundation. That applies to all the rates in cotton manufactured articles; all the rates on woolen manufactured goods; all the rates on these other articles which are taken originally from some agricultural origin; and he tries to make the people believe that 93 per cent of these increases were on agriculture.

That is one time when the Senator from Indiana and the President of the United States agreed on a matter, because President Hoover, in a message he delivered to us at one time, said something like that. Oh, if we listen to the weekly song of Julius Klein, we find he talks about that all the time. He is the greatest propagandist the Republican Party ever had. He is the highest priced prima donna, because I doubt not that he gets a fee for this propaganda he shoots weekly over the radio. I saw somewhere that he was on his way out West now to deliver a lecture to somebody

at \$1,000 per lecture. He is doing pretty well! [Laughter.] So my friend from Indiana agrees with the President of the United States once, and they both agree with Julius

Klein; and if the facts were known, the President and the Senator from Indiana both got their inspiration and their

juggling of facts from Julius Klein.

That is the kind of speech the Senator made over the radio the other night, and that is the character of speeches he will make in the coming campaign, trying to hoodwink and trying to fool somebody.

The Senator made another speech. It will be recalled. Mr. President, that when the Smoot-Hawley tariff bill was before us, how my friends the Senator from Utah [Mr. SMOOT] and the Senator from Indiana [Mr. Watson] and some others on the other side painted the necessity for that tariff. And Grundy was here then; he did not talk much. but he knew how to play the ends against the middle. They told us that the country had to have that law; but that if it passed, we would have prosperity again in the country. When we started the consideration of it, we did have prosperity.

Of course, they disagreed with a thousand economists, but I want to read some of the things those economists prophesied at that time. In a letter to the President of the United States they prophesied economic wreck and ruin to this country if the Republican Party persisted in its work in passing that law. They prophesied the closing of industries in this country, they prophesied the increase of unemployment in this country, they prophesied bitterness in the hearts of foreign people, and retaliatory measures upon the part of foreign governments, if that legislation were enacted.

Day after day we on this side, and some of the progressives on the other side, would cite the facts as to what was going to happen in the event you persisted in the passage of that law. We begged you to take into consideration these prophecies of these great economists who signed that letter, from California to Maine. But you would pay no attention to it. You would go out and increase taxes upon the people. You would increase these duties.

During all that I can hear the sweet, eloquent voice of the Senator from Indiana, with that fine physique of his-and he is a great orator; I sometimes fall under the spell of his benign countenance and the wonderful grip of his imagination. [Laughter.] He made a great speech on June 13, 1930. The prophecy that he made at that time was not like the prophecy made by these men who knew what would happen. His prophecy that day was not made with the same information back of it that was possessed by this group of more than a thousand economists, who had studied the economic conditions of the world and knew the effect of the passage of that measure. My friend said this on that day:

I here and now predict-

He bows his head-

I here and now predict, and I ask my fellow Senators to recall this prediction in the days to come—

[Laughter.]

that if this bill is passed-

The Smoot-Hawley bill-

this Nation will be on the upgrade financially, economically, and commercially within 30 days.

Mr. ROBINSON of Arkansas. What was the date of that? Mr. HARRISON. That was June 13, 1930.

And that within a year from this time we shall have regained the peak of prosperity and the position we lost last October, and shall again resume our position as the first and foremost of all the peoples of history in all the essential elements of individual and national greatness

A great speech; a bad prophet. [Laughter.] None of that came true. But he was speaking in support of the measure then pending, as he was the other night speaking over the

Here is what the economists said would happen. Let us put these prophecies side by side.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. WATSON. Was there ever a time since the birth of | the Republican Party, when a tariff bill was being considered, when economists did not prophesy that it would destroy our foreign trade and our domestic industry?

Mr. HARRISON. I want to say this in behalf of my

Mr. WATSON. No; answer my question.

Mr. HARRISON. I am not surprised at him making that statement, because he got the inspiration from President Hoover in the campaign three years ago, who spoke along the same line and made the same kind of prophecies. I think he went a little farther than did the Senator, because he was going to put two automobiles in every garage, and he was going to put a chicken in every pot, I believe.

Mr. ROBINSON of Arkansas. Two chickens.

Mr. HARRISON. Two chickens; yes. We found out there were nothing but necks in the pot, however.

Mr. WATSON. Will the Senator answer my question directly? Has there ever been a time when a great majority of economists did not prophesy as I have suggested? When the Dingley bill was under consideration, when the Payne-Aldrich bill was under consideration, when the Fordney-McCumber bill was before us, did not a great majority of the economists predict exactly what the thousand economists predicted when the last tariff bill was under consideration?

Mr. HARRISON. I have not looked back at all that, but I dare say there never was such an avalanche of economists that prophesied in such a singularly correct way as did those 1.009 economists as to the dire effects of the Smoot-Hawley measure. Economists are in a better position to judge than is the Senator from Indiana. Their training qualifies them to analyze and forecast. That is why we have economists. I reckon some economists in the past have prophesied as the Senator suggests, but they certainly never missed the mark as did my friend in his prophecy.

May I ask the Senator from Indiana a question?

Mr. WATSON. Certainly.

Mr. HARRISON. Can the Senator produce a number of economists who prophesied in connection with the passage of the Dingley law, the Payne-Aldrich law, or any other tariff law, such as I am going to read here?

Mr. WATSON. I do not say there were a thousand economists; but I do say that a very great number of economists in each instance predicted precisely what these economists did in this instance.

Mr. HARRISON. Then I will come down to the Senator's size. Can he name one economist who during the consideration and prior to the passage of any tariff bill predicted in the way he has stated?

Mr. WATSON. Yes; and I will give them in a little while. The Senator remembers it because it has been discussed

Mr. HARRISON. I want the Senator to name just one.

Mr. WATSON. Of course, I can not do that just offhand.

Mr. HARRISON. But I can name 1,009 who prophesied respecting the effects of the passage of the Smoot-Hawley

Mr. WATSON. Certainly; because the Senator has the list before him. I can not remember who prophesied 10 or 15 years ago.

Mr. HARRISON. Let me ask the Senator another question. I am sure he wants to be candid, even if he is going to come up for reelection this year.

Mr. WATSON. That does not bother me any.

Mr. HARRISON. Oh, no; I presume not. Is it the Senator's opinion that the thousand economists who prophesied in this morbid and foreboding way were more correct in their prophecy than the Senator was?

Mr. WATSON. They were more correct than I was, but here is the difference between us. In the first place, I prophesied at the tail end of an oration. [Laughter.]

Mr. HARRISON. Is the Senator always wrong when he comes to the tail end of an oration? [Laughter.]

Mr. WATSON. Not always. The point about it is that at the time I uttered that prophecy I did not know the depth | indorsed by the Senator from Indiana.

and the intensity of the industrial depression all over the world. I had no conception of it at that time. I could not foresee the depths to which we would fall industrially, commercially, and financially in the United States.

Of course, at that time it was an idle prophecy to make. I understand that. But these economists year after year are studying this question from the financial, industrial, and commercial standpoint, and they make their prophecies based on what they suppose are settled data and fixed principles. In no instance have they been right except that they happened to be right in this particular instance.

Mr. HARRISON. On what did the Senator base his

prophecy?

Mr. WATSON. On the fact that after the passage of the Dingley law, after the passage of the Payne-Aldrich tariff act in 1909, and after the passage of the Fordney-McCumber tariff act, the country did move forward in an era of great prosperity. Our labor was employed better than ever before.

Mr. TYDINGS. Mr. President, will the Senator from Mississippi yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Maryland?

Mr. HARRISON. I yield.

Mr. TYDINGS. I do not think our good friend from Indiana ought to be attacked on the ground of being a bad prophet. He may have been in this one instance, but I remember prior to the last Republican National Convention, when he was prophesying what would happen if a certain man was nominated for the Republican presidential candidacy, his prophecy was very, very accurate. [Laughter.]

Mr. HARRISON. The Senator from Indiana talks about how prosperity came after the enactment of the Payne-Aldrich law. The Senator knows full well what happened following that event because I think he went down in that

avalanche himself.

Mr. WATSON. Oh, no; I did not.

Mr. HARRISON. Then he escaped that time, but they got him two years later, I believe. Anyway, when Mr. Taft signed the Payne-Aldrich tariff law, after he had spoken as a candidate in favor of that tariff bill, and then when that was enacted into law and raised the rates too high, the Senator knows what happened to him. I think Mr. Taft carried Utah and Vermont, did he not? Were they not the only two States he carried?

Mr. WATSON. The Senator has that all wrong. Mr. SMOOT. The Senator has his dates mixed.

Mr. WATSON. The Senator is mixed on his dates, like he is on his figures.

Mr. HARRISON. I am not mixed on my figures at all. I came to the Sixty-second Congress in 1911. The Payne-Aldrich Tariff Act was passed in 1909. At the following election the Democrats came into control; we had a majority in the House; and the very next time the American people came to elect a President, Mr. Taft appeared again as a candidate, and he was snowed under an avalanche of votes. Are not those the facts?

Mr. WATSON. No.

Mr. HARRISON. Then, what are the facts?

Mr. WATSON. I am going to give them to the Senator if he will listen and can comprehend and appreciate them. Does the Senator pretend to say that the defeat of the Republican Party in 1912 was due to the Payne-Aldrich Tariff Act?

Mr. HARRISON. I think it had as much to do with it as any other one factor, or probably more.

Mr. WATSON. Does not the Senator know the candidacy of Theodore Roosevelt brought about that result?

Mr. HARRISON. Now the Senator is hunting for another

Mr. WATSON. Does not the Senator from Mississippi know that to be the fact?

Mr. HARRISON. I know that contributed somewhat: but Mr. Roosevelt never would have run for the Presidency had it not been for Mr. Taft's reactionary policies, followed and Mr. WATSON. The Senator is entirely mistaken in that conclusion, because Roosevelt himself was a protectionist. There was no quarrel between Taft and Roosevelt over the Payne-Aldrich law, never at any time.

Mr. HARRISON. There was and there are different kinds

of protectionists.

Mr. WATSON. The Senator knows that the one great hope the Democratic Party had in 1912 was the split caused by the candidacy of Theodore Roosevelt.

Mr. HARRISON. Yes; outside of the present split in the Republican Party that was the worst split the party has ever had.

Mr. KING. Mr. President-

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield.

Mr. KING. I think my friend from Indiana, whose knowledge of political matters is perhaps not surpassed by that of any Member of the Senate, has forgotten the fact that Mr. Roosevelt's candidacy was in part due to what he believed to be the reactionary policies pursued by Mr. Taft and the Republican Party, including the enactment of high tariff laws. It is true, as the Senator said, Mr. Roosevelt was a protectionist, but he was not an extreme protectionist, as were Mr. Aldrich and Mr. Payne. He did not support that brand of protection which found expression in the Payne-Aldrich law. The support by Mr. Taft of the high protectionists contributed very much to inducing Mr. Roosevelt and the progressives in the Republican Party to organize the Progressive Party and nominate Mr. Roosevelt as a candidate for President.

Mr. WATSON. I disagree entirely with my distinguished friend, who is generally accurate and always fair.

Mr. HARRISON. I would like to get the facts, so far as I am concerned.

Mr. WATSON. Then let me tell the Senator something. The truth about it is that the thing that did Mr. Taft more harm than anything else was his attempt to establish reciprocity with Canada. His endeavors to bring about Canadian reciprocity drove from him the whole farm vote in the West. I know that to be the fact.

Mr. HARRISON. The Senator knows that after President Taft signed the Payne-Aldrich bill he was voted down at the next election, and a great army of those who voted for it in the House were defeated in the congressional elections following.

Mr. WATSON. That is true; but that particular feature of it had no more relation to the tariff than it had to the tide.

Mr. HARRISON. It was almost as great a catastrophe as that in the last election which fell upon those Senators who voted for the Smoot-Hawley monstrosity. They are here no more. The people will not stand for that kind of thing. They rise up every time the Republicans try to put on these excessive duties. The Senator has gotten away from his own adage of protection. The Senator said something about the Payne-Aldrich bill saving the situation when it was passed.

Mr. SMOOT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. Certainly.

Mr. SMOOT. The Senator must know that if the rates in the Hawley-Smoot Tariff Act were so outrageously high as he undertakes to make the country believe, it would have affected the importations, particularly under conditions existing in the world and in our own country to-day. The people have not the purchasing power here that they had when the bill passed, and yet I call attention to the fact that there are more goods coming into the United States now under existing conditions, difficult as they are economically, than was the case under the former act.

Mr. HARRISON. That is the Senator's statement.

Mr. SMOOT. Is not that so?

Mr. HARRISON. I am going to discuss that one phase.

I thought that the Senator was going to say what he

said over the radio, that the falling off of our trade is due to the falling off of importations in other countries, but I now find that what he said is that the importations are not falling off.

Mr. SMOOT. Oh, no. I have not talked over the radio. Mr. HARRISON. Let me give some figures,

Mr. SMOOT. I took the figures from the statement of the Treasury Department issued yesterday.

Mr. HARRISON. I have those figures, too. I do not suppose they give us two different sets of figures. They have not become as bad as that. If the Senator from Utah will sit down and let me give him some figures, I believe I can enlighten him.

The Senator said that when the Payne-Aldrich bill passed things got better. The facts are that in 1910, when there was a Republican administration, when the Republicans had control of the House and Senate, immediately following the passage of the Payne-Aldrich bill our exports were \$1,744,000,000. In 1911, when the Democrats got control of the House, they were \$2,049,000,000. In 1912 they were \$2,204,000,000. In 1913, when the Democrats came into power, got control of the Government and passed the Underwood law, they were \$2,465,000,000. Those were the exportations at that time. They continued to rise until some time during the war, which I would not take as a fair proposition because naturally they would rise when we got into the war. They rose then to over \$8,000,000,000. That was under a Democratic tariff act.

Let us see what happened under the Smoot-Hawley Act. In 1929, when we were considering the tariff bill, when all the countries of the world were protesting against the rates the Senator from Utah wanted to put into it, citing to him that they would be forced to retaliate, our exports from this country were \$5,128,000,000. In 1930 they had gone from that figure down to \$3,842,000,000. That was the first year under the operation of the Smoot-Hawley Tariff Act. That was \$3,842,000,000 or nearly \$1,500,000,000 of a falling off in our exports after the Senator from Utah passed his wonderful tariff act about which he has been talking, the one that was going to bring prosperity to the country, the one that was going to revive industry in the country and restore confidence.

Last year, 1931—oh, I dislike even to quote it because it portrays the pitiful situation that has been brought about in our export trade. Here we were with an export trade of more than \$5,000,000,000 before we enacted the Smoot-Hawley tariff law, and after that was done we decreased until last year our exports had dropped to \$2,424,000,000.

That is the way the Republican Party has done things, and yet my friend from Indiana says that the passage of every Republican tariff measure has helped business. Importations, of course, are falling off considerably; they are diminishing to such an extent that we had last year a balance of trade in our favor of only \$325,000,000, whereas in times past the balance of trade in our favor had risen until it was more than \$2,000,000,000. Talk about this law bringing prosperity! It has done what these distinguished economists said it would do. They foretold what was going to happen. Their statement was:

We are convinced that increased protective duties would be a mistake.

My friends the Senator from Indiana and the Senator from Utah say it was not a mistake. These economists further said:

Few people could hope to gain from such a change. Miners, construction, transportation and public-utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no products which could be protected by tariff barriers.

pations would clearly lose, since they produce no products which could be protected by tariff barriers.

The vast majority of farmers, also, would lose. Their cotton, corn, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They can not benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce. They would lose through the increased duties on manufactured goods, however, and in a double fashion. First, as consumers they would have to pay still higher prices for the products, made of textiles, chemicals, iron, and steel, which they buy. Second, as producers

their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

Our export trade in general would suffer.

And it has suffered to the extent of nearly \$3,000,000,000.

There are few more ironical spectacles than that of the American Government as it seeks on the one hand to promote exports through the activity of the Bureau of Foreign and Domestic Comwhile on the other hand by increasing tariffs it makes exportation ever more difficult.

In my opinion the Republican Party has practiced the worst kind of political hypocrisy upon the American people. We have recently considered a bill here that carriedhave forgotten the exact amount—but somewhere around eight or nine million dollars to be expended in an effort to increase our foreign trade and commerce. We appropriate money to be spent abroad in the hope of increasing our foreign trade, and yet we pass a law that builds a tariff wall so high that nobody can trade with us. That is why our foreign trade is disappearing.

These economists further stated:

We do not believe that American manufacturers in general need higher tariffs.

I will again insert in the RECORD this statement, Mr. President, so that those who chance to read this debate may see what the greatest political economists in the country in 1930 thought of the imposition of these excessive duties.

The VICE PRESIDENT. Without objection, it is so

The matter referred to is as follows:

The undersigned American economists and teachers of economics strongly urge that any measure which provides for a general upward revision of tariff rates be denied passage by Congress or, if passed, be vetoed by the President. We are convinced that increased protective duties would be

We are convinced that increased protective duties would be a mistake. They would operate in general to increase the prices which domestic consumers would have to pay. By raising prices they would encourage concerns with higher costs to undertake production, thus compelling the consumer to subsidize waste and inefficiency in industry. At the same time they would force him to pay higher rates of profit to established firms which enjoyed lower production costs. A higher level of protection, such as is contemplated by both the House and Senate bills, would, therefore, raise the cost of living and injure the great majority of our citizens. our citizens.

Few people could hope to gain from such a change. Miners, construction, transportation and public-utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no products which could be protected by tariff barriers.

The vast majority of farmers, also, would lose. Their cotton, corn, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home mar-

corn, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They can not benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce. They would lose through the increased duties on manufactured goods, however, and in a double fashion. First, as consumers they would have to pay still higher prices for the products made of textiles, chemicals, iron, and steel which they buy. Second, as producers their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

Our export trade in general would suffer. Countries can not permanently buy from us unless they are permitted to sell to us.

permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of ever higher tariffs the more we reduce the possibility of our exporting to them. This applies to such exporting industries as copper, automobiles, agricultural machinery, typewriters, and the like fully as much as it does to farming. The difficulties of these industries are likely to be increased still further if we pass a higher tariff. There are already many evidences that such action would inevitably provoke other countries to pay us back in kind by levying retallatory duties against our goods. There are few more ironical spectacles than that of the American Government as it seeks, on the one hand, to promote exports through the activity of the Bureau of Foreign and Domestic Commerce, while, on the other hand, by increasing tariffs it makes exportation ever more difficult. President Hoover has well said, in his message to Congress on April 16, 1929, "It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports."

We do not believe that American manufacturers in general need

we do not believe that American maintacturers in general need higher tariffs. This report of the President's committee on recent economic changes has shown that industrial efficiency has in-creased, that costs have fallen, that profits have grown with amaz-ing rapidity since the end of the war. Already our factories sup-ply our people with over 96 per cent of the manufactured goods which they consume, and our producers look to foreign markets to

absorb the increasing output of their machines. Further barriers to trade will serve them not well but ill.

Many of our citizens have invested their money in foreign enterprises. The Department of Commerce has estimated that such investments, entirely aside from the war debts, amounted to between \$12,555,000,000 and \$14,555,000,000 on January 1, 1929. These investors, too, would suffer if protective duties were to be increased, since such action would make it still more difficult for their for-

America is now facing the problem of unemployment. Her labor can find work only if her factories can sell their products. Higher tariffs would not promote such sales. We can not increase employment by restricting trade. American industry, in the present crisis, might well be saved the hydron of adjusting itself to new school. might well be spared the burden of adjusting itself to new sched-ules of protective duties.

Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. The United States was ably represented at the World Economic Conference which was held under the auspices of the League of Nations in 1927. This conference adopted a resolution announcing that "the time has come to put an end to the increase in tariffs end to move in the convexte diveran end to the increase in tariffs and to move in the opposite direction." The higher duties proposed in our pending legislation violate the spirit of this agreement and plainly invite other nations to compete with us in raising further barriers to trade. A tariff war does not furnish good soil for the growth of world peace.

Mr. HARRISON. Mr. President, no one can possibly deny that what those economists said has come true. We have seen industries transferred from this country to Canada and other foreign countries; the figures have been cited. A newspaper in Canada the other day stated that there were now invested in Canada more than a billion dollars of American capital in manufacturing industries. We know that our manufacturers have established plants in Germany; that they have established them in France, and in many other countries. When the American people realize that the Smoot-Hawley law by placing excessive duties upon importations drove factories out of America into Canada and prevented American manufacturers from carrying on their foreign export trade, which they worked for years and years to build up, thus causing tremendous unemployment in Detroit and in the other great industrial centers of the land they will see in that one thing the injurious effect of the passage of the Smoot-Hawley tariff law.

I do not know whether or not anything can be done by this Government to keep American capital from going abroad and erecting factories, giving employment to foreign peoples, causing unemployment in this country, and creating a problem that is grave indeed, but if there is anything from a governmental standpoint that can be done, it ought to be done. I must say that I have some degree of sympathy with the automobile manufacturers, for instance, as an illustration, who had built up a great American industry, which was selling abroad \$520,000,000 worth of automobiles in 1928 and until Congress passed the Smoot-Hawley law. Of course, we are not selling that amount of automobiles now, for when we passed that law France retaliated, as England retaliated, and the other day both France and England again retaliated and raised higher and broader their rates. Canada and practically all the other countries have retaliated against us. What can those manufacturers do? They have either got to supply merely the American trade, operate only a sufficient time to supply the American trade, or they must go to those foreign countries in which they have built up a trade if they want to supply it, or else must close their plants. So I have some sympathy for the American manufacturer who, by the narrow policy of the Republican Party, has been driven out of this country and forced to go abroad in order to manufacture goods for the foreign market.

For the first time, Mr. President, I think the business men of America are waking up; I think the American laboring man is beginning to realize that the narrow, selfish policy of exorbitant and excessive protection, destroying our trade, has driven American capital and American factories abroad, to the detriment of this country. So they are changing their views, and they are coming around to believe in the sound, economic policy of having sane tariff rates such as will permit international trade and commerce to flow in the regular channels, which will protect the American consumer and at the same time preserve American industries which are properly located and efficiently

managed. That sentiment is one of the signs of the times, in my opinion, and it will be manifest in the approaching election, which will afford the first chance the American voters have had to express themselves in regard to the man who signed the Smoot-Hawley tariff law, the man who sat in the White House while the Republican majority, with its groups and schemes working, were bringing in Members to vote for what they proposed by offering them this or offering them that. I believe the American people are going to condemn him by the biggest vote that has ever been cast against a candidate.

I am not going to ask my friend from Indiana whether he agrees with me in that statement, because I do not want to pry into his conscience that far, but nearly everybody believes that to be so. No party can adopt such unwise policies as those embodied in the last tariff act without creating an abnormal condition and without being repudiated at the hands of the American people.

Mr. President, I think that is all I want to say for the time being. As the bill proceeds we shall explain any amendments that may be suggested. I hope that the bill

will pass.

Mr. KING. Mr. President, a few moments ago the distinguished Senator from Indiana [Mr. Warson] stated that I was usually accurate and always fair, but in the statement that I made concerning the Payne-Aldrich law, Mr. Roosevelt, and the Progressive Party I was inaccurate. The statement I made that the Senator thought was inaccurate was that one of the contributing causes to the formation of the Progressive Party was the Payne-Aldrich high tariff bill, which was opposed by Mr. Roosevelt. I respectfully assert that I was accurate; and in support of my position I shall read from the national platform of the Progressive Party, adopted at Chicago, Ill., August 7, 1912. It was understood at the time that Mr. Roosevelt wrote the platform; it was his political creed; he not only organized the Bull Moose or Progressive Party but was its leader and articulate voice.

Here is what he wrote into the platform:

We condemn the Payne-Aldrich bill as unjust to the people.

That is the position that I took, namely, that Mr. Roosevelt condemned the Payne-Aldrich tariff bill, the enactment of which, with the support given it by Mr. Taft, was one of the causes of the breach between the two distinguished Republicans.

The Republican organization is in the hands of those who have broken faith and can not again be trusted to keep the promise of necessary downward revision—

Before the discussion concerning the pending measure is concluded, if opportunity is afforded, I shall put into the RECORD statements made by Mr. Roosevelt during the campaign when he was bitterly opposing the Republican Party and Mr. Taft, its candidate for the Presidency, in which he condemned both Mr. Taft and the Republican Party and charged that pledges for revision of the tariff had been broken and that the Republican Party was no longer worthy of the confidence and support of the people. Mr. Roosevelt, because of his dynamic force and his attacks upon predatory interests and the privileged classes, as well as because of his support of a number of progressive policies, won a high place in the esteem of the American people. Though he believed in a protective tariff he was not a high protectionist; and when his successor, Mr. Taft, was elected upon what Mr. Roosevelt believed to be a platform calling for a revision of the tariff and a reduction downward and a readjustment of tariff rates in the interests of the masses of the people, he was not only dissatisfied but thoroughly aroused against what he believed to be a surrender by his party to selfish interests and to what he regarded as predatory interests. Mr. Roosevelt and his followers made no secret of their opposition to Mr. Taft and to the Republican Party, and one of their indictments against the latter was its enactment of the Payne-Aldrich tariff law. In the Progressive platform there was, however, a criticism of the Democratic Party. While Mr. Roosevelt struck the Republican Party with one

hand he was not sparing of the party of which I am a humble member.

The Progressive platform also contains the following language:

It is imperative to the welfare of our people that we enlarge and extend our foreign commerce. We are preeminently fitted, because as a people we have developed high skill in the art of manufacturing, our business men are strong executives and strong organizers, and in every way possible our Federal Government should cooperate in this important matter.

Mr. Roosevelt did not believe in national isolation; he favored foreign trade in commerce and sought foreign markets for American products. Our Republican friends by their high-tariff measures are interrupting the stream of trade and commerce which should flow around the world for the benefit of the United States and the advantage of all peoples. They are committed to policies that will close the ports of the world to our products and drive our flag from the seas. In erecting tariff barriers they are closing American mills and factories and forcing millions of American workmen from profitable employment. A self-contained and isolated country in this enlightened age would be an anachronism; it would be a stagnant and unprogressive country. Unfortunately, under the policies of the party in power our foreign and domestic trade is languishing and our country is plunged into the valley of profound depression.

Returning to the platform written by Mr. Roosevelt, it appealed to millions of our citizens, and he won an overwhelming victory over Mr. Taft and the Republican Party. Mr. Taft carried, as my colleague said, but two States—Utah and Vermont.

We demand tariff revision.

That was one of the demands of the Progressive Party, and they made it an important issue in the campaign. Mr. Roosevelt and his party were not upholding the Payne-Aldrich tariff bill; they denounced it and demanded a revision downward, declaring that it was an unjust measure and injurious to the people of the United States. Another platform declaration was:

We pledge ourselves to the establishment of a nonpartisan, scientific tariff commission, reporting both to the President and to either branch of Congress, which shall report, first, as to the costs of production, efficiency of labor and capitalization, industrial organization and efficiency, and the general competitive position in this country and abroad of industries seeking protection from Congress.

There is no demand here, Mr. President, that the Tariff Commission should have authority to fix tariff rates or that neither the President of the United States nor a tariff commission law should have the power to fix rates and usurp functions which belong exclusively to the legislative department of our Government.

There are some further general statements, Mr. President, in this platform bearing upon the question of tariff revision, but I shall not take the time of the Senate now to read them. It is obvious, however—

Mr. GORE. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. KING. I will yield when I complete the sentence. It is obvious, however, that Mr. Roosevelt condemned the Payne-Aldrich tariff bill and regarded its enactment as a breach of faith and a betrayal by his party of the American people. I now yield to the Senator from Oklahoma.

Mr. GORE. I think the Senator from Utah overlooks the fact that Theodore Roosevelt had to avail himself of the means at hand. He could not avail himself of the irresistible charm and enchantment of Rudy Vallee's crooning. [Laughter.]

Mr. KING. I understand that Mr. Vallee has been promised a medal if he will write and croon a song that will cause the people to forget the darkness and depression.

Mr. President, I rose merely to make a brief reference to the statement made by my distinguished friend from Indiana [Mr. Watson]. I shall put into the Record later some statements made by Mr. Roosevelt in which he condemned the Payne-Aldrich tariff law and the Republican Party for enacting it.

Mr. WATSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst Costigan Jones Robinson, Ind. Kean Kendrick Austin Bailey Bankhead Couzens Sheppard Shipstead Smith Dale Davis Dickinson Keyes King Barbour Smoot Steiwer Dill Logan McGill Bingham Fess Fletcher Thomas, Idaho McKellar McNary Metcalf Blaine Thomas, Okla. Frazier Borah Bratton George Glass Townsend Trammell Morrison Brookhart Tydings Glenn Broussard Bulkley Neely Norbeck Vandenberg Goldsborough Wagner Walcott Gore Harrison Bulow Byrnes Norris Walsh, Mass. Walsh, Mont. Nye Oddie Capper Caraway Carey Hayden Hebert Howell Patterson Pittman Waterman Coolidge Hull Reed White Robinson, Ark. Copeland Johnson

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. KING. Mr. President, a moment ago I read from the Progressive platform which was prepared by Theodore Roosevelt when he was a candidate for the Presidency, in which he specifically condemned the Payne-Aldrich law and charged his own party with having broken faith with the people, and that that tariff was unjust to the American people.

I have before me a speech made by Mr. Roosevelt, copy of which will be found in Senate Documents, volume 40, and I read just a few lines from that speech:

I believe in a protective tariff, but I believe in it as a principle, approached from the standpoint of the interests of the whole people and not as a bundle of preferences to be given to favored individuals. In my opinion, the American people favor the principle of a protective tariff, but they desire such a tariff to be established primarily in the interests of the wageworker and the consumer. The chief opposition to our tariff at the present moment—

That was at a time when the Payne-Aldrich law was upon the statute books—

comes from the general conviction that certain interests have been improperly favored by overprotection. I agree with this view.

The commercial and industrial experience of this country has demonstrated the wisdom of the protective policy, but it has also demonstrated that in the application of that policy certain clearly recognized abuses have developed.

The Progressive platform from which I read a few moments ago and this address conclusively prove that Mr. Roosevelt was dissatisfied with the Payne-Aldrich tariff law and that he believed it had resulted in abuses injurious to the American people.

I have called attention to Mr. Roosevelt's platform and statement only because of the statement made by the Senator from Indiana.

Mr. SMOOT. Mr. President, I was a little surprised at many of the statements made by the senior Senator from Mississippi [Mr. Harrison]. I have never seen any real good come from a discussion when only part of the truth is told. Therefore, I shall at this time undertake to present to the Senate at least the objections I plainly see to the bill which is under consideration.

A great deal of the time of the Senator from Mississippi was taken up in talking about the decline in exportations. Anyone who has an ounce of sense knows the reason for that decline. The purchasing power of the world has been decreased until it is absolutely impossible for people in foreign markets to buy American goods or any other goods to speak of, outside of the absolute necessities of life.

If one will take into consideration the volume of business of every country in the world and compare it with the business of the world for 4 years, or 3 years, or even 2 years, he will find the whole question of our exportations answered.

During the war and immediately following the war and the years after, there was only one place capable of furnishing the world with the goods necessary; there was only one place where money could be borrowed for the purchase of those goods, and that was the United States.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. BROOKHART. I have an article by the Senator from Utah on the question of American capital leaving the United States and going into other countries and forming an oligarchy to break down the tariff system, labor, wages, and everything else. Is the Senator still of the opinion he expressed in that article?

Mr. SMOOT. I am of the same opinion I expressed rela-

tive to the tariff question at anytime.

Take the question of importations into the country, referred to by the Senator from Mississippi. He intimated that our tariff was the reason why we did not trade with foreign countries. I want to say now that foreign countries never purchased any goods from the United States at any time, under any tariff, unless they could purchase them in America cheaper than in any other part of the world.

Under the present tariff law, which the Senator has so condemned, what do we find? Even under conditions existing in the world to-day, with every nation in the world in such a frightful financial condition, not only the peoples, but the countries themselves, when they can not buy as they have in the past, we purchased in those countries more pounds, more yards, even under the conditions existing in the world to-day, under the present tariff law, which was supposed at least to protect the workingmen and the manufacturers of this country, than the year preceding.

Up to yesterday there had been collected for goods coming into this country—and I am not referring to the free list, either, which has increased in quantity, but to goods which fall within the present tariff law, the rates of which have been so condemned—during the fiscal year 1932, up to March 21, 1932, we collected \$263,564,969.57. During the same period of last year we collected \$280,016,625.34, the latter amount based upon goods at a much higher unit.

Mr. HARRISON. Mr. President, will the Senator give us

the figures for 1928 and 1929?

Mr. SMOOT. As to the importations?

Mr. HARRISON. The collections at our customhouses. Mr. SMOOT. I have not the figures here, but I want to

say, without a moment's hesitation-

Mr. HARRISON. It was four or five hundred million dollars, was it not?

Mr. SMOOT. I want to say to the Senator that it is marvelous, it seems to me, that under the conditions existing to-day we could bring in, with our mills closed and our factories closed, more in volume than was imported into the United States a year ago. If there ever was a time in all the history of the world when a protective tariff was needed, America to-day needs a protective tariff more than she ever needed it before.

The bill under consideration (H. R. 6662) is designed to amend the flexible provision of the tariff act of 1930, to create a consumers' counsel attached to the United States Tariff Commission, and to instruct the President to call an international economic conference. This measure comes to the Senate with an adverse report from the Committee on Finance.

Before analyzing this bill I want to say, Mr. President, that there has never been a time in the history of the United States when tariff protection was more essential to the welfare of the American people than at present. Prices have declined throughout the world, but to a far greater extent in other countries than in the United States. Nearly a score of commercial nations, including Great Britain and Japan, have suspended the gold standard. Manufacturers in these countries are producing goods and paying for them with depreciated currency. At the same time they are shipping as much as possible of their produce abroad to the United States and other countries that remain on the gold standard, thus reaping extra profits because of the

money they receive. In this crisis it is imperative that the American protective policy be maintained, and, if necessary,

For two years we have been in the grip of a world-wide depression that has curtailed the markets for our factories and farms, and left us with the responsibility for caring for several millions of unemployed. In spite of this fact, the volume of our imports from foreign countries continues to be large. Last year, according to the Federal Reserve Board's index of industrial production, the output of industry within the United States declined 16 per cent. But what of our import trade? Our purchases from other countries fell off only 10 per cent. These figures are not based upon the foundation of value but upon the actual quantity of foreign goods that were shipped into our ports to displace our home-made and home-grown commodities.

Only to-day, Mr. President, there appeared before the Committee on Finance Mr. Flynn, representing the labor organizations of this country, and Mr. Gray, representing the farmers and agriculturists of the country, asking that something be done over and above the rates in the present law in order to give employment to the laboring man, and in order to protect agriculture from foreign products which come in direct competition with the farmers of the United States

In this time of distress and unemployment, why should we give importers a 6 per cent margin over our domestic producers? I repeat, Mr. President, there has never been a time in the history of the United States when tariff protection was so vital to our farmers, our workingmen, and our manufacturers as it is to-day. The world is still suffering from its orgy of overproduction and its panic of underconsumption.

We are all guilty of it. I am just as guilty as any man in the United States. I have not purchased what in ordinary times I would purchase; and, as I come in contact with men all over the United States, I find the same as to them.

To weaken our tariff structure at this time would be to invite all nations to use America as a dumping ground for their surplus products. Yet the chief purpose of the bill which the Senate must consider is to destroy the flexible provision of the existing act under which tariff rates may be adjusted to current conditions.

The bill which comes to us from the House of Representatives contains a very novel arrangement which would virtually transfer the rate-making power of Congress to the Tariff Commission. It provides that the commission shall investigate the difference in the cost of production of any domestic article and of any similar foreign article on request of the President or any interested party. On completing the investigation the commission would report to Congress its findings and its order with respect to such increases or decreases in the duty upon the foreign articles as the commission finds to be necessary in order to equalize such differences in the cost of production.

Under the present law the Tariff Commission is authorized to order higher or lower duties, with the approval of the President, only upon those commodities on the dutiable list, and the change may not exceed 50 per cent in either direction. These restrictions would be removed by the Collier bill. It provides that-

Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list.

And there is no restriction as to how great the change might be.

Furthermore, the Collier bill provides that-

Sixty days after the date of the report to Congress of such order by said commission, such changes in classification shall take effect, and such increased or decreased duties shall be levied, collected, and paid on such articles when imported from any foreign country into the United States or into any of its possessions

This order by the commission would be final unless Congress, within the 60-day period, should reverse it. The commission would have authority to order new tariffs, even on products that have never been dutiable, and those imposts

difference in the value of the money they pay and the | could become law without either the Senate or the House of Representatives having an opportunity to pass upon them. Even if this bill were so construed that reports could be made and new rates ordered only while Congress should be in session, the commission might submit its orders so near to the end of a session that it would be impossible for Congress to act upon them.

Mr. HARRISON. Mr. President-

The PRESIDING OFFICER (Mr. Dale in the chair) Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. Of course, the Senate substitute has eliminated the 60-day provision.

Mr. SMOOT. I understand that; but the bill will go to conference if it ever passes, and I am calling attention first to what the House bill provides, and then I shall later call attention to what the amendments provide. But the bill will be in conference, if it passes the Senate, as I have no idea that it will.

I submit, Mr. President, that this provision is obviously unconstitutional. The Supreme Court has held time and time again that Congress may not delegate its legislative powers. The fundamental law is made clear in Hampton v. the United States (276 U.S. Repts. 394), the case in which the court held the flexible arrangement of the 1922 tariff act to be constitutional. The court says:

The Congress may not delegate its purely legislative power to a commission, but having laid down the general rules of action under which a commission shall proceed, it may require of that commission the application of such rules to particular situations and the investigation of facts, with a view to making orders in a particular matter within the rules laid down by Congress.

Under this interpretation of the fundamental law Congress could not authorize the Tariff Commission to levy imposts on commodities that are not now dutiable without laying down a tariff formula broad enough to cover every item that is ever imported into the United States. There is nothing in the tariff law and nothing in this bill which establishes the policy of putting a duty on every single commodity that costs more to produce in the United States than in foreign competing countries. I think that I am safe in concluding, Mr. President, that no such drastic measure will be sponsored by the Democratic Members of this body to give the bill we have before us a semblance of constitutionality. I do not intend, therefore, to take the time of the Senate in further discussing this measure, which is repugnant to the fundamental law of the United States and contrary to any sound or reasonable principle for administrative adjustment of tariff rates.

The Senator from Mississippi has proposed a substitute bill, and it is this measure which I especially wish to call to the attention of the Senate. Instead of allowing the Tariff Commission to wield the taxing power the Senator from Mississippi would destroy the flexible provision so that no tariff changes might be made without running the gamut of political debate, amendment, and obstruction in Congress. Instead of allowing the President to carry out the purely administrative function of proclaiming the rates found necessary to equalize productive costs, the Harrison substitute bill would require him to transmit the Tariff Commission's reports to Congress, together with his recom-

This provision would destroy the usefulness of the Tariff Commission and leave the consuming public without any means of emergency relief from possibly excessive duties, on one hand, and the producing public without any remedy against ruinous foreign competition, on the other.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. For 140 years, up to 1922, what other resource did the American people have so far as tariff revision was concerned?

Mr. SMOOT. None whatever.

Mr. HARRISON. It is the same as we would have if my substitute should be adopted?

Mr. SMOOT. With the single exception of the amendment offered in the substitute which the Senator has presented, which I do not think limits them at all but perhaps extends them.

Mr. HARRISON. Prior to 1922, before the flexible provision was written into the law, did the Senator ever suggest or have any idea that the Congress ought to be divorced of such power as they had exercised throughout the history of the country, and that it be given over to a tariff commission?

Mr. SMOOT. I think the Senator was a member of the Finance Committee at the time the bill was considered and no doubt the Senator remembers my position in relation to it.

Mr. HARRISON. I know; but before 1922 did the Senator ever suggest or did anybody else ever suggest that we ought to take away from the Congress the power to levy duties and vest it in some commission?

Mr. SMOOT. No. The Senator is correct in that statement. I agree with that absolutely. But conditions arose and it was thought the commission ought to have some such power granted, because Congress is not in session for months at a time. These questions arise particularly after the passage of a tariff bill, and I think perhaps a majority of the people of the United States became convinced that there ought to be some provision to take care of conditions that might arise at such times.

During short-session years Congress is in adjournment for 9 months out of the 12. Even in long-term years Congress is in session only about six or seven months. In other words, the so-called flexible provision, which the Senator from Mississippi has devised, would be wholly inoperative about 60 per cent of the time.

Mr. HARRISON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Mississippi?

Mr. SMOOT. Certainly.

Mr. HARRISON. The Senator makes that statement in a very broad way. Is it not a fact that it expressly states that when a measure based on the report of the commission comes before the Senate amendments shall not be permitted except they are germane to the particular subject matter upon which the Tariff Commission reports?

Mr. SMOOT. It may be; but there may be 20 cases arise during the recess of the Congress, and they would all be held up.

Mr. HARRISON. But it would not cause a general revision of the tariff act when the Tariff Commission reported upon a particular product. Whatever amendments are offered must be germane to that particular subject matter.

Mr. SMOOT. For instance, if we had before us at this moment a proposition to place a tariff of 4 cents a pound on copper, there is no chance of granting that without giving a compensatory duty upon the articles into the manufacture of which copper enters.

Mr. HARRISON. I agree with the Senator. Where it is a constituent part of the finished product it would be necessary to consider the other elements; but when the question of a tariff on copper came before the Senate, we could not consider silver and we could not consider a lot of other items that I might enumerate.

Mr. SMOOT. I am aware of that, but everything we consider would involve a rate of duty. I do not think there will be anything upon the free list in that event. Everything on the free list would be brought into discussion, and if the articles on the free list enter into a manufactured product, then perhaps hundreds of articles that are covered in the tariff bill would have to be considered.

Mr. FESS. Mr. President-

The PRESIDING OFFICER (Mr. Austin in the chair). Does the Senator from Utah yield to the Senator from Ohio? Mr. SMOOT. I yield.

Mr. FESS. I can see additional confusion in the question of germaneness, because that is always to be determined by the Senate under the rule of the Senate. If we were inter-

ested in several items, Senators might put their heads together and include all those items, and we would have a regular tariff revision before us.

Mr. SMOOT. Yes; we would have the tariff question before the Senate all the time.

Mr. HARRISON. I think the Senator from Ohio is in error. Does not the question of germaneness, when it is submitted to the Senate, pertain only to appropriation bills?

Mr. SMOOT. It need not, so far as that is concerned.
Mr. HARRISON. I think if the Senator will investigate,
he will find that is true.

Mr. SMOOT. Ordinarily speaking, that would be true. It would have to be germane; but in a tariff bill so many questions of germaneness are involved, so many articles are involved. We could not touch one but what we would affect some other, and perhaps 50 or 60 would be involved in that way.

Mr. HARRISON. But the Senator must admit that those who drafted this legislation were attempting to restrict the consideration of matters relating to the tariff when we included the question of germaneness.

Mr. SMOOT. The substitute offered by the Senator from Mississippi does not do that.

Mr. HARRISON. It says no amendment shall be offered unless it is germane to the subject.

Mr. SMOOT. That is all it does say. It does not and can not go into the question of how far the germaneness may apply or not apply.

Mr. HARRISON. The Senator would not have us write into the bill that if the Tariff Commission, for instance, reported a certain difference in cost of a particular article, that would open up the whole tariff question?

Mr. SMOOT. I hope not. I do not know what the House would do.

Mr. HARRISON. We have tried to restrict the matter as far as we could.

Mr. SMOOT. I admitted that, but I do not know what position the House would take, and I do not know what position the Senate would take.

Mr. HARRISON. That same provision is in the House

Mr. SMOOT. Of course, it is, but I am referring to the construction to be put upon it. There may be a wide difference of opinion as to whether it is germane or not.

Mr. FESS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Ohio?

Mr. SMOOT. Certainly.

Mr. FESS. The Senator from Mississippi is correct with reference to the rule I mentioned, that the germaneness to be settled by vote of the Senate is in relation to an appropriation bill. But the Senator will admit that if I should offer an amendment and the Chair would sustain a point of order made against it, I could immediately appeal from the decision of the Chair, bring about a vote of the Senate at once, and if we had a sufficient number of votes, we could combine and have a general tariff bill up for consideration.

Mr. HARRISON. May I, in that connection, say to the Senator from Ohio that what we are trying to do is to prevent logrolling. That is why we tried to restrict consideration to such amendments as might be germane to the subject matter. If we can go further than that, I would be glad to do so.

Mr. SMOOT. I agree with the Senator from Mississippi, but I say that if a majority of this body or a majority of the House, no matter whether the amendment was germane or not, should vote one way or the other, it might and probably would open up the entire tariff question. I know what the Senator is trying to do, and I agree with him absolutely in his desire. If we could provide for it in stronger words, I would like to see the words used, but I can not think of any, and I am quite sure the Senator from Mississippi can not, or else he would have included them. His views and mine on that subject are exactly alike.

I am simply calling attention to what may happen and what is very likely to happen; and if it should happen, we

would have one continual tariff discussion in nearly every session of Congress. I have only to refer to my files since the last session of Congress to realize the great number of applications and petitions signed by hundreds and hundreds of people which have come in from every section of the country begging for increases in tariff rates under the existing law.

Mr. President, while Congress is in session this arrangement would hold out hope of relief to industries suffering from tariff maladjustments, but without much possibility of obtaining it. Every recommendation of the Tariff Commission would be pitched into the caldron of politics. No bill increasing or lowering the rates prescribed by the commission could be considered without a flood of amendments being unloosed, so as to reopen the whole tariff question. Congress can not deal with isolated items of duty; it never has and, in my opinion, never will. When this body acts it must consider the whole field of duties and balance one against another. When a tariff is levied on hides, for example, the rates on shoes, gloves, hand bags, and a thousand other items demand attention.

This weak point in the bill is recognized by its authors, and a feeble attempt is made to correct it. The measure provides that any bill designed to carry out the recommendations of the Tariff Commission shall not include any item not included in the commission's report, and that no amendments shall be considered unless they are germane to the items in the report. Every Member of this body realizes that one session of Congress can not bind another to honor such a rule in considering tariff bills. It never has and never will.

Furthermore, the Senate might vote at any time to declare an amendment germane to the report, even though it had no direct relation to the commodity investigated. In this way the whole tariff schedules might be opened up every time an important recommendation from the Tariff Commission came under consideration. The tariff controversy would be eternally before Congress.

I wish to point out, Mr. President, two serious results that would inevitably follow from the policy that is here proposed. Mr. BORAH. Mr. President, will the Senator object to my

asking a question, if he is about to take up another matter?

Mr. SMOOT. No; I am discussing the same question.

Mr. BORAH. Very well. Mr. SMOOT. In the first place, each report from the Tariff Commission would arouse partisan support and partisan opposition, with the result that relief under the flexible provision would certainly be delayed and probably be denied. Congress has clearly defined its policy with regard to equalizing the costs of production as between domestic articles and similar foreign products on the dutiable list. Why should we engage in a new controversy every time that policy is applied to new conditions of competition? If we should approve this measure, we would place ourselves in the position of inviting citizens to seek relief from obsolescent rates, and then denying them the relief after they had proved their case.

In the second place, we must consider the effects of such a measure upon business. It is not necessary for me to remind the Senate that uncertainty as to tariffs acts as an impediment to business. Industry can not proceed at a normal pace so long as there is danger of the whole tariff question being opened at any time when Congress is in session. The existing machinery for flexible tariff adjustments is encouraging to American industry and commerce because abnormal duties can be ironed out on the cost equalization basis. But the probability of a widespread political revision of duties at any time would constitute a formidable menace

to business stability.

There is not the slightest excuse for changing the present arrangement for adjusting tariff rates that do not stand the test of the cost-equalization formula. The Tariff Commission is functioning with dispatch and efficiency. Since its reorganization about a year ago the commission has handled 138 projects, involving 246 commodities or commodity groups. Think of it, Mr. President! The commission has handled cases involving 246 commodities since the present

tariff bill was enacted, whereas during the preceding years. from 1922 up to that time, I think there were fewer than 30. Under the flexible provision the commission completed 39 reports on 72 separate commodities. Twelve rates were increased and 17 were decreased. The commission found, after extensive investigation, that the cost of production for 39 different foreign and domestic commodities was already equalized by the 1930 tariff law. Of course, no action was taken in those cases.

I want to call the attention of the Senate to the fact that the aggregate value of the imports considered in these reports by the commission to the President last year amounts to about 14 per cent of our total dutiable imports.

That is, of the total dutiable imports for one year, the commission has acted upon items that amount to about 14 per cent of our total dutiable imports. The rates were increased on imports valued at only \$17,000,000. Imports on which lower duties were specified were valued at \$44,000,000. and the imports that were investigated without alteration of the tariff rates were valued at \$137,000,000. That is the result of the operation of the flexible provision of this "horrible" tariff law. These figures not only indicate the dispatch with which the commission is doing its work, but they suggest the vital need for maintenance of a flexibletariff arrangement that will afford relief to American producers and consumers without delay.

Mr. HARRISON. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. Yes.

Mr. HARRISON. The Senator gave figures showing the aggregate imports of the products of particular industries in cases where decreases had been recommended by the Tariff Commission?

Mr. SMOOT. Yes; lower duties.

Mr. HARRISON. And he showed the value of imports of products of industries in cases where increases had been made. That is right, I believe?

Mr. SMOOT. Yes; I stated that rates were increased on imports valued at nearly \$17,000,000, and lower duties had been specified on imports valued at \$44,000,000.

Mr. HARRISON. There was a decrease recommended by the Tariff Commission on some high-priced shoes and an increased tariff rate on some low-priced shoes. It was a kind of combination rate. Did the Senator in arriving at his figures take into consideration the whole boot and shoe industry?

Mr. SMOOT. I took into consideration the whole industry covered by the tariff act.

Mr. HARRISON. In other words, because on one character of shoe manufactured in Massachusetts the Tariff Commission recommended a slight reduction, the Senator takes the whole boot and shoe industry, whose products in the United States are valued at so much, and says that that industry was affected by virtue of that decrease?

Mr. SMOOT. No; this is what the Senator from Utah said: That the rates were increased on imports valued at nearly \$17,000,000, and imports on which lower duties were specified were valued at \$44,000,000. There may be an increase in one and a decrease in the other, but I compute the entire decrease and the entire increase as a whole, without going into specifications.

Mr. HARRISON. The figures are so startling to me that I wanted to get an analysis of them.

Mr. SMOOT. That is the way the figures have been prepared.

Mr. HARRISON. Then I understand that, in the case of the boot and shoe industry, the Senator has made the computation on both sides?

Mr. SMOOT. If there was an increase, I put it as an increase; and if there was a decrease, I put it as a decrease.

Mr. HARRISON. On boots and shoes?

Mr. SMOOT. That is exactly the way it was done. In the boot and shoe industry on certain ladies' shoes coming from Czechoslovakia there was an increase.

Mr. HARRISON. That is a small industry.

ures. I have taken all the industries covered by the items, and where there was a decrease I have included the amount specified as a decrease.

Mr. HARRISON. Were those figures furnished the Senator by the Tariff Commission?

Mr. SMOOT. They were furnished me by the Tariff Commission.

Mr. President, it is remarkable that out of 165 reports from this bipartisan commission 147 have been unanimous. That record speaks well for the commission and for the law under which it operates. The flexible provision is operating better than it has ever done before. The people have confidence in the present method of adjusting rates, and they have learned to make use of the present machinery. Congress ought not to destroy this formula for adjusting customs duties at a time when it has reached its maximum of efficiency. Conditions throughout the world are changing every day. Unstable currencies and abnormal competition because of world-wide overproduction render imperative the maintenance of a workable and efficient flexible tariff provision.

I wish now to invite the attention of the Senate to paragraph C of section 1 in the Harrison substitute bill. In that paragraph will be found set forth in meticulous detail a formula by which the Tariff Commission would be asked to ascertain the difference in the cost of production of American and similar foreign articles. I do not intend to discuss this provision in detail. It is sufficient to say that its purpose is to restrict the latitude of the commission and to augment the red tape involved in finding production costs.

No narrow formula can be laid down by which the commission may find the cost of production of 25,000 different articles in many different countries. The present law instructs the commission to consider costs of production, supplemented, if necessary, by invoice or wholesale selling prices for a representative period, as well as transportation costs and "other relevant factors that constitute an advantage or disadvantage in competition."

Congress has tried particularly to make certain that instructions to the Tariff Commission were given in words that could not be misunderstood. I think, Mr. President, that is one of the reasons why the Tariff Commission has made such strides since the last tariff act became a law.

The commission is given a relatively wide range of alternatives so that its investigation may not be frustrated by lack of definite information from any one source. It may take cognizance of all the evidence, weigh it according to its merit, and formulate its decision accordingly.

This formula has proved to be practicable and fair to all parties concerned. Congress could have no purpose in destroying it to substitute a new and untried set of instructions which seek to restrict the commission in its work. If the flexible provision is to remain a useful instrument for adjustment of any of thousands of items that are contained in the tariff act, it must allow the commission to use accurate and pertinent data from all available sources.

Section 3 of the substitute measure, proposed by the Senator from Mississippi, is one of the most novel morsels of legislation that have ever come before this body for consideration. It provides that there shall be "an office in the legislative branch of the Government to be known as the office of the consumers' counsel of the United States Tariff Commission. No person would be eligible for this strange position if at any time he has ever acted in tariff matters before Congress or the Tariff Commission, either in his own behalf, as an attorney or a legislative agent. In short, the consumers' counsel would have to be some one who knows nothing about the tariff, for which accomplishment he would be allowed a salary of \$10,000 per year.

Now, what would be the duties of this anomalous counsel? He would be instructed "to appear in the interest of and represent the consuming public in any proceeding before the commission." He would have power to crossexamine witnesses, to order investigations by the commission and to obtain information relative to any tariff matters.

Mr. SMOOT. And that increase is computed in these fig- | For that purpose he would be allowed a staff of assistants and clerks, so that in due time another costly bureau would be set up for the edification of taxpayers.

> Creation of a consumers' counsel, under the terms of this bill, would bring the red tape in adjustment of tariff rates to the nth degree of absurdity. The counsel, who must be a greenhorn in tariff matters, would advise and direct the Tariff Commission in the name of an unknown body of Americans theoretically known as consumers. The commission would make its investigations and submit reports to Congress and the President. The President would submit his recommendations to Congress. Each House of Congress would submit the matter to its respective committees for further investigation and advice; and when the matter returned for action, it would probably be defeated by the demands of a few dozen Members of Congress seeking higher duties for products of their home States. Such would be the crowning achievements of the measure we have before us. The consumers' counsel is but another link in the chain of red tape that is designed to destroy the flexible provision.

> The Finance Committee tried in vain, Mr. President, to discover whom the consumers' counsel is intended to represent. Every man, woman, and child in the whole country is a consumer. Our greatest consumers are our greatest industries, which spend billions of dollars for raw products. The farmer is a consumer of machinery, automobiles, building material, and what not. Yet the farmer is entitled to protection on his produce. Our laboring men are a great body of consumers; yet they are wholly dependent upon the prosperity of American industry for their livelihood. Presumably this counsel would be called upon to represent a class that does not exist, unless it might be the idle rich.

> Let us not deceive ourselves. The only purpose such an official could serve would be to fight eternally against the protective system. In reality, this proposed officer should be named the importers' counsel. Invariably he would be found fighting the battle of importers against American producers, on the theory that there is within the United States a body of consumers whose interests are detached from the prosperity of American industry, agriculture, and labor. But there is no such body. America's producers and America's consumers are the same identical group. Only the importers who wish to encroach upon our domestic industries would reap any benefit from this new bureau that the American taxpayers are asked to

> Congress has laid down a formula upon which investigations shall be made, facts ascertained, and rates changed, if necessary to equalize the cost of production. Now it is proposed to hire a counsel to divert the commission from that factual basis of inquiry by the interjection of views attributed to that unknown body referred to as consumers. This counsel would be nothing more than a leech upon the commission. How could we ask the people to support with their taxes an officer whose sole purpose would be to work against the welfare of labor, agriculture, and industry, by which our economic system is sustained?

> Apparently, the author of this measure is not willing to trust the Tariff Commission and the President of the United States to make simple administrative adjustments in the duty schedules. But is he also unwilling to trust the welfare of the mythical consuming public to Congress? Inasmuch as he would have all reports come to Congress for final action, does he contend that it is necessary to set up a subsidized propagandist to tell Congress what its duty is to the consuming public?

> This is no time to set up useless appendages to any department of the Government. It is not necessary to urge upon the Senate the need for economy when our national debt is increasing at the rate of \$2,000,000,000 per year. Instead of encumbering the Government with another functionless and obstructive body, we ought to trim away the dead timber that already hinders efficient service in many of the departments.

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. GEORGE. I understand that the Senator's main objection to the consumers' counsel is that he would be eternally fighting against the protective system. Did I misunderstand him?

Mr. SMOOT. I think that would be the case.

Mr. GEORGE. He would be a trouble maker down in the Tariff Commission, according to the Senator's view of the matter?

Mr. SMOOT. I think he would.

Mr. GEORGE. That is, from the standpoint of the extreme high protectionist, he would be constantly giving

Mr. SMOOT. Not at all; in connection with any rate that may be in the law.

Mr. GEORGE. I want to see if I understand the Senator. His main objection is that the consumers' counsel might controvert some of the arguments that were advanced in behalf of higher duties?

Mr. SMOOT. Not in relation to higher duties; in relation to any duty in the law, or any duty that came before the commission, whether it was low or whether it was high.

Mr. GEORGE. Does the Senator contemplate that the consumers' counsel probably would object to a lower duty?

Mr. SMOOT. He might want the lowest duties made still lower. He is there to represent the consumer.

Mr. GEORGE. Exactly.

Mr. SMOOT. And if the Senator's theory of a tariff is correct, the consumer has to pay it; and therefore the consumers' representative would take it all off, if possible.

Mr. GEORGE. I want to get the Senator's position, because I do not want to misquote him. If I understand him, the Senator does not anticipate and does not fear that the consumers' counsel would be objecting to any lowering of duties, does he? His only apprehension is that the consumers' counsel might object to some increased duty?

Mr. SMOOT. No; he might object to increases, but I think the whole policy of a consumers' counsel would be that if there was an objection, it would be an objection because of the fact that he desired a lower rate. In fact the Senator knows that.

Mr. GEORGE. The Senator from Utah thinks he would take the side of the lower rate?

Mr. SMOOT. I think so; and I think he would also take the side against any additional rate.

Mr. GEORGE. And therefore-because he is the object of the Senator's special animadversions—the consumers' counsel is the particular object of the Senator's wrath because he would universally take the side of the lower rate? I want to understand the Senator's position.

Mr. SMOOT. I have no wrath whatever. I am telling the Senate just exactly what will happen. There is not any doubt about it. The consumers' counsel is put in this bill for the very purpose I have stated. There is not any question about it; and the Senator from Georgia will not

Mr. GEORGE. O Mr. President, I would deny it, but the mere denial or affirmation would not get us very far. Mr. SMOOT. What was in the Senator's mind when he

suggested a consumers' representative?

Mr. GEORGE. To attain a fair degree of fairness and justice to the body of American citizens who are not directly interested in a particular tariff controversy. Of course, they are all interested in a sense.

Mr. SMOOT. What is the commission there for? That is exactly what the members of the commission are there for—to find the facts and then put the facts into law.

Mr. GEORGE. Why does the Senator anticipate that the consumers' counsel would be so embarrassing to the commission if that is why the commission is there, when, if the commission is endeavoring to do its clear and manifest duty, the consumers' counsel could not harm it? The Sen-

Mr. GEORGE. Mr. President, will the Senator yield for a | ator does not fear that the consumers' counsel would convince the commission of the truth, and certainly not that he could convince the commission of a lie?

Mr. SMOOT. I have not said that he would or would

Mr. GEORGE. Why be so apprehensive, then? If the consumers' counsel is to perform the same general function that the commission is to perform, why the degree of apprehension that he will throw so many monkey wrenches into the machine, or put so many flies in the ointment? Why not assume and presume that he will help the commission?

I just wanted to find out why the consumers' counsel was such a thoroughly discredited individual in the opinion of the Senator from Utah; and I discover the reason when the Senator says that the consumers' counsel generally would be in favor of the lower duty and against the higher duty, and always, or at least generally, he would be against any increase in the duty.

Mr. SMOOT. I did not say that, Mr. President, What is the very name "consumers' counsel" put there for? To get just as low rates as he can possibly get.

Mr. GEORGE. Oh, not necessarily.

Mr. SMOOT. Why did the Senator name him "consumers' counsel" then?

Mr. GEORGE. He had to be named something. I shall be perfectly willing to change the designation to "people's counsel" or "special counsel." I have no particular con-cern with what he is called. It is not a question of the name. If the Senator is so fastidious as to be objecting to this individual who is the subject of his especial wrath merely on account of his name, we will end the controversy now and name him anything else.

Mr. SMOOT. Oh, I would not rob the Senator from Georgia of the glory he is getting over the country as a result of calling this man the consumers' counsel.

Mr. GEORGE. We will not quarrel about the name of the counsel. I apprehend the Senator is quarreling about something much more substantial than the mere name.

Mr. SMOOT. Why did not the Senator ask, then, that there be another member of the commission?

Mr. GEORGE. I wanted some man who stood apart from the commission, so far as his services were concerned.

Mr. SMOOT. That is exactly it.

Mr. GEORGE. Yes; that is exactly it; and I do not see why the Senator is so apprehensive that the consumers' counsel would present to the American people facts that would be so disconcerting to the extreme protectionist element in the country unless there is some ground for

Surely we can depend on the American people to distinguish between false propaganda coming out of the Tariff Commission, or anyone connected with the commission, and a true statement of facts.

Mr. SMOOT. Mr. President, the consumers' counsel will have a vote upon every item that comes to the commission. Mr. GEORGE. I did not understand the Senator.

Mr. SMOOT. The consumers' counsel will have a vote, just the same as anyone else.

Mr. GEORGE. Oh, no; he would not have any vote.

Mr. SMOOT. What I mean to say is this: I will not say he will have a vote on the final rate, but taking what any people ask, he would have his vote.

Mr. GEORGE. He would not have any vote.

Mr. SMOOT. I think he would have a vote in that case. Mr. GEORGE. I think the Senator is wrong about that. That is a mere matter of construction. He would not have

Mr. SMOOT. I will not say he would have a vote when the final vote is taken on a rate, whether it be an increase or a decrease, but I have no doubt that the Senator had in mind when he first suggested that provision that the counsel would be there to see that high rates were not imposed and that the commission would not give a higher rate or would keep the rate just as low as possible.

Mr. GEORGE. The Senator is entirely wrong about that. I But, as I said before, we can not make any progress here by merely making assertions. That was not the purpose at all. Candidly, I do not mind stating to the Senator the purpose, because in his entire discussion he has not said one word about it.

The real purpose was this, and is this: That we deem it desirable to convert the Tariff Commission, just as far as possible, into a judicial body, into a nonpartisan fact-finding body. That being the purpose, it seemed logical that there should be some one attached to the commission whose duty it would be to ascertain the facts, to gather all the information that had a pertinent and relevant connection with the case, so that the commission itself could always occupy, just as far as it is humanly possible for such a body to occupy, such a position; a position of disinterestedness; a position occupied by our courts, or any fact-finding commission.

Candidly I never had the idea that the consumers' counsel would always contend for lower rates, or that he would always oppose higher rates. I had the hope that he would assist the commission to do its work in such an impartial way as to commend the commission to the respect of the American people. I assert now that if the commission ever attains the status where it has the confidence of the people as the Interstate Commerce Commission, or any fact-finding body that is supposed to stand impartially between the direct litigants in any cause of controversy, it must be aided and assisted by some one whose duty it is to present facts to it. and whose duty it is to advise it, and who does not stand in the shoes either of the importer, who wants the lowest or no duty, according to the view of the Senator, or of the manufacturer, who seeks the highest duty, assuming that the manufacturer was contending for such duty. That is the reason why I offered the amendment.

Mr. WATSON. Mr. President, will the Senator from Utah yield to me to ask a question of the Senator from Georgia?

Mr. SMOOT. I yield.

Mr. WATSON. Does the Senator agree that the correct basis of levying rates is to measure the difference between the costs of production at home and abroad?

Mr. GEORGE. No; I do not. I concede that that is an element in the equation when once it is decided that a rate should be imposed upon an article, but I do not concede that it is the correct or that it is the exclusive or that it is even a wholly satisfactory method.

Mr. WATSON. What is the Senator's basis for rate

Mr. GEORGE. I have not offered any basis, except in the discretion of the legislative body. If I had the power to write the law, I would like to see the commission a disinterested, fact-finding body, to find the facts with reference to any import, or with reference to any commodity that is manufactured or produced in the United States.

Mr. WATSON. To find what facts?
Mr. GEORGE. All the facts pertinent to the costs, and any other pertinent facts, and to report those facts to the

Mr. SMOOT. That is just exactly what they do now.

Mr. GEORGE. I am perfectly willing to concede that if the Congress is to have the final power, as I think it should, either to impose a rate, decrease a rate, or increase a rate, or to take it off entirely in a case where the rate is already imposed, there is not the same necessity for the consumers' counsel as there is under the present system.

Mr. WATSON. Let me ask the Senator this question: Has it not come to be the Democratic basis of rate making that rates shall be levied to equal, as nearly as possible, the difference between the costs of production at home and

Mr. GEORGE. That is an element; but the Democratic position is that facts with reference to that question should be found by the commission and the commission should then make its report back to the Congress, and, finally, the question of the rate-whether it should be imposed or the

height of the rate, if imposed-should rest in the discretion of the Congress.

Mr. WATSON. The Senator says, I think very justly, that what he wants the commission to do is to find the facts. That must, of necessity, mean the facts of conversion costs in this country and conversion costs to manufacture the same article in competing countries. What other facts are there for the Tariff Commission to find on which to base protective tariff or revenue tariff rates?

Mr. GEORGE. There are many other facts the Tariff Commission might find, as far as that is concerned. It could find, of course, all the facts with reference to production and manufacture of any particular article. It might find, also, facts concerning the efficiency of methods of production in various countries. It might find, also, facts with reference to the location of industries and matters of that kind.

After all, the position which I believe to be the sound position—and it is the position which is taken in this proposal-is that whatever facts it finds shall be reported to the Congress, and the Congress itself in the exercise of its legislative powers, enlightened by those facts, should impose the rate or should deny the rate.

Mr. WATSON. I understand the Senator's position thoroughly, but I could not understand why, and I can not yet understand, if it be the conception of the very formation and operation of the Tariff Commission to levy rates which measure the difference in the costs of production at home and abroad, together with transportation costs, and efficiency, and so forth, why it is necessary to have an adjunct to the court to ascertain those facts. The Senator sat on the bench for many years.

Mr. GEORGE. Exactly.
Mr. WATSON. And he was a very able judge, as we all

Mr. GEORGE. I disclaim the compliment the Senator desires to pay me, but I am glad the Senator mentioned the matter of the court. Let me call the Senator's attention to this fact: If the courts, sitting to do justice between litigants, had constantly to interfere with the one side or the other, exposing themselves to the criticism of partiality in behalf of this side or the other side of litigation, the courts would lose the confidence of the American people, and it is precisely that thought I had in mind. Whatever the Senator from Utah may now ascribe to me, it was precisely that thought I had in mind when I proposed the consumers' counsel, or the counsel to the commission, because I wanted the commission, in its effort to find the facts, to be placed in a position where it could invite the full confidence of the public in its final conclusions upon the facts. so that it would not be compelled to take sides against an importer who was a litigant or a supplicant at the bar of the commission or to take sides against or for an American producer or manufacturer.

Mr. WATSON. Where there is a commission with three Republicans and three Democrats-and that is the kind of a commission we are supposed to have-

Mr. GEORGE. I do not understand that that is the kind of a commission we do have.

Mr. WATSON. That is the kind of a commission we are supposed to have. I am not going to argue the individual views of different commissioners, because I do not know what they are. I can not understand why it is necessary to appoint another person, who would be at least equally prejudiced with any man sitting on the Tariff Commission.

Mr. GEORGE. Equally prejudiced?
Mr. WATSON. If he were prejudiced at all, he would be equally prejudiced. He would have tariff views. The Senator would not have appointed as consumers' counsel one devoid of all opinion, divested of all ideas about the tariff. He would be there to represent somebody for a given

Mr. GEORGE. No; we perhaps have some commissioners who are devoid of all ideas. They are divested of all real opinions of their own about tariff matters.

Mr. WATSON. Is not that the very attitude for a commissioner to be in?

Mr. GEORGE. He should be an impartial commissioner.

Mr. WATSON. Yes. Mr. GEORGE. Waiving all that, and assuming it is desirable that the American people believe that the Tariff Commission is impartial, that it makes an honest effort to ascertain the pertinent facts in every case, the way to maintain the reputation of the commission in the opinion of the American people, the way to sustain confidence in the commission is to place the commission in a position where it does not have to become apparently partisan for the manufacturer or against the manufacturer, or the producer, if the Senator wishes to use a more inclusive term. The counsel may aid the commission, he may perform the same function for the commission that the counsel to any other fact-finding body, or to any judicial body performs. I dare say there is no tribunal in our system, from the highest to the lowest of our tribunals, which could retain the confidence of the American people if that body itself were called upon to be constantly taking the side or apparently taking the side of one litigant or the other litigant to the particular controversy before it.

It was precisely for that reason that I desired to see a consumers' counsel or commission counsel appointed, because I had hoped that the Tariff Commission might develop into a great fact-finding body, fortified by the confidence of the American people, very much as is the case today with the Interstate Commerce Commission.

I had hoped, of course, that it would be considered as a nonpartisan commission, as nearly as that consummation can possibly be reached.

Mr. HARRISON. Mr. President, will the Senator from Utah yield to me to ask a question?

The VICE PRESIDENT. Does the Senator from Utah vield?

Mr. SMOOT. I yield.

Mr. HARRISON. In answer to the question of the Senator from Indiana, may I suggest to the Senator from Georgia that the case of Fourdrinier wire, where the importers and producers got together and raised the price to the American consumer, would be a very nice illustration of where the consumers' counsel could play some part if the matter went before the Tariff Commission.

Mr. GEORGE. Exactly.

Mr. HARRISON. To cite another case, the importers of high-priced watches into the United States, as the Senator will remember, and the producers of such watches in the United States got together and agreed on a certain rate. If they wanted to reduce that rate they might come before the Tariff Commission, and the consumers' counsel in that case might play a very desirable part.

Mr. SMOOT. This is the first time I have heard of the watch importers and the American manufacturers getting together

Mr. HARRISON. Oh, the Senator recalls that in the Committee on Finance we worked on that proposition ever so long and finally they brought in a proposal that was in absolute agreement.

Mr. SMOOT. I think the Senator is mistaken. I remember that I received from importers some of the bitterest letters I ever received in my life, relating to that compromise rate.

Mr. HARRISON. That may have had to do with the cheaper watches, but the high-priced manufacturers and importers got together.

Mr. SMOOT. No; they did not get together. Who is the consumer? The idle rich, the importer, and everybody else comprise the consumer class, and the consumers' counsel would not be there unless it was for the purpose of looking after the consumers' interests.

Mr. GEORGE. Mr. President, I hope the chairman of the Finance Committee will pardon me again.

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Georgia?

Mr. SMOOT. I yield.

Mr. GEORGE. I invite him to-night to think of some better name for the counsel of the commission. If the word "consumers'" is so offensive to him, I invite the Senator to suggest a better name. We want the function and not the mere name.

Mr. SMOOT. I know what "consumer" means, and I think I know the object of the amendment. Everybody is a consumer, and they all want lower rates. We might as well have a "labor counsel" and a "manufacturers' counsel" and a "producers' counsel."

Mr. President-

Mr. HARRISON. Mr. President, will the Senator yield further before he proceeds?

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Mississippi?

Mr. SMOOT. I am always glad to yield to the Senator. Mr. HARRISON. The Senator suggested that we ought to have a manufacturers' counsel and a labor counsel. The Senator will recall that during the consideration of the Fordney bill it was suggested that labor and the manufacturers might be represented, but we voted to strike them out. That was before the Grundy machine got to working so smoothly.

Mr. SMOOT. The Senator knows I was not in favor of it and the Senator knows the Finance Committee was not in favor of it.

Mr. HARRISON. We took it out, did we not?

Mr. SMOOT. Yes; and we should have taken it out of this provision.

Mr. HARRISON. That is one time the Senator was against Mr. Grundy. The Senator was in good form that time.

Mr. SMOOT. I have no flings to make at Mr. Grundy or anyone else. If Mr. Grundy is right I am with him, and if he is wrong I am against him.

Mr. President, section 4 of this bill launches into quite a different field. It "respectfully requests" the President "to initiate a movement for an international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade, (b) preventing retaliatory tariff measures and economic wars. and (c) promoting fair, equal, and friendly trade and commercial relations between nations." The President would be asked to invite other nations to sit in a council for the scaling down of American tariff schedules. But such a conference would have no authority whatever actually to change the American tariff law. This bill itself specifically provides that any treaty or arrangement changing tariff duties or in any way affecting the revenue of the United States must first be approved by Congress.

There is no reason to anticipate that Congress would lower the American tariff under the influence of an international conference. The sponsors of this bill profess to believe that our present tariff rates are too high and that America led all other nations throughout the world to increase their duties. Then why do they not initiate legislation to reduce the tariff? It is evident that they do not wish to take the responsibility of denying protection to any industry that is struggling against foreign competition in these critical times. In this bill they seek to shunt that responsibility upon the President without trying to indicate in any way what the policy of Congress might be when the proposed conference had been concluded and its work would come before this body for ratification.

In view of the fact that the sponsors of this measure have vigorously denounced the existing tariff rates as detrimental to the welfare of the United States and that they now make no move to change any rate in the 1930 law, this proposal of an international conference on tariffs takes on the nature of a face-saving gesture. They wish to blame the President for their own failure to adjust rates that they have condemned as a whole but dare not change as to specific items.

I do not blame the Democratic leaders for their refusal to consider the reduction of tariff rates. They are doubtless aware of the fact that any weakening of the protective system would expose our producers to unprecedented foreign competition at a time when they are least able to cope with it. Any measure proposing specific reductions of duty would arouse widespread resentment from all citizens who depend upon tariff protection for their livelihood. I sympathize with the Senator from Mississippi in the impracticability of translating his avowed principles on the tariff into specific rates of duty. But why should the Democratic leaders of this body seek to impose upon the Chief Executive and foreign governments a responsibility which primarily belongs to themselves?

Mr. HARRISON. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. Is the Senator fussing because we did not bring in a specific proposal reducing the present rates?

Mr. SMOOT. I am not fussing. I am just calling attention to the attitude of the Democratic Party to-day just before the election.

Mr. HARRISON. Will the Senator give me his opinion as to whether he thinks the President would sign a bill that would provide for a reduction in rates?

Mr. SMOOT. I have not any right to speak for the President in any way, shape, or form.

Mr. HARRISON. If the President would consult the Senator, would he tell him not to sign such a bill?

Mr. SMOOT. The President would not consult me.

Mr. HARRISON. I suppose he would not if he follows his usual practice.

Mr. MOSES. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. I yield.

Mr. MOSES. May I ask the Senator from Mississippi a question? Will the Senator join with me in endeavoring to put through an amendment to this bill reducing the duty on long-staple cotton, and see what the President would do with it?

Mr. HARRISON. If the Tariff Commission should find there is no difference in the cost of production in this country and abroad and recommend it, I would stand right by their finding. I would do differently in that respect than the Senator from New Hampshire would with reference to a lot of products of his State.

Mr. MOSES. Let us take a short cut at it. I invite the Senator to join with me in that move.

Mr. HARRISON. That would be a wonderfully fine argument, but if the Senator had been here this morning and heard what I said about him-

Mr. MOSES. I heard it.

Mr. HARRISON. What was it I said?

Mr. MOSES. Oh, something about my voting to limit the time during which he-

Mr. HARRISON. I suppose the Senator has changed his view on that?

Mr. MOSES. I have not looked up my record to see. The Senator knows about it so much better than I do.

Mr. SMOOT. I want to say to the Senator from Mississippi that if a 7-cent duty is necessary for long-staple cotton, I will vote for it at any time.

Mr. HARRISON. That is the trouble with our friends over on the other side of the Chamber. Whenever a Senator shows that he is not in every instance for free trade, but for a tariff, whether it is a competitive tariff or tariff for revenue or what not, they try to throw upon him the burden of their whole nefarious course. So far as I am concerned, if the Tariff Commission should ascertain a certain state of facts, I would be willing to follow them providing there is real competition in the product. In that particular instance, as the Senator knows, there was quite a large competition of 400,000 bales coming in with only 700,000 bales produced in the United States, a situation where there is real competition.

Mr. SMOOT. There is not long-staple cotton enough produced in the United States to fill the demand. The Senator knows that and stated so very frankly.

Mr. HARRISON. There are 400,000 bales imported and 700,000 bales produced, and we exported a little, but not

Mr. MOSES. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. Certainly.
Mr. MOSES. I have just consulted with a much more powerful Member of the Senate than I, and one also a member of the Committee on Finance along with the Senator from Mississippi. I will now ask the Senator from Mississippi if he will join with the Senator from Indiana [Mr. Warson] and with me in reducing the duty on long-staple

Mr. HARRISON. I would be perfectly willing to have the Congress vote to take all the tariff off of it if we could take off a lot of the exorbitant rates contained in the law. I have no interest in that particular item. In other words, I am one of those who can not be bribed by saying that if I will vote for a certain item, other Senators will vote for my item. I do not work that way. Logrolling is one of the factors that has made tariff construction nauseating.

Mr. MOSES. I would like to have a bill of particulars from the Senator. To what exorbitant rate does he refer? Possibly he and the Senator from Indiana and I can come to an agreement.

Mr. HARRISON. Will the Senator from Utah give me the time to go over all the exorbitant rates figuring in the law?

Mr. MOSES. I think the Senator from Utah, with his usual good nature, is entirely willing to have the Senator from Mississippi display his entire ignorance of tariff matters.

Mr. HARRISON. I will tell the Senator one that the Senator was very much opposed to, where an effort was made to vote a rate of 51/2 cents a pound on maple sirup, for instance, and an 8-cent duty on maple sugar. That was done over our protest, but the Senator from New Hampshire voted for it because his people were interested in those products. The Tariff Commission reduced those rates down to 5½ cents and 4 cents. I can give the Senator many other instances.

Mr. MOSES. And I am still protesting against it along with the Senators from Louisiana.

Mr. HARRISON. The Senators from Louisiana are not interested in maple sirup or maple sugar.

Mr. MOSES. They are interested in the sugar schedule. May I say, while the Senator from Mississippi is distributing saccharinity all over the Chamber, that he can not possibly deceive us as to his attitude?

Mr. HARRISON. Did I state the facts correctly about maple sugar and maple sirup?

Mr. SMOOT. I want also to say to the Senator from Mississippi that he ought to be happy because Cuban raw sugar is now selling for 73 cents a hundred.

Mr. HARRISON. I am not talking about Utah sugar. I was talking about maple sugar. The Senator does not know the difference between Utah sugar and maple sugar, but as soon as any kind of sugar is mentioned the Senator from Utah goes into spasms.

Mr. SMOOT. I simply want to say to the Senator from Mississippi that we would never get him to vote for any tariff on sugar.

Mr. HARRISON and Mr. WATSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. HARRISON. The Senator put a question to me.

Mr. SMOOT. No; I did not.

Mr. HARRISON. I understood the Senator to say he agreed with me as to what I said about maple sugar and maple sirup. I have not mentioned any other kind of sugar.

Mr. MOSES. But we are.

Mr. WATSON. Mr. President-

The VICE PRESIDENT. The Chair must announce that if interruptions are not made in accordance with the rule, he will insist that the Senator having the floor shall only yield for a question. Does the Senator from Utah yield to the Senator from Indiana?

Mr. SMOOT. If that is the ruling of the Chair, I will ask the Senator from Indiana if it is for a question that he desires me to yield?

Mr. WATSON. No; I want to make a statement.

Mr. SMOOT. Then I must decline to yield.

Mr. WATSON. I want to ask the Senator from Mississippi a question

Mr. HARRISON. I should be glad to answer it if I can. Mr. WATSON. Mr. President-

The VICE PRESIDENT (rapping for order). Let the Senate be in order.

Mr. WATSON. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Chair has stated that he is going to enforce the rule. Four or five Senators are try-

ing to talk at the same time.

Mr. WATSON. May I ask the Chair a question?

The VICE PRESIDENT (rapping for order). Let the Chair make a statement. Unless Senators desiring to interrupt address the Chair and ask permission to interrupt the Senator having the floor to ask him a question, the Chair will insist that the rule be strictly enforced and that the Senator having the floor shall yield only for a question.

Mr. WATSON. Mr. President, may I ask the Senator from Mississippi a question in the time of the Senator from Utah?

The VICE PRESIDENT. Does the Senator from Utah yield for that purpose?

Mr. SMOOT. I yield for that purpose.

Mr. HARRISON. And now I yield, too! [Laughter.]

Mr. WATSON. Mr. President, I want to ask the Senator from Mississippi a question. On long-staple cotton, known in the trade as sakellaridis, in July, 1930, the landed cost prior to the payment of 7 cents per pound specific duty, was 22.02 cents per pound, being equal to an ad valorem duty of 32 per cent. England has gone off the gold standard, and on the 31st of December, 1931, the landed cost, prior to the payment of 7 cents a pound specific duty, was 10.82 cents per pound, equal to an ad valorem duty of 65 per cent. In other words, there was an increase from 32 per cent to 65 per cent. Is that one of the "outrageous" rates the Senator from Mississippi referred to in his speech; and is that one of the rates he is willing to reduce?

Mr. HARRISON. Mr. President, I will say to the Senator if he was on the subcommittee which considered the agricultural schedule of the Smoot-Hawley Tariff Act-and I think he served on that subcommittee-he will recall that certain gentlemen there were appealing for a duty of 22 cents a pound on long-staple cotton, and I think an amendment was offered to that effect by one of the Senators from the Far West. I would not stand for such a proposal. I went as far as 7 cents a pound, because it was shown that that was about the difference in the cost of production. I am perfectly willing to reduce the rate, and I just stated to the Senator that I would be perfectly willing even to vote long-staple cotton on the free list if we could get the tariff law upon a fair basis where it would not cost the American people the billions of dollars it is now costing because of its excessive rates. Does that answer the Senator's question?

Mr. WATSON. No, Mr. President.

Mr. HARRISON. What does the Senator want me to say-to answer the other way?

The VICE PRESIDENT. Does the Senator from Utah yield further?

Mr. SMOOT. I will yield for a question, and then I desire

Mr. WATSON. I will refer to the matter further in my own time.

Mr. HARRISON. I thank the Senator.

Mr. SMOOT. Mr. President, an international conference on tariffs could accomplish nothing under these circum-

stances. On the other hand, it would probably lead to a strengthening of tariff barriers against American exports. Three years ago a tariff conference was held at Geneva, attended by some of the ablest men of the great commercial powers. Before sending delegates to this gathering about two-thirds of the participating governments raised their duties, so as to put their delegates in a better trading position. But the conference could not even agree to leave tariff barriers where they were at that time. The net result was a substantial increase in duties for most of the participating governments. And since that time European countries have indulged in the greatest tariff-raising orgies that the world has ever seen. Even Great Britain has been forced to raise a protective wall around herself to halt the dumping of surplus commodities resulting from world-wide overproduction.

No nation is willing to sacrifice its domestic market to foreigners in times like the present, least of all the United States. Production costs and living standards in the United States are far above those of competing nations: therefore, this country would suffer most from a razing of tariff barriers.

Mr. President, during the consideration of the bill of 1930 I had in the Finance Committee room a map of the world showing the tariff walls of all the countries of the world. That map demonstrated the fact that the tariff rates established by the United States are not the highest by any manner of means. More than half of the countries of the world had higher tariff walls, so called, then we had.

During this period of abnormal competition and worldwide overproduction we can not afford to allow foreign producers greater privileges in the American market, regardless of what concessions they might be willing to make

Since Congress is not prepared, and likely will not be prepared, to add to the distress of any domestic industry, it would be absurd to call an international conference. Nations would send representatives to the gathering, with the expectation that the United States would lead the way in making tariff concessions. If the delegates refused to do so or if they did so and Congress refused to ratify their agreement, the resentment of the whole world would be turned against the United States. Congress would be accused of duplicity. America would be charged with prolonging the depression. Do the authors of this measure suppose that they could promote American export trade or ameliorate the domestic situation by such a performance?

It should be noted also, Mr. President, that this bill would not restrict such a conference to tariff matters. It proposes an "international economic conference," one purpose of which would be the elimination of "other economic barriers affecting international trade." This might be construed as a direct reference to the so-called war debts which the Governments of Europe owe to the United States. Certainly the debtor nations would so interpret it. The American delegates would be asked, in all probability, to agree to a modification of the debt-funding arrangements in the interest of promoting international trade. As it stands, this bill would give them authority to launch upon such a discussion and the whole question of intergovernmental debts would be opened. Having called the conference, the United States would be in a most embarrassing situation. Serious international complications and increased resentment against the American people would be the inevitable result. It must be apparent to every member of the Senate that the only purpose which this proposed economic conference might serve would be to complicate our international relations and strain our friendship with other governments.

By the final paragraph of this bill Congress would be "authorized and requested" to "negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions." At present our tariffs are levied against all nations, and no foreign country is favored against another. That is one reason why the United States is on friendly commercial relations with the whole world. But this bill would abolish the traditional attitude of the into our international relations.

The effect of such a measure upon domestic enterprises would be even more serious. In adopting this policy Congress would say, in effect: "We do not need some of our industries that are now protected by customs duties. Therefore let us scrap them and allow foreign nation A to supply us the commodities those industries now produce, so that we may in turn sell to A a larger quantity of some other American product." Tariff concessions can not be established without sacrificing some industry now operating under the protective system. Obviously we can not bargain with other countries, using commodities that are already on the free list. What industries shall we discriminate against? Would the Senator from Mississippi be willing to take away the duty on long-staple cotton so that radio manufacturers might sell more of their products abroad? give up the duty on olive oil, for example, so that Michigan could sell more automobiles to Italy?

Reciprocal trade agreements might work well in Great Britain, where large quantities of foodstuffs and raw materials must be imported and a foreign market must be found for finished manufactures. But in the United States our problem is quite different. With the exception of a few necessities, such as rubber, tea, and silk, the United States is virtually self-contained. Nearly all of our wants can be supplied from our own varied resources. How can we expect our people to allow part of those resources to lie dormant to give other favored industries a better chance to exploit foreign markets? The central thought behind this provision for "mutual tariff concessions" is repugnant to the political theory of equality on which our Government is based.

It is of practical interest to ask what concessions are foreigners seeking in the American market. Most of the protests that have been registered against the Smoot-Hawley Act come from the importers of farm products. Most of the protests have been against farm products, and, Mr. President, most of the increases in rates in that very tariff bill were on farm products. I was in favor of them, and I do not believe this Congress is going to change them, or would do so if it had a chance.

Industry in the United States has been protected for so long that foreigners have little hope of effectively competing in that field. But agriculture was brought definitely within the bounds of protection only in the 1930 act. The most vociferous demand of our commercial neighbors is for the revival of lower rates on agricultural imports. Is the purpose of this bill to withdraw protection from the farmer so that industrial sales abroad may flourish?

As the tariff now stands, it is calculated to equalize the costs of production in the United States and foreign countries. It does not tolerate special bonuses to some domestic industries while foreign competition is invited against others. If Congress should adopt a policy of discriminatory tariffs, the whole protective system would be jeopardized. In a nation of such varied interests as ours, concessions to any foreign producers would be repugnant to the common welfare.

In conclusion, Mr. President, the arguments against this bill are clear and unmistakable. It would vitiate the flexible provision at a time when emergency changes in the tariff are more vital to industry, labor, and agriculture than ever before in our history. It would clog the wheels of legisla-tion and encourage filibustering, because it would keep the tariff issue perpetually before Congress. For the same reason it would promote uncertainty in the business world. It would narrow the latitude of the Tariff Commission in its investigations and thus delay, if not frustrate, flexible tariff relief. It would create an expensive and worse than futile agency, known as the consumers' counsel, to harass the commission and confute the fact-finding process. It would entangle the United States in a useless international imbroglio from which only antagonism and resentment could arise. Finally, it would eviscerate the American doctrine of protection on a cost-equalizing basis, and substitute therefor a

Government and institute tariff bickering and favoritism | vicious system of concessions for foreigners and bonuses for a few favored industries.

I submit, Mr. President, that not one paragraph of this bill could be written into law without mutilating our traditional policy of tariff protection and compromising the welfare of the American people.

Mr. President, I had some other remarks to make upon this question, but I think this is ample for the day, and I yield the floor now.

## PRODUCTION AND TRANSPORTATION COSTS OF CERTAIN OILS

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, pursuant to Senate Resolution No. 323 of the Seventy-first Congress (submitted by Mr. Sheppard), a report of the costs of production and of transportation to the principal consuming markets of the United States of coconut oil and copra from the Philippine Islands and other principal producing regions, palm oil, palm-kernel oil, whale oil, rapeseed oil, perilla oil, and sesame oil, etc., which, with the accompanying document, was referred to the Committee on Finance and ordered to be printed, with illustrations.

#### PETITIONS AND MEMORIALS

Mr. BLAINE presented resolutions adopted by the Woman's Christian Temperance Union of Oconto Falls, Wis., protesting against the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. SHIPSTEAD presented a petition of sundry citizens of McIntosh, Minn., praying for the passage of legislation known as the Frazier bill, being Senate bill 1197, to liquidate and refinance agricultural indebtedness, and to encourage and promote agriculture, commerce, and industry, by establishing an efficient credit system, etc., which was referred to the Committee on Agriculture and Forestry.

Mr. KING presented a paper in the nature of a petition signed by Hon. George H. Dern, Governor of the State of Utah; Maggie S. Francis, Lucy R. Turner, and Eliza Rich, president and first and second vice presidents, respectively, of Morgan County Camp, Daughters of Utah Pioneers, praying for the passage of legislation granting pensions to such veterans of the Black Hawk Indian War as can prove service and have not heretofore received pensions, which was referred to the Committee on Pensions.

He also presented a memorial of sundry citizens of Salt Lake City. Utah, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

Mr. BARBOUR presented a resolution adopted by Lawrenceville (N. J.) Grange, No. 170, Patrons of Husbandry, favoring reduction in governmental expenditures and taxes, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Taxpayers' League of Passaic County (N. J.) (Inc.), favoring retrenchment in governmental expenditures, and opposing bond issues for proposed new projects, which were referred to the Committee on Appropriations.

He also presented the petition of Manasquan Brielle Auxiliary to the Veterans of Foreign Wars Post, No. 1838, of Point Pleasant, N. J., praying for the immediate payment in cash of adjusted-service compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Camden and vicinity, in the State of New Jersey, praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Association of Chosen Freeholders of New Jersey, at Jersey City, N. J., praying for the passage of the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, which was ordered to lie on the table.

#### THE PROHIBITION QUESTION

Mr. BLACK. Mr. President, I ask unanimous consent to have inserted in the RECORD a petition sent to Hon. W. B. OLIVER, Member of Congress from the sixth Alabama district, from 126 members of the Calvary Baptist Church of Tuscaloosa, Ala., with reference to the prohibition law. ask that the petition be printed in the RECORD and then referred to the Committee on the Judiciary.

There being no objection, the petition was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

To W. B. OLIVER,

To W. B. OLIVER,

United States Representative:
In view of the many bills that have been submitted to Congress by the opponents of prohibition, we, the undersigned, urge that you use your influence and cast your vote in support of the maintenance of the prohibition law and its enforcement and against any measure looking toward its modification, resubmission to the States, or repeal, and that this petition be printed in the Congressional Record.

Lloyd Hart, Leone Mathews, Helen Reid, Martha Sanders.

Lloyd Hart, Leone Mathews, Helen Reid, Martha Sanders, Gaynor Cunningham, Hattle Smith, Mrs. A. D. Kinnett, Rev. A. D. Kinnett, Irene Chambers, Mittle Hill, Lena Billingsley, Mrs. S. J. McCall, S. J. McCall, Myra Moore, Nida Louise Schmitz, Beatrice Schmitz, Hattle Mae Nel-Billingsley, Mrs. S. J. McCall, S. J. McCall, Myra Moore, Nida Louise Schmitz, Beatrice Schmitz, Hattie Mae Nelson, Caddie Bell, Mildred Lewis, Maedell Goodson, Alcie Bell, Mirian Bowers, Edith Harbour, Sara Mae Hammond, Hugh Gachet, Zeb Lucas, Leon Phillips, Ellis P. Rice, Jack Cunningham, Henry G. Hamel, Archibald Elkworth, Vaughn Epperson, Cecil Womach, Hazel Baxley, Jack N. Hines, Harwell H. Jones, John A. Caldwell, John M. Canthen, Horace Thompson, Charles Bowers, Homer Duton, Paul E. Haygood, Maurice Couch, Merral Griffin, Estus J. James, Mrs. M. E. Baxley, M. E. Baxley, Olive Massengale, Motie Gay Homan, Minnie Mae Walker, Ruby Bagwell, Juarine Berry, Lola Baxley, Jessie DeRamus, Frances Gandy, Lucile Eatman, Ella Mae Channell, Joe G. Burns, H. B. Larkins, Lee Glover, Cecil Carver, George R. Hughes, Larry G. Hughes, Roy D. Couch, Dorothy Shirey, Arnold Shirey, Lela A. Royal, R. B. Bishop, Margeret F. Mills, Chas. S. Fletcher, Mrs. Chas. S. Fletcher, Mrs. Chas. S. Fletcher, Mrs. H. N. Hammond, Mrs. W. W. Gandy, W. W. Gandy, Mrs. H. L. Lyon, Mrs. Lottle Barringer, Mrs. A. E. Patterson, B. V. Hughes, Miss Ethel Ryan, Mollie Edwards, Dr. S. G. Hamilton, Mrs. S. G. Hamilton, R. D. Causey, F. A. Koeppel, L. D. Hawkins, K. A. Drummond, A. E. Hughes, H. L. Black, Mrs. Perla Williams, Mrs. G. A. Tubb, Mr. J. B. Patterson, Mrs. J. B. Patterson, David M. Spinks, Mrs. David M. Spinks, V. E. Thornton, Mrs. V. E. Thornton, Roscoe Duncan, Mrs. Roscoe Duncan, C. Jackson, G. E. Tubb, J. R. Sexton, Mrs. Eunice Shaffer, W. H. Nicol, Mrs. W. H. Nicol, H. A. Edwards, Mrs. H. A. Edwards, Loutrelle McCall, Mrs. A. M. Logan, Lucy Berrey, Mrs. W. S. Berrey, Ernest Wyatt, Mrs. W. H. Hinton, Mrs. W. H. Alexander, Mrs. S. D. Allen, Mrs. L. E. Cook, C. P. Syring, Mrs. C. P. Syring, Sam V. McCall, J. Hal McCall, Mrs. M. W. Monnish. Syring, S Monnish.

The above signatures are from the young people and adult departments of the Calvary Baptist Church, Tuscaloosa, Ala.

Mrs. S. J. McCall.

## REVISION OF BANKRUPTCY LAW

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to present a letter in the nature of a petition relating to the bill to revise the bankruptcy law now pending before the Committee on the Judiciary. I ask that the letter be printed in the RECORD and referred to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, that order will be made.

The letter is as follows:

JONESBORO, ARK., March 12, 1932.

Hon. JOE T. ROBINSON,

Washington, D. C.

Dear Senator: Some of my friends who practice more in the bankruptcy court than I do are very much concerned over the new bill which it seems the President is trying to rush through as a relief measure creating a new bureau and entirely revising the bankruptcy procedure. bankruptcy procedure.

I have been requested to write you suggesting to you that this bill ought to be carefully investigated by the Judiciary Committee or some committee before final passage. Certainly it does not bear much of the earmarks of a relief measure, from what I understand about it.

The information conveyed to me is that the bill seems to have been devised to meet certain supposed defects in the administra- | report (No. 455) thereon,

tion of bankruptcy law in New York and that it would be entirely inapplicable to the eighth circuit. For instance, I am informed that one of the provisions is that within five days after adjudication inapplicable to the eighth circuit. For instance, I am informed that one of the provisions is that within five days after adjudication the bankrupt is supposed to appear before the supervisor for examination and, considering the size of the eighth circuit and the fact that most of the bankruptcy matter are no-asset cases, this would constitute something of a hardship on a small bankrupt, whereas in New York or some city it might not be so difficult. If the supervisor of the eighth circuit should be located at St. Paul or elsewhere, it would certainly constitute a big job to reach him from Jonesboro, for instance, in five days.

I am further informed that the act seems to contemplate an investigation with reference to the propriety of discharge as to each individual bankruptcy case. A very large percentage of the bankruptcy cases down here are no-asset cases; and while there may be an occasional fraud, it is doubtful whether there is any general and persistent custom to commit fraud, and any one individual can only go bankrupt every six years; hence it seems a rather elaborate plan when applied to this circuit, however applicable it may be to New York.

However, the only thing I am suggesting to you is that it would be well if the committee should investigate the matter, and I am Your friend,

Your friend.

CHAS. D. FRIERSON.

#### PROPOSED SALES TAX-FEDERAL FARM BOARD

Mr. ROBINSON of Arkansas. I also present a petition in the form of a telegram signed by a number of citizens of Hindsville, Ark., relating to the proposed manufacturers' sales tax on canned foods. I ask that that petition be referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Arkansas. Also, sundry telegrams relating to the proposed reduction of salaries of the Federal Farm Board. I ask that these telegrams be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Arkansas. I also present a telegram relating to certain features of the proposed sales tax, which I ask to have referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, it is so

## REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the District of Columbia, to which were referred the following bill and joint resolution, reported them each with amendments and submitted reports thereon:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes (Rept. No. 450):

S. J. Res. 13. Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes (Rept. No. 475).

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4040) granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally, to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa., reported it without amendment and submitted a report (No. 451) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (S. 4166) for the relief of James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, and for other purposes, reported it without amendment and submitted a report (No. 474) thereon.

Mr. HOWELL, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 902. An act for the relief of Willie B. Cleverly (Rept. No. 452);

S. 1858. An act for the relief of Harriette Olsen (Rept. No. 453); and

S. 3344. An act for the relief of Maggie Kirkland (Rept. No. 454).

Mr. HOWELL also, from the Committee on Claims, to which was referred the bill (S. 3504) for the relief of Lyman L. Miller, reported it without amendment and submitted a

Mr. CAPPER, from the Committee on Claims, to which | were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 220. An act authorizing adjustment of the claim of the Van Camp Sea Food Co. (Inc.) (Rept. No. 463);

S. 222. An act authorizing adjustment of the claim of B. F. Hart (Rept. No. 464); and

S. 2236. An act to reimburse the William L. Gilbert Clock Co. for revenue erroneously paid (Rept. No. 465).

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 2671) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon, reported it with amendments and submitted a report (No. 461) thereon.

He also, from the same committee, to which was referred the bill (S. 1196) authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes, reported it without amendment and submitted a report (No. 462) thereon.

Mr. WALSH of Montana, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with amendments and submitted

reports thereon:

S. 1044. An act authorizing the issuance to Wesley A. Howard of a patent for certain lands (Rept. No. 456); and

S. 2395. An act authorizing the conveyance of certain land to school district No. 15, Lincoln County, Mont. (Rept. No. 457)

Mr. WALSH of Montana also, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1039. An act establishing additional land offices in the States of Montana, Oregon, South Dakota, Idaho, New Mexico, Colorado, and Nevada (Rept. No. 458);

S. 2259. An act for the relief of Mathie Belsvig (Rept. No. 459); and

H. R. 4752. An act for establishment of the Waterton-Glacier International Peace Park (Rept. No. 460).

Mr. NYE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2983) for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash., reported it with an amendment and submitted a report (No. 466) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amend-

ment and submitted reports thereon:

S. 3371. An act authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements (Rept. No. 467):

S. 3592. An act confirming the claim of Francis R. Sanchez, and for other purposes (Rept. No. 468);

S. 3639. An act for the inclusion of certain lands in the Coeur d'Alene and St. Joe National Forests, State of Idaho, and for other purposes (Rept. No. 469);

S. 3784. An act to add certain lands to the Idaho National Forest, Idaho (Rept. No. 470);

H. R. 231. An act to grant certain lands to the State of Colorado for the benefit of the Colorado School of Mines (Rept. No. 471); and

H. R. 4390. An act for the relief of Melissa Isabel Fairchild (Rept. No. 472).

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (S. 3886) to authorize the purchase of tobacco from funds heretofore or hereafter appropriated for the Veterans' Administration, reported it without amendment and submitted a report (No. 473) thereon.

## ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 23d instant that committee presented to the President of the United States the following enrolled

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

## EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. SMOOT, from the Committee on Finance, reported favorably the following nominations:

Lawrence A. Merrigan, of New Orleans, La., to be collector of internal revenue for the district of Louisiana, to fill an existing vacancy; and

Surg. Charles L. Williams to be senior surgeon in the Public Health Service, to rank as such from May 23, 1932.

Mr. REED, from the Committee on Finance, reported favorably the nomination of Samuel H. Thompson, of Wilkinsburg, Pa., to be collector of customs for customs collection district No. 12, with headquarters at Pittsburgh, Pa. (Reappointment.)

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nominations of the following-named officers of the Coast and Geodetic Survey to the positions named:

Junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy):

Robert Alexander Marshall, of Massachusetts, vice H. A.

Hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy):

Hubert Alexander Paton, of Arkansas, vice G. C. Jones, promoted.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WATERMAN:

A bill (S. 4203) for the relief of William James Waters: to the Committee on Naval Affairs.

A bill (S. 4204) to designate a memorial highway to be known as the George Washington Bicentennial Highway; to the Committee on Post Offices and Post Roads.

By Mr. BLAINE:

A bill (S. 4205) for the relief of Harry A. Rutherford (with an accompanying paper); to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 4206) granting an increase of pension to Lucinda Stanton: to the Committee on Pensions.

By Mr. PATTERSON:

A bill (S. 4207) granting a pension to Minnie Dean (with accompanying papers); to the Committee on Pensions.

By Mr. VANDENBERG:

A bill (S. 4208) to authorize the President to reorganize the executive departments and administrative branches of the Government, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. WALSH of Massachusetts:

A bill (S. 4209) authorizing the establishment of a seaplane base on Castle Island, in the city of Boston, Mass.; to the Committee on Military Affairs.

By Mr. SHIPSTEAD:

A bill (S. 4210) for the relief of William E. Crawford; and A bill (S. 4211) to provide for the commemoration of the Battle of Birch Coulee, in the State of Minnesota; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 4212) for the relief of John H. Morse; to the Committee on Claims.

A bill (S. 4213) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case and upon the findings of such board determine whether or

not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

By Mr. BLAINE:

A joint resolution (S. J. Res. 128) proposing an amendment to the Constitution of the United States repealing the eighteenth amendment relating to prohibition; to the Committee on the Judiciary.

ABOLITION OF THE SHIPPING BOARD AND MERCHANT FLEET CORPORATION

Mr. KING. Mr. President, a few days ago I introduced a bill for the purpose of abolishing one of the unnecessary bureaus of the Government-the Bureau of Efficiency. I desire now to introduce a bill to abolish the Shipping Board and Merchant Fleet Corporation, and ask its reference to the appropriate committee.

By Mr. KING:

A bill (S. 4214) to abolish the United States Shipping Board and the United States Shipping Board Merchant Fleet Corporation and to provide for the disposal of their assets and winding up of their affairs; to the Committee on Commerce.

#### POISONOUS VOLATILE SUBSTANCES-AMENDMENT

Mr. BINGHAM submitted an amendment intended to be proposed by him to the bill (S. 3853) to regulate interstate and foreign commerce in poisonous volatile substances intended for household consumption, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

#### TARIFF ON OIL

Mr. HATFIELD. Mr. President, I send to the desk an anonymous letter written and circulated in West Virginia protesting against a tariff or an excise tax on imported oil, which I ask unanimous consent to have printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

MARCH 10, 1932.

You are probably aware that the House Ways and Means Committee released on Saturday, March 5, the revenue bill of 1932, commonly referred to as the "sales tax bill," to balance the Fed-Treasury Budget.

This bill is to be referred to the House of Representatives, Washington, D. C., on Thursday, March 10, for debate by the entire membership on the floor of the House.

The bill as submitted provides for a 1 cent per gallon tax on gasoline, fuel oil, gas oil, and crude oil imported into the United States.

Experts of the United States Treasury Department have stated that this import tax will bring no revenues. The inevitable result will be the stoppage of the imports of gasoline, which will result in increased prices of gasoline and oils in the eastern section of

in increased prices of gasoline and ons in the eastern section of this country.

Those in favor of this section of the bill have forced its inclusion in the Ways and Means Committee report by threat of opposition to the sales tax as a whole. As now provided, this tax on imported oils will amount to 90 per cent ad valorem on crude oil, 70 per cent ad valorem on fuel oil, and 25 per cent ad valorem on gasoline.

Paraphilican craters in 1928 promised form sudjences that no

on gasoline.

Republican orators in 1928 promised farm audiences that no tariff would be levied on gasoline or fertilizers. In view of these promises, the proposed tax, which is in reality a tariff, would be fatal to the usual support of farmers in your section.

It is important that you immediately wire your United States Senators and the Congressman from your district impressing upon them that you are opposed to this 1 cent per gallon tax on imported gasoline for the reasons outlined above. It would be well, also, to call their attention to the violation of their 1928 promises. Your United States Senators are: Hon. Henry D. Hatfield and Hon. Matthew M. Neely, Senate Office Building, Washington, D. C. Your Congressmen from the State of West Virginia are: Hon. Carl G. Bachmann, Hon. Frank L. Bowman, Hon. Robert L. Hogg,

CARL G. BACHMANN, Hon. FRANK L. BOWMAN, Hon. ROBERT L. HOGG, Hon. LYNN S. HORNOR, Hon. Hugh Ike Short, and Hon. Joe L. SMITH, House Office Building, Washington, D. C.

Mr. HATFIELD. Mr. President, the importer and those who are interested in foreign markets are always with us. They are always concerned in what Congress does when it comes to protecting home industry, which means the protection of home labor.

We had this experience in the Seventy-first Congress, when the Smoot-Hawley tariff bill was under consideration. We had it in the Customs Court, which has recently held

the flexible feature of this law unconstitutional. We have it in the ports of entry. Indeed, Mr. President, we have it reflected from our universities through the economists.

In no nation, I believe, do we find such a flagrant disregard for the protection of home industry as we experience here in America on account of the attitude of Congress in basing our cost differences upon foreign costs instead of upon the cost price of home production.

The same campaign of the importer is carried on through-

out the land, my own State being no exception.

On March 17, 1932, I called the attention of the Senate to a telegram which I asked unanimous consent to have incorporated in the RECORD, which is to be found on page 6330 of the RECORD.

To-day I have asked unanimous consent to have printed in the RECORD an anonymous communication dated March 10, 1932, and circulated in the State of West Virginia, dealing with an excise tariff on oil imports.

The duplicity, cowardice, and treachery of the propaganda against the oil excise tax are revealed again in the newest stratagems. Anonymous letters, with nothing in the letter or on the envelope to indicate the author, are being circulated, urging the recipients to write their Senators and Congressmen to oppose this tax. Since an excise tax on oil would be of positive benefit to all the people of West Virginia, with the sole exception of those who are interested in or employed by companies concerned with the importation of cheap foreign oil, one may assume that these are responsible for this sneaking form of propaganda.

Those anonymous letters are as full of falsities as the usual anonymous letter. Among other glaring misstatements, they misrepresent the excise tax as amounting to 90 per cent ad valorem on crude oil and 70 per cent ad valorem on fuel oil. The utter falsity of this is self-evident.

Similar letters are probably being circulated in other States. Like the thousands of telegrams sent to Members of Congress by the oil-importing companies last week, this is quite evidently merely one more attempt to delude us into the belief that the people are opposed to this measure, when in reality those who understand it enthusiastically support it.

I feel that the Senate, the Congress, and the citizenship throughout the country should be informed as to the actions of those who are interested in seeing to it that certain imports continue to come into this country without interference and without any protection to home industry, this inevitably destroying our home industry.

ADDRESS ON GEORGE WASHINGTON BY SENATOR WALSH OF MASSA-CHUSETTS

Mr. FESS. Mr. President, I ask unanimous consent to insert in the RECORD a very eloquent address delivered by the senior Senator from Massachusetts [Mr. Walsh] at Wakefield and Somerville, Mass., on February 22, which was the official opening of the bicentennial in Massachusetts this

There being no objection, the address was ordered to be printed in the RECORD, as follows:

## WASHINGTON'S TRIALS AND OUR ANXIETIES

Washington's trials and our anxieties

This day 200 years ago the man whom all Americans love to call "the Father of his Country" was born. We meet to-night to honor his memory and to inaugurate in Massachusetts commemorative bicentennial observances that are to continue throughout the Nation during this year of 1932.

It is fitting that on such an occasion we should lay aside our thoughts of present-day affairs, our concern about the business depression and taxes, our perplexities over unemployment, our controversies over prohibition, our anxieties about the disarmament conference at Geneva and a raging war in the Far East, and that we should turn back the pages of history and mentally contemplate the conditions in this land in the days of George Washington—the days when this Nation was being formulated.

We were all familiar in school days with the simple history of those early times, yet their circumstances and happenings are apt to be forgotten in the rush of current events. To-day we pause to recall them and weigh their significance.

The scriptures use the expression "think on these things." If we are to maintain the ideals of the founders, it is likewise necessary that we "think on these things." It is for this purpose that anniversaries are observed.

Each generation has its problems. We have ours. Washington and the fathers had theirs. Let us consider briefly some of them and make some comparisons.

and make some comparisons.

When Paul Revere rode through Lexington and Concord, there were less than a million able-bodied freemen in Colonies, less than 3,000,000 men, women, and children, white and black, on the entire continent. Most of them were deand black, on the entire continent. Most of them were dependent on the toil of their own hands for their bread and shelter. Many winters some of them went hungry. Wood was their only fuel. Medical care was scarce. Schooling was rudimentary and fragmentary. Travel was slow and fraught with hardship and danger. Of recreation, as we know it to-day, there was none. Yet they were happy and, except for their grievances against the royal governors and the exactions of the mother country, they regarded themselves as contented and prosperous. They did not complain of their lot or grumble about hardships. They were accustomed to gather in their churches and render thanks to their Creator for His many blessings and mercy. They were God-fearing

complain of their lot or grumble about hardships. They were accustomed to gather in their churches and render thanks to their Creator for His many blessings and mercy. They were God-fearing and God-trusting men and women. They found peace and contentment in steadfast reliance upon the Creator.

These men fought the Revolutionary War, when there were no Red Cross nurses, no Salvation Army, no Young Men's Christian Association or Knights of Columbus entertainment huts. They won the war, and founded our Republic, framed a Constitution that in all its essential aspects remains unchanged to this very day. Washington had to guide the army and afterwards the young Republic through intrigue and faction, for Washington labored in no harmonious environment. In addition to eternal strife and discontent among the colonists, he had unceasing struggles with foreign foes on our coast and savage foes on our frontiers.

The early Congresses had numerous debates about State rights, about governmental offices, about raising the meager revenues required by the Central Government—aye, even about the very preservation of the Union. They were not concerned with building post offices and roads and improvement of rivers and harbors, with child labor laws, workingmen's compensation acts, anti-injunction bills, 5-day week plans, and other of our present-day problems. They were not dealing with juvenile delinquency, with narcotics, with tariffs, with woman suffrage, with prohibition enforcement, nor with trusts and monopolies, nor with world courts and leagues of nations.

Times were often hard. Poverty had not been abolished then or

of nations.

Times were often hard. Poverty had not been abolished then or since. Banks, such as there were, failed then as now. Droughts came, with fire and other disasters. Yet with all the Nation grew and prospered, population multiplied, and the citizenry of the land for the most part did not grumble over their lot. They had secured for themselves the blessings of liberty; they believed fixedly that they were living under the best government in the world, in the fairest land in the world, with greater opportunities and blessings for their posterity than were to be had elsewhere in the world.

We will do well during these coming months to contemplate the days of George Washington, the stoic courage of the people, their simple joys, and then to contemplate our own circumstances to-day and our abundant blessings. To-day we are a Nation of 120,000,000 people, possessed of the most richly endowed area on the globe. We have abundant homes with material comforts not found in the palaces of kings a century ago. To-day we take for granted our plastered walls, our furnace heat, our gas and electric light, telephone and radio, our automobiles, and our moveles.

We have some discontent and disorders in our great cities, some criminal classes in our population, rum runners on our seas, unfaithfulness in places of public trust, but despite these by-products of the present era, the average citizen enjoys a security products of the present era, the average citizen enjoys a security in his life and property quite unknown to those early pioneers, who siept with muskets by their sides to protect their lives and their loved ones from the Indians and who could never make a sea voyage without risk of attack by pirates.

To-day we have an aggregate national wealth represented by stores of gold, by railroads and factories and buildings, and by deposits of copper and coal and oil beyond the imagination of

King Solomon.

We have fine highways from one end of the country to the other; we have schools—free schools for every child. We have more colleges than we can count. We have libraries and hospitals, parks and playgrounds, golf courses and beaches. Medical science has conquered much of the pestilence and disease which ravaged nations a century ago. Doctors and nurses ease our pain when we fall sick. It is well to pause and to consider these things, to appraise our manifest good fortunes, especially at a time like the present, when we are so prone to see only our misfortunes.

Many men and women willing to work are out of work. The unemployment situation is serious. Many business men are in bankruptcy. Many persons have seen their life savings disappear almost overnight in the great fall in the quoted prices of goods and securities, in the failures of companies and of banks.

We grumble over what we regard as the heavy burden of taxa-

We grumble over what we regard as the heavy burden of taxation. We worry about the gold standard. We rise in alarm over what we fancy may be the spread of communism and anarchy in our land. We protest war in the Far East. We become heated over political differences. We have admittedly a deep and grave social problem to deal with in prohibition.

I do not wish to seem to minimize these matters. But I sub-

mit that all of our present troubles are greatly minimized when set alongside of our blessings; that our present hardships are as nothing when compared with those bravely endured by our fore-

One priceless treasure, however, was possessed by George Washington and his compatriots, which we to-day seem for the most

part to have lost. That was the sustaining comfort of belief in

part to have lost. That was the sustaining comfort of belief in the wise guidance and the protecting power of an omnipotent God. While we have made tremendous gains in a material way, yet any comparison between the present and Washington's period that is not superficial will emphasize the fact that the spiritual values that were a source of strength, inspiration, comfort, and contentment to Washington and his comparitots have largely dispensed. We seem to have disregarded the spiritual forces and appeared. We seem to have disregarded the spiritual forces and influences that led the founders to seek divine guidance in all their private and public undertakings. Their trust and confidence in the justice and wisdom of God is one of the most outstanding

their private and public undertakings. Their trust and confidence in the justice and wisdom of God is one of the most outstanding and pronounced facts in their history.

Has not the absence of the staple influence of the religious teachings and discipline of the earlier days of the Republic thrown present-day society violently out of balance in those primary essentials to real and permanent contentment and progress? Observe the absence of the religious influences so pronounced in the days of Washington in three major activities of our society, namely, in the education of the youth, in our economic life, and in the probity essential to the wise administration of government, municipal, State, and Federal.

Compare the home and religious training of the youths of Washington's day and to-day. Now millions grow up in crowded centers apart from religious contacts. An appalling number of our future citizens are receiving an education and training for life unnurtured by spiritual influences and indifferent to the restraints of divine law.

The absence of this influence has become marked in every avenue of life. It is noticeably absent in modern commerce and economics. We have substituted for individual responsibility and ethics, in the commercial and industrial field, an economic creature known as a corporation. A corporation is a "persona artificialis" created by the state to facilitate and speed up the large and extensive projects of commerce. By its very nature and creation the corporation removes responsibility from the artificialis" created by the state to facilitate and speed up the large and extensive projects of commerce. By its very nature and creation the corporation removes responsibility from the individual and places it upon a third artificial entity which is not endowed with morality or spiritual guidance. Its limitations are set only by civil law and human statute. Its abuse has brought to society many of its present ills and troubles because it has eliminated that concept of justice and charity which is the basis of all religious teachings.

We can not deny that material and mechanical benefits have accrued to society by the gigantic efforts of corporations in developing our natural resources and increasing tremendously the volume of wealth and mechanical ease and comforts of family

veloping our natural resources and increasing tremendously the volume of wealth and mechanical ease and comforts of family life; nevertheless the loose system of creating unlimited securities in the form of stocks and bonds and the distribution of such paper on an innocent, frequently unprotected citizenship, is indefensible and is the result of the substitution of greed, gain, and materialism for the divine precept, "Thou shalt not steal."

steal."

The soulless character of these state-created substitutes for individual effort and responsibility has led to a growing protest among the masses of working people against economic conditions that deprive them of a sufficient income from their labors "to support themselves, their wives, and children in reasonable and frugual comfort," and to lay aside sufficient reserve to protect them from the horrors of poverty in the declining years.

As a result of the absence of supernatural influences in modern economics, society has been rocked again and again by explosive combats that have at times threatened not only to lessen faith in government but also to create intensive class rivalries, disproportionate distribution of wealth, poverty and economic distress in reoccurring cycles—indeed, apprehensive as to the possible survival of democracy and capitalism. The economic order of our whas tended to make society into a mechanical thing instead of an ethical and morally responsible thing. This is, indeed, a stupendous departure from the ideals of the men of Washington's era.

The lesson that must impress itself upon us, as we reflect upon the past and the present, is that there will be no lasting solution or permanent reconstruction of our economic life unless it is in-

or permanent reconstruction of our economic life unless it is inspired by the divinely taught principles of justice, equality, and charity that guided Washington and the other patriots of his epoch. The economic crisis of the present hour is unmistakable evidence that if we rebuild on the sands of greed and selfishness we shall rebuild in vain.

May we not in this year of nation-wide celebration in honor of the great Washington come to realize the necessity of restoring to America the powerful influence for peace, progress, and security that the spiritual forces alone can provide. In no better way can we honor the memory of Washington. In no more lasting manner can we assure the preservation of the inheritances of liberty and the blessings of free government that have come down to us from

There are many characteristics of Washington we would do well to imitate. His fortitude, his courage, his heroism; his willingness to sacrifice self and to forego pecuniary rewards; his breadth of vision that lifted him above all pettiness and partisanship into the clear realm of a true patriotism; yet most important of all, if the Republic is to be preserved, we must do what he did—commit our citizenship and public service to Divine Providence.

Seldom did George Washington pen a document or render a public speech until he had committed himself and his cause to Divine Providence. Upon that eternal, impregnable support he based his life, his career, his cause. In a word, his life was compassed with the divine. Through the record of his years of There are many characteristics of Washington we would do well

which emerged in that mighty hood of deeds of devotion and sacrifice. His life was a constant witness to God, and his character was molded to the principles of his religious training. Because of this he did not hesitate to emphasize in his immortal Farewell Address the importance of religion as a support to government and an essential to good citizenship.

To the end of our national existence and to the end of international civilization Washington's fame will endure and his name will be held in veneration. This Nation owes him a debt of gratitude which it never can fully discharge. The youth of to-day and the men of to-morrow may inbreathe inspiration from his living memory. Rulers and public servants of this and every land may well emulate his public virtues and lofty concept of the public trust. All who believe that true democracy can run its course only by following divine guidance may rejoice with grateful hearts for the life of George Washington.

RADIO ADDRESS BY SENATOR BROOKHART ON THE PROGRESSIVE PROGRAM IN CONGRESS

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the senior Senator from Iowa [Mr. BROOKHART] in Chicago on The Progressive Program in Congress on March 19, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The death of Theodore Roosevelt changed the whole course of American history. After that untimely event, the Government in all its branches literally fell into the arms of "big business." This surrender began during the last days of President Wilson's administration and during his illness. If Roosevelt had lived he certainly would have been President again. Then the sordid story of Harding, Fall, Daugherty, of Mellon, and Eugene Meyer would never have been written. The elder La Follette stood stoutly against this financial rule, and his giant efforts live to-day in the revival of the progressive cause.

stoutly against this financial rule, and his giant efforts live to-day in the revival of the progressive cause.

This may be properly designated as the era of "business in government." It was "business" that put the jokers in the Federal reserve act and drove the surplus credit of the country to New York for promotion and speculation. It was "big business" that lowered the interest rate to itself for speculation and long-time bond issues and raised it on agriculture and every other little business. It was "big business" that seized control of the War Finance Corporation and the Federal land bank, the intermediate credit bank, and, finally, the Federal Farm Board itself for the destruction of the family farm home and the promotion of the corporation farm.

for the destruction of the family farm nome and the promotion of the corporation farm.

It was "big financial business" that promoted and sponsored the transportation act, pumped \$7,000,000,000 of water into the valuation of the railroads, raised agricultural rates 60 per cent together with what had gone before, and dipped a cash subsidy of \$529,000,000 from the Treasury of the United States.

It was "business in government" that built ships with public funds and at enormous cost and then sold them to itself for a cond.

It was "business in government" that built ships with public funds and at enormous cost and then sold them to itself for a song.

It was "big business" that planned in secret to force a general defiation in May, 1920, postponed it, and further inflated so it could secure ample credit for its own protection, let it fall in October, and, according to the Manufacturers' Record, defiated agriculture in the whole sum of \$32,000,000,000 and little business by eighteen billions more, while it itself rode through triumphant upon the credit savings of the people. It was "big business" that organized the chain-store system. It was "big business" that demanded a branch banking system; that sent its bank examiners out to decry loans to farmers; closed 6,000 banks because they had frozen agriculture paper, although for 55 years that paper was the best the bank could get; advised investment in long-time bonds, and until recently closed banks because the bonds had depreciated. It was "big business" that passed our tariff laws and sacrificed our foreign markets on the altar of greed. It was "big business" that organized the Power Trust, seized the great power resources of our country, and more than doubled the price of electricity to our people. It was "big business" that took its surpluses, accumulated under tariff protection, went abroad, and built factories to break down American laborers and farmers with the cheaper labor of foreign lands.

It was "big business," gone mad with power and the lust for profits, that inflated all stocks and bonds and kited their values 400 or 500 per cent into the sky. Then, in spite of all the wisdom of high finance, the bubble burst Still, "big business" laughed for a time, declared more dividends than ever, marshaled its economic armles, and finally stopped the panic at a value level still 200 per cent up in the air.

Agriculture lay prostrate where it had been since 1920. More than a million and a half farmers had lost their homes or their life savings. Six million workers were discharged

They first planned a consolidation of the big eastern railroads as a basis of a big stock boom. This met Senator Couzens and blew up. Stocks went still lower. Then came the moratorium of

worship and service as a communicant and vestryman of the little | foreign debts. For a few days the boom prevailed, but too many Virginia church may be traced that inner stream of the spirit | knew these stocks and bonds were still inflated enormously and which emerged in that mighty flood of deeds of devotion and | began unloading, and again the boom collapsed. The next is the knew these stocks and bonds were still inflated enormously and began unloading, and again the boom collapsed. The next is the 15 per cent freight-rate advances, but that has gone stalemate, and the Reconstruction Finance Corporation likewise. Now the big financial crowd stands appalled at the wreck and ruin it has wrought and trembles for its own financial safety. They must have a scapegoat, so they point back 13 years to the war and then sigh it was all inevitable because of the war. They think the people will forget that we were a debtor nation when the war began and soon paid over \$5,000,000,000 with war profits. They also want us to forget that directly and indirectly from war profits we have loaned other people about twenty-four billions more, and there was no default on these until we had been a year and a half in this depression. No; the war did not cause it. It is the culmination of "business in government." It is the most colossal failure in human history.

"Big business" has garnered extortionate profits, but it has ruined the general prosperity of the country. The duty of civilization is to provide employment for everyone, so he can earn food, clothing, shelter, and education for his family. "Big business in government" has failed in these great purposes. In spite of its manipulation of both great political parties and of the sinister philosophy of party regularity, it has failed. Since business has failed to perform these fundamental obligations to the people, it is necessary that the Government step in and perform these duties. There is no other choice, and this is the great issue before the next session of Congress.

The question then arises, Has the Government a better chance

the next session of Congress.

The question then arises, Has the Government a better chance of success than the eternal gamble of "big business"? History so declares. All admit that the best thing in our civilization is the public-school system operated by the government of the States and by the Government of the United States in the District of

Columbia, the Canal Zone, and the Territories.

The next item in importance is our public-road system, operated by the States and the Federal Government jointly. There is one little blot, and that is private business in toll bridges, which

must certainly be removed.

must certainly be removed.

Next in importance is the post-office system, more efficient than any private business of its magnitude in the world. Yes; it operates at a deficit, because it furnishes a magnificent service at the lowest rates in history. The deficit is paid mainly by a tax upon the big profiteers, who have ruined the country, and is therefore an added advantage to all the people.

Next comes the great Panama Canal. There is no more successful and efficient enterprise in this world to-day. The Government has its power plants furnishing current at about one-third the cost of private business. There are great machine shops and dry docks for service to the ships of the whole world. Government farms, hotels and restaurants, cold-storage plants, and great stores or commissaries with a vast business, low prices, and large profit. Even the penitentiary is self-sustaining, perhaps the only one in the world.

With a record like this in what the Government has already

with a record like this in what the Government has already done, the question will be presented as to what the Government can do in Congress for the revival of prosperity to the whole people. In September I said unless Congress is called in extra session at an early date there will be little chance for any substantial accomplishment. The national conventions will be coming on, and every proposition will take a political color and be considered more for its political effect than for its genuine merits. Of course, I do not believe that these great questions can all be solved in any one session of Congress. "Big business" itself is demanding, a revolutionary reorganization, but something substantial could have been accomplished if Congress had been convened in October.

Two problems that demand immediate attention and lay the foundation for restoring prosperity are:

Two problems that demand immediate attention and lay the foundation for restoring prosperity are:

First. The agricultural problem; and
Second. The problem of unemployment.

There are two immediate phases of the agricultural problem:
First. The handling of the exportable surplus; and
Second. The marketing of the home demand.

At present agriculture is forced to sell its surplus in the domestic market. That floods the market, breaks down its tariff protection, the surplus goes over into the free-trade markets of the world, is sold in competition with all the world, the price fixed by that sale, cabled back to the exchanges in the United States, and then the whole price in the home market fixed by the sale of this surplus in these free-trade markets of the world.

Agriculture is the only American business in this situation.

of this surplus in these free-trade markets of the world.

Agriculture is the only American business in this situation. Every other business that has an exportable surplus is financed and removed, separates and segregates its surplus from the domestic market. It is then sent abroad and sold to the best advantage in the best market that can be found. The same system must be provided for agriculture. This can be done by increasing the revolving fund to the Farm Board \$1,000,000,000 or more, and then giving it authority to pay losses, if any are finally sustained in d'sposing of the surplus in foreign markets, either by a debenture from the United States Treasury or an equalization fee tax upon the farmers themselves. This is exactly what "big business" is doing with its surpluses now. It is even using the deposits of the farmers themselves in the banking systems of the country for this purpose, while the funds allowed to the Farm Board are wholly inadequate to accomplish the same purpose for the farmers themselves. There must be no trifling with this surplus. It must all be removed from the domestic market, and if this is done at a price up to the top of the tariff rates above the world market the price of the farmers' whole product will rise world market the price of the farmers' whole product will rise

to the same level and to a cost of production level with an em-

to the same level and to a cost of production level with an embargo to protect.

On an average there is only about 10 per cent of farm products that are exportable. It is about 50 per cent of cotton, 20 per cent of wheat, but less than 1 per cent of corn, and also cats, and on an average less than 10 per cent in a series of years. This is a small portion of the production to control the price fixing, but nevertheless that is what it is doing at the present time and has been doing these many years. With such a small proportion for export, farmers can well afford to pay the loss upon the surplus if they can get a cost-of-production price and cooperative profit upon the 90 per cent which is used at home. This is not like rubber and coffee, which were wholly export propositions and must find foreign markets. Only 10 per cent of ours is foreign, and the balance we can control at home as we did during and after the war.

eign, and the balance we can control at home as we did during and after the war.

If this were done for agriculture, it would, in turn, start many wheels of industry, and thus meet part of the question of unemployment. Agriculture was stricken down in 1920. It has stayed down ever since. It represents more than one-third of the buying power of the American people. It can not be stricken down and its credit destroyed, as has been done for the last 11 years, without bringing unemployment and general depression. Therefore agriculture is basic in this situation and should receive the first attention from the Government of the United States. I do not think this would correct all of the unemployment, and I not think this would correct all of the unemployment, and I think it would require at least \$3,000,000,000 more to start public works and provide jobs for the rest of the seven or eight million who are now unable to get them.

Nobody believes in the dole. In the language of another:

"It is twice cursed—it hardens him that gives, and softens him that takes. It does more harm to the poor than exploitation, because it makes them willing to be exploited. It breeds slavishness, which is moral suicide."

What men want is not charity but a fair chance to earn their own living. However, we have found many men, women, and children hungry this winter. They must be fed. The Treasury of the United States must not be exempt. It is constantly replenished by taxes upon the extortionate profits of the great capitalists, who discharge their men to protect these same profits. Our civilization and our Government owe these men these jobs. They have failed in their duty; therefore the starving must be fed for emergency relief, regardless of offensive names or processes.

There is a special situation as to the unemployed of the World War, of whom there are more than 750,000. We have by law admitted a debt to them in the form of adjusted compensation and postponed the payment of it to 1945. This debt should be paid now, and they should not be sent out with their tin cups begging of the Red Cross or any other charitable institution.

If these temporary things had been done in an early session, we might have some time to consider a permanent reorganization and remedy. Since 1922 and up to the depression, our national income was about \$90,000,000,000 a year. This means \$750 for each man, woman, and child in the United States, and about \$3,750 for each family of five. This was enough income so that What men want is not charity but a fair chance to earn their

and remedy. Since 1922 and up to the depression, our national income was about \$90,000,000,000 a year. This means \$750 for each man, woman, and child in the United States, and about \$3,750 for each family of five. This was enough income so that we need have no depression in the price of farm values, no seven or eight million workers unemployed if this income had been properly distributed. We have produced enough in the United States. We have a surplus of everything, while men are starving and homeless. Our whole trouble is in distribution. We spent about seventy-four or seventy-five billions of this for living expenses, operating expenses of industries, taxes, and waste of competition. This still leaves fifteen or sixteen billion dollars each year as a net national income, and that represents the wealth increase of our country. If all of this wealth increase had been distributed to capital in such distribution, the return of capital would have been less than 4 per cent, and that is all there is in this American pool of production as it is now operated. This 4 per cent is all that we have to distribute over and above our living, such as it is. But we do not distribute it upon any such theory. We organize these economic armies, these great corporations, these great combinations, and they go out fighting for 10 per cent, 40 per cent, 100 per cent, inflate their stock and bond values, and distribute the wealth of the country in gamblers' markets. This constant system of economic warfare has plunged our country into eight major depressions in the last 50 years, with seven little ones thrown in for good measure. We have spent half our time for 50 years in getting in or getting out of depression. Heretofore, agriculture came out first, because land values were advancing. This time agriculture went down in 1920 and has stayed down because land values are still declining. Other business revived in 1922 and then went into the great inflation boom of 1929, but agriculture stayed down through it all. It has had no power to

In order to effect this distribution, Federal taxation of excess profits is necessary. A part of the funds could be raised by the issuance of legal tender Treasury notes without interest, but there is a limit to this sort of financing. Since 1920 there has been a very material reduction per capita of our circulating money. This

is one of the strong contributing causes of the depression and in a large part accounts for the low price level of all commodities. It is the most oppressive element upon the people who owe debts in the whole situation. Perhaps two or three billion dollars of legal-tender money without taxes upon anybody could be issued for farm relief, soldiers' bonus, and public enterprises before anything like justice would be restored between debtor and creditor. This would also help restore land values and other commodity values, which everybody now concedes to be desirable. The balance of the funds necessary should be raised by graduating corporation taxes, raising the higher brackets of incomes, and heavily increasing the estate and gift taxes and abolishing the 80 per cent refund to the States.

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A sales tax has also been suggested. For the most part this is a tax directly upon the people, who are not able to pay it. The only sales tax ever suggested that meets the approval of progressive thought was suggested by Senator Glass. He proposed a 5 per cent tax on all resales on stock exchanges within 60 days from date of purchase. This tax would produce a large revenue from a source that ought to pay it and at the same time be a better regulation of stock gambling than other plans suggested. All of these taxes which I have herein approved would make for the redistribution of wealth to the people who by their labor have actually produced it.

actually produced it.

actually produced it.

We were told that congressional agitation was prolonging this depression, that prosperity was just around the corner, and with the adjournment of Congress we would catch up with it at once. Congress adjourned, and the depression has grown deeper every day, until now the whole country is crying to Congress. Is Congress answering the call? No; under a bipartisan dictatorship of the eastern financial machine the West and the South are forgotten. Even many of their own Representatives worship at the shrine of this economic god. They pass a \$2,000,000,000 reconstruction bill, mainly for the relief of speculators in stocks and bonds, and grudgingly allow only two hundred million for closed banks in the West and South, which need three times as much. banks in the West and South, which need three times as much. They defeated the only substantial relief for the unemployed. Now, turning to the Treasury deficit, they propose to balance the Budget by a sales tax upon the poor, while the big incomes escape taxation by subtracting their stock-gambling losses. It is with especial delight that I note the defeat of this scheme so far under the fearless, progressive leadership of LaGuardia, of New York, and Swing, of California. The most sinister development in this bipartisan leadership is the evident design to defeat all substantial relief for agriculture or unemployment. This bipartisan combine. partisan readership is the content of the content o committing them, killing time, and running the session into the conventions, when it can adjourn without accomplishment. If the farmers, the laborers, the soldiers, and the independent business men of the West and the South, yes, and of the East, too, are listening in upon this address, let this be a call to action. Demand of your Congressman and your Senator that they give you a legislative set-up that will pay a cost-of-production price to the farmers, public works that will give unemployed labor a job, a deflated dollar that is honest between debtor and creditor, a reduction of Government expenses by reducing war profits in job, a deflated dollar that is honest between debtor and creditor, a reduction of Government expenses by reducing war profits in peace time, pay the soldiers their adjusted compensation, and levy the taxes upon the big incomes, big estates, and speculative business to pay the bill. This will redistribute some of the amassed wealth of the country and build a solid foundation for prosperity, and not a stock-watering inflation for speculation. It should now be apparent to all that prosperity can not return until the buying power of the farmers, the laborers, and the soldiers is restored. That can all be done at the present session of Congress, but it will not be done unless these great masses arise and demand it in terms that can not be denied.

### ATLAS OF WASHINGTON'S TRAVELS

Mr. FESS. Mr. President, among other things that the Bicentennial Commission has authorized to be printed is an atlas that depicts the travels of General Washington, and also shows many of his most important surveys.

This work was referred to a subcommittee of the Bicentennial Commission, of which the distinguished Member from Maryland [Mr. Typings] was the chairman. The atlas has come from the printer. I know that every Senator will be very much interested in its examination. It contains 25 different plates that are reprints of maps that were made by General Washington in his graphic drawing. It also contains quite a number of battle maps. It also contains his drawings illustrative of his surveyings of the lands that he himself surveyed, the ones that he owned. It is a very unusual work.

I am making this announcement for the benefit of the Senators. I think a copy will be sent to each Member of the Senate and each Member of the House.

#### AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes. Mr. HULL. Mr. President, a stranger dropping into these galleries to-day and listening to the impassioned address

of the distinguished Senator from Utah [Mr. Smoot] would have wondered whether our present-day tariffs are primarily intended to protect the helplessness of infancy or the decrepitude of old age. One would ordinarily imagine that some reference would be made to the infancy of industries in connection with tariff discussions.

I recall that Alexander Hamilton prescribed a tariff level of 8½ per cent in this country, and stated that when an industry had had full and ample time and opportunity in which to grow and develop, and failed to do so, it should be abandoned as not economically justified.

After the War of 1812 I think the tariff level was jumped up to about 20 per cent. The act of 1828 raised it 30 to 45 per cent, on the average. The Walker tariff was about 30 per cent, on the average. The tariff of 1857 was 24 per cent. The Civil War tariff was 48 per cent, on the average. The McKinley tariff was 50 per cent. The Dingley tariff was 52 per cent. Finally, so many articles, not all competitive, were placed on the dutiable list with small rates as to lower somewhat the average ad valorem during subsequent years. Under the Smoot Act the average rate on dutiable imports for the last calendar year was 50.9 per cent. Probably 80 per cent of the dutiable imports to this country bear an average ad valorem rate under this act of 60 to 65 per cent.

From listening to the Senators who have spoken with great concern about a few pairs of shoes or some other commodity or article getting into this country from abroad, one would easily conclude that the supreme problem in this country to-day pertains to stopping whatever cracks and crevices may be found in our present Smoot-Hawley tariff law, in order to prevent any sporadic item or any novelty or specialty or other product in some way indirectly or remotely or speculatively competitive from getting into this country, and, perhaps, bringing about the insolvency of some "struggling industry" 125 years old.

Mr. President, there are other conditions and problems in this country, in my opinion, of far greater magnitude and urgency than these little minor and insignificant phases of our present tariff situation which are being given such serious and particular emphasis by Senators on the other side. I realize, however, that we are approaching a quadrennial election in this Nation, and that bids will be thrown out here and there for campaign contributions. Some of our industries will be persuaded that they are in danger—not in imminent danger, but in possible future danger—of some kind of competition from somewhere, and, therefore, that they ought to get in here and secure tariff recognition on the eve of this election, which, like all others, of course, must be financed.

Mr. President, it seems to me that this great body would do well to devote more of its time and thought and attention to the real conditions and problems that confront this country, rather than to duck and dodge and run away from them, and devote hours and days here, as I said, to hair-splitting distinctions about rates of tariff that might perchance permit some nondescript items of imports to filter into this country, and devise ways and means, if possible, to bar them out.

The present panic, unprecedented in its depth and intensity, owes its origin to deep-seated and fundamental causes. The Federal administration, its supporters and advisers, however, have not thus far proposed any program of basic remedies for these basic causes. They frankly avow their purpose, on the contrary, to confine any panic cures to purely local, superficial, or temporary treatment in the way of palliatives or soporifics or first aid. For these, let them have even more than their share of credit.

This is what I would direct attention to, while it gets away from the minor and insignificant items of tariff importations. These awful conditions of business depression, however, have been permitted to run virtually two years without any adequate plan even to administer this first-aid treatment.

The distinguished Senator from Indiana, I think, agreed a while ago that he had not gaged or measured the scope

and extent and depth of the panic until it had been raging in this country, and spread throughout the world, for some eight months. That was significant that Senators with great ability and wide intelligence were not able to identify the nature of this deep-seated panic until it had scattered wreck and ruin among hundreds of millions of people here and elsewhere for eight months. I submit, Mr. President, that it is high time that we were brushing aside some of these minor tariff inconsequentials and giving our real thought and effort to a more thorough analysis of present financial and industrial and general economic conditions and remedies for them.

I am wondering how long the American people will be content to undergo the incalculable losses and injuries of the existing panic situation and permit, without any complaint, the Federal administration, while dodging responsibility for a permanent cure, to trifle and dally with purely minor and temporary phases of it.

It is really amazing that the blind and shortsighted course of the Government in thus dealing with mere symptoms, pursued so smugly and complacently, has not before now met with sweeping and indignant challenge by the best thought of all political parties, of the press, and of every other informed and unselfish group of persons, with vision, courage, and constructive capacity. I warn governmental and political leaders that there is a limit to human patience, distress, and panic privations, and that unless these leaders bestir themselves and cease to trifle with the real and fundamental phases of the depression situation the millions of unemployed, the tens of millions of agricultural population, and most of the American public, all the victims of unsound economic policies and incompetent business leadership, will peacefully assemble in their respective localities and demand that so-called leaders assign some reason for their complete failure and unwillingness or incapacity thus far to offer the semblance of a program that would cure, not the mere symptoms alone but the fundamental causes of the depression and so avoid periodical recurrence of a similar panic.

The Hoover administration is clinging blindly to a list of temporary emergency relief measures and also to the most extreme phases of economic nationalism or isolation, as its sole economic policy at the present critical stage. It seems utterly blind to the patent truth that the former, at most, can only bring about very partial, unbalanced, and temporary prosperity in this country alone, leaving the balance of the world in its present prostrate condition, while the administration's wild pursuit of the mad policy of economic nationalism will, instead of really curing, seriously aggravate both domestic and world business conditions. Of what avail would be the limited, lopsided, and temporary period of prosperity in this country alone if the basic domestic and world causes of the panic are to remain undisturbed and intact with the inevitable and certain result that we might, at any time in the future, be visited by another equally destructive depression?

It is my unalterable opinion that the practice of the half-insane policy of economic isolation during the past 10 years by America and the world under American leadership is the largest single underlying cause of the present American and world panic, and that a gradual or material reversal and modification of this policy, so suicidal especially to a great creditor and surplus-producing country, is an indispensable prerequisite if this and the other nations are to be restored to full, sound, and well-balanced prosperity which will not be limited nor lopsided nor, what is most important, subject periodically to recurring panics.

This absurd attempt of every nation to live unto itself and aloof from others has resulted in a breakdown of international confidence, credit, finance, exchange, and trade, and is gradually pushing the world into bankruptcy. Exports of goods the world over have diminished by nearly one-half, unemployment is running into the tens of millions, business is prostrate, and agriculture is utterly impoverished. To what extent are we going to give attention to these real problems? To what extent are we going to

abandon them and run away from them and join the dis- | tinguished Senator from Utah and a few others here in discussing these flyspecks, which we can only discover with a microscope on the insurmountable walls of the Smoot-Hawley tariff law? To what extent must these unthinkable conditions of distress and loss become still more aggravated before the intelligent thought of the Nation will assert itself and demand the application of modernized economic policies to our whole transformed industrial and commercial conditions, in lieu of the utterly obsolete policy of superprotection and its accompanying trade barriers which have become an economic blight and scourge here and everywhere? Can not every person plainly see the 10-year results of existing economic policies-that the American people, with the exception of a small group, that always uses the Government to get rich, notwithstanding these years of unbounded opportunity for human progress, are worse off in every important respect than in 1920?

Yet no remedy is offered except to put the whole machinery of this great Government to work for an indefinite time to see whether Bill Jones is not suffering on account of the importation of a pair of shoes from some other part of the world or find a way to block that pair of shoes from coming in in the future.

The mad pursuit of economic nationalism or aloofness or seclusion—every nation striving to live unto itself—has proved utterly empty and disastrous. This attractive theory contemplates that each country shall surround itself by high and ever higher tariff walls, with an accompanying network of restrictions, reprisals, embargoes, and retaliations, and with the very minimum of economic contacts with others. Every nation is expected to produce all articles or commodities it needs, that may be humanly possible, regardless of costs. Each nation would sell, but none would buy, and each would feverishly get ready for the next war by thus making itself completely self-contained. High wages and high living standards to labor in each of the 95 countries of the world, under this theory, have become a mere matter of legislative enactment.

Under the benign effects of this plan of high protection and other trade barriers it would be a close question as to whether agriculture or industry would grow rich more rapidly. Each nation would either pay its debts in gold instead of goods or secure their cancellation. Each country also would practically consume what is produced. Since most countries, with their productive capacities thus highly stimulated artificially, proceeded, during past years, to produce in numerous lines more than each could consume at home, each has undertaken to utilize bounties, rebates, drawbacks, subventions, and most every other kind of device to force exports of surpluses on other countries. Each country thus glutted with surpluses is also practicing the most obnoxious phases of paternalism by government devices for purposes of valorization, pooling, pegging prices, restricting output, and similar methods, all of which thus far have broken down and reacted disastrously upon the producer.

The following article, written 50 years ago by a great economist and teacher, Prof. William G. Sumner, aptly describes the present-day spirit of paternalism, plunder, and loot:

The Government is to give every man a pension and every man an office and every man a tax to raise the price of his product, and to clean out every man's creek for him, and to buy all his unsalable property, and to provide him with plenty of currency to pay his debts, and to educate his children, and to give him the use of a library and a park and a museum and a gallery of pictures. On every side the doors of waste and extravagance stand open, and spend, squander, plunder, and grab are the watchwords \* \* . Who pays for it all? The system of plundering each other soon destroys all that it deals with. It produces nothing. Wealth comes only from production, and all that the wrangling grabbers, loafers, and jobbers get to deal with comes from somebody's toil and sacrifice. Who, then, is he who provides it all? Go and find him, and you will have once more before you the forgotten man. You will find him hard at work, because he has a great many to support. Nature has done a great deal for him in giving him a fertile soil and an excellent climate, and he wonders why it is that, after all, his scale of comfort is so moderate. He has to get out of the soil enough to pay all his taxes, and that means the cost of all the jobs and the fund for all the plunder. The forgotten man is delving away in patient industry, supporting his fam-

ily, paying his taxes, casting his vote, supporting the church and the school, reading his newspaper, and cheering for the politician of his admiration, but he is the only one for whom there is no provision in the great scramble and the big divide.

Can all the people of all the nations of the earth be fooled all the time? How much longer will the Hoover administration be permitted by the American people to rely alone upon its present list of emergency panic measures, and how soon will a peremptory demand be made upon all political parties to offer a definite program dealing with the fundamentals of the panic situation? The Federal administration contends with pretended seriousness, as stated, that our country is sufficiently equipped to be able by itself to bring about a satisfactory state of prosperity; that by boot-strap methods it can lift itself up to a satisfactory business level.

The minds of the President and his advisers seem to have undergone an evolution as to the causes of the panic. For several months following the stock-market collapse the President was sanguine that it was no more than a stock-market flurry, due to excessive and uncontrolled speculation in securities. He was sure that underlying conditions were sound. The idea of world causes at this stage did not occur to him. The panic was only a temporary and isolated affair.

A new and different impression, however, seemed to become conclusive and clear in the mind of the President during the late summer of 1930. Prior to this stage, and on January 21, for example, the President announced that employment had turned upward. On January 28 he expressed his pleasure at the upturn. On March 7 he declared that 36 States were now normal. On May 1 he said that the worst of the depression was over.

In his address to the American Bankers Association, October 2, 1930, the President declared that—

This depression is world-wide. Its causes and effects lie only partly in the United States.

The President also found that-

A perhaps even larger immediate cause of our depression has been the collapse of prices following overproduction of important raw materials, mostly in foreign countries.

He named rubber, copper, wheat, sugar, cotton, zinc, and silver, among others. In his message of December 2, 1930, the President reiterating, said that—

In the larger view the major forces of the depression now lie outside the United States.

The idea seemed to be that the collapse of world commodity prices had reduced the buying power of many countries, resulting in the slowing down of demand for manufactured goods from ourselves and Europe, with inevitable unemployment. The President was rather pointed in this reference when he spoke to the American Bankers Association in October, 1930.

It is interesting to observe that while changing his view to the effect that "the major forces of the depression now lie outside of the United States," the President at the same time took pains to indicate that this very international situation to which he referred did not require international treatment from the standpoint of American recovery from the panic. He said at Cleveland that—

Because the depression is world-wide and because its causes were world-wide, does not require that we should wait upon the recovery of the rest of the world. We can make a very large degree of recovery independently of what may happen elsewhere.

The theory of the President was that "we are so remarkably self-contained" as to be able thus to recover. The President seemed to think at this stage that—

Our recuperation has been retarded by the unwarranted degree of fear and apprehension created by these outside forces.

He referred to overproduction of basic commodities, followed by price falls, declining buying power abroad, and declining demand, and to the general collapse of the world economic situation.

The President and his advisers are wholly unable to see any necessity for the constructive treatment of the fundamental causes of the panic—both domestic and world either from a standpoint of soundly curing the panic, or of preventing its recurrence by removing its basic causes. And | course, concerted governmental action becomes all imporyet President Hoover, in 1928, said:

To insure continuous employment and maintain our wages, we wast find a profitable market for our surpluses. \* \* The must find a profitable market for our surpluses. \* \* The great war brought into bold relief the utter dependence of nations upon foreign trade.

And yet, Mr. President, from the remarks of distinguished Senators on the other side of the aisle we would have thought the supreme paramount problem is about a few thousand dollars of scattered, sporadic imports, instead of this nation-wide and world-wide condition that has swept hundreds and millions of people into the vortex of bankruptcy and insolvency.

The President in his Brazil speech, following his election, said:

International trade is the lifeblood of civilization.

And I concur in what he said. The history of the human race shows that the really great countries and cities which have been built up have been trading countries and trading cities. They levied tribute upon the culture and the learning, and the best habits and customs and manners of all the peoples of every part of the world. Under this modernized postwar theory of economic isolation some would have this great and powerful Nation, with unprecedented equipment and resources of every kind, abrogate its opportunity to go out and develop its finances and commerce in all parts of the world, to abrogate in favor of some second or third or fourth rate nation simply because some 125year-old American industry, probably with an obsolete plant and with some trifling son-in-law as general manager, comes goose-stepping into the Capitol every so often and reports that \$15.25 worth of foreign products have filtered in, or are about to filter in, on him.

William McKinley, in his Buffalo speech, said:

The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. \* \* \* Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

The Federal administration lightly ignores a long list of vital facts fixing the place of the United States in the world economic situation. In the first place, we are, as stated, the greatest creditor and surplus-producing nation on the planet. We have \$28,000,000,000 loaned abroad, but the administration supporters would say that this does not suggest any international coordination, collaboration, or cooperation. We have a vast amount of idle gold, but the administration seems to imagine that one or two countries may gobble up most of the gold of the world, store it in a cellar, and be under no obligations to cooperate in the world administration of the gold standard or in stabilizing monetary conditions. The world market fixes the price of our entire domestic output of cotton, hog products, wheat, and many other commodities on an exporting basis, and these commodities are sufficiently numerous in turn to fix measurably the entire wholesale commodity price level here at home; and yet the blind isolationist is unable to detect any interdependence of this and other nations economically.

The patent fact that from the standpoint of our own enlightened self-interest there must be some conference and cooperation to restore the international exchange, credit, and trade situation which, under the effects of every sort of artificial and arbitrary barrier, is in a state of virtual collapse, is complacently ignored by the Hoover administration. The fact that international trade was never so completely choked and strangled by insurmountable tariff walls and almost every other similar imaginable restriction does not remotely suggest to the Hoover mind that the further obstruction and destruction of trade by these arbitrary methods shall stop and that some international conference and understanding is necessary for the practical accomplishment of this end. The fact is ignored that all governments, including our own, have plunged headlong into excessive expenditures, taxation, and debt, and that the most ruthless economy and retrenchment everywhere is an indis-

Naturally, every American citizen and official, regardless of differing political and economic views, are equally anxious to see even temporary, uncertain, and limited conditions of prosperity and to cooperate to the utmost for the accomplishment of this initial step or slight beginning.

It is an outrage upon the great, credulous, and suffering people, however, for the spokesmen of that relatively small but powerful group comprising the chief beneficiaries of tariffs and other special privileges, to preach the brazen economic falsehood that America has not the least concern about the fact that the panic, regardless of how and where it commenced, is now a hopelessly involved and world-related affair, but blatantly proclaim our ability alone to deal adequately with it. Many crushing and overwhelming economic facts and conditions which have been pointed out are contemptuously ignored by these spokesmen, such as the fact that the fall of prices is world-wide; that the stoppage of trade is world-wide; the decline of production is world-wide; the difficulties of both public and private debtors are worldwide; the troubles of creditors are world-wide; unemployment is world-wide; every sort of restriction on trade is world-wide; the breakdown of the processes of exchange and distribution is world-wide. And yet the narrow, blind, selfish, and all-powerful group, comprising the chief tariff and special privilege beneficiaries, which at present have a strangle hold on the Federal Government, hypocritically require their spokesmen to say to the suffering American people that the remedy so far as America is concerned lies chiefly within the power of our people and government alone. Numerous Democrats, I regret to say, have been caught up by these sinister forces, with the result that they are deaf, dumb, and blind when it comes to proposing fundamental remedies for existing fundamental panic causes. I have almost reached the painful conclusion that the President is intimidated by these powerful and insolent forces. This seems possible, in the light of the President's detached utterances on numerous occasions, including those I have already cited.

The President spoke to the International Chamber of Commerce on May 4. I am citing these utterances in order, if possible, to convince somebody in this country that the sound permanent prosperity of America requires not only our impregnable home market but an expanding and prosperous foreign market for the surpluses which many of our greatest industries annually produce. Speaking to the International Chamber of Commerce on May 4, the President said:

It is needless for me to emphasize the high degree of economic interdependence of the world—we require no more emphatic demonstration than the present world-wide depression. Although the United States enjoys a far greater economic independence than any other large country, yet we have been gravely affected by world forces. The consideration and discussion of worldwide economic problems and of the economic relations between nations by men who have had to deal with the results of economic forces can be most helpful to world understanding and world cooperation in their solution.

In his more deliberate moments the President thus confirms in principle my entire contention.

At the time of the moratorium, on June 20, 1931, President Hoover frankly reasserted the same patent economic truths to an important extent, as follows:

From a variety of causes arising out of the depression, such as the fall in the price of foreign commodities and the lack of confidence in economic and political stability abroad, there is an abnormal movement of gold into the United States which is lowering the credit stability of many foreign countries. These and the other difficulties abroad diminish buying power for our exports and in a measure are the cause of our continued unemployment and continued lower prices to our farmers.

Here is the President speaking with all possible deliberation, and yet, Mr. President, this panic has been raging since October, 1929, and no basic program has been adopted by the administration, or by any political party or any cross section of the press or any civic organization. It is true pensable factor in permanent business recovery, and, of that many individuals, including some Democratic leaders, have suggested one, and have in vain asserted its necessity, but no such program has as yet been generally adopted.

I hope I may make a more accurate prediction, though, perhaps, a sadder one, than was made by the distinguished Senator from Indiana on June 13, 1930, at the time the Smoot-Hawley bill was enacted, when I say that the people here and in other important countries that have been pulled down and broken down and held down economically by the pursuit of hopelessly unsound economic policies and palliatives by this and other Governments are doomed to suffer in increasing measure until finally they bestir themselves and see to it that their public servants in every part of this country and in other important countries will feel obliged to sit down and deal with the fundamentals of these awful panic conditions.

Are we going to be content merely to restore some local business activity here at home such as we may be able to restore by the administration of local stimulants? Are we merely going to restore some limited business activity by restoring some semblance of confidence and bringing out from its hiding place some credit? What sane business man does not know that, with these fundamental world-panic conditions still existing, untouched and intact, they may not in a night crash into our American business structure and destroy what new local business they may have thus created? Yet our Federal Government is apparently oblivious to the real and fundamental panic problems that are so vital to the property and to the comfortable living of hundreds of millions here and everywhere.

We are undertaking to sit supinely here at home and to retain our self-centered state of mind, and yet, Mr. President, with 2,000,000,000 population on this planet 75 per cent of them are living to-day in a state of what we would call poverty; but, in the face of that situation, this great productive Nation, with the greatest surplus-producing capacity in history, proposes to face back and inward and pusillanimously confess that it has not the ability to step out in front of the few other industrial nations and supply the world with a large portion of the goods and necessities that would go to make a decent living standard because a few of our chief beneficiaries of the ultrahigh tariff are so blind and selfish as to be utterly without vision.

If we had only had a Cecil Rhodes, without his unlawful methods, or a Warren Hastings, or a Wakefield, who went into Australia—if we had had any person in this country with a creative mind and vision and resolution, he would have gone out and brought within the range of our trade routes and of our surplus products untold markets; but, Mr. President, we have been marching all these 10 or 12 years in precisely the opposite direction.

The President on July 6, 1931, in announcing that the moratorium had been agreed to by important creditor governments, repeated that—

The plan was particularly aimed to economic relief. • • • It means tangible aid to unemployment and agriculture.

Let me make still more clear the deliberate attempt of the world under American leadership to commit economic suicide by reading from the chief publication of the United States Department of Commerce, dated February 22, 1932, in which they seek to describe the causes and effects, to use their own language, of "the dominant forces now prompting these measures of extreme nationalism and apprehensive trade restriction," as follows:

The cumulative effect of the world economic depression as it continued into its second year led many foreign countries to a further tightening up of their markets during the year 1931, by higher tariffs and by a variety of other drastic trade-control measures. The influence of the depression in this direction was accentuated by the general shrinkage of exports, resulting in part from the increased tariffs and other restrictive measures adopted by many countries during 1930, and was aggravated by the financial difficulties of government, which spread rapidly after midsummer of 1931.

Under these exceptional conditions the usually dominant protective motive for the curtailment of imports has been often overshadowed during the past year by the need for increasing governmental revenues, correcting adverse trade balances, protecting currency values, or maintaining the Government's financial solvency altogether. To attain these ends, the trade-control meas-

ures taken during 1931 have included not only increases in duties but quota limitations, restrictions on imports in other forms, exchange controls, and even gold embargoes, with all their consequences. On the other hand, among the official measures to stimulate exports, or improve export prices, have been special tariff treaties, export subsidies, and governmental monopolies or controls of trade in particular commodities.

The measures in process and the plans in prospect in various countries early in 1932 foreshadow still greater contraction of international trade during the year ahead, including many markets of primary interest to American exports. In a number of foreign countries evidences are indeed apparent of growing restiveness on the part of commercial interests over the effects of drastic tradecontrol measures—those adopted by their own governments as well as by others. However, the likelihood of definite action during 1932 by foreign countries in the reverse direction, of moderation of trade barriers, appears to depend largely upon the early resolving of the financial crisis and upon the appearance of substantial signs of recovery from the general economic depression, the dominant forces now prompting these measures of extreme nationalism and apprehensive trade restriction.

Their conclusion is:

With overcapacity, if not actual overproduction, shrinking markets, falling prices, increased unemployment, unbalanced budgets, frozen credits, and general financial uncertainty afficting practically every country—and an increasing number of countries finding themselves during the past year facing also heavily adverse trade balances and slipping currencies—and with the difficulties of one country rapidly involving others through reciprocal reaction, many governments have resorted to whatever trade-control measures suggested themselves that promised at least to alleviate their particular immediate difficulties.

Mr. President, these runaway activities and methods of every conceivable kind and description, including economic isolation, under American leadership since 1920, calculated utterly to obstruct and block the transfer of capital, goods, and services across international boundaries everywhere, are each week seriously aggravating the world's economic situation and postponing the day of sound and permanent business recovery.

We find all this network of insurmountable tariffs and exchange restrictions and embargoes and reprisals and retaliations and quotas, together with the complete collapse of the gold standard in most of the countries of the world and the derangement of monetary stability everywhere, and then at home we find that we have an export capacity of from twenty to twenty-five billion dollars. Our great textile industries have from 1 to 300 per cent excess productive capacity; our radio manufacturers, our automobile manufacturers, our oil producers, and lumber producers and coal miners and cement manufacturers and scores of other great industries have a tremendous excess capacity, to say nothing of cotton, tobacco, and wheat and hog products and a long list of other agricultural products the export difficulties of which have utterly impoverished American agriculture in this country under our extreme high-tariff policy.

In the face of these circumstances, who can pretend that there is no fundamental question before this country that we should consider in connection with the solution of these panic conditions except the minor, temporary, and local aids that have been enacted here in the form of what are called "emergency relief measures" submitted by the administration?

Mr. President, the American people have the choice of continuing inert and indifferent to this affliction of creeping economic paralysis until the lack of food and shelter literally drives them to a reexamination of our business and economic ills and the adoption of fundamental remedies, or they can without further delay demand of leaders in all political parties that basic panic causes must not longer be trifled with and ignored simply because a small group of the chief tariff and other special-privilege beneficiaries in this country are too blind and narrow and selfish to permit those whom they control to adopt a broad and patriotic policy of permanent relief for the general American public. In 1922 Republicans in charge of the Government based the Fordney high tariff law measurably upon the alleged necessity of preventing sporadic imports from countries with depreciated currencies, and an important reason for reorganizing the Tariff Commission was impliedly for the purpose of reducing the Fordney rates concededly excessive save for depreciated currency conditions abroad. Virtually all of the

nations were then off the gold standard, but they returned to it during the years following.

The price level, it should be admitted, was high when the Fordney law was enacted. In 1929 the Smoot-Hawley measure was conceived upon the theory of benefiting agriculture in the main. The outcome, as usual, however, was that industry secured the lion's share of actual tariff benefits. Two groups of tariff thought, identical in principle and with scarcely distinguishable difference in practice, came conspicuously upon the scene during the Smoot-Hawley tariff movement. One group stood for skyscraping tariffs for industry, with more moderate rates for agriculture, while the other group stood for skyscraping rates for agriculture, with more moderate rates for industry. It was in practical effect a case of "two souls with but a single thought, two hearts that beat as one." The inevitable outcome was in strict harmony with all human experience of the past, and that was that both got what they wanted, but, as usual, agriculture was badly buckeyed and bunkoed, as is demonstrated to every sane person by the fact that agriculture has been fundamentally worse off each year since the enactment of the farmers' high tariff in 1921 and the Fordney high tariff in 1922.

Mr. President, the dominant Republican forces which are also in charge of the Government, by their economic record and policy since 1920, raise the acute issue of whether we shall continue our blind and utterly impractical pursuit of economic nationalism, which in addition to high tariffs embraces every sort of obstruction to the transfer of goods, capital, and services across international boundaries, as stated, and which contemplates that apart from some trivial exchanges of raw materials and occasional items of foodstuffs and manufactures, this great country shall restrict its production in manufacturing, mining, and agriculture to its home consumption, or whether with vision and constructive ability we shall pursue the opposite economic policy which recognizes that we are living in a new day in which our impregnable home market must be supplemented by adequate foreign markets for our ever-increasing surpluses, and that the satisfactory disposition of such surplus production has become an indispensable factor in our permanent progress and our sound and balanced prosperity.

You will recall, Mr. President, that in 1922 a great cry went up over the country about some scattering imports, due to the depreciated currencies abroad. We proceeded to enact the Fordney tariff law in order to keep out such sporadic items of imports as were being brought in over our then existing tariff rates. Within two or three years nearly all the nations of the world had been able to get back on the gold standard; conditions were gradually becoming normal so far as price levels were concerned; and yet in the campaign of 1928 the suggestion was made that we should have another tariff revision upward. At that time, it seems to me, the President committed three or four major blunders. The first one was in agreeing to call an extra session of Congress for the purpose of a general tariff revision. After he discovered his mistake, to all appearances, he announced that he would not undertake to curb the movement in Congress to enact excessive rates, but that he would install a "two fisted" Tariff Commission to lower all the rates that were thus about to be raised excessively.

That reminded me of a piece of doggerel I once read which some member of the British Parliament quoted:

I hear a lion in the lobby roar;
Say, Mr. Speaker, shall we shut the door
And keep him there?
Or shall we let him in
In order to see whether
We can put him out ag'in?

So the President was willing for the advocates of unlimited tariff protection to pile rate upon rate, with the complacent announcement that he would not interfere; but that after all the damage had been done he would undertake the utterly absurd and impossible task of calling on that gallant band of "tariff reformers" down yonder, labeled "The Tariff Commission," to ascertain rates that were really not excessive.

A Senator from somewhere was asking a while ago about where it would be possible to find a single one of all these thousands of rates that one would dare lay his impious hand upon with the idea of reducing it. Some days ago I glanced for five minutes over the imports for the first six months of this act, and I ran across rates like these. I just took these as I came to them.

Frozen eggs, as high as 135 per cent.

Fish roe as high as 120.97	я
	ä
Onions161	
Cabbage 186	
Ground chicory 124	
Avocados 144	
Crude lemon peel 121	
Shelled peanuts189	
Cane sugar from Cuba, 96 test 175-200	
Dextrose sirup134	
Potato starch 135.90	£
Cotton handkerchiefs made with handmade hems 132	
Scoured carpet wool, at 27 cents a pound 121. 21	Ü
Washed carpet wool, at 24 cents a pound 164	
Scoured combing wool, at 32 cents a pound 152.84	S
Woven fabrics—woolens and worsteds as high as_ 105, 106, 109, 115	
Wool felt for hat shapes 112.58	š
Sewed straw hats (N. E. S.)	
Spring clothespins152	
Shell corks241	

I wonder what Alexander Hamilton would think of this list if he could be back here for five minutes!

the state of the s	er cent
Cylinder ground and sheet glass, as high as 104,	116
Plate glass 102, 106,	125
Sand for glass manufactures	104.50
Imitation pearls, as high as	157

These are just the imitation pearls that the little factory girl buys.

	er cent
Pumice stone, as high as	189
Magnesite 101	147
Safety-razor blades	206
Other razors and parts, as high as	293
Pruning and sheep shears and blades, as high as	240
Scissors, shears, and blades, as high as	165
Nail and barbers' clippers, as high as	263
Pocket and other knives with folding blades, as high as	172
Blades for such folding knives, as high as	292
Jeweler's saws	127
Padlocks, as high as	156
Tungsten:	
Metal	145
Ore	
Rollers for printing	106.50

Here is the cheap class of jewelry that the factory girl, again, buys:

	Per cent
Cheap jewelry	110
Metal articles to be worn on person	106
Oxalic acidPrecipitated carbonate	155
Epsom salts	100
Sodium nitrate	100
Dextrin, made from potato starch or flour	
Lemon, lime, etc., juices, unfit for beverage purposes	
Crude baryites	102
Paris white	
Firecrackers, as high as	199
Needles for phonographs.	112
Breech-loading rifles	110
The cheaper clocks	131
The cheaper parts of same	167.59
The cheaper watch movements	142 53
Bottom plates for cheap watch movements	200 45
bottom plates for cheap watch movements	200. 40

Here are some more of these cheap beads that the children buy:

[ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [	Per cent
Imitation pearl beads	176
Toothbrushes, as high as	116
Ocean pearl buttons	117
Fountain pens, as high as	110
Cigar and cigarette holders, as high as	125
Brier pipe bowls	133
Mouthpieces for pipes, cigar, and cigarette holders	
Thermostatic bottles, as high as	147

And so on, and so on.

Mr. President, in 1929 we produced \$70,000,000,000 worth of manufactured products. We imported into this country during the last calendar year in the way of finished, dutiable manufactures \$292,359,000 worth of commodities. That is

the infinitesimal amount of imports of this class that are ! really competitive. We bring in a few hundred million dollars' worth of finished manufactures that are not in any sense competitive and that are on the free list; but, with all of this nation-wide propaganda and all these frenzied speeches in our legislative bodies about the danger of this huge manufacturing plant in America being hopelessly overcome and submerged by somebody from somewhere abroad, when we come to examine the actual imports under existing law they consist of the relatively few items to which I have referred, so far as finished dutiable manufactures are concerned. When the distinguished Senator from Indiana rose and announced that 70 per cent of our imports came in duty free, his face lighted up almost as though he had discovered the riddle of the universe; and yet if the present sky-scraping duties on the dutiable items that come in here at present were made just a little higher in a few places, thereby excluding all dutiable imports, we would have no imports except those that are free.

All of the competitive articles, or anything remotely or speculatively competitive, would be kept out; and the rubber and the silk and the tin and all this long list of commodities that we must bring in would come along duty free, because we would not be producing them, and they would not in any remote sense be competitive.

So the statement of the distinguished Senator from Indiana that 70 per cent of our imports are duty free would seem to attribute some virtue or some power in the Smoot-Hawley tariff rates to affect the amount of noncompetitive and non-dutiable imports that come in here free, when in fact they chiefly affect the competitive imports, which last year had shrunk down to the trivial level of around \$695,000,000.

Mr. President, I repeat that we must determine these problems in the light of postwar conditions. It is utterly absurd to go back prior to the war and take up tariff or other economic theories that were made entirely obsolete by the complete transformation in our industrial and commercial affairs that took place as a result of the war. As I stated, instead of a provincial country, with some developing manufactures but chiefly with some foodstuffs and raw materials for exports, we became the supreme industrial country of the world, with agriculture and mining almost equally coordinated with the industrial phases of our economic structure.

In 1925 I made this statement on the floor of the House of Representatives:

Vast changes in economic conditions everywhere were wrought by the World War, and most unfortunate will be the nation that falls to recognize and act upon them.

Then I said:

The supreme question is, Shall the economic life of the world during coming years be developed under American leadership on the basis of high tariffs and severe trade restrictions and discriminations, thereby reducing production, diminishing trade, impoverishing nations, and promoting economic wars, or shall it be developed on the basis of moderate tariffs, freedom from economic barriers, and fair and friendly trade relations?

On this occasion, for the second time, I offered in Congress a resolution proposing an international trade agreement or economic congress, the purpose of which was, just as the pending proposal has for its purpose, to deal with the hopelessly confused and complicated trade conditions and methods that exist throughout the world.

Almost all wars for the past 250 years have originated from economic controversies. When the attempted customs union between Germany and Austria was undertaken some months ago, we saw that it created a tense situation in every chancellery of Europe. A most serious threat of increasing armaments in France and other countries was immediately heard; and yet, Mr. President, when we offer to create an international agency for purposes of international conference to work out a better understanding with respect to these ever-increasing tariff complications and these ever-tightening trade restrictions which lead to the completely unbalanced distribution of gold in the important countries of the world—when we seek some international conference in order that this and other nations, wholly

within their domestic functions and entirely from the standpoint of the enlightened self-interest of each, may be able
by some concerted action to point out steps that each nation
might well take to liberalize the present exchange situation, to check this great increase in tariffs everywhere, and
face in the opposite direction, and in many other ways by
mutual agreements promote fair and friendly trade relations—when this proposal is offered, we get no response
either from the administration or from any other important
group of thought that is supposed to be out from under the
influence of the chief tariff beneficiaries in this country.

Mr. President, I would like to inquire how much longer and how much further this policy can be continued without serious aggravation of the financial and industrial and business conditions here and in other parts of the world. We ought to be able to see by this time that temporary palliatives are not reaching the seat of the disease. We ought to be able by this time to realize that some degree of international conference and concerted action is vitally important, if we would take the first long step in improving conditions, and that is to restore confidence.

I think I said before the Committee on Finance that if there could be one international conference of sound, able business men with vision, who would reach accurate conclusions and proclaim them to the world, conclusions by which we could halt this mad movement which piles restriction and trade barrier upon restriction and trade barrier in every country, if we could face in the opposite direction in a careful and cautious manner, we would see a degree of confidence restored in every part of the world which would make a thousand reconstruction finance corporations utterly insignificant as aids in checking panic conditions and improving them.

I do not desire to go into detail, but I would call attention to the purchasing power of this and other countries. This Nation has the purchasing power of about \$750 per capita. China has the purchasing power of \$10 per capita, India of \$35 per capita. By the way, I notice that this man Bata, who, in the shoe business in Czechoslovakia, is called the Henry Ford of that country, is now over in India teaching millions of those people to wear shoes, in order that he may turn out millions of additional shoes and afford employment to labor and capital in his country.

While we recently saw our great shoe industry in the United States, with a capacity of 850,000,000 pairs a year, and a domestic consumption of only about 300,000,000 pairs, instead of resolutely going out and securing markets for the surplus and giving employment to some of our seven or eight million unemployed, coming to the Capital when the Smoot-Hawley bill was pending and asking for tariffs which would permit it and encourage it, instead of seeking any further foreign trade to utilize the surplus production capacity for the benefit of labor, sitting down supinely behind this tariff wall, while over in little inferior countries like Czechoslovakia the manufacturers are going out among the 75 per cent of the people of the world who are living in poverty and teaching them to want more things to eat and to wear, and to buy them.

Mr. President, I have here a list showing the per capita purchasing power of each of the countries of the world, as best I have been able to get it, and I desire to insert that, with some similar figures, in the Record, without consuming the time of the Senate to read them.

The PRESIDENT pro tempore. Is there objection?
There being no objection, the figures were ordered to be inserted in the Record, as follows:

Country	Year	Dollars per capita
United States	1928 1927 1928	749 140 171
British Empire: United Kingdom. Dominions—	1924	409
Australia. Canada. India Union of South Africa.	1924 1927 1924 1923	477 579 37

Country	Year	Dollars per capita
Chile	1928	160
Czechoslovakia	1925	172
Denmark	In the second	267
Egypt	1000	102
Finland	Water Company of the	118
France		201
Germany		190
Greece		98
Hungary	THE RESIDENCE	113
taly		115
apan		66
Latvia	1925	92
Lithuania	1924	54
Netherlands	1925	284
Norway	1927	251
Poland	1928	74
Spain	1920	187
Sweden	1924	265
Switzerland	1924	389
U. S. S. R. (Russia)	1925	48
Yugoslavia	1924	109

Mr. HULL. Mr. President, notwithstanding the fact that, as stated, the Fordney Act was enacted primarily and professedly to prevent importations from countries with depreciated currencies, and most of those countries came back to the gold standard; notwithstanding the fact that the Smoot-Hawley Act has increased the rates of the Fordney Act to a surprising extent, we have the same influences coming here now seeking other increases of tariffs upon the theory that they are necessary to keep out imports from countries with depreciated currencies; and I am wondering when this practice of piling Pelion upon Ossa in the way of one layer of tariffs upon another will cease, when they will fail to find some pretext to call for still another increase.

The truth is that there has been virtually no change in the price level of England since she went off the gold standard, and yet the Senator from Pennsylvania came rushing in with resolutions for posthaste Tariff Commission investigations in order to keep the country from being overwhelmed by imaginary imports from England and a few other countries which have gone off the gold standard.

The fact is that so many countries went off with England, and have gone off since, including Japan, and so many countries have placed arbitrary restrictions on exchange and trading in commodities between nations, as to result in keeping prices down artificially, so that the price levels have not materially changed. Yet the commission must stop all the important business of ascertaining the causes of this panic and dealing with them, because, forsooth, some 125-year-old industry in this country which was asking for the same amount of tariffs a hundred years ago comes here and says that by some speculative possibility commodity prices in England or somewhere else might fluctuate and result in some few sporadic imports into this country.

I am not undertaking to minimize this tariff and trade phase of our economic situation. If I had my way, I would create an organization of broad-gauged people in this country who were not under the domination of the chief beneficiaries of these tariffs, but who would give them a square deal, as is often said, by careful and cautious revision downward. I would have them call an immediate halt to all these excesses which are going on, which have hopelessly strangled international trade, a volume of trade that to-day is \$245,000,000,000 less than it would have been under the pre-war rate of increase, a volume of trade that is down to below the pitiable sum of \$20,000,000,000. It has become a mere thread across the international boundaries of the nations of the world.

All the important countries are loaded down and glutted with surpluses which starving and freezing people in other countries can not get because the blind and the selfish and the rabid economic isolation policy has seen fit hopelessly to block, by dislocating the gold-standard situation, by embargoes and quotas, and by throttling the exchange situation. I would have those conditions liberalized, so that the peoples in every commercial country again could take heart and take hope and recover their confidence. Then we would see, as a second development, credit everywhere coming out from its hiding places, and that in turn would be followed

by gradually increasing business activities, and labor once more could resume permanent employment.

I assert, Mr. President, with some degree of confidence, that the nearly 20,000,000 distressed unemployed wage earners of the world to-day will suffer on and on in increasing numbers until some semblance of economic order is brought out of this national and international chaos which exists, and which is utterly preventing capital or goods from being transferred from one country to another for any purpose except to a relatively slight extent.

Yet the American people are being seriously taught that if perchance we should buy something from some other country that we could buy even most profitably by exchanging a barrel of flour or an automobile or a ton of cement or a carload of wheat or other surpluses most damaging and burdensome to us, if somebody wanted to buy some Scotch tweed or other cloth from abroad and let it be balanced against our exports of these tremendously burdensome surpluses here at home—the cry goes up at once that America will be seriously injured, that some imports are coming in.

Mr. President, world trade does not mean that either side would displace any well-established business conditions of the other. It primarily means that a nation with sufficient productive capacity, in addition to mutually profitable exchanges of commodities with another, is willing to go out into the uttermost parts of the earth and locate and develop and establish on a constantly increasing scale markets which will absorb every kind and character of surplus it may be able to produce.

If I may refer to him without quoting him, I was talking with a very able man in this country, who was reared in a remote and very provincial community. He was preaching to me this doctrine of isolation in economics. His idea was that this country should restrict everything to our capacity to consume. His idea, too, was that instead of that old slogan to the farmers of "high tariffs and agricultural prosperity," we should substitute the slogan of "restriction of production or bankruptcy."

The theory was, as it has been published, that every farmer should plow up every third row of cotton and that every tenth cow should be killed. That is the same policy under which Brazil was to dump into the ocean 12,000,000 bags of surplus coffee, and it is said we should adopt it in this country as to every important line of industry, both manufacturing and agricultural.

I said to him that when he grew up back there among those humble people he might have said to them that he was reared among them, that he was one of them, and that he proposed to stay with them thoughout life, touching elbows and keeping step with them. "But," I said, " did not do that. If you had, you would have been sitting on some store front there stroking your long beard, calling to anybody who passed along that would listen to you." said, "You were gifted with a remarkable equipment, with immense ability, great vision, and constructive capacity on a magnificent scale. You moved out in front of those benighted neighbors of yours. You proceeded to travel on and on, far out of the sight of those people. You became a great citizen, a financial leader in the country, and you have accomplished wonderful service in advancing human progress in many important respects."

Then I said, "At the close of the World War your equipment over and above your old neighbors back home was not one-fifth as great proportionately as that of these United States in every essential respect over and above every other nation in the world to spread out, with its finance and its commerce, and make the great commercial countries and cities of the past look insignificant."

The world was helpless. It was at our feet. We were equipped with all the surplus materials, surplus manufacturing plants, and money and credit to improve it, and establish a greatly increasing volume of commerce in every part of the world. Instead of that we fell into the clutches of these blind and dumb economic isolationists who were preying upon the Government and the people. They have assumed to represent American business generally when

they really have represented a very small but powerful segment of it. Instead of leading the Nation up to wonderful heights of human progress they have led us in the opposite direction, with the result that to-day the American people are fundamentally worse off in every essential respect than they were in 1920. These 10 or 12 precious years have been thrown away and here we are now at this belated stage confronted yet with the question of what shall be the permanent economic policy of this Nation in the light of its situation as a creditor and great surplus-producing country.

We are going backward under a policy, as I have indicated, of curtailing most of our farm production, most of our automobile and oil and copper and other production in every important line, down to our capacity to consume here at home, with such casual exports as may arise from some interchange of a few raw materials and certain foodstuffs. Under that policy we will pursue that course in the future, with frequently recurring panics, with not 6,000,000 but 10,000,000 of unemployed in the next great catastrophe that comes upon us, with no hope of continuing as a first-class financial and commercial country, but gradually surrendering our leadership and our control to any second or third rate nation that may come along and will take charge of world commerce and world civilization that is interwoven with it, while we proceed to stagnate and to slip and slide backwards industrially, financially, and I would be afraid, in many other respects pertaining to the better phases of civilization.

Under such a policy we are going to pursue that course with every country in the world following our leadership as they are now, every nation attempting with one hand to push on the other its surplus production and at the same time to push back the exports of the other country with the other hand, so that there would be no semblance of international intercourse in the sense that employment of labor and capital may be brought about in full measure, in the sense that the gold standard would again be administered in some intelligent and practical way by a country capable of administering it, and in the sense that natural and normal trade relations between all the nations of the earth might once more be resumed, relations that mean everything in the promotion of a higher state of civilization.

I profoundly believe that the patent economic conditions of this country strongly suggest that the people of this and other nations will suffer on and on until and unless there is an awakening and we check this constant increase of restrictions and barriers of international finance and commerce, and face in the opposite direction, until we gradually reach a level of moderation as to tariffs and a liberalized policy of trading that will once again bring about a state and feeling of fairness and of friendship among the nations of the world.

Mr. COSTIGAN. Mr. President, because of its important bearing on one feature of the substitute of the Senator from Mississippi [Mr. Harrison], I ask unanimous consent to insert in the RECORD, following the eloquent address of the Senator from Tennessee [Mr. Hull], an article on Tariff Reciprocity Through International Agreements, prepared by a writer using the pen name of "Democritus." It particu-It particularly discusses the most-favored-nation clause in existing treaties of the United States with other countries. It was written by a lawyer and economist of ability who, because of obligations resting upon him in certain public relations, does not desire his name published in connection with the article. I may say that his excuse, though regrettable, is justified, and that he is unusually competent to speak on the subject under discussion.

The PRESIDENT pro tempore. Without objection, it is go ordered.

The article is as follows:

TARIFF RECIPROCITY THROUGH INTERNATIONAL AGREEMENTS

The last paragraph of the bill to amend the tariff act of 1930 (H. R. 6662), as introduced by Mr. Collies on January 4, 1932, but omitted from the bill as passed by the House of Representatives five days later, requests the President "to negotiate with foreign governments reciprocal trade agreements under a policy of mutual

trade concessions." At the hearings on January 7 before the Committee on Ways and Means doubt was expressed as to the compatibility of such a program with the existing obligations of the

patibility of such a program with the existing obligations of the United States to countries with which this country is party to treaties containing the most-favored-nation clause. Indeed, it was suggested that such treaties had "nailed down the lid" upon any policy of reciprocity and left the United States "perfectly powerless to negotiate reciprocal treaties."

The attitude of despair indicated by these words is happily unwarranted. Equality of treatment—the objective of the most-favored-nation clause—and reduction of duties—the objective of reciprocity agreements—are twin policies, alike admirable, entirely consistent with each other and particularly adapted to the immediate needs of the United States. The request to the President contained in the last paragraph of Mr. Collier's bill presents, indeed, an admirable opportunity for an enlightened and effective

indeed, an admirable opportunity for an enlightened and effective commercial policy, provided—

(1) That the people of the United States have made up their minds that there shall be a substantial revision of their tariff

ownward.

(2) That Congress intends the term "trade agreements" to be aderstood in its literal sense and not to imply "treatles" within (2) That Congress intends the term "trade agreements" to be understood in its literal sense and not to imply "treatles" within the requirements of the Constitution governing ratifications; and finally, and by no means of least importance

(3) That the principle of reciprocity within the most-favored-nation clause be maintained.

#### REVISION DOWNWARD

If language similar to that of the original bill should, as predicted by some, be restored in the Senate, and if the bill should become law, the President would be not only requested but authorized to negotiate reciprocal trade agreements with the governments ized to negotiate reciprocal trade agreements with the governments of other countries for mutual trade concessions. The chief virtue of such a program is that it seeks world revision downward, not merely American revision downward. From the point of view of the United States this method is doubly advantageous; it provides a method of eliminating the superprotectionism that has so adversely affected American trade; and, while seeking moderation at home, it seeks similar moderation everywhere, to the benefit of all concerned. Tariff moderation, while necessary for the public welfare, is designed primarily to favor the exporter. Obviously the seller of goods to purchasers in other countries will derive no great benefit if international commerce is confronted there with insuperable import tariffs. Like military and naval armament, the

sener or goods to purchasers in other countries will derive no great benefit if international commerce is confronted there with insuperable import tariffs. Like military and naval armament, the armament of nationalistic protectionism presents a problem not to be settled without the aid and cooperation of other countries, a fact strikingly recognized in the provision of the bill under consideration, which invites the President to initiate a movement for an international economic conference with a view, among other things, to "lowering excessive tariff duties." "We can no longer legislate, but most negotiate" in tariff matters, a leading business man is reported to have said in a recent address.

Nevertheless, a policy of downward revision through a series of international agreements is not suited for all situations. It must have back of it a popular demand that is consistent and genuine and powerful enough to overcome the opposition of particular interests which, quite regardless of the national welfare, are certain to oppose the reduction of any given rate. Otherwise every agreement with another country would be blocked by the protectionistic stirrings of producers of goods affected by its own special provisions. Revision downward by negotiation requires at least as firm a supporting public opinion as does such revision by legislative enactment. Its success probably requires even stronger popular support. popular support.

Moreover, the method of revision by negotiation is not suited to become a permanent policy unless it entirely supersedes the legislative method of tariff enactment. If legislation continued, rates would inevitably be pushed up for bargaining purposes. Since the negotiations for bringing them down would not always be successful, the result in the long run might be upward, not downward, revision.

downward, revision.

At the present time in the United States the tariff wall already scrapes the sky, and the people apparently are in earnest about reduction. The same situation seems to exist in many other countries, and there is evidence that leadership from any powerful government could successfully accomplish its aim of all-around "concessions." Even in cases where new duties are just being imposed there is reason to believe they might be repealed if other countries would take reciprocal measures.

For carrying on perotiations, a group of carefully chosen spe-

if other countries would take reciprocal measures.

For carrying on negotiations, a group of carefully chosen specialists should be assembled. Their first duty would be to map out a comprehensive plan for agreements with all important countries. In so far as possible, each separate agreement should be negotiated with a view to having it play its part in an orderly system of American tariff reduction, while also functioning to obtain in other countries reductions calculated to effect a maximum stimulation to trade. Through this process a well-balanced and general lowering of the tariff of the United States could in all probability be consummated. Should the result prove to be otherwise, the situation could be remedied by subsequent legislation. lation.

#### ACTION BY EXECUTIVE AGREEMENT

The Collier tariff bill, as already observed, authorized the President to negotiate "reciprocal trade agreements." The word "agreement" is commonly used to refer to international arrangements entered into by the President with the specific or tacit authorization of Congress. They are not considered to be treaties and are signed and put in operation without being referred to

the Senate or the Congre

Thus, by section 3 of the tariff act of 1897, the President was "authorized," with a view to "reciprocal and equivalent concessions" to enter into "commercial agreements" with other countries reducing duties on certain specified articles. A considerable number of such agreements were entered into by the President and made effective by his proclamation.

and made effective by his proclamation.

By section 4 of the same act, provision was made for the negotiation by the President of commercial "treaties" for reciprocal reduction of duties, within specified limitations. They were to be entered into subject to the approval of Congress and also the advice and consent of the Senate. Many were negotiated; not one was ever approved or consented to.

This result was to be expected. The lesson is obvious. Appro-

This result was to be expected. The lesson is obvious. Appropriate and correct procedure calls for the fixation of policy by Congress and its execution by the President. The policy having been declared, Congress should not be burdened with the consideration of every individual agreement. So long as the Executive stays within the authority granted by Congress, its will prevails. Any abuse of authority can be speedily rectified by subsequent legislation. The language of the Collier bill indicates that it was designed to follow the first of the precedents cited above. The authority granted is, moreover, large and general. This is the wise course; it spells success, just as any other method of procedure would spell failure. cedure would spell failure.

cedure would spell failure.

The Congress, should it desire to retain a measure of safeguard, might provide that the agreements should, for a brief period, be subject to congressional veto. When the period expired, they would, unless adversely acted upon, go into effect. Thus all of the force of inertia would lie on the side of letting the agreements stand, whereas positive congressional approval would have to run the gantlet of inertia as well as opposition. Moreover, while broad and ample authority is in every way desirable, the virtually unlimited authority of the Collier bill should, lest there be attempted an unconstitutional delegation of power, give way to definitely prescribed, but very generous, limitations within which presidential rate making through international agreement may proceed.

#### EQUALITY AND RECIPEOCITY

It is neither necessary nor desirable to depart from the traditional practice of tariff equality in order to promote a policy of tariff revision downward by international reciprocity agreements. Treaty obligations and considerations of sound policy alike forbid such course.

bid such course.

Equality of treatment has been the almost invariable practice of the United States from the beginning. The preamble of the first American commercial treaty, that of 1778 with France, refers to "the most perfect equality and reciprocity" as its guiding principle. Washington, in his Farewell Address, commended a commercial policy that should "hold an equal and impartial hand; neither seeking nor granting exclusive favors or preferences."

With very few exceptions, indeed, and these largely for political author than economic nurroses. American statesmapship has found rather than economic purposes, American statesmanship has found the foregoing precedents worthy of emulation. Careful investi-gation by the Tariff Commission has found the exceptions to be

attended by only the most meager economic advantage.

Tariff rates that are equally applicable to similar products from whatever country they are imported are administratively advisable—consider the burden upon the customs authorities that would result from different rates upon the same kind of article determined by whether the shipment came from country A, B, C, D, or what not! Equality, however, is of primary concern to exporters, because it enables a government to obtain similar equality, similar freedom from discrimination in other countries. equality, similar freedom from discrimination in other countries. Like tariff moderation, also, it redounds to the general advantage. It is the basis of the good will and friendly relations that spring from fairness and impartiality in a country's dealings with other countries. It is aimed against precisely those "discriminatory" trade practices which the pending tariff bill seeks to eliminate by means of its proposed international economic conference.

means of its proposed international economic conference.

Reciprocity, the reduction by international agreement of import duties on named articles in return for reductions deemed to be of equivalent commercial advantage, connotes, as already pointed out, a policy of careful bargaining with other countries. Each country promises to lower its duties on named products of the other. It may, of course, promise also that these lower duties shall not be applied to similar goods from third countries. But ordinarily it does not do so and is not expected to do so.

Thus in 1927 Germany, which by the treaty of 1923 is obligated

Thus, in 1927, Germany, which by the treaty of 1923 is obligated to accord most-favored-nation treatment to the United States, entered into a very important reciprocity treaty with France. German duties applicable to numerous French goods were reduced. The reduced duties were immediately made applicable to similar goods if and when imported from the United States. But the reductions were of less advantage to American exporters than to French exporters because the treaty dealt with the special needs of Franco-German commerce, not with the needs, different in character, of German-American commerce. The treaty with France also contains the most-favored-nation clause. Should Germany and the United States conclude a reciprocity treaty, Germany would extend to French goods the reduced duties accorded to goods from the United States, but the treaty would not be likely to result in advantage to French commerce comparable with its advantage to American commerce.

For generations reciprocity treatles within the most-favored-nation principle have been the characteristic feature of the com-mercial policies of some of the most important countries. Nearly

all countries make the most-favored-nation clause the basis of all countries make the most-favored-nation clause the basis of their ordinary commercial dealings with other countries. The trade of one country with others differs in each particular case. Reduced duties on one article may interest one or more countries and be of no interest to the rest. Moreover, under the world's treaty system, equality is generally sought and advocated and generally exists and has long existed. There is little evidence that its discontinuance in favor of special and exclusive treaties is widely desired. The object of reciprocity treaties or agreements is, as a rule, not preferential treatment so much as lower duties. If the duties are lowered, the main collective is obtained. The If the duties are lowered, the main objective is obtained. The fact that they are lowered to all countries should not and usually does not interfere with the bargain. Discriminations and preferences are breeders of discords and are wholly undesirable in commercial policy.

Accordingly, reciprocity agreements, as apparently contemplated by the Collier bill, are not antagonistic to but rest squarely upon the principle of most-favored-nation treatment, which is the the principle of most-favored-nation treatment, which is the foundation of American commercial policy. So considered, the proposed new policy is a natural development of the old, making it positive and adapting it to the needs of the moment, without impairing its fundamental purpose of preserving equal rights for all and special privileges for none. Reciprocity agreements which would violate the equality of treatment principle present no perceptible advantage as compared with those which would not violate it. They present many comparative disadvantages. It is to be presumed that the bill was intended to institute action consistent with the most-favored-nation treaty obligations of the United States. If there is any doubt, the language deleted by the Ways and Means Committee should be clarified, as well as restored by the Senate.

If the experiment of reciprocity agreements within the most-

If the experiment of reciprocity agreements within the mostfavored-nation clause works successfully, the agreements may some day be rewritten as treaties. At all events, such agreements would be the best means of building toward an international economic conference that could produce results.

#### ADMINISTRATION OF INDIAN AFFAIRS

Mr. KING. Mr. President, on the 9th of this month I presented to the Senate a petition signed by a large number of Indians, as well as by a number of white persons, dealing with the Indian situation and the administration of Indian affairs by the Bureau of Indian Affairs. A number of Indians since then have signified their approval of the petition and, as I am advised, have signed the same. I ask that their names be printed in the RECORD without reading. In addition, there are a number of white persons who have also signed the petition. I ask that the names referred to may be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The names are as follows:

Ralph White and William Guyton, Standing Rock Reservation, N. Dak.: Caville Dupuis, chairman Tribel Council of the Flathead Tribe, Montana; Charles Kie, Laguna Indians at Gallup, N. Mex.: Tribe, Montana; Charles Kie, Laguna Indians at Gallup, N. Mex.: Indian Council of the San Carlos Apache Tribe, Arizona, by Henry Chinn; Tribal Council of the Tongue River Reservation, Montana, by Clay C. Rowland, chairman, Rufus Wallowing, secretary; Nez Perce Tribe, of Idaho, by Sam Morris, Samuel Slickpoo, Harry Wheeler, H. H. Welsh, sr., business committee of Standing Rock Reservation, Fort Yates, S. Dak.; Marion E. Gridley, secretary the Indian Council Fire, Chicago, Ill.; committee of the Sisseton and Wahpeton Sioux Indians, Sisseton, S. Dak., S. H. Renville and brother members, Summer Clan of the Pueblo of San Ildefonso, N. Mex. by Juan Gonzales, Bernardo Sanchez, Joe A. Aguilar, and N. Mex., by Juan Gonzales, Bernardo Sanchez, Joe A. Aguilar, and Antonio Pina; Pueblo of Picuris, N. Mex., by Roman Martinez, governor; Fort Peck, General Council, Gus M. Hedderich, and Rufus Ricker, sr., vice chairman; Thomas J. Sloan, Los Angeles; Council of All the New Mexico Pueblos, meeting at Santo Domingo Pueblo of All the New Mexico Pueblos, meeting at Santo Domingo Pueblo March 11-12, the following Pueblos signing: Picuris, Nambe, San Ildefonso, Santo Domingo, San Felipe, Cochtti, Santana, Sandia, Sia, Isleta, Tesuque, and San Juan; Rev. Chas. Frazier, mission. South Dakota; John Keeobe, Greenville, S. Dak.; Sam Jones, Peever, S. Dak.; Joseph Redwing, Niobrara, Nebr.; Sybil Kershaw, member of Menominee Tribe, Washington, D. C.

Bad River Chippewa Reservation, Odanah, Wis., by William P.
Big Boy, chairman of committee; James White, jr., chief; Joe Martin, jr., chief; John T. Cloud, chief; Sam F. Denomie, secretary; Mary Jane Denomie, president of Women Voters' League of Chippewa Bad River Reservation; Miss Pete Houle; Kate P. Armstrong.

strong.

White Swan-Simcoe Indian Council, Yakima Reservation, Wash.,

by David Miller, president.

Sisseton Sioux Branch Organization, South Dakota, by Thomas Standfast, chairman, Peever, S. Dak.; John E. Max, jr., Sisseton, S. Dak; Henry Redearth, vice chairman, Peever, S. Dak.; M. W. S. Dak, Henry Redearth, vice Chairman, Peever, S. Dak., W. Phelps, secretary, Peever, S. Dak.; Hannah Redearth, treasurer, Peever, S. Dak.; Samuel Finley, Peever, S. Dak.; Cathrene Standfast, Peever, S. Dak.; John Thompson, Peever, S. Dak.; Moses Mierone, Peever, S. Dak.; Charles Quenn, Peever, S. Dak.; Emma Quenn, Peever, S. Dak.; James Horn, Peever, S. Dak.

Marcus H. Forster, grand secretary Mission Indian Federation, San Juan Capistrano Reservation, Calif., and the following cap-

tains of the reservation branches, Mission Indian Federation, by reservations: Nicolas Chaparrosa, Los Coyotes Reservation; Charley Helmiupp, Secuan Reservation; Joaquin Piapa, Anaha Reservation; Jose Juan Piapa, San Gutudes Reservation; Jose Helmiupp, Campo Reservation; Florencio Subish, Yapicha Reservation; Rosendo Curo, Mesa Chiquita Reservation; Ysidro Montoya, San Felipe Reservation; Antonio Queras, Mataguay Reservation; Miguel Calac, Rincon Reservation; Junocencio La Chappa, San Ysabel Reservation; Sebastian Guassac, Puerta Noria Reservation; Jose O. Albinas, Potrero Reservation; Valentine J. Lachusa, Mesa Grande Reservation; Ramijo Robles, Pala Reservation; Vidal Mojado, La Jolla Reservation.

Whites: Robert Gessner, New York; Eda Lou Walton, New York; tains of the reservation branches, Mission Indian Federation, by

Whites: Robert Gessner, New York; Eda Lou Walton, New York; Mr. and Mrs. Gerald Cassidy, Santa Fe, N. Mex.; Dr. Jay B. Nash, New York City; Mr. and Mrs. George F. Barker, San Francisco; Mrs. Maria Lambin Rogers, New York City; L. V. McWhorter, Yakima, Wash.; Howard Welty, Oakland, Calif.

Mr. KING. I also have a telegram from Poplar, Mont., signed by Gus M. Hedderich, chairman, and Meade Steele, secretary general council, Fort Peck Indians, which I desire to have inserted in the RECORD without reading.

The PRESIDENT pro tempore. Without objection, it is

so ordered.

The telegram is as follows:

POPLAR, MONT., March 24, 1932.
General council meet to-day adopted resolution indorsing Indian statement addressed to Congress; also indorsement of Peavey resolution of March 3, 1932; also indorsed Frazier tribal council bill urging immediate enactment; also expressed its gratitude and congratulations to Senators Frazier, Wheeler, King, and Congressmen Howard and Peavey, and other friends who are balloting for Indian rights; council renews its protest against new grazing regulations; also indorses Swing-Johnson Indian bill, resolutions unanimously adopted; also council calls on Wilbur and Rhoads to state what actions they propose to take to meet facts stated in Indian statement. Please bring actions of council to attention of all our friends in Washington. When minutes completed will mail you copies for your information.

Gus M. Hedderich, Chairman Council Fort Peck Indians. MEADE STEELE, Secretary General.

#### RECESS TO MONDAY

Mr. FESS. Mr. President, I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) took a recess until Monday, March 28, 1932, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 24, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

This day, our Heavenly Father, bring every Member of this Congress into an experience of that knowledge, understanding, and judgment heretofore unknown. O do Thou support us with the opulence, with the might and the blessedness of a living faith. Lighten the burden that weighs down, that irritates, and drives to discouragement. Make us conscious of that power that can lift up and lead us in the way of a wise success. Most graciously be with our President and Speaker and all others who have been placed in authority over us. The blessed Lord God mercifully regard our country, the land that has filled so many great and profound souls with rapture and for the centuries past has been the asylum for earth's oppressed. Inspire us all to labor and to toil for its greatest good while the groaning, sweating, bleeding aspects of human life are passing by. In Thy holy name we ask mercy and the forgiveness of our sins. Amen.

The Journal of the proceedings of yesterday was read and approved.

# THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236.

Mr. LAGUARDIA. Mr. Speaker, pending that motion may I ask the gentleman from Georgia as to the advisability of attempting to secure unanimous consent so that after the amendment now pending, offered by the gentleman from Georgia, is disposed of-against which, I believe, there is no opposition—we could have a vote on the Doughton amendment, and for this reason: If the Doughton amendment is approved, it would avoid an epidemic of amendments to create further exemptions under the manufacturers' excise tax. If the Doughton amendment is not approved, then, of course, Members would be advised either to favor or oppose further exemptions. I suggest that the real test of this whole matter is on the Doughton amendment, and if the gentleman from Georgia would ask unanimous consent that we dispose of the existing amendment and then take up the Doughton amendment, I think that would save hours and hours of discussion.

Mr. CRISP. Mr. Speaker, answering the gentleman from Georgia, I am just as anxious to bring this matter to a final show-down as any Member of the House, but I do think that any Member who has an amendment to offer providing for further exemptions should be given that opportunity before a vote is taken on the Doughton amendment.

I appreciate thoroughly the motive of the gentleman from New York, and I am in sympathy with it; but it seems to me that if the House desires to expedite the matter and bring the issue to a vote, it could vote on the amendment I have proposed for the committee and then let any other gentlemen who have amendments offer them. While I have no disposition to curtail their debate, I believe these gentlemen in a few minutes could express the reasons why they were offering those amendments. Then when those amendments have been disposed of I would be perfectly delighted if the House would agree to let the final test come on the amendment offered by the gentleman from North Carolina IMr. DOUGHTON] to strike out that paragraph, and personally I will agree that that shall be the test, and that if it prevails, all of the other manufacturers' tax titles or sections be eliminated from the bill.

However, there are three or four matters in this manufacturers' title that are not per se the sales tax. For instance, the tax on oil. There is a tax on imports of gasoline and oil, as well as a tax on lubricating oil. There is a tax on wort; there is a tax on malt; and there is a tax on grape concentrates. Therefore, I do not think that if we should have an agreement to permit the vote on the Doughton amendment to be the test as to the manufacturers' tax it would strike out the items I have named. Then the gentleman from New York [Mr. Cullen] has an amendment which he wishes to offer levying a tax on beer. Personally, I think it would be in order; but that amendment would not come up until after you had disposed of these matters in connection with the sales tax, and then when we reach that part of the bill my friend's amendment could be offered.

Mr. JOHNSON of Washington. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. JOHNSON of Washington. I am very glad to hear the gentleman's statement as to the rights of those with amendments. I desire to call attention to the fact that by unanimous consent the House agreed to dispense with the reading of certain parts of the bill and take up two particular sections. This leads to a bit of uncertainty. At the right place in the bill, at the right time, I desire to offer two amendments, one of which proposes to place at least a 100 per cent sales tax on any goods made in whole or in part by the type of forced labor prevailing in Russia, where no one is supposed to be unemployed and few paid, and I would like time to explain that amendment. Second, an amendment in the nature of a tax for the purpose of equalizing the depreciated currencles of countries in other parts of the world. I am dependent upon the chairman to assist me in an arrangement by which I will not be foreclosed from offering these amendments at the right place.

Mr. CRISP. Of course, I do not agree to support the gentleman's amendment.

Mr. JOHNSON of Washington. Oh, I do not ask that. The distinguished chairman must stand by his bill, but he can help others to help in this important amendment.

Mr. CRISP. Nor do I concede that the gentleman's amendments would be germane to the bill, but the place where they should be offered would be after the vote on that part of the bill placing a tax on oil, gasoline, and so forth.

Mr. JOHNSON of Washington. Exactly.

Mr. CRISP. And the suggestion I have made in no wise deprives the gentleman of any of his rights in that respect.

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman from Mississippi.

Mr. RANKIN. As a matter of fact, would not all these amendments be germane to a subsequent provision of the bill to that covered by the amendment of the gentleman from North Carolina?

Mr. CRISP. I think they would be, but I will say to the gentleman from Mississippi that here is the trouble about that. Undoubtedly they would be in order there, but the unanimous-consent agreement we were trying to reach was to act on those amendments with respect to the first section, and then let the vote on striking out the first section be the final and complete test.

Mr. RANKIN. That was not the request, as I understood it.

Mr. PATTERSON. Mr. Speaker, if they are asking unanimous consent to do that, I shall object.

Mr. LAGUARDIA. If the gentleman will yield, my suggestion was this: There was an amendment pending offered by the gentleman from Georgia and there is an amendment to that amendment pending, and my suggestion was that we dispose of that amendment and then the committee amendment. The next step would be the amendment offered by the gentleman from North Carolina [Mr. Dough-TON]. If that is approved, all the other amendments would not be necessary. Therefore I thought we would save time if, after disposing of the amendment offered by the gentleman from Georgia, against which there is no opposition that I know of, we would take a vote on the Doughton amend-

Mr. CRISP. I am perfectly agreeable to that.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman from New York.

Mr. O'CONNOR. Some Members may be in the same position I am and may desire to offer an amendment to the gentleman's amendment. For instance, I desire to offer an amendment to the gentleman's amendment with respect to malt sirup, and if this agreement were entered into, disposing of the committee amendment, that might preclude my amendment.

Mr. CRISP. It would not in any wise interfere with that. Mr. O'CONNOR. The logical and appropriate way would be to offer the amendment to the gentleman's amendment. For instance, in the exemptions which the gentleman has proposed to add to the bill, I understand there is included malt sirup used by bakers.

Mr. CRISP. That is correct.

Mr. O'CONNOR. I wish to offer an amendment exempting malt sirup used in the making of malted milk.

Mr. CRISP. I think that would be perfectly in order as an amendment to the amendment when the amendment of the gentleman from New Jersey [Mr. Lehlbach] is either voted up or down. The gentleman from New Jersey has an amendment to the committee amendment pending, and when that is voted up or down, I think the gentleman's amendment would be in order.

Mr. LINTHICUM. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LINTHICUM. Am I to understand that the gentleman considers that the tax on oil is not a part of the sales tax, and even though the sales tax were stricken out, the tax on oil would still remain?

Mr. CRISP. I may say to my friend that this agreement in no wise intereferes with that. The committee would have a separate chance to vote on whether it is going to eliminate the oil tax or not.

Mr. LINTHICUM. Even though the sales tax per se were eliminated?

Mr. SNELL. Will the gentleman yield? Mr. CRISP. I yield to the gentleman from New York.

Mr. SNELL. It seems to me that in the interest of orderly procedure we should start this morning just exactly as we would proceed if we had read the bill up to Title IV, and I would not want to agree to any unanimous-consent request to do anything different.

Mr. CRISP. Well, that settles it.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. In order that there may be no misunderstanding about the parliamentary situation, the Chair will direct the Clerk to report, first, the pending committee amendment offered by the gentleman from Georgia, Mr. CRISP; next the pending amendment to the committee amendment, offered by the gentleman from New Jersey, Mr. LEHLBACH; and after that the motion filed by the gentleman from North Carolina, Mr. DOUGHTON.

The Clerk again reported the Crisp amendment, as follows:

Committee amendment offered by Mr. CRISP: On page 225, after

line 13, insert the following new paragraphs:

"(1) Sales of food for human consumption (including those grades and forms of articles chiefly used as food for human consumption in the form in which sold or after processing or as material for such food; but not including any article enumerated in

subsection (d)).

"(2) Sales of wearing apparel for any part of the body.

"(3) Sales of agricultural implements and machinery.

"(4) Sales of medicines.
"(5) Sales of insecticides, fungicides, and herbicides, if chiefly

for agricultural purposes.

"(6) Sales of malt sirup, in containers containing not less than 50 pounds each, to a baker for use in the making of bread."

Mr. ABERNETHY. A parliamentary inquiry, Mr. Chair-

The CHAIRMAN. The gentleman will state it.

Mr. ABERNETHY. I have just come into the Hall, and there has been so much confusion I have not understood what was going on. I would like to know what is before the House so that I can vote intelligently.

The CHAIRMAN. The Chair has directed the Clerk to read the parliamentary situation. He has read the amendment offered by the gentleman from Georgia and was about to read the amendment of the gentleman from New Jersey

Mr. LEHLBACH. Mr. Chairman, I ask unanimous consent to modify the amendment by adding just preceding the amendment "sales of," in order to make it conform with the language of the committee amendment.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment offered by the gentleman from New Jersey: At the beginning, insert the words "sales of," so that the amendment will read "Sales of merchant vessels constructed in American shipyards under the provisions of the merchant marine act of and 1928, as amended, and all material, equipment, furnishings therefor, for which the Government has agreed to loan more than 50 per cent of the cost."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from North Carolina [Mr. Dough-TON].

The Clerk read as follows:

Amendment offered by Mr. Doughton: Page 225, strike out paragraph (a), beginning with line 8, on page 225, down to and including line 6, on page 226.

Mr. O'CONNOR. Mr. Chairman, I desire to offer an amendment to the committee amendment.

The CHAIRMAN. The Chair will state that on Tuesday the gentleman from New Jersey was recognized formally to offer an amendment and that amendment is pending.

Mr. O'CONNOR. I thought the gentleman from New Jersey might yield, as my amendment would take precedence. Mr. SCHAFER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHAFER. When will it be in order for me to offer a perfecting amendment to the committee amendment?

The CHAIRMAN. Not at this stage, not until the amendment of the gentleman from New Jersey is disposed of.

Mr. LEHLBACH. Mr. Chairman, I sincerely trust that the committee will give its consideration to the pending amendment on its merits, regardless of their views on the subject of manufacturers' sales tax generally.

The manufacturers' sales tax as it is written, applies to merchant vessels.

Immediately at the conclusion of the war, and for the 13 years succeeding, the American Government has expended hundreds of millions of dollars to establish and maintain and develop a merchant marine. To that end it has established certain necessary trade routes, has established steamship lines and operated those lines, even by the Government itself.

From time to time it has sold these lines under contract with the purchasers that they must maintain these trade routes.

In order that this may be done, the Congress in 1928, supplementing the merchant marine act of 1920, provided for the awarding of certain mail contracts. In the administration of the mail-contract policy the money paid out for mail contracts was largely earmarked for new construction, because unless replacements are continually made, the merchant marine will become obsolete, because the life of a ship is only 20 years.

In addition to these mail contracts, the money from which is paid in new construction, the Government, out of the construction loan fund, lends for new construction three-quarters of the cost of the ship, at a rate of interest no greater than that paid by the Government for the use of money.

By this means we have at the present time various ships in the course of construction, and will continue to construct new ships to replace those falling into disuse by reason of superannuation. To make this tax applicable to these ships built under the policy of the Government with the money of the Government, would simply be to knock into a cocked hat the entire merchant-marine policy. It was not within the contemplation of anybody when a manufacturers' sales tax was proposed that it should apply to a merchant vessel any more than to an office building. The amendment is reasonable and fair, and simply protects the Government itself in one of its major enterprises.

Mr. BLAND. Mr. Chairman, I shall take very little time of the committee. First, let me ask the gentleman from New Jersey [Mr. Lehlbach] if his amendment covers only sales of ships, or if it covers also the manufacture of ships?

Mr. LEHLBACH. It does. It covers the tax that might otherwise be placed on these ships, and it only covers the tax on ships constructed in our own yards pursuant to the policy laid down in the merchant marine acts of 1920 and 1928, and only where the major part of the money is furnished by the Government.

Mr. BLAND. The result of the tax would be, as the gentleman from New Jersey has pointed out, that the Government in large part would be taking money out of one pocket and transferring it to another pocket. To that extent it might seem unobjectionable, but, nevertheless, there is a serious objection to that tax. We are trying to build up a merchant marine. The purpose of the 1928 act was to build

up a merchant marine. The necessity for a merchant marine is to enable the country to be placed in a position of defense, and, in addition to placing the country in a position of defense, to enable the farmers, the agricultural interests, the manufacturing interests, merchants, and other interests to have a domestic carrier for domestic products, and thus help in promoting our foreign business.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. STAFFORD. Why should the shipyards of the country that are already receiving a bounty from the Government receive any further bounty as contradistinguished from the manufacturers of locomotives or other lines?

Mr. BLAND. I can not see that there would be a bounty to a shipyard. The money would come out of the shipowner. However, it would materially interfere with the construction of ships so necessary to the defense of the country and for the promotion of our foreign commerce.

Mr. RANKIN. I suggest that the gentleman wait until we vote on the Doughton amendment, and when we adopt that, that will exempt them all.

Mr. BLAND. That may be true, but at the same time there is always the danger of nonadoption. It would seem to be necessary in the development of this particular interest that is so materially for the protection of our country and the protection of our commerce that the amendment of the gentleman from New Jersey should prevail.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. BRITTEN. Is it not a fact that the Government is practically a 75 per cent owner in all such ships that to-day fly the American flag?

Mr. BLAND. Seventy-five per cent of the cost is contributed by the Government, which is to be repaid to the Government.

Mr. LaGUARDIA. The gentleman from Illinois says the Government is a 75 per cent owner. He should say that it is a 75 per cent donor.

Mr. BLAND. I should say lender rather than donor.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The question was taken; and on a division (demanded by Mr. Lehlbach) there were—ayes 130, noes 110.

Mr. STAFFORD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. Lehlbach and Mr. Stafford to act as tellers.

The committee again divided; and the tellers reported—ayes 149, noes 145.

So the amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment to the committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR to the Crisp amendment: After the word "bread," which is the line in the Crisp amendment, insert "and malt sirups sold and used for the manufacture of malted milk or other medicinal products."

Mr. O'CONNOR. Mr. Chairman, while malted milk is exempt and medicines are exempt, the committee amendment added an exemption for malt sirup in the making of bread. Malted milk is more of a medicine than a beverage. I also understand that in the hospitals throughout the country a lot of malt sirups are used in the making of medicinal preparations.

Mr. CRISP. Mr. Chairman, the committee has no objection to the amendment of the gentleman from New York. We intended to exempt all those malt sirups.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. GLOVER. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

might seem unobjectionable, but, nevertheless, there is a serious objection to that tax. We are trying to build up a merchant marine. The purpose of the 1928 act was to build lowing as paragraph (6) of the Crisp amendment add the following as paragraph (7):

"Sales by licensed manufacturers of gases, electricity, or power to be used in production of agriculture crops, and the preparation of seed crops for marketing purposes."

Mr. GLOVER. Mr. Chairman and gentlemen of the committee, the only purpose of this amendment is to exempt power used in the production of agriculture. It is a matter to which I called the attention of the chairman a few days ago. At that time the gentleman from Georgia [Mr. CRISP] said that he thought there was some merit in it, or words to that effect. Here is the situation that I am trying to reach.

In my district there is one of the largest rice fields in the United States. It is in a prairie country. It takes hundreds of pumps to pump the water to overflow the lands or cover the lands so that rice will grow. There are hundreds and hundreds of acres of it. That has to be produced by electric pumps pumping the water to cover the land.

I have a telegram from those people growing rice saying that this tax would possibly put them out of that production. The purpose of this bill all the way through has been to exempt agriculture. The amendment I have offered goes farther than that, and would exempt the gins that are ginning cotton. Every southern man who has a cotton gin in his district ought to be in favor of this amendment.

Why do we want to penalize the man who grows cotton or rice, or the man who grows other agricultural products? All in the world this does is to exempt that part of this power, either gas or electricity, that is used for that purpose. This amendment would also affect the dairying interests, where electric milkers are used. They would be exempted from this tax. I am sure many of the members of the Committee on Ways and Means will be favorable to this, and I can not see why this amendment should not be accepted by the committee.

The gentleman from Georgia [Mr. CRISP] was very kind in his statement about it the other day, and I am sure he feels it is a worthy amendment. If it were not so, I would not offer it, but this is something that should be exempted. If this bill passes, it is an exception that ought to be put into the bill, and this is the proper place to put it in.

I hope that every man who is interested in agriculture will vote for this amendment.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. WHITTINGTON. Unless this does pass, it means that practically every bale of cotton will be taxed from 50 to 80 cents a bale?

Mr. GLOVER. Yes.
Mr. RANKIN. Will the gentleman yield?
Mr. GLOVER. I yield to the gentleman.
Mr. RANKIN. It would not after we adopt the Doughton

Mr. GLOVER. Well, it would not hurt that. I am for the Doughton amendment.

Mr. CRISP. Will the gentleman yield?

Mr. GLOVER. I will be glad to yield to the gentleman from Georgia.

Mr. CRISP. I will state that I did call this up before the committee, but in the multitudinous things before the committee, no final decision was reached. As far as I am concerned, I have no objection to it.

Mr. GLOVER. I thank the gentleman, and I hope the amendment offered by me will be adopted.

Mr. BARBOUR. Mr. Chairman, I desire to offer a substitute for the amendment just offered by the gentleman from Arkansas [Mr. GLOVER].

The CHAIRMAN. The Chair will suggest to the gentleman from California that an amendment of that sort would not be in order. It would be an amendment in the third degree. We are now considering a committee amendment, and there has been an amendment offered to the committee amendment.

Mr. BARBOUR. It would not be in order as a substitute?

The CHAIRMAN. The Chair thinks not. Mr. STAFFORD. If the Chair will permit, there are four motions that might be entertained at any time, namely, an amendment, an amendment to that amendment, a substitute,

and an amendment to the substitute. As I understand the proposal of the gentleman from California, he offered his amendment as a substitute for the amendment offered by the gentleman from Arkansas. I do not say that it is a substitute; but if it is offered as a substitute, it is in order and is not within the restricted class of being within the third degree

The CHAIRMAN. The Chair will state to the gentleman from Wisconsin and the gentleman from California that as the amendment is offered, it is offered to the Crisp amendment. There is already one amendment pending.

Mr. STAFFORD. Then it is an amendment in the third

Mr. BARBOUR. I would like to state that I am offering it as a substitute, but to be added to the Crisp amendment in the event it is passed.

The CHAIRMAN. The gentleman can offer it after the amendment offered by the gentleman from Arkansas IMr. GLOVER] is disposed of.

The question is on agreeing to the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. GLOVER) there were ayes 126 and noes 110.

So the amendment was agreed to.

Mr. BARBOUR. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Barbour: Add as a new paragraph to the Crisp amendment the words "electrical power or energy."

Mr. BARBOUR. Mr. Chairman, I think the committee has acted wisely in accepting the amendment offered by the gentleman from Arkansas [Mr. GLOVER], because electricity used on the ranches is just as necessary in the operation of a farm or ranch and in the production of a crop thereon as is fertilizer or farm implements or feed for livestock, or any of the other things that have been exempted in the bill or in the Crisp amendment. The amendment offered by the gentleman from Arkansas is entirely consistent with the position of the committee in regard to the other exemptions, so far as agriculture is concerned.

My amendment will go farther. It will exempt all electricity. Electricity is one of the most necessary things and is used in practically all of the homes of this country. In the country, in the villages, and in the cities we all use electricity. The rich use it and the poor use it, and if we tax electricity that is used in the homes, we are placing a tax on the very people we are trying to exempt in the Crisp amendment by exempting the necessaries of life.

Mr. DYER. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. DYER. If we exempt everything that pertains to agriculture, as we are starting to do, where will we get any money to balance the Budget?

Mr. BARBOUR. This does not exempt everything. It exempts electricity. The committee has adopted a policy, which is evidenced by the Crisp amendment, of exempting the necessaries of life, and I submit this amendment to the Committee of the Whole House on the state of the Union in line with the policy of the Crisp amendment, because it exempts another necessary-electricity-which, to my mind, is just as essential in our daily life and just as necessary as clothing or food.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. COLE of Iowa. Can the gentleman tell us how much this would mean in reduced revenue?

Mr. BARBOUR. I can not say. I have not those figures. Mr. PATTERSON. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. PATTERSON. I understand that the gentleman's amendment exempts all the electricity used in the homes of the people who are out of work?

Mr. BARBOUR. All electricity. In addition to that, I may say that in this country there are many small electric railroad lines that to-day are operating at a loss. They are rendering a real service to the people of this country and are

doing so at a loss. If they are taxed under this bill, it would simply add to their operating loss.

Mr. LaGUARDIA. Will the gentleman yield? Mr. BARBOUR. Yes.

Mr. LAGUARDIA. Is the gentleman's amendment sufficiently broad to cover cities as well.

Mr. BARBOUR. Everything. It exempts all electrical

power or energy.

Mr. LaGUARDIA. In view of the action taken by the committee on the previous amendment, it would seem to me there could be no argument against this amendment.

Mr. COLTON. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. COLTON. The gentleman's statement is correct regarding interurban lines. It is also true regarding mines. Our mines are shut down because they can not keep up expenses, and many of them get their power from electrical

Mr. BARBOUR. Electricity is one of the very necessary things that we use in the home and in practically every

activity of our daily life.

Mr. MOUSER. Will the gentleman yield?

Mr. BARBOUR. I yield,

Mr. MOUSER. Why does not the gentleman include

natural gas?

Mr. BARBOUR. The gentleman can offer an amendment to that effect. I did not want to try to cover too much ground, but rather to confine my amendment to the one thing-electricity.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. STRONG of Kansas. Does it not include all use of power?

Mr. BARBOUR. All use of power; yes. That is what I

am aiming at.

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. If it is adopted, you will lose in revenue \$12,000,000. With the exemptions that have already been proposed, practically all of the necessities of life are exempt. All food and all material that goes into the making of human food is exempt. All wearing apparel is exempt. However, under the bill the material that goes into the manufacture of wearing apparel is subject to the 21/4 per cent tax. But, gentlemen, with the exemptions that have been proposed by the committee, the tax will practically apply to basic industries, and as it is reported by the committee, with the committee amendment engrafted into it, it will raise from \$450,000,000 to \$460,000,000.

Now, this tax on electricity is not burdensome. I regret we have to tax anything. This tax is based on the manufacturers' wholesale cost at the switch-not covering the service and sales agencies-and it is 21/4 per cent on the wholesale manufacturers' price. The average wholesale manufacturers' price of electrical energy at the switch is about half a cent a kilowatt-hour. This tax is not levied on

the retail price but on the wholesale price.

There is no need of my discussing it further. I have presented the facts to you, and I hope the amendment will not prevail.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. WHITTINGTON. As I understand the amendmentand I want to see if I am correct—this would exempt all electricity used domestically, agriculturally, and industrially?

Mr. CRISP. Yes.

Mr. WHITTINGTON. Altogether?

Mr. CRISP. Yes.

Mr. ESTEP. Will the gentleman yield?

Mr. CRISP. Yes. Mr. ESTEP. The gentleman stated that if this amendment were adopted it would take about \$12,000,000 out of the proposed increase in taxes?

Mr. CRISP. That is what the expert tells me. Mr. ESTEP. Can the gentleman tell us how much the adoption of the amendment offered by the gentleman from Arkansas will cost?

Mr. CRISP. It is estimated to be about \$500,000.

Mr. GIFFORD. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. GIFFORD. I would like to ask the gentleman whether Canada taxes electrical power?

Mr. CRISP. I will answer the gentleman candidly by say ing I do not know. I did not go to Canada this fall with the Hearst party, so I can not answer that question.

Mr. GIFFORD. May I read one sentence from the report?

Mr. CRISP. Yes.

Mr. GIFFORD (reading):

Electric power is of such great use in our manufacturing indus which we wish to encourage, that we are not directly taxing it.

I wonder if anybody could inform us whether, if they do not tax it directly, they are indirectly taxing it?

Mr. CRISP. I would answer my friend if I could, but I will not make any statement that I do not know to be accurate. I will not give any misinformation.

Mr. YON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. YON. In one community in my district the city is furnished with electricity by a power company under contract. Where would the tax be collected in that instance?

Mr. CRISP. Under the law, where a city performs strictly a governmental function, it is exempt from this tax. Therefore, if the city were operating a municipal electric plant or gas plant, the power or the gas which the city itself consumes would not be subject to the tax, but the gas or electricity which the city sold to private individuals is not strictly a governmental business and the tax would apply in such a case.

Mr. RAINEY. Mr. Chairman, there is no tax on electricity in Canada. The Government has a monopoly on the production of electricity, almost a complete monopoly, and the Government does not tax itself. There is no tax in Canada.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The question was taken; and on a division (demanded by Mr. Barbour) there were—ayes 54, noes 153.

So the amendment was rejected.

Mr. BURTNESS. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. Burtness: In paragraph 3 of the committee amendment, after the word "machinery," insert a comma and the following: "including parts thereof; harness and

Mr. BURTNESS. Mr. Chairman, I would like to have the attention of the chairman of the committee for a moment. In the amendment exempting farm machinery was it not the intent of the committee that parts for such machinery were also to be exempted?

Mr. CRISP. It was not, I will say to my friend. The committee felt as if they could not continue to broaden the exemptions and get anything at all from the tax, and the committee felt, and I feel now, that if anyone will consider this bill in its entirety he will see that the farmers have been given every possible consideration.

Mr. BURTNESS. Mr. Chairman, I have talked with a number of members of the committee with reference to this matter, and most of them told me that they believed that parts of machinery were to be exempted and that the whole would include the elements thereof. I recognize the answer given by the chairman of the committee as being a frank statement of his view of the matter, and, of course, it confirms the doubts I entertained as to the construction that would be placed thereon and what I perceive as the need of adopting my amendment.

The amendment which I am proposing is really two amendments, but I have offered them together in order to I shall ask unanimous consent to have the amendment divided when the vote is taken.

To start with, the first proposal is one of exempting parts of machinery, and I may say to the members of the committee that if they are going to give any particular benefit by this exemption to the farmers of the country during the next two years it is far more necessary to exempt parts of farm machinery from the tax than it is to exempt new machines, for the farmers of the country, at least in our section, are not going to be buying much new machinery but a great many new parts with which to repair old machinery.

A tax upon the repairs needed for a binder or a mower or any other necessary farm implement is a tax almost upon misfortune, and I hope there will be practically no votes against that portion of the amendment which will exempt from the manufacturers' tax the parts that go into farm machinery; the parts that will have to be purchased by all farmers of this country during the next few years and until there is enough restoration of prosperity so that they can afford to buy new machinery. Such parts are very expensive, anyway, and the farmers can not and should not pay a dollar, a nickel, or a penny more for them. Mr. STAFFORD. Will the gentleman yield?

Mr. BURTNESS. No; I can not yield. I do not want to ask for an extension of time, hence must decline to do so.

The second portion of the amendment simply exempts harness and harness hardware. As stated, I will ask that the two propositions be voted on separately, so that the Members may pass upon the merits of each independently.

The same principle which applies to the exemption of farm implements and farm machinery, of course, applies to harness, but in this connection there is even an additional reason. One of the most important things in the restoration of agriculture, it seems to me, in the next few years is to try to get away from vast mass production on the farms through the use of expensive tractors and power equipment. It would be a wonderful thing for all the people of the country if the farmers could get back to the more general use of horses for their motive power. [Applause.]

Let us not put a burden, then, upon the individual farmer who wants to again start using horses in the place of tractors and who has to buy harness in order to do so, but let us in this bill to a slight extent encourage such a change and exempt that portion of the farmer's cost of production represented by the purchase of harness and harness hardware, for, of course, the expenditures therein affect directly the farmer's cost of production, which in turn may affect the price of the crop or product raised to the consumers when they buy it.

I submit the amendments for your consideration with confidence that you will find them meritorious. While I appreciate the consideration given agriculture in this bill, you can not do too much for it, as there is no class in the country in as desperate straits as are the farmers. Remember, too, that whatever is done for them to reestablish their purchasing power will be helpful to all other classes in our population.

[Here the gavel fell.]

Mr. BURTNESS. Mr. Chairman, I ask unanimous consent that the amendment may be divided, so that the question of exemption as to parts of machinery may be put separately and then the rest of the language voted upon.

The CHAIRMAN. In the opinion of the Chair, the amendment contains more than one substantive proposition. The Clerk will report the first part of the amendment.

The Clerk read as follows:

In paragraph 3 of the committee amendment, after the word machinery," insert a comma and the following: "including parts thereof.

The CHAIRMAN. The question is on the first part of the amendment.

The question was taken; and the Chair being in doubt, the committee divided, and there were-ayes 94, noes 74.

So the first part of the amendment was agreed to.

The CHAIRMAN. The Clerk will report the remainder of the amendment.

The Clerk read as follows:

In paragraph 3 of the committee amendment, after the word "machinery," insert a comma and the following: "harness and harness hardware."

The question was taken; and on a division (demanded by Mr. CRISP) there were-ayes 62, noes 81.

So the second part of the amendment was rejected.

Mr. COX. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend the committee amendment offered by Mr. Crisp by

adding a new subsection, as follows:

"8. Sales of crates, baskets, boxes, bags used for the handling, packing, or shipping of fruit and vegetables."

Mr. CRISP. We have no objection to that amendment. Mr. GREEN. Mr. Chairman, I offer a substitute for that amendment.

The Clerk read as follows:

Insert at the end the following new paragraph:
"7. Sales of articles to be used as containers of any kind for fruit and vegetables in any form."

The CHAIRMAN. The Chair will state to the gentleman that this is an amendment in the third degree.

Mr. GREEN. This amendment is broader than that offered by the gentleman from Georgia. I was wondering how it can be offered.

The CHAIRMAN. It can be offered as a new paragraph after the other amendment is disposed of. The question is on the amendment offered by the gentleman from Georgia [Mr. Cox].

The question was taken, and the amendment was agreed to. Mr. GREEN. Now, Mr. Chairman, I offer the amendment which is at the Clerk's desk.

The Clerk read as follows:

Add to the committee amendment: Insert at the end the following new paragraph:
"Such sales of articles to be used as containers of any kind for

fruit or vegetables in any form.

Mr. GREEN. Mr. Chairman, this amendment is important. It goes farther than the amendment offered by the gentleman from Georgia. It would exempt any kind of containers used for fruits or vegetables of any kind or any container in any form. In other words, the canning industry of the country is canning the surplus of our vegetables and fruits. This would exempt the container of those goods, as well as barrels and baskets and hampers used for shipping.

Of course, I favored the amendment offered by the gentleman from Georgia [Mr. Cox]. In fact, it is in part the amendment I am now offering. The fruit and vegetable growers and shippers favor the amendment.

Mr. CRISP. Mr. Chairman, I am constrained to oppose this amendment. It will lose us \$4,000,000. It will affect the canning of any kind of food products, meat, vegetables, or anything else. The food in them and all parts of the food are exempt. I am willing for the adoption of amendments that will aid in carrying out the full scheme of the bill to exempt the farmers, but when you go as far as this you are exempting the big tinning plants, the mills that make the tin, and this bill will not produce anywhere like the adequate revenue, even if the House adopts it. I hope the amendment will be defeated.

Mr. HARE. As I understand, the Cox amendment takes care of baskets and hampers for shipping fruits and vegetables.

Mr. CRISP. It does, and I said that I had no objection to it.

Mr. BLAND. Does it exempt fish products, containers carrying fish for food?

Mr. CRISP. What is the nature of the container?

Mr. BLAND. Usually in crates or barrels.

Mr. CRISP. My information is that it does.

Mr. WHITE. Mr. Chairman, I move to strike out the last word. The case of the farmer in connection with these food products has been presented here in consideration of the amendment of the gentleman from Florida [Mr. GREEN], and the gentleman from Georgia [Mr. CRISP] has presented opposition to the manufacturers of tin cans. There is still a third element interested in this matter, and that third element consists of the consumers of food. It is my opinion-and I believe this House is in agreement with methat American citizens should be permitted to live before they are compelled to assume the burdens of taxation.

Mr. CRISP. Mr. Chairman, will the gentleman yield? Mr. WHITE. Yes.

Mr. CRISP. I have not the slightest doubt that this tax on cans, negligible as it is, will be absorbed by the canners

and will not affect the consumer at all. Mr. WHITE. I believe we should stand firmly by the principle that the poor people in the cities of the United States as well as in the country should be exempted from taxes until they at least have an opportunity to make a

Mr. MURPHY. Mr. Chairman, will the gentleman yield? Mr. WHITE. Yes.

Mr. MURPHY. The answer given by the chairman of this committee would apply to everything in the way of a sales tax. It will be absorbed, but it is the poor man who will absorb it, because he is the man who is eating out of the cheap tin can. The poor man lives out of these tin cans, and you are going to put a tax on the users of these food products. Here is a chance for you fellows who are against the sales tax to do something real and tangible and worth while.

Mr. WHITE. Mr. Chairman, I hope the amendment of the gentleman from Florida will prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The question was taken, and the amendment was rejected. Mr. GREEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Green to the committee amendment offered by Mr. Crisp: Insert at the end thereof the following new

"(8) Sales of turpentine or resin."

Mr. GREEN. Mr. Chairman, I would particularly like to have the attention of those from the naval stores-producing States, and those from the paint, the soap, and the varnish manufacturing States. Naval-stores production for this year has declined because the producers are not realizing the price of production in many cases. There is some question as to whether naval-stores products may be properly classified as farm products. At the last session of Congress we passed a special act bringing gum turpentine and gum resin under the provisions of the marketing act, so that the Federal Farm Board could lend some assistance to this

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. GREEN. Yes.

Mr. CRISP. Practically all of those resins and turpentines are used in further manufacture. If they are used in further manufacture and sold to licensed manufacturers they are exempt.

Mr. GREEN. Then the chairman should not object to this amendment. We want to be sure that these products are protected. Of the producers in my district, I am informed only a few did not lose money last year. If you want those making soap in your districts, making paint in your district, or making varnish in your district, as well as other manufactured articles to pay more, then put an additional tax on this agricultural product. It is highly important that we protect all lines of the farming industry. This is a line of farming. As an industry it is now distressed, as are some of the wheat and cotton industries.

Mr. LaGUARDIA. Can any of the articles mentioned in the amendment be used of and by themselves as such?

Mr. GREEN. Yes. They are used to mix in paint, and for other purposes.

Mr. LAGUARDIA. If they are, they are not taxed.

Mr. GREEN. Oh, no; the gentleman is wrong. A consumer will buy a gallon of paint and add probably a quart of turpentine.

Mr. LaGUARDIA. It becomes a component part of the paint, and the paint is taxed and the turpentine is not.

Mr. GREEN. Oh, no; I beg the gentleman's pardon. I asked for information and I was reliably informed that naval stores would be taxed.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. GREEN. Yes.

Mr. CRISP. I know something of naval stores, and a great part of them are exported. Under this bill exports are not taxed, and if they are used in further manufacture they do not pay a tax. The amendment is unnecessary.

Mr. GREEN. The gentleman knows as well as I do that the naval storesmen are going in the hole every day. I hope the amendment will be adopted. In fact, I am informed that these products are not exempt, and I believe this industry should stand on all fours with other agricultural

products.

Mr. HARE. Mr. Chairman, I am apprehensive that the House is not fully advised as to the full purport of the amendment offered by the gentleman from Florida. I have the impression that many Members of the House do not recognize turpentine and resin as farm products. In my section of the country turpentine is looked upon as a farm product very much as corn or wheat or cotton. I can best illustrate it by saying that in my boyhood days I assisted in working a turpentine farm. For example, I would plow cotton one day, chip pines the next day, would plow corn the following day, and dip resin the next. We used the same wagons used in our other farm operations in transporting the resin to the still, and we used the same farm team in transporting it to the turpentine still or market. Therefore, it is purely a farm crop. There is no doubt but that the tax will be levied by the man who first processes the resin. The man who distills the resin and places the turpentine on the market will not know whether it is going into a manufactured product or not. He sells it in the raw state. Turpentine is sold primarily in the raw state, and the acting chairman of the committee knows that it is sold primarily by the man who distills it. There is no processing after it passes his hands until it reaches the manufacturer of paint, varnish, or soap, and under the law the distiller would be compelled, as I understand, to pay the tax; but afterwards, if it goes into paint or into soap or into some other product, the second manufacturer would not be required to pay the tax, for the tax is already paid by the original producer and collected from the original producer. I can see a great deal more merit in this amendment than has been credited to it, because if we are going to exempt a farm crop or a farm product or a processed farm product, and I think we should, then turpentine should be included just as flour made out of wheat should be included or just as meal made out of corn should be included. I think the amendment should be adopted. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The amendment was rejected.

Mr. CRISP. Mr. Chairman, I have no desire to cut off amendments, but some of the gentlemen who are on the other side of this bill have asked me to see if we could not get some agreement as to the closing of debate on this amendment and all amendments thereto. So, Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto shall close at 2 o'clock.

The CHAIRMAN. Is there objection to the request of the

gentleman from Georgia [Mr. CRISP]?

Mr. LaGUARDIA. Mr. Chairman, reserving the right to object-

Mr. BLANTON. Mr. Chairman, reserving the right to object-

Mr. CELLER. Mr. Chairman, regular order.

Mr. CRISP. Mr. Chairman, then I move that all debate on this amendment and all amendments thereto be closed at 2 o'clock. That does not prevent the offering of amendments which it is desired to offer.

Mr. MAPES. Mr. Chairman, before that motion is put, will the gentleman permit me to ask a question?

Mr. CRISP. I yield.

the part of a great many Members to offer amendments to the amendment which the gentleman from Georgia has offered, to exempt from the sales tax certain articles of manufacture. I am interested in offering an amend-

Mr. BLANTON. Mr. Chairman, I ask for the regular

Mr. MAPES. Will the gentleman not withhold that for a moment?

Mr. BLANTON. Well, we would all like to make a speech on this. Regular order, Mr. Chairman.

The CHAIRMAN. Regular order is demanded.

The question is on the motion of the gentleman from Georgia [Mr. Crisp] that all debate on this amendment and all amendments thereto shall close at 2 o'clock.

The motion was agreed to.

Mr. LANKFORD of Virginia offered an amendment, which the Clerk reported, as follows:

At the end of the committee amendment offered by Mr. Carsp add the following paragraph: "Shipping containers for farm and garden products produced in the United States."

Mr. CRISP. Is that not the substance of an amendment

that has already been adopted?

Mr. LANKFORD of Virginia. No; I think not. My intention was only to include crates for strawberries, kale, potato barrels, and things like that. I am willing to put in the words "wooden containers" in order to try to get the amendment in line with the thought which the gentleman suggested he would not object to a few moments ago.

Mr. CRISP. I think the amendment offered by the gentleman from Georgia [Mr. Cox] covers the situation.

Mr. LANKFORD of Virginia. I was unable to ascertain just what his amendment provided.

Mr. CRISP. The gentleman from Georgia [Mr. Cox] offered an amendment which I stated I had no objection to, and I think it meets the situation.

Mr. LANKFORD of Virginia. Mr. Chairman, may I at this time in my time find out what that amendment provided?

Mr. CRISP. It provided as follows:

Crates, baskets, boxes, bags, and other containers for handling, packing, and shipping fruits and vegetables.

Mr. LANKFORD of Virginia. I was not able to hear it before.

Mr. Chairman, I ask unanimous consent to withdraw the amendment which I offered.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. HOUSTON of Hawaii offered the following amend-

On page 226, line 2, after the word "State," insert the word "Territory."

The CHAIRMAN. The attention of the Chair has been called to the fact that this amendment is not germane at this point. The gentleman can offer it later.

Mr. LaGUARDIA offered the following amendment, which the Clerk reported, as follows:

At the end of the Crisp amendment, as amended, add the follow-

ing:
"Provided, That all materials and articles used in the manufacture of articles herein specifically exempted shall likewise be exempt from the manufacturers' excise tax herein imposed.'

Mr. LaGUARDIA. Mr. Chairman, yesterday or the day before, when the committee announced the exemption of this tax on clothes and food and farm implements, it was generally believed that all such articles were absolutely exempted. Upon looking up the law and upon conferring with officials in the Treasury Department, as well as members of the committee, we find it is not entirely so and that the limited exemptions are a very small concession. For instance, the minute that clothes and garments and suits are exempted, the tax reverts back to the textiles, to the buttons, to the linings, to the trimmings, and everything that goes into a suit, including fuel, light, and heat. The minute the tax on

Mr. MAPES. There seems to have been a disposition on shoes is exempted, the tax reverts back to the leather and everything that goes into a shoe. Therefore I submit that if this exemption is offered in good faith-and I know the gentleman from Georgia is acting absolutely in good faithsome one has slipped in a joker. If we are to exempt food, clothes, and wearing apparel, let us have an honest-to-goodness exemption and exempt everything that goes into the making of such exempt articles. [Applause.]

Mr. CRISP. Mr. Chairman, I will only take about two

minutes. There is no joker in this amendment.

The committee knew what it was doing. There was no intention of exempting materials, because such an exemption is not capable of being administered. If we strike out everything in the bill there will be no base on which to compute a tax. The last statistics show the volume of business to be \$60,000,000. To-day, with the exemptions we have recommended, you will compute the two and a quarter per cent tax on a base of about \$20,000,000. I hope the amendment will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. LaGuardia) there were—ayes 37, noes 91.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Blanton; At the end of the committee amendment offered by Mr. Crisp, add "(7) ice."

The CHAIRMAN. The gentleman from Texas is recognized for two minutes.

Mr. BLANTON. Mr. Chairman, to save my life, I can not understand why this bill should contain a provision to tax ice. The purpose of my amendment is to prevent a tax on ice. There should be no tax on ice.

Ever since I have been in public life I have been making an earnest uncompromising fight to force all necessities to be furnished the people at the lowest cost possible. The people should get electric light and current at the lowest price possible. They should get gas and other fuel at the lowest price possible. They should get their water at the very lowest possible price. They should have transportation on street cars, busses, and railroads at the very lowest cost possible. And they should have their ice at the lowest price possible.

In my State ice has been sold at the cities of Waco, Austin, and San Antonio at 20 cents per hundred, while in some cities controlled by monopolies it is still sold for 50, 60, and even 75 cents per hundred, which is outrageous.

Mr. Chairman, ice is no longer a luxury. Every poor family in the United States should have ice as cheaply as they can get it, just the same as anybody else. In many places the local water is absolutely unfit to drink unless it has ice in it during the summer months. Why should not ice be exempt from this tax?

Mr. CRISP. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CRISP. Under such an amendment we will lose about \$3,000,000. I have no objection to the amendment.

Mr. BLANTON. Then, Mr. Chairman, since the gentleman from Georgia [Mr. CRISP], the chairman of the committee, evidences a willingness to accept my amendment, I do not care to use any further time in discussing it, but will ask for a vote on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

Mr. SCHAFER. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Wisconsin offers

an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Schafer to the committee amendment; Strike out all after the word "sirup" in the amendment and insert a comma and add the following: "liquid mait and malt extract, fluid, solid, or condensed."

The CHAIRMAN. The gentleman from Wisconsin is | recognized for three minutes.

Mr. SCHAFER. Mr. Chairman, in three minutes I can merely scratch the surface of this great fundamental principle. The Committee on Ways and Means has recognized the fact that malt sirups are a food product by including them in their list of exemptions when sold to bakers in containers of not less than 50 pounds. Under that exemption a baker who purchases a 50-pound container will not have to pay the 21/4 per cent sales tax, but the little baker and housewife baker will have to pay an extortionate sales tax of approximately 30 per cent under another section of the bill. The big baker who purchases a 50-pound container will get the benefit of the exemption while the housewife with five or six half-starved children who desires to bake bread and other foods for her family, as contained in this voluminous book of recipes, will have to pay a sales tax of 30 per cent. Unless my amendment is adopted you are also going to take powdered malt sirup like that contained in this can and make the purchaser pay a 30 per cent sales tax thereon. You are going to make those who can not keep body and soul together pay a tribute under a 30 per cent sales tax on malt sirups which are used for food and malted milk as well as to manufacture home-brew. I certainly hope that in the name of justice my amendment will be adopted so as to prevent the indefensible sales tax of 30 per cent on essential foods of the American people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Celler: Add to the committee amendment a new subsection, as follows:

"Kitchen utensils and household articles used in the cooking

and preparation of food and foodstuffs for human consumption."

The CHAIRMAN. The gentleman from New York is recognized for two minutes.

Mr. PARKS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PARKS. May I inquire of the Chair under what rule the Chair recognizes Members for two minutes?

The CHAIRMAN. By agreement with the gentleman who proposed the amendment, otherwise the gentleman would be recognized for five minutes under the rules of the Committee of the Whole.

Mr. Chairman, we have declared exempt Mr. CELLER. under the committee amendment agricultural products. We have been dealing very fairly with the agricultural population. I appeal to you now for the teeming millions in the metropolitan centers, a center like New York, from whence I come. I ask that when food is prepared in the kitchen that the media by which it is prepared shall be exempted. We have exempted food, we have exempted clothing, and I think we should go further and exempt the articles by which the food is cooked or boiled in the kitchen.

I appeal to you in this regard for the housewives of the Nation, not only in the cities but also in the country, and ask that my amendment prevail.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

Mr. MILLARD. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. MILLARD: Add a new paragraph to the committee amendment offered by Mr. CRISP and insert "the flag of the United States."

Mr. MILLARD. Mr. Chairman, I notice with great approval that the committee has exempted Bibles, the books of the Old Testament and the New Testament, rosaries, chaplets, medals, and similar articles of religious devotion. Next to religion comes patriotism, and my amendment is to exempt the American flag. There should not be a tax on patriotism. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. GIFFORD. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Gifford to the committee amendment: After the word "machinery" insert "together with implements and machinery used in the fishery industries."

Mr. GIFFORD. Mr. Chairman, it should not take more than a minute to convince this House that the fishery industry does nothing but produce food. The fishermen now use power in their small boats, and it is an industry where they work harder, run more risks, and engage in a far more dangerous calling than does the farmer. I think it could only have been an inadvertence on the part of the committee that they were not exempted. Certainly, no lengthy argument ought to be necessary now that the committee has exempted the agricultural interests, who are far better off than those who engage in the fishery industry. I urge that this amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. GIFFORD) there were—ayes 40, noes 73.

So the amendment was rejected.

Mr. NOLAN. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Nolan: Add to the list of exemptions in the Crisp amendment "sales of trusses, artificial limbs, and orthopedic appliances."

Mr. NOLAN. Mr. Chairman, I can not believe that when the committee eliminated necessities from this bill they had any idea of imposing a tax upon these appliances that the crippled, the maimed, and the disabled are forced to use because of their misfortune; and orthopedic appliances are used largely to correct deformities of crippled children.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. BLAND. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Bland: Amend the committee amendment offered by Mr. Crisp, as amended, by adding a new

subsection, as follows:
"Sales of containers used for shipping any sea-food products shipped for consumption as food."

Mr. BLAND. Mr. Chairman, the only purpose of this amendment is to bring the sea-food industry in line with the agricultural industry, and make the same application to the sea-food products which has been made to fruits and vegetables. I regret that the limit of time which has been fixed by the committee will not permit full discussion of this amendment. Certainly the same rule that applies to fruits and vegetables should apply to sea-food products, which constitute a large part of the food of the country and at reasonable rates. The industry is suffering as severely as other industries, the men engaged have much work and small profits, with frequently no profits at all, and they should not be burdened further. The burden is one that they could not pass on, but would be compelled to absorb.

The question was taken, and the amendment was rejected. Mr. GRANFIELD. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. Granfield: At the end of the committee amendment add the following new paragraph:

"(8) Coal and wood of all kinds for use as fuel in the home."

Mr. GRANFIELD. Mr. Chairman, the amendment which I have just offered provides that coal and wood of all kinds used as fuel in the home be exempted from the imposition of the 21/4 per cent tax. This is a very proper and necessary amendment.

The distinguished gentleman from Georgia [Mr. CRISP], in behalf of the Committee on Ways and Means, has recommended that foods, clothing, and medicine be tax exempt. Just a few moments ago the distinguished gentleman from Texas [Mr. Blanton] offered an amendment which would include ice in the list of exemptions. I am impressed that coal and wood are in the same category as food, clothing, and medicine, and ice, and for that reason I offer this amendment.

I wish, further, to call to the attention of the House that coal and wood are the poor man's fuel, and that to-day many of our citizens are buying coal and wood by the bag. I regard these commodities just as necessary to the welfare of our people as other necessities of life, and I trust the House will adopt my amendment.

Mr. ABERNETHY. Will the gentleman yield? Mr. GRANFIELD. I yield to the gentleman from North Carolina.

Mr. ABERNETHY. What does the gentleman's amendment cover?

Mr. GRANFIELD. My amendment covers coal and wood used only in the home for fuel purposes.

Mr. ABERNETHY. Does the gentleman think that ought to be taken off?

Mr. GRANFIELD. Yes. I am convinced that the exemptions which are provided for by my amendment should be accepted by the House. Without any question a tax on coal and wood is a burden which will be borne by the poorer class of our people. This class should not be forced to bear a tax of this character during these times of great financial distress. Most of our people are having all they can do to obtain sufficient money to purchase the bare necessities of life. I trust the amendment will be adopted.

Mr. McCORMACK. Will the gentleman from Massachusetts yield?

Mr. GRANFIELD. I am happy to yield to my colleague.

Mr. McCORMACK. I hope the committee will accept it.

Mr. CRISP. I have no objection.

Mr. LEWIS. Mr. Chairman, I wish to offer a substitute, exempting coal entirely.

The CHAIRMAN. The Chair will state to the gentleman that that would be an amendment in the third degree. The question is on the amendment offered by the gentleman from Massachusetts [Mr. GRANFIELD].

The question was taken; and on a division there were 87 ayes and 7 noes.

So the amendment was agreed to.

Mr. LEWIS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add at the end of the Crisp amendment a new paragraph, as follows:

"Sales of coal."

Mr. LEWIS. Mr. Chairman, ladies, and gentlemen, I will make no argument in one minute on this subject, but I will try to give you the coal statistics, from which you can derive your own argument.

The statistics show that the anthracite coal of 1929 brought \$400,000,000 in round numbers, and the bituminous coal brought \$1,000,000,000 in round numbers. Perhaps one-third of the bituminous coal produced goes into manufacture, so that would be caught later in the tax. The exempting amendment just adopted, just restricted to coal used for fuel in the homes, would not cover more than one-third of the coal produced in the United States. It would not reach any of the coal sold to the railroads. They have done more than any other single cause to prevent reasonable coal prices and wreck the coal-mining industry.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland.

The question was taken, and the amendment was rejected.

Mr. HOPKINS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add to the Crisp amendment, after the word "medicine," the words "animal vaccines and serums."

Mr. HOPKINS. Mr. Chairman, I have offered this amendment, but I desire to ask the chairman of the committee whether the word "medicine" in the Crisp amendment would cover vaccines and serums?

Mr. CRISP. I think the gentleman's amendment is unnecessary, and the Treasury expert agrees with me.

Mr. HOPKINS. Mr. Chairman, I withdraw my amend-

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. WHITTINGTON. Mr. Chairman, I desire to ask the gentleman from Georgia if under his amendment cottonseed oil would be exempt?

Mr. CRISP. I think there is no doubt about it.

Mr. JOHNSON of Texas. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add at the end of the committee amendment the following: "Sales of cottonseed oil, peanut oil, or other American-grown agricultural products."

Mr. CRISP. My understanding is that these commodities are used principally for human food, and they are exempt.

Mr. JOHNSON of Texas. These are not always used in

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Withhow to the Crisp amendment: After the words "(1) sales of food for human consumption," insert "except oleomargarine and other substitutes for butter,

Mr. WITHROW. Mr. Chairman, under the provisions of the Crisp amendment as amended oleomargarine and other substitutes for butter are exempt from the provisions of the manufacturers' excise tax. My amendment will place the manufacturers' tax on oleomargarine and other substitutes for butter. In 1931 there were manufactured in the United States approximately 275,000,000 pounds of oleomargarine. This amendment if adopted will bring to the Treasury of the United States more than \$850,000 annually. This will be an aid to dairying, which is one of the basic agricultural industries of the country, and in all fairness I believe this amendment should be adopted.

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. Oleomargarine is the poor man's food, and to-day it bears a 10-cent special tax.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Lankford of Georgia: On page 225, after the committee amendments offered by Mr. Crisp, insert:

"(1) Crossties, lumber, shingles, and other forms of construction material manufactured or produced from timber of any kind.

"(2) Turpentine, resin, and all other naval-stores products.

(2) Imperating resin, and an other havar-stores products.

(3) Cottonseed meal, cottonseed oil, and all other forms of prepared or processed cottonseed products."

Mr. LaGUARDIA. Mr. Chairman, I make the point of order that the amendment contains subject matter that has been already passed upon by the committee.

The CHAIRMAN. The point of order is overruled.

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that it is not offered in the proper place in the pending amendment. We have adopted numerous amendments to the Crisp amendment.

The CHAIRMAN. The point of order is overruled. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

The CHAIRMAN. The question now is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. HARLAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Harlan: Page 226, after line 6, add a new subparagraph, to be numbered consecutively, as follows:

"Sales to municipally or privately owned or operated railways which furnish urban, suburban, interurban, or other transportation service as common carriers."

Mr. HARLAN. Mr. Chairman, the purpose of this amendment is to try to save for labor and for public service a great many of our common carriers that are now hanging on through receiverships. Every common carrier that operates on rails has everything to purchase that the bus lines have to purchase, and, in addition to that, has to purchase a great many commodities that the bus lines do not purchase. We have all witnessed our railway lines, urban and interurban, and our street-railway lines going out of business or going into the hands of receivers. A short time ago we passed a Reconstruction Finance Corporation bill to lend money to keep these organizations going, and now we are about to pass a bill to tax the things they buy in such a way as to destroy them.

Mr. CONNERY. Mr. Chairman, will the gentleman yield? Mr. HARLAN. Yes.

Mr. CONNERY. Has the gentleman drawn his amendment carefully enough to take care of these street-car lines which are practically going broke, but at the same time to not exempt these street-car companies?

Mr. HARLAN. My amendment does not have anything to do with the power companies. I am not talking about power. Everything that is purchased by any common carrier, street-car line, interurban line, or railroad that goes on rails is embraced within my amendment. If we do not do something of that kind, then the securities invested in these companies are not going to be worth anything in the very near future. Of course, we have helped them a little. The Pennsylvania Railroad Co. has made a big loan to electrify their lines, and now we turn around and put a tax on the commodities they are going to buy. It seems to me in the interest of the public that are using our street-car lines, in the interest of the companies themselves, and the investors, this amendment ought to be adopted.

Mr. RAINEY. Mr. Chairman, this amendment will lose \$40,000,000. It will lose twice as much as all of the other amendments we have adopted to-day will lose. We have just made an appropriation of \$500,000,000 under the Reconstruction Corporation bill, and a large part of that is going to the railroads. We have done enough for the railroads for one session of Congress.

Mr. SHANNON. Mr. Chairman I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Chairman, there is a large continuing annual national deficit due to the maladministration of the affairs of Government during the past 11 years. This should not be charged to the Republican Party as a whole, but should be laid specifically to the billionaire wing of that party, which brazenly took charge of this Nation some 11 years ago, with Andrew Mellon at the helm.

Whether Mr. Mellon was acting through Mr. Harding, Mr. Coolidge, or Mr. Hoover, the result was the same. His efforts were directed to the service of only one class of the American people—the cult of Mammon. Mr. Mellon's selection was an unfortunate departure from the traditions of the past. Before the advent of Mellonism the men who held the great key place of Government as Secretaries of the Treasury had never been possessed of stupendous wealth.

Commencing with Alexander Hamilton, of the Washington administration, down to Andrew Mellon, of the Harding administration, the men who have held this important post have been, as a rule, men of limited means but great in their knowledge of finances. This can be seen by a review of the names of those who have held this position since the beginning of our Government.

The big rich prior to 1921, in dealing with government, had to act through a Secretary of the Treasury chosen from the ranks of the people, and one whose wealth was not sufficient to separate him from them.

Mr. Mellon took charge just 11 years ago. He recently slipped out under cover of darkness. Then the thing that definitely fixes the present administration as being wedded to a government of the big rich is the selection of Mr. Mellon's successor. Mr. Ogden Mills was not selected from the ranks of the moderately well-to-do, as those great Secretaries of the past, such as John Sherman, John G. Carlisle, and men of that stamp, but Mr. Mills was cut off the same piece of cloth as Mr. Mellon. Well might it be said that he is a worthy representative of the big rich and fits into Mellon's shoes perfectly. Mr. Mills, like Mr. Mellon, is a man of fabulous wealth.

I wish to read here the names of those who have in the past held the important position of Secretary of the Treasury:

Secretaries of the Treasury

Presidents	Secretary of the Treasury	Residence	Ap- pointed	
Vashington	Alexander Hamilton	New York	1789	
Do	Oliver Wolcott, jr	Connecticut	1795	
dams		do	1797	
Do	Samuel Dexter	Massachusetts	1801	
efferson	do	do	1801	
Do	Albert Gallatin	Pennsylvania	1801	
Madison	do	do	1809	
Do	George W. Campbell.	Tennessee	1814	
Do	Alexander J. Dallas	Pennsylvania	1814	
Do	William H. Crawford.	Georgia	1816	
Monroe		do	1817	
. Q. Adams	Richard Rush	Pennsylvania	1825	
ackson	Samuel D. Ingham	do	1829	
Do	Louis McLane	Delaware	1831	
Do		Pennsylvania	1833	
Do		Maryland	1833	
Do		New Hampshire	1834	
Van Buren		do		
Tarrison	Thomas Ewing	Ohio	1841	
Pyler	do	do		
Do	Walter Forward	Pennsylvania		
Do	Tohn C Spanger	New York		
Do	Coorgo M Ribb	Kentucky	1844	
Polk	John C. Spencer George M. Bibb Robert J. Walker	Mississippi	1845	
Paylor	William M. Meredith.	Pennsylvania		
Fillmore	James Guthrie	Ohio	1853	
Pierce		Kentucky	1857	
Buchanan	Dhille B Champs	Transland	1001	
Do		Maryland New York	1860 1861	
Do	John A. Dix Salmon P. Chase	Obje	1861	
Lincoln	William P. Fessenden.	Ohio		
Do	William P. Fessenden.	Maine	1864	
Do	Hugh McCulloch	Indiana	1865 1865	
ohnson	do	do		
Grant.		Massachusetts		
Do		do	1873	
Do		Kentucky	1874	
D0		Maine	1876	
Hayes		Ohio	1877	
Garfield		Minnesota		
Arthur	do	do	1881	
Do	Charles J. Folger	New York	1881	
Do	Walter Q. Gresham	Indiana	1884	
Do	Hugh McCulloch	-do		
Cleveland	Daniel Manning	New York		
Do	Charles S. Fairchild William Windom	do		
B. Harrison	William Windom	Minnesota	1839	
Do	Charles Foster	Ohio	1891	
Cleveland		Kentucky		
McKinley		Illinois	1897	
Roosevelt	do	do		
Do		Iowa		
Do	George B. Cortelyou.	New York	1907	
Paft		Illinois	1909	
Wilson	William G. McAdoo	New York	1913	
Do	Carter Glass	Virginia	1919	
Do		Missouri	1920	
Harding		Pennsylvania		
Coolidge	do	do	1923	
Hoover	do	do	1929	
	Ogden L. Mills	New York	1932	

The sales tax is a movement of the big rich to displace from their shoulders the burden that rightfully belongs there. This is no time to put additional taxes on the masses. The people are already overburdened with taxes.

No additional burden should be placed on any class or on anyone if it can be avoided. Additional taxes can be avoided. Issue 10-year 3¾ per cent interest Government bonds, one-fifth payable each two years, for the full amount of the anticipated deficit, with income from bonds exempt from income taxes. Then ascertain the lowest estimate of Federal income for the next two years, and deduct 20 per cent from this estimate; abolish enough bureaus, commissions, and sinecures, and cut expenses of all kinds, until Government estimated income will meet the expenses, and then stop. Add no taxes of any kind to any class. The

deficit bonds can be taken care of when times are good in the future. It is unsound to increase taxes if avoidable. This course will meet with the approval of the people and add prestige to this Congress.

Why attempt to wipe out in one year an annual deficit that the administration has allowed to accumulate for almost 12 years? During these years the Government has been squandering the public wealth. Now this is to be a year of jubilee. The people are going to repudiate the nearly 12 years of Government—not of the Republican Party but of the billionaire wing of it.

The soft, willing, and glad hand of the administration was given to the bankers, the railroads, and so forth, in the way of relief. Now the boot is to be given to the thousands of clerks in the Government employ, in the way of salary reductions.

When this revenue bill was first reported, it placed a tax grabber between the mouths of the poor and the grocery store; a stamp between medicine and the sick; and a tax between the shivering body and the clothing store.

The conduct of the administration and of the so-called leaders of this Congress gives an apt illustration of what takes place in legislation when it discriminates between the fortunes of the rich and the daily wants of the poor.

The Chief Executive violated proper conduct in legislation when he had secret conferences with selected Members of this Congress, prior to the convening thereof, and lobbied with and exacted pledges from them. These Members, also, were not doing right, either by the people or this body, in permitting the Executive to bind them. It is now plain that all these preliminary meetings on the part of the administration were for the purpose of financing the financiers who had brought this terrible depression upon the people of this country.

All of these financial measures—the moratorium, the Reconstruction Finance Corporation act, and the Steagall bill—were intended to serve concerns like the Chase National Bank

How repellent this all is when it is realized that the Chase National Bank was represented in everything that went on in Europe by having on the ground its representatives, as it did when it had Albert H. Wiggin, head of the Chase National Bank, sitting as the American member of a committee to discuss cancellation or reduction of the interallied debts. And then the infamy is consummated by the President naming as one of the managing directors of the Reconstruction Finance Corporation a director of the Chase National Bank.

The safety of this Nation and of government in this country is dependent upon having political parties, one to watch the other, with no bipartisan arrangement. It was with amusement that I learned of the bipartisan activities. First, with secret meetings with the Executive; second, with breakfasts with the Executive; and third, as each measure was proposed, a sufficient number slipping over from this side of the Chamber to put through the banking bills. It was with much chagrin that I watched, on many occasions, seasoned old legislative servants of privilege, who had rendered services and granted favors to privilege from year to year, coming over from the other side of the Chamber to congratulate Members on this side whenever a gentleman from this side announced he was going to support a banking measure as a patriotic duty. When a Member from this side would thus commit himself, invariably there was a rush from the other side of these friends of privilege, frequently even following the patriot into the cloakroom to congratulate him. There was so much of this that at first it puzzled me as to which was which, and it reminded me of the old story of days in the past when times were hard and the prudent mothers, to make ends meet, would clothe the boy with trousers patched both fore and aft, so that when you looked at the tow-headed boy on the highway you could not tell if he was going to school or coming home.

When I see those from the minority side going to Members on the majority side and congratulating them as patriots I would not know which was which except for this: When

those from the other side come over to this side it is with a solemn mien, and with a more solemn declaration they take the hand of the obliging and serving Member from this side and congratulate him on his patriotism; but when they depart I can distinguish them, because they have a smirk of joy on their faces, as much as to say, "We have another one of them."

To me there is danger to this Republic from those gentlemen "whose politics are cross-eyed, whose right political foot is on the left political leg," who pose as Democrats and vote as Republicans.

This Congress seems to feel that it must be most respectful of Mammon. The great jurist, Jeremiah S. Black, once said:

Wealth always did make it to everybody's interest to stand well with it. Wealth is power, and power is always honored. It is said of Satan himself that he is sometimes worshiped for his burning throne.

Capital jealously guards her interest, and is cruel in the exercise of her power, and cowardly withal.

There should be less lip patriotism on the part of the Members of this Congress and more common sense exercised in action.

Government by the big rich, through its Mellons, has proven a colossal failure.

This Congress has taken care of the big bankers; this Congress has taken care of the big insurance companies; this Congress has taken care of the steam railroads; but this Congress has been woefully negligent of the rights of the individual and the struggling little merchants of our Commonwealth.

From Springfield, Mo., Mr. J. W. Brownlow, of the Hermann-Brownlow Co., referring to the sales tax, writes me of this case:

Although harness leather and all harness goods are being sold to the farmers at about one-half of the price that he paid a few years ago the low price of his products makes it a serious burden on him if he buys the equipment he needs, and he is not in a position to assume this extra burden that this tax imposes on him.

As an illustration, a few days ago a farmer came into our store and wanted to buy a horse collar. We sold him this collar for \$2.25. He had just sold a case of eggs consisting of 30 dozen for 7 cents per dozen, or \$2.10. Therefore, he lacked 15 cents of getting as much for the 30 dozen of eggs as he paid for the horse collar. A few years ago the price of this collar was \$4.50. However, at that time if this farmer had brought his 30 dozen of eggs into town he could have sold them for 30 cents per dozen, or \$9, and he could have paid \$4.50 for the horse collar and still had \$4.50 left in money. This is a good illustration of what the farmer is up against in buying equipment in order to produce his crops.

What bothers me is where the farmer will get the additional 15 cents to complete the sale for the horse collar. I know very well he will not get it from the Chase National Bank, nor from the Reconstruction Finance Corporation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HARLAN].

The amendment was rejected.

Mr. HOUSTON of Hawaii offered an amendment, which the Clerk reported, as follows:

Amendment offered by Mr. Houston of Hawaii: Page 226, line 2, after the word "State," insert the word "Territory."

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, when I moved a few minutes ago to close debate on my amendment and all amendments thereto, I overlooked also saying closing debate on amendments offered to the paragraph. Now, I move that all debate on the paragraph and all amendments, and this does not apply nor is it intended to apply to the motion of the gentleman from North Carolina [Mr. Doughton] to strike out the amended paragraph—I move that all debate on the paragraph be now closed.

The motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina [Mr. Doughton] is recognized on his motion to strike out the paragraph.

Mr. DOUGHTON. Mr. Chairman, I would like to see if we can not reach some understanding with the gentleman

from Georgia, the acting chairman of the committee, as to the debate on my motion to strike out the paragraph.

Mr. CRISP. The gentleman will find me quite acquiescent to closing debate as soon as possible. I welcome a suggestion from the gentleman.

Mr. DOUGHTON. Several gentlemen have expressed the hope that they could have some time. Would 30 minutes on a side be agreeable?

Mr. CRISP. I will agree to it or will agree to less.

Mr. DOUGHTON. I will suggest 20 minutes on a side.

Mr. Chairman, I ask unanimous consent that the debate on my amendment be limited to 20 minutes on a side, 40 minutes in all.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. SCHAFER. Mr. Chairman, I object.

Mr. CRISP. Mr. Chairman, I move that the debate be closed on the motion of the gentleman from North Carolina in 40 minutes, and, of course, I know the Chair will divide the time equally between those for and against.

Mr. BYRNS. Mr. Chairman, I make the point of order that there has been no debate on this amendment, and therefore the motion for the present is out of order.

Mr. CRISP. The gentleman from North Carolina [Mr. Doughton] has taken the floor, he has been recognized, and he has said a few words and made a unanimous-consent request. If the gentleman from Tennessee wishes to be technical, so will I.

Mr. BYRNS. Mr. Chairman, I have been in committee attending to other matters, and I would like to have a little time on this amendment myself. [Applause.] I do not think we ought to cut off debate in this fashion.

Mr. CRISP. Well, I had hoped the gentleman from Tennessee would use five minutes of the time.

The CHAIRMAN. The Chair will state to the gentleman from Tennessee that he will recognize him for five minutes.

Mr. RANKIN. Mr. Chairman, I offer an amendment to the motion, that the time be extended to 30 minutes to the side.

Mr. CRISP. I have no objection to that.

The CHAIRMAN. The gentleman from Mississippi offers an amendment to the motion of the gentleman from North Carolina that the time be limited to 1 hour—30 minutes on a side.

The question was taken, and the amendment was rejected. The CHAIRMAN. The question is on the motion of the gentleman from Georgia.

The motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina is recognized for five minutes.

Mr. DOUGHTON. Mr. Chairman, the purpose of my amendment is to eliminate the sales-tax provision of the pending bill. My reason for opposing a sales tax is that I know it is unsound in principle and will be harsh, burdensome, and unjust in its operation. It contravenes every accepted theory of taxation. Not even in the emergency of the great World War did our Government seriously consider such a tax. The war emergency tax measures unanimously adopted under the leadership of the great Claude Kitchin as chairman of the Ways and Means Committee; the gentleman from Illinois, Henry T. Rainey; Hon. Lincoln Dickson; Cordell Hull; J. N. Garner; J. W. Collier; C. C. DICKINSON; W. A. Oldfield; CHARLES R. CRISP; on the Democratic side; and with such distinguished Republicans as the late Joseph W. Fordney, and William R. Green, both of whom later became chairmen of the Ways and Means Committeenone of these gentlemen, so far as I know, ever suggested a sales tax in that crisis in our Nation's history.

Are we willing now, with our boasted wealth, to admit that conditions are so desperate and that other sources of taxation have been exhausted and are inadequate and we must violate the time-honored policy of our Government, as advocated by both the great parties, and adopt a sales tax? Are we Democrats willing to make a record in this House, after being out of power for 12 years, and accept the responsibility for the enactment of the sales tax, notwithstanding the fact

that such bill has been recommended by the Ways and Means Committee? I served notice when the bill was reported by the committee that I would offer an amendment to strike out this part of the bill; and if it were not stricken out, that I would vote against the bill on final roll call. But I say, are we Democrats willing to take the responsibility for foisting on the country at any time a sales tax—a policy we have always opposed and severely condemned? What would, or could be, our justification for such course before the people? Surely we could not justify it in "peace times" if we did not resort to it in the greatest emergency of our Nation's history.

And to you, Republicans—my friends on the minority side—may I say, are you willing to go before your constituents in the coming campaign and explain how it is that you, the party of boasted prosperity, having capitalized the "prosperity" issue in every campaign since the days of President Cleveland—are you willing to have it made a matter of public record that, as a result of 12 years of unbroken service and control in every branch of the Government, the country is so bankrupt and the Treasury so depleted that you are forced to vote for a sales tax—a tax on consumption and the necessities of life—in order to save the credit of the Government?

Remember, if you do this, you will be writing on the statute books of the Nation a record that you never can explain-never can justify-and it can be justly capitalized as a campaign issue against you for generations. But let me make this prediction: If this sales-tax provision remains in the bill and becomes a law, you Republicans will not only have to take the blame for its necessity, if there be one, but also the responsibility of its enactment; for certainly a majority of the Democrats in this House will by their action this day demonstrate that they not only do not approve but will not accept this unjust, unreasonable, unnecessary, and unconscionable form of taxation. Who are urging this sales tax anyway and where did it have its birth or inception? That Andrew Mellon, William Randolph Hearst, and the millionaires and mutimillionaires have had for their sole purpose and determination for years to get a sales tax fastened on the country in order that they may be relieved of paying income taxes, everyone knows. Its proponents now say it will only be temporary; but, verily, verily, I say unto you, that the influences that are now so desperately striving to have this sales tax written into this bill will, if successful, be sufficiently potential with all the facilities and resources at their command to prevent its repeal. Oh, but the committee says they have made certain exemptions which greatly improve the bill; but while these exemptions will, of course, modify some of the harsh features of the bill, still we should say to such suggestions, "Get thee behind me, Satan." These exemptions are not offered by the committee because they desire or are willing to offer them but because they saw certain defeat and hoped by this strategy to beguile us into swallowing the sales tax. But, my comrades-on both sides of the aisle-you with whom I have fought in this desperate battle—let me now appeal to you those of us who have stood together and forced these concessions—that we still stand shoulder to shoulder and defeat the entire iniquity. The people of the country expect us to do this. Small manufacturers of the country are all opposed to a sales tax; the farmers are opposed to it; the farm organizations, to wit: The American Farm Bureau Federation, the National Farmers Union, the National Grange, also the Consumers Counsel, the American Federation of Labor. the Railway Laborer Executives' Association-in fact, all farm organizations and all labor organizations in the United States—are up in arms and have addressed communications to Congress protesting against this legislation.

Now is the time and the accepted time to demonstrate to the American people that their Representatives have heard their voice and know their will and will obey it. Let us kill it now, kill it dead, and trust it is killed forever.

We are told that a sales tax has worked successfully in Canada. This may be true from the standpoint of raising revenue; but I am reliably informed there is a great deal of dissatisfaction among the consumers. However, the Canadian

law bears very little similarity to the sales-tax provision of this bill. In Canada it is primarily a luxury tax; in fact, almost everything that could be classed as a necessity is exempted—the list is too long to mention—there are thousands of exemptions.

I had thought, and am still of the opinion, that there is enough statesmanship in the United States to write our own tax laws without modeling them after Canada, Australia, Czechoslovakia, or even Spitzbergen.

I see in the papers this morning we are told that unless we accept the sales tax we will be forced to accept the recommendations made by the Treasury Department. They try to get us to vote for this bill first by sugar-coating it with a few exemptions, and, failing in this, they then threaten us with what they say is something even worse; but let me say in answer that when we defeat the sales tax we will resist to the limit the imposition of other unsatisfactory taxes. The duty of the hour is to defeat the sales tax, and cross other bridges as we come to them.

[Here the gavel fell.]

Mr. RAINEY rose.

The CHAIRMAN (Mr. O'CONNOR). The gentleman from Illinois is recognized for five minutes.

Mr. RAINEY. Mr. Chairman, ladies and gentlemen of the committee, this, of course, is the crucial point in the manufacturers' sales-tax proposition. If the amendment offered by the gentleman from North Carolina carries, it absolutely destroys the manufacturers' sales-tax provision

The exemptions you have made this morning amount to a little less than \$20,000,000. You made some other exemptions recently, but as nearly as the experts are able to figure out the exemptions already made, if you vote for this proposition, you leave over \$500,000,000 that you must yet raise by some other kind of taxation than the manufacturers' sales tax.

We have exempted food and clothing, farm machinery, and medicines. This morning we exempted malt sirup used in milk and medicines. We have exempted agricultural products. We have exempted all those things which affect agriculture and those things which affect power.

I have been following the debates, and I am satisfied the fight to balance the Budget has been won. You are going to balance this Budget, but if you vote for the Doughton amendment these are the kinds of taxes you must vote forsomething like the following: Increased postage, a tax on automobiles-of course, you are all against this, but if you are to balance the Budget you can not avoid these taxesa stamp tax on checks, taxes on telephone and telegraph messages, and taxes on gasoline, or something of that kind. You have an immense amount to raise, gentlemen, and there may be also taxes on conveyances of real estate.

Of course, we had no sales taxes during the war, as the gentleman from North Carolina has suggested. There were no sales taxes anywhere in this world during the war. Along toward the close of the war Germany adopted them, and France followed, and then after the war every other great nation in the world, trying to find some method of taxation to meet the urgent needs of government, except the United States and Great Britain, adopted the manufacturers' sales tax, and it all came after the war. But during the war we had these objectionable taxes to which I have been calling attention, and when you vote for this motion you are voting for the kind of taxes we had during the war, and which I have endeavored, in part, to enumerate to you to-day.

We now take our choice and we go back to our constituents and we make our defense, if we can.

Mr. CONNERY. Will the gentleman yield? Mr. RAINEY. Yes.

Mr. CONNERY. All along in the consideration of this tax bill we go along seemingly under the impression that it is absolutely necessary to balance the Budget. Does the gentleman think it is absolutely necessary that we take all this money off of the American people simply to balance the Budget or that it is not absolutely necessary to do that?

Mr. RAINEY. Oh, it is absolutely necessary to balance the Budget. At the end of this year we will have an added interest charge of \$210,000,000. We can not borrow now except on short-term loans of 7 months or 1 year. This Government can not borrow money at four and a quarter per cent on long-term loans. Every business is depressed in this country, and it is depressed because this great Government of ours can not sell its securities on the market. [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I did not expect to have anything to say on this subject. I regret very much that I am unable to agree with the distinguished gentlemen upon the Ways and Means Committee who have reported this bill. but I can not surrender the convictions of a lifetime [applausel nor can I forget that the Democratic Party has consistently throughout its career, except in a war-time emergency, opposed anything like a sales tax. [Applause.] It so declared in 1924, and the party to which I belong has always stood for taxation upon those who are best able to

I am opposed to the sales tax on principle. I am opposed to it because it promotes extravagance in appropriations. [Applause.] It is too easily imposed, it is too easily collected, it is too easily and cheaply collected not to promote extravagance in our legislative bodies, and for that reason I am against it.

Why, they tell us it is necessary to impose this tax in order to balance the Budget. Gentlemen, I have never subscribed to that idea for one moment. For two or three years we have been laboring under a deficit, and you can not make me believe that the credit of our Government and the credit of business are going to fail merely because we do not balance the Budget on June 30, 1933! Why not impose a reasonable tax upon wealth and upon business and upon all those who are best able to stand it and then issue certificates for the balance until this Government gets in a better condition to pay for its current operations. [Applause.] The issuance of certificates of indebtedness would not serve to depress the price of our Government's securities. Only recently a very large amount of certificates was oversubscribed to a great extent. The people and the country ought to be permitted to recover to some extent before we rush into an imposition of taxes which they are so little able to pay at this time. This country has such resources and such great wealth that it seems preposterous to me for anyone to argue that unless the Budget is balanced within the next year our credit will fail and chaos result.

The people of this country, and particularly those who are now finding it so hard to procure the actual necessities of life, should not be expected to take care of the great orgy of extravagance and expenditures of the last 10 years in the short space of a year. This argument that the Budget must be balanced found its origin among those who have been seeking for years to impose the sales tax in order to be relieved of the income tax, and it has been repeated so often that it has been accepted as a fact by many. Mr. Arthur Brisbane, the great columnist and editor, said the other day:

Like children with a puzzle trying to get one metal ring out of another, this country is intent on "balancing the Budget." An additional income tax that discourages initiative, taxation of theattern already in distress, and a thousand other plans are suggested to "balance the Budget" and unbalance business generally. Why balance the Budget? When a man is sick you do not make him run a mile. You wait until he is better. Why not borrow what the Government needs beyond its normal income, issuing bonds and calling them in gradually as conditions improve? It is said, "We must balance our Budget to maintain credit with foreign nations." Why worry about foreign nations? If they paid what they owe, our Budget would be balanced easily.

I want to tell you, gentlemen, if you impose this sales tax, you will be confronted with the proposal to repeal the income tax and the Federal corporation tax in a very few years. [Applause.] Put the nose of this camel under the tent, even for a small period of time, and the same arguments will be used here a year from now or two years from now in order to retain it upon our statute books.

Let me read to you a paragraph from a letter which I received from the Philadelphia Board of Trade, in which an officer of that board frankly expresses his position and the position of the board with reference to the income tax.

On the question of a final sales tax, so specified to avoid duplication or pyramiding of taxes, it is conceded, as we understand it, that in the event Congress does—and we sincerely hope it will—enact the sales-tax legislation, that automatically Congress will repeal the Federal income and the Federal corporation taxes.

Let me say to you gentlemen who have stood on Democratic platforms, if you please, you gentlemen who have advocated an income tax upon every stump in your districts and in your States and throughout the country, that in undertaking to impose a sales tax as a policy of this Nation you are lending yourselves, unintentionally, of course, to the schemes of those who have it in their minds to repeal the income tax, the most equitable and just tax ever imposed. [Applause.]

I know the amendment of the gentleman from Georgia [Mr. Crisp] has relieved a few of the objections to a certain extent, but do not forget this, gentlemen. You are still confronted with the fact that if you pass this bill as it is now written, you are voting over \$400,000,000, by the admission of its author, on the backs of those people who are least able to bear it. [Applause.] Some one has said that the action of the committee has brought us nearer to communism than any other nation except Russia. Let me say that communism will never result from the taxing of wealth even though it is made higher than it should be. If communism gains a serious hold in this country, it will be because of the continual piling up of burdens upon the backs of those so little able to bear them. But lest I be misunderstood, let me say that I do not fear communism at any time in this country. Our people are too loyal and too much imbued with the spirit of liberty to ever yield to any such pernicious doctrine.

Mr. HAWLEY. Mr. Chairman, the Committee of the Whole has had under consideration the proposed revenue bill for several days and has made certain amendments to it. The estimates of the increased revenue of the four chief amendments so far made are as follows. These estimates I am giving now are additional earnings above that that would be earned under the bill as reported by the committee:

On the normal tax on individuals the increase due to change in the higher brackets from 6 to 7 per cent is \$3,000,000.

The change in the surtax rates represents an increased amount earned over that proposed in the bill of \$17,000,000.

The elimination of the credit for taxes paid in foreign countries increases the amount earned over that proposed in the bill by \$12,000,000.

The increases in estate taxes by the rates proposed in the Ramseyer amendment would add \$8,000,000.

Adding these together, we have a total of \$40,000,000 of revenue from these sources additional to that earned from the same sources as proposed by the committee.

These figures apply to the fiscal year 1933. More money will be received from them in the subsequent years; but we are now endeavoring to balance the Budget by the end of the fiscal year 1933.

The manufacturers' excise tax as proposed in the bill as reported by the committee was intended to earn \$595,000,000. Subtracting this \$40,000,000 of the additional revenue, there remains yet to be obtained either from the manufacturers' excise tax or in some other way the sum of \$555,000,000 in order to balance the Budget by June 30, 1933.

There are only three ways by which we can balance the Budget—by raising the taxes necessary, by issuing bonds, or by a combination of the two.

I think it is generally conceded that the credit of the country, industrially and economically, depends for its stability on the credit of the Government, and that continued issuance of securities to pay current expenditures will further impair the public credit.

The committee, having that in mind, made the proposals contained in the bill.

The committee did not come in here with any other purpose in mind than to submit for the consideration of this distinguished body the needs of the Government and what, in our judgment, was the most equitable method of providing for them. We had no intention of imposing on any part of the people any greater burdens than the lowest amount possible by which the Budget could be balanced.

If the Committee of the Whole and the House decide to eliminate the manufacturers' excise tax, it will be necessary to raise \$555,000,000 in order to balance the Budget. From what other source can we obtain this amount? The committee concluded that this tax equitably distributed the burden and that by reason of the low rate proposed and its wide distribution it could be more easily borne and retard as little as possible the economic recovery.

If this tax is stricken from the bill, let me emphasize by repetition we are then confronted by the necessity of raising \$555,000,000, or we say to the world and the country that we do not propose to protect the credit of the United States, and that a dollar of its indebtedness shall not be paid by a dollar in money but rather paid out of the proceeds of increases in the public indebtedness. The credit crisis will not be ended by further increase of the public debt. The sale of Government securities will absorb great amounts of money needed for the rehabilitation of industry, trade, and commerce; will continue low prices to the farmers, and defer the reemployment of labor. [Applause.]

Mr. LAMBETH. Mr. Chairman, although a new and inexperienced Member of this body, I dare trespass for a few moments upon your time to state my views on the pending bill. I rise as the Representative of the seventh North Carolina district under the highest form of compulsion, a sense of public duty—"stern daughter of the voice of God."

I have given this bill my conscientious consideration and earnest study for days and weeks, but I can not consistently give it my vote. I recognize the tremendous responsibility which has devolved upon the members of the Ways and Means Committee, and particularly upon the acting chairman [Mr. Crisp], whose patriotism and devotion to the public service are unexcelled in this body. In registering my objections to their work, I have no criticism of their motives or unselfish service.

Judging by the many letters of protest received by every Congressman and reading the voluminous hearings held by the committee, one is convinced that the perfectly natural reaction of all taxpayers to any increase in taxation is aptly stated in the following couplet:

Congress, Congress, don't tax me, Tax that fellow behind the tree.

Mr. Chairman, I came here with the highest admiration, respect, and even reverence for the splendid leaders of our party, having recently become the majority party of this House, and I came here with the expectation of following their leadership without hesitation or faltering one step of the way, but I can not follow them in this matter.

We have heard and read much in recent years of the conflict between Hamilton and Jefferson in the beginnings of this Republic; but I have never heard of such a paradox as Hamiltonian Democracy until it lifted its ugly head in this bill.

Leaders of this House, in their desperation to rally their deserting followers, have stigmatized the opposition to the sales-tax feature of this bill as socialism, bolshevism, and communism.

It is a historial fact that when the system of free public schools was first evolved the Bourbons of my State denounced it as socialistic. When the first public waterworks plant was built in my little city there were those who called it socialism. If opposition to this bill constitutes socialism then for myself I accept the label and wear it proudly, for it would make Thomas Jefferson a socialist, Andrew Jackson a bolshevist, and Woodrow Wilson a com-

with them.

Before a vote is taken on this important feature of the bill I would like to say a few words setting forth my views in explanation of my opposition to the sales-tax section, as well as other items of the bill. I can not but believe that it violates the fundamental tenet of taxation-ability to payas enunciated by economists and other authorities on taxation from Adam Smith down through John Stuart Mill and Ricardo to Edwin R. A. Seligman. A sales tax is an income tax in reverse. In principle it is grossly unfair. It is no pleasure to call upon people to make sacrifices or to bear additional burdens but the task is made more difficult when the method selected to make the sacrifice is as intolerable and unconscionable as that presented to us in this bill.

I do not consider that a deficit itself is necessarily a matter of serious import because unexpected expenditures may become necessary during the currency of the fiscal year. The deficit at the end of the year is not so important as whether or not policies are inaugurated looking to meet that deficit. The serious thing is whether the country will take steps to balance its Budget. Failure to do this would cause grave doubts to arise as to the financial stability of the country. To my mind, the fundamental question is not the balancing of the Budget at any given immediate date, but that we pursue such a course as to bring about this balancing within a reasonable period.

Now, this is the problem we have to solve and it can be solved only in two ways-either by reducing expenditures or by increasing taxes, or a combination of both. I would approach this problem of the deficit first from the angle of further reducing in a drastic manner Federal expenditures by not less than \$250,000,000. When that has been accomplished, I would then write the most equitable tax measure possible to raise the balance of the deficit upon the principle that the favored and wealthy classes should first be levied against to provide sufficient funds to bring up the revenues to meet the reduced expenses. When, after these means had been exhausted, including, if necessary, the levying of specific limited excise taxes against articles which are not of first necessity, then and then only would I resort to the general sales tax as a final unavoidable means of raising sufficient money to balance the Budget.

As late as January 13 of this year the Secretary of the Treasury testified as follows:

[Hearings on Revenue Revision, 1932, before Ways and Means Committee, p. 4.]

In the development of our program many possible forms of taxation were considered. We laid aside all thought of a general sales or turnover tax, not only because generally speaking it bears no relation to ability to pay and is regressive in character, but because of the great administrative difficulties involved and the almost inevitable pyramiding of the tax in the course of successive sales. The objections to a general sales tax are not in this respect applicable to a tax on selective articles of the character hereofore employed in this country and now recomcharacter heretofore employed in this country and now recommended.

We have studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in Canada. There a tax is imposed at the rate of 4 per cent of the manufacturers' sales price or the import value of all goods not manufacturers' sales price or the import value of all goods not exempt which are produced or manufactured in Canada or imported into Canada. It is distinctly not a turnover tax. Retailers are exempt. Indeed the extent of the exemptions is very great, covering thousands of specific items and classes of items. Pyramiding is avoided by a mechanism of licenses and certificates, the effect of which is to collect the tax when the last licensed taxpayer sells to an unlicensed purchaser. The success of the tax appears to be due not only to good administration but to very wide administrative discretion. The tax is passed on and therefore must add to the cost of living.

therefore must add to the cost of living.

With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion or authority to administrative officers to make final decisions, it is extremely doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border.

It is politically inexpedient for the Democratic Party to be used as a pawn by a few rich men in this country who are now seeking to take advantage of this crisis and in the

munist, and I am perfectly willing to be put in that category | guise of balancing the Budget to deceive gullible Congressmen under a spurious appeal to their patriotism to vote a form of taxation which is absolutely contrary to all the principles of democracy and the greatest principle of all, that of equality of opportunity.

> Organizations representing half the total population of the country-including labor, farmers, merchants, manufacturers, and consumers—have registered their opposition to the sales tax. It is fair to assume that the overwhelming majority of the remainder of the people wish to see it defeated. Who favors the sales tax? That is a question yet to be answered by its proponents.

> Oh, no, Mr. Chairman, I am not unmindful of the tremendous hue and cry which is going up here "that the Budget must be balanced," and I well realize that an unbalanced Budget is regarded as one of the symptoms of national financial instability. However, there are more important things than balancing the Budget. The confidence of the people in the fairness of their own Government and the maintenance of that confidence are far more important than the mere balancing of a Budget in any single year; and this will not be accomplished in the least degree by writing into this bill a tax as vicious and as obnoxious as the so-called manufacturers' sales tax. It is a poor man's tax, due to the fact that 90 per cent of all the manufactured products in this country are purchased by persons with incomes of less than \$5,000.

> These people spend the bulk of their incomes in consumption, and this tax bill will place upon them a burden fifty times as heavy as that which it imposes upon the rich. Is such a tax equitable? Is it fair? Is it just? Do my friends on the committee think this tax equitable when we are told that notwithstanding the fact that 4 per cent of the population own 80 per cent of the entire wealth, those with incomes over \$100,000 will only pay \$20,000,000 of the proposed sales tax of \$595,000,000. That is one reason why I say it violates the principle of ability to pay.

> Mr. Chairman, there is at the present time in this country probably a greater concentration of wealth than in any other country in the entire world, and notwithstanding this fact there is only being paid into the Treasury of both the Federal Government and the States \$165,000,000 from inheritance taxes, while in England \$400,000,000 is derived from this source. Think of that, a country like Great Britain, with only about one-fourth of our national wealth, obtaining two and one-half times as much revenue from death taxes. Do not the gentlemen of the committee believe that part of this deficit could be raised from a reasonable further increase in the inheritance-tax schedule without disturbing business or the employment of labor?

> Now, I desire to call the attention of the House to the committee report on page 9, where it is stated that the tax paid by the head of a family with an income of \$2,000 would be negligible due to the fact that probably one-half of this sum would be spent on foodstuffs exempt under the sales tax and that the remaining one-half would be spent for articles on which the manufacturers had paid a tax. That is a most ridiculous and absurd statement to have been prepared by so-called experts; to make this body believe that a man with an average family of four or five and making only \$2,000 a year, would consume half of it for food is grossly incorrect as the correct figure is 25 per centnot 50 per cent. There is an adage that a half truth is worse than an untruth, because it misleads uninformed persons. But, Mr. Chairman, it is just another instance of the subterfuges which have been employed to make those Members who still have the interest of the masses at heart, believe that a manufacturers' sales tax would not affect the little man, and then if it did, it would not be burdensome.

> To know that the people of North Carolina would be burdened with an additional tax of not less than \$18,000,000, from the sales tax alone, only goes to intensify my determination to oppose this feature to the utmost of my ability. Gentlemen, I know the conditions that exist in my State to-day; I know the condition of the people of my own district. Of course, the \$18,000,000 referred to is only one part

of the increase in taxes which this bill will place upon the citizens of my State and then to realize that the yield of the gasoline tax in North Carolina, which is the main source for paying off the enormous indebtedness of the State, will be decreased materially as the price of oil and gas goes up due to the attempt to write into this bill a tariff on oil imported into this country-something which never has been done before by Democrats-my sense of justice and my responsibility to the people of my district compel me to rebel against such a bill.

Are we in favor of a tax in this country which in a great many ways would be comparable to the likin system in China, which has done more to retard that backward country's progress than anything else? This tax is one which makes it too easy for the price to be pyramided to the consumer. I know that we have been told of the wonderful success of the sales tax in Canada and about the wonderful advantages of such a method of raising revenue; but, regardless of what we have been told, I am opposed to it because I know it is wrong in principle. Why did they not borrow also the Canadian surtax rates on incomes? Under the committee bill a net earned income of \$25,000 to a married man with no dependents would be taxed only \$1,660, whereas in Canada the tax would be \$3,160, or virtually double.

Comparison of actual income tax paid under the following laws and in the following countries by married men with no depend-ents (income assumed to be all earned)

Individual income		l States ne act	Commit-	Canada	da Great Fra	
income	1921	1928	1932			
\$3,000 \$25,000 \$100,000 \$1,000,000	\$20.00 2,880.00 31,190.00 663,190.00	None. \$1,023.75 15,768.75 240,768.75	\$2,50 1,660,00 25,620,00 439,620,00	None. \$3, 160.00 24, 910.00 500, 000.00	\$406, 25 7, 572, 50 48, 747, 50 647, 497, 50	\$350. 67 5, 807. 33 40, 413. 33 430, 413. 33

Mr. Chairman, I ask unanimous consent to insert at this point an editorial from the Greensboro Daily News, March 19, 1932, on the Canadian sales tax:

[Editorial from the Greensboro (N. C.) Daily News, March 19, 1932] THE OTHER SIDE

Canada's opinion of the sales tax, which congressional leaders would emulate in the United States, is, to all appearances, not as

Canada's opinion of the sales tax, which congressional leaders would emulate in the United States, is, to all appearances, not as unanimously favorable to the levy as the testimony given by certain witnesses before the House Ways and Means Committee would indicate. Perhaps it is safest to say that Canadian views are as variegated as those which prevail upon the same topic in North Carolina; they depend entirely upon the attitude and connections of the person from whom they are obtained.

But be that as it may, the New York World-Telegram, which is opposing the sales levy, has gathered information from its Canadian correspondents which is antipodal to the glorification given the Dominion plan in congressional hearings and which, it is claimed, comes directly from the people who have to pay the tax and not from officials and representatives of the Government which was forced to resort to it in times of financial exigency.

The tax, the World-Telegram learns, is hailed as a war baby and has been denounced by the Canadian Manufacturers' Association, the Trade and Labor Congress, all the major farm organizations, and many boards of trade and chambers of commerce on the grounds that it "is cumbersome and intricate, acts unfairly as between certain commodities, loads the tax on those least able to bear it, and encourages profiteering and pyramiding."

That the levy has not enjoyed any political blessing is to be expected, but the manner in which it has been handled by the Canadian parties is nevertheless enlightening. During the Liberal regime it was constantly under fire from the conservatives and progressives, and so vigorous became the opposition that in 1930 it was reduced to 1 per cent. When the conservatives came into power, however, the rate was raised to 4 per cent, Prime Minister Bennett himself terming the tax "undependable," but expressing power, however, the rate was raised to 4 per cent, Prime Minister Bennett himself terming the tax "undependable," but expressing fear that a readjustment of the Dominion's fiscal system would "further dislocate business during the depression"—a thought which apparently has not entered the mind of American legislators who would completely overhaul the program under which the

entire citizenry operates.

The Canadian tax, which raises \$65,000,000 during the current year, is estimated to place a burden of \$30 on every family in the Dominion with the actual cost eventually raised to \$55 by the pyramided increases of commodity costs. Perhaps the declaration of "a Montreal tax expert" should be stricken from the record as incompetent or hearsay evidence, but nevertheless his assertion that "the sales-tax victims would gladly exchange it blindfold for almost any other kind of tax" is included in the opposition

The greatest deliberative body in the world can hardly fall to give these reports consideration, for whatever they may be worth, before final vote upon the pending revenue measure,

I also know that England, faced with a deficit of nearly a billion dollars-think of it, a country only one-fourth as rich in national wealth as ours-balanced its budget in the fall of 1931, and did so without the imposition of such an obnoxious tax as this sales tax.

The committee say they have sought in vain for another source of revenue. May I suggest that before they tax the men who toil honestly for their living, why do they not go to the street called "Wall" and single out the big gamblers of this country, unconscionable in their mad rush to make profits for themselves, who would even go to the extent of selling securities short when the banks of this country were fighting for their very existence? These men-public enemies-made during 1931 the largest profits they ever made by selling securities short, and I commend to the consideration of this body an amendment, which I shall offer to the bill at the proper section, which will wrest from their greedy hands at least a part of the profits which they have wrung from the misery and suffering of the people of this country.

Mr. Chairman, the thanks of the overwhelming majority of the Democratic Members of this House are due "FARMER Bob " Doughton for his determined and unrelenting opposition to the objectionable features of this bill. He has played a lone hand among the 25 members of the Ways and Means Committee. In doing so he has not only been a true Representative of North Carolina but he has also deserved well of all the American people.

In closing I can not overlook the aspersion cast upon the opposition to this bill last Friday when it was said we were being guided by an invisible lobby. Yes, an invisible lobby to those who have eyes to see but see not and ears to hear but do not hear the voice of the masses of the American people lifted in one mighty chorus reaching from the Atlantic to the Pacific and from the Gulf to Canada in opposition to this indefensible system of taxation.

> When wilt Thou save the people? O God of Mercy! When? Not kings and lords but nations, Not thrones and crowns but men. Flowers of Thy heart, O God, are they, Let them not pass like weeds away, Their heritage a sunless day, God save the people.

> Shall crime bring crime forever, Strength aiding still the strong, Is it Thy will, O Father, That man shall toil for wrong? "No," say the mountains; "No," Thy skies; "Man's clouded sun shall brightly rise And songs be heard instead of sighs. God save the people.

Mr. CROWTHER. Mr. Chairman, it seems to me that this is rather a poor time to indulge in partisan speeches. I do not think in a crisis of this kind it is the time to make a comparison between Jeffersonian Democracy and Hamiltonian Republicanism. Since the Congress opened there has been a constant appeal from the President, from the country, and from everybody interested that you and the majority on your side of the House would go along with the President's program and that both sides of the House would lay aside politics for the time being. Greatly to the credit of the membership on the Democratic side of the House, that plan has been very splendidly followed. The minority and the people of the country commend your action, and I congratulate your side of the House for their cooperation. In exactly the same spirit the Republican members of the Ways and Means Committee agreed to work with the distinguished acting chairman, the gentleman from Georgia [Mr. CRISP], and the other Democratic members of the committee, along precisely the same lines, agreeing that we would have no cross-firing on political subjects during the discussion and that we would try to have just one common viewpoint, namely, the balancing of the Budget.

The adoption of a sales tax was not a pleasant thing for the Democratic members of the committee or for the Republican members of the Committee on Ways and Means. When we started in on the hearings you could not have secured a corporal's guard-I do not know that you could have found a single Member in favor of a sales tax; but after we had gone over the ground, combed every source of revenue with a fine-tooth comb, put income and estate tax rates where we thought they were dangerously near the point of diminishing returns, we found some other method had to be adopted to raise revenue, and we all came to the conclusion, after studying the effect of the tax in other countries, that it was in a sense equitable and not an unfair tax. If you do not buy very much, you do not pay very much in sales taxes.

The more you buy the larger tax you pay in proportion. Many men on the Democratic side of the House, and one in particular, my friend from Massachusetts [Mr. Connery], still reiterate the statement that it is not necessary to balance the Budget. They say that we can get along by the issuance of bonds. Day by day we see the currency of other nations depreciate in value, and we have seen 19 of them go off the gold standard. The necessity of keeping the American dollar at par ought to be our main objective. It is unthinkable that this Government should go along on a borrowing basis, creating new debts in the overhead of interest, and sinking-fund charges. It ought not to be done. It is not merely a \$600,000,000 deficit that some of you men talk about. We have charged off nearly a billion dollars for 1931, charged it back to the national debt. On June 30 of this year we shall charge back over \$2,000,000,000 more, which, with the estimated deficit in the fiscal year 1933, will be \$5,000,000,000 added to the national debt, which we reduced by over \$9,000,000,000 during the period of 11 years following the war.

The people of this country are looking to this Congress for a constructive program. You are their elected Representatives, and they expect us to lay aside party politics and petty prejudices in an effort to stabilize the credit of the United States by balancing the Budget. For the good of our country I appeal for your cooperation. [Applause.]

Mr. LaGUARDIA. Mr. Chairman, I agree with my colleague from New York [Mr. Crowther], that there should be no partisan feeling in this, and I join in an appeal to make this a bipartisan movement and follow the American people against the sales tax. The gentleman from New York with seeming pride to-day points to the example of other countries, and yet the same gentleman from New York, in pleading for a tariff, will point to the impoverished condition of the working people of other countries. There is not a country in the world where the standard of living is as high as it is in the United States, and we are not going to permit anyone with a sales tax to lower that standard of living. [Applause.] It has been stated that the purpose of a sales tax is to destroy the income-tax system. That is true to-day as it was 10 years ago. That is the real purpose of it, and I quote as my authority for a recognized authority no less than the able and distinguished statesman who is the majority floor leader, the gentleman from Illinois [Mr. RAINEY], who, in a discussion of the tax bill on December 16, 1926 (Congres-SIONAL RECORD, page 928), when opposing a reduction of income taxes, said with prophetic wisdom:

You have secured a reduction in taxes which even the greatest malefactor among the malefactors of great wealth in this country dared not even to expect. In order to accomplish this you have removed the real captains of industry in this country far from the hope of reduction in their surtax rates, the men paying surtaxes on \$44,000 and under. In order to accomplish this you have contemptuously hurled a present, a gift, a bribe of \$10 each to 2,300,000 men in this country and have said to them, "We propose to go on in our career; we propose to steer in the direction of a to go on in our career; we propose to steer in the direction of a sales tax; and we have bribed you with \$10; we have given you that, and you can continue to pay these sales taxes, and we are going to eventually increase them in periods of distress, when we need more money." You will surely need more money. The ordinary are sales to the continue to the continue to pay these sales taxes, and we are going to eventually increase them in periods of distress, when we need more money." need more money." You will surely need more money. The ordinary expenses of this Government have been increasing all of the time. \* \* The cost is increasing in almost geometrical ratio, and in time you will need more money, and you know it; and in time you expect to go to sales taxes, and as a step in that direction you strike down the income-taxing system of the country by striking the blow at both ends of it, at the top and at the bottom.

The other day the gentleman from Illinois [Mr. RAINEY]

the sales tax and referred to the American Taxpayers' League. We all know the Mr. Arnold and his league. I took the list of the American Taxpayers' League as contained in the report of the Senate lobby investigation. I took the 66 largest contributors to the American Taxpayers' League—that insidious lobby mentioned by the gentleman from Illinois—and I telegraphed all, asking their stand on a sales tax, and 63 of them I find are in favor of the sales tax, and here is a list of the largest contributors to Arnold's American Taxpayers' League and their stand on a sales tax:

EXHIBIT A OF REPORT OF SENATE SUBCOMMITTEE OF COMMITTEE ON THE JUDICIARY ON LOBBYING AND LOBBYISTS, SEVENTY-FIRST CON-GRESS, REPORT No. 43, PART 4

Receipts—American Taxpayers' League, September 1, 1928, to August 31, 1929 (typical contributions)

IN FAVOR OF SALES TAX (REPLYING TO INQUIRY ABOUT SALES TAX)

Firm name	Amount	City	
Ins. T. Ryerson & Son (Inc.)	\$250	Chicago, III.	
Jos. T. Ryerson & Son (Inc.)	200	Pittsburgh, Pa.	
H. B. Rust	1,000	Do.	
Edward B. GreeneNational Shawmut Bank of Boston	500	Cleveland, Ohio	
National Shawmut Bank of Boston	500	Boston, Mass.	
F. Lores	250	Cleveland, Ohio. Boston, Mass. New York, N. Y. Chicago, Ill.	
Union Draft Gear Co	250	Chicago, Ill.	
Estate of Henry Failing	£ 200	Portland, Oreg.	
Colorado Springs Clearing House Association.	200	Jan Barrier Berger	
Colorado Springs Clearing House Association.	250	Colorado Springs, Colo.	
Kansas City Power & Light Co National Silk Dyeing Co	250	Kansas City, Mo. Paterson, N. J.	
E. B. Dane	500	Posten Mass	
Hoover Co	500	Boston, Mass. North Canton, Ohio.	
toover co			
William Minot	300	Boston, Mass.	
Colgate Palmolive Peet Co	1,000	Chicago, III.	
		Providence R. L.	
F. Loree	250	Providence, R. L. New York, N. Y.	
The Maytag Co	250	Indianapolis, Ind.	
D. S. Williams	250	Indianapolis, Ind. New Orleans, La. Chicago, Ill.	
Harris Trust & Savings Bank	200	Chicago, Ill.	
W C. Bradley	500	Columbus, Ga.	
Elgin National Watch Co	250	Unicago, III	
itepnen O. Metcali A. F. Loree Che Maytag Co D. S. Williams Harris Trust & Savings Bank W. C. Bradley Eigin National Watch Co W. P. H. McFaddin Pure O.1 Co S. Clay Williams.	1,000	Beaumont, Tex Chicago, Ill.	
Pure O.1 Co	500	Chicago, Ill.	
S. Clay Williams ohn W. Blodgett		Winston-Salem, N. C. Santa Barbara, Calif.	
ohn W. Blodgett	500	Santa Barbara, Calif.	
Slectric Autolite	250	Toledo, Ohio.	
V. S. Farish	500	Houston, Tex. Chicago, Ill.	
Crane Co.	1,000	Chicago, Ill.	
Armstrong Cork Co	1,000	Lancaster, Pa. Cleveland, Ohio. Boston, Mass.	
Otis & Co	1, 250	Cleveland, Ohio.	
Otis & CoHornblower & Weeks	500	Boston, Mass.	
	250 250	St. Louis, Mo. Philadelphia, Pa.	
Wrought Iron Range Co		St. Louis, Mo.	
Jarrie Forbas & Co.	1,000 250	Poeten Mess	
old Colony Trust Co	500	Boston, Mass. Do.	
Old Colony Trust Co	200	Hartford Conn	
South Carolina National Bank	200	Hartford, Conn. Greenville, S. C.	
	f 200		
Southern Pine Lumber Co	250	Texarkana, Ark.	
A. M. Byers Co	250	Pittsburgh, Pa.	
A. M. Byers Co	250	Do.	
Byllesby Engineering & Management Cor-	1,000	Chicago, IIL	
poration.			
arus & Bro	500	Richmond, Va.	
arus & Bro	200	Portland, Oreg.	
covill Manufacturing Co	400	Waterbury, Conn. Grand Rapids, Mich.	
filling Furnitable Co	200	Grand Rapids, Mich.	
The Bettendorf Co	750	Bettendorf, Iowa	
lassachusetts Gas Cos	250	Boston, Mass. South Manchester, Con	
I. B. Cheney	250	South Manchester, Con	
V. R. Cole	500	Louisville, Ky.	
Foxworth Galbraith Lumber Co	250 200	Amarillo, Tex.	
Juquesne National Bank	250	Minneapolis Minn	
First National Bank & Trust Co. of New	250	Louisville, Ky. Amarillo, Tex. Pittsburgh, Pa. Minneapolis, Minn. New Haven, Conn.	
Haven.	200	New Haven, Conn.	
American Rolling Mill Co	500	Middletown, Ohio.	
R. A. Crawford	400	Dallas, Tex.	
Eastern & Western Lumber Co	200	Portland, Oreg.	
nsull Properties	1,500	Chicago, Ill.	
Armand Co	250	Chicago, Ill. Des Moines, Iowa.	
OPPOSED TO SAI	ES TAX		
	000	With the William	
Dollar Savings & Trust Co	200 500	Wheeling, W. Va. St. Louis, Mo.	
INTERPOLATION AND CO.	000	Dt. LOUIS, MO.	

I have the communication from each one, and all my colleagues may inspect them, or I will be glad to place them in the RECORD, if so desired.

Kellogg Co.....

300 Battle Creek, Mich.

I want now to point out in the few moments I have the unfairness exhibited in stating figures in estimates. Every time that an exemption was made the figures were exaggerated, and every time we added a tax or increased a rate the figures were minimized. Even though the increased pointed to the insidious lobbying and propaganda against rates on incomes will bring in no revenue, I say the new rates are not only useful but extremely necessary in the future. I am sure, however, that the increase which will be realized by the higher rates will be considerably more than now estimated by the Treasury Department. I again call the attention of the House to the estimates of experts made as to anticipated incomes in 1932, which I read to the House last Friday, and may be found in the RECORD of March 18, 1932. In the brackets between \$100,000 incomes, up to the very limit of incomes over \$1,000,000, the estimated income is no less than \$1,006,000,000. This figure allows a most generous decrease from the known figures of 1930. It was based on the amounts of income in 1930 in accordance with the returns filed August 31, 1931. I mention this because of the ridiculously low estimate of the Treasury Department, the experts, and advocates of the sales tax. Figures are being distorted, scrambled, if not juggled, in order to create the idea that there will be little or no revenue from income taxes and that therefore a sales tax is essential. That is not so. I am certain and confident that the future will prove that a sales tax was not necessary, and that the increased rates on income, aside from the beneficial social purpose, will bring substantial increases in revenue. That is true also of the new schedules approved by the House in the Ramseyer amendment on inheritance.

It is true that in the case of inheritance tax the revenue or increased revenue may not be seen immediately, but, again, this is social legislation so obvious in its necessity and purpose that comment at this late hour is not necessary. We are by no means finished with this bill. Many new sources of revenue will be written into this bill. Many changes, I hope, in administrative features will likewise be written into the bill which will also bring additional revenue. I propose to offer an amendment to section 104 which embraces the subject of personal holding companies and surpluses created by undivided profits for the purpose of evading income taxes. This section has been a dead letter for many years. It has been only feebly, half-heartedly, and ineffectively invoked during the past few years. I propose to make it effective, to put teeth in it, and to add several millions of dollars annually to our revenue. I have already announced a proposed amendment providing a one-quarter of 1 per cent tax on the sales price of all stocks and securities sold on the various exchanges throughout the country and an additional one-quarter, making it a one-half of 1 per cent tax on all short sales made on the various exchanges. This alone, even in the period of depression, will bring in about \$150,000,000, and in normal times will bring in well over \$300,000,000 a year. Other suggestions which I have made are known to the House. I am confident that this odious sales-tax provision will be stricken from the bill. After that I will be glad to join and cooperate with the committee in bringing to the House other provisions less objectionable to raise the necessary revenue to meet the exigencies of our depleted Treasury. May I in passing recall that many of us predicted this very condition when we voted against tax reductions of 1924 and 1926, and particularly the last reduction of 1928? Many of us joined with the gentleman from Illinois [Mr. RAINEY] and the distinguished Speaker of the House [Mr. GARNER] in opposing income-tax reductions in the past to prevent sales tax in the future. As I have quoted from Mr. RAINEY, he pointed that policy out in 1926. We were against the sales tax then, we are against the sales tax to-day, and the opposition presented at this time by the House is indicative that we will defeat it within the next few minutes.

A great deal has been said about "soaking the rich." That, of course, is nothing but inspired propaganda, repeated with parrotlike stupidity. In one breath it is said the added rates will bring no income and the next breath that we are soaking the rich. Then it is said we are opposing a sales tax because we are soaking the rich. That, indeed, is a sad confession for these wise, trained, influential, and powerful patrons of intrenched wealth to make. How anyone could be so simple as to believe that this Congress of experienced and trained legislators will swallow a sales tax and believe the vicious propaganda against an income-tax system indicates only an arrogance and conceit created by successes

of the past in obtaining legislation for a privileged class and protection for legalized exploitation. The depression at least has provided a liberal economic education for the people of this country. It will provide the planning and the beginning for an economic readjustment, and that beginning is right now in eliminating a sales tax and providing social legislation to eventually break up the concentration of the national wealth in the hands of a few individuals.

Reference has been made that a sales tax has never been approved or indorsed in any political platform of any party. That is so. It has never been openly advocated before any committee of Congress. It was brought in by imposition, misrepresentation, misstatements, false information, and veiled threats of what might happen in the future. It was exposed in public sessions of the House of Representatives after free, full, and frank debates, and the vote within a very few minutes, I am sure, will put an end for many years to come to any thought of a sales tax law in this country.

In closing, I submit that a great deal was said about the so-called generous offer of exemptions. Exempted food and wearing apparel, farm implements, and medicines were promised, and we rejoice with that. But when we took it home that night and analyzed what it meant, when we consulted with the so-called experts and officials of the Treasury Department, we found that instead of taxing a suit of clothes they taxed the textiles, the linings, the trimmings, the cloths, the buttons, and everything that goes into a garment, a dress, a coat, or a suit of clothes. Instead of taxing shoes they would tax the leather; so that all this is only a sham exemption, and the only way to protect the American public now is for all of us to stand together and completely knock this sales tax out of the bill. [Applause.] This is the big victory of a united and indignant protest. It is not only a victory against the sales tax, but for the first time we have been able to tear down sectional barriers, and the exploited people of the North have joined hands with the suffering folks of the South, and we have joined forces with the suffering farmer of the West, and for the first time special-privileged wealth has not been able to write a revenue bill in the American Congress. [Applause.]

The CHAIRMAN. The gentleman from Georgia [Mr. CRISP] is recognized for five minutes, which will consume all the time allotted under the unanimous-consent agree-

Mr. CRISP. Mr. Chairman, obviously I can not argue this bill in five minutes. I simply desire to assert again that in my judgment it is the most equitable way to balance the Budget, the way least injurious to the people and the least harmful to business.

I concede that all of the gentlemen opposing this bill are actuated by intelligence, patriotism, character, and love of humanity; but, gentlemen, you do not possess it all. [Applause.] Those who are advocating this bill also have those same attributes, and my record in this House for 20 years shows that I have stood for the masses of the people, and my life at home is an open book, and you can not make any of the working people down home believe I am not their friend. [Applause.]

Now, in normal times you can raise money from income and corporation taxes, and if business were normal to-day we could raise two and one-half or three billion dollars from the rates in this committee bill; but it can not be done today. With these increases, with the increase adopted on the floor of the House, only \$295,000,000 additional has been raised, according to the estimates of the Secretary of the Treasury. I had a letter from him this morning, in response to telephonic inquiry, saying that the receipts on March 15 were about \$184,000,000. They had estimated \$200,000,000 to be received during March. The payments up to date are \$184,000,000. He says he does not believe the receipts would necessitate a lowering of the estimates, but it demonstrates conclusively the accuracy of the estimates, or that they are low, that they are conservative, and that the Government could not get any more money.

Mr. CONNERY. Will the gentleman yield? Mr. CRISP. No; I can not yield now.

If we can not get the money from these high taxes, if we are going to get it at all, we must go to some excise tax. Whether that is called a tariff, a sales tax, or a special levy on automobiles, tobacco, or any other property, it is a sales tax; and an income tax from corporations and individuals in business, so far as it is possible to pass it on, is also a

Now, Mr. Chairman, the die is cast. I am quiescent in your judgment. I have performed my duty. I hold no titular place of leadership on the Democratic side. During this Congress I have been given no preferment. I occupy the same place on the Ways and Means Committee that I did in the last Congress. By virtue of the illness of the chairman a responsibility was thrust upon me, and I have measured up to it to the best of my ability. [Applause, the Members rising.]

Any influence I may have in this House, be that little or naught, I have in my capacity as an individual Member, and in this conflict I have criticized no one. I have been true to my convictions, for what is best for my country, and I have no regrets and I have no apologies to make for my course. [Applause.]

The CHAIRMAN. Under the unanimous-consent agreement all time has expired.

The question is upon the motion of the gentleman from North Carolina [Mr. Doughton] to strike from the bill the paragraph under consideration.

Mr. CRISP. Mr. Chairman, I ask for tellers.

Tellers were ordered.

Mr. CRISP. Mr. Chairman, I ask that the gentleman from Arkansas [Mr. Ragon] be appointed as teller in my place.

The Chair appointed Mr. Ragon and Mr. Doughton as

The committee divided; and the tellers reported that there were-ayes 223, noes 153.

So the motion was agreed to.

Mr. McKEOWN. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the committee for five minutes.

The CHAIRMAN. Does the gentleman from Oklahoma yield for that purpose?

Mr. McKEOWN. I do.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that he may address the committee for five minutes. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and my colleagues, what I am about to say is not said in any spirit of pique, of discontent, and with no criticism of any Member of this House who voted differently from me on the vote just had. That vote is conclusive. Under the understanding we had, as far as I am concerned, I shall not resist an effort to strike out any of the remaining paragraphs of the manufacturers'

I rise, gentlemen, to say this, and I say it impelled by a spirit of manliness and of fairness, that I have been turned down three or four times on the heart of this bill-the income tax, the normal and the surtax, the estate tax, and now the manufacturers' tax. Under the parliamentary law and rules of this House I have lost the right to further manage the bill. If any Member of the opposition desires to take charge, I will be only too willing for him to have that right. [Cries of "No!" "No!"]

If the House desires me to do so, I am quite content to continue, as I have done in the past, to pilot the bill through the House as best I can, and I know that no Member of this body can truthfully say I have been discourteous to or critical of any Member of the House. [Applause.]

Mr. DOUGHTON rose.

The CHAIRMAN. Does the gentleman from Oklahoma yield to the gentleman from North Carolina?

Mr. McKEOWN. Yes.

Mr. DOUGHTON. Mr. Chairman, responding to what the gentleman from Georgia, the able acting chairman of the

Ways and Means Committee, has said, there is no desire on my part, and I am sure there is no desire upon the part of anyone-especially those of my comrades who fought with me in this battle on the sales tax—to take charge of the bill. I made my fight on the sales tax. I have had no disagreement with the committee as to any other provisions of this bill. I, of course, do not favor the oil tax.

Mr. MICHENER. Will the gentleman yield? Mr. DOUGHTON. Yes.

Mr. MICHENER. In view of the situation which now exists in the House in reference to this most important piece of legislation, and in view of the fact that the gentleman whom I am interrogating is a member of the committee, understands the necessities and prerequisites for writing a tax bill, and understands, I am sure, that no tax bill can be written on the floor of the House-I am sure the gentleman will agree with me in that—and that being true I would ask him if he will not now take the lead to recommit this bill to the committee where it may be studied and reported back to the House, so that we may have a bill which is not written in turmoil and under conditions where each man feels called upon to make a speech in behalf of something in his own district.

Mr. DOUGHTON. In response to the gentleman's inquiry I will say that I have never assumed, and do not now assume, to be a leader so far as this tax bill is concerned. Whatever disposition is to be made of the bill now I think should be decided by the House. That is too much responsibility for me to take.

I do not think it would be wise to recommit it to the Committee on Ways and Means; but if the Ways and Means Committee will suggest amendments that are constructive to take the place of those which have been stricken out, that will be entirely satisfactory to me. Whatever action the House takes will be my pleasure.

Mr. LaGUARDIA. Will the gentleman yield? Mr. DOUGHTON. Yes.

Mr. LaGUARDIA. The other day, when we arrived at a point where the will of the House had been demonstrated, the committee rose and we met the next day. It seems to me we have arrived at a point now where it might be well for the committee to rise.

We can resume the consideration of this bill to-morrow, and by that time it will be pretty well known what the House desires to do.

Mr. DOUGHTON. Mr. Chairman, the gentleman from Oklahoma has the floor, but I want to announce that I have an amendment which I would like to offer as soon as the gentleman from Oklahoma offers his amendment.

Mr. McKEOWN. Mr. Chairman, I have some amendments to offer, and I think we can dispose of this amendment very easily.

The CHAIRMAN. Let the Chair state the parliamentary situation. Under the action of the committee, paragraph (a) having been stricken out as amended, the next order of business is that the Clerk shall report paragraph (b), on page 226. Pending that, the gentleman from Oklahoma has offered a new paragraph to the bill, which the Clerk will report.

Mr. JOHNSON of Washington. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Oklahoma yield for that purpose?

Mr. McKEOWN. I will ask the gentleman from Washington to wait until my amendment has been read, and then I will answer the gentleman's question.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Amendment offered by Mr. McKeown: Before paragraph (b) insert a new paragraph to read as follows:

"(a) For the privilege of manufacturing for sale in interstate commerce, \$50 for each \$10,000 or major fraction thereof on articles manufactured and sold in interstate commerce;

"For the selling at wholesale goods, wares, and merchandise in interstate commerce, the sum of \$50 for each \$10,000 or major fraction thereof of goods, wares, and merchandise sold in inter-

"For the manufacture and sale of articles direct from manufacturer to consumer in interstate commerce, \$100 for each \$10,000 or major fraction thereof of articles manufactured and sold direct to consumer from manufacturer;

"For selling in retail in interstate commerce in the United States by national chain stores, \$100 for each \$10,000 or major fraction thereof of goods sold in retail in interstate commerce; "For sales by mail order, the sum of \$100 for every \$10,000 or

major fraction thereof of articles sold in interstate commerce.

Mr. CRISP. Mr. Chairman, I make a point of order against the amendment. This is clearly a matter to regulate interstate commerce, and is not germane to a tax bill.

Mr. McKEOWN. This is a privilege tax.
Mr. BLANTON. It is not germane at this point.

Mr. McKEOWN. It is as germane here as it is anywhere in the bill.

The CHAIRMAN. Does the gentleman from Oklahoma desire to be heard on the point of order?

Mr. McKEOWN. Yes.

This section is a manufacturers' tax, and my amendment is simply a tax upon the privilege of doing business in interstate commerce. My amendment is a tax not only upon the manufacturer with respect to the amount of interstate business, but it is also a tax upon the wholesaler engaged in business, and the amendment will raise the money. This amendment will balance the Budget.

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that the committee is engaged in the consideration of section 601, of which paragraph (a) has been read and has been stricken out upon the motion of the gentleman from North Carolina, with notice that in the event that the paragraph was stricken out he would proceed to move to strike out the remaining paragraphs of the section. The amendment of the gentleman from Oklahoma may be in order at some other point, but it is not germane to the matter which is now under consideration, nor does it come in its proper place immediately following the notice given by the gentleman from North Carolina, that in the consideration of section 601, after disposition of his motion to strike out paragraph (a), we will proceed with paragraph (b), and it is not germane to the subject matter that is now under consideration.

The CHAIRMAN. The Chair is of the opinion that the gentleman from Oklahoma is entitled to be heard upon his amendment offered as a new paragraph of the bill. The gentleman from North Carolina will be recognized as soon as that is disposed of. If the Chair had known the gentleman from North Carolina desired to offer a motion, the Chair, of course, would have recognized the gentleman.

The Chair overrules the point of order, and the gentleman from Oklahoma is recognized for five minutes.

Mr. McKEOWN. Mr. Chairman, I want to say to the gentleman from North Carolina that I had no intention of trespassing upon his rights. I want to show you what my amendment does.

The proposition you are faced with is one of balancing the Budget, and we have been told that that was the necessity for the sales tax.

The proposal I have offered here is not a sales tax but is simply a privilege tax. It does not put all the burden on the manufacturer. It only costs the manufacturer or wholesaler \$50, which is paid on each \$10,000 or major fraction thereof on the business done in interstate commerce.

In other words, a factory in New York, if it did no business outside of New York, would pay no tax. If it did a business outside of New York it would pay \$50 on every \$10,000 worth of business.

Now, Mr. Chairman, I want to ask you gentlemen one question. Are you in favor of going ahead and balancing the Budget? If you are, here is how you can do it. This proposal is not a sales tax, it is simply a privilege tax on manufacturers, wholesalers, mail-order houses, and chain stores for doing business in interstate commerce.

Mr. EVANS of California. How much will it raise?

Mr. McKEOWN. Over \$700,000,000-enough to balance the Budget. You will have no trouble with the Budget if you adopt this amendment. There are \$40,000,000,000 of

business in the United States, a large part of which is done in interstate commerce, and if you put this amendment in your bill, you put a fair tax on the privilege of doing business in interstate commerce, your local manufacturer and your local wholesaler will not have to pay anything but their State tax-and that is heavy enough-and you will raise \$700,000,000.

Let me tell you how much retail business national chain stores do in Texas. They sell in Texas \$137,000,000 a year, a large portion of which is not taxed in Texas, \$174,000,000 in Missouri, and these mail-order houses sell anywhere from 5 to 12 per cent of the retail trade of the United States. If you want something that will get money by a fair tax spread all over the territory, you should adopt this amendment.

Mr. MEAD. And it will have a tendency to localize business.

Mr. McKEOWN. It will have that effect. There are 354 national chain systems in this country, and this will bring in about \$12,500,000. The manufacturer that sells direct to the consumer will pay \$100 on every \$10,000 of business.

Now, you say you want to balance the Budget. This will balance all of it.

[Here the gavel fell.]

Mr. McKEOWN. I ask unanimous consent for five minutes more.

Mr. SWING. I object.

Mr. RAGON. Mr. Chairman, I do not believe it is necessary to discuss the objections to this amendment. I just want to call to the attention of the House the fact that by an impressive majority it has been indicated that this House is opposed to anything that will impose a burden of increased taxation on the consumer in the shape of a sales tax. A sales tax is a license to a person to do business. My friend from Oklahoma [Mr. McKeown] seeks to make a distinction and calls his plan a privilege tax and not a plain license.

The paragraph you have just defeated here carried a percentage of 21/4. The gentleman from Oklahoma submits one for one-half of 1 per cent. The only thing that you can make of it is that it is simply a sales tax on a smaller scale of percentage. There is a danger in his suggestion, not in the paragraph which has just been defeated, and that is the matter of pyramiding. The gentleman permits the manufacturer to pyramid, he permits the wholesaler to pyramid, and he permits the broker to pyramid, because he puts a tax on each one of them; and as the manufacturer sells to the wholesaler he would incorporate his tax, and as the wholesaler sells to the broker or the retailer he would not only incorporate his own tax but also the manufacturers' tax. So you would have a triple pyramiding right there at the beginning before it goes into the hands of the retailer; and if the retailer happens to be a chain store, he will pyramid it again. I greatly regret to be compelled to disagree with my friend from Oklahoma, but I think his amendment should be defeated.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield? Mr. RAGON. With pleasure.

Mr. McKEOWN. The purpose of this amendment was obvious. It had no other purpose than to raise money to balance the Budget.

Mr. RAGON. And that is just exactly what we thought of the manufacturers' excise tax.

The CHAIRMAN. The question is on the amendment of the gentleman from Oklahoma.

The amendment was rejected.

The CHAIRMAN. The Clerk will report paragraph (b). The Clerk read as follows:

(b) In addition to any other tax or duty imposed by law, there shall be imposed a tax of 2½ per cent ad valorem (except as provided in subsection (d)) on every article imported into the United

States, unless—
(1) The consignee (within the meaning of the tariff act of 1930) is a licensed manufacturer (or his agent) and the article is an article for further manufacture; or

(2) The consignee (within the meaning of such act) is a registered dealer (or his agent) and the article is an article for further manufacture to be resold to a licensed manufacturer;

(3) The article is imported by a State or political subdivision thereof, or any agency thereof, for use solely in the exercise of a governmental function; or

(4) The article is specifically hereinafter exempted.

Mr. DOUGHTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Doughton: Page 226, lines 8 and 9, strike out the words "of 2½ per cent ad valorem (except," and in line 10, strike out all after the word "States" down to and including the word "exempted," in line 22.

Mr. DOUGHTON. Mr. Chairman, the purpose of this amendment is to get rid of the import taxes, except on those enumerated in subsection (d). It strikes out the tax on everything else contained in this sales tax.

Mr. LEWIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LEWIS. If the amendment should be adopted, would that mean that the oil section of this sales tax bill would be also adopted?

Mr. DOUGHTON. It would be left as it is, for future action of the committee.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. UNDERHILL. I appeal to the gentleman from North Carolina, that until we know more about what we have done this afternoon, either through the newspapers or through the RECORD or by radio or in some other manner, we better not adopt any more amendments. I ask the gentleman from North Carolina or the gentleman from Georgia or the gentleman from Illinois, to move that the committee do now rise, so that we may have a chance to ascertain what we have done, and I do this in the interest of orderly procedure and in the interest of the reputation of this House.

Mr. DOUGHTON. This merely completes the action proposed in my first amendment. I insist on a vote.

Mr. LAGUARDIA rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. LaGUARDIA. In support of the amendment offered by the gentleman from North Carolina.

The CHAIRMAN. The gentleman from New York is recognized.

SEVERAL MEMBERS. Let us have the amendment again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment of the gentleman from North Carolina, and the paragraph as it will read if the amendment be adopted.

The Clerk read as follows:

Amendment offered by Mr. Doughton: Page 226, lines 8 and 9, strike out the words "of 2½ per cent ad valorem (except," and in line 10 strike out all after the word "States," down to and including the word "exempted," in line 22.

So that the paragraph will read:

(b) In addition to any other tax or duty imposed by law there shall be imposed a tax as provided in subsection (d) on every article imported into the United States.

Mr. LaGUARDIA. Mr. Chairman, I have asked for this time simply to recall to the committee the statement made by the gentleman from Georgia [Mr. CRISP], that the real test on the sales tax will be made on paragraph (a). It will be recalled the gentleman stated that he would abide by the vote on the Doughton amendment and that he would not oppose further amendments to carry out the will of the House eliminating all sales tax provisions. That has just been stricken from the bill by the committee. The amendments which will follow are simply carrying out the will of the committee. I am sure the gentleman from Massachusetts does not want the record to show, to use his own words, that "no one here knows what the committee has done today." I say to the gentleman from Massachusetts that if he does not know what we did to-day he is the only person in the United States who does not know it.

Mr. UNDERHILL. Will the gentleman yield?

Mr. LaGUARDIA. For the information of the gentleman from Massachusetts [Mr. UnderHill], I will say that what we did was to strike out paragraph (a) of section 601, which means that the House disapproves of the sales tax and that it is entirely stricken from the bill.

Mr. UNDERHILL. Will the gentleman yield, now? Mr. LAGUARDIA. Yes. Mr. UNDERHILL. What did we do before that?

Mr. LaGUARDIA. Before that we adopted the amendment offered by the gentleman from Georgia [Mr. CRISP], with other amendments exempting additional articles, and now it all went out of the window. [Applause.]

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. JOHNSON of Washington. I know the gentleman from New York is trying to be fair.

Mr. LAGUARDIA. Certainly.

Mr. JOHNSON of Washington. The confusion for the moment was on the amendment offered by the gentleman from North Carolina [Mr. Doughton] to strike out certain words, from line 7 to line 10, reading-

In addition to any other tax duty imposed by law there shall be imposed a tax as provided in subsection (d) on every article imported in the United States.

Now, we are ready to start writing a tariff bill. Let us write it.

Mr. LaGUARDIA. The section before the House, which the gentleman from North Carolina would strike out, is simply a compensating tariff to make up the 21/4 per cent manufacturers' tax, if that had been accepted. It is, so to speak, the enacting clause of the provisions that follow. That leaves sufficient wording in the paragraph to carry out the intent as to the import tax, in the event that paragraph (d) remains in the bill. Please note that all that is left is the necessary enacting clause for the import provisions of paragraph (d). If paragraph (d) goes out of the bill, then according to the unanimous consent already obtained by the gentleman from Georgia we revert back to (b), and the remaining provision goes out, too.

Mr. BLANTON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BLANTON. It was the understanding between the gentleman from North Carolina [Mr. Doughton] and the gentleman from Georgia [Mr. CRISP] and with the committee that if the motion of the gentleman from North Carolina to strike out paragraph (a) prevailed, then the gentleman from Georgia and his committee would offer no resistance whatever to the other motions of the gentleman from North Carolina to strike out succeeding paragraphs in the sales-tax section, and they are offering no resistance.

Mr. LAGUARDIA. No; of course not. That is clear. The House having voted against the sales tax, all reference to it

by agreement will go out, as a matter of course.

Mr. BLANTON. So there ought not be any trouble about this present motion to strike out that portion of paragraph (b) within the agreement made.

Mr. LAGUARDIA. Of course not.

Mr. CRISP. Mr. Chairman, may I make this suggestion. in the interest of all of us and in the interest of the bill: I think, according to the vote of the committee a while ago, the manufacturers' tax title is eliminated, and, as far as I am personally concerned, I am willing to give unanimous consent to strike out all of the remaining paragraphs relating to the manufacturers' sales tax.

There are three or four other items in that title that are not connected in any way with the 21/4 per cent manufacturers' sales tax. For instance, there is a provision there levying a specific tax upon lubricating oil, on imported oil and gasoline, on wort, and on grape concentrate. I would like to see this done, if it is agreeable to the House-to strike out the remaining sections of that paragraph, then let the committee rise and to-morrow begin consideration of these special items left in the tax title. I will call the Ways and Means Committee to meet at 10 o'clock to-morrow morning. If this agreement is accepted, this will be notice

to the Committee on Ways and Means that they are called to meet at 10 o'clock to-morrow morning. Then I hope the Committee on Ways and Means may be able to recommend to you again some other provisions to raise revenue. Whether or not it meets your approval is for you to decide when it comes in.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. CRISP. I yield.

Mr. BRITTEN. Does the gentleman think that after his meeting to-morrow morning in the Committee on Ways and Means the committee is at all likely to give serious consideration to that revenue-collecting measure called a tax on beer, that will provide five or six or seven hundred million dollars of easy money for the Treasury?

Mr. CRISP. I do not think so, but the gentleman from New York to-morrow is going to offer an amendment to that effect, and the Committee of the Whole House on the state of the Union will have an opportunity to express its view

about it.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. SCHAFER. Do I understand that the gentleman states he has agreed to take out all the manufacturers' sales tax provisions of this title, and that will also include the 30 per cent manufacturers' sales tax on malt and malt sirup used for food, used by bakers, and used for medicine for children?

Mr. CRISP. No. My request would be to leave in all these special excise taxes for the committee to consider when they next get the bill.

Mr. SCHAFER. Well, that is a manufacturers' sales tax of 30 per cent.

Mr. CRISP. Instead of being 21/4 per cent, that is 30 per cent.

Mr. PARSONS. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PARSONS. The amendment offered by the gentleman from North Carolina [Mr. Doughton] begins with section (b). Under the gentleman's arrangement, the gentleman would propose to strike out the remaining part of the section down to (d), line 9, page 228; beginning with line 7, page 226, strike out down to and including line 8 on page

Mr. BLANTON. But the pending motion ought to be adopted first.

Mr. CRISP. Mr. Chairman, I move that the committee do

The CHAIRMAN. The question is on the motion of the gentleman from Georgia [Mr. CRISP], that the committee do now rise.

Mr. CRISP. Mr. Chairman, after conference with the majority leader and some of the others, I ask unanimous consent to withdraw my motion that the committee rise.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RAINEY. Mr. Chairman, the situation is perfectly simple. The sales tax has been defeated. There is no question about that. Nobody knows that better than I do. The motion offered by the gentleman from North Carolina [Mr. Doughton] is a perfecting motion. It is to take from the bill every vestige of the sales tax and leave these other things, like malt sirup and the rest of them.

The whole matter is settled when there is an affirmative vote on Mr. Doughton's amendment. It ought to be unanimous and get through with it.

Mr. BLANTON. Mr. Chairman, I demand the regular

The CHAIRMAN. The question is on the amendment of the gentleman from North Carolina.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Com-

mittee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon

#### EXTENSION OF REMARKS—THE SALES TAX

Mr. FREAR. Mr. Speaker, the result of the long and hard fought "consumption-tax" proposal is found in the vote by tellers that rejected the tax 223 to 153, or a majority of 70 against the tax. This speaks for itself.

For many years foes of the income-tax proposal have contested at every step every effort to "tax according to ability to pay." With annual incomes ranging from below \$10,000 to \$10,000,000, and with \$3,500 exemptions for married couples, many of these men bitterly fought the first income tax law at every step. Finally they won the first battle by a 5 to 4 decision in the Supreme Court, which declared that law unconstitutional. Then the people of this country became aroused and wrote into the Constitution the sixteenth amendment, which contained a specific provision that "Congress shall have power to lay and collect taxes on incomes." This Congress did a second time.

Again great opposition influences sought to have the Supreme Court set aside the will of the people by a decision exempting undistributed corporation profits and "stock dividends" that thereby avoided distribution of profits. Again the Supreme Court by a 5 to 4 decision partially emasculated the income tax law by holding such tax evasions could not be reached by Congress. Thereupon an estate tax law to reach tax-free securities, and when avoided by gifts during life a tax has been placed in the pending bill to prevent evasion of the tax.

In the RECORD of March 11 and 17 I disclosed at length how favored holders of large wealth have constantly sought to evade this law in Congress and in the courts. That tax now graduated from 1 to 20 per cent, with \$3,500 exemption, only averages 10 per cent on incomes of \$100,000 annually and 20 per cent above that large return. Graduated increases should be averaged accordingly. I absolve the committee from any unfair purpose, but its unanimous and sudden report to lay a \$600,000,000 increased tax on consumption necessities of 120,000,000 people, whether rich or poor, with an estimated increase in prices on such necessities of possibly over \$2,000,000,000 annually, is hard to understand. Many men of large wealth have heretofore advocated a sales tax to be substituted for the Federal income tax.

A sales tax with increased rates is urged by Mr. Hearst and many others "to replace the income tax." Not one tax expert of standing has recommended this unjust tax, while I have offered testimony from a score of high-class experts who in the past have appeared against any such indefensible proposal that tax is now defeated.

Letters of commendation are many. One at hand reads:

Dear Mr. Frear: I congratulate you on the letter opposing a sales tax you sent your fellow Members. If you will furnish me

\* \* of this letter I will mail one to every official of the Farmers Union \* \* \*.

Yours truly, JOHN A. SIMPSON, President.

In support of the splendid contest waged by others who took over the burden that was largely mine, when last before the House, I sent the letter which reads:

CONGRESS OF THE UNITED STATES House of Representatives, Washington, D. C., March 21, 1932.

Washington, D. C., March 21, 1932.

Dear Colleague: The Democratic leader closed a tax debate Saturday, March 19, by charging that House action resenting a sales tax and increasing income taxes was "nearer communism than any other country in the world except Russia." That same day the politically powerful Hearst papers demanded a "Federal sales tax and excise tax, to replace the income tax." That is the issue. The income tax has always been fought in Congress and in the courts by wealth. What about "communism."

Shortly after the revolution, with Senators King and Ladd, I traveled 8 000 miles through Russia interviewing workers on farms.

traveled 8,000 miles through Russia interviewing workers on farms, in mines, in factories, President Kalinin, and others. Their revolution, they alleged, resulted from concentration of practically all wealth in the hands of the czar and nobility, accom-

panied by extreme poverty of the masses and cruel oppression. That resulted in Russian communism.

Our Government is founded on the Constitution and equal rights of its citizens. We are representatives of the people, responsible in part for their welfare, and none would exchange this Government for any other. In this land, however, men like Rockefeller, Ford, the Mellon, have amassed wealth in single families reported to reach 10 figures. Thousands of others have accumulated large fortunes until we are advised 5 per cent of our people now own or control 75 per cent of all the fluid wealth of the country. A balanced Budget is also now demanded.

The issue is a \$600,000,000, with added profits, consumption tax suddenly presented. It is offered as an alternative for a "Treasury tax" program. No reason is offered for confining legislative action to either.

In the Record of March 17 President Green, American Federation of Labor, is quoted saying this tax will increase cost of "clothes, shoes, necessities, including a large percentage of foodstuffs. It will "add to the misery, want, and woe now in the land." The National Grange writes 27,000,000 people on farms will be further oppressed by the proposed tax. The Farm Bureau says a sales tax is based on "the necessity to consume." The Farmers Union says this tax has aroused more apprehension than any other measure since the war. The National Democratic Convention, 1924, declared, "We oppose the so-called sales tax \* \* that unfairly shifts to the consumer the burdens of taxation."

England has always rejected it. Our income-tax ra'es are far lower than those of England, France, or Germany. (Record, p. 6393.) So, too, our estate and other taxes. Tax experts and eminent authorities quoted in above Record all denounce a consumption tax, now planned to relieve the rich by "soaking the poor." If once adopted, it can not be removed. Green, Simpson, Gray, Brenckman, and others warn us against a tax that encourages "communists" more than any act ever before pressed on Congress

Congress. These officers speak for many millions of our people.

Lest we forget, we represent them too.

Sincerely yours,

JAMES A. FREAR.

I do not believe any further attempt will occur this session at either end of the Capitol to enact a consumption tax. After some experience in the circuitous methods of procedure used by agencies that have attacked the income tax repeatedly in Congress and the courts, I do say the tax will again bob up and find many supporters, who again will seek with holders of large wealth and large incomes to substitute some form of sales tax for the tax on incomes and estates.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1590. An act granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes.

# ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 52 minutes p. m.) the House adjourned until to-morrow, Friday, March 25, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday. March 25, 1932, as reported to the floor leader by clerks of the several committees:

BANKING AND CHERENCY

(10 a. m.)

Hearing, home-loan subcommittee.

NAVAL AFFAIRS

(10 a. m.)

Private bills.

POST OFFICE AND POST ROADS

(10.30 a.m.)

To regulate the manufacture and sale of stamped envelopes (H. R. 8493 and H. R. 8576).

COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Silver investigation.

PATENTS

(10 a. m.)

Copyright bill.

# DISTRICT OF COLUMBIA

(10.30 a. m.)

Subcommittee on the Judiciary, District of Columbia (H. R. 461 and H. R. 7752).

PUBLIC LANDS

Hearings discontinued.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

502. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, Government Printing Office, for the fiscal year 1933, in the sum of \$500,000 (H. Doc. No. 283); to the Committee on Appropria-

503. A letter from the executive secretary of the Near East Relief, transmitting a report for the year ending December 31, 1931, of the Near East Relief; to the Committee on the Judiciary.

504. A letter from the chairman of the United States Tariff Commission, transmitting a report of the United States Tariff Commission; to the Committee on Ways and Means.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on the District of Columbia. H. R. 10273. A bill to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes; with amendment (Rept. No. 881). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Expenditures in the Executive Departments. H. R. 10743. A bill to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works; without amendment (Rept. No. 882). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. H. R. 9970. A bill to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes: with amendment (Rept. No. 886). Referred to the Committee of the Whole House on the state of the Union.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. KERR: Committee on War Claims. H. R. 3321. A bill for the relief of R. S. Howard Co. (Inc.); with amendment (Rept. No. 883). Referred to the Committee of the Whole House.

Mr. MARTIN of Oregon: Committee on War Claims. H. R. 6424. A bill granting jurisdiction to the Court of Claims to hear the case of David A. Wright; without amendment (Rept. No. 884). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 3627. A bill for the relief of James Wallace; with amendment (Rept. No. 885). Referred to the Committee of the Whole House.

# PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 10793) to establish and promote the effective merchandising of certain basic agriculture commodities in interstate and foreign commerce by the fixing of a minimum marketing price for such commodities; to the Committee on Agriculture.

By Mr. COCHRAN of Missouri: A bill (H. R. 10794) to consolidate and coordinate certain governmental activities affecting the civil service of the United States; to the Committee on Expenditures in the Executive Departments.

By Mr. WOLCOTT: A bill (H. R. 10795) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLOOM: A bill (H. R. 10796) to amend section 9 of the act entitled "An act to amend and consolidate the acts respecting copyrights," approved March 4, 1909; to the Committee on Patents.

By Mr. VINSON of Georgia: A bill (H. R. 10797) to equalize tariff duties by compensating for depreciation in foreign currencies; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H. R. 10798) for the safety of lives and the preservation of property at sea; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. CRAIL: A bill (H. R. 10799) to make capital punishment the penalty for transporting kidnaped persons in interstate or foreign commerce, and for other purposes; to the Committee on the Judiciary.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 10800) for the relief of Joe Setton; to the Committee on Claims.

Also, a bill (H. R. 10801) for the relief of Antoine J. Prunier; to the Committee on Military Affairs.

By Mr. COCHRAN of Missouri: A bill (H. R. 10802) granting a pension to Paul J. Wichman; to the Committee on Pensions.

By Mr. COOPER of Ohio: A bill (H. R. 10803) authorizing Richard T. Ellis, colonel in the United States Army, to accept the decoration of Officer of the Legion of Honor conferred upon him by the Government of France; to the Committee on Foreign Affairs.

By Mr. CRAIL: A bill (H. R. 10804) granting a pension to Pearl Bouchie; to the Committee on Pensions.

By Mr. DAVIS: A bill (H. R. 10805) for the relief of Gordon McGee; to the Committee on Military Affairs.

By Mr. DOUTRICH: A bill (H. R. 10806) for the relief of Charles W. Buck; to the Committee on Military Affairs.

By Mr. ERK: A bill (H. R. 10807) granting an increase of pension to Kate S. Berry; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 10808) granting an increase of pension to Mary A. Choate; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 10809) granting a pension to Mary E. Adams; to the Committee on Invalid Pensions.

By Mr. HORR: A bill (H. R. 10810) providing an appropriation of \$1,000 to search for Lieut. Edward D. Hoffman, lost while on flight in an Army bombing plane; to the Committee on Appropriations.

By Mr. HOUSTON of Delaware: A bill (H. R. 10811) for the relief of the Hamburg-American Line; to the Committee on Claims.

By Mr. MORTON D. HULL: A bill (H. R. 10812) granting an increase of pension to Mrs. Frank Talbot; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 10813) granting an increase of pension to Sarah C. Nicewonger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10814) granting an increase of pension to Mary E. Askey; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 10815) granting an increase of pension to Sarah E. Lewis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10816) granting an increase of pension to Corinda C. Russell; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 10817) granting an increase of pension to Jennie G. Crabs; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 10818) granting an increase of pension to Susan B. Hill; to the Committee on Invalid Pensions.

By Mr. SUTPHIN: A bill (H. R. 10819) for the relief of John Parker Clark, jr.; to the Committee on Claims.

Also, a bill (H. R. 10820) for the relief of John Parker Clark, sr.; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 10821) granting an increase of pension to Dorothy F. Reed; to the Committee on Invalid

By Mr. WEAVER: A bill (H. R. 10822) granting a pension to Fred F. Hill; to the Committee on Pensions.

By Mrs. WINGO: A bill (H. R. 10823) granting a pension to Vina Provence; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4890. By Mr. ALDRICH: Resolution of Polish-American Citizens Club, of Anthony, R. I., urging passage of House Joint Resolution 144, directing the President to proclaim October 11 of each year as General Pulaski Memorial Day; to the Committee on the Judiciary.

4891. By Mr. BEAM: Resolution by Group No. 110 of the Polish National Alliance, memorializing Congress to enact House Joint Resolution 144, to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4892. Also, resolution by Group No. 2653 of the Polish National Alliance, memorializing Congress to enact House Joint Resolution 144, to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4693. By Mr. BLOOM: Petition of residents of New York City, protesting against the compulsory Sunday observance bill, S. 1202, entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced, such as House bill 8092; to the Committee on the District of Columbia.

4894. By Mr. BOHN: Petition of McArthur Auxiliary, No. 29, United Spanish War Veterans, Cheboygan, Mich., indorsing the Gasque bill, H. R. 7230, granting pensions to widows of all wars; to the Committee on Pensions.

4895. By Mr. CRAIL: Petition of the Women's Law Observance Association of Los Angeles, Calif., protesting against the repeal, resubmission, revision, or nullification of the eighteenth amendment; to the Committee on the Judiciary.

4896. By Mr. EVANS of California: Petition signed by the Granada Park Woman's Christian Temperance Union, protesting against any resubmission of the eighteenth amendment: to the Committee on the Judiciary.

4897. Also, petition signed by approximately 29 residents, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4898. By Mr. EVANS of Montana. Resolution of Montana State branch of the National Woman's Party, urging submission to the States for ratification the equal rights amendment; to the Committee on the Judiciary.

4899. By Mr. FRENCH: Petition of 12 citizens of Washington County, Idaho, protesting against compulsory Sunday observance; to the Committee on the Judiciary.

4900. By Mr. GARBER: Petition of Beaver Post, No. 149, American Legion, Beaver, Okla., supporting the payment of adjusted-compensation certificates; to the Committee on Ways and Means.

4901. By Mr. GILCHRIST: Petition signed by 112 citizens of Burt, Iowa, and vicinity, protesting against the admission tax on the lower admission classifications and any sales tax, stating that such tax would be injurious and detrimental to the business in their community; also stating that such a tax would result in the closing of many theaters in their territory and further increase the number of unemployed; to the Committee on Ways and Means.

4902. By Mr. GLOVER: Resolution of the Legislature of Arkansas; to the Committee on Ways and Means.

4903. Also, resolution of King Belser Post, No. 94, of Arkansas City, Ark.; to the Committee on Pensions.

4904. By Mr. JOHNSON of Texas: Petition of Thomas Bell, route 3, Hubbard, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4905. Also, petition of Dr. E. E. Thomas, of Prairie Hill, Tex., favoring a tax on crude oil imported from foreign countries; to the Committee on Ways and Means.

4906. Also, petition of W. M. Rutherford and 40 other citizens of Thorndale, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4907. Also, petition of T. K. Morris, secretary chamber of commerce, Itasca, Tex., and 34 other citizens of Itasca, favoring House bills 6305 and 8684; to the Committee on the Post Office and Post Roads.

4908. By Mr. KELLER: Petition of Local Union No. 639, United Mine Workers of America, Sesser, Iil., urging the passage of Senate bill 2793; to the Committee on Interstate and Foreign Commerce.

4909. Also, petition of Egyptian Lodge, No. 365, of the Brotherhood of Railway Carmen of America, asking for support and passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

4910. Also, petition of Rotary Club of Zeigler, Ill., favoring the passage of Senate bill 2793, extending to Interstate Commerce Commission power to regulate busses and trucks engaged in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4911. Also, petition of city of Sparta, Ill., favoring enactment of legislation to regulate the use of the public highways by busses and trucks; to the Committee on Interstate and Foreign Commerce.

4912. Also, petition of FitzPatrick Post, No. 32, American Legion, Mound City, Ill., urging the passage of House bill 1, for the payment of the balance of the adjusted compensation; to the Committee on Ways and Means.

4913. By Mr. MEAD: Petition of Group No. 2135, Polish National Alliance, urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4914. By Mr. PARKER of Georgia: Petition of Col. William L. Grayson and five other citizens of Savannah, Ga., urging enactment of legislation regulating busses and trucks carrying passengers and freight in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4915. Also, resolution of the Savannah (Ga.) Chamber of Commerce, protesting against any change in the control and operation of rivers and harbors development; to the Committee on Rivers and Harbors.

4916. Also, petition of Eugene Talmadge, commissioner of agriculture of the State of Georgia, and James D. Gunn, president Peerless Basket Co., of Cuthbert, Ga., protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4917. Also, petition of John E. Hall and 26 other exservice men of Toombs County, Ga., urging the enactment of House bill 1; to the Committee on Ways and Means.

4918. By Mr. RAINEY: Petition of W. C. Vaas and 50 other citizens of Centralia, Ill., favoring a reduction in the cost of running the Government; to the Committee on Appropriations.

4919. By Mr. RUDD: Petition of the American Alliance of the United States, favoring protection for American labor and industry, and protesting against the importation of Soviet products; to the Committee on Labor.

4920. Also, petition of American Manufacturing Co., Brooklyn, N. Y., opposing the passage of House bill 8559; to the Committee on Agriculture.

4921. Also, petition of Whitaker & Co., New York City, favoring the Baldrige bill, H. R. 7430, and the Andresen bill, H. R. 9971; to the Committee on the Judiciary.

4922. Also, petition of Pan American Petroleum & Transport Co., New York City, with reference to House bill 9256, relating to certain sections of the proposed bill; to the Committee on Merchant Marine, Radio, and Fisheries.

4923. Also, petition of Richard Hudnut Co., New York City, opposing an excise tax higher than the proposed sales tax on cosmetics; to the Committee on Ways and Means.

4924. Also, petition of Massachusetts Fisheries Association, Boston, Mass., opposing a tax on imported oil and on lubricating oil; to the Committee on Ways and Means.

4925. Also, petition of American Manganese Producers' Association, favoring a tax of 1 cent per pound on imported manganese; to the Committee on Ways and Means.

4926. Also, petition of Pauline Piatek, of Brooklyn, N. Y., opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4927. Also, petition of L. Isaacson & Son, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4928. Also, petition of Graham County Chamber of Commerce, Safford, Ariz., favoring a 5-cent tariff on foreign copper, as proposed by Mr. Douglas of Arizona; to the Committee on Ways and Means.

4929. Also, petition of Bushwick Heights Democratic Club, Brooklyn, N. Y., and George R. Carmody, executive member, opposing the proposed sales tax; to the Committee on Ways and Means.

4930. Also, petition of Actors Equity Association, New York City, favoring the Connery amendment to the revenue bill exempting the legitimate drama from the proposed 10 per cent tax; to the Committee on Ways and Means.

4931. By Mr. SANDERS of New York: Petition signed by Frank W. Mathews and 37 others, members of the Smith-Warren Post, No. 367, American Legion, of Monroe County, favoring the immediate payment of the balance of the face value of the adjusted-compensation certificates; to the Committee on Ways and Means.

4932. By Mr. SELVIG: Petition of Hallock American Legion Post, unanimously favoring the bonus; to the Committee on Ways and Means.

4933. Also, petition of American Legion Auxiliary of Ada, Minn., supporting the widows and orphans' bill; to the Committee on Pensions.

4934. By Mr. SWICK: Petition of Florence C. Keck and five other residents of Butler and Great Belt, Butler County, Pa., urging the enactment of legislation for the immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4935. Also, petition of the Woman's Christian Temperance Union of Conoquenessing, Butler County, Pa., protesting against the resubmission of the eighteenth amendment to the Constitution to the State legislatures or conventions; to the Committee on the Judiciary.

4936. Also, petition of Thomas Frish and five other residents of Evans City, Butler County, Pa., urging the enactment of legislation providing the full payment of adjusted-service certificates; to the Committee on Ways and Means.

4937. Also, petition of Roe S. Johnston and five other residents of Renfrew and Valencia, Butler County, Pa., urging the enactment of legislation providing for the payment in full of adjusted-service certificates; to the Committee on Ways and Means.

4938. Also, petition of Ralph C. Lacy and five other residents of Euclid, Butler County, Pa., urging the enactment of legislation providing for the immediate full payment of adjusted-service certificates; to the Committee on Ways and Means.

4939. Also, petition of A. F. Hetrick and five other residents of Chicora, Butler County, Pa., urging the enactment of legislation providing for the immediate full cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4940. Also, petition of Percy V. Leighton and five other residents of Karns City and Chicora, Butler County, Pa., urging the immediate enactment of legislation for the payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4941. Also, petition of Group No. 1013 of the Polish National Alliance of the United States, J. F. Tomaszewski,

secretary, 405 Eighth Street, Ambridge, Pa., urging the enactment of House Joint Resolution 144, directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4942. By Mr. WYANT: Petition of 80 railroad employees of Derry, Westmoreland County, Pa., urging support of a pension plan; to the Committee on Interstate and Foreign Commerce.

4943. Also, petition of 40 railroad employees of western Pennsylvania, urging support of Senate bill 3677 and House bill 9891, as sponsored by Railroad Employees' National Pension Association (Inc.); to the Committee on Interstate and Foreign Commerce.

4944. Also, petition of Women's Adult Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4945. Also, petition of the Ladies' Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Westmoreland County, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4946. Also, petition of Group No. 2357, Polish National Alliance, Latrobe, Pa., urging enactment of legislation designating October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4947. Also, petition of Men's Bible Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4948. Also, petition of Young Women's Bible Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4949. By the SPEAKER: Petition of the Charles E. Nelson Post of the American Legion, Keyport, Wash., urging immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

# HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 25, 1932

The House met at 12 o'clock noon.

The Rev. John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D. C., offered the following prayer:

Our Heavenly Father, as we bow in Thy divine presence this morning, we are not unmindful of the solemnity of this day and what it commemorates in the history of the world. As far as we are able to measure time, one thousand nine hundred and two years ago Thou didst reveal unto us, through Thy Son, the greatest evidence of love which our hearts have ever known; and we come in deep gratitude to Thee and thank Thee for what was done by the Lord Jesus Christ for us on Calvary's cross and to pray, as He prayed, that not His will but Thine might be done. So in our hearts and in our lives may our will be submitted to Thine in our own personal affairs and with regard to the greater affairs that have to do with our land. Let Thy blessing rest upon all our deliberations to-day that we may look upon Thee, not merely as a God of power and of might and of wisdom but a God of love who is leading us, we believe, among the nations, and who hast for us the desire that we usher in the kingdom that shall bring peace throughout the length and breadth of the earth. To this end, guide every one of us, for Christ's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

CALL OF THE HOUSE

Mr. STEWART. Mr. Speaker, I raise the point that no quorum is present.

Mr. CRISP. Mr. Speaker, evidently there is not a quorum present. I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 33]

Abernethy	Dyer	Kennedy	Sirovich
Amlie	Free	Kniffin	Smith, W. Va.
Beck	Freeman	Kurtz	Sparks
Beers	Gasque	Lewis	Spence
Buckbee	Gifford	Lozier	Stalker
Bulwinkle	Gillen	McGugin	Steagall
Busby	Golder	Parker, N. Y.	Stevenson
Carter, Wyo.	Gregory	Person	Strong, Kans.
Chapman	Griffin	Pettengill	Strong, Pa.
Collier	Hart	Pratt. Harcourt	J. Tucker
Corning	Haugen	Ramspeck	Vestal
Crump	Horr	Rayburn	Watson
Curry	Igoe	Reid, Ill.	Welsh, Pa.
Davis	Jenkins	Sabath	Wolcott
De Priest	Johnson, Ill.	Schuetz	Wood, Ga.
Dickstein	Kelly, Ill.	Selvig	Wood, Ind.
Douglas, Ariz.	Kendall	Shannon	

The SPEAKER. Three hundred and sixty-four Members have answered to their names, a quorum.

Mr. CRISP. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. CANNON. Mr. Speaker, I desire to announce that my colleague the gentleman from Missouri [Mr. Lozier] is absent in Missouri, where he will deliver the keynote speech as temporary chairman of the Democratic State convention.

#### EXTENSION OF REMARKS

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to insert a very instructive cartoon in the Record.

The SPEAKER. That can not be done by unanimous consent.

Mr. BOYLAN. I understood, Mr. Speaker, it was optional or discretionary with the Committee on Printing, and may the matter be referred to them, sir?

The SPEAKER. The gentleman's remedy is to apply to the Joint Committee on Printing or to change the statute in this particular.

Mr. BLANTON. I object, Mr. Speaker.

## THE UNKNOWN SOLDIER

Mr. DRANE. Mr. Speaker, I ask unanimous consent to publish in the Record a speech made at the auditorium in the Arlington National Cemetery on May 10, 1931—Mother's Day—on the subject "I Knew the Unknown Soldier," by Hon. Ruth Bryan Owen.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

ADDRESS OF HON. RUTH BRYAN OWEN, OF FLORIDA, AT ARLINGTON NATIONAL CEMETERY, MAY 10, 1931

I knew the Unknown Soldier, that composite of the youth of our Nation and of other nations who answered the call to arms in the World War.

I first saw him as he marched through the streets of London, one of the "first hundred thousand." The sky was heavy with clouds and the pavements dark and shiny with rain. Only a few of the troops were clad in military uniforms. Many marched just as they had left the bench in the factory or the stool in the office. We were almost within sound of the guns there—thundering guns heralding the oncoming storm of war. So certainly were these first troops under sentence of death that there was no cheering in the streets as they passed. Bystanders with bared heads stood at attention in silence. But the Unknown Soldier was singing as he strode along. "It's a Long, Long Way to Tipperary," he sang to the thud of tramping feet on the wet pavement.

I saw him again where he was sent back to a rest camp on the edge of the desert after months of fighting. There was not much to suggest repose in that cluster of blisteringly hot tents set down

I saw him again where he was sent back to a rest camp on the edge of the desert after months of fighting. There was not much to suggest repose in that cluster of blisteringly hot tents set down in a waste of yellow sand. But there was a chance to slacken taut nerves and tired muscles. In the big recreation pavilion there were concerts under the flare of gas lights, while silver moonlight whitened the sands of the desert all around us. I wondered why the troops liked to sing these plaintive home and mother songs, with an ocean and a battle front separating them from their own firesides. Leaning back against the rough benches, with half-closed eyes, they sang about the long, long trail a winding to the land of their dreams. And they whistled tunes from the music halls with a lilf and a swing to them, and forgot for an hour the mud and blood and anguish of the front line.

I next saw the Unknown Soldier when a slight wound had sent

I next saw the Unknown Soldier when a slight wound had sent him into one of the stationary hospitals. Neither wound nor hospital discipline could quench his infectious good spirits. I remember we had a little table on wheels which carried surgical dressings from one bedside to another. When the nurses were out of the ward for a moment he would parade down the aisle be-

tween the beds, pushing the table before him in a wonderful burlesque of a proud father wheeling his baby through the park. He patted the carbolic bottle on its head and straightened the bows of its imaginary cap, to the noisy delight of the bedridden patients. He had smuggled a banjo into the ward, and at moments when no watchful eye was on him, out it would come from under his pillow and the patients who should have been resting quietly were waving a hand or nodding a head in time to his music. Although the nurses were obliged to repeat the rules to him severely, we could scarcely hide our smiles. to him severely, we could scarcely hide our smiles.

And how we all crowded to the window for a last glimpse of him

And now we all crowded to the window for a last glimpse of him when he was well enough to leave the hospital!

A strong offensive was about to begin. Train after train carried new reinforcements toward the firing line. Our discharged patients, with all their active-service kits swinging from their shoulders, were crowding the station platform, and while we watched them swinging along, we heard the order, "Get ready 500 beds; they will be needed after this attack."

I did not see the Unknown Soldier as he met the last shock of battle, but I received a letter which was taken from his pocket as he fell. A wave of our troops was sweeping forward when a as he fell. A wave of our troops was sweeping forward when a bursting shraphel halted him. A comrade stooped over him where he had fallen with a mortal wound. There was only time to seize the little metal disk with his name and to take from his pocket two letters which were all addressed for posting—one letter to his mother and the other which came to me. A little later when the tide of battle turned, retreating regiments swept back over the same ground, obliterating every trace which would identify him. identify him.

It is not necessary to read his letter. Its words are indelibly ritten in my memory • • • . "I send this on the eve of the written in my memory \* \* \* . "I send this on the eve of the offensive," the letter ran. "I have been thinking how fortunate my life has always been. I have had the best parents in the world and a wonderful home. So far my life has been all accepting. I've never given back, in return, any service to society. But while I have been out here at the front, I have had a lot of But while I have been out here at the front, I have had a lot of time to think, and I have been planning ways in which I believe I can justify the opportunities I have had. I have thought out how this life of mine can be made to fit usefully into the Bigger Plan \* \* \*."

Then there was a line drawn across the page, with these words:

"But if you receive this letter, it means that I will never be able to pay my debt to scolety."

able to pay my debt to society."

He could not know how fully he paid that debt, but all the world knows. That is why they have raised a memorial to him in Westminster Abbey, where a nation's great lie sleeping, and at the heart of Paris's Arch of Triumph. It is the reason why our own Nation has built and dedicated this marble amphitheater above the Potomac, within sight of the Nation's Capitol, and all the world comes here to pay him tribute.

Heroes returning from the conquest of the sea or the earth or air share their laurels here. Presidents and kings bring their wreaths of palm, and little children with field flowers in their hands, come to learn their first lessons of devotion to country. To-day the mothers of America, recipients of the Nation's affection, lay their wreaths upon the tomb of this sleeping boy

"Sleep on, brave heart, the drums are mute, The birds in woodland call Where cannons roared, the summer's flute Holds listening world in thrall, he glory yours. The night's deep calm The glory yours. Her wings your field enfold. Sleep on, unknown, beyond life's harm Beyond the dawning's gold.

"Mourn not, dear ones, the tears will pass The requiem chant is sweet, But I sleep not beneath the grass, Beneath the poppies' feet. Beyond the shining morning bars, Where phantom hosts have trod, I walk the highway of the stars And I have seen my God."

## THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. My understanding under the unanimousconsent agreement is that when we finish this section of the bill we are to turn back to page 36 and begin reading where we left off: is that correct?

Mr. CRISP. No; it is not exactly correct. The understanding was that we were to first finish this title.

Mr. RANKIN. I meant the title; yes.

Mr. CRISP. And then we are to turn back to page 36. Mr. RANKIN. Is this the last amendment to this title?

Mr. CRISP. I can not tell how many amendments to the amendment will be offered or how long the debate may run, but when this title is finished, then, under the unanimous-consent agreement, we turn back to page 36.

Mr. RANKIN. And begin reading where the Clerk left off?

Mr. PARKS. Mr. Chairman, do I understand that we will not now finish this title and take up the oil paragraph?

Mr. CRISP. No; oil is in this title, and I think that will be disposed of before we turn back to page 36.

Mr. Chairman, I have a committee amendment to offer. The CHAIRMAN. I will state to the gentleman from Georgia that paragraph (b) has not been read.

Mr. CRISP. My amendment is to paragraph (d). I shall have to wait until the Clerk has read the paragraph.

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it. Mr. STAFFORD. In the amendment offered by the gentleman from North Carolina striking out certain portions of the first part of subsection (b) no reference in the amendment was made to the last parenthesis. Can the Chair inform the committee what the status of the amendment is so far as the parenthesis is concerned?

The CHAIRMAN. Referring to the inquiry of the gentleman from Wisconsin, the Chair will state that unanimous consent was given for the Clerk to make any typographical corrections that may be necessary.

The Clerk will read.

The Clerk read as follows:

(c) The tax imposed under subsection (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

(1) the value on which such tax shall be based shall be the dutiable value (under section 503 of such act) of the article, plus the customs duties, if any, imposed thereon under any

provision of law:

(2) for the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the

(3) such tax shall not be imposed upon any article imported prior to the date on which this title takes effect;

(4) no drawback of such tax (except tax paid upon the importation of an article described in subsection (d) (4)) shall be allowed under section 313 (a), (b), or (f) of the tariff act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials;

(5) such tax shall be imposed in full notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or

of any country; and

(6) when he deems such action to be in the interest of the revenue, the Secretary may direct that such tax with respect to any class of articles designated by him shall be levied, assessed, collected, and paid in the same manner and subject to the same provisions of law as the tax imposed by subsection (a).

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the committee for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Chairman, yesterday when we had the test vote on the manufacturers' tax title, which was eliminated, it was understood that the remaining sections in the paragraph of the manufacturers' tax title were to be eliminated. The gentleman from North Carolina offered an amendment to strike out the paragraph, and incidentally it was so drafted that it had the effect of removing other excise taxes to be levied in the United States on wort, malt, lubricating oil, and that was not intended by the gentleman from North Carolina.

The effect of that amendment was to leave these items in the bill and make them subject to these high rates of duty for import and no tax on them at all if domestically produced.

Of course, that was not intended. The intention was to eliminate all of the manufacturers' tax proposition and leave these items in the bill for this committee to consider, if the committee desires to amend them or strike them out entirely. It was to leave the matter for your determination as to these matters.

Now, to try and carry out what was really intended and to put the matter before you where you will have the opportunity to consider these items as to whether or not you desire to leave these high taxes on domestic production of these commodities, the committee has prepared an amendment, which I desire to offer as a substitute to paragraph (d).

That amendment simply proposes that there should be levied and collected on these articles—lubricating oil, malt sirup, wort, concentrates of grapes, and imported oil, just as it was in the original bill.

It will be subject to amendment, just as in the original bill. You can offer amendments to it or move to strike it out.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman.

Mr. SCHAFER. Is it not a fact that the tax embodied in the gentleman's amendment referring to malt, is the same in principle as the manufacturers' sales tax of  $2\frac{1}{4}$  per cent, which has been stricken from the bill, only it is more obnoxious, for instead of having a tax of  $2\frac{1}{4}$  per cent, you have singled out malt, including that which is used by the housewife and children for food and medicine, and put a manufacturers' sales tax of from 30 to 40 per cent on it.

Mr. CRISP. I think it is a sales tax.

Mr. SCHAFER. It will be subject to 30 or 40 per cent manufacturers' sales tax.

Mr. O'CONNOR. Will the gentleman yield?

I want to get the matter clear as to what is really to be collected on imported articles. The Clerk has read paragraphs (c) and (d), which pertain to imported articles, with a tax of 2¼ per cent in addition to present tariff duties.

They must be still in the bill, because the Clerk has read them. Will a motion be made to strike them out, or is it the

intention to keep that tax on imported articles?

Mr. CRISP. The gentleman's inquiry is an intelligent one, and I shall try to answer it. That is kept in temporarily because in this amendment, that was in the bill and is a tax on imported oil and gasoline. If this committee should decide to retain the tax on imported oils and gasoline, that section is necessary. If the committee should decide not to tax imported oils and gasoline, then we will go back and move to strike out.

Mr. O'CONNOR. Following that up, subdivision (b) puts a tax on every imported article. Why do you have to retain that in the bill if you want to tax only oil?

Mr. CRISP. It is because in the scheme of the bill that is to apply to imported articles, and this text deals with imported articles, and if the committee retains this text on imported articles, this is necessary; if it does not, it is unnecessary.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?
Mr. CRISP. Yes.

Mr. BLANTON. Is it not a fact that in the adoption of the Doughton motion with respect to striking out portions of paragraph (b), and in such connection reforming the provisions of paragraph (d), that the provisions of paragraph (d) in effect were adopted by the committee already?

Mr. CRISP. I do not think so.

Mr. BLANTON. If they were adopted, as the gentleman knows, if the parliamentary effect of the motion of the gentleman from North Carolina in striking out portions of paragraph (b) affecting paragraph (d) is to approve of paragraph (d), then there could be no action now by the committee to affect that paragraph.

Mr. CRISP. I do not think it has that parliamentary effect. The parliamentary effect of this bill up to date is that there would be these high tariffs levied on imported wort, malt, and no tax whatever on domestically produced wort, malt, and so forth. Under the bill as written there would be a tax on imported oil, but the whole policy of the Committee on Ways and Means—and I have tried to acquiesce in it—has been to give Members full opportunity to express their will, to vote on everything that they wanted to vote on, and the effect of the amendment I shall offer is simply to give the House a chance to vote as to whether or not it desires to place these high taxes on wort, lubricating oil, grape concentrates, and the tax on gasoline, and this will be subject to amendment just the same as the original text.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield? Mr. CRISP. Yes.

Mr. SCHAFER. Is it not also subject to a point of order because the gentleman is trying to put into the bill what we took out yesterday?

Mr. CRISP. Oh, no; we did not take that out.

Mr. SCHAFER. The gentleman made the statement that we took out the excise levy on the products manufactured in this country, and left in the bill provisions for the tax on imported products. Therefore, if the gentleman's statement is correct, his amendment is not in order because he is trying to put back into the bill an excise tax on products manufactured in this country, that we took out yesterday.

Mr. CRISP. The gentleman is in error. The committee has never passed on whether there would be this special excise tax on wort. The committee under the parliamentary rules of this House voted to strike out the provision levying the two and a quarter per cent manufacturers' sales tax. It had nothing to do with this wort proposition. This wort simply happens to be in the same title. I can not yield further to the gentleman from Wisconsin.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. JOHNSON of Washington. Yesterday in the preliminary process, prior to the beginning of the reading of the bill, the gentleman from Georgia [Mr. Crisp] undertook to guarantee quite a number of us with regard to our requests to offer certain amendments.

Mr. CRISP. Oh, I never guaranteed anything.

Mr. JOHNSON of Washington. I think the gentleman was good enough and said that he would try to protect us in the right to introduce amendments.

Mr. CRISP. I shall do that, but I can not guarantee anything that this House will do.

Mr. JOHNSON of Washington. Quite true. Mr. Chairman, a great many Members are here with amendments with regard to goods from a country where convict or near convict labor is used. One gentleman will offer an amendment pertaining to matches, another amendment will be offered on coal, one on oil, one on manganese, one on lumber, and thereafter I expect to offer a blanket amendment for all, as a substitute for any of the 1-item amendments that may be adopted. Now, under the plan of the gentleman from Georgia, will there be an opportunity to offer these amendments, or should they be offered as amendments to the amendment the gentleman proposes now?

Mr. CRISP. I think they could be offered either way, provided they are germane. I think this proposition has nothing to do with that.

Mr. JOHNSON of Washington. But the amendments could be offered as amendments to the amendment the gentleman from Georgia is offering.

Mr. CRISP. Yes; if they are germane.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LINTHICUM. Do I understand the manufacturers' tax is taken off wort and malt by the gentleman's amendment, and that then there is a tax on imported wort only?

Mr. CRISP. Under the technical effect of the drafting! of the amendment yesterday, that is the effect of it. The gentleman from North Carolina [Mr. Doughton] will confirm me that it was not intended to do that. It is intended to still leave us those subjects in the bill, subject to special excise taxes, for the committee to decide whether or not it wants to keep them.

Mr. LINTHICUM. Do I understand that the gentleman's amendment will place malt and wort in the bill again subject

Mr. CRISP. The amendment I shall offer, if the committee adopts it as written, yes; but when that amendment is under consideration the Committee of the Whole has a perfect right to move to strike out any of these paragraphs and eliminate them from the amendment.

Mr. LARSEN. And how much revenue does that involve?

Mr. CRISP. About \$50,000,000.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LaGUARDIA. Without going into the merits of the provisions now, I believe the gentleman is trying to straighten out the parliamentary situation. After the amendment was offered by the gentleman from North Carolina [Mr. Doughton] I called the attention of the House to the fact that there was some confusion as to its meaning. and I called the attention of the House to the fact that what it did was to strike out the sales-tax provision in section (b), leaving in it the import provision.

Mr. CRISP. The gentleman has seen this amendment. Does not the gentleman think what I am trying to do is to

get the matter fairly before the House?

Mr. LaGUARDIA. I think what the gentleman's amendment does is to bring back the articles enumerated in paragraph (d) before the House as they were originally intended in the bill.

Mr. CRISP. That is exactly what it does.

Mr. LaGUARDIA. For a decision on the merits?

Mr. CRISP. Yes.

Mr. DOUGHTON. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. DOUGHTON. I will say for those on this side of the House who supported my amendment that it is not the purpose and intention to have this paragraph covered by my amendment. I will say distinctly that that should not be covered by my amendment. In order to be consistent I think that the amendment offered by the gentleman from Georgia should be adopted.

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. RANKIN. The gentleman said in reply to the gentleman from Maryland that this amendment would restore the 21/4 per cent sales tax on these items.

Mr. CRISP. Oh, no. The excise tax. The sales tax is eliminated, gentlemen. I am not going to advocate that.

Mr. LaGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.
Mr. LaGUARDIA. The statement made by the gentleman from Georgia; I have seen his amendment and it is an amendment to paragraph (d). We have not yet reached paragraph (d).

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

(d) In the case of the following articles, the tax imposed by this title shall be at the following rates:

title shall be at the following rates:

(1) Lubricating oils, of the grades designated (at the time of the enactment of this act) by Society of Automotive Engineers viscosity Nos. 20 to 70, inclusive, 4 cents a gallon.

(2) Brewer's wort, liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 35 cents a gallon.

(3) Grape sirup, grape concentrate, and evaporated grape juice, if containing more than 35 per cent of sugars by weight, 40 per cent of the basis on which the tax is computed under subsection (a) or (b) of this section or section 603, as the case may be.

(4) Crude petroleum, fuel oil derived from petroleum, gas oil

(4) Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, imported into the United States, 1 cent a gallon; but no article described in this paragraph

shall be exempted upon importation from tax under this title as an article for further manufacture, and no credit or refund of tax imposed upon the importation of any article described in this paragraph shall be allowed under section 605 (a).

Mr. CRISP. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

Mr. OSIAS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. OSIAS. Has paragraph (c) been acted upon, or should it not be acted upon before the committee amendment to paragraph (d) is acted upon? I wanted to offer an amendment to paragraph (c).

The CHAIRMAN. Paragraph (c) has been passed. It is too late to offer an amendment now. The gentleman should have offered it when the paragraph was read, which the gentleman did not do.

The Clerk will report the amendment offered by the gentleman from Georgia.

The Clerk read as follows:

Amendment offered by Mr. CRISP: Page 228, strike out lines 9 to 24, both inclusive, and lines 1 to 5, both inclusive, on page 229, and insert in lieu thereof the following:

"(d) There is hereby imposed upon the following articles sold in the United States by the manufacturer or producers, or imported into the United States, a tax at the rates hereinafter set

forth, to be paid by the manufacturer, producer, or importer:

"(1) Lubricating oils, of the grades designated (at the time of the enactment of this act) by Society of Automotive Engineers viscosity Nos. 20 to 70, inclusive, 4 cents a gallon.

"(2) Brewer's wort, liquid malt, malt sirup, and malt extract,

fluid, solid, or condensed (unless sold to a baker for use in baking or to a manufacturer of malted milk or medicinal products for use in the manufacture of such products), if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 35 cents a gallon.

"(3) Grape sirup, grape concentrate, and evaporated grape juice, if containing more than 35 per cent of sugars by weight and not containing preservative sufficient to prevent fermentation when diluted, 40 per cent of the price for which sold or, in case of such articles imported into the United States, 40 per cent ad

"(4) Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, 1 cent a gallon; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles."

Mr. SCHAFER. Mr. Chairman, a point of order. I make a point of order against the amendment, that the amendment is an attempt to place into this bill and before this committee for action a provision which this committee had before it yesterday and acted upon and removed from the bill. I do not believe we require any more authority than the statement already made on the floor of the House to-day by the distinguished parliamentarian, the gentleman from Georgia, the acting chairman of the Ways and Means Committee, Mr. CRISP.

The gentleman calls the tax, as enumerated in this section, an excise tax. When we refer to this section we find that it refers to the manufacturers' sales tax of 21/4 per cent, and particularly refers to that tax in such a manner as makes this section a manufacturers' sales tax. In fact, the section, instead of providing for 21/4 per cent manufacturers' sales tax, directly and specifically provides for a manufacturers' sales tax in some cases as high as 30 and 40 per cent.

The distinguished parliamentarian, the gentleman from Georgia [Mr. Crisp], a few moments ago on the floor of the House indicated that it was necessary to adopt the pending amendment which he has offered, and incorporate it in the bill in order to tax the products enumerated in his amendment, if they were produced in this country.

The gentleman maintained the position that without this amendment the tax would be levied only on these products listed in the gentleman's amendment in case they were imported, and therefore it is necessary to adopt the gentleman's amendment in order to place a tax on those commodities manufactured in this country. We therefore admitted that on yesterday when we adopted the Doughton amendment. We struck this sales-tax provision from this title in so far as relating to American-made products. Very clear and logical reasoning, because, reading the entire title of the section, the language which refers to these various items upon which it is proposed to levy an excise or sales tax refers to a manufacturers' sales tax as provided in this title shall be along the line of the amounts enumerated in the gentleman's amendment.

It is clear that if the Chairman follows the position of the expert parliamentarian, the acting chairman of the Ways and Means Committee [Mr. Crisp], the Chair should have no reluctance in holding that the point of order is well taken.

The CHAIRMAN. The Chair has given consideration to the question raised by the gentleman from Wisconsin as the debate proceeded. The Chair is clear that the amendments are germane and in order, and the Chair overrules the points of order.

Mr. CULLEN. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read the amendment, as follows:

Amendment offered by Mr. Cullen to the Crisp amendment: At the end of the Crisp amendment insert a new paragraph, to

read as follows:

"That there shall be levied and collected on all nonintoxicating beer, lager beer, ale, porter, or other similar nonintoxicating fermented liquor containing one-half of 1 per cent and not more than 2.75 per cent of alcohol by weight brewed or manufactured and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, a tax at the rate of 3 cents per pint, such article to be bottled at the brewery: Provided, That no such article shall contain more than 2.75 per cent of alcohol by weight: And provided further, That the manufacture and transportation of such articles shall be conducted under permits to be issued in accordance with the national prohibition act and under such regulations, including assessment and collection of the tax, as shall be promulgated by the Secretary of the Treasury and the Attorney General of the United States: And provided further, That no such article shall be permitted to be transported into any State or Territory of the United States, or the District of Columbia, the laws of which forbid the manufacture or sale thereof."

Mr. BLANTON. Mr. Chairman, I desire to make a point of order against the amendment, that it is not germane either to the bill itself or to the section to which it is offered, or to the amendment offered by the gentleman from Georgia, and that it is clearly in contravention of the Constitution of the United States and of the Volstead Enforcement Act. I want to be heard on the point of order just a few minutes, if the Chair pleases.

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. BLANTON. I know it has been ruled by several very distinguished parliamentarians who have occupied the chair at various times, and also by several Speakers, that neither the Chairman of the Committee of the Whole House on the state of the Union nor the Speaker had anything to do with constitutional question. I realize that; but it seems to me that for the Chairman of the Committee of the Whole House on the state of the Union to do that or for the committee, following his ruling, to do that which is a futile thing, which is a useless thing, and which will cause nothing but trouble, expense, and harassment to the Nation, would be out of all reason and ridiculous.

Mr. CELLER. Mr. Chairman, I submit that the gentleman is out of order in not discussing the point of order.

Mr. BLANTON. I am addressing my remarks to the Chair on my point of order and I submit to the Chair that I am in order.

The CHAIRMAN. The gentleman from Texas is in order. Mr. BLANTON. That which is a futile and useless thing and that can only cause trouble and expense to the Nation should not be done by chairmen of committees or by Speakers. If an attempt were made to carry out the amendment and manufacturing of 2.75 per cent beer should occur thereunder by brewers, as is suggested by this amendment, it would be in clear violation of the Constitution of the United States, and the Supreme Court would so hold. So the whole action of the House in passing such an amendment would be a futile thing, and the Chairman has the prerogative and the right, if he sees fit, to disregard these precedents and to establish a new and proper precedent of his own.

The CHAIRMAN. Will the gentleman from Texas permit the Chair to ask him a question at that point?

Mr. BLANTON. Yes; certainly.

The CHAIRMAN. Is the gentleman making the point that the Chair should capriciously and of his own motion undertake to set aside well-established precedents of the House?

Mr. BLANTON. If in doing so the Chair would do the right thing; yes. I want to call the Chair's attention to a precedent on that point, which was finally upheld by the House and is the rule to-day of this House. For many years, if the Chair pleases, there were points of order made to what was known as the garden-seed appropriation in the agricultural bill. Chairman after Chairman of the Committee of the Whole House on the state of the Union had ruled that it was in order, and different Speakers of the House had sustained the rulings of such Chairmen. Speakers, on motions to recommit, had held it in order. There were precedents after precedents upholding it by some of the very best parliamentarians in the country. Then one day there sat in that chair a distinguished parliamentarian from Connecticut, who was once the distinguished leader of the Republican Party, our colleague the gentleman from Connecticut [Mr. Tilson], than whom there is no better parliamentarian in the United States nor one more honest or fearless. [Applause.] He sat in that chair, and a point of order was made against the garden-seed appropriation and he disregarded the previous precedents and sustained the point on the ground that the appropriation was against the law; that there was no substantive law authorizing it. There was an appeal taken from his ruling to the Committee of the Whole, and the Committee of the Whole voted to sustain his action. Then the question went to the Speaker, and Mr. Speaker Gillett sustained the action of Chairman Tilson and of the committee and held it was against the law. That is the ruling to-day. So bad precedents may be set aside and disregarded.

While I am not sure that I even have hopes that the present Chairman will exercise that prerogative on this question, and he may have decided that there should be a vote on it, yet he has that right to disregard existing precedents if he wants to exercise it. He can overrule these precedents; and if he believes this is clearly unconstitutional and that it is really a futile thing, he has the right to rule that this amendment is unconstitutional and to rule it is out of order.

Mr. COCHRAN of Missouri. Will the gentleman yield?
Mr. BLANTON. I will yield if I still have the floor. I have the floor by the sufferance of the Chair.

Mr. COCHRAN of Missouri. I would like to ask the gentleman if he has been designated by the Supreme Court to make this advance ruling?

Mr. BLANTON. No. But I am a practitioner before the Supreme Court and have been such a sworn officer of the Supreme Court of the United States for quite a number of years. I have the right to speak as a lawyer in this case.

Mr. COCHRAN of Missouri. But not for the court.

Mr. BLANTON. And it is my duty as a lawyer and a Representative in Congress of the people of the United States not to vote for and help to pass a law which I firmly believe to be in contravention and violation of the Constitution of the United States, which I am under solemn oath to uphold and defend without evasion or equivocation. We can defeat this proposed beer amendment, but it is my opinion that the Chair should sustain the point of order.

Mr. CRISP. Mr. Chairman, I will detain the Chair only a moment in making one or two observations on the point of order.

I believe the amendment is germane to this bill. The Committee on Ways and Means, which prepared the bill, considered it and voted it down, but that committee considered it as being germane.

This is a general bill raising taxes and many items are enumerated in it; for instance, wort, malt, and other things. Whether a constitutional question is involved or not is a matter for the House to consider as to the merits of the amendment, and it is for the House to determine whether they will adopt the amendment. I believe it is germane.

I simply desire to share any responsibility that might attach to the Chair should he rule it is germane by making this statement. [Applause.]

Mr. HOCH. Mr. Chairman, will the Chair bear with me very briefly on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman.

Mr. HOCH. It seems to me that the question is not entirely free from doubt from a parliamentary standpoint. On the question of whether it involves something unconstitutional, of course, we will agree that an amendment which may be unconstitutional may at the same time be germane, but it seems to me it is not the Constitution that is involved here but rather the enforcement act.

Now, what does this amendment propose to do? It proposes to levy a tax upon the sale of certain liquors with alcoholic content of more than one-half of 1 per cent. Under existing law the sale of such liquors is unlawful. I am not talking about the Constitution; I am talking about the enforcement act.

Now, one of two things must be true. Either this amendment involves a change of existing law, and if it does, clearly it is not germane to the bill; if it involves an amendment to the Volstead Act, clearly it is not germane to this bill; or if we take the other view of it and say that the result will be that no tax will be collected, since it will still be unlawful to offer any of these liquors for sale, then we have declared that the amendment is an utterly futile thing and can be nothing but a mere gesture. Now, you have to take one of the two horns of that dilemma—either it is not germane or it is an utterly futile thing.

Mr. CELLER. Will the gentleman yield for a question at that point?

Mr. HOCH. Yes.

Mr. CELLER. Do not some of the States, for example, tax gambling devices, the use of which would be unlawful and illegal, and does not, for example, the Income Tax Unit collect an income tax upon the profits of bootleggers?

Mr. HOCH. I do not think that has anything to do with the parliamentary question, but I might ask the gentleman whether he believes we should try to collect a tax upon a thing which it is illegal to do?

Mr. CELLER. Yes; we do that all the time.

Mr. SCHAFER. If the gentleman will permit, if the language of the bill to which the pending amendment is directed is germane, certainly, the amendment is germane, for this reason. You can not hold that the amendment is not germane on the ground of interfering with prohibition enforcement, because there is not one Member of this House who can name one thing that you can use brewers' wort for except to make wildcat brewery beer, in many cases by the Capone gangsters with an alcoholic content of 9 per cent. With respect to the enforcement of prohibition angle, to-day there are 60 gentlemen in the dry State of Michigan under indictment for violating the prohibition law by reason of their activity in the wort industry.

Mr. HOCH. Mr. Chairman, of course I am not debating the merits of the matter at all. I was simply attempting to present this point as to the change of existing law involved in the amendment.

Mr. CHINDBLOM. Mr. Chairman, inasmuch as I took part in the ruling to which the gentleman from Texas [Mr. Blanton] referred, on the seed amendment, having made the point of order which was sustained by the gentleman from Connecticut, I merely want to remark that there was no settled, definite, or final determination of the House upon that question. It had been ruled on variously from time to time, and the question was recognized as largely political.

The CHAIRMAN. The gentleman from New York [Mr. Cullen] has offered an amendment, which has been reported at the Clerk's desk and which now appears in the Record. A point of order is interposed by the gentleman from Texas [Mr. Blanton] that the amendment is not germane either to the bill or to the amendment to which it is proposed.

The Chair is very clearly of the opinion, from an examination not only of the precedents but of the bill itself and the amendment, that the amendment is germane at the place at which it is offered, and the Chair will very briefly state the reasons that have led him to this conclusion.

It is not the purpose of the Chair to render any elaborate decision upon the proposition. In its very essence the bill pending before the House is a bill to raise revenue. It is entitled "To provide revenue, equalize taxation, and for other purposes." The section of the pending bill to which the amendment is offered undertakes to raise taxes by levying an excise duty on a number of enumerated articles. The Chair is clearly of the opinion that the additional article of taxation sought to be set up by the amendment of the gentleman from New York [Mr. Cullen] merely provides another and an additional source of revenue. The Chair is very clearly of the opinion, and believes he is sustained by precedent and reason, that it comes clearly within the proposition heretofore decided, and decided many times in the Committee of the Whole, "that to a bill raising revenue by several methods of taxation, the Committee of the Whole "-and in this instance they overruled the decision of the Chairman of the committee-" held an amendment proposing an additional method of taxation to be germane."

It seems to the Chair that this precedent, which could be supported by many others, clearly announces a general proposition of germaneness with reference to revenue bills.

It is not the legitimate province of the Chairman of the Committee of the Whole to set himself up as a judge to determine whether or not a proposed amendment is constitutional or unconstitutional. It is not the proper province of the Chairman of the Committee of the Whole to undertake to determine whether or not it may, by inference, repeal some other existing law. As a matter of fact, for aught appearing on the fact of this amendment, it makes no reference whatever to any existing law and, as stated, in the amendment, only refers to nonintoxicating beverages, and, so far as the Chair has learned, the Supreme Court of the United States itself has not gone to the point of determining that 2.75 per cent beer is, as a matter of fact, an intoxicating beverage. So that although, of course, this amendment does not express the personal views of the Chair, the Chair feels inclined, by precedent and by reason, to hold the amendment germane, and overrules the point of order.

Mr. CRISP rose.

The CHAIRMAN. For what purpose does the gentleman from Georgia rise?

Mr. CRISP. To see if we can get some agreement as to the time for debate on the amendment offered by the gentleman from New York. I will ask unanimous consent that there be 40 minutes' debate on a side, the time for those in favor to be controlled by the gentleman from New York [Mr. Cullen], and in opposition, the time to be controlled by myself, for I am opposed to the amendment.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that debate on the Cullen amendment shall be limited to 80 minutes, one-half to be controlled by the gentleman from New York [Mr. Cullen] and one-half by himself. Is there objection?

Mr. BLANTON. A point of order, Mr. Chairman. I make the point of order that the arrangement to control the time can not be agreed to in committee. The agreement as to the time to be used in debate can be, but its distribution should be controlled by the Chair.

The CHAIRMAN. The Chair recognizes the proposition suggested by the gentleman from Texas, that it is usual primarily, where the time is limited in committee, that the time shall be controlled by the Chair, but the Chair feels that there is no hard and fast rule in regard to it, and especially where the Chair desires to be relieved of the responsibility.

Is there objection to the request of the gentleman from Georgia?

Mr. CRISP. Mr. Chairman, I withdraw the request.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. Cullen] for five minutes.

Mr. CULLEN. Mr. Chairman and members of the committee, the Government of the United States at this time

faces a most grave and serious economic crisis. We all know that the operating expenses of our Government exceed its income, and this deplorable condition not only affects the stability of our Government but likewise affects the welfare of each individual citizen.

With that realization in mind, the Committee on Ways and Means of the House has reported to the House a revenue bill, H. R. 10236, after months of careful consideration which has been of a wholly nonpartisan nature.

As a member of this committee and as one who has taken an active part in its many deliberations on the subject of revenue, I feel that I am well qualified to speak of the wonderful cooperation and spirit shown by my colleagues, and which I am thoroughly convinced has by this time been amply demonstrated to the House in Committee of the Whole.

We have endeavored to the best of our ability to present to the House for its consideration a revenue bill which has for its purpose the balancing of our National Budget. I, for one, am willing to admit that any revenue bill is deemed obnoxious and unpopular with the Congress and the people. However, those of us who have our country's welfare at heart fully realize the necessity of the passage of such a measure.

I want to reiterate that the bill has been prepared by our committee without a feeling of partisanship, and we have endeavored to the best of our ability to report to the House a bill which would not in any way be unjust or discriminatory against any class or group of individuals.

It is my purpose at this time to submit to the House for consideration an amendment which, if adopted, will bring into the Treasury in the neighborhood of \$450,000,000 without disturbing any industry but the bootlegging industry. My amendment would permit the manufacture of 2.75 per cent beer, and taxing it would yield the Treasury between \$350,000,000 and \$450,000,000 in revenue.

What could be more fair and equitable and at the same time would not be an additional burden upon industry but, on the contrary, would lighten the burden of industry and give employment to several hundred thousand people.

The Congress could adopt my amendment without any constitutional difficulty. We need only define the difference between the Volstead Act and the eighteenth amendment to prove my contention. To amend the eighteenth amendment we would have to get a two-thirds vote of Congress, while as to the Volstead Act we only need a majority vote to legalize and define what should constitute intoxicating beverages.

If we are rational and fair-minded we must realize that legalizing 2.75 per cent beer would meet with the approval of the vast majority of our people.

The American Federation of Labor, which in its adopted policies represents the viewpoint of the poor man, has gone on record favoring the return of beer. In addition we have the great American Legion, the American Medical Society, the American Bar Association; and numerous other prominent and reputable organizations are advocating the restoration of the beer industry, not only as a means of raising revenue but also to give real relief to a vast number of our people who are at present unemployed. The legalization of beer would make a new industry in the United States; it would bring to this industry new capital and incidentally bring happiness to millions of our people.

I would like to discuss for a few moments the situation as it exists in other countries in regard to the industry. In Great Britain approximately one person out of every six finds employment in connection with the brewing of beer in that country. In France and Germany, by reason of the numerous sidewalk restaurants, gardens, and entertainment halls, the ratio is substantially greater.

It is important to know that in addition to the persons directly employed in the brewing of beer there are others who are vitally affected, such as the railroads, farmers, truck drivers, glass workers, bottle manufacturers, and any number of other industries which time does not permit me to enumerate.

In connection with these remarks I am primarily concerned with the revenue features of this proposed amendment, although I realize there are many other important features in an amendment of this kind.

The sanest way of approaching this tax problem would be by way of spreading the tax burden in such a way as not to lay an undue burden upon any particular class of people in the country. I am thoroughly convinced that if my amendment is adopted and a tax is placed on 2.75 per cent beer, the burden will be lifted considerably, and, furthermore, the revenue can be easily checked because we collect it at its source and the Government could have in its Treasury within 30 days after the passage of the bill the revenue from this industry for the purpose of the necessary functions of Government.

In conclusion I would like to quote you a paragraph from the life and writings of Thomas Jefferson on the question of taxation:

I rejoice, as a moralist, at the prospect of a reduction of the duties on wine by our National Legislature. It is an error to view a tax on that liquor as merely a tax on the rich. It is a prohibition of its use to the middling class of our citizens and a condemnation of them to the poison of whisky, which is desolating their houses. No nation is drunken where wine is cheap, and none sober where the dearness of wine substitutes ardent spirits as the common beverage. It is, in truth, the only antidote to the bane of whisky. Fix but the duty at the rate of other merchandise, and we can drink wine here as cheap as we do grog; and who will not prefer it? Its extended use will carry grog; and who will not prefer it? Its extended use will carry health and comfort to a much-enlarged circle. Everyone in easy circumstances (as the bulk of our citizens are) will prefer it to the poison to which they are now driven by their Government. And the Treasury itself will find that a penny apiece from a dozen is more than a groat from a single one.

[Applause.]

Mr. GRANFIELD. Will the gentleman yield?

Mr. CULLEN. I yield.

Mr. GRANFIELD. The gentleman's amendment will provide about \$350,000,000 in revenue in the course of a year.

Mr. CULLEN. Up to \$450,000,000.

Mr. GRANFIELD. And may I further suggest to the gentleman from New York that it is authoritatively computed, and these figures are reliable estimates, that our Federal Government, and our State governments, and their political subdivisions have sustained a loss in revenue since the enactment of the eighteenth amendment, a sum equivalent to \$12,000,000,000. This sum, as the gentleman well knows, would stem the ever-increasing tide of deficit. The adoption of the gentleman's amendment would prove a real stimulus to business in our country, as well as giving replenishment to our depleted Treasury.

Mr. CULLEN. The gentleman is right. I want to say further, that if my amendment is adopted, it will bring nearly \$450,000,000 a year toward the amount stricken out by the sales-tax provision.

Mr. CELLER. The tax provided for in the gentleman's amendment amounts to about \$7.50 a barrel?

Mr. CULLEN. About that.

Mr. CELLER. And during the war, the tax was \$6, and this will be higher than the war tax?

Mr. CULLEN. On the basis of \$7.50.

Mr. BOYLAN. Will the gentleman yield?

Mr. CULLEN. I yield. Mr. BOYLAN. Is it not a fact that the tax collected on beer, according to the gentleman's amendment, would only come from the consumers of the beer? Those who did not consume the beer would not pay any tax.

Mr. CULLEN. The gentleman is absolutely correct.

Mr. BLANTON. Mr. Chairman, I accord to my colleagues who are proposing and supporting this amendment the same sincerity of purpose as I claim for myself in opposing it.

If it were just a question of raising revenue, with equal excuse and propriety we could pass a law establishing and taxing an international lottery here in the city of Washington that would easily raise revenue of several billions of dollars a year; but it would not be wise, it would be against the best interest of our people, and not a colleague here would entertain that proposition for one moment, regardless of the amount of revenue that it would raise.

If it were just a question of raising revenue, we could pass a law providing for and taxing prize fights and cock fights and bull fights here in the Nation's Capital and have every expert along those lines come here from Germany, Spain, and Mexico to compete, and such taxes would raise lots of revenue.

We could legalize and tax many other demoralizing attractions, such as open gambling houses, that would provide revenue. We could out-Reno Reno and provide for divorces here in the Nation's Capital that could be gotten overnight, filing the bill one day and getting the decree rendered the next day, and thousands of rich spouses would gladly pay an enormous tax for that privilege, and people would no longer go westward to Reno but would flock to Washington. But who here among us would entertain for one moment a proposition of that kind?

It is against the fundamental law of the land to manufacture or sell intoxicating liquors. That is the Constitution of the United States, that we are sworn under solemn oath to uphold, without evasion and without equivocation. Is this proposed amendment to legalize beer, that we all know will be intoxicating, upholding the Constitution without evasion? My friend from New York [Mr. Cullen] is frank enough and intelligent enough to admit that if you were to pass this amendment, you would legalize the manufacture and sale of beer of 2.75 per cent alcoholic content, and that such beer would have plenty of kick in it to satisfy.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield? Mr. BLANTON. In just a moment. He admits that.

Mr. CELLER. Does the gentleman admit it? Will the gentleman yield?

Mr. BLANTON. In just a moment. I admit it. And all of us admit it. That is just what is intended. That would be a violation of the Constitution. My friends know it, and my friends here know that 2.75 per cent beer is intoxicating. My friends here know, and I know, that if we were to authorize 2.75 per cent beer the manufacturers would fudge a little just as they have always fudged in the past, and they would have 4.75 per cent and 5.75 per cent whenever they got ready, and whenever they were haled into court they would bring in their expert chemists, who would swear that it was only 2.75 per cent alcoholic content. Would not that be a ridiculous situation?

Mr. LONERGAN. Mr. Chairman, will the gentleman

Mr. BLANTON. Please let me finish my statement, and then I will yield. I have only five minutes and would like to make a connected statement, then I will gladly yield to any and all questioners. Would not that be a ridiculous situation? And just how would we square ourselves with the oath we have taken to uphold and defend the Constitution without evasion?

Mr. CELLER rose.

Mr. BLANTON. Just one moment, please. I hope my friend will first let me finish my statement. I see every distinguished wet in Congress here to-day. They are all here, and they are here for a particular purpose. They are here to try to vote intoxicating beer into the law of the land against the Constitution and against the Volstead Act, even though they designate and call it "nonintoxicating."

Mr. LONERGAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Please let me first make my connected statement, and then I will gladly yield. I want to make my statement in a connected form. I am allowed only five minutes and have been interrupted repeatedly. If you were to bring in a bill here to amend the Volstead Act, my friend from New York [Mr. Black], whom we call "the great chief justice," knows that that would go not to the Committee on Ways and Means but to a committee of lawyers, the Committee on the Judiciary. It could not go to the Ways and Means Committee, yet this bill comes from the Ways and Means Committee.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent for five minutes more so that I may yield to answer questions. The CHAIRMAN. Is there objection?

Mr. CELLER. I object.

Mr. McCORMACK. Mr. Chairman, the Committee on Ways and Means for 8 weeks and the Members of the House during the past 10 days or 2 weeks have had a very serious responsibility. None of us have any desire to increase taxes. There is not one of us who wants to vote for any item going into the revenue bill which increases taxes upon any particular class of our citizens, and particularly upon the worker or upon business.

This is a time when we should, if possible, relieve the burdens of taxation, but unfortunately the state of our Treasury is such that the best interests of the country compel thinking minds to a realization that it is essential to balance the Budget for the fiscal year 1933. The Committee on Ways and Means considered the problem just the same as you gentlemen here are considering it, and practically every member of that committee, in my opinion-and I am not undertaking to quote any member of the committee—as well as practically every Member of this House, would like to be able to modify or repeal the Volstead Act if he had the opportunity. In my opinion, within 10 days the Volstead Act would be repealed if the Representatives in both branches of Congress felt that they could carry out the views of the people of their various districts or States. I realize the difficulty that confronts some Members of the House that come from districts where the sentiment is considered to be in favor of prohibition, or where the division is close. Under the theory of representative government, some Members feel that they should carry out the wishes and will of the people of their districts. I realize, in talking with many of them, that if they felt the sentiment of the people of their districts was different they would have no hesitation in trying to bring about a more rational condition under our prohibition laws.

We are now confronted with a national emergency, where we have to raise money, and the proposition before the committee now will raise from \$350,000,000 to \$400,000,000. It is the proposition to legally permit the manufacture and sale of 2.75 per cent beer. That is what the liberals on this question have in mind. I do not believe in making an idle gesture. When the motion was made, it was for the purpose of manufacturing and selling beer if the amendment should pass both branches of the Congress. The adoption of this amendment would assure the balancing of the Budget and lift a great load from the shoulders of the taxpayers. But I have also in mind another important aspect, and that is the problem of unemployment. At the present time there are approximately six to eight millions of our citizens out of work, with millions of others on part-time employment. We know from actual experience that machinery has been intensely and extensively used in industry during the past 10 years, and that the result of such use has produced an evil that we must solve. It is conservatively estimated that at least 2,000,000 workers are unemployed at the present time as a result of the substitution of machinery for human labor. This is a big problem and is connected up with the economic feature of the amendment proposed by the gentleman from New York. We need new business in order to reabsorb into industry our workers who have been displaced by the extensive use of machinery. This is the only industry that I see on the horizon which, as a result of its recreation, would tend, directly or indirectly, to afford employment to at least 500,000 of the workers who have been displaced. The adoption of this amendment will also bring about a great reduction in the cost of government—not only to the Federal Government but to the several States of the Union.

Not only will this amendment bring revenue into the Federal Treasury, but it will also produce revenue for the several States of the Union and their subdivisions, whose people view this question from a liberal angle.

I respect the viewpoint of the men who differ with me; but, frankly, under our dual system of Government, I can not see where, if one State desires to have prohibition exist, it should say to a neighboring State or some other State or States in other parts of the Union, "You shall not." There is much more that could be said on this question, but five minutes is a very limited period to make a detailed statement of my views. However, the adoption of this amendment, from an economic angle, will result in the raising of a tremendous sum of money for the Treasury at a time when we need it, will likewise similarly assist some of our States and their subdivisions, relieve the burden of taxation for all of our people, and permanently help to solve the problem of unemployment.

I hope the amendment will be adopted.

[Here the gavel fell.]

Mr. WILLIAM E. HULL. Mr. Chairman, I favor the relegalization of beer at 2.75 per cent alcohol by weight, which is equal to 3.46 per cent alcohol by volume. This beer would be nonintoxicating and would yield the Government, on a basis of 66,000,000 barrels of beer per year that was brewed in 1917, \$500,000,000.

The first clause of this amendment taxes an article described as—

Nonintoxicating beer, lager beer, ale, porter, or other similar non-intoxicating fermented liquor containing one-half of 1 per cent and not more than 2.75 per cent of alcohol by weight.

The article is stated to be nonintoxicating within the limit of 2.75 per cent of alcohol by weight.

It may be "brewed or manufactured" and sold or removed for consumption or sale within the United States by whatever name called. The tax is then imposed at 3 cents per pint, and the article must be bottled at the brewery. This language alone would be sufficient to legalize any such product as nonintoxicating and therefore valid under the eighteenth amendment, which forbids only intoxicating liquors for beverage purposes. The first proviso, however, expressly forbids a greater alcoholic content than 2.75 per cent by weight. This plainly amends the national prohibition act as to alcoholic limit.

But the proposed amendment goes further. Its second proviso requires that—

The manufacture and transportation of such articles shall be conducted under permits to be issued in accordance with the national prohibition act and under such regulations, including assessment and collection of the tax, as shall be promulgated by the Secretary of the Treasury and the Attorney General of the United States.

Thus the entire system of the present national prohibition act governing issuance of permits is made applicable to the manufacture and shipment of these nonintoxicating articles within the limit of 2.75 per cent of alcoholic content by weight. The present law regulates and controls and requires permits for the manufacture of one-half per cent alcoholic fermented liquor. The language last quoted, therefore, amends the national prohibition act by applying the permit system thereof to the manufacture of the proposed non-intoxicating beer. The Secretary of the Treasury and the Attorney General are given power to make regulations governing the manufacture of the newly authorized product as well as governing the assessment and collection of the tax thereon.

The last proviso of this proposed amendment states that-

No such article shall be permitted to be transported into any State or Territory of the United States, or the District of Columbia, the laws of which forbid the manufacture or sale thereof.

This final language adds to the national prohibition act an appropriate provision under the powers of Congress by which a State forbidding the manufacture of any beverage containing one-half per cent or more of alcohol is fully protected from the importation into its territory of proposed nonintoxicating 2.75 per cent beer.

In other words, no brewer would be authorized by his permit to ship his product into a State forbidding manufacture or sale of such an article. His Federal permit would be revoked if he made such shipments.

This amendment, if adopted, will by its simple language simultaneously amend the national prohibition act as to

alcoholic limit in nonintoxicating beer and tax the product made thereunder.

The enactment of this amendment will result in the investment of between \$200,000,000 and \$300,000,000 in the rehabilitation of breweries, the greater part of which will go to labor, including, as the American Federation of Labor states, employment in all the building and mechanical trades. It will restore a great tonnage to railroad traffic in the way of materials into the breweries, products shipped out, and returned bottles and boxes. It will benefit the coal industry. It will result in the immense purchases of bottles, boxes, labels, and other supplies. It will greatly benefit agriculture. It means the purchase of thousands of automobile trucks by the breweries. [Applause.]

Stuyvesant Fish, president of the Illinois Central Railroad, when the national prohibition act was enacted, stated the loss of the brewery business would be disastrous to the railroads. Time has demonstrated the truth of his prophesy.

This amendment means the restoration of an industry to the United States without violation of the principle of the eighteenth amendment. This will be a continuing industry, with vast expenditures in the rehabilitation of the industry and thereafter continued benefits to farmers, to the building and mechanical trades, and all of the host of industries that would be called to the assistance of the brewing trade in rebuilding the breweries and in continuing their operation.

This will also aid agriculture on a basis of one bushel of barley for every barrel of beer that is manufactured, which would on a basis of 1917 output give the farmer the sale of 66,000,000 bushels of barley; that is, aside from hops and other ingredients used in beer. As this business grows, as it surely will grow, the farmer will have the advantage of any increase in the sale of his product. Within a 2-year period, it was estimated, it will run to at least 120,000,000 bushels of grain. Taking 120,000,000 bushels of grain as a basis of all the grain that goes to the primary market, it would take away from the cash sales of grain at least one-third of the grain sold on a cash market, and that would increase the price of the product of the American farm equal to 15 cents a bushel.

Gentlemen, considering all of the advantages in starting a new industry on such an extensive basis as opening the breweries and starting the wheels of progress going to make a product that is nonintoxicating, that will drive out the bootlegger, do away with the illicit sale of beer, and give the people of the United States a good, wholesome health beverage, it seems to me that any Congressman, regardless of what his district contends, could see his way clear to vote for a bill of this character, and I hope everybody on the floor of the House who desires to bring back prosperity will support this amendment. [Applause.]

Mr. MAY. Will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. MAY. Then the Sugar Trust is getting the benefit of the sale of the product rather than the farmer?

Mr. WILLIAM E. HULL. To that extent; yes.

The CHAIRMAN. The time of the gentleman has expired. Mr. OLIVER of New York. Mr. Chairman, the wets offer to drink up the deficit. If that offer is not accepted, then we are going to ask the drys to balance the Budget. [Laughter and applause.]

They say prohibition is the child of the church. As soon as the child was born it was turned over to the Government, and then the Government brought it up as a bandit. Now we want to take away the swords and pistols from the bandit and send it back to the church, and at the same time we want to turn to the underworld of criminals and assassins and bootleggers and highjackers, to whom we have given the great liquor traffic of the United States, and say to them, "Prohibition has financed crime, and we intend to take back from you this magnificent industry and make it finance the Government of the United States." [Applause.]

It is time for the drys to be patriotic.

I listened in the debates to the demand made on everybody to sacrifice economic views in order to balance the Budget. I say to you now with wealth facing crushing taxes, and with the effort by the sales tax to levy on the back of poverty the deficit of the Government, prohibition is on the spot. Wealth, to save itself, must drive prohibition from the statute books. Poverty, to save itself, must drive prohibition from the statute books. Those who stand in the way will be swept aside, for this Nation will no longer permit prohibition to finance crime and drag down Government; will no longer permit prohibition to have a deficit in the Federal Treasury. We have had dry Congressmen, dry Senators, and dry Presidents for 10 years, and now we are faced with a dry deficit.

The drys have got to back up from their law of hypocrisy and folly and balance the Budget of the United States.

To-day business after business is crashing down into bankruptcy because of the weight of the taxes levied to support the Government. The only business that is not crashing down is the business of crime. Crime, if we want to hit it a death blow, must be broken by breaking the back of prohibition.

Every economic argument of prohibition and every spiritual argument of prohibition has been found fallacious. You have not closed jails and insane asylums; you have not brought prosperity to the people; you have not bettered government; you have not bettered the home; and you have not lifted up the ideals of the people. All of this is false, and America in this dread hour facing the insolvency of the Government, intends to take back from the world of crime and hypocrisy one of its greatest business enterprises, tax it, and make the Government sound, solvent, and secure. [Applause.]

Mr. DYER. Mr. Chairman, this matter of modification of the prohibition enforcement act, so as to permit the manufacture and sale of a nonintoxicating beverage, with 2.75 per cent of alcohol by weight, has been before the Judiciary Committee of the House for a good many years. I was on that committee when the resolution was presented for the eighteenth amendment and during the days when the enforcement act was considered. During all of this time and since it has been given consideration.

I was one of those—and probably the first one—who introduced a bill, years ago, to modify the enforcement act so that this beverage could be manufactured and sold. We had extensive hearings for weeks in a number of sessions. The evidence before the committee showed that 2.75 per cent of beer by weight is not intoxicating. We had before us scientists, chemists, and people from all sections of the country who were capable of testifying upon that subject, and not in one single instance was any substantial evidence presented contrary to the fact that it is nonintoxicating. I think that is established. I think that is accepted by the whole country.

When the matter was brought before the House for consideration, I was one of those who urged that we confine it to the percentage of which I have spoken, because I do not think there is any question about the fact that 2.75 per cent by weight is nonintoxicating.

The testimony before the committee went into other matters. One was upon the question of temperance. Every man and every woman in America is in favor of temperance. It was shown by men and women who testified before that committee that if we would permit the manufacture and sale of a nonintoxicating beverage, it would result in a lot of people quitting the speak-easies, drinking corn liquor, and patronizing illicit stills, as well as drinking the highly alcoholic beer that is now available. Also that it would result in 60 per cent of the people who want something of that nature to drink being satisfied with this beverage.

Gentlemen of the committee, this is a most important matter for us to consider, especially in view of the conditions which exist in this country to-day. You can not go into any community without being able to buy highly intoxicating beverages and alcoholic drinks of all kinds. You find stills in every city; you find speak-easies in every city and in

most every State of this Union. You find that in the South they have 40,000 bootleggers who sell corn liquor. Therefore, we must all agree that the bootleggers, the stills, and the speak-easies are now sapping the lifeblood of this country, financially and otherwise.

If we will enact this legislation, it will bring temperance. It will not only bring about temperance but it will aid in the enforcement of law.

The people of the United States, Mr. Chairman, as they have expressed themselves many times in various elections upon referendums and otherwise, have shown that they do not consider that the Government was fair to the people when it enacted into law the Volstead Act that says that one-half of 1 per cent or more is intoxicating and shall not be manufactured. They agree that the definition of one-half of 1 per cent, as put in the enforcement act defining what is intoxicating liquor, is neither scientific, honest, or truthful. They say, in effect, that if you place in the law such a dishonest and untruthful statement touching what is intoxicating they will not participate in the enforcement of such a statute.

I call your special attention to the question of revenue. The Wickersham Commission estimated that in 1930 the Department of Justice, exclusive of the Prohibition Bureau. spent \$12,137,239 in the prosecution of prohibition cases and in the handling of prohibition prisoners. To the Wickersham estimate for 1930 we have added the increase in the department's budget for 1931, exclusive of the Prohibition Bureau. This increase, \$3,200,000, if added to the Wickersham Commission's estimate for 1930, brings the total to a little over \$15,000,000. This sum is less than half of the total budget of the Department of Justice, exclusive of the cost of maintaining the Prohibition Bureau. In 1931 twothirds of all criminal cases in the Federal courts and onehalf of the civil cases to which the United States was a party were prohibition cases. Over two-thirds of all Federal prisoners were sentenced for violating national prohibition laws.

The direct cost of prohibition enforcement may be safely estimated at \$51,000,000. If we deduct \$4,000,000 for fines and penalties collected annually, the net cost of enforcement for 1931 comes to roughly \$47,000,000.

The total cost of prohibition enforcement from 1920 to 1931 may safely be estimated at \$370,000,000. Of this, \$233,000,000 involves outlays of the Prohibition Bureau, the Industrial Alcohol Division, and the Coast Guard. These figures are official. During this period we estimate that the Customs Bureau has spent \$35,000,000, while the Department of Justice has spent \$97,000,000. If we deduct fines and penalties collected during this period, approximately \$60,000,000, the net cost of prohibition enforcement for the first 12 years has been \$310,000,000.

The Federal Government ended the fiscal year 1931 with a deficit of \$903,000,000. According to Secretary Mellon, we shall incur a deficit of \$2,123,000,000 in 1932, and a deficit of \$1,417,000,000 in 1933. The inability of our Federal Government to balance its Budget for a 3-year period has made Federal taxation and finance a national emergency.

When we complain of mounting taxes, we seldom think that in preprohibition days the United States Treasury used to receive \$600,000,000 yearly in internal revenue from a moderate tax on liquor. Since 1918 the Government has passed up about \$7,800,000,000 from this source alone. This astounding total does not include the revenue lost by States and municipalities—also running into billions.

Restoration of legal beer, according to informal opinion of the late Actuary McCoy, of the Treasury Department, whose estimates were accepted as gospel by the House Ways and Means Committee, will produce \$1,000,000,000 a year in additional income for the United States.

Of this sum the Treasury would get about \$250,000,000 annually, assuming that the tax on beer will be between \$3 and \$5 a barrel. Beer was taxed \$3 a barrel in 1918, and in that fiscal year a total of 50,266,216 barrels was consumed, providing Federal revenue of \$150,789,648. During the war the tax was raised to \$6 a barrel. Additional revenues

would be provided States and municipalities through license | to manufacture 2.75 per cent beer. One hundred and fees, thereby helping to relieve the deficits faced by the States and cities.

In 1914, the peak year of the brewing industry, when 66,-189.473 barrels of beer were manufactured, there was a total of \$792,914,000 invested in the industry and \$46,767,000 in the malting industry. There were 1,347 brewing and malting establishments employing 77,364 men whose wages totaled \$83,378,000.

The Fuel Administration estimated in 1917 that 123,666 carloads of freight were involved in the beer industry, including coal, brewers' materials, machinery, beer in kegs and bottles, and grain.

Restoration of beer would stimulate markets for grain, for automobiles, for cooperage, machinery, bottles, coal, building materials, and real estate. Restoration of beer probably would place 100,000 men at work at a minimum

Taxes have been raised on the farmer, the home owner, the manufacturer, the business man to make up for the revenue lost through the adoption of the eighteenth amend-

England has increased her internal-revenue tax substantially in order to meet budget needs. If the United States imposed the same rate, it would receive at least \$3,000,000,000 annually and our national liquor bill would not be half what it is to-day under the tribute levied by bootleggers, gangsters, and corrupt politicians in the Federal service, States, and municipalities. Towns and cities would get an income from licenses that would ease the burden on real estate, industry, and business.

Whatever else prohibition may have done or not done, it has certainly convinced hotel men that they are in the wrong business. One New York hotel that was making a profit of \$800,000 a year a few years ago is now in the hands of a receiver. Another big hotel lost a million dollars last year, and another lost \$1,200,000. It may interest you to know what has happened to income taxes formerly paid by corporations operating hotels. There will be no income from that source in 1931 or 1932.

This is stated merely as a matter of interesting fact. Nothing will be done about it, or can be done about it, for the present. Customers of New York hotels sleep in the hotel, eat and drink in the speak-easy.

This reference to hotels can be made to apply equally to other lines of industry and business.

How long, Mr. Chairman, will the people of the United States stand for this? Shall we return to normalcy and saneness or continue to be fooled and deceived by the proponents of prohibition, most of whom have no other object in life but to deceive and misrepresent as to this eighteenth amendment and the Volstead Act.

Mr. COCHRAN of Missouri. Mr. Chairman, if it is possible to assess a painless tax, you have it here. This is a tax which will be cheerfully paid. It is the only tax you can conceive of that you can assess where you can help the unemployment situation. [Applause.]

The city which I have the honor to represent has over 100,000 people out of employment. Before the eighteenth amendment became a part of the Constitution the brewing industry was one of our industries. Picture, if you will, one plant that takes in as much ground as the acreage from the Lincoln Memorial to the Navy Yard and from Pennsylvania Avenue to the Potomac River, with 32 railroad tracks running into its yards and 125 buildings upon its property, employing 25,000 or more people. You put it out of business overnight. It was sending its products to every corner of the globe; and when you enacted prohibition, you simply destroyed the trade of that corporation and transferred it to some other corporation in a foreign land. You put 200,000 people out of employment in this country. Did you stop the making of beer? No; some foreign country increased its output and took over the trade this St. Louis brewery formerly controlled.

Two hundred thousand people, at the lowest estimate, will be placed at work if the brewing industry is permitted over the convention which wrote it. Without him it could

twenty-eight million bushels of grain which your farmers raise will be used in the manufacture of beer.

You have an opportunity here to-day to bring to the Treasury of the United States between \$300,000,000 and \$400,000,000. to place men to work, to provide a market for your surplus grain. The amendment protects the dry States. No permit can be issued by the Prohibition Unit unless the State laws permit the manufacture and sale of 2.75 beer. Your position will be the same as it is to-day, provided you desire to remain dry. Could anything be more fair?

You tax malt and wort to be used for the manufacture of illegal beer. Why do you draw the line; and why not provide for legal beer? Oh, some say, it will impede the progress of the bill if you add the amendment. On the contrary, it will hasten the enactment of the bill, because it will provide the additional money needed to balance the Budget.

You say you need money. Here you can secure the money, and the only industry that will be affected is the bootlegging industry. A vote against this amendment is a vote for the bootlegger. A vote for this amendment will help the farmer. will increase the price of his grain.

I want to ask some of the gentlemen from the rural districts to realize how many farmers it takes to raise 128,-000,000 bushels of grain. I get the figures from the Treasury Department. Then vote for this amendment and put your farmers to work. By so doing you will absorb your surplus of grain.

The brewery industry is ready to begin work to-morrow. You see, you can help the unemployed and at the same time you can raise the money that you need to balance the Budget.

If this is not a political bill, as has been stated here on the floor-if it is an American bill, as you claim-you have the opportunity here to do something for your country by voting for this amendment.

What objection can the people in Florida have if the people in Missouri want a glass of beer? We do not seek to control you by dictating what beverage you use.

Do not complain if taxes are levied on the goods you produce in your States if this amendment fails. The money is going to be raised in some way. If you accept this proposition, you are sure to eliminate a tax on automobiles, on amusements, on checks, or a raise in postal rates. Do not cry on Monday when the committee brings in its suggestions if you do not take advantage of this opportunity.

This provision is not in conflict with the eighteenth amendment; 2.75 beer is not intoxicating. The gentleman from Texas [Mr. Blanton] would lead us to believe that he had been authorized by the Supreme Court to say, "If you pass this, the court will declare it unconstitutional." I have never heard of the court rendering decisions in advance of the hearing of a case, nor has anyone else.

The gentleman from Georgia urged you early in the week to vote for your country, to forget your political future, and balance the Budget. I make the same appeal to you now. Vote for this amendment, and you will balance the Budget.

Mr. GUYER. Mr. Chairman, we are celebrating this year the two hundredth anniversary of the birth of George Washington and in grateful memory of his deathless services to his country we are studying all the known words of him who was "first in war, first in peace, and first in the hearts of his countrymen." On the anniversary of the signing of the Constitution, the 17th day of September, 1796, he read in the historic hall in which both the Declaration of Independence and the Constitution were conceived, his Farewell Address, the greatest admonitory statement that the founder of a nation ever handed down for the guidance of posterity. I want, in connection with the proposed amendment to impose a tax on beer of a certain alcoholic content, to read one thing he said in that document which will be revered as long as patriotism exists in the hearts of his countrymen. It speaks volumes on this amendment. He was referring to the Constitution of the United States. He was familiar with that Constitution, for seven years before he had presided not have been written, and without his mighty influence it could never have been ratified. It was dear to him, for he knew above all others what it cost and he knew, too, what its supremacy meant to the future of his country.

This is what George Washington said:

The basis of our political systems is the right of the people to make and to alter their constitutions of government. But the Constitution which at any time exists, until changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all.

[Applause.]

Mr. HARLAN. Will the gentleman yield?

Mr. GUYER. I yield.

Mr. HARLAN. Does the gentleman disagree with the Supreme Court of the United States in its decision that Congress has the power to define intoxicating liquor in fact?

Mr. GUYER. The Congress has only the power to decide upon the alcoholic content, subject, of course, to the Supreme Court, and that content has already been declared to be one-half of 1 per cent. That court, of course, will always decide that any beer that is intoxicating violates the eighteenth amendment, and therefore unconstitutional. Every sincere man here knows that any beer that is not intoxicating would never please our wet friends. Of course, such a lawabiding group as liquor sellers would pay no attention to any alcoholic content determined by Congress. They never obeyed any law, either of God or man. Under the smoke screen of 2.75 beer they would not only sell every per cent beer but with characteristic defiance of law would sell every other kind of liquor.

This amendment seeks to do just what Washington was warning against in his Farewell Address. This amendment seeks to do by indirection that which can not be done directly. The object is to nullify the Constitution by act of Congress. It has been boldly said here this afternoon by the gentleman from New York [Mr. Oliver] that this amendment would break the back of prohibition, and prohibition is a part of the Constitution. I have no complaint to make against those who in accord with the provisions of the Constitution seek to repeal the eighteenth amendment, however much I may disagree with them. That is their sacred right. But I do not indorse any crosscuts back to the old saloon, except by the path set out in the Constitution.

Of course they want to "break the back of prohibition." Let them go ahead in the orderly method of repealing this amendment and follow the pious admonition of Washington and obey the Constitution while they are doing it. Why pretend loyalty to the Constitution while stabbing it in the back with this amendment? Yet they have hurled at us the anathema of the Gallilean: "Scribes, Pharisees, hypocrites." Take the hypocrisy out of this amendment and there will be nothing left. These same Members yesterday were shedding tears over the tax that would be levied on the buttons of the poor man's coat, for nearly everything else was excepted, but to-day they tell you that they will raise \$450,000,-000 from this beer tax. They admit it is the working man, the poor man, who will drink the beer and who will, of course, pay the tax. Oh, they say he will willingly pay it to get his beer. Yesterday they objected to an almost invisible tax on the working man, to-day they would take \$450,000,000 out of his pocket and pay the tax of the rich, take the tax for booze that the poor man should put in shoes for his children.

It has been said here to-day that the vast majority of the people are against the eighteenth amendment. How did you find that out? Four years ago the Democratic candidate for President, though his party adopted an enforcement platform, a dry platform, wired the convention that nominated him that he must run as a wet. Thus, he ran and was the worst defeated candidate that ever ran for President. I honor him for his manly and frank statement of position, for in that he showed himself a man of character and integrity. But in spite of his fine executive record he was ignominiously defeated by the dry sentiment of his own party. There may be a lot of froth on this so-called revolt against prohibition like there is on this imaginary beer that we are

going to vote down by an overwhelming majority. These storms of so-called sentiment against prohibition are like the surface of the sea that is whipped to foam and fury. There is more or less impressiveness in the spectacle, but down beneath the froth and foam the waters of the deep sleep unmoved by all the fury of the shallow surface. So sleeps like smoldering volcanic fires the old hatred of the good people of this country for the outlaw liquor traffic that seeks in this amendment, like a camel, to get its head under the prohibition tent. [Applause.]

Mrs. NORTON. Mr. Chairman, first, I want to say that I rise to support the amendment of the gentleman from New York [Mr. Cullen]. I do so with the firm conviction that this amendment is going to bring not only revenue to a depleted Treasury but a great deal of happiness to this country. I say this, and I think you gentlemen know that I would not say it if I did not absolutely believe it. After listening to the arguments advanced here to-day, the only picture in my mind is one of corruption, suffering, and a long stream of crime as a result of the past 12 years of prohibition.

No thinking man or woman, whether or not he or she believes in prohibition, can believe that prohibition has made this a better country in which to live. We know that crime is rampant. We know that our State and Federal prisons are overcrowded to-day as a result of the eighteenth amendment, and we know that many homes are desolated because of it. It has not stopped drinking, it has only moved the saloon into the speak-easy. It has created hypocrisy, and there are many men here on the floor of this House who, I feel certain, would be greatly relieved if this question were taken out of Congress and politics.

I have great respect for my colleagues in the House. I know there are many of you who are ardent believers in prohibition and practice it, and for you I have the greatest respect. But I also know there is another class of men here who, while preaching prohibition, fail to practice what they preach. I am not finding fault with them. I am simply stating a fact, and I feel sure that they would be glad, if they could take their places as honest men and vote as they drink and as they believe.

What is this question before us to-day? It is a question of finding revenue. We have been arguing it from an economic point of view, and I believe in that. I think it would bring a great deal of money into the Treasury, money that the bootleggers now have in their possession and upon which they are not taxed.

The present tax on beer is \$6 a barrel. The greatest production of beer, 66,000,000 barrels in 1914, with a tax of \$6 a barrel, applied on this pre-prohibition production would amount to about \$400,000,000 a year.

Mr. Woodcock, the Director of Prohibition, in a recent survey showed that there were 22,000,000 barrels of beer manufactured in the cellars of the people for the year ending June 20, 1930. If this beer had been manufactured in legal breweries and subjected to the present tax of \$6 a barrel, it would have yielded the Government a revenue of \$132,000,000.

The population of the United States has increased 20 per cent since 1916. In that year, according to figures submitted to the Committee on Agriculture by Prof. Irving Fisher, of Yale, and Prof. T. M. Carver, of Harvard University, about 80,000,000 bushels of grain were used in the manufacture of beer. It would take about 80,000 farmers to grow that amount of grain. Would not this go a long way to bring prosperity to the farmers of the country as well as to balance the Budget?

Does it ever occur to gentlemen here to wonder where the two billions of money is hoarded to-day? You know perfectly well where that money has gone. It is being hoarded by the bootleggers and the racketeers of this country. They are afraid to put it into banks or to invest it in stocks and bonds, because they know that it would carry a tax and arouse suspicion. Therefore they are hoarding this money, and that is why so much money has been taken out of circulation.

Then I am thinking of another consequence of this horrible law, which has taken place in my own State very recently, where a home has been desolated through the kidnaping of the Lindbergh baby. Why? Because this underworld that we know and hear so much about is organized in every State in the Union. There is no crime that it hesitates to commit. Certainly those of us who are here supposed to make laws to bring happiness ought to give some consideration to this thought. We are not happy, and the people of this country are not happy, and they are not going to be any happier when they find that they have a tax levied on pretty nearly everything essential to life. Why not give them what they want? It is not going to do them any harm-not nearly so much harm as the kind of beer that they are drinking to-day. It is going to provide for a great deal of employment for men and women everywhere, and I believe we ought to give more consideration to both the economic and particularly the moral side of this question. [Applause.]

Mr. CRISP. Mr. Chairman, may I see if we can not make some agreement as to closing debate. [Cries of "No!"] I have do desire to cut off anybody, but we must make some progress if we are going to get through this debate. I move that debate upon this Cullen amendment close in 40

minutes.

Mr. SIMMONS. Mr. Chairman, may I call the gentleman's attention to the fact that seven wets have spoken and only two drys have been recognized, and certainly the drys are entitled to have this debate run along for a little while.

Mr. CRISP. The Chair would take care of that situation. Mr. SIMMONS. I wish the gentleman would withdraw

Mr. CRISP. Mr. Chairman, in order to test the House, I move that debate close on this amendment in one hour, which will be 15 minutes past 3 o'clock, and then the entire membership of the House, in their offices and on the floor, may know when the vote will come.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia that all debate on the Cullen amendment close in one hour.

The motion was agreed to.

The CHAIRMAN. The Chair desires to divide this time equally between those for and against. He does not know what the personal attitude of gentlemen is on this question. He would be glad to have them indicate to the Chair when they take the floor. The gentleman from Nebraska is recognized for five minutes.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent that I may speak for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. SWEENEY. Mr. Chairman, I object. Mr. SIMMONS. Mr. Chairman, the gentleman from New York [Mr. OLIVER] claims all of the patriotism in this country belongs to the wets, and the gentlewoman from New Jersey [Mrs. Norton] thinks all of the political honesty and other honesty in the House likewise belongs to the wets. May I suggest that neither statement does them honor. All of the patriotism and all of the political honesty in this House, I think, can pretty well be divided among its entire membership. It ill behooves any Member to question the patriotism or loyalty or honesty of any Member of this House

As I see this proposal, there is nothing new in it. We have heard here to-day the same statements that you will find in all of the history of the fight against either the regulation or the control or the prohibition of the use of intoxicating liquors. The wets are appealing to the pocketbooks of the wealthy. They are appealing to the necessities of the country, they are appealing to the necessities of the farmer in an effort to bring back a traffic that has always damned and corrupted and ruined everything and everyone that it has touched. [Applause.] I take it that neither the farmer nor the taxpayer nor the Government is going to be bribed by an effort of this kind.

The statement has been made here that the American Federation of Labor wants the return of beer. I under-

stand that their resolutions have been to that effect. But the American Federation of Labor is one of the four great organizations in America that have carried on a campaign against the sales tax. They are one of the four great groups that the Democratic leader, Mr. RAINEY, condemned the other day as an invisible and otherwise objectionable lobby. I refer to the American Federation of Labor, the American Farm Bureau Federation, the National Grange, and Farmers'

The American Federation of Labor fought the sales tax. We defeated it overwhelmingly in this House yesterday. They were fighting a 21/4 per cent sales tax, and now the wets attempt to put that same organization in favor of a 30 per cent sales tax on beer. I do not believe that the American Federation of Labor for one minute would so change its whole attitude on the sales tax that they would favor this amendment with the pernicious sales tax in it. I have far too much respect for the American Federation of Labor to believe that they would reverse their position on the sales tax for a glass of beer.

Then again they quote an organization that has honored me, the American Legion. I challenge any man to show that the American Legion is in favor of a return of intoxicating liquor in the United States, beer or otherwise.

Mr. SWEENEY. Did they not adopt a resolution to that effect?

Mr. SIMMONS. They did not. They adopted a resolution asking for a national referendum, and every word of the debate shows that that was the purpose of the resolution. May it be said to the credit of the American Legion in my State that they did not vote to favor the referendum. Our department of the American Legion believed that the Legion as an organization has no business in the prohibition

Mr. KARCH. They were the only ones.

Mr. SIMMONS. No; they were not.

Mr. MAAS. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman yield, and to whom?

Mr. SIMMONS. I decline to yield.

The CHAIRMAN. The gentleman from Nebraska declines

Mr. SIMMONS. What do we have here? We have an attempt to shift the burden of taxation from the wealthy. The gentleman from New York [Mr. OLIVER] said, "Wealth itself must take prohibition from the statute books." Why? In order to shift the burden that this House has ruled that wealth should carry in this country onto those who consume and want beer. Beer consumption by great numbers would be necessary to make this tax effective and that means a tax on great numbers. One of the du Ponts only a few years ago made the statement that if we could have a beer tax in the United States comparable to that which they have in England, one of his corporations alone would save \$10,000,000 a year. Because the Government could remove the tax on incomes and corporations if such a tax were levied.

Gentlemen talk about wanting a nonintoxicating beer. That is not the purpose of this amendment. The American citizen now has available a nonintoxicating beer. The purpose of this amendment is to secure an intoxicating beer in deflance of the Constitution.

City Members here plead for beer as a farm-aid measure. The answer is that not one great farm organization

I believe it can be established that the grains and farm products now used in the production of soft drinks, milk, and so forth, more than equal the possible consumption of grains in the manufacture of beer. But even if it did not the farmers of America would be against this measure because of the physical and moral problems involved. And again, Thomas Jefferson is quoted by a wet. Thomas Jefferson probably used the words credited to him, but we have advanced somewhat since Jefferson's time in all things; why not in our views on prohibition? Jefferson was a leader in the early movement that led finally to prohibition. The statement quoted was made not in an argument for but against the use of intoxicating liquors and in an effort to curb their ravages among our people. Another gentleman says he does not want a return of the saloon. What he means is that they will not call it a saloon. The fact remains that, call it what you will, this proposal means that the thing once called a saloon will be returned with all its resultant vice, corruption, and evils. The gentlewoman from New Jersey pleads for this measure to restore happiness to our people. To what home or person did intoxicants ever bring happiness or health, joy or contentment, peace or prosperity? The use of intoxicants has always brought unhappiness, disease, sorrow, discontent, and poverty to those who became its users. There is no hope that the legalization of beer would have any other effect.

Admittedly national prohibition is not yet achieved as a fact—admittedly conditions are far better now than in the days of the saloon—else why should all the wets loudly proclaim that even they do not want the saloon to return?

National prohibition is an ideal that the American people have set for themselves. It is worth fighting for. This beer proposal is a movement backward, a surrender to the organized liquor traffic, an admission of defeat. There is but one place from which the drys can fight, and that is on the basis of complete prohibition. This is but the entering wedge. The wets will be content with nothing less than a return to the legalized sale of all intoxicants. The American people should recognize this fact. When they do, there will be a distinct and overwhelming rejection of every new proposal. [Applause.]

Mr. MEAD. Mr. Chairman, this amendment, as well as the Hull-O'Connor bill, which proposes a tax of 4 cents a pint, or \$10.08 on a barrel of 31½ gallons, will produce Federal revenue of at least \$660,000,000 based upon the production of beer at the peak rate of 1914, at which time the total capital invested in breweries and malting was \$750,000,000. There were then 1,347 corporations, companies, and individuals engaged in the business, and they employed 77,000 workers, whose wages totaled \$84,000,000. These figures do not include the carpenters, coopers, painters, glassworkers, ironworkers, varnish makers, electricians, box makers, mechanics, and scores of other lines of workers in industrial plants who were more or less dependent upon the brewing industry for their livelihood.

In 1914 the value of grain and hops purchased for brewing brought \$88,000,000 to the producers on the farms of the Grain Belt and the hop-growing sections.

In 1917 the breweries used 2,000,000 tons of coal, which required 40,000 cars for transportation. Brewing material, machinery, beer, and the by-products—brewers' grains—brought the total to 123,666 carloads for the transportation of which vast tonnage the railroads collected freight charges.

From the standpoint of revenue it should be recalled that while in 1914, the peak year, the output of beer was over 66,000,000 barrels, upon which taxes at \$3 per barrel were collected, with the increase in population during the past 18 years it is reasonable to assume that the probable demand for legalized beer will reach 100,000,000 barrels per annum. During the last quarter of the year 1919 the tax on beer was \$6 per barrel. At that rate the income to the Federal Government on 100,000,000 barrels would be \$600,000,000, besides which at least an equal amount could be collected by the Federal Government and the States in the form of sales taxes and license fees.

The proposed amendment if adopted by the House and approved by the Senate will accomplish two prime purposes. It will so increase the revenues of the Treasury as to reduce by fully 50 per cent the deficit and it will promote temperance, which the Volstead law certainly has not done.

Some of the advocates of continuing the present policy toward the enforcement of the Volstead law, or the extreme drys, as they like to call themselves, are prone to exaggeration in all their arguments. For example, a speaker addressing a meeting in a church in my district declared last week—

That the Government is annually collecting approximately \$120,-000,000 in fines against violation of the eighteenth amendment.

That speaker should receive an appointment as bookkeeper under the prohibition division of the Department of Justice. He might be able to point out what has become of the fines collected, for the Treasury Department can account for not to exceed \$6,000,000 in any one of the years which have passed since the enactment of the Volstead law and less than half that mythical \$120,000,000 in the whole of the 10 years. This is but a sample of the exaggeration which is the popular basis of the so-called arguments of the drys, especially such of them as are on the rolls of the Anti-Saloon League and similar organizations whose financial receipts depend upon their ability to exceed the late Eli Perkins or his predecessor, Baron Munchausen, in the "penurious frugality" with which they employ truth in their speeches before audiences, who apparently like to be humbugged so long as the humbugging is of the very driest character which can be produced with a good dictionary and a vivid imagination.

The Congressional Districts Modification League, an organization chartered under the laws of the District of Columbia, formed some three years ago for the purpose of ascertaining the sentiments of the citizens of the country toward the restoration of the legal right to manufacture and sell beer and wine, has just submitted a report of its survey to Members of Congress.

The result of the league's survey up to date is shown in the petition for the modification of the Volstead law which has been presented to this House. That petition is signed by some 5,000,000 citizens scattered through 319 congressional districts in 35 States, and it is indisputable evidence that the great body of the voters of this country are emphatically in favor of the modification of the prohibition law to the extent of legalizing the sale of malt liquors, as is proposed by the pending amendment.

The organizers of the Congressional Districts Modification League report that from 85 to 90 per cent of all the men and women they have seen gladly signed the petition for modification and that more than 5 per cent of those who sign voluntarily join the organization,

From this petition I learn that more than 20,000 of the signatures were attached by residents and voters in several of the rural and semirural counties of the State of New York.

With a tax of 4 cents a pint on beer, as proposed by the Hull-O'Connor bill, the Federal Treasury will be enriched by many hundreds of millions of dollars in annual income; the brewer can keep his employees constantly employed at decent wages, and the consumer will not be compelled to pay exorbitant prices. It may be well to look into the facts to prove this. When barley is selling for anything less than \$1 a bushel the cost of materials entering into the brewing of a barrel of beer, approximately 32 gallons, will be in round figures 1 cent a pint, or \$2.50 a barrel, figuring the overhead at 100 per cent on the cost will bring the total to around \$5 for 32 gallons. Add to this a tax of 4 cents on each pint, as proposed by the Hull-O'Connor bill, or \$10.24 on 311/2 gallons, it will be seen that the cost of materials, brewing, and overhead with the tax added on a case containing 24 pints will not exceed \$1.44. Then allow 36 cents more for distribution charges, and we find that by selling a case to a consumer in his home the retail dealer can make a fair profit at \$2.40 a case, or 10 cents a bottle.

Besides bringing about the direct employment of many thousands of men in the breweries now closed, the effect of the proposed change in the law will be immediate and important in many other industries. For instance, millions of new bottles will be needed, thus increasing employment among glass blowers, also millions of cases will be required, for those now in use will not be available to contain 16-ounce bottles, which must be substituted for the 12-ounce containers. It has been estimated that between one and two million men will be gainfully employed as a result of the modification of the Volstead law.

As to the cost of attempting to enforce the Volstead law, the Treasury Department informs me that from 1921 to 1930 the appropriations for the Prohibition Unit and the Narcotic Division aggregated \$111,471,270, of which \$11,029,460 was

set aside for enforcement of the narcotic law. Thus the balance for prohibition enforcement authorized by Congress was \$100,441,810, and the growth of this drain on the Treasury has been steady since 1921, when the allotment was \$6,350,000, until 1930, when upward of \$14,000,000 was appropriated, and these enormous sums represent only a minor portion of the cost incurred through the attempts to enforce an unenforceable act of Congress, for the added cost of trials and of the maintenance of the Coast Guard and Customs Service bring the annual drain on the resources of the Treasury up to \$40,000,000.

Nor should it be forgotten that it has been necessary for Congress to provide additional judges, more jails and penitentiaries, and to add hundreds of employees to the rolls of the departments which have to do with enforcement.

Advocates of dry laws are prone to direct attention to the alleged fact that near beer "containing not more than one-half of 1 per cent of alcohol" furnishes a market for hundreds of thousands of bushels of grain. In answer to those statements I quote from a letter just received from the manager of the only brewery remaining in operation out of the 16 or 18 which did business in Buffalo before 1919. This writer says:

Writer says:

I do not know if you are familiar with this situation: That out of the 16 or 18 breweries that we formerly had in Buffalo that the Iroquois is the only one left making a near beer. I understand there is still one operating in Rochester, do not think there is any in Syracuse, one in Utica, and I do not know if the Albany one has closed or not. Lang, of Buffalo, have discontinued for over a year and a half. The breweries at the Falls, Dunkirk, and all the smaller towns have all closed, and we are the only plant left making near beer in this section of the country. Our sales have dropped from 125,000 barrels of near beer during the first year of prohibition down to 10,000 barrels per year. In the first couple of years of prohibition this plant sold 125,000 barrels of near beer, and at that time six other breweries were operating on the same basis. Now, with all of them closed, our sales dropped to about 10,000 barrels a year.

## COST TO MANUFACTURE NEAR BEER

The cost of a barrel of near bear is greatly in excess of that of the real beverage. The reasons are readily understood when it is known that 100 gallons of beer containing 2 per cent or more of alcohol loses 25 per cent of its volume when dealcoholized. Then, too, the double boiling necessary to expel the excess alcohol is a costly process requiring far more fuel than is used in the original brewing process, much more time on the part of the workmen, and other expenses which bring the cost of production—figured upon conditions existing before the passage of the prohibition law—up to \$9.56 per barrel, as compared with approximately \$1.13, which was labor cost of a barrel of real beer in 1914.

When consideration is also given to the falling off in demand, which throughout the State of New York is fully 80 per cent, compared with the annual sales of real beer before the alcoholic content allowed was fixed at one-half of 1 per cent, it can be readily understood why near beer costs nearly eight times as much to manufacture as did the real article.

How do we account for this heavy falling off in demand? No one but a man or woman who is blind by choice can fail to realize that bootleg beer is consumed in larger quantities than is near beer in practically every community where beer has been the favorite beverage. But that is not the only reason for the slump in the near-beer demand. Moonshine whisky and synthetic gin can be so much more easily transported than the bulkier but far less potent beer that the stronger beverages have been substituted for the milder everywhere. Only those same voluntary blind persons have failed to see the evidences of the frightful increase in the drinking of strong intoxicants among young people especially, which has been apparent everywhere in the land since the enactment of the so-called Volstead law.

It is this growth in the business of distributing illicit whisky and raw alcohol, the basis of "bathtub" gin, which actuated the Congressional Districts Modification League to ascertain, through personal contact with the electorate, how wide is the sentiment of the country in favor of the modification of the Volstead law to the extent of legalizing the manufacture and sale of malt beverages and light wines with

alcoholic content greater than that which Congress has permitted. The league has carried on this investigation during the past three years at a cost of upward of a quarter of a million dollars, every dollar of which has been voluntarily contributed by individual members of the league in the form of annual dues at the rate of \$1 each. And this canvass is still in progress.

Legalize the manufacture and sale of beer of 3 per cent alcoholic content and we shall increase the Federal, State, county, and town revenues by a billion dollars annually, make unnecessary the greater part of the increases in taxes proposed by this bill, promote temperance, put a crimp in the business of the racketeer and the bootlegger and at the same time insure employment for hundreds of thousands of unemployed brewers, maltsters, glass workers, coopers, box makers, electricians, miners, railroad men, and their fellows, besides thousands in related industries, and at the same time relieve the courts of much of their burden and in a hundred ways restore respect to the laws now so frequently held in utter contempt.

#### THE VOISTEAD LAW

The Volstead law is an act of Congress. That law was placed on the statute books by and with the votes of a majority of each House. The Volstead Act and not the Constitution itself or any amendment thereto fixed one-half of 1 per cent as the maximum alcoholic content of beer to assure its nonintoxicative character.

Congress is as competent a judge of the intoxicating effect of a given percentage of alcohol as was Mr. Volstead.

Congress can declare beer containing 2.75, 3, or 4 per cent of alcohol a nonintoxicant without violating the Constitution or the eighteenth amendment.

The late Joseph Cannon declared that buttermilk frequently contains more than 4 per cent of alcohol.

No one ever found a man or woman in a condition of drunkenness from indulging in an orgy of buttermilk. And no one has disproved Speaker Cannon's statement.

Aroused public opinion demands that this law be modified; an improved economic order and a better government will result. [Applause.]

Mr. FINLEY. Mr. Chairman, I dissent from the coldblooded and cynical proposition implied in this amendment, that there are no values for legislators to consider except those measurable in dollars and cents.

I deny that government has discharged its whole duty when it has secured to its citizens their rights of life, liberty, and property.

The people are the fiber of the state. The people are the fabric of the state. The people are the very state itself.

Government was made for the people, not the people for government. Development of the highest and best in its citizenship is the highest and noblest function of government.

That government is false to its citizens and false to its duty of self-preservation which does not guard them against disease of body and mind.

That government is recreant to its duty which does not consider the education of its citizens and lifting them to higher levels of civilization and nobler ideals of life.

The mightiest values in any state are the sobriety, the sanity, the health, and the morality of its citizens.

Their price is not quoted in any mart or on any exchange, but they are the foundation on which the perpetuity of every government rests.

> Ill fares the land, to hastening ills a prey, Where wealth accumulates and men decay.

For men are the fiber and fabric of every land.

The incurable and fatal weakness of the wet philosophy is just here, that it ignores utterly the mightiest of all values—intrinsic human values.

The pending amendment illustrates what I say.

At a time when our Government is in dire need of revenue the liquor traffic dangles before our eyes an offer of \$600,-000,000 for the legal right to destroy the sobriety, impair the sanity, undermine the health, and degrade the morality of our people; the legal right to rot as widely and com-

pletely as it can the fiber and fabric of our Government; the legal right to make drunkards of every man, woman, boy, and girl under our flag.

That is what his license entitles a liquor manufacturer or a liquor seller to do.

Think of it! For a money consideration the liquor traffic asks this Government to authorize and sanction destruction of the very material, the very fiber and fabric of its own being!

In the wilderness Satan offered the Savior of Men the wealth and the power of the whole earth in exchange for the human race.

The liquor traffic offers us a paltry and doubtful \$600,-000,000 for all human values in this Nation.

The devil estimated human values higher than the liquor traffic does. [Applause.]

Mr. CHINDBLOM. Mr. Chairman, I shall support this amendment. I am one of those Members of this House who came here after the adoption of the eighteenth amendment and in no way participated in that adoption, either in its submission by the Congress or its ratification by the States, but I have quite generally and quite consistently supported the enforcement of the eighteenth amendment, because, like my colleagues, I have believed it the duty of Congress to provide enforcement. However, I will not concede that supporting enforcement is at all inconsistent, either with support of the resubmission or the repeal of the eighteenth amendment, or with modification of enforcement, which is legal and constitutional. [Applause.]

There are some general grounds upon which I shall support this amendment. First, it will raise revenue, and we are considering a revenue bill and are at our wits' ends to find some substitute for the proposals which only yesterday the House refused to accept by way of suggestion from the Committee on Ways and Means. [Applause.]

Mr. CLANCY. Will the gentleman yield for a parliamentary inquiry?

Mr. CHINDBLOM. No; I can not yield.

Secondly, I am for this amendment and I shall favor the legalization of beer of a proper alcoholic content, because I know that in the large centers of population in the United States that one act will do more to stop lawlessness than anything else that might be done by the Congress of the United States. [Applause.] The greatest problem we have in the cities to-day is traffic in beer, not in the ordinary hard liquors.

Third. I know that the passage of such a proposal as this would allay discontent among the laboring masses of our large metropolitan communities, because they are aware of the fact that the rich man to-day can get liquor, provided only he has the price. The poor man has to pay an excessive price for the vile stuff which is being made in the alley breweries.

Mr. BURTNESS. Will the gentleman yield? Mr. CHINDBLOM. No; I do not have time.

On the question of constitutionality, I will say frankly that that concerns me; but during the war we had 2.75 per cent beer when all other so-called alcoholic beverages were prohibited. The world over, beer of this alcoholic content is not considered intoxicating liquor but is sold as an ordinary beverage. Only the other day I joined with the great mass of the membership of this House in passing an antiinjunction bill. Only 13 Members of the House voted against it and only 5 Members voted against it in the other body; but the Attorney General, in advising the President upon the provisions of that bill, said very frankly that he was not at all certain that all of its provisions were constitutional, but to-day gentlemen who rushed gladly and enthusiastically to the support of that measure are expressing much concern about the constitutionality of this amendment. The Supreme Court, it is true, has not passed definitely upon the question; but those who have had experience with reference to the use of beer of this alcoholic content, 2.75 per cent by weight, will themselves know that there can be no just claim as to the constitutionality of it under the prohibition of intoxicating liquor. Personally, I do not believe such beer is intoxicating in fact.

I think the time has come, Mr. Chairman, when we can no longer stand upon our old views on prohibition, if we have had any, but we must recognize the conditions which prohibition has created in our fair land and which exist to-day. [Applause.]

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I did not expect to be recognized at this moment. I have just sent to the Congressional Library for the autobiography of Benjamin Franklin, as I wanted to read the contribution of that printer, philosopher, and statesman on the subject of beer. However, without the book in my hand I am able to remember his comment on beer. About 200 years ago, after Franklin had moved from Boston to Philadelphia, had passed his apprenticeship and become a full printer, he went to London and served for about a year. While working there he noticed that the other printers and apprentices were drinking beer with their meals. They marked that he did not drink with them and remarked that he was stronger without the beer than were they with it. Franklin, whose mind even then was analytical, made a study of the question of drinking beer with luncheons and came to the conclusion that the food value of the beer was not worth its cost.

He came to the further conclusion that the exhilaration produced with beer during the hour at luncheon time was such that it lifted one up for a short time and then let one down still further, so that neither he nor the apprentices were as good at their work during the major part of the afternoon.

I think that is worth remembering, and it is worth stating it in this debate, principally his remark that the food value was not worth the cost. I wish I had the time to quote, in these piping times, a few remarks from Franklin on thrift.

Mr. Chairman, in the recent vote, the test vote, so called. on the Beck-Linthicum resubmission amendment, I voted yea on the proposal that the House consider the question of submitting a constitutional amendment to the States.

But because I did I do not want it thought that I must follow that leadership on such a proposition as the one now before us. Congress should submit this question before it lays a tax on the product of unauthorized breweries. Such a tax would not authorize a barrel of beer to be sold in a State such as Washington, nor would one cent of tax be collected there. Further, I am certain that in these times of great unemployment, running into the millions, with distress, bread lines, and community kitchens in all parts of this Nation, it is no time to propose that the people shall drink themselves into prosperity. [Applause.] That can not be done. [Applause.]

Mr. Chairman, Franklin's Autobiography has just been handed to me, and as an extension of remarks I shall print his exact words in the RECORD.

At my first admission into Watts's printing house (in London) I took to working at press, imagining I felt a want of the bodily exercise I had been used to in America, where presswork is mixed exercise I had been used to in America, where presswork is mixed with composing. I drank only water; the other workmen, near 50 in number, were great guzzlers of beer. On occasion, I carried up and down stairs a large form of types in each hand, when others carried but one in both hands. They wondered to see, from this and several instances, that the Water-American, as they called me, was stronger than themselves, who drank strong beer! We had an alehouse boy who attended always in the house to supply the workmen. My companion at the press drank every day a pint before breakfast, a pint at breakfast with his bread and cheese, a pint between breakfast and dinner, a pint at dinner, a pint in the afternoon about 6 o'clock, and another when he had done his day's work. I thought it a detestable custom; but it was necessary, he supposed, to drink strong beer that he might be was necessary, he supposed, to drink strong beer that he might be strong to labor. I endeavored to convince him that the bodily strength afforded by beer could only be in proportion to the grain or flour of the barley dissolved in the water of which it was made; that there was more flour in a pennyworth of bread; and, therefore, if he would eat that with a pint of water, it would give him more strength than a quart of beer. He drank on, however, and had 4 or 5 shillings to pay out of his wages every Saturday night for that muddling liquor, an expense I was free from. And thus these poor wretches keep themselves always under.

Watts, after some weeks, desiring to have me in the composing room, I left the pressmen; a new sum for drink, being 5 shillings, was demanded of me by the compositors. I thought it an imposition, as I had paid below; the master thought so, too, and forbade my paying it. I stood out two or three weeks, was ac-

cordingly, considered as an excommunicate, and had so many little pieces of private mischief done me, by mixing my sorts, transposing my pages, breaking my matter, etc., etc., if I were ever so little out of the room, and all ascribed to the chapel ghost, which they said ever haunted those not regularly admitted, that, notwithstanding the master's protection, I found myself obliged to comply and pay the money, convinced of the folly of being on ill terms with those one is to live with continually.

I was now on a fair footing with them, and soon acquired considerable influence. I proposed some reasonable alterations in their chapel laws, and carried them against all opposition. From my example, a great part of them left their muddling breakfast of beer, and bread, and cheese, finding that they could with me be supplied from a neighboring house with a large porringer of hot water gruel, sprinkled with pepper, crumbed with bread, and a bit of butter in it, for the price of a pint of beer, viz, 3 halfpence. This was a more comfortable as well as cheaper breakfast, and kept their heads clearer. Those who continued sotting with beer all day were often, by not paying, out of credit at the alehouse, and used to make interest with me to get beer; their light as they phrased it, being out. I watched the pay table on Saturday night, and collected what I stood engaged for them, having to pay sometimes near 30 shillings a week on their accounts. This, and my being esteemed a pretty good riggite—that is, a jocular verbal satirist—supported my consequence in the society. My constant attendance (I never making a St. Monday) (St. Monday, a Monday holiday observed by lazy printers) recommended me to the master; and my uncommon quickness at composing occasioned my being put upon all work of dispatch, which was generally better paid. So I went on now very agreeably. So I went on now very agreeably.

Mr. Chairman, the press on which Franklin worked while at Watts's in London was purchased by an American and is now, I believe, on exhibition in the Patent Office in Washing-

Franklin was born in 1706; died in 1790.

Mr. BRITTEN. Mr. Chairman, I desire to offer a substitute amendment for the Cullen amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Britten as a substitute for the amendment offered by Mr. Cullen: "There shall be levied and collected on all beer, lager beer, ale, porter, stout, and other malt, brewed, and fermented beverages containing one-half of 1 per cent of alcohol by volume and not more than 2.75 per cent of alcohol by weight, which maximum percentage hereby declared to be nonintoxicating in fact, brewed or manufactured and hereafter sold, or removed for consumption or sale within the United States by whatever news such heverages may be called in lieu of the by whatever name such beverages may be called, in lieu of the internal-revenue taxes now imposed thereon by law, a tax of 4 cents per pint to be collected under the provisions of existing

Mr. BLANTON. Mr. Chairman, the reading of the substitute has gone far enough to show that it is an amendment in the third degree, and I make the point of order against it that it is out of order being an amendment in the third

Mr. STAFFORD. Mr. Chairman, I question that. I think the amendment should be reported. The gentleman offers it as a substitute, and I think the amendment should be read in full so that the chairman may pass intelligently upon the question of whether it is a substitute or not.

The CHAIRMAN (Mr. McMillan). The Chair is satisfied the amendment, although offered as a substitute, is clearly an amendment within the third degree.

Mr. STAFFORD. Will the Chair reserve his decision until I can make an argument on the question?

The CHAIRMAN. The Chair will reserve his decision, but the Chair is clearly of the opinion that the amendment, although offered as a substitute, is clearly an amendment within the third degree.

Mr. BRITTEN. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BRITTEN. The amendment as I have offered it is very largely a copy of the Cullen amendment with three or four additions which certainly should not affect the germaneness of my amendment. For instance, Mr. Chairman. I raise the tax carried in the Cullen amendment from 3 cents to 4 cents. That does not change the germaneness of the amendment. I provide in my amendment-and, by the way, my amendment is nothing more nor less than about 80 or 85 per cent of the so-called Hull-O'Connor bill which is now pending before the Ways and Means Com-

mittee of the House as a revenue measure. In that bill there is a section which calls for the consumption of the product away from the place of purchase. That clearly is not covered in the Cullen amendment, but it is covered in my amendment, and that is done with the view of doing away with the corner saloon. Surely that does not affect the germaneness of the amendment.

Mr. BLANTON. Mr. Chairman, I make the further point of order that the gentleman is addressing his remarks to the committee rather than to the Chair.

Mr. BRITTEN. No; I am trying to show the difference between the two amendments. There is very little difference between them.

Mr. CULLEN. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. CULLEN. My amendment carries, in effect, all of the language that the gentleman's substitute carries, with the exception of raising it from 3 to 4 cents. As the amendment is offered to my amendment, it is clearly out of order and should be ruled that way.

Mr. STAFFORD. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. STAFFORD. The gentleman from New York is going pretty far in saying that is the only difference. Other differences are involved in the proposal, such as that which has just been adverted to by the gentleman from Illinois in reference to the consumption of the product away from the place of purchase.

Mr. CULLEN. If the gentleman will permit, that is absolutely taken care of in my amendment, because my amendment provides, distinctly, that the saloon shall be barred.

Mr. STAFFORD. I do not find any such provision. Mr. CULLEN. Language to that effect is there.

Mr. STAFFORD. Mr. Chairman, if the gentleman from

Illinois has concluded, I should like to be heard.

I take it that at any time a Member may offer a substitute which does not infringe in any way the rule of amendments in the third degree. We have had this question before us in numerous instances where the chairman of a committee offers a substitute to the entire bill as originally introduced and gives notice that if the substitute is adopted he will then strike out the remaining sections after the first section.

It is fundamental, and is found in the express rules of the House, that there may be pending at one time an amendment, an amendment to the amendment, a substitute, and an amendment to the substitute. I call the Chair's attention to Rule XIX, where that rule of procedure is found in express language:

It shall be in order to offer a further amendment by way of substitute, to which one amendment may be offered.

There is express recognition under the rules of the House. Now, is this a substitute? I respectfully submit it is a substitute in that it changes in a substantial way the amendment under consideration. It first modifies the amount that shall be charged from 3 cents per pint to 4 cents. It adds many other provisions relating to the licensing of the article.

The Chair would be going very far, indeed, to say that this is not a substitute. It is, in many ways, a substitute for the original proposition, and under the rules of the House just referred to the committee has the right to consider it as a substitute, regardless of the rule of third degree, because the rule of third degree as to amendments does not apply to

The CHAIRMAN. The amendment of the gentleman from Illinois [Mr. Britten] is offered as a substitute for the Cullen amendment. It appears to the Chair that the Cullen amendment having been offered as an amendment to the Crisp amendment, the amendment now offered by the gentleman from Illinois as a substitute for the Cullen amendment is in the third degree, and therefore the point of order is well taken. The Chair sustains the point of

Mr. BRITTEN. Mr. Chairman, I desire to be recognized on the pending amendment.

Mr. Chairman, every argument that has been made here to-day and every argument that will be made here to-day in opposition to this amendment will be based upon one theory, and that is that 2.75 beer is an intoxicating beverage, which, of course, is wrong. I will go further than that. The argument made against this amendment by the so-called drys is illogical because they would be against it just the same if it were a 1 per cent beverage, in the so-called interest of the preservation of prohibition.

We have to determine for ourselves and for the country this afternoon whether we are going to collect a voluntary and a cheerful tax on beer to the amount of five or six or seven hundred million dollars or whether we are going to apply a lot of nuisance taxes to collect that same amount. You will impose stamps on checks, and you will provide for heavy luxury taxes on automobiles?

Mr. BLANTON. Will the gentleman yield for just one question?

Mr. BRITTEN. All right, a brief question.

Mr. BLANTON. In reply, I want to tell the gentleman we are not going to do that. We are not going to put a stamp tax on checks.

Mr. BRITTEN. Yes; you will have to do that to collect revenue to balance the Budget.

Mr. BLANTON. We are going to do just as we did yesterday.

Mr. BRITTEN. I do not yield further. I yielded for a question, and the gentleman is trying to tell me something instead of asking a question.

Mr. Chairman, it is evident that the situation is critical. No one believes that the revenue from customs duties will be increased under the present tariff act. The receipts from this source are, indeed, more likely to decrease. Income and corporation taxes have fallen off tremendously during the present depression, with little likelihood of improvement this year.

How much relief could be obtained by legalizing the manufacture and sale of malt beverages? It is undisputed that lager beer was the most popular beverage in the 20 years before the war. It had been perfected by many inventions and improved processes. The air and the water were filtered and sterilized, the beer itself was pasteurized and then carbonated with its own gas, and with the invention of the ice machine and artificial refrigeration it can be made under any climatic conditions all the year round. Moreover, it could be stored with a minimum of alcohol, so that it was the mildest alcoholic beverage in the world. But until the great development of machine-made bottles and of mechanical devices for filling, capping, and labeling the bottles, and of cleaning the empty bottles by machinery, most of the beer was put up in wooden barrels. It had to be sold in the saloon, where it could be kept cold and served under mechanical pressure. Naturally, it was largely a city business, for the country saloon did not sell it fast enough to keep it in good condition. Now that it is divorced from the saloon, it can take its rightful place as a temperance drink-with just enough alcohol to be mildly stimulating. A 31/2 per cent beer means a beverage than contains 911/2 per cent of water, 5 per cent of nutritive solid matter and 31/2 per cent of alcohol. With the improvements in bottling methods and the network of State highways and the development of the motor truck, there is no reason why bottled beer should not be kept in every drug store, grocery, or delivered by the case to all families who are living on a good road. The only question is one of price. Beer must be cheap to be popular. Here is where the question of the tax comes in. Bottled beer costs more than draught beer, but it was sold in the old days as low as \$1 a case of 24 bottles. The beer tax was for many years \$1 a barrel, which contained 31 gallons. Then it gradually crept up to \$2.50 until the war, when it paid a war tax of \$6 a barrel. The saloon keeper got even by serving beer in pony glasses instead of seidels. However, in these stressful times the tax would, no doubt, be all that the traffic could stand. What a rumpus the soft-drink people would make if soda-fountain drinks carried a supercharge of 2 cents a drink!

The amendment I have sent to the Clerk's desk provides for a tax of 4 cents a pint.

Mr. Chairman, now let us see how much this 4-cent tax would yield. At the present time it is computed that the sale of beer, made from wort and from malt sirup (what is popularly known as "home brew") totals about 20,000,000 barrels, or about 40 per cent of the legal output in 1918. This figure is arrived at on the basis of the hop crop of 1930, which has simply disappeared.

How much of the former beer market could be recovered immediately is a debatable question. Nine States-California, Maryland, Massachusetts, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, and Wisconsin-would swing into line at once. These nine States formerly produced more than half the beer in the whole country. In the other States legislation would be necessary to correct their State enforcement acts, but it is probable that Connecticut, Illinois, Kentucky, Louisiana, Michigan, Minnesota, Missouri, and Ohio would soon follow suit. This would bring back all but one or two of the industrial States, with the resultant recapture of over 90 per cent of the productive territory. Allowing for the increase in population since 1918, the enormous growth of urban suburbs, and the development of good roads, it is certainly reasonable to estimate that the beer production would be at least 50,000,000 barrels within a year. By the way, in 1914 New York, New Jersey, and Pennsylvania produced one-third of all the beer in the country, and what is more, consumed it all within their own

Figuring 256 pints to a barrel and a 4-cent tax per pint, we would collect the large sum of \$500,000,000 the first year on an output of 50,000,000 barrels. This sum would practically equal the total amount that will be collected under a manufacturers' sales tax. It could be substituted for a sales tax or for a lot of so-called nuisance taxes. And right here, Mr. Chairman, let me repeat what I have frequently said, that so long as this Government of ours refuses to take advantage of its opportunity to collect \$700,000,000 or \$800,-000,000 on a beer tax which would be voluntarily and cheerfully paid, I shall oppose any reductions in the salaries of Federal employees. The postal clerk and carrier are already underpaid. Officers and men in our military services can now barely provide a living for themselves and their families. Ninety per cent of all Federal employees get less than \$150 per month. To reduce these salaries in order to save a few millions of dollars to the Treasury, while refusing to tax beer, is immediately the highest form of intolerance and a lack of appreciation of faithful service. It puts the now broken remains of prohibition on a sacred pedestal and says, "Thou shalt not touch." Heavy taxes shall be applied, salaries reduced, industries crippled, employment reduced, and all because the Government refuses to hear the appeal of millions of our people who would enjoy a palatable health-giving drink and who are willing and happy to pay a tax to do so.

Mr. CLANCY. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. BRITTEN. Yes.

Mr. CLANCY. Will the Chair entertain the suggestion that succeeding speeches be cut down to one minute or two minutes so that a much larger number of Members may be heard on this proposition?

The CHAIRMAN. The Chair will endeavor to divide the time as equally as possible among the Members.

Mr. BRITTEN. Mr. Chairman, how about the question of employment? At the peak of the brewing industry the brewers and maltsters employed about a hundred thousand men, including clerks, drivers, and salesmen. But this is only part of the story. There are something like 60 other industries which formerly did an important business with the brewers. In 1918 there were 1,100 breweries in active operation. To-day only 164 are running. Think of the army of carpenters, painters, mechanics, electricians, plumbers, and laborers who would be required to recondition and reequip 900 brewing plants. Think of the fuel that will have to be mined and shipped, the barley, hops, rice, and

corn that will have to be purchased and transported, with the additional farm labor that would be required. Think of the demand for a billion bottles, and for cooperage, brewing, bottling, and refrigerating machinery, for labels and stationery, and it is easy to visualize a working force of half a million men. On the basis of 4 to a family this means feeding, housing, and clothing 2,000,000 individuals.

Mr. Chairman, what about the allied trades? To get some definite idea of the importance of the allied and associated industries, it is but necessary to visualize more than a hundred manufacturers and dealers in brewing, bottling, and refrigerating machinery, and in a large number of articles that are used in bottling establishments. This also includes maltsters, hop merchants, and purveyors of such articles as sirup, brewing sugars, isinglass, pitch, varnish, enamel, rubber goods, brass fittings, labels and labellers, electrical apparatus, faucets, bungs, bunging machinery, corks and crown caps, brooms and brushes, malto-dextrine, brewing salts, grain driers, cooperage and other containers, and a whole lot of special machinery, such as pasteurizers, coolers, pumps, tanks, gas compressors, and washing machines.

Mr. Chairman, how about the traffic question? The "official classification" figures of the railroads give an incomplete picture of the importance of the brewing industry from the traffic standpoint. Their figures cover the brew-

er's shipments but not his receipts.

It is interesting to calculate the number of carloads of freight that go into and out of the breweries in one year. The number of carloads of beer, together with the return shipments of empty packages, I am told, would total more than 700,000 carloads. What a boon a resumption of this one industry would be to the railroads of the country.

Mr. Chairman, let me emphasize the matter from an agricultural standpoint. The injury of prohibition to the farmer has been of a regional character. The production of barley has actually increased under prohibition, but it is now used largely as a feed grain at a great reduction in price. Perhaps the most serious effect of prohibition has been that farmers have lost their market for the finest grades of barley which were formerly used and purchased by brewers at premium prices. There is no doubt whatever that the leading brewers of the country would be ready and willing to pay at least 75 cents a bushel for malting barley when beer comes back.

In 1921 a congressional inquiry was instituted to consider the question of a possible revival of the barley industry by increasing the demand for barley malt. Mr. R. E. Jones, of Wabasha, Minn., a grain merchant dealing principally in barley, testified that before prohibition—

The consumption of barley for brewing purposes was 80,000,000 bushels a year. The production of barley was from 200,000,000 to 225,000,000 bushels a year. This last year the crop was brought down to 184,000,000 bushels. It necessarily had to drop down on account of the awful reduction in price.

Taking it year by year, the brewers used from 30 to 35 per cent of the barley crop.

Let me go a little further, as my time is limited.

We are going to do one of two things here this afternoon. We are either going to accept this tax on beer, which will be voluntarily and cheerfully paid, on a nonintoxicating beverage, or we are going to provide revenue to the amount of six or seven hundred million dollars from nuisance taxes—taxes which will make the payer very unhappy.

You gentlemen talk about helping unemployment. This amendment, if carried into effect to-day, would provide 700,000 carloads going in and out of the breweries of the country in 12 months. Do you realize what employment that would produce? In 1918 the barley and rice and hops required for the brewing industry alone came from 12,000,-000 acres of land. Think of it; 12,000,000 acres of land to grow barley for beer in this country. Talk about employment, there are millions to be employed in dollars as well as individuals by the acceptance of this amendment. The amount of money invested in breweries in 1918 was \$846,-000,000. It will cost \$200,000,000 to rehabilitate these breweries if this amendment is carried. This \$200,000,000 will go into every walk of industrial life.

Mr. COOPER of Ohio. Will the gentleman yield for a short question?

Mr. BRITTEN. No. The gentleman is an outstanding dry in this House, and I do not wish to enter into any controversy with him concerning prohibition. The amendment before the House is a revenue measure.

Mr. COOPER of Ohio. Will the gentleman yield for one moment?

Mr. BRITTEN. No; I can not; my time is limited.

Mr. Chairman, before prohibition it took about 12,000,000 acres of land to produce the barley used for malting purposes. If we add the acreage under cultivation to hops, rice, and other materials used in making beer, it would certainly bring the total up to at least 15,000,000 acres. On the other hand, there are some compensations from the agricultural standpoint. The corn growers have undoubtedly profited by prohibition, especially in the Southern States, where illicit distilling flourishes on a large scale. The enormous increase in the manufacture of corn sirup has been brought about very largely by its use in illicit distilleries for the making of moonshine whisky. In the corn country of the Middle West many farmers have been making illicit liquor themselves; and in the apple sections of the country, particularly in the Northeastern States, the sale of cider has been promoted by prohibition, while the greatly increased market for grapes is

The head of the National Grange is of the unsupported opinion that the increased use of milk is due to prohibition. Leo Wolman in Recent Economic Changes gives the following reasons for the increased sale of dairy products:

Higher purchasing power of consumers is undoubtedly one. Greater assurance of safety in the use of whole milk, as a result of public inspections and improved private practices, is another which has had cumulative effects. Wider appreciation of the special virtues of these foods, as a result of medical advice, the work of school and district nurses, the circulation of literature on child feeding, home economics teaching, and commercial advertising has probably been a major factor.

On January 27, 1922, in Washington, Mr. Henry Altenbrand, of Montana, testified that "prohibition in 1920, through the decreased selling price of barley alone, cost the farmers of the United States \$224,000,000."

At the 1921 tri-State convention of the Country Grain Shippers' Association Mr. John R. Mauff, a noted barley expert, pointed out that the growing of pedigreed barley for malting purposes was done at the solicitation of the United States Department of Agriculture. The price of barley and the value of barley land have decreased enormously under prohibition. Mr. Mauff presented a petition signed by 101 barley growers recommending that 2¾ per cent beer be exempted from the act defining intoxicating beverages, in the interest of temperance and to "eliminate the disastrous bootlegging trade." It was stated that the restoration of beer would prove to be "the salvation of our barley crop."

Mr. Chairman, what is involved in the reestablishment of the brewing industry?

The last available figures show that in 1914 the brewing and malting industries represented a capital investment of \$839,631,000. It is estimated that the rehabilitation of the industry would require a capital investment of at least \$200,000,000. But this new capital will not be forthcoming unless there is a reasonable prospect of permanency in the industry. The brewery can adapt itself to any conditions that government imposes, but the business of manufacturing beer must be stabilized. In all the various Canadian and Scandinavian plans that have been put into operation for the promotion of temperance, the actual brewing has been left in the expert hands of the brewer. In Quebec the government has taken over the retailing of wines and spirits, but malt liquors are still sold by the brewer, under government regulation. In Ontario the government dispenses all alcoholic beverages in its own stores, except 2 per cent beer, but the brewer does the manufacturing. The Scandinavian countries encourage the consumption of mild beers by a system of favorable tax discrimination. There is no reason why a similar product should not be encouraged by our Federal Government. The legitimate American brewer wants no tolerance. He has played fair with the Government during the whole 13 years of prohibition, but the Government has not played fair with the law-abiding brewer. He has seen his business taken over by the underworld, which has bought protection from Federal, State, and municipal agents with amazing and devastating success. All the brewing industry wants is to be put on the same dignified footing as any other great manufacturing enterprise.

The real question is, What do the people want? Will they be satisfied if they get beer back? Possibly they will not, but it will relieve the situation and would be of immediate value from the economic standpoint. In the decade preceding the war larger beer made up, in volume, over 90 per cent of the total sale of all alcoholic beverages in the United States. The report of the Internal Revenue Department for 1918 gives the following figures:

gettil Saules of the south	Distilled spirits	Wines	Malt liquors
1916	Gallons	Gallons	Gallons
	139, 973, 684	47, 587, 145	1, 818, 275, 042
	167, 740, 325	42, 723, 376	1, 885, 071, 304
	93, 850, 294	51, 598, 024	1, 556, 378, 953

To be exact, the relation of the malt-liquor production to the entire output of alcoholic beverages for these three years is as follows: 1916, 90½ per cent; 1917, 89½ per cent; 1918, 91½ per cent.

But, as I have shown, the lager beer consumption was mainly in the centers of population, and probably 75 per cent of it was consumed by the wage-earning class. Undoubtedly, the demand for it was becoming more general every year, just as in this prohibition period the demand has shifted back to "hard liquor." Evidently, the whole prohibition law should be repealed, but in the meantime the competition of good, well-brewed, cheap, and wholesome beer, with bad and expensive whisky would undoubtedly be a great help.

[Here the gavel fell.] Several Members rose.

The CHAIRMAN. Will the committee indulge the Chair for a moment? There are only 24 minutes left before debate upon this amendment will close. The Chair desires to divide the time so as to give each Member who desires to be recognized an opportunity to speak. According to those on the list at the Chair's desk there appear to be about 15 who desire recognition. In view of that, the Chair feels that about two or three minutes will be as much as can be allotted to any one Member.

Mr. ESLICK. Mr. Chairman, I have no speech to make upon this subject. I voted against this amendment in the committee and I shall vote against it to-day. It presents to me two lines of thought, two questions. It is introduced in the first place as a revenue-producing amendment, an amendment to a revenue bill. If it is to produce revenue at all, it will produce it from an unlawful and an outlawed source, or else-and I regard this as the dangerous feature of this provision-by necessary implication it will modify the existing enforcement laws of the country. It must either bring revenue from an outlawed source or it is the entering wedge against existing enforcement prohibition legislation. and from either viewpoint as a Member of this House I am against it. It would produce results indirectly in modifying enforcement legislation, which this House by a direct vote has denied. [Applause.]

Mr. LINTHICUM. Mr. Chairman, I heard a story some time ago about a man who went into the internal-revenue office and said, "I want to pay my income tax." The clerk laughed and the man asked the clerk what he was laughing at. The clerk replied, "You are the first man who has been in here at any time who wanted to pay his income tax."

Mr. Chairman, if the House will pass this amendment, there will be millions of people in this country who will want to pay their taxes. They will be willing to pay their taxes so that they can get some good beer. Then again, we will not be increasing the consumption of beer at all, because there is just as much beer consumed in this country now as there will be if we adopt this amendment. The only dif-

ference is that we will transfer the making of it from the homes of the people to the brewery, where it will be brewed in proper form and in a healthy manner. I am absolutely in favor of this amendment. [Applause.]

What this country needs at the present time is to get a smile on the face of its people. If you will pass this amendment allowing them to have some well-brewed beer containing not over 2.75 per cent, it will not only be within the constitutional amendment but it will produce around \$400 .-000,000 revenue, and in addition to that it will put a smile on the faces of our people and certainly relieve us from the present depression. Now, when you really think of what this amendment means, it does not affect us so much. We get well-brewed beer for our people, and it will not increase the drinking of beer, because just as much beer is taken now as would be after this amendment. The great difference would be that the beer would be brewed in a scientific and proper manner in breweries established for that purpose, under proper temperatures and seasoning, whereas now the beer is brewed in the homes of the people or in some alley or perhaps in some stable or garage. It does not have the proper time, is not scientifically brewed, and in many cases is injurious to those who take it.

The saloon, the great demon of the past, which caused us all this trouble, could not and would not exist under the wording of this amendment.

The prohibition act has cost this country not only its good standing but has deprived it of over \$10,000,000,000 of revenue. If we but had this \$10,000,000,000 revenue there would not be any Budget to balance at this time, and the States throughout the Union would have revenue to carry on their operations, to provide for their public improvements, and the education of their children.

Some one has said, "Do you want to have the people drink us into prosperity?" I say, "no," but the people are already drinking the beer, common as it is, and we are getting no revenue. I do not think it is in violation of the Constitution because the Supreme Court has decided that it is within the scope of the Congress to determine the alcoholic content. We are coming to a pretty pass when we tax in this bill malt and wort, excluding malt that goes into food products and taxing that which goes into the making of beer. It is certainly a very peculiar situation for Congress to wink its eye at the violation of the Constitution in the making of beer and then to argue that this amendment should not be passed because it might violate the Constitution.

I want this amendment adopted, which will bring prosperity and peace to our country, and I want to see the tax on malt and wort eliminated. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I hold in my hand a letter from an organization of millionaires—the Du Ponts, Couderts, Forgans, and other multimillionaires—who only yesterday denounced all of us who helped to defeat the sales tax as communists and demagogues. They very strongly appeal for a beer tax and for a sales tax on the necessities of life. They are for the sales tax. They are for a beer tax. They are against increased income and inheritance taxes. These multimillionaires want the tax burden shifted to the backs of poor people. To the food and clothing of women and children and the uncontrolled appetite of husbands and fathers.

My friend from New York [Mr. Cullen], the recognized Tammany leader in this House, who offers this amendment, says it will raise \$400,000,000 to \$500,000,000 in revenue. That would be only a small fraction of what would be expended, for we must remember the \$500,000,000 refers only to the tax and not to the outlay for beer. My friends, you can not buy boots and booze with the same dollar, and I am for boots and against booze. You can not buy clothing and groceries for the family with the dollars spent for liquor. You can not spend the pay check in the beer saloon and take the family to the movies. Legislators and business men must take their choice.

You can not buy milk for little children and booze for the boozer with the same dollar, and I am for the dairyman and the little children and the milk to nourish them. You can not put women and children in better homes by making husbands less efficient, and you can not better clothe them or better feed them. If you can show me that this amendment will do these things, I am for the amendment.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield? Mr. SUMMERS of Washington. I have not the time. This is a machine age. There are 50,000,000 people in the United States who drive automobiles. Are you going to add to highway hazards by putting beer saloons on every corner? Are you going to make better machinists, or worse? Are you going to make safer railroad engineers? Are you going to supply air pilots with this beverage? Will this amendment put more children in school, or is it going to keep poor children out of school? Is it going to increase the efficiency of man, or is it going to decrease his efficiency? The last man hired and the first man fired is the drinker. Everybody concedes that. You can not make an individual or a nation prosperous by making them inefficient.

This amendment violates the Constitution of the United States; it violates the enforcement act. In effect, it violates more than 60 decisions of the Supreme Court of the United States, and there is no probability on earth that it would be upheld by the Supreme Court of the United States. We are wasting valuable time on a futile amendment.

It is a sales tax in another form, taxing appetite and helpless women and children. It is favored by the Du Ponts and the Atterburys and the Raskobs and Tammany, and I am opposed to it. [Applause.]

Mr. HORR. Mr. Chairman, by a happy coincidence I follow my colleague from Washington [Mr. Summers]. I am dry personally, I am wet politically. I am opposed to this so-called prohibition law. My colleague made reference to the fact that he wanted his dollar to go to the purchase of boots. Who are buying those boots? Those boots are on the bootleggers in the State where he and I come from and he must know it. [Laughter.] In respect to taxing this product, beer, where did our good friends get this thought that they are so fearful of taking money from illegal enterprises? That the Government is not now participating in profits and taxes from unlawful enterprise? Those of us who have practiced law and many who have defended the bootleggers in court know that after a penalty is imposed on the bootlegger and after he has been convicted and sentenced that, under the revenue law as it now exists, Uncle Sam steps in and demands that a tax be paid on the illicit product of the still. Do many of you know that the Government now taxes the illegal moonshine? My friends, do we find any objection to using that kind of revenue? Why, then, object to a tax on beer?

Mr. GRANFIELD. Will the gentleman yield?

Mr. HORR. I yield.

Mr. GRANFIELD. And the gentleman knows they do not hesitate to tax the incomes of the bootlegger.

Mr. HORR. Yes. Did anybody for a moment hesitate to take his money—the money derived from taxes on the bootlegger's income?

Mr. BURTNESS. Will the gentleman yield?

Mr. HORR. In just a moment. If the gentleman will get me some more time I will answer all of you.

May I ask of you sentimental souls who are afraid to accept this money, why did you finance a California industry in the amount of \$3,000,000 that makes nothing but wine? Money that was appropriated for farm relief. [Applause.]

I say to you gentlemen from the dry South, I have been down there and I recognize the hospitality of the gentleman from Texas, who invited me to participate, and I am going to accept as soon as it becomes legal. [Applause.] But you have ceased down there in the Southland to measure your corn product by the bushel; you measure it now by the gallon because of your corn-whisky production. This is no reflection on the gentlemen from the South. Your hospitality in the land of corn whisky and mint julep is a legend.

Mr. BURTNESS. Will the gentleman yield?

Mr. HORR. I yield.

Mr. BURTNESS. I know the gentleman is an eminent lawyer, and I would like to get the gentleman's construction of this matter. Is this amendment a proposal to place a tax on an illegal product, or is it a proposal to modify the Volstead Act so as to make the sale of beer specified in this amendment legal?

Mr. HORR. Even as a Member of Congress and recognizing all the prerogatives we have here, I am not the Supreme Court. I will say that as to whether 2.75 beer is legal or intoxicating in fact is for court construction. As far as conscience is concerned, I do not see how the gentlemen of the dry persuasion can hesitate in voting for this measure when we consider that these same dry gentlemen had in this bill a provision taxing malt, grape concentrate, and wort.

How can one who honestly believes in the eighteenth amendment and the Volstead Act conscientiously vote to tax grape concentrate, when he knows that grape concentrate is used for one purpose, and only one purpose, and that is in the manufacture of wine?

How can a conscientious dry vote to tax wort, when he knows that the only article that can be made from wort

Yet the drys put wort and grape concentrate into this bill to be taxed and yet are against taxing beer. Consistency, thou art a jewel.

No, you will not tax beer, but you tax the money the bootlegger makes out of its sale. A strong and rather acrobatic mind is needed to follow such thought, you must admit.

Why does the Government not step in and destroy the foundation of crime and the "racket"? It is the illicit beer baron that finances crime. Take from him this revenue on beer and the financial backing is gone. Capone rose to greatness, if you so desire to classify his status, through the beer racket. Illicit beer has made possible organized crime. Take this revenue away from the underworld. Tax directly what we are taxing indirectly. Put the cake of yeast into the wort and do legally what we are now doing illegally. Instead of taxing incomes and illicit products from the still, tax directly the product. In conscience we can not do otherwise. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. WEEKS. Mr. Chairman, a few moments ago a speaker said that if this measure should be passed it would furnish three hundred and fifty or four hundred million dollars in revenue. The gentleman failed to say anything about the millions of homes that would be disastrously affected if it should become a law. [Laughter and applause.] The gentleman knows what I mean.

Why am I a supporter of prohibition? Not by reason of a childhood supervision, although that would be a good reason. Not because I or any member of my family have suffered from the evil of intemperance; that, too, would be a laudable reason. I am unalterably dry because an experience of 27 years as a public official connected with public welfare and penal institutions of the State of Vermont has proven to me beyond the question of a doubt that almost without exception the troubles, misfortunes, and sad experiences of the unfortunates whose cases I investigated by the hundreds were traceable directly or indirectly through heredity and environment or both to the curse upon humanity-intoxicating liquor.

Representing, as we do, 122,000,000 of people, we should fully realize our responsibility in a measure of this character and what it entails. Our obligation is stupendous when we consider the future welfare of this vast throng of humanity. May we remember that intemperance is responsible for more crimes, more unhappy lives, more ruined homes than any other one cause.

The CHAIRMAN. The time of the gentleman from Ver-

mont has expired. [Laughter and applause.]
Mr. STAFFORD. Mr. Chairman, the Committee on Ways and Means, by its recommendation to tax wort 5 cents a gallon, which is nothing more than unfermented beer, recognizes the principle of raising revenue from beer. There is no other consequence that can follow. Here we are proposing to extend the principle recommended by the committee to 2.75 per cent beer, which even the Supreme Court has not said is intoxicating and which doctors and persons qualified to testify say is nonintoxicating.

If there is one thing that this amendment will do, it will divert revenue that properly belongs to the Government from the hands of the racketeers, like Capone, into the proper channel of the Treasury of the United States. One-fifth of all the revenues for the support of Great Britain comes from a tax on beer and all and liquors. In Canada the same percentage is received in support of their government.

In these times of financial stress are we going to recognize racketeers and continue to approve of what you know is a fact in the large cities, of the racketeers appropriating the revenue that rightfully belongs to the Government, or are we going back to the old times of recognizing the collection of revenue at the brewery, which will bring in three hundred and fifty to four hundred million dollars? Thirty-five million barrels of beer is being brewed to-day by wildcat breweries. If we recognize this principle of revenue regulation 50,000,000 barrels of beer will be authorized to be brewed, for which the Government will receive at the rate of \$9 a barrel, or about \$400,000,000. More, it will give employment to thousands of men in the brewing and allied industries that will go a long way toward reviving business in my home and other industrial centers. These are times when even the drys should have some sense and regard the Treasury rather than racketeers. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, in the time I have I want to reply to the contention that this is a farm-relief measure. a: has been suggested by some of the wets on this floor. I tell you that as a farm-relief measure, this is a 100 per cent fake. There is no farm relief in it. If there was any farm relief in legalizing beer, do you suppose the heads of the great farm organizations of this country would be opposing it? Do you suppose the master of the National Grange of this country would be appearing before committees of Congress opposing the legalization of beer? You can not fool the farmers of this country by telling them that beer will furnish a market for their products. All the grain that was consumed in the manufacture of beer in this country before prohibition would not constitute more than 1 per cent of the 5,000,000,000 bushels of grain that we produce in this country every year.

Mr. WILLIAM E. HULL. Will the gentleman yield? Mr. HOPE. I do not have time to yield.

If you will take statistics showing the production of agricultural crops in this country since we have had prohibition, you will find we are producing and consuming twice as much barley now as we were in the preprohibition period. How is that barley being used? It is being fed to the dairy cows of this country, and they are producing milk used in the manufacture of butter, ice cream, and such products which are being purchased with the dollars of the workingman to-day Instead of spending his money for beer he is spending it for these healtful products. [Applause.]

[Here the gavel fell.]

Mr. MAAS. Mr. Chairman, the sales tax is a little different from the tax on beer. The sales tax was on necessities. The beer tax is a voluntary tax. There is a great difference.

The question before the Congress is not whether we are going to bring back beer. Beer is here. It always has been and always will be probably. There is only one question facing Congress in this matter, and that is whether we are going to collect a tax for the benefit of the people through the Government, or whether we will continue to let the gangsters and racketeers collect it for the criminals. [Applause.]

We are financing crime to-day on the greatest scale the world has ever seen, and I tell you gentlemen who are endeavoring to write a tax bill to eliminate the deficit that every year crime costs this country twelve times the total amount of our deficit, and if you cut the cause of crime in half you will not have any deficit. In fact, there will be a surplus. [Applause.]

The CHAIRMAN. The time of the gentleman from

Minnesota has expired.

Mr. SWEENEY. Mr. Chairman, I am going to support this Cullen amendment to tax 2.75 beer, because it is consistent. The committee amendment seeks to recognize products used in an illegal industry—brewers' wort, malt sirup, grape concentrate. If you vote down the Cullen amendment and want to be consistent then put a tax on kidnapers, a tax on machine guns, a tax on racketeers, and a tax on speak-easies, all by-products of prohibition. If you do that, you will be consistent.

This is a time for every liberal man in this House to act. The wets should stand pat and boycott this revenue measure until such time as Congress comes to its senses. If they would do that, they would get some action on this proposal. This is a time for every liberal man here to say there will be no revenue bill passed unless action is taken to raise the necessary revenue as provided in the amendment. Therefore every liberal man in the interest of the Nation should vote for the Cullen amendment. Let the Supreme Court in due time decide the constitutionality of our action if the issue be raised in the future.

Mr. GREEN. Mr. Chairman, I was particularly interested in a statement made recently by the gentleman from New York [Mr. Mead] relative to prohibition America. During the past 12 years or 15 years the greatest strides that have ever been made in any nation have been made in America. This is the only nation that is having to prevent immigration to any appreciable extent. It is the nation to which nearly all foreigners desire to come it being the richest of all nations, yet it is the only prohibition nation in the world. [Applause.] It would not appear that prohibition has ruined America.

I just want to predict this—and that is why I desired recognition—that the national political party that adopts a plank in its platform providing for the repeal of the eighteenth amendment will be defeated next November. [Applause.] I hope the real friends of the Democratic Party will not be misled by including such a plank. Without repeal plank and with Speaker Garner or Governor Roosevelt nominated victory is certain.

Mr. O'CONNOR. Mr. Chairman, two weeks ago yesterday the gentleman from Georgia in taking this floor to make the opening speech on the tax bill stated with great emphasis that this Nation of ours had now the greatest deficit that any nation in the world ever had. Note you, also, that this Nation of ours is to-day the only prohibition nation in the world. Every other nation in the world obtains the bulk of its income from the alcoholic traffic. For example, England, with less than one-third of our population. receives nearly \$700,000,000 a year income from its taxes on alcoholic beverages. In the same proportion we could obtain \$2,000,000,000 a year. If the other nations of the world are not burdened with the stupendous deficits we have had for three years, and at the same time we are the only prohibition Nation in the world, must there not necessarily be some relation between prohibition and governmental deficit? [Applause.]

Mr. KADING. Mr. Chairman and my colleagues, in the brief time allotted to me I desire to call your attention to the fact that of the 19 amendments added to our Constitution each one of them after having been adopted by the legislature of three-fourths of the several States was accepted as a matter of course excepting the eighteenth amendment.

From the time that the eighteenth amendment became a part of our Constitution up to the present time there has been widespread dissatisfaction and objection to the same by the people in a great many States and quite generally by the press. It is unnecessary to comment or discuss the question as to whether the eighteenth amendment has improved conditions or made them worse. You all have your

conditions and a right to your own opinion as to whether the noble experiment has been a success or a failure.

Our Government is one of, by, and for the peaple. In nearly every case where the dry and wet question was an issue in the election two years ago the wet candidate won. The same is true in connection with elections to fill vacancies that have taken place since November, 1930. The people of a republic usually eventually get what they want. My State-the great State of Wisconsin-wants the eighteenth amendment changed so as to permit each State to decide for itself whether it desires to be wet or dry, and I predict that the time is close at hand when the eighteenth amendment will be thus amended, and not until then will the people be satisfied.

Before we recently voted on the Linthicum motion to discharge the committee that had refused to report out the Beck-Linthicum resolution and give us an opportunity to vote on resubmitting the eighteenth amendment to the States I was in hopes that the membership would vote in favor of such motion, but the motion failed, 187 voting wet and 227 voting dry.

When you take into consideration the result of the Literary Digest poll now being taken, which indicates that over 40 States are wet by a substantial percentage, as compared with only 1 State-Kansas-being dry, it is reasonable to assume that the next Congress will in all probability be wet. By taking notice of these indications and knowing that the people demand an opportunity to be heard in this matter. why not do now that which we know will be done in the near future? Why not legalize 234 per cent beer, levy a tax on the same which will produce between three hundred and fifty and four hundred million dollars annually, and balance the Budget?

The gentleman from Nebraska [Mr. SIMMONS] stated in substance that the American Federation of Labor was inconsistent in having opposed the manufacturers' sales tax and now being in favor of a tax on beer; that in both cases the tax would be paid by the people. I contend that there is no inconsistency; the sales tax covered those things that the poor man must have, and a tax on legalized beer will be paid only by such as consume beer. The beer tax is a tax on a luxury. The general public is drinking beer nowbootleg beer, unwholesome beer, beer made in some barn under insanitary conditions and sold to the public the next day at 20 or 25 cents a pint. The bootlegger profits and the Government collects no revenue, and besides the Government spends large sums trying to catch the bootlegger.

If we legalize 2.75 per cent beer and impose a tax on it. the Government will receive revenue; the bootleggers will be put out of business; the consumer will be able to buy a pint of good beer at less than prevailing bootleg prices for unwholesome beer; the manufacturers will be making a substantial profit after paying the tax; the employment situation will be helped; business will be revived; justice will be done; and the first step will have been taken to solve the prohibition question. If a tax is placed on beer, the amount of revenue will be such that it will make it unnecessary to consider imposing a tax upon gasoline, automobiles, radios, checks, receipts, or to increase the postage from 2 to 3 cents on first-class mail in order to balance the Budget. [Applause.]

Mr. MILLARD. Mr. Chairman, I want to speak briefly on the question of raising revenues by the taxing of light wines and beer. I am strongly against prohibition because it is fundamentally wrong, is not enforced, can not be enforced, and, therefore, should be repealed, or some substitute presented to take its place. To coerce the body when what is necessary is to educate the soul has always failed and always will. I believe that the eighteenth amendment and the accompanying Volstead Act have been contributing causes to our present economic depression. The " boom era" after the war was another cause, and the two together should share the major responsibility for the collapse of the recent stock market which brought down values, de-

own sources of information and knowledge of the general | stroyed dependable business, caused a loss of confidence in the programs of essential industries, and a depreciation in credit that is terrifying in its possibilities.

There is an apparent increase of over a billion dollars in the Nation's drink bill. And no taxes are paid on liquors under prohibition.

It is everywhere apparent that the laws intended to uphold prohibition can not be enforced. When the Volstead Act was passed it was never even imagined that our Federal courts and prosecuting agencies would have to be greatly expanded to handle 70,000 criminal and civil cases a year made necessary by prohibition.

Since 1920 one of the major duties of the Department of Justice, including our Federal courts, is the prosecution of violations of the Volstead Act. I wish to call attention to the fact that every year the United States has lost nearly a half billion dollars in revenue receipts plus an average of \$300,000,000 more annually for law enforcement.

Commissioner Doran reported in 1928 that \$300,000,000 a year would be needed for the adequate enforcement of prohibition. As a matter of fact, the actual cost, by the most conservative calculation, is at least three times that amount. Add to the direct appropriations for enforcement the loss of State and Federal revenue, the debit against the taxpayer is over \$950,000,000 a year. In fact, the bill the taxpayers of this country have to pay for prohibition nearly equals the total revenue received by the Federal Treasury from individual income taxes, which in 1929 were slightly over a billion dollars.

In my opinion another economic loss can be credited to prohibition—unemployment.

Indirectly near a half of the 6,000,000 of the present unemployed was brought about by the economic changes caused by the prohibition law. Had we adopted the wise plan of other countries and increased the tax on alcoholic beverages rather than wipe them out by destroying the businesses which made this income possible, there would be millions of men and women at work to-day-happy, contented, and prosperous to the point of paying taxes which are so sorely needed.

So suddenly was our greatest volume of income shut up with the adoption of the Volstead Act and the immediate demand for new millions of money to pay for law enforcement that no scientific or businesslike plan could be or was put into operation to meet the fiscal requirements, of which the increased cost of Government operation was one. Then followed hastily conceived efforts to replace the lost and needed income, and unfair and vicious taxes were imposed with the result that the tax bill of our railroads alone doubled and public utilities suffered to the same extent. This brought about hardships on going business concerns and their employees, as well as the transportation systems

Former Secretary Mellon recently discussed the problem of the deficit, and emphasized the serious financial condition in which the Federal Government finds itself, due chiefly to our unbalanced system of taxation. He said:

We depend to-day largely on two sources of revenue: First, internal-revenue taxes, including individual and corporation income taxes, and such other taxes as those on tobacco and estate taxes; and, second, customs duties

Customs duties are fairly stable and, in spite of all we hear to the contrary, may be relied on to produce an even flow of revenue except in the most abnormal years. Taxes on tobacco are also a very dependable and important source of government

The individual income tax, however, has become so restricted in its application that it has become a class rather than a general tax, with its incidence limited to a comparatively small number of taxpayers

Obviously, we should retain some other taxes which can be relied on in times when a slowing up of prosperity may cause a falling off in incomes and a consequent drop in taxes from this

The New York Herald Tribune in its leading editorial on May 25 said:

He [Mr. Mellon] does not mention it, but no doubt the thought has not escaped him that an excise tax on liquor would prove a godsend to the Treasury not only at this juncture but as a means

of cushioning the tax structure for all time. He speaks of the taxes on tobacco as a "very dependable and important source of government revenue." Experience has shown that those on liquor are even more so.

I therefore ask the fullest consideration for the measure to put a tax on light wines and beer. Some one will say, however, "How can you do this without modifying the Volstead Act?" My reply is that if a majority of the Members of the House and Senate are in favor of this method of raising revenue, the same persons will vote for a modification of the act. This in my mind will provide a new source of Federal revenue which will very materially and possibly adequately extinguish the present deficit. [Applause.]

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. [Applause.] I voted against it in committee. I could not get my consent in this revenue bill to come in and propose a tax on something that, in my judgment, is prohibited by the eighteenth amendment to the Constitution of the United States. Another committee has jurisdiction of proposed legislation amending the Constitution or the Volstead Act.

Some of my friends may say that this bill has a tax on wort and malt sirup used to make beer. This is true, but there is this difference. When the tax is levied on wort and malt, it is a perfectly legal product and does not violate any provision of law. To make that become obnoxious to the Volstead Act you must add water and yeast. I may say further that I opposed those propositions in the committee because I did not want prohibition injected into this revenue bill. [Applause.] If you adopt this amendment, you jeopardize this tax bill, and it is an imperative need of the United States Government that the Federal Budget be balanced. [Applause.]

The CHAIRMAN. The question is on the adoption of the amendment of the gentleman from New York [Mr. Cullen] to the amendment of the gentleman from Georgia [Mr. Crisp].

Mr. O'CONNOR. Mr. Chairman, I ask for a division.

Mr. CULLEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. Crisp and Mr. Cullen.

The committee divided; and the tellers reported that there were—ayes 132, noes 216.

So the amendment to the amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I offer an amendment to the Crisp amendment.

The Clerk read as follows:

Amendment by Mr. McCormack: Strike out page 4 of the Crisp amendment.

The CHAIRMAN. Without objection, the Clerk will report the matter proposed to be stricken out.

The Clerk read as follows:

(4) Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, 1 cent a gallon; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. McCORMACK. Mr. Chairman, the purpose of my amendment is to strike from the bill the tax on imported oil or any of the by-products which are produced from oil in its crude form.

The committee reported in the pending bill a tax of 1 cent a gallon on imported oil, which amounts to 42 cents a barrel. Last year there were about 86,000,000 barrels of oil, either crude oil, fuel oil, gasoline, or some other by-product of crude oil, imported into the United States. There were about 850,000,000 barrels of oil produced in the United States

There is no question but what this is a tariff provision. The proponents of this tax admitted this at the hearings before the Committee on Ways and Means. It is my opinion that it is fundamentally wrong, and a bad precedent to establish, to incorporate in a revenue bill a provision which is distinctly tariff in its purpose and in its operation. The purpose of the provision is to provide a tariff and to assure protection, and you gentlemen of the committee know that in considering a revenue bill the primary question in your

minds, and, in fact, the only question in your minds after you had determined that additional revenue had to be raised, would be the way to raise the revenue, and not for anybody other than the Treasury of the United States. Every other provision of the bill, whether we agreed or disagreed with it, had as its objective the raising of revenue for the Treasury of the United States. There are no other great interests that are going directly to benefit from any of the other provisions of the bill, but this provision has for its primary purpose the stopping of the importation into the United States of a substantial portion of the eighty-six-oi-so million barrels of oil that are imported into the United States each year.

The meaning of a tax of 42 cents a barrel is that the domestic producers, I submit, can increase the price of oil, or its by-products, to the American consuming public.

If we place an import tax of 42 cents a barrel on oil coming into the United States, it necessarily follows that the domestic production can and will increase its price 30 or 35 or 40 cents a barrel, or just enough to keep under the increase that the imported oil is compelled to pass on to its consumers.

Under the guise of raising revenue a tariff provision is placed in the bill, and if there is no reduction in the amount of imported foreign oil, if this provision becomes law, this tax would bring into the Treasury \$31,000,000; or if, as the Treasury Department has stated, it is a barrier or an embargo, it will produce nothing for the Treasury. The committee has frankly stated in its report that it is estimated it will bring in \$5,000,000. If any of the above estimates are true, we are enabling the domestic producers—not necessarily the independent producers but the big companies—to pass on to the American public an increase in their price which will produce for them, by way of legalized tribute from the American consuming public, at least \$250,000,000 a year.

When the witnesses appeared before the committee I asked some of them if the purpose of this tax was not to enable the domestic producers to increase their price, and they very frankly said that it was.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for five more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. This provision is put in the bill for the purpose, supposedly, of raising revenue, yet primarily for the purpose indirectly of allowing powerful oil corporations and interests in this country to exact from the American public a stupendous sum of money. This is unfair, it is unwise, and it is a bad precedent for the Congress of the United States to establish.

There is another aspect to this matter, and that is, by the imposition of this tax in a revenue bill, a bill designed to raise revenue for the Treasury and not for anyone else, it will enable domestic producers and sellers of domestic oil to increase their prices and pass on to the American consuming public an additional burden of approximately \$300,000,000 a year, which is nothing more than legalized tribute. In addition, this tax will seriously affect the farmer by imposing additional burdens on him. It will be particularly disastrous to the industrial sections of our country, not only in New England, New York, and the industrial States along the Atlantic coast but in other industrial States of the Union. This is nothing but a fight, through the guise of a revenue bill, to compel the people of the industrial sections and the farmers to pay \$250,000,000 tribute to some of our most powerful corporations.

The farmer is in a serious plight. He has his difficulties, and we all recognize that fact, and the imposition of this tax will impose more burdens upon him. We should consider the farmer, and we should also consider the worker in the industrial areas. The farmer, despite his unfortunate situation, at least has a home, he has his land upon which he can produce foodstuffs for his family and thus obtain at least the bare necessaries of life; but, on the other hand, the worker in the industrial area, when he is out of employment,

has no shelter, he has no land upon which he can grow is the first to be affected whenever retrenchment takes farm products to assure him and his dependents the bare necessities of life.

Mr. MAY. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MAY. I would like to ask if it is not a fact that the evidence before the committee showed that a million barrels of South American oil are being imported into the country, coming in direct competition with our coal industry, thereby putting the coal industry out of business and causing untold unemployment in the coal fields?

Mr. McCORMACK. Let me frankly say to the gentleman that problems along that line should not be determined in a revenue bill. We have other legislative means of determining that serious problem. I admit that the independent producers of oil have a case. The independent oil producer convinced me that he had a case, but he did not convince me that he had made out a case to make use of a revenue bill for tariff purposes. He did convince me we should help him in some other way.

I am in favor of helping the independent oil producers by making the pipe-line companies give the same kind of service as the railroad companies give the American public in the transportation of goods.

I submit that the independent producers are not pursuing the right course; that they should not ask us to employ a revenue bill for tariff purposes. Such legislation imposes additional taxes upon all our people; it is disadvantageous to the farmer, to the industrial worker, and to all users of fuel.

I submit, Mr. Chairman, that the House should eliminate this from the pending bill, and let the Ways and Means Committee proceed to a consideration of the subject in a separate bill, or let the Interstate Commerce Committee report out the bill which is pending before that committee. The bill pending before the Interstate and Foreign Commerce Committee, if it becomes law, will make pipe-line companies common carriers.

Coming back again to the effect of this tax upon the industrial worker. When the worker in the industrial areas is out of employment, he is helpless; no place to turn to, no place to go; nobody to give him credit. The old community store where in bygone days he could obtain credit to tide him over has been supplanted by the powerful chain stores, who extend no credit and whose business is carried on a strictly cash basis.

In a period of depression it is the worker in the industrial area out of employment who more keenly feels the unfortunate conditions and who, from every angle we may look at it, is entitled to the greatest of consideration. I do not know this will affect other industrial areas, but if this tax is imposed it will mean that in addition to the tens of thousands of workers in Massachusetts and other New England States, who are out of employment, thousands upon thousands of others will be thrown on the streets, unemployed, and become mere objects of charity. I speak for the New England worker. I speak for the many thousands already out of employment up in New England, who are looking forward to the return to normalcy, knowing that that is necessary in order for them to return to work. I also speak for those who are employed and through whose minds is running the feeling of fear as to the security of their positions: who do not know from day to day when they will be discharged. The imposition of this tax will mean that many, many thousands in New England and in other industrial sections of the country will be forced out of employment.

We should speak for the farmer and we should consider the plight of the farmer, but it is about time that somebody also considered, in conjunction with the farmer, the toiler and the worker in the industrial areas. The imposition of this tax will mean a substantial decrease in the cost of operating business in the industrial sections. They are already laboring under conditions where many of them are losing money but are carrying on in order that they might give employment to as many as possible. This additional burden will mean further retrenchment, and the employee

place.

Let us look at this question honestly and fairly. First, should a tariff provision be included in a revenue bill? Are we not establishing a precedent which will constantly stare us in the face in the future? Second, under the present circumstances, is it advisable to impose such a tax, taking into consideration the tribute that this tax will exact from the American public, the farmer, and the toiler in the industrial areas?

This is not a tax for the Federal Treasury. This is a tax for the benefit of the producer and seller of the domestically produced oil. Approximately 850,000,000 barrels of domestic oil are produced annually. The imposition of a tax on imported oil will enable the domestic producers and sellers to increase their price per barrel at least 35 or 40 Therefore, considering the production of domestic oil last year, based upon this probable increase, you will realize the stupendous sum which would be exacted from the American public as the result of the imposition of the tax on imported oil.

Oh, you can condemn New England, but she has been for 300 years making wonderful contributions toward the progress of our country. I have heard Members refer to New England caustically, but I wonder if they realize its history, traditions, and contributions. Our workers up there are human beings, just the same as are workers in any other sections of the country. They know the pangs of hunger and they know the dreadful results of unemployment. Give consideration to the effect of this tax on the farmer, but I urge that consideration be given also to the effect upon the workers in our industrial areas. This tax should be defeated. [Applause.]

Mr. SANDERS of Texas. Mr. Chairman, there seems to be a good deal of confusion here because many people think this is a tax on domestic gasoline, whereas as a matter of fact it is a tax imposed on imported oil and not on domestic gasoline. Gasoline in the United States is now being taxed for all purposes 85 cents a barrel. I do not think anyone can justify that exorbitant rate, when imported oil is coming in tax free. Let me give you the figures of what is being shipped into this country. In 1930 there were imported into the United States 62,129,419 barrels of crude petroleum. During that year there were imported 26,080,383 barrels of fuel oil, and of gasoline 16,926,800 barrels, of lubricating oil 24,728,000 barrels. If a tax of 2 cents per gallon were levied upon that importation, and this bill proposes only 1 cent, it would amount to \$102,571,198.72. Under the bill as proposed it would bring in a revenue to this Government of \$58,000,000 annually. I care nothing about the statement made here that it will produce only \$5,000,000. You can take the importations into this country and take a pencil and figure it out and you will be able to tell how much revenue it will produce.

I was surprised at the argument of the gentleman from Massachusetts [Mr. McCormack]. His whole argument seemed to be based upon the fact that this tariff measure ought not to be placed in a revenue bill. I am going to be honest and frank with you. A tariff is a tax, and in one way you might say that this is a tariff, but call it a tariff or a tax, I appeal to the people on the Democratic side not to be swept off their feet when they talk about a tariff, because anyone who says that the Democratic Party is a free-trade party does not know the history of the Democratic Party. I shall quote you an authority dating back to the early history of this country. For more than a generation people have been talking about the Democratic Party being a freetrade party. Mr. Madison, who was a Democrat, who assisted in writing the Federal Constitution, who was eight years Secretary of State under President Thomas Jefferson and later President of the United States for eight years, wrote the first tariff bill, and here is what he says in the preamble:

Whereas it is necessary for the support of the Government, for the discharge of the debts of the United States, and encourage-ment and protection, that duties be laid on goods, wares, and merchandise imported, etc.

That is the Democratic doctrine initiated at that time and repeated in the platforms, which are to be found in this little book which every Member has, down to the last platform in 1928, and that will be found to be very much stronger than the others. You may call this a protection if you wish. I hope it will protect, because if it does not, then the independent oil operators in the United States are going out of business, and the hearings before the Ways and Means Committee disclose evidence to that effect which no one can deny.

The CHAIRMAN. The time of the gentleman has expired.
Mr. SANDERS of Texas. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. YON. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Texas. Yes.

Mr. YON. Does the gentleman think in these depressed times that the same rate of imports will come into this country, under this tax or duty?

Mr. SANDERS of Texas. I suggest that the gentleman read the testimony of Mr. Wirt Franklin, president of the Independent Oil Co. of the United States, and also the testimony of Mr. Fremming, representing many different organizations, one of which was the American Federation of Labor-and, thank God, the Federation of Labor has taken up this matter. If the gentleman will read the testimony of those two gentlemen he will know that, as a matter of fact. it can not be an embargo. It was proposed to put a tax of 1 cent a gallon. That means 42 cents a barrel. The testimony as shown by figures from the Department of Commerce is that foreign oil is being shipped into the United States, and that they can land it in any town on the Atlantic seaboard cheaper than you can produce it anywhere in the United States and place it at the same port. The difference is \$1.05 a barrel in favor of the foreign oil.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Texas. Yes.

Mr. HARLAN. Has the gentleman the figures of the export of American oil? Does the gentleman know how many barrels are exported every year?

Mr. SANDERS of Texas. I have not those figures.

Mr. HARLAN. Will the gentleman say that it is not a fact that we export about three times as much as we import?

Mr. SANDERS of Texas. I am not yielding for a speech. I do say that the testimony shows and that the figures of the Department of Commerce show that the people in foreign countries, in Venezuela, can place oil in any town on the Atlantic seaboard at \$1.03 a barrel cheaper than we can produce it in the United States and put it at the same place. If you subtract 42 cents from that, anybody can see that it is not an embargo and it will not stop the importation of foreign oil. It will produce at least \$58,000,000 a year for the Treasury of the United States.

One of the great reasons given here by the Democrats for their platform from time to time on the tariff is to fight monopoly. The testimony before our committee is that in all these countries where the big oil companies have a monopoly people are paying 35, 38, and 40 cents a gallon for gasoline, and just as sure as we are here unless this legislation passes the independents are going out of business, and when they do and the big four oil companies of the United States, which is a trust now controlling prices, come into power, they will put up the price, and the folks here who are shivering for fear this tax of 1 cent a gallon on imported oil will raise the price of gasoline will find themselves paying a great deal more per gallon. I call attention now to one matter in the hearings. I want to show why I say there is a trust in the United States, and that is the power that we have to fight here. One of the companies is the Gulf Co., controlled by Andrew Mellon. He is across the water it is true, but his voice is still heard here.

This is shown in the hearings on page 1153. It is an extract from the Republic Shares Corporation, of Chicago, dated March 13, 1931:

The time to push our Standard Oil Trust is now. The papers refer to the present situation as a crisis in the oil business. Do not let yourself be disturbed by that. It is just when these crises do occur that Standard Oil gets the benefit of its dominating position.

Not only that but other extracts which I have show where the Standard Oil people say, "Now is the opportunity; when these independents can not live, when they are struggling to get on their feet, let us reach out and take them at low prices," and they will finally get to be a bigger monopoly than they are now.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I offer a perfecting amendment, which I have sent to the desk.

The Clerk read as follows:

Mr. Blanton offers a perfecting amendment: In section 4 of the Crisp amendment strike out "1 cent" and insert "2 cents."

Mr. BLANTON. Mr. Chairman, I want to address my remarks particularly to my good friend, the gentleman from New York, Doctor CROWTHER, and those who follow him on the other side of the aisle, on tariff questions.

The gentleman from Texas, my colleague [Mr. Sanders], has told you that the undisputed evidence before his Ways and Means Committee shows that the foreign importer of oil has an advantage over our American producers of \$1.03 per barrel. The importer of foreign oils has a \$1.03 advantage, if you please, over the American producers. My amendment would take 84 cents out of that advantage of \$1.03. My amendment would still leave the foreign producer and importer of foreign oils an advantage of 19 cents a barrel over every American producer.

Are you not willing to vote for an amendment like that? The importations of oil from Venezuela and Mexico, where they use foreign peon labor, have run out of business every independent in the United States. In Morgan Sanders's district, in east Texas, there have been hundreds of thousands of barrels of oil sold for 2 cents a barrel during the past year, which has bankrupted many men formerly millionaires. Just think of it. Run out of business. If you will vote for this amendment I have offered, it would put back to work in Oklahoma and Texas alone 100,000 idle men. [Applause.] Do you not think it is worth while? Is it not worth while to put back to work and give employment to the heads of 100,000 families in two States? [Applause.] It would materially help the families in such States as Kansas, in such States as Missouri, in such States as Arkansas, in Tennessee, Kentucky, Pennsylvania, Ohio, and in every oilproducing State in the West. Why not adopt it?

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. JOHNSON of Oklahoma. And incidentally it would help New England and the entire country?

Mr. BLANTON. Yes; it would help my friend the gentleman from Massachusetts [Mr. McCormack].

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MAY. Will the gentleman tell the House whether it is a fact that these foreign oil companies have refineries located on the upper borders of Mexico and produce oil with cheap labor?

Mr. BLANTON. Oh, yes; and in Venezuela; and they do use cheap labor. They are shipping it here in tank loads to our eastern ports; and as my colleague the gentleman from Texas said, they are laying it down with an advantage of \$1.03 per barrel over our independent producers in the United States, who maintain the American standard of wages.

Mr. BOYLAN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BOYLAN. In advocating the passage of the Cullen amendment we proposed the very same argument, did we not, which the gentleman proposes?

Mr. BLANTON. I want to answer that.

Mr. BOYLAN. Well, the gentleman did not vote for our amendment.

Mr. BLANTON. I want to answer that. Certainly not; | I did not vote to legalize beer, both because it was not for the best interest of our people and because it was unconstitutional. My friend the gentleman from Massachusetts [Mr. McCormack] is now very uneasy about using a revenue bill to protect the independent oil industry from foreign monopolistic importations, but the gentleman was willing to protect the beer industry, was he not? It was all right to put beer protection in this revenue bill.

I say to the gentleman that neither this amendment of mine nor the Crisp amendment will add one single cent to the price of gasoline produced in the United States. It does not tax American gas. It will not increase the cost of the gasoline one single penny. [Applause.] Why not vote for it? I hope that every Republican tariff man and woman here will vote for this reasonable amendment.

Mr. BOLAND. Will the gentleman yield?
Mr. BLANTON. I yield.
Mr. BOLAND. Will the gentleman be satisfied to put a tax on foreign anthracite coal coming into this country?

Mr. BLANTON. Yes. Certainly I will. And this very amendment of mine protects the coal industry of the United States, because foreign imported oils have shut up coal mines. It protects every miner who works underground, in the darkness, without the light of day. It will protect him. I hope your colleagues will all vote for it.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I listened with considerable interest to the statement of my friend and colleague, the gentleman from Massachusetts [Mr. McCormack], that this provision had no place in a revenue bill. Whether it is called a tax or a tariff, it could be treated only in a revenue bill, and clearly it will produce revenue.

In this session of Congress we have been seeking to help industry in its various ramifications, because industry is now at a low ebb in this country. This provision is designed to help an industry which is now suffering, and suffering greatly.

In that vast section of the country where I live a man was once considered rich who owned an oil well. To-day the possession of one is generally regarded as a liability. is no longer profitable. Many of our wells are shut down. and those which are operating are so reduced in their output that the industry is practically at a standstill.

Now, it is a little surprising to me that the opposition to the effort to revive these industries by a tax on importation should emanate from New England.

That whole section has been built up on a protective tariff. This particular provision is not a protective tariff. In the old days it was said that the sea was New England's farm, but it has ceased to emphasize its fisheries, and through high protective duties it has built up great manufacturing concerns and various industries in its great domain which keep it thriving. And now we ask New England-not from the standpoint of protection, but from the standpoint of revenue-to help carry out the purposes of this bill and, incidentally, to revive an industry which is lagging all over

Now, stop and consider the situation. I say this is not primarily protective. If it were a protective tariff, the gentlemen from New England ought to be rising, in accordance with their theories, to suggest that the amount specified in the committee amendment should be doubled or trebled or quadrupled. The protection is purely incidental, but the adoption of this provision will have one very great stimulating effect. And what will that effect be? It will enable the independent oil people of this country, who have invested their time, their talents, and their money in this industry, to have a better opportunity to compete with the favored interests of our land.

Now, gentlemen, when we come to consider the tariff normally it is usually for the purpose of protecting American citizens against foreign nationals. [Applause.] But when we come to consider this proposition we are simply asking you not to allow one set of American citizens to discriminate against another to their disparagement and to the ruin of

their business, because it is well known to all of you that much, if not most, of the foreign oil importations coming to our country have back of them American capital and American brains.

So I trust that whether you regard this as a tax or a tariff you will pause to consider that it will add revenue at a time when the need for it is both pressing and imperative. [Ap-

[Here the gavel fell.]

Mr. NELSON of Maine. Mr. Chairman and members of the committee, there is no Member of this House who does not know that this tariff item on oil has no proper place in this revenue measure, and that it was politics and noteconomics that placed it there.

This item is avowedly designed not to produce revenue but to keep out imports. The Treasury experts report to the committee as follows:

Such a tax (1 cent and 2 cents per gallon imported oil) would yield no revenue, since the levy which would be added to the import price exceeds the margin of advantage under which the oil is imported into this country, and would, therefore, exclude the products affected.

Crude oil and fuel oil are included in this bill, although they are to produce no revenue. Not only is a tariff placed upon them but a tariff that, in the view of the Treasury experts, constitutes an embargo. What justification then can there be in including these items in a revenue measure?

The morning press carries the news that Democratic leaders in the Senate are laying the groundwork for making the tariff an issue in the coming campaign, especially with refence to its effect on our foreign trade. Is it Democratic doctrine that in tariff matters the rate should exceed the difference in cost at home and abroad, and that under the guise of a revenue bill a tariff may be imposed, and that under the guise of a tariff an embargo may be laid against a vital necessity of all industry and all agriculture?

Mr. O'CONNOR. Does the gentleman want that question answered?

Mr. NELSON of Maine. Certainly.

With crude and fuel oil we find in this paragraph a tariff on gasoline on which the Treasury experts have offered no estimate of revenue. The committee estimate at best a revenue of \$5,000,000. The gentleman from Maryland [Mr. Linthicum] has shown conclusively that this item will increase governmental expenditures for national defense alone by over \$8,000,000.

In this attempt to balance the Budget there are included two items that promise no revenue at all and one that promises a deficit of from three to eight million dollars.

A revenue measure should lay its burdens equally and equitably upon every part of the country, yet this measure, in addition to the general taxes imposed upon the country as a whole, lays an additional tax of 70 per cent on the industry, the agriculture, and the shipping of a particular section of the country. It would impose a tax of 70 per cent on the fuel bill of the industries of the Atlantic seaboard, industries already suffering from the general depression, already operating in the red, with many on the point of failing and adding to the general business depression and unemployment distress. [Applause.] That this item would disrupt our industries is evidenced by the fact that the coal operators of the country are importuning their Representatives here to support this embargo on oil.

This bill offers a serious threat to New England and the Atlantic seaboard. We see in it the final blow to many of our industries, the crippling of our shipping, the destruction of the business at our ports, the loss of our export trade in petroleum and its derivatives, the transfer of our \$50,000,000 trade in bunker fuel oil to foreign ports, a tremendously increased cost of country roads, closing of refineries, and an increase of at least 2 cents per gallon in the cost of gasoline. We of the East are ready and willing to bear our equitable share of the taxes necessary to balance the National Budget, but we can not see the justice in a revenue measure that lays upon New England the tax which it lays upon the rest of the country and then lays upon us in addition a 70 per cent tax on agriculture, industry, and shipping, which we can not absorb without absolute disaster.

Give us a revenue measure equitable in its application, using all alike, and we will find no fault.

Why tax us all in this inequitable fashion, not in the interests of the Federal Government, not in the interests of the independent producers, but in the interests of the great integrated oil companies that to-day constitute a monopoly as complete, unfair, and destructive as ever it was back in 1911 when the Supreme Court dissolved the holdings of the Standard Oil?

[Here the gavel fell.]

Mr. NELSON of Maine. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. NELSON of Maine. The gentleman from Texas suggested that the enactment of this tariff will set millions of men to work in the oil fields. It is undisputed that the oil industry is so overproduced to-day that all you have to do is to turn the valves on in the pinched-in wells already drilled in order to obtain from three to five times our present production. Only proration and martial law keep it off the market to-day.

Since 1926, when the oil industry found itself in distress, it has been drilling producing wells at the rate of from 11,000 to 18,000 per year.

There are economic evils inherent in the oil business itself such that this tax will do them no good whatever. It can not restore right economic conditions in the industry or, if restored, preserve those conditions against the unfair, economic, and destructive competition of the great oil companies that to-day exercise monopoly in this country as complete, as unfair, and as destructive as ever it was back in 1911, when the Standard Oil holdings were dissolved by the Supreme Court.

I want to tell you, gentlemen, that out of the thousands and thousands of oil companies in the United States you can take 20 companies, 10 of the Standard companies and 10 of the non-Standard companies, and these 20 companies will represent 80 per cent of the total capitalization of the industry and practically one-half the production. They will handle and transport practically all of the oil. They own 90 per cent of the pipe lines, 73 per cent of the refining capacity, practically 93 per cent of the cracking capacity, nearly 100 per cent of the storage facilities, and probably 85 per cent of the merchandising outlets.

You talk about how little they paid the producer in Texas. Those great integrated companies, when they were paying the Texas producers 10 cents a barrel for their oil, through their purchasing companies, their pipe-line companies, and their transportation companies were making 84 cents a barrel on every barrel for which they paid the producer 10 cents before they began to refine it.

I can not enlarge upon this farther now. The trouble with the oil business is not the importation of this fuel oil that is coming to the Atlantic seaboard, none of which is going into the interior.

They have stated to you here the comparative prices of domestic and foreign crude oil; but this Venezuelan oil and the American oil are two different things. It takes five barrels of Venezuelan oil to make as much gasoline as one barrel of American oil. The Venezuelan oil has what we call an asphalt base, and it is run not so much for gasoline as for asphalt and fuel oil. We have never used domestic fuel oil on the Atlantic coast, and are so far from the sources of domestic production that we can not use domestic oil economically.

Mr. KELLER. Will the gentleman yield?

Mr. NELSON of Maine. Yes.

Mr. KELLER. In what way does the American Navy lose \$8,000,000 under this amendment?

Mr. NELSON of Maine. On the assumption that it will increase the price at least the amount of the tariff.

Mr. KELLER. And not that we are using foreign oil?
Mr. NELSON of Maine. Oh, no. What do you think
they are putting this tariff on for?

I want to say that this bill threatens ruin to the industries of the Atlantic coast, and will do absolutely no good to the little independent refiners, dominated as they are by these great oil companies. I may say further that whatever benefit may accrue from this bill will go into the pockets of the great major companies that to-day unfairly and uneconomically dominate the business. [Applause.]

Mr. RAGON. Mr. Chairman, I think it is time to stop in the progress of this legislation and take our soundings. The Crisp amendment, from which this amendment of the gentleman from Massachusetts takes out a great part, amounts to \$100,000,000, and in view of what has happened in this House it behooves everyone on both sides to get himself down seriously to the task of raising some revenue for the support of this Government. [Applause.]

I do not care whether you subscribe to my idea that the Budget must be balanced or not. I do say to you that with a Budget such as we have for the coming year we will have to raise finances, and members of the Ways and Means Committee from the North, East, West, and South have agreed that four or five excise taxes might be equitably placed, and a tax on oil is one of them.

I say to you frankly that this oil proposition has been pending before the committee for two years. There is not an industry in this country that appealed with more equity for a tariff than this industry. A protective tariff of 2 cents per gallon is what they asked for. When we began to search for revenue for this Government we decided as a revenue measure that we could well place a tax of 1 cent a gallon upon the oil that is imported into this country.

Now, what are the facts? The facts are that the Pan-American Oil Co., the Gulf Oil Co., the Dutch Shell Oil Co., and the Standard of New Jersey are the four companies that are bringing this oil in here, gathered up from Venezuela, Colombia, and old Mexico. This oil comes into this country and not only affects the price of oil but is also used as a peg to which they can peg down the prices upon the coal mined in this country, and here is the direful situation you are up against.

Listen to me, you men who oppose this provision: I say to you that every hole bored into the earth for oil is bored with the drill of an independent oil operator. It was through their industry, it was through their enterprise, that the great oil fields of Texas were recently developed. Those are things to think about.

All right; what have you as the result of the importation of this cheap oil? I am told by a man who spoke before the Committee on Ways and Means, who represented the American Federation of Labor, that 350,000 men in the oil fields composed a respectable company of the great army of unemployed to-day.

Now, you have not only the oil industry paralyzed in this country, but I say to you that there is also the anthracite and bituminous coal industries paralyzed. In my town I used to hear the whistle every morning of 15 mines that furnished employment to hundreds and hundreds of workmen who supported their humble American homes. These coal mines, this industry, are involved in this and, my friends, during the last year they operated only 40 days.

In a little town where I live great throngs last year were beating about the doors of the Red Cross begging for food. The most of them were coal miners that did not have any employment. That is the proposition that you are up against.

Now, here is my young friend from Massachusetts, one of the most able members of the committee, so regular yesterday, jumps clear out of the traces to-day. [Laughter.] What has come over the spirit of the dreams of my good friend from Massachusetts? Well, if I wanted to be real mean I would say to my friend from Massachusetts and my friend from Maine that if there are any Members from any two States in the Union that ought to be consistent on the

question of the tariff it is Members from those two States. [Laughter.]

Mr. McCORMACK. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. McCORMACK. I want to say to the gentleman from Arkansas that I voted against the Hawley-Smoot tariff bill.

Mr. RAGON. So did I. That was a good vote.

Mr. NELSON of Maine rose.

Mr. RAGON. The gentleman from Maine voted for it.

Mr. NELSON of Maine. Does the gentleman know that one of the greatest industries in my State is the paper and pulp industry, and it has no tariff protection whatever, and is in the same depressed condition and needs help?

Mr. RAGON. If the gentleman's statement is correct, and he will present an amendment here, I would support it

on the floor. [Applause.]

Oh, my friend from Maine over here wants to put an embargo on lobsters that are not over 31/2 inches long, but he does not want to give anything to destitute oil fields and coal mines in the West, central North, and South. Now I want to come to my friend from Massachusetts [Mr. Mc-

Mr. CONNERY. Mr. Chairman, will the gentleman yield

to another gentleman from Massachusetts?

Mr. RAGON. No; I will come to the gentleman in a moment. Do you know what my friend from Massachusetts did? He threw a conniption fit because somebody has suggested that this is a tariff. He shed crocodile tears of sympathy about my coal miners and oil men in my State and the business men who have their dollars frozen in these investments there; but he said he could not lay aside principle, notwithstanding they had made a good case; and the principle involved was that he could not put in a revenue bill, what amounted to a tariff suggestion. No longer than yesterday my good friend from Massachusetts passed through the tellers, and as one of the counters I put my hand on his back, counting him in favor of a sales tax, and what did that sales tax provide? It is terrible to mention a tariff suggestion in a revenue bill, and yet my friend walked right up to the lick log yesterday and swallowed the 21/4 per cent tariff proposition on every imported article included in the sales tax bill. If it is bad to-day to have a tariff in a revenue measure, certainly it was bad yesterday. I tell you, my friends, you people from New England-and I have nothing against you, I am for you, and I know you represent a great section of this country, one with a rich history-you can not prevent us fellows from the South and West and central North from expecting you once in a while to be a little consistent when we are getting it in the neck in a financial way.

Mr. CONNERY. The gentleman has spoken about my colleague from Massachusetts. Will the gentleman tell me how many Members from the oil States on my side of the House voted for my tariff on shoes?

Mr. RAGON. I could not tell the gentleman.

Mr. CONNERY. There was not one.

Mr. RAGON. I do not blame them. The gentleman from Massachusetts has to have an obsession, and I suppose his tariff on shoes is as good an obsession as any other. If he stays here for the next hundred years, I suppose he will be throwing up to somebody the fact that he did not vote for his tariff on shoes. If that has not had a salutary political effect upon the minds of the people in his district in this time. I do not believe it ever will.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. RAGON. Yes. Mr. ANDREW of Massachusetts. The gentleman has several times spoken of the advantage of this measure as a revenue producer, but as yet I have not heard any discussion of how much revenue it will produce.

Mr. RAGON. I state to the gentleman that it will raise not less than \$25,000,000 a year.

Mr. ANDREW of Massachusetts. The report says \$5,000,000.

Mr. RAGON. I know they put it in the report. I state to the gentleman, and he can get the hearings and go through them himself, and he will see that the statement in the report was ill-considered.

The CHAIRMAN. The time of the gentleman from Ar-

kansas his expired.

Mr. MAY. Mr. Chairman, I rise in favor of the amendment. I call the attention of this House to a memorable utterance of the immortal Patrick Henry, delivered before the Virginia Assembly 150 years ago. Patrick Henry standing before the House of Delegates of the Virginia Assembly a century and a half ago said to those great men who confronted him on that occasion:

Are we of the class of those who, having eyes see not, and having ears hear not the things that so seriously concern our temporal

When I come before this House this afternoon to speak in favor of the provision imposing a tax on the importation of crude oil into the United States I am thinking about the 25,000 idle coal miners in my congressional district. I not only think about those 25,000 idle men but I am thinking of the multiplied thousands in the coal industry throughout this country, all over Kentucky, West Virginia, Pennsylvania, Arkansas, Ohio, Illinois, and Indiana. There are four great competitive coal fields in America in the very heart of the Nation prostrate, with decaying tipples, while the outside oil industry of this country is importing crude oil in tankers in every direction along the coast, to be used as fuel in competition with coal. As I say, they are doing that, while our tipples are falling down, and the investment of men by the thousands have gone by the wayside. Crude oil is the greatest competitor of coal in this Nation. As a result of the oil industry built up in South America and old Mexico, with the refineries located along the south side of the Rio Grande River beyond the reach of our taxing authorities, and those men bringing this cheap oil, produced cheaply with cheap labor in these foreign countries, and refining it with labor of Mexicans, many thousands of coal miners in this country are starving and begging for bread. The independent producers that have developed our own oil fields are practically bankrupted by the unfair competition of a foreign oil octopus.

It is time, as representatives of the people, that we should open our eyes and realize that four great oil concerns propose to destroy a basic industry that has for almost a century rolled the wheels and turned the great machines of progress and prosperity in this Nation. In America to-day there are more than 100,000 coal miners in soup lines, begging for bread, and at the hands of the Red Cross they carry home something to their children, while the four great oil companies of South America and Mexico are competing with coal producers and the people are installing oil stoves and consuming outside oil without a tax upon it. Oh, yes; it is a revenue measure. I do not care whether you call it a tariff or a tax. I am in favor of putting on these industries their share of the burden of the American people in balancing the Budget of this Government. In last week's Collier's Magazine I read an article in favor of a sales tax. The author said, "Don't tax me, but tax that man behind the tree," and the man behind the tree is the laborer and the farmer all over this land. [Applause.]

Mr. LINTHICUM. Mr. Chairman, I come from a State which deals very largely in imported oil. In Baltimore alone there is manufactured 1,500,000 tons of asphalt. That asphalt is used in the building of the roads of this country. It is used in roofing on houses in most of the large cities on the Atlantic coast. It is a very important industry. It is the largest in the country.

It disturbs me to hear Democrats stand here and advocate a tariff. I have never advocated a tariff, except to equalize costs abroad and here.

It has not been thought we would put a tariff in a revenue bill. Certainly it is not put in there for revenue purposes. The statement of the Treasury Department filed by the gentleman from Massachusetts [Mr. TREADWAY], who spoke the

other day, showed conclusively that there was no revenue from this item. The statement filed by the Committee on Ways and Means showed that there would be probably \$5,000,000 of revenue, which is far from the \$53,000,000 mentioned by some one recently and \$100,000,000 mentioned by another. The estimate was that there would be \$5,000,000 revenue. When we consider the gasoline and oil used by the Government in its battleships and other enterprises throughout the country, not including the Postal Service, the United States Government will be required to pay a tax of \$8,400,-000. In other words, if the committee is correct, then the Government itself instead of receiving revenue would lose \$3,400,000. That demonstrates clearly that this is not an item for revenue. I ask you to consider what it means to the people of this country. It means an increase in the cost of gasoline and oil of over \$152,000,000. Is it fair, is it just, at this time when everybody is striving to get along, when every cent counts, to place upon the people of this country an additional tax of \$152,000,000?

Mr. McKEOWN. Will the gentleman yield?

Mr. LINTHICUM. I yield. Mr. McKEOWN. Where does the gentleman get the figure that it will cost \$152,000,000? Does the gentleman not know that the large companies who are importing this oil control the price?

Mr. LINTHICUM. It has been admitted that the purpose of it is to raise the price of oil and gasoline, and when we do that we raise it the total amount of the tax, and that will be \$152,000,000.

Mr. McKEOWN. Will the gentleman yield further? Mr. LINTHICUM. I yield. Mr. McKEOWN. Sixty-three million barrels of oil at 42 cents a barrel would raise revenue, would it not?

Mr. LINTHICUM. No.

Mr. McKEOWN. Why not?

Mr. LINTHICUM. Because there will be no oil come into this country if this tax is placed on it. It is absolutely confiscatory, and the gentleman knows it. If this oil would continue coming into this country, you would not be asking for this tariff. That is the purpose of asking for a tariff. You want to prohibit it from coming into the country, and if any of it does come to this country, you want to have a tax or tariff level to which you can raise the price.

Mr. MAY. Will the gentleman yield for a question?

Mr. LINTHICUM. I yield, certainly.

Mr. MAY. Will the gentleman concede that oil is one of the strongest competitors of coal?

Mr. LINTHICUM. Yes; I do.

Mr. MAY. And does the gentleman know, as a matter of fact, that there has been a companion measure in this House and one in the Senate to put the coal industry under the domination of a commission? In fact, in the hands of

Mr. LINTHICUM. I do know something about those bills, having talked with some miners' representatives. Perhaps I will know more about them when they get on the floor of the House. That is an admission by the gentleman, however, that the purpose of this tariff is to prohibit this oil coming in so that it may raise the price of oil and give coal a better chance.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. LINTHICUM. I feel sorry for the coal people. There are great coal fields in my State, but there is no use trying to hold back something like oil. People are putting oil into their homes and factories on account of the convenience of it. It can not be prohibited any more than we could bring back the old horse car, the old buggy, or the old wagon and put it in competition with the automobile by some legislation. I am sorry for oil and ice both, but can not stop the wheels of progress.

Mr. O'CONNOR. Will the gentleman yield? Mr. LINTHICUM. I yield. Mr. O'CONNOR. The suggestion that this is a tariff or an embargo on oil that would protect coal is very similar to the argument which the proponents of a tariff on bananas made before the Committee on Ways and Means. They argued for a tariff on bananas to protect the fruit crop of California.

Mr. LINTHICUM. Well, I must say that this tariff takes many different directions. I never thought I would hear a Democrat stand up here and argue for a tariff on oil to protect the oil and coal industry of this country. I only expected a Democrat to go as far as asking a sufficient tariff to equalize the cost of production.

Mr. McKEOWN. Will the gentleman yield?

Mr. LINTHICUM. I yield. Mr. McKEOWN. The Democrats in the oil States got their cue from the gentleman from Maryland, when he wanted a tariff on tomatoes. [Laughter and applause.]

Mr. LINTHICUM. Oh, I beg the gentleman's pardon. The laugh is not on the gentleman from Maryland. I will admit there have been one or two gentlemen from my State who wanted a tariff on tomatoes, but certainly I did not advocate that. I do not advocate a tariff to protect one section or one industry and not protect all industries, if it is necessary, and then only to protect labor by equalizing cost of production at home and abroad.

Now, gentlemen, I say that if this tariff is put on oil-

Mr. PARKS. Will the gentleman yield?

Mr. LINTHICUM. Not now.

Mr. PARKS. I just wanted to ask the gentleman if he voted for a tax on beer?

Mr. LINTHICUM. I will vote for beer every time it comes around, but that is a tax, not tariff, and I will be glad to do it every day if I can. If we could get good beer into this country once [laughter and applause]-if we could get legal beer into this country, it would do what I have done here. It would put a smile on the faces of the people of this country and the depression would fade away like the mist before the noonday sun.

Now, gentlemen, I am pleading for the Atlantic seacoast. I am pleading for Baltimore and for Maryland. If you put this tariff on, it is going to destroy the industries along the Atlantic seaboard. It will mean a loss of \$10,000,000 to my city alone. Of the imports of my city about 17 per cent are oil, and, as I say, we produce vast quantities of asphalt. If you put this tariff on oil you are going to increase the price to the consumers of this country, to every man running a little automobile, to every man running a little engine, to every man running a little boat, and to the Government, in running its great battleships; you are going to increase the price of gasoline and oil in accordance with what you have assessed in this tariff.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. VINSON of Kentucky. Does not the gentleman know that the price of crude oil along the Atlantic seaboard is now more than 50 cents less than it was 12 months ago.

Mr. LINTHICUM. That may be. The gentleman says that, and I presume it is correct.

Mr. VINSON of Kentucky. When they were paying more than 50 cents a barrel for it a year ago than they are now paying, your industries were going, were they not?

Mr. LINTHICUM. Well, I know this tariff puts an additional cost on it and prohibits us from bringing it in.

Mr. AYRES. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. AYRES. Does not the gentleman know that the report of the Tariff Commission shows that if we had a rate of 2 cents per gallon on oil shipped into this country, the importers could lay it down on the eastern shore for 8 cents a barrel less than we could lay it down there, even with a tax of 2 cents a gallon on such oil?

Mr. LINTHICUM. I have not read the tariff report.

Mr. McCORMICK. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. McCORMACK. May I suggest that the Tariff Commission's report challenges itself in that respect?

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I wish to ascertain if we can reach an agreement as to closing debate on this amendment and amendments thereto. I will hazard the request to close debate on this amendment and all amendments thereto at 5.15, vote on the amendment, and then rise.

Mr. BRUMM. What amendment?

Mr. CRISP. Just on this oil amendment.

Mr. BRUMM. I have an amendment that I want to add to the amendment offered by the gentleman from Georgia. The amendment relates to hard and soft coal and briquets. Will the gentleman's request affect me in any way?

Mr. CRISP. Not at all. If the amendment is in order now, it would be in order when the committee resumes as an amendment to the pending amendment. My request is simply to limit the debate on this oil amendment and amendments thereto.

The gentleman from Georgia asks The CHAIRMAN. unanimous consent that all debate on this amendment and amendments thereto close at 5.15. Is there objection?

There was no objection.

Mr. HOCH. Mr. Chairman, ladies and gentlemen of the committee, in all the years I have been here I never rose to speak upon a subject as to which I was more in dead earnest or as to which I felt more concern than that upon which I am to speak to you for just a few moments.

A few days ago I had occasion to make some reply to my friend from Maine. I confessed to you irritation then, and I confess some irritation now, that I am compelled to rise in behalf of the policy of protection in answer to a gentleman from Maine, he coming from a State that has been the beneficiary of protection in a thousand ways since the protective tariff was first inaugurated in this country.

I do not wish to hang this debate upon any such appeal as that, but let me say just a word or two about it before I

I have here the statement made by the gentleman from Maine when we had the tariff bill before us, when he was pleading-and I think justly so-for protection upon potatoes. I agreed and helped him get his tariff on potatoes. I will not read the things he said, but I say to you that they would apply-and a thousand times over-to the condition of the oil industry which we represent here to-day.

He spoke a moment ago about the condition of the paper mills and the pulp industry. I ask him, in all sincerity and honesty, when he goes home to the State of Maine, to go to the paper manufacturers and the pulp mills and ask them. when New England comes here and presents opposition to those of us who are seeking to get protection on oil, coming from 18 States of this Union, with over 40,000,000 population, how many votes he thinks he is helping to get in their interest when they come here pleading for help. I ask him

to go back and ask that question of them.

Some reference was made a moment ago to the vote of western Members on the shoe tariff. I say to you that many of those Representatives who are interested in this fight to-day voted for a tariff on shoes. I was one of those who did not, but I voted for the tariff bill which carried protection for shoes. Let me tell you one reason some did not vote for a tariff on shoes. Because there was a refusal to give an adequate compensatory duty on hides. That is why we did not do it. [Applause.] Every man who was here remembers that argument.

Mr. NELSON of Maine. Will the gentleman yield?

Mr. HOCH. Yes; I yield.

Mr. NELSON of Maine. We came down here and desired to get a tariff on wood pulp because our mills were operating in the red. If the committee had allowed the various interests that wanted to get tariff protection the same privilege that they allowed you, and we had framed the bill so that my manufacturers now operating in the red

and now using six hundred millions of oil a year could have received compensatory protection, then we might have worked out a wise tariff bill, and probably I could have voted with the gentleman.

Mr. HOCH. The gentleman, by inference, admits we ought to have this protection; but because they do not get some one additional protection, he objects to this. If the gentleman wants to balance the ledger on it. I would be glad to do it. If I had here the tariff bill, it would take me an hour, as I said the other day, to read the items of Maine and other New England States upon which there is protection. [Applause.]

Mr. NELSON of Maine rose.

Mr. HOCH. I can not yield further for the moment.

Mr. NELSON of Maine. What has that to do with the merits of this bill?

Mr. HOCH. It has a lot to do with the merits of those coming from protection States who come here to oppose protection which means life to our industry. [Applause.]

My friends, I do not wish to make any sectional appeal, but I can not resist the temptation to say again to Members coming here from States with great protected industries, when they refer to making the tariff a major issue-and I do not say it as a threat, I do not say it as a warning, but I think I know the sentiment of the great Middle Western States, the States which have gone along time after time in helping to get protection for New England industriesand I say to you if you want to make the tariff the major issue, to your detriment, go ahead and take such an inconsistent attitude. Let me say in fairness there are some Republicans here from New England who take the broad view and are with us in this fight. In my judgment, their attitude is the one that in the long run is in the interest of New England. [Applause.]

[Here the gavel fell.]

Mr. SWANK. Mr. Chairman, at this time I shall discuss the question of a tariff on oil and submit some remarks concerning the general provisions of the tax bill now before the committee for consideration.

Money must be collected, and that through taxation, to pay the general running expenses of the Government: but to say that the Budget has to be balanced at this time, in my judgment, is not a correct statement as to the necessity of raising revenue as outlined in the pending bill. All of the money to pay the expenses of conducting the affairs of our Government is derived through an income tax, with the exception of what is collected through the customs houses and the amount that is collected by the Federal courts in fines and forfeitures. The burden of taxation should be laid mostly upon those most able to pay, and I could never see any good reason why a man with a large income, much more than is needed for the support of any family, should object to paying a large amount of that income to the Federal Government that protects him and his property in deriving such

I believe that every Member of Congress who will take the time to analyze the situation that confronts the independent oil producers of the United States will come to the conclusion that the question of a tariff on oil is a fight between the Standard Oil Co., the Dutch Shell Oil Co., the Gulf Oil Co. controlled by the Mellon interests, and the independents. In my judgment, the tariff question is not a political question and should be considered from the standpoint of the country in general. I have always favored a tariff on oil, and on July 18, 1921, during my first term in Congress, when the Fordney-McCumber tariff bill was under consideration by the House of Representatives, I spoke in favor of an oil tariff.

In my speech at that time is the following:

Another reason that I am for a duty on oil, in addition to those Another reason that I am for a duty on oil, in addition to those already given, is that I am convinced that the Standard Oil Co. is opposing the duty, and from purely selfish purposes, as is its usual custom. We know that John D. Rockefeller and his interests do not favor one thing or oppose another thing for purely philanthropic purposes. Of course, he will build a college or make some other donation occasionally, and then there will be an advance in oil. By shipping in this Mexican oil he can absolutely put the independent and little oil men out of business if it comes in duty free. I do not believe that this duty would materially raise the price of gasoline, for it has not dropped in price in proportion to the fall in the price of crude oil.

It is common knowledge that the price of gasoline is not controlled by the price of crude oil. For instance, the price of bread was about the same, with wheat at 25 cents per bushel, the price last fall, as it was when wheat was \$2 per bushel. The price of bread does not go down with the price of wheat, and the same is true with oil.

In my speech of July 18, 1921, is this further statement:

If, however, the Standard Oil Co. obtains control of the production of oil in this country, then God only knows what the price of oil would be and to what dizzy heights it would go.

### I further stated at that time:

When it comes to my making a choice between the Standard Oil producers and the little producers, you can count me on the side of the little fellow.

These big oil companies above referred to spread much propaganda over the country to the effect that if the price of oil goes up gasoline will go up with it, and that our oil must be conserved. There is no man able to tell how much oil is under the ground, and we have heard cry that our oil reserves are going to be depleted for many years. I wish to call the attention of the committee to the further fact that wildcatting and discovering new oil fields is not done by the Standard Oil Co., the Dutch Shell Oil Co., or the Mellon interests, but is done largely by the independent producers. The independent producers spend millions and millions of dollars and pay millions to the farmers in the way of leases and royalties. These big oil companies have the little producers and the independents almost prostrate at this time, and this is due largely to our foreign imports. I am in favor of a tariff that will shut out this foreign oil, at least at the present time.

The Tariff Commission, in its investigation a short time ago, decided that it costs \$1.03 more per barrel to produce oil in the United States than it does in South America. The work is nearly all done in that country by cheap native labor at salaries that will not pay living expenses for an American worker. There should at least be a tariff on oil equal to the difference in the cost of production in the United States and in these foreign countries. When the independent producers are at work and the oil fields open up thousands and thousands of men are put to work, and at the same time the revenue of the Government is increased, because then the independent producers pay larger income taxes. Such a tariff on oil would produce much more revenue to the United States, by placing the independent producers in a position where they would pay more income taxes, than the little tax on imported oil of 1 cent per gallon, as contained in this bill.

Here is inserted a statement concerning oil production in certain foreign countries and in the United States:

United States

Imports of crude oil:

Imports of gasoline:

Number of producing w

1930

1931.

1930...

1931.

do	47, 250, 000
do	16, 927, 000
do	13, 621, 000
ells (end of 1930)	331, 070
well day daybarrels a:	7.5
do	216, 486, 000

barrels

62 129 000

Average production per well day daybarrels	1.0
Production in Oklahoma:	
1930do	216, 486, 000
1931do	180, 809, 000
Value at wells:	
1930	\$279, 250, 000
1931	\$108, 485, 400
Number of producing wells (end of 1930)	63, 600
Average production per well per daybarrels	9.5
Mexico	
Number of producing wells, 1930	1,260
Average production per well per daybarrels	112. 59

Average production per well per daybarrels	112. 59
South America	
Venezuela:  Number of producing wells, end of 1931  Average production per well per daybarrels_  Argentina:	2,327 150
Approximate number of producing wells, 1931 Average production per well per daybarrels	1, 573 21

Number of producing wells, 1929	2, 195 16, 75
Colombia: Number of producing wells, 1930Average production per well per daybarrels	602 92

Average production per well per day\_\_\_barrels\_\_ 92
Ecuador:
Number of producing wells, 1931\_\_\_\_\_ 350
Average production per well per day\_\_\_barrels\_\_ 14
Trinidad:
Number of wells drilled, 1931\_\_\_\_\_ 1,780
Average production per well per day\_\_\_barrels\_\_ 15

Mr. SWANK. I do not believe that the small tax on imported oil, as contained in this bill, will keep out much, if any, foreign oil. In the last Congress this administration enacted the Smoot-Hawley tariff bill, which contains the highest rates of any bill ever enacted into law in this country. Somebody should explain why an administration which is in favor of a high protective tariff on everything, even the necessaries of life, is opposed to a tariff on oil. Within the last few years the price of oil has varied from 5 cents per barrel to \$3.50 per barrel, but you have not seen very much change in the price of gasoline. A proper tariff on oil would cause a great revival of business in this country and would greatly increase Government revenues. I hope the tax on imported oil, as contained in this bill, will be increased to at least 2 cents per gallon, and, in my judgment, it should be increased to 3 cents per gallon. The fangs of the big major companies mentioned above must be drawn, that they can not further feed and enrich themselves upon the poverty of the people.

Yes; it is necessary to raise revenue to pay the expenses of Government, but this should not be done by the imposition of a sales tax. I have always opposed a sales tax and oppose it now, and voted to strike the sales tax from this bill.

During the last few days we have heard much discussion about "balancing the Budget," but have not heard much about balancing the budget of the farmers and working people of this country, and those who are traveling the highways looking for work. I often wonder why it has become so necessary to balance the Budget at this time, when that has not been done for the last several years. Who knows for a certainty what the present deficit is? The Treasury Department for the past 10 years has been mistaken many times in the sum of over \$1,000,000,000 a year on the Treasury deficit. The fact of the business is there is not likely to be much reduction in expenses so long as the Budget is balanced. Expenses of government must be reduced and needless bureaus abolished.

Bonds of the United States are good because the Government backs them, and these bonds are good to-day. A sales tax places the burden of taxation upon those least able to pay, upon the food that the people eat, and upon the clothing that they wear. I am opposed to this method of taxation. The provision of the sales tax carries a rate of 2½ per cent designed to raise some \$600,000,000 in taxes. Some of the speakers have said that this would amount to about \$5 per person, or about \$25 to the average family. I do not believe anyone doubts but what, with the administration of this tax, it would mean a tax not only of 2½ per cent but anywhere from 5 per cent to 10 per cent, and, instead of meaning \$25 to the average family, it would probably mean \$250 increase.

We can not afford at this time to tax the poor and the unemployed, the naked, and the hungry any further. I shall never vote to tax the food of little children, the cheap clothing of mothers weeping over the distress of their hungry families, or the overalls and brogans the father wears in his search for work. Income taxes can be increased in the higher brackets; the estate and gift tax can also be increased. In this bill the maximum tax of 40 per cent is applied to incomes when they amount to \$100,000, but the same rate is not applied to estates until they reach \$10,000,000. If estates were taxed at the same rate as individual incomes, even after exempting the first \$50,000, it would mean an income in this one tax alone of \$714,000,000. Why not tax it? This is income that is seldom earned in any

part by the beneficiaries. It is estimated that the tax on individual incomes that this bill provides will amount to \$112,000,000, corporation tax \$21,000,000, and the gift and estate tax \$35,000,000. Money can be derived to pay the expenses of government all right without any sales tax levied upon the poor and unfortunate. [Applause.]

Mr. CROWTHER. Mr. Chairman and members of the committee, in matters of this kind there is liable to be a wide divergence of opinion. As a matter of fact, I have not been disturbed during the whole proposition as to the discrimination between tariff and tax. That has not disturbed me at all.

In this discussion I am reminded of an old New England saying: "It makes a great difference whose cod is hooked." [Laughter.] That is applicable to this special case, but really it is a problem for the whole Atlantic coast in regard to fuel oil. I have made some investigation to see whether or not we could not eliminate fuel oil and double the tax on crude oil and thus arrive at some result. That is, double the tax on crude oil and have fuel oil tax free. But those well versed in the oil business told me that that would be impossible, that they would evade the tax and bring in all fuel oil. It was said that it would bring in no revenue, and the committee finally decided on 1 cent, because we did not desire to be denuded of the fundamental premise in writing a tax bill-revenue. They said that 1 cent a gallon would bring in considerable revenue, and I think myself it will bring in more than the \$5,000,000 estimated in the bill and will give a great measure of relief to the independent oil producers of the United States.

I have been urging that oil be carried in the bill since we first started to frame a list of commodities to tax. [Applause.] You gentlemen on this side ought not to be concerned, for you have always declared that the tariff is a tax. I can find that statement in a hundred speeches. Here is the place for you to apply those views—it is an excise tax in a revenue bill.

When the oil people were over here in the caucus room in the Office Building, nearly the whole Texas delegation appeared there, and I made a speech, as did Secretary of War Hurley, and the Texas delegation said: "Oh, yes; we are for you, but your difficulty will be to get the Republican Ways and Means Committee to consider it." Now, you gentlemen will have no difficulty, for all you have to do is to go before the Democratic Ways and Means Committee. As I said the other day, it is the only chance that you gentlemen will have; it is the only chance the gentleman from Arizona [Mr. Douglas] will have for copper. We got copper in one day, and out it went the next. We ought not to have taken it out, because it is as deserving of consideration as the oil proposition. [Applause.]

[Here the gavel fell.]

Mr LEHLBACH. Mr. Chairman, we have been working for weeks to raise revenues, we have been endeavoring to frame a revenue bill which will raise approximately \$1,000,000,000 additional revenue. We have here an item to tax imported crude and fuel oil and gasoline 1 cent a gallon. which is variously estimated to furnish from no revenue to a maximum of \$5,000,000 a year. It does not bring in revenue. The Government under this proposition will have to pay \$8,000,000 more for its fuel oil, so that you will have to raise \$3,000,000 additional to what you have estimated in order to make up this revenue-producing deficit. Why is the tax here? It is admittedly for the purpose of raising fuel oil and gasoline 1 cent a gallon to the consumers throughout the country, and the reason alleged is to help the independent producers in the midcontinent area. What does that mean to the consuming public? It means, taking the figures of the Bureau of Mines for the year 1930, on a distribution of 348,000,000 barrels of fuel oil and of 15,858,-000,000 gallons of gasoline, if you add a cent to the cost of that to the people, you will be adding to the cost of the people \$300,000,000 by this tax. You are raising \$1,000,-000,000 to throw into the Treasury because you need it, and at the same time you are imposing this burden upon the

people, you impose an additional \$300,000,000 burden upon them, and where does the money go? To the independent producers? No. To the Treasury? No. It goes to the refiners, the pipe-line owners, and the distributors of the oil who are also producers—to the big companies.

Mr. HOPE. If that is the case, why are the big com-

panies opposing this measure?

Mr. LEHLBACH. They do not want it because they say it is harmful and not necessary. We produce many, many more barrels of oil in this country than we import, and we export more oil than we import.

Mr. McCORMACK. We export three times as much as

we import.

Mr. LEHLBACH. That is true. Speaking about coal, the reason that fuel oil is supplanting coal is not because of a difference in price but of the difference in convenience, economy in handling, and cleanliness. That is the reason that oil is supplanting coal, just as rubber is supplanting steel for urban transportation.

This will place a burden on the people, and will not benefit those whom it seeks to benefit, and will result only in flowing millions of dollars into the already swollen coffers of the big

oil companies.

Mr. LAGUARDIA. Mr. Chairman, while there might be some opposition to a tax on oil or a tariff on oil, the last place in the world that this opposition should come from is New England and the shipping interests of the East. It is not so long since we heard the distinguished gentleman from New Jersey [Mr. Lehlbach] wave the American flag and ask us to enact a ship subsidy bill. Congress did enact the merchant marine act in 1928. Let us look at the figures. Since the enactment of the merchant marine act in 1928 we have loaned \$150,922,000 for the construction of these subsidized ships. Of this amount \$91,860,652 had already been advanced up to November 30, 1931, and only \$7,986,000 paid back. In 1932 we gave in subsidies to these ships now insisting on buying foreign oil no less than \$21,000,000, and in 1933, the coming fiscal year, we are giving these ships \$24,000,000 in subsidies, or an outright gift of that amount, and I say that it comes with poor grace for any industry that is living out of public funds to protest against the buying of American products. The subsidies to ship companies for which the Government is already committed for a term of 10 years amounts to the staggering figure of \$312,133,813—every cent from the Public Treasury—a gift to these companies operating subsidized ships. There are about 55 companies on the Atlantic, Pacific, and Gulf coasts enjoying these subsidies. They are being supported out of public funds and ought to be compelled to use only American products, instead of coming here and pleading for foreign oil. They should be put to shame. [Applause.] Besides, if we are living under a protective tariff system there can be no justification under the conditions exposed in the oil industry to deny some relief in the form of protection to our independent oil producers. Any slight increase in retail price will be more than compensated by increased employment and resulting increase of purchasing power. plause.]

Mr. CARTWRIGHT. Mr. Chairman, oil is one of the largest industries in the country and one that plays an important part in our economic stability as a nation. There are some 20 States that produce oil in such large quantities that any curtailment in the production and sale of oil has a depressing effect upon all classes.

It has placed a heavy strain upon the banks, the merchants, the farmer, and other business enterprises. In Oklahoma there are thousands and thousands of oil workers out of employment, and no doubt there are hundreds of thousands of men and women throughout the United States out of employment because of the condition of the oil industry.

In addition to that the owners of the oil lands who have been receiving royalties are now suffering. Most of the small independent companies have been forced to the wall or have quit and are now in the hands of receivers. I claim this deplorable condition is caused in a large measure by the importation of oil, duty free, from foreign countries. What is the trouble with the coal industry? Why are the coal mines filling up with water and thousands upon thousands of miners out of employment? It is because the coal industry must compete with the hundreds of millions of barrels of cheap crude oil flowing in from foreign countries, making the Standard Oil companies rich without even a penny of import tax going to help pay the expenses of our Government. It is a shame and disgrace to talk of raising taxes on these poor unemployed and low-salaried miners and oil workers to balance the Budget when the very weapon that takes the bread from their mouths is allowed to come into this country without tax and add riches to the few who already own most of the wealth of the world. We should hide our faces in shame.

The New England States and a few others are fighting the oil tax because they harbor most of these big oil interests. Do they ever stop to think that their own factories have tariff protection from foreign imports? Then let us be consistent. [Applause.]

The fact is that had it not been for the large volume of imported oil our domestic demand would have absorbed the oil products in this country. The failure to afford protection will eventually destroy the small independent oil producer and the coal industry entirely and place production in the hands of a few large concerns. Such a policy would be unfair and unwise.

It has been estimated by experts that Congress can raise \$53,000,000 in annual revenue by adopting the oil-excise proposals in the pending revenue bill, or it can increase this sum to over \$118,000,000 if it grants the higher rates originally suggested by the American petroleum industry. This will not constitute any burden upon consumers but will relieve them of the necessity for many vexatious taxes whose total product will not net the Government any comparable sum.

No serious objection has been offered to this bill except by the oil importers who have reaped millions of dollars in the past years through the free admission of foreign oil to the ruin of American labor and business. The objections offered by some manufacturers have been based upon the mistaken idea that this tax would increase their fuel costs although they have totally ignored the more important fact that if this measure hastens the revival of the American petroleum industry it will multiply the markets for their goods. Less harm and more good will be done by the oil excise tax than by any other taxation scheme thus far suggested.

There is no popular opposition to this proposal as there is to practically every other form of tax. Over 5,000,000 members of labor organizations have petitioned for its adoption, farm organizations have urged its passage, and almost countless petitions from business groups have indorsed it. No other tax proposal under consideration has the enthusiastic support of any considerable group. When we find from seven to ten million people asking us to adopt a tax measure common sense as well as sound business might suggest that we pay some attention to these recommendations.

We must raise revenue. We can do it by measures which will annoy and impoverish the people and which will dislocate our business structure or we can do it by some such legislation as the oil excise tax which would be justified from the standpoint of the protection of an American industry even if it did not bring in the millions of dollars it is certain to produce.

I sincerely trust that the proposed tax will be adopted to restrict oil imports sufficiently to afford the oil and coal producers of the United States some measure of much-needed protection. [Applause.]

Mr. CONNERY. Mr. Chairman, in the short time I have it is hard to say much, except that I heartily favor the McCormack amendment to strike out this tax on oil. It has been very interesting for me to sit in this House to-day and watch all these gentlemen from the oil States make a wonderful plea for an oil tariff when these same gentlemen in the Seventy-first Congress could not see their way to vote for a shoe tariff and put 200,000 shoe workers back at work at the time that I was fighting here for a shoe tariff.

They claimed at that time that it was not good Democratic doctrine to vote for a tariff on shoes. Well, these same Members can be consistent now and vote as good Democrats in favor of this McCormack amendment and strike out this oil tariff. This provision in the bill sought to be stricken out by the McCormack amendment, if it remains in the bill, will cost the mills of the city of Lawrence, in my district, from \$500,000 to \$1,000,000 a year, and I say to my friends from the oil States and from the Southern States that they should not penalize the States of the entire Atlantic seaboard merely because this is a tax which would help their own States. This oil tax, if passed, will place a tremendous burden upon the mills of New England. These mills are already struggling in an unequal battle against competition in many of your Southern and Western States where the hours of labor are much longer than in Massachusetts.

The shoe tariff was only for 20 per cent. You ask a 70 per cent tariff on oil. The shoe tariff penalized no other State. Your oil tax would drive some of our mills into bankruptcy and would ruin our coastwise shipping, to say nothing of the added burden of high prices on oil and gasoline to the individual consumer.

I will say to you frankly, if you had hours of labor in your States equal to ours in Massachusetts, hours of labor which protect the worker, and especially the women, then your labor argument might come with better grace before this House. Until you see fit to pass legislation which will insure decent hours of labor and decent living wages in your States, your labor argument is useless. I hope the McCormack amendment striking out all of paragraph 4 will be adopted.

Mr. GUYER. Mr. Chairman, this tax on imported oil and oil products will accomplish several highly important objectives, every one of them productive of beneficent results, with no consequent injustices or penalties to any section or to any industry. Primarily, it will raise revenue and serve to protect and revive an industry that directly or indirectly employs nearly a million men; an industry that now is prostrate because imported oil has forced it to sell below the cost of production. This giant industry heroically tried by curtailment and proration to save itself and solve its own problems, but its every effort was met by vast importations of foreign oil. It asked a tariff but was denied. Now it asks this small excise tax in behalf of an American industry; an independent industry in which hundreds of thousands of farmers are interested—owners of small "stripper" wells now nonproducing, and of prospective oil-producing lands under lease on which, because of this prostration of the oil industry, the rentals can not be paid. In the sorry plight of agriculture this rental has been a great boon over extensive areas where oil leases are held for future development.

This cheap imported oil is causing and will continue to cause immense waste in these shallow "stripper" fields, where wells must be pumped or forever lost. There are nearly 300,000 wells in this country that produce an average of one barrel a day. They are mostly shut down to-day and may be for a short time without serious damage, but their continued shut-down will mean their utter destruction for all time. I am appealing to you in behalf of the farmers who own these small wells to give this little relief from the curse of foreign importations which have paralyzed their production and their revenue.

The proposed excise tax on oil will not increase the price of gasoline to the consumer. In order to demonstrate this we have only to refer to past history. The average price of gasoline at the filling station in February, 1926, was 18.09 cents per gallon, exclusive of the tax. At the same time the average price of crude oil of 36 gravity was \$2.04 per barrel. In February, 1929, the price of the same crude oil had dropped 84 cents, to \$1.20 per barrel, and the average price of gasoline in the same cities had actually increased to 18.39 cents. In other words, a reduction in the price of oil of 84 cents per barrel was followed by a rise in the price of gasoline.

Neither is lubricating oil, in which all motorists are interested, increased or affected by the price of crude. In 1926, when crude oil was \$2.04, the motorist paid from 25 to 30 cents per quart for his lubricating oil. At this time, when crude oil is 77 cents per barrel, the motorist still pays the same 25 to 30 cents per quart for lubricating oil.

The Federal Trade Commission submitted to the Senate a report in which it was pointed out that the refined products had not followed the price of crude. The report said:

With respect to refined products, at least in local sale and distribution, the price conditions reflect even less closely the actual changes in supply and demand, so far as they can be measured by concrete statistical facts.

If oil continues, as it is now, to sell below the cost of production for any great length of time, the major oil companies will in time have a complete monopoly of the entire oil industry.

Unless the independent producer can get a price above the cost of production, these few large companies inevitably will control the market, and when such time comes the consumer of gasoline and lubricating oil will suffer accordingly.

To summarize, the importation of cheap foreign oil has had these disastrous effects upon conditions in the United States:

It has caused serious unemployment in the oil industry and all allied industries.

It has compelled the independent producers of oil to operate at a loss and forced many of them already to turn their property over to the major companies. Unless this condition can be changed all independent oil producers will be eliminated and the oil business placed in the hands of a few large monopolies.

It has reduced the price of oil below the American cost of production, thus taking away the purchasing power of millions of people largely dependent upon this industry, at the same time taking away the customers from the manufacturing States and destroying their markets, with resulting unemployment in the factory districts.

It has largely displaced coal as fuel on the Atlantic seaboard, including New England, bringing about the worst conditions of unemployment ever known in the coal-mining industry.

It has destroyed the purchasing power of 3,000,000 people directly dependent upon the coal industry for their living, with a consequent reduction of the market for the products of manufacturing communities, which again aggravates the unemployment problem.

It has made the railroads victims of this condition, because coal is probably the largest single commodity making up railroad tonnage. Reduction of coal movements has caused a staggering loss in the aggregate and is largely responsible for the present distress of the railroads and the cause of unemployment among railroad workers.

It has been a serious source of loss to the farmer, who produces from his small oil wells about one-eighth of the oil produced in the great oil States. As before mentioned, nearly all the "stripper" wells, now shut down, belong to the farmer. The farmer also is the loser on account of the loss of rentals on leases—usually \$1 per acre for prospective oil lands. Because of cheap oil, this lease money is not being paid. He also suffers by reason of the fact that his market is curtailed on account of unemployment in the oil fields, in the coal mines, in the factories, and on the railroads.

This tax on oil will tend to restore prosperity to the oil industry, to coal mining, to manufacturing, and to the railroads. It will enable the independent oil operator to continue to exist and thus save the people of this country from an absolute monopoly of the oil business in the hands of a few large companies which are the chief importers of oil at this time. It will relieve the farmer by giving him a better price for his royalty oil, by enabling him to pump his "stripper" wells, by restoring his lease-rental money, and by reviving his market for the products of the farm. [Applause.]

Mr. HARLAN. Mr. Chairman, during the last campaign there was not one Democrat, from the chairman of our com-

mittee down, who did not go before this country and say that the Hawley-Smoot tariff was a scandal. Everyone of us, myself included, was elected on that platform. As the gentleman from New York, Doctor Crowther, said, they could not get this 70 per cent ad valorem oil tariff from a Republican committee, but they were perfectly safe before a Democratic committee. For us to go before the people and admit that, in spite of our election argument that the Hawley-Smoot tariff was too high, we put a 70 per cent ad valorem tax on oil, which placed that additional burden on the backs of the people, will simply make us ridiculous.

I just received the figures from the Department of Commerce concerning the importation and exportation of petroleum and gasoline. It requires 3 gallons of oil to make 1 of gasoline. Converting these figures into petroleum equivalents, in 1930 we imported 113,000,000 barrels of oil. In the same year we exported 213,000,000 barrels. The following year 89,000,000 barrels were imported and 158,000,000 barrels exported. We are exporting against this cheap foreign labor twice as much oil as we are importing. The fact of the matter is there are a number of oil wells, many of them in my own State, that are drawing six-tenths of a barrel a day. They can not compete because they are inefficient and out of business.

This means but one thing, and that is that the small producer who believes that by increasing the price of petroleum and gasoline he will get protection from the competition of the large oil interests is simply following a vain delusion. The large American producer will simply convert to the home markets one-half of the amount of oil he now exports and he will be in a position to fix the price on the American market just a little bit lower than the small producer can operate at a profit, just as is being done now. If he does not do this and wishes to take advantage of the tariff, inasmuch as it requires 3 gallons of oil to make 1 gallon of gasoline, he will be in a position to boost the price of gasoline from 2 to 3 cents a gallon over its present market price. The Government will get practically no increased revenue, but the ultimate consumer will be taxed just that much more for the gas and the Government will not get a cent of benefit.

Mr. McKEOWN. Will the gentleman yield? Mr. HARLAN. No. I can not yield. I am sorry.

That is one piece of commerce coming from South America. It is the only chance we have by which we may get paid for some manufactured exports to that continent. It is one of the few things that is now coming into this country, so that our automobile manufacturers, our farm-machinery manufacturers, can sell their produce and pay for it by this small amount of importation. Our importation is half as much as our exports.

While we are talking about the great number of men that will be put out of work in the oil industry, let us think for a minute of the great number of men that will be put back to work in our automobile plants, our farm-implement plants, and in our other industries that are producing things for export, which this oil and other commodities will pay for.

If we ever hope to rejuvenate our commerce, we must first begin by opening up foreign markets to our manufacturers. Our whole industrial life is built on mass production, and this can not function unless we have an outlet bigger than our domestic market for our manufactured goods. We must import something to pay for this trade, and certainly the commodity most desirable to be imported is the natural resources of other countries. I for one would be perfectly willing to employ the peon labor of South America and Mexico in the oil industry if by so doing an outlet could be given the products of the skilled mechanics of this country.

I do not wish to admit here to-day by voting for this increased burden that I obtained this congressional office by false pretenses, nor that, having obtained it, I am willing to embezzle the power thus given to me by converting it to purposes contrary to the trust imposed. I shall not and can not vote to increase the Smoot-Hawley tariff.

To maintain the stability of industry I believe the leaders of our party were wise in not attempting at this time to reduce any tariff rates until we could get corresponding reductions on tariffs in foreign countries. But for the Democratic Party to start to rewrite and boost the Hawley-Smoot tariff bill will be putting an elephant's head on our poor, misguided Democratic donkey. Such a creature would be no more ludicrous as a party emblem than will be the arguments of some of you fellow Democrats in the campaign next fall.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. O'CONNOR. Mr. Chairman, my only purpose in rising at this time is to answer a question propounded by the gentleman from Maine [Mr. Nelson], who asked if the Democratic Party had become the party of the embargo or the party which proposed tariffs higher than the protectionists did—not based on "revenue only" or adjusting the difference between the price of production here and abroad, but arbitrarily to protect an industry.

Within the last 48 hours throughout this Nation there has been most severe comment about the conduct of the affairs of the House of Representatives by the Democratic Party. If what happened in the House yesterday and during the past two weeks has brought criticism, surely what we are doing

to-day will only heap further coals on our heads.

Let me say, for one, that I do not believe the day will ever come when those in control of the Democratic Party will ever permit that party to become a high protective tariff party in this country. [Applause.] If the attempt is made, some of us are going to stand separate and apart from the protectionists.

It has amazed us here to-day to listen to Democrat after Democrat making Republican tariff speeches. Members from Texas, Oklahoma, and other States have out-Hawleyed SMOOT.

I recall that when I first came to Congress the Democrats had just defeated a man for leader because he had voted for a tariff on wool and hides. In the first Democratic caucus which I attended on this side of the House in the Sixty-eighth Congress, a Member was almost removed from the Ways and Means Committee because he had voted for a tariff on sugar. What has caused a change of heart in the intervening years? I never yet read in any Democratic platform that we were a party of the embargo or high protection. Why. Mr. Chairman, if any one thing contributed to the death of the beloved Speaker who presided over the last Congress, it was the worry and pressure brought to bear on him in reference to this oil tariff during the last two weeks of the last session of Congress. Everyone in that Congress knows it. The lobby around his office was crowded day and night by delegations of Members threatening him if he did not permit an embargo. There was a definite filibuster on the Republican side of the House. The Kansas delegation, led by the distinguished gentleman [Mr. Hoch], threatened to hold up all legislation unless they were granted an embargo on oil. Other delegations threatened dire results if the Speaker yielded. We here could see him breaking under the strain. But he was a brave man and stood his ground.

The proponents of this tariff are not sincere in talking about a tax for revenue. They want an embargo and nothing else, and to-day if this "tax" passes they are getting embargo and the Government will obtain no revenue.

Oh, I plead with you Democrats. Our great party has been damaged enough during the past two weeks without adding any more to its plight. Let us jump over the aisle to the Republican side in behalf of the selfish local interests of 18 States. How many of these States, I ask you, voted for the Democratic candidate for President in 1928? In this hour when we appear to have slipped back from a position of confident victory, I call on all Democrats to stand by the principles of their beloved party; to be Representatives from their States, not merely of their States; to be Representatives of their whole country. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I rise for the purpose of opposing the amendment offered by the gen-

tleman from Massachusetts [Mr. McCormack] to strike from the provisions of the pending revenue bill the item proposing a tax of 1 cent per gallon on imported oil and its products. Not only am I unalterably opposed to the McCormack amendment but I want to say here and now that I am supporting the Blanton amendment to increase the tax to 2 cents per gallon. It has been pointed out several times during this debate that a nonpartisan tariff commission composed of experts appointed by the Congress to investigate the entire oil situation, in a report to this Congress after many months of careful study and investigation, has stated that the difference between the cost of producing a barrel of oil in the United States and in South America is \$1.03. No one has denied the accuracy of that report. No one will pretend to say that the independent oil operators of America who use American labor and pay American standard of wages can possibly compete with those gigantic corporations that are importing cheap crude to our shores produced by foreign peon labor.

I submit in all fairness that inasmuch as it is admitted there is more than \$1 per barrel difference in the cost of production of oil here and in Venezuela and other South American countries that the Blanton amendment is in order. It is not only in order but it is fair and reasonable. I sincerely hope the gentleman will not withdraw it. I believe I know the sentiment of this House. Every reason, every argument, every statistic that has been given this afternoon by friends of this great American industry for a tax of 1 cent per gallon on imported oil can be made for a tax of 2 cents. The Tariff Commission tells us, and it is not successfully contradicted, that these big oil importers—that is to say, the Standard Oil, the Gulf, the Pan American, or the Dutch Shell—could pay 2 cents per gallon excise tax on imported crude to our shores and still sell it for less than can our independent American operators.

It is absurd, Mr. Chairman, to hear men who are otherwise well informed stand on this floor and seriously contend that a tax of 1 cent per gallon on oil would prove to be an embargo. It was placed in this bill for revenue purposes only and, in my judgment, would not keep a barrel of imported oil from this country. It is a step, however, in the right direction, and experts have declared that it will produce revenue of at least \$53,000,000 per year for the Treasury of the United States. That is a serious question to be considered just now with a \$2,000,000,000 deficit facing Just how the gentleman from Massachusetts [Mr. McCormack] can consistently stand on this floor as he did during the debate on the sales-tax provision of this bill and beg and plead for Members of this House to vote for the obnoxious, undemocratic, and unconscionable general sales tax on the very necessities of life, in order, as he said, to balance the Budget, and yet so bitterly oppose a small excise tax that offers to help replenish a depleted Treasury is beyond my understanding. [Applause.]

Another distinguished gentleman from Massachusetts, my very good friend [Mr. Connery], who spoke with such feeling against the oil tax, infers at least that he is opposing those of us from oil-producing States because we did not see fit to support his unreasonable demands for a high tariff on shoes in the Hawley-Smoot-Grundy tariff bill. The gentleman is in error when he says that he received no votes for a tariff on shoes from oil-producing States, for, as the gentleman from Kansas [Mr. Hoch] pointed out, every Member who voted for the Hawley-Smoot bill voted to give the gentleman from Massachusetts an increased tariff on shoes, and, I regret to say, several Members from oil-producing States supported that obnoxious and indefensible bill. If in order to get protection for a great industry like the independents of America, who, the gentleman from Massachusetts admitted, had made out a good case before the committee, we must trade and logroll by supporting a tariff on shoes and thereby raise the cost of shoes that the people of my district wear, including the thousands of boys and girls, farmers, and laborers, and others, many of whom are unemployed-I say, if we must trade and logroll in order to get the support of the gentleman from Massachusetts, then I will frankly admit that so far as I am concerned we

will just have to get along without it.

The gentleman from Massachusetts has heretofore exhibited great interest in the unemployment situation and in keeping standard American wage scale for the laborers in this country. Let me remind him that the American Federation of Labor has strongly indorsed the tax on imported oil. Yet the gentleman is to-day supporting the McCormack amendment that would deal a death blow to more than 100,000 men who have been thrown out of employment because of the importation of cheap foreign oil produced by foreign labor. I appeal to you, not only for the independent operators, royalty owners, and the thousands of farmers in some 22 oil-producing States of America who are directly interested in this legislation, but I appeal for the hundreds of thousands of unemployed, needy American citizens, including men, women, and children who are looking to this Congress for a measure of relief. [Applause.]

Mr. Chairman, I am surprised that the bulk of opposition to an oil tax comes from New England. I am especially surprised, amazed, and frankly disappointed that some of the Republican leaders who have been here for years preaching the doctrine of a high tariff and never failing to seize every opportunity to get a tariff on products affecting the industries of New England should oppose an almost insignificant tax on imported crude because they say it is a tariff. For example, the gentleman from Maine [Mr. Nelsonl a few minutes ago delivered a bitter tirade against this proposed tax. He would scare Members of this House into voting for the McCormack amendment to strike the oil-tax provision with his cry of embargo tariff, a charge that the facts do not justify. He is indignant that the oil tax should have been included by the committee in this revenue bill.

If I remember correctly, the same gentleman from Maine was very busy during the time that the Hawley-Smoot tariff bill was pending here in a desperate, and I think successful, effort to get a tariff on lobsters. [Applause.] A year or so ago the distinguished gentleman from Maine was for a tariff as a matter of principle. It is amusing to me that some of our friends from New England are strong for protection for great industries in their own sections and always as a "matter of principle," you understand. If it is a tariff on shoes that is so much desired, then there is a great principle involved, say the statesmen from Massachusetts. If it is a tariff on pulp paper, pig iron, steel, or even lobsters, it would be violating a great principle to oppose it, say all New England. But in a case like this oil-tax proposal, where no one denies that the independent operators have made a strong case, we find to our amazement that such a proposal violates their "fundamental principles," whatever they

The McCormack amendment, admittedly offered not as a matter of justice, but as one of retaliation, should, and I feel will, be overwhelmingly defeated. [Applause.]

Mr. HASTINGS. Mr. Chairman, I want to assure the committee that instead of bringing in \$5,000,000 worth of revenue, according to the importations for the past three years at 1 cent per gallon, or 42 cents per barrel, this will bring in revenue to a depleted Treasury to the amount of \$43,000,000, and that can not be disputed.

This excise tax is in the interest of the independent oil producers, who are struggling for existence. It is in the interest of the coal industry. The farmers are benefited by it. It adds to the revenues, including the school funds, of the several States.

The fight is between the small producers and the four large importers.

The Tariff Commission reports the difference between the cost of production here and in the South American field at \$1.03 per barrel.

The press reports to-day a new field discovered in South America, in Brazil, where a producing well was struck of 15,000 barrels.

This tax should be 2 cents per gallon on crude petroleum and 4 cents per gallon on gasoline. This is a meritorious provision and the amendment to strike it out should be defeated. [Applause.]

Mr. BLANTON. Mr. Chairman, I want to prefer a unanimous-consent request. I find that there are some Members on both sides of the aisle who are indifferent on this question, and who indicate an intention to vote against any tax on foreign oils, and who, but for the withdrawal of my amendment, would vote for the McCormack motion to strike out section 4 of the Crisp amendment, and thus defeat the proposed tax against foreign oils. However, they indicate a willingness, if my amendment is withdrawn, to vote against the McCormack motion to strike out, and thus save the oil provision of the Crisp amendment, which carries 42 cents per barrel against foreign oils imported. While 42 cents per barrel is less than half of what the tax should be against foreign imported oils, in order to get their votes I ask unanimous consent to withdraw my amendment, for we would rather have this 42 cents tax than none at all. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Massachusetts [Mr. McCormack].

Mr. CONNERY. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. CONNERY. Do I understand that the gentleman from Texas has withdrawn his amendment and that the question is on the McCormack amendment?

The CHAIRMAN. That is correct. The question is on the amendment offered by the gentleman from Massachusetts [Mr. McCormack].

Mr. McCORMACK. Mr. Chairman, I demand tellers. Tellers were ordered, and the Chair appointed as tellers

Tellers were ordered, and the Chair appointed as teller Mr. Ragon and Mr. McCormack.

The committee divided; and the tellers reported that there were—ayes 97, noes 190.

So the amendment was rejected.

Mr. SEIBERLING. Mr. Chairman, I offer an amendment. Mr. CRISP. Mr. Chairman, in accordance with the statement I made to the committee a few moments ago, I move that the committee do now rise. That will not interfere with the gentleman from Ohio in offering his amendment when the committee again resumes its session. If that is agreeable to the gentleman, the Clerk could report the amendment and allow it to be pending.

The CHAIRMAN. The Chair will state to the gentleman from Ohio that he observes this is quite a long and involved amendment. Under the spirit of the agreement entered into, the Chair trusts the gentleman will withdraw his amendment until to-morrow. The gentleman will not lose any of his rights.

Mr. SEIBERLING. I will withdraw it, Mr. Chairman.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Bankhead, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Gillen (at the request of Mr. Thomason), for to-day and to-morrow, on account of illness.

## ORDER OF BUSINESS

Mr. CRISP. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. CRISP. At my request the House gave consent for all of the Members of the House to extend their remarks on this bill within five days after its enactment. Would that confer authority for gentlemen who have spoken on we can again assume our leadership amongst the nations the oil amendment to extend their remarks?

The SPEAKER. Undoubtedly.

#### CILLEN AMENDMENT

Mr. LINTHICUM. Mr. Speaker, my colleague, Mr. Lewis, was absent to-day owing to a funeral in his family. He wished me to say that if he had been here he would have voted for the Cullen amendment, known as the beer amendment, and he asks leave to extend his remarks in the RECORD.

Mr. STAFFORD. Mr. Speaker, I think it is a very questionable practice to refer to a vote in the Committee of the Whole. There is no record vote in the committee, and I do not recall this ever having been done before.

Mr. LINTHICUM. I hope the gentleman will not object.

#### ORDER OF BUSINESS

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. RANKIN. The gentleman from Georgia asked if it was his understanding that Members have been given five legislative days after the disposition of this bill in which to extend their remarks on the bill.

The gentleman asked whether or not that includes the right of every Member to extend his remarks on the amendment considered to-day. Do I understand that all Members have five legislative days to extend their remarks on these amendments and then five legislative days to extend their remarks on the bill generally?

The SPEAKER. The object of the request of the gentleman from Georgia, as the Chair understood it, was that each Member have five legislative days to extend his remarks on the bill or any portion of it, and, in the meantime, have the privilege of extending his remarks while the bill is under consideration.

Mr. SNELL. Mr. Speaker, I would like to ask the majority leader what he expects the program to be next Monday.

Mr. RAINEY. Next Monday we take up the motion to discharge the committee from further consideration of the Glenn-Smith bill.

Mr. SNELL. Will anything else come up that the gentleman knows about at the present time?

Mr. RAINEY. I know of nothing else except Calendar Wednesday business and the tax bill.

Mr. CRISP. Mr. Speaker, in the event the committee is not discharged from the consideration of the drainage bill, it will then be in order to go on with the tax bill?

Mr. RAINEY. Yes.

#### AIDING AGRICULTURE

Mr. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on emergency legisla-

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ANDRESEN. Mr. Speaker, Congress has passed a great deal of emergency relief legislation during the past four months. This legislation has taken the form of large appropriations to assist railroads, banks, agriculture, and the industries of the United States. The Members of both Houses have supported this program on the theory and with the hope that the remedial laws so enacted will restore economic prosperity for all the people. It is hoped that the \$2,000,000,000 Reconstruction Finance Corporation and the other credit organizations and appropriations made by Congress will do the business intended by the President to relieve unemployment, restore confidence, and again bring economic stability to the United States.

In my opinion, we will never have permanent prosperity in the United States until such time as we have restored the purchasing power of the 44 per cent of our population which is dependent upon agriculture, and I am honest in my conviction that it will be necessary to pass emergency legislation for our great basic industry of agriculture before

of the world.

Chairman Stone, of the Federal Farm Board, recently made a statement to the effect that 44 per cent of the population of the United States is dependent upon agriculture. This represents about 55,000,000 people. If Congress will enact emergency legislation so as to make possible the cost of production, plus a fair profit on the products of the farm, the purchasing power of those dependent upon this industry will be sufficient to start the wheels of industry, relieve unemployment, and restore confidence in our financial and industrial institutions.

The entire business structure of the United States is dependent upon and should be interested in the economic welfare of agriculture. The retail, wholesale, and manufacturing businesses in all agricultural States are absolutely dependent for their success upon agriculture. When the purchasing power of the farmer has been restored, Mr. Farmer, who is a liberal spender-when he has the moneywill go to his retail merchant and purchase both necessities and luxuries. Mr. Retailer will be forced to purchase additional stocks of clothing, shoes, automobiles, tractors, electrical equipment, and other merchandise from the distributors and manufacturers. By virtue of these orders the manufacturers of the United States will be forced to employ labor and again start the wheels of industry to supply the demand originally created by the farmers. I defy any economist to find any flaw with the logic of this argument.

During the past several years the farmers of the United States have not received cost of production. In fact the price received by the producers has been the lowest in the history of the United States. The farmers are unable to pay their taxes, interest on their mortgages, or take care of their general obligations due to low prices.

There are undoubtedly certain Members of the House who will state that industry has not been able to meet its obligations. There is a distinction between industry and agriculture in that our manufacturers are in a position to control their production, while the farmer, due to climatic and other conditions, is in no way able to control the production of his farm. The farmer plants his seed and then the good Lord and nature will provide him either with a small or large crop.

Last year in the Northwestern States the farmers suffered a severe drought; and where the drought did not destroy the entire crop, the grasshoppers were brought in to finish up the job.

The time has come for us to do something real constructive for agriculture as a matter of a national emergency. Ordinarily during normal times I do not believe in a pricefixing proposition. I feel, however, that as a matter of emergency we should pass legislation during the present session of Congress which will insure producers of basic agricultural commodities at least the average cost of production.

It is difficult to determine the average cost of production, since there are so many factors entering into a compilation of this kind, and I therefore believe that Congress should fix a definite, minimum price on basic agricultural commodities.

I have introduced a bill, which is known as H. R. 10793, which fixes a minimum price on certain basic agricultural products. If its provisions are properly administered by the Secretary of Agriculture, it will not take long before prosperity is again restored in this country.

I have established the following minimum prices: Wheat at \$1.25 per bushel, cotton at 15 cents per pound, corn at 75 cents per bushel, rye at 70 cents per bushel, barley at 65 cents per bushel, hogs and cattle at 10 cents per pound, and butter at 32 cents per pound.

I could include a large number of agricultural products in the bill and will have no objection to other products being included by the Committee on Agriculture when this legislation is given consideration.

In order that the Members of the House may study this legislation and make additional suggestions, I am having the entire bill included hereafter.

H. R. 10793

A bill to establish and promote the effective merchandising of certain basic agricultural commodities in interstate and foreign commerce by the fixing of a minimum marketing price for such commodities

Be it enacted, etc., That it is hereby declared (a) that a national emergency exists in the United States; (b) that the enactment of laws to establish confidence and prosperity during the present economic emergency will be without permanent results unless the basic industry of agriculture is given equal consideration with the total population of the United States depends directly upon agriculture; (d) that as a matter of national emergency it becomes necessary to restore the purchasing power of those dependent on agriculture in order to restore confidence, relieve unemployment, and balance the Federal Budget; (e) that direct ob-structions to and burdens upon interstate and foreign commerce in agricultural commodities result from price fluctuation (below the costs of production) in the marketing of such commodities due to causes beyond the control of producers; (f) that in order properly to protect, foster, and stabilize such commerce it is imperative to remove such obstructions; and (g) that it is the policy

of the United States—

(1) To prevent price fluctuations in such agricultural commodities below the minimum price established in this act in order to insure cost of production to the producers thereof; and

(2) To accomplish such objects through executing the provisions of this act in such manner as to bring about a substantial and permanent improvement in agriculture and promote the best inter-

ests of the country as a whole.

Sec. 2. The Secretary of Agriculture is hereby directed to enforce the provisions of this act and to formulate such rules and regula-tions as may be necessary for its effective administration.

Sec. 3. A minimum price is hereby established on the following basic agricultural commodities: Wheat at \$1.25 per bushel; cotton at 15 cents per pound; corn at 75 cents per bushel; rye at 70 cents per bushel; barley at 65 cents per bushel; hogs and cattle at 10 cents per pound; butter at 32 cents per pound. Such minimum prices shall be the base minimum price at terminal markets designated by the Secretary of Agriculture, in the United States.

nated by the Secretary of Agriculture, in the United States.

SEC. 4. If the Secretary of Agriculture shall find that, due to the establishment of such minimum price schedule or to the fluctuation in foreign exchange, any material increase is had in the importation of the commodities set forth in section 3 of this act, and/or in the processed articles or by-products thereof, and/or in dairy products of every character, he shall immediately report such facts to the President of the United States, who shall forthwith issue a proclamation increasing the tariff duty upon such commodities up to 100 per cent of the rate now fixed by law, in order to prevent dumping of foreign produced agricultural commodities, and to preserve the market in the United States for the producers therein. producers therein.

SEC. 5. This act shall become effective within 30 days from its

I call your particular attention to section 4 of the bill which gives the President authority to increase the tariff on agricultural products up to 100 per cent of the present tariff rate to prevent dumping of agricultural commodities produced outside of the United States and to adjust our agricultural price status due to fluctuations in foreign exchange.

There will be Members of this House, and undoubtedly certain people throughout the United States, who will condemn this proposal as being radical and unsound. But these same parties did not say that it was a radical measure when Congress passed legislation for the Reconstruction Finance Corporation. They stated that it was in the nature of an emergency measure to restore confidence in this country. My bill is an emergency measure to restore confidence for the greatest industry in this country and to restore the purchasing power of the largest group in our population, and in that way benefit the entire Nation. It is sound and workable. Agriculture is our main industry, and the farmers of the United States and their dependents are entitled to every consideration and protection that can be given to them by Congress during an economic crisis which affects the whole country.

In many of the foreign countries the wheat farmers are receiving from \$1.25 to \$1.50 per bushel for their wheat during the present time, due to embargoes and high tariffs and also due to the fact that the farmers in those countries do not produce enough wheat to supply the needs of their own people. We produce a surplus, and I feel that it is desirable that we should have a surplus in this country. If we produce only enough for domestic consumption, undoubtedly the price on agricultural products would be twice as high as they are to-day. Should the farmers be penalized for producing a surplus, and should the small surplus so produced prevent the American farmer from receiving an American price for that part of his product which is consumed in this country? I say no. He should have an American price for the products consumed in the United States. My bill will fix a minimum price and will prevent speculation below that price. If the people desire to speculate, then they will be compelled to speculate above the minimum price fixed in the bill.

Considerable thought has been given to the question of the stabilization of money. Congressman Burtness, of North Dakota, and Congressman RAMSEYER, of Iowa, have introduced bills to fix the value of money so that the price of money will fluctuate with the index price of the basic agricultural and industrial products produced in this country. Hearings are being held before the Banking and Currency Committee for the purpose of enacting this legislation. I am satisfied that if stabilization of money was brought about, it would solve our problem to a large extent. It is doubtful, however, if such legislation will be enacted into law, although there is great need for it.

Since it will not be possible to secure the passage of legislation which will stabilize money to meet commodity values, it appears to me that it is most urgent to give serious consideration to emergency legislation such as I have introduced.

I am interested in balancing the Budget. I am interested in the restoration of confidence and prosperity in this country. I feel that if by the passage of this legislation we restore the purchasing power of nearly 55,000,000 people in the United States, we will solve our economic problem, restore prosperity to the entire United States, relieve unemployment, and again start the wheels of industry. The Budget will be balanced, and then we can progress cautiously in the future in enacting permanent remedies so as to prevent future panics and depressions.

## EXTENSION OF REMARKS-REVENUE BILL OF 1932

Mr. CELLER. Mr. Speaker and ladies and gentlemen of the House, the gentleman from New York [Mr. Cullen] has offered the following so-called beer amendment:

Amendment by Mr. Cullen: Page 228, after line 19, insert a new

"That there shall be levied and collected on all nonintoxicating beer, lager beer, ale, porter, or other similar nonintoxicating fermented liquor containing one-half of 1 per cent and not more than 2.75 per cent of alcohol by weight brewed or manufactured and hereafter sold or removed for consumption or sale within the united States, by whatever name such liquors may be called, a tax at the rate of 3 cents per pint, such article to be bottled at the brewery: *Provided*, That no such article shall contain more than 2.75 per cent of alcohol by weight: *And provided further*, That the manufacture and transportation of such articles shall be conducted under permits to be issued in accordance with the national workhitting act and under such regulations, including assessment prohibition act and under such regulations, including assessment and collection of the tax, as shall be promulgated by the Secretary of the Treasury and the Attorney General of the United States: And provided further, That no such article shall be permitted to be transported into any State or Territory of the United States, or the District of Columbia, the laws of which forbid the manufacture or sale thereof."

This bill, which would be a painless form of taxation, would undoubtedly raise \$400,000,000.

Yesterday the House voted out the manufacturers' sales tax. That left a tremendous gap which the beer tax would fill nicely. Failure to pass this Cullen amendment places the odium upon the drys of having failed to balance the Budget. They will, of course, attempt to shirk their responsibility, but we nail it at their door.

According to the Anti-Saloon Yearbook of 1920 there were 1,092 breweries flourishing during the fiscal year ending June 30, 1918, producing \$15,237,121 worth of tax, at the war-time tax of \$6 per barrel. The Cullen amendment provides for a tax of 3 cents per pint, \$7.50 per barrel. Thus, this tax would be \$1.50 higher than the beer war tax. Furthermore, there has been a considerable growth of population since 1918, and, undoubtedly, more beer would be consumed—more tax would be raised. The estimate stating that \$400,000,000 could be raised from this source is most conservative for it would probably come nearer the \$500,000,000 mark.

However, there is something more than the mere economics in voting for this tax on beer, for there is something intangible about it in this sense: The bringing back of beer might clarify the muddy waters of the depression; it might revitalize the Nation by chasing away the depression blues; it might rekindle a spirit of cheerfulness; it might be like the starting whistle of the game. Life, after all, is not so much logical as it is psychological. Beer might be the psychological signal for bringing back good times; it might be just the thing needed to "whirl things around." Those are the words of a very distinguished citizen, the president of one of America's largest banks, Mr. Harvey D. Gibson, and with him I quite agree.

In 1900 there was ushered in a new industry, the automotive industry; it kept the wheels of industry moving rapidly for 20 years. In 1920 we had a new invention called the radio, which, with aviation, helped give us 10 more years of prosperity. To-day a new industry is again needed. Let it be a revival of an old one—the brewing industry. It would set running at a feverish pace the dynamos of industry.

The average yearly consumption of coal by breweries was 3,000,200 tons; the breweries used 69,000 cords of wood, 570,000 barrels of gasoline and oil, and 3,000,000,000 cubic feet of gas for heat and fuel, each year. Think of the spur this would be to allied trading and industries! The breweries used 180,000 freight cars per annum, and it has been estimated that the total carloading from brewing was 500,000 cars per annum. Think what this would mean to the railroads, now unable to pay their dividends, with one-half million railroad employees idle! Brewing would certainly put the railroads on their feet. What a boon it would be to banks and financial institutions which hold the depreciated railroad bonds. Those railroad bonds would reach par beyond peradventure of a doubt if we would restore brewing.

In one year, at the peak of the brewing industry, 80,000,000 bushels of barley were consumed, besides the hops, rice, and malt also used in the industry. In growing this barley there was involved yearly 12,000,000 acres of land and \$224,-000,000. In this industry there were employed 100,000 men, including clerks, drivers, and salesmen. All this is but one part of the picture. Some 60 other allied industries profited therefrom, directly or indirectly. Veritably an army of carpenters, painters, mechanics, electricians, plumbers, and laborers were constantly employed in the upkeep of the breweries and their equipment alone. There were the employees used in the growing of the hops, rice, barley, and corn; the farm hands used in producing these articles; men distributing to the wholesaler and disposing for the retailer the finished product. There were glass blowers to make the bottles, laborers at the cooperages and at the refrigerating plants, printers to make the labels for the bottles, and stationery men to supply the paper for these labels.

Taking it all in all, on the basis of four persons to a family, this industry meant the feeding, housing, and clothing of a vast army of employees, at least 2,000,000 individuals.

A list of the articles made for and used by the breweries, to mention but a few, are sirup, pitch, varnish, enamel, rubber, brass, electrical apparatus, faucets, bungs, corks, caps, brooms, brushes, driers, salts, coolers, pumps, tanks, compressers, and washing machines.

The injury to the farmers has been incalculable. I therefore appeal to those representing the so-called dry-farmer vote: The handle is held out to you to help the farmer; grab this handle.

In arguing the point of order the gentleman from Kansas [Mr. Hoch] stated that the amendment is out of order because it sought to tax that which is illegal. Let me remind the gentleman that we have often taxed that which is illegal. In my home State of New York we tax gambling devices used for illegal purposes. In fact the Bureau of Internal Revenue levies an income tax on the ill-gotten gains of the bootlegger, whose traffic is illegal and whose business is banned.

I say to the drys, if this amendment does not legalize beer, that they could vote for it, since it might be considered as an enforcement measure, as it places extra burdens on that

which they deem illegal—brewing. I do not know whether or not this amendment would bring back beer. I would hesitate to say that it would not, for only the Supreme Court of the United States could decide this. I have high hopes, however, that the courts will decide that this amendment will bring beer back; it ought to bring it back. I say to the drys that a great storm is brewing in this country. The drys who vote for this amendment will gain shelter thereunder.

The latest figures from the Literary Digest poll show that Kansas is the only State that is dry, and even there the poll indicates a very slender dry majority. Even the Southern States, celebrated for their dryness—Alabama, Kansas, Florida, North Carolina, South Carolina, Tennessee, and Virginia—all indicate the changing sentiment. Georgia seems to be 2 to 1 in favor of a change. The Literary Digest poll has sounded a tocsin note of warning to both parties; no party can win in the next presidential election unless it is wet.

Prohibition has been a cure far worse than the disease which it sought to wipe out. It banished the saloon but brought in place something far worse—the speak-easy and the blind tiger. It has made for more drinking and more drinkers. Genuine temperance was being achieved, but prohibition came across the path of temperance and prevented its further progress. The 12 years of prohibition have destroyed and prevented the fruitage of 100 years of planning for temperance.

The eighteenth amendment is called an "experiment noble in purpose." What right has an experiment in the Constitution? The Constitution is supposed to be the basis of fixed and well-nigh immutable principles. How dangerous it has been to lodge an experiment in the Constitution we now well know. We were told that prohibition would empty our jails. It has indeed filled them to overflowing. We have been compelled to build two new huge Federal prisons because of the many prohibition violators. Prohibition has increased crime in general. Racketeers, hijackers, kidnapers, bootleggers abound everywhere.

What good is a law that makes it possible for officials to use school children as stool pigeons, college coeds as spies, and prostitutes as decoys? What merit is there in a statute that destroys your right of castle, invades the privacy of your home, destroys the sanctity of your private dwelling by what Judge Holmes called "the dirty business of wire-tapping?"

We tax the profits of criminal bootleggers. Does not the Government thereby put the imprimatur of its approval on a nefarious traffic?

The American Federation of Labor, the American Legion, the American Bar Association, and the American Medical Association are but a few of the larger organizations now on record against the eighteenth amendment.

Every nation that has tried prohibition has spewed it out—Finland, Canada, Russia, New Zealand, and even Turkey. Prohibition has failed dismally because you can not dragoon a nation against its will; you can not reform a nation with a shotgun; you can not force temperance down the Nation's throat; you can not legislate goodness.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 29 minutes p. m.) the House adjourned until to-morrow, Saturday, March 26, 1932, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

505. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Commerce, Patent Office, for the fiscal year 1932, for printing and binding, amounting to \$280,000 (H. Doc. No. 284), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HARLAN: Committee on Revision of the Laws. H. R. 9877. A bill to repeal obsolete sections of the Revised Statutes omitted from the United States Code; without amendment (Rept. No. 887). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 9144. A bill to amend an act of Congress entitled "An act to regulate the employment of minors within the District of Columbia," approved May 29, 1928; with amendment (Rept. No. 897). Referred to the House Calendar.

Mr. DOUGLASS of Massachusetts: Committee on Education. H. R. 4743. A bill to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended; with amendment (Rept. No. 898). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 9559. A bill providing for the construction and equipment of a hospital at Wagner, S. Dak.; with amendment (Rept. No. 899). Referred to the Committee of the Whole House

on the state of the Union.

Mr. EATON of Colorado: Committee on the Public Lands. H. R. 10744. A bill to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; without amendment (Rept. No. 900). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 9254, A bill to authorize the exchange of a part of the Rapid City Indian School land for a part of the Pennington County Poor Farm, South Dakota; without amendment (Rept. No. 911). Referred to the Committee of the Whole House on the state of the Union.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 7326. A bill for the relief of Frederick S. Rollo; with amendment (Rept. No. 888). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 8136. A bill for the relief of John J. Moran; without amendment (Rept. No. 889). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 9008. A bill providing compensation to M. J. Harbinson for injuries sustained while in the Government service at and on the Belknap Reservation, Mont., engaged as a moundsman; with amendment (Rept. No. 890). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 9336. A bill for the relief of Emily Addison; without amendment (Rept. No. 891). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 9457. A bill for relief of Sperry Gyroscope Co. (Inc.), of New York; without amendment (Rept. No. 892). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 9581. A bill to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosions at the naval ammunition depot, Lake Denmark, N. J., July 10, 1926; without amendment (Rept. No. 893). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 10377. A bill authorizing the payment of compensation to Laura Roush for the death of her husband, William C. Roush; without amendment (Rept. No. 894). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 563. An act for the relief of George T. Johnson & Sons; without amendment (Rept. No. 895). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 3147. An act for the relief of Anna Pokorny; without amendment (Rept. No. 896). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. H. R. 973. A bill for the relief of John L. Dunn; without amendment (Rept. No. 901). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 3044. A bill for the relief of Anthony Hogue; without amendment (Rept. No. 902). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 3045. A bill for the relief of Gustav Welhoelter; without amendment (Rept. No. 903). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood; without amendment (Rept. No. 904). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter; without amendment (Rept. No. 905). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball; without amendment (Rept. No. 906). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 252. An act authorizing adjustment of the claim of Johnson \$ Higgins; without amendment (Rept. No. 907). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 284. An act for the relief of William B. Thompson; without amendment (Rept. No. 908). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. S. 487. An act for the relief of Herbert G. Black, owner of the schooner Oakwoods, and Clark Coal Co., owner of the cargo of coal on board said schooner; without amendment (Rept. No. 909). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1274. An act for the relief of the Standard Dredging Co.; without amendment (Rept. No. 910). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DISNEY: A bill (H. R. 10824) to aid farmers in obtaining loans from the Federal Farm Loan Board or other governmental agencies; to the Committee on Banking and Currency.

. By Mr. CHAPMAN. A bill (H. R. 10825) to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky; to the Committee on World War Veterans' Legislation.

By Mr. HOWARD: A bill (H. R. 10826) to add certain lands to the upper Mississippi River wild life and fish refuge; to the Committee on Indian Affairs.

By Mr. JOHNSON of Texas: A bill (H. R. 10827) to amend an amendment to the Federal highway act, approved May 21, 1928 (45 Stat. L. 683); to the Committee on Roads.

By Mr. WICKERSHAM: A bill (H. R. 10828) to extend the provision of an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendments thereof, to apply to employees of the Alaska Railroad; to the Committee on the Civil Service.

By Mr. HOUSTON of Hawaii: A bill (H. R. 10829) relating to the naturalization of certain women born in Hawaii; to the Committee on Immigration and Naturalization.

By Mr. WOODRUFF: A bill (H. R. 10830) to amend sections 392, 393, and 394 of title 18, United States Code, relating to interstate and foreign commerce in wild animals and

birds, and for other purposes; to the Committee on Agriculture.

By Mr. STRONG of Kansas: A bill (H. R. 10831) to authorize payment to the Sac and Fox (of Missouri) Tribe of Indians of certain tribal funds to their credit in the United States Treasury, and for other purposes; to the Committee on Indian Affairs.

By Mr. MEAD: Joint resolution (H. J. Res. 345) to safeguard rights of air mail pilots to collective representation; to the Committee on the Post Office and Post Roads.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEERS: A bill (H. R. 10832) granting an increase of pension to Martha E. Crissman; to the Committee on Invalid Pensions.

By Mr. BUTLER: A bill (H. R. 10833) for the relief of Fred Herrick; to the Committee on Claims.

By Mr. CHASE: A bill (H. R. 10834) granting an increase of pension to Lucy A. Hagan; to the Committee on Invalid Pensions.

By Mr. CONNOLLY: A bill (H. R. 10835) for the relief of Elmer R. Joy; to the Committee on Military Affairs.

By Mr. DICKINSON: A bill (H. R. 10836) granting a pension to Lillie Maxwell; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 10837) for the relief of John P. Tabor; to the Committee on Military Affairs.

Also, a bill (H. R. 10838) for the relief of Ben Giddens; to the Committee on Military Affairs.

By Mr. FISHBURNE: A bill (H. R. 10839) to extend the benefits of the employees' compensation act of September 7, 1916, to Henry Harrison Griffith; to the Committee on Claims.

By Mr. GARRETT: A bill (H. R. 10840) to correct the naval record of John Edward Anderson; to the Committee on Naval Affairs.

By Mr. GOSS: A bill (H. R. 10841) for the relief of Charles B. Harrison; to the Committee on Naval Affairs.

Also, a bill (H. R. 10842) for the relief of Joseph A. Dupree; to the Committee on Military Affairs.

By Mr. HARLAN; A bill (H. R. 10843) granting an increase of pension to Effie L. Beach; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10844) granting a pension to Michael R. Patchan; to the Committee on Pensions.

Also, a bill (H. R. 10845) granting an increase of pension to Mary E. Lantz; to the Committee on Invalid Pensions.

By Mr. JONES: A bill (H. R. 10846) for the relief of Henry A. Shepard; to the Committee on Military Affairs.

By Mr. KNIFFIN: A bill (H. R. 10847) granting a pension to Sarah M. Pennel; to the Committee on Invalid Pensions.

By Mr. LONERGAN: A bill (H. R. 10848) for the relief

of John J. O'Neil; to the Committee on Claims.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 10849) granting an increase of pension to Ella Faloon; to the Committee on Invalid Pensions.

By Mr. MOBLEY: A bill (H. R. 10850) granting a pension to Coile Lynch; to the Committee on Pensions.

By Mr. MILLARD: A bill (H. R. 10851) for the relief of Uldric Thompson, jr.; to the Committee on Military Affairs. By Mr. MAY: A bill (H. R. 10852) granting an increase of pension to John S. Cisco; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 10853) granting a pension to Theresa Heckman; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 10854) granting a pension to Thomas J. Miller; to the Committee on Invalid Pensions. By Mr. RAYBURN: A bill (H. R. 10855) granting a pension to Lon G. Cody; to the Committee on Pensions.

Also, a bill (H. R. 10856) granting a pension to Jane Edwards; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10857) for the relief of Chilton Craddock; to the Committee on Naval Affairs.

By Mr. TARVER: A bill (H. R. 10858) for the relief of Logan Mulvaney; to the Committee on Military Affairs.

By Mr. TURPIN: A bill (H. R. 10859) granting an increase of pension to Martha A. Blanchard; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H. R. 10860) granting an increase of pension to Caroline M. Scott; to the Committee on Invalid Pensions.

By Mrs. WINGO: A bill (H. R. 10861) granting a pension to Emma Ruth Cobb Robertson; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4950. By Mr. BRUMM: Petition of 92 residents of Schuyl-kill County, Pa., protesting against the compulsory Sunday observance bill, S. 1202, entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced, such as House bill 8092; to the Committee on the Judiciary.

4951. By Mr. CHASE: Petition of members and friends of Methodist Churches at Luthersburg, Rockton, and Home Camp, Pa., urging support of the eighteenth amendment and passage of Sparks-Capper amendment; to the Committee on the Judiciary.

4952. By Mr. CULLEN: Petition of the National Crushed Stone Association, earnestly requesting Congress to make inquiry into the workings of the Federal antitrust laws; to the Committee on the Judiciary.

4953. Also, petition of the Legislature of the State of New York, urging the Congress of the United States to enact with all convenient speed such legislation as may be necessary to provide suitable and adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public highways in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

4954. By Mr. EVANS of Montana: Petition of Ernest W. Carlson and others of Prairie Elk, Mont., urging the 5-day plan; to the Committee on Ways and Means.

4955. By Mr. GARBER: Petition of C. F. Calkins, Ponca City, Okla., urging increase in postal rates on second and lower class mail matter; to the Committee on Ways and Means.

4956. By Mr. GAVAGAN: Petition of the Legislature of the State of New York, urging Congress to enact legislation to provide suitable and adequate regulation of the transportation in interstate and foreign commerce by motor carriers; to the Committee on Interstate and Foreign Commerce.

4957. By Mr. HADLEY: Petition of a number of citizens of Bellingham, Wash., urging maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4958. By Mr. HOOPER: Petition of residents of the third district of Michigan protesting against the enactment of Senate bill 1202 or any other compulsory religious measures that have been or shall be introduced; to the Committee on the District of Columbia.

4959. By Mr. WILLIAM E. HULL: Petition of the Woman's Christian Temperance Union, Peoria, Ill., representing a membership of 175, opposing the resubmission of the eighteenth amendment to be ratified by State conventions, and favoring adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4960. By Mr. JOHNSON of Texas: Petition of Granvill Routh, adjutant American Legion Post, Hillsboro, Tex., and 182 other World War veterans and citizens of Hillsboro, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4961. Also, petition of L. R. Wilkerson, L. W. Wimbish, and Hugh E. Gill, of Itasca, and Hal. C. Johnson, Emmitt Smith, F. B. Jennings, T. A. Crowley, John R. Griffin, Clifford M. Thomason, and Ethel I. Thomason, of Kerens, Tex.,

favoring House bill 6178; to the Committee on the Post Office and Post Roads.

4962. Also, petition of A. H. Deal, D. W. Triplett, H. S. Willoughby, J. R. Thompson, sr., H. P. Cliett, R. A. Rogers, E. D. Beard, W. R. Lang, R. E. Callender, Brice McEver, Prior H. Clark, and Hon. J. D. Stephenson, of Hillsboro; J. R. Blair, O. E. Easterling, and J. H. Ridlehuber, of Abbott; E. D. Tomahil, G. C. Boesch, and D. N. Hall, of Whitney; R. A. Shaw, of Bynum; and W. C. Walker, of Aquilla, Tex., opposing Senate bill 2493; to the Committee on the Civil Service.

4963. By Mr. JONES: Petition of Hubert O. Price, adjutant Palo Duro Post, No. 97, American Legion, Canyon, Tex., signed by himself and others; to the Committee on Ways and Means.

4964. By Mr. KLEBERG: Petition signed by 40 members of the James C. McNeil Post, No. 231, American Legion, Department of Texas, Sinton, Tex., asking immediate payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

4965. Also, petition signed by 20 members of American Legion post, Aransas Pass, Ingleside, Tex., asking immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

4966. By Mr. MEAD: Petition of National Crushed Stone Association, indorsing recommendation by President Hoover for an inquiry into the workings of the Federal antitrust law; to the Committee on the Judiciary.

4967. Also, petition of Group No. 153 of the Polish National Alliance, urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4968. By Mr. MILLIGAN: Petition signed by citizens of Daviess, Gentry, and Harrison Counties, urging support of House bill 7797 and Senate bills 1197 and 2487; to the Committee on Agriculture.

4969. By Mr. PARKS: Petition of the Legislature of the State of Arkansas, memorializing Congress to exempt from the revenue bill, which includes the sales tax, all food products made from cottonseed; to the Committee on Ways and Means.

4970. By Mr. PEAVEY: Petition of numerous citizens of Clear Lake, Wis., protesting against compulsory Sunday observance; to the Committee on the Judiciary.

4971. By Mr. PERKINS: Petition of 60 residents of Rutherford, North Arlington, and Hasbrouck Heights, N. J., opposing vote on referendum for modification of the Volstead Act for unlimited medicinal liquor, and all bills emanating from wet sources for the purpose of weakening the Constitution of the United States or its enforcement; to the Committee on the Judiciary.

4972. By Mr. ROBINSON: Petition signed by G. A. Chambers and many others engaged in the business of farming in the vicinity of Waverly, Iowa, opposing a Federal sales tax; to the Committee on Ways and Means.

4973. By Mr. RUDD: Petition of Alfred Dunhill, of London (Inc.), New York City, favoring the passage of the Baldrige bill, H. R. 7430, and the Andresen bill, H. R. 9971; to the Committee on the Judiciary.

4974. Also, petition of Convention of Societies for the Prevention of Cruelty to Children and Animals of New York State (Inc.), opposing the passage of Senate bill 3448 and House bill 9144; to the Committee on the District of Columbia.

4975. Also, petition of Lido Blouses, New York City, protesting against the manufacturers' sales tax; to the Committee on Ways and Means.

4976. Also, Petition of Clever-Bilt Frocks (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4977. Also, petition of F. J. Clark, New York City, referring to pending legislation concerning competition of motor vehicles with the railroads; to the Committee on Interstate and Foreign Commerce.

4978. Also, petition of National Crushed Stone Association, referring to the Federal antitrust laws; to the Committee on the Judiciary.

4979. Also, memorial of the Legislature of the State of New York, favoring suitable and adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter, or by contract, on the public highways in interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

4980. Also, petition of the National Association of Book Publishers, New York City, favoring books being exempted from the sales tax; to the Committee on Ways and Means.

4981. Also, petition of the National Association of Cotton Manufacturers, Boston, Mass., referring to section 616 of the revenue bill; to the Committee on Ways and Means.

4982. By Mr. SANDERS of New York: Petition signed by Frank F. Mancuso and 42 other citizens of Mount Morris, N. Y., favoring the immediate payment of the balance of the face value of the adjusted-compensation certificates; to the Committee on Ways and Means.

4983. By Mr. SANDERS of Texas: Petition of numerous citizens of Terrell, Tex., protesting against House bill 8092, which aims to require compulsory Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

4984. Also, petition of numerous citizens of Kemp, Tex., urging the immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

4985. By Mr. THOMASON: Petition of the Big Spring (Tex.) Chamber of Commerce, petitioning Congress to enact adequate laws regulating interstate traffic of motor busses and motor trucks; to the Committee on Interstate and Foreign Commerce.

4986. Also, petition of World War veterans of Coke County, Tex., favoring immediate cash payment of balance due on adjusted-compensation certificates; to the Committee on Ways and Means.

4987. By Mr. WATSON: Petition of the Religious Liberty Association, of Takoma Park, Washington, D. C., protesting against House bill 8092; to the Committee on the District of Columbia.

4988. By Mr. WYANT: Petition of business men of Irwin, Westmoreland County, Pa., urging support of House bill 1, favoring full payment of adjusted-service certificates; to the Committee on Ways and Means.

4989. Also, petition of 34 members of the Mayflower Council, No. 159, Fraternal Patriotic Americans, of Derry, Pa., indorsing House Joint Resolutions 277 and 216, restricting immigration; to the Committee on Immigration and Naturalization.

4990. By Mr. YATES: Petition of Robert W. Troxell, of Troxell, Kikendall & Co., insurance, Lincoln Theater Building, Springfield, Ill., opposing House bill 4526, providing for an increase of the jurisdictional amount of \$3,000, the present minimum of jurisdiction of the United States district courts, to a minimum of \$7,500; to the Committee on the Judiciary.

4991. Also, petition of Alvin S. Keys, 402 Ridgely-Farmers Building, Springfield, Ill., opposing House bill 4526, providing for an increase of the jurisdictional amount of \$3,000, the present minimum of jurisdiction of the United States district courts, to a minimum of \$7,500; to the Committee on the Judiciary.

4992. Also, petition of Logan Hay, of Brown, Hay & Stephens, 714 First National Bank Building, Springfield, Ill., opposing House bill 4526, providing for an increase of the jurisdictional amount of \$3,000, the present minimum of jurisdiction of the United States district courts, to a minimum of \$7,500; to the Committee on the Judiciary.

4993. Also, petition of William L. Patton, lawyer, 600 Security Building, Springfield, Ill., opposing House bill 4526, providing for an increase of the jurisdictional amount of \$3,000, the present minimum of jurisdiction of the United States district courts, to a minimum of \$7,500; to the Committee on the Judiciary.

## HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 26, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The Lord is my shepherd; I shall not want. He maketh me to lie down in green pastures: He leadeth me beside the still waters. He restoreth my soul: He leadeth me in the paths of righteousness for His name's sake. Yea, though I walk through the valley of the shadow of death, I will fear no evil; for Tou art with me: Thy rod and Thy Staff, they comfort me. Thou preparest a table before me in the presence of mine enemies: Thou anointest my head with oil; my cup runneth over. Surely goodness and mercy shall follow me all the days of my life: and I will dwell in the house of the Lord forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAINEY. Mr. Speaker, for a long time the House has been working under an unusual strain. I have talked to some of the older Members, and they all agree with me that the work the Members are performing now is unprecedented. In addition to that, we have quite a large sick list. It seems to me that we ought to do something to ease up on the strain under which Members are working. I have received a letter from Doctor Calver, the House physician, which I ask the Clerk to read in my time.

The SPEAKER. Without objection, the Clerk will read. There was no objection, and the Clerk read as follows:

Office of the Attending Physician, Congress of the United States, Washington, D. C., March 24, 1932.

Hon. Henry T. Rainey,

Majority Floor Leader, House of Representatives.

Dear Mr. Rainey: I am writing you to invite your attention to the physical condition of many of the Members. We have had an epidemic of mild grippe, which has depleted the resistance of a considerable number. The average Member's mail and visitors have more than doubled. The sessions of committees are longer and of much higher tension than formerly. The sessions of the House have been most exacting.

These unusual conditions have created a situation unparalleled in the experience of the older membership of the House and of

greater complexity than those of war time.

The nervous strain is tremendous. There are a few Members who have been able to permit the escape of their pent-up tension, but an infinitely greater number are mulling over their worries, with the inevitable increase of nervous strain. This is a considerable group, and the purpose of this letter is to avoid catastrophes among them.

May I suggest some step be taken to relieve this condition, if possible? At least the Members could be relieved from committee and House meetings for one day in the week in order to catch up with their own office work during normal working hours on that day. I believe the opportunity to relax over Saturday and Sunday would be materially helpful in our present situation.

Respectfully yours, (Signed) George W. Calver.

Mr. RAINEY. I have consulted with the Speaker and the minority leader, and I am going to propound this unanimousconsent request. Of course, we have a great deal of work to do yet and we are anxious to get along with it just as fast as possible. We are all anxious to do it without endangering the health and perhaps the life of Members. I ask unanimous consent that hereafter, commencing Monday. March 28, the House meet each morning at 11 o'clock until and including April 18. If that permission is granted, hereafter every Friday during this period of time I shall ask unanimous consent on that day that when the House adjourns it adjourn to meet the following Monday. This will give us three Saturdays without sessions. Then we can determine on April 18 as to whether we will resume the old schedule and meet at 12 o'clock, continuing with sessions on Saturday.

Mr. SNELL. Mr. Speaker, will the gentleman yield? Mr. RAINEY. Yes.

Mr. SNELL. I fully appreciate the statement the gentleman has made. I know from my own experience there has never been such a strenuous session as we have had this winter. I am entirely in sympathy with his suggestion about adjourning over Saturday for the next two or three weeks, but I am wondering if the gentleman believes it is absolutely necessary that during that time we meet at 11 o'clock in the morning. When we meet at 11 o'clock and carry through to 5 or 6 o'clock it makes a very long and trying session. Would we not accomplish just as much to meet at 12 o'clock as at 11 o'clock? Also, that would not interfere with the meeting of committees. I do not offer that in the nature of an amendment to the gentleman's suggestion.

Mr. RAINEY. I wish I could agree to that; and if we find the conditions are such that we can do it when we reach April 18, I shall be very glad, so far as I am concerned, to meet at 12 o'clock after that time and adjourn every Saturday. That will depend upon the condition of the work.

Mr. UNDERHILL. Mr. Speaker, will the gentleman yield? Mr. RAINEY. Yes.

Mr. UNDERHILL. Would the gentleman entertain an observation that under his plan of procedure it be modified to the extent that we adjourn at 4 o'clock or 4.30 o'clock every afternoon. If men stay here five hours or five hours and a half every day attending to business, it is about all the strain they should labor under. Then the Members would have a chance to go back to their offices and sign their mail and get ready for the next day.

Mr. RAINEY. It might be possible to accomplish that. It will depend upon the condition of work here on the floor. If it is possible to adjourn at half past 4 each day, I would be very glad to do it.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield? Mr. RAINEY. Yes.

Mr. STAFFORD. We have reached on Calendar Wednesday the minor committees, where the day is occupied largely in the consideration of bills that could properly be considered on the Consent Calendar. On the first and third Mondays we generally get through the complete calendar when we meet at 12 o'clock. I am one of those who do not believe it is advisable to meet at 11 o'clock, though I do not intend to interpose an objection. I think the strain that comes to the membership of the House is in the last hour or two. when we have long sessions. I think it is a mistake to meet at 11 o'clock. I would much rather have the gentleman postpone his request and consider whether or not on consent days or on Calendar Wednesdays we should not then dispose of the business in order on those days hurriedly and take up our other business, than to meet at 11 o'clock and stay here until 5 or half past 5. That will be a worse strain on the nervous system than to do as we do now, meet at 12 o'clock and follow the usual course as to legislation. I am not going to interpose an objection, but I think the plan proposed by the gentleman from Illinois would be more racking upon the nervous system of Members who stay here and do their faithful duty than under the existing situation, even with sessions continuing on Saturdays.

Mr. RAINEY. The gentleman has impressed me very much with his suggestion.

The SPEAKER. The time of the gentleman from Illinois has expired. Let the Chair see whether or not he can propound the unanimous-consent request as made.

Mr. MICHENER. Mr. Speaker, I ask that the gentleman from Illinois have five minutes more.

The SPEAKER. The gentleman from Michigan asks unanimous consent that the gentleman from Illinois may proceed for five minutes. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Speaker, will the gentleman yield? Mr. RAINEY. Yes.

Mr. MICHENER. Let us all appreciate that the real effect of meeting at 11 o'clock will be: First, to give a longer time for the sessions of the House; second, to shorten the time in which the committees must consider important legislation | Monday the House meet at 11 o'clock each day thereafter now pending before the committees.

By the rules of the House, we meet every day at 12 o'clock, and when there is something immediately ahead of us that is urgent we never have any trouble in getting the permission of the House to meet at 11 o'clock for that day. To lay down a program changing the order for a month ahead, when the real result will be to stop committees from considering legislation, I think is not desirable.

Mr. HOWARD. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. HOWARD. Mr. Speaker, speaking from the standpoint of one of the robust Members of the House, and yet having an interest always in the welfare of my older and less robust fellows. I do hope that the gentleman will not include in his request that we meet at 11 o'clock, simply because I know, in harmony with the statement of the gentleman from Michigan, that it will absolutely disrupt the work of the committees so that they could not present legislation to the House.

With that one objection, I am ready to agree to the unanimous-consent request. An extra hour of stress and strain every day will be distressing to the average Member, but as for me, well, I seem to be tough enough to stand most anything. [Laughter.]

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. RAINEY. I yield. Mr. RANKIN. One of the main objections to this proposition has not yet been stated. My opinion is that this will make the situation worse than the present condition. I do not know whether Doctor Calver has considered both phases of the proposition.

There is not a Member in this House whose mail is not heavier than it has been at any time since the war closed. I do not know how it is with the rest of the Members, but my heaviest office mail comes in at 10 o'clock. I never catch up, although I have four stenographers working in my office; I am far behind with my mail now. I am sure that almost every other Member is in about the same condition. I believe that to meet at 11 o'clock will not only disrupt the committees but it will disrupt our office work and render it impossible for the majority of us to catch up. I hope the gentleman will not propound that request. I think if you are going to make a request you should cross the bridges as we come to them and not ask to fix this policy a month ahead.

Mr. PARSONS. Will the gentleman yield?

Mr. RAINEY. I yield to the gentleman.

Mr. PARSONS. How does this idea strike the gentleman; Meet at 12 o'clock and then run until 5.30 or 6 o'clock, and we will get just as much time as we would to come in at 11 o'clock and adjourn early.

Mr. BLANTON. Will the gentleman yield?

Mr. RAINEY. I yield to the gentleman from Texas.

Mr. BLANTON. It is not merely a question of attending to our increased correspondence, but our colleagues know that the most strenuous work now upon our shoulders is the extra work in the office, investigating thousands of bills and bureaus and to attend to departmental matters, with the many bureaus scattered all over Washington, with respect to legislation and appropriations and the business of our constituents. That is always grinding work. hope the majority leader will give us the morning to do the work.

[Here the gavel fell.]

Mr. DYER. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois have five minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAINEY. Mr. Speaker, I have listened to the objections and, of course, have been impressed by them. The committees can get permission to sit during sessions, and then if we adjourn at a reasonable time in the afternoon we can attend to the correspondence after we adjourn.

The SPEAKER. The gentleman from Illinois [Mr. The SPEAKER. The gentleman from Illinois [Mr.] Tax under this paragraph shall be paid by stamp affixed to RAINEY] asks unanimous consent that beginning on next every package or box.

until and including April 18. Is there objection?

Mr. SCHAFER. Mr. Speaker, reserving the right to object, the argument which the gentleman has advanced with reference to getting permission for the committees to sit during the sessions of the House will not cure the situation. because the Members of this House, as everybody realizes. would not be sitting in committees when important controversial legislation, in which they are interested, was being considered in the House. I agree with what has been stated that the strain will be increased.

Some of us receive in the neighborhood of 200 letters a day in our offices. We have departmental work. We have committee work to study, and we have legislation to study, and some of the Members have been forced to work until almost midnight every night to keep abreast of it.

I believe, in view of all that has been said, that it will increase the strain, and, Mr. Speaker, I shall object.

#### THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill for 1932, with Mr. BANKHEAD in the chair.

The CHAIRMAN. The matter pending before the committee at this time is the amendment offered by the gentleman from Georgia [Mr. CRISP].

The Chair had agreed last night to recognize the gentleman from Ohio [Mr. Setberling] to offer an amendment.

The Clerk will report the amendment offered by the gentleman from Ohio.

The Clerk read as follows:

Mr. Semberling offers the following amendment: On page 229, after line 8, insert the following paragraph:

(5) Matches:

Boxes or packages, with natural color sticks, holding under 60 matches, 1/8 cent per box.

Boxes or packages, with natural color sticks, holding over 60 and under 100, % cent per box.

Boxes or packages, with natural color sticks, holding over 100 and under 150, ¼ cent per box.

Boxes or packages, with natural color sticks, holding over 150

and under 200, 0.3 cent per box.

Boxes or packages, with natural color sticks, holding over 200 and under 250, 0.35 cent per box.

Boxes or packages, with natural color sticks, holding over 250 and under 300, 0.4 cent per box.

Boxes or packages, with natural color sticks, holding over 300 and under 350, 0.45 cent per box.

Boxes or packages, with natural color sticks, holding over 350 and under 350, 0.5 cent per box.

and under 400, 0.5 cent per box.

Boxes or packages, with natural color sticks, holding over 400 matches, at the rate of 1¾ cents per 1,000 matches.

Book matches, with 20 matches or under of natural colored sticks, 1/25 cent per book.

Book matches, with over 20 matches of natural colored sticks, at the rate of 1/25 cent per each 20.

Boxes or packages, with colored sticks or stems, holding under

60 matches, 1/6 cent per box.

Boxes or packages, with colored sticks or stems, holding over 60 and under 100, 1/4 cent per box.

Boxes or packages, with colored sticks or stems, holding over 100 and under 150, ½ cent per box.

Boxes or packages, with colored sticks or stems, holding over 150 and under 200, 0.4 cent per box.

Boxes or packages, with colored sticks or stems, holding over 200 and under 250, 0.45 cent per box.

Boxes or packages, with colored sticks or stems, holding over 200 and under 250, 0.45 cent per box.

250 and under 300, 0.5 cent per box.

Boxes or packages, with colored sticks or stems, holding over 300 and under 350, 0.55 cent per box.

Boxes or packages, with colored sticks or stems, holding over 350 and under 400, 0.6 cent per box.

Boxes or packages, with colored sticks or stems, holding over 400 matches, at the rate of 2½ cents per 1,000 matches.

Book matches, with 20 matches or under, of colored sticks, one-

fifteenth cent per book.

Book matches, with over 20 matches, of colored sticks, at the

rate of one-fifteenth cent per each 20.

In the case of matches imported to the United States, the adhesive or other stamp shall be affixed to each package or box while it is in the customs' custody.

The Commissioner of Internal Revenue shall provide by regulations for the payment of the tax upon matches manufactured in the United States by means of a stamp printed or stamped on the box in lieu of an adhesive or other stamp attached thereto.

Mr. SEIBERLING. Mr. Chairman, the match industry has factories in 13 States in the United States. I want to read a list of the States so that the Members will know whether they represent a State that has a match factory: New York, Massachusetts, Maine, California, Washington, Ohio, Minnesota, Pennsylvania, West Virginia, Alabama, Missouri, New Jersey, and Wisconsin.

Mr. RANKIN. Will the gentleman yield?

Mr. SEIBERLING. I yield.

Mr. RANKIN. There is a match factory now at Natchez, Miss.

Mr. SEIBERLING. And Mississippi also.

Now, when we passed the Hawley-Smoot tariff bill we put a duty of 20 cents a gross on matches. It was thought at that time that would be sufficient to protect the American match manufacturers, but we found upon investigation it was not sufficient. An expert in the Tariff Commission stated to me we should have had 30 cents a gross on matches instead of 20 cents.

A provision of the Hawley-Smoot bill was that fancy matches could be admitted into the United States at 40 per cent ad valorem. So immediately after this bill was passed the Russians colored their stems red and had those matches classified as fancy matches, and they brought them in here at 40 per cent ad valorem. They established a cost in Russia of 30 cents a gross, and 40 per cent ad valorem made a tariff of 12 cents a gross, when the act provided for 20 cents a gross. So the Russians imported over 800,000 gross matches last year, over 132,000 gross last month, and are increasing the importation of those matches continually at 12 per cent duty per gross, when other nations have to pay 20 cents per gross.

The match manufacturers went to the Treasury, and the Treasury invoked the provisions of the antidumping clause of the Hawley-Smoot bill against five nations, including Russia, but the Amtorg Trading Co., representing Russia, brought a suit before the Customs Court in New York for the purpose of defeating the order made by the Treasury Department. On the 19th of March the Customs Court held against the United States Government and the Treasury Department for the reason that they could not determine what the cost of manufacturing matches in Russia was. We have no diplomatic relations with Russia, and therefore it was not possible to ascertain the cost of manufacturing matches in Russia. We do know, however, that they give their workers black bread and coffee and a place to live that American laboring men would not live in, but we do not know what it costs beyond that.

The amendment I have offered in the interest of the match industry of this country provides that a stamp tax shall be put on every box of matches; that an adhesive stamp must be attached by the importers, but the domestic manufacturers will have the right to print the excise stamp upon a label on the boxes of matches. This will result in greatly reducing the importation of foreign matches.

The consumption of matches per day in the United States is 17,500,000 boxes of 50 matches each. Multiplying this by 365 days, we have 6,387,500,000 boxes of 50 matches each. Under the sales tax that we had in our bill, that would have produced \$698,000. Under the tax provided in this amendment, it will produce \$7,984,375.

The purpose to-day is to assist in balancing the Budget, which is of vital importance, the most vitally important of anything that is before the Congress to-day.

We propose that this industry shall contribute its part toward balancing the Budget and receive for it the protection which was intended when we passed the Hawley-Smoot tariff bill, which the importers have been trying to evade.

[Here the gavel fell.]

Mr. SEIBERLING. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LINTHICUM. I would like to ask the gentleman a question.

Mr. SEIBERLING. I yield.

Mr. LINTHICUM. Are not these match companies in America owned and controlled by the Kreuger Co., of Sweden?

Mr. SEIBERLING. The Federal Match Co. is. While we were considering the Hawley-Smoot bill the Swedish Match Co. came over here and bought the Federal Co. so that their officials could testify before the committee against the tariff raised against imports.

Mr. LINTHICUM. Is not that the largest match company in this country?

Mr. SEIBERLING. No; it is not. The Diamond Match Co., the Ohio Match Co., and the Palmer Match Co. are very large companies, and they are in my district.

Mr. RANKIN. Will the gentleman yield?

Mr. SEIBERLING. Yes.

Mr. RANKIN. This is paramount to an embargo on matches.

Mr. SEIBERLING. It is substantially an embargo on Russian matches.

Mr. RANKIN. Is it not an embargo on all matches produced in foreign countries?

Mr. SEIBERLING. I do not think so.

Mr. RANKIN. Why would it be any more of an embargo on matches coming from Russia than an embargo on Swedish matches or matches coming from any other foreign country?

Mr. SEIBERLING. I do not think it will be an absolute embargo on Russian matches, not an absolute embargo. I do not know how cheaply they can make matches in Russia.

Mr. RANKIN. Here is what I want to find out: You are providing an extra penalty on the importation of these matches. In other words, you do not permit them to pay in the orderly and usual way that imports are paid.

Mr. SEIBERLING. That is correct.

Mr. RANKIN. They must go to the extra trouble and expense of attaching labels or stamps at the customhouse on each individual box?

Mr. SEIBERLING. That is correct.

Mr. RANKIN. Would not the expense and trouble connected with that be paramount to an embargo on matches coming into this country?

Mr. SEIBERLING. I do not think it will, because nobody knows what these Russian matches cost.

Mr. RANKIN. Does the gentleman know how much it costs to produce them in the United States?

Mr. SEIBERLING. Yes. About 56 cents a gross.

Mr. WYANT. Will the gentleman yield?

Mr. SEIBERLING. Yes.

Mr. WYANT. Is there a tariff on imported matches now?

Mr. SEIBERLING. Yes; 20 cents a gross.

Mr. WYANT. Would not the proper procedure be to make application to the Tariff Commission and have the tariff increased, after a careful study of the question?

Mr. SEIBERLING. I will say to the gentleman from Pennsylvania that we have attempted to do that. But that is a long procedure. What we are proposing to do here is exactly what Canada has done. Canada prints the excise tax on the label, and we can not ship any matches into Canada unless each box has an adhesive stamp on it.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the gentleman may have five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SEIBERLING. Now, this will not increase the cost of matches to the consumer one iota. They are giving

matches away in every cigar store, and in almost every other place in America. I guarantee this will not increase the price one iota. Now, you may ask me how they can pay this tax without increasing the cost of matches to the consumer. The reason they can do this is because the increased volume of business will enable the industry to reduce its cost, so that this tax can be absorbed and will not have to be passed on.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. SEIBERLING. Yes. Mr. JOHNSON of Washington. As a matter of fact, is not the production of matches in the United States highly competitive regardless of the importation of matches from Sweden and Russia?

Mr. SEIBERLING. Yes; it is highly competitive.

Mr. TREADWAY. Will the gentleman yield? Mr. SEIBERLING. Yes.

Mr. TREADWAY. The gentleman is well aware that we have been considering changes in the revenue bill to produce the necessary revenue to balance the Budget, and the gentleman is also aware that the subject of a tax or a tariff on matches has been before the committee at previous times and has been given consideration. If the gentleman will permit, let me suggest to him at this time that an effort to actually add an amendment to the bill is somewhat premature, and I hope the gentleman will not press his amendment at the present time.

Mr. SEIBERLING. I will say to the gentleman from Massachusetts that I am going to press this amendment and I am going to find out whether this House is for Russia or for America. [Applause.]

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. No; I decline to yield.

Mr. RANKIN. Well, that is not a fair statement and I resent it. I am not for your embargo and the Members of this House are not going to be for it when they understand it, and the gentleman is going beyond the amenities of the House when he accuses us of being for Russia-

Mr. SEIBERLING. I do not accuse the gentleman.

Mr. RANKIN (continuing). Because we are not for the gentleman's amendment.

Mr. SEIBERLING. I do not accuse the gentleman.

Mr. RANKIN. The gentleman asks if we are going to be for this amendment or for Russia. The gentleman can not get away with that kind of stuff here to-day.

Mr. SEIBERLING. I decline to be interrupted any more. Mr. TREADWAY. Will the gentleman yield once more, because I think I am in position to help the gentleman? I want to call the gentleman's attention to the language of this amendment:

Tax under this paragraph shall be paid by stamp affixed to every package or box.

Let me ask the gentleman if it is not the definite intention on the part of certain people in this country to make it so very inconvenient to the importers of matches, by being obliged to place this stamp on every box as the gentleman's amendment provides, that that is really the way they are going to accomplish their purpose? It is a subterfuge pure and simple.

Mr. SEIBERLING. The purpose of this amendment is to get labor for American laborers in American factories instead of providing labor for Russians in Russian factories, and the amendment has no other purpose.

Mr. TREADWAY. I shall not take the gentleman's time further, but I shall take time myself later on.

Mr. SEIBERLING. Gentlemen, the situation is simply this. Are we going to let Russia furnish our matches or are we going to have them made in American factories with American labor? Are we going to pay the money to the American printer, to the American chemist, to the American box manufacturer, the freight on our railroads, to the lumber people up in the State of Washington, or are we going to pay this money to Russians, which would have to be paid in gold and would be taken out of this country? I appeal to you.

You passed the oil amendment yesterday and you gave the oil people a tax upon imported oil. I am coming to you this morning for the match industry and saying we will pay a domestic tax, as well as have a tax on imported matches, and I think we have gone a step farther in this matter in the fact that this industry is offering to tax its own products in order to help out the Budget, in order that the securities of this country may become reestablished and we may have prosperity in this country, which we will not have if we permit the ruin of our own industries. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Chairman, I think you will all agree that I have shown no partisanship in the consideration of this revenue bill. I have tried to serve my country in a nonpartisan way to raise revenue to balance the Budget which the President of the United States, which the Secretary of the Treasury, and which ex-President Coolidge say is essential for economic recovery and to make your temporary relief measures effective.

Now, gentlemen, are you going to convert this bill into a tariff bill? I grant you there is one item in the bill which is tariff-oil. I did not want it in there [applause], but it is in there and therefore I can not consistently get up here and make points of order against these tariff amendments because I believe they are germane to the bill. But, gentlemen, are you going to write a tariff bill here on this floor under the guise that it is revenue?

Mr. SEIBERLING. Will the gentleman yield?

Mr. CRISP. No; excuse me. I did not interrupt the gentleman and the gentleman had 15 minutes.

Here is the difference between this amendment and the oil amendment. The oil amendment was 1 cent, which will not be an embargo. Some oil will come in. This is an embargo and is intended as nothing else but an embargo.

The people representing this match industry came to me and stated that it was an embargo. They said they were willing to pay eight or ten million dollars for the purpose of having a monopoly of the American market for matches. Of course, they will raise the price to consumers. They said the way to have it effective would be to have an embargo. The matches have to be opened when they come into the customhouse, each package of matches stamped. They said they did not want it unless it was an embargo. They have it in Canada, and it is an embargo there.

Now, you Democrats all over the country who have been criticizing the present tariff law, are you going to come in here now and write an embargo tariff against the products of Russia, which the Republicans, when they wrote the Smoot-Hawley tariff bill, would not do? What position are you going to leave yourselves in, what position will the Republicans leave themselves in who are opposed to an embargo?

We may just as well face the issue. I am going to appeal to this House to try and help expedite the passage of this bill. We have brought it in here with no rule, for a liberal consideration, and that system is on trial. The minority leader said—or it was so stated in the papers—that we made a mistake in bringing the bill before you for you to consider it in this way, instead of bringing it in under a cloture

Now, do you like this way of considering a bill? If so, show your appreciation by trying to expedite it. Never has there been a bill of this character considered in Congress where there has been so much debate, and this debate is not going to change any votes. Anyone can present his views on an amendment in five minutes. I give notice now that I am going to invoke the rule that there shall be but five minutes' speech for and against an amendment, and I myself will not again ask to be allowed more than five minutes. I took it at this time in order to make a general

statement on the bill, and to ask you to cooperate in men on the Democratic side of the Chamber. The reexpediting the passage of this bill.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. JOHNSON of Washington. Along that line, will it not be fair to allow the gentleman from Arkansas [Mr. Ragon] 10 minutes, and give me 5 minutes on these Russianmade goods?

Mr. CRISP. I will object to the gentleman from Arkansas having more than five minutes.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. Certainly.

Mr. SCHAFER. Does the gentleman think that one can cover this section in regard to malt and wort in five minutes, in view of the fact that the printed record does not contain any evidence in relation to it, and the report does not contain evidence in relation to it?

Mr. CRISP. My answer to that is that my friend is able and industrious, and he has acquired all the information on the subject, and he can give it to the House in five minutes. [Laughter and applause.]

Mr. RAGON. Mr. Chairman, I hope the gentleman from Ohio will consent to withdraw his amendment. I think every Member here, on both sides of the controversy in regard to the sales tax, feels that it would be dangerous to write a revenue bill here on the floor of the House.

Yesterday the Ways and Means Committee appointed a subcommittee of five men to propose a new revenue measure. We have been at work continually since; we worked yesterday and last night until 11 o'clock and again we have been in session this morning. We expect to be in session tonight, and, if necessary, to-morrow. In our work we have necessarily got to take in a broad field of taxation.

Let me take the illustration furnished by the gentleman from Ohio on matches. There you have no accurate statement of the conditions or the facts pertaining to this industry. Our experts and the Treasury experts have been at work on it under directions from the subcommittee and we ought to have accurate information about matches before giving a rate on them. This shows you how dangerous it is to legislate here on the floor. There has been no testimony in regard to this item before the committee. I am going to ask the members of the Committee of the Whole to please withhold action and let us bring in some amendments that will increase the revenue and bring about what I think the vast majority of this House wants.

Mr. TREADWAY. Mr. Chairman, will the gentleman vield?

Mr. RAGON. Please do not interrupt me. I have only five minutes. If we break in by bringing in amendments at this time we are going to absolutely wreck the work of the subcommittee and of the Committee on Ways and Means when we get to it. Nothing is going to be brought in here by the subcommittee or the full committee that has not been thoroughly and completely considered by the committee.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield? The CHAIRMAN. The gentleman declines to yield.

Mr. RAGON. You have the Crisp amendment before you now, and it has in it four things. Let us go on and adopt those things that bring in \$100,000,000 of revenue, and that will give us a good working basis to start on, and when we get these things in, then any man can bring in any amendment that he has for consideration. But do not let us chop in now and mar and wreck our work upon which we have started. Some of these proposed amendments I shall support, but do not bring them here at this particular time, when we can not tell anything about what effect they will have on a bill that we all feel is demanded and expected by both sides of this House. Listen to me, you gentlemen on the Republican side, and especially the gentleman from Ohio [Mr. Seiberling], who is a successful, commonsense business man. This deficit is your deficit, and I do not say that in any reproachful spirit. It is a deficit of your administration. Let me say something now to the a tax bill?

men on the Democratic side of the Chamber. The rehabilitation of financial conditions of this country is your problem, because we are in the majority, and I do not say that in a reproachful spirit. I am trying to bring both sides to a common-sense realization of the condition confronting us, and I say that irrespective of whether you want to balance the Budget or not.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. RAGON. Yes.

Mr. LINTHICUM. Does not the gentleman think it comes with poor grace, after having put in this tariff on oil, to talk to us about not putting anything else in?

Mr. RAGON. I know the gentleman has that in his craw, but that tax on oil was considered more than anything in the revenue bill, and the oil tax is incorporated in the Crisp amendment.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. JOHNSON of Washington. Mr. Chairman, we have heard the gentleman from Georgia [Mr. CRISP], and the gentleman from Arkansas [Mr. RAGON]. If the House will be patient for a short time, the situation will clear. Several gentlemen propose to offer amendments, 8 or 10 in all, to provide for a tax on several imports in order to protect goods manufactured or mined or grown in the United States which for two years or so have been hurt by competition from a country where labor is forced to work by a new style of government. That labor receives little money as pay and that money has very small value. The Treasury Department says that it has been unable to make the present antidumping laws that we have quite reach the situation, and the Secretary has said that he thinks we need laws so worded that the Treasury officials may act as they would like to act. Now, I believe that the whole situation as to imports of Russia can be cured by the adoption of an amendment which would amount to a nearly complete embargo against all goods made or mined by forced labor.

I have such an amendment, carefully drawn and undoubtedly germane. It is a blanket amendment and names no particular commodity but catches them all. However, I am in this situation: The gentleman from Ohio [Mr. Sei-BERLING] was recognized last night just as the committee was about to rise. Of course, he has the right of way, and will undoubtedly be recognized first. His amendment pertains to matches, and affects both imported and domestic matches-import tax and excise tax. It is a real revenue raiser, and it catches the Russian-made match, too. The gentleman from Pennsylvania [Mr. Brumm] will offer an amendment in regard to coal. The situation of that commodity in the United States is desperate, as you all know. The gentleman from Oregon, on the Democratic side [Mr. MARTIN], will offer an amendment affecting lumber but exempting imports from contiguous territory. An amendment will be ordered to restrict imports of manganese, and there will be amendments covering several other separate

As a matter of fact, the blanket amendment I shall offer relieves the necessity of offering most of these. But I have no desire to foreclose any of the proponents. But after their amendments have been offered, I propose to offer an amendment in an effort to perfect the whole text to the effect that a tax at the place of import of 100 per cent shall be placed on all goods produced, mined, or manufactured in whole or in part by labor subject to penal sanction or disabilities for refusal to work at the behest of any foreign monopoly or any state trust. That is the way that we can reach the Russian situation.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes; with pleasure.

Mr. CLARKE of New York. What is the reason we can not have an emergency tariff such as we have had heretofore, in order to protect ourselves, without interfering with a tax bill?

Mr. JOHNSON of Washington. Because here is the time. Otherwise the various bills we have offered are not likely to be considered until a tax bill has been reconsidered. It is not a question of whether we are for or against Russia, but in the last Congress when the Ways and Means Committee was bringing out the revenue bill we had everybody clamoring at the last moment for an embargo on goods made by forced labor.

The proponents of 20 different bills and their witnesses fell over themselves in the jam at the door of the Ways and Means Committee. The committee was then forced to decide that it could not add an embargo paragraph to its tariff bill. So we lost at that time.

Now, I am afraid the same thing will happen here this afternoon. The particular items will swamp the all-embrac-

ing anti-Russian proposal. Why do I propose 100 per cent tax-American valuation? Simply because the Russian ruble is supposed to be worth 50 cents. In reality it is worth only 1.2 cents. Labor there has to work under Government order or starve. I have their constitution here, with the labor paragraph, and I have extracts from Soviet Russia's criminal code as to how the government punishes those who do not work or produce under government orders. It will pay every gentleman here to get and keep the RECORD of March 15, so as to have the remarks of the Senator from Nevada [Mr. ODDIE], 30 or 40 pages, which it is said cost \$2,000 to print. There you will find 92 exhibits to back up the resolution which I shall offer. That speech by Senator Oddie shows in detail the form of mining, logging, and manufacture there, with controlled labor. What country in the world is strong enough to stand up and meet the situation boldly and stop that sort of disastrous competition except the United States of America? Here is where we should try it out. Now is the time for the anticonscript legislation. I hope that you will be patient, remain on the floor, and help us with these minor amendments, with the understanding that I shall give notice later that I shall offer the perfecting amendment caring entirely for this situation which I have suggested.

Mr. TREADWAY. Mr. Chairman, I wish to address a few words to the amendment offered by the gentleman from Ohio [Mr. Seiberling]. I wish to preface my remarks by the statement that, as far as competition with Russian rates of pay or labor methods is concerned, the gentleman has our entire sympathy and support. There is no question but that every American citizen feels as the gentleman does about that feature of the case, but that is not the direct point at issue at the present time.

The gentleman has offered an amendment to attach a stamp to every box of matches, whether made in this country or abroad, and when made abroad, those boxes must be taken out of the original package in which they arrive at the customhouse and a stamp affixed to each package or box while in the customs custody. Now, what does that mean? It means that the people who are interested in bringing forward this amendment are asking you to place an impossible condition upon any competition whatsoever.

These matches come in big cartons, and to break down and open every one of those cartons or boxes, as the case may be, and have the customs official place a stamp on each individual box would make impossible any competition and set up an embargo.

Now, to come to the direct point of voting down this amendment: The chairman of our subcommittee, the gentleman from Arkansas [Mr. Ragon] frankly told you that the subcommittee has this very proposition before it, and we have asked the experts of the departments for full information regarding the match competition.

This is not a question of a tariff against the labor of Russia. It is an effort on the part of match-manufacturing concerns in this country to absolutely place an embargo against any form of imported match, from the viewpoint that placing this stamp on the box makes it an absolute physical impossibility. Therefore, it seems to me that the advice of the gentleman from Arkansas [Mr. Ragon] should be fol-

lowed, that this matter should be left, for the time being, in the hands of the committee that has been asked to see if it can not revamp the tax bill to produce the necessary reve-

Let me show the gentleman from Ohio [Mr. Seiberling] the embarrassment he is placing himself in, in that, in my opinion, the amendment offered by him would be voted down in this House. It having been voted down, as I am sure it will be when it comes up for consideration in a few moments, then where is the subcommittee of the Committee on Ways and Means in again taking up the question in his interest, of some kind of a tax on matches that will produce revenue? That is the embarrassment in his own interest, as I see it.

Mr. SEIBERLING. Will the gentleman yield?
Mr. TREADWAY. I yield.
Mr. SEIBERLING. Does the gentleman not know that we can not export a match into a foreign country on account of the Swedish monopoly, and does the gentleman not know that we can not export to Canada because we have to do the same thing?

Mr. TREADWAY. We are talking of an effort here to secure additional revenue, and it may be possible that one of the means by which we will get that revenue will be a tax on matches, in some form or other; but if we vote for such an amendment as the gentleman is proposing here, then you are almost tying the hands of your associates in an effort to help. I put that question distinctly up to the gentleman whether it is better to take a chance of that amendment going to a vote here and having it defeated or trusting to his own associates in an effort to secure some form of relief and at the same time get some revenue? That is the question I hope the gentleman will give careful consideration to.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. CRISP. Mr. Chairman, I make the point of order that all debate on this amendment has expired. The rules provide five minutes for and five minutes against any amendment when it is considered under the 5-minute rule. Therefore I make the point of order that debate on the amendment offered by the gentleman from Ohio has expired.

Mr. LINTHICUM rose.

The CHAIRMAN. For what purpose does the gentleman from Maryland rise?

Mr. LINTHICUM. Mr. Chairman, to strike out the last word.

The CHAIRMAN. Inasmuch as a point of order is made by the gentleman from Georgia, the Chair holds that the gentleman's amendment is an amendment in the third degree, and therefore the Chair sustains the point of order.

Mr. SEIBERLING. Mr. Chairman, in view of the fact that the subcommittee of the Committee on Ways and Means has now under consideration the matter of matches with a view of taking some action to protect American manufacturers, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to withdraw his amendment. Is there objection?

Mr. LINTHICUM. Mr. Chairman, I object, unless I can have five minutes.

Mr. CRISP. Mr. Chairman, the gentleman from Ohio is desirous of withdrawing his amendment. The gentleman from Maryland says he will not give that consent unless he has five minutes. I ask unanimous consent that the gentleman from Maryland be permitted to address the committee for five minutes.

The CHAIRMAN. Is there objection?

Mr. CLARKE of New York. Mr. Chairman, I object, on the ground that it is a bribe.

The CHAIRMAN. The gentleman from New York objects on the ground that it is a bribe.

Mr. LINTHICUM. Mr. Chairman, I withdraw my objec-

The CHAIRMAN. Does the Chair hear any objection to ! the request of the gentleman from Ohio to withdraw his amendment? [After a pause.] The Chair hears none.

Mr. BOLAND. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Boland: At the end of the Crisp

amendment add a new paragraph, as follows:

"That an excise tax shall be levied, collected, and paid upon
the hereinafter-described articles when imported from any foreign
country into the continental United States upon coal (anthracite or bituminous), coke, or coal or coke briquets, 15 cents per 100

Mr. BOLAND. Mr. Chairman, ladies and gentlemen of the committee, I just listened to the gentleman from Arkansas [Mr. Ragon] admonish the Democratic Members of Congress about going over the country and their districts and being elected on the strength of their being against the Smoot-Hawley tariff. I want to acquaint the gentleman from Arkansas [Mr. RAGON] with the fact that I came to Congress with all nominations. I did not have to go over my district to talk against the Smoot-Hawley tariff bill, although we were supposed to have two cars in every garage if it were passed.

I am here to-day pleading in the interest of the miners in the anthracite coal field. I represent the city of Scranton, which is in the central part of this great anthracite field. At the present time over 40,000 of our miners are unemployed, and they have not worked for over a year. The rest of the men who are employed in the mines are only working part time. The free importation of foreign coal is responsible to a great degree for this condition. The enactment of my amendment will be very helpful in putting many miners back to work.

The domestic problem of anthracite coal is huge, complicated, and delicate to handle. The industry's life depends upon a prompt and efficient solution. To date, the industry has handled its affairs in an orderly and businesslike manner; and if allowed to continue without too much distress from other directions, it will prove its capacity to meet any domestic situation.

Under such conditions, the industry feels the necessity of relief from conditions which it can not control; the increasing volume of foreign competition, from countries whose labor standards are below ours in every case, and where, in some important instances, the status of labor is no better than that of domestic animals in America.

Anthracite coal from foreign countries is now being transported thousands of miles over the seas and sold in Boston at prices as low as we can sell ours at the mines. Of course, the present unnatural differences in values of currencies are responsible to a degree for that condition, but only to a degree. The low cost of labor is the major element. In many instances there is almost a total lack of labor cost, investment cost, and costs similar to those of maintaining our standards of protection of human life in mining. The oversupply of freight ships, coupled with such use of labor, makes the transportation of coal halfway around the world cost less than from Scranton, Pa., to Boston.

Our collieries are making every effort to readjust the domestic and internal situation. Great sums have been and are being expended to improve facilities, reduce costs, and improve service to the consuming public. The standard of preparation and quality of anthracite are the highest in the history of the industry at the present day.

I was here and listened attentively yesterday to all the arguments in favor of an embargo and an excise tax upon oil for the purpose of protecting the American oil industry. If what was said yesterday was true of oil, it certainly to-day is true of the foreign coal that is being shipped into our country.

We established beyond any question of doubt, before the Secretary of the Treasury and the Commissioner of Customs, that the coal coming in from Russia is being mined by forced labor, and I am satisfied that will be attended to in the right way.

But we have other coals coming in from foreign countries. and I ask this committee to-day to adopt this amendment and protect the miners in my district.

Mr. PARSONS. Will the gentleman yield?

Mr. BOLAND. Yes. Mr. PARSONS. Is bituminous coal, together with its byproducts, included in this amendment?

Mr. BOLAND. Yes; it is. Mr. BLANTON. Will the gentleman yield?

Mr. BOLAND. Yes.

Mr. BLANTON. Has the gentleman figures to show how much revenue his amendment would produce?

Mr. BOLAND. This will produce over \$3,000,000 in

Mr. BLANTON. I am for the gentleman's amendment. Mines are closed down now because of importation of foreign coal and thousands of American coal miners are without jobs in consequence.

Mr. COYLE. Will the gentleman yield?

Mr. BOLAND. Yes.

Mr. COYLE. Would the gentleman consider revising his rate from 15 cents per 100 pounds to 10 cents per 100 pounds so that no possible charge of an exclusive rate could be brought against the latter figure?

Mr. BOLAND. Owing to the fact that I know that the gentleman from Pennsylvania [Mr. Coyle] is thoroughly familiar with this subject, I will accept his suggestion. Mr. Chairman, I ask unanimous consent to modify my amendment to that extent.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to modify his amendment. Is there

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLAND: At the end of the Crisp

amendment, add a new paragraph to read as follows:

"That an excise tax shall be levied, collected, and paid upon the hereinafter described articles when imported from any foreign country into the continental United States, upon coal (anthractic or bituminous), coke, or coal or coke briquets, 10 cents per 100 records." 100 pounds.'

Mr. HOUSTON of Hawaii. Will the gentleman yield?

Mr. BOLAND. Yes.

Mr. HOUSTON of Hawaii. Would the gentleman be willing to modify his amendment so as to eliminate the word "continental" and make it apply to Hawaii?

Mr. BOLAND. I will accept that.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BOLAND. Yes.

Mr. LINTHICUM. I want to know whether Pennsylvania has withdrawn the tax which was put on coal a few

Mr. BOLAND. She has. Mr. Chairman, I ask unanimous consent to modify my amendment by striking out the word continental."

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to modify his amendment by striking out the word "continental." Is there objection?

There was no objection.

Mr. CONNERY. Will the gentleman yield? Mr. BOLAND. Yes.

Mr. CONNERY. I could not hear very plainly the reading of the amendment. Is it the gentleman's purpose to take care of his coal situation the same as the oil situation was taken care of yesterday, when the oil men were talking about putting men at work? If the gentleman's amendment is adopted it will have the effect of putting miners at work, will it not?

Mr. BOLAND. It certainly will.

Mr. CONNERY. I will favor the gentleman's amendment.

Mr. BOLAND. I may say, to inform the committee as to how this foreign coal is being shipped into this country, that in January, 1931, there were 63,772 tons shipped in, while in January, 1932, there were 71,954 tons shipped in. You can see at that rate just where we are going to land.

[Here the gavel fell.]

The CHAIRMAN. The Chair will recognize some gentleman who is opposed to the amendment.

Mr. LINTHICUM. Mr. Chairman, I am opposed to the

Mr. Chairman, I'am opposed to this amendment just as I was opposed to the oil amendment which was adopted yesterday. I have listened to the speech of the gentleman from Arkansas [Mr. Ragon], the "loud speaker" of the House, and it seems to me it comes with ill grace from him to ask us Democrats, as well as the Republicans, to not further amend the bill by these tariff propositions after he and others have secured adoption of a tariff on oil in this revenue bill.

A good many think this oil question was not brought into the bill in any fair or just manner, and certainly it is a tariff provision in a tax bill. I personally feel very bad about it because it affects my State so vitally, and especially do I feel bad about it because it is against what was considered by the "policy committee" established between the House and the Senate, when it was agreed by them that tariff matters of this nature would not be taken up by this Congress. The committee brought in a tariff on oil which affects the whole country and will cost the consumers \$152,000,000, and has changed the position of the Members of this House. There is no question that chickens come home to roost. When you put one tariff provision in a bill you may expect others, and hence you have this amendment for an increased tariff on coal.

I have also had some people come to me and say that we have in Baltimore the largest sugar refinery in this country and we want a tariff on sugar, and then the copper people come here and they want a tariff on copper, and the woodpulp people come and want a tariff on wood pulp, and the lumber people want a tariff on lumber. I would like to know where you are going to land. The only fair, the only just, the only Democratic position to take is to withdraw the tariff on oil and place no tariff on any article in the tax bill.

Mr. BLANTON. Will the gentleman yield? Mr. LINTHICUM. I do not think it is necessary.

There is another view which has not been discussed about this tariff on oil, and that is that it will further estrange us from the people of Central and South America. I have many times contended that the United States and its people have been derelict in their duty in that they have not created more friendly feelings with the nations of the south and encouraged our business with them. We have looked to Europe for our great activities and neglected the people of our hemisphere.

We have not the proper transportation facilities to South America-not nearly so fine, commodious, and large as the ships which ply between Germany, England, and France with Brazil, Argentina, and other countries of South America. It should be our duty to curry favor with these Central and South American countries whenever it is possible, both in business and social relations, whereas instead of that, we have placed high tariffs upon goods which we receive from them, and now you propose to further alienate them by placing a tariff on oil, which is one of their great products.

I fear they will think this is just rubbing it in and will resent our action. These countries, like ourselves, are now feeling very severe depression, but they will come back and they will remember their friends and they will also remember those who added to their depression by making business more expensive and more burdensome to their people.

I do hope that this House may see some way by which this oil tariff may be released; and if it must be considered, let it be considered in a bill designated a tariff bill.

Mr. BRUMM. Mr. Chairman, I move to strike out the

The CHAIRMAN. The Chair can not recognize the gentleman from Pennsylvania. The gentleman from Georgia insists that the rules be observed.

Mr. BRUMM. Then, Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania.

There was no objection.

Mr. BRUMM. Mr. Chairman, for three years we have been trying to bring about some relief for the coal industry of Pennsylvania. I have introduced no less than three or four different bills to bring this about. I was under the impression when I came here this morning that I was to be recognized to present an amendment, which was almost an identical amendment to the one presented by my friend on the majority side. I am very glad that at least it has been presented; and in the few minutes I have, I shall try to give you some reasons why this is a peculiar case and why this tax should be imposed.

Never in the history of America has there been a tax on anthracite coal. The amendment includes also soft coal and briquets, but the fight was started on anthracite, and this is the article I am particularly interested in, and I want to say here that if anybody was familiar with the great anthracite-coal industry and understood the hazards of that business and the loyalty of these people, who comprehended the vastness of the business as a great fundamental industry, he would not now talk about any technicality or hairsplitting or division of policy. If he did, I would say that he would be more interested in such importations than in the blood of these workmen. Thirty-five thousand miners are out of employment. There are 130,000 who have been employed who only work half time. This means a loss in the last few years of about \$33,000,000 in wages, \$27,000,000 to distributing labor, \$22,000,000 to the railroads, and \$9,000,000

Will you tell me, then, that this is not a provision for revenue? The speeches that are made here claiming that this is not a tariff bill are not in good taste because the institution of the tariff system by Hamilton was for the fostering of infant industries, but as a matter of fact "abundant revenue poured forth," said Webster. The tariff bills originally were not for revenue at all. If a bill for protection can raise revenue, what objection is there to a bill for revenue at the same time protecting American industry? What is the difference whether protection comes in the form of an excise tax which would bring about \$9,000,000 or more into the Treasury or whether you call it a revenue bill or a tariff bill?

Mr. WYANT. Will the gentleman yield? Mr. BRUMM. Yes.

Mr. WYANT. I simply wish to state to the gentleman in connection with his remarks that foreign coke is being offered on the New England coast at \$6.75 per ton, which is \$3 less than cost of the manufacture and delivery of that coke from Pennsylvania, West Virginia, or Ohio.

Mr. BRUMM. I thank the gentleman. Coal in the last year has been shipped into this country from Germany, from Belgium, from Russia, and from Indo-China-the product of coolie labor.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I move to amend the amendment by striking out 10 cents and inserting 101/5 cents. The CHAIRMAN. The Chair can not recognize the gentleman, as that is an amendment in the third degree.

Mr. BLANTON. This is an amendment to the amendment of the gentleman from Pennsylvania.

The CHAIRMAN. That does not take it out of the rule. Mr. BLANTON. I offer it as a substitute for the amendment of the gentleman from Pennsylvania.

The CHAIRMAN. That would make no difference.

Mr. BLANTON. Will the Chair hear me on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BLANTON. There are always in order three propositions: First, the proposal as offered; then there is a substitute for that proposal, which is always in order; and then there is one amendment in order to the original

proposition. The Chair has always recognized that. The gentleman from Georgia offered an amendment, and the gentleman from Pennsylvania has offered a new paragraph, and I am offering a substitute. This is the only time for perfecting the paragraph.

The CHAIRMAN. The gentleman from Texas is familiar with the rules of the House. There is a substitute that would have been germane and that would be a substitute for the Crisp amendment. The substitute the gentleman is seeking to offer is a substitute for the amendment offered by the gentleman from Pennsylvania.

Mr. BLANTON. I offer a substitute for the Crisp amendment. I offer to strike out subdivision 3 of the Crisp amendment.

The CHAIRMAN. That is not a substitute. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. CRISP) there were 92 ayes and 50 noes.

Mr. CRISP. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. Crisp and Mr. Boland.

The committee again divided; and the tellers reported that there were 113 ayes and 67 noes.

So the amendment was agreed to.

Mr. PARSONS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add a new paragraph to the Crisp amendment, as follows:

"6. Fluorspar containing 50 per cent or more of calcium fluoride imported into the United States, \$3 per ton, but the tax on the article described in this paragraph shall apply only with respect to importation of such article."

Mr. PARSONS. Mr. Chairman, for those gentlemen who do not know what fluorspar is I want to say that it is a crystal mineral mined from the ground similar to coal, with the exception that coal lies in veins and fluorspar lies in faults, in vertical formation instead of horizontal.

There are large deposits in southern Illinois and in the State of Kentucky. Eighty-five per cent of fluorspar is used for fluxing steel and about 15 per cent is used in ceramics and the trade of manufacturing aluminum ware, dishes, and so forth; also in the manufacture of fluoride acid.

During the year 1927 there were imported into the United States about 71,000 tons. If this amendment is adopted, it will yield revenue substantially in amount that will be yielded by the coal amendment just adopted. It costs about \$20.77 per ton, according to the Tariff Commission's report which I hold in my hand, to mine fluorspar and deliver it to mills in the United States.

Mr. GARBER. From what countries do they import fluorspar?

Mr. PARSONS. England, Germany, and South Africa. The cost to mine spar in foreign countries and transport it to this country is \$7.71 per ton, making a total differential in the cost of production at home and abroad of \$13.56.

Mr. MANLOVE. Is that the same quality of spar?

Mr. PARSONS. Yes. During the war large deposits of spar were mined in England, Germany, and South Africa for the lead content which it yielded. The spar was not used. Immediately after the war and ever since, those countries have been sending the spar here as ballast in ships, with practically no transportation cost, unloading it here to the steel mills on the eastern seaboard for one-third of what it cost to mine it in this country. Gentlemen can readily realize that with the spar already mined, and the cost for mining already paid for in foreign lands, all the cost importers are put to, to unload the product here at the present time, is the transportation cost. We have millions and millions of dollars invested in these mines in southern Illinois and Kentucky, and thousands of miners are out of work and have been for the last three years. The Aluminum Co. of America owns several of these mines; and while they have let the men walk the streets idle, with the mines closed down, its subsidiaries have been exporting spar from South Africa for \$9.91 per ton. It is only a matter of justice that

we equalize the cost of production at home and abroad. I ask that the amendment be adopted.

Mr. SCHAFER. Then the gentleman believes that a high protective tariff is one of the best cures for unemployment that we can find.

Mr. PARSONS. Not entirely. I believe in the principle of protection that will equalize the difference in the cost of production at home and abroad.

It will revive business in the mining section, relieve the unemployment situation, and increase the buying power of the people. They in turn will demand manufactured products, and to that extent the adoption of this amendment will be a genuine relief measure. You gentlemen who are getting an oil tariff, and the gentlemen on that side of the aisle who advocate protection, should be 100 per cent for this measure. I hope the amendment will be adopted.

Mr. CRISP. Mr. Chairman, this is a sad day for me. I love my country, and I have endeavored to serve it. I have bared my breast to every shaft of criticism, and I have done so because I believed I am right. I also love my party, and to-day I am seeing my party destroy itself. I am witnessing my party put on higher tariff rates than even the Republicans put on, putting on embargoes, and then going out and criticizing the bill. Consistency, thou art a jewel! I have tried to stem the tide. I realize that I am impotent; I realize that I have not had the majority of this House back of me. I have been long-suffering and patient and have not sought to close debate, but patience ceases to be a virtue. I am going to express myself when I say to you that, as far as I am concerned, if these amendments and other tariff embargoes continue to be added to the bill I shall myself vote against it. [Applause.] Oh, gentlemen, what are you trying to do? Are you trying to balance a Budget deficiency caused by a Republican administration? This is not a Democratic but is a Republican deficit. I have no proof of it, but as I watched the vote yesterday afternoon by tellers on the oil proposition I suspected what was going to happen to-day, and it has been happening—logrolling tariff making, with embargo rates. You may adopt all of these high-tariff amendments that you desire to, but I want the country to know it and I want your people to know it. I hope the amendment will be rejected. If these embargo-tariff rates are adopted I shall vote against the bill and you can take the consequences. The Republicans had better stop and think. Their administration is responsible for this deficit. In honor they are obligated to help balance the Budget.

Mr. BLANTON. Mr. Chairman-

The CHAIRMAN. The time on the amendment has been exhausted.

Mr. BLANTON. I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five minutes. Is there objection?

Mr. MARTIN of Oregon. I object.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Illinois.

The question was taken; and Mr. Parsons demanded a division.

The committee proceeded to divide.

Mr. PARSONS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. Rainey and Mr. Parsons to act as tellers.

The committee divided; and there were—ayes 42, noes 92. So the amendment was rejected.

Mr. HAWLEY rose.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon.

Mr. BLANTON. Mr. Chairman, I offer a preferential motion to strike out the enacting clause.

The CHAIRMAN. The Chair does not recognize the gentleman from Texas for that purpose. The Chair recognizes the gentleman from Oregon, a member of the committee.

Mr. HAWLEY. Mr. Chairman, we are engaged in writing a revenue bill for the purpose of balancing the Budget of the United States Government. My belief is that a proper revenue bill, raising sufficient money to meet Government | expenditures, will restore public credit and bring back economic recovery, which is the thing that we all ought to work for, which is a thing extremely desired by the people. I trust that so far as I have any influence with gentlemen, there will be no more amendments offered that savor of tariff amendments. Amendments that are for the raising of revenue that are germane are proper, but they ought not to endanger by any means or in any way the passage of this bill by changing it from its original purpose, that of bringing back prosperity to the country. [Applause.]

Mr. BLANTON. Mr. Chairman, I offer a preferential motion to strike out the enacting clause, which usually is in

The CHAIRMAN. The gentleman from Texas offers a preferential motion to strike out the enacting clause of the bill. The gentleman is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, I regret it was necessary for me to make such a motion in order to get the floor. had to have the floor for five minutes, and the only way to get it, and to be in order on what I am going to say, was to move to strike out the enacting clause. After I speak I will ask to withdraw such motion.

The Congress of the United States—that is, one branch of it, the House of Representatives-is not composed merely of the majority leader and the minority leader and the chairman of some committee. It is composed of 435 Representatives, all of equal standing, equal rights, and equal re-

sponsibility. [Applause.]

The Democratic Party here is not composed merely of the majority leader and one or two gentlemen on the Ways and Means Committee who are in the lead. It is composed of each and all of the Democrats in this House, each one being the duly commissioned representative of all of the Democrats in his own district who look to him, and him only, to vote their wishes and preferences in the Congress of the United States

Every Democrat here has equal rights, equal standing, and equal responsibility; and if he is not a "yea man"rubber stamp-he does his own thinking and votes his own judgment.

I regret exceedingly the speech made by our good friend, the gentleman from Georgia [Mr. CRISP]. The gentleman knows there is not another man in this House who has greater regard or respect or love for him than I have.

Mr. CLARKE of New York. But I support him more.

[Laughter and applause.]

Mr. BLANTON. I do not yield for interruptions from Republicans sitting on the Democratic side. [Laughter.] I refuse to yield, Mr. Chairman. I want to address myself to this situation.

Whom the gods would destroy they first make mad.

Our friend the gentleman from Georgia [Mr. CRISP] has never been mad until this morning. I want to congratulate him. He, until a few moments ago, has held his head, under trying circumstances, and there never has been a moment throughout this entire bitter fight over the sales tax when he did not have the affection of the Democratic side of this House, and likewise there has not been a moment when the great Speaker of this House has not had the undivided respect, confidence, love, and affection and support of his party. [Applause.] There was no "breaking away" from the Speaker or from Chairman Caish. There was merely a turning down of a Republican-Treasury Department sales tax. We Democrats are not like Republicans. We are entirely different.

Mr. RANKIN. Will the gentleman yield?
Mr. BLANTON. I regret I can not yield, because I have only a few minutes and I have some important things to say that must be said, and said at this juncture.

You Republicans, when you come here and have a majority of a hundred, as you had in the last Congress, were willing to have two or three men do your thinking for you and do your acting for you and to vote you like sheep under an ironclad rule that gagged you. You let them bring in rule

after rule here that hog-tied you so on many important bills of great magnitude that you could not move, and you could not offer any amendment, and could not be heard in debate, and you were compelled to swallow just what your few leaders stuck down your throat.

We Democrats are not like that. We are different. We can not be led like sheep by any leader. When we come to Congress we do not come as the tools of any machine. We are under no obligations to any machine. We are elected by the Democrats of our district, who have confidence in us, who have seen us tried at home in many public emergencies, and who know that they can depend upon us to carry out the pledges of the platform of our Democratic Party and to uphold at all times the fundamental principles of Democracy.

The fundamental of all fundamentals in our Democracy is the principle of "equal privileges to all; special privileges to none." Every Democrat in this House has equal privileges with every other Democrat. He is a servant only to his own constituents. He obeys no one here. He takes orders from no one. He does his own reading. He does his own seeing. He does his own investigating. He does his own thinking. He does his own talking. He reaches his own conclusions. And then he does his own acting. He is not led like a sheep.

Our Republican brothers are not used to that kind of proceeding. When in the last Congress we Democrats twitted you Republicans about having to swallow so many bills of importance under special rules prepared for you by your triumvirate—your Speaker, your Republican leader [Mr. Tilson], and your then chairman of the Rules Committee [Mr. Snell]—giving you no opportunity whatever to amend them or to discuss them in debate, the distinguished gentleman from New York [Mr. SNELL] took the floor and by way of retaliation tried to prophesy what would happen when our then distinguished minority leader [Mr. GARNER] became Speaker of this House, saying:

Our friends on the Democratic side of late are having a great Our friends on the Democratic side of late are having a great deal of trouble about the triumvirate on the Republican side of the House. Let me call your attention, gentlemen, to the fact that instead of a triumvirate on your side, if there is such a word, you have a "oneumvirate," and the best part of it is he makes you like it; and there is not a single one of you who dares to raise his voice above a whisper in opposition to the czarlike rule of the leader of the minority at the present time.

If you will examine my reply, which I made on February 5, 1931, you will see that I promptly denied that Mr. GARNER was that kind of a leader; and then asserted that Democrats followed him when he was right and refused to follow him when he was wrong, but that Mr. GARNER was right most of the time, and that it was a pleasure and privilege for Democrats to follow him.

There has never been any demand upon Democrats here either from our Speaker or from our majority leader [Mr. RAINEY] or from our friend from Georgia [Mr. CRISP] that the sales tax should be made a party issue and that Democrats should vote for it, but every Democrat was left to do his own thinking, and to form his own opinion and conclusion, and to vote his own sentiment. We Democrats held no caucus. If we had held a caucus and had decided upon a sales tax as a party matter, then all Democrats without proper excuse who refused to support a party matter would have been renegades and insurgents. But as there was no party arrangement or understanding, there were no insurgents and no renegades, and no breaking away of any kind

A group of so-called Republican leaders had the audacity to assert that a mistake was made in not bringing the tax bill into the House under a rule that would preclude debate and all amendments. That is just what the Republicans would have done. It would have been a bill framed by the Treasury Department, approved by a few Republican leaders, and passed in an hour or so, giving to none of the Republican membership any privilege or right whatever concerning it and that is the kind of procedure that "big monopolies," and the "big press," and the big tax-evading multimillionaires approve of and want. The Republican leadership look

upon all of the rest of the Republican Members as just so many votes they can poll at any and all times for any and all measures they want to put through. And Republican leaders have taught Republican Members—

Theirs not to make reply. Theirs not to reason why, Theirs but to do—

and vote as they are commanded. That was splendid war discipline for Lord Tennyson to preach in his Charge of the Light Brigade, but it is a poor rule of procedure for free and independent Democratic Representatives of Democratic constituencies to be governed by in the Congress of the United States.

Democrats do not act like that. They are real representatives of the people.

Mr. MARTIN of Oregon. Mr. Chairman, a point of order. The gentleman is not confining himself to a discussion of the amendment.

Mr. BLANTON. Mr. Chairman, I am discussing this entire bill.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. BLANTON. I will, Mr. Chairman. I know the rules. The pro forma amendment to strike out the enacting clause made by me affects everything in this bill and everything that can be put in it or taken out of it, and the reasons for putting in and taking out, and that is the only reason I made the motion, because I do not want the enacting clause stricken out. When the gentleman from Oregon has been here a little longer he will understand that. [Laughter.]

I want to say to my friend the gentleman from Georgia [Mr. Crisp] and to my good friend the leader of this House [Mr. Rainey], who has been a veteran for years in fighting the battles of Democracy, that the Democratic Party right now is stronger in this Nation than it has ever been for a single moment since Congress met. The Democrats of the Nation have confidence in the Democrats in the House [laughter], and they know that we are not going to stand for something that is not right and just to the masses. And they know that we are not going to stand for increasing first-class postage from 2 to 3 cents, or for putting a stamp tax on checks.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. No. I am sorry; I have not the time. We will get to wort after a while. [Laughter.]

Because a great majority of this House, 223 Members, if you please, saw fit not to pass a sales tax to put the burden of the expense of the Government on the backs of the poor people, the millionaire monopolies call them renegades and insurgents, and these multimillionaire newspapers, one of whom caused all this trouble last fall when he had this wet Canadian junket, poke fun at Congress in editorials and cartoons. [Laughter.]

I want to say that William Randolph Hearst tried to lead the Democrats when he was a Member of this House, and he could not do it then and he has not done it since, and he will never lead the Democrats of this House or this Nation on any matter that is against the wishes of the people.

There has been no trade between any coal men or any oil men, I will say to my friend. There has not been an agreement of any kind. There has not been any consultation between them. [Applause and laughter.] The only oil provision in this bill was put in by Chairman Crisp and his Ways and Means Committee. And he certainly can not criticize us for supporting his action and that of his committee by speaking for and supporting the excise tax against foreign oils imported into the United States.

In conclusion, let me state that we Democrats are going to balance the Budget, and we are going to balance it in a proper way. We are going to put the taxes and burdens where they belong. We are going to put a proper tax on gambling transactions on Wall Street and other gambling stock exchanges in the United States, which, more than all other causes combined, are responsible for the numer-

ous bank failures and the suffering everywhere in consequence. And when we get through with this tax bill the people of the United States everywhere will have confidence in and respect for the Democrats in Congress and for the Democratic Party in the United States.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the amendment.

Mr. BLANTON. Mr. Chairman, that was a pro forma amendment, and I ask unanimous consent to withdraw it.

Mr. GOSS. Mr. Chairman, I object.

Mr. LaGUARDIA. Mr. Chairman, up to yesterday there was a strong, decided division in the House on a matter of principle, a question which involved the taxing policy of this country, as some of us saw it.

The sales-tax provision, inspired for selfish purposes and passed on to the committee under misrepresentation, misinformation, and deceptive methods, was brought into the House, but that is now a matter of the past. It has been eliminated from the bill and I believe it will be many, many, many years to come before Congress will ever be presented with another sales-tax proposition. [Applause.] But, gentlemen, our battle with the gentleman from Georgia [Mr. Crisp] from this point on is over. He was a worthy foe, chivalrous and generous. His task continues and so does ours. I see no reason why we can not now cooperate in bringing forth a real revenue bill in keeping with American tax traditions.

I wish to say to my good friend the gentleman from Texas [Mr. Blanton] that we must ignore these continued vicious, foul abuses that are being heaped upon us from certain quarters smarting from the licking we gave them, and we have to stand by the committee and bring out a bill that will raise sufficient revenue. [Applause.]

I do not bear any animosity against any Member for anything which may have been said in the heat of debate.

Mr. GAVAGAN. Will the gentleman yield? Mr. LaGUARDIA. I can not yield now.

I do not even bear any animosity for some of the nasty things that have been said about me in the cloakroom. I certainly can ignore vicious attacks that are being made by certain individuals who are sore that we did not relieve them of their taxes and pass them on to the American people. But, Mr. Chairman, I want to say that some of my colleagues who were most vociferous in their criticism of us and our opposition to the sales tax are now attempting to load down this bill with a number of tariff provisions. We fought in the open; this tariff drive is sniping. Some one will say, "You supported the oil-tax provision yesterday, did you not? I did; but it was a part of the bill, and I stated in general debate that I would stand by the oil provision. Regardless of the merits of the separate amendments for tariff protection, I submit that it is impossible to write a tariff law at this time on the floor of the House. It is our duty to perfect this revenue bill, and I want to assure the committee of my cooperation to that end. [Applause 1

I worked on a revenue bill all summer. Why, back last October I announced a tentative plan to raise revenue. I then stated—and it was not yet popular to do so—that I did not believe in passing the current expenses of our day on to the next generation. I stated last October that revenue must be raised to meet the deficit and that I disapproved of issuing long-term bonds for that purpose. I was criticized by some of the very people who are now saying, just like a parrot, "Balance the Budget." I stand ready to work with the committee at any time I may be called. I will support any measure in keeping with our tax policy. [Applause.]

I want to say that the Committee on Ways and Means now has under consideration various provisions for the raising of revenue which belong in a tax bill. Until the committee brings us its proposals I think what we ought to do is to proceed with the orderly consideration of the administrative features of this bill, over which there is

I shall offer perfecting amendments at the proper places. Then when the committee brings in its recommendations for new sources of revenue we can take each one of them, discuss them, and decide them on their merits.

In spite of the way we have been misrepresented throughout the country, in spite of the abuse that has been heaped upon us-disregarding all that-I appeal to my friends who stood together in our fight against the vicious sales tax to show that we can rise to the occasion and that we now proceed to help pass a bill which will bring in the necessary revenue. [Applause.]

Mr. RANKIN rose.

The CHAIRMAN. For what purpose does the gentleman

Mr. RANKIN. Mr. Chairman, I rise in opposition to the

Mr. CLARKE of New York. Mr. Chairman, I make a point of order.

The CHAIRMAN. In conformity with the prior ruling of the Chair, the Chair holds that all debate has been exhausted, and therefore sustains the point of order.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my pro forma amendment.

The CHAIRMAN. Is there objection?

Mr. GOSS. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment to strike out the enacting clause.

The amendment was rejected.

Mr. FULMER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FULMER: At the end of the Crisp amendment add the following:

amendment add the following:

"(5) Waste bagging and waste sugar-sack cloth, 3 cents per pound; jute and jute butts not dressed or manufactured in any manner, 3 cents per pound; fabrics, composed wholly of jute, plain woven or twilled, 5 cents per pound; bags or sacks made from plain woven fabrics of single jute yarn or from twilled or other fabrics composed wholly of jute, 5 cents per pound."

Mr. FULMER. Mr. Chairman, ladies and gentlemen of the committee, no doubt we will hear again that this amendment is a matter that should come before the Ways and

Means Committee as a tariff proposition.

I listened to the statement of the gentleman from Oregon [Mr. HAWLEY], romping on Members of Congress, and also the statement of the distinguished gentleman from Georgia [Mr. CRISP], wherein he especially ripped the Democrats up the back who apparently differed with him as to what class of people should bear the burden of taxation. I want to say to the gentleman from Oregon that he has been on the Ways and Means Committee for years as a leader in placing tariff duties on my people in the interest of his constituents. In the meantime, he has allowed the American markets to be flooded with foreign jute at the expense of the cotton South amounting to millions of dollars annually. My good friend from Georgia, for whom I have a very high regard, has also been a member of the great Ways and Means Committee for many years, and is now the acting chairman. He has either refused in the past to put a tariff on jute or he has been unable to do so. I think it comes with poor grace, and certainly poor statesmanship, on the part of the gentleman from Georgia to be romping on Democratic Members who refuse to go along with him in placing a sales tax on his people and our people who are now facing bankruptcy.

In the gentleman's amendment now pending, and which I am trying to amend so as to place a tax on jute, he proposes to place a tax on oil. Certainly if my amendment is a tariff proposition, it is on all fours with his amendment in which he proposes to place a tax on the importation of foreign oil and gas. I know of no oil wells in the gentleman's State; yet the gentleman is offering the amendment but is unwilling for other Members to enjoy the same privilege that he has taken upon himself. If this oil and gas provision raises revenue, it will be paid by his people and my people. In the meantime when I offer an amendment to outlaw jute to give his farmers and my farmers a chance to control the

very little controversy except as to one or two provisions. | American market he would try to have the Congress and the country believe that I am trying to destroy the Democratic Party.

Let us think seriously for a moment and see what the status of this proposition is. Jute comes from India, which is next to the United States in the production of cotton. India is not only our largest competitor in growing cotton, but she is permitted, free of duty, to flood American markets with jute and jute products, displacing the consumption of American cotton from two to three million bales annually. I have served in Congress for 11 years and have listened to southern Democrats in season and out of season, when considering tariff legislation, howling "Thief, thief, thief!" In the meantime the tariff policy which has been in force for over 100 years goes on.

To-day we have the highest tariff rates ever written in a tariff bill; and what does it mean? My friends, it means that the people of the South are paying millions annually to protected industry while we of the South are denied the same benefits in the way of protection for our cotton farmers and cotton mills against foreign products-jute, oil, and so forth. I am against a tariff policy which proposes to place tariff rates on foreign products higher than on a competitive basis. In the meantime, when I find out of my experience during the past 11 years that we Democrats of the South are unable to stop the high-handed stealing on the part of protected industry-in the words of the late Senator B. R. Tillman, of South Carolina:

I demand for my people their just share of the steal.

I want to ask my Democratic friends, especially those from the South, if you are willing to stand idly by and see foreign countries that are increasing the production of cotton, which is shutting out the exportation of our cotton, come in and take our own American market from us? I say to you frankly, that I am not. I could stand here and give you just as sad a picture of my people in the cotton South as the gentleman from Arkansas did in arguing for the oil amendment in behalf of the independent oil producers and the thousands of starving coal miners.

Last year we produced 17,000,000 bales of cotton. Every pound of that cotton, my friends, was picked with human fingers. It was picked largely by white women and their children with jute bags tied to their backs. In the meantime, that cotton has been sold or is now selling for 5 cents per pound below the actual cost of production. Cotton farmers by the thousands are losing their farms. Men and women are going to their untimely graves because of the worry of their poverty-stricken condition. Why? Largely because you allow the Jute Trust to take the American market free and unhampered. Foreign jute twine used in all post offices in the United States; old ragged disgraceful jute bagging covering American cotton; jute sacks for American grain; jute products used in American-made rugs; millions of yards of jute burlap used in building public highways; and millions of other uses of jute where American cotton, especially of low grade, could be used.

I have a bill pending that would outlaw this old, disgraceful jute bagging and permit the use of cotton bagging. I have the support of this legislation of western Republican friends, but certain southern Democrats are against it because jute manufacturing plants in their States oppose it. No other cotton country in the world uses this old, wasteful jute; not even India where it is produced.

You have been voting millions this session for special interests. In the meantime the gentleman from Georgia and the Democratic leaders are willing to place a sales tax on the backs of millions of unemployed and the already broke agricultural people, as well as allow the Jute Trust to continue to destroy the cotton farmers' market in the United States. Some time ago you gave to the Farm Board \$500,000,000 for the relief of the wheat and cotton farmers. To-day this Farm Board is in control of between three and four million bales of cotton with millions of losses. In the meantime they do not know what to do with it. If you will pass my amendment, we can use practically every bale of cotton that is in the hands of this board to replace jute. I want the people of the cotton South to understand just why we have never given them the same protection that other sections are enjoying at their expense. It is because of Ludlow, the jute king, and his association, and just what you have heard here from southern Democrats to-day.

Every time a tariff bill is up for consideration Ludlow or his representative appears before the Ways and Means Committee protesting against a tariff which would operate against his Jute Trust. In the meantime southern Democrats apparently are satisfied in cursing out the tariff policy without any beneficial result to the South. When the Smoot-Hawley tariff bill was being considered only about three or four Democrats appeared before this committee in the interest of cotton farmers-ex-Senator Ransdell, Louisiana; Whittington, Mississippi; Jones, Texas; and myself. Where is Mr. Ludlow to-day, with his millions made out of jute in the United States, my friends? He has one of the largest jute plants in India of any plant that has been moved from the United States to any foreign country. There he is working Indian labor at 10 cents per day, flooding the American market with jute products at the expense of millions of unemployed Americans and the cotton farmers of the South. In the meantime he is operating his foreign plant as an American citizen under the protection of Uncle Sam's expensive Army and Navy. The records will show, according to the last report I have, that on a \$50,000,000 capital he made a profit of \$21,000,000, or 41 per cent on the dollar. In the meantime he is given the benefit of certain tax exemptions for operating in a foreign country as an American citizen. My friends, I am not surprised that there is so much unemployment, poverty, unrest, and dissatisfaction on the part of agriculture, labor, and the great masses of people in the United States to-day.

Some days ago we voted 40,000,000 bushels of wheat for the starving unemployed in this country. If we could substitute cotton for jute, as proposed by my amendment, you would put millions of cotton spindles into operation, as well as thousands of unemployed to work. I want to tell you, my friends, that if you will pass my amendment and give to our people this market—to which they are justly entitled—it will do more for the relief of the cotton South than all the so-called farm-relief legislation you have passed in Congress since I have been a Member. I am offering this amendment as a revenue amendment, on the theory that it will bring in from twenty-five to thirty-five million dollars revenue, based on the amount of jute and jute products imported during the year 1923.

Mr. RANKIN. Do I understand the gentleman to say that it would bring in a revenue of \$35,000,000?

Mr. FULMER. Yes; from \$25,000,000 to \$35,000,000, based on the present importation of jute and jute products.

Mr. RANKIN. And the cotton growers will pay every cent of it?

Mr. FULMER. I want to say, my good friend, that Democrats like you from the South are all the time raising the roof about a tariff, and in the meantime I might say to the gentleman that you still have the tariff policy, and the Congress continues to impose a high-tariff protection for every other section except the South, which is paid by your people and my people. When it comes to placing a tariff on a foreign product, where you can help the southern people, you stand up and vote against it.

Mr. RANKIN. Do you help the southern cotton growers by imposing a penalty of \$35,000,000 on them?

Mr. FULMER. Pass my amendment and we will take a chance on what the cotton growers will have to pay just like protected industry is taking. May I state to my friend that this amendment will give to the cotton growers of the South a market for from two to three million bales of cotton, and it will do more to help cotton growers than all the gentleman has accomplished since he has been in Congress? To-day you are having us pay millions to protected interest, while we are being paralyzed with a surplus of cotton that could be substituted for jute. Oh, my friends, give my people a chance to dispose of two or three million bales of cotton in our own markets that you are now giving to the Jute

Trust and to India and see what will happen to the southern cotton farmer.

In the words of Gerald Massey may I say to my people?-

O men, bowed down with labor,
O women, young, yet old,
O hearts, oppressed in the toilers' breast,
And crushed with the power of gold;
Keep on, with your weary struggle,
Against triumphant might;
No question is ever settled
Until it is settled right.

[Applause.]

Mr. RANKIN. Mr. Chairman, there is not a man in the House or out of it who is more in sympathy with the toiling cotton growers than I am. There is no man who is more familiar with their problems. I am one of them, and I believe I understand their conditions equally as well as the gentleman from South Carolina [Mr. Fulmer].

There is no subject on which there has been more misleading propaganda "dished out" to our farmers than that of a tariff on jute. The gentleman who has just spoken admitted that it would raise the price of the bagging which the cotton growers of the South use to the extent of \$35,000,000 a year. I submit they are in no condition to assume this extra burden.

Unless you raise this tariff high enough to make it a complete embargo it would not benefit the cotton growers one dollar to offset this \$35,000,000 it would cost them. And even if it were made a complete embargo, I have grave doubts whether or not it would not cost him \$5 or \$10 for every extra dollar it would bring him.

Besides, this is no time to be raising tariffs. Why should a Democrat stray off into the tariff field at this critical period, when the American people are groaning under the burdens of a high protective tariff and appealing to Congress for relief? Our battle now is to get rid of the tariff instead of encouraging its extension. How can we do this if we Democrats join in the stampede and vote for extra tariffs on oil, coal, jute, manganese, copper, and everything else the American people use?

As I pointed out before, the tariff has already stripped the agricultural States of their resources. Since its enactment in 1922 it has cost the American people on an average of approximately \$4,000,000,000 a year—taxing everything they use from the cradle to the grave, and then taxing the tombstones that mark their last resting places.

That means that approximately \$40 per capita for every man, woman, and child is taken from our people every year through this indirect tax called the tariff. Of that \$40 the Federal Government has received \$6, while the other \$34 has gone into the pockets of beneficiaries of the tariff.

That means that the people of States like Mississippi and South Carolina have contributed from \$50,000,000 to \$100,-000,000 a year and received practically nothing in return.

No wonder our people are poverty stricken. No wonder they are calling out and appealing to Congress to relieve them from these unjust discriminations. Yet instead of relieving them certain Democrats come here and ask us to vote tariffs on various things that will not only impose additional burdens but absolutely close their mouths whenever it comes to fighting the iniquities of the tariff.

These Democrats who are straying off and advocating tariffs on various and sundry commodities have been called "tariff hitch hikers" by a certain distinguished gentleman at the other end of the Capitol. He said the hitch hiker rides with a man without paying any of the expenses, burns up his gasoline, wears out his car, sometimes sandbags the owner and takes it away from him, and if he is injured in the slightest manner invariably sues him for damages.

He has compared these Democrats who are trying to impose tariffs on various commodities as "political hitch hkers."

I am not one of them. I believe that the tariff is the outstanding cause of our trouble. It has drained the agricultural States of their resources. It has impoverished our farmers. It has concentrated the wealth of this Nation into the hands of the favored few. It has provoked retaliation

on the part of foreign countries to an extent that has destroyed our foreign trade, paralyzed world commerce, and brought about the greatest economic crash of modern times.

The Democratic Party has always condemned a high protective tariff. It will be the outstanding issue in the coming campaign between the representatives of the American people and the representatives of the predatory interests.

I opposed the sales tax and did everything I possibly could to bring about its defeat. I am glad to recall that out of 219 Democrats in this House, only 35 of them voted for it. The defeat of that provision of the bill was the greatest victory that has been won for the common people of America since the close of the World War. It gave to the toiling masses of Americans a new hope that their interests were being looked after in Washington and that this rule of the superrich, under the present administration with its "Billion Dollar Cabinet" and its subservient sycophants was at last coming to a close.

But would we be consistent, after having defeated the vicious sales tax, to join in imposing high protective tariff duties at this time? A high protective tariff is even worse than a sales tax, for the reason that every dollar you take from the people under a sales tax goes into the Treasury. while, as I have shown, under a high protective tariff only \$6 out of every \$40 goes into the Treasury, while the people are robbed of an extra \$34 to go into the pockets of tariff beneficiaries.

And these embargoes that are proposed are even more vicious, for the simple reason that they raise the prices of commodities to the American people and do not raise any revenue at all.

Would I be consistent, after protesting against the legalized robbery of my people through a high protective tariff for the last 10 years, if I then voted to place a tariff on oil, the most vicious tariff of them all, to take from the people of a State like Mississippi four or five millions of dollars a year with little or no revenue to the Federal Government?

Would I be consistent, after having opposed the tariff all these years, if I capitulated now, joined in the loot so to speak, and added \$35,000,000 a year burden to the cotton growers of the South through a tariff on jute?

No, gentlemen; the tariff has wrecked the economic structure of our country. It is the outstanding evil of the day. It is the commander in chief of all the allied forces that seem to be combined to wreck the economic existence of mankind.

We can not compromise with it. It is a common enemy, and every Democrat and every other individual on American soil who is interested in the welfare of the masses of the American people and in the perpetuity of American institutions should join forces against it. We must oppose these tariff raises, these embargoes, and I for one propose to help defeat them or strike them from the bill.

Besides this is not a tariff bill, it is a tax bill, and even if a high protective tariff were ever justified it would have no place in this measure.

Having purged the bill of its greatest evil, when we eliminated the sales tax, let us not wreck it now by injecting provisions equally as bad. But let us join hands in the fight to raise revenue to meet the current expenses of the Government without violating our pledges to the American people and without unnecessarily adding to their present burdens.

Mr. McGUGIN. Will the gentleman yield? Mr. RANKIN. Yes; for a question, if I have any time left. Mr. McGUGIN. Do I understand the gentleman to say that the tariff is the cause of all our ruin at this time?

Mr. RANKIN. Practically all of it. I thought the gentleman knew that.

Mr. McGUGIN. Does the gentleman think that the proposition of coming here and voting for all appropriations and not voting to raise the necessary revenue to meet them has not had anything to do with it?

Mr. RANKIN. The gentleman is trying to hunt a storm cellar, after his vote for the sales tax, which would have levied a tax of twenty or thirty dollars a year on every man,

woman, and child in Kansas. Yes; this tariff has robbed the agricultural States.

Mr. McGUGIN. Does not the gentleman think-

Mr. RANKIN. Do not interrupt me until I yield. It has robbed the agricultural States, it has bled them white, it has brought about retaliation and destroyed our foreign trade and produced the great panic in which we find ourselves to-day, and we on the Democratic side are going to continue to fight it, as we have in the past, and we expect to sweep on to a victory for the American people in the end.

Mr. MICHENER. Mr. Chairman, I move to strike out

the last two words.

The CHAIRMAN. The gentleman can not be recognized for that purpose, as that is an amendment in the third degree, under the ruling of the Chair.

Mr. MICHENER. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. A motion to strike out the enacting clause can again be made, after debate, and the gentleman from Michigan is recognized for five minutes.

Mr. MICHENER. Mr. Chairman, we have arrived at a stage here where we have the majority leader, the gentleman from Illinois [Mr. RAINEY], on the floor; the chairman of the committee, the gentleman from Georgia [Mr. CRISP], is on the floor; we have the responsible leadership of the House here, and it is a shame and a pity that this Congress is permitted to go to the country in the light in which it is going to the country. Important technical amendments are being passed upon without consideration. Amendments are being placed in the bill for the purpose of killing the bill. Members are introducing amendments which have no connection with a genuine tax bill. Amendments proposing tariffs under the subterfuge of tax are being offered by Members who talk the loudest against a protective-tariff system. Many of those who have talked so much about reducing tariffs are under this subterfuge trying to increase tariffs.

This debate, if we are to judge by the last two speeches, has degenerated into a tariff fight between Members of the

majority party.

Now, this matter is too important—there is too much at stake-to permit a continuance of this kind of thing. There is no member of the Ways and Means Committee, there is no responsible leader of the House here, who will stand up and say that it is his judgment that we should proceed in this way. It seems that the House is beyond the control of its responsible leadership. This bill should go back to the committee, where these important amendments can be considered by those who understand what they mean and be reported in an intelligent way to the House.

I am not going to say "I told you so," but in days gone by we have discussed the necessity of responsible leadership assuming responsibility and invoking the rules of the House in making a catastrophe and show of this kind impossible.

The rules of the House are still in force and effect, and you should invoke those powers and bring order out of

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman is not speaking to his amendment and that he has no authority to lecture either side

Mr. MICHENER. When addressing the committee a few minutes ago the gentleman from Texas, when discussing a similar motion, suggested that that motion was broad enough to cover the remarks he was making, and he has been here long enough to know that under a motion to strike out the enacting clause one can go a long way.

Mr. VINSON of Kentucky. The gentleman says the rules of the House are being violated. Will the gentleman inform the House what rule has been violated?

Mr. MICHENER. The gentleman from Kentucky misunderstood me. If I said the rules are being violated I used unfortunate language. I said there were rules of the House whereby those in responsible position—the leadership could put an end to this fiasco. They could arise and assert their leadership. They could demonstrate that they were going to have the kind of leadership that the Democratic Party has said time and time again that we would have if they were in power. Where is that leadership? [Applause.]

Mr. RAINEY. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, we did not bring this bill in under a rule. We could have done so. Bills of this character have been brought in under rules before, and amendments have been limited or made impossible by rule.

We brought this bill in in order to permit the freest expression of opinion and the freest debate possible and not to gag this House. [Applause.]

We brought it in under the impression that this was a deliberative body. You gentlemen have been elected to Congress, you have filled your high offices, you have the confidence of your constituents, and we believe that you are going to discharge fully your duties as Members of this—which we have heretofore referred to as the greatest deliberative body in the world. I think myself that we ought to keep up the standards we have laid out for ourselves. [Applause.]

This is not a tariff bill. You are proposing amendments here which have not been considered by the committee. We have committees that study these questions and bring out their bills after long and continued and intensive study. I follow the committees of this House. When they have studied for weeks and months an important measure and bring in here their recommendation, I very rarely vote against them. I have confidence in them. None of these motions to amend this bill which you are proposing now has been considered by the committee, and I commend my friend from Oregon, Mr. HAWLEY, who stands for tariffs, and one of these tariff bills bears his name, because a few moments ago with courage he stood before his side of the House and impressed upon them that this is not a tariff bill and that he did not want to make a tariff bill in this way. I am wondering now if I can impress upon the Democratic side of the House-I am afraid not as forcibly as he didthat this is not a tariff bill, that none of these propositions has been studied by this committee, and that gentlemen ought not to treat it and handle it on this floor upon the theory that it is a tariff bill and that they can inject into it these tariff amendments.

There is pending before the Ways and Means Committee the proposition of raising additional revenue and a subcommittee is at work now to report back to the full committee. We have an immense amount of money to make up on account of the defeat of the sales tax the other day. The sales tax is ended, it is out of the picture, but we must balance this Budget.

Why can not gentlemen here who think they have propositions that will yield revenue submit them to the Committee on Ways and Means to be considered, to be brought back here by the committee and suggested by the committee if it finds that these propositions will yield revenue, when these new propositions come in to the House next week?

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. RAINEY. Yes.

Mr. JOHNSON of Washington. I hope that nothing that is said by the gentleman from Illinois and the gentleman from Georgia [Mr. Crisp], by the gentleman from Oregon [Mr. Hawley], and others with regard to the necessity for orderly procedure will react against the amendment which I propose to offer, a proposal which amounts to almost an embargo against Russian-made goods. Still it may produce some revenue. I want to help the leaders perfect the text of the bill.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. KVALE. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JOHNSON of Washington. I know the Committee on Ways and Means did consider in the last Congress dozens of embargo bills and was practically swamped by the number of them at the last moment before adjournment. If this bill or proposal to be added to it is again considered by a subcommittee, it is probable that the thing which amounts to almost an embargo against Russian-made goods might not be considered as a tax-raising measure. Besides all proponents of these amendments will desire to be heard by the subcommittee. The gentleman from Illinois worried about communism the other day. Do we want to encourage the Soviet Government by buying their goods at any price at which they are dumped here?

Mr. RAINEY. This is not the time to discuss embargoes against Russia.

Mr. JOHNSON of Washington. It is not a full embargo if we get it in this way. It is a blanket amendment in lieu of all these 1-item amendments which have been up to-day. The amendment I offer should, in the immortal words of the late Senator Vest, nevertheless and notwithstanding, be adopted.

Mr. RAINEY. The gentleman's argument is for an embargo against Russia. That matter can come up later in a proper bill when the committee has considered it and brought it before the House in an orderly way.

Mr. RAGON. When these other taxes that are going to be proposed by the Ways and Means Committee are brought in here there will be the same opportunity to offer these amendments at that time as now. If we are to proceed upon the theory that we are raising revenue, I do not see how we can sensibly pass on these things now until we know something of what the Committee of the Whole will do with the propositions I refer to.

Mr. RAINEY. The gentleman is absolutely right. I can not yield again because I am taking too much time, but I appeal to my friends on both sides of this Chamber to proceed in order to keep out of this bill the things which ought not to be here and which ought only to be in a tariff bill, if we are to have a tariff bill at some future session. We should proceed now calmly and without any animosity, and without disturbing the orderly course of procedure in this House, with the consideration of this bill.

Mr. HASTINGS. Let me make one suggestion. If the gentleman from Georgia or if the minority leader will make a motion to close debate upon the Crisp amendment and all amendments thereto now, we can proceed with the bill.

Mr. RAINEY. I would be glad to see that done.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield? Mr. RAINEY. No; I am through.

The CHAIRMAN. The question is on the motion of the gentleman from Michigan to strike out the enacting clause.

Mr. MICHENER. Mr. Chairman, I ask unanimous con-

sent to withdraw that motion.

The CHAIRMAN. Is there objection?

Mr. GOSS. I object.

The CHAIRMAN. The question is on the motion of the gentleman from Michigan to strike out the enacting clause. The motion was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from South Carolina to amend the committee amendment.

The question was taken, and the amendment was rejected. Mr. CRISP. Mr. Chairman, I rise to make a preferential motion. I have no desire to cut off these gentlemen from speeches. I move that all debate upon the Crisp amendment and all amendments thereto close in 25 minutes. When that is concluded, I am going to move that this committee rise.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia that debate upon the Crisp amendment and all amendments thereto close in 25 minutes.

The motion was agreed to.

Mr. McCORMACK. Mr. Chairman, I would like to have the attention of my good friend the gentleman from Georgia [Mr. CRISP]. In the Crisp amendment and in the original bill there is a provision for a tax of 4 cents a gallon on lubricating oil. When the bill was originally reported | with manufacturers' excise provisions therein, under the license system 4 cents per gallon on lubricating oil would operate in such a manner that our manufacturers would pay only 21/4 per cent, the base rate provided in the bill. That is what the committee intended, as I understand it. We did not intend that the business of the Nation should be compelled to pay 1 cent a quart for lubricating oil used in industry. I would like to ask the gentleman from Georgia if that is not a correct statement—that the committee never intended to impose 1 cent a quart on the use of lubricating oil in the industry?

Mr. CRISP. No. When that provision was in the bill, with the manufacturers' tax title, lubricating oil in industry was exempt, because that went into a part of the cost of the manufactured article, and the tax levied on the complete article would cover it. Personally I think that a tariff of 4 cents a gallon on lubricating oil is excessive.

Mr. McCORMACK. And the gentleman would agree to an amendment to the extent of providing that this does not apply to lubricating oil used for industrial purposes?

Mr. CRISP. Yes. Mr. JONES. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. JONES. Was it the intention of the committee, under the general terms of the original bill, to exempt industries that used oil, and compel the farmers, who use oil on their tractors, and others, to pay 4 cents a gallon?

Mr. McCORMACK. That is a question I can not answer. Mr. JONES. That does not seem to me like a fair proposition as the committee had worked it out.

Mr. McCORMACK. That is a problem I did not have under consideration.

Mr. JONES. Industry would pay only 21/4 per cent and the farmers would pay the full rate for the use of oil on their tractors, of which rate the gentleman is now com-

Mr. McCORMACK. That is correct. I agree with the gentleman. He is absolutely correct.

Mr. DOUGHTON. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DOUGHTON. Would the gentleman not say that the farmer who used a tractor is just as much engaged in industry as a man who drives a truck or runs a machine?

Mr. McCORMACK. I think he should be exempted, because one way of helping the farmer is to put as little tax on him as possible. That is the position I have always maintained.

Mr. JONES. I have an amendment which I expect to offer to accomplish that purpose.

Mr. McCORMACK. I will support the gentleman's amendment if he will incorporate the proposition which I made in his amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. SCHAFER. Mr. Chairman, I desire to offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. Schafer: Strike out subsection 2 of the Crisp amendment.

Mr. SCHAFER. Mr. Chairman, in five minutes it is impossible to scratch the surface in presenting facts in favor of this amendment. It is unfortunate that under the parliamentary situation more than five minutes can not be obtained. If you go through the printed hearings of the Ways and Means Committee and the committee report, you will not find one word of testimony justifying this iniquitous sales tax of 30 per cent on malt sirups. If you go through the debates on the floor of the House on the tax bill, you will not find one statement by any member of the Ways and Means Committee justifying this iniquitous tax.

I yield now and challenge any member of the Ways and Means Committee or any Member of the House to rise and name one particular thing that brewers' wort can be used for except to make wildcat beer containing much more than one-half of 1 per cent alcohol in the alley breweries. [After a pause.] Not one Member of this House responds, and yet

we are asked to legalize the Capone and other wildcat breweries, in direct contravention of the Volstead Act.

Section 18, title 2, national prohibition act, provides:

It shall be unlawful to advertise, manufacture, sell, or possess for sale, any utensils, contrivances, machine, preparation, compound, tablet, substance, formula direction, recipe, advertised, designed, or intended for use in the unlawful manufacture of intoxicating liquor.

Title II, section 25, of the national prohibition act provides:

It shall be unlawful to have or possess any liquor or property designed for the manufacture of liquor intended for use in violatthis title, or which has been so used, and no property rights shall exist in any such liquor or property. A search warrant may issue as provided in Title II of the Public Laws No. 24 of the Sixty-fifth Congress, approved June 15, 1917, and such liquor, the containers thereof, and such property so seized shall be subject to such disposition as the court may make thereof.

If the above sections are applicable to or prohibit the manufacture and possession of any material or substance, surely they prohibit the manufacture and sale of brewer's wort, which, as its name implies, is a product designed and intended solely for the manufacture of beer. During the past 30 days, 60 persons were indicted by a Federal grand jury at Detroit, Mich., for conspiracy to violate the provisions of the national prohibition act, in that they manufactured and sold wort to alley brewers for use in the illegal manufacture of intoxicating beer.

It is rather difficult for me, a wet, to have to call this to the attention of the dry Members of the House, but I am one of those Members of Congress who are in favor of legalizing 2.75 per cent beer for consumption in the homes and not in favor in legalizing 14 or 15 per cent bootleg beer manufactured in alley breweries by the wildcat brewery industry—the Capone gangsters and other racketeers.

The common people, the poor and lowly, do not have the funds to purchase this wildcat beer at 50 and 75 cents a bottle. My amendment also strikes out the indefensible 30 per cent sales tax on malt sirups. Oh, the committee at this late day now proposes to exempt malt sirups sold to large baking establishments. However, when the small bakers who can not purchase in large quantities and the housewife who wants to make bread or gingerbread or who wants to bake beans or follow the hundreds of recipes contained in these two books which I hold in my hand desire to purchase malt sirups produced from the American farmers' grain, they have to pay a manufacturers' sales tax of 30 per cent.

If they want to buy this powdered malt produced from grain grown on American farms, to mix with milk produced on American farms to make malted milk for children in the homes, the poor people will have to pay a 30 per cent sales tax on it. If the poor man wants to buy a can of this malt to make a healthful, nonintoxicating beverage in his home, he will have to pay a 30 per cent sales tax on it because he is a home-brewer.

I call upon all of you who opposed the 21/4 per cent general sales tax, I call upon all of you wets who are opposed to Congress legalizing the Capone wildcat breweries brewing 14 per cent beer in violation of the prohibition law and in favor of legalizing a good wholesome beer, I call upon all you drys who are opposed to even a little more than one-half of 1 per cent legal beer, in the name of justice, in the name of equity, in the name of fairness, to vote for my amendment to strike this vicious, un-American 30 per cent sales tax and wort tax provision which is embodied in the Crisp amendment, particularly in view of the fact that no evidence whatever has been placed before you to justify its passage.

It is said that much of this malt sirup is used for homebrew, and some Members take the position that this fact justifies the 30 per cent tax on the class of malt sirup as contained in the exhibit which I now hold in my hand. In making home-brew you use sugar and yeast and, for some, use a few potatoes, also. Are you, therefore, in favor of placing a 30 per cent sales tax on all sugar, yeast, and potatoes? Corn sugar and corn sirup are used extensively in the illegal manufacture of distilled liquors. Millions and millions of pounds of it are thus used. Are you, therefore, in favor of putting a 30 per cent sales tax on all the corn sugar and

sirup used in America because some of the racketeers are using it to make illegally distilled liquors?

Rye, corn, and other grains are used by the million bushels for the illegal manufacture of distilled liquors. Are you, therefore, in favor of placing a 30 per cent sales tax on all of these grains used in America?

Charcoal and barrels are used to a great extent in manufacturing illegal liquors. Are you, therefore, in favor of placing a 30 per cent sales tax on all charcoal and barrels used in America?

This kind of malt sirup, while used by home-brewers, is also used in the making of the hundreds of food products contained in the cookbook which I hold in the same hand. It is also used in the manufacture of textiles and by the drug industry, as well as in the manufacture of breakfast foods and cereals.

Now, my friends, let us approach this vote as a matter of principle, neither wet nor dry. By adopting my amendment you will strike out a provision which has not been defended by any member of the Ways and Means Committee, upon which there is no testimony in the committee report, and upon which there is no testimony in the printed committee hearings.

[Here the gavel fell.]

Mr. HORR. Mr. Chairman, I rise in opposition to the amendment. The other day you voted against taxing beer. I am going to ask you to be consistent. I want to call the attention of the drys to the fact that in this bill taxing malt, grape concentrate, and wort you are doing the very thing asked for in the beer tax bill. The thing you are doing here in taxing wort and malt is merely to create a method to recognize an illegal act. I am now throwing it back to you with the statement that this can of malt extract I hold is nothing more than just about 5 gallons of beer concentrated. I am saying that this can of malt, brought here by the gentleman from Wisconsin, gives to the American people 5 gallons of condensed beer. All that is necessary to make beer out of it is to add a little water and a cake of yeast.

Now, as regards wort. I congratulate the gentleman from Michigan on their showing in that State. Delivery wagons drive up to these wildcat breweries, fill their cans with wort, take them out into the alleys, and make deliveries in the nighttime. Everything is perfectly legal up to that point. Then the alley speakeasy owner runs out with his 5-gallon can, turns the spigot, looks around to see if there is a snooper abroad, runs back to his speakeasy, drops in a cake of yeast, and sells it to the gullible public at 50 cents a quart. I know this will be a means of revenue if it is taxed, but I am not for it. I believe we should be consistent. How can you go before the people of this country and tell them you are opposed to the taxing of beer if it is manufactured in a scientific way when you turn around and say you are going to furnish every home and every housewife with a tin of malt from which, through the use of a cake of yeast and plenty of water from the faucet, they can make a product that you gentlemen are afraid to tax? I hope you drys will keep malt, wort, and grape concentrate in this tax bill, because you will get revenue from this source and you will also make yourselves the laughing stock of the Nation.

What about this grape concentrate you are going to tax? What are you going to make out of it? Nothing but wine. What are you going to do with this wort? You are going to use it for nothing else but beer. That is the only use it has. If you can get by with it with the public, I am going to congratulate you. But as one opposed to such fanatical construction, I want you drys to go out to the country and tell them you are taxing grape concentrate, which is wine condensed, and malt, which is beer in its condensed form. I am opposed to this tax, and I rose in opposition in order to be permitted under the rules of the House to speak on this amendment. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. Schafer) there were—ayes 20, noes 74.

Mr. SCHAFER. Mr. Chairman, I demand tellers. Tellers were refused.

So the amendment was rejected.

Mr. KNUTSON. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Minnesota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Knurson: At the end of the Crisp

amendment insert as a new paragraph the following:
"An import tax of 1 cent per pound shall be levied on the metallic manganese content of all imports into the United States of manganese ore (including ferruginous manganese ore) or concentrates, and manganiferous iron ore, all the foregoing containing in excess of 10 per cent of metallic manganese; and an import tax of 1% cents per pound shall be levied on the metallic manganese content of all imports into the United States of manganese metal, manganese silicon, ferromanganese, and spiegeleisen.

Mr. KNUTSON. Mr. Chairman, I believe I am safe in saying that this is one of the most important amendments to be offered to the pending bill.

Manganese is found in 35 States of the Union and is being actively mined in 15. If the amendment now pending before the House is adopted, it will serve not only to raise \$6,250,000 in revenue but revive an industry that is practically dormant for lack of adequate protection. The rate of 1 cent per pound would mean an increase of only 16 cents per ton in the cost of steel, consequently no one can raise the point against the amendment that it amounts to an embargo.

Russia is laying down manganese ore in this country at the present time at something like \$2.05 a ton. It costs about that to take the ore out of the ground in this country, and then you have the local taxes, cost of transportation, and other items to add to it, bringing the total cost of American-produced manganese up to about \$4.08. We know that if we can secure the adoption of this amendment it will just about equalize the difference in cost of production in foreign countries and at home. At the present time the manganese industry is practically down and out, and thousands of miners who have heretofore been employed in the industry are now walking the streets looking for other work.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. SMITH of Idaho. I am curious to know how much manganese is imported.

Mr. KNUTSON. I am glad the gentleman has asked that question. Five hundred and two thousand tons of manganese were imported last year, an increase of 215,000 tons, or 339 per cent over the previous year. This amendment would bring in \$6,250,000 in revenue and revivify a dying industry.

Mr. MANLOVE. If the gentleman will permit, I would also like to inform the gentleman that this is one product that America had to put an immense profit on in order that we might mine it and meet the necessity for it during the period of the war.

Mr. KNUTSON. Bearing right on that point, let me read an extract from a letter recently written by one of the Assistant Secretaries of War:

The question of assuring during war time an adequate supply of manganese cre to maintain the production of the steel industry at the rate demanded by any military program is one that has received much thought in the War Department. This question resolves itself into a situation in which foreign sources of this ore are denied to this country and reliance must be placed on domestic or near-by producers.

domestic or near-by producers.

In view of the dependence of the military requirements upon steel products and of the supreme importance of manganese in the making of sound steel, it is deemed essential to have available at the beginning of a major war a domestic or near-by operating

source of manganese ore.

To create such an operating source during peace time the producers must have a market for their output. It is therefore suggested that you bring to the attention of the members of the institute who are consumers of manganese ore the viewpoint of the War Department, and its hope that the domestic and Cuban projects may possess sufficient merit to warrant their assistance in ercouraging the development during peace time of these sources of manganese supply for war-time needs.

The purpose of my amendment is not only to provide work for the unemployed manganese workers but also to assure this country a dependable supply of manganese in time of emergency, and I am going to appeal to this House, with all the fervor at my command, to adopt the amendment, because I assure you, gentlemen, no matter from what angle you may view it, this is one of the most meritorious amendments that has yet been offered to the pending bill.

[Here the gavel fell.]

Mr. RAGON. Mr. Chairman, I certainly hope this amendment will not be adopted. I happen to have manganese in my State, and I have just talked with Judge Crisp, and he has it in his State. Various Members have manganese in their States, but, gentlemen, there was not a single line of testimony produced in our committee upon this proposition.

You must stop and think about it when you put in a rate here that you do not know whether it is a prohibitive, a

protective, or merely a revenue-producing rate.

Take the oil illustration, for instance. Last year before our committee the oil people came in there and asked for a protective tariff for their industry. There was not a single suggestion that the rate should be less than 2 cents a gallon, or 84 cents a barrel, and so in order to make the rate a revenue producer, and not put it under the ban of a protective tariff or a prohibitive tariff, after a long investigation and after hearing many witnesses, the committee was able to determine that 1 cent a gallon on oil would be a fair revenue measure.

Now, you come in here and ask for a tax on manganese. Who is there here except the proponent of this amendment that is able to tell what is a reasonable tax or what is a protective tariff or what is a prohibitive tariff upon this item of industry. Then, in addition to this, you all know that in placing a tariff on one of these items you have to pay some attention to its relationship to other articles of industry.

We placed a tax on copper. We thought we could raise some funds that way. The next day, upon investigation, we found that the subject was complicated with other industrial articles—we found that it affected 38 tariff schedules.

Now, on the subject of manganese, it affects the steel products of this country. Do you think that in 10 minutes' discussion on the floor of this House you are able to put an adequate tax or tariff, whatever you call it, on manganese and compensatory rates on other articles that it affects? Why, such a suggestion does not approach the dignity of good nonsense. [Laughter.]

Mr. WILLIAMSON. I want to say to the gentleman that the compensatory taxes are taken care of in another

Mr. RAGON. Yes; the compensatory taxes that you gentlemen from Minnesota and South Dakota want; but are they the compensatory duties that the House wants to put on this schedule?

Mr. KNUTSON. It only amounts to 16 cents a ton on steel.

Mr. RAGON. Why do you gentlemen not allow the committee to say what it amounts to; why did not you come before the committee, as the oil people did, and give these facts?

Mr. KNUTSON. Because we were not given the oppor-

The CHAIRMAN (Mr. OLIVER of Alabama). The question is on the amendment offered by the gentleman from Minnesota

The question was taken; and on a division (demanded by Mr. Knurson) there were 56 ayes and 85 noes.

So the amendment was rejected.

Mr. SIMMONS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Strike out paragraph 1 of the Crisp amendment.

Mr. PATTERSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN (Mr. BANKHEAD). The gentleman will state it.

Mr. PATTERSON. I would like to ask the Chair if the 25 minutes' time agreed upon is not exhausted?

The CHAIRMAN. The Chair is informed that the time has expired. The question is on the amendment offered by the gentleman from Nebraska.

Mr. JONES. A parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Nebraska yield to the gentleman from Texas?

Mr. SIMMONS. I yield.

Mr. JONES. Will it be in order for a perfecting amendment to be offered before the amendment of the gentleman from Nebraska?

The CHAIRMAN. Does the gentleman from Texas desire to offer a perfecting amendment to paragraph 1?

Mr. JONES. I do.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. Jones: In line 1 of subdivision 1 of the Crisp amendment, after the word "oils," insert the following: "except when used for farm tractors, or for other agricultural or industrial purposes."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. Jones) there were 45 ayes and 97 noes.

So the amendment was rejected.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent for one minute.

The CHAIRMAN. Is there objection?

Mr. CLARKE of New York. I object, and I make the point of order that all time has been exhausted under the agreement entered into with the gentleman from Georgia.

The CHAIRMAN. The point of order is well taken. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The vote now comes upon the amendment offered by the gentleman from South Dakota [Mr. Christopherson], which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Christopherson: Add a new paragraph to the Crisp amendment to read as follows: "Butter, 22 cents per pound."

Mr. CHRISTOPHERSON. Mr. Chairman, I ask unanimous consent to proceed for one minute.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, I object.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The CHAIRMAN. The vote now comes upon the amendment offered by the gentleman from Washington [Mr. Johnson], which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Johnson of Washington: On page 228, after the Crisp amendment, insert a new paragraph, as follows: "All goods, wares, or articles of merchandise produced, mined, or manufactured wholly or in part by labor subject to penal sanctions or disabilities for refusal or failure to work at the behest of any foreign monopoly or state trust, imported into the United States, 100 per cent of the American wholesale value as of the date of passage of this act; but no article described in this paragraph shall be exempted upon importation from tax under this title as an article for further manufacture, and no credit or refund of tax imposed upon the importation of any article described in this paragraph shall be allowed under section 605 (a)."

The CHAIRMAN. The question is on the amendment. The question was taken; and on a division (demanded by

Mr. Johnson of Washington) there were—ayes 27, noes 91.

So the amendment was rejected.

The CHAIRMAN. The question now recurs upon the committee amendment as amended.

The question was taken; and on a division (demanded by Mr. Stafford) there were—ayes 185, noes 14.

So the amendment was agreed to.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Bankhead, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10236, the revenue bill for 1932, and had come to no resolution thereon.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Beck (at the request of Mr. Darrow), for one week, on account of important business.

#### MUSCLE SHOALS

Mr. JEFFERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the subject of Muscle Shoals.

The SPEAKER. Is there objection?

There was no objection.

Mr. JEFFERS. Mr. Speaker and my colleagues of the House of Representatives, there is no proposition which will come before this Congress of greater interest or importance to the farmers of the Southland, and, in fact, to the farmers of the Nation as a whole, than the new bill on Muscle Shoals, which was, by a vote of 13 to 8, reported to the House on Thursday by the Military Affairs Committee. This is really a matter of vital importance. We have seen several bills providing for the leasing of this great project put through the House of Representatives. We have seen other bills pass the Senate. We have seen conferences between the two branches of Congress agree upon conference reports, and twice we have seen bills providing for the disposition of Muscle Shoals reach the White House, where both received a presidential veto.

We well realize that it is a very difficult matter for many conflicting opinions to agree on all the details connected with the disposition of such extensive and vast properties as are included in the great Muscle Shoals project. However, we now come again to the Congress with another bill and with renewed hope.

#### SOME EXPERIENCES OF THE PAST

In the past we have heard much testimony from people who would not like to see the nitrates plants at Muscle Shoals operated at all to the effect that fertilizer could not be produced there. We have always felt confident that such testimony was incorrect and misleading, and now we have the benefit of the study which has been given to the proposition by the joint commission appointed by the Governors of Alabama and Tennessee. And that commission in its report confirms in positive manner the contention which we have made all these years that fertilizer for the impoverished farm lands of our country can be produced at Muscle Shoals, and that the price of fertilizer can thereby be materially reduced

Efforts to bring about the leasing of the Muscle Shoals project to some private enterprise with sufficient financial responsibility have been made over a period of years. Stiff opposition has been encountered every step of the way. We have had to fight the influence of the National Fertilizer Association of the United States, sometimes referred to as the Fertilizer Trust, and from the extensive testimony offered by the representative of the National Fertilizer Association just recently before the Military Affairs Committee, I take it that we may consider ourselves forewarned that we may as well again expect the opposition of the same interests which have heretofore fought this proposition. When the Government first sought a contract for a lease for the entire Muscle Shoals project the power people, and the Alabama Power Co. in particular, expressed themselves as not being interested in the proposition and declared that the great nitrate plants at Muscle Shoals were of no value except as " junk.'

However, when Henry Ford put in his bid for a lease contract on Muscle Shoals the project then became very valuable overnight, and the influence of the power company was immediately thrown full force against the Ford offer on Muscle Shoals. This was evident from the very beginning, and, under date of Friday, September 22, 1922, I

stated to this House that the propagandists of the Fertilizer Trust, the Aluminum Trust, and the Power Trust had undertaken to poison the public mind by calling the Ford proposal a "fraud." I stated further that the farmers of every agricultural section of the United States have told us in unmistakable terms that they were unanimously in favor of the approval of a contract between the Government and Henry Ford, and that the agricultural organizations of the country had made very exhaustive investigation of the whole subject and that they had faith in Ford's ability and preparedness to handle this tremendous development. The people believed that Henry Ford had the proper inclination with regard to the operation of the nitrate plants for the production of cheaper fertilizer, and that he would not exploit the consumer.

No final action was taken on the matter in 1922, and during the next long session of Congress, in the spring of 1924, we found the Muscle Shoals problem still unsolved, and we found that the Ford offer was still pending before the Congress.

#### THE BIDS OF THE COMBINED POWER COMPANIES

At that time there was presented a proposal from the combined power interests of Alabama and Tennessee. The proposal of the power people was in two parts, or two separate propositions, one proposition being a bid for a contract on the power development at Muscle Shoals, and the other part of their proposal was a bid for a contract on the nitrate plants. Their proposals were not all in one bid, as was the Ford proposal, but were divided. Both proposals of the power companies were signed by the same three companies namely, the Tennessee Electric Power Co., the Memphis Power & Light Co., and the Alabama Power Co.; but they refused to make one complete bid for a contract on the whole Muscle Shoals project, including both the great power development and the nitrate plants.

Of course, they pointed out they would have an interlocking directorate but still they wanted the two features of the Muscle Shoals project-(1) the power development. and (2) the nitrate plants-kept separate, so far as their proposal was concerned. Their plan was a smooth one, but it was very easy to see through it. If they could have gained possession of the entire Muscle Shoals project under that sort of a dual arrangement with divided responsibility, it would have been a simple matter for them to have later forfeited the contract on the nitrate plants by simply failing to operate them successfully, and then the Government would have been compelled to take back the nitrate plants. while the power companies, under their other contract on the power development, would have been in position to hold that end of the project, thus gaining possession of the thing which they were really after, namely, the power development at Muscle Shoals, and turning back to the Government the fertilizer plants. But our citizens were not fooled, the farmers of our country were not fooled, the working people were not fooled, and a storm of protest was immediately heard against this attempt by that combination of the power interests of the South to grab the great water-power development at Muscle Shoals.

In my speech on the floor of the House on March 8, 1924, when we were approaching a vote on the proposition I stated, in part, as follows:

I believe that it is undeniable that the Ford offer has been, and is now, the only comprehensive and all-inclusive offer that has yet been made to the Government. Other proposals that have been made would split the great project by means of separate offers for the water-power project and for the nitrate plants. In my opinion, it would be a very serious and fatal mistake to split the project. The first and foremost and primary objects of the power development at Muscle Shoals are that we have a supply of nitrate for national defense in time of war and nitrate for fertilizer in peace time, and it appears to me that the nitrate plants should be linked inseparably with the water-power development under some reliable contract. Will Congress ignore the prayer of the people and give way to the powerful pressure of the influence of the Fertilizer Trust, Aluminum Trust, and power monopoly? I believe not. Nearly two years ago I stated that I was in favor of the approval by Congress of the Ford proposal. I believe that the House is now about to go on record in that way, and I am glad that the House at last has that opportunity before it.

In support of their effort to secure control of Muscle Shoals under their double-barreled proposition, and in their effort to block favorable consideration on the Ford proposal the Tennessee Electric Power Co. and the Alabama Power Co. sent their representatives to Washington to appear before the Military Affairs Committee of the House, and many other witnesses suddenly appeared here on the scene at the same time to testify against the Ford proposal and in favor of the power companies. These witnesses were very closely cross-questioned by members of the Military Affairs Committee. The members of that committee, having had such long experience with the Muscle Shoals problem, were naturally curious to find out what was the real reason behind the sudden appearance in Washington of this group of witnesses, and their questions to those witnesses brought out some very interesting and illuminating information.

THE TESTIMONY OF MR. HUNT FRASIER, OF SELMA, ALA.

One of those witnesses was Mr. Hunt Frasier, the secretary of the Chamber of Commerce of Selma, Ala., and I cite his case particularly since Selma is one of the cities located in the congressional district which I have the honor to rep-

In the course of his testimony, Mr. Frasier claimed that he came to Washington as the representative of the Chamber of Commerce of Selma, Ala., and at first he stated positively, as the following record of his testimony clearly shows, that the whole membership of the Selma Chamber of Commerce at a meeting had instructed him to appear here, and then, under the direct questions of Mr. McSwain, of South Carolina, a member of the committee, he was forced to admit the incorrectness of his statement that he came here by the direction of the membership of the Selma Chamber of Commerce, and he then said that he came here under the instructions of some of the directors; and at the same time it was brought out in the testimony that one of the directors of the Selma Chamber of Commerce, Mr. E. C. Melvin, who sent him to Washington to testify, is also one of the directors of the Alabama Power Co.

Another claim made by Mr. Frasier was that he did not come to Washington to testify in behalf of the Alabama Power Co., but in spite of his statements it was very apparent to the members of the Military Affairs Committee that Mr. Frasier was against the Ford offer and in favor of the proposal of the Alabama Power Co., and finally one of the members of the committee, Hon, LISTER HILL, of Alabama, noticed that the notes from which Mr. Frasier was reading while giving his testimony were on the stationery of the Washington Hotel, Washington, D. C., and by closely questioning Mr. Frasier on that point Congressman Hill developed the very telling evidence that Mr. Frasier had arrived in Washington on the morning of the day on which he appeared before the Military Affairs Committee, and that the first and only thing Mr. Frasier did after he got off the train in Washington and before he made his appearance before the Military Affairs Committee was to proceed at once to the Washington Hotel and go straight to the rooms of Mr. Thomas Martin, president of the Alabama Power Co., and there on the stationery of the Washington Hotel, under the direction of the president of the Alabama Power Co. and the lawyer of the Alabama Power Co., the notes were prepared which Mr. Frasier later read as the basis of his testimony before the Military Affairs Committee. I quote from Mr. Frasier's testimony, as follows:

Mr. FR ISIER. I am secretary of the Chamber of Commerce of Selma, Ala.; I am also manager of and principally interested in one of the largest farming interests in Dallas County. I am also a member of the Farm Bureau Federation, although I am at this time not speaking for the Farm Bureau Federation. I am expressing my own views, so far as that organization is concerned.

I must say that it was very fitting that Mr. Frasier stated that he was expressing his own views, in so far as the Farm Bureau Federation was concerned, because he knew very well, of course, that the Farm Bureau Federation, as well as our farmers who were not affiliated with the Farm Bureau Federation, were practically unanimous in their support of the Ford offer for Muscle Shoals, and that our farmers were very strongly opposed to turning Muscle Shoals over to the Alabama Power Co. or to the combination of the power companies of Alabama and Tennessee. He said he was a member of the Farm Bureau Federation, but, of course, he knew he was not representing their views . and feelings, nor the views of our farmers generally.

Here follows the cross-questioning of Mr. Frasier by Congressman McSwain, of South Carolina, and Congressman LISTER HILL, of Alabama, to which I have called your

Mr. McSwain. Do you represent yourself or your chamber of commerce?

Mr. Frasier. I represent the chamber of commerce, sir.
Mr. McSwain. Now, did the members of the chamber of commerce, as a chamber of commerce, take any action on this?

Mr. Frasier. Yes, sir. Mr. McSwain. When did the members of the chamber of commerce take action? That is, when did the hoi polloi of the members meet and take action?

Mr. Frasier. They met right recently. Mr. McSwain. What was the date of that? Mr. Frasier. The latter part of last week.

Mr. Frasier. The latter part of last week?
Mr. McSwain. The latter part of last week?
Mr. Frasier. Yes, sir.
Mr. McSwain. Not merely the directors, but all the members?
Mr. Frasier. The directors met.
Mr. McSwain. I asked you if the individual members of the chamber of commerce met.
Mr. Frasier. The directors met.

Mr. McSwain. The directors met? Mr. Frasier. Yes, sir. Mr. McSwain. Not the individuals?

Mr. Frasier. Not the individuals, no, sir. Mr. Hill of Alabama. Is Mr. Melvin a member of your board?

Mr. Frasier. Yes, sir.

Mr. Hill of Alabama. He was present? Mr. Frasier. Yes, sir.

Mr. Hill of Alabama. He is a member of the board of directors of the Alabama Power Co.?

Mr. Frasier. Yes, sir.
Mr. Hill of Alabama. Do you know when Mr. Melvin was made a member of the board of directors of the Alabama Power Co.?

Mr. FRASIER. No; I do not.

Mr. Frasier. No. 1 do not.

Mr. Hill of Alabama. It has been a recent date, has it not?

Mr. Frasier. Probably five or six months, I think.

Mr. Hill of Alabama. Mr. Melvin was made a member of the board of directors of the Alabama Power Co. five or six months

Mr. Hill of Alabama. You recognize this fact, so far as that State is concerned, the Alabama Power Co. has gone down there and endeavored to get influential men like Mr. Melvin with them, has it not? Has not that been the policy?

Mr. Frasier, I do not know if that is their policy. Possibly it

is not unlike Ford's in that respect.

Mr. Hill of Alabama. They have done that thing, have they not?

Mr. Frasier. They have got Mr. Melvin. I do not know the policy.

Mr. Hill of Alabama. I have been interested in what you have Mr. Hill of Alabama. I have been interest in any par-ticular offer. I have been interested in this paper you have. On the back is the name of the Washington Hotel. I take it that you titular older. I have been interested in this paper you have. On the back is the name of the Washington Hotel. I take it that you are at the Washington Hotel?

Mr. Frasier, That is the Washington Hotel.

Mr. Hill of Alabama. Did you get this paper at the Washington

Mr. Frasier. Yes, sir.
Mr. Hill of Alabama. You got it there this morning?
Mr. Frasier. Yes, sir.
Mr. Hill of Alabama. Who gave you that paper, if I may ask, as a matter of interest to me? Mr. Frasier. I got that paper out of the room of Mr. Tom

Martin

MARTIN.

Mr. Hill of Alabama, Tom Martin?

Mr. Frasier, Yes, sir.

Mr. Hill of Alabama. In other words, I judge the first thing you did this morning when you got to Washington was to go to the room of Tom Martin, president of the Alabama Power Co., at Washington Hotel?

Mr. Frasier. Yes; that was the first thing.
Mr. Hill of Alabama. That was the first thing of any importance?

Mr. Frasier. Yes, sir.
Mr. Hill of Alabama. He then provided you with this paper, and you went and sat down and worked out, you and he, these notes to be the substance of your testimony before this committee?

Mr. Frasier. I went over some of those things with Mr. Martin;

yes.

Mr. Hill of Alabama. You went over them with him as soon as you got there, and he is a representative of the power company?

Mr. Frasier. Yes, sir.

Mr. Hill of Alabama. And you also talked to Mr. Thompson, who is the lawyer for the company?

Mr. Frasier. Yes.

Mr. Hill of Alabama. You held a conference at the Washington Hotel and wrote out the substance of what you should testify to before this committee?

Mr. FRASIER, Yes, sir.

Mr. Hill of Alabama, That is a fact? Mr. Frasier. Yes, sir. Will you read that last question? Mr. Frasier. Yes, sir. Will y The reporter read as follows:

"Mr. Hill of Alabama. You held a conference at the Washington Hotel and wrote out the substance of what you should testify to before this committee?

"Mr. Frasier. Yes, sir.
"Mr. Hill of Alabama. That is a fact?
"Mr. Frasier. Yes, sir."
Mr. Frasier. I beg to amend that. These things were things I had worked out myself; practically everything on there I worked out myself on the train coming up, and they were gone over with Mr. Tom Martin.

Mr. Hill of Alabama. You discussed those things you worked out with Mr. Martin, a lot of those things on that paper, which you used as the basis of your testimony. You made them out at the room at the hotel?

Mr. FRASIER. Yes, sir.

Mr. Hill of Alabama. In the room of Tom Martin in the Washington Hotel?

Mr. FRASIER. Yes, sir.

Now, there you have samples of the duplicity of that witness, Mr. Hunt Frasier, secretary of the chamber of commerce from Selma, Ala. There is the picture; you can see it for yourself. You can see Mr. Frasier leaving Selma, Ala., at the instance of Mr. E. C. Melvin, a director of the Alabama Power Co., and coming to Washington, and then the first thing he did upon his arrival in Washington was to report immediately to the rooms of Mr. Thomas Martin, president of the Alabama Power Co., to receive his instructions regarding what he should testify before the congressional committee. Can you see any connection with the Alabama Power Co. there? And yet, Mr. Frasier appeared before the Military Affairs Committee and pretended that he had no connection in any way, shape, form, or fashion with the Alabama Power Co.; and, be it remembered that he also attempted to give the impression that the entire membership of the Selma Chamber of Commerce acted in sending him to Washington, and made a positive statement to that effect, and then, under the pressure of close examination by Mr. McSwain, a member of the committee, he was forced to confess that the membership of the chamber of commerce had not met or acted on the proposition at all, but only some of the directors had instructed him to come to Washington to appear before the committee, and one of those directors who instructed him was also one of the directors of the Alabama Power Co.

I am glad to say that the testimony of Mr. Frasier and the other witnesses who came to Washington to fight against the Ford proposal for Muscle Shoals had no effect upon the membership of the Military Affairs Committee of the House, or upon the House of Representatives, and on March 10, 1924, the bill which embraced the Ford proposal was passed in the House by a vote of 227 to 142; and I am also glad to be able to state that all 10 members of the Alabama delegation in the House of Representatives stood unanimously against the effort of the Alabama Power Co. and the other power companies associated with it to take control of that last great water-power resource in the State of Alabama. Although we were able to pass the Ford proposal in the House it was blocked in the Senate, and so it never became effective. The loss of the Ford contract for the operation of Muscle Shoals for the express purpose of producing fertilizer was the saddest and most bitter blow which has been suffered by the farmers of the South. If Muscle Shoals had been put into operation under the Ford proposal, our farmers would have been better off by millions of dollars by reason of the cheaper price of fertilizer which we believe would have been brought about. They would have been receiving these benefits for the past eight years or more.

## LOOKING TO THE FUTURE-THE NEW BILL BEFORE US

As I stated in the beginning, we now have before us a new bill providing for the leasing of Muscle Shoals if a proper offer can be secured. The Muscle Shoals Commission has given us their opinion, as the result of their research and study, that fertilizer can be produced at Muscle Shoals.

and that a cheaper price on fertilizer can be brought about. I hope we can pass this bill and then, when it is passed, we must bend our best efforts to secure the operation of that great project under a leasing contract with some responsible agency that will guarantee the production of fertilizer that can be sold at a price that will be a great saving to the pocketbooks of our farmers, and that may be expected to produce direct beneficial result in the improvement of the impoverished farm lands of the South.

In fairness to the Alabama Power Co., I want to say that I have no feeling whatever against that great corporation as such, or against people who are connected with it. The statements which I have made are based upon the record which shows what has happened in the past. I do not believe it would be for the general welfare of the State of Alabama, or of the southeastern section of the United States, for that last great water-power development at Muscle Shoals to fall into the hands of the Alabama Power Co., or of the combination of the power companies of Tennessee and Alabama. That is simply a statement of policy regarding this great governmental project at Muscle Shoals.

The experience of the past teaches us that we must be alert and on guard in the future regarding this proposition. I honestly feel that it will be for the best interests of our State and Nation that we guard against the contingency of the hydroelectric power development at Muscle Shoals falling into the hands of the power companies. If they secure control at Muscle Shoals it is easy to see that they will have a complete monopoly on all water-power resources in the entire southeastern section of our country, and thus they will have an absolute stranglehold on consumers of power in the South; and there will be no production, in any form, of fertilizer to rehabilitate the washed-out and cotton-poor farm lands of our country.

#### EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a resolution by the Democratic committee of my State and a petition of the Chamber of Commerce of Lake City, Fla.

The SPEAKER. Is there objection?

Mr. STAFFORD. I reserve the right to object.

Mr. GREEN. I will state that the petition is for additional beds at the veterans' hospital at Lake City, Fla.

Mr. STAFFORD. I suggest the gentleman incorporate that in his own remarks rather than by invading the rule. I object.

## IDLE GOLD

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, the President and the Secretary of the Treasury know what will restore business conditions, but they are not favorable to the plan because it is alleged to be against the interest of the ultrarich.

The failure of the bondholding class, who have charge of our currency system, to permit the use of the idle gold in the Treasury is the cause of our troubles.

## INFLATION NEEDED

The velocity of money and credits is about one-half what it was three years ago. There is only one way to make up for the lack of velocity and that is to increase the volume of money. The public welfare will be promoted by such a move. If the volume of money is increased, commodity values will rise. Farmers will get a better price for their products; they already have consuming power, and this will give them purchasing power; factories will supply their needs, which will put labor to work.

There is one way that the currency can be inflated by placing money in every nook and corner of America without paying a dole or bonus but by paying a debt.

## VETERANS CAN BE PAID WITHOUT BOND ISSUE

The remainder of \$2,200,000,000 due 3,660,000 veterans of the World War on their adjusted-service certificates can be paid without a bond issue, without increasing taxes, without

additional interest charges, and save the Government annual payment of more than \$112,000,000 until 1945, in addition to abolishing a Government bureau, which will save the people tens of millions of dollars.

If not paid now, practically all the remainder due a veteran who has borrowed on his certificate will be consumed by compound interest paid to banks and the Government. The veterans and the country need this money now.

#### THAW OUT FROZEN ASSETS

This money can be paid by the issuance of United States notes. We have \$346,000,000 of these notes outstanding now which are backed by 40 per cent gold. We have sufficient idle gold to back the \$2,200,000,000 in a similar manner. The result of this operation will be to convert a Government noncirculating obligation into a Government circulating

The issuance of this additional currency will not affect the gold standard; we will still have more than a 40 per cent base; in fact, we need two and one-half billion dollars of gold to stabilize our currency, and we have four and onehalf billion dollars in gold.

#### BONDHOLDERS' SELF-OPPOSITION

The holders of bonds that were voted by the people to build roads, schoolhouses, and to make other public improvement when one bale of cotton would pay \$100 on the bonds do not want the currency inflated, because they are now getting four bales of cotton for a \$100 payment; this is equal to increasing the interest and the bonds four times. The same illustration can be applied to other commodities and

#### THE BECK-LINTHICUM RESOLUTION

Mr. MAJOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the so-called Beck-Linthicum resolution.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAJOR. Mr. Speaker, I have received a letter from the Rev. George B. Safford, State superintendent of the Anti-Saloon League of Illinois, concerning my vote on the so-called Beck-Linthicum resolution, and to that letter I have replied as follows:

WASHINGTON, D. C., March 24, 1932.

Rev. George B. SAFFORD,

State Superintendent Anti-Saloon League of Illinois

Chicago, Ill.

Dear Mr. Safford: I acknowledge receipt of your letter of
March 16, in which you state, among other things, the following:
"In the newspaper report of the vote yesterday upon the BeckLinthicum resolution your name appeared in the list of those who voted for the submission of this resolution. I am writing to inquire if we are to interpret this as indicating a change in your attitude toward prohibition?"

attitude toward prohibition?"

I am glad to reply to you that it does not. I was not a Member of Congress at the time of the submission of the eighteenth amendment, but it has always been my belief that a mistake was made in trying to regulate the customs and habits of people by constitutional amendment, and that it is a matter which should be regulated by the several States.

Prohibition has been designated by one in high authority as "an experiment noble in purpose"; and it might be truthfully added that 12 years have demonstrated that it is the most expensive and unsatisfactory experiment ever undertaken in this country. Nevertheless, when I was first elected to Congress in 1922 I sive and unsatisfactory experiment ever undertaken in this country. Nevertheless, when I was first elected to Congress in 1922 I believed it my duty to do what I could in seeing that this "noble experiment" should have a fair and honest trial. Acting on that theory I have consistently voted for all appropriation bills making provision for its enforcement, even going so far as to vote for what has often been termed "the notorious Jones bill," so that it could be truthfully said that those in charge of its enforcement might have every opportunity to prove the wisdom of national prohibition. prohibition.

I quote another paragraph from your letter, as follows: "I realize that one might have voted for submitting that resolution and still be a dry, having in mind the idea that a vote upon the question was desirable. However, as it stands now, it seems to

indicate a change of attitude."

It is inconceivable to me in view of the situation existing to-day, with the widespread dissatisfaction with the law, with its almost complete repudiation in many of the larger cities and various parts of the country, that any Member of the House, whether he be labeled wet or dry, should refuse to again submit this very controversial question to the people for their approval or disapproval. You have asked me the question if I have changed my attitude, and in reply I desire to inquire why you have changed your attitude. And that you may be sure what the attitude of

the Anti-Saloon League was in times gone by I desire to quote in full an editorial, lengthy as it is, from the American Issue, the official publication of your organization, which appeared in January, 1915, entitled "Advice to United States Senators and Congressmen," as follows:

ary, 1915, entitled Advice to Chief States of the Members of both branches of our National Congress, which will convene in Washington in December next, to vote as early in the session as possible to submit to the States for their ratification or rejection the proposed constitutional amendment providing for the national prohibition of the liquor traffic.

"First. Because its submission is requested by more citizens of the Nation than have petitioned for the passage of all the amendments combined that have heretofore been submitted and adopted.

Second, Because it is unjust for the representatives of the people who compose Congress to thwart the will of the people thus expressed, when it is the only means permitted by the Constitution itself for the people in the various States to consider constitutional amendments.
"Third. Because men are elected to Congress to represent and

to do the will of the majority of the people, when that will is known. Congressmen should be servants and not masters of the

people whom they were elected to serve.

"Fourth. A Congressman's vote to submit this amendment to the State does not commit him to support the amendment when

the State does not commit him to support the amendment when its ratification shall come up for consideration, nor mean that he favors prohibition.

"Fifth. The one question for Congress to decide is, Do the people of the States desire to vote upon this proposed amendment? The issue is democracy—the people's right to rule. Can not Congress trust this amendment to the people?

"Sixth. It would be expedient for Congress to vote to submit this amendment to the States, in order to eliminate the liquor question from consideration when its Members are candidates for election.

election.

"Seventh. It would be expedient for Members of Congress as soon as possible to submit this amendment in order to clear the congressional calendar of this question that is, to many, so embarrassing and enable them to employ their time in considering other questions of statecraft, for the liquor question will be kept to the front in Congress until this proposed prohibitory amendment has been submitted.

"Eighth. It would be expedient for Congress to submit this proposed amendment this winter, to remove, if possible, the question as an issue before the national conventions of the great

"Ninth. The liquor question will continue to embarrass with greater intensity every national politician and every candidate for President, United States Senator and Representative in Congress, until this issue has been removed from national consideration by its submission to the States.

"Tenth. When this proposed amendment to the Federal Constitution has been once submitted by Congress to the States, the question will then become an issue in the States, will enter into the election of members of State legislatures, and be before each

the election of members of State legislatures, and be before each legislature for ratification or rejection.

"Eleventh. For a Member of Congress to vote against the submission of this amendment when 6,000,000 people have petitioned for its submission is a public declaration that he is a better representative of the liquor traffic, a great corrupt special interest, than he is of the people of this Republic; or a manifestation of the fact that he is a morally afreid of the political influence of the fact that he is so morally afraid of the political influence of the liquor traffic that he lacks the courage to do his duty.

"Let our readers make it plain to their Congressmen and Senators that they are expected to vote for the submission of this proposed amendment and wear the badge of a freeman or stand branded a slave bound in the shackles of political bondage and wearing the brewers' and distillers' collar.

"Elect to Congress a man, not a vassal nor a chattel."

Notwither and the lacks the Courses a man, not a vassal nor a chattel."

"Elect to Congress a man, not a vassal nor a chattel."
Notwithstanding your attitude in 1915, as above expressed, you have now boldly threatened the political annihilation of any Member of Congress who votes contrary to your command, and who believes now, as you believed then, that the people have the right to express themselves upon this issue. If the people were entitled to express themselves upon the adoption of the eighteenth amendment, there certainly is no reason why they are not how entitled to express themselves upon a proposed change of the eighteenth amendment or even its repeal. If it was good logic in 1915, as stated in the editorial above quoted, that "Congressmen should be servants and not masters of the people who they in 1915, as stated in the editorial above quoted, that "Congressmen should be servants and not masters of the people who they were elected to serve," it certainly is good logic now. If at that time, as stated in the editorial, "the issue was democracy, the people's right to rule," then certainly the issue now is democracy, and after 12 years of the experiment the people surely are as much entitled to rule as they were then. You at that time asked the very pertinent question "Can not Congress trust this amendment to the people?" and I ask you the question, "Can not Congress now trust the same people?"

Paragraph 8 of the editorial above quoted is a resort to political expediency, but if it was expedient then for Congress to submit the amendment before the meeting of a national convention of the great political parties, in order to remove the question as an issue therefrom, why would it not be expedient now for Congress to submit the question before the meeting of the conventions of the two parties in Chicago?

If as stated in the concluding paragraph of the above editorial a vote for the submission of the eighteenth amendment was an

emblem of the badge of a free man, why is it not the same character of a badge now? If it was good advice for the people to elect a Congressman, not a vassal nor a chattel in 1916, why isn't

it good advice in 1932?

In other words, in now opposing the resubmission of the eighteenth amendment to the people of this country you occupy the same position that was formerly maintained by the wets who originally opposed submission of the eighteenth amendment, but just as the logic of the situation then compelled the wets to finally accede to the widespread demand that the amendment be submitted to the people, so will the logic of the present situation, sooner or later, compel the friends of prohibition to accede to its resubmission. Any other course is undemocratic and contrary to our system of Government where the voice of the people is entitled to be heard.

I also note with interest your reference to the various referendums which have been had in Illinois upon different phases of the prohibition question. You seem to get great satisfaction from the fact that only a little more than a million votes were cast by the so-called wets in 1922 and 1930, but you overlook the fact that in each of those elections the wet vote outnumbered the dry vote almost 2 to 1. I recognize the fact that many persons did not participate in those elections and that at least some honest and well-meaning persons refused to participate on account of orders issued from your office. In my experience I have never known of such unfair, undemocratic, and unpatriotic advice given to people by any organization, much less one that claims to represent the moral and Christian influence of the State. All these propositions as you know were legal under the law of our State. represent the moral and Christian influence of the State. All these propositions, as you know, were legal under the law of our State, otherwise the secretary of state would have been enjoined from submitting them. But notwithstanding the legality of their submission you deliberately advised people to refuse to participate in an election submitted to them in the most sacred way provided by the law of the land. In other words, because the particular law providing for a referendum was not satisfactory to

ganization you sought to nullify it, a charge so often directed at the opponents of prohibition.

You also make reference to the impressive demonstration of interest on the part of the people of Illinois to the governor before his veto of the repeal of the search and seizure act passed by the general assembly, and remind me of how the political leaders had their eyes opened by such protest. I do not doubt but that there was much protest concerning this action, but I am curious to know if you learned anything regarding the protest against the governor for his action in that respect. It is a matter of rather common knowledge, I think, that the governor was so thoroughly condemned that he declined to become a candidate for

You conclude your letter by referring to the last senatorial campaign, and you declare that the tremendous vote received by Senator Lewis was not an indication of a change of heart on the part of the Illinois drys but was a vigorous repudiation of Mrs. McCormick and her methods. I think there is some logic in this statement. There were no doubt many drys who supported Senator Lewis because of the eminent position occupied by him as a statesman and public official. However, I am reminded of the fact that there was another candidate in the election by the name of Lottie Holman O'Neill, who was the candidate of and had the backing of your organization and who received fewer than 100,000 votes in the State, or about 5 per cent of the vote cast. This leads me to believe that the repudiation of Mrs. McCormick was mild compared with the repudiation of your organization in that campaign.

Please excuse the length of this reply, but the questions raised

and comments made in your letter seem to justify it.

Sincerely yours,

J. E. MAJOR.

#### DEATH OF HERMAN E. WILLS

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by calling attention to the death of Herman E. Wills, an officer of the Brotherhood of Railroad Engineers.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Washington. Mr. Speaker, under permission granted by the House, I desire to say that Herman E. Wills, who died this morning, was born in 1848 in Vermont. Had he lived until July 16, 1932, he would have been 84 years of age. He was really among the leaders in the labor movement. He went West when only 18 years of age. He was a locomotive engineer before he was 25, running in Iowa and Nebraska at a time when they had to ferry the trains across the Missouri River at Omaha.

He succeeded in bringing about the first labor agreement between large American railroads and labor 50 years ago, 1882. His advocacy of this agreement resulted in his being denied employment on many of the roads.

He was a grand lodge officer-this takes in the international aspect of matters concerning labor-in the Brotherhood of Locomotive Engineers. He came to Washington

some 22 or 23 years ago as national representative of the transportation activities in which labor was involved.

Perhaps his outstanding achievement was the passage of the locomotive inspection law. As the result of this law there are no doubt hundreds of engineers and firemen now on the retired list who owe their lives not alone to this act but to Mr. Wills. At the time the bill was pending in the Congress it was opposed by the railroads, but were an effort made to repeal it, or any of its provisions, such repeal would be bitterly opposed by them in view of the great benefits that have accrued.

He was practically retired about five years ago. This retirement, however, did not lessen his ardent devotion to labor, for he was chairman of the educational committee of labor and was chairman of the advisory editorial committee of the newspaper Labor, in the founding of which he played no small part.

Herman E. Wills was a good American citizen, and he will go down in the accomplishment of organized labor as one of its leaders in any movement for the betterment of the welfare of working men and women. He was one of the bestloved members of the labor leaders and all of the Members of Congress and Senate who have served for the past several sessions knew of his dignity, his kindness, and his work for sane legislation and against the proposals of a wild and visionary nature.

## THE PRESIDENT'S APPEAL TO THE NATION

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD the statement made this morning by the President of the United States.

The SPEAKER. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement made this morning by the President of the United States:

I have received many hundred inquiries from different parts of the country as to the prospects of balancing the Budget and for other information connected herewith.

other information connected herewith.

I am confident that the undertaking of the representatives of both political parties to balance the Budget remains and will be fulfilled. It is the very keystone of recovery. It must be done. Without it the several measures for restoration of public confidence and reconstruction which have already been undertaken will be incomplete and the depression prolonged indefinitely.

For a clear view of the situation our people should understand that the deficit for the next fiscal year, excluding further reduction of the national debt during that year, is estimated at about \$1,250,000,000. This follows a deficit of \$500,000,000 last year and a deficit of over \$2,000,000,000 this year, likewise calculated without reduction of the debt. These deficiencies are almost wholly due to decrease in tax receipts. due to decrease in tax receipts.

## METHODS OF ELIMINATING DEFICIT

We must eliminate this deficit for next year by the further reduction of governmental expenditures and by increases in taxa-tion. The expenditures budgeted for the next fiscal year as sent to the Congress amounted to about \$4,100,000,000, after reduction by the administration of \$365,000,000 under the total for the current year. In considering possible further economies in expenditures we must not forget that of this total about \$2,100,000,000 is of such character that it can not be reduced; it is largely an inheritance of the Great War through increase of payment on Government obligations and the care of veterans and their fami-Government obligations and the care of veterans and their families. In addition, our Army and Navy cost about \$700,000,000. We should not further reduce the strength of our defense. Thus we must make our further economies mainly out of this balance of \$1,300,000,000 remaining from the total of \$4,100,000,000, together with economies in the post office, as to which only the net operations are included in these figures. Out of this sum of \$1,300,000,000 the many other vital services of the Government must be carried on. Every reduction that can be made without serious injury to these services and in justice to our people should be effected. Further economies can be made and, I am confident, will be made through authority of the Congress to eliminate unnecessary functions of the Government or in postponement of less-essential activities, together with businesslike reorganization less-essential activities, together with businesslike reorganization and coordination of Government activities. The Appropriation and Economy Committees of the Congress are now earnestly engaged on all these problems. But when all this is done the balancing of the Budget must, in the main, be accomplished by an increase in taxation, which will restore Government revenues

#### DANGERS OF CONTINUED BORROWING

Economies in expenditure or increase in taxes alike call for sacrifices—sacrifices which are a part of the country's war on depression. The Government no more than individual families can continue to expend more than it receives without inviting serious consequences. To continue to live on borrowed money only post-

pones the difficulty and, in the meantime, begets all manner of new evils and dangers, which create costs and losses to every workman, every farmer, and every business man far in excess of the cost of courageous action in balancing the Budget.

the cost of courageous action in balancing the Budget.

The American people are no less courageous and no less wise than the people of other nations. All other great nations of the world have been faced with even greater necessity during the last year. In order to preserve their national credit these countries have increased their taxes far more severely than our deficit demands of the American people.

One of the first requirements to the accomplishment of the absolute necessity of a balanced Budget is that the people and all their organizations should support and not obstruct the Members of Congress in sound efforts to both reduce expenditures and adjust taxation.

It must not be forgotten that the needs of the Government are It must not be forgotten that the needs of the Government are inseparable from the welfare of the people. Those most vitally concerned in recovery are the ones whose margins of savings are the smallest. They are affected by the depression more seriously than any others; ultimately they will pay the biggest price for any failure on our part of the Government to take the necessary action at this time. We can overcome this national difficulty as we have overcome all our difficulties in the past by willingness to sacrifice and by the resolute unity of national action.

## WAGES AND THEIR EFFECT UPON THE DEPRESSION

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the subject of Federal salaries.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, we have seen from the report of the Census of Manufactures that the percentage of wages paid 25 or 30 years ago was above 20 per cent of the value of the wealth they helped to produce. In 1923 the percentage fell to 18 per cent of the value of the manufactured products; in 1929 to 16% per cent. This resulted in the reduction of purchasing power of the group of wage earners in this particular field. We have no general statistics that I can refer to, showing the percentage of wages in regard to the creation of wealth in other fields, but we do know from experience that in the building trades through modern devices of handling concrete, electrical hoists, mechanical stonecutters, and so forth, in comparison with the production wage percentages fell off in these fields equally or perhaps more than in the manufactures. The same is true of public

The increased power of engines, the increased trainloads, and the amount of freight carried from one point to another involves not more than 50 per cent of the labor to-day that was required even 10 years ago. department of American industry we see a constant effort to reduce the number of wage earners. At the present time about the only fields in which the normal number of employees are at work with the normal wage are the civilservice departments-Federal, State, and municipal. Any reduction of wages in this group, instead of remedying the condition, will increase the seriousness of the problem. The Federal Government should be the one to take the initiative in protection of the wage group. The selfishness of individuals may cause them to follow the principle of supply and demand and reduce the wage far below the minimum requirements. The Federal Government should take every possible means to prevent such a policy rather than set an example which will be only too readily followed. The primary purpose of Government is the protection of the weak.

The average citizen, as far as lies within the power of the Government, should be enabled to enjoy a living wage which does not merely include the necessities of life but normal comforts according to American standards of living. The root of the depression to-day is the concentration of wealth and its consequent inertness. Money at the bottom of a vault adds no more comfort or joy to living than though it were at the bottom of a mine. It is only when in circulation that it can give to mankind the blessings which American citizens have a right to enjoy. The only normal way of distributing money is through wages. When money is circulating through many hands, the rich will benefit because of the percentage which they will gain from the businesses and industries which they conduct, and the wage earner will be benefited by the comforts of life which it will provide for him as it passes through his hands.

#### REVOLT OF THE HOUSE

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a short editorial from the St. Louis Post-Dispatch of March 20, entitled "Revolt in the House."

The SPEAKER. Is there objection?

There was no objection.

The editorial is as follows:

#### REVOLT IN THE HOUSE

Revolt in the House of Representatives, such as has occurred over the tax bill, has been a comparatively rare phenomenon in recent years. Owing to the docility of the Democrats, the herd instinct of the Republicans, and a set of rules muffling debate and paralyzing legislative initiative, the House, in general, has operated like a well-oiled machine. Major measures, such as the tariff bill of 1930, have in reality been enacted in committee, and have been passed without anything resembling deliberation on the part of the whole House.

Some few exceptions may be noted. In 1922 the House rejected the conference report on the Fordney-McCumber tariff bill and instructed its conferees to eliminate the embargo on dyestuffs and to place potash on the free list, which was done. In 1924, by a vote of almost 2 to 1, the House killed the Ways and Means Committee's proposal for a constitutional amendment to tax State and local bonds exempt from Federal taxation. In the same year the

local bonds exempt from Federal taxation. In the same year the revenue bill was practically written on the floor of the House, but that was due largely to the fact that the Ways and Means Committee was hopelessly divided and submitted a half dozen reports. Until the rumpus over the tax bill, Speaker Garner directed the present House with the noiseless precision of his predecessor. The break came when the usually all-powerful Ways and Means Committee displayed a lamentable want of judgment, and the revolting Representatives began to exercise the new liberty afforded by liberation of the rules. It seems likely that the House is about to ation of the rules. It seems likely that the House is about to recapture some of its ancient prestige as a deliberative body responsive to popular will.

#### ORATION OF HON. CLEVELAND A. NEWTON ON HON. RICHARD BARTHOLDT

Mr. MANLOVE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the life and services of a former Member of this House, Hon. Richard Bartholdt, who recently died in St. Louis, and to include also the oration delivered by a former Member of this House, Mr. Newton, of Missouri.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANLOVE. Mr. Speaker, the Hon. Cleveland A. Newton has paid a marvelous tribute to the life and services of the late Hon. Richard Bartholdt. I appreciate the privilege which has been granted me of making Mr. Newton's memorial a part of the permanent Record of the House of Representatives, where both served with distinction for many years.

Emblematic of that great army of German born who left their native heath and sailed across the sea because they were Americans at heart, Richard Bartholdt came to this country an apostle of peace and liberty.

The record of his life is written. So long as time shall last ambitious youth will find inspiration in the story of his long and useful service to mankind. So long as the peoples of all nations shall pray for peace they will turn to those pages which record his supplication that the dragon of war shall forever be banished from the earth.

Others have told of his strength of character, his swaying oratory, his logical debates, and his sturdy manhood. I am pleased to chronicle the loveliness of his kindly life as I first knew him. Years ago a country boy came to Washington as a Government clerk bearing in his pocket, from a German-born friend, a letter to this great Missourian. I would that I had words in which to picture the gracious reception, the words of encouragement, and the strength of companionship with which that stalwart statesman met the timid approach of the young stranger. I was that country boy and Richard Bartholdt was that statesman.

They mourn him most who knew him best. I speak not only for those of his own home city, St. Louis, but also for multitudes who honored and respected him throughout the whole State, because he belonged to and was loved by all Missourians. Truly, "Tis not death to live in hearts we leave behind." What I may say will add little to the record already written. Let honor rest where honor is due. Richard Bartholdt was a part of that great army of German born who lent the very substance of their lives to make our State a great and mighty Commonwealth.

In the city of St. Louis, where he lived so long as the idol of untold thousands, he was laid to rest. A poet has beautifully said:

I would like to have my story told By smiling friends with whom I've shared the way; Who thinking of me nod their heads and say, His heart was warm when other hearts were cold.

How apropos those words; Hon. Cleveland A. Newton, a friend and companion of many years, delivered an eloquent oration which I am privileged to extend as a portion of my tribute to this grand and noble American.

#### IN MEMORY OF HON, RICHARD BARTHOLDT

## By Cleveland A. Newton

We have met to-day to honor the memory of a man distinguished by his own achievements. As a lone immigrant boy Richard Bartholdt came to this country in 1872 with the avowed purpose of becoming an American citizen. Imbued with ideals of liberty and freedom, he came to a land where they had been written into its fundamental law. To these ideals he devoted threescore years, and for these ideals he was pleading when he left us.

As a young man he was a journalist. As a writer and editor he expounded his philosophies of life and advocated his conceptions of government. This training gave him the discipline and poise which equipped him for a long and successful career in the Halis of Congress.

During his journalistic period and before he entered public life he made a profound and lasting contribution to the school system of St. Louis. In 1890 he became a member of the board of education. He found among other defects in the school system an utter lack of any facilities or equipment for the physical development of the children. Having received his education in a gymnasium in the very heart of Germany, he recognized that no educational system was complete which did not provide for the physical development of the student. Moved by this conviction and supported by other progressive members of the board, he succeeded in having gymnasiums established in the St. Louis public schools.

In 1892 he was elected to Congress and for 22 years he represented a district with a larger population than any other district in the United States. His repeated elections from that district by ever-increasing majorities bore abundant evidence of the confidence, esteem, and affection in which he was held by his people. In Congress he was recognized by his colleagues as conscien-

In Congress he was recognized by his colleagues as conscientious, able, dependable, and resourceful, and these elements of character gave strength to his leadership. In legislative matters he was studious, attentive, and active, and his votes were actuated by a patriotic desire to be of service to the whole country.

Richard Bartholdt served with great men in Congress—such men

Richard Bartholdt served with great men in Congress—such men as McKinley, Bourke Cockran, Uncle Joe Cannon, Claude Kitchin, Theodore Burton, Champ Clark, Jim Mann, and others of their caliber. He enjoyed the respect, confidence, and esteem of all of these men, and his ability as a legislator and a debater enabled him to hold his own with the best of them.

He served under the administrations of Presidents Cleveland, McKinley, Roosevelt, and Taft, and no man of his time was more trusted, more esteemed, or more welcome at the White House than was Coursessman Bertholdt.

was Congressman Bartholdt.

Mr. Bartholdt, like millions of our immigrants who went into the melting pot from whence comes our American stock, was of German origin, and I have always felt that his patriotism and zeal for public service were inspired by the contribution which other Americans of German origin have made toward our national defense and civilization. We can not forget that when the fight for American independence was in the balance, when the footsore, weary, half-starved army of Washington was encamped at Valley Forge it was Baron von Steuben, then military genius, trained in seven campaigns under Frederick the Great, who gave up rank and wealth and position and came to this country to espouse our cause and train our soldiers so that they could successfully battle with regulars of George III. It was the great Lutheran clergyman, Muhlenberg, who threw off his clerical robes, left his pulpit, and with the battle cry of freedom, led a volunteer regiment of American patriots as they hurled themselves against the armies of England in our fight for independence. It was Americans of German origin who were chosen as a bodyguard for General Washington when others had proved faithless. It was Americans of German origin, under leaders of German stock, who captured Camp Jackson and saved Missouri to the Union. It is patriots such as these who inspire men like Richard Bartholdt to achievements which make history.

which make history.

Among Mr. Bartholdt's contributions to the public service were his efforts for world peace. In this cause he labored to the end. In his autobiography he quotes peace sentiments from the world's greatest leaders. From Victor Hugo he quotes, "Peace is the virtue, war the crime, of civilization." From Benjamin Franklin he quotes, "There never was a good war or a bad peace." From

George Washington he quotes, "My first wish is that the plague of mankind, war, may be banished from the earth." From Thomas Jefferson he quotes, "I abhor war and view it as the greatest scourge of mankind." From the sainted and immortal Lincoln he quotes, "Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away."

Inspired by the sentiments of these great leaders, Mr. Bartholdt

Inspired by the sentiments of these great leaders, Mr. Bartholdt attended practically every conference of the Interparliamentary Union during the past 30 years. He pleaded fervently for world peace and amity in the Halls of Congress and in conferences in Europe. His heart was in the cause, and now that he is gone let us hope that others, as able, as earnest and persevering, will follow in his footsteps until the plague of war has been banished from the earth.

His was a long and useful life—a life full of hope and endeavor, a life abundant with service and success. His name and his achievements are interwoven with more than 20 years of American history, and his works will live as long as our country and its institutions shall endure.

## PROPOSED AMENDMENT TO THE REVENUE BILL

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent to insert at this point in the Record the text of an amendment I expect to offer upon the question of the taxation of transfers of stock, and the amendment which would avoid the threat of moving the exchanges to Canada or elsewhere.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to follows:

#### PROPOSED STOCK EXCHANGE AMENDMENT

(c) The tax provided for in subsections (a) and/or (b) shall be imposed on all sales, agreements to sell, and/or memoranda of sale or delivery consummated entirely within the United States or between citizens or residents of the United States; and in addition, such tax shall also be imposed upon the seller or transferor resident in or a citizen of the United States when the buyer or transferee is not a citizen or resident of the United States. When the seller or transferor is not a citizen or resident of the United States and does not pay the tax imposed by subsections (a) and/or (b), the buyer, if a citizen or resident of the United States, shall be liable for the full amount of such tax subject to the provisos and penalties set forth under subsections (a) and (b). A resident or citizen of the United States, acting through a broker or agent abroad, shall be liable for the full amount of the tax provided in subsections (a) and/or (b) as though buying, selling, receiving, or transferring without the intervention of such broker or agent. A broker or agent resident in or a citizen of the United States shall be liable for the full amount of the tax provided in subsections (a) and/or (b) notwithstanding that his principal is or may be a resident or citizen of a foreign country. In all cases where sales or transfers of stock taxable under subsections (a) and/or (b) are consummated through dummies or by ruse or device designed to evade the tax provided in subsections (a) and/or (b), the parties shall be liable for the full amount of the tax as though such dummies, ruse, or device were not employed, provided that nothing in this sentence shall be construed to relieve the parties from the operation of the penalties provided under subsections (a) or (b).

#### EXTENSION OF REMARKS-THE REVENUE BILL OF 1932

Mr. SIMMONS. Mr. Speaker, under the leave to print granted to all Members, I submit the following statement. We have seen to-day in the House two shining examples of Democratic inconsistency.

The Democratic side orates loudly and often against tariffs, and yet to-day we have witnessed Democratic Member after Democratic Member offering amendments to this bill that to all intents, purposes, and effects are tariff proposals.

Then the majority leader [Mr. RAINEY] told the House and the country that the Democrats were against gag rule and wanted full and free discussion of the tax bill. Following that the acting chairman of the Ways and Means Committee [Mr. Crisp] moved to close debate and applied the gag rule to the debate this afternoon.

Amendments offered by the gentleman from Texas [Mr. Jones] and myself that would have exempted lubricating oil used by farmers from a tax of 4 cents a gallon were voted upon without debate as a result of Democratic gag rule and defeated, the House being compelled to vote without knowing the effect of these amendments that were proposed to prevent further burdens upon the operating costs of the farmer. The amendment by the gentleman from Washington [Mr. Johnson], aimed to prevent the importation into America of goods manufactured in Russia, was submitted without debate, thanks to Democratic gag rule, and defeated, with practically a unanimous Democratic vote against it.

By such a procedure they hope to pass a bipartisan reve-

nue bill and hold the confidence of the country.

Mr. TURPIN. Mr. Speaker, in behalf of the Boland amendment, I plead with you as a representative of a half million of our people from the anthracite district of Pennsylvania. In a greater sense I am intensely concerned as to the welfare of all our people. It has been my privilege to vote for a tariff on every importation that was believed by my colleagues to be detrimental to American industry and directly threatening to deny the American laborer his wage.

At the last session of Congress I voted to further restrict immigration; not because of racial hatred, not because of differences in creed, not because of class distinction, but because this great country of ours already has millions of ablebodied men who can not find employment and because I am convinced that the American labor market is entitled to the same protection that our tariff laws give to that which

American labor produces.

This bill passed the House but was killed in the Senate. I can not reconcile myself to the inconsistency of my colleagues who, voting to exclude the low-paid imported laborer from our shores, are urging that the conscript labor of Soviet Russia and the coolie wages of China be encouraged and that the product of these countries shall be dumped upon our shores while our American workers remain in the bread line of this great Nation. I can see no consistency in keeping an oversupply of labor from our shores by legislation and at the same time allowing that which it produces to come in tax free to compete with that produced by fairpaid American labor.

The great anthracite basin in Pennsylvania, of which I represent a major part, normally employs 150,000 men upon whom 2,000,000 American folks depend for the necessities of life. The plight of these workers and their dependents is critical. They cry out for relief. Their cry is reechoing throughout these halls to-day. At many of the collieries the morning whistle calling men to work has not sounded in months. At other collieries the occasional blowing of the

gong is the most welcome music heard.

I should like to quote statistics, but time will not permit. Suffice it to state that in 1926, 387,000 net tons of anthracite came to our shores from foreign countries. In 1931 this was increased to 638,000 net tons, and new contracts insure importations of more than a million tons for 1932. The tonnage and proportionate increase are even greater in the bitumunous-coal markets.

Thirty-five thousand anthracite miners in the United States are without work. Of the 130,000 miners who are employed, nearly all are working less than half time. In the year just passed, due to importations of untaxed fuel from abroad, 60,000 people in mining and transportation were idle for a total of 3,000,000 workdays, what should have been their earnings going to Russian serfs and Chinese coolies and totaling \$15,000,000. Either this money should be paid to our people at home or collected as tax. The underground toilers of the bituminous and the anthracite fields alike offer no protest to the increased cost brought about by the protection of their fellow workers in mills and factories. They do ask that they be treated as fairly.

To my colleagues, who yesterday joined so loyally in placing a tax on oil imports, and more particularly to my colleagues representing the Atlantic Coast Line States, may I suggest that unless American labor can find employment there will be no market for your products, for only through the pay envelope can things be purchased by the masses.

I plead with you, my colleagues, to vote here to-day as you shout at home, "America first."

Mr. MITCHELL. Mr. Speaker, ladies and gentlemen of the House, I am opposed to the manufacturers' sales tax of 21/4 per cent of the sale price of all manufactured articles as provided in this bill. It is not right. It is not just. It will not promote the best interests of our people or of the country, even though it is proposed for passage by the Ways and Means Committee of the House, a majority of whom are Democrats, and for whom I have the greatest respect. I am constrained to oppose this bill, or that part of it which pro-

vides for a sales tax. This feature of the bill is un-American and un-Democratic, and contrary to the principles of the party of Jefferson as taught for more than 100 years.

The levying of a tariff, and that is what this bill does, has never been the policy of the Democratic Party, but quite the opposite is our creed and has been our practice. It would be unwise for the Democratic Party in control of this House to pass a measure of this kind, and it is certainly contrary to all the fundamental principles of the party. It is contrary to the platform of the Democratic Party framed in Houston in 1928 and also the national platform of 1924, both of which committed the party in opposition to all sales taxes. The provisions of this bill mean that we are raising the already too high tariff wall 21/4 per cent as a tax on all goods imported into this country. It simply means a tariff, or tax, and surely the Democratic Party does not want to stand sponsor for any additional taxes or tariff levies against our people. If so, they misjudge the mandates of the people and the needs of the hour. Even during the emergency which confronted the country during the World War, when there was urgent need for rapidly increased and vast revenues, neither the Democratic nor Republican Party turned to a sales tax as a means to raise additional revenue for the Government but depended on high-income taxes, luxury, and other special taxes. This should be our policy at this

A sales tax is so unjust to the masses of the people of the country that neither party has ever before had recourse to it. And certainly the people of the country were not expecting our leadership in the House, over the position and promise of our party through its representatives in the last national convention, to now propose this measure against which our party is pledged and has always gone on record in opposition to this method of raising revenue. It would violate the party platform and violate our duty to the people of the Nation. It is an indefensible measure. New taxes should not be levied, of any kind, until our Budget of expenses is heavily reduced in every department of government.

A deficit can be cured by reducing expenses as effectively as by increasing taxes.

We do not need 600,000 officeholders to run this Government. Let us reduce the pay rolls. Let us do away with unnecessary bureaus, unnecessary boards and commissions, and have a general reduction of expenses. Let us do away with big appropriations which the conditions in the country so justly demand be left off. Let us stand by and for the people and the taxpayers and against the boards and the unnecessary officeholders. When expenses and appropriations are cut, then we can talk about new taxes, and not

Let us first fight extravagance in government.

until then.

A sales tax is unjust because it is levied according to needs, rather than according to ability to pay. The income tax rests not upon needs but upon ability to pay.

A sales tax is the tax prescribed by aristocracy, and one used in the dim past in Egypt, in Babylonia, in Rome, and in France before the revolution, when emperors and kings dictated the methods of raising revenue from their subjects to support the state. This tax comes off of necessities required by the common man.

One of the reasons for a democratic form of government has been to get rid of such taxes as these.

Mexico formerly had a sales tax and abandoned it because of its injustice to the poorer classes. Cuba had a sales tax when the United States first exercised dominion over her, but one of the first things this country did when we took possession was to abolish this tax.

England has always refused to adopt a sales tax; so has Italy. A tax must be fair to the average citizen. Of course it requires more effort to collect an income tax, but effort is the price of justice. A sales tax sins against the principles of equality in taxation.

I have the honor to be a member of the great Committee on Agriculture in the House, and I know from my experience as a farmer, and from reports coming before our committee daily, that the farmers of the United States can not pay higher taxes and live. Less tribute must be levied upon them and upon the toiling masses of our people rather than to increase their burdens, as do the provisions of this bill.

Ten per cent on all admissions to all the moving-picture shows of 25 cents and over is levied in this bill. The poor man who has labored and struggled all through the week can not go to the movies on Saturday night with his family and enjoy a night of recreation and fun without paying a tribute to the Federal Government for every laugh he enjoys during the show.

Special excise tax on lubricating oil of 4 cents per gallon is imposed, and a tax of 1 cent per gallon is levied on all gasoline, or imported oil, which simply means that the consumer, the buyer, will pay more for the privilege of carrying the family to church, to town, or to visit the neighbors, or to enjoy a trip to see more of the country in which he lives that so grievously taxes him.

In my State we already pay 7 cents per gallon gasoline tax, which is too high, and to levy more means the man of humble circumstances will be denied the right to the use of the highways. He can not afford to pay the tax on the gas to run the family car or to run the truck for hire. It would be an outrage to pass this kind of a tax measure on our people in the midst of this awful panic which prevails. This question of taxation is tremendously important to the people. What is needed is not more taxes but less taxes. We have already levied too much taxes upon the people without a sales tax. Let us defeat this provision of the bill. We need remedial legislation. We need a law to safeguard depositors in our banks, which is soon to come before this House. We need relief along many lines, and the people are looking to us to bring about relief and not to add further burdens upon them.

I recognize that it would be well to balance the Budget, which means simply that we should levy a sufficient tax to meet the expenses of Government. It is proposed by this bill to increase Federal taxes \$1,246,000,000 during this year. That means an additional tax of approximately \$10 on every man, woman, and child in the United States, and this means a tax of about \$50 is visited on every average American family and home in addition to the taxes now being paid by them

In the district, which I have the honor to represent, it means an additional tax of over \$3,000,000. My people are already suffering from an excessive State, county, and municipal tax. They are forced to pay more than should be required of them without adding this excessive Federal tax. It must not be done. It would be unjust to them and wholly unfair

No necessity exists for this tax. The deficit, as exists now, was created in 1931, when the Republicans were in power. The same necessity existed under their administration to balance the Budget as now exists. The necessity for a balanced Budget seems to come mainly from those who own Government bonds. It is insisted that bonds will go below par in value without it.

Everybody in the Government has witnessed the value of his holdings reduced almost one-half, and ofttimes reduced to nothing, during the present panic, and why then should the bondholder not take his loss along with the rest of us? He will still be in better position than any other investor for his loss will only be temporary. We know he has the best investment, with the best collateral of any man on earth—the good faith of the people of the United States of America—guaranteeing the payment of his debt. We know that in a short time these Government bonds will go back to a premium.

I have no tears to shed for the bondholders and international bankers in this country, who have brought on the necessity for this emergency revenue measure. They should be required to undergo more hardships than the passage of this measure will or can visit upon them, for unfortunately it will not affect them and those most able to pay taxes, but it will fall upon the consumers of the country, the men of small means, men in humble circumstances; poor men, with

large families, would have to bear the burdens under this bill, and not the wealth of the country, and hence my opposition and my vote against it.

Not over 5 per cent of our people own Government bonds, and they are the rich class; then why, in the midst of this panic, when the ability of our people as a whole to pay out more in taxes has reached the breaking point, with bankruptcy and failures on every hand, should 95 per cent of the people make sacrifices and be ground to poverty and pay more to accommodate the 5 per cent who hold the Government bonds? Surely we should be, and are, concerned about the welfare of the 95 per cent of the common people of America before the small minority of the 5 per cent of the rich of the Nation.

Why this rush to balance the Budget, when only three weeks ago the Congress voted \$500,000,000, with power to float a billion and one-half dollars in bonds and Government obligations, to be used in the next two years.

Nothing was said then about balancing the Budget. We appropriated another \$125,000,000 to the Federal land banks, and nothing said about the Budget.

The \$600,000,000 sought to be raised under this bill would come, in a large part, off the small wage earners, laborers, and farmers, who are forced to buy clothes, groceries, merchandise, and machinery to live.

Let us get the taxes to run the Federal Government off the big incomes, and the wealth of the Nation, rather than the consumers of the Nation. As I said before, a sales tax is wrong in principle. It is not based on ability to pay, but on necessity to live.

An income tax is fair. It falls on those who are able to pay—those who profit by having the Government protect them while they accumulate the wealth; while under a manufacturers' tax of this kind, it levies a tax on the consumer for the benefit and protection of the Government. This is unjust and unsound.

Let us levy heavy luxury taxes, individual income taxes, and corporation income taxes, on excess profits and surtaxes on corporations, and individuals, and gift taxes on big estates, and increase rates on all incomes and inheritances, and thus have the wealth of the Nation bear this tax rather than the unfortunate consumers of America.

All the farmers and farm organizations of the country oppose a general sales tax as a part of our national fiscal program. Only a national emergency, which does not exist, could ever justify such a tax.

Let us remember that we have to balance the Budget not only of the Federal Government but also of 48 States, of 3,000 counties, and of 10,000 towns and cities and school districts, all of which have outstanding bonds and securities.

The Federal Government owes seventeen billions. The States, cities, and towns of the United States owe fifteen billions, and it is just as important that these budgets be balanced also. The six hundred millions sought to be raised by a sales tax would come from the pockets of the American people, from the same pockets that have to balance the budget for State, county, and city governments. The credit of all these branches of Government is equally important.

Can you take this \$600,000,000 from our people under a sales tax without crippling further the ability of these same taxpayers to pay their own local, State, county, and city taxes? They must have credit to carry the \$15,000,000,000 they now owe on their own local taxes at home. You endanger the whole credit structure of the Nation by the plan you now propose.

It will take from the taxpayers of Tennessee, who are already overburdened with taxes, many millions of dollars.

People pay taxes even before paying grocery bills or doctors' bills. They pay taxes first, because otherwise, they lose the home, the farm, and the cottage of the wage earner, into which so much toil and sacrifice has gone. They are losing their homes now. Millions of dollars of taxes are in default

More than one-tenth of the farmers in this country have been foreclosed upon during the last six years—since 1926. This means others in the same community must pay more taxes to balance the local budget from year to year. We sold \$900,000,000 worth of bonds last week at 3½ per cent, which was oversubscribed by \$2,000,000. The borrowing capacity of our Government greatly exceeds the borrowing capacity of our States, counties, and cities. We must take care of them and the home owners, if the Government is to prosper. Our local States and counties must have adequate governments properly maintained. We must have credit there. Naturally I think more of the schools, the roads, the hospitals, the police, and fire protection, and conveniences around home, than I do of so many Federal bureaus and boards here in Washington.

Let us keep our credit back home in our States and local communities.

It has been said that "it was the last straw that broke the camel's back." Do not take \$600,000,000 more away from the people, who are locally obligated to pay \$15,000,-000,000 in the States and municipalities. Remember, both budgets are equally important to balance.

If a man is able to pay his income tax, he is able to pay his property tax and will not lose his home. But the consumers are the ones who are now suffering, and the men of small means are losing their homes, as their credit is exhausted. Let us not add more to their burdens, but let us seek a way to relieve them if possible. Let us take from, rather than add to, their grievances.

When you tax his clothes, his shoes, his hat, and everything else he buys, you then make it more difficult for him to pay his property tax, or to pay his mortgage, and to save his fireside for himself and family, which is so sacred. This sales tax must come out of the same pocketbook that is now paying the property tax in each State and county, and would therefore impair the credit of all local indebtedness. The same people who own Government bonds own largely State bonds and are therefore equally interested in having the credit structure sound from top to bottom.

We must stop emptying the Treasury with a steam shovel. We must reduce the cost of Government. That is the crying need of the hour. The deficit would not exist in the Treasury but for the reckless expenditure of the people's money in such criminal waste as the building of a national highway from Washington to Mount Vernon at a cost of over a million dollars per mile—an outrageous price for even a boulevard of the kind that was built; other expenditures, such as seventeen million for a Department of Commerce Building, with private elevators installed; seven million for office buildings for Members of Congress now under process of completion, which are not needed at this time.

It has been said that 90 per cent of the people have only 10 per cent of the country's wealth, and under this proposed bill 90 per cent of our people with only this 10 per cent of the wealth of the country will bear fully 90 per cent of the sales tax. This must not be. Let this great Government extend a helping hand to the great common people of America. Let us tax the wealth of the Nation; let us protect the interests of the distressed and oppressed people of our land and not crush them further with added burdens when they already have more than their part of expenses levied against them.

The best way to balance the Budget is to keep money in the Treasury and stop voting it out. Let us cut down the expenses of Government in all departments. Let us reduce the number of boards, bureaus, and commissions and begin making money by saving it.

Rather than seeking all the time to find some new mode of levying a new tax on the people of the country who are required to support the Government by paying taxes, this policy of levying excessive taxes must be stopped in all branches of Government—State, county, and city. The people can not and should not longer endure it. They must not and should not carry any additional tax burdens. We should be trying to reduce taxes rather than to increase them.

Let us, as Members of Congress, begin by setting the right example ourselves and reduce at once our own salaries at least \$2,500 per year each, and thereby work a saving of Government expense on the taxpayers of a million and eighty-seven thousand five hundred dollars in the House of

Representatives alone. Then, according to prices which prevail for commodities produced by those who send us here and those who pay the bill, and whose servants and representatives we are, we have not then taken our share of the loss, which has been so patiently borne by the people of our respective districts.

This is a time for self-denial. It is a time for self-sacrifice. It is a time for patriotism to manifest itself. It is a time to share the hardships of our fellow man and to make his burdens lighter. It is no time for greed or selfishness. Let us put our own house in order and begin an economy that affects us first and then we can more clearly see how to fairly affect the rights of others.

If this tax bill passes, which provides for 2½ per cent tax levy, the manufacturer when he bills out his \$100 worth of goods will add to the bill \$2.25; so the jobber gets a statement of \$102.25, and then the jobber will invoice to the wholesaler, after adding 15 per cent profit, which will amount to \$117.55. Then the wholesaler bills invoices to the retailer with another 15 per cent added, which runs the bill up to \$135.25, and then the retailer adds 25 or 30 per cent profit to this price when he sells, and so finally the consumer pays around \$175 for the \$100 worth of merchandise, and by thus continuing to pyramid and pass on the tax it grows from 2½ per cent to around 20 per cent which the consumer has to pay on all manufactured articles of every kind—hats, boots, shoes, shirts, overalls, farm machinery, and so forth.

An article which now retails for 5 cents would be sold at 6 or 7 cents, which would be a tax of 20 per cent, and so it would be added to the burden of the consumer at every turn in the road. The excess profit which the manufacturer, the jobber, the wholesaler, and the retailer would add on to the price of merchandise would cost the consumer in the country a billion, eight hundred million, instead of six hundred million, as estimated, and all this extra billion and more dollars would be divided up between the manufacturers, jobbers, wholesalers, and retailers of the country, but all paid by the buyers or consumers, who must have the merchandise.

If we had collected the foreign debts due us instead of voting the moratorium to the European nations, more than \$250,000,000 of the deficit would now be paid, and hence that much less to be levied against our own people. No wonder the people cry out against more taxes in the face of such unwise action on the part of Congress. Another \$250,000,000 can be easily saved to the taxpayers as heretofore indicated by reducing appropriations and stopping the unnecessary expenses of Government.

The Budget has been balanced many times in the history of our Government by bond issues. In fact, almost as many times this way in the past as by additional taxes. The people will be in better condition to pay after the panic and when business revives again. They can not assume greater tax burdens now. To do so means to further depress business and to prolong the panic and to practically work disaster on the American taxpayer. Then let us declare a moratorium on our own people toward further tax paying.

Let us not destroy the American taxpayer; let us not destroy the Democratic Party by the passage of this bill. Taxes come all too often. They recur each year. Then let us not pass a law that will require our people to pay a Federal tax every time they make a purchase at the store of some needed article of merchandise for the home.

This measure is a customer's tax really, for whoever does the buying will do the paying of the tax. The manufacturer will always pass the tax on to those to whom he sells. Ultimately the farmer and the laborer will pay this tax. It would come from the toiling masses of the people of to-day who are struggling for bread and from whose income they keep the family going. It is the poor man who has to spend the most for clothes to protect the family and to buy what he eats. The rich man pays only a small percentage of his income for something to eat or to wear. The farmer who buys a piece of machinery needed on the farm to raise the crop with which to feed his family and to pay off the

mortgage would have to pay this 2¼ per cent sales tax in addition to the already high prices he is required to pay for machinery. Thus an additional tribute would go to the International Harvester Trust.

If this tax is once adopted, it will never be removed from the shoulders of the consumers of the country, for it is the entering wedge of the rich, whether so intended by our leaders who propose it or not, to get rid of the income tax and finance the Government by this so-called sales tax.

It is an effort to have those least able to pay assume the burdens of Government expense, while the rich make an opening to escape the burdens which they should carry.

This bill taxes all kinds of wearing apparel. It taxes furniture, pens, pencils, ink, paper, books, shoes, stockings, all kinds of chinaware, crockery, woodenware. The lumber sold to build houses is to be taxed. We are taxed to keep out the heat and the cold; the nails that build the house are taxed under this bill; the hinges, the windowpanes, the doors, the shingles that make the roof, the concrete that makes the foundation, the bricks that make the chimney, and the walls—everything that goes to build the home is taxed.

If the farmer builds the house and tries to keep up the battle with the taxgatherer and begins to fence the farm, his wire is taxed to do this; if he buys harness to fit up the team of mules, he must pay the tax; if he buys a tractor, he must pay the tax; or a mowing machine, a rake, a plow, harrow, hoe, binder, cultivator, corn planter, or any other piece of machinery, he is made to pay the manufacturer's tax of 2½ per cent, which never gets less but always greater in amount.

If he gets sick, he is carried to the hospital in a sales-taxed ambulance; the doctor examines him with instruments bearing the sales tax; he is put in a room filled with furniture bearing the sales tax, including the bed upon which he lies, the carpet on the floor, and the pictures on the wall. If he gets a drink of ice water to cool the fever, he takes it from a tax-ridden glass, the water cooled with sales-taxed ice, and should the unfortunate end come and life is extinct he is put away in clothing, every stitch of which is taxed. The casket in which he is placed is likewise bearing the tax, and even the flowers that cover the grave bear the same label of a sales tax. This is too much. It must not be. It is too serious to contemplate, and too unjust and intolerable to be borne by a great and free people.

Let us reduce expenses of government; let us reduce salaries: let us levy higher income taxes upon the wealth of the country, those able to pay and those who have prospered and should be willing to pay; and let us levy taxes against big estates and the wealth of the country, and then if revenue is not sufficient issue short-term notes and bonds to defray expenses and not burden the humble home owners, the laborers, and the toiling masses with this unconscionable, unjust, unfair, and undemocratic tax measures. Let us rise up and defeat it as freeman and patriots should do. This, and this only, is the full measure of our responsibility to our people and to our common country. That this will be done I have the fullest confidence. Like the soldiers on the field of battle, and this is an important battle for the rights of the toiling masses of this country, that they may remain free and independent and be not crushed with burdens too great to bear-let us say-it shall not pass. Let the patriotic men and women of this House rise to the importance of the occasion and vote down this bill. Let us not levy this unjust burden upon the people of America.

Mr. PATMAN. Mr. Speaker, "Balance the Budget or the credit of the Nation will be impaired" is a fallacy. The wealth of the Nation is \$400,000,000,000, so we are told by President Hoover through the antihoarding advertisements. The Nation owes, or will owe June 30, \$18,000,000,000, of a ratio of 22½ to 1. The situation is comparable to an individual who owns a business worth \$22,500 and who owes \$1,000 on it.

The increase of \$4,500,000,000 in our national indebtedness will be comparable to the individual increasing his \$1,000 debt on his \$22,500 business to \$1,250. Do you think

such an increase would impair the credit of either the individual or the Nation? During the past 10 years we have exceeded the sinking fund law in the retirement of our national indebtedness by \$3,500,000,000. Let us utilize that surplus payment and we do not have a deficit. Moderate inflation will cause an increase of profits which will increase the amount of income taxes paid to the Government. Mr. Mills, the Secretary of the Treasury, stated in a speech about 90 days ago that the Government could safely borrow three or four billion dollars without impairing its credit, and that a few years ago we owed \$26,000,000,000 and the credit of the Nation was not impaired. Let it not be forgotten that while we owe \$18,000,000,000, the railroads, including the Panama Canal Railroad, the Emergency Fleet Corporation, Inland Waterways Corporation, the Federal intermediate credit banks, the Federal Farm Board, Shipping Board, Grain Corporation, and foreign countries, owe us twelve and one-half billion dollars. Not such a big public debt. after all, when we deduct what is owed to the Nation, which leaves five and one-half billion dollars. Can we collect from foreign countries? Not if we keep on paying for them without insisting on payment but letting international bankers collect their money 100 cents on the dollar.

Mr. LINTHICUM. Mr. Speaker, I am sorry the time is up for the consideration of the Schafer amendment to section 2 of the Crisp amendment, which amendment asks to strike out section 2 placing a tax upon malt and wort.

I am heartily in favor of Mr. Schafer's amendment to strike out this tax. Yesterday we asked this committee to pass an amendment providing for a tax upon 2.75 per cent beer and providing for its legal manufacture. This committee voted down the amendment and refused to allow the country to have a beer which is nonintoxicating and which would produce a revenue of more than \$400,000,000. We felt that this amendment should have been adopted and the people allowed to purchase a good beer manufactured under scientific conditions, under cooling processes and such other means as are only attainable in the splendid breweries of our country. It was to my mind a great mistake to strike down this amendment at a time when the country needs the proceeds and when the people are drinking home-brew to a greater extent than they were drinking real beer before the prohibition amendment.

I believe if we had granted the people real beer, it would have put a different face upon the situation in this country. People would feel that they were at least securing a part of their liberty again and would feel more like cooperating with the whole Nation in bringing back prosperity and success. Now, here we have a provision brought in by the Ways and Means Committee which would tax malt and wort with which home-brews are made. The gentleman from Georgia has provided that malt used in the manufacture of bread or malted milk or the like should be exempt from this taxation, which leaves the tax on malt and wort used in the manufacture of beer. It is another one of those hypocritical provisions. Here the Government proposes to make the home-brew fellows pay a tax and yet yesterday it would not let them have real beer.

It seems that the prohibition proposition has made more hypocrites out of people than any other measure in the history of the country, and now it is turning the law into a hypocritical position. Here they decide to tax beer, grape juice and its concentrates, and provide a revenue of some \$50,000,000 from illicit manufactures and then when bootleggers make a large sum of money, the Treasury Department comes in and collects income taxes from these violators. These bootleggers on their part, in order to protect themselves against the collection of this income tax and to protect themselves further from investigations as to their violation of the law, hire safety boxes in the banks and trust companies and store their money where the Government can not ascertain the facts it needs.

The consequence of this procedure is that we have vast hoarding of the currency of the country by bootleggers, racketeers, and so forth, and that in its turn helps bring about the depression, because you can not conduct business without currency and the hoarding of the currency has been done on a considerable scale. If you want to tax beer, do not tax it indirectly, but tax it directly and provide for its manufacture. Remove this manufacture of beer from the home and family and let it be brewed as it should be brewed so that it will be healthful and nutritious.

I am opposed to the taxing of malt and wort and through it taxing the home-brew manufacturers, who have trouble enough when they have to manufacture their own beer.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 3 minutes p. m.) the House adjourned until Monday, March 28, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Monday, March 28, 1932, as reported to the floor leader by clerks of the several committees:

## NAVAL AFFAIRS

(10.30 a. m.)

Relief of certain officers in the Dental Corps (S. 462, H. R. 4734).

Retirement of acting assistant surgeons of the Navy (S. 894).

## BANKING AND CURRENCY

(10.30 a. m.)

Stabilization bill.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows: 506. A letter from the chairman of the Federal Trade Commission, transmitting a report on the price-bases inquiry; to the Committee on Interstate and Foreign Commerce.

507. A letter from the assistant general counsel of the Treasury Department, transmitting a communication from Mr. Staauss on the subject of a discriminating tariff on Japanese manufactures and a subsidy to help American industry; to the Committee on Ways and Means.

508. A letter from the chairman of the United States Tariff Commission, transmitting a copy of a report pertaining to dead or creosote oil; to the Committee on Ways and Means.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MEAD: Committee on the Post Office and Post Roads. H. R. 10494. A bill to provide a postage charge on notices to publishers regarding undeliverable second-class matter; without amendment (Rept. No. 912). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 10600. A bill to exempt from the quota busbands of American citizens; without amendment (Rept. No. 919). Referred to the House Calendar.

Mr. WOOD of Georgia: Committee on the Post Office and Post Roads. H. R. 10462. A bill to prohibit the use of the United States mails for the transmission of any matter advertising puzzle contests, naming contests, prize offers, or any other form of competition for a prize wherein such offers are made to induce persons to compete in another contest which involves either the purchase or sale of goods as a requisite of winning; without amendment (Rept. No. 920). Referred to the House Calendar.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 2294. A bill for the relief of C. A. Cates; with amendment (Rept. No. 913). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 6851. A bill to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents; with amendment (Rept. No. 914). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 7198. A bill for the relief of the Boston Store Co., a corporation, Chicago, Ill.; without amendment (Rept. No. 915). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 7200. A bill for the relief of William Chinsky; with amendment (Rept. No. 916). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 7593. A bill for the relief of Louis Zagata; with amendment (Rept. No. 917). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 7687. A bill for the relief of W. B. Ford; without amendment (Rept. No. 918). Referred to the Committee of the Whole House.

#### CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 9677) for the relief of Margaret Doyle, administratrix of the estate of James Doyle, deceased, and the same was referred to the Committee on War Claims.

### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McKEOWN: A bill (H. R. 10862) for the purpose of protecting the continuity of American sources of supply of oil and products thereof, the prevention of premature exhaustion thereof, and the maintenance of adequate foreign and domestic markets for such sources of supply, and for other purposes; to the Committee on Ways and Means.

Also, a bill (H. R. 10863) for the conservation of oil and gas and protection of American sources thereof from injury, correlation of domestic and foreign production, and consenting to an interstate compact for such purposes; to the Committee on the Judiciary.

By Mr. LANHAM (by request): A bill (H. R. 10364) to restore the Plaza playground; to the Committee on Public Buildings and Grounds.

By Mr. JOHNSON of Missouri: A bill (H. R. 10865) to amend section 200 of the World War veterans' act of 1924, as amended, by striking out the word "ninety" and inserting in lieu thereof the word "sixty" in paragraph 2 of said section; to the Committee on World War Veterans' Legislation.

By Mr. THATCHER: A bill (H. R. 10866) to provide for the purchase for the Panama Canal of articles of the growth, production, or manufacture of the United States, or of the Republic of Panama; to the Committee on Interstate and Foreign Commerce.

By Mr. HARE: A bill (H. R. 10867) to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; to the Committee on Insular Affairs.

By Mr. CARTER of Wyoming: A bill (H. R. 10868) amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes." approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 23, 1931 (ch. 328, 46 Stat. 1454); to the Committee on the Public Lands.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 10869) granting an increase of pension to Mary James; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H. R. 10870) for the relief of James M. Giffin; to the Committee on Claims.

Also, a bill (H. R. 10871) for the relief of Paul Kroll; to the Committee on Claims.

By Mr. CANFIELD: A bill (H. R. 10872) granting an increase of pension to Alice J. Boggs; to the Committee on Invalid Pensions.

By Mr. CARY: A bill (H. R. 10873) granting a pension to Jamaica Taylor; to the Committee on Invalid Pensions.

By Mr. CARTER of Wyoming: A bill (H. R. 10874) for the relief of the town of Douglas, Wyo.; to the Committee on Claims.

By Mr. GOLDSBOROUGH: A bill (H. R. 10875) for the relief of Earl Sykes, W. Ward Beaston, and Noble Benson; to the Committee on Claims.

By Mr. HART: A bill (H. R. 10876) for the relief of Leonard, Crosset & Riley (Inc.); to the Committee on Claims.

By Mr. HAWLEY: A bill (H. R. 10877) granting a pension to Augustus B. Hall; to the Committee on Invalid Pensions. By Mr. KENNEDY: A bill (H. R. 10878) for the relief of

Thomas F. Nicholas; to the Committee on Military Affairs. By Mr. LAMBERTSON: A bill (H. R. 10879) granting a pension to Amanda Crooms; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 10880) granting a pension to Ursula M. Cochrane; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 10881) granting an increase of pension to Sarah A. Teague; to the Committee on Invalid Pensions.

By Mr. TEMPLE: A bill (H. R. 10882) granting an increase of pension to Catherine Smith; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4994. By Mr. ALDRICH: Resolution of Group No. 1001, Polish National Alliance, of Anthony, R. I., urging passage of House Joint Resolution 144, directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4995. By Mr. ARNOLD: Petition of citizens of Mount Vernon, Ill., advocating an old age pension law; to the Committee on Labor.

4996. By Mr. CHIPERFIELD: Petition of 118 residents of Adams County, Ill., urging enactment of the Glenn-Smith bill, H. R. 4650; to the Committee on Irrigation and Reclamation.

4997. By Mr. COYLE of Pennsylvania: Petition signed by 381 citizens of the State of Pennsylvania, earnestly urging that the House of Representatives do not pass any compulsory Sunday observance bills that have been or may be introduced, such as House bill 8092; to the Committee on the District of Columbia.

4998. By Mr. CRAIL: Petition of many members and friends of Hollywood Camp, No. 83, and Hollywood Auxiliary, No. 54, United Spanish War Veterans, of Los Angeles County, Calif., favoring the passage of the Gasque bill, H. R. 7230, for widows' and orphans' relief; to the Committee on Pensions.

4999. By Mr. CULKIN: Petition of Claude E. Snyder, Hamilton, N. Y., and five other veterans of the World War, urging the immediate cash payment of the balance of adjusted-compensation certificates; to the Committee on Ways and Means.

5000. Also, resolution of the Common Council of the City of Oswego, N. Y., favoring immediate cash payment of the balance of adjusted-compensation certificates; to the Committee on Ways and Means.

5001. Also, petition of Charles E. Schuyler and 17 other veterans of the World War, all residing in the city of Oneida, N. Y., urging legislation providing for the immediate cash payment of the balance of the adjusted-service certificates; to the Committee on Ways and Means.

5002. Also, petition of C. W. Richards and six other citizens of the village of Phoenix, N. Y., urging that legislation

placing a duty on imported wood pulps be not exacted; to the Committee on Ways and Means.

5003. By Mr. CULLEN: Petition of the Brooklyn Chamber of Commerce, urging the immediate consideration by the Congress in respect to such action as may be proper to safeguard the sugar-refining industry, so vital to the business interests of Brooklyn and the port of New York; to the Committee on Interstate and Foreign Commerce.

5004. By Mr. CURRY: Petition of various citizens of Galt, Calif., opposing the modification, repeal, or resubmission of the prohibition laws; to the Committee on the Judiciary.

5005. By Mr. DELANEY: Petition of Brooklyn Chamber of Commerce: to the Committee on Ways and Means.

5006. By Mr. GARBER: Petition of citizens of the United States, urging the passage of House bill 9891, sponsored by railroad employees who are known as the Railway Employees' National Pension Association; to the Committee on Ways and Means.

5007. By Mr. GOLDSBOROUGH: Petition of Berlin (Md.) Woman's Christian Temperance Union, favoring the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission, or repeal; to the Committee on the Judiciary.

5008. By Mr. JAMES: Petition of Houghton Rotary Club, Herman A. Wieder, president, M. W. Youngs, secretary, and other members of the club, petitioning for a tariff on copper; to the Committee on Ways and Means.

5009. Also, petition of A. L. Graffitt, John Huhtala, and Lawrence Collins, of Palmer, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5010. Also, petition of Franklin J. Goodsole and other citizens of Laurium, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5011. Also, petition of Village Council of the village of Laurium, Mich., and signed by Joseph Wills, president, and William Waters, clerk, favoring a tariff on copper; to the Committee on Ways and Means.

5012. By Mr. JOHNSON of Oklahoma: Petition of 34 citizens of Blaine County, Okla., and vicinity, protesting against House bill 8092, proposing to require compulsory Sunday observance in the District of Columbia. The signers of the petition as referred by C. S. Snodgrass, of Takoma Park, Washington, D. C., ask that their protest be referred to the District Committee after being recorded in the Congressional Record; to the Committee on the District of Columbia.

5013. By Mr. JOHNSON of Texas: Petition of Rev. M. E. Ramay, pastor Central Baptist Church, Itasca, Tex., favoring House bill 6178; to the Committee on the Post Office and Post Roads.

5014. Also, petition of Hon. J. E. McDonald, commissioner of agriculture, State of Texas, opposing legislation to unduly restrict the salaries of employees of cooperating marketing associations; to the Committee on Agriculture.

5015. By Mr. KVALE: Petition of Renville County Bankers' Association, Renville, Minn., protesting against the imposition of stamp taxes on checks and drafts; to the Committee on Ways and Means.

5016. Also, petition of executive board of the Minnesota Farm Bureau Federation, demanding certain amendments to the agricultural marketing act, opposing Federal sales tax, and favoring Philippine independence; to the Committee on Agriculture.

5017. Also, petition of Clifton local of the Farmers' Union, Marshall, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

5018. Also, petition of Clifton local of the Farmers' Union, Marshall, Minn., urging enactment of Senate bill 2487; to the Committee on Agriculture.

5019. Also, petition of Minneapolis Central Labor Union, protesting against any reduction in wages and salaries of Government employees; to the Committee on Appropriations.

5020. Also, petition of Pope County Bankers' Association, Glenwood, Minn., protesting against the imposition of stamp Means.

5021. Also, petition of 15 members of the American Legion, Franklin, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

5022. Also, petition of George C. Johnson Post, No. 460, of the American Legion, Russell, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

5023. Also, petition of J. Ben Johnson Post, No. 169, of the American Legion, Clarkfield, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

5024. Also, petition of Island Lake Township, Lyon County, Minn., requesting 25 per cent cut on all Federal officials and employees' salaries; to the Committee on Expenditures in the Executive Departments.

5025. Also, petition of Post No. 441 of the American Legion, Bellingham, Minn., urging enactment of House bill 1; to the Committee on Ways and Means.

5026. Also, petition of Farmers' Union of Lincoln County. Minn., protesting against the imposition of a Federal tax on gasoline; to the Committee on Ways and Means.

5027. Also, petition of Douglas County Bankers' Association, Alexandria, Minn., protesting against stamp taxes on checks, drafts, etc.; to the Committee on Ways and Means.

5028. Also, petition of Division 357 of the Brotherhood of Locomotive Engineers, Minneapolis, Minn., urging enactment of House bill 9891; to the Committee on Interstate and For-

5029. By Mr. LINDSAY: Memorial of the Legislature of the State of New York, to provide suitable regulation and transportation of persons and property in interstate and foreign commerce by motor carriers; to the Committee on Interstate and Foreign Commerce.

5030. Also, petition of Allied Printing Trades Council of Greater New York, opposing any salary reduction in Federal employees' salaries; to the Committee on Appropriations.

5031. Also, petition of National Casket Co., Brooklyn, N. Y., referring to the manufacturers' sales tax; to the Committee on Ways and Means.

5032. Also, petition of Ann Rose Frocks (Inc.), New York City, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

5033. By Mr. MILLARD: Resolution adopted by the Chamber of Commerce at Brooklyn, N. Y., urging an adjustment of rates on sugar: to the Committee on Ways and Means.

5034. Also, petition signed by Herbert P. Robinson and other citizens of Ossining, N. Y., requesting the immediate cash payment at full face value of the adjusted-compensation certificates with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5035. By Mr. O'CONNOR: Resolutions of the Legislature of the State of New York, memorializing the Congress to enact with all convenient speed such legislation as may be necessary to provide suitable and adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public highways in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

5038. By Mr. PARKER of Georgia: Petition of the Liberty National Bank of Savannah and Hon. George W. Tiedeman, of Savannah, Ga., protesting against the enactment of Senate bill 4115; to the Committee on Banking and Cur-

5037. Also, petition of M. L. Stephens and Charlie Frizzelle, of Ailey, and J. A. Chambers, of Townsend, Ga., protesting against any legislation that would consolidate existing rural mail routes or put rural mail routes on a contract basis; to the Committee on the Post Office and Post Roads.

5038. Also, petition of the Trades and Labor Assembly of Savannah, Ga., and the United Association of Journeymen Plumbers and Steamfitters of the United States and Canada. protesting against any legislation that has for its object

taxes on checks and drafts; to the Committee on Ways and | United States Government; to the Committee on Appropria-

5039. Also, petition of Dr. Jabez Jones and nine other citizens of the State of Georgia, urging the enactment of legislation to regulate busses and trucks carrying passengers and freight; to the Committee on Interstate and Foreign Commerce.

5040. By Mr. RAMSEYER: Petition of farmers and citizens of Keokuk County, Iowa, asking for a substantial reduction in the \$1,000,000 appropriation asked for the administration of the Federal Farm Board; to the Committee on Appropriations.

5041. By Mr. RICH: Petition of citizens of Tioga County, protesting against the passage of House bill 8092, known as the compulsory Sunday observance bill; to the Committee on the District of Columbia.

5042. By Mr. ROBINSON: Resolution adopted by the Woman's Christian Temperance Union, Eldora, Iowa, representing about 60 persons and sent in by Mary L. Cruzan, 1315 Tenth Street, Eldora, Iowa, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures and urging that adequate appropriations be made for law enforcement and for education in law observance; to the Committee on the Judiciary.

5043. Also, petition signed by L. G. Raffety, 115 Mildred Avenue, and a number of other citizens of Iowa Falls, Iowa, opposing the 1-cent tax per shell for the purpose of raising money to establish the breeding plants and feeding grounds for ducks in the United States and Canada, feeling that it is decidedly unfair to the farmer and sportsman who do not make the hunting of migratory birds their special hobby; to the Committee on Ways and Means.

5044. Also, petition signed by George Krebs, Valley Junction, Iowa, and many other employees of the Rock Island Railroad living in the State of Iowa, urging support of the railroad employees' national pension bill, H. R. 9891; to the Committee on Interstate and Foreign Commerce.

5045. By Mr. RUDD: Petition of Allied Printing Trades Council of Greater New York, opposing any salary reduction of the Federal employees; to the Committee on Appropria-

5046. Also, petition of National Casket Co., Brooklyn, N. Y., referring to the manufacturers' sales tax; to the Committee on Ways and Means.

5047. Also, petition of the New York Society for the Prevention of Cruelty to Children, New York City, opposing the Capper-Norton bill, S. 3448, line 144; to the Committee on the District of Columbia.

5048. Also, petition of United Association of Journeymen Plumbers and Steamfitters of the United States and Canada, opposing reduction of the Federal employees' salaries; to the Committee on Appropriations.

5049. Also, petition of Brooklyn Chamber of Commerce. Brooklyn, N. Y., with reference to a duty on sugar; to the Committee on Ways and Means.

5050. By Mr. SANDERS of Texas: Petition of 181 citizens of Van Zandt County, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agricul-

5051. Also, petition of 79 citizens of Kaufman County, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5052. Also, petition of 204 citizens of Gregg and Rusk Counties, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5053. Also, petition of eight citizens of Smith County, Tex., asking that Congress enact no legislation which will tend to the reduction of the salaries of employees and officials of the | destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5054. Also, petition of 45 citizens of Wood County, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5055. Also, petition of 297 citizens of Henderson County, Tex., asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5056. By Mr. SUTPHIN: Petition of Monmouth County Organization of Social Service, objecting to curtailment of funds by the Children's Bureau of the Depart. ent of Labor; to the Committee on Labor.

5057. Also, memorial of Swiazek Nacodowy Polski, of Perth Amboy, N. J., asking that October 11 be set aside as General Pulaski's Memorial Day; to the Committee on the Judiciary.

5058. By Mr. TIMBERLAKE: Petition of Mayflower Ladies Aid Society, of Englewood, Colo., protesting against submission of the eighteenth amendment to the States for a referendum vote; to the Committee on the Judiciary.

5059. By Mr. WELCH of California: Resolution of board of supervisors of the city and county of San Francisco, Calif., indorsing the Bingham bill, permitting the manufacture of 4 per cent beer; to the Committee on the Judiciary.

5060. By Mr. WILLIAMS of Texas: Petition of employees of the post office at Denton, Tex., opposing any bill for reduction of salaries of postal employees; to the Committee on Ways and Means.

5061. Also, petition of ex-service men residing in and around Lewisville, Denton County, Tex., urging the passage of the bonus bill paying the balance of the adjusted-service certificates in cash; to the Committee on Ways and Means.

5062. Also, petition of citizens of the counties of Archer, Baylor, Clay, Cooke, Denton, Jack, Montague, Throckmorton, Wilbarger, Wise, Wichita, and Young, asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and asking that said act be retained without impairment; to the Committee on Agriculture.

5063. By the SPEAKER: Petition of citizens of Washington City, urging Congress to pass the unemployment and relief measures now pending and to support the American Legion idea of a 5-day working week; to the Committee on Labor.

5064. Also, petition of E. N. Freeman, of Macon, Ga., in behalf of David Threatt; to the Committee on the Judiciary. 5065. Also, petition of the board of supervisors of the city and county of San Francisco, Calif., urging Congress to pass the Bingham bill or a similar one; to the Committee on the Judiciary.

## SENATE

## Monday, March 28, 1932

(Legislative day of Wednesday, March 23, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

### MESSAGE FROM THE HOUSE-ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 1590) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes; and it was signed by the Vice President.

## RELIEF OF WATER USERS ON IRRIGATION PROJECTS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3706) for the temporary relief of water users on irrigation projects

constructed and operated under the reclamation law, which were, on page 2, line 9, to strike out all after "authorized" down to and including "deferred," in line 11, and insert "; and otherwise the deferred payments herein authorized shall bear interest until paid at such rate, and shall be paid at such times, as the Secretary of the Interior shall determine"; on page 2, line 18, after "1932," to insert ": And provided further, That the payments for construction charges and interest payments on the cost of the power systems referred to in this act shall not be deemed waived, but only deferred, and shall be paid as provided in this act ": on page 3, line 22, to strike out "without interest and penalties"; on page 3, line 24, after "charges," to insert "under the terms as provided in this act"; on page 5, line 10, to strike out "7" and insert "8"; on page 7, line 13, to strike out all after "contracts," down to and including "annum," in line 14; and on page 8, line 2, to strike out "1935" and insert " 1934."

Mr. THOMAS of Idaho. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

#### CALL OF THE ROLL

Mr. VANDENBERG obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a guorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Schall
Austin	Couzens	Kendrick	Sheppard
Bailey	Dale	Keyes	Shipstead
Bankhead	Davis	King	Shortridge
Barbour	Dickinson	Lewis	Smoot
Barkley	Dill	Logan	Steiwer
Bingham	Fess	McGill	Thomas, Idaho
Black	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Townsend
Bratton	George	Morrison	Trammell
Brookhart	Glass	Moses	Tydings
Broussard	Glenn	Neely	Vandenberg
Bulkley	Goldsborough	Norbeck	Wagner
Bulow	Gore	Norris	Walcott
Byrnes	Hale	Nye	Walsh, Mass.
Capper	Harrison	Oddle	Waterman
Caraway	Hastings	Patterson	Watson
Carey	Hayden	Pittman	Wheeler
Connally	Hebert	Reed	White
Coolidge	Hull	Robinson, Ark.	
Copeland	Johnson	Robinson, Ind.	

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

Mr. BYRNES. I wish to announce that my colleague the senior Senator from South Carolina [Mr. SMITH] is necessarily detained by serious illness in his family.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

### DEATH OF HERMAN WILLS

Mr. DAVIS. Mr. President, I shall absent myself from a part of the day's session of the Senate long enough to attend the funeral of one of the foremost leaders in social legislation, Herman E. Wills, who died in this city last Saturday morning at the ripe age of 84.

Mr. Wills for 50 years was one of the pioneers not only in extending railroads to the West coast, but in the organization and advancement of the principles of the Brotherhood of Locomotive Engineers. He had been in Washington for 22 years as the national representative of transportation activities in which labor was interested.

The passing of Mr. Wills is mourned not only by the railroad brotherhoods but by men and women in every walk of life regardless of their social station or their political affiliation. He possessed a quiet dignity which endeared him to all with whom he came in contact. His vision of legislation was practical and he will be revered for years to come.

TELEPHONE SERVICE ON PUBLIC HEALTH SERVICE STATIONS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize telephone service in Government-controlled buildings on Public Health Service stations, which, with the accompanying paper, was referred to the Committee on Commerce.

## FEDERAL AID TO STATES IN FORESTATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture in regard to Senate Resolution 175, relative to the practicability of Federal aid to States in utilization of lands suitable for forestation, stating, in part, "Arrangements have already been started to insure compliance with this request, and the results will be submitted to the Senate at the earliest practicable date. Because of the scope and the importance of the inquiry it may not be possible, however, to submit the material requested before December next," which was ordered to lie on the table.

#### THE BASING-POINT FORMULA AND CEMENT PRICES

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, pursuant to law, the report of the commission on the basing-point formula and cement prices, including a survey of pricing systems used in industry generally, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

#### REPORT ON DEAD OR CREOSOTE OIL (S. DOC. NO. 73)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, in compliance with Senate Resolution 470 of the Seventy-first Congress, a report of the commission covering the costs of production of dead or creosote oil in the United States and in the principal competing country, which, with the accompanying report, was referred to the Committee on Finance and ordered to be printed with illustrations.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Interstate Commerce:

STATE OF NEW YORK, IN SENATE, Albany, March 9, 1932.

(By Mr. Webb)

Resolved (if the assembly concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact with all convenient speed such legislation as may be necessary to provide suitable and adequate regulation of the transportation of persons and property in interstate and foreign com-merce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public highways in interstate or

foreign commerce: And be it further

Resolved (if the assembly concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives,
the Secretary of the United States Senate, and to each Member of
Congress elected from New York State.

By order of the senate.

A. MINER WELLMAN, Clerk.

In Assembly, March 9, 1932.

Concurred in without amendment. By order of the assembly.

FRED W. HAMMOND, Clerk.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Virginia, which was ordered to lie on the table:

COMMONWEALTH OF VIRGINIA, EXECUTIVE DEPARTMENT.

I, Jno. Garland Pollard, Governor of the Commonwealth of Virginia, certify that Jno. W. Williams and O. V. Hanger, whose virginia, certify that Jho. W. Williams and O. V. Hanger, whose names are signed to the within copy of senate joint resolution, bearing date the 4th day of March, 1932, are, and were at the time of signing same, clerk of the House of Delegates and keeper of the rolls of Virginia and clerk of the Senate of Virginia, respectively, duly elected and qualified; that they are authorized by the laws of this State to make and sign such copy and that to all their official acts full faith, credit, and authority are due and with the beginning of the state of the sign of the

ought to be given.

In testimony whereof I have hereunto set my hand as governor, and caused the great seal of the Commonwealth to be affixed.

Done at the city of Richmond this 25th day of March, A. D. 1932, and in the one hundred and fifty-sixth year of the Commonwealth.

JNO. GARLAND POLLARD.

By the governor:

PETER SAUNDERS Secretary of the Commonwealth and Keeper of the Seals.

Senate joint resolution ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

Whereas the Seventy-second Congress of the United States of America, in both Houses by a constitutional majority of two-thirds thereof has made the following proposition to amend the Constitution of the United States, in the following words, to wit: "Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution.

"Section 1. The terms of the President and Vice President shall

and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then

not been ratified; and the terms of their successors shall then begin.

"Sec. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"Sec. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President.

such person shall act accordingly until a President or Vice President shall have qualified.

"Sec. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have decided when the control of the death of the d shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice

President whenever the right of choice shall devolve upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"Sec. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

Therefore be it

Therefore be it

Resolved by the Senate and House of Delegates of Virginia:

First. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Virginia.

Second. That certified copies of this preamble and joint resolution be forwarded by the secretary of the Commonwealth to the Secretary of State at Washington, to the presiding officer of the United States Senate, and the Speaker of the House of Representatives of the United States.

Agreed to by the Senate of Virginia, March 4, 1932.

O. V. Hanger,

Clerk of the Senate.

Agreed to by the House of Delegates of Virginia, March 4, 1932.

JNO. W. WILLIAMS, JNO. W. WILLIAMS, Clerk of the House of Delegates.

The VICE PRESIDENT also laid before the Senate petitions of two citizens of Minneapolis, Minn., praying for the passage of the so-called Keller bill, providing for the establishment of a pension system for railroad employees, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted at New York City, N. Y., by the Conference for Progressive Labor Action, protesting against the confirmation of the nominations of J. H. Wilkerson and Kenneth Mackintosh to be United States circuit judges, which was referred to the Committee on the Judiciary.

He also laid before the Senate memorials and papers, in the nature of memorials, of sundry citizens and organizations of the State of Illinois and of Litchfield, Nebr., remonstrating against the proposed resubmission of the eighteenth amendment to the Constitution to the States, which were referred to the Committee on the Judiciary.

He also laid before the Senate a petition of sundry citizens of Chicago, Ill., praying for the maintenance of the prohibition law and protesting against its proposed modification or repeal, which was referred to the Committee on the Judiciary.

He also laid before the Senate petitions of the Women's Foreign Missionary Societies of San Diego and Covina, and the Young Women's Christian Association of Fresno, all in the State of California, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the International Beauty and Barber Supply Dealers' Association, of New York City, N. Y., favoring the adoption of the so-called manufacturers' sales tax, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted at Albuquerque, N. Mex., by the New Mexico Wool Growers' Association, protesting against any reduction of tariff duties on wool, sheep, or meat products, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Hope Council, No. 1, Sons and Daughters of Liberty, of Washington, D. C., favoring the passage of legislation providing for the deportation of undesirable aliens, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the executive council of the American Federation of Labor, of Washington, D. C., favoring the passage of Senate bill 7, providing for the deportation of certain alien seamen, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by Moorish-American citizens of Youngstown, Ohio, praying for relief in the way of food, clothes, and shelter of certain unemployed Moorish-American citizens in that community, which was referred to the Committee on Education and Labor.

He also laid before the Senate a memorial of the National Association for the Advancement of Colored People, of New York City, N. Y., protesting against the appropriation of Federal funds for the return of the so-called indigent negroes from northern cities to the South, which was referred to the Committee on Appropriations.

He also laid before the Senate telegrams in the nature of memorials from the Los Angeles Steamship Association and the Foreign Trade Club of Southern California, of Los Angeles, Calif., remonstrating against proposed reductions in the appropriations for the Bureau of Foreign and Domestic Commerce, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at Buffalo, N. Y., by the Real Estate Owners Tax Payers League favoring retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at New York City, N. Y., by the International Beauty and Barbers Supply Dealers' Association favoring the making of increased appropriations for the Federal Trade Commission in order to effectively enforce the law prohibiting unfair competition, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at New York City, N. Y., by the Conference for Progressive Labor Action, favoring action by the Senate providing for the printing of the so-called Wickersham report on the Mooney-Billings case, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Municipal Council of Santiago, Isabela, P. I., favoring the granting of independence to the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at a mass meeting of postal employees of Staten Island, N. Y., remonstrating against the passage of legislation reducing the compensation of Federal employees, which was ordered to lie on the table.

Mr. ASHURST presented a petition numerously signed by sundry citizens of Tucson and vicinity, Arizona, praying for

the passage of legislation exempting miners and prospectors from the performance of annual work on mining claims for the year 1931-32, which was referred to the Committee on Mines and Mining.

Mr. DILL presented a petition numerously signed by sundry citizens and employees of the Great Northern Railway, of Hillyard, Spokane, and vicinity, Washington, praying for the passage of the bill (H. R. 9891) to provide for the establishment of a system of pensions for railroad and transportation employees and for a railroad pension board, and for other purposes, which was referred to the Committee on Interstate Commerce.

Mr. LOGAN presented a telegram in the nature of a petition signed by G. Gardner and sundry other citizens of Louisville, Ky., praying for the passage of House Joint Resolution 277, further restricting immigration into the United States, which was referred to the Committee on Immigration.

He also presented a petition of members and students of Berea College and sundry citizens, of Berea, Ky., praying for the abolition of compulsory military training in schools and colleges, and also discontinuance of the expenditures incurred therefor, which was referred to the Committee on Military Affairs.

Mr. SHIPSTEAD presented a memorial of sundry citizens of Minneapolis, Minn., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Staples, Minn., praying for the maintenance of the prohibition law and its enforcement, and protesting against the adoption of any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

Mr. BARBOUR presented a resolution adopted by the board of trustees of the Monmouth County (N. J.) Organization for Social Service, favoring the making of adequate appropriations for continuing the work of the Children's Bureau, which was referred to the Committee on Appropriations

He also presented a resolution adopted by the Zonta Club of Jersey City, N. J., praying for the prompt ratification of the World Court protocols without reservation, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Post No. 19, the American Legion, of Bayonne, N. J., praying for the passage of the bill (H. R. 679) for the relief of John Mullaney, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by Milltown (N. J.) Grange No. 151, Patrons of Husbandry, opposing the imposition of a sales tax, which was referred to the Committee on Finance.

Mr. WALCOTT presented telegrams in the nature of memorials from the Leagues of Women Voters of West Hartford, Waterbury, New Haven, Stratford, and Colchester, all in the State of Connecticut, remonstrating against the proposed reduction in appropriation for the Children's Bureau, which were referred to the Committee on Appropriations.

He also presented petitions and papers in the nature of petitions from the New Haven section of the Council of Jewish Women, and the Men's Club of the United Church, both of New Haven; Windham County Federated Women's Clubs; the Willimantic Senior Department and Young People of the Trinity Methodist Episcopal Church School, of New Britain; the Federation of Churches and the Federation of Women's Clubs, of Hartford; the branch of the American Association of University Women, of New London; the Norwich College Club, of Norwich; and sundry citizens of Westport and Wilton, all in the State of Connecticut, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Connecticut Woolen and Worsted Manufacturers' Association in annual meeting assembled at Rockville, Conn., favoring the imposition of the proposed sales tax only upon retail sales, and also the repeal of the eighteenth amendment of the Constitution and the substitution therefor of "a system reverting to each State the right to control the sale of intoxicating liquors within its own boundaries," which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Hartford District Council, Department of Connecticut, Veterans of Foreign Wars of the United States, of Hartford County, Conn., favoring the passage of legislation to establish a Navy training ship for the State of Connecticut, which were

referred to the Committee on Naval Affairs.

He also presented a memorial of Branch No. 263, National Association of Letter Carriers, of Danbury, Conn., remonstrating against the proposed reduction in the salaries of Federal employees, which was ordered to lie on the table.

He also presented a letter in the nature of a petition from Russell K. Bourne, D. S. C. Post, No. 23, the American Legion, of Weathersfield, Conn., praying for the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, and opposing any reductions in the Regular Army or the reserve organizations, which was ordered to lie on the table.

He also presented the petition of Leon Goodale Post, No. 56, the American Legion Auxiliary, of Glastonbury, Conn., praying for the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, which was ordered to lie on the table.

WORLD-WIDE DISARMAMENT AND OUTLAWRY OF WAR

Mr. DAVIS. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a letter and petition sent by Miss Mary Winsor, legislative chairman of the Pennsylvania Committee for Total Disarmament, Philadelphia, which urges our Government to instruct the delegates from the United States to the International Disarmament Conference to stand for total disarmament.

The petition is signed by thousands of citizens, 1,578 of whom reside in Pennsylvania, who, as Miss Winsor says, sincerely believe in total disarmament and, furthermore, urge "the immediate passage of an amendment to the United States Constitution prohibiting war and all preparation for war, in order to bring to our country the honor of being the first nation to disarm."

The VICE PRESIDENT. Without objection, it is so ordered, and the matter referred to will be printed in the RECORD and appropriately referred.

The letter from Miss Mary Winsor, legislative chairman. is as follows:

> PENNSYLVANIA COMMITTEE FOR TOTAL DISARMAMENT, Philadelphia, March 18, 1932.

Hon. James J. Davis, Senate Office Building, Washington, D. C.

Dear Senate Office Building, Washington, D. C.

Dear Senator Davis: When I had the pleasure of seeing you in Washington last week and walking with you from your office to the Capitol you will remember that I requested you to present our disarmament petitions to be read in the Senate. You were kind enough to say that "All sensible people want disarmament," and that we might send you our petitions. There are two petitions one reading: tions, one reading:

"PETITION FOR TOTAL DISARMAMENT

"We, the undersigned, being citizens of the United States and over 21 years of age, do hereby request our Government to instruct the delegates from the United States to the International Dis-armament Conference to be held in 1932 to stand for total disarmament by international agreement or by national example.

"We further urge our Government to do all in its power to promote the immediate passage of an amendment to the United States Constitution prohibiting war and all preparation for war, in order to bring to our country the honor of being the first nation to disagram" nation to disarm.

The second:

"PETITION TO CONGRESS FOR COMPLETE INDEPENDENT DISARMAMENT AND THE OUTLAWRY OF WAR FOR ANY PURPOSE "We, the undersigned, being citizens of the United States and

over 21 years of age, do hereby ask the Members of the Senate and House of Representatives to further by every means in their power, and whenever opportunity presents itself, to act favorably upon a proposed amendment to the Constitution of the United States which will make it legally impossible to prepare for, declare, or

carry on war. The full text of this proposed amendment is on the reverse side of this petition."

The Pennsylvania Committee for Total Disarmament, although organized only two years ago, has a rapidly growing membership in all walks of life and is led by responsible and representative

Sincerely yours,

MARY WINSOR, Legislative Chairman.

The petition was referred to the Committee on Foreign Relations and the body thereof ordered to be printed in the RECORD, as follows:

#### PETITION FOR TOTAL DISARMAMENT

We, the undersigned, being citizens of the United States and over 21 years of age, do hereby request our Government to instruct the delegates from the United States to the International Disarmament Conference to be held in 1932 to stand for total disarmament by international agreement or by national example.

We further urge our Government to do all in its power to promote the immediate passage of an amendment to the United States Constitution prohibiting all war and all preparation for war in order to bring to our country the honor of being the first nation to disarm.

REBA SMOLEN, Wynnefield. VIOLA KASLOFF, DANIEL UNGAR, M. H. ELLENBERG, OSCAR GOLDSTEIN, Philadelphia. (And numerous others.)

#### USE OF ASSETS OF FEDERAL RESERVE BANKS

Mr. BINGHAM. Mr. President, in connection with the so-called Glass bill, which is now being considered by the Committee on Banking and Currency, I have received a very interesting telegram signed by the presidents of a number of national banks at New Haven, Conn. I ask unanimous consent that the telegram may be printed in the RECORD at this point and referred to the Committee on Banking and Currency.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

New Haven, Conn., March 23, 1932.

Hon. HIRAM BINGHAM,

United States Senate:

We view passage of Glass bill at present time and under present conditions with greatest apprehension. Objection detailed in recent letter of New Haven banks not met by new draft. Believe passage would inevitably be followed by withdrawal of hundreds of banks from system and by further drastic fall of securities, including Government bonds. Conditions in many communities will not permit such strictly limited commercial banking as bill contemplates unless brought about very gradually. Many objects sought probably ultimately desirable, but foolish to seek radical wholesale reform during emergency like present. In interest of preserving national system we urge calm consideration of successive steps and complete avoidance of such sweeping changes as sive steps and complete avoidance of such sweeping changes as now contemplated.

NEW HAVEN BANK, WILLIAM G. REDFIELD, President. THE MERCHANTS NATIONAL BANK, LEWIS H. ENGLISH, President. SECOND NATIONAL BANK, Louis L. Hemingway, Chairman of the Board. NATIONAL TRADESMEN'S BANK & TRUST Co., CHARLES E. CURTIS, President. FIRST NATIONAL BANK & TRUST CO., THOMAS M. STEELE, President.

## DUTY ON REFINED SUGAR

Mr. BARBOUR presented a letter from Hon. A. Harry Moore, Governor of the State of New Jersey, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

> STATE OF NEW JERSEY EXECUTIVE DEPARTMENT, March 21, 1932.

DEAR SENATOR: I desire to call to your attention a situation DEAR SENATOR: I desire to call to your attention a situation which vitally affects the economic welfare of the State of New Jersey as well as the entire port of New York. As you doubtless know, one of the largest sugar refineries in the world, the plant of the National Sugar Refining Co. of New Jersey, is situated at Edgewater, and this refinery, as well as the entire sugar-refining industry of the country, is imperiled by the inequities in the present tariff bill as relating to the duty on refined sugar. Not only does the refining industry in this country receive no protection but actually must face what amounts to a subsidy on foreign-refined sugar of 2 cents per 100 pounds. This is because of the fact that in 1930, when the present tariff act was passed, Congress imposed a duty of 2 cents a pound on Cuban raw sugar and 2.12 cents a pound on Cuban refined sugar, ignoring the fact that a United States refiner requires 107 pounds of raw sugar to make 100 pounds of refined sugar, and, therefore, must pay 2.14 cents duty for every pound of refined sugar produced as against a duty of 2.12 cents a pound on sugar refined in Cuba.

As a result of this traiff situation and of the fact that it refers that it is a sugar to the fact that it is a sugar to the fact

As a result of this tariff situation and of the fact that it requires only a moderate investment in extra machinery to convert Cuban raw sugar factories so that they may produce refined sugar, Cuban producers have been rapidly increasing their production refined sugar. During 1931 imports of refined sugar amounting to 435,030 tons came into the United States from Cuba, Porto Rico, Hawaii, and the Philippines as against only 13,128 tons in 1925, an increase of over 3,000 per cent in six years. Of this amount 351,464 tons came from Cuba as against 1,182 tons in 1925. Every pound of this refined sugar produced by labor, which is paid by 25 to 50 cents a day, displaces a pound of sugar which otherwise would be refined by American labor at refineries in this country. Unless checked this swiftly increasing flood of sugars refined elsewhere may mean the elimination of the American sugar-refining industry. Two local refineries in the port of New York have been closed down for over a year, and this year the Edgewater refinery of the National Sugar Refining Co. of New Jersey has been operated at about 50 per cent of capacity. What this loss of production means to New Jersey may be visualized by citing a few figures: During the last 10 years the Edgewater refinery has purchased and melted over 8,000,000,000 pounds of raw sugar, has docked approximately 1,300 steamers, has paid to the United States in customs duties nearly \$100,000,000, has used over 2,750,000 barrels of fuel oil and over 500,000 tons of coal, and has expended over \$40,000,000 for its own pay roll and for the purchase of supplies manufactured by American labor. During this same period about 250,000 cars of in and out bound freight were handled at the Edgewater refinery. These figures represent about 40 per cent of the total for the National Sugar Refining Co. of New Jersey, so that it may readily be seen not only what they mean for the State of New Jersey but for the

merely equalizing the difference in the tariff rates will not save the sugar-refining industry. Refiners in this country, in order to survive, must have tariff protection against lower labor and other operating costs in Cuba and elsewhere.

Our tariff laws aim to protect the United States manufacturers against foreign competition. Duties on manufactured articles almost invariably exceed those on the raw materials going into such articles. Refined sugar is practically the only exception.

Over 100 countries have duties, bounties, embargoes, and export devices to stimulate home production of sugar and bar foreign sugars. England imposed a differential duty of over 75 cents per 100 pounds on refined sugar. Canada increased its dumping duty to as high as 50 per cent. France decreed an absolute embargo on refined sugar. Only in the United States is the sugar-refining industry afforded no protection and discriminated against in favor of foreign interests by its own Government.

This situation could be corrected either through action of the This situation could be corrected either through action of the Tariff Commission, before whom the hearing has been set for April 12, under the "flexible tariff" provisions of the tariff act, or by action of Congress. I believe that no other United States industry confronted with radically changed competitive conditions more urgently requires relief than the sugar-refining industry of this country. Your interest in the correction of a manifestly inequitable situation resulting from the last tariff bill in helping to obtain a correction of this situation, either through the Tariff Commission or in Congress will be of inestimable value to our even Commission or in Congress, will be of inestimable value to our own State of New Jersey as well as to the country at large.

Respectfully yours,

A. HARRY MOORE, Governor.

Hon, W. WARREN BARBOUR. Senate Office Building, Washington, D. C.

## THE NATIONAL DEFENSE

Mr. BROUSSARD presented a letter in the nature of a petition signed by Col. Edward S. Bres, Engineer Reserves. president New Orleans (La.) Chapter Reserve Officers' Association of the United States, which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

RESERVE OFFICERS' ASSOCIATION OF THE UNITED STATES, NEW ORLEANS CHAPTER, New Orleans, La., March 12, 1932.

Hon. EDWIN S. BROUSSARD.

United States Senate, Washington, D. C.

DEAR SIR: The attention of the New Orleans Chapter, Reserve
Officers' Association, has been drawn to certain legislative activities,
which, if successful, would almost inevitably bring to an end the
effectiveness of the military policy of the United States as set forth in the national defense act.

The New Orleans Chapter has authorized me to present its views on the proposed legislation having to do with national defense. In doing so the chapter deems it proper to give reasons for assuming to entertain these views and transmit them to you.

The acceptance of a commission in the Reserve Officers' Corps in no wise brands the officer as being militaristic. The 500 and

more reserve officers of New Orleans are well known to you as representative civilians—citizens and taxpayers, the highest type of business and professional men. Every effort which is put forth by these individuals in behalf of what they concive to be service to the country is put forth with some reserved.

by these individuals in behalf of what they conceive to be service to the country is put forth with some measure of sacrifice. Although declaring that militarism is abhorrent to an American citizen, it is none the less our opinion that some measure of prepa-ration in time of peace will mean economy of human lives in time of war. Our observations during the World War lead us to this inevitable conclusion.

The cross section of our membership represents a type of men who are sincere citizens, and whose every-day activities involve them in matters of more than ordinary importance to American civilization and progress. We believe it natural to assume that in an emergency the leadership would be drawn in large measure from men of the type and standing to be found in the Reserve Officers' Association

Finally, in the sincere belief that what we are doing in this association is to help the country help itself, we assume the privilege of setting forth our views.

privilege of setting forth our views.

The very purpose of our organization is to obviate the necessity of a large standing Army. We are therefore not advocating a Regular Army greater in size and number than it is at present constituted. A large part of the Regular Army at the present time is giving valuable assistance in instructing the civilian components of our defense establishment. We believe that the World War had the effect of further defeating any tendency to the growth of a military caste. In its contacts with the Reserve Officers' Association, National Guard, citizens' training camps, and Reserve Officers' Training Corps units, the Regular Army has come to learn and respect more and more the views of those of us who are primarily civilians and whose efforts as members of the citizens' components are those of disinterested service to the cause of national defense. To curtail the appropriation of the Regular Army would almost inevitably put an end to the training so necessary to make the citizens' components service of any value. essary to make the citizens' components service of any value.

Better to fit themselves for valuable service should emergency

Better to fit themselves for valuable service should emergency arise, the reserve officers should receive practical field training in addition to the training they now receive in conferences and by correspondence. It therefore follows that the amount of the appropriation set forth in the Budget should not be reduced. Having been assigned the rôle, almost, of the first quickly mobilizable line of defense of our land forces, it is our opinion that the National Guard should continue to be supported by appropriations sufficient to permit its efficient training.

There is no doubt that many of our countrymen are still bask-

There is no doubt that many of our countrymen are still basking in a false sense of national security and preparedness. They imagine that the several hundred thousand reserve officers trained during the World War are still available. At present there remain only 40,000 reserve officers with this experience. These are gradually being decreased with this experience. ually being decreased and will pass out of military consideration within the next 10 years. Of the 254,000 officers required under the 1928 general-mobilization plan, 218,000 must come from the Organized Reserves. Should an emergency arise to-morrow we would be short 111,000 officers. The reserve officers have no peace-

would be short 111,000 officers. The reserve officers have no peacetime mission other than preparation for wartime responsibilities.

Annual separation from the service of reserve officers is brought
about, even with the present appropriation, by the fact that this
appropriation is not sufficient to formulate training facilities
which can be taken advantage of by reserve officers without the
greatest sacrifice, even at times having to jeopardize their civil
pursuits in order to fit themselves for service of some value.
With the decreasing number of World War experienced officers
it follows that an appropriation should be maintained for the purpose of replacements by training young men, otherwise the coun-

it follows that an appropriation should be maintained for the purpose of replacements by training young men, otherwise the country will revert to a condition comparable to that which existed at the time this Nation entered the World War.

It has been our observation that perhaps the most healthful activity thus far supported by the Congress under the national defense act has been the citizens' military training camps. In his first two weeks at a camp the elements of valuable training are absorbed by the trainee. While he learns the training of the soldier, he learns in greater measure the training in life—precision, orderliness, sanitation, social contact, responsibility, respect for constituted authority, and cooperative effort. It is our view that sufficient appropriation should be dedicated to the continuance of these citizens' military training camps.

ance of these citizens' military training camps.

In a national emergency the first and most essential need will be junior officers. The logical, almost the only source from which these are to be drawn, is the Reserve Officers Training Corps. It is our opinion that their continuation is an investment in economy

is our opinion that their continuation is an investment in economy of lives and material, should an emergency arise. To quote from the Annual Report for 1924 of the Secretary of War, "The life and effectiveness of our entire reserve system and citizen army depend on the Reserve Officers Training Corps."

We believe, finally, that the War Department and the Navy Department should continue to be maintained separate and distinct. In their present separate establishment they have the sanction of the element of time. To combine them we believe would destroy the efficiency of national defense because it would disrupt their spirit and traditions without in any way effecting a saving in money. Many years of uninterrupted peace would be required for founding securely the national defense under one department. Very sincerely, Very sincerely,

EDWARD S. Bres,
Colonel, Engineer Reserves, President New Orleans
Chapter Reserve Officers' Association.

CLAIMS FOR LOSSES IN MINNESOTA FOREST FIRE OF 1918

Mr. SHIPSTEAD presented a resolution adopted by the Republicans of Minnesota, in state-wide conference assembled, which was referred to the Committee on Claims and ordered to be printed in the RECORD, as follows:

Whereas in 1918 a vast devastating fire, of railroad origin, then being operated by the United States as a war-time measure, ravaged northern Minnesota, burning cities, villages, towns, taking human life and causing destruction to an immense amount of

property; and
Whereas liability was fixed upon the United States by the Min-

whereas liability was fixed upon the United States by the Minnesota Supreme Court, and the amount of losses were determined by the United States Railroad Administration, and thereafter only a percentage of such determined losses were paid; and Whereas the claimants by necessity were obliged to accept such partial payment or wait their day in court, among approximately 15,000 other claimants; and Whereas a bill was introduced in Congress, sponsored by the entire Minnesota delegation of Representatives in Congress, providing for the payment of the determined losses, which Lill was reported for passage by the Committee on Claims in the House of Representatives, and is now on the calendar for consideration; and Whereas the Minnesota Legislature, in 1931, memorialized Congress to pass such proposed legislation: Now, therefore, be it Resolved, That the Republicans of Minnesota, in state-wide conference assembled, indorse and urge the immediate passage and adoption of the bill now pending in Congress providing for the relief of claimants who sustained losses in the Minnesota forest fire of October 12, 1918, and that Congress take immediate action to that end; and Resolved further. That a copy of these resolutions be forthwith the President of the United States to the Minnesota.

Resolved further, That a copy of these resolutions be forthwith forwarded to the President of the United States, to the Minnesota Representatives in Congress, to the Minnesota Senators in Congress, and to the chairman and secretary of National Repubgress, and to th

St. Paul, MINN., March 19, 1932.

#### REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1624) providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928, reported it without amendment and submitted a report (No. 478)

Mr. KING, from the Committee on Immigration, to which was referred the bill (H. R. 6477) to further extend naturalization privileges to alien veterans of the World War residing in the United States, reported it with amendments and

submitted a report (No. 479) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 3707) to authorize appointment of public-school employees between meetings of the Board of Education of the District of Columbia, and for other purposes, reported it without amendment and submitted a report (No. 480) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 669) for the relief of Chester J. Dick, reported it with amendments and submitted a report

(No. 481) thereon.

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 332) to correct the military record of Samson Davis, reported it with amendments and submitted a report (No. 482) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2986) to supplement the act entitled "An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington," approved March 13, 1924 (43 Stat. 21), reported it with amendments and submitted a report (No. 483) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 2458) for the relief of Ralph E. Williamson for loss suffered on account of the Lawton, Okla., fire, 1917, reported it with an amendment and submitted a

report (No. 484) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 3769) to amend the act entitled "An act making eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who

incurred physical disability in line of duty while in the service of the United States during the World War, reported it with amendments and submitted a report (No. 485) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 843) for the relief of Albert A. Marquardt, reported it with an amendment and submitted a report (No. 486) thereon.

AMENDMENT OF WORLD WAR VETERANS' ACT, 1924

Mr. SMOOT. Mr. President, from the Committee on Finance, I report back with amendments the bill (S. 929) relating to the taking of depositions in cases arising under section 19 of the World War veterans' act, 1924, as amended, and I submit a report (No. 476) thereon.

Mr. NORRIS. Mr. President, this is the bill which by unanimous consent was to have been reported on last Thursday. Thursday the Senator from Utah called me on the telephone and said a report was coming to him from the bureau and that he would not be able to get the bill reported Thursday, but would be able to do so on Friday. Since we were not in session on Friday nor on Saturday, this is the first opportunity the Senator has had to report the bill.

As I understand it, under the unanimous-consent agreement, though I have not examined the calendar, the same bill automatically went back on the calendar, so it is now on the calendar twice. While I am anxious to take it up and am going to urge to have it taken up as soon as I possibly can, yet I am perfectly willing to take up the bill as now reported by the Committee on Finance. I make this statement so there may be no misunderstanding when it is reached on the calendar.

The VICE PRESIDENT. Does the Senator withdraw his motion to discharge the committee, which was made the other day?

Mr. NORRIS. Yes: that motion may be withdrawn.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Indiana. Mr. President, at this point I would like to have incorporated in the RECORD a letter just received from a war veteran named Stanley T. Andrzejcuski, of South Bend, Ind., indicating difficulties encountered by him in connection with the very situation which the bill is intended to relieve.

Mr. NORRIS. Mr. President, may I say to the Senator that I have received a letter which I believe to be the same

Mr. ROBINSON of Indiana. It is probably the same letter.

Mr. NORRIS. I would like to suggest to the Senator that I think the letter has a very important bearing upon the bill to which it refers. I hope when the bill is brought before the Senate for consideration the Senator will read the letter to the Senate.

Mr. ROBINSON of Indiana. I had expected to do that. but I thought, in view of the remarks made by the Senator from Nebraska just a moment ago, that it would be well to have the letter incorporated in the RECORD at this point. I ask that that may be done.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

MARCH 26, 1932.

Hon. ARTHUR R. ROBINSON, United States Senate, Washington, D. C.

MY DEAR SENATOR: I am sincerely in favor of your stand in reference to the above-entitled bill now pending. As I had the pleasure of going through one of these lawsuits just last week, of

pleasure of going through one of these lawsuits just last week, of course, I am speaking from experience, which is as follows:

I enlisted in the Army April 17, 1917, took out insurance in the amount of \$5,000, and went to France. While there, I was wounded March 22, 1918, and again wounded on July 22, 1918; this last damaged me quite severely. I was brought back to the States as casual in October, 1918. After several months in hospitals, I made a demand on my war-risk insurance policy, but was told that to collect I would first have to lose my head, which, of course, is still upon my shoulders. I was discharged on July 7, 1919, and from time to time thereafter was hospitalized. I made another demand on my insurance, which demand never was answered demand on my insurance, which demand never was answered.

In October, 1930, I again applied, and this time I received a letter of denial; then proceeded to file suit, which occurred on the

28th day of February, 1931. During the fall term of court the Government refused to go to trial; then, during the February, 1932, term of court, Judge Thomas W. Slick disqualified himself and

named Judge Balzell to try my case.

To go back—in November, 1931, a representative of the Veterans'
Bureau by name of Jack Stratton called on me in my home and after a lengthy conversation told me that there was no question but the Veterans' Administration would pay my claim without a lawsuit and save me the 10 per cent attorneys' fees. Since October,

lawsuit and save me the 10 per cent attorneys' fees. Since October, 1931, there were six other Government investigators in South Bend checking up on my activities since the war.

Then, on the 9th day of December, 1931, I was called into Indianapolis for examination for insurance purposes. I made the trip to Indianapolis, and reported to Mr. John H. Ale, manager, and advised him that I refused to be examined at that time and for reason I stated that since the suit was filed and the date of trial was at the back door they had no right to call me in for examination. To this he agreed.

Finally, on the 10th day of Fahruary 1932, I was saved with a

tion. To this he agreed.

Finally, on the 10th day of February, 1932, I was served with a notice to take the following depositions on the 15th day of February: Doctor Kimball, Nashville, Tenn.; Doctor Shepherd, Baltimore, Md.; and Doctor Buckley, Bedford, Mass. The examination of Doctor Buckley was made with two other doctors who are in the Veterans' Administration service, and were available on the date of trial, but we were not required to take their depositions, wither were the substance for on the date of trial, but we were not required to take their depositions, neither were they subpœnaed against me as witnesses for the Government. These depositions were to be taken on the same day and the same hour. During a lengthy conference between my attorneys and the United States district attorney's office it was finally agreed to have these depositions taken by written interrogatories, which were duly sent to the respective places. However, upon the return of these interrogatories we found that questions and cross-questions agreed upon were not used, but the deponents were questioned directly by United States district attorneys and depositions were sworn to and subscribed by notaries public in Government service.

I know of two other similar cases in South Bend; but as I can not fully explain the circumstances, I am not going to take up your

not fully explain the circumstances, I am not going to take up your time with unnecessary correspondence. I was of the opinion that perhaps my experience might aid you and support your claim that the 100-mile requirement is not unreasonable. If I were to make the trip to Nashville, Baltimore, and Bedford, retain a sufficient the trip to Nashville, Baltimore, and Bedford, retain a sufficient army of counsel to represent me at the above-mentioned seaports, there would have been of no use to claim any war-risk insurance, as there would not be anything due me. I also feel that under present procedure the 10 per cent attorney's fees are insufficient, for a lawyer earns that much in drawing papers to answer all technicalities that are introduced by Government counsel, who are especially trained and paid by the Government and who have nothing else to do.

Again hoping this letter will prove beneficial, and wishing you success. I am.

success, I am,
Yours very sincerely,

STANLEY T. ANDRZEJCUSKI.

#### LOAN OF WAR DEPARTMENT EQUIPMENT TO AMERICAN LEGION CONVENTION

Mr. REED. Mr. President, from the Committee on Military Affairs I report back favorably without amendment the bill (S. 3765) to authorize the Secretary of War to lend War Department equipment for use at the fourteenth national convention of the American Legion at Portland, Oreg., during the month of September, 1932, and I submit a report (No. 477) thereon. This is a bill introduced by the Senator from Oregon [Mr. Steiwer]. I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. THOMAS of Oklahoma. I object.

The VICE PRESIDENT. The Senator from Oklahoma objects. The bill will be placed on the calendar.

### ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 24th instant that committee presented to the President of the United States the following enrolled bills:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

### DEATH OF SIR HORACE PLUNKETT

Mr. BROOKHART. Mr. President, on yesterday I noticed in the dispatches an account of the death of that great Irish

cooperator, Sir Horace Plunkett. I remember when he visited the Senate and was accorded the privileges of the floor. He was one of the great humanitarians of the world who sought to organize economics upon the basis of the Sermon on the Mount itself. I spent a day once at Plunkett House in Dublin, Ireland, one of the most profitable in my life. I did not want this occasion to pass without a word in the RECORD for that great humanitarian.

Mr. WALSH of Massachusetts. Mr. President, I am pleased to have the Senator from Iowa take occasion to offer this comment upon Sir Horace Plunkett. I knew him personally and join with the Senator in expressing sentiments of the highest commendation for his fine public service and for his great humanitarian efforts and accomplishments which he performed for the people of Ireland.

## BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

A bill (S. 4215) for the relief of George Dacas: to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 4216) for the relief of Max M. Meyers; and

A bill (S. 4217) for the relief of Kathryn Thurston; to the Committee on Claims.

By Mr. McGILL:

A bill (S. 4218) granting an increase of pension to Laura J. Ela Reeves; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 4219) granting an increase of pension to Mary C. Caplinger;

A bill (S. 4220) granting an increase of pension to Margaret Jane Harless; and

A bill (S. 4221) granting an increase of pension to Sarah L. Williams; to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 4222) granting a pension to Keturah P. Holt;

A bill (S. 4223) granting a pension to Martha J. McDowell (with accompanying papers); to the Committee on Pensions. By Mr. McKELLAR:

A bill (S. 4224) granting a pension to Sallie Bell (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4225) granting an increase of pension to Sarah J. Henderson (with accompanying papers); and

A bill (S. 4226) granting an increase of pension to Mary A. Phillippi (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 4227) to extend the benefits of the United States employees' compensation act of September 7, 1916, to Washington Parker, a former employee of the United States Naval Academy dairy farm, Gambrills, Md.; to the Committee on

By Mr. SCHALL:

A bill (S. 4228) granting a pension to Flora Evans; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 4229) to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.; to the Committee on Foreign Relations.

By Mr. THOMAS of Oklahoma:

A bill (S. 4230) for the relief of Betty McBride: to the Committee on Naval Affairs.

By Mr. PATTERSON:

A bill (S. 4233) granting a pension to Pearl Laber (with an accompanying paper); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 4234) to promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees, to provide the least number of men that may be employed on locomotives, trains, and other self-propelled engines or machines, to provide qualifications for certain employees, and providing a penalty for the violation thereof; to the Committee on Interstate Com-

By Mr. COOLIDGE:

A joint resolution (S. J. Res. 129) to amend section 3 of the joint resolution entitled "Joint resolution for the purpose of promoting efficiency, for the utilization of the resources and industries of the United States, etc.," approved February 8, 1918; to the Committee on Patents.

CONTROL OF IMPORTS AND OIL PRODUCTION

Mr. THOMAS of Oklahoma. Mr. President, I introduce two bills, and because of their importance I ask that the bills may be printed in the RECORD, and following them I ask consent to insert a short statement printed in one of the Washington papers explaining the two bills.

The PRESIDING OFFICER (Mr. King in the chair).

Without objection, it is so ordered.

The bill (S. 4231) for the purpose of protecting the continuity of American sources of supply of oil and products thereof, the prevention of premature exhaustion thereof, and the maintenance of adequate foreign and domestic markets for such sources of supply, and for other purposes, was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

8 4231

Be it enacted, etc., That the Tariff Commission, in addition to the authority vested in it by the provisions of United States Code, title 19, chapter 4, Subtitle III, Part II, is hereby authorized and directed to make the following findings on April 1 and October 1

of each year:

(a) An estimate of the quantities of oil and products thereof required during the succeeding six months (a) from domestic production, and (b) from withdrawal from storage within the United States, and (c) from importation from foreign countries, in order to supply, without undue injury to American sources of oil, the estimated demand within the United States and for export. Said estimates shall be promptly transmitted to the governors of the oil-producing States and to such interstate advisory body as may be created by an interstate compact authorized by the Congress.

(b) A determination of the conditions upon which oil and products thereof originating in foreign countries may be admitted to the United States and its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) without undue injury to American sources of oil, including the fixing of such fees, duties, and charges upon importations of oil and products thereof as should in its opinion be levied and collected in order to equalize the cost thereof at major points of consumption within the United States with the cost of domestic oil and its products at the same point, but with due regard to the preservation of American sources of supply from premature exhaustion: Provided, That no duty or fee determined by the Tariff Commission under this section shall exceed 100 per cent of the cost of the imported article delivered at refineries or major points of consumption, nor increase the cost of imported oil or products thereof to American consumers above the cost of oil or products thereof of like grade originating within the United States, nor impose any burden upon the importation of oil or products thereof for purposes of export (including the furnishing thereof in American ports for consumption upon vessels) in original or manufactured form: And provided further, That all importations of oil or products thereof shall be subject to all of the provisions respecting drawbacks and refunds contained in United States Code, title 19, hapter 4, section 1313. (b) A determination of the conditions upon which oil and prodtitle 19, chapter 4, section 1313.

SEC. 2. The findings authorized by section 1 of this act shall be promptly certified to the Secretary of the Treasury and to the Federal Oil Conservation Board, which shall transmit the same to the governor of each oil-producing State and to such interstate advisory body as may be created by interstate compact or otherwise pursuant to authorization of the Congress.

SEC. 3. The Secretary of the Treasury is hereby authorized and directed, upon receipt of the certificate of the Tariff Commission authorized by section 2 of this act, to promulgate the conditions, fees, duties, and charges therein stated and to enforce, levy, and collect the same with like force and effect as the rates of duty specified in United States Code, title 19, chapter 4, Subtitle I.

The bill (S. 4232) for the conservation of oil and gas and protection of American sources thereof from injury, correlation of domestic and foreign production, and consenting to an interstate compact for such purposes, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 4232

Be it enacted, etc., That the consent of the Congress of the United States is hereby given to an agreement or compact between any two or more of the oil-producing States, for the following purposes, or any of them:

(a) To agree upon uniform principles and for enactment of laws in their respective States for the conservation of oil and gas and for the prevention of premature exhaustion of American sources of supply including provisions effecting any or all of the following objectives:

(1) Requirement of the most effective and economic use of reservoir energy.

(2) Equitable apportionment of the contents of a common

(2) Educate apportunities of source of oil or gas.

(3) Regulation and control of drilling, producing, refining, distribution, and operation methods, so as to promote maximum ultimate economic recovery and use.

(4) Retention underground of oil and gas whose production

would be in excess of transportation or marketing facilities or reasonable market demand, and when required to preserve the oil pools of settled production.

(5) Prohibition of unreasonable waste of all kinds, whether occasioned by breach of the foregoing objectives or otherwise.

(6) Ratable taking or production of oil and gas from competing fields and from wells within the same field.

(7) Authorizing and regulating unit operation of a single oil

(7) Authorizing and regulating unit operation of a single oil or gas field or area.

(b) To establish by agreement an Interstate Oil Conservation Board, whose members shall be appointed by the respective compacting States (whose members may act through representatives). Said board shall, with the Federal Oil Conservation Board (composed of the Secretary of the Interior, Secretary of Navy, Secretary of War, and Secretary of Commerce of the United States, and whose members may act through representatives, for the purposes contained in this act), constitute a joint committee, to be known as the Federal-Interstate Oil Conservation Board, which may exercise the following powers: Provided, That in any action taken by the said joint committee or board which affects interstate commerce or Federal regulations the concurrence of a majority of the Federal Oil Conservation Board shall be required.

of the Federal Oil Conservation Board shall be required.

(1) To recommend to said States laws and regulations for the economic production, refining, and distribution of oil and gas;

(2) To study and forecast demand for American oil and oil

- (3) To recommend the allocation of such demand among producing areas;
- (4) To recommend State quotas of production to supply such demand:
- (5) To approve agreements operative within the several producing States entered into for the purpose of complying with the recommendations made for conservation of oil and gas of those
- (6) To cooperate with such agencies of the United States as Congress may designate and in such measures as Congress may authorize, for the coordination of imports and agreements with foreign producers;
- (7) To recommend to the proper agency of the United States Government the allocation of production of petroleum in the foreign countries and the amount thereof and its products which should be imported into the United States for definite periods of

(8) To recommend to Congress and to the States legislation to

(8) To recommend to Congress and to the States legislation to protect the consumer of the products of petroleum; and
(9) To make by-laws for the procedure of said joint committee.
All of said recommendations and all agreements approved shall be promptly filed with the Federal Oil Conservation Board, or such other agency as Congress may hereafter direct, with the governors of the compacting States, and such other agencies as said States may provide.

(c) To agree to severally make effective within their respective jurisdictions, in such manner as each State may provide, the recommendations of such body as may be established pursuant to section 1-b of this act.

section 1-b of this act.

Sec. 2. The oil and gas conservation laws of the States, whether now or hereafter enacted, in so far as they affect the foregoing objectives set forth in section 1-a of this act, or any recommendations and agreements as may be established pursuant to section 1-b of this act, shall not be deemed an unwarranted interference with commerce with foreign nations and among the several States.

Sec. 3. Any compact entered into pursuant to the authorization of this act may be agreed upon by ratification or by the enactment of reciprocal legislation, and be terminated in such manner, and provide for the adherence or withdrawal of States in such manner, as the compacting States may designate; but unless a compact is consummated in accordance with the provisions of this act within three years from the date hereof, the consent of a compact is consummated in accordance with the provisions of this act within three years from the date hereof, the consent of the Congress, hereby given, may be withdrawn. The President is hereby authorized upon adoption by two or more such States, of a compact in accordance with the terms thereof, to so declare by proclamation and thereupon such compact shall become in force, as to such compact States, and thereafter in like manner the President is authorized to declare such compact effective as to other oil and gas producing States joining therein.

SEC. 4. The President is hereby authorized to appoint a representative of the United States who shall preside over any negotiation of the compact authorized by this act, and the appropriation of not to exceed \$3,000 for the expenses of such representative is hereby authorized. Said representative shall promptly report to the President the execution and/or enactment of any compact

authorized by this act.

SEC. 5. Because of the existing necessity, pending the effective date of the compact authorized by this act, but for a period not

exceeding three years, the powers authorized by section 1-b of this act may be exercised by a temporary joint committee to con-sist of the Federal Oil Conservation Board (whose members may act through representatives) and the Oil States' Advisory Committee (whose members may act through representatives) as heretofore or hereafter appointed by such of the Governors of Arkansas, California, Colorado, Kansas, Louisiana, New Mexico, Ohio,
Oklahoma, Texas, and Wyoming, and other oil-producing States as
may notify the Federal Oil Conservation Board of such appointment: Provided, That in any action taken by the said joint committee or board which affects interstate commerce or Federal regulations the concurrence of a majority of the Federal Oil Conservation Board shall be required.

The newspaper statement relative to the bills introduced by Mr. Thomas of Oklahoma was ordered to be printed in the RECORD as follows:

TWO BILLS INTRODUCED TO CONTROL IMPORTS AND OIL PRODUCTION ADVISORY COMMITTEE OFFERS PLAN TO MAKE UNITED STATES AND STATES PARTNERS IN RULING INDUSTRY

#### By George Sanford Holmes

Two bills to authorize the Government and the oil-producing States, under a Federal-interstate compact, to control importation and production of petroleum, have been laid before Congress.

They were drafted by the Oil State's Advisory Committee, representing 10 oil-bearing States, and introduced by Representative McKeown and Senator Thomas, both from Oklahoma.

The bills were brought to Washington by Lieut. Col. Cicero Murray, cousin of Governor Murray, of Oklahoma, and former chairman of the Oil States Committee. Murray has been succeeded as president of the advisory board by William H. Cooley, of California, but remains as executive director and counsel.

#### THREE NAMED AS AUTHORS

The actual authors of the acts, which, if adopted, will make Uncle Sam and the oil States partners in curbing the introduction of foreign oil and the production of domestic petroleum, were Murray, of Oklahoma; Warwick, of Denver, Colo.; and Kenner McConnell, of Columbus, Ohio.

The purpose is to bring within the limits of the law and the Constitution the present voluntary, incomplete agreement between the oil States to limit and prorate production, control refining, distribution, and operating methods, prohibit unreasonable waste, promote unit operation of pools, and conserve oil and gas resources.

### CLAIM PACT INEFFECTIVE

Without the power to control imports, which are regarded by the independents as one of the chief sources of the depressed condition of the industry, it is claimed the interstate compact would be ineffective.

The oil States would solve this question in a separate bill by authorizing the Secretary of the Treasury to impose such duties, charges, or fees upon the introduction of foreign oil as might be recommended by the United States Tariff Commission. The commission is instructed to report, on April 1 and October 1 of each year, on the estimated needs of the country for the succeeding six months, and determine how much should be levied and collected on imported petroleum and its products to equalize the cost of production in the domestic fields.

## SWEEPING POWERS PROVIDED

The compact bill would establish an interstate conservation board, consisting of representatives from the States and the Federal Oil Conservation Board. This board would have sweeping powers to recommend State laws and regulations for the economic production, refining, and distributing of oil and gas. The board also would be expected to forecast demand and allocate it among the producing areas; to recommend quotas of production and approve agreements entered into by the States to comply with its recommendations; to cooperate with Federal agencies for the coordination of imports and agreements with foreign producers; to recommend the allocation of production abroad and the amount thereof for importation in the United States for definite periods; and to recommend Federal and State legislation to protect the consumer. consumer.

### AMENDMENT OF TARIFF ACT OF 1930-AMENDMENTS

Mr. JONES. Mr. President, I submit two amendments intended to be proposed by me to House bill 6662, to amend the tariff act of 1930, one pertaining to a tariff on pulp and the other to a tariff on lumber.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

## MESSAGES FROM THE PRESIDENT-APPROVAL OF BILLS

Several messages from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

## On March 25, 1932:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.

On March 26, 1932:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland.

On March 28, 1932:

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

RAILROAD LOANS BY RECONSTRUCTION FINANCE CORPORATION Mr. BORAH. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. VANDENBERG. I yield.

Mr. BORAH. As I am speaking by courtesy of the Senator from Michigan, I shall invite attention but briefly to a matter in which, it seems to me, the Senate should be interested. In the newspapers of Saturday and Sunday is found an account of the Missouri Pacific-Morgan loan. read a few paragraphs from the report as found in the newspapers:

The Reconstruction Finance Corporation has caused the Inter-state Commerce Commission to approve "with some reluctance" an additional loan of \$12,800,000 to the Missouri Pacific Rail-

road Co.

The approval will take care of, among other things, half of a loan of \$11,700,000 held by the New York banks, which J. P. Morgan & Co. had notified the carrier must be paid on April 1. Later, however, the banks agreed to carry half the loan until October 1, and the board of directors of the Finance Corporation voted a loan of \$5,850,000 for this purpose, subject to approval of the commission.

The commission's decision recited in full the resolution of the Finance Corporation.

Finance Corporation.

The newspaper report continues:

"We are taking the action here with some reluctance," said the mmission. "We are not convinced that the Reconstruction commission. Finance Corporation should be expected to take up banks' loans

of this character.

"We yield our own views to those of that body, which, as we construe the law, is charged by Congress with responsibility for determining the question."

Mr. Eastman, one of the members of the Interstate Commerce Commission, passing upon this matter, said:

No good reason has been shown for approving a Government loan to enable the applicant to make a 50 per cent payment on the bank loans maturing April 1. I would have no difficulty in joining in such approval if there were any evidence that the loan is needed in the public interest. But no one has made or attempted to make such a showing. Applicant told us that the banks would not extend the loans. The Reconstruction Finance Corporation now tells us that they will extend 50 per cent. The theory is, apparently, that a Government loan to pay the other 50 per cent is necessary in order to prevent a Missouri Pacific receivership. No such necessity exists. Morgan & Co., Kuhn, Loeb & Co., and the Guaranty Trust Co. would not, so long as the interest on these bank loans is paid, force a receivership by refusing an extension. The repercussions would be much too dangerous in other quarters where the private interests of these financial institutions are involved. No good reason has been shown for approving a Government volved.

I realize that the majority are no more persuaded than I am that there is any need for using Government funds to "bail out" these banks. They place the responsibility on the Reconstruction Finance Corporation. It seems to me, however, that we have a responsibility which we can not thus escape.

Mr. President, I am informed that every form of pressure within reason and decency, perhaps decency, was used to bring about this decision upon the part of the Interstate Commerce Commission. I think an effort to control the commission in this way is worthy of consideration.

As I say, I am speaking by courtesy of the Senator from Michigan. Later I shall discuss this question in my own time. I think it worthy of the attention of those who supposed the Reconstruction Finance Corporation was created for a specific purpose and not for the purpose of enabling the banks that desire the use of money to have the advantage of the Public Treasury of the United States.

Mr. DILL. Mr. President, will the Senator from Michigan yield to me. I should like to ask the Senator from Idaho a question.

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. DILL. I want to ask the Senator from Idaho if he is familiar with the loans that are being made to pay interest on bonds that are selling at an extremely low price? For instance, I am told that the Reconstruction Finance Corporation is loaning money to pay at 4½ per cent interest on railroad bonds that are selling for 21.

Mr. BORAH. I am not familiar with that.

Mr. DILL. So that the interest paid is more than 20 per cent on the present price of the bonds.

Mr. COUZENS and Mr. McKELLAR addressed the Chair. The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I yield first to my colleague, the senior Senator from Michigan.

Mr. COUZENS. Mr. President, as a result of the loan to which the Senator from Idaho has referred this morning I had the records looked up yesterday concerning the purposes of the Reconstruction Finance Corporation, and I will be prepared, if I can get the floor to-morrow morning, to discuss the Reconstruction Finance Corporation law as applied to the railroads, the loans the corporation has been making, and other matters dealing with the problem which the Senator from Idaho has raised.

Mr. JOHNSON. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from California?

Mr. VANDENBERG. I vield.

Mr. JOHNSON. I would appreciate it immensely if the Senator from Michigan to-morrow, too, would discuss the question of a government of, for, and by international bankers.

Mr. COUZENS. What I have in mind is not so much the international bankers as it is the Van Sweringens and the treasurer of the Republican National Committee who have been more effective in this matter than have the international bankers.

Mr. JOHNSON. The Senator adds, then, to the peculiar situation others than the international bankers, and we might discuss all of them while we are about it.

Mr. COUZENS. I think that is correct.

Mr. KING. Mr. President, will the Senator from Michigan allow me to ask his colleague a question?

Mr. VANDENBERG. Yes.

Mr. KING. I hope the senior Senator from Michigan, in his address to-morrow, will find it pertinent to discuss the efforts which have been made to bring under the control of four railroad groups a large number of railroads east of the Mississippi River, and also the organization of one or more holding companies and the issuing of securities by the same, to secure the control of transportation lines for the purpose of allocating them to and bringing them under the control of the four railroad systems. I should be glad if he would give the Senate the benefit of his views concerning the propriety of the plan pursued of unloading upon the public hundreds of millions of dollars of securities for the purpose of obtaining funds to acquire control of numerous public carriers without the consent of the Interstate Commerce Commission. The Senator's knowledge of railroad questions is great; and his views in regard to the matters just mentioned, as well as his views as to the propriety of seeking at the hands of the Interstate Commerce Commission indirect if not direct approval of these stock issues and efforts to bring under the control of four railroad groups so many railroad lines and systems, the result of which might be the destruction of proper and legitimate

The question of merging competing lines or attempting to merge them and then appealing to the Interstate Commerce Commission, as is now being done, for validation of acts and procedure which it is believed by many contravene the law, I hope will be considered by the able Senator in the address which Senators, I am sure, will look forward to with interest.

Mr. COUZENS. That subject needs a great deal of discussion, but I hardly think it pertinent to the Reconstructions with the construction of the co

tion Finance Corporation which I want to discuss tomorrow.

Mr. ROBINSON of Arkansas. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Arkansas?

Mr. VANDENBERG. I yield for a question.

Mr. ROBINSON of Arkansas. I merely wish to make a brief statement pertinent to the remarks of the Senator from Michigan [Mr. COUZENS] if the junior Senator from Michigan [Mr. VANDENBERG] will yield.

The VICE PRESIDENT. Does the Senator from Michigan yield for that purpose?

Mr. VANDENBERG. Yes.

Mr. ROBINSON of Arkansas. Mr. President, there is a phase of the subject that I think commends itself to the consideration of all Senators that has only been mentioned in a collateral way.

The Interstate Commerce Commission, by the statute known as the Reconstruction Finance Corporation act, is required to approve all loans made to railroads. That was not a perfunctory requirement. The object of the provision is manifest; it is self-evident. Now, it appears that in the case of the loan mentioned by the Senator from Idaho the commission actually disapproved the loan, but in some way was induced to give its legal indorsement. One is led to wonder how such a conclusion was brought about. The object of requiring approval of the Interstate Commerce Commission apparently will fail of accomplishment if the particular case referred to shall become a precedent.

Mr. COUZENS. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to his colleague?

Mr. VANDENBERG. I yield.

Mr. COUZENS. I may say that Senators probably observed that the press carried stories that some of the interstate commerce commissioners were, or at least one of them was, in conference with the railroad executives and the officers of the Reconstruction Finance Corporation before these loans were agreed upon, so they can draw their own inference from that.

### AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. VANDENBERG. Mr. President, I want to address myself to the unfinished business before the Senate, if I may be permitted to do so, and I should like to proceed, at least until I can lay the groundwork of my argument, without interruption. Subsequently I shall be delighted to yield.

Thus far the discussion, particularly on the other side of the aisle, has dedicated itself largely to general tariff philosophies and to the so-called Smoot-Hawley bill without much direct attention to the issue that is raised by the legislation pending in the Senate. I shall substantially confine myself, Mr. President, to the pending proposal, because, I take it, that the most practical test of philosophy is by its concrete expression; in other words, "actions speak louder than words."

For example, we get the Republican tariff philosophy in the Smoot-Hawley bill itself. It is not only the Republican philosophy, Mr. President, but it is also the philosophy of many tariff Democrats who consistently and courageously and openly believe in protection. This means that it might be said to come the closer to being an all-round American tariff philosophy. It is even the occasional philosophy, Mr. President, of Democratic "hitch hikers" who attach themselves to these Republican tariff measures for the purpose of getting plenty of welcome protection for the home constituents while simultaneously thundering in the antitariff index.

I digress to observe, Mr. President, that "hitch hikers" always may be dangerous passengers. They are liable to assault one before the ride is over; they are calculated to sue one for damages if an accident occurs; they contribute nothing to the journey except their own dead weight; and tariff "hitch hikers" are no different from any other "hitch hikers" in that respect.

In so far as I am personally concerned, I always welcome these Democratic "hitch hikers," on the theory that they may learn to enjoy the ride, and in whatever degree the habit becomes a consistent one the people of the United States are calculated to be the beneficiaries. At any rate, we may say, for the sake of the argument, that the Smoot-Hawley bill is the Republican tariff philosophy. I proclaim it.

Similarly we get presumptively the latest revision of the volatile Democratic tariff philosophy as it exists to-day, at the other end of the Capitol, from the pending House bill as adversely reported by the Finance Committee and as already partillay disowned by the substitute Democratic measure submitted by the distinguished and versatile senior Senator from Mississippi [Mr. Harrison]. Finally, in its terms we get the vocal Democratic tariff philosophy at this end of the Capitol from the Harrison substitute itself just mentioned. So I think it quite suffices, for philosophical purposes, to deal with the legislation actually in hand. This I shall largely do, ultimately offering, solely on my own responsibility, the same amendment upon which I was heard before the Finance Committee; but before pursuing this clinical method. Mr. President. I do wish to submit a general preliminary observation and exhibit.

I am one of those who profoundly believe that, despite all our travail and distress, the United States, relatively speaking, continues to be the most favored land on earth. I believe this would be impossible without tariff differentials that measure the difference in cost of production at home and abroad. It is not safe to be dogmatic upon any economic text in the midst of the world's perplexities to-day, but this is my considered view. I believe that our condition would be infinitely worse without these tariffs. I believe that in some of our situations we can not escape tragic disaster without additional tariffs.

This may well be true of oil to-day. I know it is true of copper. It is true of copper under either Republican or Democratic tariff philosophy. It is true of copper by both Republican and Democratic consent over large and seriously jeopardized areas of the United States. It is true of copper as an emergency warrant to protect not only the livelihood of thousands of our people but also the actual physical existence of great sectors of the United States.

The governors of at least 14 States have laid their petitions upon the bar of the Senate, praying for this vitally essential relief. It is just as much a relief proposition as it is to protect the victims of fire or flood or drought or famine. It is famine, and nothing less. It is a matter of life and death.

There can be no criticism of Democratic Senators who join in asking protection for copper under such circumstances, and there can be no defense for Republican Senators who join in denying the relief.

The victims of this copper tragedy confront a lethal menace entirely beyond their control, but entirely within our control. It is a menace which has developed since the Smoot-Hawley bill was passed, because it is only recently that the full exposure to ruinous African competition has become apparent—an exposure to fatal competition with unbelievably rich ore and with native labor which the United States Tariff Commission reports to run down as low as 5 and 6 cents a day in compensation. The commission joins in writing a warrant for copper tariff relief.

I assert that it would be nothing short of criminal negligence for this Congress to adjourn without equalizing this competition, and thus making it possible for numerous otherwise fine, sturdy, loyal, and useful American communities to survive.

I happen to be speaking for Michigan at the moment; but the Senators from Arizona, who honor me with their presence, can testify with equal finality respecting conditions in their State; and similar testimony is available from many other jeopardized sectors of America, which in this situation can be saved by nothing under God's sun except a tariff protective rate which will relieve them from their hazard, Here is a situation in which nothing but tariff protection

can save thousands of American miners and millions of American capital. Here also is a situation in which the national defense itself is at stake. Domestic copper is indispensable to the national defense. This will not be denied. There will be no domestic copper in a short time unless copper is brought within adequate tariff protection.

This is not the moment to discuss the merits of the copper tariff in detail. I am touching it simply to verify the statement I have made that there are conditions to-day which almost by universal consent call for increased tariff protection, more rather than less. I am submitting it in passing simply to justify the fundamental thesis I am bringing to the bar of the Senate respecting my own faith in the Republican protective-tariff doctrine, as exemplified in the Smoot-Hawley bill.

Mr. President, we have heard a very great deal about the allegedly baneful effect of this legislation upon the industrial activity of America. It occurred to me that it might be wise, for a change, to consult key men in key industries themselves, instead of merely our political inclinations and our political dogma, to determine whether or not there is any truth in the oft-repeated charge that the Smoot-Hawley tariff bill is responsible in some degree for recent unemployment. So I went to the root source for my information. I addressed an inquiry to some 25 key men in 25 key protected industries in America, inquiring specifically this: "Would your unemployment have been more or less without the Smoot-Hawley bill?"

There is the straight question, addressed to those who are responsible for employment, and who, at first hand, have the right to testify from the facts. Let us see what the net result of the inquiry is.

First, in the chemical group of industries in the United States, Mr. President, the Newport Chemical Works at Passaic, N. J., Dr. E. H. Killheffer, president, answering. I quote:

Lower tariff would have made increased influx of foreign competitive goods, with resultant decreased domestic production and sales, and inevitably a substantial increase in unemployment. This has been more than indicated already, since results of depreciated foreign currencies have been tantamount to certain substantial reductions in Hawley-Smoot Act.

In other words, the first exhibit is a laboratory test bearing upon the precise inquiry which is agitating the Senate; a laboratory test which indicates that without these increased rates—rates which were not sufficiently increased to offset the differential brought against us by the fluctuating international exchange—without this saving differential, employment in this great industrial activity would have been less than it has been even under the distressing conditions of the past 18 months.

Now, we will go out into the Middle West, out into the State of Missouri, the city of St. Louis, the Monsanto Chemical Works, Dr. S. W. Allender, assistant to the president, speaking. I quote:

Our unemployment would have been greater with lower tariffs than in present law. Our unemployment would have been materially greater under a lower tariff, and our employment bears a direct ratio to the rates in the tariff.

Doctor Allender may not be a finished political economist or political propagandist, but he is an experienced industrialist who has met the burden of being responsible for American pay rolls, and his testimony is:

Our employment bears a direct ratio to the rates in the tariff bill.

Another example from the chemical group. We are now in Sandusky, Ohio, the American Crayon Co., Mr. Cary W. Hord testifying:

Our employment would have been decidedly less during the past year with lower tariff than in present law, although through some apparent evasion a flood of foreign goods at prices we can not meet continues to come in on certain lines; and this fact—

The mere competition produced by an evasion of the Smoot-Hawley rates—

This fact has greatly reduced employment in these departments here during the past year.

If evasion is disastrous, it goes without saying that the complete absence of this protection would be completely fatal.

Now, over in the chinaware division of the tariff law. I am quoting Mr. W. A. Bonitz, of the Crescent Brick Co., of Pittsburgh, Pa. His answer to my question is:

With lower tariff, unemployment would have been greatly increased and scale of wages infinitely lower.

He may not be much of a politician, Mr. President. He just happens to be an American employer who has to find the trade to get the ways and means to employ labor and pay it its wage. His testimony is that he could not have done it on any comparable scale without the protection which his industry has enjoyed.

Mr. D. W. Scammell, of the Scammell China Co., of Trenton, N. J.:

Our employment situation would have been improved with higher tariff.

Mr. R. H. Pass, of the Onondaga Pottery Co., at Syracuse, N. Y.:

Answering your question, employment would be lower. Direct labor very large part of pottery production cost. American potteries more efficient, but very low wage scales in foreign potteries necessitate high rate of duty if on basis foreign values.

Mr. H. B. Higgins, vice president of the Pittsburgh Plate Glass Co., of Pittsburgh:

Lower tariffs would have increased imports, which would have reduced our sales and consequently increased our unemployment.

It seems to be unemployment in which we are primarily concerned. Here, again, comes the testimony of the men out on the firing line upon whom we must ultimately depend to provide us with employment; and they are reporting upon the tools with which they must be provided through their Congress.

Mr. Herman K. Kimble, of the Kimble Glass Co., of Vineland, N. J.:

The industry of fabricating glass is solely dependent on tariff.

Now over in the metals schedule, Mr. President. I am quoting Mr. Roy C. McKenna, president of the Vanadium-Alloys Steel Co., at Latrobe, Pa.:

In reply to your telegram of March 8 I will state that without a protective tariff it would not be possible for the tool-steel industry to exist in the United States.

Without a protective tariff we would not be in business.

And if you can make more employment by driving great institutions of that character out of business, then black is white and right is wrong.

Now I quote from Mr. F. P. Gormley, vice president of the Electro-Metallurgical Co., of New York City:

With lower tariffs than provided in present law our output and employment would have been much less during last year. This applies to plants in Michigan, West Virginia, Virginia, Ohio, New York, California, New Jersey, and other States.

There is a cross-sectional national view of the menace wrapped up in any desertion of the fundamental protective philosophy upon which this country has been erected and upon which it must stand if it proposes to persevere.

Now I quote from Mr. S. L. Nicholson, of the Westinghouse Electric & Manufacturing Co., of New York City:

Answering your question, our unemployment would have been greater with lower tariff.

Is that what we want, more unemployment? No; what we want is the fruit of a sustained protection which in a normal market can restore American labor to its normal advantages.

Now I quote Mr. Taylor Strawn, vice president of the Elgin National Watch Co., at Chicago, Ill.:

Our unemployment during past year would have been far greater with lower tariffs than at present law.

Mr. F. C. Beckwith, president of the Hamilton Watch Co., at Lancaster, Pa., similarly testifying, said:

Our unemployment would have been much greater under lower tariff.

Now, Mr. President, I am over in the cotton section, and I quote Mr. Ward Thoron, of the Merrimac Manufacturing Co., of Boston, Mass.:

Replying to your telegram, unemployment would have been greater with lower tariffs.

Now, Mr. O. S. Stockman, of the Armstrong Cork Co., at Lancaster, Pa.:

Our unemployment during past year would have been greater with lower tariffs.

What becomes of the charge that this present tariff law is responsible for unemployment, in the face of direct exhibits of this character?

I quote Mr. S. A. Salvage, of the Viscose Co., in New York City, and this deals with the great product of rayon, in which the South is so vitally concerned:

Lower tariffs than in the present law would have greatly increased the unemployment during the past year in the six large plants which we operate.

I quote now Mr. George Backeland, vice president of the Bakelite Corporation, in New York City:

Without question our unemployment would have been greater with lower tariffs than in the present law.

I quote Mr. A. E. Payson, president of the American Thermos Bottle Co., at Norwich, Conn.:

Lower tariffs during past year would have precipitated serious situation in this industry. Could not have maintained anywhere near present activity or present wage scale. Thoroughly believe American public sadly unaware of significance of tariff importance in maintaining American living standard. Fully convinced that if tariff is lowered eventual political repercussion would be enormous.

Next I quote Mr. B. L. Babcock, of the Endicott-Johnson Corporation, at Endicott, N. Y.:

Had shoe tariff been lower, unquestionably our unemployment would have been greater during past year.

Now I go over into the hardwood-flooring section and quote a communication from the upper peninsula of Michigan, from the J. W. Wells Lumber Co.:

If we did not have present maple-flooring protection rates against Canada, unemployment would be at least 10 per cent greater than it is.

In the same industry and in the neighboring city of Oconto, Wis., the Holt Hardwood Co. testify as follows:

Flooring industry at very low point. Think would reduce it at least 10 per cent more should tariff be removed from Canadian flooring.

Mr. President, many such exhibits are available. I have touched only the rim of American industry. I have touched it at vital and significant and typical spots, however, and with universal response the answer is that unemployment, far from being traceable to the tariff, in the last 18 months would have been infinitely greater, infinitely more of a menace, infinitely more of a burden upon the American people and American labor if the tariff rates had been lower and if the Smoot-Hawley bill had not been passed. We confront a condition and not a theory.

One other general observation before going to the merits of the pending bill. Much is being said here not only about our tariffs, but also about the tariffs of other countries in other parts of the world. We are told that our recently enacted Smoot-Hawley law through its tariff rates has precipitated reprisal rates abroad, and that thus we have committed economic suicide, that thus we are forcing American capital to expatriate itself.

I intend to advert to this later, Mr. President, but I digress now on the question of reprisal and expatriation. Is it really reprisal? Our factories started to send their branches abroad as long ago as 1880. There is an element of abstract industrial logic in this process which would have followed in the natural sequence of events regardless of our tariff. I do not applaud the process, but I understand it.

For instance, our first motor branch went out of Detroit and into Canada in 1905 or 1906. That was 15 years before the Fordney-McCumber bill and a quarter of a century before the Smoot-Hawley bill. Certainly it went to overcome

what was then a perfectly normal and natural Canadian tariff, but it went for other purposes; it went in order to get empire preference, among other important things. That is not an episode in a tariff war; it is a rational international trade process.

This expatriation unquestionably continued on a constantly increasing scale, but it was not always a tariff motive, Mr. President, which was responsible, as in the case of England, for example, where there were no tariffs; there it was primarily in the interest of facilitated distribution that our capital expatriated itself and went abroad.

Ultimately, it is quite true, foreign tariffs were generally tilted, with resulting impetus to the establishment of American branch factories abroad. But no one ever will be able to settle conclusively the question as to where the primary stimulation came from, who started it, which came first, the foreign tariff forcing us to build branches abroad, or our foreign branches teaching foreigners a way to force us to build abroad. It is as inscrutable as the argument as to which came first, the chicken or the egg.

At any rate, why call these foreign tariffs reprisals, if we want to deal in economic facts and not in mere political conversation? It is not reprisal when we raise our rates; it never occurs to anybody to charge that we are inflicting reprisals upon some one else when we raise our rates. It is self-defense. Why is it anything else abroad?

In his keynote election speech of 1930 the brilliant Canadian Premier said:

The United States learned a long time ago that to become a great nation it must look to itself—

This is the Canadian Premier speaking of the United

It developed its industries and its natural resources, encouraged and protected its agriculture, so that out of a slow beginning it has grown to those gigantic proportions where its strength will overflow its borders. That is the story of the United States. You must do as it did. You must fight for your own.

That is not reprisal, Mr. President; that is the mere acceptance of a leaf out of the book of experience.

There is a vast difference between self-defense and reprisal. But if this be reprisal, how, pray, could it have been avoided? Ah, that would have been easy. It could have been very easily avoided; but how? In the words of the Canadian Premier, by not becoming a great nation, by not developing our industries and resources, by avoiding the gigantic proportions to which he refers. That is how, very simply and easily, we could have avoided what are called reprisals.

If it be reprisal, how may it be changed? Equally easily; by sacrificing, perhaps, in a chummy international conference such as is invited by the pending Democratic bill, these things which have builded the base of our economic achievement.

My own view runs in the other direction. To be sure, this is a foreshortened world, and we must recognize new international necessities. To be sure, we want export trade, and we must be prepared to seek it by every rational means. But first of all, America must preserve the control and dominion of her own domestic markets, worth eighteen times as much as any export trade we ever had at its very peak. America must preserve and control her own domestic market not only against cheap foreign competition but against the products of her own expatriated capital, or we shall be trading our birthright for a mess of pottage.

Now, let me get to the immediate matter in hand. On the 7th of January I submitted an amendment, in the nature of a substitute, to the House bill now before the Senate. At this point I want to call from the table the amendment, which was printed on January 7, intended to be proposed by me to H. R. 6662. I now wish to offer this amendment in the nature of a substitute for the substitute submitted by the senior Senator from Mississippi [Mr. Harrison].

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator want it read?

Mr. VANDENBERG. I think it is unnecessary to read it at this particular moment, because I can summarize in a

few sentences its precise objective, and I am anxious to save the time of the Senate.

The House proposal, which is the proposal before us with an adverse report from the Finance Committee, is to eliminate all executive flexibility and to substitute so-called legislative flexibility. The so-called Harrison substitute proposes approximately the same thing in slightly different terms. The substitute which I have offered is in the precise language of the so-called Norris-Simmons formula with which we were all familiar when the Smoot-Hawley bill was written and which I am offering confined exclusively to the free list not as a substitute but as an annex to the existing law.

Mr. President, I invite the attention of the Senate to the fact that both of these Democratic formulæ respecting flexibility actually propose less flexibility rather than more in the net total. I respectfully submit that they mortgage one good idea, to wit, the extension of flexibility to the free list, with a score of thoroughly bad ideas. I respectfully submit that they suggest legislation which every man in both branches of Congress knows can not become a law, and therefore we are simply engaged in "shadow boxing" unless we are willing to divert the issue to a practical proposition which stands some show of becoming law and which, if it becomes law, will serve a useful supplemental purpose in respect of the existing tariff structure.

Now let me proceed with the actual factual analysis. It is true that the so-called Harrison substitute—if I may use that shortened term hereafter without intending any disrespect to my able friend from Mississippi-avoids some of the thoroughly ridiculous anomalies contained in the tariff formula sent to us from the House. The 60-day legislative recapture clause, if I may thus describe it, which was inserted in the House Democratic formula, it is perfectly obvious reduces the whole legislation to the basis of a paradox if its purpose is to recapture legislative authority, because anyone familiar with the legislative process knows that a mere negative right on the part of Congress to veto a rate over a period of 60 days could easily, yea, almost automatically, be manipulated to defeat any actual consideration on the floor of Congress. Therefore, the formula as it comes to us from the Democratic House is not a formula to transfer flexing authority from the President to the Congress, but it is a formula to transfer flexing authority from both the President and the Congress to the United States Tariff Commission.

Mr. HARRISON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Mississippi?

Mr. VANDENBERG. Certainly.

Mr. HARRISON. Is it not fair to state that the 60-day provision was adopted as an amendment offered upon the floor of the House?

Mr. VANDENBERG. That is entirely correct.

Mr. HARRISON. And that it was not reported out of the committee?

Mr. VANDENBERG. That is entirely correct. It was adopted in one of those unfortunate coalitions which then and now hazards the Senator's party in the other House. I do not expect the Senator from Mississippi to fall into any such trap in such an illogical situation as the House bill proposes. So we have his substitute. Let us see now in what point the so-called Harrison substitute and the so-called House formula have common interests and objectives.

First, they are calculated to kill all flexibility as a practical fact. Both of them are calculated to give the country less flexibility instead of more. In my judgment, what the country wants is more flexibility rather than less. Under either of these formulæ—either the one that comes to us from the House or the one submitted by my able friend from Mississippi—there is no flexibility at all when Congress is not in session. Congress is not in session on an average of nine months out of one year and six months out of another year. In other words, under either of the proposals we lose 15 months of flexibility out of every 24. I submit that that is a totally reactionary direction in which to turn our tariff

philosophy. Indeed, under any such philosophy all of 39 advantageous Tariff Commission reports which we had during our recent recess would have failed.

I digress long enough to suggest, as indicative of the fact that the United States Tariff Commission deals judicially with the problem, that out of the 39 reports 17 reported decreases in rates and 12 reported increases. Out of the 39 cases those in which increases were specified were valued at \$17,000,000, those in which decreases were specified were valued at \$44,000,000, and those in which no changes were specified were valued at \$137,000,000. So I submit that the first indictment against either the House formula or the so-called Harrison formula is that it lacks flexibility when Congress is not in session.

Even when Congress is in session I very seriously question whether either one of the formulæ guarantees any flexibility at all. Certainly it would be a simple proposition in a short session of Congress to avoid congressional action upon the recommendation of the Tariff Commission, in which event there would be no flexibility through that 12 months, none during the 3 months when Congress is meeting, and none during the 9 months when Congress is not meeting.

Furthermore, it is entirely possible that there could be not even a pretense of flexibility under any circumstances through those two formulæ if the Congress declines to change its own rules. The Constitution, in Article I, section 5, as all Senators know, permits the Senate to make its own rules. We can not bind our successors. We can not bind any future Congress. Therefore, if the pending formulæ, referring either to the House formula or the Harrison substitute, be adopted, it may be virtually the end of tariff flexibility. At any rate, it trades a certainty which we now have for an uncertainty. In net effect it contemplates a static tariff, it is not scientific, it is not progressive, it is not liberal, and it merely wears the name of "flexibility" without offering any of the actual advantages which the country has come to expect from the honest operation of a flexible provision in the law.

On the other hand, the substitute which I have submitted—and I am inviting it particularly to the attention of the able senior Senator from Nebraska [Mr. Norris], who has just reentered the Chamber—is verbatim the so-called Norris-Simmons formula of two years ago now applied under my proposal exclusively to the free list, not as a substitute for existing flexibility but as an annex to the existing law, so as to provide flexibility for the free list as well as the balance of the tariff structure, and is definitely and distinctly an expansion of tariff flexibility upon a basis which is thoroughly and absolutely sound.

Mr. LEWIS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. VANDENBERG. Certainly.

Mr. LEWIS. I make bold to ask the Senator from Michigan how he defines and what does he term a flexible tariff, to which he has just alluded?

Mr. VANDENBERG. My answer to the Senator would be that a flexible tariff is one in which practical power to change existing rates under changed economic conditions is granted in quarters where it can be exercised within limits defined by the Congress itself. In other words, I am entirely conscious of the danger of encroaching upon a constitutional expansion in the granting of flexible powers, but under none of these proposals, unless it be the House proposal, do I find that problem involved.

Mr. SHORTRIDGE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from California?

Mr. VANDENBERG. I yield.

Mr. SHORTRIDGE. I have not had opportunity of reading the proposed substitute submitted by the Senator nor did I quite catch its scope of meaning. Am I to understand it purposes giving power to take from the free list a given article and impose a tariff duty?

Mr. VANDENBERG. It is proposed by my substitute, precisely as it was originally proposed under the so-called power, as I understood him.

Norris-Simmons formula, to permit the United States Tariff Commission to report to Congress in respect of articles upon the free list, whereupon those reports and those suggested rates shall have right of way through Congress without becoming an omnibus. The only difference is that the original Norris-Simmons formula was intended to apply to all rates and as a substitute for Executive flexibility. I use it only for the free list as an annex to the existing Executive flexibility which, as the Senator knows, does not reach the free list at all. There is no free-list flexibility to-day.

Mr. SHORTRIDGE. In other words, to take from the free list a given article and place it upon the protective list?

Mr. VANDENBERG. That is correct.

Mr. HEBERT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Rhode Island?

Mr. VANDENBERG. Gladly.

Mr. HEBERT. As I understand the Senator's proposal, it would not authorize those recommendations to be put into effect by the President in any event beyond the articles on the free list?

Mr. VANDENBERG. That is correct.

Mr. HEBERT. But those recommendations which the Tariff Commission makes would have to come to Congress for action before they could be made effective?

Mr. VANDENBERG. That is correct; in fact, Mr. President, I know of no possible way in which we can have flexibility for the free list transmitted into Executive hands, because there is no way by which Congress can write limits for raising or lowering rates upon commodities which either are on the free list or which are calculated to be put upon the free list. The Supreme Court has told us that we must fix metes and bounds when we give any power of flexibility to the Executive.

Mr. SHORTRIDGE. Mr. President, does the Senator's substitute so change the law in respect to rates of duty as to require any congressional action?

Mr. VANDENBERG. That is correct; there is no other way, in my judgment, Mr. President, that we can flex the free list constitutionally.

Mr. SHORTRIDGE. And does that hold in respect to the protected list?

Mr. VANDENBERG. No, Mr. President; the substitute deals solely with the free list and is an annex to the existing flexibility.

Mr. CONNALLY. Mr. President-

The PRESIDING OFFICER (Mr. Smoot in the chair). Does the Senator from Michigan yield to the Senator from Texas?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Let me ask the Senator from Michigan if the ideal flexible tariff would not be one giving the President absolute power to fix different tariff rates, adjusting them from time to time according to the barometer of business?

Mr. VANDENBERG. We can never have it ideal, Mr. President, because we can not take the ultimate tariff control away from the legislative branch of the Government. I simply feel that the legislative branch must at times sublet certain of its responsibilities, as a practical proposition.

Mr. CONNALLY. But let me ask the Senator, suppose that the presidential adjustments ran counter to the theory of the Senator that Congress should hold that ultimate power, would not that present a very serious difficulty? Here is business in a jam, and Congress nine months in recess; would it not be an ideal system simply to give the Executive expert assistance and advice and delegate the proper power to adjust the rise and fall of tariff rates in harmony with the rise and fall of commerce and business? Would not that be the ideal system?

Mr. VANDENBERG. However ideal it might be, the Senator well knows that it is impracticable, and I have no interest in it.

Mr. CONNALLY. The Senator favors that with reference to the free list. He says that the President should have that power, as I understood him. has evidently just entered the Chamber, totally misconstrues my proposition. The free-list proposal which I am submitting is exclusively within the control of Congress and unrelated to the Executive in any respect.

Mr. CONNALLY. Then the Senator believes that the Congress may properly delegate its authority to let the President fix the rates so far and no farther? Is that the

idea?

Mr. VANDENBERG. In respect to commodities which are on the free list.

Mr. CONNALLY. Well, why would it not be perfectly safe to let the President fix rates without limit? Why not give him the full power? Is the Senator not willing to trust the

Mr. VANDENBERG. We can not fix a limit in respect to free-list rates, because there is no basis to which to attach the limitation.

Mr. CONNALLY. I am speaking of articles now on the free list.

Mr. VANDENBERG. I understand.

Mr. CONNALLY. Why is the Senator willing to trust the President to raise rates 50 per cent and not willing to trust him to raise them 51 per cent?

Mr. VANDENBERG. I hope the Senator realizes that I am fully cognizant of the fact that he is trying to detour me into some political observation respecting the President, the tariff, and so forth, but I beg him to believe that I am submitting this proposition, as I intended to at the outset, in the very earnest hope that it may be considered exclusively

as an economic problem and not a political one.

Mr. CONNALLY. I will say to the Senator that the inquiry of the Senator from Texas is not political in the sense of being partisan. It is political, however, in the sense of trying to preserve the fundamental principles of this Government and in balancing the governmental power as between the three branches of the Government. I have no disposition to embarrass the Senator. I was simply trying to get his viewpoint as to the philosophy which he started to discuss early in his address and the basis of his views as to how far the power ought to be delegated and how far it ought to be restrained.

Mr. VANDENBERG. The Senator is not embarrassing me in the slightest, and if I have failed in any degree to indicate my theory, I should be delighted to have the Senator pursue his interrogation.

Mr. CONNALLY. I am glad the Senator accepts my statement as not being embarrassing or partisan. I should feel very guilty if I had suggested anything that was political in the course of the Senator's speech.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. I yield.

Mr. NORRIS. I want to make a suggestion to the Senator, in the interest, I think, of a better understanding of the three propositions. As I understand, we have the House bill, we have substitute for the entire bill offered by the Senator from Mississippi, and we have another substitute to the entire bill by the Senator from Michigan. Is that correct?

Mr. VANDENBERG. That is correct.

Mr. NORRIS. In a good many respects, at least, all of these bills are alike?

Mr. VANDENBERG. That is particularly true of the first

Mr. NORRIS. Yes. I wish to suggest that the Senator ask unanimous consent, if he is willing to permit it to be done now, to have the original bill and the two proposed substitutes printed in parallel columns, so that we may very easily see the difference, where there is a difference, and recognize the similarity where there is a similarity.

Mr. VANDENBERG. I will be very glad to yield to the Senator to make that request.

Mr. NORRIS. Very well. I ask unanimous consent that the bill as it passed the House, the substitute offered by the

Mr. VANDENBERG. On the contrary, the Senator, who offered by the Senator from Michigan [Mr. VANDENBERG] may be printed in parallel columns for the use of the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. VANDENBERG. Now, Mr. President, I want to hurry on, because I dislike to infringe upon the time of the Senate

any longer than is absolutely necessary upon this question. I pass the second element which is involved in the House formula and in the so-called Harrison substitute, namely, the provision for a consumers' counsel. Regardless of what its implications may be—and I confess to a present feeling that the implications may be prejudicial-nevertheless, so far as I am concerned, it is a purely academic and minor matter in relation to the larger contemplations which I am undertaking to submit to the Senate's view.

So I come finally, Mr. President, to the third proposition, namely, the strange proposal for an international economic conference with a view "to lowering excessive tariff duties." Of course we are not told what the excessive tariff duties are; there is no bill of particulars; there is merely a magnificent and thoroughly safe general gesture that we are to assault "excessive tariff duties"; and we are to do it through the primary contact of an international conference.

Mr. President, it seems to me that this is one of the most amazing reversals in traditional American attitude that has ever been submitted in the Congress of the United States. We have proclaimed for 140 years, upon every conceivable occasion, that control of our tariff rates is our exclusive domestic prerogative, and whenever even a shadow has threatened that prerogative in connection with treaties and international engagements we have hastened to repeat and reiterate, by reservation and by resolution, that, so far as we are concerned, we retain for ourselves exclusive sovereignty over our own tariff structures. Yet, Mr. President, here is a proposed formula not for delegation of power to the President, oh, no; not for delegation of power to the United States Tariff Commission; no; but delegation of power to international bargain hunters; and we are to be supposed, for the first time in our lives, to come out of that sort of an engagement with some advantage to ourselves. The saving grace of requiring ultimate congressional approval does not change the basic challenge.

It is perfectly impossible to do this sort of thing, Mr. President, unless we first admit our willingness to lower ourselves to a world standard of living and of wage. Upon what basis can we meet our neighbors of the world in conference in respect to so-called "excessive tariff duties" until we have a common standard of living and wage as a basis upon which to deal? The Secretary of the Treasury, Mr. Mills, in his testimony before the Finance Committee, called this thing a pious aspiration. I think the brutal truth is, Mr. President, that it is impracticable buncombe, and I think also that Col. Frank Knox, publisher of the Chicago Daily News, was everlastingly correct when he recently estimated that 921/2 per cent of the articles produced in this country are consumed in the domestic market, with only 71/2 per cent shipped abroad, and when he said:

If necessary we could toss this  $7\frac{1}{2}$  per cent out of the window and still lead the world back to prosperity. If once we restore confidence at home, 90 per cent of our troubles are over.

Mr. GEORGE. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Georgia?

Mr. VANDENBERG. I yield.

Mr. GEORGE. Let me quote to the Senator from Michigan what the President of the United States said at Boston in the campaign of 1928 upon that particular point:

There has never been such an increase in a similar period before in our history. Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last even years has interpreted itself into livelihood for 500,000 additional families in the United States. And in addition to this, millions more families find employment in the manufacture of imported raw materials. The farmer has a better market for his produce by reason of their employment.

The present President, then Candidate Hoover, was speaking about the increase in our world trade and about the Senator from Mississippi [Mr. Harrison], and the substitute | relatively small amount of our products that went abroad.

Based upon his figures, the 714 or 8 per cent of exports | tion of our tariffs. I never saw but one bill of particulars, account for the employment of two and a half million families. If that is negligible, the Senator is quite welcome to the consolation.

Mr. VANDENBERG. Mr. President, I hope before I conclude that I shall deal with sufficient candor with that arithmetic entirely to satisfy the Senator from Georgia respecting my estimate of it. I will say at the moment, interrupting the sequence which I am pursuing, that I care not from what source the appeal may come, I am unable, in simple fundamental logic, to understand why employment for a million and a half people, if that is the measure of our export trade, can ever be weighed against the employment of the other one hundred and eighteen and a half million people at home, where the primary emphasis and impetus must be given.

Mr. GEORGE. Mr. President, I have heard that argu-

ment a great many times.

Mr. VANDENBERG. And the Senator is going to hear it again during the next 30 minutes, because I have some exhibits to offer relative to that proposition.

Mr. GEORGE. I am not willing the Senator should mis-

quote his own President.

Mr. VANDENBERG. I am not quoting the President at all; the Senator from Georgia is quoting the President.

Mr. GEORGE. I am not willing that the Senator from Michigan should misinterpret him. The President said that our export trade accounted for 2,400,000 families.

Mr. VANDENBERG. Very well; 2,400,000 families-how

many families are there in the United States?

Mr. GEORGE. I will take the floor when the Senator finishes, because I am utterly tired of hearing argument on his side as if the only friends of labor stood on the other

Mr. VANDENBERG. I am making no pretenses to monopoly of wisdom or of devotion to labor, Mr. President.

Mr. GEORGE. That is the habitual Republican attitude. Mr. VANDENBERG. And I can well understand why the Senator from Georgia has tired of hearing this story told.

Mr. GEORGE. I am tired of it, Mr. President, because it is the grossest hypocrisy, fraud, and sham. I am utterly tired of it. In the name of American labor, and to take care of the needs of American labor, we are constantly reminded, and the insinuation is direct, that on the other side of the aisle stand the only friends of those who labor in the United States. I am calling to the Senator's attention the statement made by President Hoover himself in 1928 that our export trade, small though it be as compared to our entire commerce, accounts for the employment of 2,400,000 American families.

Mr. VANDENBERG. I thank the Senator for his observation; and on the question of sham and hypocrisy I commend to him and his colleagues upon his side of the aisle the advice submitted to them by their own colleague, the present able junior Senator from Tennessee [Mr. HULL], speaking on September 27, 1931, as follows:

To accept leadership, the Democratic Party must restate its fundamentals and face back to a clean-cut attitude toward its historic tariff and commercial policies, ridding itself of such equivocal utterances as the Houston platform.

Mr. President, no one can get me to say that export trade is not important. Export trade is desperately important. It is an essential responsibility upon government to foster export trade so far as it can be done within the economic limitations which we confront. Export trade is a factor in American prosperity which has a direct and absolute bearing upon the pay envelope. But the domestic market, Mr. President, which is worth \$90,000,000,000 a year in its value, is worth just eighteen times as much as this export trade at its utter peak; and if the price of seeking to recapture some of this export trade is to submit all of this domestic trade to the hazard and exposure of foreign imports, then I submit it is a bad bargain for the American people, always was, and

Of course, we have no information as to precisely what is contemplated in this international conference for the regula-

Mr. President. Therefore, I shall have to depend upon that one bill of particulars; and it is a very interesting exhibit.

Last August I had certain correspondence with the distinguished senior Senator from Tennessee [Mr. McKellar] respecting this tariff matter. In the course of our correspondence, after the exchange of several letters, my able friend from Tennessee consented to become specific, and he wrote a formula for international control of trade; and what was it. Mr. President? Perhaps this is the formula which is contemplated by this veiled and vague language in the pending so-called Harrison substitute.

What was the magnificent international bargain that was thus submitted by the Senator from Tennessee, I assume

speaking for his party? This is what it was:

First, he would put everything right back to the Fordney-McCumber rates. That would be the first act. Of course, agriculture would lose the most by that operation, because the Tariff Commission reported, after a year's operation, that 93.73 per cent of all increases are upon products of agricultural origin, measured in value, the average increase being 11 per cent. So the first thing my friend from Tennessee proposes to do is to wipe out all of that agricultural advantage. That is before he even starts to make a bargain in this international conference.

Then, what does he propose to do? I am quoting his letter of last August. Then he proposed horizontally to reduce everything 25 per cent. That is the next step. We have not yet begun to barter and trade in the international conference, but we are going to in just a minute.

After he has gotten this 25 per cent off the Fordney-McCumber rates, then he proposes to take off 25 per cent more. I quote him-

as an evidence of good faith to our foreign customers.

That is the next step.

Now, we are down to 50 per cent of the Fordney-McCumber rates. We have not yet begun to barter and trade. We are just generous up to now; but now we are going to start to barter and trade, and what are we going to do?

First, any nation increasing its purchases from us by 25 per cent is to get another 25 per cent reduction on our tariffs.

That is not all. Then any nation increasing its purchases from us by 50 per cent is to get 50 per cent off those rates, which already are down 50 per cent. So we are zero and we have complete and total and absolute free trade to all intents and purposes.

Now, let us just analyze that a minute and see whether there is any percentage of advantage to our United States in this sort of pursuit of a nebulous and elusive international bargain.

Mr. SMOOT. Mr. President, will the Senator yield? Mr. VANDENBERG. I yield.

Mr. SMOOT. At this point I may call the Senator's attention to the fact that last week, at a meeting of the Finance Committee, there appeared before the committee Mr. Chester H. Gray, representing the agricultural organizations of the country; Mr. Flynn, representing the labor organizations of the country; and other representatives of certain organizations; and they were not asking for any decreases. They called the attention of the committee to the fact that there had to be increases over existing law.

Mr. VANDENBERG. Why, certainly; but here we have the one and only specification that I am able to find as to precisely what is contemplated after we enter this international conference to discuss our tariff rates with Europe, Asia, Africa, and the rest of the world.

Now, I want to analyze this proposal, this specification. This is how it works; it is very simple arithmetic:

Our normal domestic trade is worth \$90,000,000,000. Let us conservatively call it \$80,000,000,000.

Our foreign trade at its peak was worth between five and six billion dollars. It is now less than \$3,000,000,000. Let us call it \$4,000,000,000 for purposes of calculation.

All right. Now, the first step proposed by my able and distinguished friend the senior Senator from Tennessee [Mr. McKellar] in this bill of particulars is to hazard \$80,000,-000,000 against \$4,000,000,000. He proposes to give the rest of the world a 25 per cent advantage out of the \$80,000,-000,000 in return for increasing its purchases from us by 25 per cent out of the four billion. In other words, that is a 20 to 1 shot for the Old World.

That is not all. Then we give them a 50 per cent privilege in the eighty billion for a 50 per cent increase of purchases from us, which are four billion. That is a 40 to 1 shot in favor of the Old World.

I am totally unable to understand how anybody can argue for a passing second that there is any remote possibility of advantage to the United States, its labor, its agriculture, and everybody in it, from any such effort to chase bargains in an international conference. Certainly the formula to which I have just adverted would be a tragedy and a calamity, and could offer no remote hope of possibility of advantage to us in any possible respect. I believe the exhibit is typical of this whole theory of setting out upon the trail of reciprocal tariffs at the present time.

There is an organization up in New York which is entitled "The World Trade League of the United States." It is at the moment exceedingly active in propagandizing Congress and the country in behalf of this reciprocal tariff relationship which is contemplated by both the House formula and the so-called Harrison formula. Recently it circulated a statement which undertook to present "35 plain reasons for a reciprocal tariff policy."

Now I want to refer to just a few of them, Mr. President. Before I do so, I want to say this about the World Trade League of the United States: I do not speak in criticism of its membership in any way, shape, or manner. It is entitled to promote its own views. It is entitled to consult its own welfare. Few of us fail to do that, consciously or subconsciously, in connection with our attitude toward government. Precisely the same thing is true of spokesmen for protected industries when they testify in behalf of protection. I make no complaint and no criticism; but I do want, at the outset, to indicate that this at least is not a neutral battery which is leveling this latest barrage against reasonable and essential tariff protection in the United States.

I have been able to identify five of the distinguished gentlemen whose names are listed upon the World Trade League of the United States stationery. I again say that they are estimable gentlemen.

Mr. George F. Bauer is the head of the foreign trade committee of the National Chamber of Commerce.

Mr. R. F. Bausman is director of the export department of the Gold Medal Flour Co.

Mr. Ernest B. Filsinger operates a merchandising and sales service, particularly at foreign points, for American manufacturing concerns.

Mr. W. B. Blood is a manufacturing exporters' agent.

Mr. Peter Fletcher is president of the National Council of American Importers and Traders.

Now, I want to advert briefly to three or four or five of the so-called "plain reasons" for this international tariff bargain counter to which I have referred. I quote the league:

 President Hoover stated in 1928 that our total export trade provided livelihood at that time for 2,400,000 families.

This entirely verifies the quotation which was submitted to me a moment ago by the able and distinguished junior Senator from Georgia. Continuing to read:

The 50 per cent drop in our exports since then, largely due to excessive tariffs throughout the world, must therefore have brought suffering to 1,200,000 families, or probably some 3,000,000 individuals.

Mr. President, without checking, I am perfectly willing to assume that these figures are true, for the sake of the argument. If 3,000,000 families depend upon exports, at least 50,000,000 families depend upon domestic markets. We do not help America by jeopardizing 50,000,000 families in behalf of 3,000,000; and I do not admit that we jeopardize even the 3,000,000 in normal times, and under normal reactions, by our tariff laws.

Here is another proposition, one of these "plain reasons for a reciprocal tariff policy":

Other hundreds of thousands of American citizens earn their livelihood in normal times in the many agencies of distribution—such as steamship lines, railroads, etc., which handle the inward flow of goods imported from other countries. These, too, have felt the drop in our foreign trade most severely.

Again I ask Senators to note the words, "inward flow of goods imported from other countries." There is the key and the text of this propaganda which is submitted by the World Trade League of the United States, under great emphasis, all over the country at the present time, "inward flow of goods imported from other countries." Can we save America with an inward flow of goods from other countries? Can we employ American labor with an inward flow of goods produced by foreign labor to displace goods produced by American labor? I commend the league's candor. It is guilty of no sophistry or pretense. It wants reciprocal tariffs to produce an inward flow. But I submit that America needs something besides an inward flow of goods, and the products of foreign labor, at the present writing. It needs domestic jobs for domestic livelihoods.

Let me quote another of these 35 "plain reasons":

During the last few years American production facilities have been geared to a demand far exceeding that of our 120,000,000 people. We must cultivate our foreign market in order to keep American workmen employed.

Yes; we must cultivate the foreign market. I am not talking sarcastically. We must cultivate it as far as we can, but not at the expense of the domestic market, or, as I have indicated time and time again, and I think proven beyond controversy, we have made an utterly indefensible sacrifice of our best welfare.

Here is another of these 35 "plain reasons":

The fact that millions of our fellow citizens must answer this question—

Meaning the question of a job-

The fact that millions of our fellow citizens must answer this question negatively at the present time has been laid to overproduction. It is, however, not due so much to overproduction as to underconsumption. It is estimated that total world-wide trade between countries has dropped 40 per cent since 1929, chiefly due to rising tariff walls.

Could two sentences, Mr. President, more explicitly answer themselves? First we are told that the world problem is underconsumption, and then we are told in the same sentence that it is not underconsumption but tariff barriers. Of course, it is the former and not the latter, and the figures that are available to us from the Department of Commerce indicate that we still maintain our relative share of this market, which is serving an underconsuming world to-day, and it would be a miracle if, under any circumstances, we could get more than our share at the present time.

Here is another of these "plain reasons" for a reciprocal tariff policy:

Over seven-eighths of the world's population here and abroad lies in the low-income group and can buy, even in normal times, only those agricultural and manufactured products which are sold at a low price to consumers.

Right. Much more than seven-eighths of the world population is in low-income groups, normally speaking, compared with the United States. America, normally speaking, is the high-income group—yes—and, even abnormally speaking, it is still the high-income group even to-day. Reciprocal tariffs would trade our high-income market for the world's low-income market. The result inevitably would be to reduce us to the low-income level.

Here is another of these 35 reasons:

Ninety-two per cent of the world's population dwells outside of the United States and is poorly supplied with the things that we can produce. To show the tremendous potential importance of this to American industry, the case of the automobile might be cited; nine-tenths of the world's inhabitants, living outside our frontiers, enjoy the use of only 25 per cent of all motor vehicles.

Very well. Does that argue for low reciprocal tariffs? Not unless logic gets delirium tremens. Let us examine the contention. Eight per cent of the world's population is in the United States and owns 75 per cent of all the motor cars in the world. That is true. There are more motor cars in the United States than there are even telephones or electrical connections. Why is the United States in that favored attitude to-day? The chief reason is that we have had mass buying power. Again the term is relative, in view of the situation in which the whole world finds itself.

Why have we had mass buying power? Because we protect the American producer and the American laborer, who, in turn, are these consumers. In other words, the statement from this World Trade League is the most eloquent possible tribute to protection and the value of the home market. Yet what does it propose? It proposes to break down our buying power and to build up an alien buying power. I know of no salvation in that direction.

Mr. BROOKHART. Mr. President-

The PRESIDING OFFICER (Mr. GLENN in the chair). Does the Senator from Michigan yield to the Senator from Iowa?

Mr. VANDENBERG. I yield.

Mr. BROOKHART. I would like to ask the Senator whether he claims that the 30,000,000 people on the farms of the United States have mass buying power at the present time?

Mr. VANDENBERG. Mr. President, the Senator from Iowa is familiar with the fact that I supported the so-called equalization fee when I first entered the Senate. I think that is the best possible demonstration of the fact that from the very outset of my public service I have sympathized with the fundamental agricultural problem which he submits. I entirely agree with him that the agricultural situation to-day is desperate and difficult.

Mr. BROOKHART. Then the tariff did not give agricul-

ture any mass buying power, did it?

Mr. VANDENBERG. On the contrary, if the testimony of Canadian Government officials, for example, is to be credited, practically all of the loss in Canadian export trade to the United States during the past decade has been largely due to the fact that our tariffs have permitted American farmers to raise and sell in the domestic market the commodities of an agricultural nature which previously came from Canada.

Mr. BROOKHART. Yes; but they sold them at a price fixed by the sale of the surplus in the free-trade markets of the world.

Mr. VANDENBERG. I do not want to detour into a discussion of the surplus problem. What the Senator says is true in respect to surplus commodities. However, as the Senator knows far better than I do, there are many agricultural situations which do not involve a surplus, and where the tariff is effectual.

Mr. BROOKHART. All the staple products involve a surplus, every one of them.

One other question: Does the Senator claim that the tariff has given buying power to the seven or eight million men who are unemployed in the United States at this time?

Mr. VANDENBERG. The Senator has just entered the Chamber. I have been speaking about an hour. I have covered every possible phase of that question time and time again, and I am sure the Senator will permit me to refer him to the RECORD.

Mr. BROOKHART. I will be glad to read it.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. FESS. With reference to buying power, all of us know that it is very much broken. But the fact still remains that the per capita ownership of automobiles in the United States is highest in Kansas, next in California, and third in Iowa. That would indicate something about the buying power as to automobiles relative to other States.

Mr. VANDENBERG. I thank the Senator for his observation, provided it does not expose me again to an indefinite rebuttal by my genial friend the Senator from Iowa.

Mr. BROOKHART. In connection with that, Mr. President, I must call attention to the fact that the automobile manu-

facturers who made their money from selling these automobiles to Iowa and California and the other States are now building plants in foreign countries, where they will use cheap labor, causing unemployment in the United States.

Mr. VANDENBERG. Mr. President, we went all over that in the absence of the Senator also.

Mr. FESS. I condemn that.

Mr. VANDENBERG. The process to which the Senator refers is condemned by the Senator from Ohio just as much as it is by me and by me just as much as it is by him.

Speaking of the automobile trade, here is another of these 35 "plain reasons for a reciprocal tariff policy":

Our export trade has been of vital importance to our domestic prosperity in the past, and can be again if facilities are provided. To return to the case of the automobile, the production of nearly a million cars which were sold abroad in 1929—more than were sold in 28 of our own States—required supplies of raw and manufactured materials from every State and employed 400,000 workmen in automobile factories for one of each six working days.

I have no doubt whatever that that calculation is reasonably accurate; at any rate, we may accept it as such for the purpose of this argument.

No argument is necessary, to begin with, to prove that export trade is important. No argument is necessary to indicate that we ought to foster it. But inevitable comparisons must be made if the question involved is whether we shall sacrifice any element of our domestic market and our domestic trade in order to go fishing for this foreign trade. It is true that there were 1,000,000 cars sold abroad in 1929, but it is equally true that the annual normal replacement of cars alone in the United States is 3,000,000 cars a year, and there can be no comparison whatever between the value of an economic policy which is built primarily to save the market in which 3,000,000 cars are sold as compared to fishing for the market in which 1,000,000 cars are sold. If possible we want both markets. I discuss the situation if we must choose one market or the other. So these so-called "reasons for a reciprocal tariff policy" go on.

Mr. President, I do not intend to pursue the question further. I have occupied more time than I had any right to occupy upon this subject. I refer, in conclusion, to the specific substitute which I have submitted. I contend that this substitute provides for more rather than less flexibility in the tariff, which is what the American people want and need

I submit that it brings the free list within the purview of flexibility for the first time, and does so on the only possible basis which is constitutional, and does so in a fashion which bids fair to give some relief from static tariff at this point. Certainly we have no flexibility worthy of the name when the free list is entirely outside its reach, because so much of our commodity structure is embraced within the free list. For instance, the free list percentage in the Smoot-Hawley law is 69.5 per cent; in the McKinley law, 52.4 per cent; in the Dingley law, 45.2 per cent; in the Fordney-McCumber law, 60.8 per cent; and in the Underwood law, 66.3 per cent.

Under any tariff law, whether Republican or Democratic, the free list is inevitably a major consideration, and we do not have flexibility which is complete and adequate so long as all these commodities upon the free list are absolutely and exclusively dependent upon general revisions of the tariff once every 5 or 10 or 15 years in order to get a fair hearing for their right to come within the protective doctrine.

Mr. WALSH of Massachusetts. Mr. President-

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. VANDENBERG. I yield.

Mr. WALSH of Massachusetts. I understand the Senator proposes to leave the present flexible provision as it is?

Mr. VANDENBERG. That is correct.

Mr. WALSH of Massachusetts. I further understand that he proposes that the Tariff Commission shall investigate and make recommendations in regard to rates relating to articles upon the free list and that those recommendations are to be transmitted to the Congress for action by the Congress?

Act. Members of the Senate also have taken occasion to discuss the fundamental principles underlying our tariff policy as enunciated by both political parties. I do not pro-

Mr. VANDENBERG. Yes.

Mr. WALSH of Massachusetts. May I ask the Senator whether his amendment makes any provision as to whether the recommendation shall be operative in the event of Congress not acting within a period of time?

Mr. VANDENBERG. No; it does not.

Mr. WALSH of Massachusetts. So that in that respect his proposal is like the amendment offered by the Senator from Mississippi?

Mr. VANDENBERG. The Senator was not in the Cham-

ber when I discussed that particular point.

Mr. WALSH of Massachusetts. I suppose the reason why the Senator has eliminated that provision, which was added in the House, is because if the provision were inserted establishing a limited period of time for action upon the part of Congress, it would be equivalent to preventing any review by anybody in the presence of Congress on the recommendation of the Tariff Commission?

Mr. VANDENBERG. The Senator has stated correctly that situation.

Mr. WALSH of Massachusetts. That would be unfor-

Mr. VANDENBERG. Certainly. The primary effect would be that the 60-day privilege could be arbitrarily embraced by 1 or 2 or 3 Senators with a very effective veto upon any possible action.

Mr. WALSH of Massachusetts. It would be possible, under the rules in either branch of Congress, to prevent any recommendation ever being considered by the Congress.

Mr. VANDENBERG. That is entirely correct. Nevertheless I repeat that we have no adequate flexibility so long as the free list is not within its reach. If there ever was a shining example of possible jeopardy and hazard, at least from my point of view, which can arise under that situation, we find it to-day in the fact that copper, struggling almost with its last breath for its life, can not even have a day in court anywhere under the Government of the United States to determine whether or not it, upon the basis of facts and justice and equity, is entitled to protection.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator a further question?

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from Massachusetts? Mr. VANDENBERG. Certainly.

Mr. WALSH of Massachusetts. Does the Senator care to state whether or not he would give the power to the President to approve or disapprove the recommendations of the Tariff Commission relating to articles upon the free list if it were not for the constitutional question?

Mr. VANDENBERG. Inasmuch as the constitutional question exists, I have never crossed the subsequent bridge. I am very sure the constitutional question does exist, so

why go farther?

Mr. WALSH of Massachusetts. I can not understand why the Senator should not be willing to accept the proposal in so far as the practical tariff provision is concerned, as offered by the Senator from Mississippi, namely, permitting action by the Congress rather than by the President upon recommendation of the Tariff Commission in the case of dutiable articles when he is willing to do it in the case of articles upon the free list.

Mr. VANDENBERG. I pursued that subject for at least 30 minutes and I hesitate to intrench upon the good nature of the Senate any farther to repeat. The Senator will find his question completely answered in the RECORD.

Mr. WALSH of Massachusetts. I shall read the Record.
Mr. VANDENBERG. I submit my amendment to the attention and consideration of the Senate in due course, and I hope it may have favorable consideration.

Mr. WALSH of Massachusetts. Mr. President, I will now give my views on the subject before the Senate. A good deal has been said during this debate about the Smoot-Hawley the dutiable list, the latter being Tariff Act and its predecessor, the Fordney-McCumber investigation by the commission.

Act. Members of the Senate also have taken occasion to discuss the fundamental principles underlying our tariff policy as enunciated by both political parties. I do not propose to enter into that domain of the discussion. I intend briefly and very directly to analyze the pending measure known as the Democratic proposal to amend the tariff law and to point out what I understand it seeks to accomplish. I wave aside all other discussion as irrelevant.

Briefly stated, it seeks to remove the well-known existing evils in tariff making and to inculcate, as far as possible with the human machinery with which we have to deal in government, principles of justice. In other words, the amendment, in the nature of a substitute, proposed by the Senator from Mississippi [Mr. Harrison] to the House bill seeks to apply principles that will tend to promote justice in the administration of our tariff policy. It is a measure to improve and perfect the machinery of government relative to tariff making.

The amendment really includes four bills in one. First, the amendment provides that instead of the President, as now, approving or disapproving of recommendations of the Tariff Commission under the flexible tariff provision, the Congress shall approve or disapprove of the recommendations of the Tariff Commission.

Secondly, it provides for the creation of an official to be known as "consumers' counsel," who would appear as a party in interest representing the general public before the Tariff Commission when it has under consideration petitions seeking to have changes made in tariff rates fixed by the Congress.

Third, it provides for the calling of an international economic conference.

Fourth, it provides for the negotiation of reciprocal tariff treaties or agreements between this country and foreign countries under a policy of mutual tariff concessions.

I repeat that there is no occasion for discussing whether the Smoot-Hawley bill is a success or a failure. Senators on each side of the Chamber will argue ad infinitum on that question without reaching a result. But it is important to know whether the proposals now under consideration are helpful and in the public interest in establishing an efficient and scientific way of tariff law making. It seems to me that if this test is applied to the proposal of the Senator from Mississippi there can be but one answer, and that answer must be in the affirmative.

Mr. President, the amendment proposed by the Senator from Mississippi to section 336 of the tariff act of 1930, providing for investigating and ascertaining the difference in cost of production of any domestic article or any like or similar foreign article by the Tariff Commission, is of such outstanding importance and improvement over the present system that I have no hesitancy in voting for the substitute amendment.

It is possible under present law to have an investigation made by the Tariff Commission, but several important changes are made to the present law. The factors that the commission are to take into consideration in ascertaining the difference in cost of production of the domestic article and of any like or similar foreign article are clearly, explicitly, and definitely defined. Every element that should be reasonably taken into consideration in order to do justice to the domestic producer and the consumer is described. The best judgment of those who have studied the tariff problem for years has been coordinated in fixing the yard-stick for rate recommending by the Tariff Commission.

The most striking differences, however, between the present law and the new flexible tariff proposal are threefold:

1. Under present law the Tariff Commission can not investigate the difference in the cost of production of domestic articles upon the free list, and there is no authority through the flexible tariff provisions to impose duties upon articles that are on the free list. It is a step forward to open up the field of investigation to all domestic producers, whether the article produced by them be upon the free list or upon the dutiable list, the latter being now the only subject of investigation by the commission.

report from the commission has authority either to reject the recommendations contained in the report or to accept the same, or to take no action at all. The proposal under consideration takes all power away from the President and requires the President to promptly transmit the report of the commission to the Congress with his recommendations. if any, with respect to the increase or decrease in duty proposed by the commission.

3. When the President sends his report to Congress provision is made for a radical departure from the present procedure in the Congress in dealing with tariff measures, for both the House of Representatives and the Senate are prohibited from offering any amendment to the report, which is not germane to the items relating to the specific com-

modity included in the report.

Mr. President, it is this latter provision that appeals most strongly to me. In brief, it eliminates with one fell swoop most of the evils associated in the past with tariff legislation.

If there be any question connected with the tariff on which all men ought to be able to agree, it is that no tariff bill ever enacted by Congress has been other than a complicated series of compromises and trades, with protection granted or withheld, and with rates established not in accordance with any defined pattern but rather in accord with selfish self-interest. In a word, the experience of a century has amply demonstrated that when Congress undertakes general revision of the tariff the result is a hodgepodge of inequalities. It has never been possible to revise the tariff piecemeal, never possible for Congress to deal separately with a separate rate question, for a tariff bill, however it starts, becomes a general tariff bill before it gets far, through the open avenue of amendments dealing with any and every rate under the canopy.

It was in recognition of this fact that Congress was finally prevailed upon to establish a Tariff Commission of experts, who were to scientifically determine rates, and that the so-called flexible provision was originally written into the tariff law whereby the President, by Executive order, if and when the Tariff Commission so recommended and if he approved, was enabled to increase or decrease by not more

than 50 per cent any specific tariff rate.

We heard a great deal about the Tariff Commission and the flexible clause when it was first established. The scheme never worked as its framers had claimed it would. We never secured under it any substantial revision of the tariff, nor any corrections of tariff inequalities and injustices. When Congress passed the last tariff act two years ago, the Tariff Commission and the Executive-order plan for rate change was given a new lease of life, under slightly changed terms and with a new set of tariff commissioners, and we were told that now at last we had a workable arrangement.

Events have demonstrated that this plan still fails to function. I believe that all fair-minded persons must now conclude that it is a demonstrated, complete failure. take it that it was that realization which was the genesis of the present bill drawn by the Democrats in the House and

passed by the House and now before us.

This bill discards the machinery for tariff revision by Executive order, which has been proven to be futile, and provides that the Tariff Commission, instead of reporting to the President, shall report to Congress, and that Congress, with a report and a recommendation before it, may legislate on the precise tariff question there presented, and on that question singly, without opening the door to all sorts of tariff proposals.

Mr. President, we are proposing to substitute for the old plan of logrolling tariff bills and tariff laws by Executive order, both of which have proved an utter failure, a plan which holds much promise and which in fact seems to be the only alternative, under our system of government.

In my view, the plan for tariff revision by Congress, rate by rate one at a time, has one great merit. It prevents

2. Under present law the President upon receipt of the | bill we have ever had. It prevents trading votes, whereby I vote for your rate if you vote for my rate without respect to the justice or fairness of either rate.

> Mr. President, is the flexible provision of the tariff law a success? Has the departure from the old-established methods of congressional tariff making proved to be beneficial? I think I do not exaggerate when I say-and I ask the junior Senator from Utah [Mr. King], who honors me by listening to what I have to say, to approve or disapprove my statement-that I think that when the Smoot-Hawley tariff bill was before us the general sentiment of this body was that the flexible provisions of the tariff law had not succeeded. In scanning the speeches of the Members on the Republican side I find nearly all of them were apologetic for the operation of the flexible tariff provision during the period from 1922 to 1929. Indeed, the bill, which was passed on July 3, 1930, went so far as to create a new Tariff Commission, which was indicative of disapproval of the Tariff Commission as formerly constituted. I repeat, there was a general belief in this Chamber that the system of a flexible tariff which had been adopted had not been satisfactory.

Mr. KING. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. KING. In corroboration of what the Senator says, he will recall that a resolution was adopted by the Senate to investigate the Tariff Commission. There were charges here that it was wholly inefficient; that it had failed in the purpose for which it was organized. Bills were also offered for the purpose of abolishing the Tariff Commission. The Senator from Arkansas, the leader upon this side of the Chamber, conducted in connection with his associates and the Senator from Wisconsin [Mr. La Follette], Senator REED, and former Senator Bruce a very extensive examination into the activities, conduct, and failure or success of the Tariff Commission. Anyone who reads that testimony, as I have done, can not but be impressed with the fact that the Tariff Commission was a failure, largely, may I say, however, because of the character of some of the members of the commission. They went there with a partisan view; they were determined to use the flexible provision of the tariff and their position for the purpose of advancing rates rather than doing justice to importers, to American consumers, and to American manufacturers.

Mr. WALSH of Massachusetts. Yes, Mr. President; and I think the Senator from Utah will also agree with me that any Tariff Commission appointed by any President is bound to be more or less partisan and to be controlled by the political philosophy of the dominant political party, if not its political leaders. During the course of the debate in 1930, speaking upon the general subject of the flexible tariff provision, I used the following language:

Mr. President, during this entire discussion no whole-hearted or sincere words of commendation have been expressed for the manner in which thus far the flexible tariff has functioned. Throughout the discussions there has been criticism and an expression of general lack of confidence. Even the proponents of the measure have been apologetic. But in the very breath that they allege that things have not been as they ought to have been and that the results have not been as expected, they urge us to continue the abandonment of our powers, because, forsooth, the future will resuscitate, remodel, and restore the particular example of bureaucracy that thus far has failed. The servant has been unfaithful in some things, so make him ruler over many.

Reform! Drive politics out of a department of government that deals with a question that is saturated with political philosophy fought over in every political conflict by every political party since the beginning of the Nation! Mr. President, during this entire discussion no whole-hearted or

Of course there is politics in the Tariff Commission, and there will be politics in the Tariff Commission whether the Tariff Commission be named by a Democratic President or by a Republican President.

Has there been any improvement in the operation of the flexible tariff provision since the enactment of the Smoot-Hawley tariff law? I think all impartial observers will agree logrolling, which has been the curse of every general tariff | that the same conditions which prevailed at the time the the same criticisms which then were made are applicable to the present situation.

Let us now turn to tariff making by the Congress. Mr. President, the curse of tariff making in the Congress has been logrolling. In the case of every tariff bill that has been passed since I have been a Member of this body-and the number has been three, including the emergency agricultural tariff bill following the war, the Fordney-McCumber tariff bill, and the Smoot-Hawley tariff bill—there has been flagrant logrolling. Again and again during the discussions of various articles upon which tariff rates were levied in the Smoot-Hawley bill it was charged and proven that extensive logrolling was indulged in in this Chamber and, I assume, in the Chamber at the other end of the Capitol. Indeed, Mr. President, the reason why we have not been able to apply principles of equitable, scientific, and honest tariff making is because of the notorious evil of logrolling.

The best feature of the pending measure—and it is one upon which we all could stand no matter how doubtful we may be of the other feature of the bill-is that which does away forever with logrolling. It puts up to the Members of Congress squarely the question, Is it right or is it wrong to increase or lower the rate upon a particular domestic product? I repeat that is, in my judgment, a tremendous benefit to tariff making that will prove to be of inestimable value. That is why I said at the outset that this measure seeks to render justice in tariff making. It provides that the Tariff Commission shall investigate and it defines the factors they shall take into consideration in determining whether a rate shall be raised or lowered. When the commission says, "Here is the result of our investigation," the President says, "I request the Congress to consider on its own merits this tariff item alone, and I recommend that the Congress vote for or against this recommendation of the commission." What could be fairer? What could be more in the public interest? What could be proposed that would be more calculated to destroy the abuse of logrolling than to limit the action of the Congress to action upon a specific item after recommendation and study by the Tariff Commission?

Mr. CONNALLY. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Texas?

Mr. WALSH of Massachusetts. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. In addition to the point the Senator has made, may I suggest, could there be a more intelligent procedure than for Congress to act, with all of the information obtained after an exhaustive scientific investigation by the Tariff Commission, on one specific item in a schedule at a time?

Mr. WALSH of Massachusetts. I thank the Senator from Texas for his observation. I stated when the flexible tariff provision was adopted at the time we had under consideration the Smoot-Hawley bill that, in my judgment, we would never again have before us for consideration a general revision of the tariff; that once we committed ourselves to the policy of referring items to the Tariff Commission for investigation and recommendation and giving the President the power to approve or disapprove such recommendation, that would end general revision of tariff duties by the Congress. I sincerely believe, from the experience of the last revision, that even a Democratic President would feel it his duty, in a very guarded and a very limited way, in his recommendations to restrict the Congress so far as he could in considering changes in the tariff law.

Mr. President, why not let the President continue to make the necessary change in tariff rates? I never can subscribe to any such doctrine. If there is any one fact that stands out in the political philosophy of the founders of this country more than any other, and one that has impressed me more than any other, it is their determination that the taxing power should never be placed in the Executive. The founders did not know but that disaster and destruction would come in due time to the form of government which they estab-

Smoot-Hawley bill was under consideration now prevail, and I lished. They did not know but that tyranny would some day find its place in the governmental structure which they built; but they were determined about one thing-it is in every sentence of the Constitution, not only the Federal Constitution but the State constitutions—that that tyranny should never come from important power bestowed upon one official; that the people should never be oppressed by too much law making in the hands of any one individual; and they were determined above everything else that the power to reach into the pockets of the people to levy taxes upon them should not be unsafeguarded. They knew too well the tyranny and oppression, the misery and the suffering, that had been experienced by the people of Europe because of the manner in which the power of taxation had been cruelly exercised by individual officials who sought to impose special taxes upon the people for favored classes.

Why, Mr. President, the very beginning of the protectivetariff principle can be traced back to the action of the Kings and Queens of England in allowing taxes to be collected upon imports brought into their country and given as gratuities to those at the royal court whom they especially favored.

Mr. TYDINGS. Mr. President-

Mr. WALSH of Massachusetts. I yield to the Senator from Maryland.

Mr. TYDINGS. I do not know that the Senator has adverted to it; but I desire to remind him of the fact that one President, before making appointments to the Tariff Commission, compelled members of the Tariff Commission to submit in advance their resignations, thereby not only having the power to put their findings into effect but actually to dictate the findings as well.

Mr. CONNALLY. Mr. President, be it said to the credit of one of them, who is a Democrat, that he scorned and repudiated any such proposition. I refer to Mr. Lewis, now in the House.

Mr. WALSH of Massachusetts. I can not find words to express my condemnation of the policy and the action to which the Senator has alluded. I can not understand any man occupying the Presidency of the United States demanding resignation from an appointee before he commissions him to take the oath of office to perform a great public trust.

Mr. TYDINGS. Mr. President, that proves the Senator's contention that not only is the power dangerous in the hands of the Executive, but since the President has the power to make appointments it virtually gives him absolute control of all the machinery for raising and lowering taxation.

Mr. WALSH of Massachusetts. Mr. President, I never could understand why public men in the Congress of the United States could claim that as soon as a man became President of the United States, in some miraculous way all thought of political advantage or political expediency fell by the wayside and he became immune to political influences. Of course the President is affected by political considerations and political expediency, just as every Member of this body

Mr. ROBINSON of Arkansas. Mr. President-

Mr. WALSH of Massachusetts. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. If it will not interrupt the course of the Senator's argument, I should like to point out the fact that the flexible provision now in the law, which the Senator from Michigan [Mr. VANDENBERG] insists shall be retained, has been held to be unconstitutional by the United States Customs Court of New York in several cases.

Mr. WALSH of Massachusetts. One very recently, I be-

Mr. ROBINSON of Arkansas. Yes. One of the cases was decided, I think, on the 23d instant. I have procured a copy of the opinion. It is my understanding that the Senator from Texas [Mr. Connally] will discuss this phase of the subject at some length in the early future, and I do not intend at this time to go into the matter in further detail than to point out the fact that the Constitution does impose

upon the Congress the duty and the exclusive power to levy taxes, imposts, and excises, and that the language of section 336 of the tariff act of 1930—to quote the Customs Court in the case referred to—

which attempts to delegate to the President the power to classify imported articles for taxation by writing new provisions into the law—

is in violation of the constitutional provision to which reference has already been made.

There is an interesting and I believe a convincing discussion of the subject in the opinion which has been mentioned. It argues to the conclusion that there is a distinct difference to be made between rates and phraseology; that while in the Hampton case, which I believe has been cited during the course of this debate, the Supreme Court of the United States did hold that it is competent for the President, confirming the finding of the Tariff Commission, to change an existing rate, neither that case nor any other case has gone to the extent of holding that the language used in section 336 of the act of 1930 which gives him the power to rewrite the paragraphs in the tariff law is by analogy constitutional.

This distinction, as I have already said, is brought out fully and forcefully; so that the Congress, under the provision which the Senator from Michigan would retain, has, to say the least, done a very questionable act. It has sought to divest itself of a responsibility which the Constitution imposes upon it, and to charge that responsibility and power on the President of the United States. As everyone knows. from the beginning of parliamentary government it has been a controlling principle that the taxing power should be retained in the hands of those Government officials who are chosen by the people themselves; and it may be maintained with force and conclusiveness that the effort to charge the Executive with the responsibility to fix tax rates and to write language into tariff laws is an evasion of responsibility upon the part of the legislative department of the Government. It is not a trivial matter. It can not be determined upon a mere declaration that an executive can do it more scientifically than a legislature can accomplish it; for underlying the whole proposal is the thought, the principle, that tax laws must be very carefully scrutinized by representatives of the people, must be enacted with due regard to the rights and the liberties of those who must pay the taxes, and that this end can be accomplished only by the exercise of the taxing power by officers whom the people themselves choose.

Mr. WALSH of Massachusetts. Mr. President, I repeat, if there is any political philosophy that is outstanding in the philosophy of the founders, it is that the power of taxation must be exercised by the many and not by the few, and only by the direct representatives of the people, and, above all, never by the Executive. Indeed, the very reason why the Constitution provides for the confirmation of civic officials by the Senate is because of the fact that the founders were determined that that body, the Congress, which went into their pockets and levied taxes, should not escape responsibility for the expenditure of money by officials beyond their control. So they provided that even the officials named by the Executive to spend the money obtained by taxation should be submitted to the scrutiny of the Senate. so that the Senate could not say, "We are not responsible. The officers of the Executive Department squandered your money. They misspent it." On the contrary, the founders were determined that those who levied taxes should have a say as to the honesty and efficiency of the men who spent the money raised by taxation.

Mr. KING. Mr. President-

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. KING. The Senator from Arkansas [Mr. Robinson] a moment ago adverted to a decision, which he said he did not have, recently handed down by the Customs Court. I have the opinion here; and it holds the act of the President, or his proclamation, unconstitutional. He lifted out of the basket clause an article and transferred it by changing the phraseology to another provision of the law, thus increasing the tariff rates; and the judge—Mr. Justice Fischer, one of

the ablest men on the bench, and a Republican, by the way—decides that that act of the President was clearly unconstitutional. He changed the phraseology, and by implication Mr. Justice Fischer indicates that it is not very safe to commit this power to the Executive—a power which he holds, as the court unanimously holds, to be exclusively a legislative power.

Mr. WALSH of Massachusetts. And the attempt to embrace this power within constitutional limits is very, very far-fetched and has been apologized for by many of the constitutional lawyers of the country. It is not creditable to the courts that they strain the Constitution to the limits in seeking to bestow on the President a power such as is now granted in the flexible provisions of the tariff law.

I desire to quote from what I said about the attitude of the founders toward taxation when I discussed the flexible tariff while it was under consideration in 1929 and 1930:

I dislike to prophesy, but a statesman must do it. The founders did it; they looked back and saw the awful story that history revealed, and that they had personally experienced, of the usurpation of the power of taxation. And then they prophesied that history would repeat itself here in America unless the control of the people's pocketbook and the control of commerce through the imposing of taxes was separated clearly and absolutely from the Executive and kept on the broadest basis possible. They were not so guileless as we, or shall I say such trucklers to expediency? They were students of the science of government. They were sagacious. Well they knew that lodging power in the hands of one man makes for celerity and efficiency; but they also knew that something else was of vastly more consequence. They were willing to make certain sacrifices of efficiency for greater ends. They preferred less efficiency and the retention of liberty, rather than the maximum of efficiency with the possibility of despotic abuse.

Mr. President, I repeat that the outstanding feature of this amendment, in the nature of a substitute for the House bill, offered by the Senator from Mississippi [Mr. Harrison] is that it provides the means of ending logrolling in the construction and making of tariff bills.

I can not conceive of anything we can do here more in the public interest, when we seek to establish the best method of tariff making, than to provide for investigation and study by the commission, report by the commission transmitted to the President, Democrat or Republican, and then have placed upon him the responsibility before all the people of the country of taking his position and recommending to the Congress action pro or con upon the commission's recommendation.

Why are not the American people entitled to have the President go on record and be responsible for increased or decreased tariff duties, and his party placed in a responsible attitude upon each tariff question? What have we now? The President sends a message to the Congress in very general terms, saying, "I call for revision of the tariff," with not a single, solitary specific suggestion. Then commences the pulling and hauling, the pressure upon Members of the Congress, the inefficient, as well as the efficient producer, pleading to us, telling us of their distress, asking to save them by granting increased duties. Then a series of swapping and exchanging of votes in the Congress, which has resulted in every tariff bill that has been enacted in recent years being filled with injustices and proving unsatisfactory to everybody, even to the responsible political party in power.

I can not conceive of a greater public service that could be rendered, if we did nothing else during the session, than to provide that hereafter tariffs shall be enacted in this fashion: First, a petition and an investigation by the Tariff Commission and a report to the President; next, a report to the Congress by the President, with his recommendations, placing his party on record for or against an increased rate, by requesting the Congress to pass upon his specific recommendation. If we can not get justice and if we can not get efficient tariff making from that procedure, then I fail to know how to reach a direct and just verdict on these involved tariff rate issues.

Taxation questions should be discussed on the floor of this body and in the House, where all Americans may know what is going on, and where there can be a roll call. What happens now? Study and investigation in semisecret; action transmitted to the President in semisecret; decision made by the President in secret; no general, open discussion.

Mr. President, I repeat, to me the best feature of this legislation is the fact that we will have at last a way of appealing directly to the consciences of the Members of Congress on single, separate tariff questions and tariff items without any outside consideration. "Is it fair?" "Is it just?" "Is it right?" "Where does the Democratic Party stand on this specific tariff recommendation?" "Where does the Republican Party stand?" "Where does the President stand?" "Where does the Tariff Commission stand?" It is all in the open and, it seems to me, tending not only to improve the method of making tariff laws but of giving the public the full benefit of the widest possible discussion.

There is a good deal I would like to say about the abuses which have resulted from the logrolling methods of the past. Perhaps I can sum up all I need to say upon that evil by quoting again from a speech made by me on March 24, 1930:

It has been well said that the United States tariff—the control of the lifeblood of industry and commerce, the control of the most important element of our foreign relations—is regulated by log-rolling. Surely the record with respect to the pending tariff bill in the Senate justifies this assertion. The fact that logrolling methods have not been apparently disastrous in the past does not prove that such methods may not ultimately be ruinous.

#### Again:

All through this bill is the same shameful story—give and take; the swapping of votes; an exchange of rates. "You give me this rate and I will give you a rate upon some product that is produced in your particular State or your particular locality." During the last days this logrolling reached the high-water mark. To my mind exchanging votes for tariff duties that burden our people is as reprehensible as it would be for a judge to exchange legal decisions with other judges on the Supreme Court Bench.

So, when the roll is called on this issue let it be understood that one of the primary questions—the outstanding question—is, Shall we make an effort to end logrolling? Shall we apply this most fair, most liberal, and most just method of settling tariff rates?

The second feature of the bill is a provision for a consumer's' counsel. So much has been said upon that question that little needs to be added. Who appears before the Tariff Commission when tariff investigations are undertaken? Some petitioner, some litigant, some party in interest, who presents his case. Unless the members of the Tariff Commission take upon themselves the responsibility of investigating and examining and inquiring from the consumers' standpoint, there is no representative of the consumers before the commission.

The appointment of a consumers' counsel insures the public interest being represented, with the same power the petitioner has for examination, for investigation, and for inquiry.

Why should not the consumers' counsel have the right, for illustration, to find out the financial condition of the petitioners who are asking for increased rates, find out whether their distressed economic condition is due to inefficiency or to mismanagement, or due to the only justification for increased tariff duties, importations of foreign articles in such quantities as to destroy the domestic market to the domestic producer?

I consider it a great step forward to have a consumers' counsel help bring about the thing I started out to demonstrate when I stated that I intended to support this bill, namely, the obtaining and exacting, as far as humanly possible, of justice in tariff making.

What harm can come to an honest petitioner for increased tariff duties from having before that tribunal which is conducting an examination and making a report an official who represents the great consuming millions of American people? It seems to me that extensive argument upon that question is unnecessary.

I come to the third feature of the bill, the provision for an international tariff conference. What harm could come from that? Assume that little good would come, what harm to have representatives of the various governments of the

world consider these questions of trade barriers and trade rivalries, and of recriminations against each other, consider the unwisdom of the actions of the various governments in building tariff walls about their boundaries which tend to shut out all foreign commerce, and bring further distress to their respective countries?

It seems to me that the idea ought to be welcomed, especially at this particular time, when the world is passing through very serious economic depression. The President ought to be glad to have Congress suggest to him a great international trade or tariff conference, where the misunderstandings of the past would be brought out into the open, where trade jealousies and rivalries would be reduced, if possible, to a minimum, where helpful cooperation toward the building up of commerce and trade in a friendly way between the nations of the world would be established.

Lastly, this bill provides for reciprocal tariff treaties between the various countries. On the two last features of the bill I want to quote what I said when the tariff bill was before the Senate in 1929:

Whenever a nation, particularly a financially strong nation, contemplates changing its tariff, foreign countries naturally become vitally interested. Every country is to some extent more or less interdependent on some other country or countries for some of its essential commodities, for no country produces everything it needs. Each country depends on other countries to some extent for its markets. Thus, all countries are constantly striving to hold and to extend their trade.

A tariff program which considers only the interests of its own nation is shortsighted, especially if it is concerned about maintaining or developing foreign trade. Neither can a "dog-eat-dog" policy endure. In that direction war and chaos abideth. Such policies breed misunderstandings and hatreds and create unfriendly feelings which find their way into the international press and international gatherings. Joint reprisals, import and export restrictions, and other more or less drastic attempts to fight the offending nation with newly invented economic weapons are the immediate and direct result. If any nation goes too far, the result may be a solidarity of nations in tariff matters which would be disastrous to the export business of that nation.

How true those words, uttered on April 27, 1929, were, has been proved by what has happened. Let me read further:

The movement in the United States at the present time to revise tariff rates and the assumption that they are to be revised upward has stirred up a tide of foreign fear and suspicion. Telegraphic warnings from American consuls and commercial attachés throughout the world furnish evidence of the necessity of proceeding sanely and prudently unless a world tariff war may become imminent. Already campaigns for discriminatory duties—

This was when the bill was before the Congress in April, 1929, and the bill did not become operative until July 3, 1930.

Already campaigns for discriminatory duties against American exports have appeared in various parts of Europe and South America. Our threatened tariff revision frequently has been referred to as "the hostile economic policy of America."

I quote the reference made to us in Europe at the time:

Our threatened tariff revision frequently has been referred to as "the hostile economic policy of America."

The principle of reciprocity which has been called the handmaid of protection, and which should govern the relations between nations, also justifies a consideration of the effect of a nation's tariff policy upon foreign countries.

No one can deny the United States the right to consider the figures as to what we gain and what we lose by a contemplated change in tariff policy, but this can be done without engaging in a bitter economic rivalry across national boundaries that will create international misunderstandings. It is wise statesmanship, therefore, in drafting laws which particularly relate to international commerce not to demand from others what we are not willing to give them. Neither should a nation be expected to give to others what they are unwilling to give it.

In readjusting tariff rates certain general principles should be recalled and followed. Foremost among these principles is that national wealth is increased by foreign trade. Selling of goods abroad must not be a temporary refuge sought only in times of storm. Foreign trade is not and never can be established on any permanent basis for any nation until it becomes a policy of exchanging of goods in which both the buyer and seller profit.

There are three ways in which export trade can be carried on: First, selling for cash; second, selling on credit; and, third, exchanging other goods—imports. But for all the exporters to receive cash from a foreign country over a long period of time is manifestly impossible. Credit does not pay for goods; it only puts off the settlement. The only way in which foreign buyers can pay for their goods over a long period of time is through

imports. It is possible for a nation to satisfy all its needs by specializing in many products and sending abroad quantities not needed at home and by importing those goods which it can not produce successfully or sell when produced at a reasonable price.

Mr. President, I close as I began. The bill ought to be entitled "A measure to help inculcate the principles of justice in tariff making." As a Democrat, I am not for increased tariff duties or for decreased tariff duties. I am for obtaining exact justice, obtaining first the facts-is the domestic producer in distress because of the flood of importations from abroad underselling him and robbing him of his domestic market? If these facts present a case for protection. I am willing to give it to him, but a reasonable and just protection only. I am not willing to vote to provide high-tariff duties for the great monopolies of the country to control prices after they have freed themselves of domestic competition. Neither am I in favor of increased tariff duties as repayment for campaign contributions or as favors to be politically bestowed upon those who are the beneficiaries of the election of men to public office.

I repeat, the sound and sane way of settling these tariff questions is by application of principles as to what is right, what is just, and leave it to the Congress which the Constitution provided should be the instrumentality in our Government to place their hands in the pockets of the people and extract dollars in the way of taxation. From every angle, from every viewpoint, this measure is a measure looking forward and not backward, looking toward elevating and improving tariff making and promising the American people that, freeing ourselves as much as possible of political and local environments, we will face these issues separately and settle them upon the highest possible principles of exact justice to all-the American producer, the importer, and the American consumer.

Mr. President, I ask unanimous consent to have printed at the end of my remarks speeches delivered by me on the floor of the Senate during the consideration of the flexible provisions and other features of the Smoot-Hawley bill.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

## THE FLEXIBLE TARIFF (Tuesday, October 1, 1929)

Mr. Walsh of Massachusetts. Mr. President, I shall detain the Mr. Walsh of Massachusetts. Mr. President, I shar detail the Senate only for a few minutes. I fully realize that the time for general debate for and against the amendment providing for a flexible tariff, with power granted to the President amounting to lawmaking with respect to the tariff, has passed. I shall content myself, therefore, with a final appeal to my colleagues upon an aspect of this question that, in my opinion, transcends all others; namely, the position that patriotic considerations and historic traditions should dictate.

There has been a vast deal of propaganda in this country of recent years tending to belittle, ridicule, and destroy the prestige of the Congress. A colleague a few days ago made the statement that he did not believe that any Senator realized the deep and undeserved discredit into which the Congress of the United States had been brought by these attacks and misrepresentations. The had been brought by these attacks and matericsentations. The powerful searchlight of the modern methods of publicity is to-day, as never before, turned wide open and has accentuated to an alarming degree the shortcomings and even delinquencies that have probably always existed in parliamentary bodies. Many apparently fail to realize that, whereas the Members of the Congress,

have probably always existed in parliamentary bodies. Many apparently fall to realize that, whereas the Members of the Congress, being human, err—yet the institution called the Congress should not in consequence be discredited and undermined. Has public indifference reached the point where forgetfulness exists that the Congress of the United States stands for the voice and control of the people in their affairs; that it is now, as always, the final hope and the best method yet devised for the preservation of liberty and justice among a free people?

If the Congress falls, representative government falls, and with it a social organ of immense value. In spite of irrelevant discussion and some incidental unduly prolonged debate, this very procedure in the Senate now in connection with this tariff bill is a great and mighty reexamination and review before the country of the whole tariff situation. Notwithstanding the certain measure of truth in the denunciations of those who expect the same speed and efficiency in a free legislative body that exists in the board of directors of a private corporation, yet who will deny that an informative, illuminating, and safeguarding study and consideration of an important and difficult question is not being here and now secured and is really of service?

Undoubtedly much of the unfavorable sentiment that has been voiced against the Congress, perhaps particularly against the Sen-

voiced against the Congress, perhaps particularly against the Senate, and especially in connection with the tariff, has arisen from a growing feeling of our incompetency. We have created condi-

tions with respect to tariff complexities that make congressional control of the tariff necessarily difficult; and then we turn with zest for refuge to bureaucracy, and sink still farther into a mire. Such in general is the present state of the public mind that we turn to meet every evil with boards to regulate, direct, control, and even imprison the private citizen for breaches even of by-laws of these subordinate arms of the Government. And then comes a fresh crop of evils and more boards. Edmund Burke hit off this state of mind and this practice by saying that there is inherent degredation and oppression in the acts of a central government always "as it descends from a parish to a private house."

The growing tendency, upon the basis of the theory of time-saving and securing efficiency, of abandoning direct and complete control of lawmaking by the elected representatives of the people is the great menace of our times. We have gone too far in that direction already; and, furthermore, we have discredited ourselves when we have created commissions and boards innumerable and given them carte blanche power to direct and control the interests of our people, subject only to the limitations of the courts in cases where they obviously and flagrantly exceed their authority. Another challenge is here, and we must meet it. Just now it is the shunting and dismissing of tariff discussion, tariff consideration, and tariff control from the Congress to a bureau—to an agency of the Government other than that provided for lawmaking by the Constitution.

Constitution.

Let me remind you that whatever excuse and justification you have had in the past in delegating the power and responsibility of the Congress to indirect agencies, that excuse has passed; and especially with respect as to this subject of taxation above all others. If you recall to mind the story of the struggles and the sacrifices of your forefathers and their imperishable words, your eyes should be open now. Here and now you are dealing with a subject that no human being can say was outside and beyond the domain of the deliberations and plans of the founders of this country. And for 140 years the exclusive right of exercising the taxing power has been preserved in the form that the Constitution prescribed. However else we may have abridged or compromised the basic principles of the Constitution, we at least have not abandoned this one.

Gentlemen, you are engaged in an assault upon parliamentary

Gentlemen, you are engaged in an assault upon parliamentary government. No one can foresee where this movement will lead or end. One thing is certain: It risks the beginning of the end of or end. One thing is certain: It risks the beginning of the end of that fundamental principle upon which our institutions were built, our happiness secured, and our prosperity maintained up to the present hour. This proposed change would not even be thought of except it is the fashion of the time to belittle and discredit parliamentary government. But the tragedy of it all is that we ourselves are joining in the movement to undermine parliamentary government, which means to put ourselves in the limbo of rejected things.

I repeat, in order that there be no misunderstanding and scuttling behind fogs or imaginary issues, that the primary, the crucial, and the final question here is: Shall we abdicate and re-

crucial, and the final question here is: Shall we abdicate and relinquish the taxing power and place it where the Constitution expressly forbids it to be placed? Do not plead that it is only partial; that it is confined and limited by a rule; that it is only temporary. It is the step that counts and in all probability one that counts finally. The first proposal in 1922 was only for two years; and then that limitation was abandoned. At first it was to be greatly safeguarded and restricted; now it is proposed to expand it, extend it, and make it permanent.

You say the need is to provide a means of meeting an emergency! What would you think of a proposal giving the President the authority to increase the Army or the Navy upon investigation and advice by boards of Army or Navy officers, whenever he deemed an emergency existed? If increase of power and responsibility in the field of taxation when emergencies exist can safely and advantageously be lodged in the President, why not let him be the judge of the extent of preparations that are necessary to provide for public defense without the concurrence of the Congress? Why stop at the mere protection or safeguarding of property? Is not the protection of life and the defense of the country of greater moment?

the protection of life and the defense of the country of greater moment?

Mr. President, during this entire discussion no wholehearted or sincere words of commendation have ben expressed for the manner in which thus far the flexible tariff has functioned. Throughout the discussions there has been criticism and an expression of general lack of confidence. Even the proponents of the measure have been apologetic. But in the very breath that they allege that things have not been as they ought to have been and that the results must have not been as expected, they urge us to continue the abandonment of our powers, because, forsooth, the future will resuscitate, remodel, and restore the particular example of bureaucracy that thus far has failed. The servant has been unfaithful in some things, so make him ruler over many!

Reform! Drive politics out of a department of government that deals with a question that is saturated with political philosophy fought over in every political conflict by every political party since the beginning of the Nation! Do you think that by delegating this power that a candidate for the Senate can be elected to office in Louisiana by stating that the sugar question has been removed from politics and is in the custody of a mere fact-finding commission, and that the people of Louisiana must appeal not to their Senators for relief but hereafter to a fact-finding board that has already decreed their sugar protection excessive? Do you think any Senator, be he Democrat or Republican, elected in Massachu-

setts, can escape declaring to distressed industries that the tariff is now taken care of by officials outside the Halls of Congress and that he is powerless? What of the Senators from other States? What will you say to a constituent after a fact-finding commission has refused an application for tariff revision? Are Senators from the woolgrowing and from the lumber States going to sit down and fold their hands now that you have passed a law taking this au-

fold their hands now that you have passed a law taking this authority in large part from yourselves?

I dislike to prophesy, but a statesman must do it. The founders did it, they looked back and saw the awful story that history revealed and that they had personally experienced, of the usurpation of the power of taxation. And then they prohesied that history would repeat itself here in America unless the control of the tory would repeat itself here in America unless the control of the people's pocketbook and the control of commerce through the imposing of taxes was separated clearly and absolutely from the Executive and kept on the broadest basis possible. They were not so guileless as we, or shall I say such trucklers to expediency? They were students of the science of government. They were sagacious. Well they knew that lodging power in the hands of one man makes for celerity and efficiency; but they also knew that something else was of vastly more consequence. They were willing to make certain sacrifices of efficiency for greater ends. They preferred less efficiency and the retention of liberty, rather than the maximum of efficiency with the possibility of despotic abuse.

After all is said and done, is not the answer to the impression that visitors to these galleries receive, and frequently express, of our apparent inefficiency and other shortcomings summed up succintly in the words of the French leader when criticism was made of the delay and disorderly conduct of the French Assembly: "These are the manners of liberty."

"These are the manners of liberty."

made of the delay and disorderly conduct of the French Assembly: "These are the manners of liberty."

If there is one idea more than any other that I have been impressed with as I read the stirring story of the deliberations and struggles for the founding of this Republic, and studied the political philosophy of its creators, it has been this—that they were not unmindful of the possibility that the form of government which they outlined might in time bring to their descendants tyranny; but they were convinced, first that if that tyranny came, it was more likely to come through abuse of the taxing power than any other, and, secondly, that it was better to have that abuse come through the failure of many rather than of one. In a word, they believed that since abuses could not be foreseen or surely prevented, they were in the long run less likely to come through their parliament than through some of the other agencies of government which they necessarily provided for; and consequently they lodged, first of all, the taxing power, permanently, as they thought, in the charge of our parliament—the American Congress.

I said I would venture to prophesy, and here is what I do not hesitate to say, weighing the responsibility of my words, that this decision to make the flexible provisions of this tariff a permanent policy of our Government—for that is what it amounts to—means the end of a scientific, judicially minded commission, and it likewise means the end of tariff reviews in the open before the country by the Congress.

The personnel of the United States Tariff Commission, and I say this without any desire to enter into the realm of discussion, and I say this without any desire to enter into the realm of discussion, and

the country by the Congress.

The personnel of the United States Tariff Commission, and I say this without any desire to enter into the realm of discussion of personality, since the commission began the administration of the flexible tariff, has become more political. Previous to 1922 it may not have done much, for it was only starting, but what it did was scientific and commanded respect. Men of scientific integrity and purpose were sought and obtained both for commissioners and for leading positions on the staff. With the coming of the flexible tariff, the whole complexion of the commission changed, a new type of commissioner was appointed, and the better members of the staff resigned and were replaced by inferior and more subservient assistants. It could not be otherwise. The change in the work was from investigation and research removed from politics to research, investigation, and decision controlled by politics. What has happened is inherent in an institution dealing with such a highly political subject, which is possessed with the power to loosen or bind men's wages and profits through governmental action.

action.

What we did then and what we are doing now, if this proposal succeeds, is to transfer political conniving, scheming, improper suggestions of every kind from this open public forum to a commission that necessarily does its work away from the public eye. Is there any Senator on this floor who seriously doubts that pressure of tremendous proportions will not be exerted with success in naming in the future to this law-altering body textile commissioners, wool commissioners, sugar commissioners, lumber commissioners, and that men will also be appointed as members of the staff for the purpose of protecting and insuring the supposed rights of particular industries and interests?

You say that intrigue, scheming, and conniving is here in the Congress. True; but it is brought to bear on 600 men and not on 6 men who are the appointees and advisers of 1 man! You say that politics in tariff making is here. Yes; but here it is in the open; it is a recognized and expected part, unfortunate and, I fear, unavoidable of the surroundings and functioning of parliamentary government. What an exalted opinion of the immunity from political pressure and subtle suggestions and pos-

session of infallibility you place in bureaus and in the presidential office! How you do look guilelessly for a miracle!

Why are these things here? It is because we are engaged in the business of handing over favors and benefits through the possession of the opportunity and power to grant, in the exercise of our discretion, the demands of selfish and greedy interests.

Our necessarily plenary power with respect to taxation gives us the power to abuse it; but there are limits to abuse in our hands. There is none when it is concentrated and out of sight.

Mr. President, there have been some momentous debates and decisions of the Senate of the United States, but none that were fraught with more serious consequences for the future of our country and for the welfare of the people than the decision we are making now. It is more than a fight between old-fashioned constitutionalism and modern constitutionalism, as it has been called. It is a fight to esfectively are larger than a result of the second of the people than the decision we are making now.

constitutionalism and modern constitutionalism, as it has been called. It is a fight to safeguard parliamentary government against the usurpation of the taxing power.

I see in vision a future day when men sitting in our places here will turn back the pages of the record of this body to scan the names and the motives of those who changed the settled policy of 140 years and turned this most sacred, precious, and dangerous power—that even to destroy property and freedom of action—into an uncharted political course that every liberty seeker familiar with the science and experience of government has hitherto renounced and avoided.

Senators, pause, I plead with you, before you yote for such a

Senators, pause, I plead with you, before you vote for such a destructive interference with the libertles and rights of our

## AGAINST THE TARIFF BILL

(Monday, March 24, 1930)

Mr. Walsh of Massachusetts. Mr. President, I desire to state some of the reasons why I shall vote against the pending tariff bill. Necessarily they will have to be somewhat rambling in statement Accessarily they will have to be somewhat ramoling in statement and imperfect in form, because no opportunity has been given Senators to make a complete and accurate analysis of all the changes that have been made in the bill. It would take many days to make a detailed analysis of all the amendments made to the present law. I must at this time of necessity generalize in my observations

All tax legislation is concerned with the fundamental questions:

What will be the benefit and who will get it? What will be the burden and who will bear it?

What will be the burden and who will bear it?

The tariff is tax legislation, and no tariff tax should be established without a satisfactory answer to these questions.

In most countries the tariff bill is prepared by fiscal experts of the responsible administrative branch of the government after careful study and correlation of all the interests involved. In the United States the tariff is prepared by the Members of the Congress, few, if any, of whom have made a thorough study of the whole field of the tariff from the point of view of scientific public finance and international commerce.

gress, few, if any, of whom have made a thorough study of the whole field of the tariff from the point of view of scientific public finance and international commerce.

The average Member of the Congress has not had time to make a systematic study of public finances. He has had forced upon his attention the demands of his more powerful constituents, usually demanding higher duties. Otherwise he has had little time or interest for the many details involved. He does not know what will be the effects of duties. About all he knows is that the effect of his failure to secure higher rates for his constituents will be his retirement. He, therefore, is willing in many cases to agree to higher rates for others if they will grant the like favor to him. It has been well said that the United States tariff—the control of the lifeblood of industry and commerce, the control of the most important element of our foreign relations—is regulated by log-rolling. Surely the record with respect to the pending tariff bill in the Senate justifies this assertion. The fact that logrolling methods have not been apparently disastrous in the past does not prove that such methods may not ultimately be ruinous.

First, I put to the Senators who do me the honor of listening this question: Who is benefited by this bill? What class or group of our people is really benefited by this bill? A protective traiff bill is assumed to bring benefits to certain large groups or elements of our population, who receiving the benefits of increased protective duties, enabling them to increase prices of their products, will radiate and distribute benefits to the entire population by increasing production, lessening unemployment, and increasing the purchasing power of millions.

ing production, lessening unemployment, and increasing the pur-

chasing power of millions.

In my opinion the only groups in America that even appear to be benefited by this bill are the small producers who are passing through a period of economic depression, and who believe that in

some mysterious, unaccountable, unexplainable way the levying of increased tariff duties upon their products will bring prosperity. No one could have sat through the hearings upon this bill and listened to the pleas that have rung in our ears from the first day this bill came here until this hour without being impressed with this bill came here until this hour without being impressed with the fact that every individual business unit in this country which was being pushed up against the wall by economic forces beyond its control, such as consolidations of capital and rapid changes of styles, hearing that a revision of the tariff was to take place at Washington, has rushed down here, thinking in some magic way that the levying of an increased duty on its product in this bill would bring restored prosperity to it.

Another class of tariff applicants have advocated a new protec-tion idea. They have haunted the lobbies and found ardent spokesmen in the Senate. I refer to those who have sought to spokesmen in the Senate. I refer to those who have sought to levy duties not upon difference in cost of production here and abroad but to increase duties to offset transportation cost and disadvantage of location inside this country. These groups have sought, and with some success, to take from the seaboard communities the natural advantage of proximity to the sea and compel them to pay enormously increased prices for food and raw materials produced thousands of miles inland. The pressure that has been brought to bear upon us has been largely from this group and from the marginal producer, the little business man who, unfor-tunately, is being destroyed by the great commercial and financial combines of the hour and who has not the financial resources to readjust himself to new and changing conditions. He has been here wringing his hands and saying, "For God's sake, help me or I perish. Put some increased protection in this bill for me, and it

may save me.

Scattered through this bill are some increased duties really for the benefit of the members of this unfortunate class, but, in my opinion, their troubles can not be remedied as a rule by the application of the protective system. Indeed, indirectly their trouble is the result of a protective policy that has favored trusts and combines. I do not pretend to say that there are not in this bill some rates which possibly will be beneficial to some limited groups in this country, but, if so, they will be obtained at a terrible price for the public in general. In short, it is inconceivable that we could revise our entire tariff system without there being some duties levied which would result in bringing some accidental benefits to certain classes

accidental benefits to certain classes.

Before I point out the groups in the bill which, in my opinion, will not be benefited, I want to call attention to the economic conditions which exist in the Nation at the present time. One is tempted to exaggerate when he begins to discuss unemployment and the general and immediate business depression. I think it will be generally conceded, however, that there is serious industrial depression throughout the country at the present time, that there is much and extensive unemployment, that not only agriculture that we hear so much about but every line of business. culture that we hear so much about but every line of business is suffering—the manufacturer, the wholesaler, and the retailer.

If that is conceded—and I do not see how it could be seriously denied—it is very important for us to ascertain in what particulars this bill has a bearing upon the industries of this country which employ large groups of citizens. And the first proposition I put to the Senate is, which, if any, of the large manufacturing industries of the country is likely to be benefited by this bill?

Mr. Borah, Mr. President—

The Vice President. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. Walsh of Massachusetts. I yield.

Mr. Walsh of Massachusetts. I yield.

Mr. Borah. May I ask the Senator whether he has any information as to the lines of industry in which unemployment prevails?

Mr. Walsh of Massachusetts. In practically every line, without exception, in my judgment. I have received one letter recently which was an exception to all the others I have received, and that happened to be from the Gillette Safety Razor Co., of Boston. They inform me that within the last few months they increased their working force by about 700, and they wrote the letter with a good deal of pride in the fact that their company seemed to stand alone.

Mr. Borah. They are putting out a new razor blade.

Mr. Wagnes, Mr. President, will the Senator yield? Mr. Walsh of Massachusetts. I yield.

Mr. Wagner. The question propounded by the Senator from Idaho becomes very interesting, because we are now having hearings before the Committee on Commerce on legislation proposed by me in which we are attempting to so organize a bureau in the Department of Labor that we may have accurate statistics on unemployment. Then, easily enough, the question propounded by the Senator could be answered, but at the present time the best we can have is a guess. We are in no position to judge just where the unemployment exists, and I think that has been a serious neglect on the part of the Federal Government.

Mr. Walsh of Massachusetts. Mr. President, I am trying to find out seriously and honestly just who would be benefited by this bill, and I am going to begin first with the manufacturing industries of the country, asking that question again, without further digression upon the pressing and important question of unem-

ployment.

Mr. Borah. Mr. President, I was of the opinion, as intimated by the Senator from New York, that we did not know in what particular line the great unemployment prevails.

Mr. Walsh of Massachusetts. Mr. President, why prolong the discussion as to just how much unemployment there is and where it is? There are distressed industries in this country. Those cussion as to just how much unemployment there is and where it is? There are distressed industries in this country. Those that can be helped by the tariff are limited. Some could be benefited by an honest scientific readjustment of certain tariff rates. No industry can be benefited by increasing the costs of producing its finished product, but the large groups that have brought pressure to have tariff duties here and tariff duties there and tariff duties elsewhere compose the unfortunate elements which are being swamped and destroyed by economic forces that no tariff duties, no matter how highly levied, can control. Is not the honest conclusion that any disinterested observer must reach, who reads the evidence presented before the Ways and Means Committee and the Finance Committee and who reads this bill, this: That an attempt has been made here to so expand the protective theory and principle as to make it possible, or at least to this: That an attempt has been made here to so expand the pro-tective theory and principle as to make it possible, or at least to pretend to make it possible, by tariff protective duties, to change inefficient business management into efficient business manage-ment; to make the wasteful, impoverished producer economical; to substitute some new commodity for that which the public to-day is demanding; and, further, to extend the principle of pro-tection to include the freight rates from one part of the country to another?

Mr. President, let us be specific. Who are the beneficiaries of this bill? Would the automobile industry be benefited by this bill? Everybody will concede that that is one of the gigantic industries of this country, and that it is one of the gigantic industries of this country, and that it is now passing through some depression through overproduction or other causes.

Mr. Thomas of Oklahoma. Mr. President, will the Senator yield?

Mr. Walsh of Massachusetts. I yield.

Mr. Thomas of Oklahoma. Is it not a fact that this bill provides a reduction of from 25 per cent to 10 per cent upon the importations of automobiles?

tions of automobiles?

Mr. Walsh of Massachusetts. It does.

Mr. Walsh of Massachusetts. It does.

Mr. Thomas of Oklahoma. Would the Senator contend that the reduction in the tariff would be in the interest of the big automobile manufacturers of the United States?

Mr. Walsh of Massachusetts. Certainly not. And it would not be contrary to their interests, either, because any depression the automobile industry is experiencing is not occasioned by imports. But if this industry is depressed from other causes, how does it help toward prosperity to increase its costs of production? I have information, furnished me by automobile manufacturers, to the effect that there are more than eight hundred and odd materials used in the manufacture of automobiles which carry increased duties in this bill. The increased cost of manganese ore alone will be \$500,000 annually to the automobile industry. Butyl acetate, a constituent of all paints, will increase the costs \$125,000 per year.

per year.
Who can argue that the great automobile business will be benefited if these duties are effective, with the cost of over 800 of its raw materials increased, and this at a time when the administration is seeking to spur up business and to bring prosperity to our

industries?

What I have related about the automobile industry is, to some what I have related about the automobile industry is, to some degree, true of every other large industry in this country. Mr. President, we have here a bill laden down with increased duties upon the materials which the large manufacturing units of this country must use, adding to the cost of production of the products of these great industries, and thereby adding to the cost to the consumers, without any substantial and effective increased protection to these industries. And yet we are pretending to restore

tion to these industries. And yet we are pretending to restore prosperity in this country.

A kindred business to the automobile industry is the tire business. What have you done for that industry? You have produced a universal protest by your duty on long-staple cotton and other increased duties on their raw materials.

The paper industry—paper is an important material used in enormous amounts for packing and commercial purposes by all industries—what have you done for it, except to increase the duties on casein, china clay, starches, and many other of its necessary materials?

materials?

Mr. President, I put this question again to Senators: Is the automobile industry, with its millions of employees, with its tremendous invested capital, with no increased protection, in favor of this bill—in fact, increased protection could not help the industry anyway—with increased cost on more than 800 of the materials used in the making of automobiles? That list of important materials I shall have inserted in the Record at a later time. It is not yet fully prepared.

Now, let us refer to some of the other larger industries.

Mr. Wheeler. Mr. President, will the Senator yield. Mr. Walsh of Massachusetts. I yield. Mr. Wheeler. Would the fact that the costs have been increased to the automobile manufacturers make it more difficult for them to send out their products in competition with foreign manufac-

Mr. Walsh of Massachusetts. Certainly. The Senator has brought to my mind exactly the additional point I wanted. The bill will also injure our foreign commerce generally. The trouble with this bill is that it is filled with impediments to industry and to commerce. It is overprotection. It is protection run mad. Impediments to all the great units of production in this country—impediments, impediments!

is no increased prosperity possible through increasing

impediments.

Mr. WHEELER. Is it not a fact that what the manufacturing interests of this country need is the finding of more world markets

interests of this country need is the finding of more world markets rather than the building of a tariff wall around the United States?

Mr. Walsh of Massachusetts. Exactly. The Senator has very well anticipated what I was going to say. We are, by increasing the cost of production of automobiles and steel and other exportable articles, helping to destroy our foreign business that is so necessary in order to maintain prosperity here. Moreover, we are stirring up the foreign countries to retaliation against our automobile and other exports. We are legislating in reckless disregard of the protests of other countries and against our own advantageous trade relations with them.

Now Mr. President, let us turn to the steel industry. One of

geous trade relations with them.

Now, Mr. President, let us turn to the steel industry. One of the most pathetic sights in this Chamber during this debate was the Senator from Pennsylvania voting for rate after rate that would increase the cost of living and increase the cost of raw products to the manufacturers and people of his State, never missing an opportunity to do it, and not getting one single rate in this bill of substantial consequence in favor of Pennsylvania. I ask him what single rate there is in this bill to which he can point as really beneficial to the leading industries of Pennsylvania? Is it the rate on pig iron, the last product in which Pennsylvania is concerned, upon which a proposal for an increased duty

was rejected? How he expects to defend his course, with a record of voting for everything in this bill that increases the cost of living and the cost of production to the manufacturers of Pennsylvania and getting nothing in return, is beyond my comprehension

Although I can not condone a Senator trading his vote, I can conceive some political though not ethical justification for trading votes when some one gets something in return, but I have not been able to see what the Senator from Pennsylvania received in return for his votes.

Mr. Vandenserg. Mr. President, the Senator does not share the view, then, that this is a "Grundy bill"?

Mr. Walsh of Massachusetts. I share the view that he helped

to shape and fashion this bill and influenced Senators to vote rates into it, but when it came to his own rates those whom he got together and whom he supported in their rates were ashamed to go through with his rates. I say that with all candor. The pig-iron vote showed it, and plenty of other votes here support it. ennsylvania has nothing in this bill but burdens and obstacles

to its industries and its people.

Now, I inquire, how does the steel industry feel about this bill? I am trying to find out who would be benefited by the bill. How do these powerful and mighty steel companies feel about it?

Senators know what happened to manganese; they know how the steel industry protested that increased rate. It will cost the steel industry a million dollars per month because of this increased duty alone. I have not a statement of the exact number of materials used in the steel industry, but all through this bill are articles which the steel industry buys with increased duties, and the steel industry is to-day depressed and faced with the situation of paying increased prices for various and innumerable materials, prominently among them manganese, graphite, and many others which it uses in the making of its various steel products.

I am not now discussing the merits or the demerits of the various increases, but I am asking again and again the question, Who are the beneficiaries of the bill? Are the public utilities? The duty on lumber, while tremendously increasing the cost of

The duty on lumber, while tremendously increasing the cost of all buildings, operates to increase also the cost of every cedar pole used by public utilities about 75 cents per pole.

Let us turn to the woolen industry, which is one of the largest industries of the country. Scarcely a single duty on woolen fabrics, aside from compensatory duties, has been increased in the bill, and yet the raw material of the woolen industry, virgin wool, has its rate of duty increased from 31 to 34 cents a pound and the rate on woolen rags, the basic raw material of the carded-wool end of the woolen business, is increased from 7 to 18 cents per pound. Is the woolen industry by reason of benefits received in this bill enthusiastic about increased duties on its chief raw materials—virgin wool and wool rags?

Not only that, but I have before me a list of some 86 other materials used by the textile industry that have been given increased rates in the bill. So we have the woolen industry, depressed perhaps more than any other of the industries of the country, particularly one branch of that industry, and in the face of depression it has been handed a bill which adds impediment after impediment and increases the cost of its products by increasing the duty upon its raw materials. Of all the industries the defeat of this bill, I venture to predict that would welcome that the woolen mills that make popular-priced clothing from

wool rags would be foremost.

Turning to the cotton-textile industry, I observe that scarcely a Turning to the cotton-textile industry, I observe that scarcely a cotton-textile product in the bill has been given an increased duty. I can recall only two now—cotton cloth and cotton blankets—which have been given a slightly increased rate. Yet one of the basic raw materials of that industry—namely, long-staple cotton—has been given a heavy duty, for the first time. I am sure that industry will not welcome having a duty levied upon its principal raw material. There is no need of spending time discussing the extent to which the cotton-textile business is depressed at the present time. Neither shall I take the time to enumerate the long list of impediments in the form of increased duties upon the chemicals, machinery, and dyes used by creased duties upon the chemicals, machinery, and dyes used by this industry. I find that of the various raw materials, outside those already referred to, used by the textile industries of the country the rates of duty have been increased in 68 particulars. In one instance there was a decrease and in several other in-

In one instance there was a decrease and in several other instances there was no change made in the rate.

Let us now consider the rayon industry. Rayon is one of the growing industries of the country, increasing in its production very rapidly. Yet during the last hours of the debate in this Chamber there was a unanimity of protest from the rayon-yarn manufacturers and the rayon-fabric manufacturers of all kinds against the increased duties upon the basic raw material—the filaments of rayon—from which rayon yarn is spun and rayon fabrics woven.

fabrics woven.

Not only filaments of rayon, but rayon waste, wool and wool waste, long-staple cotton, and flax, the raw material of the linen industry—all these crude products have been given increased duties with no corresponding increases except compensatory duties for the benefit of the finished fabrics. Even the foundry industry, as well as the stove-polish, pencil, and crucible-steel industry, has been given a heavy duty on its raw material—graphite. The foundry-facing industry stated very emphatically that if the increased duty on graphite was enacted into law that industry would be "put out of business."

Mr. President, I turn now to the candy, cake, and biscuit industry, one of the large industries of the country. The duties upon more than 50 materials that go into the making of candy have been increased in this bill, and with no increased duty upon nave been increased in this bill, and with no increased duty upon candy or for the benefit of the candy industry—as there ought not to be, because an increased duty would not be of any benefit. This industry finds, in the midst of the present depression, a law about to be enacted by the Congress of the United States adding about to be enacted by the Congress of the United States adding new impediments to it, increasing the cost of more than 50 of the materials used in the making of candy, the chief of them being sugar, nuts of various kinds, extracts of various kinds, jelly, fruits, many of them produced in southern California. Is the candy industry for this bill? Is any industry in the country in favor of a bill which is increasing its costs of production and giving it nothing in return?

Is the boot and shoe industry in favor of this bill? In the law of 1922 increased duties were levied upon 79 of the various materials used in the making of shoes. I have not been able to gather together the exact statistics showing the number of increased duties levied in this bill upon these materials, but they number well over 50. Here is a depressed industry, at least one

number well over 50. Here is a depressed industry, at least one part of it—women's shoes—yet in the midst of depression, when they are here pleading for relief in the way of some slight protection, their raw materials are given increased duties, though shoes are compelled to remain on the free list. Instead of a protective duty upon their finished product, they are presented with increased costs upon more than 50 of the raw materials, so-called,

increased costs upon more than 50 of the raw materials, so-called, used in that industry.

What do we find when we consider the tanning industry? I have had enumerated for me the number of items used by the tanners which are affected by this bill. The tanning industry is one of those industries which Mr. Hoover especially mentioned by name as "lagging behind." The items which the tanning industry uses, now on the free list, but made dutiable in this bill, are 3 in number; items now dutiable upon which the rate is decreased, 14; items now dutiable upon which the rate is decreased, 1. Here is a very gravely depressed industry, its depression un-1. Here is a very gravely depressed industry, its depression unquestionably due in part to heavy imports, confronted with a bill which proposes to put increased duties upon 14 of the materials used, and at the same time refused any protection on its own

Mr. President, I shall not take the time to discuss the other leading industries of the country, but the story is exactly the same; no real benefit is given them in the bill. It is doubtful if any benefit could be given positively by increased duties, because many of them are already receiving the maximum of protection that can be effective; but burden after burden is heaped upon them with respect to increased duties upon materials which thos industries must import and use. Increased cost of production and other additional impediments are given in an hour of general

For the purpose of showing how there may be an appearance that some of the smaller producers have benefited in the bill, let that some of the smaller producers have benefited in the bill, let me call attention to straw hats and fur-felt hats, both of these classes of hats having been given increased duties. The list of the commodities used in the manufacture of straw and fur-felt hats shows that on eight of those commodities the duty rates have been increased. Here are two depressed industries asking for relief, and yet upon eight of the commodities used by those industries increased duties have been levied. The commodities used in the manufacture of straw hats have had the rates of duty increased in at least five instances. While in some instances there may appear to be a benefit in the giving of increased duties on the various finished products of certain industries, such benefit has been offset again and again by increased duties upon the materials used in their manufacture.

has been offset again and again by increased duties upon the materials used in their manufacture.

Let us study a small industry like bottled carbonated beverages. Flavoring substances, fruits, coloring substances, chemicals, and sundries are some of the commodities used in this industry. The dutiable items on which the rate has been increased are 6 in number; items on the free list made dutiable, 1; items dutiable on which the rate is decreased, 1. In every instance, for whatever benefit that has been given—and no benefit was given to this particular industry because it did not ask for any—there have been increased duties levied upon the various materials used by the producers of the finished products. So of the brush and

have been increased duties levied upon the various materials used by the producers of the finished products. So of the brush and broom industry and hundreds of other small industries.

If to the raw materials proper used by all industries were added mill supplies, office supplies, electrical supplies, I am informed they would swell considerably the total number of articles used in manufacturing, the cost of which has been increased by the duties in this bill.

duties in this bill.

Turning now to another aspect of this subject, Mr. President, I asked a leading supplier of the dry-goods trade to give me some idea of the increased duties that have been levied upon dry goods carried by the department stores. I said I did not want to know the increased duties upon all items, but the increased duties on the principal classes of merchandise in a typical dry-goods store. I was informed that upon at least 50 out of 53 major groups of the almost innumerable articles furnished the dry-goods stores of the country increased duties had been levied in the bill.

The 5-and-10-cent stores report that the increased duties on innumerable articles sold in those stores vary from 28 to 200

innumerable articles sold in those stores vary from 28 to 200 per cent. Certainly the wholesale and retail merchant can find no advantage to business in this bill.

Mr. President, I am still pressing the question, Who will be benefited by this tariff bill if it becomes a law? I think this

imperfect analysis, necessarily hastily made, of the effect of the duties levied in the bill on commodities which are used by the manufacturers, indicates that most manufacturers and merchants do not desire this bill.

do not desire this bill.

I had read at the desk this morning an editorial from the Boston Transcript, calling upon Mr. Hoover to veto this bill. I do not hesitate to say that if Mr. Hoover has the courage to use his power of veto he will receive a tremendous response commending him from every quarter and every section of this country, regardless of party. No man in public life has such an opportunity to ingratiate himself in the hearts of all the people, regardless of party, and of all groups and classes in American life, as Mr. Hoover has through the opportunity presented to him to veto this bill. He would have behind him, not only all the larger manufacturing interests and all the farming interests, but all the consumers; and on the other side would be only the few marginal producers, who have been pulling at our coats for weeks, and to consumers, and on the other side would be only the few marginal producers, who have been pulling at our coats for weeks, and to whose pleas we have been listening, without thinking of the awful consequences to the larger units of industry, to agriculture, and to the army of American consumers who pay the bills for protection.

Mr. President, let us next consider the average citizen, the too often forgotten consumer, and see wherein he benefits by this proposed legislation. What does the average citizen require in order to live? Food, clothing, a house in which to live, and furniture.

furniture.

Mr. Thomas of Oklahoma. Mr. President, will the Senator from Massachusetts yield to me?

The President Officer (Mr. Goff in the chair). Does the Senator from Massachusetts yield to the Senator from Oklahoma?

Mr. Walsh of Massachusetts. I yield to the Senator.

Mr. Thomas of Oklahoma. Is it not a fact that this bill proposes to afford a very large degree of protection on rags?

Mr. Walsh of Massachusetts. Many kinds of rags.

Mr. Thomas of Oklahoma. And that is about the only thing the people will be able to produce in the future.

Mr. Walsh of Massachusetts. Mr. President, the Senator from Oklahoma has supplemented my speech very aptly by declaring

Oklahoma has supplemented my speech very aptly by declaring that one result of this bill, should it become a law, will be a decree to the general public to use rags for their wearing apparel.

to the general public to use rags for their wearing apparel.

However, I want seriously to discuss the question of how this bill affects the prices of clothing, shelter, food, and furniture. Let us first take shelter. Lumber, brick, cement, wall board, wall paper, window glass, paint, hardwood flooring, tiles—in fact, almost every item necessary in the construction of the homes of the people—has had increased duties levied upon it in the pending bill. That is one of the flagrant and indefensible features of the measure. This proposed legislation can mean only an increased cost not only of homes but an increased cost of rented tenements, because the tenant's rent is measured by the cost of building. On nearly every commodity which is used in the building of shelter for the American people increased duties have been imposed. Not only will that be a burden to the individual, to the home builder, and to the man who pays rent but it will be an injury to every manufacturer, every real-estate investor in the country; and this at a time and period when we want to expand our industries and restore prosperity. Surely the home owner, surely the man who pays rent for a tenement, can not find in this bill any satisfaction or any inducement to thrift. or any inducement to thrift.

I repeat, one of the most outrageous burdens in the measure is the increased duty upon building material of every kind and class. They are too numerous to mention.

They are too numerous to mention.

Now, Mr. President, let us consider clothing. I observe that I have the attention of the Senator from Georgia [Mr. George], who, representing the minority, had charge of the wool schedule, the cotton schedule, the rayon schedule, and the silk schedule. I know he, at least, will confirm my declaration that the result of the increased duties levied in the bill on the raw materials from which our clothing is made means, if any of these rates shall be effective, that the clothing bill of the American public will be increased by hundreds of millions of dollars. Not a single fabric used in clothing our people has escaped increased tariff burdens, because of the compensatory duties necessarily levied upon every fabric used in clothing on account of the increased duties on all raw materials. On furniture—on the basic raw material of furniture, various types of imported tropical woods and lumber—increased duties have been levied. Even the glue that puts together the parts of the furniture, the paint on the furniture, plywood, veneers—all have had imposed on them increased taxes by this bill.

Mr. President, let us turn to food, where shameful increases

Mr. President, let us turn to food, where shameful increases have been levied. The duties on fresh vegetables have been in-

creased as follows:

Green beans—the amount of increase levied in this bill is 83 per cent. On mushrooms there is an increase of 25 per cent; on per cent. On mushrooms there is an increase of 25 per cent; on peas an increase of 40 per cent; on onions a 70 per cent increase; on potatoes a 17 per cent increase, amounting to about 52 cents per bushel. On tomatoes, an increase of 79 per cent has been levied; on turnips an increase of 14 per cent; on cabbages an increase of 116 per cent; on fresh vegetables, not specially provided for, an increase of 115 per cent. These increases have been levied on the food of the poor, of the working classes, of the masses, of those at present unemployed. There has been, I repeat, a 115 per cent average increase in the duties upon the common every-day vegetables.

Meats: The duty on beef has been increased 26 per cent by this bill; on veal 17 per cent; on mutton 29 per cent; on lamb 16 per cent; on pork 19 per cent. On meats, fresh, not specially provided

for, the duty has been increased 32 per cent. The duty on canned meats other than ham and bacon was increased 26 per cent; on prepared or preserved meats, not specially provided for, it was increased 30 per cent. It is apparent that the packers, not the cattle raisers, will be the chief beneficiaries of these increases.

As to dairy products, the increased duty proposed on milk is 23 per cent; and I am informed by the Senator from Wisconsin [Mr. Blaine] that a new definition of milk has been provided in this bill, so that what heretofore was not milk is now going to be milk in order to receive the heaft of an increased projection on

Ar. Blaine; that a new definition of milk has been provided in this bill, so that what heretofore was not milk is now going to be milk, in order to receive the benefit of an increased protection on milk. No wonder the consumption of milk by the poor has decreased. I was reading only yesterday some very interesting information to the effect that the larger the family the less the consumption of milk per capita in recent years, due to the fact that milk has increased so greatly in price that where there are several children it has become a luxury and it is impossible for the head of the family to supply the children with milk; and yet, in face of that fact, it is proposed to increase the duty upon milk and cream very substantially.

Mr. Blaine. Just for the purpose of accuracy, since the Senator referred to the definition of milk, I desire to state that the provision is that milk containing so much butterfat shall be classified as cream. So it is a new definition of cream, and not of milk.

Mr. Walsh of Massachusetts. It is putting under the head of cream what heretofore has been treated as milk.

Mr. Blaine. By lowering the butterfat content.

Mr. Walsh of Massachusetts. Exactly. Previously that content would be treated as milk, but now it is to be treated as cream.

Sour milk and buttermilk, increased duty 3 per cent.

Cream, increased duty 12 per cent.

Cheese increased duty 14 per cent.

duty 16 per cent.

duty 16 per cent.

Cheese, increased duty 14 per cent.
All kinds of eggs, increased duty 40 per cent.
Miscellaneous agricultural products:
Corn, increased duty 10 per cent.
Rice and rice flour, increased duty 10 per cent.
Cherries, prepared, increased duty 29 per cent.
Figs, prepared and preserved, increased duty 39 per cent.
Lemons, increased duty 16 per cent. The duty on lemons in the bill is 79 per cent; so all together there is approaching 100 per cent duty on lemons for the benefit of a few lemon growers in southern California.

Limes, increased duty 49 per cent.
Grapefruit, increased duty 16 per cent.

Limes, increased duty 49 per cent.
Grapefruit, increased duty 16 per cent.
Plums and prunes, increased duty 22 per cent.
Blueberries, increased duty 20 per cent.
Edible nuts, shelled and unshelled, increased duty 23 per cent.
Dried beans, increased duty 27 per cent.
Dried peas, increased duty 19 per cent.
I think one of the most interesting items is blueberries. I can not let the occasion go by without telling something about blueberries, for it illustrates how this bill has been framed and the small but burdensome increases levied at the expense of the plain people of the country.

small but burdensome increases levied at the expense of the plain people of the country.

The picking of blueberries in the eastern section of our country is begun in June. As the weeks pass the blueberry crops begin to ripen up the Atlantic seacoast into New England. The last of the blueberries in the State of Maine are picked during the last weeks of August. On the island of Newfoundland, out beyond Nova Scotia, there is raised a fine crop of some of the best blueberries in the world. These berries ripen after all the American fresh-picked blueberries are exhausted, during the month of September. Because they have a few blueberry-canning factories in Maine, a duty upon fresh blueberries was requested. They demanded that the public substitute canned for fresh blueberry pie.

Senators who live along the Atlantic seacoast from Washington to Portland, Me., have wondered why they are able to get fresh blueberry pie—one of the most delicious of the pies and one of the most delectable of all our foods—not only during the summer months but late in September and even in October. It is because of the blueberries that come from that island off the coast of Nova Scotia, frozen and sent to various parts of the country aven to Chicago. Now a high tentif is put in this bill to

coast of Nova Scotia, frozen and sent to various parts of the country, even to Chicago. Now a high tariff is put in this bill to force us to use canned blueberries and to do away with fresh blueberries in the months of September and October. Here is another new idea invoked in tariff making, namely, using tariff duties to force our people to use substitutes.

Mustard seeds, proverbial for their insignificance, present an interesting tariff story. The mustard seed is the raw material from which dry mustard, known variously as ground mustard, mustard flour, and mustard; and also the raw material for wet mustard, known as prepared mustard for condiment and table use. Yellow mustard seeds are principally used for the manufacture of these various types of prepared mustard. It is reliably estimated that the domestic production of yellow mustard seeds does not exceed 50,000 pounds a year, whereas the domestic demand is nearly 15,000,000 pounds a year. The total domestic production of black and yellow mustard seeds last year was 1,900,000 pounds.

Dounds.

Under the act of 1922 the rate of duty on mustard seeds is 1 cent per pound, while the Senate bill seeks to impose a duty of 2 cents per pound. The change in duty from 1 cent to 2 cents per pound would mean that the numerous manufacturers of prepared mustards and spices will pay \$300,000 each year; the 115,000,000 people of the United States would be taxed nearly \$640,000 on finished mustard in order to set up a bonus of \$38,000 a year

for the few growers on the Pacific coast who do not produce even

for the few growers on the Pacific coast who do not produce even enough mustard seed to supply the State of California.

Take a small item like beeswax upon which a substantially increased duty has been levied. The domestic production has steadily decreased because the bee industry in this country is a honey-producing industry rather than a beeswax-producing industry, the former being more profitable. It is absolutely necessary to import about 85 per cent of our large consumption of over 6,000,000 pounds. Thus, with no prospect whatever of the bee industry being benefited, the industries engaged in producing candles, cosmetics, shoe polish, floor and other polishes, insulating material, compounds, dental supplies, pharmaccuticals, paints, cutlery, thread, etc., all of whom must import beeswax, will be penalized by increased costs due to the increased tariff duties levied apparently for the benefit of the few farmers who produce beeswax only to the amount of 15 per cent of our large industrial needs. industrial needs.

industrial needs.

Mr. President, the duties levied and attempted to be levied upon food products in this bill is a crime that should cry to heaven for vengeance. It is a cruel and shameless record.

All through this bill is the same shameful story—give and take; the swapping of votes; an exchange of rates. "You give me this rate, and I will give you a rate upon some product that is produced in your particular State or your particular locality." During the last days this logrolling reached the high-water mark. To my mind, exchanging votes for tariff duties that burden our people is as reprehensible as it would be for a judge to exchange legal decision with other judges on the Supreme Court bench.

Now, let us inquire further. Has the farmer benefited by this bill?

No farmer produces all these agricultural products enumer-No farmer produces all these agricultural products enumerated above, but most farmers do use a large number of feeds. I am sure the farmers of the South particularly, and the farmers of the Northeast, and many of the farmers of the far West, will be interested to see what has happened in this bill to feeds which the farmers must buy for their cattle and for their poultry. Among the feeds which millions of farmers use and do not produce that have been given increased duties are bran and shorts, corn, oats, middlings, hay, and straw.

The American Feed Manufacturers' Association informs me that there has been an increase in the duty on articles used as feed in the case of 10 of these products, and there is just one dutiable feed article on which the duty was decreased. So on 10 of the feed products used by the millions of small farmers of this country to feed their poultry and livestock the duty is increased. Even

try to feed their poultry and livestock the duty is increased. Even the farmer's seed have been given generous increases. Surely everything he buys for his home and children and farm have

the farmer's seed have been given generous increases. Surely everything he buys for his home and children and farm have added burdens placed upon them.

Mr. President, I must not prolong the discussion of this sad and disappointing experience in tariff making. I have already talked longer than I intended; but in view of this record, in view of the increased duties that have been levied in this bill, according to the necessarily hasty analysis I have made of it, I again inquire who is to be benefited by the enactment into law of this legislation—what group? Is it the farmers for whom the bill is supposed to be specially constructed?

The Senator from Wisconsin [Mr. Blaine] again and again, in the most frank and candid manner, has said that these agricultural duties in most instances will not be effective; and if they are effective, will only tend to benefit a small group of farmers at the expense of larger groups of farmers. I am convinced that his position in that matter is absolutely sound; that the farmers in general will get no benefit from this bill. Whatever little benefit comes to the average farmer from the increased duties that may be effective, will be offset tremendously by the increased duties on his clothing, the increased duties on his furniture; the increased duties on all his tools and implements and machines, and the materials for the buildings that shelter himself and his family and his livestock. The farmers in general will be taxed under this bill many dollars for the few cents a few particular farmers may gather in here and there from the increased duty on wool, on casein, on sugar, citrus fruits, long-staple cotton, and other like agricultural products.

Mr. President, sectional interests, political influence, fanaticism.

Mr. President, sectional interests, political influence, fanaticism, propaganda to the effect that protection was a panacea to agricultural relief, unsound economic theories, and many other factors, have resulted in the drafting of a bill that is filled with inequalities and economic monstrosities.

Where are those who benefit by this bill? They can not be found. This bill is without friends. It is unsung and unhonored. Here and there are some real net benefit to marginal producers, possibly. Undoubtedly hidden here and there some benefit for individuals; but all the rest of the American people must pay dearly for the benefits to the few.

I wish to make one final commentary on this bill as a whole; I wish to make one final commentary on this bill as a whole; that is, to call attention to the slipshodness and the thoughtlessness of its construction. By slipshodness of construction I mean especially the great number of specific duties used for the first time, or unwisely continued, which apply in a given paragraph to a considerable variety of commodities or grades of a commodity like wool and many others in this bill, having a wide range of values. Everybody knows that such commodities should have an ad valorem rate of duty; that they do not lend themselves to a common specific rate. A common specific rate applied under such circumstances means equivalent ad valorem rates all the way from almost nothing to several hundred and even thousands per cent. Such rates represent regressive taxation bearing most heav-

ily upon the incomes of the poor. The object sought, in many instances, is wholly to exclude the cheaper varieties of imports of the commodity and to do it in such a way that the press and public can not see it at the time the legislation is passed. It takes expert knowledge of import prices to figure equivalent ad valorem rates; the layman does not and can not know anything about it. In the layman does not and can not know anything about it. In three special instances during the debate did I point out how harmful specific duties are. In the debates on wool, lumber, hides, in particular, attention was called by me to the injustices of this method of levying tariff duties. In each of the above instances the specific duty attempted to be levied, and which was in fact levied in the case of wool and lumber, in actual practice would operate to levying on wool an equivalent ad valorem rate varying from 20 per cent to over 100 per cent. Cheap wool used in the clothing of the masses and the cheap lumber used in the homes of the working classes and the pioneer farmers would bear, under these specific duties, rates amounting to nearly 100 per cent, in comparison with greatly reduced rates on the clothing and the homes of the well-to-do and of expensive office buildings.

This same outrageous, despicable method of levying tariff duties has been applied even to food products. This is not, however, a new wrong but an old wrong. It is hidden protection purposely planned and designed to deceive the public and keep them in ignorance of the harm and injury as well as the increased hardships that such duties inflict upon the less prosperous of our citizens.

By the thoughtlessness of the framing of this bill I mean that in the main each separate paragraph has been dealt with by itself, in disregard of the effect of the action taken upon other dependent industries. I have especially in mind materials and supplies used in manufacturing in contrast to articles of final consumption. used in manufacturing in contrast to articles of final consumption. The consumer of finished goods has always received little enough consideration at the hands of high protectionists; this time it is industry itself that has received scant consideration. It seems to have been overlooked that in the case of raw materials and manufacturing supplies the imports do not represent foreigners invading our markets (a point of view quite justly to be taken with respect to finished goods), but rather they represent our own industrialists going abroad to get the things they need—qualities and kinds of materials, machinery with special attachments, and so forth, often not produced in this country and which they require to carry on their industries efficiently and profitably. It is nothing short of amazing the way in which throughout the debate and the public hearings upon this bill, it has evidently been absent from almost everybody's thought, the shifting of these duties and the impediment and burden and disorganizing force they constitute for industry, especially for the major industries like the textile industry, the steel industry, and many others, basic to the prosperity of this country. The question of the tariff benefit to be conferred upon the manufacturers of textile machinery, or upon the miners of manganese ore, to illustrate, has been dealt with in an air-tight compartment, so to speak, by tiself and without consideration of the question of how many barnacles of this sort the textile industry (far from prosperous), and the steel industry, and others, can stand.

There are several reasons for this strange blind spot and the consequent light-hearted and careless bestowing of disorganizing and disruptive burdens upon the major industries through the bestowal of tariff benefits upon the lesser industries. The chief reason is, perhaps, a general oversight of the factor of the profit per unit of output of the larger industries; all the talk and questioning has been about prices. It is asked, for example, what will be The consumer of finished goods has always received little enough consideration at the hands of high protectionists; this time it is

cents per pair. Therefore an increase in the cost of sole leather brought about by a duty on imported hides, if one be imposed, and other increased costs brought about by little nibbling duties on this and that, may result in wholly wiping out the profit on manufacturing an average pair of shoes. It could have this effect in the first instance and that effect would be continued except which that the shoe manufacturer will contrive and maneuver and stint and spare, and so get by with slightly reduced quality.

I predict that when and if this tariff bill goes into effect the

I predict that when and if this tariff bill goes into effect the immediate result will be that the managers of the leading industries of this country will be at their wits' end how to meet its disorganizing influences and how to offset its profit-destroying influences. They can not find a ready solution in all instances

by merely advancing their sale prices, as they did during the World War, when a great monetary inflation was in progress. That is out of the question now. The people can not be compelled to pay generally much more for their clothing and other requirements; they have not the more money to pay with. But they can and will be forced to put up with inferior clothing and other articles. That is what your increased duties on virgin wool and on wool rags in the main will come to. And so on in like manner all along the line.

Mr. President, another deplorable feature of this bill is the effect that the increased duties upon imports, that must be brought into

that the increased duties upon imports, that must be brought into the country and that are the raw materials extensively used by our manufacturers, will have in increasing the cost of production of American manufacturers and consequently result in retarding

the country and that are the raw materials extensively used by our manufacturers, will have in increasing the cost of production of American manufacturers and consequently result in retarding our export business. To find another February (1930) in which the value of our exports has been so small we must go back to 1923. The decline in our exports for the eight months of the current fiscal year was approximately \$300,000,000, while the decline in our imports has been only \$39,000,000.

With the increased cost of production levied upon our American producers, how can we expect anything but further pronounced shrinkage in our exports, which means, of course, a glut in the home markets, curtailed production, unemployment, and all the undesirable consequences which nominally follow?

Mr. President, this bill has the condemnation of and is repudiated by all serious-minded people. There is not a Republican, either of the Old Guard or of the farm bloc, on this floor who has any enthusiasm for it. There is not a citizen in America, except some selfish producer, who has any confidence in this bill. Democrats and Republicans alike are against it. No newspaper in the country defends it. Consumers, manufacturers, and agriculturists denounce it. Other nations are getting ready to retaliate. Here and there only some producer in desperate financial circumstances, hoping that a miracle may happen to his business by the passage of this tariff bill, is the exceptional supporter of it. This bill is founded upon no principle or policy. It means injury to American industries of every class and kind; and the last circumstance under which such a bill ought to be passed is the present time of depression, when industries need real help, not impediments. Only partisan pride sustains hope in its being kept alive.

Mr. President, this country is undoubtedly committed to the protection policy, but it wants reasonable not ruinous protection. The pending bill is not in any sense reasonable protection or defendable upon any of the old principl

Mr. AUSTIN obtained the floor.

Mr. FESS. Mr. President, will the Senator yield that I may suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Vermont yield for that purpose?

Mr. AUSTIN. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst Costigan Sheppard Shipstead Shortridge Smoot Austin Bailey Bankhead Barbour Couzens Dale Kendrick Keyes King Lewis Logan McGill McKellar McNary Davis Dickinson Stelwer Thomas, Idaho Thomas, Okla. Barkley Dill Fess Fletcher Black Borah Bratton Townsend Trammell Frazier George Morrison Brookhart Broussard Bulkley Moses Neely Norbeck Tydings Vandenberg Wagner Glass Glenn Goldsborough Gore Hale Harrison Bulow Norris Walcott Walsh, Mass. Waterman Byrnes Nye Oddie Capper Caraway Hastings Patterson Pittman Watson Carey Connally Hayden Wheeler Hebert Hull Reed Robinson, Ark. Robinson, Ind. White Copeland Johnson

The PRESIDING OFFICER (Mr. King in the chair). Eighty-two Senators have answered to their names. A quorum is present.

Mr. BLACK. Mr. President, will the Senator from Vermont yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Alabama?

Mr. AUSTIN. I am glad to yield.

RELIEF OF STORM-STRICKEN AREAS IN THE SOUTH

Mr. BLACK. Mr. President, in my hand I have a joint resolution which was prepared with reference to relief for the storm-stricken areas of the South. I offer it on behalf of myself and the Senator from Georgia [Mr. George]. It has been prepared in cooperation with him and with the other members of the Alabama delegation. It is very short, and I ask that it may be read at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read, as requested.

The joint resolution (S. J. Res. 130) to provide assistance in the rehabilitation of certain storm-stricken areas in the United States and in relieving unemployment in such areas, was read the first time by its title, the second time at length, as follows:

Whereas the States of Alabama, Mississippi, Georgia, South Carolina, and Kentucky are suffering from the effects of recent storms which rendered thousands of people homeless, devastated farms, destroyed houses, barns, and other equipment, and increased unemployment in the storm-stricken areas in such States; and

Whereas the damage caused by the storm was so great as to make it impossible for the governments of those States to give adequate relief in the emergency: Therefore be it

Resolved, etc., That the Reconstruction Finance Corporation is authorized and directed immediately to assist in the rehabilitation of the storm-stricken areas in such States. For such purposes the corporation shall have power to make logue to persons in the the corporation shall have power to make loans to persons in the storm-stricken areas in such States upon such terms and conditions as the corporation shall by regulation prescribe, including an agreement by the borrowers to use the loans for the purposes specified by the corporation; except that no such loan shall be specified by the corporation; except that no such loan shall be made for a period of more than 10 years or in an amount in excess of \$15,000 to any one individual. The rate of interest upon each such loan beginning with the fourth year shall be 5 per cent per annum, but the corporation, in its discretion, may defer the payment of interest upon any such loan for such period of time as the corporation shall deem necessary. All such loans shall be made by the corporation itself or through such agencies as the corporation shall designate. All money received during a period of two years from the date of approval of this joint resolution as repayment of principal or interest of any loan made pursuant to this joint resolution shall be held by the corporation as a revolving fund, which may be loaned on applications for the purposes and upon the terms and conditions herein provided, and all moneys received thereafter as repayment of principal or interest of any such loan shall be covered into the Treasury as miscellaneous receipts.

of any such loan shall be covered into the Treasury as miscellaneous receipts.

SEC 2. Not to exceed \$5,000,000 of the sum appropriated in Public Resolution No. 7, Seventy-second Congress, approved January 27, 1932, is hereby reappropriated for the purpose of carrying out the provisions of this joint resolution.

SEC. 3. The Reconstruction Finance Corporation shall make an annual report to Congress at the beginning of each regular session and give a complete account of its activities in carrying out the provisions of this joint resolution. provisions of this joint resolution.

Mr. BLACK. Mr. President, it is my intention to ask that immediate consideration be given this resolution, but I have discussed it with the leader on the other side of the Chamber, the Senator from Oregon [Mr. McNary], and he has requested I do not ask for action to-day. Therefore, I am going to request that the resolution be printed and lie on the table. It is my intention to-morrow to ask for its consideration.

With the consent of the Senator from Vermont, I should like to make just a brief statement with reference to the measure, and then I am through. It is copied almost verbatim from the resolution adopted for the relief of the Porto Ricans. It authorizes no new appropriation, but proposes to utilize \$5,000,000 of the funds which have been appropriated already for the relief of banks and railroads and business enterprises in order to relieve people who have been stricken by the storm. I thank the Senator from Vermont.

Mr. JONES. Mr. President, I wish to suggest to the Senator-

The PRESIDING OFFICER. The Senator from Vermont has the floor. Does he yield?

Mr. JONES. Will the Senator yield to me for a moment? Mr. AUSTIN. I yield.

Mr. JONES. I want to suggest to the Senator that he | will make time by having the resolution referred to a committee. It ought to go to a committee; it ought to be acted upon by a committee; and I suggest that it be referred to a committee right away.

Mr. BLACK. With the consent of the Senator from Vermont, I will say I was a little at loss to know to what committee it would be proper to refer it if it should go to a committee. Personally, I had hoped that on account of the necessity for immediate action there would be no request that it go to a committee.

Mr. JONES. I think an authorization of that kind should go to the Committee on Banking and Currency.

Mr. BLACK. I might state that the appropriation has already been made. Of course, if it is insisted upon, it may become necessary to send the resolution to a committee. Will the Appropriations Committee meet to-morrow?

Mr. JONES. It is not for the Appropriations Committee to act on a measure of the kind proposed. It proposes legislation, and should go to a legislative committee, and it should go there right away.

Mr. McNARY and Mr. WALCOTT addressed the Chair. The PRESIDING OFFICER. Does the Senator from Vermont yield; and if so, to whom?

Mr. AUSTIN. I yield to the Senator from Oregon.

Mr. McNARY. I read the resolution very hurriedly, but discussed the subject matter with the Senator from Alabama. My opinion is that the resolution properly should go to the Committee on Banking and Currency, which had jurisdiction over the original act.

Mr. WALCOTT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Connecticut?

Mr. AUSTIN. I yield.

Mr. WALCOTT. I merely desire to ask a question. strongly as the Senator from Oregon and the Senator from Washington do, and I was going to make the same suggestion that the resolution be referred to the Committee on Banking and Currency. However, I should like to ask the Senator from Alabama a question. Is it proposed to do what is contemplated by making a loan or otherwise? The Reconstruction Finance Corporation are only empowered to lend money. I did not catch in the resolution its significance in that respect, and I should like to ask the Senator for an explanation of that point.

Mr. BLACK. I will state to the Senator that the measure provides for loans to aid in rehabilitation work, and for that reason we believed that it would be better to have it handled by the Reconstruction Finance Corporation. The Porto Rican loan was handled by a commission consisting of the Secretary of War, the Secretary of the Treasury, and the Secretary of Agriculture. Those of us who have considered this question prefer to have the matter handled by the

Reconstruction Finance Corporation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. ROBINSON of Arkansas. I think the Senator from Alabama, perhaps, did not understand the inquiry of the Senator from Connecticut. His question was whether the resolution provided gratuities or merely authorized loans.

Mr. BLACK. The resolution provides for loans for rehabilitation work.

Mr. WALCOTT. But the Reconstruction Finance Corporation law provides that the money must be loaned either to financial institutions of the various categories enumerated in the bill or to railroads. I did not catch anything in the resolution that would so provide. Are the loans to be made to financial institutions for the purpose of rehabilitation work?

Mr. BLACK. No. The idea we have is that in a stormstricken area of this kind it would certainly be appropriate to lend to those individuals who have been injured. That to lend to those individuals who have been injured. That is exactly what was done after the storm in Porto Rico; that is what we are requesting here; and we believe that the into a world-wide economic war. Every nation is to-day engaged

Reconstruction Finance Corporation has the proper equipment and can handle this matter better than can the three members of the Porto Rican commission. It seems to be the opinion of those who are here that the resolution should be referred to a committee; and if I knew that the Banking and Currency Committee would meet to-morrow, or if there is some other committee that will meet to-morrow, I would be glad to have the measure referred to it. Personally I would think that in a case of a resolution of this kind perhaps the Senate could act upon it without referring it to a committee. For the present, Mr. President, I will ask that the resolution lie on the table, and later I may submit a different request.

The PRESIDING OFFICER. The resolution will lie on the table.

THE PATHWAYS OF RECOVERY-ADDRESS BY SENATOR WAGNER

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address delivered by my colleague [Mr. Wagner] on Saturday last. It is entitled "The Pathways to Recovery." Certainly we are seeking those paths, and I commend the address to the careful reading of Members of the Senate.

There being no objection, the address was ordered printed in the RECORD, as follows:

ADDRESS OF HON. ROBERT F. WAGNER, OF NEW YORK, AT THE NATIONAL DEMOCRATIC FORUM, NEW YORK CITY, MARCH 26, 1932

Mr. Chairman and friends, I have not come here to criticize the administration for acts done or undone. I have not come to make a political speech. Our country is faced with dangers so grave that partisan considerations become unwelcome intrusions.

purposes are to consider with you a problem of government, to state my views on the matters in controversy in connection with that problem, and to secure from you the benefit of your judgment. That, I take it, is the function of this forum and that is essentially the process of democratic and representative

The problem is: What are the pathways of recovery? The United States is economically sick. The world is financially ailing.

How can they get well?

The controversial issues involved in this problem are very numerous, but those most significant to our own country at this moment revolve about the question: How far shall the Government go in promoting recovery? It is that question which I especially desire consider.

Before we can intelligently appraise the various methods pro-posed for recovery we must have some idea of the goal we are attempting to reach. We must formulate some conception of the condition we should like to create.

I have head many men, in both public and private life, express the hope that we return to the prosperous days of 1929. That is a ridiculous folly. It reminds me of a patient praying for the return of the very disorders which preceded and precipitated his breakdown. It is the unavoidable truth that the conditions of 1928 and 1929 produced the misery of 1932.

We need not be expert statisticians to understand these simple figures. For every \$100 worth of merchandise which the factories of the United States produced in 1919, they produced \$135 worth in 1929. But they turned out this larger production with 500,000 fewer workers. This tendency was already noticeable in 1927 and 1928; and the condition I have described held true not only in the factories, but equally in the mines on the reduceds and in the factories, but equally in the mines, on the railroads, and in every line of industrial activity. It was the realization of that supremely important fact which persuaded me during the very first session that I went to the Senate that unemployment was the most serious catastrophe against which the United States must

Business was already then seriously out of balance. The collapse would have come much sooner than it did but for two factors. By means of large-scale installment buying we maintained the purchasing power of the domestic market. By lending heavily to foreign customers we sustained our export trade. Both of these methods, however, had their obvious limits and when these were reached business crashed into the depression from which we have not yet begun to emerge.

There were only two possible avenues of escape from the impending disaster. The one was a substantial increase in the real purchasing power of the domestic market—the other an increase in the effective, self-sustained demand of the foreign market. pursued neither course. In the domestic market the country looked on lazily and without concern while the mechanization of industry was releasing thousands and then hundreds of thousands of men and women from their working places without hope of securing other jobs. Their purchasing power dwindled and vanished.

in artificially throtting the now of international trade by higher tariffs, quota systems, and embargoes.

Meanwhile a surplus of capital funds which found no outlet in useful production or useful consumption was shunted into the whirlpool of speculation and stock inflation and aggravated the

whiripool of speculation and stock inflation and aggravated the intensity of business disorganization.

Only those who are willing to go back to a condition in which business is almost continuously out of balance—in which the country is always either emerging from one depression or entering another, in which employment is always uncertain and insacure—only those who can look with satisfaction upon such chaos regard the predepression period as the model to which we should

regard the predepression period as the model to which we should return.

On the other hand there is a large and increasing number of people in the United States who are inspired by a brighter vision—who look forward to a degree of orderliness and stability in business, to a measure of security in earning a livelihood, to a standard of living which is high enough not only to satisfy physical wants but also to permit spiritual development and growth. We hope, out of these conditions, to build a nation physically sturdy and morally strong and free of the stifling anxieties which now beset us alike in times of depression and prosperity.

What roads will lead us to that objective?

Our starting point is, of course, our present position: It is a comparatively simple matter to describe that position in terms of business and social statistics; a 38 per cent decline in production since 1929; more than eight-millions looking for jobs and unable to find them; a 550 per cent increase over 1929 in the amount of charitable relief distributed to the unemployed. Startling as these figures are, they do not reveal the intensity of the individual tragedies which have visited hundreds of thousands of proud families; they do not disclose the insidious reduction of living standards; they do not measure the extent of physical impairment and moral deterioriation. We have no way of enumerating these heart-stirring facts—but we know, nevertheless, of their prevalence. We know that they are vital; that they will condition and check the progress of America.

It seems to me clear as daylight that the first advance in the direction of recovery must be in this area of tragic want and un-

It seems to me clear as daylight that the first advance in the direction of recovery must be in this area of tragic want and unemployment. That is the sore spot which requires our first aid and the most persistent attention. In other words, it is not the top the most persistent attention. In other words, it is not the top of the upper structure of business which should first be repaired but the foundation which requires to be buttressed—and that foundation consists of the standard of living of the great masses of our people and the jobs which enable them to maintain that

We can not even begin to move along any pathway of recovery as long as a substantial number of our people are in destitution. We shall never be able to consolidate any victory in the war against depression as long as increasing numbers barely manage to subsist. We can not accomplish measurable results as long as millions of families are by reason of unemployment unable to buy the products of the farm and factory. No one who is aware of these conditions at first hand can resist their human call. It is not only humanity, however, but sound economics as well which dictates that our very first step in the direction of recovery must be to provide amply and generously for the relief of those who have suffered most severely from the depression.

There is no reason or excuse why anyone in the United States should suffer hunger, undernourishment, or lack of shelter. The important need is that relief should be made available. Whether it be the cities or States or the Federal Government that provides relief is, under the unprecedented circumstances, of secondary We can not even begin to move along any pathway of recovery

it be the cities or States or the Federal Government that provides relief is, under the unprecedented circumstances, of secondary concern. My own judgment is that every agency, public and private, local and national should undertake to do its maximum. The situation is so desperate that only by mustering the combined strength of all our people can we hope to win. It is for that reason that I have introduced and advocated a bill in the Senate calling upon the Federal Government to advance to the States \$375,000,000 for the relief of the hungry and the destitute upon certification of the governor of the State that there is need of Federal relief. need of Federal relief.

That is a matter of immediate and irrepressible emergency, made necessary because the other steps which I shall mention have not

necessary because the other steps which I shall mention have not yet been undertaken.

The second pathway of recovery leads straight to the pivotal need of the present emergency—the provision of jobs for those who are ready, willing, and able to work. Here we are in very controversial territory. It is the view of the administration, expressed by two members of the Cabinet, that the Government has done all that it can do when it unlimbered the banking machinery by means of the Reconstruction Finance Corporation, and the by means of the Reconstruction Finance Corporation and the Glass-Steagall Banking Act. Having strengthened the banks and created a condition of more liberal credit it is, according to the administration, the responsibility of business to initiate the

I have no quarrel at all with those who urge business to begin.

My controversy is only with those who believe it is time for the Government to stop. Business does not act in response to speeches. Business will resume only in response to a demand for commodities by purchasers who have the price to pay.

Such an increase in demand has not yet originated and, indeed,

can not originate except with inhuman sluggishness as long as millions of families are without pay envelopes and millions more are anxiously dreading the arrival of the desolate day when their breadwinners too will be drafted into the army of unemployed.

The administration's view seems to be based on the assumption that men are out of work because banks curtailed the supply of

in artificially throttling the flow of international trade by higher | credit. The reverse is the fact. Banks curtailed their credit betariffs, quota systems, and embargoes.

Meanwhile a surplus of capital funds which found no outlet in stantial number of these to their jobs merely by liberalizing credit.

Consequently it seems to me that the Government can and must go further than it has. It must start the process of reemployment. Once that begins we know that employment creates more employment. The earnings of one industry become the purchases which set going the other industries, and the recovery is on.

How can the Government initiate such a movement? How can it provide jobs? Far be it from me to suggest that the Government in the context of the cont

ment embark on a program of unnecessary and uneconomic under-takings simply for the sake of putting men to work. Such a course is wasteful, and waste has never yet promoted recovery. As a matter of fact, there is no need for such a course. The Government does not need to contrive jobs merely for the sake

of providing work.

The truth is that the Federal Government has been hoarding.

It has been withof providing work.

The truth is that the Federal Government has been hoarding employment opportunities for the past year. It has been withholding from the market necessary and useful projects which Congress has long ago investigated and approved. These fully authorized projects for which no money has been voted amount to over a billion dollars. They are ready and available. The blue prints are prepared. If released now, it would mean that a million men would in a short time actually be working and earning their wages. Such a program means orders for steel, stone, brass, wood, tile, radiation supplies, electrical supplies, furniture, and a thousand other commodities. It would open jobs in hundreds of thousands of places having no connection with construction. There is not a branch of the national economy—whether it be agriculture, transportation, banking, or trade—but would directly feel the life-giving impulse generated by such an undertaking.

Look specifically at the situation in New York State. Under the so-called public-building program which Congress adopted in 1926 there are to be built in New York State 163 new Federal buildings consisting of post offices, customhouses, courthouses, border stations. The places have all been designated. In all but a few of these places the Federal Government is to-day paying rent. It needs these new buildings, and it can secure them to-day at bargain prices. Out of these 163 buildings only 9 are finished, and 16 are under contract. On some 106 buildings nothing whatever has yet been done. A similar situation obtains in almost every State of the Union.

The facts ought to be faced squarely. We can not expect private industry, which is suffering from overextension to do

The facts ought to be faced squarely. We can not expect private industry, which is suffering from overextension, to do any substantial amount of construction.

any substantial amount of construction.

We can not expect the working man to buy and build a home when he does not know how long his job will last.

But we do know that the Federal Government needs new buildings, needs flood-control works, needs harbor improvements, and a myriad of other public works. If it does not construct them this year, it will have to do so within the next few years in any event. Is it not good business sense to release this large program of construction now when it will do most good?

During the session of Congress which began in December, 1927, I proposed that public works be planned in advance so as to have them ready to take up slack in private employment during periods

them ready to take up slack in private employment during periods of depression. After a long struggle, that proposal finally became law in February, 1931. Now is the time to use that law to greatest

advantage.

Last September, in the course of a Labor Day speech in Syracuse, I pointed out the benefits of such a public-works program. Had the Federal Government followed that suggestion, there would have been no cry for relief during the present winter, and many a family would have been spared the pain of living at the hands of

Ever since I have been advocating public construction as one of the pathways of recovery, I have met with but one argument in opposition. It is an argument which is usually stated in the form of a question: Where is the money coming from? As a matter of fact, every business man knows the answer to that question. Almost every large business in the country does its large-scale construction with borrowed money. In this State the people have more than once approved large bond issues for permanent improvements. There is no reason why the Federal Government can not follow the same course and thus spread the cost of permanent improvements over a period of years and prevent the imposition of further tax burdens upon present taxpayers.

For a time we heard the amazing comment that a Federal bond issue necessary to finance public construction could not be sold; it was rumored that the credit of the country was impaired. I pointed out in the Senate the utter imbecility of such a statement. I showed that in 1931 the Government sold \$2,215,000,000,000, an oversubscription of 4 to 1.

Speaking in the Senate on the 15th of January, I ventured to

Speaking in the Senate on the 15th of January, I ventured to make this prophecy:

make this prophecy:

"In my judgment the one and only fact that has weakened confidence in the Federal Government was the apathetic helplessness of the administration in the face of the greatest economic upheaval of modern times. The prevailing feeling that the administration would just sit on the rocks and let the waves overwhelm it was sapping American confidence. Faith and confidence both will revive and flourish when America realizes that the Government will bestir itself and will not let its mighty arm lie idle in this upprecedented emergency." in this unprecedented emergency."

The events have demonstrated the complete accuracy of that statement. Only two weeks ago it was announced by the Treas-

ury that its offering of an issue of \$900,000,000 of Treasury certificates was oversubscribed three and a half times.

There is not a single reason of merit why the Federal Government should withhold the million jobs now available from the people of the United States.

have therefore introduced a bill calling for a bonded construction program to embrace all projects heretofore authorized by Congress. Nothing the Government can do at this time would more substantially contribute to national recovery.

The restoration of a balanced Budget for the Federal Government is without question one of the steps on the pathway of

recovery.

The construction proposal does not hinder the attainment of that objective. By means of a bond issue we can spread the cost of the construction over a reasonable number of years in the future. It imposes no burden upon current business. On the contrary, it provides the much-needed stimulus to business

recovery.

We must try to see the question of a balanced Budget in its true perspective—namely, that it is an aspect of the present condition of business depression. This fact seems obvious, but it deserves to be emphasized. Many of our people tend to overlook it, and in the zeal for retrachment they would cripple even the very machinery erected to fight the depression. Such a course is far from constructive. It has the appearance of economy but actually the the try most illegoneaized extravagement.

is far from constructive. It has the appearance of economy but actually it is the most ill-conceived extravagance.

We ought to remember this fact: The problem of balancing the Federal Budget will be very much simplified, may indeed cease to be a problem, if we succeed in balancing the individual budget of the American family by restoring the breadwinner to a job.

There is one other thought on the Budget question which should not be left unexpressed. Only one new source of revenue is at

not be left unexpressed. Only one new source of revenue is at hand which will impose no burdens whatever upon any existing business. I refer, of course, to a tax on wine and beer. There is business. I refer, of course, to a tax on wine and beer. There is now pending in the United States Senate a resolution I submitted now pending in the United States Senate a resolution I submitted addressed to that subject. The resolution uses these few and simple words: "The eighteenth amendment is hereby repealed." No strings are attached to these words and no ifs and buts to the meaning which they express. When these words are written into the Constitution, as sooner or leter they must be, they will not only simplify the tax problem but at the same time spur business activity more sharply than any other single piece of legislation we have passed in a generation.

activity more snarply than any other single piece of legislation we have passed in a generation.

On the most conservative basis I estimate that a minimum of \$300,000,000 in Federal revenue and 300,000 new jobs would be made available by the repeal of prohibition, or, as a temporary measure until repeal could be accomplished, by the modification of the Volstead Act. Such a course would help balance the Budget. It would help restore business activity, restore the Government to a position where it would no longer brook defiance by the gangster and the racketeer, restore our people to the road of temperance, and it would restore the respect of the citizen for democratic

government.

Thus far I have spoken of the situation at home. We would seriously blunder, however, if we thought that only the domestic scene requires attention. The world is to-day far too small for

such an attitude.

Let me refer you to the dollar-and-cents record of our present policy. In 1931 our purchases abroad were \$2,000,000,000 less than in 1928 and our sales to foreign customers declined \$2,700,000,000.

The consequence was, of course, unemployment both here and abroad. There were losses on both sides and gains on neither.

It ought to be clear by this time that neither the United States nor any other people can prosper as a nation apart; that it is the function of statecraft to widen the channels of trade, not to restrict them. Some regard the economic interdepend-

not to restrict them. Some regard the economic interdependence of all nations an element of danger. I regard it as the most valuable element of security. The world has not yet learned to derive the full benefit of that necessary interdependence. We are bound soon to recognize it as a force which makes for cohesion and cooperation among nations. It is a power which is driving forward the frontier of explication.

forward the frontier of civilization.

The day has come for an armistice in the mutually destructive economic war in which almost all nations are now belligerently engaged.

These measures, both domestic and international, represent, in my judgment, the principal presently available openings through which we can emerge from the darkness into the light.

There is, of course, a sharp difference of opinion concerning

most of these proposals. It is a difference which reflects a conflict as old as the American Government itself. The division is between those who believe that governmental beneficence should be applied at the top in the hope that it would percolate to those below and those who hold the faith that only by lifting the stand-

below and those who hold the faith that only by litting the standards of the humblest can the entire nation grow and prosper.

The proposals which I advocate have not only a common aim but a common origin. Their single root lies deep in the soil of democratic principles; in that philosophy of government which measures the well-being of a nation not by the height to which a few fortunes may rise but the level at which live the many millions of its citizens. Such a conception of government necessarily imposes upon it an affirmative responsibility to bring the sarily imposes upon it an affirmative responsibility to bring to sarily imposes upon it an airmative responsibility to dring to realization the aspiration of the average farmer, the average wage earner, the average business man to a modest place in the sun.

When our Nation learns to live by the light of that principle we shall cease to witness the modern paradox of want and misery in

the midst of abounding plenty. It shall then come to pass that men will truly enjoy the right to life and happiness, for they will possess the right to work and the right to participate in the leisure which their skill makes possible.

## CHARLES A. JONAS

Mr. HASTINGS. As in executive session, I desire to move that the Senate reconsider its action in refusing to confirm the nomination of Charles A. Jonas to be United States district attorney for the western district of North Carolina.

Mr. ROBINSON of Arkansas. I make the point of order that the motion is not in order.

The PRESIDING OFFICER. If the point of order is raised, the Chair will have to sustain it.

Mr. HASTINGS. My understanding was that I might enter the motion at any time.

Mr. ROBINSON of Arkansas. Oh, no. I make the point of order against it. This is the first information I have

The PRESIDING OFFICER. The Chair will hold that the motion would be in order in executive session. If the Senator desires to move that the Senate resolve itself into executive session, and that is agreed to, he may then make the motion.

Mr. HASTINGS. I do not care to do that. If the motion can not be made except as in executive session, I ask unanimous consent that the motion may be entered.

Mr. ROBINSON of Arkansas. I have stated that I raise the point of order, and I object.

Mr. HASTINGS. Very well.

The PRESIDING OFFICER. Objection is made.

## WORLD TARIFF BARRIERS

Mr. COSTIGAN. Mr. President, yesterday in the New York Times there appeared an instructive article on world tariff barriers by an able writer, Mr. Charles Merz. I ask unanimous consent that the article may be printed in the RECORD if practicable with the illustrations used by Mr.

Mr. SMOOT. Mr. President, I do not know what the illustrations are. Illustrations can not be printed in the RECORD, I will say to the Senator.

Mr. COSTIGAN. I send the article to the Senator from Utah for his inspection.

Mr. SMOOT (after examining the article). The charts in this article may properly be put in the RECORD, and I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the New York Times, March 27, 1932]

TARIFF WALLS RISE AS WORLD TRADE FALLS-PILED-UP RESTRICTIONS ON INTERNATIONAL TRADE PRESENT SPECTACLE NEVER SEEN BEFORE— RAPID GROWTH OF THE SYSTEM IN TWO YEARS OF DEPRESSION— DEBT PAYMENTS INTERWOVEN WITH OTHER PROBLEMS

## By Charles Merz

While business marks time in the third year of an international depression, the nations of the world are rapidly involving themselves in a system of tariffs and trade controls for which there is

selves in a system of tarilis and trade controls for which there is no parallel in their experience.

Within the last few weeks, on top of a long series of earlier developments, there have come new "quotas" imposed by France on radio equipment, machine tools, and electrical apparatus; reaffirmation by Italy of a quota on wheat; higher tariffs in Spain; the complete breakdown of an effort to persuade the nations of central Europe to absolute restrictions which have all but here the complete breakdown of an effort to persuade the nations of central Europe to abandon restrictions which have all but paralyzed their commerce; a decision by Holland, long an exponent of free trade, to restrict imports of footwear and woolen goods; a presidential decree in Cuba increasing existing rates on passenger cars and motor trucks; announcement in Washington by the Department of Commerce that the new British tariff will affect American goods valued in 1930 at more than \$300,000,000; and a president by the core Bederal expense. prediction by the same Federal agency that measures now in progress will still further restrict "many markets of primary importance to American exports."

Events are moving with great speed to alter the conditions which have hitherto governed international trade. The following

summary considers (1) the growth of world trade before 1930 and its course during the depression; (2) the development within the last two years of new tariffs and trade controls; and (3) the possible effects of this development, particularly from the point of view of the United States.

#### I World trade

For some years before 1930 the total value of commodities exchanged by the nations of the world averaged about \$32,000,000,000 annually. This was a comparatively small part of their total production in agriculture, mining, and manufacture but an important factor in the prosperity of many of them.

How important can be seen if the foreign trade of each country is considered on a per capita basis. The following table does this for the 10 chief exporting and importing nations, whose turnover accounted for approximately two-thirds of the world's international trade in 1929. In this list the nations are ranked in the importance of their total exports and imports. The first column gives the per capita value of their trade in the year before the war and the second the figure for 1929:

The Mark Company of the Company of t	1913	1929
1. United Kingdom 2. United States 3. Germany 4. France 5. Canada 6. British India 7. Japan 8. Holland 9. Belgium 10. Argentina	\$125. 15 43. 05 70. 08 70. 93 127. 31 4. 40 12. 80 432. 93 223. 48 121. 75	\$223. 80 79. 41 102. 84 103. 76 252. 39 5. 95 31. 22 240. 08 231. 73 158. 49

From this table it is evident that while foreign trade is of little significance to the individual resident of British India, it is a factor of considerably more importance to the other nations and of very large importance to the United Kingdom, Canada, Holland, Belgium, and Argentina.

It is also evident from the table that the postwar years witnessed a remarkable expansion of foreign trade. Holland is the one exception on the list in this respect. In France and Germany foreign trade increased in value by approximately 50 per cent between 1913 and 1929. It doubled or nearly doubled in Japan, Canada, the United Kingdom, and the United States.

#### OUR GAIN UP TO 1929

OUR GAIN UP TO 1929

In our own case, this gain becomes still more impressive when the rate of increase during the postwar period is compared with that before the war. On a per capita basis, the value of the foreign trade of the United States increased by 28.2 per cent between 1900 and 1913. It increased by 84.5 per cent during the slightly longer period from 1913 to 1929.

The importance of this gain was widely recognized during the postwar years in which it was in progress. "There has never been such an increase in a similar period before in our history," said Mr. Hoover in an address at Boston, as a candidate for President in 1928. "Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States. And in addition to this, millions more families find employment in the manufacture of imported raw materials. The farmer has a better market for his produce by reason of their employment."

The fortunate condition thus described by Mr. Hoover in 1928 continued into 1929. But in 1930 came a sharp loss of foreign trade, shared by every country in the world except Russia (at this time beginning to market the proceeds of its 5-year plan), Honduras, Lithuania, and Palestine.

THE DECREASE IN 1930

## THE DECREASE IN 1930

The effect of this widespread loss on the fortunes of the more important nations engaged in foreign trade is shown in the following table. The first column gives the total value of the exports and imports for 1929; the second, the figure for 1930; and the third, the percentage of loss:

	1929	1930	Per cent loss
1. United Kingdom 2. United States. 3. Germany 4. France. 5. Canada. 6. British India 7. Japan 8. Holland 9. Belgium 10. Argentina	Millions \$10,024,1 9,640,4 6,411,9 4,247,7 2,507,3 2,090,6 2,012,2 1,906,2 1,965,8 1,727,4	Millions \$8, 284. 6 6, 903. 9 5, 349. 3 3, 730. 8 1, 913. 9 1, 503. 6 1, 489. 6 1, 663. 1 1, 589. 3 1, 130. 1	17. 3 28. 4 16. 6 12. 2 23. 6 23. 7 26. 0 12. 7 14. 9 34. 5

It will be noted that, without exception, the loss taken by the European nations was proportionately less severe than that of the nations in Asia and the Western Hemisphere. Our own percentage of loss was one of the largest, being exceeded only in the case of Argentina.

## FURTHER LOSSES IN 1931

For the following year—1931—complete figures for all 10 countries on this list are not yet available. But in the case of the four most important nations, controlling among themselves nearly half

of the world's foreign trade, the comparison with 1929 stands as

	1929	1931	Per cent,
1. United Kingdom 2. United States 3. Germany 4. France	Millions \$10,024.1 9,640.4 6,411.9 4,247.7	Millions \$6,399.4 4,514.2 3,855.3 2,846.6	36, 2 53, 2 39, 9 33, 0
Total	30, 324. 1	17, 615. 5	41.9

These figures show that in the short period of two years' time the total foreign commerce of the four chief trading nations declined by 41.9 per cent. France, which suffered least, has lost about one-third. Our own loss is far and away the largest, both in percentage

third. Our own loss is far and away the largest, both in percentage and in dollars.

It is true, of course, that a substantial part of our loss and that of other nations is due to a falling price level, rather than to an actual decline in shipments. While the value of American foreign trade was being cut by 34 per cent between 1930 and 1931, the Department of Commerce estimates that the volume of exports was reduced by only 20 per cent and the volume of imports by only 10. These percentages of volume loss are in themselves impressive, however, when it is remembered that they occurred within a single year. It is the dollar loss that counts, however, in the economy of the Nation. And there is no evidence, thus far in the new year. however, when it is remembered that they occurred within a single year. It is the dollar loss that counts, however, in the economy of the Nation. And there is no evidence, thus far in the new year, that we are beginning to retrieve the losses of 1930 and 1931, either in dollars or in volume. On the contrary, foreign trade during January and February, 1932, dropped more than a third below the low figure for last year and two-thirds below the figure for 1929.

At this point the gains of the last 20 years have been wiped out and our trade is at the lowest level it has reached since 1910.

#### II. Tariffs and controls

While American exports and imports have been declining, in company with those of other important countries, but more rapidly, the nations of the world have been erecting a formidable system of new tariffs and controls.

new tariffs and controls.

Whether the United States initiated this process, by enacting in June, 1930, a law which increased existing rates on 655 articles in international commerce, is a question which has been debated at great length. Opinions differ. It is clear, in any case, that many drastic changes have been made by other nations since midsummer of 1930 and that in certain instances a direct connection apparently exists between this action and the adoption of the Hawley-Smoot

exists between this action and the adoption of the Hawley-Smoot Act in the United States.

Thus, the Canadian Parliament adopted a new set of countervailing duties as soon as the intentions of Congress were made clear. The purpose of these duties, as described by the Canadian Premier, was to show this country that Canada desired to trade on even terms and to divert to the United Kingdom purchases of many goods which were previously bought in the United States.

This action was taken in May, 1930. Two months later the Government of Mexico enacted a law increasing its duties on wheat and flour, two products imported from the United States. In September, following an effort on the part of various groups in Argentina to boycott American goods, the Government of that country entered into an agreement with England for the reciprocal purchase of raw materials and manufactures. During the first six months of 1931 while Argentina's total imports declined 24 per cent her imports from the United States declined by 57.

## RISE OF BARRIERS

Whatever the responsibility of the United States in the matter, the process of raising tariff barriers once started made rapid progress. For the effect of the depression was deepening noticeably in the summer of 1930, and to the motives which had ordinarily inspired an increase in tariff rates, such as a desire to protect home industries or to retallate against the action of a neighbor, new influences were now added.

Chief among these influences were a decline in governmental

Chief among these influences were a decline in governmental revenues, a loss of gold, and in many nations a rapidly depreciating currency. As long as the world was enjoying comparative prosperity, countries which traditionally favored low tariffs were able to meet their governmental costs largely through income taxes and internal revenue. An abrupt decline in receipts from these sources forced many of them to turn to higher customs duties.

Meantime loss of gold and depreciating currencies had become a formidable problem, particularly in South America and in central Europe. In order to meet payments on debts owed abroad and to compensate for an adverse balance of trade many nations were forced to export gold. The Central Bank of Brazil, for example, lost 83 per cent of its gold in the last three months of 1930, and in 1931 the rest. Vigorous action to restrict imports was a natural consequence of an attempt to correct an unfavorable trade balance and to restore a reserve of precious metal. metal.

It was in such factors as these, supplementing older arguments in favor of protective duties, and probably deriving some additional force from the example set by the United States, that the present contest in competitive tariffs had its origin.

#### REVISIONS WIDESPREAD

During 1930 the Department of Commerce reported that there were 6 general tariff revisions upward in Europe, 19 limited revisions upward, and 5 general revisions upward in Latin America.

Further progress was made in this direction during 1931. The most striking example was England's abandonment of free trade and her decision to impose a duty of 10 per cent on a long list of imports valued in 1930 at approximately \$1,500,000,000. The Department of Commerce in Washington also reported that "in many countries of Latin America, certain countries of continental Europe, and a few oriental areas, duty advances, often horizontal in character, were widely resorted to during 1931."

This second year of the depression was chiefly notable, however, for reviving three war-time devices to check still further the steadily diminishing flow of international trade. These devices were "quotas," "licenses," and "exchange controls."

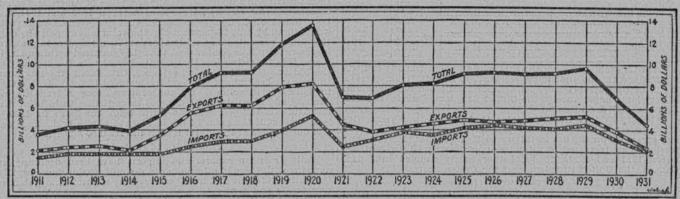
(1) "Quotas": This method of restriction, limiting either by volume or by value the importation of certain specified commodities, came into prominence in the latter months of 1931. France introduced a series of quotas, not only on many manufactured articles but also on lumber, meats, dairy products, fish, and sugar.

purpose of preventing the flight of capital. An inevitable by-product of this control is to hamper the normal processes of international buying and selling of goods, and thereby to curtail imports. In addition, 19 nations suspended the gold standard between July and December, 1931, an act which in itself automatically checks purchases of goods from countries still on a gold basis.

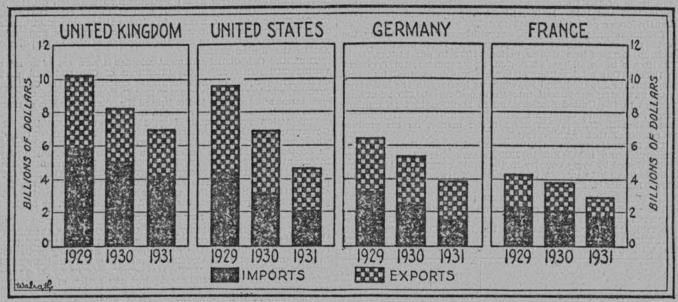
Many of these drastic measures of exchange control, licenses, quotas, and emergency tariffs, adopted during 1930 and 1931, are presumably temporary devices, limited in point of time to the depression. But many others, as our own Department of Commerce points out, "are of an indefinite term and by their nature are not readily withdrawable."

#### BRITISH RESTRICTIONS FLEXIBLE

In these circumstances it seems evident that American commerce an these circumstances it seems evident that American commerce has still to experience the full effect of such restrictions as have been imposed. Some of the most punitive measures are of recent origin. Others are capable of large expansion. Under the new tariff law in England, for example, duties may be raised from the present 10 per cent to the prohibitive level of 100 per cent as a means of retaliating against countries which maintain a high tariff on British exports. It is frankly stated that this provision will be



The volume of foreign trade of the United States in billions of dollars for a period of 20 years



The fluctuation in the foreign trade of 4 major countries during the last 3 years

The Spanish Minister of Commerce was authorized by his Government to fix quotas and to distribute them among exporting countries "according to the necessities of Spanish economy." The British Parliament received notice from the cabinet that a plan for a quota on wheat would be submitted in 1932.

Meantime, Turkey established quotas on more than a thousand commodities. The Government of Holland was authorized to impose quotas whenever such action was deemed necessary to keep imports within normal bounds. Other plans for quotas were devised and enforced by Switzerland, Poland, Latvia, and various South American nations.

devised and enforced by Switzerland, Poland, Latvia, and various South American nations.

(2) "Licenses": Under this system no definite quota is established, but the exporter is required to apply in advance for a license for each transaction in various commodities, particularly in wheat, coal, and nitrogenous products. Ten European nations resorted in 1931 to this method of restricting imports. In Argentina, Colombia, Ecuador, and Uruguay measures were adopted vesting large discretionary powers over imports in the hands of ministerial boards or councils.

(3) "Exchange controls": Eighteen nations in Europe and four in South America have undertaken by one means or another to

in South America have undertaken by one means or another to regulate foreign exchanges of their currencies, primarily for the

used for bargaining purposes, in an attempt to develop a system of preference within the British Empire and an informal trade alliance among nations which have suspended the gold standard.

Moreover, it seems all too likely that the whole vast system of tariffs and controls created in the last two years will prompt certain nations to enact new measures of restriction. On this point, whatever the views of Congress when it adopted the Hawley-Smoot law and of the President when he signed it, the experts in the foreign tariffs division of the Department of Commerce have definite onlyings. nite opinions.

"Under the highly interdependent world economic system of to-day," they say in their latest report, "the repercussions of the trade-control measures or financial dislocations of any important country are so widespread as to lead to similar or defensive reactions on the part of other countries."

## III. Present alternatives

Any discussion of the effects of the intricate and many-sided Any discussion of the enects of the intricate and many-sided tariff war in which the nations of the world have enlisted in the last two years is certain to raise controversial questions. This is particularly true of the debate over the importance of foreign trade in the economic recovery of the United States. It is less true of two other questions now discussed with increasing interest: The effect of rapidly multiplying tariffs on the migration of industry and their relation to the payment of international debts, par-ticularly with respect to what is described as the "transfer prob-The following paragraphs deal briefly with these points:

#### (A) TRADE AND PROSPERITY

While estimates vary, depending upon the method of measurement employed, the foreign trade of the United States in times more normal than the present is usually computed at about 8 per cent of the total of our foreign and domestic commerce.

Citing this low figure, one school of opinion argues that the importance of foreign trade has been vastly overrated and insists that recovery in this country can take place without regard to foreign markets for our goods or to the tariffs and controls devised to restrict our exports. In support of this contention figures are cited to prove that less than 5 per cent of many of our most important manufactures are sold abroad. Other figures are cited to show that the residents of a city of the size of Chicago purchase more American goods through the retail trade than are normally shipped to the United Kingdom.

Those who differ with this argument do not dispute the arithmetic on which it rests but raise these points in reply:

(1) While the export volume of many of our manufactures is a small part of the total output, it is pointed out that we normally export more than half of our cotton, more than a third of our copper and tobacco leaf, and nearly a fifth of our wheat and flour.

(2) It is admitted that 8 per cent is a small fraction of our total volume of foreign and domestic commerce, but it is argued that a difference of 8 per cent in the operating ratio of some lines of business may constitute in itself the difference between reasonable profits and large losses.

(3) It is also argued that the same margin of 8 per cent is sufficient to account for a substantial difference in conditions of em-

(3) It is also argued that the same margin of 8 per cent is sufficient to account for a substantial difference in conditions of employment; that if President Hoover was right in 1928 in attributing the livelihood of 2,400,000 families to a thriving export trade, the present status of this trade explains why wage earners in 1,500,000 families now lack work.

#### (B) MIGRATION OF INDUSTRY

There is less material for controversy with regard to the part played by tariffs in fostering the movement of American factories

played by tariffs in fostering the movement of American factories from this country to foreign nations.

The Department of Commerce estimates that the large sum of \$1,534,351,000\$ had been invested by Americans in manufacturing establishments abroad by 1929, and cites as the chief reason for this exodus of domestic capital "the tariff policies of foreign countries." In order to avoid payment of duties imposed on goods manufactured in the United States, branch factories are established behind various tariff walls abroad.

The report to Congress by the Department of Commerce concerning this migration of industry does not include figures for 1930 and 1931, the two years during which the nations of the world have expanded their traditional protectionist policies into an open tariff war. It is probable that the development of branch factories has been halted by the unprofitable state of American business itself. But it is evident that it may be resumed later on at a still more rapid pace, in view of the fact that tariffs abroad are now far higher than they were in 1929.

Meantime, this method of meeting the handicap of foreign du-

Meantime, this method of meeting the handicap of foreign duties has been vigorously criticized by such organizations as the American Federation of Labor. These critics insist that the process amounts essentially to an export of opportunities for work.

# (C) THE TRANSFER PROBLEM

Finally, among those questions on which the recent outburst of tariff legislation has focused fresh attention, there is the "transfer problem," intrinsic in many instances in the settlement of international debts.

The character of this problem may be illustrated by reference to the present position of Germany vis-à-vis her creditors. Wholly aside from reparations, Germany is due to pay \$413,000,000 this year in principal and interest on her public and private debts abroad. To help meet this payment she has an income from her own foreign investments estimated at \$83,000,000 by the committee of experts of the Bank for International Settlements. This leaves \$330,000,000 to be provided from other sources. From what other \$330,000,000 to be provided from other sources. From what other sources can it come?

Plainly not from a gold reserve, for there is now a visible supply of less than \$230,000,000 in gold in Germany, and the creditors of that nation agree that it is impossible as well as undesirable to strip Germany of her last reserves. The only other source of any importance is provided by the revenue accruing from a surplus of Germany's exports over imports. But this surplus has averaged only \$22,000,000 a month for the first two months of 1932. At this rate it will amount to \$264,000,000 for the full year, falling more than \$60,000,000 short of what is needed to meet payment on debts alone, regardless of reparations.

## CONTRADICTORY POLICIES

It would, of course, be possible for Germany to increase her exports, provided other nations were willing to accept her goods. But at this point she encounters the whole intricate machinery of tariffs, quotas, licensing systems, and exchange controls whose development we have traced. In the words of the committee of the Bank for International Settlements, it is evident that during the last two years "the world has been endeavoring to pursue two

contradictory policies simultaneously, in permitting the development of an international system which involves the annual payment of large sums by debtor to creditor countries, while at the same time putting obstacles in the way of the free movement of goods."

Because of the size of her lebts and the insecurity of her position, the "transfer problem" is most frequently identified with the situation confronting Germany. The same problem arises, however, in the case of many other nations, particularly those Latin American countries which now find themselves saddled with heavy foreign obligations contracted on a wholly different scale of prices. It is evident in 1932 that the creditor nations of the world are being forced more and more to choose between two courses. One is a system of high tariffs and the other full payment on their loans loans.

#### AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. AUSTIN addressed the Senate. After having spoken for an hour, before concluding, he yielded the floor for the day. His Speech is published entire in the RECORD of March 29.

## FARM-HOME HOUR RADIO ADDRESSES

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the Record copies of addresses, made over a nation-wide radio hook-up in connection with the farm-home hour, on Saturday, March 26, 1932, by John A. Simpson, president of the National Farmers Union, and by three United States Senators.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

## ADDRESS OF JOHN A. SIMPSON CONDITIONS MOST SERIOUS

I approach this hour with a heavy heart and with a deep sense of my responsibility in the position I occupy at this moment.

Since coming to Washington the 1st of January, I have received more than 30,000 letters from people scattered over the United States, thanks to the courtesy of the National Broadcasting Co. Two-thirds of these letters have brought tears to my eyes as I read them. read them.

A nation grieves and sympathizes with Mr. and Mrs. Lindbergh over the loss of their baby. I yield to no one in that regard. But, sadder to me is the fact that a million babies are sick to-day But, sadder to me is the fact that a million bables are sick to-day for lack of food, are sick to-day for the lack of clothes and fuel to keep them warm. To-night, in the blackness of the midnight hour, a million men and women will be hunting food in garbage cans in the alleys of thousands of cities in our country. Three million farmers grope in financial darkness as they face delinquent taxes and unpaid interest. They suffer mentally as they realize they will soon be dispossessed of their farms.

Recently a newspaper in one of the best counties in the good State of Iowa carried 60 pages of tax sales of real estate. With such conditions, all hope has fled. Shocked and dazed, millions of farm families stand at the doors of what used to be their homes.

I read from a letter just received. This letter is from a business man in Des Moines, Iowa:

man in Des Moines, Iowa:

I read from a letter just received. This letter is from a business man in Des Moines, Iowa:

"My own mother lives on a farm in southwestern Iowa. On Saturday, March 5, I drove down to spend Saturday evening and Sunday with her. My brother had just returned from the near-by town after taking in the produce and buying a few groceries. He had taken a 12-dozen case of eggs to town. He had received just 72 cents, or 6 cents a dozen, for that case of beautiful, big country eggs, and that 72 cents had been credited in exchange for groceries. My mother looked at the bill showing a credit of 72 cents and then showed me an 11-ounce bottle of vanilla extract which had cost 95 cents. In other words, it would have taken 1 cent less than the selling price of 16 dozen eggs to have purchased that one lousy bottle of vanilla extract. (I presume the big boys would say a farmer has no business with vanilla extract.) There is an illustration that every woman and girl can understand, and I know the bitter truth of the whole thing. Is it any wonder that our 'farmer's holiday' meetings are being attended by Farm Bureau members and unorganized farmers?"

This business man is telling me, and has written me before, that mass meetings are being held in courthouses in county-seat towns. Not only farmers but business men are attending these meetings. Without exception they end up in unanimously voting to organize for the purpose of declaring a holiday on the farm. A holiday is a nice name for a strike. These farmers in their desperation are ready to refuse to sell anything, from milk up to wheat, until Congress and the President of the United States pass and sign the bills that will be discussed in this program this afternoon.

afternoon.

## OUR SPEAKERS TO-DAY

To all of you listening in, let me tell you what the program is to-day. After a few minutes I shall introduce Senator Lynn J. Frazier, a progressive Republican of North Dakota, who will discuss for 10 minutes his farm refinancing bill, S. 1197. After Senator Frazier has finished then you will hear Senator Elmer Thomas,

a progressive Democrat of Oklahoma, discuss the Thomas-Swank bill, which provides for the cost of production for that part of farm products used in this country, numbered in the Senate S. 3133 and in the House H. R. 7797. The last speaker will be Senator Burron K. Wheeler, a progressive Democrat of Montana, who will discuss the remonetization of silver bill S. 2487. I am sure this is going to make an exceedingly interesting and instructive program.

#### AGAINST US

To those of you who believe in one or more of these bills, let me give you the names of some of your supposed friends in Gov-ernment positions who are fighting these bills. First. In the hearings on the Frazier bill before a subcommittee

of the Committee on Agriculture in the United States Senate, on page 36, Mr. Paul Bestor, chairman of the Federal Farm Loan Board, testified before the committee against the bill.

On page 37 of that hearing Andrew W. Mellon, who was then Secretary of the Treasury, sent in a written statement against the

On page 4 of the hearing is a letter from the Secretary of Agriculture addressed to Senator Frazier. It is as follows:

THE SECRETARY OF AGRICULTURE,
Washington, January 30, 1932.
MY DEAR SENATOR: Your letter of January 22 relative to S. 1197 has been received.

It is my judgment that the bill which you inclose is not conducive to the best interest of American farmers.

Sincerely yours,

ARTHUR M. HYDE, Secretary.

Secretary Hyde is a member of the Farm Board. The Farm Secretary Hyde is a member of the Farm Board. The Farm Board through its president, James Stone, has repeatedly stated in public that they are against the debenture, the equalization fee, and the cost of production plan to assist agriculture. Likewise, the President of the United States has given utterance to the same sentiment.

You are entitled to this information, and I consider it my job while in Washington to let you know who are your friends and who are your enemies. If you feel uncertain about this, I suggest you write to any or all of these gentlemen and ask them if they are supporting the Frazier bill, Wheeler bill, and Thomas-Swank bill.

## THINGS THAT WOULD HELP

It is the contention of the Farmers' Union that these three bills

It is the contention of the Farmers' Union that these three bills would bring immediate and permanent prosperity to our country, but for a moment I want to call your attention to some other things that could be done to help.

A dollar a barrel tariff on crude oil and the equivalent on refined products would set 400,000 men to work the next day.

Just the other day Arthur Brisbane, in describing a cargo of sugar he saw coming into New York Harbor, said, "This country has the facilities for refining every pound of sugar used by our people. A proper tariff would add \$17,000,000 a year to the wages in our own refineries."

Wood pulp comes in from Russia that labor in this country could

people. A proper tariff would add \$17,000,000 a year to the wages in our own refineries."

Wood pulp comes in from Russia that labor in this country could produce if the industry were properly protected.

Oriental oils come in, in an ever-increasing volume, to destroy the market for our own dairy products besides driving the price of cottonseed to the lowest level in a quarter of a century.

Instead of helping you with tariff as they could do, in most instances they use the tariff to punish you.

About 90 years ago a down-east manufacturer said to Daniel Webster concerning the tariff of 1842, then before Congress, "If this tariff is enacted, we will have a mortgage on the South and West for 100 years." That tariff raised the duties on imports to an average of nearly 34 per cent. It was 70 per cent higher than the former tariff. That mortgage has now run 90 years but the terms have changed. Last year the duties on imports averaged more than 51 per cent, being a further increase of 50 per cent, or two and one-half times higher than in 1840, for which agriculture has paid and paid until it has not a dollar left. This is not protection in which we all believe. It is protection exploited and gone mad.

Take the case of cement. This trust has been a subject of complaint and investigations for 20 years. Cement prices have regularly been far higher than the average of commodity prices. Profits were enormous under free trade. An investment of \$5,000 in 1899 in the Portland Cement Co. had yielded in 1929, a short period of 30 years, \$256,236 in cash dividends, and had become 5,134 shares of common and preferred stock of a market value, in 1930, of \$390,168. This made a total return in 1929 of \$646,404 on an investment of \$5,000 made in 1899. Other companies did about as well.

Woven-wire fencing is another case of tariff robbery. Woven-wire

Woven-wire fencing is another case of tariff robbery. Woven-wire fencing was protected 40 per cent under the last tariff. It was increased to 45 per cent in the present tariff, and recently increased by the Tariff Commission to 60 per cent on woven wire for farmers' fences.

for farmers' fences.

Under the duty of 40 per cent, the Keystone Steel & Wire Co. made a profit in 1927 (the year investigated by the Tariff Commission), of \$25.92 per share of stock. Then, in 1928, it issued six new shares of stock for each old share, and on the 202,284 new shares it made the apparently modest profit of only \$6.16 per share. This equaled, however, \$37 on each share of the year before. Was it honest, or what, for the supposedly semijudicial Tariff Commission to increase this tariff on chicken fences, with eggs selling at 8 cents a dozen? Did the wire makers need more profit at the expense of these farmers?

In 1930, Congress discharged all of the then commissioners. It should discharge these for the same reason, and instantly.

For each pound of tobacco used in the manufacture of cigarettes the farmer, on his 1931 crop, received 20 cents per pound; the Government has collected in tax on this same tobacco \$1.0634 per pound. On chewing tobacco farmers have received, for their 1931 Government has collected in tax on this same tobacco \$1.0634 per pound. On chewing tobacco farmers have received, for their 1931 crop, about 8 cents per pound; the Government has collected in tax on this same tobacco 2234 cents per pound. The Government is collecting about \$500,000,000 per year in taxes on tobacco. They could help the tobacco farmers mightily by giving to them one-half of the taxes collected. Here is a way the Government could help farmers with all agricultural products. They could levy heavy taxes on agricultural products and divide the moneys raised by such taxation with the farmers.

These are a few of many things that could be done to set men.

These are a few of many things that could be done to set men to work without expense to the Government. They are not done because Andy Mellon and family own the Gulf Oil Co., a concern that gets its supply from South America; Henry Ford and the International Harvester Co. are dealing with Russia to the detriment of the laborers of this country; the big packers want cheap oriental oils and defeat every effort of ours to get protection for

dairy and cottonseed products.

Congress is so busy protecting these giants of industry that they can not hear the cries of hunger in a million homes where the father has no work.

#### GIFTS AND BURDENS

It seems that when there are gifts to bestow Congress can not see anyone except a few international bankers of Wall Street. When there are burdens to bear they can see everybody else except Wall Street. The gifts to bolster a tottering banking and monetary system have been extravagantly generous. Likewise these gifts have been swiftly bestowed. Immediately after bestowal, with one voice, these friends of the big boys began to shout, "We must balance the Budget." The gifts were appropriations. The balances will be taxes. balances will be taxe

Like pirates of old, the big boys have repeatedly raided the Treasury in this session of Congress. Like pirates of old, they fell out over their loot. Big banker boys and big railroad boys came to Washington last week with their quarrel. General Dawes and Eugene Meyer failed in their attempt to settle the dispute. The President was called in, and, after a 2-day conference, the spoils were divided between these two big boys in a way that bearmony pressure. harmony prevails.

harmony prevails.

In the proposed tax bill was a general sales tax. It placed a burden of \$600,000,000 on the common people of the United States. This is an average of \$25 per family. The leaders in both political parties in the House of Representatives, with the backing of the President, attempted to railroad this unrighteous thing through the House. The first notice of warning arrived from Farmers' Union members in the mid-West. Next the labor organizations of the East, followed by protests from Grange and Farm Bureau members. When it came to a vote day before yesterday it was defeated by a vote of 223 to 153.

# OUR FRIENDS

Thanks to a few brave progressive leaders in the House, the rebellion was on. In this fight the common people owe a lot to Congressmen Doughton, of North Carolina; LaGuardia, of New York; Rankin, of Mississippi; Johnson, of Oklahoma; Lambertson, of Kansas; Simmons, Nebraska; and a score of others who leaped into the fray and stopped the first assault. For their opposition to the sales tax they are charged with treason to the administration, which means defying the Mellon-Morgan group. Congressman Rainey, of Illinois, on the floor of the House called them communists. Evidently Rainey defines a communist as one who believes in taxing wealth instead of poverty.

In spite of the wails of the waifs of Wall Street an amendment by those opposed to the sales tax restored war-time income-tax rates on the higher brackets and trebled the rates on inheritance

rates on the higher brackets and trebled the rates on inheritance taxes.

It seems to be the universal opinion that there is not sufficient money to do the business of the country. Everybody now realizes that defiation was carried too far, Every money proposal at this time is for inflation. Economists, statesmen, politicians, and everybody now agree that price levels of commodities must be raised, all of which makes necessary an increased volume of money and credits.

and credits.

The Farmers' Union is in hearty accord with these views. But, we are against a money system based on liabilities. We are for a money system based on assets. We are against a money system that contemplates perpetual debt. We are against a money system that involves the payment of interest.

The total interest debt of the United States, per annum, is more than \$10,000,000,000. The total tax debt is more than \$13,000,000,000. This makes a fixed charge for the taxpayers of the Nation of more than \$23,000,000,000 each year.

Staggaring under this level the best window of Congress and

Staggering under this load, the best wisdom of Congress and Staggering under this load, the best wisdom of Congress and the administration produces more interest-bearing bonds every time they need money. Evidently the philosophy of Congress is to put out the fire by pouring oil on it. Evidently it is the philosophy of Congress, that a drowning man needs more water and they pour it on. The patient that came to them with sore feet they have anointed his head with oil.

## ORGANIZE

There are some splendid men in the House and Senate, men whose hearts are right and who know and understand what is

needed, but the machine is against them. We, the common people of the country, must organize and help them in the brave fight they are making for us and for the Nation.

This afternoon I appeal to you farmers listening in to get into your class organization where you can take part in the running of both your State and National Governments.

I warn you, there is a real struggle ahead. We do not want timid souls. We want intelligent, courageous, unselfish men and women willing to enlist in a cause as just, as worthy, as patriotic as ever challenged the people of any nation. We want men and women willing to sacrifice of their time and money in this cause.

To all of you listening in, whether you be farmers, laborers, professional, or business men, let me urge you to study public questions like you have never done before. Let me urge you to keep in touch, through correspondence and otherwise, with your Congress want to do what their people want them to do. It is up to you to let them know what you are thinking on every vital public issue. public issue.

Remember the Farmers' Union hour is the fourth Saturday of each month from 12:30 to 1.30, eastern standard time. Our next program will be Saturday, April 23. At that time I shall discuss cooperative business, in which I shall tell you what I saw in

Denmark last April.

It is now my great pleasure to introduce to you one of our staunch friends in the United States Senate, who will talk to you about a bill he has introduced that will be of great help to farmers if it becomes a law. You will now hear Senator Lynn J. Frazier, of North Dakota.

Address of Senator Lynn J. Frazier, Explaining Farm Refinanc-ing Bill, S. 1197

The national president of the Farmers' Union has requested me to discuss the pending farm refinancing bill, S. 1197. Hearings on this measure have been held before a subcommittee of the Senate this measure have been held before a subcommittee of the Senate Committee on Agriculture, and thanks to Mr. Simpson and the Farners' Union, over 60 farmers from the 10 leading agricultural States were in attendance, and much valuable testimony was introduced. I want to say right here that if the farmers of this Nation were organized anything like 100 per cent in a good live organization for their own interests, there would be no question about getting legislation, both State and National, for their benefit and welfare. Every other business in the Nation is organized—why not the farmers? the farmers?

S. 1197 is now pending before the Agricultural Committee of the Senate. Much interest has been manifested in the bill, and numerous letters and requests have come to my office. A few days ago in calling over the telephone, when the operator said "number, please," I automatically replied "S. 1197."

The bill provides for the liquidating and refinancing of existing farm indebtedness through real-estate loans on the amortization plan at 11 per cent and the principal.

ing farm indebtedness through real-estate loans on the amortization plan at 1½ per cent interest and 1½ per cent on the principal per annum, the loans to be secured by first mortgage on real estate based upon existing indebtedness and fair value of such farms and 50 per cent of the insurable buildings and improvements. It must be remembered that the existing indebtedness was based on not to exceed 40 or 50 per cent of the market value when the loan was made. The full period of amortization would

The bill also provides for loans to liquidate and refinance existing farm-chattel mortgages to be secured by first mortgage on livestock used for breeding or agricultural purposes to the amount of 65 per cent of the fair market value at 3 per cent interest, to run for a period of one year with the right of renewal from year to year for a term of 10 years, provided that depreciation of livestock be replaced by additional livestock and that the amount of the loan be reduced 10 per cent each year.

The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the

mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Federal farm-loan system through the Federal Farm Loan Board and the Federal land banks; the bonds to be soid at par or delivered to the Federal Reserve Board, for which Federal reserve notes shall be issued to the Federal Farm Loan Board to the amount of par value of farm bonds so delivered, and the bonds shall be security in lieu of any other security or reserve for the Federal reserve notes so issued. The interest on these bonds, 1½ per cent on real estate and 3 per cent on chattels, will pay all necessary expenses in connection with the issuance of the Federal reserve notes and the

making of the loans.

These loans will save hundreds of thousands of farmers from losing their homes and all their property by foreclosure and will enable thousands of other farmers to repurchase farms they have lost, or other farms, and again become farm and home owners.

These loans will put new money into circulation, and the bill provides that when the money in actual circulation shall exceed \$75 per capita Federal reserve notes may be retired in an amount equal to the principal paid on the farm-loan bonds for which Federal reserve notes were issued, but not to exceed 2 per cent in any one year of the amount of Federal reserve notes so issued.

This increase would provide about \$4,000,000,000 of new money, and the limitations just cited would prevent undue inflation and also prevent another occurrence like the deflation which began in 1920 and which resulted in the financial ruin of hundreds of thousands of farmers and also of thousands of bankers and business

interests all over the Nation. It would thaw out millions of dollars of so-called frozen assets and put new life into all industries throughout the Nation.

The bill also provides for the election by the farmers themselve The bill also provides for the election by the farmers themselves of a board of agriculture and that this board of agriculture shall elect an executive committee of three, whose duty it shall be to counsel with and supervise the work of liquidating and refinancing farm mortgages and other farm indebtedness through the Federal farm loan and the Federal reserve systems. Provision is also made for the removal of any member of these boards who neglects, hinders, or delays the carrying out of the provisions of this act.

There shall be a liberal construction of the act, and all laws or parts of laws in conflict with this measure are for the nursoes of

parts of laws in conflict with this measure are, for the purpose of

this act, repealed.

There is no question about the desperate conditions of the American farmers—by far the worst they have ever known. They are facing a calamity. More than a million farm families have been closed out of farms and homes during the past 10 years with thousands of others facing foreclosure or tax sales at the present moment.

S. 1197, when put into operation, will give the farmers who feed S. 1197, when put into operation, will give the farmers who feed and clothe the Nation a chance to retain ownership of their farms and homes, and where they have already lost out, a chance to repurchase and again become home owners. Under the present system the farmer has no chance of paying existing indebtedness. A number of administration emergency measures have been passed by this session of Congress. There is no other emergency facing our people that begins to compare with the farm situation.

Upon the welfare of agriculture depends the welfare of the Nation.

Let me urge every listener to do his or her part to create public sentiment favoring the passage of these measures advocated during this farm hour, which will not only help the farmers but will likewise help all other people of our beloved land.

#### MR. SIMPSON SPEAKING

I am sure you all enjoyed the splendid talk of Senator Frazier and you are more than ever convinced that his bill should become a law. We owe it to the farmers of North Dakota that Lynn J. Frazier is in the United States Senate.

It is now my delight to introduce another tried and true friend of agriculture and of the interests of the 120,000,000 common peo-

of agriculture and of the interests of the 120,000,000 common people. A man whom I have known for 30 years; who served in the State senate of his and my State for 14 years; who served in Congress for 4 years; and has now served in the United States Senate for 5 years. He has an unblemished record of public service covering a period of more than 20 years. He will talk to you on the Thomas-Swank bill. I now introduce my good friend Senator ELMER THOMAS of Oklahoma.

Address of Senator Elmer Thomas, of Oklahoma, on the Thomas-SWANK BILL

Through the courtesy of the National Broadcasting Co. this hour is dedicated to the farmers of America.

Agriculture is more than a local industry—it is State, Nation, and world-wide, Farmers feed and clothe the 2,000,000,000 people of the earth.

Agriculture is America's most important industry. We have more than 6,500,000 farms populated by more than 30,000,000 of our citizens.

The economic status of the farmer is the barometer of pros-

The economic status of the farmer is the barometer of prosperity. When the farmer is prosperous all other groups and classes are prosperous, and when the farmer is depressed all are depressed. What is the condition of the farmer to-day? I do not need to answer. Just look around and about you. Put your hands in your own pockets, reflect upon your own condition, and the answer is eloquent.

I have just said when the farmer is depressed all are depressed. In what condition are the other classes and groups of our

Eight million are idle. Labor is in rags. Eabor is in rags.
Smokestacks are smokeless.
Dinner pails are empty.
Wheels of industry are still.
Money is hoarded and idle.
One-third of our banks have failed.
Industry is bankrupt.
Taxes are not being paid.
Interest is in default.

Taxes are not being paid.
Interest is in default.
Confidence is stilled by fear.
Calamity has come. Why? Because farmers, embracing one-third of our population, are not receiving even cost for their products and have lost their buying power.
Less than two years ago a member of the Federal Farm Board, in a public address, is reported to have admitted that "radical legislation or a class conflict will result if the agricultural marketing act fails."

If we may judge by the complaints made, criticisms urged, and bills introduced for amendment and even repeal of the farm marketing act, then we must conclude that the law as operated and executed by the Farm Board has failed.

executed by the Farm Board has failed.

Admittedly disappointed, yet we must not lose hope. Times and conditions have been abnormal. The Farm Board may have had assigned to it an impossible task. Experiments have been made, and most of them have falled; however, there must be some pos-sible plan which will bring relief.

What is the cause of our trouble? This must be ascertained | Address of Senator Burton K. Wheeler, of Montana, on the effore we can prescribe a remedy. Some diagnose the malady as | BILL FOR THE REMONETIZATION OF SILVER before we can prescribe a remedy. Some diagnose the malady as overproduction. Others do not agree with this conclusion, but all do agree that no farmer anywhere or at any time can prosper or even survive unless he gets at least the cost of production for his

Farmers organized and unorganized, here and everywhere, demanding a chance to retain their homes, a chance to pay their taxes, their interest, and eventually their debts, and a chance to survive. While too many farmers have already failed, others are wondering how they can hold on, and still others are filled with fear, yet we have not lost and must not lose hope.

A supreme effort is being made to find a way out. The Farm Board and its activities are to be investigated, not so much to find fault as to find a road giving promise of leading back to prosperity.

Many bills suggesting plans for relief are pending in the Con-

The so-called Swank-Thomas bill proposes to secure for the farmer at least the cost of production for that part of his products consumed here in the States. The commodities to be affected are such as wheat, cotton, wool, beef, pork, and dairy products.

The bill seeks to assert and establish the principle that to exist the farmer must secure the cost of production. The principle is self-evident. The farmers, through legislation, are not now demanding more, and they can not live with less.

The bill just mentioned was introduced by me in the Senate

The bill just mentioned was introduced by me in the Senate and by Congressman Swank in the House, at the request of John

A. Simpson, president of the National Farmers' Union.

This nation-wide farm organization has a complete program for the aid, assistance, and relief of the millions engaged in farming. No one bill, however, can be made broad enough to cover all the phases of agriculture.

The farmer is a planter, a producer, a processor, a distributor, and also a consumer. He is interested in every phase of national activity. He must have access to money at reasonable rates, hence he is interested in the Frazier bill which you have just heard discussed.

He is directly affected by the management and manipulation of finance and the consequent amount of money in circulation; hence he is of necessity interested in the Wheeler bill which is soon to

be explained.

be explained.

Relative to the bill introduced by me and in support of this measure, delegates from many States have appeared. Hearings have been held and now we are demanding that the bill be reported and passed by the Congress, thereby recognizing, accepting, and adopting the principle, cost of production to the farmer, as a part of the economic system of this country.

It may be contended by some that this is a price-fixing measure. If it be so construed, it must be admitted that the prices to be fixed are only the cost of production and therefore the lowest prices which will permit the farmer to continue to own his home, maintain his school, support his church, attend his lodge, and to

fixed are only the cost of production and therefore the lowest prices which will permit the farmer to continue to own his home, maintain his school, support his church, attend his lodge, and to maintain America American.

I am not suggesting or even asserting that the chance to exist is all the farmer deserves. The right to live is a divine right. The right to secure substance with which to sustain life can not be abridged by man-made law.

In addition to asserting that the farmer has a right to live and a chance to exist, I am demanding that agriculture be seated at the same table with finance, transportation, and industry.

The banks have favorable laws with an efficient and sympathetic board to administer such laws. Bank interest rates are fixed by law or regulation. Plenty of funds are always available, and when depression comes the Federal Treasury is opened for relief.

Transportation has favorable laws with the Interstate Commerce Commission to administer such laws. Rates are fixed, a reasonable income by law is guaranteed, and when depression comes the Treasury is likewise opened for relief.

Industry has favorable laws. The importation of competitive products is restricted if not embargoed, and when depression comes the Treasury is again opened for relief.

Public utilities have the same favorable and legally recognized status. Rates are fixed and as in finance, transportation, and industry, the consuming public pays the bills.

The measure sponsored by the National Farmers' Union seeks to assert no new principle. It does not ask the passage of legislation under which agriculture may develop an oppressive monopoly on foodstuff and clothing.

We are asking and demanding the cost of production—the minimum of equality.

Farmers can not exist with less and the longer consideration

We are asking and demanding the cost of production—the minimum of equality.

Farmers can not exist with less and the longer consideration and relief are denied or postponed, the longer will all other groups and classes continue to suffer.

## MR. SIMPSON SPEAKING

In 1924, in spite of my loyalty to the Democratic Party, I voted for a man for Vice President who was not running on the Democratic ticket. I had to think a lot of that man to go from my own party over to another ticket and vote for him. The eight years that have passed since 1924 have increased my admiration and confidence in that man. You may know it is a real pleasure for me to introduce that man to this vast radio audience at this moment. He will discuss a question of vital interest not only to every man, woman, and child in this country, but to the 2,000,000,000 human souls in the world. You will now hear Senator Burtn K Wheeler, of Montana.

Mr. President, ladies and gentlemen of the radio audience, I have been asked by Mr. John A. Simpson, president of the National Farmers' Union, to speak to you upon my bill for the remonetization of silver.

remonetization of silver.

To-day, as never before, there is a practical agreement among our economists and all who have given any serious consideration to the problem that the only way out of this depression must come through the raising of commodity price levels. Call this what you may, the fact remains that the burden of debt will continue to crush and destroy until the farmer can sell his wheat and cotton at a profit. There is no way in which he can pay his taxes and interest on his mortgage at the present price he receives for that which he produces.

The giving back of \$160,000,000 to the large taxpayers of this country at the request of the administration and the moratorium to foreign countries have added to our Treasury deficit about which you hear so much these days and which you are expected

to make up through the medium of a sales tax.

The giving back to Wall Street interests of this \$160,000,000, the The giving back to Wall Street interests of this \$160,000,000, the granting of the moratorium to foreign countries, the two billion reconstruction finance bill, and the Glass-Steagall bill were all measures proposed by the administration at the instance of Wall Street and passed by a bipartisan leadership in Congress, and the country in each instance, and to those of us who were unable to see eye to eye with Eugene Meyer, head of the Federal reserve bank, or with the greatest Secretary since Alexander Hamilton, now ambassador to Great Britain, went intolerant sneers and whispers of demagogues.

When the Glass-Steagall bill was before the Senate I asked Senator Walcorr, one of the administration leaders, this question:

"Can the Senator tell me whether there is anything in the pending bill that will have even a tendency to bring up the price level of commodities in general, and particularly such commodities as wheat and cotton, that have to be sold on the world market?"

In the course of what he termed an account of the senator was a superior of the senator of the senator tell me whether there is anything in the pending bill that will have even a tendency to bring up the price level of commodities in general, and particularly such commodities as wheat and cotton, that have to be sold on the world market?"

ties as wheat and cotton, that have to be sold on the world market?"

In the course of what he termed an answer to the question Senator Walcott said: "We are sticking absolutely to the gold standard; and, Mr. President, by the provisions of this bill we shall have our reserve of free gold built up so high that it will be a gold Gibraltar that will defy the world financially, and no nation will be afraid to leave their gold with us, whether it is earmarked or whether it is not earmarked. " "Twenty-four hours after this bill shall have passed our potential free-gold supply will be so large that the world will be amazed at our strength."

The 24 hours have passed, and the farmers still have to pay their mortgages with a dollar three times its value, reckoned in commodity prices when they borrowed it.

The 24-hour period has passed, and you can still hear the dull sound of the tramp, tramp, tramp of the hungry millions of men, women, and children that constitute the army of unemployed that were to have a chicken in every pot if you placed the great engineer in the White House and passed another tariff bill.

The trouble with all these measures has been that they have gone about the problem in the wrong way. The best way to help the banks and the railroads is by putting the millions of unemployed to work and raising the price of farm products. Prosperity must come from the bottom up and not from the top down.

Attempts are now being made to belittle the send providing a stream of the stream instead of housestly facing the problem and passed in the problem and providing a stream of the stream instead of housestly facing the problem and passed in the problem and passed in the problem and passed of the problem and passed in the problem and passed another tariff bill.

ployed to work and raising the price of farm products. Prosperity must come from the bottom up and not from the top down.

Attempts are now being made to belittle the seriousness of the situation instead of honestly facing the problem and providing a remedy. It may require courage to fight this battle successfully, but it must be done if our present civilization is to endure.

It is true we recovered from the panics of 1837, 1873, and 1893, but we then had our great natural resources of forests and mines and the Government was not then dominated, to the same extent at least, by unscrupulous money lords as it is to-day.

These panics were caused in most instances by money pirates, who saw only their own immediate gain and had been willing at times to drive us into war to gain their ends.

There were a few millionaires in those days and there was a chance for everyone who was willing to work. Billions of American money was not being sent to Europe in exchange for worthless bonds and the era of robbery through inflated public utilities and other business enterprises had not yet arrived.

I am not a pessimist. As sure as there is a God in heaven, just so sure will the American people find a way to correct these evils and to break the strangle hold of these selfish interests. This Government must and will once more function in the interest of the people.

of the people.

How can this be accomplished? How can we raise the com-

How can this be accomplished? How can we raise the commodity price level and thereby reduce the burden of debt?

During the past three administrations the barometer of prosperity has been the stock market rather than prosperity of the farmers. There has been no prosperity on the farms during the past 10 years, and if the administration and its advisers in Wall

Street had realized this fact at the beginning and sought to remedy it this country would not be in the condition it is to-day.

I need not dwell upon the conditions as we find them to-day. It is sufficient to say that our farmers are bankrupt, 8,000.000 men without work, and a decrease in wages last year of \$11,000,000,000. Their only proposals have been to reduce wages and help to re-

finance the great corporations.

To correct this situation I introduced a bill in the Senate last January for the remonstization of silver on a ratio of 16 to 1. This is no new or novel idea, for silver has been used by mankind from the earliest dawn of civilization.

It has been used by the leading nations of the world to the great benefit of mankind. It was used by the United States from early colonial days down to the year 1873, when silver was demonetized through trickery and deception. My bill proposes to remonetize silver so it may serve as money as it did in the days of George Washington, Thomas Jefferson, and Abraham Lincoln. The opposition to my silver bill comes from the same interests who succeeded in demonetizing silver in 1873.

There was never a public demand for the demonetization of silver and no economic need for so doing.

Then as now the selfish banking interests were the opponents of silver. It has been used by the leading nations of the world to the

of silver.

Let me state briefly why silver should again be remonetized.

First, there is not a sufficient amount of gold in the world upon which to base the money of the world. The discovery of gold has not kept pace with commerce. Commerce increased at the rate of about 3½ per cent per year, and as commerce and the credit necessary to carry it on is handled on a gold basis, and as the production of gold has not kept pace with the increasing commerce, we have now reached a point where gold can not stand the strain. To this increase in commerce has been added the additional strain resulting from the World War.

This shortage of gold has greatly increased the value of gold, which is only another way of saying that it has forced commodity prices to a low level.

prices to a low level.

In the second place, we should remonetize silver in order that

In the second place, we should remonetize silver in order that we may be able to transact business with the nations that are now off the gold standard.

With the present ratio of 65 to 1 we can not expect silver nations to buy our products. The present exchange rate on money makes the United States the natural dumping ground for other nations and prevents or discourages our export trade. I am told that heavy coal-mine machinery is now being imported from England for use in Pennsylvania coal mines.

The gold standard may be helpful to the bankers, but it spells destruction for the American farmer and American manufacturer. It is claimed that the free and unlimited coinage of silver would drive the gold out of this country and flood us with silver. All history refutes this assertion. As silver increases in value people will not want to surrender it.

history refutes this assertion. As siver increases in value people will not want to surrender it.

Sir Charles Addis, director of the Bank of England, a vice president of the Bank for International Settlements, said in an address before the British Institute of Bankers on April 3, 1930:

"The appreciation of gold, or what is the same thing, the downward trend of prices, has become a serious menace, and, if allowed to go on unheeded, must inevitably check enterprise and retard

economic recovery.
"Various explanations have been advanced to account for this "Various explanations have been advanced to account for this untoward phenomenon, and no doubt several causal agencies have been at work. But it is indisputable that one of them is the monetary factor, and it is with this particular cause that central banks are directly concerned. In so far as the persistent fall in prices is due to monetary causes, to some maladjustment of the international monetary machine for whose efficient working the central banks are responsible, it will not avail them to plead that other causes are at work for which they are not responsible."

Let us then take a view of our financial oxcart. Money, using the word in its strict and definite sense, is a relic of the days of Moses and Abraham. Money as a human agency was then limited to the precious metals, gold and silver. Money of ultimate redemption has not increased since that day in proportion to the ever-growing requirements of mankind. On the contrary, the efficiency of money has retrograded, for an important commodity used as money in the earliest days of history—namely, silver—has been stricken down.

Is it true that the markets of China and India are of real impor-

Is it true that the markets of China and India are of real impor-Is it true that the markets of China and India are of real importance to American producers of cotton, wheat, copper, and other commodities? Is it true that the accumulation of wealth in India and China for centuries past has been expressed not in investments of stocks and bonds listed on the European and American markets but in accumulations of silver, and that the depression of this wealth by the precipitous decline of silver, as has occurred several times in history, tends to destroy the buying power of China and India? If so, it follows in necessary sequence that here we have the outstanding fact, a fact of colossal importance for the commercial and economic world to consider, namely, stocks of wheat, cotton, and other commodities begin to accumulate in the visible form of what is called "overproduction" whenever Asiatics begin to starve from the lack of buying power.

begin to starve from the lack of buying power.

It should not require an expert in political science to see that the only solution possible must come through the restoration of the prices of commodities. The remonetization of silver on a basis of 16 to 1 will accomplish this purpose without injury or injustice to anyone. It will enable the debtor to liquidate in honest dollars the value of those borrowed instead of in dollars or greater value.

The remonetization of silver would raise and stabilize the price of wheat and cotton on the world market without resorting to unsound methods and without cost of one dollar to the Federal

In an agricultural report of 1890 we find the following state-

The recent legislation looking to the restoration of the bimetallic standard of our currency, and the consequent enhancement of the value of silver, has unquestionably had much to do with the recent advance of the price of cereals."

If it be true that proposed legislation looking to a restoration f bimetallism caused an advance in the price of cereals, then

surely no one can be in doubt of what the results will be when

silver is again remonetized.

It is therefore imperative that the United States give some consideration to the best interests of the manufacturer, the farmer, and the wageworkers in this country, regardless of the bitter opposition of the international bankers.

The remonetization of silver would benefit the farmer by raising the world commodity levels which fix the price he gets for his wheat and cotton. It would increase the purchasing power of silver-using nations and their ability to purchase our surplus commodities.

It would start the wheels of industry in America, raise our price levels, and put an end to unemployment. It would make it possible for other nations to do business with us and give to the world a sufficient amount of money with which to carry on the

commerce of the world.

It would be to the selfish advantage of the United States, regardless of our great amount of gold and regardless of the fact that we are a creditor nation, for it would tend to raise and stabilize world commodity prices and give the American farmer and wage-worker an equal chance with those of other countries.

I assert and challenge intelligent criticism—not mere denial-of the following statements:

First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's

Second. Within one year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would

be more than trebled

Third. The purchasing power of over 50 per cent of the entire world's population now using silver as their sole yardstick of exchange and business transaction would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to \$1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

manufactured products.

Within two years all our present agricultural-land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

The unemployed-labor problem would be rapidly solved.

Both labor and capital would be benefited.

Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.

sultant tragedies to follow.

It would relieve starvation in the midst of plenty

It would relieve starvation in the midst of plenty.

This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.

The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value.

# RELIEF OF AGRICULTURE

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD two articles in regard to Senate bill 1197, one being a copy of a communication addressed to the Hon. Arthur M. Hyde, Secretary of Agriculture, and the other an article by William Lemke, of Fargo, N. Dak.

There being no objection, the articles were ordered printed in the RECORD, as follows:

Hon. ARTHUR M. HYDE,

Secretary of Agriculture, Washington, D. C.

MY DEAR SECRETARY HYDE: We have yours of March 12, in which
you state that your statement regarding the so-called Frazier bill

"It is my judgment that this bill is hostile to the best interests of agriculture.

This is as quoted by the Associated Press, and my wire asking whether or not you had been correctly quoted was based on this same statement

I feel that in justice to the farmers and in fairness to you that you should be advised that your statement as quoted, without some very substantial analysis of your reasons for feeling this way about the bill, is very unsatisfactory to the people of this State. The mere statement that you feel that in your judgment this bill is hostile to the best interests of agriculture, without any explanation of what part of the bill or what features in the bill cause it to be detrimented to the best interests of agriculture and in view tion of what part of the bill or what features in the bill cause it to be detrimental to the best interests of agriculture, and in view of the fact that every bill of this kind that has been presented in Congress has received a similar reception with nothing of a constructive nature offered in place of it causes the farmers to justly feel that their cause is not being properly considered by yourself, representing their industry, or by the Government in general.

In view of the fact that hundreds of millions of dollars are being handed out almost promiscuously in a frantic endeavor to prevent the destruction of other industries causes our farmers to feel that such statements as you have made indicate that the Department of Agriculture is playing a part in what appears to be a definite plan to further the disparity between agriculture and other industries.

I respectfully warn you, Mr. Secretary, that such statements must be either well qualified or will be considered in the light I have just stated. I think the presidential primary election just held in this State indicates even a more general attitude along this line than I had supposed, in that it indicates even in the larger cities a general disapproval of the administration of the Republican Party.

This depression, which has brought the condition of the second transfer of th

This depression, which has brought the condition of agriculture to the final critical point wherein their borrowing power and credit has been eliminated, has brought a full realization of the condition of agriculture and the disparity between agriculture and other industries to the business men of our towns such as they have

never evidenced before.

I realize how fully your time is occupied, but I assure you that it is important that you give some statement fully explaining your position in regard to the Frazier bill and other proposed measures for the relief of agriculture.

E E GREEN.

E. E. GREEN, Secretary North Dakota Farmers' Union.

#### THEY DID IT

#### By William Lemke

Some one, quick, page Senator Moses, of New Hampshire, and tell him that in the North Dakota presidential primaries "the sons of the wild jackasses" kicked all the props out of the Republican fence and jumped into the Democratic pasture. Tell him that Governor Murray, of Oklahoma, came out here and, in substance, told us that he wanted one woman to love one man and one man told us that he wanted one woman to love one man and one man to love one woman, and these two together with their family to occupy one home, clear of mortgage and free of Wall Street domination—tell him that Governor Roosevelt boldly and unafraid came out in favor of the refinancing of the existing farm indebtedness by the Federal Government along the lines of the Frazier bill—that he suggested that if the Federal Government could refinance the bankers through the Reconstruction Finance Corporation, through the Glass-Steagall bill, and through the increasing of the Federal reserve notes by over a billion dollars, in creasing of the Federal reserve notes by over a billion dollars, in a few large cities, that then he could see no reason why the same Federal Government could not refinance the farmers. The result of these statements was that the Democrat vote was increased by 800 per cent over what it was four years ago.

#### DISPAIR OF BROKEN PROMISES

The agricultural sections of the United States are on the warpath. They have long despaired of the honesty of purpose of the promise made by the administration in the last election to "place American agriculture on a basis of equality with other industries." American agriculture on a basis of equality with other industries." They are not going to permit the incompetent, inefficient administration to abuse their patience any longer. No; it can not even conceal its shortcomings by talking to them of the patriotism, suffering, and valor of George Washington and his soldiers at Valley Forge. The suffering masses know of that patriotism, valor, and suffering through experience, and they are willing to endure it for the sake of this Nation—but not for the international bankers and the inefficient and incompetent administration. Human memory may be short, but it will be long enough to remember that promise to, and that betrayal of, agriculture.

# DEMAND EQUALITY

The agricultural interests of this Nation demand the Frazier bill, through which the United States Government is to refinance the existing farm indebtedness with 1½ per cent interest and 1½ per cent principal on the amortization plan, not by the issuing of bonds but by Federal reserve notes. They demand the enactof bonds but by Federal reserve notes. They demand the enactment of the Thomas-Swank bill, which provides that the farmers are to receive the cost of production for that part of their products which are consumed within the United States. The enactment of these two bills will put "agriculture on an equality with

other industries."

The Frazier bill can and will be passed. It has just recently been unanimously reported out of the Senate Subcommittee on Agriculture. It will be reported out of the Senate Committee on Agriculture within the next few days by a large majority. This in spite of the fact that the Secretary of Agriculture, Mr. Hyde, and the Secretary of the Treasury, Mr. Mills, went on record as being opposed to it.

The committee took year little stock in the secretary of the treasury.

The committee took very little stock in the statement of Mr. Hyde that the passage of this bill would be ruinous to the American farmer. They could not see just how reducing the interest on farm indebtedness from 6, 7, and 8 per cent to 1½ per cent

could ruin any farmer.

The committee even smiled at Mr. Mills's statement that the passage of this bill would cause inflation and upset the monetary system. They wondered why Mr. Mills was so active for the \$2,000,000,000 Reconstruction Finance Corporation and the Glass-Steagall bill, which were passed to aid the large banks, insurance companies, and other investors who had been juggled into buying \$15,000,000,000 of more or less worthless foreign bonds through the international bankers. They wondered why Mr. Mills could not see that that was inflation.

We repeat that this bill can and will be passed, but we must not fall asleep at the switch. We must continue to send resolutions, letters, telegrams, and night letters to Senator Frazier and forever urge him on to greater efforts. When this bill becomes forever urge him on to greater efforts. When this bill becomes a law it will put from two to three billion dollars new money in circulation among the people—it will loosen the frozen assets—the

unemployed will again be able to get work and eat—the starving of millions will end—business will again be general.

OPERATION OF FEDERAL RESERVE ACT-ARTICLE BY SENATOR BROOKHART

Mr. FRAZIER, Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Has the Federal Reserve Act Failed?" by the senior Senator from Iowa [Mr. Brookhart], which appeared in Plain Talk maga-

There being no objection, the article was ordered to be printed in the RECORD, as follows:

> [From Plain Talk, July, 1929] HAS THE FEDERAL RESERVE ACT FAILED? By Senator SMITH W. BROOKHART, of IOWA

(The specific purpose of the Federal reserve act was "to cut the cancer of speculation," and it was regarded precisely in this light by President Wilson and Carter Glass, the two men more responsible for its existence than anyone else. But Senator BROOKHART shows that it has increased speculation out of bounds. He adds that it has concentrated credits to the harm of the Nation, that it has deflated agriculture and reduced the wages of labor, that it has denated agriculture and reduced the wages of labor, that it has overinfiated certain lines of industry and deliberately kept up interest rates for agriculture, industry, and commerce while providing stock gamblers with ready and, until lately, cheap money. No more severe indictment of the Federal reserve system has ever been printed.—Editor.)

In recent months—one might say in recent years—this country has been printed agreement the country and the country agreement the country agreement agreement the country agreement the co

In recent months—one might say in recent years—this country has been witnessing an uninterrupted orgy of speculation which has few parallels in modern times. New records for stock turnovers have been broken repeatedly in Wall Street in recent months; several thousand new "easy-money" millionaires have been created, and at the same time, as a necessary corollary, hundreds of thousands of small "investors" have lost every penny they possess; and the concentration of money and credit in New York has taken a heavy toll from agriculture and all forms of legitimate industry. Recently there have been complaints from Europe that credit there also is being restricted through the fact that their surplus money is being attracted to New York by abnormally high interest rates, and predictions are being made that this will injuriously affect our foreign trade.

In fact, although we hear much about "prosperity" and the newspapers are constantly telling how billions are changing hands on the various stock exchanges, it is my deliberate opinion that

on the various stock exchanges, it is my deliberate opinion that we are headed straight for one of the gravest economic crises in the history of our country unless we speedily bring about a reasonable readjustment of credit and thereby check the unrestrained stock gambling which is corrupting every phase of

strained stock gambling which is corrupting every phase of American life.

When the Federal Reserve Board recently convened to consider making another advance in the rate of rediscount—and the mere possibility of such action precipitated a bear raid that wiped out hundreds of millions of dollars of paper profits in a single day—there were nearly \$7,000,000,000 of bank deposits in New York City used exclusively for brokers' loans, and this vast sum represents approximately one-third of all deposits in all member banks of the entire Federal reserve system.

The threat to raise the rediscount rate doubtless was intended to put the brakes against speculation. Earlier, in December, that

to put the brakes against speculation. Earlier, in December, the rediscount rate actually was raised; but since then fresh records were made in daily stock turnovers, and speculative shares soared to new high levels. Even Secretary Mellon's warning that the prices of some stocks might be too high was twisted about by the Wall Street gamblers and made the basis for a bull movement in bonds. And more recently Gov. Roy A. Young, of the Federal Reserve Board, when speaking before the Cincinnati Commercial Club, asked the bankers of the Nation "to use hoss sense" and to set their own financial house in order, virtually confessing that under the law the Federal Reserve Board is helpless to remedy conditions.

The result of these mild warnings caused a "speculators' panic." Call money skyrocketed to 20 per cent, and there was a drastic decline in the prices of stocks. More serious, from the standpoint of the Wall Street operators, there was a disposition on the part of the public to withdraw from the market. This was bad for the brokers' business, and it resulted in a furious protest against any

Several big bankers openly defied the Federal Reserve Board by offering new brokers' loans—at a handsome profit to themselves, offering new brokers' loans—at a handsome profit to themselves, of course; radio appeals were made for business men to get behind a "hands-off" policy; and the Federal Reserve Board was bitterly attacked by certain newspapers and even on the floors of Congress. As a result the Federal Reserve Board withdrew into the cyclone cellar and the gambling fever is again taking possession of the public.

In other words, the Federal reserve system surrenders its finan-

cial leadership to the stock-exchange operators, who now seem in complete possession of the money market. I am not alone in this opinion. Paul M. Warburg, one of the framers of the Federal reserve act, and former financial advisor to President Wilson, cer-tainly can not be classed as a radical, but recently he scored this surrender in no equivocal language:

"The rudder has passed into the hands of stock-exchange operators who now and for many months past have governed the flow of money not only in the United States but in the principal marts of the world. History has taught mankind that speculative overexpansion invariably ends in overcontraction and distress.

"If a stock-exchange debauch is quickly arrested by prompt

expansion invariably ends in overcontraction and distress.

"If a stock-exchange debauch is quickly arrested by prompt and determined action, it is not too much to hope that a shrinkage of inflated stock prices may be brought about without seriously affecting the wider circles of general business. If orgles of unrestrained speculation are permitted to spread too far, however, the ultimate collapse is certain not only to affect the speculators themselves but also to bring about a general depression throughout the entire country.

"People who express fear that the increases in the rediscount rate might hurt business, overlook the far greater hurt the country will have to suffer if their advice to permit the situation to work its way out is followed.

"When commercial paper commands 5¾ per cent and bankers' acceptances sell at 5% per cent, rediscount rates of 4½ and 5 per cent seem grotesquely out of line. Procrastination in bringing rediscount rates into a proper relation with the actualities and

rediscount rates into a proper relation with the actualities and hesitation in taking effectual steps to reassert the Federal reserve system's leadership place a grave responsibility on those in charge of its administration."

I do not agree with Mr. Warburg's conclusion, but I would like to point out that the surrender was made when the Federal reserve act was passed—and I believe it was done deliberately by the big financial crowd.

Personally, I believe the Federal Reserve Board's gentle policy, which is in sharp contrast with its sharp deflation of farm values and workers' wages in 1920—has created a situation which calls for remedial action by Congress, which action should include some drastic and fundamental changes in the workings of the Federal reserve system. It is obvious to every thoughtful person that we have reached a point where the country is becoming crazed with speculation to such an extent that the situation may aptly be compared to the "Mississippi Bubble" mania which caused a general financial collapse in France more than a which caused a general financial collapse in France more than a century ago. We won't tolerate Monte Carlos in this country, and our laws rightly forbid lotteries, horse-race betting, faro, roulette, and plain poker, but we not only permit, we actually encourage unrestricted gambling on a gigantic scale through our various stock and commodity exchanges, when it can be demonstrated beyond any possible doubt that every legitimate business interest in the Nation is suffering as a result of this speculative orgy and will suffer still more when the inevitable reaction sets in

sets in.

In the last eight years farm values have shrunk from seventynine to fifty-eight billion dollars—an actual loss of \$21,000,000,000—and at the same time farm mortgages have increased
from \$6,000,000,000 in 1920 to the staggering total of \$14,000,000,000 to-day. This truly appalling depreciation in agriculture—a basic industry involving nearly one-third of our total
population—is largely the direct result of the maladjustment of

edit caused by speculation.
While agriculture has been defiated, certain branches of industry have been inflated and overcapitalized to an alarming extent; and this condition, too, has been brought about by the facility with which securities can be floated on the stock market. This same condition is encouraging concentrations and monopolies, with consequent higher prices, and as surely as night follows day this hectic period of artificial and inequitable expansion will be followed by lean years of readjustment, unemployment, and acute industrial depression.

acute industrial depression.

Already the concentration of credit in Wall Street for speculative purposes has curtailed the development of legitimate enterprises elsewhere in the Nation. The interest rates on call money went above 15 per cent several times in the recent "Hoover market." These abnormally high interest rates attracted to New York \$7,000,000,000 of the Nation's credit—and the accumulation of this huge sum for Wall Street speculation naturally meant a restriction of credit for other more legitimate lines of business. This is conceded by every economist worthy of the name. George E. Roberts, vice president of the National City Bank of New York, recently declared:

"High interest rates signify more than the effects upon wheaver

High interest rates signify more than the effects upon whoever

"High interest rates signify more than the effects upon whoever pays them; they signify that a selective process is going on; that some one who would like to get credit is not getting it. That means a check upon activity and a restriction of purchasing power somewhere; and in the long run that is not good for business or good for the corporations whose stocks are in the market."

There is only a limited amount of money available for the needs of the whole Nation, and it logically follows that the more money is centralized in New York for speculative purposes the less money there is available elsewhere for the legitimate needs of agriculture and commerce. I already have shown in a preceding paragraph how farm values have been beaten down in the last eight years through lack of adequate credit, and I believe definite symptoms now indicate that the same process is beginning to take place in industry.

toms now indicate that the same process is beginning to take place in industry.

According to a national survey in November, 1928, building and construction lines were 14 per cent less active than in November, 1927, and 9 per cent under the mark of November, 1926. In Chicago the building for November, 1928, was 30 per cent less than that of the preceding year, in Los Angeles more than 60 per cent less, in San Francisco 35 per cent less; and Buffalo showed a decline in construction of more than 50 per cent. Obviously,

money for building purposes is becoming stringent in every part of the country; how could it be otherwise when New York brokers are willing to pay as high as 20 per cent interest for short-time call notes?

The abnormally high rates paid in New York for call money not The abnormally high rates paid in New York for call money hot only have curtailed the amount of credit elsewhere in the country but have increased general interest rates. This was freely conceded by Governor Young, of the Federal Reserve Board, in Cincinnati. He said:

"\* \* There are approximately 27,000 bankers in the United States \* \* and while, from what I am able to ob-

United States \* \* \* and while, from what I am able to observe, they take care of local needs, when they have funds to employ outside of their own community and are offered call loans at rates from 3 to 4 per cent above credit based on production and distribution, they extend that credit which brings the best rates, all other things being equal.

"This forces the commercial borrower to make his offer more attractive, with the result that in the course of time everyone

pays higher interest rates. While up to the present time commerce and industry have enjoyed lower rates than the speculator, this process of lifting may go to a point where it will become a serious deterrent to business, and it is that phase of the present situation with which the Federal Reserve Board most concerns itself "

Governor Young has stated the case very clearly, although I can not share his optimism that business has not yet been injured. The slowing up of building in all parts of the Nation is evidence to me that legitimate industry has been strangled for lack of credit, and the staggering blow dealt to agriculture need not be stressed again at this point. It is significant, however, that in his lengthy speech Governor Young did not once mention the state of agriculture. Considering the indisputable facts, his studied avoidance is a confession that the Federal Reserve Board has signally failed to afford equal credit opportunity to the 30,000,000 farmers of the Nation. That alone is sufficient to condemn workings of the system and to prove the necessity for some drastic and immediate changes. But, as I shall presently show, there tic and immediate changes. But, as I shall presently show, there are other fundamental faults inherent in the Federal reserve sysare other fundamental faults innerent in the Federal reserve system, and it will never produce general prosperity for the common people of the country until those weaknesses are corrected.

In fact, after nearly 15 years of operation, the Federal reserve system can be indicted on at least five major counts:

1. It has resulted in an enormous increase of speculation.

2. It has concentrated credit with evil results.

2. It has concentrated credit with evil results.
3. It has deflated agriculture and reduced the real wages of labor.
4. It has overinflated certain lines of industry.
5. It has deliberately kept up interest rates to agriculture, industry, and commerce, although until recently providing stock gamblers with plenty of 4 per cent money.

After all, it is well to remember that the Federal reserve system was the original brain child of bankers, and that it is run by bankers primarily for bankers. As I shall prove, the prosperity of the common people of the country is of only secondary importance to the little inside group of financiers who control this gigantic credit organization, which, in my humble opinion, Congress very unwisely places in their hands.

Now, in logical order, let me discuss the five charges I have

Now, in logical order, let me discuss the five charges I have leveled against the Federal reserve system as it now operates:

Every competent economist and honest statesman realizes that Every competent economist and honest statesman realizes that uncontrolled speculation is ruinous to the welfare of any country. It was for the announced purpose of curbing stock gambling and preventing financial panies that the Federal reserve system was set up in 1913. That was plainly expressed by the sponsors of the act. In his message to Congress urging passage of the law, President Wilson said:

"We must have a currency, not rigid as now, but readily, elastically, responsive to sound credit. \* \* Our banking laws must mobilize reserves; must not permit concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses \* \* \*"

Precisely the same idea was even none emphatically expressed.

Precisely the same idea was even more emphatically expressed when the bill was presented in Congress by Carter Glass, who declared:

The whole fight of the great banker is to drive us from our firm resolve to break down the artificial connection between the banking business of the country and the stock-speculation operations at the money centers. The monetary commission, with more discretion than courage, evaded this problem; but the Banking and Currency Committee of the House has gone to the very root this gigantic evil and in this bill proposes to cut the cancer

"The avowed purpose of this bill is to cure this evil, to withdraw the reserve funds of the country from the congested money centers, and to make them readily available for business uses in the various parts of the country where they belong."

The above statements from President Wilson and Senator Glass

make it manifest that the Federal reserve law was intended to "cut the cancer of speculation" from out of the fabric of Amer-

"cut the cancer of speculation" from out of the fabric of American business; but now, after nearly 15 years of operation, one has to admit that the law has signally falled in its primary purpose.

When the Federal reserve act passed Congress testimony taken by the Pujo committee revealed that \$766,000,000 of bank deposits were being used in New York for brokers' loans. To-day the amount of bank deposits used for stock gambling is nearly eight times as great as when the so-called remedial law was passed.

So far as fulfilling its announced purpose "to cut the cancer of speculation out of American business," the Federal reserve act ertainly has been one of the most farcical failures of all legislative

history.
Stock gambling never has been conducted upon such an extensive and widespread scale as it is to-day. Within recent months as many as 6,000,000 shares have been sold on the New York Stock Exchange in a single day, and it is nothing unusual when the tickers fail to keep up with the volume of business.

During the recent "bear raid," which followed the advance in

During the recent "bear raid," which followed the advance in the rediscount rate, the value of stock of a dozen corporations, picked at random, depreciated more than \$1,317,500,000 in a period of five days. This is equal to the combined assessed real-estate valuation of Butte, Atlanta, Birmingham, Louisville, and New Orleans. And remember, this represents only 12 out of a list of 1,500 listed stocks. Tens of thousands of small operators saw their margins wiped out during this drop, and doubtless indescribable misery and no small amount of crime resulted in many parts of the Nexton. the Nation.

The operations of the "bulls" and "bears" are printed on the front pages of every daily newspaper in the land. The big "wire houses" conduct branch offices all over the country. It is difficult indeed to resist succumbing to the contagion of getting somecult indeed to resist succumbing to the contagion of getting something for nothing; and to-day stenographers, clerks, salesmen, workers, and even farmers are distracted from their daily duties and feverishly "follow the market"—in many cases putting up money for margins that they can ill afford to lose—while an "inside ring" of experienced Wall Street operators rig the market up and down almost at will, and in the aggregate trim the outside suckers for hundreds of millions of dollars every year. It is the greatest "sure-thing game" of the age, and the New York Stock Exchange is the biggest gambling house in the world; but it is very unfortunate that we have allowed this gambling fever to affect the entire Nation like some poisonous virus.

So much for my contention that the Federal reserve act has falled to check speculation. Now I will show how it has concen-

failed to check speculation. Now I will show how it has concentrated credit.

The Federal reserve act requires all member banks to redeposit

The Federal reserve act requires all member banks to redeposit their legal reserves in one of the central reserve banks without interest. Furthermore, if a member bank has surplus funds above its reserve and wants to deposit these funds with a central reserve bank, the law requires that no interest can be paid.

This provision is made to order for the New York banks, and virtually gives them a monopoly on all that portion of redeposits of member banks above the reserves required by law to be deposited in Federal reserve banks. The New York banks have been paying 1¾ to 2 per cent for these redeposits, and until recently lending the money to speculators at about 4 per cent, while farmers and workers were compelled to pay 7 and 8 per cent on bank loans used to produce food and useful commodities.

In my own State of Iowa there are some \$900,000,000 of bank

loans used to produce food and useful commodities.

In my own State of Iowa there are some \$900,000,000 of bank deposits; and of this total more than \$500,000,000 is now being loaned in Wall Street in three accounts; redeposits, long-time bonds, and margin loans. The inevitable result is that business men are denied funds for legitimate growth, and farmers are unable to borrow sufficient money to carry over livestock or grain crops and are forced to dump their produce on the market when prices are lowest. At least that is what has happened in the past, and this ruinous policy costs the producers of Iowa millions of dollars every year, because the funds put in the Iowa banks by Iowa producers are drained off to Wall Street to be used by a few parasitical gamblers. sitical gamblers

When the Federal reserve act was passed it was announced with

When the Federal reserve act was passed it was announced with a great fanfare of publicity that speculative loans were to be denied the rediscount privilege in the Federal reserve banks. This, it was fondly supposed, was the keen-edged scalpel that was to cut the "cancer of speculation" out of American business.

But the stock gamblers never have worried about this, for the same lew, by prohibiting the Federal reserve banks from paying interest on members' deposits, almost automatically drove the surplus deposits of the country to Wall Street—and I. for one, am critical enough to believe that this particular provision of the law was inserted precisely for that purpose. The amount of bank deposits used by Wall Street for speculative purposes has increased nearly eightfold since the Federal reserve act was passed, and I believe the facts justify my charge that this has resulted in and I believe the facts justify my charge that this has resulted in the further concentration of credit into the hands of stock gamblers where it is harmfully used.

Now, I shall discuss the charge that the Federal reserve system has deflated agriculture, and I also shall prove the deflation was

deliberate:

Prior to 1920 the Federal reserve system had encouraged land investment—as a means of raising more grain and livestock to win the war—and was the most potent agency for promoting inflation. It was on the bull side of the market until late in

inflation. It was on the bull side of the market until late in 1919, when an inside group of big financiers, holding the Federal reserve machinery in their hands, secretly decided to deflate farm values and to take the bear side of the market.

At this point I want to state that the Federal reserve system never has the right to adopt a deflation policy. That always is an economic crime. It has a perfect right to prevent inflation; but after having encouraged inflation and approved the loans and rediscounts by which the fabric was erected, it has no right to turn around suddenly and destroy the enterprise it fostered. The manner in which agricultural values were deliberately destroyed in 1920 is an economic crime beyond description; it was cold-bloodedly engineered by the financial crowd in control of the

Federal reserve machinery, and this crowd profited enormously by the resultant widespread ruin.

The formal meeting at which the long-discussed policy was agreed upon was on May 18, 1920. Governor Harding, of the Federal Reserve Board, handed down the decree of our invisible government in the following words:

government in the following words:

"The directors of Federal reserve banks are clearly within their rights when they say to any member bank, 'You have gone far enough; we are familiar with your condition; you have got more than your share, and we want you to reduce; we can not let you have any more.'" (Federal Reserve Board conference minutes.) (S. Doc. 310, 67th Cong.)

It was agreed to raise the rediscount rate to 7 per cent—this was kept from the public for a time, so that favored insiders could go on borrowing money and prepare for the coming storm—but in all the great agricultural States of the West the Federal reserve heads sent out letters to members of reserve banks order-

reserve heads sent out letters to members of reserve banks order-ing them to compel the farmers to reduce their loans and pay

ing them to compel the farmers to reduce their loans and pay off their mortgages. Then in October, when the crops had been matured and the farmers were ready to market their produce, the Federal reserve governors openly showed their hands.

Public meetings were held in all the agricultural States. A representative of the Federal reserve system held four in Iowa, and I personally attended one. We were told that our loan allotment was \$36,000,000, that we already had been loaned \$91,000,000, and that we must dump our crops on the market, sell our livestock at a sacrifice, let go of our land, if necessary, and reduce our loans. our loans.

Iowa then had a crop valued at \$1,000,000,000. On a conservative basis we were entitled to three times the loans we then had outstanding. But some mysterious, invisible power had decreed

cutstanding. But some mysterious, invisible power had decreed our financial ruin. The same condition existed in other agricultural States, although at that time the Federal Reserve Bank of New York had loaned out for speculative purposes more money than was loaned out by all the Federal reserve banks in some 13 States west of the Mississippi River.

Loans were called. Bankers sent for farmers, and under threats of foreclosure compelled them to dump their crops on the market. Naturally, the big speculators had been tipped off in advance and a bear raid was in full swing. Prices broke all down the line. In Iowa corn fell from \$1.75 to 27 cents a bushel; the price of wheat dropped 80 cents in a few days; the price of livestock was wheat dropped 80 cents in a few days; the price of livestock was not sufficient to pay the freight to the nearest market; and tens of thousands of hard-working farmers were bankrupted overnight in the creation of a wholly artificial condition by the Federal serve Board's wrecking crew.

The Manufacturers' Record says farm lands and the two crops of 1920 and 1921 were deflated to the extent of \$32,000,000,000 and that all other business was deflated to the extent of only \$18,000,000,000. In other words, agriculture was deflated about six times as much in proportion as other lines of business—and do not forget that only little business was deflated. Big business was tipped off in advance and made enormous profits out of this illicit deflation. The Federal Reserve Board had saved Wall Street from a panic, but it handed the American farmer the worst price panic in history, and agriculture has not yet recovered from that

foul blow.

Since 1920 agricultural values have kept on declining because credit has been drained away by Wall Street speculation, and this same speculation has created a dangerous inflation in certain industries. This has been brought about in the following manner:

industries. This has been brought about in the following manner:

Owing to the increased interest rates charged by local banks, and the easy money prevailing in the big eastern financial centers, many concerns have found it cheaper to finance themselves through the stock market. The result has been a great increase in refinancings through the issuance of bonds, preferred stocks, second preferred stocks, and various other devices, which all offer a great temptation to overcapitalize.

So long as local bankers were advancing funds for reorganization or expansion they usually insisted that the business be kept upon a fairly conservative basis, and that the money invested bear some actual relation to the earning value of the stock; but when stocks and bonds can be sold broadcast to persons who have no direct knowledge of the corporation's condition, the element of personal responsibility vanishes and in many cases the sky is the limit.

As proof of the above statement it is merely necessary to cite that in 1921 the total value of all common and preferred stock listed on the New York Stock Exchange was a little over \$4,000,000,000, while to-day the combined paper value of the stocks listed on Wall Street has reached the staggering total of \$61,000,000,000,000. It is a fact—significant but little realized—that the various business enterprises of the United States are rapidly approaching a point where their total capitalization will represent a sum greater than that on which the entire national income can pay 5 per cent interest. Inevitably this condition must spell ruin and bankruptcy for many innocent purchasers who own what they believe to be "securities" bought at highly inflated prices on an artificially stimulated bull market.

Recently I checked over a long list comprising some of the largest industrial concerns in the United States, and found that during 1928 their stock values had increased an average of 27 per cent, while during the same period the average earnings of these identical corporations had declined on an average 11 per

Within two years the market value of 50 industrial stocks, 'he 20 public-utility stocks, and the 20 railroad shares which are used in computing the Standard Statistics index of the prices of stocks has increased from approximately seventeen and one-half billion to thirty-three billion dollars, an inflation that is wholly unjustified by an increase in the earnings of the above-mentioned

corporations.

The situation outlined above fully justified my charge that the Federal reserve system has encouraged a dangerous inflation in certain lines of industry. The rise in the prices of stock-exchange "securities" has not enriched the assets of the corporations or lowered their production costs or increased their earning power. The only difference made by the advance in the price of securities is a wholly fictitious change in the value of paper markers known as shares, and this bears no relation whatever to the real prosperity of the Nation. of the Nation.

Now we come to the consideration of my last indictment—that the Federal reserve system has deliberately kept up interest rates and thus placed an unfair burden on agriculture, industry, and commerce. Here I can convict the Federal reserve with its own official admissions.

and thus placed an unfair burden on agriculture, industry, and commerce. Here I can convict the Federal reserve with its own official admissions.

The Federal Reserve Board some time ago issued a booklet entitled "Questions and Answers on the Federal Reserve System." On page 135 the question is asked, "Why is interest not paid on the reserve balance carried with the Federal reserve bank?"

Its own answer follows:

"Because it is wrong in principle and would defeat one of the most important objects for which the Federal reserve system was established, namely." to afford means of rediscounting commercial paper. If a Federal reserve bank were compelled to use at all times a large percentage of its resources to purchase paper in the open market for the purpose of earning interest to be paid to member banks on their reserve deposits, it is manifest that this would absorb funds to such a degree as to leave it without adequate resources to meet the needs of its member banks in case of sudden emergency or for heavy seasonal requirements.

"Morcover, even if this were not the case, member banks would probably lose far more than they would gain if Federal reserve banks should pay them interest on their reserve banks amount to approximately \$22,00,000,000. The payment of interest at 2 per cent on this amount would require the Federal reserve banks in Government securities, it would not only dissipate the reserves as above specified but would have the effect of increasing the supply of credit to such an extent as to force down interest rates. If the amount were used in the open market in the purchase of bankers acceptances and bills of exchange, it would come in direct competition with member banks and by increasing the supply of credit to such an extent as to force down interest rates. If the amount were used in the open market in the purchase of bankers acceptances and bills of exchange, it would come in direct competition with member banks and by increasing the supply of credit to such an extent as to force down interes

productive purposes.

I contend that, stripped of all technical terms, a reserve bank has but two basic functions:

One is to act as a reservoir for the redeposits of member banks. One is to act as a reservoir for the redeposits of member banks. There are 27,000 banks in the United States, and there are times when member banks have more funds than they can loan to their regular loan customers. A bank wants to deposit these funds in its reserve bank for a few days or a few months with the right to recall them when needed at home. The local bank also should get a small return on these redeposits. This is a legitimate function of a reserve bank and should be useful in keeping capital employed, mobilizing credit, and lowering interest rates.

The second basic function of a reserve bank is to rediscount

The second basic function of a reserve bank is to rediscount paper of its member banks. Farmers are buying feed or seed, merchants are making reasonable increases of stock, or manufacturers are buying raw materials. Their needs may require more credit than the local bank can provide from its own deposits. Therefore it must call upon the central reserve bank for temporary aid; to obtain this it sends its commercial paper to the reserve bank for sale by rediscount.

The redeposit and the rediscount business are the only two basic services a reserve bank can render its member banks. In fact,

they are the only two services that a member bank can render its individual customers.

they are the only two services that a member bank can render its individual customers.

The principal purpose of a Federal reserve system, so far as service to the public is concerned, is to make a more efficient use of credit supply, and thereby to reduce the interest rate. If a reserve system does not accomplish this purpose, but, on the other hand, actually maintains higher interest rates for the public while collecting a vast credit surplus at low interest rates to be used for speculation, it is a menace to the general welfare and should be drastically amended or abolished entirely.

It is plain, I think, that interest is not paid on Federal reserve redeposits for the very reason that it would then be necessary to invest funds to earn this interest, which in turn would release other funds and increase the credit supply until the general interest rate was materially lowered. Lower interest rates certainly would benefit farmers, workers, manufacturers, and everyone engaged in legitimate industry; but lower interest rates might reduce bank earnings, and it should be clear by this time that the Federal reserve system is being operated for the benefit of bankers and stock speculators and not for the benefit of the American public.

The farmers and workers—in fact, all of the common people of this country—never again will enjoy a fair share of our national prosperity until they organize their own cooperative banking system under their own control. We are the only civilized country in the world that by law prohibits such a cooperative system.

prosperity until they organize their own cooperative banking system under their own control. We are the only civilized country in the world that by law prohibits such a cooperative system.

The farmers deposit far more money in the commercial-banking system than is ever loaned back to the farmers. Labor deposits many times more than is ever loaned back to labor. Farmers and workers would benefit by a cooperative banking system, but under the law commercial banks have a monopoly.

Iowa recently authorized cooperative banks, but no provision was made for a central reserve bank. Nebraska, too, has authorized them in general terms, but they are not properly defined by the law. Several other States have credit union laws, but they do not contemplate a great cooperative system; and this means that any banks that might be organized would become mere feeders for the commercial system.

The laws should be amended to permit the establishment of a national system of cooperative banks. I am now drafting measures for legislation to this end. In addition to this legislation much must be done to remove the existing evils of the Federal reserve system. I have introduced a series of bills to accomplish this purpose. One would prohibit any bank from making a speculative loan in the same terms that the law prohibits the Federal reserve banks from rediscounting such a loan. Why should a speculative loan be outlawed in the reserve bank for rediscount and at the same time legalized as an original loan by the member bank? It should be called upon to furnish a banking system to sustain an institution of stock gamblers.

should be called upon to furnish a banking system to sustain an institution of stock gamblers.

Another bill would prohibit one ordinary bank from paying another ordinary bank for redeposits and turn this item of reserve-bank business into the reserve banks. It would require the

another ordinary bank for redeposits and turn this item of reserve-bank business into the reserve banks. It would require the reserve bank to pay 2 per cent interest. This would increase the volume of reserve-bank business very greatly. On this increased volume it would never need to charge over 3 per cent on rediscounts and, perhaps, could make a profit at even a lower rate; so this bill fixes the rediscount rate by law at 3 per cent, and takes away from the Federal Reserve Board the power of affecting prices and business by raising and lowering the discount rate. That is a power too great to be intrusted to any board.

The Congress of the United States is the only board representing all the people that should exercise such power. The right to do so is as old as the English law. It is simply fixing a usury rate and that has always been done. If the rediscount rate is fixed at 3 per cent the ordinary bank can lend to farmers, laborers, and ordinary business at 5 per cent; and this bill has fixed the general usury rates for loans of that character at 5 per cent. This gives the people the advantage of lowering the general interest rate by efficient use of surplus funds in a reserve banking system.

These provisions have been criticized by the statement that they would drive all the business into the State banks. I have anticipated that argument, and have offered another bill to require the State banks to comply with the same rules or be denied the use of the United States mails and the privileges of interstate commerce. This would put all the banks under the same regime.

Unless something of the kind is done we are now headed for the

of the United States mails and the privileges of interstate commerce. This would put all the banks under the same regime.

Unless something of the kind is done we are now headed for the greatest panic in the history of the world.

The recent action of the Federal Reserve Board, while in the right direction, is powerless to actually stop this fabulous bubble of stock inflation. Perhaps it has gone too far already to be stopped by anything but a panic. In conclusion I want to ask: Shall the Congress of the United States remain an impotent onlooker in this ruthless destruction of the prosperity of the great masses of our people? masses of our people?

THE POLITICAL PARADE "-ARTICLE BY COL. EDWIN A. HALSEY

Mr. SHEPPARD. Mr. President, I present for incorporation in the RECORD a very interesting article, entitled "Here Comes the Political Parade," by Col. Edwin A. Halsey.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Sunday Star, Washington, D. C., March 27, 1932]

"HOLD YOUR HOSSES!-HERE COMES THE POLITICAL PARADE!"-DELE-GATES HAVE POLISHED THEIR HIGH SILK HATS, BRASS BANDS WILL BLARE, ORATORS WILL SHOUT, AND THE BIG SHOW IS ABOUT READY TO BEGIN—JUST 100 YEARS SINCE THE FIRST AMERICAN PARTY CONVENTIONS WERE HELD—SOME HIGHLIGHTS OF GATHERINGS OF THE DELEGATES

By Edwin A. Halsey, sergeant at arms of Democratic National Committee

"The convention will come to order. The sergeant at arms will direct the delegates to take their seats and clear the aisles of guests. The chaplain will offer prayer." These words, spoken by the chairman of the respective national committees of the two great parties—Democratic and Republican—swing into action the presidential-nominating conventions of 1932. Thus assembled this year these conventions commemorate exactly 100 years of political conventions of the two dominant parties. It is a coincidence that after a century of conventions the national conventions of both after a century of conventions the national conventions of both parties of 1932 are meeting in the same city, and, as in 1832, they convene in the same building. Both national conventions of 1832 were held in the Athenæum, Baltimore. Both conventions will be held this year in the stadium, with a seating capacity of 25,000, in Chicago—the Republicans holding their convention June 14 and the Democrats June 27. So the next President of the United States will be named in Chicago. The conventions will sit about three

or four days.

Each convention will have 1,154 delegates representing the States and Territories. The Territories represented will be Alaska, District of Columbia, Hawaii, Philippine Islands, Porto Rico, Canal Zone, and Virgin Isles. The delegates are apportioned to the States by the Democrats according to the size of the State congressional delegation, only the number of the delegates is twice that of the State congressional delegations. The delegates in 1928 were 1,089 for the Republicans and an even 1,100 for the Democrats. Two-thirds of the Democratic delegation is required to nominate, while the Republicans require only a majority.

In the Democratic ranks there has been a general agreement that there will be no repetition of the New York convention proceedings so far as length of time is concerned. The intention is to expedite the proceedings, and the general impression is, there will be a nomination in a comparatively brief time.

That conventions can be swayed by oratory was proven by the

That conventions can be swayed by oratory was proven by the two outstanding incidents surrounding the nominations of Garfield and Bryan. Garfield attended the convention of 1880 in Chicago as a delegate, and it was through his speech, nominating John Sherman, that he was himself nominated. William Jennings Bryan, while a delegate to the convention in Chicago in 1896, and as a newspaper man representing the Omaha World-Herald, owned as a newspaper man representing the Omaha World-Herald, owned by Gilbert M. Hitchcock, afterward Senator from that State, won the nomination by his "cross of gold and crown of thorns" speech. Senator Joe T. Robinson of Arkansas was permanent chairman of the Houston Convention in 1928, and his speech as chairman brought him before the convention and unquestionably influenced the Houston delegates in naming him for Vice President.

Representative Edgar Howard of Nebraska, who was private secretary to William Jennings Bryan, related the following incident, which followed immediately after Bryan concluded his famous speech in the convention of 1896:

"The crowd was in a very hilarious mood. Everybody who could

speech in the convention of 1896:

"The crowd was in a very hilarious mood. Everybody who could find something to swing in the air would do so, making as much of a demonstration as he could. Men and women alike would wave their hats, coats, whatever they could get hold of. To illustrate how demonstrative the crowd really was, there was one man in particular, a very unusually dignified and reserved person, a man last among men who would loose from his tongue a questionable expression in the presence of a lady. He was standing against, and with one arm around, one of the wooden supports of the convention hall, waving his black alpaca coat and shoutling 'Hurrah for Bryan.' Near him was a magnificently gowned woman who had taken off her hat and stuck her parasol through it, waving them in the air. 'You must be from Nebraska, too,' remarked this lady. To which the man replied, 'You can bet your breeches I am, madam.'"

The scene Representative Howard describes is somewhat typical

The scene Representative Howard describes is somewhat typical of conventions after a nominating speech, but Bryan's speech thrilled his crowd more than usual.

That one might become confused while addressing a convention

proven by the following, from the Kansas City Journal of July

"In conclusion, in announcing his intention of supporting the Democratic Party and its ticket, Mr. Davis said with great em-phasis: 'I stand upon this platform and shall support William J.

"It was a curious and laughable confusion of syllables of Bryan's name, but the crowd knew what he meant and cheered

The Mr. Davis referred to was Webster Davis, who had been invited to address the convention. Another account said Mr. Davis's concluding words were "William Brennings Jyan."

no way allay the enthusiasm, but may add to it, and pandemonium will reign as usual as favorite candidates are placed in nomination.

Nominating speeches are immediately followed by the test of strength of the advocates of the particular candidate to make a demonstration to prove that their man is the outstanding one of the convention. It is no secret that managers of these demonstrations have had in mind the length of others and have deliberately carried on the demonstrations regardless of how tired their advocates may have become or how worn the delegate particles.

active carried on the demonstrations regardless of how tired their advocates may have become or how worn the delegates participating, the big idea being to carry their demonstration longer than the one previous or longer than the one candidate which they are trying to outrival in making a demonstration.

In the old times the question of reaching the entire audience in the hall by voice and keeping the large assemblage entertained in the matters of the convention was a hard matter. Usually not more than one-fourth of the occurents of the hall heard the more than one-fourth of the occupants of the hall heard the proceedings. Because of the desire to be able to take care of enormous crowds, the committee gave little thought or consideration to the acoustics or carrying power of a man's voice. At the Chicago convention in 1912 the manager of the hall improvised a Chicago convention in 1912 the manager of the hall improvised a 4-sided sounding board which came down to a point directly above the position of the presiding officer, so that the speaker's voice resounded through a much greater part of the hall. This was noticeable by the quiet, as in previous conventions the large part of the audience that was unable to follow the proceedings provided their own amusement, and the hum and buzz of conversation at times interfered with the proceedings. In 1920 a number of young engineers were brought into the Republican convention hall and studied the situation, and their contribution was in the form of eight large horns, made of wood, about 10 feet in length, a disk connected with them being placed directly in front of the speaker. The night preceding the convention the hall was thrown open for visitors and a concert provided with the aid of a small phonograph. This system of amplification made the music audible in every section of the hall and proved quite an assistance in expediting the work. To-day not only those an assistance in expediting the work. To-day not only those within the four walls of the convention hall are able to follow the proceedings but millions of citizens seated in their homes, far more comfortable than those within the direct vision of the speaker, can closely follow the convention through the instrumentality of radio.

Chicago has been host to a greater number of conventions than any other city, harily contentioned 16 metaborations than

any other city, having entertained 16 major conventions since 1860. Baltimore ranks next, having had within its borders 13 major conventions, Democratic and Republican. St. Louis comes third, having had 5; Philadelphia fourth, with 4. Other cities having had more than one convention are Cincinnati, Cleveland, Kansas City, and New York. Cities having had only one are Denver, Harrisburg, Houston, Minneapolis, and San Francisco.

Champ Clark was the only man who ever received a majority of the votes of the delegates and yet was not nominated, as he could not get the two-thirds vote required. Two men nominated by connot get the two-thirds vote required. Two men nominated by conventions who have received the majority of the popular votes in the United States have failed to become President in that particular election. Cleveland, in 1688, although receiving a larger vote than Harrison, was defeated for the Presidency, as Harrison received the larger number of electoral votes. The same is true of Tilden when he was defeated by Hayes in 1876, although Hayes in the actual counting of the electoral votes received only one more than Tilden. This discrepancy between popular and electoral votes is accounted for by the fact that in many instances in the Southern States the Democratic vote would be 4 to 1 to that of the Republican vote, thus bringing up the total Democratic vote in these two particular instances to a number greater than the Republican vote in the whole Nation.

Thirteen of the Presidents of the United States have been named on the first ballot.

the first ballot.

on the first ballot.

Although there was no national convention, the first presidential election occurred January 7, 1789. The constitutional provision that the House of Representatives should elect, if there has been no choice made by the people, as in the case of the election of 1800, gave the election by the House to Thomas Jefferson over Aaron Burr. The nearest approach to conventions was the secret party caucus of the olden days, and the first of these secret caucuses was held February 25, 1804, in Washington. Both Democrats and Republicans in that year held their caucus in the same city, and it was in Washington that Thomas Jefferson was renominated. Nominations for Vice President have been declined and the first declination was by John Langdon of New Hampshire in 1812. He had been nominated by the Republicans. Senator Thomas J. Walsh of Montana, chairman of the 1924 Democratic Convention.

Walsh of Montana, chairman of the 1924 Democratic Convention, held in New York City, put aside the nomination for the Vice Presidency by declaring the convention in recess.

The two-thirds rule adopted by the Democratic Convention of May 21, 1832, has been in vogue ever since. It was at this conven-tion that Andrew Jackson was nominated. The first national

committee was organized in the election of 1848 by the Democratic Convention of that year.

While we now have magnificent colliseums and auditoriums for our conventions, such has not always been the case. After the The heat in the convention halls in the past has been one of the main drawbacks in holding conventions in midsummer. Prostrations have been numerous. It is so arranged now that much of the discomfort will be a relic of the past, as the stadium in Chicago has a cooling system much the same as is used in motion-picture theaters. The delegates will be able to work in comfort and naturally will be more composed. This cooling system will in the Whigs, in 1848, used the Chinese Museum in Philadelphia. The next unusual place was in 1860, when the Republicans held their convention in Chicago in a wigwam erected especially for that occasion. It was in this wigwam that Abraham Lincoln first was nominated. A theater was the scene of the Republican Convention in 1864 in Baltimore, while the Democrats met in 1872 in

was nominated. A theater was the scene of the Republican Convention in 1864 in Baltimore, while the Democrats met in 1872 in Ford's Opera House.

All conceivable ideas are used to get into a convention hall. One of the strangest was used in Houston. Everyone knows that a death message is always delivered as promptly as possible, regardless of circumstances. A friend of a Texas ranger, to be sure that the message reached him, wired this ranger, who was on duty in the convention hall, that there had been a death. The ranger immediately went to a telephone and called the sender of the telegram, only to find that it was a ruse for the sender of the telegram to ask the ranger for a ticket to get him into the hall.

The presence of Texas Rangers in the Houston hall probably did a great deal to keep order among the guests, as the rangers have a great reputation of being effective in time of disturbances.

The platform of the convention is, as some have said, "something to get in on and not to stand upon." The platform, in fact, is the outline of party principles, or the promises it intends to carry out should it come into power. It is an address to the American people, and it summarizes in very carefully selected words the deficiencies of the enemy, but praises the virtues of their own party to the extreme.

The writing of a platform in a convention sometimes is such a stubborn matter that it holds a convention in session longer than the nomination of the candidates. Probably one of the most outstanding platforms ever formulated was that promulgated by the

stubborn matter that it holds a convention in session longer than the nominations of the candidates. Probably one of the most outstanding platforms ever formulated was that promulgated by the Republicans in the campaign of 1868, which nominated General Grant. Though President Johnson was still in office, the convention platform said in part, "We profoundly deplore the untimely and tragic death of Abraham Lincoln," which was very natural and a very commendable statement, but then the platform went on to say, "We regret the ascension to the Presidency of Andrew Johnson." The platform went on further to take the President to task for things he had done and things he had failed to do. And judging from the castigation by this platform, Johnson's administration must have indeed been "a tragic era." Thus we have the strange spectacle of a party in power denouncing its own President.

The two conventions in Chicago will be marked in contrast possibly by attendance. The conclusions of the Republican Convention, as it is seen at this time, are somewhat foreclosed. That President Hoover and Vice President Curtis will be renominated seems definite and certain, and the convention proceedings will

be in the form of a ratification meeting. The Democratic Convention promises to be the most colorful ever held.

There are always many events planned to interest delegates while they are in a convention city. Probably one of the most original was at the Democratic Convention in Denver in 1908. There the delegates were privileged to indulge in a snowball fight when the thermometer was hitting around 104 or 105 in the shade. Snow was brought in from the mountain tops adjacent to Denver in carloads and dumped on the grounds adjacent to the convention bell tion hall.

During the Republican Convention in Chicago in 1908, the day the nomination of the candidate for President was to be made the jam in the building was such that the fire marshal took charge and ordered that no one be admitted. This applied to delegates as well as press, and when the fire marshal gives an order it is law. This meant that those inside could not leave for lunch with any assurance of being able to get back in. This, of course, was a boon to the proprietor of the lunch room within the building. Not anticipating such a sudden inrush, he had not made any par-Not anticipating such a studen intusit, he had not made any particular preparation and his main stock was loganierry juice, coffee, and strawberry pie. This lunch room was a long, corridorlike, unfinished place with a counter about 50 feet long. As there was little choice, one was compelled to take just what was handed him, and the supply of forks and paper plates was totally inadequate.

Another instance where the convention city desired to entertain

its guests to the utmost was at the Democratic convention in San its guests to the utmost was at the Democratic convention in San Francisco in 1920, the first national convention to be held on the Pacific coast. California, noted for its hospitality, on this occasion determined to go the limit, and on the second day crates of oranges were brought into the press section and everyone invited to partake generously. The unhappy part was that in preparing the orange treat no care was shown in disposing of the peels, with the result that the center aisle was soon a mass of peelings. The

the result that the center aisle was soon a mass of peelings. The following day several hundred crates of fresh apricots were brought to the hall, but the orange experience prompted those in charge to leave the fruit in a corridor just outside the hall.

Preposterous as it may seem now, the Taft managers in 1912 were distinctly disturbed by rumors that former President Roosevelt would literally stampede the convention by riding in one of the hall's street entrances on horseback. Roosevelt was in Chicago at the time and there was such intense feeling over the State delection; context as to which should be seated Roosevelt or Taft. gation's contest as to which should be seated, Roosevelt or Taft delegates, that the convention officials were apprehensive and placed an additional force of police in the hall to prevent any actual fighting over the contest or to combat the Rough Rider and It all seems absurd now, but the report was taken his followers.

At the conventions there are always well-known characters. They travel hundreds of miles, and some of them make it a profitable journey by selling photographs of themselves and otherwise

extracting coins from visitors and delegates. One-eyed Connolly was one of the characters at Houston who appealed to me for a job, but when I told him that if he were to be given work his notable achievement of "crashing the gate" at every important gathering would be impaired and minimize his publicity as a "gate crasher," he remarked that "even so, I have to eat."

The original telegraph report was a mere skeleton of the routine of the convention, completely devoid of the "human interest" element, as the newspaper phrase goes. To-day not only is every

of the convention, completely devoid of the "human interest" element, as the newspaper phrase goes. To-day not only is every word uttered in the convention given a place in the news reports of the press associations but from the pens and typewriters of hundreds of special correspondents—including the "sob sisters"—hundreds of thousands of words flow steadily over the wires directly to the desks of the telegraph editor at home. Special arrangements are always made for the radio "mikes" and special privileges are given to the movie and "still" cameramen.

Each convention has its dramatic moment which stands out

Each convention has its dramatic moment which stands out. Most frequently it is when certain candidates are placed in nomination, but in the 1904 Democratic convention at St. Louis, which nominated Alton B. Parker, it was Judge Parker's telegram to the convention after he had been nominated that caused great consternation. His message came in the early morning after an all-night session and stated that he regarded the gold standard as firmly and irrevocably established. This statement came with startling surprise, for the platform had eliminated all reference to monetary standards, which had prevented a big clash in the convention. After a hurried meeting of the resolutions com-mittee of which Sepator John W. Daniel of Virginia was chatrmittee, of which Senator John W. Daniel, of Virginia, was chairman, the convention voted to send to Judge Parker a telegram saying that while the platform was silent, there was nothing in his views expressed in his telegram which would preclude a man

his views expressed in his telegram which would preclude a man entertaining such views from accepting a nomination on that convention's platform.

The incident, as thought by many, might vacate the proceedings and conclusions of the convention, but the telegram drafted by the resolutions committee saved the day. It was probably one of the most startling pieces of information that had ever been received by a convention when Chairman Sheehan, who was managing Judge Parker's campaign, announced receipt of the telegram. I do not recall anything else that I have witnessed at a

gram. I do not recall anything else that I have witnessed at a convention that created such consternation as the Parker telegram. At every convention some one unusual feature stands out. As an illustration, the "24 votes for Underwood" was one of the main features of the New York convention. One of the most amusing incidents of any convention of recent years was occasioned by Governor Hanley, of Indiana, who nominated Mr. Fairbanks at the Republican convention in Chicago in 1908. Governor Hanley had a way of emphasizing his remarks by clapping his hands together each time he stated a point. The crowd being his hands together each time he stated a point. The crowd being in a somewhat hilarious mood, more to be entertained than to be serious, started clapping hands in unison each time he did. This brought on great laughter, much to the discomfort of Governor Hanley, and he appealed to the presiding officer for order. Needless to say the chair was helpless.

The convention is flooded by povelties on certain occasions.

The convention is flooded by novelties on certain occasions. In New York Miss Anna Case opened the session by singing The Star-Spangled Banner, and while she was singing there were released from the ceiling thousands of miniature American flags, which floated down to the audience. In Houston, where the resiwhich hoated down to the audience. In Houston, where the residents are very proud of their gardenias, these flowers were tied to tiny baloons and released among the audience. Again, when Jesse Jones was mentioned for President, his advocates released thousands of tiny balloons with Mr. Jone's name and picture on them. The expression "the standard bearer," so frequently used as referring to the nominee of the political conventions, is an expression which no doubt is an outgrowth of the presidential convention.

Each State delegation sits on the convention floor under vention. Each State delegation sits on the convention floor under a standard with the State's name inscribed, so that they can be easily located and identified. It is this standard, when carried, which indicates how the State delegates will probably vote after a candidate has been placed in nomination. The standard is usually lifted from its resting place on the floor and borne around in jubilation, indicating that that State which is inscribed upon the standard is solidly back of the man placed in nomination.

One of the funniest and at the same time serious incidents One of the funniest and at the same time serious incidents occurred at one of the ante bellum conventions. It is related that a temporary occupant of the chair at that time was considerably annoyed by a delegate who insisted upon being heard. The session had gone far into the night, and the temporary occupant of the chair was a delegate who had probably been indulging very liberally in stimulant to keep him going under the strain. In hammering for order and trying to get the unruly delegate to take his seat he wielded the gavel, uttering the words, "Sit down!" He lost his balance, and the gavel flew over and hit one of the clerks standing directly in front of the chairman. "Time out" had to be taken to bring the clerk back to consciousness. Odd banners are frequently carried during the performances of the delegates after their candidate has been placed in nomination. One of the funniest was at the Republican convention of 1908.

One of the funniest was at the Republican convention of 1908, when the Texas delegation appeared with a pair of trousers of enormous size, made of alpaca, a product of Texas, hoisted high in the air, upon which was written, "As pants the hart for cooling streams, so Texas pants for Taft."

The keynoter of the campaign, the temporary chairman of the convention, should, to fulfill the accepted requirements for the job, "be an Adonis in appearance, silver-tongued in voice, deliver a masterpiece of diction, embodying the acme of achievement and

promise; sound phrases that are pleasing to the extremes, praise party performances, defend party delinquencies, denounce the enemy, thrill the radio audience, and actually, all in all, execute a performance par excellence "—truly a superman's job.

It is a large order to get such a man. The hunt is on and no doubt before the steam rollers of the conventions start to move a man to meet the festicious requirements of the conventions will

man to meet the fastidious requirements of the conventions will

have been found.

The subcommittees of the national committees which make the selection of the keynoter and choose the permanent chairmen of the conventions have many problems to settle before a selection is made. Whether the keynoter shall be wet or dry, from the East or West, and what candidate he might favor, will give the sub-

committees concern.

James D. Preston, who for thirty-odd years was superintendent of the press gallery in Washington, and who supervised the press galleries at the conventions of both parties, will not attend in that capacity this year, but will go to the Democratic convention, at least, as an assistant sergeant at arms.

#### THE FEDERAL CITY

Mr. FESS. I should like to call the attention of the Senate to the fact that the book on the Federal City which was submitted by the secretary of the Fine Arts Commission, and prepared under the Joint Committee on Printing of the Senate and the House under the direction of the clerk, has been completed. It has 402 illustrations; it is the finest thing up to date that has been produced on the subject, I think, and I know Senators will all be glad to know that it is finished and that they will receive copies in due time.

#### EXECUTIVE SESSION

Mr. WATSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate

(For nominations this day received, see the end of Senate proceedings.)

## SAMUEL L. GROSS

Mr. HASTINGS, from the Committee on the Judiciary, reported favorably the nomination of Samuel L. Gross, of Texas, to be United States marshal, northern district of Texas.

Mr. SHEPPARD. Mr. President, I ask that that nomination be immediately confirmed.

The VICE PRESIDENT. Is there objection? The Chair hears none; and, without objection, the nomination is confirmed.

# ADDITIONAL EXECUTIVE REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of Cooper Hudspeth, of Arkansas, to be United States marshal, western district of

Mr. ROBINSON of Indiana, from the Committee on the Judiciary, reported favorably the nomination of Charles E. Winter, of Wyoming, to be attorney general of Porto Rico.

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Col. Louis Meredith Nuttman, Infantry, to be brigadier general, vice Brig. Gen. Campbell King, to be appointed major general May 1, 1932, and also the nominations of sundry other officers in the Regular Army.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

Mr. SCHALL, from the Committee on the Judiciary, reported favorably the nomination of Joseph Fritsch, jr., of New York, to be United States marshal, western district of New York.

The VICE PRESIDENT. The reports will be placed on the calendar.

Mr. HASTINGS. If it is in order, I desire to move a reconsideration of the action of the Senate on the 23d in-

stant, rejecting the nomination of Charles A. Jonas to be district attorney for the western district of North Carolina.

Mr. McKELLAR. Mr. President, did I understand correctly the Senator to move for immediate consideration?

Mr. MOSES. The Senator from Delaware enters a motion for a reconsideration.

Mr. HASTINGS. I merely desire to ask that the motion be entered.

Mr. HARRISON. There will be no desire to try to prolong this matter, will there, may I ask the Senator from Delaware?

Mr. HASTINGS. I will say that, if the Senate will agree to the motion, I will be prepared to-morrow to go on with it. I should like to be heard upon the subject, for the reason that I think all the facts were not laid before the Senate. I was unavoidably absent at the time the nomination was considered, and had expected to address the Senate upon the subject.

Mr. McKELLAR. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it. Mr. McKELLAR. As I understand, the Senator from Delaware voted in favor of the confirmation of Mr. Jonas?

Mr. HASTINGS. There was no record vote.
The VICE PRESIDENT. There was no record vote, and a motion to reconsider may be entered by any Senator.

Mr. McKELLAR. If there was no record vote, my parliamentary inquiry is of no avail.

The VICE PRESIDENT. The motion will be entered.

#### TREATTES

The VICE PRESIDENT. The calendar is in order. The legislative clerk proceeded to read Executive KK (70th Cong., 2d sess.) and Executive A (72d Cong., 1st sess.).
Mr. MOSES. I ask that the treaties may go over.

The VICE PRESIDENT. The treaties will be passed over.

#### POSTMASTERS

The legislative clerk read the nomination of Charles A. Sandburg to be postmaster at Jamestown, N. Y.

Mr. ODDIE. I ask that the nomination of the postmaster at Jamestown, N. Y., be held over and not acted upon.

The VICE PRESIDENT. The nomination will be passed

The legislative clerk read the nomination of Frank L. Lee to be postmaster at Campbell, Ohio.

Mr. ODDIE. I move that that nomination be confirmed. The objection of the Senator from Ohio [Mr. Bulkley] has been withdrawn.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Robert P. Joyce to be secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Halleck L. Rose to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

# INTERNAL REVENUE SERVICE

The legislative clerk read the nomination of Lawrence A. Merrigan to be collector of internal revenue, district of Louisiana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## CUSTOMS SERVICE

The legislative clerk read the nomination of Samuel H. Thompson to be collector, customs collection district No. 12, Pittsburgh, Pa.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Charles L. Williams to be senior surgeon, to rank from May 23, 1932.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### COAST AND GEODETIC SURVEY

The legislative clerk read the nomination of Robert Alexander Marshall to be junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy).

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Hubert Alexander Paton to be hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy).

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, that order will be made. This completes the calendar.

The Senate resumed legislative session.

Mr. WATSON. I move that the Senate take a recess until to-morrow at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, March 29, 1932, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate March 28 (legislative day of March 23), 1932

#### CONSUL GENERAL

Oscar S. Heizer, of Iowa, now a Foreign Service officer of class 4 and a consul, to be a consul general of the United States of America.

MEMBER OF THE FEDERAL BOARD FOR VOCATIONAL EDUCATION

W. Harry King, of South Dakota, to be a member of the Federal Board for Vocational Education for the unexpired term of three years from July 17, 1931, vice Claude M. Henry, deceased.

# COAST GUARD

The following-named officers in the Coast Guard of the United States:

Commander James A. Alger to be a captain, to rank as such from January 1, 1932, in place of Capt. Philip H. Scott,

Commander (Engineering) Frederick H. Young to be a captain (engineering), to ran as such from January 1, 1932.

# APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY TO QUARTERMASTER CORPS

Capt. Thomas Brady, jr., Cavalry (detailed in Quartermaster Corps), with rank from July 1, 1920.

First Lieut. Thomas Eginton Whitehead, Cavalry (detailed in Quartermaster Corps), with rank from September 18, 1925.

# TO ORDNANCE DEPARTMENT

First Lieut. Steven Livesey Conner, Corps of Engineers (detailed in Ordnance Department), with rank from November 16, 1927.

## PROMOTIONS IN THE REGULAR ARMY

# To be lieutenant colonel

Maj. Robert Emmett O'Brien, Infantry, from March 20, 1932.

## To be major

Capt. Frank Austin Heywood, Quartermaster Corps, from March 20, 1932.

# To be captain

First Lieut. Frank Lauderdale Cook, Air Corps, from March 20, 1932.

# To be first lieutenants

Second Lieut. Thomas Benjamin White, Coast Artillery Corps, from March 18, 1932.

Second Lieut. William Benjamin Hawthorne, Coast Artillery Corps, from March 20, 1932.

#### APPOINTMENTS AND PROMOTIONS IN THE NAVY

Lieut. Charles H. Ramsdell to be a lieutenant commander in the Navy from the 30th day of June, 1931.

Lieut. Robert P. McConnell to be a lieutenant commander in the Navy from the 1st day of August, 1931.

Lieut. (Junior Grade) Frank Monroe, jr., to be a lieutenant

in the Navy from the 1st day of November, 1931.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of December, 1931: Joseph B. Renn.

Alvin D. Chandler.

Julian J. Levasseur.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of January, 1932:

Joyce A. Ralph.

Carson R. Miller.

Homer Ambrose.

William M. Hobby, jr.

James C. Guillot.

Lieut, (Junior Grade) Guy M. Neely to be a lieutenant in the Navy from the 7th day of January, 1932.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of February, 1932:

Horace C. Robison.

Thomas H. Hederman.

John B. Moss.

Valentine L. Pottle.

Ensign Richard E. Hawes, an additional number in grade, to be a lieutenant (junior grade) in the Navy from the 18th day of February, 1932.

Medical Director Arthur W. Dunbar to be a medical director in the Navy, with the rank of rear admiral, from the 7th day of December, 1926.

William D. Bryan, a citizen of the District of Columbia, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), for temporary service, from the 18th day of July, 1931.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 28 (legislative day of March 23), 1932

# SECRETARY IN THE DIPLOMATIC SERVICE

Robert P. Joyce to be secretary in the Diplomatic Service. FOREIGN SERVICE OFFICER, UNCLASSIFIED, VICE CONSUL OF CAREER, AND SECRETARY IN THE DIPLOMATIC SERVICE

Halleck L. Rose to be Foreign Service officer, unclassified. vice consul of career, and secretary in the Diplomatic Service.

# COLLECTOR OF INTERNAL REVENUE

Lawrence A. Merrigan to be collector of internal revenue, district of Louisiana.

## COLLECTOR OF CUSTOMS

Samuel H. Thompson to be collector of customs collection district No. 12, Pittsburgh, Pa.

## UNITED STATES MARSHAL

Samuel L. Gross to be United States marshal, northern district of Texas.

# PUBLIC HEALTH SERVICE

Charles L. Williams to be senior surgeon, to rank from May 23, 1932.

# COAST AND GEODETIC SURVEY

Robert Alexander Marshall to be junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy).

Hubert Alexander Paton to be hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy).

# POSTMASTERS

## ALASKA

Ernest I. Amundsen, Anchorage.

Clarence J. Carlton, Arcadia. Ralph C. Allen, Auburndale. Mary Joyner, Bagdad. Capers S. Weathersbee, jr., Branford. Walter C. Gholson, Chattahoochee. Thomas J. Bulford, Hilliard. James A. Zipperer, Madison. Lera H. Davis, Mayo. Daisy D. Pollard, Miami Springs. William D. Fletcher, Tarpon Springs.

ILLINOIS

William M. Rentschler, Allendale. John M. Bradley, Cypress. Fred W. Neuman, Grand Ridge. Roy M. Dalrymple, Oblong. Edward F. Ledoyt, Sandwich.

Ralph A. Bessey, Canton. G. Walter Akers, Kents Hill. Charles E. Toothaker, Phillips. Phoebe Stevens, Portage. Edward R. Veazie, Rockland.

MARYLAND

Charles H. Johnson, Edgewood.

MASSACHUSETTS

Henry D. Ainsworth, Grafton. John R. Walsh, Topsfield.

NEW HAMPSHIRE

Lauriston M. Goddard, Ashland.

NEW JERSEY

Rosteen H. Jones, Bayhead. Clarence E. Glover, Blackwood. Z. Charles Challice, Fairlawn. Charles W. Foster, Grenloch. John W. Barnett, Hillsdale. William A. Sweeney, Red Bank. Elsie Brown, River Edge. Ethel B. Carr, Stratford. John P. Ryan, Warren Point.

Frank L. Lee, Campbell.

PORTO RICO

Nicolas O. Lehon, Aibonito. Cristina G. Sandoval, Hato Rey. Roque Rodriguez, Ponce. Jose Monserrate, Salinas. Juan V. Hernandez, San Sebastian.

TENNESSEE

John M. Whiteside, Bellbuckle. Elbert D. Corlew, Charlotte. Walter B. Clark, Collegedale. Douglas B. Hill, Collierville. Rufus N. McCaslin, Dickson. Gordon P. Hyatt, Ducktown. Lon McCaleb, Dyersburg. Homer E. Alexander, Hartsville. Luther D. Mills, Middleton.

# HOUSE OF REPRESENTATIVES

Monday, March 28, 1932

The House met at 12 o'clock noon. The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Bestow upon us, O Lord, our God, that enduement of light and grace which are necessary to lift into the largest and noblest life; allow not courage and conviction to succumb to weakness. O Spirit of Might, inspire us to unyieldthe right. Lead us into the fullness of that which is wisest and best. Through these laboring, waiting hours make all minds considerate and patient. Wilt Thou grant to those who are bearing heavy burdens that require constant thought and endeavor relief from weariness, and may they have an alliance with Thee that gives strength and vision. Our Heavenly Father, may we all bend ourselves to our tasks, and thus while helping others we shall find ourselves illuminated and blest. Amen.

The Journal of the proceedings of Saturday, March 26, 1932, was read and approved.

#### CALL OF THE HOUSE

Mr. WARREN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently there is not a quorum present. Mr. WOODRUM. Mr. Speaker, I move a call of the House. A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

	[Roll	No. 34]	
Abernethy Auf der Heide	Crump Cullen	Lewis Lindsay	Seiberling Shannon
Ayres	Davenport	Linthicum	Sirovich
Bacharach	De Priest	Lozier	Smith, Va.
Beam	Dickstein	McFadden	Smith, W. Va.
Beck	Doutrich	McGugin	Sparks
Beedy	Drane	McLaughlin	Steagall
Beers	Freeman	McMillan	Stokes
Bolton	Garber	Maas	Strong, Pa.
Britten	Golder	Manlove	Sullivan, Pa.
Brumm	Granata	Miller	Sweeney
Bulwinkle	Granfield	Mobley	Tilson
Burdick	Greenwood	Murphy	Tucker
Carley	Griffin	Nelson, Wis.	Underwood
Celler	Hancock, N. C.	Oliver, Ala.	Watson
Chapman	Houston	Owen	Weaver
Chase	Hull, William E.	Palmisano	Weeks
Chiperfield	Igoe	Peavey	Welsh, Pa.
Cochran, Pa.	Johnson, Ill.	Perkins	Wolcott
Collier	Johnson, S. Dak.	Ransley	Wolfenden
Connery	Karch	Reid, Ill.	Wood, Ga.
Cooper, Ohio	Kennedy	Rudd	Wood, Ind.
Corning	Kurtz	Sabath	Wyant
Coyle	Lehlbach	Schuetz	

The SPEAKER. Three hundred and thirty-five Members have answered to their names. A quorum is present.

Mr. POU. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

# RELIEF OF DRAINAGE AND IRRIGATION DISTRICTS

Mr. HALL of Mississippi. Mr. Speaker, under clause 4, Rule XXVII, I move that the Committee on Rules be discharged from further consideration of House Resolution 117. which is a proposed rule for the consideration of the bill H. R. 4650.

The SPEAKER. The gentleman from Mississippi moves to discharge the Committee on Rules from further consideration of a resolution, House Resolution 117, which the Clerk will report by title.

The Clerk reported the title of the House resolution.

The SPEAKER. Under the rules the gentleman from Mississippi [Mr. Hall] is entitled to 10 minutes; the gentleman from North Carolina 10 minutes.

Mr. PURNELL. Mr. Speaker, may I ask the gentleman from North Carolina if it is his intention to yield me a part of the time?

Mr. POU. One-half of the time to which I am entitled, which is five minutes, I yield to the gentleman from Indiana.

Mr. PURNELL. The gentleman gives me the full five minutes?

Mr. POU. Yes.

Mr. HALL of Mississippi. Mr. Speaker, I yield five minutes to the gentleman from California [Mr. Swing].

Mr. SWING. Mr. Speaker, obviously it is impossible to discuss the merits of the bill which will be the subject matter before the House if the Committee on Rules is discharged. Obviously, it was not intended, under the rule under which we are now operating, that the merits should at this time be discussed. What I shall present to you will be not the merits but the reasons for giving the Committee on Irrigaing devotion to the right as Thou, O God, giveth us to see I tion and Reclamation an opportunity to present the merits,

The situation before the House to-day is not the usual one which we think of when we think of the discharge rule. This is not a case of discharging a committee which has before it the consideration of an important bill, against the consent of the committee, probably without hearings by the committee, frequently without consideration of the bill by the committee. On the contrary, this bill has been thoroughly considered. Full hearings have been held. The bill has been studied, it has been perfected, and it has been reported unanimously by the Committee on Irrigation and Reclamation. It not only has been reported unanimously by the committee at this session of Congress, when a majority of the committee were Democrats, but last session a similar bill had exhaustive hearings, was thoroughly studied, and was unanimously reported by the committee, when a majority of its members were Republicans. The committee feels that this legislation, while it was desirable last session, because of conditions which now exist in the districts affected by the bill, is absolutely necessary this year. In fact, the committee feels that this is the most important, the most vital, and the most urgent piece of legislation that it has had either at this session of Congress or at the last session of Congress. What the committee asks is that it be accorded its day in court; that it be accorded an opportunity to present to you the clear and convincing evidence which was presented to the committee, and which convinced the entire committee of the importance and of the necessity for this legislation.

The safeguards in this bill for the Public Treasury have been most carefully worked out so that there will not be one single dollar lost to the Public Treasury by the operation of this bill, because of the provision for reappraisal of the lands within the district to be affected by it, and by compulsory reduction of the outstanding debts against the

Entire communities totaling investments a hundred times the amount involved in this bill are in danger of being wiped out unless financial relief is afforded these districts. They must function if the communities are to continue to exist. In drainage districts worn-out pumping machinery must be replaced; in levee districts, the levees must be rebuilt and strengthened; in irrigation districts the canals must be repaired, and if these things are not done the community is faced with destruction. Many of these districts can not borrow a dollar to do this absolutely necessary work. Ten per cent of the districts are actually in default. Their default in turn has destroyed the credit of the remaining districts. If the districts fail to function, the communities dependent upon them will soon cease to exist.

Only a little while ago Congress voted \$2,000,000,000 for loans to restore and stabilize the credit of private corporations to save business from ruin. That was proper enough. But business can always be restored if the community is preserved. If the community is destroyed, business is gone forever. Therefore we should be willing to act to-day to save these communities from ruin by voting \$100,000,000 to restore and stabilize the credit of these districts. Let it not be said that we favored billions for private corporations but not one dollar for public corporations, that we favored billions for business but not one cent for the people. I sincerely hope that this motion will prevail and that the bill will be passed. [Applause.]

The SPEAKER. The time of the gentleman from California has expired.

Mr. PURNELL. Mr. Speaker, I yield myself five minutes. Mr. Speaker, I hope my judgment on the merits of this bill has not been warped by my sincere opposition to this method of legislating. I am fundamentally opposed to this method of bringing legislation onto the floor of this House [applause), but I am now trying to overlook that objection and state as briefly as I can, in three or four minutes, the opposition which many of us share to the bill itself.

In the first place, this is a Treasury drainage bill instead of a bill for the relief of farmers. [Applause.] It author-

to give the committee its opportunity to have its day in | izes an appropriation of \$100,000,000, and at the most inopportune time such a suggestion could ever be made to the American Congress. [Applause.] It promises more than that. There are certain solvent drainage districts in the country which, if this bill is passed, would immediately take steps to make themselves insolvent in order that they might come within the provisions of the bill or secure additional legislation. In that event it would be necessary to appropriate \$391,000,000 to take care of all drainage districts.

> This matter has been before our Committee on Rules at least twice. We have had hearings on it. We have gone into it thoroughly. I say to you, gentlemen, this is not the opportune time to consider this matter even on its merits. I certainly hope the House will vote down this motion to discharge the Rules Committee and reassure the country of its sanity.

> Obviously I can not go into details nor dwell at length upon the merits of the bill, but I do want to leave this thought with you: If this is a bill for the relief of farmers, it would only relieve a handful of them, and we ought to do something for all of the farmers of the Nation rather than for a specific group. I am not sure it is actually a bill calculated to relieve any appreciable number of farmers. My honest judgment is that this is a bondholders' relief bill rather than a bill for the relief of those who live in the drainage districts. [Applause.] All of the propaganda that has come to me has come from those who own bonds. I feel sorry for them. I should like to see them have some relief. But, gentlemen, until we can take some steps in this House to reduce expenditures, to balance our Budget, and, most important of all, find the money with which to pay for the things we want, it is no time to give even them consideration.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Mississippi. Mr. Speaker, a parliamentary

The SPEAKER. The gentleman will state it.

Mr. HALL of Mississippi. How is the time divided?

The SPEAKER. Ten minutes on a side.

Mr. HALL of Mississippi. I have five minutes in rejoinder, have I not?

The SPEAKER. The gentleman from Mississippi has five minutes remaining, and the gentleman from North Carolina [Mr. Pou] has five minutes.

Mr. HALL of Mississippi. The gentleman from North Carolina is supposed to consume his entire 10 minutes, and then I have five minutes in which to close the debate.

The SPEAKER. The gentleman is entitled to close the dehate.

Mr. POU. Mr. Speaker, I yield two minutes to my colleague from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, this is the most far-reaching, the most dangerous, and the most vicious measure that will probably come before this House in a long time to come. [Applause.] If we discharge this committee to-day, we might as well open the floodgates and allow every half-baked bill, every unsafe piece of legislation, and every "ism" to descend upon us for consideration.

This is purely a bondholders' bill. [Applause.] It is for the purpose of having bonds come to par that have been hawked about this country for 15 and 20 cents on the dollar. It was conceived by the bondholders and fostered and nourished by the high-priced and powerful lobby now adorning these galleries. [Applause.]

They call it a farmers' measure. There is not one dollar's worth of relief to any farmer in the Nation. I know something about drainage districts. The largest pumping plant on the face of the earth is in my district, and we have a great many other smaller districts there. Not a single farmer-and the farmers have studied this bill ever since it was presented-has ever asked me to support it. But, on the other hand, as the gentleman from Indiana has said, every single bond attorney and every man who might own some of these bonds has come here and lobbied for it.

I hope the House will kill this unwise measure by voting it down right now! [Applause.]

Mr. PURNELL. Mr. Speaker, I yield my remaining minute to the gentleman from North Carolina, if he cares to

The SPEAKER. The gentleman from North Carolina is recognized for four minutes.

Mr. POU. Mr. Speaker, up to this moment this Congress has appropriated between \$2,000,000,000 and \$3,000,000,000 without raising one single dollar of revenue.

As has been said, this is a proposal to take care of \$391,000,000 of irrigation and reclamation bonds. There is no more justification, Mr. Speaker, for taking care of that many irrigation bonds than there is to take care of the same number of mortgages in the city of New York or in the city of Philadelphia or the same number of mortgages throughout any other section of the United States. [Applause.] Many millions of farmers in this Nation can not even pay interest charges; why make those living on irrigation projects a preferred class?

Gentlemen, for God's sake, it is time to call a halt. The members of the Committee on Rules in the exercise of our conscientious legislative duty as we saw it have not seen fit to give preferential status to this measure. I am willing to stand until doomsday to keep off the floor of this House all measures except those which are absolutely necessary to run the Government. [Applause.] If you wish to discharge the Rules Committee, that is your province. I shall endeavor to discharge my duty as God gives me light to see, regardless of the effect on my political fortunes.

This same measure was before the last Congress, as was stated, but no action was taken. Now the same pressure is brought to bear in favor of it by the same lobby.

As has been said, this is not a farm-relief measure. It is nothing in the world but a bondholders' bill.

Let us address ourselves to two great objectives. First, economy. Reduce our own salaries not less than 20 per cent, as I believe we should. [Applause.] Reduce expenditures of Government. Save a couple of hundred million dollars in that way, and then let us address ourselves to the still greater task of raising sufficient money to balance the Budget. [Applause.]

There are times, Mr. Speaker, when men in this body must take their political lives in their hands. You may call me a fool. You may call me a rascal, but for God's sake I do not want you to call me a demagogue. [Applause.] Until I can see more clearly ahead than I do now, regardless of what the consequences may be, I shall do all in my power to keep off of the floor of the House all measures except those which I believe are absolutely necessary to maintain and sustain this Government. If you run over us, the consequences are yours. [Applause.]

Mr. HALL of Mississippi. Mr. Speaker, I yield five minutes to the gentleman from Arkansas [Mr. DRIVER].

Mr. DRIVER. Mr. Speaker, the gentleman from California [Mr. Swing] has expressed to this House the attitude of the advocates of this bill, and that is to plead for a hearing. I do not care what type of legislation is offered here; if it is backed by a very considerable number of the membership of this House it is entitled to consideration. I have never yet been able to step into the corridors of this House without finding some fellow on his hind legs with his ears laid back braying, "A bond bill!"

Let me tell you the type of bill we have here. There was a petition filed with the names of 213 of the Members of this House before the Rules Committee asking for a hearing on the merits of this bill, and when that number of our colleagues express an interest in the legislation the cry of a bond bill is not a sufficient answer.

The gentleman from California [Mr. Swing] told you that community life is involved in this proposed legislation, and I want to emphasize the statement and offer the expression at this late hour of the session that there has been appropriated from two to three billion dollars for the private corporations is not a sufficient answer to our plea. I supported that measure. You have provided relief for every type of corporation, but not one dollar is provided for the distressed communities asking for relief under the provisions

of this bill. Here is another thing I want to impress upon you. Not one dollar of Federal farm-loan money or jointstock land-bank money or money under any other provision made by the National Treasury can be applied to one acre of the land where this community life is going down. They have built towns and cities in these areas, and because 10 per cent of them are in default the other 90 per cent of them must lose their credit. This is the condition they are in to-day. If we can rehabilitate the 10 per cent in default, 90 per cent of all the districts that have been reclaimed will have their financial credit restored, and it will not be necessary to give them the aid sought in this bill. Can we do other than ask you to let us present the bill? If it is a bond bill, you will vote it down; but, gentlemen, when twothirds of the membership on this side of the House and one-third of the membership on the other side of the House petition for a hearing on this legislation, are you satisfied when it is charged that it is a bond bill and foreclose an opportunity to present the legislation?

As a matter of fairness, I appeal to you to give us an opportunity to present the matter to you.

[Here the gavel fell.]

The SPEAKER. The question is, Shall the Committee on Rules be discharged from further consideration of the resolution (H. Res. 117).

Mr. HALL of Mississippi. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were-yeas 133, nays 204, answered "present" 2, not voting 93, as follows:

## [Roll No. 35] YEAS-133

Adkins	Doxey	TT-11-0	
Allen	Driver	Keller	Rankin
Amlie	Dyer	Kelly, Pa.	Romjue
Andresen	Eaton, Colo.	Kemp	Sanders, Tex.
Arentz		Kniffin	Sandlin
Arnold	Englebright	Knutson	Schafer
	Evans, Mont.	Kopp	Schneider
Barbour	Fernandez	Kvale	Selvig
Barton	Finley	Lambertson	Sinclair
Boileau	Free	Lankford, Ga.	Smith, Idaho
Briggs	French	Leavitt	Spence
Britten	Fulbright	Loofbourow	Summers, Wash.
Browning	Fuller	Lovette	Sumners, Tex.
Buchanan	Fulmer	McKeown	Swank
Buckbee	Gasque	Maas	Swing
Butler	Glover	Major	Tarver
Cannon	Goodwin	Maloney	Taylor, Colo.
Carter, Wyo.	Green	Manlove	Taylor, Tenn.
Cary	Gregory	Mansfield	Thomason
Chavez	Griswold	Martin, Oreg.	Timberlake
Christgau	Guyer	May	Welch, Calif.
Clague	Hadley	Milligan	West
Cochran, Mo.	Hall, Miss.	Montet	Whittington
Collins	Hardy	Moore, Ky.	Williams, Mo.
Colton	Hastings	Nelson, Mo.	Williams, Tex.
Connery	Hawley	Niedringhaus	Williamson
Cooper, Tenn.	Hill, Wash.	Overton	Wilson
Crail	Holaday	Parker, Ga.	Wingo
Crump	Hopkins	Parks	Withrow
Curry	Horr	Parsons	Woodruff
DeRouen	Johnson, Mo.	Patman	Yates
Dickinson	Johnson, Tex.	Peavey	Yon
Dies	Johnson, Wash.	Person	Supplied to the same of
Dieterich	Kading	Ragon	
Dominick	Kahn	Rainey	
COLUMN SINGE		A STATE OF THE STA	

NAYS-204 Burtness Byrns Cable Allgood Almon Campbell, Iowa Campbell, Pa. Canfield Carden Andrew, Mass. Andrews, N. Y. Auf der Heide Bachmann Cartwright Cavicchia Christopherson Bacon Bankhead Clark, N. C Black Clarke, N. Y. Cole, Iowa Cole, Md. Bland Blanton Bloom Condon Boehne Cooke Bohn Cox Boland Bowman Boylan Crisp Cross Crosser Brand, Ga. Crowe

Crowther Culkin

Dallinger

Darrow

Brand, Ohio

Brunner

Doughton Douglas, Ariz. Douglass, Mass. Doutrich Dowell Drewry Eaton, N. J. Erk Eslick Estep Evans, Calif. Fiesinger Fish Fishburne Fitzpatrick Flannagan Foss Gambrill Garber Garrett Gavagan Gibson

Davis

Delaney

Gifford

Gilbert Gilchrist Gillen Goldsborough Goss Haines Hall, Ill. Hall, N. Dak. Hancock, N. Y. Harlan Hart Haugen Hess Hill, Ala. Hogg, Ind. Hogg, W. Va. Hollister Holmes Hooper Hope Hornor Houston, Del. Howard Huddleston

Hull, Morton D. Jacobsen Strong, Kans. McGugin Prall Sutphin Pratt, Harcourt J. Swanson McLaughlin McLeod James Jeffers Jenkins Magrady Purnell Ramseyer Swick Martin, Mass. Ramspeck Reed, N. Y. Reilly Johnson, Okla. Mead Michener Kendall Kerr Ketcham Millard Mitchell Rich Robinson Mobley Montague Moore, Ohio Morehead Rogers, Mass. Rogers, N. H. Sanders, N. Y. Kinzer Kleberg LaGuardia Lambeth Lamneck Seger Shallenberger Vestal Mouser Nelson, Me. Nelson, Wis. Lanham Shott Shreve Simmons Lankford, Va. Larrabee Lichtenwalner Nolan Wason Snell Lonergan Snow Norton, N. J. O'Connor Oliver, Ala Oliver, N. Y. Parker, N. Y. Somers, N. Y. Luce Ludlow McClintic, Okla Stafford Stalker McClintock, Ohio McCormack Steagail Stevenson Partridge McDuffie Pittenger Stewart ANSWERED "PRESENT"-Patterson Carter, Calif.

Temple Thatcher Thurston Tierney Tinkham Treadway Turpin Underhill Vinson, Ga. Vinson, Ky. Weaver White Whitley Wigglesworth Wood, Ind. Woodrum Wright Wyant

NOT VOTING-93

Seiberling Abernethy Davenport Ayres Bacharach Beam Lehlbach De Priest Dickstein Shannon Sirovich Smith, Va. Smith, W. Va. Lewis Lindsay Linthicum Disney Beck Beers Bolton Drane Lozier McFadden Sparks Stokes Frear Freeman McMillan McReynolds Strong, Pa. Sullivan, N. Y. Golder Granata Brumm Bulwinkle Busby Granfield McSwain Sullivan, Pa. Sweeney Tilson Greenwood Murphy Owen Palmisano Griffin Celler Hancock, N. C. Tucker Underwood Chapman Hare Hartley Hull, William E. Chase Chindblom Chiperfield Perkins Pettengill Watson Weeks Welsh, Pa. Clancy Cochran, Pa. Collier Igoe Johnson, Ill. Polk Pratt, Ruth Wolcott Johnson, S. Dak. Wolfenden Ransley Connolly Cooper, Ohio Corning Karch Kelly, Ill. Kennedy Rayburn Reid, Ill. Rudd Wolverton Wood, Ga. Sabath Schuetz Cullen Larsen

So the motion to discharge the Committee on Rules was rejected.

The following pairs were announced:

## On the vote:

Mr. Patterson (for) with Mr. Tilson (against).
Mr. Carter of California (for) with Mr. Bolton (against).
Mr. Polk (for) with Mrs. Pratt (against).
Mr. Lozier (for) with Mr. McFadden (against).
Mr. Shannon (for) with Mr. Beck (against).
Mr. Wolcott (for) with Mr. Cullen (against).
Mr. Kelly of Illinois (for) with Mr. Ransley (against).
Mr. Igoe (for) with Mr. Rudd (against).
Mr. Hancock of North Carolina (for) with Mr. Corning (against).
Mr. Miller (for) with Mr. Bacharach (against).

# Until further notice:

Until further notice:
Mr. McMillan with Mr. Reid of Illinois.
Mr. Carley with Mr. Murphy.
Mr. Rayburn with Mr. Brumm.
Mr. Drane with Mr. Chindblom.
Mr. Trane with Mr. Chindblom.
Mr. Tracker with Mr. Perkins.
Mr. Lewis with Mr. Selberling.
Mrs. Owen with Mr. Selberling.
Mrs. Owen with Mr. Stokes.
Mr. Wood of Georgia with Mr. Welsh of Pennsylvania.
Mr. Abernethy with Mr. Cooper of Ohio.
Mr. McSwain with Mr. Golder.
Mr. Ayres with Mr. Johnson of Illinois.
Mr. Palmisano with Mr. Lehlbach.
Mr. Boland with Mr. Allen.
Mr. Schuetz with Mr. Clancy.
Mr. Collier with Mr. Granada.
Mr. Smith of West Virginia with Mr. Davenport.
Mr. Granfield with Mr. Wolfenden.
Mr. Sweeney with Mr. Hartley.
Mr. Larsen with Mr. Sullivan of Pennsylvania.
Mr. Linthcum with Mr. Sparks.
Mr. McReynolds with Mr. Weeks.
Mr. Busby with Mr. Connolly.
Mr. Chapman with Mr. Frear.
Mr. Disney with Mr. Coyle.
Mr. Disney with Mr. Coyle.
Mr. Lindsay with Mr. Wolverton.
Mr. Celler with Mr. Strong of Pennsylvania.
Mr. Celler with Mr. Strong of Pennsylvania.
Mr. Celler with Mr. Strong of Pennsylvania.
Mr. Greenwood with Mr. William E. Hull.

Mr. Dickstein with Mr. Kurtz. Underwood with Mr. Chase. Karch with Mr. De Priest. Sabath with Mr. Freeman.

Mr. Kennedy with Mr. Smith of Virginia.

Mr. PATTERSON. Mr. Speaker, I voted "aye." I am paired with the gentleman from Connecticut, Mr. Tilson. I understand, if present, he would have voted "no." therefore withdraw my vote and answer "present."

Mr. MAGRADY. Mr. Speaker, my colleague, Mr. Coyle, of Pennsylvania, is detained at home by illness and can not

be present.

Mr. CARTER of California. Mr. Speaker, I have a pair with the gentleman from Ohio, Mr. Bolton. I voted "aye," and I desire to withdraw my vote and answer " present."

Mr. FULLER. Mr. Speaker, my colleague, Mr. Miller, of Arkansas, is absent. If he were present, he would vote

" ave."

Mr. CANNON. Mr. Speaker, if the gentleman from Missouri, Mr. Lozier, and the gentleman from Missouri, Mr. Shannon, were present, they would vote "aye."

Mr McCORMACK. Mr. Speaker, if my colleague, Mr. Granfield, were present, he would vote "no."

The result of the vote was announced as above recorded. On motion of Mr. Pov, a motion to reconsider the vote whereby the motion to discharge the committee was rejected was laid on the table.

#### THE REVENUE BILL OF 1932

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, Congress has been in session four months. The whole of this time has been devoted to consideration and action upon President Hoover's program to relieve present distressing conditions in the country. In other words, we have been seeking, and are seeking still, to correct the mistakes and cure the ills brought upon the American people by ill-advised legislation, gross extravagances, criminal waste, and an utter disregard of the rights of the people.

Those responsible for our present economic situation blame it upon world conditions. There is a connection, which is reflected in the loss to this country of export business amounting to more than \$1,000,000,000; the loss of import duties, amounting to hundreds of millions; removal of American industrial plants to foreign countries to escape payment of retaliatory tariff rates, with disastrous effects also upon American labor; the loss of world markets to the American manufacturer and American farmer and the loss of prestige as a world power, to say nothing of moratoriums and other things.

To be added to these losses is \$1,000,000,000 per annum in moneys appropriated by the Federal and separate State Governments to enforce nation-wide prohibition; the loss of another billion and more each year in revenues that a tax upon intoxicating liquors would yield. All of this could be very easily remedied and conform to the will of the people.

It is little wonder, with these great losses and wastes, we are seeking new methods of taxation to care for existing deficits. Our present deplorable situation could have been averted by sanity in legislation, economy in Government, stoppage of criminal waste, the abolition of existing commissions and boards, as I stated a moment ago. For the most part they serve the interests they are expected to regulate and curb. Deficits reach such a tremendous total that the sales tax was proposed as a means of adding six or seven hundred million dollars to our revenues. I opposed this tax. I believed it to be wrong in principle, and anything that is wrong in principle is wrong in practice. It would have imposed a tax upon the millions who are now seeking to secure enough to provide their families with the necessities of life. That statement justifies my attitude, so that neither explanation nor apology is necessary from me or any other Member of the House who took a similar position.

Much of the suffering the people are now enduring could | have been averted had President Hoover called a special session of Congress two years ago to meet the situation that then existed. Many such demands were made, but the President was adamant in his determination not to do so. Conditions continued to grow worse.

A survey of the unemployment situation made in connection with the taking of the Federal census of 1930-Government figures—indicated that the number of people then idle was 2,500,000. Recently, William Green, president of the American Federation of Labor, in protesting the passage of the sales tax, placed the number at 8,000,000. Multiply that number by four and you get some definite idea as to the amount of suffering there is in this country at this time. This increase of 5,500,000 in the army of the unemployed makes our task all the more difficult now in finding a solution. In other words, we have three times as many dependents, with deficits more than doubled.

Our chief trouble in this country lies in the fact that we have departed from the fundamental principles of government. We no longer have representative government. Equal rights, equal opportunity, and even human rights have been brushed aside. Instead of a government of the people, by the people, and for the people, we have a bureaucracy, with multiplied commissions and boards, which are absolutely useless. More than that, Congress has delegated to these commissions and boards executive, legislative, and judicial authority, which, in my opinion, is a violation of the Con-

The functions of government are simple. And what are these functions? To promote the general welfare, safeguard and protect the rights of all the people, regardless of sex, color, or creed-and sadly neglected; to provide a national defense, which is now threatened by the agitation in favor of disarmament; the right to levy taxes and import duties is the only provision in the Constitution that anyone appears to have any recollection of at this time; to regulate commerce and trade, a function of government that is of little importance at this time; preservation of the rights reserved to the States and preservation of the rights guaranteed the individual citizen. All of these have been violated constantly, with the exception of the right to impose taxes upon the people. It is now being abused, and has been for years. However, nations must pay their debts the same as individuals if they would preserve their credit.

Where the money is to come from to meet the Government's overdue obligations is yet to be worked out. However, a solution will be found, and the greater burden will be imposed upon the extremely wealthy. An additional tax levied upon the millionaires and billionaires of the country, taken in connection with the favors granted in tariff legislation, will not impose a heavier tax upon them than they should pay in justice to those who pay a greater tax in proportion to their wealth and ability to pay.

Now I want to revert for a moment to government by bureaus, commissions, and boards. What are their functions? I can not undertake to enumerate them here now. The time is too short. However, I assume that they were intended to serve some good purpose, but the opposite appears to be largely true.

The Federal Farm Board will serve as a fair illustration. There is a very general sentiment in favor of its abolishment because of its failure. It was intended, of course, to benefit the farmer, but where is he to-day? Flat upon his back, looking upward and patiently awaiting the transition from the world of constant turmoil to one of perpetual joy.

The Interstate Commerce Commission is another. It is supposed to run the railroads, with most of the rolling stock on the sidings, and in poor condition at that. Officials of American railways who represent the stockholders have little or nothing to say as to their management. The Tariff Commission is the real joke in the deck of 52 or more commissions, and so forth. It deals with the flexible plan in the Hawley-Smoot tariff law, which authorizes it to increase or lower rates. Few are lowered, although most appeals ask for reductions. There is, too, the Federal Oil Conservation | ready in cultivation. The aim is to prevent the loss of

Commission, which, I presume, came along after the Teapot Dome scandal.

The Radio Commission is another. Radio broadcasting is becoming the greatest monopoly we have in this country, and will soon surpass in influence and power the United States Steel Trust and other great trusts of the country. The Federal Power Commission, the United States Shipping Board, Bureau of Mediation, the Bureau of Efficiency, and others deserve attention, but time will not permit. Take the Bureau of Efficiency, for instance—what is it doing? Is there any noticeable improvement in efficiency in government anywhere? The instances cited, with a word of comment in each case, seem to me pertinent, and should suffice to prove my contention that these bureaus, commissions, and boards are more ornamental than useful and for that reason should be abolished as a matter of added efficiency and the saving of the \$1,000,000,000 they are now costing the Government.

President Hoover, who has created several commissions of his own, including the Wickersham Commission, has finally reached the conclusion that the duties of these various commissions and bureaus are overlapping, and that as a matter of economy they should be consolidated, if not eliminated. He wants to do this himself, which is purely a legislative function, with Congress disinclined at this time to grant him that authority.

In conclusion I just want to add a word: Unless we get away from these orgies of criminal extravagance and waste and get back to the rule of the people, the country, with all its boasted wealth of approximately \$400,000,000,000, will go on the rocks. The Government, with all this great wealth, four hundred billions—think of it—is having difficulty in raising \$3,000,000,000. In other words, the Government appears to be in the same unfortunate position as the man in business, perfectly solvent with assets largely exceeding liabilities, who is unable to borrow a few dollars upon good security to tide him over. That situation has existed for the past two or three years, and still exists to-day, with millions of dollars released to the banks to improve conditions. There has been no perceptible improvement up to date. How will the Hoover relief program work out? That remains yet to be seen. How long it will take it to filter down from the banks and other financial institutions to benefit the ordinary man on the street and the man on the farm is a question which time alone will answer.

Everyone who is interested in the welfare of the country is anxious to see results that will put the country upon a solid financial footing and give us a prosperity that will

## LOANS FOR RELIEF OF DRAINAGE DISTRICTS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under leave to extend my remarks, I advocate Federal aid for drainage districts. The act under consideration, known as H. R. 4650, provides for loans to drainage and irrigation districts as an aid to agriculture. An annual appropriation is authorized and the Secretary of Interior is charged with the administration of the revolving fund created. Loans are made for a period not exceeding 40 years at a low rate of interest, after thorough investigation by the Secretary of the Interior, to take up outstanding bonds. Safeguards with respect to titles, soundness of engineering works and reasonable probability of repayment by the districts aided are provided in the bill. In a word, the real purpose of the bill is to extend to drainage districts the equivalent of the Federal aid now extended to reclamation districts.

As disclosed by the hearings, thousands of farmers in drainage districts will be forced to abandon their homes unless relief from burdensome drainage taxes and assessments is provided.

The act is a plan for refinancing distressed districts on a long-term basis. The plan is to save productive lands alhomesteads because of the inability of farmers to pay heavy annual taxes for public works installed by authority of law, by refinancing drainage works, and thereby reducing the annual tax levied against the lands. The measure thus provides for the reduction of farm taxes and makes it possible for the farmer to pay his taxes and save his home. It is really a farm relief measure through Federal tax relief.

#### FEDERAL INTEREST

The Federal Government adopted the reclamation policy in 1902 to promote the reclamation of arid lands in the West. From every standpoint there is just as good reason and just as much authority of law for Federal aid in drainage as there is for Federal aid in reclamation. The Federal interest in one case is as vital and valid as in the other. As a matter of fact, both reclamation and drainage are parts of the internal policy of the General Government. Drainage in other parts of the country is synonymous with irrigation in the arid States. Moreover, it is interesting to recall that drainage is in reality an essential part of irrigation. In reclamation irrigation canals and drainage ditches are both necessary. Reclamation involves the application of water to lands to make them capable of cultivation; drainage means the taking of water from lands so that they may be cultivated.

#### BENEFITS

Drainage promotes the distribution of production; it provides for the distribution of population; it creates national wealth; it aids transportation; it supplies markets for factories; it makes business for the city and provides for employment on the farms. Country life will be promoted by the pending legislation.

#### AUTHORITY

There is ample constitutional authority for this legislation. Congress legislates for the general welfare, Among other things it promotes the public health. Drainage, in addition to reclaiming fertile valleys, eliminates malaria in many cases; it thus promotes the public health. Drainage promotes the general welfare.

Article I, section 8, of the Constitution provides for the levy of taxes for the general welfare. Congress has the power to appropriate money for any purpose which in its judgment is for the general welfare. It is for Congress to determine the legislation in the public interest.

The difference between the constitutional power to appropriate and the constitutional power to regulate and control must be kept in mind. The power to legislate for aid to drainage districts, just as the power to legislate in aid of reclamation, is not specifically given to Congress. Article I, section 8, clause 18, authorizes Congress to collect taxes, provide for the general welfare, and to make "all laws which shall be necessary and proper for carrying into execution the foregoing powers." If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and that are plainly adapted to that end, that are not prohibited, are constitutional. Congress has entered into many fields under the necessary and proper provision of the Constitution. It has aided in the construction of transcontinental railways; it has provided for the preservation of battlefields. Necessity has revealed the power, and the Congress is authorized to utilize all legitimate means for the general welfare.

## AGRICULTURAL RELIEF

The continued drainage of areas that are already reclaimed, rather than enlarging and extending cultivated areas, is desirable in aid of agriculture. It will be far more economical to aid existing drainage districts to provide for their indebtedness over long periods than it would be to assist and encourage in the development of new districts. Agriculture will be better promoted by aiding in the drainage of lands already under cultivation than by the continued utilization of less fertile lands more suitable for growing timber. Diversification will be encouraged. A balanced agriculture will be fostered. The passage of drainage legislation will constitute an important step in practical farm relief.

Mr. BURTNESS. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill and to include a letter written by W. H. Dick, president of the National Drainage Association, dated March 10, 1932, to many constituents in my State.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

Mr. DYER. Reserving the right to object, I will not object to the gentleman's own remarks, but I will object to anything except that.

Mr. BURTNESS. I think the letter will be useful to Members of the House in showing to them the type of propaganda that has been sent out and giving more light on the lobby that comes to Washington.

Mr. DYER. I withdraw the objection.

Mr. HALL of Mississippi. Mr. Speaker, I ask unanimous consent that all Members have five legislative days in which to insert their own remarks in the Record on this bill.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that all Members may have five legislative days in which to insert their own remarks in the RECORD. Is there any objection?

Mr. DYER. Reserving the right to object, it is distinctly understood that they are to be the Member's own remarks. The SPEAKER. The gentleman from Mississippi so stated, and the Chair incorporated it in the statement of the gentleman's motion.

There was no objection.

Mr. FULBRIGHT. Mr. Speaker, ladies and gentlemen of the House, I desire to address myself to H. R. 4650, which provides for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and similar districts other than Federal reclamation projects. I shall discuss the question from the standpoint of my State and its interest therein growing out of the proposed relief for drainage and levee districts. I am more familiar with conditions as they exist in southeast Missouri, in my congressional district, but the conditions which exist there no doubt reflect in a great measure the conditions which exist in similar communities throughout the Nation.

In southeast Missouri, which is strictly a farming section, the problem of drainage and reclamation is looked upon as a community matter. All the people, regardless of their occupation or profession, are dependent either directly or indirectly upon agriculture. In the State of Missouri there are approximately two and one-half million acres of drained land, approximately two million of which are located in the eight alluvial counties of southeast Missouri and are in the district which I have the honor to represent.

Thirty years ago, practically all of this territory was an almost impenetrable swamp subject to annual overflows from the Mississippi River and tributary streams and creeks that drained the waters from the uplands. The only industry that was carried on, and that in a small way, was the timber industry.

Courageous and determined people from Kentucky, Tennessee, Illinois, and Indiana, and even from States still farther east came into southeast Missouri to establish their homes. Small settlements developed throughout the dismal swamps. Malaria, chills, and fever depleted their ranks. The stagnant waters that covered the greater portion of the territory and the floods from the streams were to be combated. Determined to relieve the conditions that confronted them, the first drainage district in southeast Missouri was organized and the ditch dug in 1903. Since that time the number of drainage districts in that territory has increased to 112, ranging in size from 1,000 acres to 547,000 acres. In developing this program, the aggregate length of the ditches that have been dug exceeds in length the Amazon or the Nile, and required the removal of more dirt than was excavated in the construction of the Panama Canal.

In this program of development between 1903 and July 1, 1927, we incurred a bonded indebtedness of \$54,536,142.19. Of that amount through the thrift, energy, and industry to that date we had paid \$23,081,530.56, leaving at that time

a balance due of \$31,454,611.63. On this enormous indebtedness up to November 15, 1925, there was a default of only \$70,000, or approximately one-third of 1 per cent of the bonds and coupons that matured. Since 1903 in addition to this program of reclamation the people of that great territory have expended approximately \$80,000,000 in clearing. fencing, developing, and improving the land that they drained. Practically every community in these eight alluvial counties is penetrated by hard-surface roads; splendid schoolhouses have been erected in every school district; consolidated high schools have been built in every town of any size and in many of the rural sections; churches of every denomination have been constructed; in fact, as a result of the thrift, industry, ambition, and courage of the people of southeast Missouri, that territory has been converted from an uninhabitable swamp into one of the most fertile and productive agricultural communities in the United States; but the droughts came; the great flood of 1927 stopped our progress, destroyed much of our wealth, and left us in distress. Following the disastrous flood of 1927 the depression, which is nation-wide, came upon us. Prices of farm commodities struck the lowest level in the history of the country. Farmers are no longer able to meet their payments in these drainage and levee districts; no markets for their products; and without money with which to pay installments, the ominous sound of the hammer on the auction block is heard through this territory, and, as the farm is stricken off to the highest bidder, another family joins the army of the unemployed.

The relief provided in the pending bill is the only relief that can save us. We are not asking for a gift or a dole, we are not beggars. We have too much courage and self-respect for that. We are only asking for a loan, we are only asking equal opportunity with other industry, we are only asking that you treat us as you have treated the railroads, we are only asking that you give us the same consideration that you have given to the national bankers, that we be accorded the same treatment that has been accorded the insurance companies, we are only asking that you manifest as much interest in the farmers of this country as you have shown to the people of foreign countries. You have accorded relief to all the groups to whom I have referred, but you have snubbed the American farmer.

Agriculture is our basic industry, it is the industry upon which every other activity of the Nation, either business or social, depends, and I assert without hesitation that unless something is done to rehabilitate agriculture and save the farmer by whose sweat and toil you are being fed, we will not emerge from the depression in which we are found until there is a collapse of our whole industrial and economic system.

Talk about communism, radicalism, and bolshevism! I contend that you can not relieve the country of that condition by throwing open the Treasury of the United States to big business in all its forms and denying even a word of sympathy to that great group of people who feed and clothe the world. I warn you to-day that the people of this country who are in distress in the workshop or upon the farm—I should say in the bread line or upon the farm—will not long remain silent; not because they are communists, not because they are radicals, not because they are bolshevists, but because they have a right to demand and ought to demand equal and exact justice.

This bill would give relief to 5,000,000 people upon the farm. Five million patriotic and loyal people. Five million people who are losing their homes day by day, and who have exhausted every source of protection and relief at their command, and now turn to their Government that they have so loyally and so faithfully served with a last appeal, not for a dole, not for a gift, but merely for a loan to tide them over the abysmal depths of the so-called depression.

You say the Treasury is empty and that you have to balance the Budget, but the gentleman who speaks of that closed his eyes to the Treasury and to the Budget and supported the moratorium. You closed your eyes to these things when you voted for the Reconstruction Finance Corporation. You turn a deaf ear to the farmers who are in distress and plead for the protection of the Treasury and balancing the Budget; but when big business appeals to you, you prick up your ears like a Missouri mule, kick down the doors to the Treasury, and invite the privileged few to participate in the Nation's cash.

I am impatient with this policy. To my way of thinking it is indefensible. The gentlemen who oppose the consideration of this bill speak of it as a bondholder's bill. I charge that such a statement is unwarranted and unauthorized. It is an insult to the integrity, the honesty, and the honor of the committees in the Senate and the House who on four different occasions, almost unanimously, reported the bill. Men who are just as honest, just as patriotic, and just as loyal to their country and their country's flag as the gentleman who has suggested that this is a bondholder's bill. This bill was reported after exhaustive hearings and after thoroughly considering every provision of the bill. The farmers who are back of this legislation have asked that every amendment necessary to protect the Government be accepted. The farmers are opposed to Treasury raids and ask that the Treasury be protected, but what did these gentlemen who call it a bondholder's bill do when legislation for the relief of big business was being considered? One of the distinguished gentlemen from North Carolina stood on the floor when the Reconstruction Finance Corporation bill was being considered and pleaded with crocodile tears in his eyes, but to-day he stabbed the farmer in the back. You never hear anything about lobbying when legislation in behalf of special interests is being considered, but it is a crime when some one undertakes to voice the wishes of the farmers of this country.

Ill fares the land, to hast'ning ills a prey, Where wealth accumulates and men decay.

Julian Friant, of Cape Girardeau, Mo., very forcefully and eloquently presented the case before the Irrigation and Reclamation Committee in 1930, when he referred to the dedication by President Coolidge of the San Carlos irrigation project, which is to reclaim 80,000 acres in the Florence-Casa Grande Valley of Arizona at a cost of \$5,500,000.

"Standing on the parapet of the huge dam which impounds the waters of the Gila River, and which has been named for him, President Coolidge dedicated the project, 'To the advancement of religion, education, better homes, and a better country.'"

President Coolidge was speaking of land which was being supplied with water at a cost of \$70 per acre.

We are pleading for land which has been drained at an average cost of less than \$10 per acre.

President Coolidge had a vision of development that is to take place on land reclaimed from a stubborn but healthy desert.

We are trying to protect a development that has taken place on land reclaimed from a treacherous and sickly swamp.

President Coolidge was thinking of happy homes yet to be built, and we are appealing for once happy homes about to be lost.

All, however, are part and parcel of our great American Nation which is interested in all of its citizens.

We, therefore, appeal to you to treat us as you have treated others, do for drainage and levee districts what you have done for irrigation districts, and without any risk or cost to the Government, give us an opportunity to save our homes."

Mr. ROMJUE. Mr. Speaker, to consume the time of this House at this time with a lengthy discussion of the distress of the American farmer would be fruitless—not fruitless because the case of the American farmer lacks merit but because his distress is so apparent, so real, and affects so vitally the welfare of the Nation that none but one who has willfully closed his eyes through prejudice, ignorance, or a reckless disregard for what the future may bring forth can fail to perceive it. Menaced on one hand by the destruction of his markets both in this country and abroad, and on the other by the sheriff's sale unless something can be done to

remedy the position of this great group of our citizens upon whose relief and upon whose prosperity the relief and prosperity of the Nation depend, we can hardly hope to see the end of this economic crisis. Much has been said and many have been the proposals made to alleviate his distressed condition, but what is needed at the present time is concrete action rather than empty promises.

In the Glenn-Smith drainage bill now before the House for consideration is embodied a concrete plan to aid and assist a portion of our farmers by lifting from their shoulders a burden which is causing them to lose their homes, and to further augment the increasing army of the unemployed. This bill is designed to permit the Federal Government to take over the obligations of certain drainage districts, after a careful investigation and appraisal by the Secretary of the Interior assures him that the value of the farm lands behind the obligations of the various drainage districts is sufficient to protect the Federal Government against loss, and after granting a 5-year moratorium upon interest payments, to receive back the amount loaned with interest at the rate of 3 per cent per annum within a period of not more than 40 years. Now, bear in mind that this bill is not a bondholders' bill, designed to protect a few investors from an unfortunate undertaking. Any loan is to be made only after the appraisal made by the Secretary of the Interior has shown that the value of the security back of the obligation is adequate to protect the obligation. The Government itself is to evaluate the security and then decide to what an extent a loan will be made. If the outstanding indebtedness is greater than the Government's own estimate or appraisal of the land back of the indebtedness, then no loan can be made under the terms of this bill to the drainage

All that can be done is for the drainage district to compromise with the bondholders for an amount coming within the appraisal value set by the Government and then apply for a loan to retire the bonds at their compromised value. The drainage district will then pay back to the Government the sum borrowed with 3 per cent per annum interest. In addition to the fact that the Government is protected under the terms of this bill by having the right to make its own appraisal of the value of the land back of the bonds, it is further safeguarded by the fact that before any loan can be made the Secretary of the Interior must be satisfied that legal authority exists for and ample provision has been made for the annual taxation of the property which secures the lien of the Government for its loan. Further, the Secretary of the Interior is to determine the maturity of the loan made by the Government, and the taxes upon the property benefited must, at the end of 10 years, be sufficient to establish a sinking fund which will retire the obligation at the date of its maturity. The Government is in no sense taking over a loan made by private investors-it is itself determining the amount it will loan upon its own estimate of what the security is worth, it is itself setting the maturity of the loan, and it is receiving in the Treasury the amounts put in the sinking fund to retire the various loans. The Government is loaning money under the same terms and having the same means of considering the advisability of its making a loan as a private lender. And at the same time the Government is rendering a service to a class whose position to-day is more unfortunate and intolerable than that of any other-a class whom the Federal Government has heretofore either been unable or unwilling to assist in any really effective way.

A great many Members of this House recently voted for the Reconstruction Finance Corporation bill, providing for the ultimate withdrawal from the Public Treasury of \$2,000,-000,000. This measure, it is claimed by those supporting it, was to assist the large banking, business, and railway interests of the country. I do not believe that the Reconstruction Finance Corporation bill will bring any great relief to the country from its present business depression. I believe that time will prove that that legislation will add to the already great deficiency in the Public Treasury without any adequate return for the public benefit. For this and other reasons

which I deemed adequate I could not and did not support that measure. I could not see my way clear to open up the Public Treasury for the expenditure of \$2,000,000,000 more when that Treasury is already depleted and now has a deficiency of about \$2,000,000,000, and especially as I can not believe it would bring adequate public benefit. I regret that to-day the rule of discharge was defeated, depriving thereby the House of Representatives from immediately considering and voting upon the Glenn-Smith bill. This legislation should be passed and passed promptly.

Thousands of farmers in these drainage districts along the Mississippi, the Missouri, and other rivers of the country are finding it difficult to meet their taxes, interest, and assessments against these farms on account of present low prices of farm products and livestock, although no more valuable land lies anywhere in this world. If prosperity is to return in this country, it must begin its return among the farmers of the country and work its way upward; it will not work down from the top.

Give the farmer a fair chance to hold his home and a world market to receive the products of his farm, and his purchasing power will be restored; unemployment will then begin its disappearance. The world markets have been largely destroyed by reason of special-privilege legislation which has been set against the farmer; when this barrier is removed the farmer will not ask any legislation in his own behalf but he will not be satisfied with any National or State administration that denies to him and his family an equal opportunity before the law.

The Glenn-Smith bill, if enacted into law as it should be. will enable the farmer to secure money at 3 per cent interest with which to retire his indebtedness within the drainage district as I have already explained: that is no lower rate than the Government has extended in other instances. The Glenn-Smith bill, if made a law, will save the homes of thousands of farmers, without loss to the Government, and surely it is as important to save to the industrious, hardworking farmer his home as it is for the Government to make available \$2,000,000,000 to sustain the frozen assets of the railroads or financial institutions. Again let me repeat, prosperity will not return in this country until conditions become such that the industrious farmer can prevent his farm from being sold at the courthouse door and until he can receive a fair price for what he produces on his farm. It is not too late to pass this bill, and if passed, it will be a piece of constructive and valuable farm relief.

Mr. SMITH of Idaho. Mr. Speaker, the Committee on Irrigation and Reclamation has been considering this measure, of which I am the sponsor, for five years. In the Seventieth Congress our committee conducted extensive hearings on a similar bill, H. R. 14116, and in the last Congress we continued hearings on H. R. 11718, both of which I introduced. We also conducted hearings on the pending bill, which should convince the House that we have not gone into this matter hastily. We have endeavored to secure the best information regarding conditions in the various sections of the country from those who are best posted regarding the necessity of the legislation, in order that we may come to the House with a case prepared as nearly 100 per cent as possible.

The House is now considering the discharge of the Committee on Rules from the further consideration of House Joint Resolution 117. Upon the adoption of this motion the House will then, under the rule, proceed to the consideration of the bill H. R. 4650—

To provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes.

## PRECEDENTS FOR LEGISLATION OF THIS CHARACTER

This legislation is along the line of the enactments by Congress during the last few years with the hope of stabilizing the basic industry of agriculture. When we appeared before the Rules Committee at the last session of Congress questions from the members indicated that they thought

we were making a new departure, that we were going into a new field. That was not true at that time, and it certainly is not true at the present time, for since we appeared before the committee at the last session of Congress there has been enacted legislation providing for enlarging the activities of the Federal Farm Loan Board to relieve farmers who are unable to meet their obligations and giving the board authority to extend existing loans, rather than to require them to come in and make a new loan. We also recently enacted legislation providing for a Reconstruction Finance Corporation, which extends relief to banks, trust companies, insurance companies, railroads, and various organizations of different kinds. There is also a provision to relieve depositors in insolvent banks, and also a bill is being considered by the Committee on Banking and Currency providing for home-building organizations, which would probably cost \$100 000 000.

There is nothing local or partisan in this legislation, nor in similar legislation which has been considered, especially during this session of Congress. Every Member of Congress, regardless of his political affiliations, realizes that the country is in such a condition of depression, so many people are out of work, and so many organizations and financial institutions are failing that it is necessary for us to throw aside partisanship and legislate for the best interests of the country. We feel that this legislation fills a gap that is not taken care of in any of the bills to which I have made reference. We have had a law for some years providing for the making of loans to farmers, through the Federal Farm Loan Board, by means of Federal land banks, and that law is being liberalized now to the extent of putting \$125,000,000 of the Government's money into these banks, to be loaned to farmers, and the law has also been liberalized in regard to the extension of loans. So that those classes of people are taken care of. They have security. But the farmers that are to be taken care of in this legislation do not have an opportunity to borrow money from the Federal land banks or from any other governmental agency, because the Government requires that any advances made against such property shall be a first lien on the property, and these lands are all encumbered by bond issues, which were made necessary in order to secure money to put the land in a condition so that it can be cultivated.

## CHARACTER OF LAND TO BE BENEFITED

With reference to the character of lands to be benefited: Swamp lands are useless unless they are drained, as are arid lands unless supplied with water. We have also in this bill a provision for the relief of private irrigation districts. Those lands are useless unless water is placed upon them. So it is necessary, before the farmers go upon the swamp areas or upon the arid lands, to obligate themselves to spend a considerable amount of money to put the land in condition so that it can be farmed. It is quite different from the prairie lands which were settled 40, 50, and 60 years ago where the lands were ready for the plow. Even in the forest sections of the country the settlers could utilize the lumber for buildings, fencing, and so forth, in a way that would bring some income. But these lands in the arid and swamp districts require the farmers to assume large financial obligations in order to put the land in condition to be farmed.

Most of these drainage and reclamation projects were inaugurated 10 or 15 years ago at a time when farming was more profitable than it is at the present time. Many people sold their farms in the Mississippi Valley and went into the arid West and into the swamp country thinking that they would be able to farm more profitably; but because of the expense incurred in preparing the land for cultivation and also because of the low prices of farm products, these people who have spent years in their efforts to reclaim this land and cultivate it and build their homes are now confronted with this great debt which is hanging over them. They have, through their efforts, created communities and towns; they have built their houses and have developed their land; but now they are confronted with the necessity of paying these assessments and their interest on the bonds and, in some instances, paying the bonds themselves in order to make

progress. This bill simply provides that the Federal Government shall step into the picture and relieve these farmers—probably 500,000 or possibly 1,000,000 of them. The census report states that there are about 5,000,000 people living on these swamp lands and on these irrigated lands.

URGENCY OF THE PENDING LEGISLATION

The following statement is from Mr. Julian N. Friant, of Cape Girardeau, Mo., a very prominent farmer and business man, and a man who has been engaged in civic work in his own locality and elsewhere. He has furnished statistics with reference to the conditions in the State of Missouri, from which it appears that from 1910 to 1925 the percentage of delinquencies was very small, running sometimes less than 1 per cent; but in 1925 it was 5.1 per cent delinquency on these drainage districts, of which there are over 100 in this particular locality. In 1926 the percentage of delinquency was 15 per cent; in 1927 it was 32 per cent; in 1928 it was 53 per cent; and in 1929, the last year for which figures were available, it was 79 per cent. I quote from his statement as follows:

Our newspapers are full of advertisements of tax suits and foreclosures. Hundreds of farmers have lost their homes and others are being closed out every month. If that process goes on much longer, most of the farmers on our drained lands will be sold out and will lose the homes they have worked so hard, so long, and under such great difficulties and hard living conditions to build. The number of tax sales each year is sure to increase unless you come to our assistance. Some of our farmers are still able to pay their taxes and do the necessary improvements, but they are helpless because they are merely a part of a public enterprise and can not function as individuals.

These people are living in districts, and the district is responsible for the financial indebtedness, for the entire indebtedness.

In addition to being a crime against our civilization and a rank injustice to the thousands of people who have given their energy, their ability, their money, and the best part of their lives to developing this country, it would be a great economic waste to allow these districts to go back to swamps. We, however, are at the end of our row. We have exhausted our resources. We are helpless in the matter and are at your mercy. As the representatives of a great and wealthy Government, we do not believe you are going to permit our people, who have made such a marvelous record, pay such a terrible price for their progress.

I am reading this statement in an endeavor to enlighten the House as to the importance of this relief legislation.

I now refer to the testimony of Mr. J. A. Melville, chairman of the legislative committee of the Utah Association of Drainage Districts, from which I quote:

Drainage Districts, from which I quote:

In one district I represent, as an attorney, the district has now taken title to nearly 50 per cent of the lands in the district, because the farmers were unable to meet their obligations. Unless some relief is given these good people they will have to go. These have spent 10 or 15 years there building their homes and improving their farms. They are getting advanced in years. Farming is probably the only occupation they know. They can not go into industrial avocations and compete with those there, because they are not familiar with them; and, as I said, they are getting to be old men. One of our supervisors, approaching 70 years of age, had to take title to his own farm in the name of the district. It is really a pitiable condition. There are many people there waiting to see what is to be done, if anything. They have asked us, "Shall we plant crops this year, or shall we go?" We have hesitated about advising them, but we have told them to remain there, believing that some relief will come. Those who own the bonds secured by the land say, let them remain upon the land; but they can not remain there permanently because the bondholders are entitled to their money, or as much of it as they are willing to accept. We can not hope to keep those people permanently upon that land without some relief because these lands are security for the bondholders. Our bondholders have been very generous. They realize they face a loss; that their securities, like all other farm securities, have depreciated in value, and some of the bonds have been sold to farmers for 50 per cent of their face value. A few of the more prosperous farmers have used these to pay off their farms. If we had a fund from which these people could borrow, we could make a nice settlement with the bondholders; and it would not be an injustice to them, because their losses would be minimized if they could get a cash settlement.

## CONSTITUTIONAL AUTHORITY

The constitutional authority for this legislation is well set forth in the following statement before the committee by the distinguished Representative in Congress, Mr. Whittington, of Mississippi:

Congress legislates for the general welfare. It promotes the general health and good education. Drainage eliminates malaria in many cases. It promotes the general welfare. It aids agriculture. If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and that are plainly adapted to that end that are not prohibited, are constitutional. Congress has provided for the preservation of battlefields; it has built railroads; it has aided transcontinental railroads. During the war it took over the entire transportation system of the country. Constitutional powers have kept pace with the new agencies brought into use by the increasing demands of commerce, wealth, and population. Reclamation, which is synonymous with drainage, is a part of the internal-improvement policy of the United States. It distributes production, it creates national wealth, it provides for transportation, it makes business for railroads, and it contributes to the health and wealth of the community and the Nation. Agriculture is the basic industry of the country; and the Nation, for its own well-being, must promote agriculture as a part of general policy for the public welfare. The Government of the United States must protect country life. The West is entitled to reclamation, but the North, East, and South are entitled to drainage. (From the testimony of Representative Whitringrow before House Committee on Irrigation and Reclamation, January 29, 1929.)

As the title of H. R. 4650 indicates, the legislation is for the

As the title of H. R. 4650 indicates, the legislation is for the relief of farmers in drainage and irrigation districts who, as a general rule, do not come within the provisions of the Federal farm loan act, and for whose benefit no relief legislation has been heretofore enacted.

The proposed law does not apply to the development of any new land but is intended to enable the farmers on various existing projects to have their assessments, which are in arrears, funded in order that they may continue to operate their lands until agricultural conditions are such as to enable them to maintain themselves and farm at a profit. As has been disclosed in the extensive hearings which have been held on this legislation, unless relief is afforded, there are thousands of farmers who will be forced to abandon their lands and have them taken over by the bondholders.

The districts are required to pay 3 per cent annually on the money advanced.

The relief proposed under this bill is to be in the form of loans adequately secured by first liens on the benefited farms, the repayment of which is further guaranteed by the fact that each loan is to have behind it the taxing power of the State. In a word, it is an extension of credit—a plan for refinancing distressed districts on a long-term basis.

# NOT AID FOR INDIVIDUALS BUT FOR COMMUNITIES

It is not a plan to extend aid directly to individual farmers in their individual capacities, but it is a plan to aid farmers in their collective capacities where they have organized districts to install and maintain public works. It is the public works, the collective or community works authorized by and operated under authority of the law, that are to be relieved by this bill.

## NO OPPORTUNITY FOR SPECULATION

There is no provision in this bill that would afford an opportunity for speculation either in the bonds of any district or in the lands covered by the bonds. The proposed law would prohibit the purchase of any bonds in excess of the appraised value thereof.

# PRACTICAL RELIEF FOR UNEMPLOYMENT

When a farmer loses title to his land, one of two courses is left open to him. He can go to work as a hired hand for some other farmer if he can find one who will employ him, or he can go to the city to look for a job. In this connection Secretary Hyde, of the United States Department of Agriculture, writing in the Saturday Evening Post, has supplied some official figures concerning the drift of population from the farms to the city. He gives the Government estimates on the net loss in farming population through the drift to the cities, as follows: For the year 1922, 1,120,000 persons; for 1924, 679,000; for 1925, 901,000; for 1926, 1,020,-000; for 1927, 604,000; for 1928, 598,000. Thus we see that for a period of six years the average drift from the farms to the city has exceeded 800,000 a year, or a total of 4,912,000. Statistics collected and compiled from official sources show that several thousands of farmers have annually been sold out for drainage taxes while other thousands are facing the same fate. Dispossessed, these farmers are and will be forced into the ranks of the unemployed. To enact this bill

into law not only would be to give much needed and substantial relief to worthy farmers engaged in the fundamental industry of agriculture but also would be to prevent in a considerable measure further increase in the number of unemployed.

#### REDUCTION OF FARM TAXES

It is a plan to save highly productive lands that already are under successful cultivation.

It is a plan to prevent the utter ruin of farmers owning and operating lands, who are losing their homesteads because of their inability to pay heavy annual taxes levied on their farms for the public works which have been installed by authority of law, by refinancing the public works on a long-term basis and thereby reducing the annual tax levied against the individual farmer.

The extent of relief which each individual farmer can obtain under this bill can be definitely and exactly computed from his tax receipt.

#### MAKING IT POSSIBLE FOR FARMER TO PAY

In order to readjust and more effectively distribute the burden of debt, districts created by authority of State law and having a definite status as political subdivisions, either as counties or special-tax districts, may refinance their public works—the public ditches, so to speak, that are supposed to be open and accessible to any farmer in the district who seeks an outlet for his own private ditches.

Under this plan districts which are unable to meet either the interest or the principal of their outstanding bonds may refinance their undertakings by the issuance of refunding bonds; such refunding bonds to be accepted by the United States Government as security for loans sufficient to retire as they mature outstanding bonds and the accumulated interest thereon.

#### ADVANTAGES TO FARMERS EXPLAINED

The advantages of this plan become evident when it is considered that the residents of these districts are pioneers who in response to the call of the Government in the first years of the World War undertook to do in a short period of time what heretofore had required a hundred years to accomplish. In a word, they issued drainage bonds to run 20 years to pay for permanent improvements, the benefits of which were to be enjoyed by all succeeding generations, when in the very nature of the case the expense of constructing these public works should have been spread over at least 50 or 75 years. The refunding of the debts will constitute an extension of time and will thereby reduce the annual tax for works to an amount so small as to be surely within the farmers' ability to pay.

# IMPROVEMENT TAXES CONSTITUTE THE LARGER BURDEN

At present the improvement tax in many districts is more than half of all the taxes the farmer has to pay, more than school district, road and bridge, county, and State taxes combined. In a considerable number of districts this tax constitutes two-thirds of all taxes levied, and runs in many instances to an amount per acre equal to more than half the gross per acre earning of the land. From this it becomes apparent that the refunding of debts by means of long-term bonds will provide substantial and immediate relief to deserving farmers who are suffering sorely, but through no fault of their own.

# IMPROVEMENT COSTS IN ADDITION TO TAXES

This form of relief becomes the more appropriate when it is borne in mind that the expense of providing public ditches or drainage works is only a part of the burden which the individual farmer must bear, but that in addition to this there is the cost of providing and maintaining tile and surface drainage on his own farm to enable him to make use of the public works. There is ample precedent for affording this form of relief to be found in the reclamation act of 1902 and in each of its several subsequent amendments.

## FARM RELIEF THROUGH TAX RELIEF

This bill would extend relief to several millions of farmers who are overburdened by taxes by putting into operation a plan for refunding certain bonded indebtedness, which plan would automatically suspend for a period of five years the

collection of taxes levied on farm property to meet the interest and principal on this bonded indebtedness.

The plan does not apply to all bonded indebtedness of farm communities, but it does apply to drainage and other districts where the districts have been unable to meet the interest or principal owing to the inability of the farmers resident in the district to pay their taxes. The suspension of taxes, which, of course, are local taxes, is brought about automatically by reason of deferred interest payments and extended time of payments on principal. In other words, under the provisions of this bill drainage and other districts in distress may refund their operations, may suspend the collection of taxes for a period of five years, and may extend the period for which the bonded indebtedness is to run to not exceeding 40 years, thereby making it possible to greatly lighten the burden on the farmers resident in the distressed district.

The plan is simple. Under section 1, the Secretary of the Interior is authorized to lend, out of a revolving fund which this bill creates, to any such district or legal entity an amount sufficient to redeem bonds and meet accrued interest under restrictions imposed by this bill and under regulations administered by the Secretary of the Interior.

It will be noted that under section 3 loans are not made to individual farmers, but that loans can be made only to districts which are political subdivisions and legal entities existing under and by virtue of the laws of the State where located. It will be noted that the same section also provides that no loan shall be made by the Secretary until, by examination of the engineering works of the district, he has satisfied himself that the drainage works are operating with reasonable success and are giving the lands designed to be benefited a reasonable degree of relief.

The Secretary is further required to make an appraisal of the value of the taxable property of each district applying for a loan, and he is to make no loan until he is satisfied that it can be and will be paid at maturity.

Section 3 also carries a safeguard against any speculation in outstanding bonds, by restricting the loan which may be made to any district to an amount which could be and would be paid at maturity, even though that amount may be much less than the face value of the outstanding bond which it is proposed to refund. In a word, the Secretary is not to lend an amount in excess of the actual value of the outstanding bonds.

Section 4 carries the necessary provisions for safeguarding the loan, such as the requirements for the setting up of the annual tax to provide an adequate sinking fund, and that said sinking fund must be deposited in the Treasury of the United States.

Section 5 provides that these loans shall be made for a period of not exceeding 40 years, the exact period in each case to be determined by the Secretary of the Interior.

This same section provides that these loans shall bear interest at a rate of 3 per cent, payable annually.

Section 5 also provides (and this is one of the most important provisions as a relief measure) that during the first five years of the loan the interest shall accrue and be payable during the succeeding years of the loan in equal annual installments.

This section further provides that these loans shall be secured to the Government by the issuance and delivery to the Secretary of the Treasury by the applying district refunding bonds payable to the United States in the amount of the loan, and it shall appear on the face of each bond that it is a lien on the taxable property within the district securing the loan.

It is further provided, as a safeguard, that no district may issue additional bonds for any purpose without having first obtained the written consent of the Secretary of the Interior, so long as this indebtedness remains unpaid.

Section 7 limits the extent of this relief by creating a revolving fund and limiting the annual appropriations thereunder to \$20,000,000, the total amount of the revolving fund so created being \$100,000,000, to be appropriated at the rate of \$20,000,000 a year for five years.

The appropriateness of this form of relief is found in the fact that local taxes are the greatest source of distress throughout the farming areas of every State in the Union, and in the further fact that the tax levied in these drainage and other similar districts is greater than all other local taxes. In many cases, it has been shown by testimony before our committee, the taxes for drainage and similar bonded indebtedness is greater than all State and local taxes combined. Therefore, to permit a refunding of these operations on a plan that would give the residents of these distressed districts a practical moratorium for five years on all taxes for drainage and similar purposes, and thereafter to provide for a low rate of interest and to provide further for a long-term extension of credit, would be to provide a very sane and effective relief.

That there is very great need for this relief has been shown to our committee by the testimony of scores of witnesses from some 25 or 30 States throughout the Union. The testimony shows that the farmers residing in these districts are in a sense victims of civilization. They have had forced upon them by circumstances over which they had no control, or, at least, little control, expensive improvements which, all combined, have made a burden they could not bear-a burden so large that to-day, the testimony before our committee shows, hundreds of thousands of deserving farmers are losing their homes and having their lands sold out from under them to pay their drainage taxes. They have to meet taxes for roads, which, in many instances, have been voted upon them by the residents of cities. Those who have agitated the rapid building of roads—and this includes the farmer himself—seldom have considered how much of a road tax the farmer could in comfort pay. The agitation for good roads, beginning with the part that the Federal Government has taken in it, the further part taken by State governments, and also the part that is taken by the chambers of commerce of cities, has constituted an irresistible propaganda that has given us the roads but also a great burden of taxes.

The same is true in the matter of schools. The agitation for larger and better country schools—the movement for the consolidated school district—has emanated, to a large extent, from the residents of the large cities, who have given little thought to, and who have had little knowledge of, the burden that a consolidated school district puts upon a struggling farmer. Roads and schools are a part of civilization. So is drainage. So is irrigation. But drainage is necessary in order to get the land to yield a living to its occupants. The same is true of irrigation. The living must precede everything else. The farmer could not escape drainage and irrigation. He might have taken his roads and his schools in smaller doses. If left to his own judgment, doubtless he would have done so; but both roads and schools were urged upon him by his neighbors and his fellow citizens and forced upon him by the collective action of all the citizens of his State. Drainage and irrigation were forced upon him by nature itself.

It has seemed to our committee that the relief of conditions like these is fundamental and would constitute an important step in practical farm relief.

Of course, not all farm taxes can be relieved, but under the plan provided in this bill the largest single item of local taxes can be so reduced as to make the burden light enough to be borne without distress.

The demand for relief for drainage districts comes from a farm population of approximately 5,000,000, which, according to the census of 1920, lives within these districts.

The average size of their holdings is about 65 acres. They have their all invested in their farms. In some districts, it has been shown to our committee, thousands of farmers have lost everything because of their inability to meet their drainage taxes. In some areas 60 per cent of the farm population has been dispossessed, their land having been taken for taxes.

The relief provided in this bill would be readily available and would help the conditions known to exist in considerable areas of 34 different States of the Union. Mr. MILLER. Mr. Speaker, the necessity for the passage of H. R. 4650 is so great that the proponents of this bill have filed the petition as provided by the rules of the House asking that the Rules Committee be discharged and that the bill be considered upon its merits. Therefore a discussion of the merits of the bill is proper before a vote is taken on the motion to discharge the committee.

The problem dealt with in this bill has been diligently studied by the Committee on Irrigation and Reclamation for the last few years. During this time the committee of the Seventieth and Seventy-first Congresses, as well as the present committee, conducted extensive hearings in an effort to determine whether there is a real need for this proposed legislation, and whether the need is national in its scope and a proper field for national legislation.

The hearings revealed that in at least 34 States of this Union progressive and patriotic citizens, largely in response to the demand of the Government for a greater production of food and other agricultural products during the World War, undertook upon their own initiative and responsibility the task of reclaiming from the swamp areas many millions of acres of land in the valleys of the Mississippi River and its tributaries. In the arid and semiarid States of the West great irrigation projects were launched by citizens prompted by the same patriotic desire to serve their country in time of need, and to add to the aggregate wealth of the country.

To accomplish these purposes it was necessary in all of the States that there be concerted action and, accordingly, the citizens of the various States proceeded under their own laws to organize improvement districts varying in size and area according to the location and the purposes to be served. Some are purely irrigation districts, some are drainage districts, some are levee districts, and some combine all of these activities. At the time most of these districts were organized agriculture, as was practically every other business, was enjoying prosperity, and agricultural products were selling at a price sufficiently above the cost of production to justify the landowners to undertake this additional expense of improvement. At that time it could not be foreseen that within a few years the price of agricultural products would drop to the unprecedented levels that exist to-day.

In the organization of these districts, and for the purpose of carrying out the improvements contemplated, it was necessary to issue bonds and other evidences of indebtedness in order to raise money. These bonds were issued, and their payment was guaranteed by a pledge of assessed benefits against the land within the district, or by a pledge of the taxing power of the district, so that there was placed behind these bonds the full value of the lands and the improvements thereon within the particular district, as well as the taxing power which in some States covered all property of every kind and character situated in the districts.

In most instances the work contemplated and executed by the districts accomplished the purpose intended and many millions of acres of land were reclaimed and added to the aggregate wealth of our country. Hardy and patriotic citizens founded their homes upon these lands and proceeded to develop the lands and build schools, churches, roads, and all other things necessary to contribute to the general welfare and prosperity of the States in which the districts are situated. In most cases the districts were functioning properly, and it was thought by all that these citizens had wrought well and had accomplished much, not only for their individual benefit but for the benefit of the Nation. The time came and has prevailed since 1926, with the unprecedented decline in values of agricultural products, until now many of these districts are in default, and these same citizens who had apparently planned so well and who had discharged a patriotic duty now face the prospect of losing their all. The obligations of these districts are first liens upon the property situated therein and must be discharged if this calamity to a considerable portion of the citizens of this country is to be avoided. There are more than 5,000,000 people residing in these districts and earning their living from these lands, but they have reached the parting

of the ways. It is necessary now that relief be given these citizens or they will lose the homes they have established and be forced to seek employment elsewhere or to join the ever-increasing horde of unemployed. This is no imaginary menace to the well-being of this country. Foreclosures have been instituted and are now pending in a great many of these districts, and unless the National Government, through its power given by the Constitution, extends to them a helping hand economic ruin and disaster will inevitably follow.

It is known that people who have followed for a considerable number of years agricultural pursuits, when forced to abandon that vocation usually drift to the cities and in the course of years they and their families lose their status as producers of wealth and become consumers of wealth. Gentlemen may argue that we have an overproduction of agricultural products in this country now, but there is no such thing as a general overproduction of necessities. Production can only be measured by the desires of humankind, and no one in this country is satisfied with the things that he possesses. Better homes are in demand, better schools are needed, better roads are required, and in general a higher plane of living is sought by us all. These things can not be acquired if production is stopped or hampered, and from an economic standpoint this Nation can ill afford to fail to render to these people this relief.

Under the provisions of this bill this relief can be afforded. It is not a gift. It is not a contribution. It is merely an extension of credit. The Government does not stand to lose one penny by the extension of this credit. Under the terms of the bill the governing authorities of the districts are empowered under the supervision of the Secretary of the Interior to negotiate with the holders of these securities and reach an agreement with them as to the present value of the securities. When this has been determined, if the investigation of the Secretary of the Interior reveals that the public works of the district are properly functioning, and if there exists the economic value as agreed upon, then he is authorized to advance to the governing authorities of the district a sum of money sufficient to liquidate the outstanding indebtedness.

To secure the payment of the advance so made he takes back from the governing authorities of the district the undertaking or bonds of the district conditioned that the district will pay into the Treasury of the United States during a period of time not to exceed 40 years the money advanced to the district with interest at 3 per cent. Investigation reveals that the bondholders in many districts are willing to make material concessions and to accept in payment a sum much less than the face value of the bonds now against the districts. While it is not the desire of anyone that any investor shall lose money, the investor is facing one of two alternatives. He can either negotiate with the governing authorities of the districts, or they can resort to foreclosure and take the homes of these people, and either return these lands to the arid wastes or swamps from which they were reclaimed, or they may enter upon the farms and cultivate them en masse and thus destroy the little home owner and the little farm, and convert these immense areas into an agricultural country operated by a great corporation. Certainly no one desires that this condition shall be brought about, and it appears to me that this Congress would be derelict in its duty if it sits idly by and permits such to happen.

Gentlemen may argue that this is a bill designed for the relief of bondholders. It is not such a bill. It is true that the bondholders may and will derive benefits from it, but the bondholders have behind their bonds now the resources of these districts, and the conditions are such that the people residing in the districts can not pay the obligations, and in the last analysis this bill is primarily for the relief of the individual landowner.

Gentlemen may argue that this is class legislation and that to extend aid to the landowner in the district will be giving him an advantage over the landowner who lives outside the district, but such is not the case. These improvements, particularly in levee and drainage districts, are improvements that benefit in a measure the entire country and all of the adjoining lands, and the man on the outside of the district receives a benefit by having an outlet established for the drainage of his lands and still does not have to meet the special improvement taxes. Instead of being a discrimination it is a bill that will establish equality, because when you relieve these lands from this devouring burden of special-improvement taxes you place that particular landowner on the same plane as the adjoining landowner whose property is not mortgaged for the payment of these taxes.

The bill further provides that during the first five years after a district is given the relief that no special drainage. levee, or irrigation taxes shall be due, except such as may be sufficient to maintain and keep in operation the public works therein, thus giving in a measure a period of five years to these oppressed landowners in which to rehabilitate their farms and reconstruct farm improvements, and to free themselves of their other local indebtedness. No greater task confronts this Congress or this Government than that of extending to the American farmer the opportunity in which he may by his initiative and industry rehabilitate himself. Agriculture, if given an opportunity, will rehabilitate itself. We have enacted the Reconstruction Finance Corporation act. We are extending to every financial institution in this land the benefit of the resources of the Government, and the time appears opportune to extend to these depressed farmers, these 5,000,000 people, the same manner of help and relief that we are extending to the financial structures of

The enactment of this bill will afford practical relief to the unemployment situation of our Nation. If we can, by the passage of this bill, prevent the addition of these millions to the unemployed of this country, we shall have rendered a great service. The direct benefit which the farmer will receive from this bill can be measured by his tax receipt. These improvement taxes to-day constitute by far the major portion of the taxes which the farmer is called upon to pay. Its passage will give to that farmer a ray of sunshine.

It will kindle anew in him a hope and spur him on to greater endeavor, and result finally in the saving to him and to his family the home that they have carved out of the wilderness or have established upon the arid wastes. At the same time it will restore to the local tax books, State and county, this property and give to the local government a source of revenue.

We have within the last few years heard much about farm relief. This bill constitutes and is the foundation for real farm relief to a substantial number of real dirt farmers. There is nothing hazy nor mysterious about it. It is practical. It is workable. It carries every safeguard against speculation. It provides a means whereby those whose homes have already been jeopardized and temporarily lost may redeem those homes and may recoup their life's work. In operation the bill is direct and the relief will be readily available.

There are 4,631,155 acres in drainage projects in Arkansas alone; 2,614,427 acres of this area are improved land, 4,435,-280 acres are sufficiently well drained to raise a crop, 609,211 acres fit for a partial crop, and only 586,664 acres unfit because of lack of drainage.

There are 2,940,035 acres in occupied farms and, in 1930, 2,425,632 acres were actually in planted crops.

There are 4,974 miles of ditches and an invested capital of \$37,532,575.

There are 316 drainage districts in the State, with an average of 18,243 acres.

Thirty-two per cent is in arrears on payments of principal and interest, meaning that in 1930 there were 1,001,260 acres

Interior, in his book on Conservation, published in 1931, at page 13, says:

Irrigation from a Government standpoint is handled by the Reclamation Service, in the Department of the Interior, which is custodian of a revolving fund amounting on June 30, 1931, to \$151,694. This fund is used for the development of irrigation projects in the West. The Reclamation Service develops these projects ects in the West. The Reciamation Service develops these projects and they afterwards return the money, which is put into new projects. There are 25 of these Federal irrigation projects, irrigating one and one-half million acres divided into 40,000 farms. The crop value on them in 1930 was \$65,000,000, and they support a population of nearly half a million people. The fund was created in 1902, when much of the land to be reclaimed was Government land.

Further, on page 29, this same official says:

There are three units in the entire Colorado River project, the There are three units in the entire Colorado River project, the Hoover Dam, the power houses, and the All-American Canal—with a total authorization of \$165,000,000. The canal will be 200 miles down the river, will cost \$38,500,000, and will be big enough to float a ship drawing 20 feet of water. It will carry water to desert lands in southern California, replacing the present international ditch, and will be the biggest irrigation canal ever built. The money for all of this will be advanced by the Government. The cost of the dam, power plant, and appurtenant works will be repaid with interest from power sales, contracts for which are already signed. The cost of the All-American Canal will be repaid by the water users benefited.

Further, on page 154, the same official says:

Gradually, with the development of a more intelligent under-standing of the fundamental problems, we have acquired new conceptions of continental conservation. Conservation is a term around which much confusion has lain. Conservation means wise around which much confusion has fail. Conservation ineans who use. Wise use means that a natural asset shall be used for the proper purpose and at the right time. Conservation does not mean the hoarding of national resources for a hazy indefinite future. It does mean intelligent and thoughtful planning for every resource of our continent.

On page 164 of the same book the distinguished Secretary

We must distribute urban population over wider areas as rapidly

If, as a national policy, we must distribute urban population, would it not be wiser to take steps now to prevent the flow of rural population to the urban centers?

On page 173 he continues:

The public-land States include that vast arid portion of the country where farming is not possible without irrigation. Congress early recognized this essential difference from the rest of the country where settlement under the homestead laws brought about full agricultural development and enacted the desert land and Carey acts to supplement the homestead law. Under these private laws by private and community effort the essential agricultural development of the West received its first impetus. The limit of development of the West received its first impetus. The limit of development by private enterprise was reached when the low-water flow of the streams was all appropriated and it became necessary to provide storage of the floods to be held for use during the dry season. The high cost and long development period of these large projects made them prohibitive from the standpoint of comparatively short-term investments, and many well-intentioned efforts in this direction resulted in total loss of investment not only by the promoters but by thousands of settlers as well. This led to the enactment of the reclamation act, designed to make possible in the arid States the building up of farm population and production in fair proportion to steadily increasing urban population of those States based upon mining, lumbering, and, along the coast, shipping and industrial pursuits.

The bill under consideration does not apply to Federal reclamation projects but applies only to private enterprises, and because of the high cost of the development the people who have undertaken this work now face the possibility of their total investment being lost, and this applies to the farmers' homes as well as to the bondholders. Therefore, following the reasoning of the distinguished Secretary, it is now necessary, if this calamity is to be averted, that the Federal Government extend aid to these non-Federal projects.

Speaking further along the same lines, on page 175, he says:

delinquent.

Ninety-eight per cent were organized between 1905 and 1925; 2 per cent have been organized since.

The average cost of maintenance and operation in 1929 was 4 cents per acre.

Our Government has already undertaken work of a very similar nature. Hon. Ray Lyman Wilbur, Secretary of the

perous communities on the public domain. The irrigation of the arid and semiarid portion of the West is assuming proportions of increasing significance as knowledge and experience enlarge the useful field of our first endeavors and reveal the multiplicity of problems involved in the development and protection of every project. Drainage, colonization, flood control, erosion, power, and kindred subjects have in fact, or should become, major pieces in the mosaic which is now the Reclamation Service.

On page 178, in speaking of the work and recommendations of the committee appointed by the President, he says:

Much has been accomplished toward flood control by projects already constructed primarily for irrigation, and the Hoover Dam project will reach the apex of achievement for the arid West in that respect. But the far-reaching benefits of each successful project in the protection of the lands below the impounding works serve only to intensify recognition of the immensity of the fields still unoccupied. None of the public-land States is free from the danger and devastations of floods, but the flood which wipes out a prosperous community or destroys an area in an agricultural district is a national and regional as well as a State calamity, varying in importance only to the extent of the property destroyed and the number of lives wasted. Whether it be the Mississippi at flood with its dreadful potentialities or the Rio Grande above the Elephant Butte or the Colorado above Black Canyon after that project has been completed or any stream in the West subject to the same destructive forces in flood time as are these great river systems, the principle that the problem of control is national and regional as well as State remains, and the same should be recognized.

Therefore, it seems to be recognized by those in high authority that the problems embraced in this bill are national in their scope. If they are national, then the Congress should act to save the agricultural districts that are now supporting a population of more than 5,000,000 people.

If it is wise for the National Government to advance a total of \$316,964,000 to afford relief to 40,000 farms, with a population of only 500,000 people, is it not wise for the Government to advance the sum carried in this bill to save many thousands of acres, upon which more than 5,000,000 people live? There is no difference between the wiping out of an agricultural district and the destruction of the hopes and ambitions of its people by a flood than by a failure of the Government to act in a time of necessity.

The learned author further reviews the effort and the legislation of the National Government in extending relief to the landowners in the arid and semiarid West, and further says, beginning on page 243:

Then, finally, in 1902 the Federal reclamation act, under which the Government advanced the money for projects too big to be otherwise handled, came into being. It has brought water to various sagebrush plains from Canada to Mexico, and has distributed under careful supervision the fertile lands which, before it waved its wand, were barren wastes.

In that policy the Government was farsighted. It took the initiative and said to those people: "We will develop your project, and you can repay upon terms that will permit you to live and rear a family." The only difference is that the people which it is intended to benefit by this bill took the initiative and started the projects. They would have carried on had not this depression come. It came; and the question is now whether they should be discriminated against because they had the initiative and desire to develop the resources of this country or whether they should have set idly by and drifted hither and thither, waiting for the Government to take the initiative and build these levees and drainage canals.

Further, in speaking of the necessity to conserve and to protect our tillable land, the distinguished Secretary said:

The sand largely has run through the hourglass for agricultural lands on the public domain.

That statement is literally true, and the sand has run and is running now through the hourglass for the saving of homes of more than 5,000,000 people in 34 States in this land. Unless this Congress heeds the urgent call for help, in my opinion, it will be neglecting its duty to conserve the resources of our great country, to aid unemployment, to stop the drift from the farm to the city, and in fact, will strike a blow at the continued development of the resources of this great land.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, I desire to discuss with you the bill H. R. 4650, com-

monly known and referred to as the Glenn-Smith bill, which is now before the House for consideration.

It was my privilege during the first two years of my experience in Congress to be a member of the Committee on Irrigation and Reclamation, which considered various bills referred to it, and the drafting of this bill carried with it the best thoughts contained in each of the bills introduced.

First, I desire to state that this bill affects possibly more people in the United States than any other one bill that is now before Congress. The bill vitally affects 35 States in this Union. The committee drafted this bill and reported it through its chairman, Mr. Addison T. Smith, which had the unanimous indorsement of the committee, and we fully expected to get a hearing on this bill during the last session of Congress.

We petitioned the Rules Committee for a rule for the consideration of this bill, and the petition presented to the Rules Committee contained 135 names of Members of Congress who were vitally interested in the passage of this bill. To our surprise, after three days of pleading with the Rules Committee, we were denied a rule on this bill during the last session of Congress so that it could be considered and passed.

The bill was reintroduced this year in practically the same form as it was last year and with only a few minor amendments. I understand that it was presented this time to Congress with the unanimous report of each member of this committee.

The chairman, Mr. ROBERT S. HALL, of Mississippi, has used every effort to get the bill before this session of Congress for consideration. He applied to the Rules Committee for a rule for the consideration of this legislation, and I understand that 218 Members of Congress petitioned the Rules Committee for a rule for the consideration of this measure and we have been denied a rule by them for the consideration of this important legislation.

We have resorted now to the only remedy left, by filing a petition with the Clerk and asking for 145 Members to indorse this petition to take it out of the possession of the Rules Committee for a consideration of the bill on the floor of the House, and that number has been signed to this petition. Now we ask you to sustain this petition and bring the bill to a final passage. We plead with you to do it.

It is not my disposition, and I would not under any circumstances criticize any member of the Rules Committee or any other committee for his action with reference to any measure, but it is my candid opinion that if the Rules Committee had given this bill the careful consideration that the committee has, or had read the hearings before this committee showing the emergency for this legislation, that they would not have denied us a rule for the consideration of it.

I want to take up the bill, first, and discuss it section by section, and it is my opinion that every objection that anyone may offer to this bill can be answered by those of us who have made a careful study of this measure.

Section 1 of this bill provides that-

The Secretary of the Interior is authorized to loan, out of the revolving fund hereinafter created, to any such district or legal entity an amount sufficient to redeem such bonds, certificates of indebtedness, or lawful indebtedness, and unpaid judgments, warrants, and the accrued interest thereon, in the manner and under such restrictions and conditions as are hereinafter set forth.

It might be well here to state that at a time when the Nation was prosperous many improvement districts were formed by acts of the legislatures of the various States and if conditions had prevailed as they were when the legislation was first enacted, the taxes could have been met without such a heavy burden being thrown on the landowners. The most of these levy and drainage district bonds are bearing 6 per cent interest. On account of the excessive overflows and droughts, it has been impossible for many people to meet their levy and drainage district taxes and many thousand acres of the finest land in the United States has been forfeited for these taxes.

In one county in my district there are more than 60,000 acres of the very finest kind of lands that have forfeited for their levy and drainage and general taxes, and have been

bought in either by the levy or drainage districts or have been forfeited to the State for the nonpayment of taxes.

Here is where the burden falls heavily upon those who do pay; they are required to pay a larger tax in order that county, State, and school taxes are kept up. You will remember that when an improvement district is formed all the lands inside of the improvement district are pledged for the payment of the money borrowed and the taxes accruing against it. If one man should pay his taxes on all of his lands as they fall due, both levy and drainage district and State, his lands are still in the district, and every acre of them is bound for the payment of the full amount against said district.

If one man could pay his taxes and be relieved of that burden, then there would not be such a justification for this kind of legislation. I will discuss this matter further before the conclusion of my address

Section 3 of this bill provides:

Loans shall be made only to the legally constituted authority which has issued the bonds or its successor in interest, and not unto it until the Secretary of the Interior has satisfied himself by such examination of the engineering works, for which the legal obligations were issued, as he may deem necessary, of the reasonably successful operation thereof, and that the lands designed to be benefited by these works are receiving benefit to a reasonable

The Secretary of the Interior shall make or cause to be made an appraisal of the value of the taxable property of each district making application for a loan as well as of its economic value, and no loan may be made until the Secretary is satisfied it will be paid

at maturity.

Loans may be made annually or otherwise to take up the principal of and/or accrued interest on the aforesaid bonds already due and unpaid and/or as they become due: Provided, however, That when the amount of the outstanding and unpaid bonds and interest of any district is greater than the appraisal and/or the value of the bonds which such district could issue under the terms of this act, then the governing authority of such district, subject to the approval of the Secretary of the Interior, is hereby authorized and empowered to negotiate with the owners and holders of the outstanding bonds and other evidences of debts of any such district for the purpose of compromising and reducing the amount of existing indebtedness, both of principal and interest, in any such district to an amount not greater than the appraisal therein, and thereupon the Secretary of the Interior may loan to such districts in the manner herein provided an amount sufficient to pay off the bonds and other indebtedness so compromised and reduced.

This section of the bill very carefully protects the Government in making these loans. This section provides further that the Secretary of the Interior shall either make or cause to be made an appraisal of the valuation of the property, and no loan shall be made until the Secretary is satisfied that the loan will be paid at maturity.

This section further provides that when the outstanding and unpaid bonds and interest of any district are greater than the appraisal of the value of the bonds that the Secretary of the Interior is authorized and empowered to negotiate with the owners and holders of the outstanding bonds or other evidences of debt for the purpose of compromising and reducing the amount of the existing indebtedness, both of the principal and interest in any such district to an amount not greater than the appraisal of said property. This prevents anyone holding the bonds from receiving any more than the actual value of their bonds at the time they are to be

In other words, if a bonded indebtedness has been fastened on a district and the bonds are only worth 50 cents on the dollar, and the Secretary of the Interior so finds, then before these bonds would be taken up and refunded the holder of the bonds would have to reduce the amount to the sum that it is found that the bonds were actually worth, and the landowner would save this difference, which would help him out of his trouble that he is now in.

Section 4 of the bill provides as follows:

That the Secretary of the Interior, before making the loan, That the Secretary of the Interior, before making the loan, must be satisfied that satisfactory legal authority exists for and ample provisions have been made to annually tax the taxable property pledged as security or as subject to assessment for the bonds issued sufficient to pay the maintenance expenses of the district for a period equaling the life of the loan and beginning at the end of 10 years the annual taxes must be sufficient to establish a sinking fund which will retire the loan at the maturity dates fixed by the Secretary of the Interior. All money

collected for the sinking fund must be deposited in the Treasury of the United States to the credit of the debtor, but may be transferred into the revolving fund by the Treasurer of the United States on application by the Secretary of the Interior.

This section of the bill provides that beginning with the 10 years after the passage of this act there shall be started a small sinking fund which will be amortized and carried through the remaining period of 30 years and will by that time retire not only the interest but the bonds themselves and leave the lands clear of debt.

The most important section of the whole bill is section 5, which reads as follows:

which reads as follows:

Loans shall be made for a period not exceeding 40 years, to be determined by the Secretary of the Interior in each case, which shall bear interest at a rate of 3 per cent per annum, payable annually: Provided, however, That during the first five years of the loan the interest shall accrue and be payable during the succeeding years of the loan in equal annual installments.

Loans shall be secured by the issuance and delivery to the Secretary of the Treasury by the legally constituted authority refunding bonds payable to the United States in the amount of the loan, and it shall be and appear on the face of each bond that it is a lien on all the taxable property within said district and/or the benefits assessed against said property or said property which may be subject to assessment for the payment of said bonds, and the Secretary of the Interior shall fix the dates of the maturities of said bonds. That where such bonds are issued by a county and it shall appear that under the laws of the State in which such county is situated such bonds are direct and general obligations of the county issuing the same, and that provision is made by law for the levying and collecting of taxes for the payment of such bonds, it shall be sufficient if each bond on the face thereof shall pledge the full faith and credit of such county: Provided further, That no district may issue additional bonds for any purpose without having first obtained the written consent of the Secretary of the Interior as long as it is in debt hereunder.

Let me, if I can, give you a practical example or appli-

Let me, if I can, give you a practical example or application of this bill to an individual farmer living in my district. We will say that he owns 1,000 acres of land, that are in one of these improvement districts, and on account of the heavy burden of taxation the improvement district is now in the hands of a receiver. The usual rate of taxes in these drainage and improvement districts is 6 per cent and the farmer is required to pay that and not only that, but he is also required to pay a further general tax for the maintenance of the schools of the county and State government.

This bill proposes to come to his rescue and to have these levy and drainage district bonds refunded and to be carried over a period of 40 years. For the first five years no interest is to be paid at all. At the expiration of five years, he then begins to pay a tax of 3 per cent and pays that tax for the next five years. At the end of this time, or at the end of the 10 years, then a small sinking fund is started, which, carried through a period of 30 additional years, will entirely retire both the principal and interest of the bonded indebt-

In other words, it will be a saving of 3 per cent on interest, and the saving on interest also would much more than be enough to mature the entire bonded indebtedness during the period of time this bill is to run.

If this bill should pass and be signed by the President, it would be a new day for agriculture in the United States. The very best lands that we have in the United States are involved in these drainage and improvement districts. During the 5-year period of time when no interest is to be paid, the lands could be brought into a state of cultivation, and at the end of the 10-year period, there would be no trouble whatever for the farmers to meet this small tax.

Section 6 is a very important section of the bill also. Section 6 provides as follows:

Whenever any district shall have sold any property in said district for unpaid taxes and shall have bought in the same, and shall hold the title to such land, then the Secretary of the Interior shall require, when any loan is made to said district, that the district allow the owner at the time of such sale and purchase, or his heirs at law, executors, administrators, or assigns, to repurchase said land within a reasonable time to be fixed by the Secretary of the Interior for no greater sum than the taxes for which it was sold and purchased, plus taxes which have accrued on the same since the date of said sale.

This provision in section 6 will enable many farmers to gain back their lands that seemingly were lost forever. Not-

withstanding any statute of limitation that might have run in any State before the Government would make the loan which would require the district or bondholders to surrender the lands back on the payment of the amount of taxes due up to that time. This provision would enable many persons to regain their lands that never could be regained in any other way.

This bill provides for a 5-year period of making these redemptions, and \$20,000,000 each year would be used for that

The Government could not possibly lose anything on one of these loans because the lands involved in it and which would be security for the loan are the best securities that could be had.

We have in the State of Arkansas alone in the various drainage and levy districts 2,183,015 acres of land involved in the districts. Of this amount of land 1,231,797 acres are in cultivation. The assessed valuation of the lands in these districts is \$29,689,454.23. There are 31,687 individual landowners of lands in these various districts.

The drainage taxes this year in our State amounted to \$1,844,779.79. Of this total amount of acreage in our levy and drainage districts in my State we have 321,289 acres

that are now delinquent.

The total levy and drainage district bonds outstanding in my State is now \$21,706,424.87. From these figures, which are similar to those in other States, you can readily see why the landowners in my State are so vitally interested in the passage of this act.

Many of these districts in my State have been formed to aid in controlling the flood waters of the Mississippi and its tributaries. In a great many instances tax burdens for flood control have been placed against the lands of individualsmuch of which lie in my district—which should never have been placed against the lands at all, but should have been paid by the United States Government.

And certainly, when the Government finds the people in such distress as they are now, it certainly should be willing to come to their rescue with a reasonable proposition that

the Government could never lose a dollar on.

The National Government in the past laid out what is classed as a standard levee, that it created to protect other lands before the standard levee as proposed by the engineers of the War Department was built. It was necessary that the owners take care of the flood water, and they found that the natural outlet was in Desha County, through Cypress Creek drainage system, which system appears to have been formed by natural sources many years before any levee construction had been undertaken.

About the year 1910 this survey was undertaken by the Department of Agriculture, and soon after the completion of the survey a bill was introduced in the Arkansas Legislature creating the Cypress Creek district. The preamble of that bill recited that the drainage district was being constructed for the purpose of closing Cypress Creek Gap, thereby making it possible for the Government to build its standard levee for the purpose of controlling the waters of the Mississippi, which formed part of the flood control.

The property owners were told, and it was generally understood by all the property owners, that the standard levee anticipated the highest possible stage that could exist and that they would have protection forever from the ravages of

the Mississippi River.

The Cypress Creek drainage project was financed, so far as the survey was concerned, by the Department of Agriculture, and the act which created the district provided that the levee district might use its funds in assisting in this project. In other words, both the levee and drainage acts anticipated a levee system and not a drainage system.

In order that the settlement waters might be carried on through to artificial outlets the people of Checo County formed a similar project, taxing their lands under the project which was to protect themselves from the Mississippi River.

Legislation from time to time carried the legislative dec-

value and thus authorized the expenditure. These lands were taxed first to build a levee, which levee was constructed to aid navigation and agricultural industry, the Government putting up \$2 to aid navigation and the property owner putting up \$1 to aid agriculture.

In addition to this the landowners have put up a very heavy drainage tax in order to help the levee, which levee was intended to assist the economic conditions of the vicinity

saved by the levee

I can not conceive how Congress, that has gone to the extreme limit of helping every other class of industry, can in this hour of distress turn a deaf ear to agriculture and refuse to come to the relief of the many persons that are now in distress on account of this burdensome tax, when the relief could be given and the Government never lose

It is my opinion that before we get out of the economic depression that we are now in we must begin where aid is so badly needed to bring agriculture and agricultural lands back to their rightful use and value. Agriculture is the basis of all our wealth, and when it fails everything else fails with it and when it prospers everything else is prosperous.

I hope to see the day very soon when agricultural lands will be free from debt, and when the price of the farmers' commodities will at least bring the cost of production with a reasonable rate of interest for the investments made, and when this is done we will see better times and the dawn of a new day.

The passage of this bill would do more to restore confidence in agriculture than any measure that could possibly pass this Congress, and I trust that every one of you will find it in his heart to come to the rescue of this class of persons and cast his ballot for this bill.

#### THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. BANK-HEAD in the chair.

Mr. CRISP. Mr. Chairman, I wish to submit a unanimous-consent request, and I ask for two minutes to do it.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and gentlemen, when the House voted on the first paragraph of the manufacturers' sales tax title, it was understood that if that was eliminated a motion would be made to eliminate all the succeeding paragraphs of that title dealing with the manufacturers'tax title of the bill.

We have disposed, by the adoption of the so-called Crisp amendment, of matters that would remain in the title as a special tax. There is no need of the other provisions in the title dealing with the manufacturers' tax title, so that my unanimous-consent request is not to have the remaining provisions read, but to strike them all from the bill, simply leaving in the title the last section, which provides when the special tax shall take effect, 30 days after the passage of the bill. If that is granted all of the other sections in the title will be eliminated, and we will resume consideration of the bill on page 31 of the administrative features.

Mr. RANKIN. It was understood that they were to go

Mr. CRISP. Yes.

Mr. O'CONNOR. Mr. Chairman, reserving the right to object, will the gentleman from Georgia at this point tell us whether or not he has made up his mind to demand a separate vote on the oil amendment and the coal amendment?

Mr. CRISP. They are all together in the same amendment, and I have myself, as acting chairman of the comlaration that these lands would be greatly enhanced in | mittee, voted in some instances, in order to stand by my committee, as otherwise I would not have done. I have not reached any conclusion as to that, but I can say to the gentleman from New York that I know of one member of the committee who is going to demand a separate vote.

Mr. O'CONNOR. Does the gentleman at this point think that the amendment would be divisible, so that we could have a separate vote on the oil-tariff provision and also on the coal-tariff provision?

Mr. CRISP. If I may have my time extended for a couple of minutes

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Here is the parliamentary situation. In the so-called Crisp amendment there was a special excise tax levied on wort, malt sirup, and grape concentrates, and that also included the tax on imported oils and gasoline, and an amendment was added to that Crisp amendment providing for a tax on coal. When we get into the House, if we have a separate vote on the Crisp amendment, and the amendment should be rejected, in my judgment that would eliminate from the bill the tax on wort, malt, lubricating oil, and on coal, but it would not reach the tax on imported gasoline. Why? Because if that amendment is rejected, then that part of the bill which contained the tax on gasoline would still be in the bill. I think that is the parliamentary situa-

Mr. O'CONNOR. Will the gentleman pursue that further and state whether the reverse of that is true. Having had the vote on the wort, malt, and so forth, could we have a separate vote on the oil-tariff provision?

Mr. CRISP. From a parliamentary standpoint, I think you could not.

Mr. O'CONNOR. It is very unfortunate, because some of us want to find out how many Democrats are sitting on this side of the aisle. That is why we want a separate vote

Mr. RANKIN. This can be done, as I understand it. We can get a vote on these propositions on a motion to recommit. Mr. CRISP. You can.

Mr. RANKIN. Is the gentleman from Georgia willing to

go with us on a motion to recommit? Mr. CRISP. I shall cross that bridge when we get to it. The gentleman knows my personal views.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield? Mr. CRISP. Yes.

Mr. HASTINGS. Will the gentleman indicate how far down we go by this unanimous-consent request; how much we eliminate from the bill? We begin at section 602.

Mr. CRISP. Starting on page 229, at section 602, we go down to section 619, on page 250, and the only thing left in the hill is the title:

This title shall take effect on the thirtieth day after the enact-

That is, the tax contained in the bill on wort, grape concentrates, malt, and so forth, takes effect 30 days after the enactment of the bill. All the rest is stricken out.

Mr. HASTINGS. And 619 would be retained in the bill? Mr. CRISP. Yes.

Mr. HASTINGS. But everything between 602 and 619 would go out if the unanimous consent is granted?

Mr. CRISP. Yes.

Mr. McCLINTIC of Oklahoma. If unanimous consent is granted, it is then the gentleman's purpose to go back to the front of the bill and start in where we left off?

Mr. CRISP. On page 36, and try to dispose of those gaps in between.

Mr. MARTIN of Oregon. Mr. Chairman, do I understand the gentleman to say that we are going to put these Democrats on record on these coal and oil provisions?

Mr. CRISP. I did not say that.

Mr. RANKIN. I will say yes. Mr. MARTIN of Oregon. Unless I am assured of that vote I shall object to the request.

Mr. CRISP. Oh, this does not affect that in the slightest. I hope the gentleman will not object. What is the use of reading these matters and then striking them out as you come to them? I ask that they all be stricken out now. That is all I ask.

Mr. MARTIN of Oregon. Under those conditions I withdraw my objection.

Mr. RAMSEYER. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. RAMSEYER. We are on title 4. I understand a subcommittee of the Committee on Ways and Means is working on some excise taxes to raise the revenue which would have been raised by the manufacturers' excise tax.

Mr. CRISP. That is correct.

Mr. RAMSEYER. I understand the subcommittee is not yet ready to report to the full committee.

Mr. CRISP. It is not.

Mr. RAMSEYER. Will whatever of excise taxes the Ways and Means Committee decides to report to the House come in under title 4?

Mr. CRISP. I think that is the proper place for them. They will be before the House for its consideration open to amendment, and it will be within the province of the House to strike them out. This request is made to expedite matters.

Mr. RAMSEYER. And if the unanimous consent is granted, the gentleman intends, then, to go to page 36, and come back to title 4, and then offer the amendments the committee has agreed on.

Mr. CRISP. As soon as the committee has their recommendations ready-and I hope the committee may be able to reach some conclusion to-morrow—they will be brought in. The committee is honestly and sincerely seeking to bring in a program that will be acceptable to the House to try to balance the Budget. We are not trying to bring in any program that might show disappointment, spleen, or that would cause embarrassment to anybody.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes more.

Mr. BLANTON. Mr. Chairman, I demand the regular

The CHAIRMAN. The regular order is, Is there objection to the request of the gentleman from Georgia?

Mr. STAFFORD. I want to discuss the merits of that

The CHAIRMAN. The attention of the gentleman from Georgia is called to the fact that the Clerk has not yet read paragraph (e) on page 229. Does the gentleman wish to include that in his request?

Mr. CRISP. Yes, Mr. Chairman.

I do not see how any Member of the House can object to this request. It was the judgment of the House that all of that title was to be stricken out, and this request is simply to do that, instead of having to read it and then move to strike out each paragraph.

The CHAIRMAN. The gentleman from Georgia IMr. CRISPI asks unanimous consent that the further reading of all of the bill, beginning at paragraph (e) on page 229 down to and including section 618 on page 250, shall be stricken from the bill.

Is there objection?

Mr. SCHAFER. Reserving the right to object, in order to propound a question, did I correctly understand the gentleman to indicate that when the Doughton amendment was adopted the manufacturers' sales tax title was to be stricken out? If that is so, why did not that motion strike out the tax on lubricating oils, and so forth, on page 228; because, in regard to those taxes, the bill reads:

In the case of the following articles the tax imposed by this title shall be in the following rates.

Mr. CRISP. I have tried to answer the gentleman with regard to that matter. These items were in that title, but they were not under the 21/4 per cent manufacturers' tax.

They were not involved in the manufacturers' tax at all, but | they happen to have been incorporated in that title of the bill, and they had a specific excise tax levied against them. The understanding of the House did not include striking out those items but only everything that would be required to pay the regular 21/4 per cent manufacturers' tax.

Now. I can add nothing to that statement.

Mr. SCHAFER. If the gentleman's unanimous-consent request is granted, then the Federal Government will be able to issue a certificate giving a clean bill of health to the Capones and other racketeers manufacturing 9 per cent beer from brewers' wort, which is legalized in this section, in direct conflict with the Volstead Act.

The CHAIRMAN. Is there objection to the request of

the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

(b) Fiscal year ending in 1932: For credit against the tax of amounts of tax paid for a fiscal year beginning in 1931 and ending in 1932, see section 132.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, along the line of the colloquy between the acting chairman of the Committee on Ways and Means and several Members with reference to oil and coal, I wish to make this observation, and I make it because of the reference made by a number of the newspapers throughout the country to the consideration that this bill has received in the House up to date: In my opinion, we will pass a bill which will approximate the greatest amount of satisfaction under existing conditions. There is nothing about the situation to date that disturbs me. We have had our fight. Men have honestly differed on the excise provisions. Personally I was opposed to it in principle. I never believed in a tax on the necessaries of life, but I felt that what was left, under the circumstances, under the law of necessity, compelled us to proceed in that direction; but Members honestly differed, and the matter is out of the bill and we are going ahead with a determination to balance the Budget, because practically all of us realize that that is necessary. We also realize that the people of the country are demanding that the Budget for 1933 be balanced. The unfortunate feature about this bill is the tariff provisions. I recognize that those from oil districts and from coal districts are interested, but until we get out of this bill those two tariff provisions a suspicion will be attaching against this bill during its entire progress through the House and, if the bill passes the House with those two provisions in it, when it gets over to the other body.

Mr. RANKIN. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. RANKIN. As I understand, this is a tax bill to raise revenue.

Mr. McCORMACK. For the Treasury.

Mr. RANKIN. And not a protective tariff bill?

Mr. McCORMACK. Absolutely not a protective tariff bill. Mr. RANKIN. But if we leave those two tariff provisions in the bill, the one on oil and the one on coal, will it not be an invitation to every man on the floor of the House who has something in his district which he wants to protect to be offering an amendment to put a tariff on it?

Mr. McCORMACK. Absolutely. But my brief observa-tion is not to create controversy but to make a slight

I have confidence that we will pass a good bill, and the people of the country ought to realize that this House is operating rationally now. We are going along with a determination to balance the Budget. The two provisions in the bill with reference to a tariff should be eliminated, and at the proper time I hope we will be in a parliamentary condition that a proper motion can be made to that affect, in order that a revenue bill will pass the House.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. CLARKE of New York. Why is not the proper procedure, just as we did in previous sessions, to have an emer-

gency tariff brought before us on a straight-out, square, and fair issue, instead of having it inserted in a revenue measure?

Mr. McCORMACK. I agree with the gentleman and I thank him for his observation.

We want to perform our duty. We want to try to pass a revenue bill. We want to do it for the purpose of driving out fear and instilling confidence, and the House of Representatives, in my opinion, is going to do its duty.

We are going to pass a bill which will balance the Budget in as fair a way as it is humanly possible under the circumstances. However, its success depends upon removing the tariff provisions relating to oil and coal from the bill. [Applause.]

Mr. HASTINGS. Mr. Chairman and gentlemen of the committee, from now on I am not going to allow these statements to go unchallenged. I had hoped that we would let pass the water that has gone over the wheel. I had hoped that when we returned to page 36 we would go on with this bill in an orderly way. That is what we ought to do.

Mr. CRISP. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. CRISP. May I earnestly join in that hope and request that we go back to page 36 of the bill and read the

bill in an orderly way.

Mr. HASTINGS. If we can do that I am ready to stop now. We had our fight over this oil provision, and I challenge any man to a debate upon the merits of the question. It is as meritorious a provision as any in the bill anywhere. [Applause.] It is a revenue measure. I want to say to Members who keep continually attacking it that the oil provision is as defensible as any provision in the bill. [Applause.] I clearly showed, when the provision was under discussion, that it will bring \$43,000,000 of revenue to a depleted Treasury. It will help the unemployment situation as much as any other provision in the bill. It will help to relieve a prostrate industry. All of this fight against the socalled tariff or excise provision in this bill is in behalf of four of these big importers of oil from the South American field. [Applause.] I am here to fight for the independents and speak for the little producers in this country. I am fighting for increased revenue, both for my State and for the Nation.

I dislike to thrust myself continually into this debate. But I might as well serve notice now that if we are going to have to reargue this question fourteen times a day, we are ready for the fight.

Mr. BLANTON. Will the gentleman yield?

Mr. HASTINGS. Yes. Mr. BLANTON. And to show how little dependence we can put upon the position taken by our friend from Oregon [Mr. Hawley], who in the last Congress was the chairman of the Ways and Means Committee, it is enough to say that he preached to and lectured us on the necessity of balancing the Budget and for strict economy last Saturday and yet this afternoon came in and voted for a \$350,000,000 bill, which we killed by a vote of nearly 2 to 1, and which had it been passed would have made the balancing of the Budget absolutely impossible.

Mr. McGUGIN. Will the gentleman yield?

Mr. HASTINGS. Yes. Mr. McGUGIN. The gentleman from New York [Mr. O'CONNOR] a while ago said that if we should allow this oil provision to remain in the bill it would probably mean that the Democratic convention at Chicago would denounce the bill. I want to ask the gentleman this question: If he can think of anything the Democratic Party could do which would more completely result in its defeat in Texas and Oklahoma than to do that?

Mr. HASTINGS. I did not pay enough attention to the gentleman's question to be able to answer it, because I did not want to go beside the mark and be divided. However, I repeat that is a meritorious provision. It is one that will raise revenue; it is one that is in the interest of the laboring man and the farmer; it is one that is in the interest of the independent producers; and it is one that is against those

four big fellows who import oil from the South American field and who are attempting to control the legislation. [Applause.]

Mr. O'CONNOR. Mr. Chairman, unlike the gentleman from Oklahoma, I am going to keep both feet on the ground. I just want to reply to the request of the gentleman from Georgia that we cease talking about the tariff on oil and coal. Out of my loyalty to the Democratic Party, whose fate has been jeopardized in this House within the past two weeks, I do not propose to let what has been already said go as the last word on those two embargo provisions in this tax bill. I serve notice that you are going to hear about these two Republican promises until this tax bill is passed or defeated. [Applause.]

Some of us here still love our party. Some of us think our party should conduct the affairs of this Government. I would like to see some fighting in behalf of this tax bill. I would like to see people throw out their chests instead of throwing out their stomachs. This is no time to mince words when our party needs support. We are either Democrats or we are not. We are not Democrats if we vote for this bill with either one of those two provisions in it.

Mr. RANKIN. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. RANKIN. Instead of being a tax-raising bill these provisions will make it a bill to raise the price of coal and oil to the American people to the extent of anywhere from \$250,000,000 to \$500,000,000. It will penalize the American people, and I am ready for the fight, too.

Mr. O'CONNOR. The alleged tariffs on oil and coal will not raise any revenue at all, and their proponents know it. I can not conceive of the Democratic Party failing to denounce these two tariff provisions in the Democratic National Convention in June. I was not using loose words when I said that, because I sincerely hope the men who will attend that convention, if these two provisions are left in the bill, will go so far as to denounce this tax bill as undemocratic.

Mr. SCHAFER. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. SCHAFER. Is it not a fact that the two tariff provisions which were so largely supported by the Democrats are nearer an embargo than any provision in the Hawley-Smoot tariff bill, which the Democrats have denounced from this floor and throughout the country?

Mr. O'CONNOR. They are surely embargo measures. There is no question about that. I do not think they will stay in the bill, because I can not conceive of them staying in the bill when the Democrats recover their equilibrium.

Mr. HASTINGS. Then why is the gentleman so disturbed?

Mr. O'CONNOR. I am disturbed at the attitude and the harm already done to my party even by temporarily placing them in the bill, and I am dicouraged at this ineffective and sometimes effeminate fight that is being made for the tax bill. Let us have a masculine defense of this bill. You can not pass legislation here by submitting to everything suggested or by mere expressions of good faith, love, and affection. Let us have some fight for the measure. If we must put up a fight, let us put up a real one or else take the bill back to the committee and let somebody else carry on the fight.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MARTIN of Oregon. As a Democrat, if these provisions stay in the bill for coal and oil, I want some protection for my lumber in Oregon.

Mr. O'CONNOR. Of course, the gentleman does.

Mr. MARTIN of Oregon. And we propose to demand protection for our lumber,

Mr. O'CONNOR. That is just the trouble with tariff logrolling. If Members were Representatives from their States as they really are instead of being merely Representatives of their States, we would have a unified national policy on tariff as well as taxation. If the theory of local interest only were carried to its logical conclusion, we would not

have a national government. The men in this House are elected Representatives from their States but at the same time as Representatives of the entire United States.

Mr. BOLAND. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BOLAND. I want to tell the gentleman from New York that I did not go around the county of Lackawanna talking about the Smoot-Hawley tariff bill; but I am here, and I put on this amendment Saturday for the purpose of trying to protect the miners up there who are starving to death because of this foreign coal that is coming into this country.

Mr. O'CONNOR. The gentleman from Pennsylvania occupies a most unique position in the House. He was elected both as a Republican and a Democrat, but I was elected and every other Member on the Democratic side was elected as Democrats, and not one of you can not justify your vote for these two tariff provisions. If these items do stay in the bill, every real Democrat should vote against the entire bill.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, we have had enough talk on this paragraph. I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

Mr. DYER. Mr. Chairman, I offer as an amendment to that motion that debate close now.

The CHAIRMAN (Mr. McReynolds). The question is on the motion of the gentleman from Georgia.

The motion was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, the gentleman from Missouri offered an amendment to that motion.

Mr. DYER. Mr. Chairman, I offered an amendment to the motion of the gentleman from Georgia that all debate close now.

The CHAIRMAN. The Chair did not hear the gentleman's motion.

Mr. DYER. I am trying to save the Democratic Party from itself.

The CHAIRMAN. The gentleman's remarks are not in order.

Mr. McKEOWN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we hear a good deal of talk about men's Democracy. I challenge the gentleman from New York [Mr. O'Connor] on his Democracy. I am as good a Democrat as he is, and a better one. [Laughter and applause.] When Mr. Raskob wired, in the campaign of 1928, if I were willing to go along on the tariff views in order to help Mr. Smith, I wired him I would do it, and I did do it, although it cost me thousands of votes.

I am a Democrat. I went down to Houston to the convention and took the ticket that was not my choice, and I am looking in the face of Democrats here who took their ticket and went down the line, and some of them did not come back in 1928, and yet you stand here and challenge the Democracy of any of our States.

You may talk about the platform at Chicago, but I will tell you what I think will be in that platform. In my judgment there will be a plank in that platform indorsing the tariff on oil and on the natural products of this country. That is what I hope will be in the Chicago platform. [Applause.]

You say that your Democracy does not indorse a tariff. I did not read that in my book. [Laughter.] It was not in the platform I read. This is no time or place to display our Democracy; in fact, it is a mighty poor time to be talking about each other's Democracy in this House. [Laughter and applause.]

There is one thing I have always noticed, and that is that gentlemen from districts that have always gotten their tariffs heretofore were never very particular about the manner in which they got them. They would take them on a revenue bill or any other kind of bill if they could get the tariff, and now because they happen to wake up and find that a few western people have put something in the bill they can not keep quiet but still keep on coming here and talking about it.

We gave you a vote the other day that surprised you, and then you slandered us by saying that we had gone out and made some kind of trade. There is no body of men in this House that has ever learned to trade like some of the New England men. They long ago learned to logroll and trade on tariff provisions or on the things that they want protected.

Now, I want to say this, and this is my admonition to the Democrats. Let us go along here and write this bill and help these men get the best bill we can. We have expressed ourselves and have made known our own ideas. We have expressed them vehemently and sufficiently to satisfy our associates and the country as to our views on the revenue bill we want.

Mr. YON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. YON. Does not the gentleman think we have talked enough about this subject, and after this bill is adopted in Committee of the Whole will there not be an opportunity

to vote on these amendments?

Mr. McKEOWN. Mr. Chairman, I agree with the gentleman, but I have not thrust myself into this debate at all, and I would not have been here now except for the criticism of the merits of this oil excise tax. Not a bill nor a provision in a bill will pass this Congress that will put as many idle men to work as this oil excise tax; it will put 350,000 idle men to work.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I move to strike out all of the bill after the enacting clause.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, I want to say to our friend from New York [Mr. O'CONNOR] that the only provision that affects oil in this bill was put in it by the almost unanimous consent of the Ways and Means Committee, the great majority of which were Democrats. My colleague corrects me and says the vote was 14 to 9 in the committee for the tax on oil, but the bill comes here without a minority report against it from either the Republican or Democratic side. That is the only provision in the bill affecting oil. Why was not there a minority report filed against it? There was a companion matter of equal importance to the country, affecting coal, that was put in from the floor. It was put in by the Democrats, helped by some good, wellmeaning, well-intentioned Republicans of good judgment. [Laughter.] When did the gentleman from New York [Mr. O'CONNOR] begin writing a Democratic platform? In 1928. The only Democratic platform he helped to write was in 1928, down in my home State, in Houston, Tex., where I was born, and it went on the rocks. [Laughter.] He caused my strong Democratic district to go Republican, not for Hoover, particularly, but Republican against the kind of a platform that the gentleman from New York helped to write. He caused my Democratic district and my Democratic State and other Democratic States for the first time in history to go against Democracy and to vote for and help to elect President Hoover. When he has been writing Democratic platforms as long as the Democrats of my State have, he will write them more to conform to the wishes of the Democrats of the country, and not for just a few politicians living in New York.

Now, as my friend from New York—and I do like him as much as does anybody in the House [laughter]—if my friend calls this sales-tax fight effeminate, I wonder what he would say if he saw a man's fight some time. I never saw him make any fight on the floor that was not effeminate. [Laughter.] I want to tell the gentleman from New York that this oil provision in the bill is a revenue matter, and it is going to stay in this bill. It is undisputed here that the foreign importers of oil to this country have an advantage of \$1.03 per barrel over every American producer in the United States. And we are not going to permit this very reasonable revenue-producing tax against foreign oils to be knocked out of the bill.

I offered an amendment the other day reducing that advantage, and only giving them about 19 cents advantage. I offered the amendment raising the tax to 84 cents per barrel on foreign oils; but when the members of the committee said it would precipitate other tariff amendments, I saw the situation and bowed to the will of my leader, the gentleman from Georgia [Mr. Crisp], and notwithstanding I knew my amendment would have carried, I withdrew it. I withdrew it, knowing it would carry, because I wanted to conform to the wishes of the gentleman from Georgia [Mr. Crisp] to keep strictly tariff matters out of the bill. The little 42 cents a barrel will bring in a revenue of \$42,000,000 and will take away some of the big advantage that the Dutch Shell and other monopolies have in importing their foreign oils to America.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. BLANTON. Mr. Chairman, I ask leave to withdraw my amendment.

Mr. CROSS and Mr. RANKIN objected.

The CHAIRMAN. Under the motion of the gentleman from Georgia [Mr. CRISP] the time was limited to 10 minutes. All time has expired.

Mr. RANKIN. But, Mr. Chairman, this is a different amendment.

The CHAIRMAN. All time has expired under the motion, and the Clerk will read.

The Clerk read as follows:

#### SECTION 41. GENERAL RULE

The net income shall be computed upon the basis of the tax-payer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but, if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the commissioner does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 48, or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. (For use of inventories, see sec. 22 (c).)

Mr. RANKIN. Mr. Chairman, I am one who opposed the tariff on oil, and I am going to do everything humanly and honorably possible to get it out of this bill.

The gentleman from Texas [Mr. Blanton] talks about the Ways and Means Committee being unanimous on this proposition. Let me tell some things that happened in the Ways and Means Committee. There were at least four members of that committee who were opposed to this tariff, and those who favored it, or somebody in the Ways and Means Committee, said, "It will get us 40 votes for the sales tax in the House if we will just put it in here."

In the first place, it has no place in a tax bill. This is a bill to raise revenue. This provision is to raise the price of oil and its products to the American people, and the lowest estimate I have heard on its cost to the American people is \$250,000,000. In order to gratify a few people who have an interest in oil wells or in oil itself, should I vote a tax of \$4,000,000 a year upon the people of my State? No. The truth of the business is, this is just as vicious as any tariff provision ever written into a bill, and it is written into the wrong bill.

If you are going to pass a tariff bill, bring in a tariff bill. I have never voted for a tariff bill, and I did not sign the Raskob telegram in 1928 either, because it was not in conformity with the fundamental principles of the party I am affiliated with, and I was not willing to go with any man who was temporarily in control into the maelstrom of a high protective tariff system.

These two provisions were put in here inadvertently. Men have come to me who walked through that line the other day and said, "We did not realize what we were doing." All this stirring up of this fight against New England, all this row that took place—New England, Kansas, and Oklahoma spitting fire at each other about tariffs—

misled some men. The gentleman from Maine [Mr. Nelson], who sits before me, knows that he and I never have voted together on a tariff proposition, but I have nothing against him, and certainly would not be prejudiced enough against any section of the country to allow myself to be swept off my feet and stick something in a tax bill that would be absolutely foreign to it—a high protective tariff provision—in order to penalize the American people so that some people or a few interests might reap a profit.

The coal amendment is in the same category. Neither one should ever have gone into the bill. So far as I am personally concerned, I am going to do everything in my power to strike those two provisions out. If you want a tariff on oil, go to the Ways and Means Committee and have that committee report a tariff bill, and let them bring it in here; but do not come here and destroy the tax bill, whereby we are trying to get together and raise revenue for the country, by injecting into it high protective provisions that at least a vast majority of the men on my side of the aisle are opposed to.

Mr. CRISP. Mr. Chairman, may I not make an earnest appeal to the membership of the House to cooperate in passing this bill? Word has just been brought to me that stocks and other securities in New York are dropping. They dropped last week. It is imperative for the welfare of this country that this House of Representatives determine what it is going to do in trying to balance the Budget. We must stop this acrimonious discussion among ourselves. We have discussed oil, we have discussed almost every subject under the sun since the bill came into the House. I have tried to be patient. I have tried to be liberal in debate, and if this House will stand by me, I shall move to close debate on these amendments. I have not done it before because I knew the House was not with me. In the utmost good faith and sincerity, with a desire to do that which is best for our common country, I appeal to you, my colleagues, to restrain yourselves and let us not continue to discuss time and again, time and again, things that have all been discussed, and that the House will have an opportunity to vote upon.

To simply give the facts, the gentleman from Texas [Mr. Blanton] is in error when he says that the Ways and Means Committee was unanimous in its support of oil. A number of members of that committee opposed it. But this is a composite bill. Members of that committee, both Democratic and Republican, sat around the board and the bill was the joint product of all of them. The bill was reported out of committee unanimously after it was concluded.

I do not care to say anything more, I do not care to say anything that will bring about an acrimonious discussion. If you love your country, gentlemen, you can show it by refraining from speech making and passing a bill that will balance the Budget.

The Clerk read as follows:

(b) Sales of Realty and Casual Sales of Personalty.—In the case (1) of a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year), for a price exceeding \$1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 40 per cent of the selling price, the income may, under regulations prescribed by the commissioner with the approval of the Secretary, be returned on the basis and in the manner above prescribed in this section. As used in this section, the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

Mr. CANNON. Mr. Chairman, I heartily agree with my friend from Georgia [Mr. CRISP] in his desire to expedite the legitimate disposition of this bill.

But, Mr. Chairman, its enactment ought not to be expedited at the expense of adequate consideration. The gentleman says he is just in receipt of information that stocks and bonds are dropping on the New York market. Why are they dropping? They are dropping because of just such bills as that we have before us; because of the enactment of just such legislation as is proposed in the paragraph now under debate. And if this provision to place a tariff on oil and coal becomes a law, they will drop still more.

According to no less an authority than the Department of Agriculture, as reported in its agricultural situation, one of the determining causes for the low price of agricultural products is the tariff. And when farm prices decline and the buying power of the farmer is curtailed, the price of everything else must inevitably fall with them.

No one has a higher regard than I have for the gentleman from Texas [Mr. Blanton] and the gentleman from Oklahoma [Mr. McKeown], who have just spoken. I am always glad to cooperate with them. But I can not agree with them on injecting oppressive tariffs into this revenue bill.

To place a prohibitive tariff on oil and coal would be a radical departure from the traditions of the Democratic Party. One that can not be justified or condoned. One that adds to the cost of living and places an added burden on those least able to bear it. Furthermore, by such a proposal you are corroborating and substantiating the criticism that has been made repeatedly in the press and on the floor of this House that there are those who are willing to sacrifice the interest of party and country in order to secure advantages for a favored industry or special favors for a particular district. They propose to tax the people of the entire country in order to increase the profits of a few; they propose to increase the costs of production in every other industry for the purpose of increasing dividends of their own pampered industry.

What will be the effect of these two tariffs here sought to be fastened on the country? I will tell you. In the first place, the farmers of the Nation will have to pay more to run their tractors. You are proposing to increase the price of oil and gas when farmers in every State are already having difficulty in financing the operating cost of their tractors and other power machinery. Do you know that the majority of the loans made to farmers by the Government under the credit legislation you have been passing to finance crops are for the purchase of oil and gas? They can patch up their old tractors themselves, but it requires cash to purchase fuel and lubricants. Oil is the crying need on the farm to-day, and yet you now propose to add to its cost and to increase the farmer's cost of production when he is receiving the lowest comparative price for his products ever received by the farmer since Columbus discovered America.

And you propose to put a tariff on coal and increase the cost of the fuel of the poor. The man who buys a bushel of coal at a time will have to pay more for the basket of coal he must have to keep his family from freezing and prepare their frugal meals. And this to enable the coal barons to declare larger dividends.

Mr. Chairman, it is an invitation to every other industry to come in here and ask for similar advantages. And why should they not? If we give these gentlemen a tariff to increase the price of coal and oil, why should we not give every other section of the country a tariff on its particular product? Why should we not grant a tariff on lumber, copper, cotton substitutes, bananas, chemicals, and every other product that enters into the cost of the necessities of life?

There was never a more inappropriate or inopportune time in our economic history to propose to levy tariffs on basic commodities and further weight the costs of production. The country is in the midst of an unparalleled depression, the end of which can not be foretold. We are exhausting every resource in order to get back to normal times. The effect of these tariffs is to retard recovery, to stop the farmer's plow and thresher in the field, and to bank down the fires in the homes of the unemployed. Why? In order that owners of oil wells in Texas and Oklahoma may enjoy larger profits. It is a proposal to confer special privileges by law on the few at the expense of the many; to favor one industry by penalizing every other industry; and it has no place in a revenue bill or in any other bill passed by a Democratic House.

Mr. VINSON of Kentucky. Will the gentleman yield? Mr. CANNON. I yield to my friend from Kentucky.

Mr. VINSON of Kentucky. The gentleman is one of the great parliamentarians of the House and one of the great parliamentarians of this country. I would like the gentleman to inform us what we can do until this bill is finished and we get back into the House?

Mr. CANNON. We can express ourselves upon it. [Laughter.] We can indicate the temper of the House and the temper of the country. We can give notice, and we are now giving notice, that when the time comes to vote in the House we are going to strike this economic and political monstrosity from the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SCHAFER. Mr. Chairman, I move to strike out the word "disposition" in line 7, page 39.

The CHAIRMAN. Page 39 has not yet been reached. Mr. SCHAFER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have been told by the distinguished acting chairman of the Ways and Means Committee that the House should cease discussing these political questions. · I want to call to his attention and to the attention of the Democratic Party and the people of the country that what our colleague, the gentleman from New York [Mr. O'Con-NOR! has stated with reference to the Democratic Party losing ground is correct. You have lost so much ground since you have had control of this House that you will never make it up by the time that the next election rolls around. Why? You have denounced President Hoover and the Republican Party on account of the protective features of the Hawley-Smoot tariff bill, and you rode many Democrats into congressional seats in the regular and special election contests on that issue alone. You claimed that practically all of the depression, unemployment, and suffering of the world are the result of President Hoover and his Hawley-Smoot tariff bill, and you promised the people that if the Democrats were put in charge of the Government that they would wave the magic wand and put our country and the rest of the world on its feet.

My friends, when your expensive, extravagant Democratic administration, which drove this country into the World War, went into power, we had a national debt of approximately \$1,000,000,000. On August 31, 1919, under your Democratic administration, our national debt reached the highest peak in the history of our Nation, the staggering sum of \$26,596,000,000. Somebody must pay the interest on that debt and sinking fund. Somebody must pay for the care of the World War veterans, their widows, orphans, and dependents. Over \$2,000,000,000 of the present Treasury deficit is the direct result of the last Democratic administration.

The Democratic national campaign committee and your Democratic orators are condemning President Hoover and the Republican Party for the deficit, although almost the entire deficit is traceable to the interest and sinking-fund payments on the national debt resulting from the Democratic administration and to the amounts properly expended to take care of the veterans of the war of the Democratic Party, and their widows, orphans, and dependents.

In the State of Wisconsin demagogic orators who are now running for office on the Democratic ticket, as well as many running on the Republican ticket who supported Democratic candidates in 1928, are now engaged upon a campaign denouncing President Hoover as the author and sponsor of the sales tax. The Ways and Means Committee, composed with a large Democratic majority, is responsible for that iniquitous proposition. Notwithstanding this absolute fact, we find Raskob and the Democratic leaders, as well as their leftwing Republican bedfellows in the 1928 campaign, claiming this Democratic sales-tax baby to be the child of President Hoover and the Republican Party.

You Democrats have control of the House of Representatives, in which body, under the Constitution, revenue and tariff bills must originate. If the alleged iniquitous Hawley-Smoot bill was so terrible and resulted in the present catastrophe confronting this Nation and other nations of the

world, why have you not passed legislation to repeal or amend it? Why, since you have control of the Ways and Means Committee and control of the House of Representatives, have you not passed or even reported to the House a bill to cure the ills which you have claimed to have resulted from the Hawley-Smoot bill?

In the past you have denounced the iniquity of the measure. I particularly remember your vitriolic attacks on Andrew Mellon and the tariff on aluminum.

Yet your Democratic majority in the Ways and Means Committee has not up to this moment reported legislation to the House which would reduce any tariff rate now in the law; not even to reduce by as much as one-half of 1 per cent the tariff burden on aluminum pants buttons which you have bitterly denounced in the past. Although you have control of the House of Representatives, the body in which, under the Constitution, tariff legislation must originate, you have not reported or passed one piece of legislation to reduce one of the Hawley-Smoot Republican tariff rates. On the other hand, you reported and passed legislation which practically provides for an embargo on oil and coal at the behest of Democratic Congressmen and Democratic leaders. You can go through the entire Hawley-Smoot tariff bill, which your political demagogues have been denouncing, and can not point to any one particular tariff rate which comes anywhere near an embargo such as the Democratic tariff proposed by Democratic Members and supported by Democratic leaders of the House and voted into the pending revenue

Mr. BLANTON. Will the gentleman yield?
Mr. SCHAFER. I regret that I can not yield now. My time is almost up and I can not get any more.

So, my Democratic brethren, as far as making ground to carry the next election, I believe the gentleman from New York has given you good advice. You have been tried and found wanting. The people can be guided by what you have done when you have had control of the House of Representatives, in which body, under the Constitution, revenue and tariff legislation must originate. They can, without any difficulty, reach a conclusion as to how the country would go to the dogs if they would send a Democrat to the White House and have a Democratic majority on the other side of the Capitol as well as in the House. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. RAINEY. Mr. Chairman, I move that all debate on this paragraph do now close.

The motion was agreed to.

The CHAIRMAN (Mr. BANKHEAD). In view of the situation pending before the committee the Chair feels justified in calling to the attention of the members of the committee the rules under which we are proceeding. It is in order on any amendment to have five minutes of discussion for the amendment and five minutes of discussion against it, which closes debate under the rules of the House. The Clerk will

The Clerk read as follows:

(a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title—
(1) Every individual having a net income for the taxable year of \$1,000 or over, if single, or if married and not living with hus-

band or wife;

(2) Every individual having a net income for the taxable year of \$2,500 or over, if married and living with husband or wife; and (3) Every individual having a gross income for the taxable year of \$5,000 or over, regardless of the amount of his net income.

Mr. PATMAN. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Parman: Page 44, line 11, after the period add the following: "Except the following persons shall not be required to file returns and shall not be required to pay income taxes (a) a single person, or if married and not living with husband and wife, whose gross income for the taxable year does not exceed \$1,500, and (b) a married person, and living with husband or wife, whose gross income for the taxable year does not exceed

Mr. CRISP. Mr. Chairman, I make a point of order against the amendment on the ground that the committee has already passed upon it. It is res adjudicata, because in a previous part of the bill the exemptions were fixed at \$1,000 for a single person and \$2,500 for married persons. I have no objection to my friend making a speech, but I am constrained to make that point of order.

Mr. PATMAN. Mr. Chairman, I want to be heard on the point of order. I do not believe the point of order is well taken for this reason: Section 3 of section 51 provides that where an individual has a gross income for the taxable year of \$5,000 or over he shall, in all cases, make an income-tax return. My amendment provides that no individual shall be required to make an income-tax return who is single and whose gross income is \$1,500 or less, or if married who has a gross income of \$3,500 a year or less. In other words, it is creating a legal presumption that where a single person has an annual gross income of only \$1,500 that his net income does not amount to anything and is not taxable. It creates a legal presumption that a married man who is living with his wife and whose gross earnings amount to only \$3,500 has sufficient deductions to eliminate the net income and, therefore, has nothing taxable. It will save 2,700,000 people from making income-tax returns. The amount that will be received by the Government if the law is enacted as proposed by the committee will be only \$12,000,000 a year. In other words, the Government will get about \$4.44, on the average, from the 2,700,000 individuals whom it brings within the terms of the bill.

The CHAIRMAN. The Chair suggests to the gentleman that he would like to hear the gentleman on the matter involved in the point of order.

Mr. CRISP. Will my friend permit me to give him a thought which I think he should have in mind in answering the point of order. The gentleman's amendment provides that those with incomes shall not be required to pay taxes. The part of the bill we have already passed provides that they shall pay taxes. It is well established by the rules of this House that if any part of an amendment is obnoxious to a point of order then the whole amendment falls. I wanted to give the gentleman the benefit of that suggestion.

Mr. PATMAN. I added that part of my amendment which is in ink after talking with the chairman of the committee a while ago. Mr. Chairman, I ask unanimous consent to eliminate that part from my amendment, and then it will read that no person shall be required to make an income-tax return who is single and whose gross income is \$1,500 or less. or a married person whose gross annual income is less than \$3,500

The CHAIRMAN. Is there objection to the request of the gentleman from Texas to modify his amendment?

There was no objection.

The CHAIRMAN. The Clerk will report the portion of the amendment to be eliminated.

The Clerk read as follows:

"And shall not be required to pay income taxes," so that the

"And shall not be required to pay income taxes," so that the amendment as modified will read:

"Except the following persons shall not be required to file returns (a) a single person, or, if married and not living with husband and wife, whose gross income for the taxable year does not exceed \$1,500, and (b) a married person, and living with husband or wife, whose gross income for the taxable year does not exceed \$3,500."

Mr. PATMAN. Mr. Chairman, I would now like to be heard on the amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. PATMAN. Mr. Chairman, the amendment as proposed by the committee will bring within the terms of the present income tax law 2,700,000 additional income-tax payers. If my amendment is adopted it will save 2,700,000 people in the United States from the trouble and expense of filing income-tax returns.

My theory is that the amount of money the Government will receive by bringing within the law this large number of

taxpayers is entirely too small to put that number of taxpayers to the trouble and expense to which this law would put them. It would only average \$4.44 per taxpayer if you brought them within the law, and it takes an expert to file an income-tax return. They must obtain the services of some one who knows how to file an income-tax return. In order to do this, 2,700,000 people must pay for the benefit of expert services and then, when once filed, the amount of tax is so small they can not afford to litigate over it. They can not dispute with the Bureau of Internal Revenue or with the Secretary of the Treasury. In order that you may know that it does require an expert to file an income-tax return, I respectfully invite your attention to the fact that over a period of 8 years, from 1921 to 1928, inclusive, the Secretary of the Treasury, who, I presume, had the benefit of experts in filing his income-tax return, out of the 8 years that the Secretary of the Treasury himself filed such incometax returns 7, of those years he made mistakes; in 4 of those years he obtained refunds later from the Government by reason of his mistakes he made, and in 3 of those years he was later charged by the Government and paid an additional sum for the mistakes he made. So there is the Secretary of the Treasury, who really has charge of this income tax law, who out of eight years, in seven years made mistakes in his income-tax returns. Now, if the Secretary of the Treasury can not file an income-tax return properly, with the aid of all the best experts in the Nation, certainly you should not require these 2,700,000 people who do not have the benefit of the assistance of experts to file an income-tax return. The added expense to them will probably amount to more than the amount of the tax received by the Government.

Mr. GIFFORD. Will the gentleman yield for a question? Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes, although I realize my time has not expired.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. I yield to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Because a single person now having a net income of \$1,000 has to make a return, I can hardly see the point of the gentleman's amendment with respect to a \$1,500 gross income, and I want to ask the gentleman if he is really serious in offering this amendment or if he just wanted to tell the story about the Secretary of the Treasury.

Mr. PATMAN. The story was absolutely incidental. I have had all the time I wanted before a committee to talk about the Secretary of the Treasury holding office in violation of the law, and that was not my object at all. I just wanted to point out this case because it is on all fours with the point I am attempting to make.

Mr. JOHNSON of Washington. Will the gentleman yield? Mr. PATMAN. Yes.

Mr. JOHNSON of Washington. If this large number of people, 2,700,000, are to be required to pay income taxes on small incomes, is it not possible, either in this body or in the other body, to devise a plan for a single sheet of paper on which to make the return, with one affidavit, where the person with such incomes receives it from one source?

Mr. PATMAN. But there is no effort made in this bill to so simplify income-tax returns, and we must presume this bill will pass in the same condition it is in now with regard to that matter.

Mr. JOHNSON of Washington. I want to say, if I may in the gentleman's time, that I have paid an income tax ever since the first income tax law, and I know my return has never been correct, although it has been made with the aid of the experts down here in the Sergeant at Arms' office; and even this year it is wrong, because I forgot to take exemptions to which I was entitled.

Mr. PATMAN. And if the gentleman, with the aid of experts, can not properly prepare an income-tax return, how can we expect these 2,700,000 people who will just pay on the average \$4.44 to properly prepare an income-tax return,

and let it be said that this is a class that pays the major portion of all the local taxes. They pay every kind of tax on earth, not a tax on what they own, but more often a tax on what they owe. This is the class most of whom buy homes, and on a \$5,000 home they will make a \$1,000 payment, and then they do not pay local taxes on that \$5,000 home as though they had only paid \$1,000 on that home, but they are required to pay local taxes as though they owned a \$5,000 home, which results in paying taxes not on what they own but a tax on what they owe, and something should certainly be done for them in this bill, in view of the fact the Government would get only \$12,000,000 by forcing these 2,700,000 people to file income-tax returns which will average \$4.44 to the Government.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. O'CONNOR. Is not the practical effect of the gentleman's amendment to leave the exemptions as they are, \$1,500 for a single person and \$3,500 for a married person, because if you do not file any return you do not pay any tax?

Mr. PATMAN. It is creating a legal presumption, I will say to the gentleman from New York, that a single man who only earns a gross income of \$1,500 has sufficient deductions to enable him to eliminate any net income and thereby not have to pay any tax.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. The bill, as it stands to-day, places a maximum surtax, plus the normal tax, of 72 per cent on the citizens with large income, and surely the lower end of the income-tax brackets should be extended so as to broaden the base and require more of the citizens to contribute to this financial emergency of our Government.

Mr. PATMAN. Will the gentleman yield for one ques-

Mr. CRISP. Yes.

Mr. PATMAN. I presume the chairman of the committee will admit that my figures are correct—that this will require 2,700,000 additional people to make income-tax returns, and that the amount received by the Government will be \$12,-000,000. I received these figures from Mr. Beaman, who is sitting by the gentleman's side, and I presume they are

Mr. CRISP. They are partially correct. I think the number of additional returns is correct. I think the amount of money that will come in is about \$12,000,000, but this lowering of the exemption runs all the way through the higher rates, including the richest man in the United States.

Mr. PATMAN. The gentleman from Georgia is clearly mistaken: the amendment provides that no return shall be

Mr. CRISP. I did not interrupt my friend when he was speaking.

Mr. PATMAN. But the gentleman is clearly mistaken.

Mr. CRISP. I am not mistaken. It is the gentleman from Texas who is mistaken. It runs all the way through the bill, and it will bring in \$39,000,000. The gentleman from New York [Mr. O'CONNOR] is absolutely correct. If these persons do not make a return, there is no way of collecting the tax on the lower incomes, and the effect is to continue the exemptions just as they are to-day. Now, where a single man with \$2,000 net income is given an exemption of \$1,000, and pays a tax of only \$15 or \$16, surely he is not burdened by an income tax.

Now, my friend had much to say, and I agree with him about the complications of making an income-tax return. The tax returns are complicated in the surtax class, but they are not complicated when you have an income under \$5,000. There is a simple blank which anyone can fill in. I admit that I could not, without difficulty, fill in a blank if I were in the surtax class, but that is not involved here. I do not believe that this tax is burdensome, and I hope the amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. Dyer) there were 6 ayes and 94 noes.

So the amendment was rejected.

Mr. GIFFORD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 43, line 24, after the word "oath," insert "or under penalty of perjury on net income less than \$5,000."

Mr. GIFFORD. Mr. Chairman, I offer that amendment simply because in the experience of my State of Massachusetts, which has an income tax, there was found that small returns could be made simply under the penalty of perjury and so recited in the return. It prevents the bother and trouble of going before a notary public, when sometimes it is difficult to find one and sometimes the charge is excessive. It simply removes one of the unnecessary annoyances.

Mr. CRISP. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CRISP. Has not Massachusetts some special law that would cover the situation? I am asking for information. It was just so stated to me.

Mr. DYER. Yes; they do.

Mr. GIFFORD. Mr. Chairman, there may be some special act in Massachusetts. Even so, what of it? Why can we not make this a law or regulation for the Federal Government and sign simply under penalty of perjury and save this added nuisance?

Mr. CRISP. The gentleman's suggestion might be well in Massachusetts, if they have a law there covering it, but the Federal Government has no way of covering the matter, and under this act those making an income-tax return to the United States Government throughout the States are required to make oath to their return.

Mr. GIFFORD. The law would still be that all over \$5,000 would have to make oath. I tried to offer this in order to save annoyance to the small taxpayer.

Mr. CRISP. Why should not a man with an income under \$5,000 make oath to his return as well as a man with an income over \$5,000?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

The Clerk read as follows:

(b) Husband and wife: If a husband and wife living together have an aggregate net income for the taxable year of \$2,500 or over, or an aggregate gross income for such year of \$5,000 or

(1) Each shall make such a return, or (2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the last word for the purpose of making a brief statement. I had occasion to say a moment ago in the time of the gentleman from Texas [Mr. Parman] that I doubted if I had ever been able with the aid of the experts sent to the National Capital from the Baltimore internal revenue collector's office to get my income-tax report correct. The tax I have paid each year is modest, and I have made every possible effort to have it letter correct. That is hard to do, if one has anything different from a fixed income from one source, or unless an individual literally keeps books on himself. For years past I have talked with many citizens who are employed at salaries above \$5,000 up to about \$8,000 and whose income is nearly fixed, although the deductions are not. I refer to newspaper editors, artists, railroad passenger and freight agents, district insurance managers, and others in business at fixed salaries which are considered good in these days. I have talked to many lawyers, dentists, and doctors in the little cities and the larger towns who know that their income over bad debts is \$6,000 or \$7,000, and they have all complained about the income-tax-return rigmarole.

Now, Mr. Chairman, I have long thought that an alternative plan could be devised, by which the taxpayer could pay a flat rate without deductions and receive a small bonus for so doing, or he could elect to take the exemptions and send in his report on the big 6-page sheet.

On the short plan, the taxpayer would certify that his whole income was primarily from one source—salary—that he had taken in no boarders, rented no rooms, sold no property, suffered no stock-market or other losses. He would certify that his income was between \$5,000 and \$6,000 or between \$6,000 and \$7,000 or between \$7,000 and \$8,000, and he could thereupon be proportionately assessed, provided he relieved himself of the exemptions for dependents. In other words, an alternative plan. The taxpayer could elect which plan he would use.

It should be that a man who knew his whole income for one year was entirely from one source, was \$8,000, could select the average amount between \$8,000 and \$7,000—which would be \$7,500—and sign a 1-sheet affidavit and be relieved of the exemptions for dependents and pay the rate on \$7,500. He could be given a small deduction for using the simple plan, provided he waived all exemptions. This plan could be easily brought down to the new low brackets in this bill, which will cause Federal income taxes to be paid by some 2,700,000 citizens who have not paid to Uncle Sam before. I give them a chance on a single sheet and give them a chance to make an honest affidavit which they will know to be absolutely correct.

As the gentleman from Georgia [Mr. Crisp] has said, the Treasury Department some years ago devised a simplified blank for those under \$5,000. It is simpler than the full report but, nevertheless, it is hard for a great many.

Mr. Chairman, I do not want to see this bill recommitted because of the time that would be lost, but I am inclined to think it might well be recommitted before separate votes are demanded on everything that has been placed in the bill the past few days, and if it is recommitted this alternative plan of reporting incomes under \$3,000 might well be studied, the tax experts of the Treasury Department might look into it now.

Let them consider the great saving to the Federal Government by the simple alternative plan. Save money, cut red tape.

I went before the Committee on Ways and Means quite a number of years ago with the whole plan outlined, showing how it balanced almost exactly as an equitable tax on those with a single source of income, or with but one or two side items of income, and several minor exemptions. Members of the committee frowned on the plan then on the ground that the present plan had become set, and that the public would soon become used to it. Well, the public is not on to all of the quirks of a major income-tax blank yet, and here come more than 2,000,000 new taxpayers.

I hope that serious attention may be drawn to the matter, so that later either in our own Ways and Means Committee or in another body a plan will be offered to simplify a return blank for those having incomes under \$8,000 or under \$10,000.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield? Mr. JOHNSON of Washington. Yes; certainly.

Mr. BOYLAN. Would the gentleman make any provision at all for deductions?

Mr. JOHNSON of Washington. The deduction would be on the percentage plan. If a man waived exemptions, he would pay a lower average tax, provided his income is not above \$8,000, so that the \$500 average allowance would equalize the situation, and he would be relieved of the necessity of claiming any exemptions. Of course, the taxpayer could elect to use either plan.

Mr. BOYLAN. The gentleman would give him a bonus if he waived exemptions?

Mr. JOHNSON of Washington. Yes; a small bonus, and that simplifies the case to the Federal Government again.

Mr. BOYLAN. Where would the taxpayer get off?

Mr. JOHNSON of Washington. The taxpayer who might pay \$40 if he did not waive deductions might pay probably \$41 or \$42 if he waived deductions and would do it on a single affidavit. It would be worth \$1 to him to know that he was honestly making his report and that it was correct.

Besides, he would not have to employ lawyers who do not want this work for those paying that small sum.

Mr. BOYLAN. According to the gentleman's plan he would pay 10 per cent more.

Mr. JOHNSON of Washington. Not necessarily. He could go one bracket higher and play safe in his affidavit and save time and lawyers' fees.

Mr. BOYLAN. He would be compelled to pay more out. Mr. JOHNSON of Washington. In my opinion he would not pay one-twentieth of 1 per cent extra, and he would be relieved of what he now pays out in the way of burning extra electric light and the hiring of lawyers.

Mr. BOYLAN. But look at the practice he is getting in mental arithmetic and bookkeeping.

Mr. JOHNSON of Washington. Oh, I know the gentleman is the greatest humorist in the House. He is a so-called wet leader, but his humor is extremely dry but always effective, as many of us have found out, and he is one of the real workers of Congress, always on the job. I wish he would look into the plan in detail. We can make it effective some day between now and the final enactment of this bill into law, some time late this summer. [Applause.]

Mr. HORR. Mr. Chairman, I rise in opposition to the pro forma amendment. May I ask the chairman of the committee as to whether or not this takes into consideration the community property laws in different States?

Mr. CRISP. They are not changed at all under the bill as reported. The community laws of the different States are not changed.

The Clerk read as follows:

(a) Requirement: Every corporation subject to taxation under this title shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer or assistant treasurer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

I realize that it would be futile to offer an amendment to this section but would remind the House that all corporation officers, no matter how small the corporation, must make a return under oath from carefully prepared and exact bookkeeping. A simple affidavit should often be all that is necessary.

Officers of those corporations have many annoying experiences, by being forced by Government officials to keep elaborate sets of books. Take any eleemosynary institution, for example, and my own experience on one occasion. I attempted to help a soldier who had controlled and acted as manager and treasurer of a small corporation and been away for three years during the war. We endeavored to make up a return from the disordered books but were forced by the Government to go so thoroughly through several years' activities of this company, which was not organized to make money, that it cost us several hundred dollars. In such a case a simple affidavit by the treasurer should have been sufficient.

There are thousands of small corporations losing money all the time, which are now forced to have accountants and bookkeepers and then are finally obliged to make oath to the faithful and accurate bookkeeping. This is a material and unnecessary cost. The individual does not have to make any return unless he has a net income of a thousand dollars. Why should a corporation be treated differently? Why is it necessary for a corporation to go through such an elaborate performance when only losses are apparent? Some relief should be granted here, but I fully realize that it would be useless to offer an amendment which would allow such small corporations to make simple affidavits as to their losses.

However, I just wanted to bring to the attention of the House that this is another of those nuisances which make the income tax so exceedingly unpopular. I may say to the

gentleman from Washington that the other day I placed in the RECORD a statement to the effect that it costs the taxpayers of this country \$400,000,000 a year to make their returns. This also indicates that this is a most questionable method of securing revenue.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(b) Consolidated returns: For provision as to consolidated returns of affiliated corporations, see section 141.

Mr. PATMAN offered an amendment, which the Clerk read as follows:

Page 45, line 19, after the word "returns," add the following: "No affiliated groups of corporations, subject to the provisions of the internal revenue act, shall have the privilege of making a consolidated return."

Mr. CRISP. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CRISP. I would like to say to the gentleman from Texas that the subcommittee now considering a substitute plan for the manufacturers' sales tax title, which was eliminated, is seriously considering bringing in some amendment dealing with these affiliated and consolidated returns. Therefore I ask unanimous consent, Mr. Chairman, that we pass over, with the gentleman's amendment pending, the consolidated-returns provisions of this bill until the Ways and Means Committee brings in its amendment. Nobody's rights are deprived thereby.

The CHAIRMAN. Does the gentleman include section 141, on page 108 of the bill, in his request?

Mr. CRISP. Yes.

Mr. PATMAN. Mr. Chairman, I have no objection to the request made by the gentleman from Georgia.

The CHAIRMAN. Without objection, the request of the gentleman from Georgia is granted.

There was no objection.

The Clerk read as follows:

SEC. 55. PUBLICITY OF RETURNS

Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under Title II of the revenue act of 1926.

Mr. LaGUARDIA offered an amendment, which the Clerk reported, as follows:

Amendment offered by Mr. LaGuardia: Page 47, line 18, strike out all of section 55 and insert in lieu thereof:

"SEC. 55. PUBLICITY OF RETURNS

"(a) Returns upon which the tax has been determined by the commissioner shall constitute public records; but they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President: Provided, That the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a special committee of the Senate or House shall have the right to call on the Secretary of the Treasury for, and it shall be his duty to furnish, any data of any character contained in or shown by the returns, or any of them, that may be required by the committee; and any such committee shall have the right, acting directly as a committee, or by and through such examiners or agents as it may designate or appoint, to inspect all or any of the returns at such times and in such manner as it may determine; and any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and House, as the case may be: Provided further, That the proper officers of any State may, upon the request of the governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe: Provided further, That all bona fide shareholders of record owning 1 per cent or more of the outstanding stock of any corporation shall, upon making request of the commissioner, be allowed to examine the annual income returns of such corporation and of its subsidiaries. Any shareholder who pursuant to the provisions of this section is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law the amount or source of income, profits, losses, expenditures, or any particular thereof set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both.

"(b) The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may

determine, lists containing the name and the post-office address of each person making an income-tax return in such district together with the amount of the income tax paid by such person. in such district,

Mr. CRISP. Will the gentleman kindly state the changes he proposes?

Mr. LAGUARDIA. None of this amendment is new or original. It is all taken from previous acts, particularly the act of 1924, which lasted but one short year and then was repealed. In substance, my first long paragraph, I think, is

Mr. CRISP. The gentleman has not included the right of any joint committee to get these returns?

Mr. LAGUARDIA. I believe that is fully covered.

Mr. CRISP. That was put in the 1926 law, I think, so that the gentleman is narrowing it so far as the joint committee is concerned.

Mr. LaGUARDIA. That can be taken care of by a committee amendment. The real meat of my proposed amendment is paragraph (b), which was very wholesome as long as it lasted. Paragraph (b) simply makes public the names and addresses of taxpayers under this law, as well as the amount they pay. In other words, it is the same as the law in every State as to taxes on real property and in many States on income taxes.

After quite a struggle in this House we did enact this section (b) in the act of 1924. It was very wholesome. It was so wholesome that very influential interests got together and had this provision with reference to publicity repealed in the subsequent act.

I want to refer to the splendid fight that was waged on the floor of this House by the now distinguished majority leader, the gentleman from Illinois [Mr. RAINEY]. In that fight, if I-remember correctly, he was supported by the present distinguished Speaker of the House, the gentleman from Texas [Mr. GARNER]. There was strong opposition to the publicity provision from the Republican side of the House. The Ways and Means Committee at the time was under the control of the Republicans. They brought in an amendment repealing the publicity provision after one short year of trial. The Democrats opposed the repeal.

I offer it at this time because we have had experience with the publicity provision and know that it is necessary. It is productive of revenue, and there is no sound reason

that may be urged against it.

Some one may suggest, without reading the amendment and not being familiar with the law, that it would make possible access to a man's private business. It does not. There are no details made public. Only certain authorities can have access to the details of the returns. All this does is to make public the names of the taxpayers and the amount of the taxes they pay under this law.

Mr. BACON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BACON. It will at least open up all these lists to every panhandler, advertising agency, and competitor of a man in his business.

Mr. LaGUARDIA. The lists are to be made public the same as every other tax record is public. Can the gentleman mention taxes in any State that are not a matter of public record? I believe these lists should be a matter of public record, as was the case under the law of 1924. There is nothing novel about it. It has been under discussion for a great many years. It has been resisted for a long time.

I want to recall to the committee the fight that was put up against it. I do not know but what the gentleman from Georgia resisted its repeal. I know there was quite a fight waged on the floor of this House at the time, and if I am not mistaken the repeal was carried by practically a party

I submit that we have learned from experience the benefit of having this publicity provision in the law. There is no reason why it should not be there. I repeat, it does not expose a man's business to the scrutiny of his competitors, as was suggested by my colleague from New York [Mr. BACON ].

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I move to strike out the last word of the LaGuardia amendment. I am in hearty agreement with the gentleman from New York and I hope his amendment will be agreed to.

I remember the fight we had in 1924 on this proposition, a very bitter fight. The amendment was opposed on the floor of this House, but at that time we got it through. I remember the fight we had when it was repealed. If I remember correctly, as the gentleman from New York said, the Speaker of this House and the gentleman from Illinois [Mr. Rainey] made a hard fight to keep it in the law at that time.

I do not see any great dangers, as suggested by the gentleman from New York [Mr. Bacon], in regard to panhandlers and the competitors of these concerns. If it were a question of their being able to go in and get all the details of a man's business, I would be inclined to agree with the gentleman; but it seems to me that anything which would shed a little light for the benefit of the American people on the amounts which are paid into the Treasury of the United States, without going into the details, certainly can not do any harm but will give the people an opportunity to determine just where the concentration of wealth in the United States is.

Mr. BACON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BACON. I have no objection to making all that information public to any committee of the House or Senate.

Mr. CONNERY. Why not the American people?

Mr. BACON. Because it will simply result in a great deal of abuse. People will go in and get lists of everybody who pays any income taxes at all and sell them to charities, fake charities, panhandlers, advertising agencies, and so on.

Mr. CONNERY. As the gentleman from New York [Mr. LaGuardia] has said, every State has these records and they are open to panhandlers and organizations and that has not led to any harm.

Mr. BACON. But they do not publish them.

Mr. COCHRAN of Missouri. As the gentleman from New York has said, the Bureau of Internal Revenue annually submits to the Congress a list of those who receive refunds and the amounts of such refunds and they are published in the papers.

Mr. BACON. And they should be published.

Mr. COCHRAN of Missouri. That is published every year.
Mr. BACON. I have no objection to Congress finding out
all such information with respect to a man's return.

Mr. COCHRAN of Missouri. Why should the representatives of the Government have the information and the public generally not have it?

Mr. BACON. I want to protect the individual from being pestered.

Mr. CONNERY. I have always believed, even though the rules of the House and the rules of the committees have taken an opposite view, that there should not be such a thing, for instance, as executive sessions in committee. There is a lot of work done behind closed doors about which the American people are entitled to have some knowledge. I have never believed in casting a vote on this floor or saying anything in committee which would not be open to the people. And right along that line I do not see any objection to the people getting all the knowledge about these returns to which they are entitled.

Mr. PEAVEY. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. PEAVEY. May I say to the gentleman that we have in our State of Wisconsin an income tax law that was adopted in 1911, with full publicity; and while bitterly contested at the time of its adoption, there is not a particle of opposition to the law in our State to-day. [Applause.]

Mr. CONNERY. And I think we should have the same thing here.

Mr. MILLARD. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. MILLARD. Does not the gentleman think that a matter of such moment should have been taken up in the Ways and Means Committee?

Mr. CONNERY. It has been fully discussed on the floor of this House time and time again and on two different tax bills, and once it was put on the bill and then later taken out of the bill after a bitter fight.

I think the committee should adopt the LaGuardia

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I would not have risen, and probably I do so futilely, but I am astounded that there is no opposition to this amendment from the Ways and Means Committee. I do not know any subject that is more familiar to this House than the subject of publicity of income-tax returns. It was tried for one year and was then repealed, and I never imagined it would be advocated again by anybody in any Congress.

The reasons for its repeal were well known at the time. It had served as an instrument, not only for the blackmailers and the preyers on people of means, but it had violated a fundamental principle of America—that there is left some privacy in a man's affairs. That is the big question involved here.

I am not arguing for the man who files a big income-tax return any more than for the little fellow. What business is it of anybody in this country what a man earns, except the Government, for the purpose of collecting taxes? Why should anybody have to disclose his earnings to the world? If you disclose just what a man pays in income taxes, it is easy to compute what he has earned. Is there any privacy left in this country?

Where are the Ways and Means Committee members? Surely, if they did not incorporate this publicity provision in the bill, they can not possibly now approve of it. The subject must have been somewhere in the back of their minds. What are we coming to when, again, we revive a nuisance like this? The gentleman from New York [Mr. LaGuardial is incorrect when he says it was taken out of the law by a partisan vote. Scores of men on this side of the House, including myself, voted to take it out, after a year's trial.

Mr. LaGUARDIA. The gentleman is quite right. The gentleman did vote that way.

Mr. O'CONNOR. It had offended all the rights and all the privileges of American citizens when their strictly private affairs were exposed to the public. It is a late hour now to revive a pernicious law like this which was denounced universally throughout the United States. I therefore now call on the members of the Ways and Means Committee to defend this bill against such an additional assault and to stand up for their bill and not further ruin it or further cause its defeat in this body or in another body. [Applause.]

Mr. BLAND. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BLAND. Was it not shown at that time that such publicity worked to the detriment of some small interests or small businesses?

Mr. O'CONNOR. Surely, it did. The suggestion that you do not disclose in detail the way a man conducts his business is just an evasion of the fundamental question involved. Once you show what a man makes or what he pays in taxes, I repeat, it is easy to compute his earnings; and it is nobody's business, except the Government's, how much money he makes or how much he pays in income taxes. Immediately, when his competitors find out how much money he makes, then every panhandler in America, every soliciting organization in America, every organization looking for a hand-out, even his relatives, are after him, and they know how far they can go with him. I submit it is no fairer to the man with a return of a \$10 tax than it is to the man with a \$10,000,000 income.

Mr. BACON. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BACON. As a matter of fact, a man making a small income who has disclosed what he is making may have his credit seriously hurt.

Mr. O'CONNOR. Surely. The only theory that would justify this publicity provision is that it would aid the Gov-

ernment in preventing evasion of taxes. That is the only possible theory. There is no proof that one year of publicity with respect to income-tax returns helped the Government in catching the evaders of taxes. The opposite was demonstrated, and this obnoxious provision was repealed.

Mr. CONNERY. Would the gentleman be in favor of New York State and all other States repealing their law?

Mr. O'CONNOR. I can not let a false impression prevail here. New York does not publish the amount of taxes paid on income-tax returns.

Mr. LAGUARDIA. It does on real estate.

Mr. O'CONNOR. On real estate, yes; but these taxes are assessed against the property and not in the name of the individual. I am talking about income-tax returns, and the day will never come when the great State of New York will give publicity to its income-tax returns.

Mr. LAMBETH. I want to say to the gentleman that the State of North Carolina has never published income-tax

returns or amounts.

Mr. O'CONNOR. And I am confident never will.

Mr. HAWLEY. Mr. Chairman, I rise in opposition to the amendment. We have adopted an income-tax system in this country whereby we obtain revenue for Federal purposes. We have no intention of embarrassing business by it, and therefore we do not wish to interfere with business but to make the income-tax returns as profitable to the Government as possible.

In the case of real property there is no question involved as to whether anyone knows how much tax you pay. Everyone knows you pay a certain rate on an assessed valuation, but Government income tax involves the very life of business in many instances. For instance, here is a corporation or a partnership of individuals supposed to be making a considerable amount of money, and the inference is that they should pay a large tax. But in the latter part of the taxable year they suffer reverses, resulting in deductions from their gross income. The amount of income reported fairly and justly is much less than those who follow the course these businesses had anticipated, and consequently the first cry will be from competitors that the corporation is evading taxes. Consequently the credit of the corporation will be attacked. Moreover, it will hurt the credit of the corporation with the banks.

Mr. BACON. And the same might be true of the individual.

Mr. HAWLEY. Yes; I include the individual with the corporation. We have had this provision for one year. It worked unsatisfactorily. In addition to the things that have been said against it, and which I indorse, an immense amount of detail is necessary to the preparation of the returns. Since the lack of background and information about the several corporations or individuals who pay the tax would cause the public generally to draw incorrect conclusions, such publicity would result in unintended injury. They know nothing of what the business conditions were or what the operations were during the year, and it would be unfair and unjust to these individuals and corporations who are doing an honorable business.

Mr. BLACK. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. BLACK. Does the gentleman recall what the Treasury Department had to say about the publicity measure when it was repealed?

Mr. HAWLEY. No; I do not know.

Mr. LaGUARDIA. Mr. Mellon had a lot to say about it.

Mr. BLANTON. Anybody could wire to the district of the gentleman from Oregon and get the amount of tax that he pays on his real estate and on his personal-property tax and his school taxes, but no information can be obtained about his Federal income taxes.

Mr. HAWLEY. You do not have to wire; you can come to me, and I will show what it is.

Mr. BLANTON. If that is true, why is it not proper to have information about Federal returns?

Mr. HAWLEY. To continue the remarks that I was making a moment ago, we are now passing on to the people of

the United States a tremendous burden of taxation, out of a clear sky, as it were, from \$184,000,000 surplus to \$903,-000,000 deficit in a year. It is a credit crisis for the institutions that will bear the burden that Congress is putting upon them. Now, to come in with this kind of an amendment, which will, under the circumstances, impair their credit, when we are more than doubling the demand, seems to me unjust, unfair, and unwise.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. PATMAN: Amend the LaGuardia amendment

by inserting at the end of said amendment the following:

"Provided, That when an application for a refund, credit, or abatement is made, the income-tax return upon which such application is made shall become subject to examination by a Member of Congress."

Mr. PATMAN. Mr. Chairman, it occurs to me that when one makes an application for a refund, credit, or abatement of his income tax that he has paid, the application and the return upon which it is based should be open to public inspection; but I do not believe the House would approve an amendment like that. However, I do believe it is reasonable, and the House should seriously consider adopting an amendment that would permit any Member of Congress, a representative of the people elected by the people, to look after the people's business, to examine that application and the tax returns upon which the application is based. There should not be any objection to that. I invite your attention to the fact that during the last 3,000 days our Federal Government has remitted to the taxpayers of this Nation three thousand millions of dollars, on an average of a million dollars a day, in tax refunds, credits, and abatements. A total of \$3,000,000,000—more than enough to cover the deficit.

No one can examine those returns. It is true that if the refund amounts to as much as \$75,000, a joint committee has the right to pass on the income-tax returns and the applications for refunds, credits, and abatements; but if the amount is less than that, no one has a right to go into those income-tax returns for the purpose of determining whether or not the refund was made in the manner and form required by law, unless, of course, there is some litigation that causes it to go to the Board of Tax Appeals.

I invite further attention to the fact that the city of Chicago has had a secret tax system. An interesting article was written about that secret tax system not long since. The writer of the article warned the American people not to keep their assessments secret. That should apply not only to the city of Chicago but to every State, county, and municipal government, and the Federal Government as well. Here is what happened in Chicago. It was discovered in an investigation that one man would be paying \$5 taxes on his home, while the man next door would be paying \$50 taxes on a home that had the same value, and the one next to him was paying \$500 on a similar home. The reason why the man who was paying \$5 on that valuation was because of a political pull that he had and the secrecy of the returns, and it is my understanding that as a result of those fraudulent returns which resulted by reason of a secret tax system, all assessments were declared void. To-day Chicago is very much in the red and trace it back and it all comes from a secret, tax system. Certainly there should be some way that representatives of the people should have the right to examine a tax return when the one who filed that return is making application for public funds to be returned to him. I urge the committee to seriously consider this amendment.

Mr. CRISP. Mr. Chairman, I hope neither one of these amendments will be adopted. I can see no useful purpose to be subserved by making public the amount of the tax the taxpayer pays. I proceed upon the presumption that the Government officials are honorable and honest, and that they will perform their duty. I think the only one who has any concern in an individual taxpayer's return is the Government, to see that the full amount of taxes due by the taxpayer is collected. I can see how publishing the amount might satisfy the curiosity of some of the taxpayer's neighbors, and it opens the matter for his enemies to try to make all sorts of difficulties for him. I can not see any good in making the matter public. Under the law to-day the Committee on Ways and Means and the Finance Committee of the Senate, the two legislative bodies representing the Congress, have the right to examine these returns. Also, under the law which my friend from Texas referred to, where a tax return is over \$75,000, the whole income-tax returns of the taxpayer are subject to scrutiny by the Joint Committee on Internal Revenue Taxation, and that committee has a staff of experts who review them. For the last seven years the Speaker of this House has been on that joint committee, and the chairman of the Committee on Ways and Means and the two ranking majority Members are on it. That is true of the Senate. Five members of the Senate Committee on Finance are on that committee. I can assure you that the staff of that joint committee, headed by Mr. PARKER, are honest and capable and that they go into all of those returns and submit them to this joint committee.

Mr. PATMAN. Mr. Chairman, will the gentleman yield? Mr. CRISP. Yes.

Mr. PATMAN. It is my understanding that when one concern made application for a refund the application was not passed on, and each year they would make additional applications. Finally one refund was made, and when that refund was authorized and made the Bureau of Internal Revenue turned the case over to the joint committee, and in doing so it furnished the joint committee with six truckloads of papers in connection with that case. If that is true, does the gentleman think it is possible for that joint committee to officially pass on such returns and refunds in cases like that?

Mr. CRISP. I am sure the gentleman refers to the case of the United States Steel Corporation. I answer the gentleman frankly, that no committee is going to consider six carloads of documents, and I am equally confident that no Member of Congress would do it either. [Laughter.]

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LaGUARDIA. I know I followed along with some of the ablest men in this House in opposition to the repeal of the provision I am offering. Have conditions so changed that support of this policy of publicity has been abandoned?

Mr. CRISP. I know the House is divided as to what is the wisest thing to do in this case, and I accord to each Member sincerity of purpose and desire to serve our country. My own view upon it is that no useful public purpose will be subserved by publishing the amount of the returns. I grant you it would satisfy the curiosity of some of our neighbors and friends.

The CHAIRMAN. The time of the gentleman has expired. Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia be allowed to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. SCHAFER. Would not the publishing of the amounts paid in taxes under this bill and the names of the taxpayers serve some useful purpose? For instance, if there was published the names and amount of tax paid by Capone and the other racketeers under the brewers' wort-tax provisions, would not material assistance be given to the law-enforcement agencies of this Government?

Mr. CRISP. I do not think so.

Mr. SCHAFER. I believe it would.

Mr. KVALE. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. KVALE. I would like to ask the gentleman if this feature was considered in committee?

Mr. CRISP. It was not.

Mr. KVALE. Is it not true that when this was last considered in 1926 the gentlemen who were members of the Ways and Means Committee upon the chairman's side of the aisle were, to a large degree, favorable to the then existing statute, which we are to-day attempting to reenact?

Mr. CRISP. I do not have sufficient information to

answer the gentleman. I do not know.

Mr. KVALE. Mr. Chairman, if I could secure recognition, which I can not at the moment, I would like to state that there is ample evidence in the RECORD of the debates at that time, and to cite from it.

Mr. CRISP. That is much more satisfactory than any

recollection I might have.

Mr. HADLEY. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. HADLEY. Is it not a fact that the present law, passed in 1926, is a compromise between the two schools of thought, one for no publicity and one for vexatious and unnecessary publicity, and that that trial, under the act of 1926, has been so satisfactory that the Ways and Means Committee has had no protests, no appearance has been made upon hearing, and no demand made for this amendment or any similar amendment?

Mr. CRISP. The gentleman's statement is correct.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia be allowed to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. PATMAN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PATMAN. May I suggest to the gentleman that in the case of the United States Steel Co., they delivered six truckloads of papers, and it is true the committee could not look over those papers in the allotted time. Neither could a Member of Congress; but if there had been a law which provided that the minute an application was filed it would permit a Member of Congress to look into the case, possibly this case would have been looked into many years before the final refund was granted.

Mr. CRISP. That is possible. But under the law then either the Ways and Means Committee of the House or the Finance Committee of the Senate, the committees which deal with internal-revenue taxation, had the right to review it.

Mr. GIFFORD. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. GIFFORD. Would the gentleman regard it as a good definition of his word "curiosity," when I tell him that the morning after the law was in effect relating to publicity of tax returns, in my State of Massachusetts the first ones whom the newspapers carried in their columns were 16 Congressmen from Massachusetts.

Mr. CRISP. I am willing to have them examine my returns.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Wisconsin [Mr. Peavey] has said that we have this law in effect in Wisconsin and that there has not been any protest whatsoever against it. I call the gentleman's attention and the attention of the House to the fact that only recently the private affairs, the private income of every taxpayer in Wisconsin was featured in the public press, to the humilitation of those taxpayers great and small. This amendment does not affect me, because we have this "snooping" amendment into our private affairs in the State of Wisconsin, and I suppose that character of "snooping" will continue for years and years, as long as the present administration is in control of the affairs of that State. But I am calling upon you to rise up here and protest against this "snooping" amendment,

especially at this time. It has only one purpose, and that is to increase discontent against those who fortunately have some little income. The gentleman from New York cites the instance that real-estate taxes and personal-property taxes are public. They are not public, not listed as to total amounts paid by an individual in my State nor in any other State, but a "snooper," a sniper may go and collect them. They may collect the amount of taxes for personal property and for real-estate taxes that any one person pays by going through the entire tax rolls if their curiosity impels them to that extreme.

Now, I have heard the prune-box orators on the streets of Detroit call upon the unemployed to rise up en masse and confiscate the fortunes and wealth of those who have estates. That was within the last six months, and within a month they marched out to the gates of Dearborn in the guise of trying to bring relief to the unemployed, with the obvious purpose to tear down the pillars of our Government. If there was ever a time when we should hold our senses and not add fuel to the flames of discontent, to those who are alien to the sentiments of our civilization, it is now. [Applause.] The very purpose of this amendment is to stir up sedition, to arouse discontent against existing order. Of what other avail will it be? That is the purpose, the covert purpose of this amendment, and I hope it is voted down. [Applause.]

Mr. BLACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

This bill may add no money to the Public Treasury. It may not help balance the Budget, but it is certainly going to add to the vocabulary, and may balance the vocabulary.

I predict that the gentleman from Wisconsin will never be known for the many points of order he makes, but surely, after to-day, he is going to get eternal fame for coining the word "snoozer." [Laughter.]

This bill, instead of being called an act for raising revenue, should be called an act for raising hell, and the amendment offered by my distinguished friend from New York [Mr. LaGuardia] is certainly accommodating in that respect.

I think a proper amendment, along the line of publicity, would be an amendment to the effect that the collector of internal revenue post the names of the people in his community who do not pay any taxes. If taxation without representation is tyranny, what is representation without taxation?

For the last two or three weeks in the House we have had squawking and squealing from various parts of the country because at last the Congress had a plan by which some people who never pay any taxes might be called upon to pay a modicum of taxes, and that proposition was defeated.

In addition to making the people who pay taxes pay their taxes we now insist on this publicity. We all know about the unanimous wave of protest that rose all over the country when the newspapers featured the prominent people of the community who happened to be in a position to pay income taxes. The protest was almost universal throughout this land.

You have bedeviled this bill in as many ways as possible. You have done everything you could to keep the country from approving this tax bill—the Democrats by troubles among themselves, the Republicans by sitting back and jeering, and the White House by being silent. This kind of an amendment to the administrative feature of the bill is just another step in the direction of not passing any tax bill in the near future.

I do not believe this amendment—not in the interest of the United States Government, not in the interest of the American taxpayers, but in the interest of the great curiosity bloc—should pass. [Applause.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and amendments thereto close in five minutes.

The motion was agreed to.

Mr. OLIVER of New York. Mr. Chairman and gentlemen, I believe this amendment instead of turning on the light will merely turn on the keyhole. (Laughter and ap-

especially at this time. It has only one purpose, and that is to increase discontent against those who fortunately have some little income. The gentleman from New York cites the increase that real-estate taxes and personal-property taxes Wisconsin?

Mr. STAFFORD. That is the word I intended to use. I know the gentleman knew the word I intended to use.

Mr. OLIVER of New York. I knew that. When the provision was passed placing a tax of 65 per cent on incomes of \$5,000,000 I felt heartbroken. I felt like the old lady who sat near the fireplace when a brick fell down the chimney. She wept. Neighbors came in and asked her why she cried. She said, "Well, if I had a daughter and that daughter had a child, and that poor little baby was sitting in the chimney place where that brick fell down the brick might have killed it." [Laughter.] Of course, I will never have an income affected by that unfair tax. Now, when they want to publish what I have got I am moved to real tears. I am moved to tears for all my friends mourning over the remains of golden days.

When the publication took place years ago nobody knew what losses a man had; nobody knew what credits he had; nobody knew in what kind of business enterprises his investments were made; and yet because he was known as a man who made, for instance, \$25,000 he was looked upon as an absolute thief if he had not reported an income to the Government of \$25,000. Could anything be more unfair?

We are dealing with one of the most intricate, complex, and technical things in the world when we are dealing with the income tax. We are not dealing with an appraisal of a piece of real estate made by public authorities and published in public books, but we are dealing with the most private thing a man has. A man and his wife may report joint income taxes. How do we know but what the lady might have lost something and it was deducted from her husband's income? Must we invite all America to cross-examine her? Must we spy and snipe and snoop into the private affairs of our people? This Government is invading private business and invading the homes, and the way to stop it from invading the privacy of a man's credit and the privacy of his business is by defeating an amendment such as this. [Applause.]

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Texas.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from New York [Mr. LaGuardia].

The question was taken; and on a division (demanded by Mr. Staffosd) there were—ayes 18, noes 123.

So the amendment was rejected.

The Clerk read as follows:

(a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

I can readily understand the nervousness of certain gentlemen when even remote mention is made about public scrutiny of the records of the incomes of public officials. We have had many instances of the value of income-tax publicity.

In my city at this time the people are receiving a very liberal education about the necessity of publicity on incomes. I am not surprised at that opposition at all, but I am surprised at some of my Republican Members from New York State joining in this kissing party with their colleagues from Tammany Hall.

Mr. BOYLAN. A point of order, Mr. Chairman. The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. I would like to know if, under the rules, post mortems are allowed. The gentleman's amendment was defeated and I do not think time should be consumed in holding a post mortem.

The CHAIRMAN. What is the gentleman's point of order?

Mr. BOYLAN. My point of order is that it is against the rules of the House to deliver post mortems.

Mr. BLANTON. Mr. Chairman, you can only make a proper diagnosis, sometimes, by a post mortem.

The CHAIRMAN. The point of order is overruled. The gentleman from New York will proceed in order.

Mr. LaGUARDIA. Mr. Chairman, I am talking about the close of the fiscal year, and the close of the year is going to

come very soon for certain people.

Why, not even in the days of the absolute power of Andrew Mellon were such statements made as were made today in opposition to a provision in our revenue law which every Member of the House should know is absolutely necessary. I was quite surprised to see the distinguished floor leader of the majority party, from whom I learned all about the necessity of tax publicity, vote in opposition to this amendment. I sat here as a young Member listening to the gentleman from Illinois [Mr. Rainey], to the gentleman from Texas [Mr. Garner], and to other distinguished members of the Ways and Means Committee on the Democratic side urging the necessity for such return publicity.

Oh, gentlemen, this fight on publicity is not over—not by any means. I am confident that before this bill leaves the Capitol there will be a proper publicity provision in the

law, because it is necessary.

So much was said, Mr. Chairman, about the corporation or the individual that has no credit and has no income. Is it the purpose of the law to help misinformation and misstatements on a financial statement? What argument is that? Is it the purpose of the law to help evasion of the law? Every one of us will remember that following the act of 1924 we had the greatest number of returns, and accurate returns, because of the publicity provision. It was so wholesome that one of the most powerful lobbies, which the gentleman from Illinois at the time described here on the floor of the House, was busy until Congress repealed it. I am quite sure it was almost a party vote. I voted to retain the publicity provision and against its repeal. Perhaps my colleague from New York [Mr. O'CONNOR] did vote to eliminate it: I would not be surprised if he did. In the days of Boss Tweed, of New York fame, Mr. Chairman, when our taxes on realty in New York were secret, conditions became so rotten as to create national scandal. It resulted in a change in our law in New York State, and such records are now public. There is real necessity for a publicity provision in all tax laws.

In the days of Tweed one of the chief sources of the many sources of graft was from evasion of taxes by owners of property through favoritism in assessments.

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for two more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LaGUARDIA. And after an investigation was had, first, a private investigation by the property owners themselves—the House will recall history—and then by the legislature, there was established the system we have now where all tax records are public.

I submit that this provision was tried but one short year, and it was so effective, as stated by the gentleman from Illinois [Mr. Rainey] at the time, as to bring down here this powerful lobby and cause its repeal. I am confident, before long there will be a publicity provision written into the law.

Mr. BOYLAN. Mr. Chairman, I believe that if we are going to make any headway with this bill, we ought to proceed, and the only way to proceed is to proceed. If every Member who proposes an amendment, after the amendment has been discussed, debated, and a vote taken on it, is dissatisfied with the vote of the House, is going to deliver a post mortem on why his amendment was lost, is going to lecture the House as to why they voted a certain way, I do not think we are going to make much headway with the bill.

I believe in a full discussion. I respect every man's opinion, and I would like him to have respect for mine. But there must be an end somewhere. If, after a proper debate, after intelligent discussion, the House takes a vote on a proposition, to my mind that orderly procedure should settle the matter.

Mr. LaGUARDIA. I think the gentleman is right.

Mr. BOYLAN. Then, why get up and deliver such a sad speech, because you lost your amendment? You had a fair discussion, you received the verdict of the House; why not take it like a sportsman, why get up and squeal and holler, when struck by the harpoon? [Laughter.] Of course, the gentleman can not win all the time. Even the greatest leader has to meet temporary reverses. [Laughter.]

I find in life that we should be satisfied to achieve the mean average of things. The gentleman can not sit in the sun all the time; he has to be in the shade and the shadow occasionally. Last week the gentleman was basking in the sun, but to-day it fails to shine on him. [Laughter.]

Why not strike an average? Say 50-50. The gentleman is better off than 50 to-day. [Laughter.] Why doth he protest so vehemently when victory fails to perch on his

banner. [Laughter.]

Of course, if the gentleman won all the time, the House would be lopsided. [Laughter.] I am sure the gentleman does not want that to happen, because the gentleman—and I have known him for many years, and I respect him—I know he would be the most disappointed man in the world if everything always went on quietly and peacefully. [Laughter.] It is not in his nature, and I respect him for it. If the gentleman presents a proposition and fortune fails to smile on him, why not smile it off and be goodnatured and try again? Mr. Chairman, I merely make this interpolation in order to expedite the passage of this bill. [Laughter and applause.]

The Clerk read as follows:

As soon as practicable after the return is filed the commissioner shall examine it and shall determine the correct amount of the tax.

Mr. PALMISANO. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I rise to call the attention of the chairman and the members of the Ways and Means Committee, and especially the Democratic members, to a matter, in view of the statement of the gentleman from Georgia, that they are going to consider the question of striking out section 141, page 108, line 19, in regard to consolidated returns.

I want to call attention to the fact that in the Seventieth Congress our able Speaker at that time offered an amendment, when the control of the House was in the hands of Republicans, and the Democratic minority, assisted by a number of Republicans, voted to strike this section out, and the Speaker at that time contended it would save \$24,000,000. I trust that the members of the Committee on Ways and Means will go back and refer to page 601 of the Record of the Seventieth Congress, first session, and they will see for themselves the argument made at that time. On page 605 of that Record will be found the vote by tellers, and it was agreed to. It was finally put back by the Senate. I hope that the Committee on Ways and Means will consider and strike that out.

Mr. CRISP. The committee is giving that attention.

Mr. RAINEY. Mr. Chairman, a few days ago, when in committee the surtaxes were increased to 72 per cent on the larger incomes, I stated to the committee that I would undertake to compile data as to the income taxes in various States and what the combined income taxes of the State imposing an income tax and the Federal income tax would mean. At my request, Mr. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation, has made that compilation. There are 28 States which have income taxes in some form. In a majority of the States the maximum rate is not high, but the tax has a broad base and reaches down to single persons with net incomes of about \$1,000 and married people with a net income of about \$2,000. In a majority of the cases the rate of taxes is about 5 per cent

on net incomes of over \$15,000. If a man lives in one of these States, which Mr. Parker calls average States, and happens to have an income of over \$5,000,000, he will pay 77 cents in income taxes out of every dollar that he makes, leaving him only 23 cents out of his earned dollar. The highest tax is in Wisconsin, and if a man living in the State of Wisconsin is fortunate enough to have an income of over \$5,000,000, he will pay a maximum tax of 72 cents on the dollar to the Federal Government and 15 cents to the State of Wisconsin, making a grand total income tax of 87 cents on the dollar. I ask unanimous consent to print this data in the RECORD so that Members of the House may study it and consider it, because when the bill comes back into the House I am going to ask for a separate vote on that amendment to see whether the House really wants it or not.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to insert the matter referred to in the RECORD. Is there objection?

There was no objection.

The matter referred to is as follows:

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION, Washington, March 22, 1932.

Washington, March 22, 1932.

Hon. Henry T. Rainey,

House of Representatives, Washington, D. C.

My Dear Congressman: In accordance with the request from your office in regard to State income taxes and the maximum burden which would result from these taxes in conjunction with the surtax amendment agreed to by the Committee of the Whole House, the following information is submitted:

Twenty-eight States have income taxes of some form, and therefore the citizens of over one-half of the States have to pay income taxes not only to the Federal Government but also to the State governments.

In the majority of the States the maximum rate of tax is fairly low, but the tax has a broad base, reaching down to single persons with net income of about \$1,000 and to married persons with net income of about \$2,000. It is roughly estimated that in the majority of cases the maximum rate of tax is about 5 per cent on

majority of cases the maximum rate of tax is about 5 per cent on net incomes of over \$15.000.

If a man lives in one of these average States and happens to have an income over \$5,000,000, he will pay 77 cents in income tax out of every dollar he makes in excess of that amount, leaving him only 23 cents out of his earned dollar.

There is attached hereto a résumé of the individual income-tax rates in 20 States, these being all we could secure in the time available. The following comments are supported by the data given in this résumé. given in this résumé:

If a man living in the State of Wisconsin is fortunate enough to have an income of over \$5.000,000, he will pay a maximum tax of 72 cents on the dollar to the Federal Government and 15 cents to Wisconsin, making a grand total income tax of 87 cents on the

A man with a similar income in New York, Illinois, Massachusetts, North Carolina, and North Dakota will pay a maximum tax of 72 cents on the dollar to the Federal Government and 6 cents on the dollar to the States. making a grand total of 78 cents on the dollar.

In the case of Arkansas, Georgia, Oklahoma, and South Carolina, the maximum combined rate of tax will be 77 cents on the

In view of the financial difficulties facing the States, it would not be surprising if the income-tax rates in the various States were substantially increased in the near future.

Trusting the above will meet your requirements,

Very respectfully,

L. H. PARKER, Chief of Stuff.

State income taxes ARKANSAS

Rates: First \$3,000, 1 per cent; second \$3,000, 2 per cent; next \$5,000, 3 per cent; next \$14,000, 4 per cent; balance, 5 per cent. Exemptions: Single person, \$1,500; married person, \$2,500; for

Rates: First \$3,000, 1 per cent; next \$7,000, 2 per cent; balance, 3 per cent (governor, on advice of tax commissioner, may rebate such part as may be deemed safe for finances of State.)

Exemptions: Single person, \$1,000; married person, \$2,000; for

dependents, \$200.

GEORGIA

Rates: First \$5,000, 1 per cent; second \$5,000, 2 per cent; third \$5,000, 3 per cent; fourth \$5,000, 4 per cent; balance, 5 per,cent.

Exemptions: Single person, \$1,500; married person, \$3,500; widow or widower with minor children, \$3,500; for dependents, \$400.

IDAHO

Rates: First \$2,000, 1 per cent; second \$2,000, 2 per cent; third \$2,000, 3 per cent; balance, 4 per cent.

Exemptions: Single person, \$1,000; married person, \$2,500; for dependents, \$300.

#### TLLINOIS

Rates: First \$1,000, 1 per cent; next \$3,000, 2 per cent; next \$5,000, 3 per cent; next \$7,000, 4 per cent; next \$9,000, 5 per cent; balance, 6 per cent.

Exemptions: Single person, \$1,000; married person, \$2,500; for

dependents, \$300.

MASSACHUSETTS

Rates: (1) Income from annuities, professions, employments, trades, or businesses, 1½ per cent; (2) net gains from dealings in tangible personal property, 3 per cent; (3) income from interest and dividends, 6 per cent.

Exemptions: In the case of professions, employments, trades, or businesses, \$2,000; in the case of interest, dividends, or annuities (if total income from all sources does not exceed \$1,000, but not allowed to any married person if combined incomes of husband and wife exceed \$1,500), \$1,000.

#### MISSISSIPPI

Rates: First \$2,000,  $2\frac{1}{2}$  per cent; next \$3,000,  $3\frac{1}{2}$  per cent; next \$10,000,  $4\frac{1}{2}$  per cent; balance,  $5\frac{1}{2}$  per cent.

Exemptions: Single person, \$1,500; married person, \$3,500; for

dependents, \$400.

MISSOURI

Rates: First half 1931, 1 per cent. Thereafter: First \$1,000, 1 per cent; second \$1,000, 1½ per cent; third \$1,000, 2 per cent; next \$2,000, 2½ per cent; next \$2,000, 3 per cent; next \$2,000, 3½ per cent; balance, 4 per cent.

Exemptions: Single person, \$1,000; married person, \$2,000; for

dependents, \$200.

NEW HAMPSHIRE

Average rate on other property except polls, saving deposits, and property specially taxed. (For 1931, 2.9 per cent on \$100.)
Exemptions: \$200.

NEW YORK

Rates: First \$10,000, 2 per cent; next \$40,000, 4 per cent; balance.

6 per cent. Exemptions: Single person, \$2,500; married person, \$4,000; for dependents, \$400.

NORTH CAROLINA

Rates: First \$2,000, 2 per cent; second \$2,000, 3 per cent; third \$2,000, 4 per cent; fourth \$2,000, 5 per cent; fifth \$2,000, 5½ per cent; balance, 6 per cent.

Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$200; married woman with separate income, \$1,000; widow or widower with minor children, \$2,000.

NORTH DAKOTA

Rates: First \$2,000, 1 per cent; second \$2,000, 2 per cent; third \$2,000, 3 per cent; fourth \$2,000, 4 per cent; fifth \$2,000, 5 per cent; balance, 6 per cent.

Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$300.

OKLAHOMA

Rates: First \$10,000, 2 per cent; second \$10,000, 3 per cent; next \$80,000, 4 per cent; balance, 5 per cent.

Exemptions: Single person, \$750; married person, \$1,500; for

dependents, \$750.

OREGON

Rates: Other than interest and dividends—First \$1,000, 1 per cent; second \$1,000, 2 per cent; third \$1,000, 3 per cent; fourth \$1,000, 4 per cent; balance, 5 per cent; interest and dividends, 8

Exceptions: Other than interest and dividends-Single person, \$1,500; married person, \$2,500; for dependents, \$400. Interest and dividends—Single person, the excess of \$1,500 over the total net income, but not more than \$500; married person, the excess of \$2,500 over the total net income, but not more than \$800.

# SOUTH CAROLINA

Rates: First \$2,000, 1 per cent; second \$2,000, 2 per cent; third \$2,000, 3 per cent; fourth \$2,000, 4 per cent; balance, 5 per cent. Exemptions: Single person, \$1,200; married person, \$2,200; for

dependents, \$400.

TENNESSEE

Rates: Interest and dividends, 5 per cent. Exemptions: None.

Rates: First \$1,000, 1 per cent; second \$1,000, 1¼ per cent; third \$1,000, 1½ per cent; fourth \$1,000, 1¾ per cent; fifth \$1,000, 2 per cent; sixth \$1,000, 2½ per cent; seventh \$1,000, 3 per cent; eighth \$1,000, 3½ per cent; balance, 4 per cent. Plus filing fee, \$1.

Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$400.

VERMONT

Rates: Business income, 2 per cent; intangible, 4 per cent. Exemptions: Business—Single person, \$1,000; married person, \$2,000; for dependents, \$250. Intangible (if no other income)— Single person, \$400; married person, \$800.

VIRGINIA

Rates: First \$3,000, 1½ per cent; next \$2,000, 2½ per cent; balance, 3 per cent.

Exemptions: Single person, \$1,250; married person, \$2,800; for dependents, \$400; widow or widower with minor children, \$2,800.

#### WISCONSIN

Rates: Normal—First \$1,000, 1 per cent; second \$1,000, 1½ per cent; third \$1,000, 1½ per cent; fourth \$1,000, 2 per cent; fifth \$1,000, 2½ per cent; sixth \$1,000, 3 per cent; seventh \$1,000, 3½ per cent; eighth \$1,000, 4 per cent; ninth \$1,000, 4½ per cent; tenth \$1,000, 5 per cent; eleventh \$1,000, 5½ per cent; twelfth \$1,000, 6 per cent; balance, 7 per cent. Surtaxes—(1) Teacher's surtax, one-sixth of normal rates of income in excess of \$3,000; (2) emergency surtax, 7 per cent.

(2) emergency surtax, 7 per cent.
Credits against normal tax: Single person, \$8; married person,

\$17.50; for dependents, \$4.

The Clerk read as follows:

(d) In determining the period for which the taxpayer has held (d) In determining the period for which the taxpayer has held stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility (under section 118 of this act or the revenue act of 1928, relating to wash sales) of the loss from the sale or other disposition of substantially identical stock or securities, there shall be included the period for which he held the stock or securities the loss from the sale or other disposition of which was not deductible.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word, for the purpose of having the gentleman, tired though as he may be, explain this change in the administrative features, so far as the capital net gain or loss provision is concerned. There have been abuses in the way individuals, and in some instances corporations, have sold stocks that have depreciated in price and repurchased them. We have read subsection (d), which is the only change to correct the evil that is acknowledged generally to have existed ever since the capital net gain or loss provision was incorporated in the law. I think it would be informing to the committee to have some member of the Ways and Means Committee explain as to what is sought to be effected by this

Mr. CRISP. Mr. Chairman, this is one of the important provisions of the administrative features. The gentleman from Kentucky [Mr. Vinson] was on that subcommittee, and I shall ask him to make reply to the gentleman from Wisconsin.

Mr. VINSON of Kentucky. Mr. Chairman, this paragraph fills a gap in the wash-sales provision. To illustrate, a person who owns \$50,000 stock in a corporation and has held it for more than two years; it has depreciated in value, say, to \$25,000; he sells the stock at the market price and buys same amount of stock same day. Under a former law he could take advantage of the total \$25,000 loss. That gap was filled up by prior legislation. After that law was passed the taxpayer, or some shrewd counsel, conceived the idea that he could sell the stock a second time and buy same amount of stock a second time. After he sold this stock for \$25,000 he would go into the market again and buy the same kind of stock back for \$25,000. Under prevailing law he can take credit for \$25,000 loss on his gross income. This new provision says that if he sells the second time, as his shrewd counsel advised him to do, he can not deduct the net loss of \$25,000 from the gross income. All he can do under this subsection (d) is to take credit for 121/2 per cent of that loss from his gross income.

Mr. STAFFORD. In all other particulars, however, any person who has suffered a loss in a stock transaction and sells the stock in a bona fide way may deduct that loss from his income-tax return.

Mr. VINSON of Kentucky. That is the law.

Mr. STAFFORD. The committee seeks to strengthen what was intended formerly in respect to these wash-sales provisions by preventing a man from taking a loss a second time.

Mr. VINSON of Kentucky. When a man sells the same stock a second time and buys it back for same price, this law prevents him from getting a complete credit for the original loss and limits it to 121/2 per cent of the loss. In the fiscal year of 1933, \$7,500,000 will be saved to the Treasury—\$12,000,000 for 1934.

Mr. STAFFORD. I withdraw the pro forma amendment.

The Clerk read as follows:

(a) If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each tax-

able year upon the net income of such corporation a tax equal to 50 per cent of the amount thereof, which shall be in addition to the tax imposed by section 13 and shall be computed, collected, and paid upon the same basis and in the same manner and subject for the same provides and in the same manner and subject to the same provides and in the same manner. ject to the same provisions of law, including penalties, as that tax.

Mr. LaGUARDIA. Mr. Chairman, I offer an amendment. I am going to move to strike out of the section, and if it is adopted, I serve notice that I will move to strike out each succeeding paragraph of the section.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LaGuardia offered the following amendment: Strike out, beginning line 20, page 62, and ending line 6, page 64, and insert in lieu thereof the following:

"(a) Tax on personal holding companies: If any personal holding company permits more than 30 per cent of its net income for the taxable year to accumulate instead of being distributed to its stockholders, there shall be imposed an additional tax of 25 per cent of the net income (decreased in the amount of Federal taxes paid for the preceding taxable year), of such company for such year.

year.

"(b) Tax on companies other than personal holding companies: If any corporation other than a personal holding company permits more than 60 per cent of its net income for the taxable year to accumulate instead of being distributed to its stockholders, there shall be imposed an additional tax of 10 per cent of the net income (decreased in the amount of Federal taxes paid for the preceding taxable year) of such company for such year. This subsection shall not apply (1) to any corporation during the first three years of its existence, or (2) to any corporation having a net income of less than \$10,000 for the taxable year, or (3) any banking or insurance corporation. insurance corporation.

"(c) Definitions. As used in this section: (1) The term 'personal holding company' means any holding or investment company if (A) 80 per cent or more of its voting stock is owned or controlled, directly or indirectly, by not more than 50 individuals and (B) at least 80 per cent of its gross income for the taxable year is derived from rents, royalties, dividends, interest (excluding tax-exempt interest), and (except in the case of regular dealers in securities) gain from the sale of securities or other assets producing such income. Such term shell not include any tenking or ducing such income. Such term shall not include any banking or

ducing such income. Such term shall not include any banking or insurance corporation.

"(2) The term 'net income' means net income as defined in section 21 plus the amount of the dividend deduction and interest upon obligations of the United States.

"(3) The term 'dividend deduction' means the deduction specified in section 23 (p).

"(4) The term 'interest upon obligations of the United States' means interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner.

"(d) Collection and payment: The tax imposed by subsections 9 (a) and (b) shall be assessed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as the tax imposed by section 13."

Mr. CRISP. May I say to the gentleman from New York that a subcommittee of the Committee on Ways and Means is considering some administrative changes, and I am not certain whether this is one of them or not, because I have been so occupied that I could not sit in with the subcommittee. But, in any event, the gentleman from New York will readily agree that this is a complicated amendment. It is impossible for me, having heard it read, and it is impossible for the committee, to intelligently construe it. Therefore, I am going to ask the gentleman from New York if he will not be willing to have this section passed over, to be called up later, with all of the gentleman's rights reserved, which will give the committee a chance to consider it, whether the subcommittee is considering making a recommendation for a change or not.

Mr. LAGUARDIA. Of course, I shall be very happy to have the section passed at this time. I simply want to state that I can readily understand that the provisions of this section are somewhat involved from just hearing it read. It is very simple in its application, and my surprise is that we have been unable to get the Treasury Department to take the simple provision of section 220, which is now section 104, and apply it as Congress intended.

I simply want to remind the House, and I am sure the distinguished gentleman from Georgia will recall, that a former distinguished chairman of this committee, the gentleman from Iowa, Mr. Green, now Judge Green, labored long and hard on this particular provision.

Section 220 of the revenue act of 1926, which with some

slight modifications became section 104 of the revenue act

of 1928, was originated by our former distinguished colleague, Representative William R. Green. He did not draft the language. This was done by the legislative counsel of the House, but Representative Green gave them the plan

Representative Green had much controversy with the Treasury over this provision, because for a long time the Bureau of Internal Revenue did nothing in the way of enforcing it. Finally he threatened to bring their failure to enforce the law before Congress, and as a result some assessments were made in accordance with its provisions, and the understanding now is that somewhere between five and ten million dollars in taxes have been collected under the provisions of section 220.

It must be admitted that section 220 is somewhat difficult of enforcement against a manufacturing corporation and some other corporations as to which the matter of the amount of capital needed is difficult to prove. The same difficulty, however, does not arise with reference to mere holding companies, or companies organized principally for the purpose of holding stock of other companies. For some reason or other the bureau apparently took the position that section 220 did not apply to holding companies-or at least the course they took would indicate this. The cases against holding companies would manifestly be the easiest to prosecute, but none was ever begun. Judge Green proposed an amendment to the 1928 act substantially in the form of the amendment which I now offer. He thought he would make the law so clear and plain that the revenue officials who were manifestly unwilling to act under it could not avoid proceeding against the holding companies at least, of which there were thousands in the country plainly formed for the purpose of evading the tax and subject to the prosecution.

The amendment went through the House without any trouble, but in the Senate it encountered a powerful opposition from organized wealth which was engaged in evading the surtaxes. Possibly if Representative Green had remained in the House he could have saved it. I am inclined to think that the conferees as organized after he left were not heartily in favor of it and it went by the board in conference.

My purpose is simply to further clarify the section as to remove all possibility of its evasion or lack of enforcement. That is all there is to it.

Mr. GOSS. Will the gentleman yield?

Mr. LaGUARDIA. I yield. Mr. GOSS. As I heard the amendment read, it would appear to me that it would attack surpluses in companies, because undivided profits in a corporation might be construed and are construed as surplus. Is that correct?

Mr. LAGUARDIA. No.

Mr. GOSS. It will not in any way tax surplus?

Mr. LAGUARDIA. It will tax profits that should have been divided. It will only tax profits which should be taxed.

Mr. GOSS. But the gentleman is making a distinction, and we passed upon this point the other day when the committee was considering the 2 per cent tax on surpluses. The amendment which the gentleman has offered would get around the point of actually taxing surpluses by considering the undivided portion of that which the gentleman says should have been divided. So in reality it is a tax up to a certain point-

Mr. LaGUARDIA. Up to a certain amount.

Mr. GOSS. On surpluses.

Mr. LAGUARDIA. Not at all.

Mr. GOSS. I consider a surplus that portion of undivided profits up to a certain point. It depends on where you draw the line.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOSS. Up to a certain point it is profit, but beyond that, in the discretion of the company, it may be considered | words "basis (unadjusted) of property" the clause "ac-

a surplus, and that is the surplus which was discussed in the committee the other day as being used so advantageously in helping get an exemption, in time of stress, on that amount of money.

Mr. LaGUARDIA. All my amendment does is to clarify section 220 of existing law.

Mr. CRISP. If we are going to pass this over all of this will be debated later.

Mr. GOSS. I wanted to call attention to the fact that it really had the effect of taxing surpluses.

Mr. LaGUARDIA. It has the effect of taxing profits that are not divided for the purpose of evading the tax. That is all. That is the law now.

Mr. CRISP. Mr. Chairman, I am not going to debate this at this time. I have the Treasury Department's explanation of this and why at first they could not operate under it, but recently how they have used it and collected \$6,000,000 or \$7,000,000. But there is no use of debating this now. It is coming up later. I can assure the gentleman from New York that I know the importance of this subject, and the committee is going to consider it. Mr. Chairman, I ask unanimous consent that we pass over this section, with the amendment pending.

The CHAIRMAN (Mr. BLAND). Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

SEC. 113. ADJUSTED BASIS FOR DETERMINING GAIN OR LOSS

(a) Basis (unadjusted) of property: The basis of property shall be the cost of such property; except that-

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I notice that for the first time in the history of the income tax law you are changing the basis of the value at which property should be taken in determining gain or loss. Ever since we enacted the first income tax law the basis of value has always been understood to be that of February 28, 1913. In the pending paragraph you strike out all limitations as to the date and merely state that the basis of property shall be the cost of such property. As this amendment is rather important I thought we should pause for some explanation as to the reason for the departure by the committee from the established basis of all these years. the date when the value should be determined.

Mr. CRISP. I will say to my friend that there is no change in the law at all as to the value of the property before March, 1913. This amendment seeks to correct this state of facts: Where a person has held property for several years and has taken depreciation on it, when he trades it to some one else, the person accepting that property in lieu of other property must take the value less the depreciation which the preceding owner had taken for the property.

Mr. STAFFORD. The gentleman says he must take the depreciation which the previous owner has taken, regardless of the price he has given for it.

Mr. CRISP. No. That is just where there is an exchange of property. If I had an apartment house and the gentleman had an apartment house and we made an exchange, then when the gentleman determines the amount of the tax he must pay he returns the apartment house he has received at what it has stood me, the original cost, less the depreciation. The same thing would apply to my return for the property I had taken from him.

These matters, of course, are very technical, and they are rather hard to explain by one who is not a tax expert, and I am not that. However, the report covers the matter fully and explains it. If it will be satisfactory to my friend, I will ask leave to extend my remarks by putting in the RECORD the report dealing with this change. I know how diligent and able my friend is. He will read it, and then later, if he desires to ask any questions, he may do so.

Mr. STAFFORD. I accept the compliment of the gentleman, but I have not the time. I do not read the RECORD, but I follow the proceedings in the House and get my information in that way. The reason for my inquiry was the fact that in the bill, as reported, you strike out after the

quired after February 28, 1913," and I was led to believe that you were seeking a different method of computation because of the elimination of that clause.

Mr. CRISP. None whatever. That was dealing with the exchange of property since then. It does not change the law as to the value of property acquired before 1913.

Mr. VINSON of Kentucky. Paragraph 113, subsection (b), sets forth very clearly what is meant by this basis.

Mr. STAFFORD. I am in full sympathy with the purpose sought to be attained in the exchange of property. I was laboring under the impression that this referred to other transactions besides exchanges.

Mr. CRISP. Oh, no.

Mr. STAFFORD. As the gentleman has referred to the report, he need not burden the RECORD for my benefit. I shall read the report as to this matter.

Mr. CRISP. I thank the gentleman.

The Clerk read down to and including line 3, on page 80.

Mr. CRISP. Mr. Chairman, the Ways and Means Committee, the majority members and the minority members, are going to have some conferences relative to an amendment to the bill levying additional taxes. Therefore I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill H. R. 10236, the revenue bill, had come to no reso-Intion thereon.

## AMENDMENT TO THE CONSTITUTION

The Chair laid before the House the following communication from the State of Virginia:

Therefore be it

Resolved by the Senate and House of Delegates of Virginia:

Resolved by the Senate and House of Delegates of Virginia:
First. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Virginia.

Second. That certified copies of this preamble and joint resolution be forwarded by the secretary of the Commonwealth to the Secretary of State at Washington, to the presiding officer of the United States Senate, and the Speaker of the House of Representatives of the United States.

Agreed to by the Senate of Virginia March 4, 1932.

O. V. Hanger,
Clerk of the Senate

Clerk of the Senate

Agreed to by the House of Delegates of Virginia March 4, 1932.

JNO. W. WILLIAMS,

Clerk of the House of Delegates.

# LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to-Mr. MILLER (at the request of Mr. DRIVER), on account of illness.

Mr. Parks, for to-day, on account of death in his family. EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend the remarks I made this afternoon by inserting a short article relating to secrecy of tax returns.

Mr. GOSS. Mr. Speaker, I object.

Mr. MALONEY. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a statement setting forth the policy of the New Orleans chapter of the Reserve Officers' Association of the United States as it relates to the national defense.

Mr. STAFFORD. Will the gentleman kindly make that request to-morrow morning when the gentleman from Massachusetts is here? For the time being I object, Mr. Speaker.

# ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until to-morrow, Tuesday, March 29, 1932, at 12 o'clock noon.

# COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, March 29, 1932, as reported to the floor leader by clerks of the several committees:

NAVAL AFFAIRS

(10.30 a m)

To amend act making appropriations for the naval service for the fiscal year ending June 30, 1917, relative to leave of absence of civilian employees outside of continental limits of the United States (H. R. 8508).

Private bills.

POST OFFICE AND POST ROADS

(10.30 a. m.)

To regulate the manufacture and sale of stamped envelopes (H. R. 8493, H. R. 8576).

RIVERS AND HARBORS

(10.30 a. m.)

Louisiana projects.

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Subcommittee on Navigation Laws

Regulations for carrying on the business of lighter service

PUBLIC LANDS

(10.30 a. m.)

Public domain bill (H. R. 5840).

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEAVITT: Committee on Indian Affairs. H. R. 4754. A bill providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation in the State of Montana; with amendment (Rept. No. 921). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 8902. A bill conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon: with amendment (Rept. No. 922). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. H. R. 10284. A bill to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park: without amendment (Rept. No. 925). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 7142. A bill for the relief of the heirs of C. K. Bowen. deceased; without amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 243. An act for the relief of S. F. Stacher; without amendment (Rept. No. 924). Referred to the Committee of the Whole House.

## CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 9083) granting a pension to Mary Elliott; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 10389) granting a pension to Vannis J. Baptist: Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MILLARD: A bill (H. R. 10883) to prevent desecration of the flag and insignia of the United States, and to provide punishment therefor; to the Committee on the Judiciary.

By Mr. LEAVITT: A bill (H. R. 10884) to authorize the Secretary of the Interior to adjust reimbursable debts of Indians and tribes of Indians; to the Committee on Indian Affairs.

By Mr. SHALLENBERGER: A bill (H. R. 10885) to promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees to provide the least number of men that may be employed on locomotives, trains, and other self-propelled engines or machines, to provide qualifications for certain employees, and providing a penalty for the violation thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Washington: A bill (H. R. 10886) to levy a tax on articles of merchandise produced wholly or in part by labor subject to penal sanctions or disabilities for refusal to work, and for other purposes; to the Committee on

Ways and Means.

By Mr. HILL of Alabama: A bill (H. R. 10887) to provide for the leasing and other utilization of the Muscle Shoals properties, in the interest of national defense and of agriculture, and for other purposes; to the Committee on Military Affairs.

By Mr. RICH: A bill (H. R. 10838) to authorize the erection of a United States Veterans' Administration hospital in the north central part of the State of Pennsylvania; to the Committee on World War Veterans' Legislation.

By Mr. PEAVEY: A bill (H. R. 10889) relating to the transfer of ammunition; to the Committee on Military

By Mr. CAVICCHIA: Joint resolution (H. J. Res. 346) granting permission to Col. Gerard McEntee, assistant chief of staff, Seventy-eighth Division, to accept the grade and decoration bestowed upon him by the King of Italy; to the Committee on Military Affairs.

By Mr. OLIVER of Alabama: Joint resolution (H. J. Res. 347) to provide assistance in the rehabilitation of certain storm-stricken areas in the United States and in relieving unemployment in such areas; to the Committee on Banking and Currency.

# PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 10890) for the relief of Lieut. Jack C. Richardson, United States Navy; to the Committee on Claims.

Also, a bill (H. R. 10891) to provide for the reimbursement of Guillero Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; to the Committee on Claims.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 10892) granting a pension to Walter W. Laflame; to the Committee on Pensions.

Also, a bill (H. R. 10893) granting an increase of pension to Margaret A. Atkinson; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 10894) granting an increase of pension to Melanie L. Schultheiss; to the Committee on Invalid Pensions.

By Mr. CARDEN: A bill (H. R. 10895) granting a pension to Nancy A. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10896) granting a pension to William B. Priddy; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 10897) for the relief of R. L. Lakes; to the Committee on Claims.

Also, a bill (H. R. 10898) for the relief of Nannie Minish Massie; to the Committee on Claims.

By Mr. CLARK of North Carolina: A bill (H. R. 10899) for the relief of James Higdon; to the Committee on Claims.

By Mr. CONNERY: A bill (H. R. 10900) for the relief of Julia E. Smith; to the Committee on Claims.

By Mr. DALLINGER: A bill (H. R. 19901) for the relief of John Joseph Keefe; to the Committee on Naval Affairs,

By Mr. DEROUEN: A bill (H. R. 10902) granting an increase of pension to Ella Gayle Reed; to the Committee on Pensions.

By Mr. DOMINICK: A bill (H. R. 10903) for the relief of Edna J. Getsinger; to the Committee on Claims.

Also, a bill (H. R. 10904) granting a pension to Edna J. Getsinger; to the Committee on Pensions.

By Mr. FIESINGER: A bill (H. R. 10905) for the relief of George Feick & Sons Co.; to the Committee on Claims.

By Mr. HARDY: A bill (H. R. 10906) granting a pension to Robert C. Southerland, jr.; to the Committee on Pensions.

By Mr. HARLAN: A bill (H. R. 10907) for the relief of George Dietrich; to the Committee on Military Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 10908) granting an increase of pension to Martha Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10909) granting back pay to Auguste C. Loiseau; to the Committee on World War Veterans' Legislation.

By Mr. HORR: A bill (H. R. 10910) for the relief of John P. Ryan; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 10911) granting an increase of pension to Margaret E. Chambers; to the Committee on Invalid Pensions.

By Mr. KADING: A bill (H. R. 10912) granting a pension to Lorania M. Blackman; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 10913) for the relief of F. S. Wertz & Son; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 10914) granting an increase of pension to Florence S. McGinnis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10915) to correct the military record of Henry A. Tate; to the Committee on Military Affairs.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 10916) granting a pension to Anna G. Van Horn; to the Committee on Pensions.

By Mr. McFADDEN: A bill (H. R. 10917) granting an increase of pension to Helen J. Card; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 10918) granting an increase of pension to Alvira Petit; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 10919) granting a pension to Sarah Stewart; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 10920) granting an increase of pension to Maria C. Hill; to the Committee on Invalid Pensions.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, the following petitions and papers were laid on the Clerk's desk and referred as follows:

5066. By Mr. ANDREWS of New York: Resolution adopted by New York State Senate, urging Congress to enact legislation to provide for the suitable regulation of the transportation of persons in motor vehicles in interstate and foreign Commerce; to the Committee on Interstate and Foreign Commerce.

5067. Also, resolution adopted by Group No. 2123 of the Polish National Alliance of the United States, memorializing Congress to enact legislation directing the President of the United States to proclaim October 11 General Pulaski's Memorial Day; to the Committee on the Judiciary.

5068. Also, petition of the members of Cataract Lodge, No. 1093, of the Brotherhood of Railway Carmen of America, and of the Niagara Falls Central Labor Union, urging opposition to reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

5069. By Mr. BUCKBEE: Petition of Amil J. Bernardin and 143 others, residents of Compton, Ill., and vicinity, urging passage of House bill 137, known as the Summers good road bill; to the Committee on Roads.

5070. By Mr. CHAVEZ: Petitions against compulsory Sunday observance; to the Committee on the District of Columbia.

5071. Also, petitions to prevent a referendum or any modification or repeal of the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

5072. By Mr. CROWTHER: Petition of Group 2417 of the Polish National Alliance of the United States, located at Schenectady, N. Y., urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5073. Also, petition of Group 1947 of the Polish National Alliance of the United States, located at Schenectady, N. Y., urging enactment of House Joint Resolution 144; to the

Committee on the Judiciary.

5074. By Mr. DAVENPORT: Petition of John R. Jones and 22 other veterans, of Rome, N. Y., requesting immediate cash payment at full face value of the adjusted-compensation certificates created by the World War adjusted compensation act of 1924, with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5075. By Mr. EVANS of California: Petition signed by approximately 11 persons, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5076. By Mr. EVANS of Montana: Resolution of Mable F. Robertson, of the Montana State branch of the National Woman's Party, urging submission to the States for ratification of the equal-rights amendment; to the Committee on the Judiciary.

5077. By Mr. GARBER: Petition of citizens of Oklahoma, urging reimbursement of revolving fund of Federal Farm

Board; to the Committee on Ways and Means.

5078. Also, petition of war veterans and legionnaires of Boise City, Okla., indorsing House bill 10367, providing for the payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

5079. Also, petition of the Pittsburgh Coal Co., opposing House bill 9390, to place the regulation of water-borne commerce on inland waterways under the jurisdiction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

5080. By Mr. HAINES: Petition of 74 residents of York County, Pa., protesting against the compulsory Sunday observance bill, S. 1202, entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced, such as House bill 8092; to the Committee on the District of Columbia.

5081. By Mr. HALL of Mississippi: Petition of the rural carriers of Laurel, Miss., opposing any bill placing rural routes on a contract basis; to the Committee on the Post Office and Post Roads.

5082. By Mr. HOGG of West Virginia: Petition of 16 citizens of Hunting, W. Va., opposing House bill 8092; to the Committee on the District of Columbia.

5083. By Mr. HOUSTON of Hawaii: Petition of the Woman's Christian Temperance Union of Hawaii, representing 650 people, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures; to the Committee on the Judiciary.

5084. By Mr. JOHNSON of Texas: Petition of G. R. Varner, Gause, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and

Means.

5085. By Mr. JAMES: Petition of Alfred Erickson Post, No. 186, American Legion, Roy F. Strang, adjutant, Hancock, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5086. Also, petition of Victor Watia, president; Charles E. Kukka, secretary; Louis A. Keary, chairman; and Henry F. Carlson, secretary, resolutions committee, Knights of Kaleva, Hancock, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5087. Also, resolution indorsed by the Kiwanis Club of Ironwood, Mich., E. L. Mueller, president, and C. A. Trethewey, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5088. Also, petition of Robert Renwick and 39 other residents of Calumet, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5089. Also, petition of Hancock Rotary Club, Hancock, Mich., by A. W. Quandt, president, and U. V. Tervo, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5090. Also, petition of Rev. S. V. Autere, pastor of Bethlehem Lutheran Church, Laurium, Mich., favoring a tariff on

copper; to the Committee on Ways and Means.

5091. By Mr. JENKINS: Petition signed by 19 members of the Ohio Railroad Employees and Citizens League, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

5092. Also, petition signed by 82 members of the Ohio Railroad Employees and Citizens League of Ironton, Ohio, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

5093. By Mr. JONES: Petition of J. Grady Ponder, commander Zoller Post, No. 112, American Legion, Happy, Tex., and other citizens; to the Committee on Ways and Means.

5094. By Mr. KLEBERG: Petition of citizens of the counties of Bee, Bexar, Bianco, Comal, Guadalupe, Karnes, Nueces, San Patricio, and Wilson, asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and that said act be retained without impairment; to the Committee on Agriculture.

5095. By Mr. LANHAM: Petition of World War Veterans of Parker County, Tex., favoring cash payment of face value of adjusted-compensation certificates; to the Committee on Ways and Means.

5096. By Mr. LINDSAY: Petition of Brooklyn Chamber of Commerce, Brooklyn, N. Y., referring to improper adjustment of rates of duty as between raw and refined sugar; to the Committee on Ways and Means.

5097. Also, petition of the International Printing Ink Corporation, New York City, referring to filing of consolidated tax returns; to the Committee on Ways and Means.

5098. Also, petition of the New York Society for the Prevention of Cruelty to Children, opposing certain provisions in the Capper-Norton bill, S. 3448; to the Committee on Labor.

5099. By Mr. MAGRADY: Petition signed by 140 citizens of the State of Pennsylvania, urging the Congress not to pass Senate bill 1202 or any other compulsory Sunday observance bills that have been or may be introduced, such as House bill 8092; to the Committee on the District of Columbia

5100. By Mr. MANLOVE: Petition of the following veterans of foreign wars: Carl Hamke, William E. Davidson, R. N. Blut, M. Wilhelim, James T. Summly, Walter D. Davis, J. J. Bowman, Jess Mootry, Jesse F. Nichols, W. W. Rabinett, Henry A. Schnitzer, John Bridges, H. H. Callins, Albert C. Hall, William W. Herd, John D. Gummly, James Roller, all of Seligman, Mo., begging support of immediate payment of adjusted-compensation certificates; to the Committee on Ways and Means.

5101. By Mr. MEAD: Petition of Polish National Alliance, Group No. 2168, urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5102. Also, petition of Brooklyn Chamber of Commerce, urging action to safeguard the American sugar-refining industry; to the Committee on Ways and Means.

5103. Also, petition of New York State Legislature, urging enactment of legislation to provide adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public

highways in interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

5104. By Mr. PARKER of Georgia: Petition of Gray Meek, Nicholls, Ga., advocating constructive legislative program for the Postal Service; to the Committee on the Post Office and Post Roads.

5105. Also, petition of J. C. Crumbley, R. & E. Nut & Pecan Co., K. M. Sisterhenm, G. H. Lauz, Frank C. Mathews, all of Savannah, Ga., urging the enactment of legislation regulating the interstate traffic of busses and trucks carrying passengers and freight; to the Committee on Interstate and Foreign Commerce.

5106. By Mr. RAINEY: Petition of Dan McLaughlin and 59 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5107. Also, petition of C. W. Witwer and 43 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5108. Also, petition of F. N. Cunningham and 14 other citizens of southern Illinois; requesting that Government expenses be cut; to the Committee on Appropriations.

5109. Also, petition of J. W. Barth and 58 other citizens of southern Illinois; requesting that Government expenses be cut; to the Committee on Appropriations.

5110. Also, petition of A. C. Brown and 33 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5111. Also, petition of J. N. Moore and 60 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5112. Also, petition of Frank Lambb and 60 other citizens of Chebanse, Ill., concerning the tax bill; to the Committee on Ways and Means.

5113. By Mr. RUDD: Petition of the State of New York Conservation Department, Albany, N. Y., opposing the reductions in appropriations for the control of the white pine blister rust, brown-tail and gipsy moth; to the Committee on Appropriations.

5114. Also, petition of the International Printing Ink Corporation, New York City, with reference to the filing of consolidated tax returns; to the Committee on Ways and

5115. By Mr. SELVIG: Petition of Lee W. Dobbs and 19 other veterans of Battle Lake, Minn., urging cash payment of face value of bonus certificates; to the Committee on Ways and Means.

5116. Also, petition of Hubbard Post, No. 336, Neilsville, Minn., urging full payment of adjusted-compensation certificates with interest excluded; to the Committee on Ways and Means

5117. Also, petition of Heron Lake (Minn.) American Legion Post, urging immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

5118. Also, petition of American Legion Post, No. 31, Mahnomen, Minn., supporting immediate payment in full of adjusted-service certificates; to the Committee on Ways and Means.

5119. Also, petition of American Legion Post, No. 31, Mahnomen, Minn., favoring enactment of House bill 8578, widows and orphans pension bill; to the Committee on Pensions.

5120. By Mr. SHOTT: Petition of M. Z. White and 99 others of Williamson, W. Va., urging legislation providing for the regulation of bus and truck lines and placing them under the direction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

5121. Also, petition of W. W. Anderson and 39 other veterans of the World War, of Bluefield, W. Va., urging cash payment of face value of adjusted-compensation certificates; with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5122. By Mr. SWING: Petition signed by 102 residents of San Diego, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5123. Also, petition signed by 18 residents of Alpine, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5124. By Mr. TARVER: Petition of 33 ex-service men of Smyrna, Ga., asking the immediate cash payment of the adjusted-service compensation; to the Committee on Ways and Means.

5125. Also, petition of 81 ex-service men of Hiram, Ga., asking the immediate cash payment of the adjusted-service compensation; to the Committee on Ways and Means.

5126. By Mr. THOMASON: Petitions of the Texas and Southwestern Cattle Raisers Association, indorsing certain bills designed to strengthen the Federal intermediate credit banks; urging Congress to make adequate appropriation to carry on the work of the Biological Survey in controlling predatory animals; indorsing House Joint Resolution 12, authorizing the States to issue quarantines awaiting action by the Secretary of Agriculture; and protesting against any reduction in the appropriation of the Federal Farm Board; to the Committee on Agriculture.

# SENATE

# TUESDAY, MARCH 29, 1932

(Legislative day of Wednesday, March 23, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Costigan Couzens Kean Kendrick Ashurst Schall Sheppard Shipstead Shortridge Bailey Bankhead Davis Dickinson Keyes King Barbour Barkley Bingham Black Borah Lewis Fess Fletcher Logan McGill McKellar Steiwer Thomas, Idaho Thomas, Okla. Frazier George Glass McNary Townsend Trammell Morrison Bratton Glenn Morrison Moses Neely Norbeck Norris Brookhart Goldsborough Tydings Vandenberg Broussard Bulkley Bulow Gore Hale Harrison Wagner Walcott Byrnes Hastings Hatfield Nye Oddie Walsh, Mass. Waterman Watson Capper Caraway Carey Connally Patterson Hayden Hebert Hull Pittman Wheeler Reed Robinson, Ark. Robinson, Ind. Coolidge Copeland Johnson Jones

Mr. GEORGE. My colleague the senior Senator from Georgia IMr. HARRISI is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

Mr. BYRNES. I wish to announce that my colleague the senior Senator from South Carolina [Mr. Smith] is necessarily detained by serious illness in his family.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

# E. F. CREEKMORE

Mr. ROBINSON of Arkansas. Mr. President, some days ago, when the proceedings of the Federal Farm Board having relation to the salary received by the general manager of the American Cotton Cooperative Association were under discussion in the Senate, I stated to the Senate that Mr. E. F. Creekmore, general manager of that cooperative association, was domiciled in or a resident of Oklahoma; that he had formerly lived at Fort Smith, Ark., implying a change of residence.

That statement was incorrect. Mr. Creekmore was born in the State of Arkansas, and at the time of his acceptance of the position he now holds he was prominently connected in business there, having been president of the chamber of

commerce and having also connections with other important | business and charitable organizations. He was an honored and highly respected citizen of Fort Smith, Ark., and a recognized authority on cotton marketing.

#### THE WORLD COURT

Mr. PITTMAN. Mr. President, I have received so many telegrams with regard to the situation in the Committee on Foreign Relations relative to our adherence to the World Court and particularly relative to a resolution which I introduced and which is there pending that I feel it will probably save me some trouble if I have placed in the RECORD at this point a copy of a letter relating to the whole matter which I have written to a lady in my State in answer to her

The VICE PRESIDENT. Without objection, leave is granted.

The letter is as follows:

UNITED STATES SENATE, Washington, March 28, 1932.

Mrs. Helen T. Belford, 240 Court Street, Reno, Nev. My Dear Mrs. Belford: I am in receipt of your telegram of the 27th, reading as follows:

27th, reading as follows:

"Will not your resolution to defer action on World Court practically end any action until the next session of Congress?"

The adoption of the resolution might, of course, delay action at this session of Congress, although it is intended to facilitate action at this session of Congress.

Former Senator Elihu Root, who participated in the framing of the so-called Root protocol for the adherence of the United States to the Permanent Court of International Justice (World Court), and Secretary of State Mr. Stimson in his recent letter to the chairman of the Foreign Relations Committee of the United States Senate have given it as their opinion that the protocol prohibits the Court of International Justice from rendering any opinion touching any question in which the United States has or claims an interest if the United States makes objections to the rendering of such an opinion. rendering of such an opinion.

Each and every member of the Foreign Relations Committee disagrees with the construction placed upon the protocol by Mr. Root and the Secretary of State. In view of this disagreement the Foreign Relations Committee has unanimously amended the protocol by setting out in the protocol the original fifth reservation, which expressly states that the court shall have no jurisdiction to render an advisory opinion on any question in which the United States has or claims an interest and which it objects to the court rendering. court rendering.

The committee will also adopt a resolution that the President shall not be authorized to sign the protocol on behalf of the United States unless the other world signatories to the protocol will accept the protocol as thus amended. In my opinion, with this amendment, it presents exactly the same question which the signatories have heretofore refused to agree to. Unless the signatories have heretofore refused to agree to.

signatories have heretofore refused to agree to. Unless the signatories agree with the construction of the protocol as submitted to the committee, then they will refuse to agree to the protocol as amended. If they give the same construction to the protocol as given to it by Mr. Root and by the Secretary of State, then the amendment by the committee as adopted will be unnecessary.

It would seem to be better and more expeditious for the President, through diplomatic channels, to ask the signatories if they agree with the construction placed upon the protocol by Mr. Root and the Secretary of State. If they answer in the affirmative, then the amendment to the protocol will be eliminated and the Senate can ratify the protocol knowing exactly what will be its future construction.

If, on the contrary, the signatories do not agree with the con-

construction.

If, on the contrary, the signatories do not agree with the construction placed upon the protocol by Mr. Root and the Secretary of State, then it is useless for the protocol as amended to be submitted to them after adoption by the Senate, because it would be rejected by the signatories as it has been in the past.

I believe that the President could get the information desired by cable in a very short time and that then the committee and the Senate could act intelligently on the matter with full knowledge as to the future construction of the protocol. I see no reason why this information could not be obtained in ample time to allow the Senate to act on the matter before we adjourn. Another rejection by the signatories of the protocol as heretofore ratified by the Senate will end the question of our adherence to the Court of International Justice for a long time, and probably permanently.

John Bassett Moore, one of the ablest international lawyers in

John Bassett Moore, one of the ablest international lawyers in the United States, at one time Under Secretary of State and a former member of the Court of International Justice, agrees that the construction to be placed upon the protocol by the signatories should be obtained in advance rather than to be left to future misunderstandings and disputes.

While we are granted the privilege under the protocol of with-drawing from the court if the court attempts to render an advisory opinion to which we object, such withdrawal would be very un-fortunate and would greatly injure the prestige and power of the court. It is unfortunate that enthusiastic advocates of adherence

to the court do not understand the question at issue before the Foreign Relations Committee of the United States Senate.

I trust that you will give this explanation to your group in

Nevada

Sincerely.

KEY PITTMAN.

## PHILIPPINE INDEPENDENCE

Mr. VANDENBERG. Mr. President, I desire to offer an amendment in the nature of a substitute for S. 3377, the so-called Hawes-Cutting bill, as it affects Philippine independence. I ask that the amendment may be printed and lie on the table. For the information of the Senate, I ask that a summary of the difference between the two measures may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, that order

will be made.

The summary is as follows:

The principal differences between the so-called Hawes-Cutting bill, which has been reported to the Senate Calendar, and Senator Vandenberg's new proposal, which will be offered on the floor as a substitute, are as follows:

a substitute, are as follows:

1. The Hawes-Cutting formula is built on a 15-year base. The Vandenberg formula is built on a 20-year base. But both lead to the unequivocal option of ultimate independence.

2. The Hawes-Cutting bill provides a native constitution and native government at the inception of the probationary period. The Vandenberg bill provides for the constitution at the end of the period on the theory (1) that American authority must continue as long as American responsibility continues; and (2) that the native constitution is logical only as the climax rather than as the inception of the probation. The Vandenberg bill, however, increases native autonomy under the existing order by providing a complete legislative cabinet. Both bills limit immigration immediately.

3. The Hawes-Cutting bill provides for limitations upon free

3. The Hawes-Cutting bill provides for limitations upon free American markets for sugar and hemp products and coconut products for 10 years on the basis of present Philippine exports to the United States; thereafter it switches to straight tariffs with an annual step-up in rates. The Vandenberg bill provides these same initial limitations for 5 instead of 10 years, and then progressively reduces these limitations in each subsequent 3-year period.

4. The Hawes-Cutting bill provides no opportunity for the Filipinos to change their minds when once the 15-year program is launched if its economic burdens should become too heavy. The Vandenberg bill permits the Filipino Legislature to pass upon the proposition at each 3-year interval, if it so desires. It transfers entire responsibility to the Filipinos to make these subsequent decisions.

5. The Hawes-Cutting bill permits the ultimate American re-5. The Hawes-Cutting bill permits the ultimate American retention of existing American Army and naval bases. The Vandenberg bill requires a final survey by the President and Congress at the end of the probation and permits the United States to make whatever final disposition may be advisable, even to the possible extent of moving military and naval bases to other islands.

6. The Vandenberg bill makes more specific commitments to assure the retirement of the Philippine public debt for which the United States has a moral responsibility. It differs in other structural details. In many respects the two bills are practically the same. Often the provisions are verbatim.

The VICE PRESIDENT. The proposed amendment will be printed and lie on the table.

# RELIEF OF STORM-STRICKEN AREAS IN THE SOUTH

Mr. BLACK. Mr. President, I desire to submit a unanimous-consent request. If there is any objection or if it is apparent that it will take any time, I shall withdraw my request until the Senator from Vermont [Mr. Austin] has completed his remarks.

I desire to ask unanimous consent for the immediate consideration of the joint resolution (S. J. Res. 130) to provide assistance in the rehabilitation of certain stormstricken areas in the United States and in relieving unemployment in such areas, which is the joint resolution introduced by me on yesterday and which I asked should lie over until this morning. It is for the relief of the storm-stricken areas of the Southeastern States.

The VICE PRESIDENT. Is there objection?

Mr. MOSES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MOSES. This being a joint resolution, is it not necessary that it shall follow the usual course and go to a committee? If it were a simple Senate resolution, the Senator might ask unanimous consent for its immediate consideration without reference to a committee.

reference, but it has been the practice to have all joint resolutions referred to a committee. Is there objection to the request of the Senator from Alabama?

Mr. KING. Mr. President, what is the request?

The VICE PRESIDENT. The Senator from Alabama asks unanimous consent for the immediate consideration of a joint resolution, which will be stated for the information of the Senate.

Mr. KING. Mr. President, before consent is granted, may I state that the Senator from Connecticut [Mr. WALCOTT], who is interested in this matter, should be present if the joint resolution is to be considered.

Mr. JONES. Mr. President, I desire to say that I am going to object. The joint resolution ought to go to a committee. Time will be saved by sending it to a committee. If it had been sent to a committee yesterday, time would have been saved and it would have been reported out to-day without question. There may not be any question about the phraseology of it, or anything of the kind; I am not objecting to the joint resolution itself, but I am opposed to its consideration without its reference to a committee and a report upon it by a committee.

Mr. BLACK. I withdraw my request at this time and I shall submit it again and explain the joint resolution as soon as I can get the floor after the Senator from Vermont [Mr. Austin] shall have completed his remarks.

The VICE PRESIDENT. The request is withdrawn.

Mr. BLACK subsequently said: Mr. President, a few moments ago a request was made for the consideration of Senate Joint Resolution 130, but the senior Senator from Washington [Mr. Jones] objected to its being taken up without going to a committee. I have discussed the matter with the Senator from Washington and have reached the conclusion that it would be well to ask that the joint resolution may be sent to the Committee on Agriculture and Forestry, which is satisfactory to the Senator from Washington.

The PRESIDING OFFICER (Mr. Fess in the chair). Is there objection to the request of the Senator from Alabama? The Chair hears none, and the joint resolution will be referred to the Committee on Agriculture and Forestry.

# EMERGENCY OFFICERS' RETIREMENT LAW

Mr. REED. Mr. President, I have no intention of speaking in the time of the Senator from Vermont [Mr. Austin], who is entitled to the floor at this time, but I understand that every Senator has received a very large number of telegrams criticizing the action of the Committee on Military Affairs in reporting a bill introduced by the junior Senator from Utah [Mr. King] to modify the emergency officers' retirement law. At the first opportunity, when I am not trespassing upon the time of some colleague, I would like to explain briefly what we have done. I only ask the Senate to reserve judgment for the moment. I assure the Senate that the action taken is entirely fair.

# REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the executive secretary of the Near East Relief, submitting, pursuant to law, the report of the Near East relief for the year ended December 31, 1931, which, with the accompanying report, was referred to the Committee on Printing.

# PROPOSED PHILIPPINE INDEPENDENCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting copies of resolutions relative to Philippine independence recently received in the War Department from the Governor General of the Philippine Islands, as follows:

Resolution No. 10, adopted January 6, 1932, by the Provincial Board of Ilocos Norte, with its inclosure consisting of a resolution of the Municipal Council of Batac, Ilocos

Resolution No. 11, adopted January 6, 1932, by the Provincial Board of Ilocos Norte, with its inclosure consisting | Iowa, remonstrating against the imposition of a tax on thea-

The VICE PRESIDENT. There is no rule requiring a of a resolution of the Municipal Council of Burgos, Ilocos Norte; and

Resolution No. 38, adopted January 30, 1932, by the Municipal Council of Umingan, Pangasinan; which, with the accompanying papers, was ordered to lie on the table.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Robert F. Jones, of Washington, D. C., suggesting the issuance of "prosperity stamps" in denominations of 3 and 5 cents for first-class mail, and the use of the proceeds derived from the sale thereof to balance the Budget by voluntary action of the people, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a letter in the nature of a petition from H. W. McLeod, general manager of the Hammond Lumber Co., of Los Angeles, Calif., praying for the making of adequate appropriations for the Bureau of Foreign and Domestic Commerce, which was referred to the Committee on Appropriations.

Mr. BARBOUR presented a resolution adopted by Bloomfield Post, No. 20, the American Legion, of Bloomfield, N. J., opposing the payment of World War adjusted-compensation certificates (bonus) at this time, which was referred to the Committee on Finance.

Mr. SHEPPARD presented the petition of members of Fern Allen Post, the American Legion, of O'Donnell, Tex., praying that Congress provide for the immediate cash payment at full face value of adjusted-compensation certificates, with a refund of all interest charged on loans pending against the certificates (bonus), which was referred to the Committee on Finance

Mr. CAPPER presented resolutions adopted by Byron H. Mehl Post, No. 23, the American Legion, of Leavenworth, and the Sixth Army Corps of the United Spanish War Veterans, of Topeka, both in the State of Kansas, favoring the immediate payment in cash of adjusted-service certificates (bonus), which were referred to the Committee on Finance.

He also presented resolutions adopted by the Rotary Club of Herington and the Chamber of Commerce of Osawatomie, both in the State of Kansas, favoring the interstate regulation of bus and truck traffic, which were referred to the Committee on Interstate Commerce.

Mr. JONES presented a petition of sundry citizens of Bellingham, Wash., praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Mount Pleasant Auxiliary and Enterprise Chapter (Young Married Women's Union), both of the Woman's Christian Temperance Union, in the District of Columbia, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the

Mr. BROOKHART presented a petition of sundry citizens of Odebolt, Iowa, praying for the passage of legislation known as the widows and orphans pension bill, which was referred to the Committee on Pensions.

He also presented petitions of sundry citizens of Odebolt, Iowa, praying for the passage of legislation to aid the national defense, which were referred to the Committee on Military Affairs.

He also presented a petition of sundry citizens of the State of Iowa, praying for the passage of the bill (S. 2487) to establish a bimetallic system of currency employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Eldon,

ter admissions, which was referred to the Committee on a refund of all interest charges on loans pending against these remarks. Finance.

EXEMPTION FROM TAX OF FOOD PRODUCTS MADE FROM COTTONSEED

Mr. ROBINSON of Arkansas presented the following memorial of the Legislature of the State of Arkansas, which was referred to the Committee on Finance:

#### Senate Joint Memorial No. 1

To the Arkansas Members of the United States Congress:
Whereas it appears that all basic food commodities are exempt Whereas it appears that all basic food commodities are exempt from the provisions of the sales tax provided in the revenue bill now pending in the National Congress, except vegetable-oil shortenings or cottonseed-oil shortening; and

Whereas this is one of the principal foods used by the Nation's housewives and is made of farmers' cottonseed; and

Whereas at the present price of cottonseed the food product made therefrom can be had at a great saving to the masses of people: Therefore be it

Resolved by the senate of the forty-eighth general assembly

people: Therefore be it

Resolved by the senate of the forty-eighth general assembly
in extraordinary session (the house concurring therein), That our
Senators, the Hon. Joe T. Robinson and Mrs. Hattie W. Caraway,
and our seven Representatives in Congress, W. J. Driver, John E.
Miller, Claude A. Fuller, Mrs. Efficiene Wingo, Heartsill
Radon, D. D. Glover, and Tilman B. Parks, be, and hereby are,
memorialized to use their best endeavors to have exempted from
the revenue bill which includes the sales tax all food products
made from cottonseed: be it further.

made from cottonseed; be it further

Resolved, That a copy of this memorial be forwarded by the secretary of the senate to each of our Senators and Congressmen

immediately.

CALDWELL.

March 17, 1932. Resolution read and adopted.
M. E. Sherland, Secretary.

## USE OF ASSETS OF FEDERAL RESERVE BANKS

Mr. JONES. Mr. President, I have two telegrams from prominent bankers in my State, gentlemen whom I know and whose judgment is entitled to very great weight. They relate to the so-called Glass banking bill. I present them for the RECORD and ask that they may be referred to the appropriate committee.

There being no objection, the telegrams were referred to the Committee on Banking and Currency and ordered to be

printed in the RECORD, as follows:

SEATTLE, WASH., March 26, 1932.

Hon. Wesley L. Jones, United States Senate, Washington, D. C.:

United States Senate, Washington, D. C.:
Have been studying Glass bank bill, and believe it contains number of objectionable items, principally section 8, attempting control, artificially, volume of loans on collateral; section 11, penalizing banks' borrowings; section 13, increased reserves on time deposits, which would force reduction in rates paid to small savings depositors and interfering in relations between banks and brokers. There are other objectionable clauses, but those mentioned should unquestionably be rejected. Hope you will concur with these views and set accordingly. with these views and act accordingly.

WILLIAM CALVERT.

SEATTLE, WASH., March 26, 1932.

Hon. WESLEY L. JONES,

United States Senate, Washington, D. C.:
We are cordially favorable to restrictive, constructive, and conservative bank legislation, but believe revised Glass bill will result servative bank legislation, but believe revised Glass bill will result in drastic liquidation, impose unnecessary requirements on banks, and complicate, rather than relieve, present distressing conditions. The bill makes no proper distinction between loans collateraled by stocks and bonds and loans on other collateral. This includes section 8, as well as other sections relating to collateral loans, and those provisions are generally undesirable. Section 11 is so onerous that it should be stricken out; section 13 provides for objectionable and unnecessary increases in reserves. Provisions relating to divorcing affiliates, while sound in principle, would work great hardship on national banks located in State of Washington, as well as other States whose statutes prohibit branch banking, and the measure should provide for branch banking within State border irrespective of State statutes upon the subject.

W. H. Parsons,

W. H. PARSONS. M. A. ARNOLD. J. W. SPANGLER.

## PAYMENT OF ADJUSTED-COMPENSATION CERTIFICATES

Mr. SCHALL presented a petition of sundry citizens of Wabasha, Minn., which was referred to the Committee on Finance and ordered to be printed in the RECORD without the signatures after the first, as follows:

We, the undersigned, respectfully petition the President and Congress of the United States to provide immediate cash payment, at full face value, of the adjusted-compensation (bonus) certificates created by the World War adjusted compensation act of 1924, with

EARL N. STEARNS. American Legion, Wabasha, Minn. (And others.)

#### REMONETIZATION OF SILVER

Mr. SCHALL also presented a resolution adopted by Local No. 139, the Farmers Educational and Cooperative Union of America, of Rosewood, Minn., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Inasmuch as there is need of an expansion of currency in our country, and also to facilitate trade with other nations, we, the Farmers Educational and Cooperative Union of America, Rosewood Local, No. 139, do place ourselves on record as favoring Senate bill No. 2487.

#### RELIEF OF AGRICULTURE

Mr. SCHALL also presented the following resolutions adopted by the Farmers Educational and Cooperative Union of America, Local No. 139, of Rosewood, Minn., which were referred to the Committee on Agriculture and Forestry:

Inasmuch as farmers have sold for less than cost of production all of the major commodities produced, in order to correct this system of marketing, we, the Farmers Educational and Coopera-

system of marketing, we, the Farmers Educational and Cooperative Union of America, Rosewood Local, No. 139, do place ourselves on record as favoring House bill No. 7797.

Inasmuch as all avenues of credit to farmers have been closed and every help has been extended to other nations and private interests, we, the Farmers Educational and Cooperative Union of America, Rosewood Local, No. 139, do place ourselves on record as favoring the very moderate means provided to refinance the farmer as provided in Senate bill No. 1197.

#### REMONETIZATION OF SILVER

Mr. WHEELER presented a petition of sundry citizens of Denton, Mont.; a resolution adopted by the Prairie County Farmers Union, of Terry, Mont.; and copy of a letter addressed to William Green, president of the American Federation of Labor, by W. P. Harrison, of Great Falls, Mont., favoring the passage of the legislation known as the Wheeler bill, being the bill (S. 2487) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes, which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

DENTON, MONT., February 29, 1932.

Senate bill 2487, or silver bill

To the honorable Senatorial Body, Washington, D. C.:

We, the undersigned farmers, landowners, and qualified voters, do hereby ask your serious consideration in support of the above Senate bill No. 2487, believing that it will materially relieve the present scarcity, raise the price of our raw products, furnish more jobs for our jobless, and furnish widespread relief in the present critics.

J. W. RUSSELL W. J. CLAYTON. OTTO POSER. HAROLD POSER.
THOS. E. METZNER.
E. S. BOLLER.

TERRY, MONT., March 4, 1932.

There is before Congress a bill known as the Wheeler bill, S.

There is before Congress a bill known as the Wheeler bill, S. 2487, for the monetization of silver in a just proportion to gold.

Silver is one of the resources of the West, and we believe that this metal should be used in the monetary system of the United States, because it would increase the per capita wealth of every citizen of the country and would be the first step out of our present depression: Therefore be it

Resolved by this body, That our Representatives and Senators in the National Congress be requested to support this bill.

PRARIE COUNTY FARMERS' UNION,

BY WEST ALLERS Secretary

By WM. ALLARD, Secretary.

GREAT FALLS, MONT., March 11, 1932.

President American Federation of Labor, Washington, D. C.

DEAR MR. GREEN: I am writing you in the interest of the silver remonetization bill introduced in the Senate by Senator B. K. Wheeler, of Montana.

In my opinion, this is the greatest and most important piece of legislation before Congress, and the only one that tends to put prosperity on a permanent basis. The rest are merely temporary relief measures which will increase taxes in order to pay interest

on the bonds issued.

on the bonds issued.

Senator Wheeler has always been an outstanding friend and champion of labor and labor interests, and he is entitled to and should have the whole-hearted support of labor in his difficult task of forcing this bill through Congress. In view of the direct bearing of this issue on labor particularly, I believe the American Federation of Labor and every union affiliated with it should use every means at the disposal of its mighty organization and get behind Senator Wheeler in this, his great effort for the permanent relief of industry, farming, and labor.

I could write at length on the merits of this bill, but Senator Wheeler has so ably covered those points that I only want to say that the main opponents are representatives of the great banking interests, who, through their unwarranted loans to foreign nations and floating of foreign securities, have done so much to bring about the present deplorable condition in this country. Their records are certainly no recommendation as to their knowledge of economics or ability as financiers, except as far as their own selfish interests are concerned. They have done nothing constructive in the present financial crisis except collect interest and commissions, advise salary and wage cuts, and make other recommendations tending to cut the standard of living of the American people.

Thanking you and hoping to hear of your early indovement American people.

Thanking you and hoping to hear of your early indorsement of this great issue, I am,
Respectfully yours,

W. P. HARRISON.

#### REPORTS OF COMMITTEES

Mr. KEYES, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 4515) extending the limit of time within which Parramore Post, No. 57, American Legion, may construct its memorial building. and correcting street location, reported it without amendment and submitted a report (No. 487) thereon.

Mr. BARKLEY, from the Committee on Finance, to which was referred the bill (S. 1251) relating to the making of loans to veterans upon their adjusted-service certificates, reported it without amendment and submitted a report (No.

488) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4122) granting the consent of Congress to the State of New York to construct, maintain, and operate a highway bridge across the Hudson River at or near Catskill, Greene County, N. Y., reported it with amendments and submitted a report (No. 489) thereon.

## ENROLLED BILL PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 28th instant that committee presented to the President of the United States the enrolled bill (S. 1590) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Indiana:

A bill (S. 4235) to aid the Grand Army of the Republic in its Memorial Day services, May 30, 1932; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 4236) to aid farmers in obtaining loans from the Federal Farm Loan Board or other governmental agencies; to the Committee on Banking and Currency.

By Mr. WAGNER:

A bill (S. 4237) for the relief of John F. Aughinbaugh; to the Committee on Finance.

A bill (S. 4238) for the relief of Mrs. Hugh J. Finn; to the Committee on Claims.

By Mr. JONES:

A bill (S. 4239) for the relief of John P. Ryan; to the Committee on Claims.

By Mr. BROOKHART:

A bill (S. 4240) to amend the civil service retirement act of May 29, 1930; to the Committee on Civil Service.

By Mr. BINGHAM:

A bill (S. 4241) to provide a 5-year training program for the training of pilots for an unorganized reserve for the Army Air Corps; to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 4242) for the relief of Virgil Joseph Haynes; and A bill (S. 4243) for the relief of Robert N. Wallace; to the Committee on Naval Affairs.

A bill (S. 4244) granting a pension to Lydia Ann Hollingsworth: to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 4245) for the relief of W. B. Ford; to the Committee on Claims.

A bill (S. 4246) to limit the use of printing, lithographing, and engraving in the manufacture of stamped envelopes; to the Committee on Post Offices and Post Roads.

By Mr. SHEPPARD:

A bill (S. 4247) to amend the World War adjusted compensation act; to the Committee on Finance.

A bill (S. 4248) granting an increase of pension to O. D. Baker; to the Committee on Pensions.

A bill (S. 4249) authorizing the Secretary of War to award the distinguished flying cross to Ralph W. Bottriell;

A bill (S. 4250) for the relief of Roy Cox; to the Committee on Military Affairs.

A bill (S. 4251) to amend section 70 of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and the acts amendatory thereof; to the Committee on the

TELEPHONE SERVICE ON PUBLIC HEALTH SERVICE STATIONS

Mr. JOHNSON introduced a bill (S. 4252) to authorize telephone service in Government-controlled buildings on Public Health Service stations, which was read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the provisions of section 7 of the act of August 23, 1912 (U. S. C., title 31, sec. 679), or any other law prohibiting the expenditure of public money for telephone services installed in private residences shall not be construed to apply to such telephones in Government-controlled buildings as the Surgeon General of the Public Health Service may certify to be necessary for the prosecution of Government business, and as the Secretary of the Treasury may authorize in connection with the operation of Public Health Service stations.

The accompanying letter from the Secretary of the Treasury was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY, Washington, March 24, 1932.

The President of the Senate.

Sir: I have the honor to request the enactment of legislation as set forth in the attached draft of proposed bill, which is considered necessary as a result of a recent decision of the Comptroller General.

For a number of years the quarters of doctors and other em-ployees of the Public Health Service in Government owned or controlled buildings have been connected by extensions to the switchboards of the hospitals and quarantine stations in order that switchboards of the hospitals and quarantine stations in order that such employees may be available at all times in cases of emergency. A number of hospitals and stations have telephone switchboard service for only a part of the 24 hours and in such cases when the operator leaves for the day the station line is plugged into the extension of the officer in charge, who must take all routine calls. The Government very properly has assumed the expense of operating these extensions, because they are used exclusively for Government husbases. ment business.

ment business.

Owing to a recent interpretation by the General Accounting Office of section 679, title 31, of the United States Code, which provides that no money appropriated by Congress shall be expended for telephone service installed in any private residence or private apartment, payment may not be made by the Government for telephones installed in residences of medical officers quartered in Government buildings on duty at marine hospitals and quarantine stations, and it is, therefore, necessary either to discontinue this service or require employees concerned to reimburse the Government for the cost of such service.

It is highly important that marine hospitals and quarantine stations shall be able at all times to keep in touch with doctors, nurses, and other employees. It is essential, therefore, that tele-

phone extensions from the hospital or station be connected with the quarters of such employees. Since they are used exclusively in the conduct of Government business (the regulations prohibit their use for private purposes), it is unjust to require employees to reimburse the Government for the cost of the service. It may be stated that persons having these telephone extensions connected with the hospital or station usually maintain at their own expense a private telephone, which is connected with the public exchange. Relief from the provisions of section 679, title 31, of the United States Code, has already been obtained by the War Department with respect to telephone service installed in private residences which is certified as necessary for the prosecution of Government business by the Chief Engineer of the United States Army and authorized by the Secretary of War (U. S. C., title 31, sec. 630).

Respectfully,

Ogden L. Mills, phone extensions from the hospital or station be connected with

OGDEN L. MILLS, Secretary of the Treasury.

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL—PUBLIC BUILDINGS IN NEW YORK STATE

Mr. WAGNER submitted an amendment intended to be proposed by him to House bill 9699, the Treasury and Post Office Departments appropriation bill, which was referred to the Committee on Appropriations, ordered to be printed, and to be printed in the RECORD, as follows:

On page 35, after line 21, insert the following:

"PUBLIC BUILDINGS, CONSTRUCTION, UNDER PUBLIC BUILDINGS ACT APPROVED MAY 5, 1926, AS AMENDED

"For the acquisition of sites or of additional land, commencement, continuation, or completion of construction in connection with projects in the State of New York specified in the report of the Interdepartmental Committee relating to public buildings construction outside of the District of Columbia (H. Doc. 788, 71st Cong., 3d sess.) in amounts not exceeding the respective estimated total costs herein set forth, \$21,275,000, as follows:

Atbion	\$85,000
Amityville	90,000
Auburn	50,000
Babylon	100,000
Baldwin	100,000
Ballston Spa	85, 000
Bay Shore	
Beacon	120,000
	110, 000
Boonville.	85, 000
Brewster	75, 000
Buffalo, marine hospital	575,000
Buffalo, courthouse	2, 500, 000
Buffalo, post office	250,000
Canastota	85, 000
Canandaigua	
Canton	170,000
	95, 000
Carthage	100,000
Cedarhurst	85, 000
Cobbleskill	85, 000
Cooperstown	90,000
Dobbs-Ferry	95, 000
Dolgeville	80,000
East Aurora	
East Hampton	95,000
	100,000
East Rochester	80,000
East Syracuse	80,000
Ellenville	90,000
Falconer	75,000
Far Rockaway	245, 000
Floral Park	120,000
Fredonia	100,000
Garden City	
	200,000
Geneseo	80,000
Goshen	85,000
Gowanda	75, 000
Grandville	75, 000
Great Neck	140,000
Greenport	80,000
Hamburg	80,000
Hamilton	
Hartsdale	80,000
	75, 000
Haverstraw	75, 000
Hicksville	85, 000
Hudson	70,000
Hudson Falls	90,000
Huntington	135,000
Ilion	125,000
Irvington	75, 000
Ithaca	
	115,000
Johnson City	115,000
Lake Placid	90,000
Lancaster	90,000
Larchmont	125,000
Liberty	100,000
Long Beach	150,000
Lowville	80,000
Lynbrook	130,000
Mamaroneck	140,000
Manhassett	100,000
	110,000

Mechanicsville         \$85,000           Mineola         145,000           Mohawk         80,000           Mounticello         100,000           Mount Kisco         100,000           Mount Vernon         75,000           New Rochelle         600,000           New York City, Federal office building         6,350,000           New York City, quarantine station         120,000           Northport         80,000           Ogdensburg, customhouse         150,000           Oswego         225,000           Oswego         225,000           Oyster Bay         100,000           Pearl River         70,000           Perry         75,000           Perry         75,000           Rensselaer         95,000           River Head         125,000           Rochester, courthouse         600,000           Rockville Center         165,000           Rome         210,000           Rye         145,000           Saugerties         85,000           Sayville         90,000           Scarsdale         160,000           Silver Creek         80,000           Southampton         110,00
Monticello         180, 000           Monticello         100, 000           Mount Kisco         100, 000           New Rochelle         600, 000           New York City, Federal office building         6, 350, 000           New York City, quarantine station         120, 000           Northport         80, 000           Ogdensburg, customhouse         150, 000           Oswego         225, 000           Oyster Bay         100, 000           Pearl River         70, 000           Perry         75, 000           Pleasantville         90, 000           Port Washington         110, 000           Rensselaer         95, 000           River Head         125, 000           Rochester, courthouse         600, 000           Rockville Center         165, 000           Roye         145, 000           Saugerties         85, 000           Sayville         90, 000           Scarsdale         160, 000           Silver Creek         80, 000           Southampton         110, 000
Monticello         100,000           Mount Kisco         100,000           Mount Vernon         75,000           New Rochelle         600,000           New York City, Federal office building         6,350,000           New York City, quarantine station         120,000           Northport         80,000           Ogdensburg, customhouse         150,000           Ossining         125,000           Oswego         225,000           Oyster Bay         100,000           Palmyra         90,000           Pearl River         70,000           Perry         75,000           Pleasantville         90,000           Port Washington         110,000           Rensselaer         95,000           River Head         125,000           Rockville Center         165,000           Rome         210,000           Rye         145,000           Saugerties         85,000           Sayville         90,000           Scarsdale         80,000           Southampton         110,000
Mount Kisco.         100,000           Mount Vernon         75,000           New Rochelle.         600,000           New York City, Federal office building         6,350,000           New York City, quarantine station         120,000           Northport.         80,000           Ogdensburg, customhouse         150,000           Ossining         125,000           Oswego         225,000           Oyster Bay         100,000           Palmyra         90,000           Perry         75,000           Pleasantville         90,000           Port Washington         110,000           Reiver Head         125,000           Rochester, courthouse         600,000           Rockville Center         165,000           Rome         210,000           Rye         145,000           Saugerties         85,000           Sayville         90,000           Scarsdale         160,000           Silver Creek         80,000           Southampton         110,000
Mount Vernon         75, 000           New Rochelle         600, 000           New York City, Federal office building         6, 350, 000           New York City, quarantine station         120, 000           Northport         80, 000           Ogdensburg, customhouse         150, 000           Oswego         225, 000           Oyster Bay         100, 000           Pearl River         70, 000           Perry         75, 000           Pleasantville         90, 000           Port Washington         110, 000           Reiver Head         125, 000           Rochester, courthouse         600, 000           Rockville Center         165, 000           Roye         145, 000           Saugerties         85, 000           Sayville         90, 000           Scarsdale         160, 000           Silver Creek         80, 000           Southampton         110, 000
New Rochelle         600,000           New York City, Federal office building         6,350,000           New York City, quarantine station         120,000           Northport         80,000           Ogdensburg, customhouse         150,000           Ossining         225,000           Osyster Bay         100,000           Palmyra         90,000           Pearl River         70,000           Perry         75,000           Pleasantville         90,000           Port Washington         110,000           Rensselaer         95,000           River Head         125,000           Rochester, courthouse         600,000           Rockville Center         165,000           Rome         210,000           Rye         145,000           Saugerties         85,000           Sayville         90,000           Scarsdale         80,000           Silver Creek         80,000           Southampton         110,000
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Northport         80,000           Ogdensburg, customhouse         150,000           Ossining         125,000           Oswego         225,000           Oyster Bay         100,000           Palmyra         90,000           Pearl River         70,000           Perry         75,000           Pleasantville         90,000           Port Washington         110,000           Rensselaer         95,000           River Head         125,000           Rochester, courthouse         600,000           Rockville Center         165,000           Rome         210,000           Rye         145,000           Saugerties         85,000           Sayville         90,000           Scarsdale         160,000           Silver Creek         80,000           Southampton         110,000
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Ossithing       125, 000         Oswego       225, 000         Oyster Bay       100, 000         Palmyra       90, 000         Pearl River       70, 000         Perry       75, 000         Pleasantville       90, 000         Port Washington       110, 000         Rensselaer       95, 000         River Head       125, 000         Rochester, courthouse       600, 000         Rockville Center       165, 000         Rome       210, 000         Rye       145, 000         Saugerties       85, 000         Sayville       90, 000         Scarsdale       160, 000         Silver Creek       80, 000         Southampton       110, 000
Oswego       225,000         Oyster Bay       100,000         Palmyra       90,000         Pearl River       70,000         Perry       75,000         Pleasantville       90,000         Port Washington       110,000         Rensselaer       95,000         River Head       125,000         Rochester, courthouse       600,000         Rockville Center       165,000         Rome       210,000         Rye       145,000         Saugerties       85,000         Sayville       90,000         Scarsdale       160,000         Silver Creek       80,000         Southampton       110,000
Oyster Bay     100, 000       Palmyra     90, 000       Pearl River     70, 000       Perry     75, 000       Pleasantville     90, 000       Port Washington     110, 000       Rensselaer     95, 000       River Head     125, 000       Rochester, courthouse     600, 000       Rockville Center     165, 000       Rome     210, 000       Rye     145, 000       Saugerties     85, 000       Sayville     90, 000       Scarsdale     160, 000       Silver Creek     80, 000       Southampton     110, 000
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Rye
Saugerties       85,000         Sayville       90,000         Scarsdale       160,000         Silver Creek       80,000         Southampton       110,000
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Scarsdale
80,000           Southampton         110,000
Southampton 110,000
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Spring valley 85 (IIII)
Springville75, 000
Suffern
Tarrytown 160, 000
Ticonderoga 70,000
Tonawanda 120,000
Troy, P. P. B. 200, 000
Valley Stream 85, 000
Walton 95,000
Warsaw 90,000
Watervliet 90,000
Watkins Glen 90,000
Waverly 85, 000
Westbury 80,000
Westfield 80,000
Woodmere 80,000
Total 21, 275, 000

"BALANCING THE BUDGET"-ADDRESS BY SENATOR DAVID A. REED

Mr. MOSES. Mr. President, last evening the senior Senator from Pennsylvania [Mr. Reed] addressed a radio audience on the subject of "Balancing the Budget." I ask unanimous consent that the address may be printed in the RECORD

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

dered.

The address is as follows:

In recent weeks the newspapers and the radio addresses have been full of references to this mysterious subject called "Balancing the Budget." In the time that is allotted to me to-night I want to describe the situation just as plainly as possible, leaving out the jargon and the long words that we politicians use so often. I will try to talk about it just as if we were sitting in front of the fire together, and then I want to show quite simply how this question affects you and me and every other person in this land. I am not going to make a political speech at all, and I believe that what I will say would be indorsed by most Republican and Democratic leaders regardless of party.

Since the war we have been depending very largely on the income tax to furnish the money to run the National Government. After the slump hit us, everybody's income was reduced, and consequently the income tax has fallen off fearfully. Our tobacco tax and our customs duties have kept up quite steadily, but the income tax has shrunk to a pitiful fraction of what it was two years ago. As a result of this the United States Government has been running into the hole since last summer at the rate of \$7,000,000 a day, which in itself is too big an amount for the average mind to grasp. It is easier to understand how serious it all is if we remember that that means \$5,000 per minute. Let me say that again. Since last July the National Government has been spending over and above its income at the rate of \$5,000 for every minute of the day and night. Stated that way we get some idea of the seriousness of the situation. Our deficit in the last nine months amounts to the terrifying total of \$1,800,000,000.

I can hear somebody say, "What reckless extravagance that is, and why don't we quit spending so much?" and that is a proper question. If the whole trouble came from the extravagance of Congress to stop its extravagance at once. There are some savings that can be made, but they are only a drop in the bucket compa

to the veterans of the last war. It is not within our power to make any economies on expenses of that character. Nevertheless, as I said before, it is the duty of Congress to economize at every possible point. When that is done, however, there remains the question of what we are going to do with this huge deficit. It is a tough problem that is to be decided, and it is not pleasant to contemplate what is going to happen to you and to me if we decide wrong. Everybody who knows the facts is vividly aware that something has to be done and done quickly.

There are three sorts of remedies suggested. One group says we can let things slide and horrow money to make up the short-

to contemplate what is going to happen to you and to me if we decide wrong. Everybody who knows the facts is vividly aware that something has to be done and done quickly.

There are three sorts of remedies suggested. One group says we can let things slide and borrow money to make up the shortage. But the plain truth is that we can't sell Government bonds in sufficient amount. Furthermore, Congress is talking about putting out two billions of bonds to pay in advance the balance of the soldiers' bonus, and there seems to be a very real danger that this bill will pass. I want to tell you solemnly that if we try to float two billions of bonds for that purpose and another two billions to pay this year's deficit we are going to meet the disaster of our lifetime. Who will buy those bonds? I can't; I venture to think that you can't; my bank can't, and I don't believe that your bank can. What is worse is that the effort to sell these bonds will knock the bottom out of the market for the bonds now outstanding. We have passed the panic stage of this slump, but we must take care that we do not bring on another by unwise action. If we try to keep this Government going by constantly increased borrowing, we are going onto the rocks just the same as any private person who tries that course. The next group says, "Don't go on borrowing—that's fatal. Don't put up taxes—that's hateful. Cut down expenses. That's the way out!" Well, let's look at it. Since 1923, when President Coolidge was here, when economy was stylish, our expenses have risen about two hundred and fifty million. But in that time Congress has increased the amounts payable to veterans by two hundred and fifty million and on top of that has ordered some three hundred and sixteen million to be put into public buildings this year to relieve unemployment. In other words, our ordinary government is costing us about \$300,000,000 less than in the last year of President Coolidge's administration. Now I'm not arguing against governmental economy—I think that there are a whol

September.
The dollar would decline in the foreign exchange market, and

The dollar would decline in the foreign exchange market, and consequently we would have to pay more for everything we import from abroad. For example, the prices of rubber, of coffee, and of tea would instantly rise throughout America. Presently the prices of all other objects would begin to rise in the same way and we would begin to talk of the terrible rise in the cost of living. The faster our printing presses worked, the faster the inflation of our currency went on, just so much faster would the dollar sink in its buying power. We saw all that happen in Germany, in France, in Italy, in Great Britain, in practically every country in Europe.

Now, what happens to you and me in all this? If we are working for money wages, as most of us are, we find that we have suffered an invisible wage reduction. We may receive just as many dollars per day, but they are depreciated dollars that won't buy as much. When England went off the gold standard last year, every workman in that country had his wages cut 30 per cent in buying power. It is a truthful statement that the greatest sufferer by that action was the British workingman. Some one may try to argue that wages will go up as the value of the dollar goes down, but that is only partly true. In every country that has resorted to inflation the rise in wages has never kept pace with the rise in living costs, and there is no reason to expect that it would be different here.

Then let us suppose that you and I have been thrifty, and that we seek have a little savings hap account as well as come.

Then let us suppose that you and I have been thrifty, and that we each have a little savings-bank account as well as some life insurance. If America leaves off the gold standard, the value of that bank account and of that insurance policy instantly shrinks, for each of them will be payable only in depreciated dollars. It is as if some invisible hand reached out and struck from us 30 or 50 or 80 per cent of the value of our savings. We saw that happen eight years ago in France, for example, where the savings of the whole people were sacrificed 80 per cent when the gold value of the franc was cut from 19 cents to less than 4 cents. Think of the suffering that meant. I certainly don't want to see

th happen here.

And what of the farmer in all this? The burden of his taxation to-day is very heavy indeed—almost too heavy to be borne. Inflation would increase his taxes to the breaking point, because the

debts of his county and his State are payable in gold dollars, and he will be taxed many more of the deflated dollars to keep up payments of interest and principal of those public debts. Just as in the case of the workingman of the cities, his income will not increase in proportion to the increase in taxes and in cost of living.

So there is our problem, my friends—the problem that confronts your Senators and your Congressmen at this minute. Shall we take the weak and easy course of refusing to balance the Budget, of letting America fall away from her standard of sound money? I have tried to point out the consequences to you and me of doing that. Or shall we try to protect our working people by maintaining the value of their wages and their savings? It will take courage, for it means new taxation, but the amount of that taxation will be much less than the sacrifices resulting from inflation

that taxation will be much less than the sacrinces resulting from inflation.

A sales tax has been suggested, applying to practically all articles except food and clothing. Apply it to your own case. If the rate were fixed at 2½ per cent, as suggested by the Democratic leaders in the House of Representatives, how much would you have to pay? Remember that food and clothing would be exempt, that there would be no tax on rent and no additional tax on tobacco. I think you will find that the most that you would be likely to pay would be five or six dollars a year. Contrast that with the disadvantages to you of a depreciated dollar in its effect on the value of wages and of all savings, and I think you will agree with me that no sane man should hesitate in his decision. Now, there is just one way for you to make that decision felt. Let your Congressman and your two Senators know what you think, and do it now. The verdict is trembling in the balance, and America is truly at the crossroads. Don't allow yourself to be put off with the statement that the trouble can be cured by raising taxes on the big incomes. I myself am in favor of doing that, but I know that it will no begin to yield the necessary revenue. In the tax bill now pending in the House of Representatives the Ways and Means Committee recommended a maximum tax of 46 per cent on the largest incomes. The House itself raised that rate

ways and Means Committee recommended a maximum tax of 40 per cent on the largest incomes. The House itself raised that rate to 72 per cent, whereupon we were told by the experts that only twenty millions of additional revenue would result from the change. I am not pleading for the rich man, but I am trying to make clear that the extra twenty millions that we get from him is only a beginning toward raising the twelve hundred millions that we need that we need.

that we need.

There is the picture, and it's not a pretty one. I can not exaggerate its importance. Unless the National Government remains solvent, very few States or cities or counties can be solvent. Unless the finances of the Nation are sound, business will revive very slowly, if at all. But if America's national credit is kept good, we can reasonably expect this country to be one of the very first to emerge from this world-wide depression.

# LOAN BY RECONSTRUCTION FINANCE CORPORATION TO MISSOURI PACIFIC RAILROAD

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD an article appearing in the Macon Telegraph and News, of Sunday, March 27, 1932, entitled "The Reluctant Loan," a discussion of the decision made by the Interstate Commerce Commission on the Missouri Pacific Railroad loan recently referred to in the Senate.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

# THE RELUCTANT LOAN

The Interstate Commerce Commission's "reluctant" agreement to the loan of approximately \$6,000,000 to the Missouri Pacific Railroad by the Reconstruction Finance Corporation to pay half of a loan due a syndicate of bankers, composed of J. P. Morgan & Co., Kuhn, Loeb & Co., and the Guaranty Trust Co., serves to bring sharply into relief for the consideration of all of us what is happening in the country. If we have sense enough to see actualities a lot of illusions will be shattered.

In October, when the situation was getting steadily worse, President Hoover sought to do something about the railroads, the banks, and the insurance companies. Continued runs on banks would spread the panic; the failure of railroads to meet their funded debts would mean receiverships for numbers of them, and receiverships would potentially endanger the safety of insurance companies which invested heavily in railroad bonds. The President induced a group of bankers to form the National Credit Corporation to meet the situation. That corporation did little or nothing; and when Congress met, the President recommended the formation of the Reconstruction Finance Corporation, with purposes identical. That corporation is actively at work, with the avowed purpose of saving the railroads and helping the banks, and, consequently, the insurance companies, all to the end that normalcy in finance may be restored.

It was not contemplated by the public, at least, that loans would be made to railroads save where they had long-term obli-

was not contemplated by the public, at least, that loans would be made to railroads save where they had long-term obligations maturing which they could not renew or refund because of the condition of the market. It was not contemplated by the public that that corporation would have to take over the loans that bankers have made to the railroads—that the Government should step into the shoes of bankers and lend money for current operating expenses of the railroads and other business. Yet that is what has happened in the Missouri Pacific case. The \$12,000,000 which was owed to the three banks was not bond money; it was a commercial loan. While the Government is straining every resource to induce banks to stretch their credit; while it has, in the Glass-Steagall bill, made it possible for banks to discount much more paper than they ever have before, we have in the Missouri Pacific case an instance in which the biggest banks and banking houses are contracting, rather than extending loans. Under pressure, no doubt, they did extend half of the loan; but perhaps to save the railroad, the Government had to step in and act as banking agent for the Missouri Pacific.

It is to be hoped that the Missouri Pacific case is not a precedent and that it is not representative of the attitude of the banks throughout the country. The Beconstruction Figures (Corporation Figures)

It is to be hoped that the Missouri Pacific case is not a precedent and that it is not representative of the attitude of the banks throughout the country. The Reconstruction Finance Corporation was not set up as a superbank; it was set up to take the place, for the time being, of a panicky public which had gone on a securities-buying strike and to tide the railroads and other corporations which depend heavily upon public financing over a stormy period. The banks which have been making money in the millions by financing railroads are stepping out now when they can give the Government the short end of the rope. If the Missouri Pacific case becomes a precedent, what we shall be doing is simply this: While maintaining the value of railroad securities for the benefit of their present owners, we Government taxpayers shall be buying the railroads by paying off their loans and indebtednesses. If we are going to have to take them over in the long run, it would be much cheaper to let Morgan & Co., and the Guaranty Trust Co., and Kuhn, Loeb & Co., and others who have been selling the public their securities and reaping big commissions by doing so, throw them into receiverships and explain their action to those to whom they have sold securities. It would be much cheaper for the taxpayers to buy them out of receiverships than it would be to buy them from the New York bankers.

## AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. AUSTIN resumed and concluded the speech begun by him yesterday. His speech follows entire.

# Monday, March 28, 1932

Mr. AUSTIN. Mr. President, I am opposed to the substitute submitted by the Senator from Mississippi [Mr. Harrison] for House bill 6662 for the reasons which were so eloquently and persuasively stated by the senior Senator from Utah [Mr. Smoot] and by the junior Senator from Michigan [Mr. Vandenberg]. I must admit also that I am opposed to the substitute because of some of the reasons advanced in its behalf by the distinguished Democratic Senator from Massachusetts [Mr. Walsh].

## OPPOSES HARRISON SUBSTITUTE

I am in hearty favor of any effort to secure justice in the administration of government in any of its departments, and particularly with respect to so important a function of government as that of regulating commerce between the nations, by the imposition of tariff duties. I am also in full sympathy with the sentiment so forcefully expressed by the senior Senator from Massachusetts against logrolling in the fixing of tariff rates. Therefore, what I myself have to say relating to the substitute can be understood to be in full harmony with that objective.

As a first objection to the proposed substitute for the House bill, which itself is a proposed substitute for section 336 of the Smoot-Hawley Tariff Act, I claim that the substitute is entirely unnecessary to accomplish the objectives mentioned by its proponent and by the distinguished Senator from Massachusetts. The substitute is unnecessary because Congress already possesses all the powers, the granting of which both of these distinguished Democratic Senators allege as a reason why the substitute should be adopted.

# PROPOSALS NO CURE FOR LOGROLLING

Moreover, the proposed substitute is not a cure for log-rolling. It is obviously, frankly, and plainly a cause for logrolling. Its main feature is to take out of the business of fixing tariff rates the only scientific element now in it, absolutely to cancel it, and in place of that to return the determination of the exact amount of tariff rates to the log-rolling process of Congress. Senators on the other side of the aisle have the power to do that this instant. In the House the Democratic Party is in control, and, therefore, it has the opportunity to express itself upon any item in the tariff act and begin instantly to do what Democratic Sena-

tors say they do not want to have take place but which is the very objective they seek by this substitute, namely, an opportunity to begin the logrolling process on any item contained in the Smoot-Hawley Tariff Act. The fact that they have not seen fit to do that, the fact that they have utterly failed to name a single item there which they claim is too high and should be reduced, or a single item that bears a tariff to-day that should be put on the free list, is extremely significant. It is not mere silence. It is silence weighted with the significant statement to all the world that there is no such item and that this bill, H. R. 6662, and its substitute, are gestures made for the purpose of satisfying a political expedient at this particular moment of our history.

CONGRESS ALREADY HAS AUTHORITY TO REVISE TARIFF

The proponent of this substitute made the following statement:

Mr. President, the object of this legislation is to restore to Congress the power designed by the fathers of laying taxes upon the American people.

Is not that an astonishing objective to assert with respect to this substitute? Congress does not lift itself by its own bootstraps. Congress never has parted with that power. Congress possesses it to-day, and it can not be restored to Congress by any action of Congress. In other words, for that specific objective of this bill there is no cause to pass this substitute. Congress has that power. The proponent of this substitute bill stated as the principal objects of the bill, and as significant differences between the bill and H. R. 6662, and this substitute as follows-and I call your attention in passing to the fact that this statement, taken all together, and construed as it must be as an entire statement, reveals a consciousness of the fact that the fixing of tariff duties is a national objective, and that the national interests should be attained, even at the sacrifice of local interests. It is a recognition of the fact that in ascertaining interests regarding and touching the tariff we find that some Democrats located in certain places desire and struggle for a tariff on certain commodities as a matter of local interest, and some Republicans in other places desire and strive for a low tariff on certain commodities. That is local; and it shows how much the two great parties of this country have approached an understanding upon this economic problem and how much they really pull together when they get at the business of creating a tariff.

Here in this great sounding board for the Nation Senators on both sides of the aisle represent the extreme conflicting views for certain purposes; but I venture the suggestion, as coming from one who has but recently entered this great Chamber and one who has recently come from a community that is striving to uplift humanity by proper means of manufacture and proper means of protection of the wage earner and the farmer, that the real interest that must be considered in creating tariff rates is the national interest and not the local interest, and that both parties will work for that objective.

The senior Senator from Mississippi said:

One of the differences between the Senate substitute offered by the minority of the Finance Committee and the House bill is this, and it is most important.

And thereupon he states how the commission goes to work to ascertain the difference between cost of production at home and cost of production abroad and makes its report in order that the difference may be equalized. Then he names five points constituting the particulars in which I claim that the proponent of this bill has shown to Congress and to all the world that this substitute is wholly unnecessary, and a mere gesture. He says, telling of the various things that this substitute provides that the commission shall ascertain and report to Congress—

THE TARIFF COMMISSION'S AUTHORITY UNDER 1930 ACT

(1) The efficiency and economic operation and location of the domestic industry under consideration.

I call the attention of the Senate to the Smoot-Hawley bill upon that subject, the statement of which, I think, and I respectfully submit to the Senate, is much more effective

than his statement of the matter, because it is much more broad and gives more power, namely-I am reading from section 332, clause (d) (6):

Information for President and Congress: In order that the

President and the Congress may secure information and assistance, it shall be the duty of the commission to \* \*.

(6) Ascertain all other facts which will show the differences in or which affect competition between articles of the United States and imported articles in the principal markets of the United

Under that provision of the present law, the Tariff Commission can do exactly what section 1 of the statement of the proponent of this bill says the Tariff Commission is vested with the power to do under his substitute; namely, investigate "the efficiency and economic operation and location of the domestic industry under consideration."

(2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is uti-lized, and the extent of unemployment.

I call attention to the Smoot-Hawley law, section 332 (a): It shall be the duty of the commission-

Senators, understand that I am condensing these sections in reading them, so as to get to the very point under con-

\* in general to investigate the operation of customs laws, including their relation to the Federal revenues, their effect upon the industries and labor of the country.

There is a much broader power than that specified in the proposed substitute, because it does not point the finger at unemployment and does point the finger to all conditions of labor, whether of employment or unemployment, of prosperity or of depression.

Now take the third. Of course, the two features to which I have now called your attention, which are already contained in the present law, were commented upon by the proponent of this bill as "very splendid factors to be considered in determining what rates should be imposed upon importations from this country." We agree, but we say they are wholly unnecessary, because the law carries them already. Now take the third one:

(3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors.

I refer to section 332 (b) of the Smoot-Hawley tariff law.

Investigations of tariff relations: The commission shall have power to investigate \* \* \* conditions, causes, and effects relating to competition of foreign industries with those of the United States.

Another statement of the matter, a better statement of the matter because it is more comprehensive and gives more power instead of less power. In other words, it ascertains the simple facts stated here, namely, stated by the proponent of this substitute, the extent of which adverse conditions of production may be due to foreign competition and to other specified factors.

Understand that in passing over these specifications of merit alleged as reasons why this substitute should be passed here it is my objective to make the point that not only does Congress possess all these powers, but that the Tariff Commission possesses these powers to-day, and much more and better powers, under the Smoot-Hawley law, in sections thereof which are not questioned by the proposed substitute.

(4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff law, taking into con-sideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors.

I call your attention to section 332 (d) (3) of the Smoot-Hawley law:

Information for President and Congress.

This is what the present law does for the commission and for the people of the United States in respect to a scientific and a just ascertainment and fixing of tariff duties:

(3) Select and describe articles which are representative of the classes or kinds of articles imported into the United States and which are similar to or comparable with articles of the United States; select and describe articles of the United States similar to

or comparable with such imported articles; and obtain and file samples of articles so selected, whenever the commission deems it advisable.

I respectfully submit that therein is given the power of substitution in a more scientific manner and in a manner calculated to effect the very thing specified in the fourth item of the specification of the proponent in respect to this measure.

Now, fifth. The learned Senator from Mississippi said that one of these important differences, and therefore one of these causes for enacting this substitute into law, is this:

(5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States.

Of course, any Senator will at once reflect that his experience at all times has been to do that very thing in framing a tariff bill whenever one has come up for consideration, or in fixing a single item when it has come up for consideration. But let us see whether it is expressly provided for in the Smoot-Hawley law. Section 332 (a), the first subdivision, provides:

# INVESTIGATIONS AND REPORTS

It shall be the duty of the commission to investigate the administration and fiscal and industrial effects of the customs laws of this country now in force or which may hereafter be enacted, the relations between the rates of duty on raw materials and finished or partly finished products, the effects of ad valorem and specific duties and of compound specific and ad valorem duties, all ques-tions relative to the arrangement of schedules and classification of articles in the several schedules of the customs law.

I respectfully submit that that is a broader, a more extensive, a more effective grant of power for the same purpose than this section 5 in the substitute proposed therefor, namely, "The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States."

That is the full bill of particulars; that is the reason why the Congress is asked to strike out of this important law section 336, which had a specific objective, namely, the scientific correction of errors which may occur from the logrolling process in Congress, and substitute a paragraph for it which has no flexibility whatever, and which perpetuates completely the logrolling process.

Not one of the things specified in these five items can be said not to be possessed by the Tariff Commission to-day under the law as it is. Yet the great Senator from Mississippi, who has my respect and very high regard, remarks, after making this specification:

Mr. President, a tariff commission as it is to-day, by law charged with the duty of ascertaining the difference in cost, with broad discretionary powers given to it as to what factors shall enter into the ascertainment of those cost differences

I call special attention to the following:

without the power to consider, as it does not consider, the amount of importations that come into this country or the amount of exportations that we send abroad, without considering the efficiency and the economic operation of the industry, can not ascertain the right rates to put on a commodity.

I would say "amen" to that general statement, but does it apply in support of this substitute for section 336, for this substitute is a substitute for the House bill, which is a substitute for section 336? We say no. We say that when you subject it to that test you find it does not fit at all, is not according to fact.

On the contrary, the Tariff Commission does consider, the Tariff Commission does have the power to consider, the amount of the importations and the amount of the exportations, and the present law provides that those facts shall be considered.

I now call attention to section 332 (b).

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. HARRISON. May I ask the Senator, since we are trying to arrive at the same proposition, whether I understood him to say that under the flexible provision of the Smoot-Hawley law the Tariff Commission takes into consideration, in making its findings, the exportations and importations of a particular product being submitted?

Mr. AUSTIN. No; that was not my statement.

Mr. HARRISON. I am glad to get the Senator's correction, because I had the impression that in criticizing this substitute and analyzing the two measures he was making the statement that under the so-called flexible provision of the law they did take into consideration exportations and importations. When they make their findings they file a report, and in their supplemental report they state the importations and exportations, but that is not a controlling factor at all. That is why in the amendment we have drafted, which is now being considered, we provide that the Tariff Commission should make investigations of these various propositions and that the Congress then will consider whether or not they will put in a particular rate, taking into consideration, among other things, the exportations and importations of the particular product.

Mr. AUSTIN. Mr. President, there can be no confusion about what I have said. Perhaps there might be confusion about the application of what I stated, and I will try to clear

Every time I have charged that the things stated in this substitute as powers to be given to the Tariff Commission are already given to the Tariff Commission by the present law, I have been careful to call attention to the section and subsection of the law where it is stated, and I have not claimed that it was in the flexible part of the tariff law. I repeat now that this matter of investigating exports and imports is provided for by the Smoot-Hawley tariff law in another section, which is not the flexible section of the law, and it is considered whenever Congress creates a rate.

I call attention not only to section 332 (a) and (d) (6). but also to section 334, relating to cooperation with other agencies. It reads as follows:

The commission shall in appropriate matters act in conjunction and cooperation with the Treasury Department, the Department of Commerce, the Federal Trade Commission, or any other departments or independent establishments of the Government, and such departments and independent establishments of the Government shall cooperate fully with the commission for the purposes of aiding and assisting in its work, and, when directed by the President, shall furnish to the commission on its request, all records, papers, and information in their possession relating to any of the subjects of investigation by the commission and shall detail, from time to time, such officials and employees to said commission as he may direct.

Just think of the scope of the investigation which can be made by the Tariff Commission already.

There are many other provisions in the Smoot-Hawley tariff law which augment the resources of the Tariff Commission to gain information beyond the limits of that specifically drawn substitute, which does not grant power but limits power and cripples this organ of the Government, which should be rendered more efficient daily instead of being hampered and limited. Certainly its powers should not be reduced under the guise and representation of giving powers which it now does not possess.

We claim that the argument that you can not fool some of the people some of the time and all the people all the time, made by the learned Senator from Mississippi in his opening, is not applied on this side of this question, but it may well apply to this supposed substitute for section 336. for there is not one single power named in that substitute which is not already granted by some other section of the Smoot-Hawley Tariff Act, which is in effect to-day.

Mr. HARRISON. Mr. President, will the Senator please turn to the Smoot-Hawley Tariff Act-I see he has a copy of it before him-and call our attention to the provision in it where the commission takes into consideration efficiently operated and economically located plants?

Mr. AUSTIN. I will call the attention of the Senate to three different places where that subject is taken care ofsection 332 (b) (6), page 122; also section 336 (e) (2) (c), page 125; and section 336 (h) (4), on page 126.

All of those sections we claim are broader, better stated, more comprehensive, and give more efficiency to the commission than this particular one, which draws down and narrows the consideration to a mere fact, namely, the effi- | tion about it. The Senator is absolutely correct.

ciency and economical operation and location of the domestic industry under consideration.

Mr. HARRISON. Mr. President, will the Senator yield again?

Mr. AUSTIN. I yield.

Mr. HARRISON. Will the Senator object to putting in his remarks at this place the provision to which he has called attention, so that we can see for ourselves, and so that those who may read his remarks may see, whether or not the provisions mean the same thing?

Mr. AUSTIN. I read from page 122, section 332, subsection (d) (6). We should consider the beginning of the paragraph in order to get the connection. It is headed "Investigations and Reports." Subsection (b) is headed, "Investigations of Tariff Relations," and provides that "the commission shall have power to investigate," and so on.

Now I turn to subsection (6), which reads:

Ascertain all other facts \* \* \* which affect competition.

That is one of the most general powers that could possibly be given to a commission of this character with respect to the limitations and outline of the things which it can ascertain. It can "ascertain all other facts which affect competition between articles of the United States and imported articles in the principal markets of the United States."

I will read from page 125, now. This is part of the present flexible feature of the Smoot-Hawley law. Section 336 (e) (1) (c) provides that-

In ascertaining under this section the differences in costs of production the commission shall take into consideration in so far as it finds it practicable-

(1) In the case of a domestic article-

Senators will observe that in the specifications the foreign article was not included, as it was in the item I have previously read, but it was limited to the domestic article, and that is how the Smoot-Hawley bill is limited in this particular phrase:

In the case of a domestic article: (c) Other relevant factors that constitute an advantage or disadvantage in competition.

Mr. HARRISON rose.

Mr. AUSTIN. I see the learned Senator from Mississippi on his feet. I should like to ask him a question, if he will

Mr. HARRISON. Yes; I will answer the Senator's question if I can. If I understand the Senator, he has quoted the general provision that in the discretion of the commission they might interpret the provision carried in the sub-"economically located and efficiently operated plant," as included in the definitions of the general terms of those provisions; that is, I understand the Senator's interpretation to be that that language is broad enough in the present law to give to the commission, as they see fit to exercise it, the power to take into consideration efficiently operated and economically located plants. But I do not understand the Senator to say that specifically it points out in terms plain and clear so they can not be misunderstood, as it does in this report, that the commission shall investigate the "efficient and economic operation and location of the domestic industry under consideration." In other words, nowhere in the present law is such language employed as that, but only in general terms. Is not that true?

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Vermont yield to the Senator from Utah?

Mr. AUSTIN. I wish to answer the question of the Senator from Mississippi before I yield to the Senator from Utah, which I shall be glad to do in just a moment.

Mr. SMOOT. All I want to do is to say-

Mr. AUSTIN. Does the Senator from Utah wish to answer the question of the Senator from Mississippi? If so, I yield now for that purpose.

Mr. SMOOT. I was going to call attention to the fact that in the existing law it is mandatory. There is no ques-

Mr. HARRISON. The Senator says it is mandatory. Can the Senator, except in the case of glass, in which a decision was recently handed down by the commission, point to a single case where they have considered the question of economic location or efficiently operated plants in this country?

Mr. SMOOT. I have not any doubt that I can.

Mr. HARRISON. Only in the report I have read with reference to glass where they pointed out that the tariff, which was put so high the last time, was not applicable because certain industries in this country, notably the Libbey-Owen people, were making the products under the foreign process and the other industries that wanted the higher protection were making them under the old process. Only in that report have I ever found where the commission hinted at any "economically located and efficiently operated plant." It is said that they can take into consideration all of those factors, but it does not name specifically that authority. What I propose to do is to point out clearly that even though the Senator from Utah himself was on the commission he could not get away from it and he would have to bring in the right kind of a report.

Mr. SMOOT. I want to say to the Senator that if I was on the commission I would follow the law, and the provision is in the law as I have stated it. In all three cases referred to by the Senator the words "shall take into consideration" are there. It is not provided that they "may" take into consideration in ascertaining the difference in cost of production. That is exactly the position the Senator from Vermont is taking. All three references are "shall" and

not "may."

Mr. AUSTIN. Mr. President, I appreciate the discussion of this matter by both the learned Senator from Mississippi and the learned Senator from Utah. I think all of us will arrive at the same conclusion in the end, though we may differ on the way. I think the very next section I shall read in response to the request of the proponent of the substitute will show that there is no possibility of detour and that the method, the very language spoken of herethat is, "economical operation and location of the domestic industry under consideration "-defined in the Smoot-Hawley law as "method of manufacturing," must be taken into consideration. That is found on page 126 of the act in subsection H-4 of section 336. A part of it reads as follows:

The term "cost of production," when applied with respect to either a domestic article or a foreign article, includes for a period which is representative of conditions in production of the

Note the situation there, "a period which is representative of conditions in production of the article." I continue;

(a) The price or cost of materials, labor costs, and other direct charges incurred in the production of the article and in the processes or methods employed in its production.

That is a specific direction which can not be detoured or evaded in any way.

But, Mr. President, let it not be overlooked that I am employing these references to the Smoot-Hawley Tariff Act in order to show that there is nothing, absolutely nothing, in the first six pages of the substitute offered by the Senator from Mississippi which gives now or which adds any power or does anything excepting to reflect the shadow, and a broken shadow at that, of the Smoot-Hawley Act. To be sure, it deletes some things completely, and for that reason I am opposed to it.

But before passing to that I wish to call attention to the effect of the provisions of the Smoot-Hawley Act in respect to investigating along all the lines mentioned in the substitute bill. Take the provision for the cooperation and coordination of other branches of the Government which brings in many of the things mentioned in the substitute. namely, the amount of exports, the amount of imports, the conditions of labor, the conditions of investment of capital. the economic manner or method in which the product is produced both at home and abroad, and let us see how it is worked out.

#### TREASURY ATTACHÉS AND THEIR WORK

Have we ever heard of Treasury attachés? we have ever been to Congress and appeared before the Finance Committee of the Senate or the Ways and Means Committee of the House endeavoring to get the phraseology of an item changed or its classification changed or the amount raised, as I have done, and encountered the evidence of Treasury employees abroad. This I am taking from an authority. This is an extract from the address of Capt. F. X. A. Eble, United States Commissioner of Customs. He said with respect to Treasury employees and Foreign Service as it bears upon the powers and efficiency of our Tariff

In addition to our bureau in Washington and the field service throughout the United States, the Customs Service maintains a foreign force, whose headquarters are located in the capitals of principal European countries. There are also two offices in the Orient. The officials in charge are known as Treasury attaches. These officers are a branch of the investigative unit of the bureau in Washington. This unit, which is the directing office of the customs agency service, constitutes the eyes and ears of the commissioner, and assists him materially in the detection and prevention of frauds upon the revenue. tion of frauds upon the revenue.

# I will skip a portion of the statement and proceed:

It is in the establishment of foreign values that the agents of the customs foreign service render very valuable assistance to our appraising officers. If any United States appraising officer is uncertain as to the real or market value of any imported foreign commodity, he sends a request to the department that an investigation be made and this, in turn, is forwarded to the Treasury attaché stationed in the country from which the merchandise was exported to the United States.

Mr. President, so far as it is practicable to ascertain the facts abroad with respect to the economic conditions of production there, with respect to the difference in the cost of production there and at home, we now have adequate laws to do that, and we do not need anything that can be found in the substitute in order to exercise that necessary function.

It seems to me, that I heard the Tariff Commission attacked by the learned Senator from Massachusetts [Mr. Walsh], who asked what it had done and what good it has accomplished. I, therefore, feel impelled to invite attention to the fact, also taken from the high authority of the United States Commissioner of Customs, that-

## HISTORY OF TARIFF COMMISSIONS

Historically, our experience with tariff commissions goes back to 1882, with the appointment by the Congress of the commission to accumulate and prepare data for the tariff revision of 1883. After a lapse of a quarter century, the commission principle was again revived with the appointment of the so-called Taft Tariff Board, which continued to function as an investigatory branch of the Government until 1912, when it became defunct due to the failure of the Congress to provide funds for its continuance.

The present Tariff Commission was established in 1916 under a

The present Tariff Commission was established in 1916 under a revenue law of that year, and it, too, was originally established as an investigatory body to provide the Congress with data for use during congressional revisions of the tariff.

The Tariff Commission from time to time made investigations and reported a certain amount of definite information to the Congress when it went to work on tariff measures; that is to say, for years it did all and everything that was provided for it to do in the substitute bill, and if we should adopt the substitute we would be going back to conditions of years ago and surrendering and giving up, without consideration or any benefit received, that which has been developed by experience, the benefit of progress, the benefit of adaptation to the changing business conditions in the world as well as in the United States.

This story of the Tariff Commission goes on to say:

The commission is a bipartisan body made up of 6 man, 3 Republicans and 3 Democrats.

With the passage of the Fordney-McCumber Act of 1922, the

commission was given a new and very important function-

And that is the function that this substitute measure seeks

which has been continued under the present Smoot-Hawley law. This is the so-called flexible feature of the law, by which the commission is authorized to determine such changes in existing rates of duty as may be necessary to equalize the difference between foreign and domestic costs of production. The commission

reports its findings to the President, who makes them effective by presidential proclamation, adjusting, either up or down within a 50 per cent limitation, the rates of duty in the law in accordance with the cost-of-production formula.

#### CONSTITUTIONALITY OF FLEXIBLE CLAUSE

Mr. President, let me digress to consider for a moment another argument made here to-day, and that is that the flexible feature of the tariff law is unconstitutional and that it has been determined by a customs court to be unconstitutional.

Of course, it is not our function here to undertake to pass upon the constitutionality of any specific provision of law, and I would not have the temerity to stand before any tribunal engaged in seriously considering the subject and undertake to talk about a specific case concerning which I am informed only by what I hear on the floor of the Senate or what I read in the public press; but, as near as I can understand from what I have heard here to-day and what I have seen in the newspapers, in a particular case on a particular item, that is, wire fencing or netting, certain customs officials undertook the great function of declaring this provision of the law to be unconstitutional.

We know that if there is any one distinguishing characteristic of the Government of the United States which makes it stand out superior to any other form of government ever created in all the world and in all time it is the Supreme Court of the United States, which is invested with exclusive power and the exclusive sovereign right of saying what acts passed by the Congress of the United States are and what are not constitutional. No other body in all the world exercises any such power as that; no other body in all the world can, with any effect whatever, undertake to declare an act of Congress unconstitutional, and yet a customs officer, a customs court, assumes that attitude.

On close examination it would probably be found that the decision was rendered for the sole purpose of raising the question and getting it to the Supreme Court, and not with any view of having any effect upon the act either in legislation here that may be reflected by that decision or in any judgment that may flow from it. Of course, it is an act of temerity for a Senator to stand here and controvert the court and say that he believes the law is constitutional notwithstanding that judgment, but I am going to be so hardy as to do that, and to declare that I am firmly persuaded, as a Senator, that this law is sound and is constitutional or I would not be on my feet supporting it.

The fact is, so far as I can see, that what the Tariff Commission did in the case of woven wire was to give it a different tariff rate. One may call that any name he pleases, but, as I see it, it was the exercise of the right to change the classification of an item of trade. The Tariff Commission merely lifted woven-wire fencing out of a basket provision, as it is called, a general provision, including many items; it lifted this one item out of the basket clause and said, "We will, within the 50 per cent limitation, increase the rate on this one item out of a whole basketful." I believe that is what was done. If that be the case, that change of classification, if it is such a change, that change of rate, is not legislation; it is not fixing rates. When Congress put a maximum and a minimum limit upon the flexibility of the rate it legislated, the legislative act was complete and finished; and an increase of the rate within the limitation was a mere administrative function under the law. When, under their power, the commission lifted that item out of the basket clause, it did what it was specifically granted the power to do as an administrative act, and not as a legislative function.

When it comes to hearings before the committees of either House of Congress with respect to the imposition of a tariff on an item that is free, or with respect to the change in the rate of duty on the item or with respect to putting it among its proper associates and taking it out of bad company, the committees of the Senate and of the House of Representatives to-day have the benefit of the advice of the Tariff Commission. It is not necessary to destroy the flexible feature of the tariff law in order to continue to enjoy all

the advice, support, and assistance of the Tariff Commission which has been heretofore enjoyed and is enjoyed to-day and is not created by this substitute bill.

I have spoken somewhat from my own observation in respect to this matter, but I do not like to rely upon that. Therefore I cite authority for this proposition in general. I quote from the Commissioner of Customs, who says:

In the hearings before the Senate and House committees, everyone is given an opportunity to be heard and to present his case; and you will get an idea of the extent to which this is done when I tell you that the record of the hearings before the two committees covers some 18,000 printed pages.

He was referring to the very tariff bill to which an amendment is now proposed.

I might add at this point that in our recent revision there has been a decided tendency for the Congress to rely less and less on the data submitted at these hearings and to frame the bill in consultation with the Government experts of the Tariff Commission and of the Treasury Department.

Anyone who has gone to the Tariff Commission in an attempt to secure an increase in a tariff rate or a change in a schedule in any way has encountered the vast amount of information and scientific data gathered at home and abroad affecting the subject which really puts his own information completely in the shadow.

I should like to refer to the subject later in discussing the second feature of this tariff measure, but it is getting late, and I am sure the Senate has been very generous listening to me so patiently after a long day. So I will conclude the first proposition which I desire to make here and will be glad—

Mr. WATSON. Does the Senator desire to conclude tomorrow?

Mr. AUSTIN. I will be very glad to complete my remarks to-morrow, if I may then be recognized.

The VICE PRESIDENT. The Senator will be recognized.

Tuesday, March 29, 1932 RÉSUMÉ OF ADEQUACY OF LAW

Mr. AUSTIN. Mr. President, on yesterday we suspended the discussion of reasons why the Harrison substitute to the pending measure (H. R. 6662) ought not to pass with the claim that the substitute is unnecessary to effect the purposes stated by the proponents of that measure. It is alleged that Congress has and exercises the power which the proponents claim the substitute would return to Congress. It exercises those powers under and by virtue of section 8, Article I, of the Constitution in vesting Congress with the power to "lay and collect duties, taxes, imposts, and excises."

Again, the proposed substitute, we claim, ought not to be enacted, because it is not necessary to invest the Tariff Commission with the powers claimed by the proponents to be invested by the substitute. The commission already has and enjoys these powers by virtue of the Smoot-Hawley Tariff Act and by virtue of sections not objected to and not suggested to be changed in any manner by this proposed amendment.

Again, the substitute is inadequate and deficient for the purposes stated by its proponents, because it omits very essential elements that are found in section 336 of the present tariff act.

Again, it is destructive and not constructive, because it removes the only effectual plan for correcting errors in rates. It ought not to be adopted, as we urge justly, because it eliminates consideration of the national interests and magnifies the consideration of local interests by turning back to the ancient and discarded method of logrolling for the proposed correction of errors, the very abuse against which section 336 was aimed, and aimed effectually.

# THE MAPLE SUGAR INVESTIGATION

Furthermore, it destroys the beneficial element of speed in securing a remedy. I call the attention of the Senate to the speed with which the flexible feature of the Smoot-Hawley tariff law was employed against the farmers of 21 States in this Union which produce maple sugar, and particularly against the farmers of the State of Vermont. With

the permission of the Senate, I will read a short paragraph from a letter from A. H. Packard, president of the Vermont State Farm Bureau, written to me, dated January 21, 1932:

Pleased to receive your letter of January 14 regarding the tariff on maple sirup, and will say that the deflation of Canadian currency takes away part of the protection which we had even after the Tariff Commission got through with us. You will recall that our tariff from 1920 to 1930 was approximately 30 cents per gallon; that Congress, on June 8, 1930, gave us approximately 60 cents per gallon protection; and that fall some one got the Tariff Commission started, and when the sky cleared we had approximately 44 cents protection. A 20 per cent discount on money reduces this 44 cents quite a way back toward the old 30, and practically opens up the door so that Canada can again send sirup in with very little hesitation.

I have ascertained that what took place to which this Vermont farmer alludes was the following: Of course, we start from the point that the tariff act of 1930—the Smoot-Hawley Tariff Act—became a law, on June 17, 1930. On July 2 the senior Senator from New York [Mr. Copeland] asked unanimous consent for the consideration of Senate resolution 313, which proposed an investigation by the Tariff Commission, under the flexible clause of the tariff act, of certain specified commodities.

#### HISTORY OF TARIFF RATES ON MAPLE PRODUCTS

There was no debate in regard to the resolution, but it was objected to by the Senator from Idaho [Mr. Thomas] and went over until July 3, when it was again brought up, and agreed to. Before the last-mentioned action was taken, the senior and distinguished Senator from Mississippi [Mr. HARRISON] offered an amendment to include maple sirup and maple sugar among the commodities to be investigated under the resolution. No objection was raised to that amendment. Following its investigation of maple sugar and maple sirup under the terms of the Copeland resolution, the Tariff Commission submitted its report to the President on February 2, 1931, recommending a decrease of the rate on maple sugar from 8 cents to 6 cents, and a decrease of the rate of duty on maple sirup from 51/2 cents per pound to 4 cents per pound. The President subsequently issued a proclamation changing the rate in accordance with the recommendations of the Tariff Commission.

I call the attention of the Senate now to the element of time involved in this proceeding in order that there may be impressed unforgetably the fact that section 336 of the Smoot-Hawley tariff law creates speed in the correction of any error, if such there has been, in fixing the rate of duty upon any single commodity by the Congress. Speed! This change in the rates on maple sirup and maple sugar, whether right or wrong-and I am not debating that question, it will be understood, for it will be soon enough to take it up if we can persuade this body to do so-whether right or wrong, I say those rates were changed even before the law had an opportunity to be applied to maple sugar and maple sirup. Before ever the farmers of Vermont and other States could produce a single crop to benefit by the rate in the Smoot-Hawley Tariff Act some interest caused a resolution of the Senate of the United States to excite the action of the Tariff Commission, and all the machinery which is provided by the Smoot-Hawley Tariff Act was actuated into motion. The entire investigation completed; the proclamation by the President issued; and the beneficial effect of the action of Congress in raising the rate on maple sugar entirely destroyed before the farmer could even try it out.

Mr. COPELAND. Mr. President-

The VICE PRESIDENT. Does the Senator from Vermont yield to the Senator from New York?

Mr. AUSTIN. I yield.

Mr. COPELAND. Is not what the Senator says an argument in favor of the Harrison proposal that before a change shall actually be made, after the Tariff Commission has acted, it shall be brought to Congress for its opinion?

I am in the fullest sympathy with the Senator regarding the rates of duty on maple sugar and maple sirup, because they are produced in my State as well as in his; but this action was taken by the President under the present act without any opportunity on the part of the Congress to be heard regarding its wishes in the matter.

Mr. AUSTIN. Mr. President, the answer to that question in a word is "no," and the explanation of the answer is as follows: There is no more logic or sense, even, in saying that the Tariff Commission should be abolished because it has rendered an adverse judgment to some interest than there is in saying that the Senate should be abolished for exciting the action of the Tariff Commission. It is not a question of whether the action taken was right or wrong; it is not a question of who is responsible for doing this thing; the question to-day for us is-and it is a serious question for the people of the State of Vermont, because onethird of our population is engaged in agriculture, and the making of maple sugar is a very important prop and support to their humble lives—the question to-day is, Shall we have an equal privilege with those who started this attack upon maple sugar to recover and have restored to maple sugar its rights and to the farmers of Vermont their rights, if they have them? I would as soon think of saying we should abolish a court which renders judgment against me as to think of abolishing the Tariff Commission because its action in the case of maple sugar was unfortunate and harmed the interest of the farmers of my State.

The substitute of the Senator from Mississippi, if enacted into law, would strike from under the farmers of Vermont and every other State where maple sugar is produced the privilege of presenting the case to a board which can act scientifically, which can take into consideration facts which were not previously presented to them, can take into consideration changed conditions, and render a judgment as of to-day, and render it with speed; because, if the substitute is adopted, the element of speed is gone, and gone forever, until we restored, if we ever should, to the tariff measure some flexible feature that will provide for an immediate correction of errors committed in the logrolling process in Congress.

Mr. COPELAND. Mr. President, will the Senator yield?
The VICE PRESIDENT. Does the Senator from Vermont yield further to the Senator from New York?

Mr. AUSTIN. Yes; I yield.

Mr. COPELAND. It seems to me the Senator is unfortunate in his particular example of the efficiency of the present system, because if, under the proposed substitute, we had the report of the Tariff Commission on maple sirup and maple sugar, we could here bring our own individual views to bear upon the decision. I have no doubt that the able Senator from Vermont could bring material here to bolster his thought that there should be greater protection upon this commodity, but at present, when the recommendation of the Tariff Commission goes to the President and the President acts, then we are foreclosed until we have a general tariff revision. I think that it was very unfortunate that these particular items, maple sugar and maple sirup, received the treatment they did at the hands of the Tariff Commission and at the hands of the President. I doubt exceedingly if it would have happened had the Harrison law been in effect and had the report of the commission been brought back here. Even though there might have been a few months' delay, there would have been greater justice done to the farmers of Vermont and the farmers of New York than under the particular action which was taken by the Tariff Commission and by the President.

Mr. AUSTIN. The argument of the learned senior Senator from New York brings out in fine relief the very thing we are contending for, and that is this matter of speed, which can be preserved if we preserve the flexible feature of the tariff law, and which can be destroyed if we destroy the flexible feature of the tariff law.

Mr. HARRISON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Vermont yield to the Senator from Mississippi?

Mr. AUSTIN. I do.

Mr. HARRISON. Do I understand that the Senator is criticizing the Tariff Commission for showing too much speed in reducing the rate on maple sugar and maple sirup?

Mr. AUSTIN. Mr. President, the Senator was not criticizing the Tariff Commission for anything. The Senator was praising section 336 of the Smoot-Hawley tariff law because it permitted immediate, prompt change, within the limits of the act, of the amount of the tariff on a certain commodity. I intend to follow this with a statement of the general record of achievement of the Tariff Commission and to make the claim that if the commission were wiped out and it became necessary to go to Congress in place of going to the Executive for the purpose of making a proclamation, you could go only at stated times of the year. You would deal with three or four hundred individuals instead of with one individual. You would excite the cupidity, the selfish interests of all the different localities that wished to do some logrolling for their benefit the moment you stepped into Congress with this matter; and instead of having the comprehensive and broadvisioned and special expert knowledge of the Chief Executive, with his staff, you would have the specialized, diversified, and expert knowledge of really hundreds of different experts trying to deal with that matter. So that in every respect I praise, and do not criticize, the Tariff Commission.

Mr. HARRISON. Then the Senator praises the Tariff Commission for having reduced the tariff on maple sugar and maple sirun?

Mr. AUSTIN. No; that is not a conclusion that can logically follow my remarks.

Mr. HARRISON. Would the Senator mind telling me whether he agrees with the Tariff Commission in that find-

Mr. AUSTIN. No; I prefer not to state. Mr. HARRISON. Why does the Senator refuse to tell us that?

Mr. AUSTIN. Because it is entirely irrelevant and not germane to my argument.

Mr. HARRISON. Is it not a fact that the reason why the Senator does not want to tell us is because his State is very much interested in maple sugar and maple sirup, and the Tariff Commission has reduced this duty perceptibly, and the Senator does not feel like getting into a controversy with anyone in his State with reference to his

Mr. AUSTIN. Mr. President, I will answer that question. The Senator does not feel that way about the matter. For the present, in this body, and on the substitute which is under consideration, the Senator views the situation to

Whatever may have been the facts which moved the Tariff Commission to reduce the rates on maple sugar and maple sirup, the Senator from Vermont has no doubt of the good faith and the intent of the Tariff Commission to do justice and is not going to stand in this body and undertake to criticize the judgment of that commission.

Looked at from the point of view of the learned Senator from Mississippi-namely, political interest-I should say that it appears to me like this: It is quite a significant picture. Apparently the advocate of the interest of the man who makes a rich, juicy, sweet chew of tobacco to obtain a nice, fine profit from the sweetener that is obtained from the green hills of Vermont is at least more powerful than the advocate of the interest of the hardy farmer up there, slushing around the melting snows of the mountains in his rubber boots, who manufactures that sweetener. I am for that farmer, and when the time comes the Senator will hear from me on this tariff question. But I am not debating an item of the tariff; I am dealing with a principle-namely, Shall we remove the only means we have of restoring that tariff if it is correct that it should be restored?

Mr. HARRISON. Will the Senator permit me to congratulate him on the clarity of his answer to my question? Mr. AUSTIN. I thank the Senator. I appreciate his generosity, Mr. President.

Mr. HARRISON. It is just as clear as mud.

Now, I should like to ask the Senator a further question without desiring to get him into a controversy with his constituents, as to whether or not he approves of the Tariff

Commission's finding reducing the tariff duty on maple sugar and maple sirup. He says he favors the present plan because of its flexibility, and that there would have been delay if we had not had such a law. That is right, as I understand. Then, the Senator says that if this recommendation had come back to Congress there would be some logrolling and swapping, and that is a thing we want to get away from.

The Senator has studied this substitute and the House bill. Under the present law, of course, a tariff bill comes in here. We have seen some swapping, some logrolling; but we prevent that in this substitute by saying that no subject shall be considered that is not germane to the particular subject matter of the bill. Now, I want to ask the Senator this question: Suppose this report had come in on maple sugar and maple sirup. If this bill were being considered then in the Senate, does he know of any other amendment that might have been offered as to any other product that would be germane to the particular subject matter?

Mr. AUSTIN. Mr. President, I will try to answer that question. I tried to answer the other question. Perhaps my answer was not complete enough, and after answering the pending question I will go back and add to my former answer.

Mr. HARRISON. If the Senator will just answer the last question as to what amendment would be germane to the consideration of any other question, I shall be satisfied.

Mr. AUSTIN. I will try to do that.

It would make no difference whatever whether it were germane or not upon the question of "back scratching" in Congress. It would make no difference whether any other amendment were pending than the single one spoken of by the learned Senator from Mississippi, for this reason: There is nothing to prevent the genial Senator from Mississippi from saying to the genial Senator from Massachusetts [Mr. WALSH], "You help us in that bill and we will help you by and by with such and such a thing in which you are interested."

The measure does not have to be immediately pending in Congress in order to have the wildest sort of back scratching and logrolling; and it is that very thing which both the great parties have declared against and which they have sought to obviate in their platforms when they have declared for a scientific method of adjusting rates. It is really an astonishing thing to see the leaders of the Democratic Party standing up here to-day against the solemn declaration of their entire organization in their last national convention upon this subject.

Now, returning, as I intended to do before finishing, to the former question of the Senator from Mississippi, I will add something. I thought I had completely answered him; but if it interests him more to know what my constituents think about this matter than I appeared to understand, I will read this telegram from W. L. McKee, president of Associated Industries of Vermont. This is dated January 5 and addressed to me:

Newspaper reports Representative Garner is proposing a change in administrative section of tariff bill requiring Tariff Commission report to Congress instead of to the President, and that such bill is expected to pass this week. The prosperity of Vermont farmers and industry is absolutely dependent upon tariff protection. Canadian farm products and manufactured articles are now injur-Canadian farm products and manufactured articles are now injuring Vermont industries more than people realize under present tariff. The proposed change apparently places this question in politics and would practically nullify the workings of the flexible section of the tariff act and render impossible adjustments necessary to protect Vermont industry against changing Canadian conditions. Firmly of belief that the administration of this act should not be subject to political quarrels or delay. Hope that your judgment and knowledge of Vermont conditions will lead you to oppose this strenuously and completely. Believe our association would oppose change almost 100 per cent.

W. L. McKee.

President Associated Industries of Vermont.

Mr. President, that is some evidence that the constituency which I represent is being represented in respect to the preservation of the flexible feature of the tariff law.

Mr. HARRISON. Mr. President-

Mr. AUSTIN. I yield.

Mr. HARRISON. I want to get back to the question I asked the Senator. He cited the illustration that if a bill reducing the tariff on maple sugar and maple sirup were here, nothing would prevent me from going over to the Senator from Massachusetts or some other Senator and saying, "You vote with me on this bill, and I will vote with you on some other bill." Of course, that could be done if we would be guilty of such nefarious conduct; but will the Senator now admit that if a report under this substitute for the House bill should come before the Senate for consideration, the subject being merely the reduction of the tariff on maple sugar and maple sirup, an amendment to put a tariff on some other commodity in that particular bill would be subject to a point of order, and would not be germane? Will he admit that?

Mr. AUSTIN. I will not admit that. The question of what is germane will prove to be one of the most troublesome questions the Senate will have to deal with if this act

ever becomes a law.

Mr. HARRISON. Now, I will ask the Senator, what product he would suggest as the subject of an amendment touching the tariff that would be germane to the tariff on maple sugar and maple sirup?

Mr. AUSTIN. I think I do not understand the question.

Will the Senator state it again?

Mr. HARRISON. The Senator from Vermont says that other matters could be offered as amendments that would be germane. I am asking him to state one that would be germane in the consideration of the tariff on maple sugar and maple sirup.

Mr. AUSTIN. The Senator from Vermont did not so state; and, so far as he is informed at the present moment, he would feel great hesitancy in undertaking to define what is germane, and to make an example of a germane item.

That was not the point, in any event.

Mr. HARRISON. That is what I am asking the Senator—to state one product that would be germane in the considera-

tion of the tariff on maple sugar and maple sirup.

Mr. AUSTIN. I should be glad to do so, but it is entirely irrelevant to anything I am debating here. I am not here for the purpose of answering questions of that character. I think it would be just as sensible to ask me what I know about white mice as to ask me a question like that, when I do not claim and have not claimed that any action could be taken by the Senate which would not be germane, or which would be germane, to a pending bill.

Mr. HARRISON. Mr. President, with all deference to the Senator, I know that he wants to debate this question in a very fair way, and I am trying to reach the same result. The difference in the viewpoint of the Senator and myself and others is that he is arguing that the substitute will not clarify the matter of writing a tariff bill from past procedure. He has condemned the logrolling and the swapping-of-votes process which we have seen in tariff legislation. We contend that under the substitute no amendment that is not germane to a particular subject matter would be considered. I am asking the Senator if he can state a single proposition, when we were considering a report of the Tariff Commission on maple sugar and maple sirup, that would be germane, and he does not tell me, he does not answer the question. Yet he says that that has nothing to do with the question. It has a great deal to do with it.

Mr. AUSTIN. Mr. President, I will be pleased to accord to the Senator from Mississippi the privilege of allowing his statement just made to stand without contest, for I am making no argument based upon the thing he is talking about, none whatever. The point I am trying to make-perhaps I am doing it so abstrusely that I am misrepresenting my own thought—is that this substitute should not be agreed to because of the fact that it would destroy the speed with which correction of errors could be made, because it would destroy the flexibility of the present law.

Mr. HARRISON. Mr. President, will the Senator yield for another question, on the question of speed?

Mr. NORRIS. Before the Senator goes on to the question of speed, I want to ask something pertaining to this par-

The PRESIDING OFFICER. To whom does the Senator from Vermont yield?

Mr. AUSTIN. I yield to the Senator from Nebraska.

Mr. NORRIS. Will the Senator permit me to answer the question propounded by the Senator from Mississippi?

Mr. AUSTIN. I will be very grateful to the Senator. Mr. NORRIS. The Senator from Mississippi asks what would be offered as an amendment that would be germane. I will say to the Senator from Mississippi that an amendment putting a tariff on tooth paste made out of maple wood would be germane. [Laughter.]

Mr. HARRISON. I might agree with the Senator in that.

Mr. NORRIS. It comes from maple.

Mr. HARRISON. Getting back to the question of speed, I want to ask the Senator from Vermont a question. As I understand him, he is arguing that we get more speed by leaving to the Tariff Commission the power to fix rates, to reduce them or increase them. That is right, is it not?

Mr. AUSTIN. That is correct. I do not know that is the

whole question I would want to assent to.

Mr. HARRISON. The Senator will recall that under the Fordney-McCumber law the tariff on maple sugar and maple sirup, getting back to the matter the Senator is discussing, was 4 cents a pound, and the Tariff Commission, while President Coolidge was President, recommended a reduction of the tariff on maple sirup to 31/2 cents and an increase to 5.3 cents on maple sugar. Instead of getting speed, you did not get it. The President, who came from the State represented by the Senator, refused to ratify or proclaim the rates promulgated by the Tariff Commission, and you did not get any speed at all. You did not get a reduction on the maple sirup and you did not get any increase on the maple sugar. What has the Senator to say about the speed of that incident?

Mr. AUSTIN. Mr. President, I have this to say, that section 336 of the Smoot-Hawley Tariff Act, which we are discussing and which is the only thing we are discussing, was not in existence at that time. We are not dealing with the same things whatever, and the endeavors to drag me out of a discussion of the pending question will not be suc-

Mr. HARRISON. Mr. President, the Senator does not want to fall into error that way. The Tariff Commission had practically the same power under the Fordney-Mc-Cumber law, which was the law when Mr. Coolidge refused to accept the findings of the Tariff Commission, as under the Smoot-Hawley law. Will not the Senator go back in his recollection and agree with me in that statement?

Mr. AUSTIN. Mr. President, I am not discussing the law as it stood before the Smoot-Hawley tariff law was enacted. We are not dealing with anything here but section 336, for which the Senator has offered a substitute, and the question before the Senate is not what the condition of the law was before the Smoot-Hawley Tariff Act was passed.

Mr. HARRISON. Mr. President-

Mr. AUSTIN. I do not care to yield further if we are

going off the pending question.

Mr. HARRISON. I just wanted to correct an error the Senator has gotten into. Under the Fordney-McCumber law, passed in 1922, the power of the Tariff Commission under the flexible provision was practically the same as under the Smoot-Hawley law, and I think my friend the Senator from Utah will nod his head in assent to that proposition. I just want to keep the Senator straight on that matter.

Mr. AUSTIN. Mr. President, I understand the very fine intentions of the senior Senator from Mississippi, and thank him fully, as much as the occasion deserves. I now wish

to proceed with my argument.

The PRESIDING OFFICER. The Senator declines to yield further.

## RECORD OF TARIFF COMMISSION

Mr. AUSTIN. Mr. President, I might call attention at this moment, in passing, briefly to the achievements of this Federal commission which is under attack here. Since its reorganization, in September, 1930, the commission has disposed of 113 cases, with increases in duties on 12 commodities, decreases on 17 commodities, and no change recommended in 39 other cases. Four cases were returned to the commission by the President for further investigation. Eight investigations ordered by the Senate were dismissed by that body. Five applications were withdrawn by proponents, and 20 applications were dismissed by the commission itself after careful preliminary investigation.

It seems to me that when we consider the period involved, namely, from September, 1930, to January 1, 1931, when this report was made, the record of action of the Tariff Commission is a voucher of its usefulness and an argument for its maintenance and preservation for the benefit of the wage earner, for the benefit of labor, and for the benefit of the employer, and the man who is forced in this depression to seek out new avenues for enterprise, in order that we may maintain or restore that degree of prosperity which tends to the high standard of living to which our people are educated and to which they aspire.

It seems to me—and I will make this brief—that this is the poorest time when any such attack as this could be offered against the tariff act known as the Smoot-Hawley tariff law. When, in all the experience of the American people, could it be more inappropriate to offer in Congress a measure which is replete with promises of concessions, tariff concessions, mutual concessions to our competitors; replete with promises of taking out of the taxable list and putting on the free list other commodities; replete with suggestions of reductions of tariff rates? When in all our history could such a proposition be more injurious to the wage earner than it is to-day?

We see labor all over the United States, organized and unorganized, standing up in solid ranks against this substitute, because labor sees that if the tariff wall in this emergency is broken down, if foreign competition is admitted to a greater extent than we have it to-day, our depression will be given a further impetus downward; and those who are at the bottom of the scale will suffer the most when that takes place.

## THE VERMONT FARMER

Of course, in my own State the farmers, about whom I have talked, feel it keenly. Ask one of them about the human side of the tariff law, and you will get a picture. You will see something that will stand out in your imagination with more persuasive eloquence than all the reasoning that could be indulged in here by anybody. Live in a border town on the Canadian line, spend you boyhood there, back and forth from Canada into Vermont, and witness what we have witnessed there, the difference in the standards and conditions of living between the American farmer and the Canadian farmer.

We have seen the day when there was not a range in a dwelling house north of the line, and the bread was baked in an outdoor oven. We have seen water taken with a well sweep for lack of a pump. We have seen their fields tilled with old-fashioned machinery. We have seen their grain garnered with the scythe operated by hand. We have seen their pigs and their cattle and horses, their sheep and poultry, all pastured together in the front-door yard and We have seen every member of the family having to go into the fields and work and toil by hand-mother, sons, and daughters-in order to eke out a living on those rich farms, whose opportunity, however, was as different as you can possibly imagine from the opportunity of those sturdy farmers just across that imaginary line in the State of Vermont, who enjoyed modern machinery, whose housewives had a range, whose well contained a pump, whose farms were tilled by men, whose cows were milked by milking machines and men, not by the girls of the household.

Then we saw a thing take place. The Canadian farmers began to move out of Canada across the line and pay huge prices for farms in Vermont, and the value of land in Vermont went up. Not only did we see the standard of living better, the luxuries and comforts of life taken to the farmer on the hillside there, but we saw values go up, and to-day you will find the Canadian Frenchmen—a mighty fine type of humanity, let me say in his praise and to the glory of

truth-extending all the way through the State of Vermont, and occupying and tilling our farms." That is what you find there to-day. You see the human effect of a protective tariff. In the early days there was \$4 a ton on hay. It is now \$6, made so because of the changed value of hay. But I want to state that the tariff on hay alone had the greatest reflex on the people on both sides of that line, and could be known and observed by every boy who was growing up on the line. Perhaps that is one reason why Vermont is Republican. The Republican tariff came from Vermont. Justin S. Morrill, that great statesman, the founder of the land-grant colleges, which are enjoyed by every State in this Union, wrote the first Republican tariff act. He received his high inspiration from his experience on the border, and that had been quite a varied experience which taught those Republicans to believe that they were opposed to an embargo, that a tariff that was so high as to amount to an embargo was bad. They saw that also from their lives and experience there.

During the administration of Thomas Jefferson the Vermonters organized a rebellion against the Jefferson embargo of 1808 which resulted in armed force and the shedding of human blood and the loss of human lives. Vermonters do not insist upon an embargo or rates high enough to prevent the proper exchange of business between countries, but they have learned from experience the indispensable value of a tariff that does protect in order to raise up and keep raised up the standard of living for them and their posterity.

Mr. COPELAND. Mr. President-

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from New York?

Mr. AUSTIN. I yield.

Mr. COPELAND. I am in the greatest sympathy with what the Senator said about the value of the tariff. I am one of those on this side of the aisle who believe in it. properly applied. But I want to ask the Senator if it is not possible at least that the Tariff Commission, dealing with matters as it does under the present law, is excluded from taking into consideration the human element mentioned by the Senator? On the other hand, if we could bring here the subject about which the Senator spoke a little while ago. the maple-sugar tariff, after the commission had considered it thoroughly from the legalistic or statistical standpoint, we could have the human side presented here. But as I understand the Senator, he is satisfied to have it as it is now because, he says, we get immediate action and we do not have all the possibility of logrolling. I could have answered the question a little while ago propounded by the Senator from Mississippi [Mr. Harrison] about subjects germane to it. We might have brought in the subject of chewing tobacco, which is sweetened, and of cheap sugar and refined sugar. I could have brought in, too, the matter of saccharin. Those matters might properly be considered as germane, but there could not be brought in all of the 21,000 items embraced in the tariff act.

As I said, it would be much better, if I may say so with all courtesy to the Senator, to adopt the plan proposed in the Harrison substitute because after the Tariff Commission had developed the legal side and the statistical side, the matter would come here for consideration of the human side. I honor the Senator for what he has said about that side of the question. I was born on a farm and know something about farm conditions. I know how trying they are. But the Tariff Commission does not consider that element. I think really the Senator, if I may say it, is mistaken in his opposition to this particular feature of the bill. I think it would be far better to have the report brought to us from the Tariff Commission in order that we might inject into it the human element and make it a human thing instead of just simply a statistical thing as it is under the present law.

Mr. AUSTIN. Mr. President, I appreciate the point of view of the distinguished senior Senator from New York and his very excellent statement of his attitude toward the pending legislation. It is natural, since the proponent of the measure is a leader in the great Democratic Party and the senior Senator from New York is likewise such a leader. But we differ, and we differ with respect for each other. I may comment, however, upon what the distinguished Senator said in this way. He said, "Why not bring the human problem into Congress where we have a flow of the milk of human kindness and have action upon it here?" I say, do so, by all means do so, but do not destroy the other agency of speedy remedy.

I do not need to repeat what I have stated several times yesterday and to-day that Congress still enjoys its constitutional right to entertain the tariff on maple sugar, even though the Tariff Commission made a decree yesterday. That is just the point. We may bring the human problem to Congress whatever the judgment of the Tariff Commission may be, and we may bring it here at any time. We may bring it while they are considering, we may bring it before they consider, or we may bring it after they have considered the matter. Under the Constitution of the United States this is the place where we can bring the human problem and bring it many times, whether it bear upon the tariff question or not. We enjoy that privilege, and I would join the Senator from New York any time that I thought a project of his involved justice or humanity, even though it did run counter to the judgment of the Tariff

So the point I discuss is, Why lose this valuable machine, why wreck it in its infancy, as it were, and while it has just begun to get its stride? Preserve it. It is a benefit to us all the time. We do not have to ask the Tariff Commission to change a rate to have it benefit us. It is at work all the time, and when next we come to review the general tariff law, we will have the benefit of its special skill and knowledge and experience, and we will also have the human side of the question as we always do when we have hearings on a tariff measure.

Mr. President, I shall pass from this phase of the subject and take up the second feature of the proposed measure.

Mr. COPELAND. Mr. President, before the Senator does that will he yield further?

The PRESIDING OFFICER. Does the Senator from Vermont yield further to the Senator from New York?

Mr. AUSTIN. Very well; I yield.

Mr. COPELAND. The Senator is very patient, and I have such high respect for him that I do not want to interrupt him unduly, as he knows. But I feel really that the Senator has a misconception of the purpose of the bill, or else I do not understand it myself. As I understand it, the bill preserves the Tariff Commission with all the functions it has now. Am I wrong about that?

Mr. AUSTIN. The Senator is wrong, in my opinion.

Mr. COPELAND. May I ask the Senator from Mississippi whether I am in error about it?

Mr. HARRISON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Mississippi?

Mr. AUSTIN. Certainly.

Mr: HARRISON. What the substitute does, as I tried to point out in detail the other day, is this: We have taken away from the Tariff Commission very few powers. The major power we have taken away from them is the right to write rates. We have divested them of that power and placed it in the Congress.

We lay down specifically—not in general language as in the present law, but specifically—the factors the Tariff Commission must consider in ascertaining the cost of production. For instance, we give a definition of transportation. While the Senator from Vermont says in a general way they can study the economic location and efficiency of a particular plant, we say specifically that they shall do it—and so on down through the list. In other words, we particularize wherein the present law is general. We have not divested the Tariff Commission of any power they have now except the power of fixing rates finally.

Mr. COPELAND. Mr. President-

Mr. AUSTIN. Mr. President, I should like to continue, but I will yield in a moment. However, before yielding again

to the learned Senator from New York, I wish to invite attention to an error in the statement of the proponent of the subject. One of the important and eventual requirements in section 336 which will be abolished, wiped out by the substitute, is that which deals with the wages of capital. Is not that so? That is washed out and destroyed entirely.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. AUSTIN. Not at this point.

The PRESIDING OFFICER. The Senator from Vermont declines to yield.

Mr. AUSTIN. I want to prove my statement. I have only made the statement, and before yielding I want to prove it.

On page 126 of the present law, section 336, paragraph (h), subsection (4) (b) reads as follows, and it is washed out very quietly, with no discussion of it at all:

(4) The term "cost of production," when applied with respect to either a domestic article or a foreign article, includes, for a period which is representative of conditions in production of the article.

\* \* \* (b) The usual general expenses, including charges for depreciation or depletion which are representative of the equipment and property employed in the production of the article and charges for rent or interest which are representative of the cost of obtaining capital or instruments of production.

I submit that when we strike out a section which includes that provision and replace it by a section which does not include it, we have struck out of the law one of the most important protections that the wage earner and the farmer can possibly have. Why? The American wage earner and the American farmer have that differential to overcome. A tariff that does not take into consideration the wages of capital is a tremendous burden and hardship upon the wages of labor, because it is labor that has to compete in the end. Over there the price is fixed by the cost of production, and it takes into account overhead and the wages of capital, for capital will not work without its wages. But over here we must not, we can not, after this measure becomes a law, take into account the wages of capital in fixing the protection which our wage earners shall get from the products of that capital or the instruments of labor.

Mr. HARRISON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Mississippi?

Mr. AUSTIN. I yield.

Mr. HARRISON. The Senator, of course, has read, on page 3, subsection 1, as follows:

The differences in conditions of production, including wages, costs of materials, and other items in cost of production of like or similar articles in the United States and in competing foreign countries; costs of transportation; other costs including the cost of containers—

And reference is then made to numerous other items that must enter into the cost of production.

Mr. AUSTIN. Mr. President, all those features are in the Hawley-Smoot Act as well as the feature which takes care of the wages of capital. Now I should like to pass on. I fear I am wearying the Senate with this prolonged debate, and I should like to conclude.

Mr. COPELAND. Mr. President, will the Senator from Vermont yield to me?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from New York?

Mr. AUSTIN. I yield.

Mr. COPELAND. I hesitate to interrupt the Senator, but I am just as anxious to ascertain the true inwardness of this bill as is he. I did not write it; I never saw it until it came on the floor; but I have gone through a general tariff revision, I want to say to the Senator, and I never want to do it again. That is not the way to make a tariff law. It keeps us here for months at a time, and unquestionably logrolling enters into a general revision of the tariff; but, as I see it, if, as to a given item, we could have from a scientific body, an impartial body, a nonpartian body, such as is the Tariff Commission, the facts regarding the cost of production here contrasted with the cost of production abroad, then we could honestly and calmly determine a proper tariff rate.

I can not see what there is in the Harrison proposal that | is in the least dangerous. It proposes to bring to us all the information on maple sugar, for instance, and then we shall be as well qualified, with that information before us, as are the tariff experts themselves to determine what the rate shall be. Then, as I said a little while ago, we can add to it the human element, involving the interests of the people. I may be wrong, and I am usually convinced by everything the Senator says, but, frankly, I remain unconvinced in this particular matter.

Mr. AUSTIN. Mr. President, I am very sorry that the learned Senator from New York is not convinced by what I have said to-day. Perhaps if he had been here yesterday and had then heard my discussion of the very questions

mentioned to-day, he might be convinced.

Mr. COPELAND. I shall read the RECORD, so that I may

know what the Senator said on yesterday.

Mr. AUSTIN. On yesterday I tried to dissect the measures and show the fact that Congress, under the present law, can do exactly the thing which the learned Senator from New York wants to do, and that the substitute is not necessary for that purpose. One may now call on the Tariff Commission-

Mr. COPELAND. Will the Senator yield to me at that point?

Mr. AUSTIN. I should like to finish my statement, but

I will yield to the Senator from New York.

Mr. COPELAND. But that is not the way we do it. A tariff bill is brought in here with 21,000 items. I can get an increased rate on crin vegetal if I will agree to an increased rate on cottonseed oil. That is the way it is done. I do not want to be personal about it, and perhaps that is a bad example, but, after all, that is what happens when we have a general revision of the tariff. However, under this proposed plan there would be brought before us one item at a time.

Mr. AUSTIN. Mr. President, my observation, of course, has not been so great and my experience has not been so ample as has that of the senior Senator from New York; but I will say, from such observation as I have had of the working out of the great tariff measures such as the Smoot-Hawley Tariff Act, that every item that was controverted was singled out and thrashed out, and evidence afforded, and the helpful contributions of the Tariff Commission and the Treasury attachés and the departments which were interested in the particular item were all brought in. As the result of that process, the Smoot-Hawley tariff bill, which represents the wisdom and the probity of a great number of experts, and which has not yet been assailed in any single item by Congress, was passed. And the Smoot-Hawley tariff law permits to be done just the thing which the great Senator from New York, whose heart always reaches out to the needy and who is always looking out for the humanities, desires to have done. He may have confidence that he can bring into Congress by his own act at any time any item of the tariff measure and have the entire force and skill and knowledge and special information which this proposed substitute undertakes to tell us that it gives us, but does not give us, and which gives less than section 336 and other provisions of the Hawley-Smoot tariff bill give.

Mr. COPELAND. Mr. President, will the Senator from Vermont yield just this once, and then I shall stop asking

him to yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from New York?

Mr. AUSTIN. The Senator from New York need not stop asking me to yield. I am glad to yield to him.

Mr. COPELAND. I thank the Senator.

Mr. President, I feel that the Senator from Vermont is wrong in one respect at least. He is right, of course, when he says that any tariff item may be presented at any time, but the minute it is presented additions may be made to it. Suggestions may be made to add pig iron and wool and cotton textiles. That is the trouble. The proposal of the Senator from Mississippi is that when a report comes in oh maple sugar, nothing else may be considered except some

subject absolutely germane to that particular item. So the Senator is quite wrong, if I may be permitted to say so, when he says that single items may be brought before Congress and given consideration, because that is not possible. In the case of maple sugar, I was given the credit in the Senator's State and mine of having instituted the hearing before the Tariff Commission. As a matter of fact, I asked for a hearing on pig iron, but on motion of the Senator from Mississippi my resolution was amended so as to include maple sugar. The RECORD, therefore, shows that I asked for a hearing on maple sugar, although I would have been the last man in the Senate to ask for it, but by reason of the fact that my resolution was thus amended I was given credit for the investigation of the rate of duty on that item.

I should like to have an increased rate on refined sugar; but if I were to bring that question up, there would be a hundred amendments offered to it relating to other subjects, and then we would have a general revision of the tariff,

or at least a discussion of the tariff. Mr. SMOOT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Utah?

Mr. AUSTIN. I yield to the Senator from Utah. Mr. SMOOT. The closing statement of the Senator from New York perhaps is correct. However, under the proposal of the Senator from Mississippi the question of germaneness is raised. Maple sugar as an item, as the Senator from New York has said, was not germane to the resolution he originally introduced in regard to pig iron, but maple sugar was put in the resolution on motion of the Senator from Mississippi. Maple sugar, however, is used in connection with a number of commodities; it is used, for instance, in the manufacture of tobacco; it is used in certain candies; it is used in frosting; it is used in connection with many other items, perhaps, which would be germane under the provisions of the pending substitute to the items of maple sugar and maple

Pig iron, to which the Senator from New York referred, goes through the whole metal schedule. There is hardly anything in the metal schedule that would not be germane to pig iron.

Mr. HARRISON. Mr. President, will the Senator yield? Mr. SMOOT. I yield if I can.

The PRESIDING OFFICER. The Senator from Vermont has the floor. Does he yield to the Senator from Mississippi? Mr. AUSTIN. I yield to the Senator from Mississippi.

Mr. HARRISON. Of course, I agree with the Senator from Utah that, in the case of certain kinds of tobacco, maple sirup enters into its manufacture, and so an amendment regarding tobacco might be germane. Germaneness, however, would depend upon whether a commodity was a substantial part of the original item. Of course, no one would contend that pig iron would be germane to maple sugar or maple sirup.

Mr. SMOOT. Oh, no.

Mr. HARRISON. But the point is—and the Senator from Utah will agree with me, I think—that the provision as to germaneness would restrict amendments to a limited number

Mr. SMOOT. Of course, it would restrict the action of the Senate, in that it would prevent the Senate going into every item in a tariff bill; there is no doubt about that; but there are hundreds of items in the tariff bill which are germane to other items.

Mr. HARRISON. Oh, yes.

Mr. SMOOT. And all those would be open. I suppose the Senator from Mississippi will agree to that statement.

Mr. HARRISON. If a certain commodity were a substantial part of another commodity or a principal ingredient, it would be germane; otherwise it would not be.

Mr. SMOOT. I think no one could claim that if one commodity was even a relatively small proportion of another commodity the rate on which it was proposed to change that it would not be germane.

Mr. HARRISON. In the case of leather, for instance, I think boots and shoes would be considered as being germane to leather, and in the case of pig iron, of course, the big cylinders into which pig iron goes would be germane.

Mr. AUSTIN. Mr. President, I am very reluctant to stop this interesting debate between the learned Senators; but I decline to be lured into a strange field on the subject of germaneness, which I consider entirely irrelevant to the point I am trying to make.

#### CONSUMERS' COUNSEL

Now, I should like to pass on and consider that feature of the pending bill which provides for a consumers' counsel. That is not such a terrible thing. The creation of a consumers' counsel, with all his retinue, with all his assistants, with all his activities, involving a duplication of the work of the investigatorial body, would not be so terrible except that in this great depression, when we are trying to prevent the creation of additional bureaus, when we are trying, in fact, to cut down bureaus and to reduce expenses, anything that would add to the expense of government in an unnecessary way ought to be frowned upon.

I do not care to spend much time upon this objection to the proposed substitute. It is, however, an objection to the substitute that this feature of the consumers' counsel is in it. We know perfectly well from experience that the consumer is always there, always represented when there is a controverted item before the Tariff Commission. We have heard allusions to the World Trade League of the United States, an organization or association which has great resources to influence legislation with respect to the tariff; and we know if we define the consumer as the importer or the man who sells the foreign product in competition with the domestic product, that he does not need subsidizing by the United States Treasury; he does not need a force of trained investigators to go abroad and to go about America to furnish him facts with which to come in and beat down the protection of the wage earner, the farmer, the manufacturer, and the private individual whose enterprise and capital have tended to improve the standard of living. I venture to say that once this new bureau were well established we would find this strange situation—a jealousy, a rivalry, a conflict between that new bureau and the old bureau, which has been doing the same thing for the benefit of the people, with disastrous effect upon the wage earner, upon the farmer, and upon the man who provides for the overhead.

Mr. GEORGE. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Georgia?

Mr. AUSTIN. I yield. Mr. GEORGE. Has the Senator read the findings of the Tariff Commission on cement?

Mr. AUSTIN. The Senator has not.

Mr. GEORGE. I wanted to ask the Senator where the consumers' counsel appeared in that hearing. If the Senator is not familiar with the hearing, or the findings based upon the hearing, of course I will not pursue my question; but he had just made the rather broad and sweeping statement that in all instances the consumer was always present and always represented at the hearings on the question of rates before the commission. The Senator is not able to tell me, is he, who represented the consumer in the cement hearing before the commission?

Mr. AUSTIN. I think I answered that question a moment ago, and I think the learned Senator from Georgia is not quoting me correctly. The record will show that I made no such general statement. The statement I made, and which I repeat, is that in every contested item you find the consumers' counsel figuratively represented. That is, the interest of the consumer is represented; and then I want to ask, Mr. President, who is the consumer? Is he the man down in Mississippi or Virginia who makes a nice plug of chewing tobacco, the most desirable constituent of which came from the rock maple of Vermont? Is he the person who has moved over from Canada into the United States and erected a packing concern, and who takes maple sirup and adulterates it with water and with other things and puts a

label on it which deceptively represents it to the public? Are these consumers? And yet they are the men who besiege the Senate for a resolution to excite the Tariff Commission to review the tariff on maple sugar. Are they not represented? Do they need any counsel provided by the Government of the United States? No; and every dollar spent for that purpose is a wasted dollar, and, worse than that, it is a destructive dollar, because it immediately creates a competing interest, a great jealousy, and upsets the smooth working of an investigatory body, and sets up a parallel bureau to spy upon and to create the impression that this great Tariff Commission, which is designed to be a nonpartisan body, is not really a nonpartisan body, and that its findings are not findings, but are fabrications. The idea of our setting loose any such warfare as that seems extraordinary.

Now I pass on to the last feature of this bill.

In a sort of apologetic manner, the distinguished Senator from Massachusetts [Mr. Walsh] referred to this international economic conference by saying, "What harm can come from foreign commissions sitting in on our tariff policy?" Mr. President, I fear that nothing but harm could follow such a practice.

This last feature of the Harrison amendment provides:

That the President is respectfully requested to initiate a movement for an international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices, and other economic barriers affecting international trade, (b) preventing retallatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that any expression treaty or expression which standing that any agreement, treaty, or arrangement which changes any tariff then in existence, or in any way affects the revenue of the United States, must first be approved by the Congress of the United States.

## AMERICAN TARIFF AUTONOMY

There is another section to which I will refer later.

Mr. President, the reason why that ought not to be made law, the reason why that ought not to be substituted for section 336 of the Smoot-Hawley law, is that it tends to destroy American tariff autonomy, and that it tends to a complete departure from our ancient and traditional foreign policy. Other reasons could be set forth, but those two reasons are sufficient. They are fatal, it seems to me, to that provision.

Would not this provision tend to destroy our tariff autonomy? Think of it for a moment-creating a bureau which shall go out into the rest of the world and confer with all of the great trading nations of the world who are our competitors, and submit to them "concessions"-" mutual concessions "-" tariff concessions." Think of Americans doing that! The instant we step out with any such general organization and policy as that, we have departed from American independence; we have sold our peculiar privilege of protecting our own people with an American tariff, and we have entered upon an international tariff. which, of course, means this: That whenever we face the foreigner, whether he is Great Britain, France, Germany, or any of the Scandinavian countries, and a proposal is made to us that we reduce the tariff on iron or any other thing. we must be prepared, if we are going to carry out the spirit of this thing, to say "yes"; and, if we do, that means the destruction of the American tariff and the establishment of the European tariff, the American tariff being molded and dictated and animated by the wage earner, for the wage earner, and for the uplifting of ordinary people, whereas the foreign tariff is dictated by a ruling class, an entirely different type of government, and has the effect of maintaining there a lower standard of wages and a lower standard of living.

Mr. CONNALLY. Mr. President-

Mr. AUSTIN. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator was inveighing against this section of the substitute on the ground that it was a departure from the traditional policy of the United States with reference to its dealings with foreign countries regarding tariffs and trade. Does the Senator know how many treaties we now have in force with foreign countries relating

to commercial practices, trade, most-favored-nation clauses | relating to tariffs, and other matters?

Mr. AUSTIN. Mr. President. I hope the learned Senator in asking this question is qualified to answer it himself. I will say that I do not know, and that although I have studied diligently I can not find out how many such there are. I do know, however, that from earliest times this country has monkeyed with reciprocal tariff treaties and has learned the fallacy of them, and that the only one that was preserved by the Smoot-Hawley Tariff Act was the reciprocal treaty with Cuba, and there was a special reason for sustaining that.

It is an old practice. It is out of date. It is not beneficial; and the Smoot-Hawley tariff law has a command in it that the Tariff Commission shall investigate and find out how many we have and what ought to be done about them.

Mr. CONNALLY. Mr. President—
The PRESIDING OFFICER. Does the Senator from Vermont further yield to the Senator from Texas?

Mr. AUSTIN. I yield.

Mr. CONNALLY. How does the Senator reconcile his statement now that the country has indulged for many, many years in that sort of thing, and now it is a worn-out practice and ought to be discarded, with his statement a while ago that this was a departure from the policy in the past?

Mr. AUSTIN. Mr. President, I will try to explain that. The old practice had to do with nothing but reciprocity treaties. Never in all our history has anybody undertaken such a sweeping proposition as this which is embodied in the Harrison amendment—that is, that we shall undertake, by this international economic conference not only the lowering of tariff rates and elimination of certain trade practices but that we shall start out to prevent retaliatory measures and economic wars, and to promote a certain attitude in foreign relations, fair, equal, friendly trade and commercial relations with nations, and that we shall engage in the removal of any other economic barriers to trade.

Mr. LOGAN. Mr. President, will the Senator yield? The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Kentucky?

Mr. AUSTIN. I yield to my friend the Senator from Kentucky.

Mr. LOGAN. I understood the Senator to say a while ago that any concessions that might be made to foreign countries would be greatly detrimental to the interests of the wage earners in the United States. If I recall correctly, President Hoover two or three years ago made the statement that the production of goods sold in foreign markets gave employment to more than 2,000,000 wage earners in the United States. If the concessions would build up our foreign markets, would not that help the wage earners somewhat?

Mr. AUSTIN. Mr. President, that is true. I would say "yes" to that question; and, of course, that is an objective. We always, I believe, try to build up the foreign market to take care of surplus here; but the primary objective, and therefore the primary concern of any tariff law and therefore of any subsection of it such as we are considering, is the domestic market; and the question and the test of the efficiency of such a provision as this international economic conference is, Does it tend to the destruction or greater harm of our domestic market than it tends to the upbuilding of a foreign market?

Mr. LOGAN. Would not that be a question to be determined by some body similar to that which is created by this bill? And do we not have new conditions that require a departure?

We have a tariff war on now. Retaliatory rates have been put up against us. How are we going to build up our foreign trade unless we can reach some agreement with foreign countries about those rates?

Mr. AUSTIN. Mr. President, I am obliged to accept the statement of the learned Senator from Kentucky that we have a tariff war. Such study as I have made does not convince me of that; but I am not willing to contradict the Senator. Assuming, however, that what he says is sound and

true in every particular, and that we have on our hands a tariff war, what we say is that it would be the height of cowardice, it would be a forsaking of American principles, it would be a forsaking of the women and children of the wage earner of America to go out and say, "Now, in order to pacify you and in order to get you not to fight us any more we will let down our tariff so that it will be no longer protective, and you can push your goods into our market." I think that would be the height of injustice to our people and would be a particularly wrong thing to do in the midst of depression.

Mr. LOGAN. Does not the Senator believe that there is some point which might be reached by agreement where it would be for the best interests of the American people, although it might be a concession on our part, in order to obtain a concession from the other countries?

Mr. AUSTIN. Mr. President, I would answer that question in the negative. There is no point for agreement. There is a point which the learned Senator has in mind, undoubtedly, to which a reduction of the tariff could be made in some instances with advantage to the foreigner, which might attract him to make similar concessions to us. But the thing which we object to is a law which binds to enter into any such agreement.

We object to the surrender of the American right and the American duty of making our own concessions for the American people, after we have learned what that point is, and making them unilateral, without any agreement, without any trade and upstanding, as a great, dignified, leading Nation of the world which says, "This is a domestic concern, this is not an international concern. We are captains of our own fate. We will decide for ourselves what tariff wall shall be erected against you, but we will make it so-and-so." That is the difference. I think there may be a point, just as the Senator from Kentucky suggests.

Mr. LOGAN. Mr. President, I want to find out just what the Senator has in mind. As I understand him, he adheres to the doctrine of national economic self-sufficiency, with our foreign business merely an incident to our national life. Is that the Senator's view of economic matters?

Mr. AUSTIN. Mr. President, that is a very fine statement, a better statement than I have ever contemplated for our position. I do not know that I have ever put it in such crystallized, beautiful English as that. It is so complete and so significant that I would hesitate on my feet to make an offhand answer one way or the other to that question. That is a very fine question.

Mr. LOGAN. I thank the Senator.

# TARIFF A DOMESTIC PROBLEM

Mr. AUSTIN. Mr. President, I need only remind the Senate of the discussion on the League of Nations to prove the assertion I have made that the tariff is not an international matter but is a domestic question.

In the Sixty-sixth Congress the tariff was dealt with in connection with reservation 5, proposed and discussed in connection with the consideration of the protocol for the League of Nations, connected with the treaty of peace with Germany. We find the following:

# RESERVATION 5

The United States reserves to itself exclusively the right to The United States reserves to itself exclusively the right to decide what questions are within its domestic jurisdiction and declares that all domestic and political questions relating wholly or in part to its internal affairs, including immigration, labor, coastwise traffic, the tariff, commerce, the suppression of traffic in women and children, in opium and other dangerous drugs, and all other domestic questions, are solely within the jurisdiction of the United States and are not under this treaty to be submitted in any way either to arbitration or to the consideration of the council or of the assembly of the League of Nations, or any agency thereof, or to the decision or recommendation of any other power.

Again, on the fact that the tariff is a domestic and not an international question, and that it should be kept strictly within the control of the United States and not submitted to the chiseling down of our competitors and other great trading nations is the following. Reservation No. 5 was agreed to, and then an amendment was proposed. This

That no member nation is required to submit to the league, its council, or its assembly, for decision, report, or recommendation, any matter which it considers to be in international law a domestic question, such as immigration, labor, tariff, or other matter relating to its internal or coastwise affairs.

Many other such citations could be referred to, but they are unnecessary. For the purpose it is sufficient in passing, it seems to me, to say that it is proposed that we utterly transform our foreign policy, that we enter upon a new venture, and not merely a question of reciprocity agreements about the tariff, but the whole field of our economic relations is involved in that resolution. Any economic barrier can be considered and must be considered if this bill should be passed; our monetary standard, a very controversial question. There are Senators in the Chamber who hold very positive views on that subject, and yet that would be one of the things which would be involved. Immigration would be another; foreign loans in the future; world debts. This is not merely a reciprocity arrangement on the tariff. This would open up the whole matter of our foreign relations and start us out on a new policy, in which we would no longer adhere to the principle of independence, though not isolation.

In this year, when we are celebrating the two hundredth anniversary of the birth of the father of our country, it will not do us any harm to remember three lines of his precept to us. The outstanding thought in the farewell message of the father of our country was the element in this policy which might be regarded as a negation. He

'Tis our true policy to steer clear of permanent alliances with any portion of the foreign world.

Thomas Jefferson, another great authority, wrote to his friend President Monroe:

Our first and fundamental maxim should be never to entangle ourselves in the broils of Europe; our second never to suffer Europe to intermeddle with cis-Atlantic affairs.

We set right about it here with a Democratic proposition to invite Europe to the American table, to invite Europe to meddle with cis-Atlantic affairs, to meddle with one of the most fundamental things affecting our prosperity and our safety.

Mr. TYDINGS. Mr. President-

The VICE PRESIDENT. Does the Senator from Vermont yield to the Senator from Maryland?

Mr. AUSTIN. I yield.

Mr. TYDINGS. I take it that the Senator is opposed to importations of any character coming into this country where similar articles are raised or produced here. Is that

Mr. AUSTIN. I could not hear the Senator's question.

Mr. TYDINGS. I take it that the Senator is opposed to importations from foreign countries coming into the United States?

Mr. AUSTIN. If the Senator had been present during my remarks, he would not be asking that question, for it is so entirely inconsistent and contrary to what I have stated here over and over again that it is not necessary to do more than refer the Senator to the RECORD.

Mr. TYDINGS. Then I take it for granted that the Senator is in favor of importations coming into the United States. Certainly he is on either one side or the other of the question. I think my question is a courteous one, and susceptible of an answer.

### TRIBUTE TO SENATOR MORRILL

Mr. AUSTIN. Mr. President, for the sake of the use of the Senator from Maryland-for I judge he wants to make use of it in some way at this time-I will say to him that I have stated that I am in full sympathy with my constituents in their being opposed to an embargo; that our ancestors entered into an armed rebellion against the Jefferson embargo, and thereby we put upon the record an ineffaceable page of our objection; and we brought into this Congress, through our great Senator, Justin S. Morrill, the first Republican

was the amendment proposed as a substitute for reserva- | tariff. This was not an embargo but a protective tariff. We have always been against an embargo, and we are now.

Mr. FESS and Mr. TYDINGS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Vermont yield; and if so, to whom?

Mr. AUSTIN. I yield to the Senator from Ohio.

Mr. FESS. Mr. President, as long as the Senator has uttered such a fine encomium on Justin S. Morrill, I hope he will permit me to read a eulogy pronounced here in the Senate by a famous Senator from Massachusetts, George F.

Mr. AUSTIN. Mr. President, I will very much appreciate the reading of that encomium.

Mr. FESS. Mr. President, speaking of Justin S. Morrill, Senator George F. Hoar, of Massachusetts, said:

He never committed himself to the popular currents, nor studied

the vanes to see how the winds were blowing, nor sounded the depths and the shallows before he decided on his own course.

Mr. Morrill was a brave man—an independent man. He never flinched from uttering his thought. He was never afraid to vote alone. He never troubled himself about majorities or administrations: alone. He never troubled himself about majorities of administra-tions; still less about crowds or mobs or spasms of popular ex-citement. His standard of excellence was high. He was severe, almost austere, in his judgments of other men. And yet, with all this, everybody liked him.

#### Further:

Neither ambition nor hatred, nor the love of ease nor the greed of gain, nor the desire of popularity, nor the love of praise, nor the fear of unpopularity found a place in that simple and brave heart.

If we do not speak of him as a man of genius, he had that absolute probity and that sound common sense which are safer and better guides than genius. These gifts are the highest ornaments of a noble and beautiful character; they are surer guides to success and lofter elements of true greatness than what is commonly called genius.

Mr. President, when the Senator from Vermont a short time ago paid a beautiful tribute to Justin Morrill, these words, which I read years ago, came to my memory, and I sent to the Library for the volume containing the eulogy in order that I might add it to his address.

Mr. TYDINGS. Mr. President-

The VICE PRESIDENT. Does the Senator from Vermont yield to the Senator from Maryland?

Mr. AUSTIN. I yield.

Mr. TYDINGS. What I am interested in ascertaining in my first question is preliminary to my second question. Suppose America produces through her industries and on the farm more than she can consume, and if protection carried on to the extent provided by the Smoot-Hawley bill will curtail our imports, where will we find a market for our exports?

Mr. AUSTIN. Mr. President, I suppose the learned Senator from Maryland will tell us about that when he has the floor. For my part I am content with the observation which any man who resides near the Canadian line will make. that the rates now fixed on agricultural products do not keep out farm products of Canada from the United States, and it is not necessary to have an international treaty in order to try to get from Canada or any other country on earth a market for our surplus of agricultural products. Our theory is, and it differs from the Democratic theory, and one of its merits is, that its objective is not the development of a foreign market so much as it is the development of the domestic market. That is the great support of prosperity in this country, as history, speaking with venerable accent, has proven to us; and we adhere to our experience upon that subject.

Mr. HARRISON. Mr. President-

The VICE PRESIDENT. Does the Senator from Vermont yield to the Senator from Mississippi?

Mr. AUSTIN. I yield.

Mr. HARRISON. I judge from the discussion by the Senator of the international economic conference and the reciprocal trade agreement proposal that he is opposed to a reciprocal trade agreement?

THE INTERNATIONAL CONFERENCE PROPOSAL

Mr. AUSTIN. That was not my discussion and that is not what the substitute provides. The substitute provides for an international economic conference, which goes far beyond reciprocal-trade agreements and involves fundamental relationship between the nations of the world, and invites to America our competitors to sit down at our table and tell us what our tariff rates shall be. That is what I have been arguing and it is that to which I object. Whether I might object to a particular reciprocity treaty would depend upon the terms of that treaty and upon the conditions which formed its setting. I would not have the boldness to stand here in the Senate and make a sweeping declaration that I am for or that I am against reciprocity treaties. Such a treaty when under consideration might appeal to my sense of what is right and what is expedient, and then I would be for it.

Mr. HARRISON. I am glad to get the Senator's viewpoint on that matter. Of course, all of us would want to see the treaty before we voted for it. Then I understand the Senator is not opposed to that provision in the substitute, which provides:

That the President is respectfully requested to initiate a movement for an international economic conference, \* \* but with the understanding that any agreement, treaty, or arrangement which changes any tariff then in existence, or in any way affects the revenue of the United States, must first be approved by the Congress of the United States.

Mr. AUSTIN. I am opposed to it. I have tried to say that I am opposed to the entire measure, that there is no virtue in it which I wish to have implanted in the Smoot-Hawley law, not one thing.

Mr. HARRISON. I understood the Senator to say that he is not opposed to the policy of reciprocal trade agreements, but that he would want to consider the particular trade agreement after it came to the Senate. Now, I understand him to say that he is against the policy and that he is against any such agreement.

Mr. AUSTIN. I have been misinterpreted, if I understand the Senator from Mississippi. I think I declared very positively that I would not like to state that I was for or against such a treaty, and that I reserve the right to be for or against it, according to the specific circumstances of the proposal. This idea of saying I am for or against reciprocity agreements is entirely irrelevant and has nothing to do with the discussion of the pending measure. In fact, whether I am for or against it should not influence a single Member of the Senate.

Mr. HARRISON. The Senator must realize that the proposal I have urged in the substitute, if it has anything to do with the discussion of the question, is now before the Senate for discussion, and if that question is to be raised at all it is relevant to the discussion now proceeding.

Mr. AUSTIN. As the measure is framed, I have stated repeatedly that I am against every part of it and all of it, jointly and separately. That ought to be clear.

Mr. HARRISON. The Senator is against it, and that is all. Does the Senator think that provision is un-Republican?

Mr. AUSTIN. I think it is fairly Chinese. [Laughter.] Mr. HARRISON. All right.

Mr. AUSTIN. Now, Mr. President, let me occupy the floor if I may.

Mr. HARRISON. Will the Senator yield for one more question?

CHINA'S EXPERIENCE WITH TARIFF

Mr. AUSTIN. No; I want to finish my answer to the other question first.

I recall that in 1842 the British Empire reached around the world and throttled China. After the opium war she throttled China and said, "You can not fix your own tariff rates hereafter. We must be consulted respecting your tariff rates." Ever since 1842 that poor benighted but great country of China has been enslaved to the great treaty powers and the great trading nations of the earth. To-day there is no appeal which comes to the heart with more urgency than the appeal of the Chinese people to the American people to do what can be done to relieve them from the thraldom of international treaties to regulate tariffs. I say that when we start out with this thing in the manner that

we are asked to do by the proposed substitute we are doing a Chinese thing; we are voluntarily submitting ourselves to that which China suffers because she was a conquered country.

In 1925, after the Washington conference, 15 powers went to China and examined that situation for nine months with the hope of getting themselves and China out of that entangling situation and freeing China and putting her in the place which America occupies to-day. It could not be done. Once we launch upon the policy of letting all our competitors in the world come in and have something to say about the tariff which we shall erect as a protection to the industry, the agriculture, and the wage earning of this Nation, we have launched upon a policy from which we will have great difficulty in retreating, and we will have started upon an objective which seems exceedingly strange in the face of history.

Mr. HARRISON. Mr. President, will the Senator now yield?

The VICE PRESIDENT. Does the Senator from Vermont yield further to the Senator from Mississippi?

Mr. AUSTIN. Very well; I yield.

Mr. HARRISON. Let us get back from China for a moment. The Senator has said that the provision asking the President to negotiate reciprocal trade agreements for the purpose of building up our trade is Chinese and the Senator has condemned it in strong language. Would the Senator say that it was Chinese upon the part of the Republican organization of the House in 1922 when Mr. Fordney, a very distinguished Republican and very illustrious citizen, was chairman of the Ways and Means Committee and they brought in and passed a provision, section 301 of the Fordney-McCumber bill, which authorized the President, with the approval of Congress, to enter into reciprocal trade agreements with foreign countries? Would he think that was Chinese?

Mr. AUSTIN. That is rather a catechism than an interrogatory affecting the debate here. That is just a question to try to disqualify me as a witness. I am not posing as a witness. I am making claims here and arguing them as a Senator representing the Republican view of this Democratic proposal here. I would not be so foolish as to answer that question, although I am but a newcomer to the Senate and have great inferiority to the senior Senator from Mississippi, whose dignity, whose frankness, whose seniority excite most considerate responses from me to most of his questions. Being a newcomer and admiring him so greatly, yet even I, a novice, would not answer that question.

Mr. HARRISON. The Senator can see how badly I would feel when in a tariff measure that was written by the Republicans there is incorporated a provision that should be called Chinese.

I want to ask the Senator another question. Would the Senator say it was Chinese upon the part of his Republican colleagues in 1922, when Mr. Fordney was chairman of the Ways and Means Committee of the House, to have written another section in the bill, section 303, authorizing the President to conclude trade agreements with foreign countries within a period of three years, the approval of Congress not being required? In my proposed substitute we require the approval of Congress, but there was a case where the Senator's Republican colleagues wanted to give the President the right to do it for three years without any approval of Congress. Were they Chinese?

Mr. AUSTIN. Mr. President, I think it will be possible for the learned Senator from Mississippi to talk about the Fordney-McCumber law if he wishes to do so by taking the floor and discussing it. I am not talking about that law. It is not pertinent to this discussion. I respectfully suggest that an effort to drag me out into a discussion of that matter will not be successful.

But assuming that we have returned to America from China, as suggested by the Senator from Mississippi, I wish to conclude my remarks upon the measure, which I hope may furnish for the record some very sound reasons why the substitute should not be adopted, with this suggestion: With the machinery provided by the Smoot-Hawley Act and specifically by section 336 of that act, the American Congress in an American way can establish American rates of tariff for the protection of the American people much better and to the far greater benefit of American wage earners and farmers than can an economic international council under the proposed substitute.

Mr. HAYDEN obtained the floor.

Mr. SMOOT. Mr. President, I want to call the attention of the Senator from Vermont to a reference made by the Senator from Mississippi to a provision incorporated in the 1922 bill by Congressman Fordney. Mr. Fordney having passed away, perhaps I ought not to do it, but as long as the question came up I may say that it was done in the House with no idea whatever that it would remain in the bill. There was a certain element in the House that wanted it. Business was in a crowded condition in the House, and the provision was put in the bill. When it came to the Senate of the United States, the Senator from Mississippi and I agreed that it never ought to be retained in the bill and

Mr. HARRISON. Now. Mr. President, that is the trouble! [Laughter.] The distinguished Senator from Utah and his colleagues over here in charge of the Republican tariff measure, with Chairman Fordney in the House, were "playing both ends against the middle," a species of duplicity and hypocrisy for which the American people condemn them in the writing of tariff bills. The Senator from Utah says on the floor of the Senate to-day that when the provision was offered in the House and adopted by the House, they knew that over here we would not permit it to stay in the bill, but that it was offered over there for a purpose. How can anyone expect the American people to have any faith in gentlemen in charge of the Government who will adopt such methods as that in dealing with them?

Mr. SMOOT. If the Senator wants to go into detail-Mr. HARRISON. No: I do not. I take the Senator's own

Mr. SMOOT. If the Senator desires to go into detail I will assure him of one thing, that the Democratic side of the House was just as much responsible for it as the Republican side of the House. The Senator knows it, and there is no doubt about it. The Senator also knows very well that it did not stand a show when it reached the Senate, and it went

Mr. HARRISON. I am merely taking the record of the report of Mr. Fordney on the proposition.

Mr. SMOOT. I am speaking back of the report.

Mr. HARRISON. I never talked about the Republican organization of the House as my friend talks about it. I have too much respect for them.

Mr. SMOOT. The Senator knows, just as well as I do, that it never was intended to become a law, and it was never thought that it would become a law when the bill came to the Senate

Mr. BRATTON. Mr. President-

The VICE PRESIDENT. The Senator from Arizona has the floor. Does he yield to the Senator from New Mexico? Mr. HAYDEN. I yield.

Mr. BRATTON. I suggest the absence of a quorum.

Mr. HAYDEN. I think probably we have as many present as there will be after the quorum call.

The VICE PRESIDENT. The Senator from Arizona declines to yield.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. HAYDEN. I yield. Mr. NORRIS. I merely wish to suggest that hereafter we ought to have a committee of some kind appointed to see what provisions in various proposals that pass the House or the Senate are intended to remain in and what are put in just for the purpose of deception.

Mr. WATSON. Mr. President, will the Senator from Arizona yield to me just to make a statement?

The VICE PRESIDENT. Does the Senator from Arizona vield to the Senator from Indiana?

Mr. HAYDEN. I yield. Mr. WATSON. Referring to the act of 1922, of which my friend the Senator from Mississippi speaks, I happen to know something about it. Having been a Member of the House for a good while and a member of the Ways and Means Committee when I was in the House, and having been very intimately associated with Chairman Fordney of that committee, I know something about the motives that impelled him to insert that clause in the tariff bill in the House. At that time there was a tremendous outcry against the rates in the Fordney bill; there was a great clamor, as there always is, whenever a Republican tariff measure is up for consideration and action. The Senator from Mississippi then, as whenever a Republican tariff act is being considered, denounced it volubly, eloquently, and with great vehemence as "the most iniquitous and the most illogical and the most monstrous tariff bill " that had ever been " foisted on the people," using those adjectives, with which he is so well acquainted and which he has so frequently employed in the discussion of Republican tariff measures.

At that time it was seriously considered in the House whether or not attention should be paid to this outcry of the opponents of the tariff, and finally, after much discussion, it was concluded that it would be all right to insert a provision for reciprocity treaties. That came, if my friend from Arizona will tolerate me a moment further, from the old Blaine idea of reciprocity.

James G. Blaine was the great originator of the idea of reciprocity in modern tariff legislation, but his conception of reciprocity was nearly altogether reciprocity with South American countries; that is to say, they produce what we do not and yet what we ought to have, while we produce what they do not and yet what we are anxious to have them obtain. There was a field for reciprocity as between North and South America, but manifestly where two countries produce the same products it is not a question of reciprocity there; it is a question of straight, square-way competition. So, when the whole matter was considered on the House side it was thought best to insert that clause providing for reciprocity treaties in cases where they could properly be made.

I favored it, so far as the proposition theoretically was concerned; but when the bill came to the Senate, and it looked as if the proposal was going to involve us in straight competition with the people with whom we were competing and ceased to be genuine reciprocity, in the Committee of Finance we voted it out without a question.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. HATFIELD in the chair). The Senator from Arizona has the floor. Does he yield?

Mr. HAYDEN. I yield. Mr. NORRIS. I take it, then, the Senator from Indiana, as a Member of the House of Representatives, was in favor of it, but as a Member of the Senate he was against it?

Mr. WATSON. I was not a Member of the House of Representatives at that time.

Mr. NORRIS. I understood the Senator to say he was on the Ways and Means Committee.

Mr. WATSON. No; at that time I was a Member of the Senate.

Mr. NORRIS. Does the Senator concede, then, referring to this particular item, that the House ought to be for it and the Senate ought to be against it?

Mr. WATSON. I do not.

Mr. NORRIS. Who was right about it-the House or the Senate?

Mr. WATSON. I think, under all the circumstances surrounding the case at that time, the Senate was right about it: although originally I had been as devout a follower of Blaine as any man in the country, and I recall that when he was beaten I thought the end of the Republic was in

Mr. NORRIS. I myself felt pretty nearly that way. [Laughter.] The Senator, as a member of the Ways and Means Committee of the House, was in favor of reciprocity and has so stated?

Mr. WATSON. I was in favor of the Blaine kind of | reciprocity, when I was a young man, and thought it entirely proper; but I will say to my friend from Nebraska that when this great outcry and declamation against the tariff bill started all over the country I thought it would be entirely possible and practical and feasible to insert in it this reciprocity proposal.

Mr. NORRIS. The Senator does not think so now?

Mr. WATSON. I do not.
Mr. NORRIS. The Senator, since Blaine has passed away, has ceased to be a follower of Blaine. That is the difference between the Senator's Republicanism and mine. I am still a Blaine man. [Laughter.] I believed, Mr. President, in it then, and I believe in it yet under the right circumstances.

Mr. WATSON. The Senator is following somebody who is dead, while I am associating with the living. [Laughter.]

Mr. NORRIS. I still respect the dead. The Senator's friendship only goes to the grave; when it gets there it stops, and he goes with his enemies instead; that is the difference.

Mr. WATSON. No; the Senator is entirely mistaken about that. I have said, with all due respect to my friendand I think he and I talked it together on the stump in those days out in his district—that I was in favor of the Blaine kind of reciprocity; I believed that the Blaine idea of reciprocity was one of the finest things ever conceived, because, in the first place, I believed in Blaine as a great American, and Blaine made the statement-the Senator may recall it-that in the McKinley tariff rates there was nothing that would provide for the sale of another barrel of flour or another hog or another sheep, the contention being that it was a hard and fast tariff bill and there ought to be something in it somewhere along the line that would mitigate its severity so far as South America was concerned.

Mr. NORRIS. That time has passed away.

Mr. WATSON. That time has gone.

Mr. NORRIS. And the Senator wants to be as severe on the countries of South America as on any other country?

Mr. WATSON. I want to be the same open-and-shut protectionist all the time.

Mr. NORRIS. The logic the Senator believed in then was wrong, according to the Senator's present ideas?

Mr. WATSON. No; it was right according to the times, but it is wrong for this time; I have not any doubt in the world about that.

Mr. NORRIS. It would be a good thing under some circumstances and a bad thing when it was not needed?

Mr. WATSON. When one does not need it he does not take it, like medicine. [Laughter.]

Mr. HARRISON. Mr. President-

Mr. HAYDEN. I yield to the Senator from Mississippi. Mr. HARRISON. I understood the Senator from In-

diana to say that he would rather follow the living than the dead?

Mr. WATSON. Where does the Senator classify himself? Mr. HARRISON. I should like to ask him is he still following President Hoover? [Laughter.]

However, Mr. President, what I rose to ask the Senator about was this: As I understand his explanation of sections 301, 302, and 303 of the Fordney bill it is that they were written in the House after the violent universal protest that came to the House following the consideration of the bill. Is that right?

If the Senator will investigate he will find that this provision was brought out of the Committee on Ways and Means, written in the original draft of the bill.

Mr. WATSON. Oh, I know all about that.

Mr. HARRISON. And was in the original report. I am just trying to correct the Senator.

Mr. WATSON. I know all about that. The Democratic Party at that time, as now, vociferated against the bill even before it had been introduced, just as they did against the present law. Before the bill ever came out of the committee they uttered the most violent diatribes against it ever uttered in the English language. Before they had ever seen it they set my friends Charley Michaelson and Jouett Shouse, two |

able and brilliant men, shooting at something that had never existed; they filled the public imagination with spooks and goblins and gnomes that had never existed, and said that if we should pass that tariff bill it would be the worst one that anyone had ever seen, just as the Democratic Party had done in the case of the tariff bill in 1922.

Mr. HARRISON. So the Senator was just mistaken in his first statement?

Mr. WATSON. No; I was not mistaken. I was entirely right.

Mr. HARRISON. The Senator said in his first statement that the provision in question was incorporated in the law after the bill got to the House and after violent protests against its consideration came to the House from the country.

Mr. WATSON. There came a volume of vituperation against that tariff bill just as against every tariff bill.

Mr. HARRISON. In the committee?

Mr. WATSON. Everywhere. My dear friend from Mississippi helped it along; he helped to fill the newspaper headlines with denunciations against "this terrible tariff bill."

Mr. HARRISON. The Fordney bill was written behind closed doors; the Democrats did not know what was going on; the Republicans did not act as we act in the presentation of a tariff bill in the Senate. The Democrats were not brought in during the preparation of that bill. No one in the country except a few people interested and who had the token and sign and password into the committee room knew what was going on.

The protest against the bill came after it was reported to the House and after the Democrats pointed out the nefarious provisions of the proposed legislation.

Mr. WATSON. There it is again; there is the same old denunciation-the "nefarious" provisions. That is what the Senator said about the bill before he ever read it.

Mr. FESS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Ohio?

Mr. HAYDEN. I yield to the Senator from Ohio.

Mr. FESS. I would advise the Senator from Arizona not to yield further. We should like to hear from a Democrat a protection speech on copper.

Mr. HARRISON. I am sure that the Senator would rather have a discourse of that kind than a statement of the record of the Republican Party on the tariff. [Laughter.]

Mr. WATSON. Now, Mr. President—
Mr. HAYDEN. I yield to the Senator from Indiana.
Mr. WATSON. I beg pardon of the Senator from Ari-

Mr. HAYDEN. I yield.

Mr. CONNALLY. Mr. President, if the Senator from Arizona will yield to me for a moment, I will say that I do not think the Senator from Mississippi is justified in questioning the explanation of the Senator from Indiana. I accept it. As I understand, the Senator from Indiana says that the provision was put in the House bill after there was an outcry against the measure, but that they had no intention of keeping it in when the outcry died down. I do not appreciate the Senator from Mississippi questioning the Senator's explanation. I accept it.

Mr. WATSON. I am very glad the Senator finally agrees with me about something.

Mr. CONNALLY. Oh, I agree with the Senator about a great many things.

Mr. WATSON. Mr. President, I have not stated exactly how the provision was put in the bill.

Mr. CONNALLY. Does the Senator question my explanation of the proposition?

Mr. WATSON. No; I am delighted, I will say to my good friend, and I thank the Senator.

Mr. CONNALLY. And am I not correct in my statement? Mr. WATSON. The Senator is far more nearly correct than was the Senator from Mississippi, but that is not a standard of comparison, I will say. [Laughter.]

Mr. GEORGE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Georgia?

Mr. HAYDEN. I yield. Mr. GEORGE. I should like to have the floor just for a moment. I am very much interested in the statement of the Senator from Indiana that he followed Blaine and believed in reciprocity so long as reciprocity was confined to South American countries. I think, Mr. President, that we may infer that the Senator's type of reciprocity is the kind that would provide reciprocal trade arrangements with a country that is competitive only as against our agricultural interests. In other words, South America, furnishing agricultural products in competition with the agricultural commodities produced in the United States; the Senator believes in reciprocity so far as South American countries are concerned. I think, Mr. President, it is probably the first actual confession that any responsible leader of the Republican Party has ever made, at least on the floor of the Senate, that the tariff is not for the farmer.

Mr. WATSON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Indiana?

Mr. HAYDEN. I yield. Mr. WATSON. That is as far-fetched a statement as was ever made in the world, even in the perfervid imagination of my friend the genial and able Senator from Georgia.

Mr. GEORGE. Perhaps I misunderstood the Senator. Mr. WATSON. When General Garfield was President of the United States, in the brief time that he lived James G. Blaine was Secretary of State. At that time they called a Pan-American Congress, the first ever held, which met in the city of Washington. It met here for two or three purposes. One was to establish trade relationships between the two continents; I mean by that, transportation, ships. The other was to open negotiations about reciprocal relationships in tariff matters. If the tariff was not outwardly mentioned, it at least was covertly understood; and at that time James G. Blaine formulated his reciprocity idea as between this country and South America.

At that time South America produced many things that we did not and could not produce-tropical fruits, nuts, and everything of that character-and yet wanted; and we manufactured things that South America could not and did not manufacture, and yet needed. The result of it was that out of that grew up this idea of reciprocity. Was there anything wrong about that?

Mr. GEORGE. That is exactly what I said, Mr. President-that the competition which came from South America was agricultural competition.

Mr. WATSON. Tropical fruits, nuts, and things of that kind that we did not produce on any scale in the United States, never have, and never can.

Mr. GEORGE. What about leather and wool and sheep and cattle? What about that vast list of commodities which, in fact, remained on the free list until relatively recent

Mr. WATSON. Mr. President, whatever furnished competition with the American product was not the subject of a reciprocity treaty. It could not be, because if two countries produce the same thing, then it is a question of competition and not reciprocity.

Mr. GEORGE. The distinguished Senator from Indiana, with all due respect to him, is begging the question.

Mr. WATSON. Why, I am not. Mr. GEORGE. He made the flat assertion that reciprocity with South America was all right because South America was not furnishing competitive merchandise. That is the meaning of it.

Mr. WATSON. I say the same thing now.
Mr. GEORGE. I say that is tantamount to saying what indeed is the truth, that your tariff was never intended to take care and never in fact has taken care of the American

Mr. WATSON. Which I categorically deny in the most vehement terms.

Mr. GEORGE. Oh, I know the Senator will deny it.

Mr. WATSON. In the first place, reciprocity is in noncompetitive products. It can not be in competitive products.

Mr. GEORGE. Exactly. Therefore, reciprocity could exist between the United States and South America-that is to say, agricultural and pastoral countries-but reciprocity could not exist between the United States and any other country.

Mr. WATSON. But reciprocity between this country and any country in South America could not exist as to wool, because we both produce wool.

Mr. GEORGE. Oh, yes. Mr. WATSON. Therefore there is competition, and not reciprocity.

Mr. GEORGE. That is to say, the Senator from Utah would object to that.

Mr. WATSON. I do not know what the Senator from Utah objects to.

Mr. SMOOT. Nor do I think the Senator from Georgia would want pitch or sand included in it, either.

Mr. GEORGE. Oh, Mr. President-

Mr. SMOOT. Will the Senator yield?

Mr. GEORGE. Just a minute, now; let me answer the

When the President of the United States called us together in extra session, and invited us to enter upon the consideration of a limited revision of the tariff, many progressive Republicans and most of the Democrats were quite willing to endeavor, at least, to give agriculture a fair break in the tariff act.

Mr. SMOOT. And that is what it got.
Mr. GEORGE. We undertook to give to agriculture rates at least in the hope that they might be effective. We also were willing to give the same protection to the producers of raw materials—that is, the raw product of the mine, of the forest, and of the field. We went along with our Republican friends as long as they were undertaking to equalize the conditions of agriculture with manufacturing, but when the bill spread out into a genuine protective tariff bill for industry, which already had high rates, we stopped.

Mr. SMOOT. Stopped where? Mr. GEORGE. Just let me finish.

We were willing, of course, to give to the producers of raw material a fair chance with the manufacturers. We made an honest effort to do that; but when the bill became a stench, we simply could not support the whole bill. Therefore we are called "hitch hikers," and what not, in the Senate and elsewhere.

What I want to invite my friends to do, and all of my friends on the other side, is to distinguish, if they can, between the moral quality of an act which sought to do simple justice to the farmer or the producer of raw commodities in the tariff act and the moral quality of outright opposition to the whole act when it had become a stench in the nostrils of decency everywhere because it sought to raise and did raise the duties on manufactured articles, some 230 of them, when approximately 1 per cent of the domestic production here was being actually imported into this country.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Utah?

Mr. HAYDEN. I yield.

Mr. SMOOT. I say again that the rates on agricultural products found in the existing tariff law were the rates that the agricultural organizations of this country wanted. They were given the rates they asked for. The greatest increases found in the existing law are upon agricultural products. and the Senator knows it.

Mr. GEORGE. Oh, yes; I agree to that.

Mr. SMOOT. Not only that, but the Senator was a member of the committee.

Mr. GEORGE. Yes.

Mr. SMOOT. The Senator knows very well that the rates that were put into the bill on all agricultural products. from the beginning of the bill to the end, were recommended by the farm organizations of this country.

Mr. GEORGE. They were recommended in general by the farm organizations. I would not say that all of them were just exactly the rates recommended.

Mr. SMOOT. I could not say that they were exactly the percentages that were recommended, but—

Mr. GEORGE. The Senator is quite right. We sought to put them in.

Mr. SMOOT. And we did put them in.

Mr. GEORGE. Yes, we did; but we did not stop there. We then sought to hike all the rates of the manufacturers, although they had very high rates.

Mr. SMOOT. No, Mr. President; we did not take all of the rates of the manufacturers' schedules.

Mr. GEORGE. We raised the duty on 890 of them.

Mr. SMOOT. Oh, perhaps one duty would carry through to 50 articles.

Mr. GEORGE. Then, we raised the duty on 665 articles in international commerce, articles of foreign trade; and we raised the duty on 230 articles where the imports were less than 1.6 per cent of the American production.

Mr. SMOOT. And I think among them was the importation of sand, and I could go right on with other articles.

Mr. HARRISON. Mr. President, will the Senator yield for a moment?

Mr. HAYDEN. I yield.

Mr. HARRISON. In this connection, let me cite some of the increases that were made.

For instance, in the chemical schedule, rates were increased on 74 articles.

In the earthenware schedule, rates were increased on 99 articles.

In the metal schedule, rates were increased on 181 articles. In the sugar schedule, rates were increased on 14 articles. In the agricultural schedule, rates were increased on 179

articles.

In the cotton schedule, rates were increased on 28 articles.

In the flax and jute schedule, rates were increased on 36

articles.

In the wool schedule, rates were increased on 61 articles.

In the rayon schedule, rates were increased on 16 articles. In the silk schedule, rates were increased on 10 articles.

In the paper schedule, rates were increased on 23 articles. In the sundries schedule, rates were increased on 152 ar-

ticles.
So you did not stop with agriculture. You went a little

further.

Mr. SMOOT. Yes; but let us analyze that a little, and I will take just one item alone.

In the wool schedule there are 61 amendments, all of them coming from the very fact that the duty on wool itself was increased. That was done for the growers of wool, the farmers who raised the wool; and, of course, when that duty was increased, the compensatory duty to the extent of 60 amendments that the Senator refers to took place, and had

to take place.

That accounts for the number of these amendments. Take the chemical schedule, where there are 31 amendments. The duties placed on the basic articles in the chemical schedule compelled, in more than half of all the cases, a compensatory duty; and that was what was put on. The Senator knows that just as well as I do.

Mr. HARRISON. Of course, I was citing the bald fact, and the Senator does not deny it. I admit that whenever you put a duty on a raw material, naturally you put a compensatory duty on the things into which it enters; but the Senator must not restrict it, and say that because the duty on raw wool was increased, the duty was increased on every other article in the woolen schedule. Do not confine me that much. Some of the duties were increased, but not all of them.

Mr. SMOOT. Some? I can not recall one at the present

Mr. HARRISON. If the Senator will say that that is the only one, we will get the facts and read them into the RECORD. I know the Senator wants to be as nearly accurate as he can.

Mr. SMOOT. I stood here all day long, after the duty on raw wool was increased, and took every single, solitary paragraph of the wool schedule and asked that amendments be made to conform with that increase. Mr. HARRISON. Oh, yes.

Mr. SMOOT. Those are the increases that took place.

Mr. HAYDEN. Mr. President-

The PRESIDING OFFICER. The Senator from Arizona. Mr. BRATTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst
Austin
Bailey
Bankhead
Barbour
Barkley
Bingham
Black
Borah
Bratton
Brookhart
Broussard
Bulkley
Bullow
Byrnes
Capper
Caraway
Carey
Connally
Coolidge
Copeland

Costigan
Couzens
Davis
Davis
Dickinson
Fess
Fletcher
Frazier
George
Glass
Glenn
Goldsborough
Gore
Hale
Harrison
Hastings
Hatfield
Hayden
Hebert
Hull
Johnson
Jones

Kean
Kendrick
Keyes
King
Lewis
Logan
McGill
McKellar
McNary
Morrison
Moses
Neely
Norbeck
Norris
Nye
Oddie
Patterson
Pittman
Reed
Robinson, Ark.
Robinson, Ind.

Schall
Sheppard
Shipstead
Shipstead
Shortridge
Smoot
Steiwer
Thomas, Idaho
Thomas, Okia,
Townsend
Trammell
Tydings
Vandenberg
Wagner
Walcott
Walsh, Mass,
Waterman
Watson
Wheeler

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, there is a quorum present.

Mr. HAYDEN. Mr. President, I have the same interest as every other Senator has in the enactment of legislation which will establish a better balanced and more just tariff system. For that reason I am in favor of the passage of the pending bill, the Collier tariff bill, as modified by the amendment submitted by the senior Senator from Mississippi [Mr. HARRISON].

It has been well recognized for many years that in the enactment of legislation imposing import duties on foreign products Congress frequently has acted without adequate information. The general purpose of the bill now under consideration is to require the United States Tariff Commission to investigate and ascertain the differences in the costs of production of domestic and foreign articles entering into competition with each other within the United States. The bill provides that if the commission finds that it is shown by the investigation that an existing duty imposed by law upon any foreign article does not equalize the differences in the costs of production, then the commission shall report the facts to the President and to Congress, with a recommendation as to what the proper tariff rate should be.

A very essential provision in the bill is that the Tariff Commission has authority to recommend the transfer of an

article from the free list to the dutiable list.

Another exceedingly important feature of the bill is the incorporation in it of the principle laid down in the Norris-Simmons amendment, which was adopted by the Senate when the Hawley-Smoot bill was under consideration in the last Congress. That principle is that any bill having for its object the carrying out of a specific recommendation made by the Tariff Commission in a report to Congress shall not contain any item not included in such report. The bill clearly states that in the consideration of any such bill, either in the House of Representatives or the Senate, no amendment thereto shall be in order which is not germane to the items included in the Tariff Commission report.

A primary object sought to be accomplished by this provision in the bill was exceedingly well pointed out yesterday by the senior Senator from Massachusetts [Mr. Walsh].

The purpose is to abolish logrolling in the enactment of tariff legislation. It is common knowledge and perhaps a national scandal that whenever a bill proposing a general revision of the tariff is under consideration by Congress, those interested in the tariff on a particular commodity will combine with others who desire an import duty upon a different commodity, and thus pool their strength so that each may obtain what he desires. Understandings of this kind, however arrived at, inevitably lead to the enactment of tariff rates which otherwise could not be justified. This bill proposes, very properly, that hereafter each item in a tariff

bill shall be judged upon its own merits, without relation to trades and combinations to secure votes.

IMPORT DUTY ON COPPER VITAL

In addition to this general interest in better tariff legislation. I speak for the people of the State of Arizona, who have an immediate, intense, and absolutely vital interest in the early establishment of an import duty on copper.

The copper mines of Arizona pay half the taxes collected in that State. A number of them are shut down, others soon will be, and the few remaining are operating at greatly reduced capacity. An emergency exists, which, if not met in the near future, means that the State of Arizona will be bankrupt. I use the word "bankrupt" advisedly, because it will be utterly impossible for the farmers and stockmen of Arizona to bear the burden of taxation which must be transferred to their shoulders if copper mining in Arizona can no longer be conducted at a profit.

This is the first bill to be brought up for consideration by the Senate in this Congress relating to the tariff. Heretofore we have considered relief measures of various sorts and appropriation bills, upon none of which would an amendment relating to the tariff have been in order under the rules of the Senate. Such being the case, it would have been not only vain but unfair to take the time of the Senate to discuss in detail or at any great length a subject wholly unrelated to the business pending before this body.

COPPER TARRIFF AMENDMENT PREPARED

I want to be frank with the Senate and say that this being a tariff bill the senior Senator from Arizona [Mr. ASHURST] and I have seriously considered offering an amendment to it which would provide for an import duty of 6 cents per pound on copper in all forms. We have prepared the text of such an amendment; but after consulting with Senators who are our friends, and who are as keenly interested as we are in securing a tariff on copper, we have decided not to offer such an amendment.

The argument against doing so is that the pending bill relates solely to a general means of obtaining better tariff legislation, and, as it passed the House and is reported to the Senate, it makes no mention of a specific rate of import duty on any commodity. Senators of long service in this body, and who are sincerely sympathetic to our view, insist that they will be compelled to oppose a copper tariff amendment, if offered, not because they are against it but because no specific rate of duty should be included in this bill. They further urge, very properly, that if one commodity were selected for such preferment then the bill would be open to amendment for a change in rates on hundreds of other commodities, with the result that the entire scope and character of the bill would be altered, and the measure would in fact become a bill for a general revision of the entire existing American tariff structure.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield to the minority leader.

Mr. ROBINSON of Arkansas. The question also arises, in connection with the phase of the matter the Senator is now discussing, whether, in view of the constitutional provision that all bills for raising revenue must originate in the House of Representatives, it would be permissible to incorporate in the pending bill amendments specifying rates or changing rates in existing law.

Mr. HAYDEN. From a parliamentary point of view I think there is a great force in what the Senator says. The Vice President, in ruling upon a point of order raised against such an amendment, would probably be compelled to de-

cide as the Senator has suggested.

The last general revision of the tariff occupied the time of the Senate for more than six months. A mere statement of the time consumed on the Hawley-Smoot bill clearly indicates that it would be impossible to undertake a general revision of the tariff between now and next June, when it is expected that the present session of Congress will come to an end. Certainly any Senator would therefore be justified in making points of order against all amendments proposing the addition of specific rates of import duty to this bill.

However, it will not be long until another bill passes the House of Representatives containing a considerable number of changes in the revenue laws. When that measure is referred to the Senate Committee on Finance, those of us who believe that copper mining in the United States is on the verge of extinction will ask to be heard. We have already received satisfactory assurances that a hearing will be granted. We have not the least doubt that at such a hearing a showing can be made which will convince the Committee on Finance that the emergency is in no sense imaginary but is real, that the destruction of a great national industry is already far advanced, and therefore it will be entirely proper to fix an import duty on copper in the revenue bill

The advocates of a tariff on copper have nothing to conceal. We do not ask the Senate to take snap judgment, to act in haste, without full information. So confident are we of the justness of our cause that we are willing to proceed in the usual and orderly manner, by having the members of the Committee on Finance fully satisfy themselves that there is no other way to meet the deplorable situation which now exists in every copper-mining region in the United States except to grant such a tariff at this session of Congress.

NOTICE GIVEN

Having made an impregnable and irrefutable case before the Finance Committee, and having won its support, as I have unlimited faith that we will, I speak the truth when I give notice to the Senate that those of us who come from States where copper is produced, and where, because of the low price of the red metal, which we know is basically due to foreign competition, there now exists acute economic distress, will exhaust every legitimate effort to see that before the revenue bill passes this body it shall contain provision for an adequate import duty on copper.

It is true that the Committee on Ways and Means on March 16 decided to favorably recommend to the House of Representatives an amendment to the revenue bill fixing an import duty of 4 cents per pound on copper. The committee on the following day rescinded its action, when erroneous representations were made that the language of the amendment proposed by Representative Douglas of Arizona did not make proper provision for compensatory rates and was therefore in conflict with a number of provisions of the Hawley-Smoot law relating to rates on manufactures of copper. Subsequently a statement was made on the floor of the House which implied that the amendment would adversely affect 38 tariff schedules.

Mr. McKELLAR. Mr. President—
The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Tennessee?

Mr. HAYDEN. Certainly.

Mr. McKELLAR. Will the Senator state whether, in his judgment, if a tariff was put upon copper, it would be a revenue-producing tariff?

Mr. HAYDEN. A tariff on copper would always produce

Mr. McKELLAR. Would 4 cents per pound shut out all foreign coppers or would it be a revenue-producing tariff?

Mr. HAYDEN. Four cents per pound would be a revenue-producing tariff. It would not be a high protective tariff in the sense the Senator implies. Speaking as one Democrat to another, I can say to the Senator from Tennessee that it can be completely demonstrated that under any rule of tariff making, any rule of rate making laid down in the substitute for the Collier bill offered by the Senator from Mississippi [Mr. HARRISON], following the words of the bill as it is written, and adopting all of the procedure provided for in it, if an import tax should be laid upon copper it will be a revenue tariff.

Mr. McKELLAR. The Senator does not think it would virtually be an embargo on copper?

Mr. HAYDEN. No tariff based upon the average difference in the cost of producing copper in the United States and in foreign countries could possibly be anything else than a revenue tariff.

Mr. McKELLAR. Four cents a pound would bring that about, in the judgment of the Senator?

Mr. HAYDEN. In my judgment the difference in cost of production at home and abroad is greater than 4 cents. It will be proven before the Senate Committee on Finance that the actual difference is nearer 6 cents than 4 cents.

Mr. McKELLAR. I thank the Senator.

Mr. HAYDEN. Under the Douglas amendment as offered before the Ways and Means Committee of the House of Representatives every material interest of the fabricators of copper was adequately cared for. To make assurance doubly sure experts of the United States Tariff Commission have again gone over the amendment, and when submitted to the Senate Committee on Finance it will stand the test of most rigid scrutiny. The producers of copper are not and will not seek to injure the business of those to whom they hope to sell their product. All that is asked of the manufacturers is that the same degree of protection be extended to the producers of their raw material as they themselves now enjoy. We ask that they use American copper from American mines produced by American labor. This can be done with complete fairness to all concerned.

I can see a reasonable explanation for this reversal of action by the Ways and Means Committee. Every one of its members has been under a terrific strain since last November when consideration of the revenue bill began. In an earnest and sincere effort to do their full duty and find over a billion dollars needed for the support of the Government they have been harrassed and bedeviled for the past four months from every possible angle until human nature can stand but little more. The physical collapse of the chairman of that committee, Mr. Collier, of Mississippi, is a solemn warning that there is a limit to what men can endure. Under such circumstances the committee should not be utterly condemned if it made a mistake in judgment as I believe in did in rejecting the proposed tariff on copper.

FINANCE COMMITTEE WILL CONSIDER COPPER TARIFF

The situation will be vastly different when the revenue bill is before the Senate Committee on Finance. Senators who are members of that committee will not be called upon to prepare a new measure in all of its details. It is safe to say that the major portion of the work done by the House of Representatives will be found good and will be accepted. It is much easier to revise than to create. The only dispute will be over details. A tariff on copper will be one of a limited number of items whose merits shall require consideration. When that time comes the committee can and will be guided by the logic of the facts. There will be time to pass calm judgment, which I have good reason to believe will be favorable to an import duty on copper for the double purpose of raising much-needed revenue and also for the more important object of preserving the very existence of a major American industry.

In anticipation of the facts which will be fully developed at the hearings before the Finance Committee, I beg of Senators to inquire of their colleagues from States where copper is mined and predict that the answer in every case will be that thousands of men are out of work, that business has practically ceased in many mining camps, that no copper miner is now employed except at reduced wages, and that where employment does exist few, if any, miners are working at full time.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Michigan?

Mr. HAYDEN. With pleasure.

Mr. VANDENBERG. The Senator may well add that not only are mines going out of business, but because of the peculiar nature of copper mining, communities go out of existence at the same time that the mines go out, because the mines and the communities are single units and can not be separated, and the blood of one is the blood of the other.

Mr. HAYDEN. I thank the Senator from Michigan for his interruption because he has stated a profound truth, a truth which I shall completely demonstrate so far as my own State is concerned before I conclude these remarks.

It does appear strange that copper is the only metal extensively produced in the United States upon which no im-

port duty is imposed. There was a tariff on copper for 44 years within the period between 1846 and 1894. The importance of the industry was signally recognized in 1869 by the passage of a special act of Congress relating solely to copper, which fixed a basic duty of 5 cents per pound. By the tariff act of August 27, 1894, copper was placed upon the free list, and has so remained up to the present time.

To Senators who desire all of the facts, I recommend that they read Senate Document No. 58, presented by my colleague [Mr. Ashurst] and ordered printed on February 16, 1932. The document was written by Mr. Hoval A. Smith, of Warren, Ariz., and is entitled "American Copper Production." In it will be found a complete history of all the legislation enacted by Congress relating to a tariff on copper. Mr. Smith prepared this information at the request of a commission appointed by the Governor of Arizona, Hon. George W. P. Hunt, and performed his task in a scholarly and workmanlike manner.

From 1894 to 1930 the great producers of copper in the United States appear to have been entirely content that copper should remain upon the free list. When the existing Hawley-Smoot Tariff Act was under consideration no witness appeared before either the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate to ask for a tariff on copper. The hearings on the Fordney-McCumber Act of 1922 and the Underwood-Simmons Tariff Act of 1913 are likewise a blank so far as that issue is concerned. A search of the record discloses that not so much as a letter or a brief was filed at the time these three general revisions of the tariff law were in process.

SUDDEN DECLINE IN PRICE OF COPPER

The Hawley-Smoot bill was reported to the Senate by the Committee on Finance on September 4, 1929, and passed the Senate on March 24, 1930. The records of the United States Tariff Commission show that the average price of copper in 1929 was 18.11 cents, and in January, February, and March, 1930, the price was uniform at 17.77 cents. In April of that year, after the tariff bill was no longer subject to amendment, the established price of copper suddenly declined to less than 14 cents a pound.

Since copper mining is the principal industry of our State, the Arizona congressional delegation immediately took cognizance of this change by writing a joint letter on April 18, 1930, to the chairman of the United States Tariff Commission, which begins as follows:

The recent radical drop in the price of copper is causing a most serious situation to develop in the mining regions of the West. The wages of miners and other employees in the copper industry are generally fixed by a sliding scale depending upon the market price of that metal. A low price also causes a reduction in production, which means that workmen will be discharged, thus adding to the number of the unemployed.

The situation as above briefly set forth has caused a demand or a duty on copper imported from foreign countries in the belief

The situation as above briefily set forth has caused a demand for a duty on copper imported from foreign countries in the belief that such a tariff would stabilize and increase the price of copper in the American market. We are anxious to have all the facts upon which to estimate the probable effect of such an import duty, which we suggest might be fixed at 7 cents per pound.

A response to our request for information was promptly made by the Tariff Commission, but in the reply attention was called to the fact that the data furnished was taken from its files without making an attempt to verify all the details. Candor compels me to say that Senator Ashurst, Congressman Douglas, and I were disappointed in the findings, which showed that there was but little difference in the cost per pound of producing domestic and foreign copper. The commission frankly admitted, however, that it did not have up-to-date facts and gave only comparative figures for 1928. This information was then a year behind time and showed an American average cost of 10.27 cents and an average foreign cost of 10.20 cents per pound. A significant deduction could be made from other figures submitted, which set forth that in 1928, 35 per cent of all foreign copper was produced at a cost under 8 cents per pound, whereas in 1929, only 18 per cent of the American production was below that cost. I may properly add that down to date this disparity in cost in favor of foreign copper has been sharply acTHE HAYDEN-WHEELER-VANDENBERG RESOLUTION

As time went on it became more and more apparent that the copper mines in the United States were suffering from destructive foreign competition. In order to authorize the United States Tariff Commission to make a more thorough study of the subject, the junior Senator from Montana [Mr. Wheeler], the junior Senator from Michigan [Mr. Vandenberg], who now honor me with their attention, and myself introduced a resolution which was adopted by the Senate on February 5, 1931, that reads as follows:

Resolved, That the United States Tariff Commission is hereby directed under section 332 of the tariff act of 1930 to investigate the differences in cost of production during the calendar years of 1928, 1929, and 1930 between foreign articles and domestic articles included in paragraph 1658 (copper) of said act, and to report thereon to the Senate as soon as practicable.

The Tariff Commission again acted with dispatch and pursued its investigation with commendable thoroughness until its report was completed and submitted to the Senate on December 22, 1931. It will be observed that the commission was working under a resolution restricted in scope to merely the findings of costs of production between foreign and domestic copper, but that was the only kind of a resolution which could be passed in conformity with the existing tariff law.

VALUABLE INFORMATION IN COPPER TARRIFF BEPORT

The Tariff Commission was kind enough to heed the request of Senators and Representatives from copper-producing States, and included within its report information of great interest to supplement its findings of fact on the production costs of copper. We were again disappointed in that the report did not show a wider spread between foreign and domestic costs. The findings were based on average costs, but because of the lack of complete information the commission was again compelled to use revised figures for the year 1928.

Including depreciation and interest, the total average cost of refined copper produced from domestic ores was found to be 13.29 cents. The total cost of foreign refined copper was determined to be 11.87 cents. The difference in average costs per pound in 1928 was, therefore, 1.42 cents instead of 0.07 of a cent, as the Tariff Commission, by using slightly different factors, reported to the Arizona congressional delegation on May 8, 1930. Less than a cent and a half is apparently a long way from the 6 cents which now scarcely measures the average difference in cost between American and foreign produced copper. But when we take into consideration the economic upheaval which now encompasses the world, 1928 is a long way from 1932. The changes in conditions in the copper-mining industry have been swift and revolutionary.

Mr. WHEELER. Mr. President, will the Senator yield?
The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Montana?

Mr. HAYDEN. I yield.

Mr. WHEELER. One of the reasons why foreign copper producers at the present time are able to lay their copper down so cheaply in the United States is the difference in foreign exchange.

Mr. HAYDEN. That is one factor.

Mr. WHEELER. That is, England being off the gold standard and controlling some of the African copper can send it into this country, I am told, at the present time, laid down in New York, for around 5 cents a pound.

Mr. HAYDEN. The copper producer in Africa can buy his supplies anywhere within the British Empire to-day at least 25 per cent cheaper than he could before England went off the gold standard, and, of course, that is a material advantage to him.

Mr. WHEELER. Not only is that true, but my understanding is that, by reason of the fact that England is off the gold standard, as are her dominions in Africa, where substantial quantities of copper are produced, they can lay their copper down in the United States cheaper.

Mr. HAYDEN. What the Senator says is true. The African copper development to which he refers is frequently mentioned in the report made in response to our resolution. In

submitting that report to Congress the United States Tariff Commission freely predicted that whenever accurate statistics could be obtained, a materially lower foreign cost of production would be shown. The commission was aware of the marvelously rich copper deposits that are being rapidly developed in Africa and of the exceedingly low wages paid to native laborers and therefore stated, on page 9 of its report:

Comparison of domestic costs and African costs: In 1928 the mining of copper in Africa was much less developed than in 1931, and cost comparisons based on that year are relatively not significant. Engineers' estimates for the cost of production in Africa under present or prospective conditions indicate substantially greater potential cost differences than those shown.

The commission further states on page 25:

Of paramount importance are the recent developments in Africa, Chile, and Canada. African developments in the Belgian Congo and Northern Rhodesia, while foreseen for several years, have recently resulted in such increased output and give such promise of further increase as to attract the attention of the entire copper-producing industry. The Congo industry is controlled by the Belgian Government and operated as part of a huge colonization enterprise having to do not only with the production of copper but with that of cobalt, radium, tin, precious metals, agricultural products, and the building of lines of communication, the clearing and sanitation of the jungle, and the education and civilization of the natives. The enterprise includes the construction of metal-refining plants in Belgium, and contemplates further refining and fabricating plants to the end that Belgium may become independent of other countries for such metallic materials as can be produced within its control. This development, although begun before the war, has been pushed rapidly since 1920.

COPPER DEVELOPMENT IN NORTHERN EHODESIA

In Northern Rhodesia copper developments which have not yet reached the full production stage give promise of duplicating or even surpassing the results in the adjoining Congo. Present estimates indicate a tonnage of reserves five times as great as in the Congo of a grade approximately 4 per cent copper. Present plans contemplate the smelting and refining of these ores entirely within the British Empire.

On page 81 of the report the commission says:

Actual costs of the production of copper from these new large and relatively rich deposits are practically nonexistent, for the reason that the first of these properties (Roan Antelope) to be fully developed and equipped turned out its first concentrates in June, 1931, and blew in its smeltery in October, 1931. Cost estimates must, therefore, take the place of cost facts and gaps in available figures must be filled in from known cost elements developed in comparable operations.

Not only in Africa, but there have also been perfectly amazing developments in the production of cheap copper in Canada since 1928. Of this the commission says on page 25:

In Canada the most spectacular development is that of the huge Frood body of copper-nickel ore in the Sudbury district, Ontario. Smaller, but still of major importance, are the developments at Noranda, in Quebec, and at Flin Flon, in Manitoba. Smelting and refining plants have already been built in Canada to handle the resultant tonnages, so that the finished metal will be produced under British control.

And again, on page 62, with respect to smelting, the commission says:

In Canada plants completed recently will avoid the diversion of most of the blister copper produced in that country to United States refineries; and in Belgium, France, and England plants completed or projected will handle African copper, which was formerly refined in the United States.

Canada and Rhodesia are within the British Empire; and as I have said in connection with the suggestion of the Senator from Montana [Mr. Wheeler], the producers of copper in those Dominions are now able to purchase their supplies for approximately 25 per cent less, due to the depreciation of the pound sterling which came about when England abandoned the gold standard. This is the only factor resulting in cheaper production of foreign copper that was not forecast by the United States Tariff Commission in submitting its report.

### SOUTH AMERICAN COPPER

The other principal source of foreign copper is in South America, where great ore bodies, having an average copper content approximately twice as high as the average in the United States, have been developed. In order not to make public the cost of production of any particular mine, the Tariff Commission combined the statistics from Spain and Latin America, except northern Mexico, but the figures thus

obtained can be analyzed to show that there is no possibility of producing copper in the United States at any such low price as is done in South America. The reasons for this are primarily the same as in the case of African copper, since both the factor of high-grade ores and cheap labor operate against American production. For example, the last annual report of the Chile Copper Co. shows that copper can be produced at its mines at a cost of less than 5 cents per pound.

REPORTS AT STOCKHOLDERS MEETINGS OF AFRICAN COPPER COMPANIES

The United States Tariff Commission has found that the total average cost of refined copper produced from domestic ores in the United States is 13.29 cents. Copper is selling at this time in the markets of the world at about 6 cents per pound, and has been selling at that low price for months. Information the Tariff Commission did not possess is now available which startlingly proves its forecast of lower foreign costs. For example, at a meeting of the Roan Antelope Copper Mines (Ltd.) (a company whose properties are located in northern Rhodesia) held on September 18, 1931, in London, Mr. A. Chester Beatty, its chairman, said:

We have proved unquestionably that we rank among the cheapest producers in the world, and that we can operate at a profit even at present-day prices, which are by far the lowest in the history of the industry.

The shareholders of the Union Miniere du Haut Katanga, whose mines are in the Belgian Congo, held a meeting in Brussels on July 13, 1931, at which time the president of that company, Mr. Jean Jadot, stated:

Without being indiscreet, it could be said, in spite of the prices quoted for copper in the course of the last few weeks, a price lower than that which has ever been touched hitherto, the company was not running at a loss but was still realizing profits, which, although they were not considerable, were profits nevertheless.

Senators have no doubt read in the newspapers of the efforts made at meetings held in New York, attended by representatives of the principal copper-mining companies of the world, to reach an agreement which would restrict the production of copper until the present enormous world surplus, which has increasingly accumulated, may be disposed of. The American producers who have already cut their production practically in half were most anxious to bring about such an understanding. What I have read from the reports of the stockholders' meetings of these African companies clearly indicates why the foreigners have been so slow in even considering such a proposal. I have seen figures to demonstrate that, whereas there was an actual decrease of over 32 per cent in American production of copper between 1929 and 1930, foreign production actually increased 15 per cent that same year.

### COMPARATIVE COSTS OF MINING

In the report of the United States Tariff Commission on the production costs of copper, dated December 22, 1931, at page 16, is a table showing a comparison of domestic costs of the several processes of producing copper. The table shows the average cost of mining for the years 1928–1930, including depletion and interest, to be 5.12 cents per pound in foreign countries, and 8.18 in the United States. These figures give the foreign producer an advantage of 3.06 cents per pound on that item alone. However, according to this report, the foreign and domestic situation with respect to smelting is reversed.

In the same table the average cost for the years 1928–1930 of smelting American copper, including interest, is 1.40 cents. The corresponding foreign average cost for the same years is given at 3.61 cents. These figures indicate that the average smelting costs in foreign countries are 2.21 cents higher per pound than in the United States. I have no doubt that these figures are based upon the best information that the Tariff Commission could then obtain; but I am sure that the commission will agree that foreign costs of smelting will not long remain very much higher than they are in the United States. I say this because the commission recognizes in its report that world domination of the smelting of copper, like the mining of the red metal,

has passed out of American control. On page 62 of its report the commission says:

Recent history: The construction of large smelting and refining plants in Canada and Belgium and the projected construction of large refining facilities in France and England are developments of the last few years. They are examples of the postwar trend toward political control of necessary raw materials within the boundaries of important industrial countries or their colonies. The copper mined in Germany and Japan is likewise brought to the finished metallic condition within the country of origin. A similar condition appears to prevail in Russia, though detailed information respecting plants and equipment is not available.

Copper mining in the United States is not only suffering from the investment of American capital in rich deposits of copper ore located in foreign countries, deposits in many instances more than double the average values of American copper ores, but there is another injury being done which is most keenly felt. For over two generations the United States has applied its best engineering talent to copper mining, and now American brains and American methods are being widely used to beneficiate foreign ores. Like Soviet Russia, the foreign producers of copper are employing Americans who received their training and experience in our own country to develop their properties. American metallurgical processes, engineering experience, and methods of mining are all being used to produce in foreign lands copper which now gluts the American market and causes the very mines and smelters where these men received their training and knowledge of the business to shut down.

Let me cite instances of what the unrestricted importation of foreign copper has done to various towns and cities in Arizona.

#### JEROME, CLARKDALE, AND CLEMENCEAU

Beginning in the northern part of my State, we find Jerome, Clarkdale, and Clemenceau largely depopulated. When I visited Jerome last summer not a pound of copper was being produced. But for work occasioned by caving ground, practically no one would have been employed at its largest mine except a few watchmen. The United Verde Extension, second in size, was reopened later in the year, but only to provide employment during the winter for those previously on its pay rolls. No new man could get a job. Recent newspaper accounts say that the United Verde Extension will either be soon closed down or that production will be greatly curtailed and gradually restricted to the vanishing point.

The mines at Jerome are picturesquely located on the side of the Mingus Mountain, overlooking the Verde Valley and the canyon of Oak Creek, which rivals the Grand Canyon of the Colorado River in scenic beauty. But the miner can not live on scenery. There must be a pay roll to maintain himself and his family.

The ores at Jerome were once so rich that the gold associated with the copper paid all the expenses of mining and smelting and transportation by rail to the Atlantic seaboard, leaving the copper content as clear profit. It was from the United Verde mine at Jerome that William A. Clark, who once served in this body as a Senator from Montana, derived a very large share of his great fortune. No such fortune could again be accumulated from American copper.

### THE GLOBE MIAMI DISTRICT

In central Arizona is the Globe-Miami district, whose mines have produced millions of pounds of copper, and particularly so during the World War, when that metal was so badly needed for the manufacture of munitions. The production of this copper was profitable, with the result that millions of dollars were paid into the Federal Treasury as corporation, income, and excess-profits taxes. With these great mines shut down, that source of Federal revenue will be forever ended.

That the Senate may know the actual conditions in that area, I read the following resolution adopted by the Gila County Democratic Central Committee:

Be it resolved, That it is the sense of this body that we unanimously indorse the resolution introduced by our Representative, the Hon. Lewis W. Douglas, in the United States House of Representatives, providing for a tariff of 5 cents per pound on raw copper, as its passage will prevent the closing of our copper mines

and provide employment for thousands of our destitute citizens;

and it is further

Resolved, That this body extends its sincere thanks to Gov. George W. P. Hunt, whose foresight and efforts brought about the creation of the Arizona Copper Tariff Commission; to the chairman and members of the Arizona Copper Tariff Commission, whose utmost efforts have been devoted to all phases of this economic problem; and to all the members of the Arizona delegation in Congress, who are straighted as velicity to save and protect the

Congress, who are striving so valiantly to save and protect the basic industry of our great State; and be it further Resolved, That a copy of this resolution be spread upon the minutes of this organization, and that copies of same be sent to Gov. George W. P. Hunt, the chairman and members of Arizona Copper Tariff Commission, and to our faithful delegation in

Congress.

Passed and adopted this 24th day of February, 1932, in the city of Globe, county of Gila, State of Arizona.

GILA COUNTY DEMOCRATIC CENTRAL COMMITTEE,

By RAY GILBERT, Chairman.

Mr. VANDENBERG. Mr. President-

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Michigan?

Mr. HAYDEN. I yield to my friend.

Mr. VANDENBERG. I think the Senator should emphasize, as he proceeds, that these deplorable conditions are not a mere by-product of the economic depression through which the country and the world are passing, lest there be any misunderstanding about it. Even though the general economic situation were improved, there is no reasonable opportunity for the copper situation to improve except as this tariff differential protects us from Africa in particular and Canada and Chile in addition.

Mr. HAYDEN. The marvelous, spectacular, and phenomenal development which has taken place during the past three years in Africa and Chile and in Canada is such that regardless of whether times are good or times are bad in the United States, we have lost our foreign market for copper. The United States can not make copper as cheaply as it can be produced in those countries. Therefore, as the Senator says, the only remedy is to take copper off the free list and impose an adequate import duty on that commodity.

At Globe, Ariz., the Old Dominion mine, one of the oldest and best producers in Arizona, has ceased operation.

At Miami, where the oil flotation process, combined with what may be truly called "mass production," has made possible the recovery of millions of tons of copper from exceedingly low-grade ores, production is at the very minimum consistent with still keeping the mines open.

In support of a tariff on copper I have here a resolution adopted by the International Union of Steam and Operating Engineers of Miami, Ariz., which I read to the Senate.

INTERNATIONAL UNION OF STEAM

AND OPERATING ENGINEERS,

Miami, Ariz., February 15, 1932.

In view of the collapse in copper prices caused primarily by importation of the metal into the United States, and in view of the consequent misery in the copper camps in the West with a number of mines shut down and all the others working only a

number of mines shut down and all the others working only a fraction of their capacity, the members of the above union, in meeting assembled at Miami, Ariz., on February 13, 1932, hereby Resolve, That every effort be made to secure a 6-cent tariff on all copper entering the United States, as this is the only means that will enable thousands of workers in the mining camps to make a living for themselves and their families.

The above resolution was carried unanimously, and the secretary was directed to forward copies to the Arizona congressional delegation and the Hon. James W. Coller, chairman of the Ways and Means Committee of the House of Representatives, Washington, D. C. ington, D. C.

[SEAL.]

J. L. MARTIN, President. J. Tom Lewis, Secretary.

### SUPERIOR, RAY, AND HAYDEN

In Pinal County, Ariz., are located two great copper mines, one at Superior and the other at Ray, about 20 miles distant. These mines have been the principal source of income to maintain the county government, to pay for the operation of its public schools, and the construction of its highways. The mine at Ray and the smelter at Hayden, which was built to care for its ores, are out of production. What is happening to the Magma mine at Superior was tersely stated in a recent issue of Dunbar's Weekly, a Democratic newspaper published at Phoenix, Ariz.:

Last summer the Magma was closed down, but it reopened at full blast in the fall. The directors hoped to keep right on operating until a tariff was imposed on copper or something else happened to enable them to sell their metal at a profit. Now there is not much hope for a tariff, none at all of anything else restoring prosperity to the American copper industry. In the face of competition from the rich deposits of Africa and South America, mines of the United States are at a hopeless disadvantage. With the closing of the Magma, on June 1, for an indefinite With the closing of the Magma, on June 1, for an indefinite

Orders have gone out to that effect-

Superior will become a ghost town. Its outlook is gloomy, indeed. The miners and smelter men will have to move away with their families; hundreds of others whose income is dependent upon the Magma pay roll will also have to pull stakes or else settle down to a long, weary wait for a resumption of activity, which may never come.

Not far from Superior is the site of the once-flourishing town of Pinal, which came into existence because the ores of the Silver King mine were treated there. As a small boy I saw the 14-mule teams that were used to haul the ore. My father supplied the 3,000 people who then lived in that district with flour from his mill at Tempe. The Silver King mine paid millions of dollars in dividends to its stockholders. When the price of silver went down, the mine was not only abandoned but the town of Pinal was completely deserted. Once in later years I passed by that way, and the sole living creature seen was a coyote near a ruined wall. Arizona, like Nevada, knows full well what the loss is when mining ceases to be profitable; and that is why her people are so desperately in earnest when they ask for a tariff on copper.

Mr. VANDENBERG. Mr. President, will the Senator permit one further interruption?

Mr. HAYDEN. Gladly.

Mr. VANDENBERG. I think it might well be emphasized in passing that these American miners and American laborers who thus are being deprived of their livelihood by the existing situation are finding that livelihood transferred to a type of labor in Africa which, according to the United States Tariff Commission, works for as low as 51/2 cents a day, the character of which can be well indicated by the fact that in the housing arrangements for taking care of it six natives live in a hut with a diameter of 13 feet, with walls 6 feet high from the floor.

That type of African labor is the beneficiary of the existing situation, at the expense of these American miners and American laborers, whose homes and communities have been depopulated by the existing situation, which the Senator pleads to have properly corrected by American tariff protection.

Mr. HAYDEN. To fully corroborate what the Senator has said I shall read, a little later, the rates of wages paid to African copper miners, as set forth by the Tariff Commission in its report made in response to the resolution which he joined with me in introducing.

Mr. WHEELER. Mr. President, will the Senator yield? The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Montana?

Mr. HAYDEN. I do.

Mr. WHEELER. The picture that the Senator from Michigan has just shown is a deplorable one. I think it is true: but I will say to the Senator that if he had gone up into the State of Pennsylvania during the coal strike up there he would have found that the coal operators in the great State of Pennsylvania had brought into that State hundreds of negroes and were having them live under just about the same conditions that he has described in Africa. They were getting a little more money, but it was all being taken away from them in board and clothing that they had to pay for: and they were all being herded into these little houses, and were being used to compete with American labor right here in our own United States of America.

Mr. HAYDEN. I know that the Senator from Montana speaks advisedly, because he personally investigated the coalstrike situation in Pennsylvania.

Mr. WHEELER. One thing further: We might just as well face the fact that if we are going to put a tariff on copper, it is going to be necessary for the copper producers in the United States to agree upon a program of curtailing copper production, so that the production of copper in this country will be below the consumption. Unless that is done, a tariff upon copper will not be effective in the United States.

Mr. HAYDEN. I am sure that the Senator will agree that it will be much easier to curtail the production of copper in the United States than it would to curtail the production of coal in this country. There are thousands of coal mines, but there are only a limited number of mines in the United States which produce copper.

Mr. WHEELER. I agree with the Senator. The point I want to make is that if Congress should place a tariff on copper, and then the operators went out and started in to operate full blast all the mines in the United States with improved machinery, they would immediately produce a surplus of copper, and the price at which they had to sell the surplus would fix the price of copper in the United States.

There is one other question I desire to ask the Senator. I have before me H. R. 6662, the Collier bill. It seems to me that in the event of its passage we could then appeal to the Tariff Commission, and, with the facts that can be produced with reference to costs of production in the United States and foreign countries, we should be able to get the Tariff Commission to recommend a reasonable and a just tariff upon copper. Does the Senator agree with that statement?

Mr. HAYDEN. I agree with it completely. Further on in my remarks I shall point out the significant provisions in the Collier-Harrison bill, which I am sure will be helpful if that measure is placed upon the statute books.

AJO

But to continue with a further description of the situation in Arizona. The last great copper mine to be developed in that State is Ajo, near the Mexican border. The early Spanish explorers found small veins of rich copper there; but the larger deposit was of low grade. It was only through the metallurgical genius of Gen. John C. Greenway-whose statue, appropriately made of bronze, Arizona was proud to place in the Nation's Capital-that a way was found to make mining at that location profitable. Because there is no apparent prospect of a better price for copper in the very near future, it has become necessary for the mining company at Ajo to order the discharge of its employees, throw them into the body of the unemployed, and provide for nothing but a few men to guard what is one of the most modern and efficient installations of mining equipment to be found anywhere in the world.

That order was issued only six days ago. I hold in my hand a newspaper account that contains a copy of the notice posted at Ajo on March 23, which reads:

On account of the present depressed condition of the copper business, it has been found necessary to discontinue all opera-tions of the New Cornelia branch at Ajo as soon as the month's production for April is obtained, and effective not later than April 24, 1932.

M. CURLEY, Manager.

Mr. Curley also gave out the following statement:

Mr. Curiey also gave out the following statement:

We greatly regret being forced to discontinue operations at Ajo in April and realize the serious effect it will have on our community and on our employees, but circumstances in the copper world make it unavoidable. We have, as a matter of fact, continued operations beyond the time that was justified in the hopes that the general situation might improve. On the contrary, however, the situation has become increasingly difficult; surplus of copper stocks has increased; buying power has dwindled; and a price for the metal has been reached which for some time past has resulted in a heavy monthly loss.

With conditions as above, we can not afford to continue depleting the company's mineral assets as well as its cash reserves, and we are therefore regretfully forced to suspend operations until a resumption is justified. When this will be can not be fore-

and we are therefore regretfully forced to suspend operations until a resumption is justified. When this will be can not be forecasted at the present time. It depends for one thing on how soon general business picks up and with it a more normal demand for copper; and also whether, when that time comes, Ajo can produce copper cheaply enough to compete with the abundance of very low cost copper that will be put on the market both in this country and from abroad. At the present time, as a matter of fact, the largest proportion of the cost of Ajo copper is the proportion that it has to bear of the cost of Arizona State government and Pima County government, and with this heavy burden it is going to be increasingly difficult to compete with low-cost copper that does not carry this excessive burden of taxation. copper that does not carry this excessive burden of taxation.

EDITORIAL IN THE ARIZONA DAILY STAR

As an instructive comment upon the closing of that great mine, I read an extract from an editorial in the Arizona Daily Star, published at Tucson, entitled "Consequences of New Cornelia Shutdown ":

The suspension of operations at the New Cornelia mine at Ajo announced for April 24 is an event of far-reaching consequences to Tucson, Pima County, and Arizona. The loss of employment to the people of Ajo is a tragic matter. The loss of business to Tucson will be felt, but the most far-reaching consequences have yet to be felt. As the biggest single taxpayer in Pima County, paying approximately 38 per cent of the county's taxes, the mine is of tremendous importance to every taxpayer in the county.

The fact that New Cornelia has closed down does not mean that it is through as a producer. Not by any means. Its ore reserves are good for 50 years, and when able to operate at full capacity and market its product it can meet competition from any mine in the world. It is one of the best and one of the most efficiently conducted mines in the world. But when it can not operate at capacity, its costs are too high to cover the cost of production at present prices.

For instance, when it operates on a restricted-production basis of 2,400,000 pounds a month, the taxes it pays Pima County and The suspension of operations at the New Cornelia mine at Ajo

of 2,400,000 pounds a month, the taxes it pays Pima County and the State of Arizona amount to 2.9 cents a pound. It has been selling its copper to net 5.75 cents. Thus its taxes amount to over one-half of what it receives for its products.

CLIFTON AND MORENCI

The Clifton-Morenci mining district in eastern Arizona has also produced vast quantities of copper, beginning with shipments made a half century ago, of rich ores transported a long distance by wagons to the Southern Pacific Railroad, thence by rail to the seaboard, and finally over the ocean by ships to Swansea, in Wales, for refining. There are still large deposits of copper ore in that district. but the richer ore having been first extracted, the lowgrade ore can no longer be mined in competition with cheap copper imported from Africa, South America, and Canada.

In order that the Senate may more fully appreciate the effect of this foreign competition, I read the following prophetic editorial from the Graham County Guardian:

A COUNTY THAT WOULD BE HARD HIT

In the event of a complete close down of the copper-mining industry of Arizona, one of the hardest-hit counties would be Greenlee. Outside the mining industry and businesses dependent upon it, there exist only limited property valuations in Greenlee

County.

A tabulation of property valuations for taxation purposes furnished Governor Hunt by Joe Chaudoin, assessor of Greenlee County, shows that 78 per cent of the taxes in that county are paid directly by the mining companies. Business property in the mining camps, entirely dependent upon mining activities for its continuance, pays 6.901 per cent of the taxes in that county. From these figures it is seen that a total of 84.901 per cent of the taxes in Greenlee County would be wiped out with the extinction of copper mining. Theoretically, a trifle over 15 per cent would be left for all county purposes. Even this limited residue would doubtless be reduced through the depressing effect of a collapse of copper mining. This remainder consists largely of livestock and agricultural valuations, which industries are dependent, in part at least, upon the copper camps for a market.

Were the copper industry to be permanently closed down, there would not be sufficient funds remaining to operate the county government of Greenlee.

government of Greenlee.

These figures give a startling picture of what the failure of Congress to enact a tariff law on copper would mean to Greenlee County. Small wonder that the residents of that county are showing intense interest in the legislation before this session of Congress providing tariff protection for the American copper industry.

The event thus anticipated with foreboding has occurred. The blow has fallen. I have here an Associated Press dispatch from Morenci, Ariz., which reads:

Morenci, Ariz., March 24.—Notices were posted by the Phelps-Dodge Corporation to-day announcing operations at its Morenci branch will cease about July 1. The low price of copper was given as the cause for the coming shutdown.

The notices followed on the heels of announcement of Phelps-

Dodge officials last night that its Ajo properties would be closed

not later than April 24. Closing of the Morenci and Ajo mines and smelters will leave only the Bisbee and Douglas properties of Phelps-Dodge operating in Arizona.

The formal notices posted here read:

"We regret to advise that on account of the depressed condition of the copporting in the property of the depressed condition."

of the copper industry, it will be necessary to discontinue all operations at the Morenci branch as soon as ore at present broken in the stopes is drawn off and concentrated, and the concentrate

smelted.
"The best estimate we can make at the present time is that all work should be completed and entire operations shut down by July 1."

The notice was signed by Frank Ayer, manager, who, in connection with the close-down order, said:

"We realize the notice of discontinuance of operations at the Morenci branch will be a great disappointment to everyone in the Clitton and Morenci districts, and no one regrets the necessity more than the Phelps-Dodge Corporation itself.

"Morenci branch has been operating on a reduced basis longer than was really justified by current conditions, but the time finally has come when the copper situation is so bad in every respect that the company can not longer continue depleting its ore reserves and spending money to produce copper at a serious loss.

"With the enormous surplus of unsold copper on hand, with the present unprecedented low price of metal, and with demand at a low ebb, there is no incentive for producing copper at this time, and it is impossible to forecast how long this condition will continue, but in view of the seriousness of the situation plans are being made for an indefinite shutdown.

tinue, but in view of the seriousness of the situation plans are being made for an indefinite shutdown.

"As manager of the Morenci branch, I wish to acknowledge the fine cooperation and help that we have been given in a difficult situation by all our employees, as well as by public officials and the people of Greenlee County as a whole. Their friendly assistance and cooperation has made it possible to continue operations longer than otherwise would have been possible, and Phelps-Dodge Corporation greatly appreciates this."

### BISBEE, THE WARREN DISTRICT AND DOUGLAS

Among the greatest and most highly developed mines in Arizona are those at Bisbee and the Warren district in Cochise County. For practically all of my lifetime copper in vast quantities has been produced there under expert and skillful management. About 25 miles from these mines are located great smelters at Douglas, a city almost entirely dependent upon the payment of wages to smelter men. Pioneer prospectors risked their lives to find these copper properties. Skilled geologists determined their extent. Mining engineers of great talent have spent their lives in improving the methods of extracting the ore. Prosperous communities grew up about this mining enterprise. But in the last two years all has been changed.

I am reliably informed that over 6,000 residents have been compelled to leave Cochise County, Ariz., in which these mines are located, because they could no longer obtain a livelihood there. At the present time only a very limited number of miners are employed, and practically all of them receive wages for but three days' work a week, and that pay is at a reduced rate. Many hundreds of families are supported solely by what amounts to a gratuity from the mining company-a condition that can not always last. Unless Congress acts promptly by imposing a tariff on copper. Bisbee will become another Tombstone, a ghost city, whose glory departed when the white metal, silver, suffered a decline in price similar to that which copper is now experiencing.

### AN EARNEST AND TRUTHFUL PETITION

The people of Bisbee and the Warren district have sent me the petition which I hold in my hand, containing 4,348 names. I ask Senators to examine it, because no one can look at the petition without realizing that it truly expresses the sentiments of that community. The petition states:

To the Honorable Members of Congress of the United States, Members of the Ways and Means Committee of the House of Representatives:

We, your petitioners, citizens of the Warren mining district, State of Arizona, do most earnestly petition your honorable body to favorably report and assure the passage of House Joint Resolution 259, introduced by Congressman Lewis W. Douglas of Arizona, and providing for the levying and collecting of an import duty upon copper in various forms. And in support of our petition we desire to set forth certain basic facts, as follows:

First. The State of Arizona and its citizenship are absolutely dependent upon the copper-mining industry; more than one-half

First. The State of Arizona and its citizenship are absolutely dependent upon the copper-mining industry; more than one-half the total valuation of the State is embraced in the item "productive and nonproductive mines and appurtenances thereof"; approximately one-half of the population of the State of Arizona is solely dependent upon the copper-mining industry, and the remaining portion of the population is largely dependent upon business conditions in the copper camps of Arizona. The collapse of the copper-mining industry will mean a complete prostration of the sovereign State of Arizona.

Second The people of the Warren mining district are solely

Second. The people of the Warren mining district are solely dependent upon the copper mining industry. Our homes, our schools, our churches, our business establishments are absolutely worthless unless the copper mines in this district are permitted to operate. The population of the Warren district, as shown by the 1930 census, comprises 15,136 souls, 98.2 per cent of whom are American citizens. In addition thereto the smelter town of Douglas, 25 miles away, and solely dependent upon the copper industry.

comprises 9,878 souls. Unless the copper industry is permitted to operate, the welfare of these 25,014 persons is in imminent danger, their life savings are wholly destroyed, they face want, deprivation, and starvation.

their line savings are wholly destroyed, they lace want, deprivation, and starvation.

Third. The copper industry of the United States is in imminent threat of extinction due to the encroachment of low-cost copper taken from ores of high-metal content by slave and compound labor within the wilds of Africa. Our miners and our citizenship, enjoying the benefits of American standards of living, such standards having been established by the labor of our forefathers, who pioneered the vast mesas and prospected the forbidding mountain ranges of Arizona, are now thrown into competition with savage races of another blood, of inferior intelligence, and not capable of enjoying even the minor benefits of civilization. Our miners and our whole citizenship are threatened with the extinction of the industry upon which depends their livelihood, their liberty, and the pursuit of their happiness according to American standards. Fourth. It is within the power of the Congress of the United States to provide adequate protection for our homes and our firesides, for our schools and our churches, for our wives, and for our children. The passage of House Joint Resolu-

wives, and for our children. The passage of House Joint Resolution 259 by the first session of the Seventy-second Congress will provide for us the protection which we earnestly seek.

provide for us the protection which we earnestly seek.

The foregoing are but a few of many facts upon which we base this our plea to the Congress of the United States for the passage of House Joint Resolution 259 and the levying of an import duty on copper in various forms. We speak primarily for our own homes and our own citizenship living in the Warren mining district. But our plea includes and vitally affects the welfare of 450,000 American citizens within the State of Arizona and many millions of citizens within the 20 States where copper mining is an important factor. This is not a plea for political preferment; this is not a plea for additional favors. It is a petition to the Congress of the United States for the preservation of our liberties, our livelihood, and our very existence. And we earnestly trust that our plea shall not be in vain.

Respectfully submitted.

FRED SUTTER, of Bisbee

FRED SUTTER, of Bisbee and 4,349 other citizens of Arizona.

Having given this very incomplete sketch of the deplorable conditions which exist in every producing copper-mining district in Arizona, the Senate will understand my keen interest in legislation which holds out any measure of hope that prosperity may be restored through the enactment by Congress of a law which will give the product of these mines a preference in the American market.

### THE COLLIER-HARRISON BILL

The pending bill has provisions which, if passed, can not fail to be a step in the right direction. I shall not go into every phase of the bill, but will merely direct attention to some of its provisions which I am sure will be beneficial. do this for two purposes. First, to point out some of the particular merits of the measure, but, secondly, to emphasize at once that whether the Collier-Harrison bill becomes a law or not, we who are seeking a tariff on copper are perfectly willing to abide by the principles it establishes and the methods it provides for determining the rates of duty on imports. We are anxious that our claim for a tariff on copper shall be considered on its own merits, and we have complete confidence that when the facts are once understood the relief granted will be both adequate and immediate.

The United States Tariff Commission is directed to ascertain the difference in cost of production at home and abroad, and in so doing is required to ascertain, among other things, the differences in wages in terms of labor cost per unit of product. It is well known that the wages in the western copper mines go up and down according to a sliding scale based upon the market price of copper. The compensation paid to miners and other employees by the copper-mining companies in Arizona in normal times has been high enough to maintain an American standard of living.

### AFRICAN LABOR

The principal competition we have to-day is from the development of rich deposits of copper in Africa, where a native unskilled laborer does not receive as much in actual cash for a whole month's work as a hard-rock Arizona miner would earn in two days. Even the best-paid native laborer is content to receive a daily wage equivalent to 75 cents in American money.

The junior Senator from Michigan [Mr. VANDENBERG] spoke a few moments ago about the figures contained in the report of the United States Tariff Commission with respect to wages paid African labor. I read from the commission's report:

African labor: Labor in the African copper mines and developments is performed by native blacks under white supervision. Usually 1 white man is employed (including medical staff) to every 7 to 10 blacks.

According to the Northern Rhodesian Blue Book, the average number of natives employed in 1929 in the mines of Northern Rhodesia was 17,608.

Wages and salaries are paid partly in cash and partly in allowance for food, housing, and transportation. Native labor is generally hired under a 6-month contract and white employees under a 3-year contract.

WAGES FROM FIVE ONE-HALF CENTS TO THIRTY-FOUR THREE-FOURTHS

Public sources of information, such as annual reports of operating companies and the Northern Rhodesian Blue Book, indicate that in Northern Rhodesia the daily cash wage paid to native mine labor averages from 19 cents for unskilled to 58 cents for skilled labor, with a total daily cost to the companies, including allowances in kind, of 35 and 75 cents for unskilled and skilled labor, respectively; the range of cash dally wages paid to native labor in the Katanga district is from 5½ to 34% cents, the amount depending upon the length of service and the kind of work.

The incomplete cost data available indicate a mine labor cost in Africa of \$1.75 per ton of ore, equivalent to approximately 1.61 cents per pound of copper, as compared with a mine labor cost in the United States of 3.08 cents per pound of copper.

It is perfectly obvious that without protection against the product of such labor copper mining in Arizona and elsewhere throughout the United States must cease.

### NEITHER PROFITS OR EMPLOYMENT

In making its report the Tariff Commission is directed to find the facts with respect to—

The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment.

### I quote from the bill.

At the present price of 6 cents a pound there is no such thing as a profit in any American copper mine. The balance sheet of every copper-mining company at the present time will show nothing but losses. Every monthly statement is in the red. No developed copper mine in the United States is utilizing the full extent of its productive capacity. As a cold-blooded business proposition, it would pay almost every one of them to close down and discharge its employees. The hope of a better market for copper is the sole and only reason why the pumps have not been pulled in many mines and the shafts filled with water. If that were done, and later there should be an improvement in the copper market, it would cost large sums of money to restore the mines to their old productive capacity, and that is the only reason why such a course is not followed.

The paragraph of the bill that I have read also directs the Tariff Commission to determine the extent of unemployment. It will take but little time to do that, because all that is needed is a comparison of the pay rolls to-day with what they were in 1928 and prior years.

There is a provision in the bill directing the Tariff Commission to examine into "the efficiency and economic operation and location of any domestic industry under consideration." The American copper-mining industry welcomes such an investigation. The best brains in that industry have been applied to that very problem, and all America can be proud of the results that have been accomplished. American mining engineers have found a way to mine profitably copper ores of lower grade than anywhere else in the world, but however efficient and however economical such operations may be, they can not compete with copper produced from new discoveries in Africa, where the ores are richer and where the wages paid to labor are so low as to be ridiculous in the eyes of the American miner.

## TRANSPORTATION COSTS

The bill further directs the Tariff Commission to take into consideration the costs of transportation, and states:

These costs shall be computed from the principal producing areas (in the United States and in the principal competing country or countries) that can reasonably be expected to ship to the principal competing region or regions of the United States, and shall be computed to such principal merket or markets of the United States as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in such region

Heretofore the members of the United States Tariff Commission have not been able to agree upon a proper definition of the cost of transportation, but this bill brings an end to that dispute. The principal copper-producing areas in the United States are in Michigan and the Far West. The principal market for copper is along the Atlantic seaboard. This necessarily means that the railroad freight rate on copper is a large factor in meeting the competition of copper brought to the refineries along the Atlantic coast by ships from South America and Africa. The water haul may be longer than the rail haul, but it is much less expensive, and it is, therefore, entirely proper that the transportation factor be given due weight, so as more nearly to "insure equal competitive opportunity" for American-produced copper.

#### TAXATION

The bill also says that the United States Tariff Commission shall take into consideration the advantages granted to a foreign producer by a foreign government. One obvious advantage is a low rate of local taxation. In Arizona we take the equivalent of about 2 cents a pound for taxes on every pound of copper produced in the State. Two cents from 16 or 18 cent copper is a heavy but bearable tax. Two cents from 6 and 8 cent copper is unbearable and confiscatory.

Arizona has collected this tax to maintain one of the most excellent public-school systems in the Union, at the top of which are two State teachers' colleges and a State university of high rank. The money has gone into the building and maintenance of highways and to pay the expenses of State, county, and municipal governments. These attributes of civilization do not exist in Africa, and their establishment and upkeep, therefore, do not constitute a tax on the production of copper.

### SIX TRUTHFUL AND FUNDAMENTAL PROPOSITIONS

Let me repeat that the case for copper can meet every test prescribed in the Collier-Harrison bill. All that is asked is an opportunity to have the tests made, and then we know that an adequate import duty will surely be imposed by Congress. Not even the most far-seeing men who are active in the management of great copper-mining companies were able to foretell the calamity which has fallen upon the industry. Immediately after the first drop in the market price of copper the Senators and Congressman from Arizona sought information from the United States Tariff Commission as a basis for action. The commission, like those in control of the industry, could not instantly appreciate what was happening. Its second report was much better than its first response to our inquiries. If called upon for further information, the United States Tariff Commission will be compelled by the logic of rapidly accumulating events to sav:

First. That within the past three years the United States has lost its commanding position as a producer of copper. Foreign production and foreign productive capacity have grown so great as to dominate and control the copper industry of the world.

Second. Foreign copper is now and will continue to be produced at lower average costs than American copper. Ore reserves in the United States average only 23 pounds of copper to the ton. In Africa enormous deposits have been developed containing 88 pounds to the ton. In South America developed mines have over a billion tons with a copper content of 41 pounds. In Canada copper has been found in large quantities of twice the average richness of American ores, and associated with the copper are high values in nickel, gold, silver, and platinum. If the expense of mining and concentrating were equal everywhere, the higher values of foreign ores makes the cost of producing a pound of domestic copper twice as great as it is abroad.

Third. That foreign copper is now and will continue to be produced at lower average cost, particularly in Africa, because American miners can never be reduced to such a low standard of living as to meet the wage paid to foreign laborers.

Fourth. That within the past three years the once great foreign market for American copper has been lost, and the United States has ceased to be a net exporter of copper. This is not due to a lack of capacity to produce copper, but to an utter inability to compete in price owing to higher

costs of production.

Fifth. That foreign production of copper has been since 1929 and will continue to be vastly in excess of foreign consumption. By the end of this year foreign production will be 1,200,000,000 pounds annually greater than the amount consumed in all foreign markets. The only market for this surplus of cheap foreign copper is in the United States.

Sixth. The United States having ceased, by force of the circumstances heretofore stated, to be a net exporter of copper, a tariff on that metal will be effective, and an adequate import duty will enable the mines of the United States to produce enough copper to supply the major portion of the American market.

Concrete and specific evidence to demonstrate completely the truth of each one of these six propositions will be presented to the Senate Committee on Finance when the revenue bill now pending in the House of Representatives reaches this body. My whole argument is based upon their truth-They state the fundamental facts which comfulness pletely justify the immediate establishment of an import duty on copper adequate to permit that great American industry to continue to exist.

STATEMENT BY REPRESENTATIVE DOUGLAS OF ARIZONA

Mr. President, I know of no better way to conclude my remarks than by reading from a statement made by Hon. LEWIS W. DOUGLAS, a Representative from the State of Arizona, before the House Committee on Ways and Means, made in executive session, on March 16, 1932. I could not find better nor more forceful words to portray the actual condition that now exists in the copper-mining regions of the United States. Mr. Douglas said:

I am appearing to-day in behalf of 14 States, 5 of which produce copper in substantial amounts, 1 of which—Arizona—produces approximately 45 per cent of the copper production of the United States, while the remainder produce copper in lesser

United States, while the remainder produce copper in lesser amounts.

I am here pleading not only for these States but also for more than 100,000 American workmen and their wives and their children. I am here pleading for previously prosperous, modern communities whose sole chance for existence lies in the operation of copper mines and smelters. I am here pleading for the small merchant, small theater owner, small garage owner, who has invested his savings of a lifetime in these communities. For them all an emergency of the first magnitude exists.

Because, first, many of the American copper mines on which such communities and thousands of American workmen are dependent have been compelled to discontinue operations.

Secondly, because the remainder of the American mines are operating at a very limited capacity and a tremendous financial loss in a heroic effort to relieve unemployment.

Thirdly, because more than 27,000 families are destitute, while for the remainder wages have been reduced to the starvation level, with only two or three days of employment per week remaining for each man.

Fourthly, because complete and permanent shutdown of most of the American mines has become an immediate certainty unless the Congress grants rellef.

I can not too emphatically impress upon you the effects of such a shutdown. Large, modern, prosperous communities, with all of the conveniences of modern life, which rest solely upon the copper-mining industry—and there are many of them—will become desolated. Investments made in them by thousands of small merchants will become permanently lost beyond the remotest hope of recovery. Homes in which American miners have invested their savings will become deserted. In short, poverty will literally stalk the streets of impoverished cities, which are becoming and will become but distorted reflections of a vanished prosperity.

But more than this, Mr. Chairman, counties and States now prosperity.

But more than this, Mr. Chairman, counties and States now financially embarrassed will be rendered bankrupt. The picture which I here partially paint is not a creation of my imagination. On the contrary, it is a statement of an actual condition now partially present and shortly to be completely realized. This is the emergency.

The United States now has no foreign market for its copper, has become a net importer of the metal, and would now, even were business conditions prosperous, be confronted with practical were business conditions prosperous, be confronted with practical extinction of its copper-mining industry. It is this relentless pressure, and the prospect of an even greater overwheliaing pressure of low-cost foreign copper which has demoralized and is annihilating the copper industry in the United States, is bringing poverty and suffering to thousands of American families, is converting prosperous modern communities into desolated ones, is developing hysteria almost to the extent of open rebellion, and is bankrupting municipalities, counties, and at least one great State.

Mr. Chairman, the emergency is uncontroverted. Many may ignore it for selfish reasons, but no one can deny it. You, the Members of this committee and the Congress, have within your hands the power to avert disaster, to grant the remedy, to relieve unemployment, to save Commonwealths, and to protect the savings of a lifetime. The remedy does not impose a burden on the Treasury of the United States. On the contrary, it will provide substantial revenue. The remedy, Mr. Chairman, and the only conceivable immediate remedy, is an import tax on copper.

Mr. President, I ask unanimous consent to include in the RECORD, as exhibits to my remarks, certain petitions from the State of Arizona, praying for a tariff on copper.

The VICE PRESIDENT. Without objection, permission is granted.

# Resolution 5994

The city of Phoenix, county seat of Maricopa County and capital of the State of Arizona, depends greatly upon the surrounding agricultural Salt River Valley for not only its political but its economic and social well-being. Anything that affects the prosperity of the farmers of the Salt River Valley affects the good of Phoenix.

good of Phoenix.

Widespread stagnation of the copper-mining industry in the United States has caused a critical situation of unemployment in the copper-mining communities of Arizona, the greatest copper-producing State in the Union Copper mines, formerly purchasers of hydroelectric power from the Salt River Valley irrigation project, have greatly curtailed consumption of electrical energy and copper-mining communities, formerly near and profitable markets for the produce of Salt River Valley farms, have become greatly depopulated, thereby reducing the demands for farm products to but a small fraction of their former demands.

The total annual loss of these markets for hydroelectric power and farm products approximates two and a half million dollars annually. Salt River Valley industry and business in turn is suffering from the inability of the farmer to purchase the products of industry and the personal services of the professions,

suffering from the inability of the farmer to purchase the products of industry and the personal services of the professions, trades, and labor. Notable unemployment is resulting locally and to these unemployed are being added the forced idle coming in from surrounding mining communities.

Whereas irreparable injury to the social, economic, and political attributes of Phoenix and the Salt River Valley can be averted by returning prosperity to the copper-mining industry in the United States and its workers; and

Whereas this prosperity can be returned by preventing entry into the United States of any and all foreign copper that offers destructive competition to the copper produced in the United States: Therefore be it

Resolved by the mayor and Board of Commissioners of the City

Resolved by the mayor and Board of Commissioners of the City of Phoenix, That the Congress of the United States give immediate attention to the legislation of such tariff rates and regulamediate attention to the legislation of such tarili rates and regulations as shall effectively prevent the copper-producing industry in the United States from becoming adversely affected at any and all times by the importation of any and all copper produced in foreign lands; and be it further

\*Resolved\*\*. That copies of this resolution be sent to the President of the United States, Members of the United States Senate and House of Representatives, members of the United States Tariff

Commission, governors of the States of the Union, the press, and others who should be informed concerning the critical situation that confronts the copper-mining States and communities of the

Favorably and unanimously acted upon this 20th day of Feb-

ruary, 1932.

FRANKLIN D. LANE Mayor and Commissioner. W. C. HENDERSON, Commissioner. O. B. MARSTON,
Commissioner.
DAVID P. KIMBALL, Commissioner.

Attest:

Jos. C. FURST. City Clerk.

### EXHIBIT B

The copper-mining industry of Arizona, Utah, Montana, Michigan, and many other States and communities is practically suspended and threatened with complete extinction.

This condition has been brought about by the unlimited and unrestricted competition of foreign copper, produced from rich ores by cheap labor under conditions of actual peonage and proximating slavery.

The production and consumption of copper within the United

The production and consumption of copper within the United States are practically in balance when American mines are producing normally, a condition that assures the successful protection of this basic industry if an adequate tariff was in force.

American copper miners, American copper companies, the entire business, labor, and social structure that is dependent upon the copper industry should be afforded ample tariff protection.

The only important opposition to a tariff comes from those copper fabricators or manufacturers whose business is well protected by high tariffs on manufactured copper goods that gives them a practical monopoly on the American market, who have

comparatively small interests in American production of raw cop-

per, but who are heavily interested in cheap foreign production.

The revival and maintenance of the American copper industry by the enactment of an adequate tariff is absolutely essential, from the standpoints of economic readjustment, of the reemployment of many thousands, the reestablishment of thousands of businesses dependent directly on the industry, the revival of hundreds of mining communities and the reestablishment of business and taxable values, the resumption of production in order that the copper-mining industry may resume the payment of taxes necessary to maintain government within the many copper-pro-ducing areas, the reestablishment of markets for farm products in the copper-mining communities, and also from the standpoint of its vital importance to national defense, the necessity for which may arise at any moment from disturbed world conditions.

For these reasons we, the members of the Phoenix Real Estate Board, do hereby resolve that it is urgently necessary that the

present Congress enact an adequate tariff on raw copper, and that we urge upon our representatives in Congress, and upon all Members of Congress who have the prosperity of this country, the employment of its people, and the protection of our country at heart, that they actively support the enactment of such a copper tariff by

this session of Congress.

And we do further resolve that copies of this resolution be sent to our representatives, to any representatives from other States known to our members, to the President of the United States, and to the press.

PHOENIX REAL ESTATE BOARD, By Frank Messhammer, President. Frank A. Jefferson, Secretary.

#### EXHIBIT C

Business & Professional Women's

Club of Phoenix (Inc.),

Phoenix, Ariz.

Whereas the standard of living of the laborer in this country, especially the laborer in our mines, is far above that of other countries; and

Whereas it is the desire of this club that this high standard be maintained; that an adequate living wage be paid these miners to enable them to properly educate their children to better citi-

zenship; and
Whereas the maintenance of such a wage standard makes it impossible to compete with foreign markets; and
Whereas this condition curtails the production of copper in this country, resulting in an acute unemployment situation: Therefore be it
Resolved, That the Business & Professional Women's Club of Phoenix urge a protective tariff on copper; that a copy of this resolution be made a part of the record of this club; that a copy be sent to the Arizona State Federation of Business & Professional Women's Clubs and a copy to each of our national legislators.

THE WOMAN'S CLUB OF PHOENIX,

Whereas widespread stagnation of the copper-producing industry has caused a critical condition of unemployment in Arizona, the largest copper-producing State in the Union, and a loss

annually of many millions of dollars; and

Whereas irreparable injury to the social, economic, and political
structures of the State could be prevented, we believe, by an
adequate protective tariff: Therefore be it

Resolved, That the Woman's Club of Phoenix, in regular meet-

Resolved, That the Woman's Club of Phoenix, in regular meeting assembled, urgently requests the Arizona representatives in Washington to use their influence in their respective Houses and with the United States Tariff Commission to the end that suitable tariff rates and regulations shall be imposed as to effectually protect the copper-producing industry of the United States; and be it further

Resolved, That copies of these resolutions be sent to United States Senators Ashurst and Hayden and Congressman Lewis Douglas and to the press.

Mrs. C. H. Bugger, President.

Mrs. C. H. Bugbee, President. Mrs. S. H. Bowyer, Secretary.

PHOENIX, ARIZ., March 8, 1932.

## EXHIBIT E

The copper-mining industry of Arizona, Utah, Montana, Michigan, and many other States and communities is practically suspended and threatened with complete extinction.

This condition has been brought about by the unlimited and unrestricted competition of foreign copper, produced by cheap labor under conditions of actual peonage and proximating slavery. The production and consumption of copper within the United States are practically in balance when American mines are producing normally, a condition that assures the successful protection of this basic industry if an adequate tariff was in force.

American copper miners, American copper companies, the en-

American copper miners, American copper companies, the entire business, labor, and social structure that is dependent upon the copper industry, should be afforded ample tariff protection. The only important opposition to a tariff comes from those copper fabricators or manufacturers whose business is well protected by high tariffs on manufactured copper goods that gives them a practical monopoly on the American market, who have compara-

tively small interests in American production of raw copper but who are heavily interested in cheap foreign production.

The revival and maintenance of the American copper industry by the enactment of an adequate tariff is absolutely essential from the standpoints of economic readjustment. It will mean the reemployment of many thousands, the reestablishment of thousands of businesses dependent directly on the industry, the revival of hundreds of mining communities, and the reestablishment of business and taxable values. The resumption of production is necessary that the copper-mining industry may resume the payment of taxes necessary to maintain government within the many copper-producing areas and reestablish markets for farm products in the copper-mining communities. It is also necessary from in the copper-mining communities. It is also necessary from the standpoint of copper's vital importance to national defense, the need for which may arise at any moment from disturbed world conditions.

For these reasons we, the members of the Kiwanis Club of Phoenix, do hereby resolve that it is urgently necessary that the present Congress enact an adequate tariff on raw copper, and that we urge upon our representatives in Congress and upon all Members of Congress who have at heart the prosperity of this country, the employment of its people, and the protection of our country, that they actively support the enactment of such a copper tariff by this session of Congress.

And we do further resolve that copies of this resolution be sent to our representatives, to any representatives from other States known to our members, to the President of the United States, and to the press.

KIWANIS CLUB OF PHOENIX, ARIZ., L. A. STAPLEY, President, Chas. B. STAMBAUGH, Secretary.

Indorsed by the Kiwanis Club of Flagstaff, Ariz.

By C. L. Stock, President.

C. D. CRUMLEY, Secretary.

# EXHIBIT F

Resolution No. 83

Resolution No. 83

The city of Tempe, home of the Arizona State Teachers College, of Tempe, with a student body of approximately 1,000 students, representing practically every city and county of Arizona, depends greatly upon the surrounding agricultural Salt River Valley for not only its political but its economic and social well-being. Anything that affects the prosperity of the farmers of the Salt River Valley affects the good of Tempe.

Widespread stagnation of the copper-mining industry in the United States has caused a critical situation of unemployment in the copper-mining communities of Arizona, the greatest copper-producing State in the Union. Copper mines, formerly purchasers of hydroelectric power from the Salt River Valley irrigation project, have greatly curtailed consumption of electrical energy, and copper-mining communities, formerly near and profitable markets

ect, have greatly curtailed consumption of electrical energy, and copper-mining communities, formerly near and profitable markets for the produce of Salt River Valley farms, have become greatly depopulated, thereby reducing the demands for farm products to but a small fraction of their former demands.

The total annual loss of these markets for hydroelectric power and farm products approximates two and a half million dollars. Salt River Valley industry and business in turn is suffering from the inability of the farmer to purchase the products of industry and the personal services of the professions, trades, and labor. Notable unemployment is resulting locally, and to those unemployed is being added the forced idle coming from surrounding mining communities.

Whereas irreparable injury to the social, economic, and political

Whereas irreparable injury to the social, economic, and political attributes of Tempe and the Salt River Valley can be averted by returning prosperity to the copper-mining industry in the United States and its workers; and

Whereas this prosperity can be returned by preventing entry into the United States of any and all foreign copper that offers destructive competition to the copper produced in the United

destructive competition to the copper produced in the United States: Therefore be it

\*Resolved by the mayor and City Council of the City of Tempe,
That Congress of the United States give immediate attention to the legislation of such tariff rates and regulations as shall effectively prevent the copper-producing industry in the United States from becoming adversely affected at any and all times by the importation of any and all copper produced in foreign lands; and

importation of any and all copper produced in foreign lands; and be it further \*Resolved\*, That copies of this resolution be sent to Arizona's Senators and Representative in Congress, the governor of the State, the United States Tariff Commission, the president of the Arizona State Teachers College of Tempe, and the press, who should be informed concerning the critical situation that confronts the copper-mining States and communities of the Nation.

Favorably and unanimously acted upon this the 26th day of February, 1932.

T. A. Anderson, Mayor.

T. A. ANDERSON, Mayor. A. J. UHL, City Clerk.

EXHIBIT G

MESA, ARIZ., March 18, 1932.

Senator CARL HAYDEN,

Washington, D. C.:

Please present this telegram to proper committee, together with resolutions mailed to-day, as expression of sincere belief in the necessity for levying of substantial copper tariff. Believe that

only such fariff can prevent wholesale demoralization of business through Western States incidental to closing down of mines, dis-charge of employees, and cessation of public revenue.

CITY OF MESA, J. G. PETERSON, Mayor.

Whereas the copper-mining industries of Arizona pay the greater part of all the taxes collected in the State; and Whereas copper-mining activities in the State contribute greatly to the support of the agricultural, industrial, and commercial life of the State; and Whereas in addition to the effects of the general economic depression, domestic copper mining is suffering from unfair competition of foreign conner; and

pression, domestic copper mining is suffering from umair competition of foreign copper; and
Whereas this double burden of economic depression and commercial competition has brought about the cessation of nearly all copper-mining activities in Arizona and other copper-mining States; and
Whereas this cessation of copper-mining activities is directly reflected in Mesa and the Salt River Valley by reduced agricultural activities due to the loss of produce markets in copper-mining communities; and
Whereas this reduced agricultural activities directly affects the

whereas this reduced agricultural activities directly affects the social, economic, and governmental structures of every agricultural community in the State; and
Whereas it is our belief that the major part of all the evil effects referred to in the foregoing paragraphs of this resolution may be corrected by giving the American copper-mining industry full protection against the competition of cheap foreign copper: Therefore

Resolved by the government of the city of Mesa, in the State of Arizona, That for general community safety, health, and welfare, the Congress of the United States of America be strongly urged by our United States Senators and Representative to pass immediate remedial legislation in behalf of the copper-mining industry in this country.

[SEAL.]

J. G. Peterson, Mayor. J. Edwin Miller, City Clerk.

Mining of copper is the largest industry in Arizona. The major part of the tax revenue derived in the State comes from this industry, and upon this industry depends directly and indirectly most of the agricultural, commercial, and industrial activity in the State. When the copper mines in Arizona are operating to

the State. When the copper mines in Arizona are operating to capacity Arizona is prosperous.

In recent years the development of large surface deposits of rich ores, easily mined by cheap native labor, has taken place in Africa and other foreign lands. The copper resulting from these developments has been and is being shipped into the United States and in the total absence of any protective tariff, tax, or other regulation is giving destructive competition to the copper mined in this country. Much of this foreign copper can be produced for 6 cents a pound. Domestic copper can not be produced and delivered for less than an average cost of 12 cents a pound. As a result of such competition, the copper-mining industry in the United States is about paralyzed, unemployment is rampant in copper-mining communities, and social and economic problems are critical.

Purchasing power of mining communities has practically disap-

are critical.

Purchasing power of mining communities has practically disappeared. Vast markets for all classes of products have disappeared. Producers, packers, and distributors of foods have suffered great losses and not the least among these are farmers.

Whereas adequate legislation affording protection over a number of years for the copper-mining industry in the United States will not only rehabilitate that industry but will also remove all the problems recited in the preceding paragraphs of this resolution;

whereas Mesa, Ariz., and the Salt River Valley in general is primarily an agricultural region: Therefore be it

\*Resolved by this organization, That Arizona's congressional delegation and others in positions of influence and power be urged to do their utmost to obtain the passage of such legislation as shall fully protect the American copper-mining industry from destructive foreign competition.

Mesa Chamber of Commerce, By P. A. Isley, President, C. B. Flynn, Secretary.

### EXHIBIT H

Whereas the copper production within the State of Arizona is one of the largest in the world, and by reason of its production has employed thousands of men, and has contributed the larger portion of taxes to the State and Nation; and

Whereas the low price of copper has compelled the mining companies to practically suspend operation and thereby created unemployment for thousands, and has caused the State and Nation to lose its greatest source of tax revenue, and placed the burden upon the farmer, cattle raiser, business houses, and home owners, who can not possibly pay an added tax; and

Whereas the production of copper in Chile and other countries produced at

Whereas the production of copper in Chile and other countries is produced at a great reduction, due to a low wage scale, and sold in the United States at a low cost, causing a tremendous loss to the copper companies of the State of Arizona, loss of millions in taxes and thousands of unemployed; and

Whereas it has become a matter vital to the welfare and orderly existence of the State of Arizona and its people that copper assume a price equal to at least the cost of production: Therefore be it

Resolved, That the Congress of the United States be requested to support and adopt the bill introduced by Congressman Lewis Douglas, creating a 5-cent tariff upon raw copper, the passage of which will be a great factor in relieving the present economic conditions in this State.

Resolved, That a copy of this resolution be sent to the chairman of the Finance Committee of the United States Senate, chairman of the Ways and Means Committee of the United States Congress, to Senator Henry F. Ashurst, to Senator Carl Hayden, and to Congressman Lewis Douglas.

FLORENCE CHAMBER OF COMMERCE, E. C. STRUBE.

#### EXHIBIT I

Nogales, Ariz., February 24, 1932.

Whereas Santa Cruz County depends largely on the success of the copper industry for her prosperity; and

Whereas copper produced in foreign countries, where living conditions are far below those existing in the United States, constitutes an imminent threat to this fine industry; and

Whereas copper is the only basic metal which does not enjoy the protection afforded by tariff levies, enabling our American producing communities to maintain American standards and American wages: Now, therefore, be it

Resolved by the Nogales Chamber of Commerce, That we respectfully request and urge the Congress of the United States to grant to the copper industry the protection afforded through ade-

spectrumly request and urge the Congress of the United States to grant to the copper industry the protection afforded through adequate tariff levy; and be it further

\*Resolved, That a copy of this resolution be sent to the Ways and Means Committee of the House of Representatives of the Congress of the United States, and that a copy be transmitted to our Representative, Hon. Lewis W. Douglas, and that copies be forwarded to our Senators, Hon. Henry F. Ashurst and Hon. Carl

Nogales Chamber of Commerce, By H. R. Sisk, President.

Attest:

G. R. MICHAELS, Secretary.

#### EXHIBIT J

FLAGSTAFF, ARIZ., February 17, 1932.

Hon. Carl Hayden,

United States Senator, Washington, D. C.

Dear Senator: The citizens of Coconino County are particularly interested in having their representatives in Congress exert every effort possible to secure an additional tariff to protect our copper

we feel that the copper and lumber industries of the country are so closely connected that each depends on the other for support. We find that when the copper mines are working the lumber industry also works in order to furnish them with the necessary timber for the mines.

ber industry also works in order to furnish them with the necessary timber for the mines.

We believe that an additional tariff on copper would revive the mining industry in the State and give employment to many citizens who are now unemployed and have devoted a large part of their lives to the mining industry and are now unable to secure any other remunerative employment.

We believe that by advocating a tariff on copper that you will be rendering a great service not only to the citizens of Coconino County but to the taxpayers of the entire State. We assure you that we wish to cooperate with you in every way possible and hope that you will through the proper method bring this matter to the attention of the Ways and Means Committee of the House of Representatives.

Thanking you very much for your cooperation, we are

Thanking you very much for your cooperation, we are, Very sincerely,

BOARD OF SUPERVISORS, ANDY MATSON, Chairman.

### EXHIBIT K

Resolution adopted by the board of directors of the Graham County Chamber of Commerce at a regular meeting held March

Whereas copper mining has been for many years the chief industry of Arizona, around which many other industries of the State have to a very great extent been built and maintained; and Whereas the importation into the United States of foreign copper, produced under conditions that United States producers can not and should not be asked to compete with for the reason that to make any attempt to do so would lower and demoralize the standard of living of the American workingman, has resulted in the almost complete demoralization of the copper-mining industry in Arizona. and

the almost complete demoralization of the copper-mining industry in Arizona; and

Whereas the condition of the copper-mining industry in Arizona, which has been brought about by the dumping of cheap foreign copper on the unprotected copper market of the United States, is not confined to that industry alone, but is keenly felt by every industry in the State, which condition has brought about much deprivation and suffering among many of the people of Arizona; and

Whereas there has been introduced in Congress, by Congressman L. W. Douglas, of Arizona, a bill asking for a law providing a 5-cent tariff on foreign copper shipped into the United States: Now, therefore, be it

Resolved by this organization, That we most earnestly indorse the enactment of such a law and pledge our hearty support to the efforts of our representatives in Congress toward the enactment of said law; be it further

Resolved, That copies of this resolution be sent to our representatives in Congress and such congressional committees as may consider the pending bill.

J. M. Wilson, President. Phil C. Merrill, Secretary.

#### EXHIBIT L

Whereas the towns of Clifton and Morenci, with normal population of between 8,000 and 9,000, situated in the Copper Mountain mining district, Greeniee County, State of Arizona, the oldest copper-mining district in the State, from which copper has been produced continuously for 50 years, are entirely dependent on the operation of the copper mines; and

Whereas the American copper-mining industry is threatened with ruin and extinction by the importation of copper at prices with which it is impossible under American standards of living to

with which it is impossible under American standards of living compete; and

Whereas the destruction of the American copper-mining industry will result in throwing tens of thousands of men out of employment and deprive them of this means of earning a livelihood, causing the evacuation of towns which are entirely dependent for their existence on the operation of copper mines, with serious losses to business enterprises in these communities and irreparable damage to the economic welfare of the State of Arizona, in which copper mining is a major industry; and

Whereas the destruction of the American copper-mining industry will affect not only the economic welfare of the copper-producing States but will react on the agricultural and manufacturing industries of other States; and

Whereas it is not apparent that the importation of cheap copper is an economic necessity and will operate to promote the general welfare of the United States; and

Whereas the domestic reserves of copper ores are adequate to supply domestic consumption, and the operation of the law of supply and demand, together with strict enforcement of the antitrust laws, will regulate the production and price of copper within the United States of America: Now, therefore, be it

Resolved by the Greenlee County Chamber of Commerce in meeting assembled this 9th day of March, 1932, That the Congress of the United States be, and hereby is, respectfully petitioned and urged to give favorable consideration to the application of the protective tariff to the importation of copper at prices which are ruinous to the domestic industry, as proposed in House Joint Resolution 259 introduced by the Hon. Lewis W. Douglas, Representative from Arizona; and be it further

Resolved, That copies of this resolution be sent to the Committee on Ways and Means in Congress and to the Hon. Lewis W. Douglas, Representative, and to the Hon. Carl Hayden and the Hon. Henry F. Ashurst, Senators, from Arizona.

Peter Riley, President. compete; and
Whereas the destruction of the American copper-mining indus-

Attest:

E. E. KILMER, Secretary.

# EXHIBIT M

Whereas the principal industry of the State of Arizona is the mining and treating of copper ores, and represents 38 per cent of the total taxable wealth of the State, and furnishes employment for the major portion of the workmen in the State; and Whereas the selling price of copper is now at the lowest point in the history of the industry, and is far below the cost of pro-

in the history of the industry, and is far below the cost of producing the same; and
Whereas this condition is due to the importation of vast
amounts of foreign copper into the United States, which copper
has been produced at a cost lower than the cost of production in
Arizona, due to the cheap labor employed at foreign mines and
the higher grade of ore mined; and
Whereas Arizona workmen can not and should not have to
reduce their standards of living to compete with labor of foreign
countries: and

whereas the copper mines and smelters of the State of Arizona are either closed or only working a few days each month, and the State is now facing financial bankruptcy due to the collapse of the copper industry; and

Whereas other products of American industry are so protected that the workmen are fully protected and guaranteed a living wage: Now, therefore, be it

Resolved, That legislation be adopted by the Congress of the United States creating a tariff on copper; and be it further

Resolved, That dire distress from unemployment in the State

Resolved, That dire distress from unemployment in the State of Arizona necessitates the immediate enactment of a special act which will fix an import duty on copper; and be it further Resolved, That a copy of this resolution be sent to our representatives in Congress, the Finance Committee of the Senate, the Committee on Ways and Means of the House of Representatives, and the Federal Tariff Commission.

AJO CHAMBER OF COMMERCE,
B. J. O'NEILL, President,
W. R. DENISON, Secretary,
ART TAYLOR POST, NO. 10, AMERICAN LEGION,
JOHN MCK. REDMOND, Sr.,
ALFRED T. BARR,

ALFRED T. BARR, Resolution Committee. AJO, ARIZ., March 10, 1932.

#### EXHIBIT N

BROTHERHOOD OF RAILROAD TRAINMEN,
DEWEY LODGE NO. 460,
Tucson, Ariz., February 23, 1932.

Seventy-second Congress in Session, Washington, D. C.
GENTLEMEN: Owing to conditions throughout the United States

and particularly our own State of Arizona, where so much unemployment and dire circumstances abound at this time, and with everyone advocating to buy at home and keep what few dollars we may have left working for those who live in our State and the United States:

the United States:

It would seem appropriate at this time for the Seventy-second Congress to help Arizona by passing a 5-cent copper tariff. This is perhaps the only real assurance that Arizona will have to come back in the near future; as long as copper can be laid down in the United States from Congo, South Africa, and other places for less than we can produce it in this country, we need not look for any improvement in this State.

We believe that you gentlemen should give serious thought to such a vital question as we suggest. We do not believe that there is one man in this Congress who would not like to see the United States pull out of its present plight, and this little contribution we are asking will do much for a State which must depend almost wholly on its copper mines.

wholly on its copper mines.

Thanking you gentlemen very kindly for any assistance you may be able to give, this is the opinion of this organization.

Yours very truly,

ALBERT H. STRASSER

Secretary and Treasurer.
Copy Hon. Carl Hayden, Hon. Henry F. Ashuest, Hon. L. W.

#### EXHIBIT O

University of Arizona, College of Mines and Engineering, Tucson, March 10, 1932.

Hon. Carl Hayden,
United States Senate, Washington, D. C.
Dear Sir: There are whole towns in Arizona practically in the bread line at this time. The condition comes as a result of the

bread line at this time. The condition comes as a result of the very low price in copper.

At a meeting of the Chamber of Commerce with the citizens of Tucson last night it was stated that copper is being produced in the Belgium-Congo district in Africa under slave conditions, As a result their copper is being produced much cheaper than it can be produced in the United States with the result that thousands of American workmen are out of employment and their families destitute. It is believed that a copper tariff equalizing the cost of production at home and abroad should be passed immediately by the United States Government.

The whole future of the State of Arizona depends upon copper and unless you, as our representative, use every possible means within your power to see that a copper tariff is passed in this session of Congress, our State will be practically bankrupt. We are therefore looking to you for relief in this matter.

Yours very truly,

E. S. Borgquist,

E. S. Borgquist,
Associate Professor of Civil Engineering.

### EXHIBIT P

Resolution adopted by the Common Council of the City of Bisbee at its regular meeting, held Tuesday, February 16

Whereas the city of Bisbee is solely dependent upon the prosperity of the copper industry, Bisbee having been the premier producer in Arizona, the premier copper-producing State of the Nation; and

Whereas American producers of copper face the imminent threat of total extinction due to the encroachment of copper produced in foreign countries and by slaves and peons, and under conditions not comparable with those existent in the mining camps of Arizona and the United States; and

Whereas this foreign encroachment endangers the very existence

of every community in the United States dependent upon copper production, directly affects the status of the American copper mines, and constitutes an imminent threat to the American standards established in hundreds of copper-mining camps within the United States; and

United States; and

Whereas copper is the only basic metal which does not enjoy the protection afforded by tariff levied, such protection being necessary to enable American copper-producing centers to maintain American standards and American wages; and

Whereas the elimination of the American copper industry because of lack of protection will result in the immediate abandonment of hundreds of millions in taxable wealth, not only in American copper properties themselves but in taxable wealth which has been gathered in copper centers dependent entirely upon American copper production: Now, therefore, be it

\*Resolved\*\*, That the Common Council of the City of Bisbee, in regular session on this 16th day of February, 1932, does respectfully and urgently petition the Congress of the United States to grant to the copper industry the protection afforded through adequate tariff levy, and with particular reference to the resolution now before Congress known as H. J. Res. 259, by Mr. Douglas of Arizona, does most urgently and earnestly pray that the Congress of the United States shall grant favorable action and without delay; and be it further delay; and be it further

Resolved, That a copy of this resolution be sent to the Ways and Means Committee of the House of Representatives of the Congress of the United States, and that a copy be transmitted to our Representative, Hon. Lewis W. Douglas, and that copies be forwarded to our Senators, Hon. HENRY F. ASHURST and Hon. CARL

By order of the mayor and common council, this 16th day of

[SEAL.]

JOHN CAMPBELL, Mayor. B. S. CHASE, City Clerk.

EXHIBIT Q

BISBEE, ARIZ., February 15, 1932.

To the Hon. Carl Hayden,

United States Senate, Washington, D. C.

Dear Mr. Hayden: At a regular meeting of the Business and Professional Women's Club of Bisbee, Ariz., held on February 2, it was resolved that a letter be written you earnestly beseeching you to put forth every possible effort toward the enactment of legislation for a tariff of at least 5 cents per pound to protect our coppermining industry. This must be done to save Arizona's basic industry, to save our State from rule. mining industry. This must be do industry; to save our State from ruin.

industry; to save our State from ruin.

Many families in this district, home owners, many of them the cream of our citizenship, are being forced to accept charity in order to exist. Their homes can not be sold at any price and there is no employment to be had. The greater portion of the taxes in this district comes from the copper-mining industry and with this industry paralyzed the tax rate would be so prohibitive that large amounts of real estate would revert to the State.

Every merchant and every industry in the State is affected; the Federal Government is in danger of losing millions from the failure of power and reclamation-land payments. A concrete example: The San Carlos Dam with its \$200,000 annual market for power cut off by the closing of the mines, and the farmers' loss of an annual \$100,000 produce market, will make this reclamation district utterly unable to meet its Federal obligation of \$10,000,000 for the construction of the dam. This same outlook holds true for practically all the irrigation and power districts in Arizona and will certainly have its effect eventually on the Boulder Dam project.

The members of this club as voters and taxpayers and humanitarians are looking to you, our spokesman in Washington, to see that we are not forsaken.

Very respectfully,

BISBEE BUSINESS AND PROFESSIONAL WOMEN,

By JOHANNA ALLEN, Secretary pro tempore.

### EXHIBIT R

WARREN, ARIZ., February 10, 1932.

The following resolution was adopted at a meeting of the Warren Fire Department Monday evening, February 8, 1932:

"Whereas the majority of the people of the Warren mining district are in distressing circumstances due to the curtailed production of the copper mines, and due to the economic conditions of other parts of the country it is impractical and impossible for them to leave the district; and

"Whereas the destructive factor that is bringing ruin to our domestic copper-mining industry is the unrestricted importation of low-cost foreign-produced copper free of duty: Be it

"Resolved, The Warren Fire Department request the Congress of the United States to place a duty on copper that will remedy the economic situation and bring back the high average prosperity that formerly prevailed within our domestic copper-mining districts."

MEMBERSHIP WARREN FIRE DEPARTMENT,
John T. Abrams, Robert Beaton, J. G. Berlindes, Thomas
Cowperthwaite, Harlie Cox, Arthur L. Dorsey, Albert
Erickson, H. A. Hillman, Wilbur J. Hicks, W. E. Holt,
E. F. Irving, Vernon Howell, Q. B. Hampston, O. P. Lane,
Amos Newman, Richard Nitsch, A. W. O'Leary, A. H.
Pearson, Albert Peterson, U. S. Ratterree, Ray F. Ratterree,
A. W. Liddell, Bert L. Smith, Ben H. Wolf, C. C. Wolf,
J. J. Murphy, George Jay, chief, Warren Fire Department,
tiffed correct.

Certified correct.

C. C. WOLF, Secretary.

### EXHIBIT S

BISBEE, ARIZ., February 4, 1932.

Senator Carl Hayden,

Care of the Senate, Washington, D. C.

Dear Senator Hayden: The people of the Warren district appreciate the efforts being made by you and your associates on the copper-tariff issue, and we are ever willing and anxious to assist in any way we can to help put over this measure; therefore we are writing you to see if there is anything we can do collectively or individually.

No doubt you are familiar with some of the situations in

No doubt you are familiar with some of the situations in Arizona caused by the depression in copper. At the present time in the Warren district alone there are some 4,200 people on the unemployed list who are anxiously awaiting the return of the copper market, and to the average workingman here there seems to be only one idea, that is the competition in American labor and standard of living compared with that of the South American and South African. It is almost impossible to explain the difficulty in putting on a tariff to the average layman or workingman.

We would appreciate any information from you as to our being able to help you or assist you in any way.

Hoping this information, or personal letter, will be of some value to you, we beg to remain,

Very truly yours,

RESERT PLONETES ASSOCIATION

BISBEE PIONEERS ASSOCIATION, By M. W. MERRILL, President.

### EXHIBIT T

#### Resolution No. 15

Whereas the cattlemen of Arizona as citizens of the State are interested in the welfare of the copper-mining industry; and Whereas the copper industry is suffering from competition from

the cheaper products of foreign mines: Now, therefore, be it

Resolved, That we favor an adequate tariff for copper and indorse the action of our Senators and Congressmen in their efforts

to secure such a tariff.

C. W. PETERSON, President.

Mrs. J. M. KEITH, Secretary.

Passed: Twenty-sixth Annual Convention Arizona Cattle Growers' Association, Tucson, Ariz., February 17, 1932.

EXHIBIT U

Whereas the copper-mining industry in the United States is suffering an unprecedented depression that is bringing it dangerously

close to extinction; and

Whereas the unemployed workers of this industry are experiencing trying hardships occasioned by the difficulty to remove themselves and their dependents to other parts and to adjust themselves to other means of livelihood, for which they are ill-

qualified; and
Whereas about half of the copper produced in this country is

mined in Arizona; and

Whereas copper mining and allied activities represent about half of the State's taxable wealth; and
Whereas the curtailing of the production of copper mines in Arizona is affecting for the worse almost every activity in the

State; and
Whereas it is charged by eminent mining engineers, statisticians, and others that the present plight of the domestic copper-mining industry and its workers is caused by the strong and persistent competition of foreign-mined copper, produced by slave, forced, indentured, or similar cheap labor, which metal has been and is entering this country, offering not only ruthless competition to American-produced copper but piling up surplus stocks which must be consumed before our mines have the slightest chance to increase their activities; and
Whereas the aforementioned authorities have determined that under usual or normal conditions domestic production and con-

whereas the aforementioned authorities have determined that under usual or normal conditions domestic production and consumption of copper are remarkably well balanced, leaving little if any surplus to export and not necessitating any imports to satisfy our domestic needs or demands; and

Whereas the assertions, statements, and claims of the aforementioned authorities have not been denied, refuted, or controverted; and

verted; and

Whereas George W. P. Hunt, Governor of the State of Arizona, the Arizona Copper Tariff Commission, and others in positions to know the facts connected with the deplorable condition of our copper-mining industry and its workers, after due deliberation have advised that a duty of at least 6 cents a pound be imposed on all and any foreign-mined copper permitted to enter this

whereas Governor Hunt and the Arizona Tariff Commission, collectively and individually, have done commendable work in expounding to the Nation the pressing necessity for the creation of a tariff sufficiently protecting American-mined copper and those

who produce it; and
Whereas the people of Arizona, the newspapers of the State,
public officers, many and various industries, businesses, civic, commercial, and numerous other groups, bodies, and organizations
have gone on record as being in favor of a tariff protecting Ameri-

whereas no true American industry can be really successful without affording every other American industry fair protection from any and all competition that not only strikes at the life of that industry but threatens to undermine those fundamental principles supporting the high character of civilization which our forefathers have set up for us as an ideal to be striven for and which have become the admiration of the peoples of the entire

world: and
Whereas the woolgrowing industry in the United States is now
enjoying the benefits of a protective tariff which is saving it
from annihilation at the hands of foreign woolgrowers: There-

Resolved, That the Arizona Woolgrowers' Association by these presents declares itself to strongly favor such sufficient tariff legislation and any and all other measures that shall act as a barrier against the entrance into the United States of any and all foreign copper produced under any condition not in keeping with American ideals and standards of labor and living; and be it further Resolved, That our national organization be urged to take a

stand like that which its Arizona unit now strikes; and be it

further

Resolved, That the full text of this resolution be spread upon the minutes of this, the 1931 annual convention of the Arizona Woolgrowers' Association, now in session at Flagstaff, Ariz., and

that a complete copy of this resolution be immediately dispatched to Herbert Hoover, President of the United States; Andrew Mellon, Secretary of the United States Department of the Treasury; Reed Smoot, chairman of the United States Senate Committee on Finance; Willis C. Hawley, chairman of the United States House of Representatives Committee on Ways and Means; George W. P. Hunt, Governor of the State of Arizona; Cleve Van Dyke, chairman of the Arizona Tariff Commission; Carl Hayden, United States Senator from Arizona; Henry F. Ashurst, United States Senator from Arizona; Lewis W. Douglas, United States Representative from Arizona; the newspapers of Arizona and the press services and syndicates operating in Arizona; the officers of the National Woolgrowers' Association; and others interested in National and State welfare. National and State welfare.

### CERTIFICATION OF RESOLUTION

I have compared the foregoing with a resolution adopted by the Arizona Woolgrowers' Association at the forty-fifth annual meeting of the corporation, held at Flagstaff, Ariz., a quorum of the membership being present, on the 15th day of July, 1931, as recorded in the minute book of said corporation, and I hereby certify that the same is a true, correct, and complete copy thereof, and that the same has not been rescinded. [SEAL.]

BARBARA WRIGHT, Assistant Secretary.

#### EXECUTIVE SESSION

Mr. FESS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

#### REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of post-

The VICE PRESIDENT. The nominations will be placed on the calendar. If there are no further reports of committees, the calendar is in order.

### THE CALENDAR-TREATTES

The legislative clerk proceeded to read Calendar No. 5, Executive KK (70th Cong., 2d sess.).

Mr. FESS. I ask that the treaties on the calendar may be passed over.

The VICE PRESIDENT. They will be passed over.

### POSTMASTERS-CHARLES A. SANDBURG

The legislative clerk read the nomination of Charles A. Sandburg to be postmaster at Jamestown, N. Y.

Mr. COPELAND. Mr. President, I move that the nomination be confirmed.

The motion was agreed to.

Mr. COPELAND. Mr. President, in connection with the nomination of Charles A. Sandburg as postmaster at Jamestown, N. Y., I should like to say a word or two.

The objection to him came from many citizens of his city who felt that it was improper for a man drawing \$250 a month from the Veterans' Bureau-\$3,000 a year-at the same time to hold the office of postmaster, thus drawing two Government stipends. Of course, I explained to these citizens that there is nothing in the law which prevents this. In spite of the fact that times are hard and the offices ought to be distributed, I explained that no valid reason exists why he should not be confirmed if the President felt he was a worthy successor to himself.

It was on this account that I did not object further to the confirmation. I have notified all these interested citizens that under the law there is no reason why he should not be confirmed.

### THE JUDICIARY-CHARLES E. WINTER

The legislative clerk read the nomination of Charles E. Winter, of Wyoming, to be attorney general of Porto Rico.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. KING. Mr. President, if I did not conceive it to be my duty I would not occupy the time of the Senate, even for a moment, in discussing the nomination now before us for consideration. Mr. Charles E. Winter has been named by the President of the United States for the important position of attorney general of Porto Rico, and the Senate is called upon to act upon the nomination. I regret to be

placed in a position where I feel constrained to oppose the confirmation of one for whom I entertain a high regard. I knew Mr. Winter when he was a Member of Congress and learned to admire him and to appreciate his many fine qualities. Moreover, I discovered that he was a lawyer of ability; that he had filled a judicial position in Wyoming with credit; and possessed the confidence and esteem of his fellow citizens. It is obvious, therefore, that the position which I take in regard to his confirmation is not prompted by any lack of confidence in Mr. Winter or any feeling of hostility toward him. I repeat that I entertain a feeling of friendship for him and should be glad to give him my support if he had been named for a Federal judicial position or for a position within the continental United States calling for judicial knowledge or for the services of so worthy an American. The nomination of Mr. Winter was referred to a subcommittee of the Committee on the Judiciary of the Senate, of which I am a member. I am betraying no secret when I say that the subcommittee was not unanimous, and when the vote was taken in the full committee a number of Senators voted against reporting Mr. Winter's name to the Senate, though they entertained for Mr. Winter a very friendly feeling and, indeed, a high regard. To vote against one whom you esteem and whose intellectual and professional qualifications are unquestioned can only find justification when some important principle is involved.

Since I have been in public life I have opposed some of the policies of our Government in connection with our Territories and what some are pleased to call our Territorial possessions. I have looked with disfavor upon our excursions into Nicaragua, Haiti, and Santo Domingo, and to our attitude toward the Philippine Islands and Porto Rico. With respect to the Philippine Islands I have insisted that they should be independent, and that until they were independent the largest measure of autonomy should be accorded them. With respect to Porto Rico I have believed that if that island is to remain under the flag its inhabitants should be accorded all the rights of American citizens. I have insisted that Porto Rico-if it is to continue a part of the United States; that is to say, is to be under the control of the United States—shall enjoy all constitutional guarantees, and its inhabitants shall enjoy a full measure of liberty and local self-government.

Several years ago I offered a bill authorizing the inhabitants of Porto Rico to elect their own governor and to enjoy other privileges not now granted to them; and though extensive hearings were had, during which it seemed to be conceded that this right ought to be accorded the Porto Ricans, no action was taken by the Congress. Porto Ricans of ability and scholastic attainments appeared before the committee and urged that it was the unanimous wish of their people that they be permitted to choose their own officials. No one denies that there are in Porto Rico many lawyers of ability who are qualified to hold the highest judicial positions within the island. Judge DAVILA, who has been a Commissioner from Porto Rico for many years, has recently been appointed to the position of chief justice of the highest court of Porto Rico. He is a Porto Rican; was schooled in the civil and Spanish law, and is thoroughly familiar with the judicial system there prevailing as well as with his countrymen and their problems. I repeat when I say that there are lawyers of ability in Porto Rico who know the Spanish language and have the confidence and esteem of the people.

The attorney general of Porto Rico, next to the governor, is the most important official in the island. As Senators know, the Spanish language is there spoken; it is employed in the courts and spoken by the people. It would seem, therefore, that their judges and their attorneys general and. indeed, other officials, high and low, should speak the Spanish language. They should be familiar with the civil law and Spanish law and be acquainted with conditions there prevailing.

I can not help but feel that it is unwise, if not unfair, to the Porto Ricans to send to them persons, no matter how able they may be, who are not Porto Ricans to fill high positions; persons who do not know the Spanish language, who are unacquainted with their judicial procedure, and who are strangers to the island and to the habits and traditions, and, indeed, the mentality and psychology of the people.

History is replete with examples of the resentments and bitterness arising from imposing upon an alien race officials and rulers of a dominating and conquering authority. The American colonists, though they spoke the English language and were nurtured in the common law and possessed the culture and philosophy of the British people, resented the policy of the British Crown in sending officials from beyond the seas to govern them and administer their affairs. If the American colonies were dissatisfied with British control and resented British officials being sent to exercise governmental functions and authority over them, it is to be expected that the people of Porto Rico, of a different race and language and customs and judicial system and with conditions and problems entirely different from those confronting the people in the continental United States, would look with concern and even dissatisfaction upon a policy which denied to them the right to elect their own officials and to control their own domestic affairs. It seems to me that the policy of the United States should be to prepare the Porto Ricans for statehood and for the enjoyment of all the privileges which belong to American citizenship.

A person who is unfamiliar with the Spanish language and with the Spanish and Roman law there prevailing, and who is unacquainted with the problems and questions unique and important in character, is at a great disadvantage when called to fill the office of attorney general of Porto Rico. The attorney general, next to the governor, is the most important official in the Porto Rican governmental system. The responsibility rests upon him to advise the governor upon legal matters, and to be the legal adviser to the various branches of the government. It is his duty to represent the government in the courts: to try cases in the courts; to interpret the law; and to see that the laws are enforced. It needs no argument in support of the proposition that the attorney general should be not only an eminent lawyer but one familiar with the judicial system obtaining in Porto Rico and the language in which the laws are written and in which the courts conduct their business.

There are Senators upon the floor who have lived in Territories and they know the unsatisfactory conditions growing out of the policy of the Executive authority of the United States in superimposing upon the people of the Territories governors, judges, attorneys, marshals, and other officials who were nonresidents of such Territories. I can not forget the controversies that existed in my own State under the Territorial form of government.

I resented and the people of the Territory resented, the action of Presidents and executive officials in sending persons to rule us who were not citizens of the Territory; who were strangers to the people; and who were unfamiliar with our local laws and customs. We were not mollified though the governors and judges and marshals and other officials were of the same race and came from the same States from which most of the founders of the Territory came. The people opposed a "carpet-bag" rule; they were bitter because they were not permitted to choose their own officials and to manage and control their own affairs. It is undoubtedly true that statehood was sought by many inhabitants of Territories, perhaps prematurely, because of the repugnance felt toward what they called a condition of vassalage under which their rulers were sent from distant States. They were strangers to the residents of the Territories and, as I have indicated, were unfamiliar with their local problems and too often unacquainted with the system of jurisprudence there prevailing.

Senators will understand, I hope, my position and appreciate that it is taken, not because of any unfriendliness toward Mr. Winter, but because I feel that an important principle is here involved—one which goes to the very heart of our theory and philosophy of government. It has been the boast of Americans from the foundation of the Government that all just powers are derived from the consent of the governed and that the right of self-government is one of the concomitants of our institutions and our Government.

Wherever our flag floats it should float over a free people, a people who are entitled to all the rights and privileges of all other citizens under the flag. I repeat when I say that I have a high regard for Mr. Winter and would be happy to support him for a corresponding position or even a much higher one within his own State or within appropriate spheres of the Federal Government.

Mr. NORRIS. Mr. President, Mr. Winter lives in Wyoming; he has served in the House of Representatives with credit to himself and to his State. He was the recent Republican candidate, I understand, for Senator from Wyoming, but was defeated at the general election. On the other hand, it is conceded that he is an able lawyer; that, so far as legal attainments are concerned, he has the ability properly to perform the functions of attorney general. There is nothing whatever, so far as I know, against Mr. Winter's ability or his character. So it is somewhat embarrassing to say anything against his confirmation, because it is usually understood that when a nominee fails of confirmation there is something wrong with him in some of the respects I have mentioned. Nothing of that kind exists in this case.

Nevertheless, Mr. President, I believe the nomination of Mr. Winter is a mistake. It is conceded that he can not speak Spanish and that he has no ability to read the Spanish language; he is entirely ignorant of it. The records in Porto Rico are printed in Spanish. Trials in Porto Rican courts are conducted and the testimony is given entirely in Spanish, and the court records are written in that language. So Mr. Winter as attorney general of Porto Rico would be, I think it is conceded, badly handicapped in the performance of his duty.

Moreover, there is no dispute whatever but that in Porto Rico there are attorneys amply able and competent, and who possess all the qualifications necessary properly to perform the duties of this office. Those are reasons, Mr. President, that cause me to believe that the appointment of Mr. Winter is a mistake; but they are not the only reasons. There is another reason, and that is that the people of Porto Rico rather resent the idea of the Government of the United States sending to govern them men from continental United States who are unacquainted with their habits and who are unfamiliar with their language.

The Senator from Utah [Mr. King] has just referred to the time when he lived in a Territory and when the powers in Washington appointed officials who, though they understood the language and lived in the same country, yet came from some other part of the United States. Our Government is based, to a great extent, upon the demand of our forefathers that our people be permitted to govern themselves. It has been the custom of all political parties to transgress along these lines. The case before us now is a very fair example of the policy that has been pursued by our Government.

Porto Rico is a ward of the American people; the Porto Ricans are a proud people; to a great extent they have a different civilization from ours; they have an entirely different language. Their law is founded upon the civil law; ours mostly upon the common law. The procedure in their courts is very different from the procedure in ours. This man could not try a lawsuit in Porto Rico without having an interpreter to interpret every question and every answer. If there were no attorneys in Porto Rico competent to fill this place, it would be entirely different.

Certainly, Mr. President, I have no feeling of any kind but the most friendly toward Mr. Winter; I am personally acquainted with him; he came from my State; his people live in my State now; and I would be glad, under ordinary circumstances, to vote for his confirmation.

Before I read a letter or two, I want to make another remark, and that is that the present administration, going, I think, a little further in that direction than most administrations have gone in the past, has seen fit to appoint to high office those who have been defeated in the campaign just preceding. It does not mean, of course, because a man has been defeated in a political campaign that he is not patriotic or anything of that kind; I am making no such

charge; I do not believe that there is anything of that kind ! in this case; but as a policy of government, even if it be confined to our own borders, it is one that is greatly injurious, and, followed to its logical conclusion, will finally bring about results that are not beneficial to our country or to our Government. We have been confirming this kind of appointees regularly. The Judiciary Committee has been passing on them at almost every meeting and almost always has made a favorable report because the nominees are able and competent to fill the places for which they have been designated.

However, Mr. President, there is another aspect of this system that can not be defended in a Republic such as ours. It gives to the party machine—and I do not use the word "machine" in any offensive sense-or the head of the organization of the political party in control an advantage in a political contest which is not possessed by one who has the temerity or the courage to fight the slate which the organization puts up for the people to vote for. Those who favor the administration, if they go down to defeat in the contest, know they will stand a good show of obtaining a better position than the one which the people denied them. On the other hand, those who dare to oppose the administration, regardless of what party it may be, know that they take their political lives in their hands when, following the convictions of their own consciences, they oppose any man or any program that has been laid down by the machine in power. So such a policy in the end means bad government.

But laying that aside, Mr. President, is it wise to say to the people of Porto Rico, whom we have taken under our wing and under our control without their consent, "We are going to send you governors, officials, and officers to rule over you from the United States"? It seems to me, if we want to draw the people of Porto Rico to us, if we want to have them respect our flag and our Government and want them to be friendly and loyal to our Republic and our institutions, we ought to treat them more as equals rather than to put in control of their government politicians who have failed at home, even though it be conceded that the men we send to carry out our policy are high-class men.

Mr. President, before this nomination was made by the President Mr. Davila, the Commissioner in the House of Representatives representing Porto Rico, wrote a letter to the Secretary of War. I want to read that letter. It is written on the official letterhead of the Congress of the United States, House of Representatives, Washington, D. C.

FEBRUARY 6, 1932.

Hon. Patrick J. Hurley,
Secretary of War, Washington, D. C.
My Dear Mr. Secretary: It is with reluctance that I again—

He had done this before-

that I again respectfully call your attention to the pending appointment in the office of attorney general of Porto Rico.

It is my candid opinion that the administration should take the advice of the executive of the island before making this appointment. As you know, the attorney general is a member of the governor's cabinet and should enjoy his confidence and loyalty. He should also be a lawyer of good standing and reputation with a thorough knowledge of the Spanish language, which is essential for the proper interpretation of our civil code, mortgage law, and other laws of Roman and Spanish origin.

Our organic law assigns the attorney general a salary of \$6,000 per annum, and it is my impression that it would be somewhat difficult to obtain the services of a lawyer from continental United States at such a salary and with these qualifications. There are

difficult to obtain the services of a lawyer from continental United States at such a salary and with these qualifications. There are a number of outstanding lawyers in Porto Rico, however, who are fully qualified to fill this position and who would be willing to accept it, not for the material benefit involved, but mainly for the high honor of the appointment. These lawyers have the advantage of being familiar with the Spanish and English languages, and possess a thorough knowledge of American institutions and of the customs and psychology of the Porto Rican people. If it is possible to find a man in Porto Rico so ideally qualified it should only be natural for us to ask and expect that he be so honored.

The policy pursued in the other Territories should be followed in Porto Rico. In Hawaii the attorney general is appointed by the governor of the Territory; in the Philippine Islands he is also appointed by the governor, with the advice and consent of the insular Senate; while in Alaska he is elected by the people. Why should it be otherwise in Porto Rico? As the attorney general is appointed by the President, the least we can ask to ap-

proach this policy is that the Governor of Porto Rico be consulted and his recommendation carried into effect.

There is the expectancy in the island that a Porto Rican will be selected for this office, and the appointment of a candidate unknown to them will create great disappointment and a feeling of distrust on the part of the national administration.

Very truly yours,

FELIX CORDOVA DAVILA.

Mr. President, I think that letter-courteous, gentlemanly-must appeal to everyone who will stop for a moment and look at this question from the viewpoint of the people of Porto Rico.

I should like to see the people of Porto Rico become endeared in every way to the United States. We did not consult them when we took possession of their territory. They have become our wards; and the policy of sending to Porto Rico from the United States governors and attorneys general and other officials who are unacquainted with their habits, who do not understand the psychology of the people, who do not speak their language, must drive them, as far as their affections are concerned, away from the people of the United States.

It is because I do not want to carry out that policy, it is because I want to have the people of Porto Rico respect and honor our country, that I rise in my place even against my own friend to protest against sending over there, to govern them, men from our country.

In the Judiciary Committee this appointment was approved by quite a large majority of the committee. I see in the Chamber now some of the members of the committee who voted that way. Almost every one of them, however, voted that way with an apology. If I make a statement that is not correct, I shall be glad to be interrupted and corrected. They voted in favor of confirmation because it was conceded that it was a good man who was appointed. They did not, however, agree with the policy of sending men from here to govern the Porto Rican people.

The senior Senator from Montana [Mr. Walsh], who is absent from the city at the present time, was a member of the subcommittee to which this nomination was referred. ought to say that subsequently to the writing of this letter by the Resident Commissioner, Mr. Davila, he has been appointed by the President and has been confirmed by the Senate, with a unanimous recommendation of the Judiciary Committee, to a position on the Supreme Court of Porto Rico, and therefore is no longer a Resident Commissioner with a seat in the House of Representatives. The Senator from Montana, in his official capacity as a member of that committee, wrote to the now supreme judge of Porto Rico, Mr. Davila, and, after telling him that he was a member of the subcommittee to which the nomination had been referred, asked him what, if anything, he had to say particularly in regard to the question of the President being able to get other attorneys who live in Porto Rico, who are familiar with their practice and their language and the habits of the people, to fill this important position of attorney general. That was the substance of the Senator's letter. I desire to read you the reply that now Judge Davila wrote to the Senator from Montana:

Hon. Thomas J. Walsh, United States Senate, Washington, D. C.

MY DEAR SENATOR WAISH: In reply to your letter of March 16, regarding the nomination of Mr. Charles E. Winter, of Wyoming, to be attorney general of Porto Rico, I wish to inclose copy of a letter which I wrote to the Secretary of War explaining my views on this appointment.

That letter I have already read. He goes on:

There are several prominent lawyers in Porto Rico who could very acceptably fill the place; and, while I am not personally opposed to Mr. Winter's nomination, I think that the policy pursued in the other Territories and possessions of electing or appointing a resident for this important position should be followed in Porto Rico.

Signed by Judge DAVILA.

Mr. President, that is about all I have to say. I realize, I think, that this confirmation is going to take place; but I desire to enter now in the RECORD, for future action, my protest against this method of caring for a people that we

have under our control and under our jurisdiction—a people who are amply able, in my judgment, to handle their own business, to transact it satisfactorily to themselves, and who look with some dread upon the idea of being treated as a subject race. I want every Senator—and I hope it gets to the administration, not only this one but others that shall follow—to realize that if this policy is pursued, we will eventually reach a time when we will have incurred the dislike and even the hatred of all the people that we are holding against their will and their wish, and governing them by sending to them a carpet-bag government, because that is what it is.

There are people in the United States who realize to a great extent what that means and how offensive it is. If we will take it home to ourselves, we will realize that as free American citizens we would rather be left to govern ourselves than to be turned over to some other nation, even though for argument's sake we might concede that they could govern us better than we could govern ourselves.

Mr. JONES. Mr. President, I feel that I should say a

I have known Mr. Winter for several years. I have a very high opinion of him and a very friendly feeling for him; but I believe in the policy that has been announced by the Senator from Nebraska. I have tried to follow that policy with reference to some of the other Territories.

There has been, as Senators know, more or less trouble with reference to appointments to be made in Alaska. I have universally followed the rule of expressing the belief that those appointments should be filled by residents of Alaska, and I feel the same way with reference to Porto Rico.

For that reason, I am going to vote against the confirmation of this nomination.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes seem to have it. The ayes have it, and the nomination is confirmed.

Mr. CAREY. Mr. President, I ask unanimous consent that the President be notified.

The VICE PRESIDENT. Is there objection?

Mr. McKELLAR. I object.

Mr. NORRIS. Unless the Senator from Wyoming can give some reason for it that seems to be proper, I shall have to object to that request.

Mr. CAREY. The reason why I make the request is that the transport sails to Porto Rico on Thursday; and if the President is not notified now, it means that Judge Winter will have to remain over a week, waiting to go to Porto Rico.

Mr. NORRIS. Is Judge Winter here?

Mr. CAREY. He is here in Washington. He has been here for quite a while.

Mr. NORRIS. Under those circumstances I think that is a sufficient reason, and I withdraw my objection.

Mr. McKELLAR. Mr. President, let me ask the Senator from Wyoming if he would be willing to let this matter go over until to-morrow. The Senator from Washington [Mr. Dill] is not here. He will be back to-morrow, as I understand. He has made it a universal rule to object unless he is acquainted with the circumstances.

Mr. KENDRICK. Mr. President, I wish to say to the Senator from Tennessee that I have discussed this matter with the Senator from Washington [Mr. Dill]. He does not object to this confirmation, and he stated to me that he expected to vote for it in the committee.

Mr. McKELLAR. Under the circumstances, I withdraw the objection.

Mr. NORRIS. I should like to state that I do not think the Senator from Washington [Mr. Dill] would object, if that is the reason why the Senator is making the objection. Moreover, while I have continually and consistently objected in all instances, unless a reason is given, to notifying the President, ever since we had the unfortunate difficulty over the appointment of Mr. George Otis Smith as chairman of

the Power Commission, I regard the reason given by the Senator from Wyoming as a perfectly good reason.

Mr. McKELLAR. I do, too; and for that reason I will withdraw the objection.

The VICE PRESIDENT. Without objection, the President will be notified. The clerk will state the next nomination on the calendar.

#### COOPER HUDSPETH

The legislative clerk read the nomination of Cooper Hudspeth to be United States marshal, western district of Arkansas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### JOSEPH FRITSCH, JR.

The legislative clerk read the nomination of Joseph Fritsch, jr., to be United States marshal, western district of New York.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

### POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask unanimous consent that the post-masters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the post-masters will be confirmed en bloc.

### IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The VICE PRESIDENT. Without objection, that order will be made.

That completes the calendar.

#### RECESS

Mr. FESS. As in legislative session, I move that the Senate stand in recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 43 minutes p. m.) the Senate, as in legislative session, took a recess until to-morrow, Wednesday, March 30, 1932, at 12 o'clock meridian.

### CONFIRMATIONS

Executive nominations confirmed by the Senate March 29 (legislative day of March 23), 1932

ATTORNEY GENERAL OF PORTO RICO

Charles E. Winter.

### UNITED STATES MARSHALS

Cooper Hudspeth to be United States marshal, western district of Arkansas.

Joseph Fritsch, jr., to be United States marshal, western district of New York.

### APPOINTMENT IN THE REGULAR ARMY

Louis Meredith Nuttman to be brigadier general, Infantry.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Lieut. Col. George R. Somerville to Finance Department. First. Lieut. Harold Francis Chrisman to Finance Department.

First, Lieut, Fiorre John Stagliano to Finance Depart-

First Lieut. Albert Delmar Miller to Coast Artillery Corps. First Lieut. Paul Maurice Seleen to Ordnance Department.

### PROMOTIONS IN THE REGULAR ARMY

Arthur James Lynch to be colonel, Quartermaster Corps.

Homer McLaughlin Groninger to be lieutenant colonel,
Cavalry.

Irvin Edward Doane to be major, Infantry.

Herbert Edson Willis to be captain, Infantry.

Marvin John McKinney to be first lieutenant, Coast Artillery Corps.

MEDICAL CORPS

To be captains

Orlo Charles Paciulli, Gilles Edward Horrocks. Ralph Mathew Thompson. Paul Crump Gilliland.

POSTMASTERS

CALIFORNIA

John V. Covell, Arcadia.
Jesse D. Myers, Arlington.
George Friend, Brea.
Thomas J. Wylie, Cedarville.
Corinne Dolcini, Guadalupe.
Harry H. Chapman, Hornbrook.
Nettie Fausel, Independence.
Nannie A. Coleman, Kentfield.
James Gillies, Napa.
Frank E. Quirk, Rosemead.
Anna McMichael, San Juan Bautista.
Catherine E. Ortega, Sonora.
Mary S. Rutherford, Truckee.
M. Elizabeth Woods, Wilmington.

GEORGIA

Seaborn H. Coker, Sycamore.

IOWA

George W. Goss, Blairstown.
Ella Yeager, Cincinnati.
Alexander B. Clark, Clarinda.
Josephine Slagle, Cylinder.
Ralph J. Viner, Elliott.
Marion G. McCreight, Greenfield.
Frank H. Davis, Ionia.
Hudson K. Piatt, Macedonia.
Everett G. Tripp, Mapleton.
Miller S. McFarland, Marshalltown.
Harry C. Goplerud, Osage.
Marvin K. Moore, Pacific Junction.
Wynema Bower, State Center.
Thompson C. Moffit, Tipton.

MISSOURI

James E. Roark, Anderson. Cleo J. Burch, Brookfield. Walter L. Hert, California. Charles C. Bishop, Clarence. Edward C. DeField, East Prairie. Henry P. Hughes, Everton. Merton M. Meador, Exeter. George Thayer, Flemington. Henry M. Phillips, Goodman. Samuel H. Hudson, Granby. William W. Shoop, Green City. Maude F. Eaton, Leadwood. Ione C. Ritter, Lees Summit. Byron Burch, Linneus. Ada J. Barker, Marquand. Oliver W. Neff, Nevada. Alexander T. Boothe, Pierce City. John E. Klumpp, Rich Hill. Oley S. Cardwell, St. Clair. Leo V. Anderson, St. Joseph. Otis H. Storey, Senath. Frances R. Jones, Sheldon. James R. Simmons, Stotts City.

NEBRASKA

William S. Burrows, Albion.
George W. Bennett, jr., Arnold.
Dolph L. Houser, Campbell.
Erma G. Stoll, Curtis.
Sanford E. Ralsten, Geneva.
Louis R. Eby, Hartington.
Frank J. Prucha, Howell.
Ernest G. Miller, Lynch.
Robert G. Walsh, Morrill.
Augusta Robb, Union.

Ray W. Jones, Utica. Ruth L. Mead, Western. Louis J. Bouchal, Wilber. Harry H. Jordan, Wilcox.

NEW YORK

Charles A. Sandburg, Jamestown,

SOUTH CAROLINA

Henry W. Garrison, Easley. Francis M. Ellerbe, Jonesville. Patrick E. Scott, Newberry. Alfred H. Boiter, Tucapau. Murphy T. Sumerel, Ware Shoals.

WASHINGTON

Rudolph R. Staub, Bremerton. William W. Campbell, Colville. Edward R. Scott, Edmonds. J. Kirk Carr, Sequim.

WEST VIRGINIA

Thomas W. Stalnaker, Elkins.
Horatio S. Whetsell, Kingwood.
Waitmon T. W. Morgan, Rainelle.
Claude Pepper, Salem.
Lawrence B. Kenniburg, Thomas.
Frederick M. Hippert, White Sulphur Springs.

WISCONSIN

Sylvester L. Prentice, Cornell. George H. Reinders, Elm Grove. Elvin E. Strand, Strum. Charles R. Sawnson, Suamico. Herman C. Gralow, Woodville.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 29, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy Spirit, faithful Guide, do Thou hear our supplication. As we venture upon this day, may we not reject the wisdom that cometh from Thy Holy Word. With open minds may we accept the precepts of its wise and cautious teachers. Touch us where our heart lies, that its undertone may be of that rest which inspires the sweet song of life. Oh. may its string never break or its harp become tuneless. Again, our Father, lead us to understand that cooperation is the basis of success and, if wisely observed, will feed the roots of stable government. We bear upon the lips of this noonday prayer a petition for these honored and faithful servants of our land. We beseech Thee that the whole course and flow of this Congress may be the very fountainhead from which all our people shall gather inspiration which shall be justified for years to come. Spirit of the Most High, move upon us, and with urgency and zeal, with longings and aspirations may we press faithfully onward. Amen.

The Journal of the proceedings of yesterday was read and approved.

### THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. Bankhead in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will read the title. The Clerk read the title, as follows:

H. R. 10236, a bill to provide revenue, equalize taxation, and for other purposes.

The Clerk proceeding with the reading of the bill, read as I

(b) Adjusted basis: The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis determined under subsection (a), adjusted as hereinafter provided.
(1) General rule: Proper adjustment in respect of the property

shall in all cases be made—

(A) for expenditures, receipts, losses, or other items, properly chargeable to capital account;

chargeable to capital account;

(B) in respect of any period since February 28, 1913, for exhaustion, wear, and tear, obsolescence, amortization, and depletion (computed without regard to discovery value or percentage depletion), to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws;

(C) in respect of any period prior to March 1, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to

tion, wear and tear, obsolescence, amortization, and depletion, to the extent sustained;

(D) in the case of stock (to the extent not provided for in the foregoing subparagraphs) for the amount of distributions previously made which, under the law applicable to the year in which the distribution was made, either were tax-free or were applicable in reduction of basis (not including distributions made by a corporation, which was classified as a personal-service corporation under the provisions of the revenue act of 1918 or 1921, out of its earnings or profits which were taxable in accordance with the provisions of section 218 of the revenue act of 1918 or 1921).

(2) Substituted basis: The term "substituted basis" as used in this subsection means a basis determined under any provision of subsection (a) of this section or under any corresponding provision of a prior income tax law, providing that the basis shall be determined—

determined-

(A) by reference to the basis in the hands of a transferor, donor,

(A) by reference to the basis in the hands of a transferor, donor, or grantor, or
(B) by reference to other property held at any time by the person for whom the basis is to be determined.
Whenever it appears that the basis of property in the hands of the taxpayer is a substituted basis, then the adjustments provided in paragraph (1) of this subsection shall be made after first making in respect of such substituted basis proper adjustments of a similar nature in respect of the period during which the property was held by the transferor, donor, or grantor, or during which the other property was held by the person for whom the basis is to be determined. A similar rule shall be applied in the case of a series of substituted bases.

Mr. GARNER. Mr. Chairman, I move to strike out the last word.

Mr. CRISP. Mr. Chairman, I ask unanimous consent that the Speaker be given such time as he desires.

The CHAIRMAN. Without objection, it is so ordered.

Mr. GARNER. Mr. Chairman, I will not abuse the privilege, because it is not my purpose to make an extended statement. When I was elected Speaker of the House of Representatives it was my purpose then-and it has been my purpose all along, and it shall be my purpose in the future-to preside over the House of Representatives as impartially and fairly as my intellect will permit. [Applause.] In order to do that I felt it would be better if I did not enter into general debate for fear it might become partisan, and therefore I have refrained up to this time to take the floor on any subject.

It was my intention to refrain this session from addressing the House or the Committee of the Whole; but, in view of the fact that I had served 18 years on the Ways and Means Committee, had acquired some knowledge of taxation, it was felt by some of my colleagues on that committee that I owed a duty to the House to make some statement concerning the tax situation. Yielding to that, I appear before you this morning to make what I conceive to be a statement as to the duty and right of each Member of the House from my viewpoint.

In October the President of the United States requested certain Members of Congress to come to Washington to consider certain questions that he had in view to recommend to the Congress of the United States when it met.

While here in Washington there was a very grave doubt in the minds of certain officials and members of the administration whether there would be a tax bill at the coming

After ascertaining this, I returned to my home and for the first time in my life undertook to prepare an address to the House of Representatives, believing that the Republicans would organize the House and that my Democratic colleagues might elect me leader.

I believed then, as I do now, that it was the duty of our Government to sustain its credit and to ask Congress to balance the Budget. [Applause.] That speech will never be delivered, because I was not selected as the minority leader but happened to become the Speaker of the House of Representatives.

I arrived here on the 11th of November, before the Congress met. The newspaper men gathered in my office at that time, when it looked as if the Democrats would organize the House of Representatives, and whatever I might say might be interesting to the country. The first interview I gave was to impress upon them—and, I hope, to impress upon the country and my colleagues-the importance of maintaining the financial integrity of this Republic. [Applause.] I have from that time until this repeatedly, before Congress met and before I was elected Speaker, maintained that the highest possible duty that the House of Representatives could perform for the people of the country during this session was to levy sufficient taxes to sustain the financial integrity of the Republic.

It was suggested by some of my colleagues, both in the Senate and in the House, that it might be advisable from a party standpoint and of the service to the country that the Democrats of the House and the Senate get together and, so far as they could, outline a program or policy which we thought would be to the best interests of the country. In pursuance of that thought, Senator Robinson, leader of the Democrats in the Senate, and myself selected what is known as the policy committee. It was composed of 10 Members of the Senate and 10 Members of the House. I shall read the names of that committee, because I think it will illustrate both to the Republicans and, I hope, to my Democratic friends that the committee is composed of average Democrats of the House and of the Senate.

The Members from the Senate are Senators Robinson of Arkansas, Walsh of Montana, Walsh of Massachusetts, HARRISON, PITTMAN, GLASS, BULKLEY, WAGNER, HULL, BARK-LEY. The Members of the House on that committee are GARNER, RAINEY, BYRNS, CULLEN, CRISP, BANKHEAD, TAYLOR of Colorado, DREWRY, SANDLIN, and GREENWOOD. That committee from time to time had meetings in my office for the purpose of discussing what was the best interest of the country as well as the best interest of the Democratic organization of the House and the Senate. On January 6 of this year, after a two hours' session and a full discussion, that joint committee unanimously decided upon this language as expressing what should be the Democratic policy of the Senate and the House of Representatives:

It is of primary importance that the Budget be balanced promptly.

As I say, that was unanimously adopted by the policy committee. I believed then, and I believe now, that the paramount duty of the House of Representatives is to levy sufficient taxes of some kind, of some nature, that will sustain the credit of this country in the eyes of the world as well as our own people. Later on the Ways and Means Committee went to work with a view of bringing about that desired end. After a discussion of more than 30 days-and if I make a mistake in any statement concerning the Ways and Means Committee, I hope the gentleman from Georgia will call my attention to it-

Mr. CRISP. Mr. Chairman, we had hearings lasting more than 30 days. Over 177 witnesses appeared before us, and the committee was in executive session about five weeks before we finally brought out the bill.

Mr. GARNER. Before the bill was reported, some two or three weeks before it was brought out, it was decided by a meeting of the Democrats of the Ways and Means Committee and myself in Mr. CRISP's office that the better policy would be to prepare a nonpartisan tax bill and present it to the House of Representatives. In view of the fact that the Democratic majority is small, we felt it would be difficult, if not impossible, to pass in the House of Representatives a partisan bill. In addition to that, in the hearts of these men and in their conversations they thought it was the more patriotic thing to take into our confidence the entire mempiece of legislation. The only two thoughts conveyed to the country in the statement from the Ways and Means Committee was that it was to be a nonpartisan bill and that there were to be sufficient taxes raised to balance the Budget.

I mention the background to this. Mr. Chairman, and my Democratic friends especially, to meet some criticisms that have been directed at me for advocating the policy of levying sufficient taxes to sustain the credit of the Government. In view of that background, I think I had a right to ask the House of Representatives, and especially the Democrats, to join with us in an effort to levy sufficient taxes to take care of the obligations made by the Congress of the United States. The Committee on Ways and Means went about their work in executive session and reported a bill to the House of Representatives. In the course of those executive sessions I was told, and I think the membership of the House was told, that the committee believed it impossible to find sufficient taxes which they thought the House would indorse in order to balance the Budget, unless they went to a manufacturers' tax. My reply to that was that I had been opposed to a sales tax ever since I had been a Member of Congress, and I had always been and always would be opposed to a sales tax. I am now opposed to a sales tax; but, gentlemen, if I find it impossible to balance this Budget and restore the confidence of the world and our own people in our Government without some such tax I would levy any tax, sales or any other kind, in order to do that. [Applause.] I think more of my country than I do of any theory of taxation that I may have, and the country at this time is in a condition where the worst taxes you could possibly levy would be better than no taxes at all. [Applause.]

The Committee of the Whole House acted otherwise. I have no quarrel with you. I have said on the floor of this House scores and scores of times, and I repeat it now, that I do not believe in rules being applied to the House of Representatives that take away from it the freedom of expression not only of your voice but of your vote. I believe in freedom of expression; therefore I was unwilling to have any gag rule, so called, applied to the consideration of this bill. I wanted the Members to have free opportunity to express themselves in the Committee of the Whole, and you have had that opportunity. You have expressed yourselves; you have arrived at a conclusion that you will not have a sales tax; and, I repeat, I have no quarrel with you because of it.

I appeal to you, not only in the name of my party but my country, that in view of the fact there has been stricken from this bill more than \$500,000,000 of taxation, it is your duty, your paramount duty, to help this House and this Committee restore some taxes to this bill in order that this country's financial integrity may be maintained. [Applause.]

My only object in taking the floor was to make that one

Last Saturday, as well as yesterday, the people of the world realized that Congress, in a gesture, had indicated that it did not intend to balance this Budget. What was the result, not only among American people but among the peoples of the world?

As reflected through the New York Stock Exchange and other exchanges in this country, what did we find? We found the foreigner selling the dollar. We found our exchange going down more than it has at any time in the past 12 years. We found it renewed yesterday, and we found that followed by a sharp reduction in United States securities. What does that mean? It simply means that the \$1,800,000,000 of money belonging to foreigners who have come to us with the idea that this flag not only protected the person but protected property, and who put their credits in the banks of our country because they thought that was the safest place on the face of the earth to deposit their wealth, have transferred their gold to foreign vaults. When they heard around the world that there was some doubt about this Congress balancing the Budget, they immediately began to withdraw their wealth, to sell American exchange, and trans-

bership of the House in undertaking to pass this important | fer their gold to foreign vaults. As sure as I stand in the well of this House, I believe that if this Congress to-day should decline to levy a tax bill there would not be a bank in existence in the United States in 60 days that could meet its depositors. I believe that the shock to the Nation, the shock to the foreigner who is doing business with us, would be such that there would be a financial panic such as has never been equaled in this Republic since its organization.

This committee will bring in a program. I hope you will support it. [Applause.] I do not want all the taxes that are in there. You can not get just the taxes that you want. This committee is composed of 24 men from 24 different States. I believe you will admit they are fairly intelligent. They are patriotic. They want to serve the country. They want to serve you. They would like to bring in an ideal bill that could be voted for by every Member of this House, but it is impossible to do it ...

So I appeal to you that if you do not like the taxes which they report, will you not be good enough, will you not have statesmanship enough when you criticize it and ask to strike it out, will you not have the manhood to substitute something in its place? [Applause.]

At the risk of being criticized I want to give to the world and to the country to-day, if I can, an expression of this House, so that the world and the country may realize we are going to balance the Budget. Mr. Chairman, may I do an unusual thing? I may be criticized for it, but I want every man and every woman in this House who hopes to balance the Budget and who is willing to go along with that effort to try to balance the Budget to rise in their seats. [Applause, the Members rising.]

Now, if they do not mind, those who do not want to balance the Budget can rise in their seats. [No one rises.] I think this ought to restore to the American people confidence in our country. [Applause.]

We may have differences among ourselves, but in our hearts we are patriotic. We want to serve this Republic. This is a sensible Congress and we can get sensible results.

I again want to ask the charity of the House, and I am going to say to the membership that, with their permission, for the balance of the consideration of this bill I hope to participate in it. [Applause.]

I said to the gentlemen of the Ways and Means Committee yesterday that I would not consider it any reflection on me or on my honor or integrity or desire to serve the Nation if the committee disagreed with me about some of the taxes. That is a privilege. It is not only a privilege but it is the duty of the Members to express themselves. [Applause.]

I am an organization Democrat. I never in my life cast a vote against my own judgment except I had to go along with the Democratic organization. [Applause.] I have done that, and I will do it again. You must have organization. We have it through committees, and it is the only way we can function in this House.

Let me say to the Republican side that during the consideration of this bill, while some remarks have been made by men in high authority on the outside that ought not to have been made, the membership in this House on the Republican side has been quite decent. [Applause.] I am willing to pay them that encomium because they are entitled to it.

Gentlemen, I just wanted to say these few words to you. Let me say to the Democrats alone, do not become critical, do not throw brickbats, let us be brotherly so far as we can. If one of us should disagree, do not point your finger at him and say he is not a Democrat. That is not the thing to do, and it is not helpful. I pray you on this side to be in a good humor so far as you can. You are here to serve your country; and, gentlemen, let us put through this legislation at the earliest date possible in the interest of our country. [Applause, the Members rising.]

Mr. SNELL. Mr. Chairman, I move to strike out the last two words. [Applause, the Members rising.]

Mr. Chairman, in view of the very extraordinary statement made by our distinguished Speaker, I feel it is incumbent upon me to say a few words at this time, notwithstanding the fact that I have a severe cold and my voice is not in very good condition to speak.

However, I want to say to the Speaker of the House, to the Democratic majority, and to the people of this entire country that, as far as I know the sentiment of the minority side, we are in entire sympathy with everything the Speaker has said in regard to the need and necessity of balancing the Budget at the present time. [Applause.] We truly feel that is the most important and really the first obligation resting on this House. We are willing to do our part in doing the work the country expects of Congress at this time. [Applause.]

I was among the Members on our side who had a tentative agreement that we would write a nonpartisan tax measure. I thought that was best for the interest of the entire country, and I still believe so. While, as the Speaker said, I had never been especially in favor of the manufacturers' sales tax, yet when the great Ways and Means Committee said that was the only way they could find to get the money at this time and in this emergency, I accepted that proposition and supported it to the best of my ability as long as it was before the committee. However, if it is necessary to have some other line of taxation, I am willing to go along on that other line.

We all know very well that when the news went out to this country and the nations of the world that we were faltering on the proposition of whether we would balance the Budget or not, that cost this country in depreciated value of securities just twice the entire amount you are trying to raise by this tax measure. Every man well knows that. If there was so much trouble over the fear that we would not balance the Budget, no one knows what would happen if we actually failed to do our duty.

As far as I know, the Republican minority are willing to continue to go along and do the best they can in supporting the Ways and Means Committee in levying enough taxes to pay the expenses of the Government. That is the vital proposition before us at the present time, and we must not fail.

We are not especially interested in any one particular line of taxation. You can make any tax program you like and send it out to the country, and every individual man who is affected by that program will oppose it. Every individual can argue effectively against any tax that affects himself. But the duty devolves upon us to do what we think is right at this time, and I have faith enough in this House to know that it will do what is expected. [Applause.] The important thing is to pass a tax measure that is reasonably fair and just to every class and to every part of the country.

I can assure the Speaker and the members of the Ways and Means Committee that the majority on our side of the aisle will fairly and justly consider every proposition made by the committee. We expect to back the committee to the fullest extent in passing a law that will balance the Budget and give this country enough money to pay its running expenses and maintain the Nation's credit, both at home and abroad. [Applause, the Members rising.]

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the committee for 12 minutes. The reason for the request is that I desire to present the alternative program which the Ways and Means Committee to-day decided to recommend for the consideration of the Committee of the Whole. It takes some time to read it, and I want to give you the whole picture so far as it has been agreed to by the committee.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. CRISP. Mr. Chairman, some months ago I became convinced that the welfare of the Nation required a balanced Budget, and that without it there could be no economic recovery. As it is my philosophy to believe that I serve my district best when I serve my country best, I determined to go the whole length to do what I could toward the balancing of the Budget. [Applause.]

No taxes, my friends, are pleasant. No one wants to pay taxes. Under whatever form taxes are levied, if the competition of the business permits it, the taxes are passed on to the consumer and they are, in reality, sales taxes.

The committee cheerfully acquiesced—as it could not do otherwise—in the decision of the House not to adopt a manufacturers' sales tax. We simply brought it to you for you to consider. You have given us your judgment on it. You are opposed to it. It is eliminated and the committee will not, of course, attempt again to present a manufacturers' sales tax to you. [Applause.]

When it was eliminated from the bill, about \$500,000,000 of contemplated revenue went out and it left the bill that amount short of balancing the Budget.

As soon as you acted on the sales tax, as acting chairman of the Ways and Means Committee, I appointed a subcommittee to consider items to suggest to you to raise money to balance the Budget. That committee met in a bipartisan way. There has been no partisanship in the consideration and preparation of this bill from the first day up to now. The minority leader, the gentleman from New York, has cooperated with me. I have talked with him about this bill as freely as I have talked with the Speaker from the time we started its preparation. [Applause.]

The members of the subcommittee have been very diligent and have worked day and night. This morning they reported their substitute plan to the full Committee on Ways and Means and the Ways and Means Committee to-day approved it. This subcommittee is continued in office. There may be some necessity for offering other amendments, especially if some of these items are rejected, in order to provide adequate revenue to balance the Budget.

The Ways and Means Committee was made happy this morning when this House signified its determination to balance the Budget, and if any of these items are eliminated, the subcommittee will make a report to the full committee and the full committee will report items to you for your consideration.

Without enumerating the changes made by the Committee of the Whole House on the state of the Union as to income taxes, inheritance taxes, and so forth, I am going to read to you the proposal which the Ways and Means Committee indersed this morning and decided to present to you for your consideration. These items will be offered separately as committee amendments, and under the unanimous-consent agreement which the House kindly gave, the Ways and Means Committee has the right to recur to any part of the bill that has been passed over. So I am going to start, at the conclusion of this discussion, unless some other gentleman desires to speak, to offer these committee amendments to Title IV. They are open to discussion for adoption or for rejection, and the committee will welcome suggestions from any of the Members of the House, for the sole, burning thought of your committee is to levy taxes to balance the Budget.

The committee recommends that the surtax bracket which now starts at \$10,000 commence at \$6,000 income, and this will produce \$7,000,000 additional revenue.

Under the bill as reported, a corporation with a net income of less than \$10,000 was given a \$2,000 exemption. The committee recommends reducing that to \$1,000.

My friend from Arkansas [Mr. Ragon] suggests that possibly I should not give the amount of the yields, but I think I will give them to you. They may be inaccurate and may have to be checked up. If they prove short, we will propose something else to you.

Repeal of the net losses—these wash sales—\$20,000,000

Section 115 (b) dividends, \$9,000,000 more. Dividends (section 115 (d)), \$2,000,000 more.

Rearranged depletion allowance, \$12,000,000 more.

Sales of stock, one-fourth of 1 per cent, but not less than 4 cents per share, estimated to yield \$75,000,000. [Applause.] We had an estimate of \$125,000,000 on this item, but after conferences with the subcommittee last night, at which I

was not present, representatives of the Federal Reserve Bank in New York and some of the officers of the stock exchanges, on account of the volume of business and in the interest of accuracy of estimate, reduced that amount to \$75,000,000.

Bond transfers, one-eighth of 1 per cent, \$13,000,000.

Capital stock and bonds, issues of (10 cents per \$100), \$13,000,000.

Conveyances, a tax of 50 cents on each \$500 of value in real-estate transfers, the same as the war-time tax on realestate transfers, \$10,000,000.

Sales of produce on exchanges, 5 cents per \$100-it is now 1 cent and we have raised it to 5 cents—estimated to yield \$6,000,000.

The committee recommends changing the exemption on admissions to picture shows, raising it from 25 cents to 45 cents. [Applause.] This will produce \$40,000,000. The bill as reported by the committee was estimated to produce \$90,000,000.

Now some excise taxes:

Cosmetics, 10 per cent, estimated to yield \$25,000,000. [Applause.]

Furs, 10 per cent, estimated yield, \$20,000,000-although, to be candid, I fear the amount of this estimate is excessive. Jewelry, 10 per cent, \$15,000,000.

Sporting goods and cameras, 10 per cent, \$4,000,000.

Beverages, the act of 1921 rates, \$11,000,000.

Matches, 4 cents per 1,000, \$11,000,000.

Chewing gum, 5 per cent, \$3,000,000.

Radios, phonographs, 5 per cent, \$11,000,000.

Mechanical refrigerators, \$4,500,000.

Automobiles, a rate of 3 per cent on passenger cars, a rate of 2 per cent on trucks, and a rate of 1 per cent on accessories, which will yield \$57,000,000.

Yachts, motor boats, and so forth, above value of \$15, one-half million dollars.

Gentlemen, this is a negligible amount of money, but the committee felt that inasmuch as they were taxing automobiles and other methods of transportation they should include yachts.

In the original plan we estimated changes in legislation relative to the Postal Service that would save \$25,000,000. The committee recommends now that with a little change this will save \$27,500,000.

Mr. RAGON. Will the gentleman yield? Mr. CRISP. Yes.

Mr. RAGON. The reason I suggested a while ago not to give these estimated amounts at this time is justified by this item here. Just a few moments ago I had word from the Post Office Department that you would increase that item from \$27,000,000 to \$30,000,000, and I would like to say here with respect to many of these items-for instance, the one the gentleman has already suggested with respect to furs-that is being rechecked. Many of these things are substantially correct, but may vary in one way or another to some extent.

Mr. CRISP. I know my friend has the same desire I have to lay the whole proposition before you, giving you all the information we have, and that is why I am reading

Mr. SPARKS. Will the gentleman yield? Mr. CRISP. Will the gentleman let me finish this list, and then I shall be pleased to yield. I think the committee would like to have this in full.

Then the committee, as much as it dislikes to do it, forced to the necessity of raising money, recommends to you that the first-class postage be increased from 2 to 3 cents, which will yield \$135,000,000. [Applause.]

Now, I think the country expects Congress to reduce the Federal expenditures, and I think the membership of both branches of Congress think that the \$4,000,000,000 Budget is excessive, and that it should be reduced, and I think Congress will reduce it.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia have 10 minutes more.

The CHAIRMAN. Without objection, it is so ordered.

Mr. CRISP. The subcommittee did not desire to bring in any statement as to the amount that might be saved. They conferred with the chairman of the Appropriations Committee, they conferred with some Senators, they conferred with the Secretary of the Treasury, Mr. Mills, and other employees of the Treasury Department. It is assumed that \$243,000,000 can be cut from the Government expenditures. and the Ways and Means Committee will cooperate in every way possible to bring about this reduction, and I believe that the membership of the House on both sides will do that.

It also recommended an excise tax of 5 per cent on candy, estimated to yield \$12,000,000. A 10 per cent tax on safety deposit boxes that will yield \$1,000,000.

Now, the sum total amounts to \$1,293,000,000, or approximately \$50,000,000 more than is necessary to balance the Budget.

If you gentlemen accept this program, you balance the Budget. If you strike out any item, which you have a right to do, I appeal to you to give us the benefit of your estimate, your counsel, your aid, in proposing something in lieu of it.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. VINSON of Kentucky. In regard to the stock transfers, the gentleman said it would yield \$125,000,000. I want to call the gentleman's attention to the fact that the correct estimate is \$75,000,000.

Mr. CRISP. I thank the gentleman; he is correct. Now, gentlemen, if this program is adopted, it will balance the Budget, and in conclusion may I ask my friends-and I count every man and woman in the House my friend-to please cooperate with me in trying to speed the passage of this bill. We have talked and talked, but talk is not going to change things. The country wants action, and we can serve the country best by speeding up this legislation.

Mr. PARKS. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PARKS. Has the committee considered the taxing of advertisements, such as in magazines, newspapers, political advertisements, over the radio?

Mr. CRISP. I will say to my friend that the committee did consider it, and there were a multitude of other things considered. In the program given out-and I gave it to the press as I left the committee room—there was a provision relating to affiliated and consolidated returns of 1 cent, but there was no final conclusion as to that. That is reserved for further consideration.

Mr. KVALE. In the consideration of the last committee amendment some of the Members attempted to offer amendments to the amendment offered by the Ways and Means Committee. The chairman then ruled—and properly so that the usual expedient for securing recognition for five minutes by offering a pro forma amendment could not be employed, such pro forma amendments being amendments in the third degree. Debate upon any proposed change in the committee amendment was thus necessarily limited to 10 minutes, of which 5 were consumed by a member of the Ways and Means Committee in opposition.

In many specific instances this made for a deplorable lack of proper understanding of various amendments offered.

To-day, Mr. Chairman, a similar parliamentary situation will exist when committee amendments are offered. Upon some of the items enumerated, important changes in rates of taxation or in classifications may be proposed as amendments to the committee amendments, upon which it might be desired to have more than 10 minutes' debate. Can not some arrangement, temporary, at least, be made along that

Mr. CRISP. I hope the House will trust me. I think I have demonstrated fairness all through this bill.

Mr. KVALE. Indeed the gentleman has, and splendidly. Mr. CRISP. Under the rule of the House five minutes debate are allowed for and five minutes against. We have a practice here of moving to strike out the last word and

going on and discussing the merits of the amendment. I shall have no disposition to shut off reasonable debate upon these amendments; but after there has been reasonable debate, I think the House ought to back me in a motion to close debate. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. BLANTON. Why would it not be advisable, instead of levying a tax of one-quarter of 1 per cent on gambling transactions on the stock exchange, which the gentleman says will produce revenue of \$75,000,000, to increase that amount to three-quarters of 1 per cent, which would bring in revenue of \$225,000,000, or about \$150,000,000 more revenue than is now proposed by the committee, and then we would be able to eliminate from the bill the proposal to raise the postage on first-class postage from 2 to 3 cents?

Mr. CRISP. The gentleman, I think, is high in his estimate, but in these short sales the gentleman speaks of, there are two sales to make the transaction, and it runs the tax on

them up to one-half of 1 per cent.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes,

Mr. O'CONNOR. I understand the gentleman proposes taxing the transactions on the stock exchanges and the produce exchanges. Am I correct?

Mr. CRISP. Yes.

Mr. O'CONNOR. Did the gentleman consider taxing transactions on the cotton and grain exchanges?

Mr. CRISP. I think they are all included. I think they should be.

Mr. O'CONNOR. The cotton exchange is not included in the produce exchange.

Mr. CRISP. It ought to be, and there should be an amendment to that effect. I was not on the subcommittee, but I think that ought to be taxed, and I thought it was

Mr. RAGON. It is taxed.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Has any consideration been given to the matter of the desirability of a rule that would permit the consideration of all these amendments en bloc, so as to facilitate the passage of the bill?

Mr. CRISP. There has not been. Personally I do not want a rule. I want the House to have an opportunity to show the world we can transact business under liberal rules.

[Applause.]

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LaGUARDIA. Mr. Chairman, you have heard the Speaker of the House, the acting chairman of the Committee on Ways and Means, representing the majority, and the distinguished leader of the minority. May I just take a few minutes to express the viewpoint of a very small minority? I agree, and always have, with the plan of raising sufficient revenue to meet the current expenses of the Government. I shall not say "balance the Budget," the phrase coined recently, which has become so catchy, particularly among people who were first responsible for the Treasury deficit and are now seeking to hide their misdeeds and to make the wage earner and working people pay the entire cost of the depression. I have consistently maintained from the time that the first long-term bonds were issued to meet current expenses that we should not pass on to the next generations the blunders of to-day. As far back as July and August the progressives were in correspondence with each other and exchanging views on the question of a revenue bill. I was in correspondence with the distinguished Speaker of the House, and many of the items suggested to-day were included in a tentative plan which I offered.

After exchange of views and a careful study of the fiscal condition of the country I announced to my progressive col-

leagues in a formal statement the necessity of increasing taxes in order to meet the deficit. I believe it is quite proper that I read at this time a statement which I made on October 4, 1931, and which was, if my memory serves me right, carried in full by the press on that date. At that time, October 4, 1931, I said:

It is obvious that the progressives will have to take the initiative in pulling the country out of debt. The issuance of long-term bonds of \$1,000,000,000 to cover the present deficit is indefensible. It is not only bad finances but tends to destroy the very purpose of a Budget system and passes on to the next generation not only the cost of the present governmental expenses but makes the next generation pay for the blunder and incompetency of the present management

Anyone can readily see, with a system of issuing bonds to pay for current expenses and spending public money without limita-tion, how easy it is, particularly on the eve of a national election, to avoid the inevitable necessity of increasing the Government revenue. I am certain that the progressives will not be a party

to any such policy.

There seems to be a great deal of timidity on the part of leaders in coming right out and saying that there will be an increase in taxes next year. No one can honestly suggest legislation carrying additional expenditures unless he can first show his ability and willingness to raise the money. As I have stated, borrowing money for current expenses and passing it on to the next generation is not only bad financing, destructive of the Budget and the part of the states of the states of the states of the states. An individual or a corporation downright political dishonesty. An individual or a corporation who would finance its current pay rolls and expenses out of borrowed money would be thrown into bankruptcy, placed into the hands of receivers, and liquidated. We shall not permit our country to be liquidated.

I shall suggest to my progressive colleagues, and I feel confident that we can agree on a policy not to permit the consideration of appropriation bills until we shall have passed the tax bills necessary to raise the revenue. We might permit consideration of one or two appropriation bills, but surely not more, pending preparation of the tax bills. But then, in the interest of sound legislation, we shall suggest deferring all appropriation bills until the tax bills are passed and signed. Such matters are entirely the functions of Congress specifically so delegated by the Constitution.

I intend to present to the progressive group, which will meet in the latter part of November, a complete financial program. Of course, other members of the group will present other programs which may be better than mine. One thing is certain: We will agree on a real, constructive, courageous financial policy for the agree on a real, constructive, courageous mandal policy for the Government. My plan will increase Federal revenues a little over \$750,000,000, and this plan does not include certain economies which I will present to the progressive group. I am mailing a copy of my taxation proposals to my progressive colleagues so that they may check the figures and study the proposition before we meet. I will be ready to announce the itemized schedule in a day or so.

Our legislative program will also be considered when we get together in November. I shall submit my proposals within a very

At the same time a complete plan for tax revision was submitted. I then included many special excise taxes necessary to raise revenue. I also included, reluctantly but as a matter of necessity, the suggestion for an increase in firstclass postage. The reason I took first-class postage was that other classes of postage created first-class mail, that it was an easily collectible tax, could not be avoided, and as a source of temporary additional revenue the public could easily adjust themselves to it.

As far back as last August and in my plan of October 4, 1931. I urged increased rates in inheritance taxes with an accompanying gift tax in order to prevent avoidance of the inheritance tax. May I repeat in passing, what I have said so many times, that the gift tax was purposely repealed under the Mellon plan so as to make possible the avoidance of the inheritance tax. I also at the time urged increased income taxes in the higher brackets. I submitted schedules gradually increasing the present rate of income tax which stops at 20 per cent on incomes over \$100,000 and I graduated them to 49 per cent on incomes in excess of \$2,000,000. While it is quite true that increased income taxes in the higher brackets may not at this time bring the increased revenue normally expected, I submit that it is a necessary tax and that I for one do not hesitate to state that it is a social tax as well as a revenue producer. I have slightly altered the plan proposed last October after the benefit of several months of additional study, calculations, conferences, and additional information.

The differences are very slight. I have suggested a tax on safety-deposit vaults because it is an easy tax to collect and will bring in a few millions of dollars; not a large amount, but, considering the minimum cost of collection, a tax which should now be imposed.

A stock-transfer tax—that is, a percentage tax on all stock transfers-has been under discussion in this House for many years. No one can claim any originality in that. The committee has increased the stamp tax on stock transfers. The committee's recommendation would levy 4 cents a share on each share of stock transferred. Considering the magnitude of the turnover, it would seem that a tax of one-eighth of 1 per cent or one-quarter of 1 per cent on the amount paid for the stock with a minimum of the 4 cents suggested by the committee would be most timely. In the course of the discussion on the substitutes for the sales tax I am certain that some very interesting statements, data, and figures will be given. As I said, the stock-transfer tax has been suggested so long ago and studied for many years there is no reason why it should not be tried out at this time.

Just one word more on the sales tax as being unsuitable for conditions in the United States. I have already referred to a statement made by the Hon. Ogden L. Mills, Secretary of the Treasury, on December 14, 1931, which is so clear and convincing in opposition to the sales tax that it would seem further argument is unnecessary. Inasmuch as there has been some talk of a compromise exempting food, clothing, and medicines, it might be well to state here that the consideration of this so-called compromise disclosed how far-

reaching and involved a sales-tax system is.

For instance, at first blush an exemption of food, clothes, and medicines seemed quite a concession. As I have stated before, I believe two or three times already, after careful analysis of the exemption plan it was found that while a suit of clothes was exempt, the textile, the buttons, the thread, the lining, and everything that went in it would be taxed; while a pair of shoes is exempt, the leather, the sole, the eyelets, the shoestrings would all be taxed. The same with medicine, while the prescription might be exempt, every chemical and component part that went into the prescription would be taxed. This alone will give an inkling of the cumbersome, far-reaching system of a sales tax and the army of Government employees necessary to watch it, control it, and enforce it.

I mention these facts as absolute proof that while the very people who are now criticizing the opponents of the sales tax for having no plans, it was they who last summer were urging the issuance of long-term bonds to meet current expenditures, while I and my fellow progressives as a matter of fact were working and had a complete tax program. The newspapers of October 4, 1931, and, if my memory serves me right, during the summer, are now matters of record, and the news items of those dates containing my declaration of a tax policy and my proposed rates stand as the incontrovertible proof that I and my fellow progressives approached this crisis in a constructive manner.

Perhaps it would be quite proper to read in passing a cordial and friendly letter which I received from the distinguished Speaker of this House, who at the time perhaps did not know that the vicissitudes of politics and life would make him the Speaker of this body. I contacted him because the gentleman from Texas [Mr. Garner] and I have worked very closely together the last 10 years on all matters of taxation. I admired his courage in opposing the first Mellon plan. I admired his frankness and service to the country in exposing the favoritism and the staggering cost to the country on the refunds of taxes that have taken place the last few years. I had always talked freely with the gentleman from Texas on taxation matters and I wrote him at the time, sending my proposed plan, and this is Mr. GARNER's reply:

UVALDE, TEX., October 11, 1931.

Hon. FIORELLO H. LAGUARDIA, New York City, N. Y.

DEAR MR. LAGUARDIA: I presume your letter of October 6, with inclosures, was a general one and probably you did not expect many replies, but in view of the fact that I am intensely interested in this subject I am going to briefly say that I am in agreement with a good many of your suggestions. I think an exchange of views on this subject would be helpful. I expect to be in Wash-

ington the early part of November, and if you should be down there I would like to talk this matter over with you.

With regards and best wishes, I am, very sincerely, yours,

JNO. N. GARNER.

I could call many of my colleagues with whom I have been conferring, in correspondence and in personal talks, on this matter to bear me out in every detail of my work during the congressional recess in connection with this problem; but I do not believe that the misrepresentations, the deliberate lies, and misstatements that are being circulated against me as to my attitude on the tax bill and the necessity of balancing the Budget require any further answer.

The sales tax is objectionable for many, many reasons. First of all, it would place a burden of \$660,000,000 on the working people, the wage earners of this country. They can not stand it, and the proponents of this sales tax, in their greed and anxiety and in their belief that they had already saddled this law on the American people, immediately commenced denouncing the income tax law, vilifying Congress, and demanding the repeal of the income tax law. They disclosed their hands. Gentlemen, the friends of the sales tax out of Congress did more to defeat it than the opponents of the sales tax in Congress. In addition to that, imagine over 275,000 manufacturing concerns in this country. Just think of the army of internal-revenue agents necessary to check, investigate, and verify tax returns.

Gentlemen, the mere fact that this House, notwithstanding the pressure, notwithstanding the abuse, notwithstanding that the Committee on Ways and Means came out with a bipartisan recommendation, has been able to thoroughly study, investigate, and repudiate the sales tax stands as the living proof of the success of representative government and the ability of the House of Representatives to act for the best

interests of the American people.

This House having, I believe, once, and for a great many years to come, defeated the principle of a general sales tax, as far as I am concerned, I am ready to go along with the committee. Of course, in this instance it is very easy for me to go along, because it so happens that the plans that I recommended and put into the RECORD during the general debate coincide with the plan now offered by the committee. I shall support every one of the items suggested by the gentleman from Georgia, and gentlemen must know that some of them are going to be very unpopular in my city. I am going to get it coming and going; there is no doubt about that. My friend from New York says that I deserve it, and perhaps I do. But no matter what happens to me, I am willing to pay the price for having taken an unimportant part in the defeat of one of the most vicious plans of taxation ever devised, brought here as a result of misrepresentation, and I refer to the sales tax.

I want now to say a word of appreciation of the Speaker and of the majority floor leader, in having given us the opportunity which for 15 years we have been trying to obtain in this House, and that is the opportunity of discussing and considering a revenue bill without a gag rule from the Committee on Rules. [Applause.] Gentlemen can not commence to realize what that means. Of course Wall Street is smarting under it. Do gentlemen realize that this is the first time in many years that a revenue bill or a tariff bill has been considered by the House of Representatives and not controlled from the outside? My colleagues the other day suggested bringing in a rule, and I say this demonstrates that it is possible to legislate without the duress of a rule and the limitation which it imposes. Whatever may come out of this bill, and it is going to be a well-balanced bill when it leaves the House, it will have the full confidence of the American people because it was written here in the open [applause], while the suspicion that surrounds the last tariff bill will remain with that bill until it is repealed, for the reason that it was first considered in secret and then brought here under a most unfair gag rule and considered under it. I would not be fair if I did not make that comparison, because the very thing that many of us in this House have been criticising and have been devoting our time and efforts to obtain is the

opportunity to legislate as was intended by the mandates

which we hold when we come to this House.

Now, I want to assure the committee of my support. I do not know whether one-fourth of 1 per cent tax covers the other half of my proposition, and if it does not I will suggest that we can obtain additional revenue by increasing the one-quarter of 1 per cent to one-half of 1 per cent on all short sales

The Speaker referred to the condition of the market. I want to say that nothing has happened in this country to justify the fall in prices, and it has been repeated so many times that the people of this country understand now that it is not an economic condition, but simply financial manipulation. It is the usual instrument of threat that has been held over Congress so many times and over the President so many times. The President was threatened with that very same thing until he declared for a moratorium. You will remember that when we convened here to ratify the moratorium the same situation and the same conditions were resorted to. When we considered the Reconstruction Finance Corporation legislation again we were told that prices in the security market would go down. A few days after that, with the Glass-Steagall bill, again they said, "We will break the market," and they said, "If you pass this, up will go the market." Gentlemen, that market is under absolute control. Those men who are bearing down the market and using that as a threat to obtain legislation are not patriots. They are not investors. They are not builders. They are the most miserable kind of tin horns, playing with loaded dice, and the country ought to know it. [Applause.]

So fear not what those manipulators may do. This House is now considering a revenue bill. Public assurance was given to the country by a rising vote of our willingness to meet current expenses with current revenue, and that we

can do by the time this bill leaves here.

I want to say to the gentleman from Georgia [Mr. CRISP] that I appreciate the difficulties he has been laboring under. The gentleman from Georgia is so clean, so honest, so pure that he must have believed some of the deceptive statements and misrepresentations that were made to him with reference to the condition of the country and what would happen if we did not take the sales tax. That is out now, and I will say to the gentleman from Georgia that I will stand by the committee and their recommendations announced to the House to-day. [Applause.]

Mr. RANKIN. Mr. Chairman, as one of the humble Representatives in this body who exerted every possible effort within their power to defeat the sales tax. I want to assure the Speaker of the House and the acting chairman of the Committee on Ways and Means that we are just as anxious to balance the Budget as they are, and we are glad to know that they are willing to go along with us in our fight to that end.

They say that when we strike out anything, we should substitute something in its place. We have done that. We raised the inheritance taxes and we raised the income taxes in the higher brackets.

Permit me to say to those gentlemen who opposed us that they need not be using any appeals to patriotism. We are just as patriotic as they are. Those of us who fought the sales tax have the same interest in our Government they have, and we are willing to go along and help balance the Budget; and we are going to do it without the imposition of a sales tax.

The slump in the market on yesterday had no connection with the defeat of the sales tax any more than the slump of 1929. That slump was caused by the fact that those in charge of this Government, from an executive standpoint, have failed and refused to put into operation the Glass-Steagall bill, the only bill that has been passed looking to the inflation or expansion of the currency. Until there is an inflation or expansion we will not get any relief, even though you tax the American people to death.

Further, let me say that this fight on the sales tax is an old fight. It is a fight between the masses and the classes that reaches back down through the ages of history, even

to the dawn of time. It is a fight that will be waged as long as this Government exists. It is a fight that will be waged "In states unborn and accents yet unknown," and those who do not realize the great fundamental principle, the line of cleavage between those two ideas of government, certainly ought to study history instead of criticizing those of us who opposed it and who helped to bring about its defeat.

In my opinion it was a glorious victory for the American

We have also been working on a plan of taxation to balance the Budget, and almost everything submitted in the plan suggested by the gentleman from Georgia has been approved by those who have been fighting along with us in this cause. There may be some things we do not agree with, but in the main we are willing to go along and help to pass taxation necessary to balance the Budget; but we must maintain that the burden of taxes should be placed where it belongs-that is, on those who are most able to pay.

No: we are not wrecking the Government, but we are saving this Government for the American people when we strike down the attempt to depart from the time-honored system of taxation and to embark upon one that is wholly undemocratic, wholly un-American, in my opinion, and that would ultimately have loaded the great burden of taxation of this Government upon the masses of the American people instead of upon those who are most able to pay.

Mr. LINTHICUM. Will the gentleman yield?

Mr. RANKIN. Yes.

Mr. LINTHICUM. Now that we are getting together, does not the gentleman think we ought to strike out those two tariff measures on oil and coal?

Mr. RANKIN. Of course. They have no place in this bill. The gentleman knows my position. I have never fal-

tered in my opposition to the tariff.

I want to say to you, Mr. Chairman, that on the floor of this House I represent America, too. I represent the American people, and so help me God, when it comes to principles I am going to continue to exercise that judgment and to cast those ballots which I think are for the best interest of all the people of these United States. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chirman, I ask unanimous consent to proceed for 10 minutes. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Chairman, no one rejoices more than myself in the fact that we seem to be reaching a point in the discussion of this revenue bill where we at least understand each other.

I did not hear all the remarks of our distinguished Speaker, as I was delayed in my office. However, I approve and appreciate that portion of it I heard and fully indorse all he said.

So far as I am concerned-and I am satisfied I voice the sentiment and feelings of those who were associated with me in opposition to certain provisions of the revenue bill, that a unanimous vote could have been had declaring that it was our purpose to balance the Budget and protect the credit of the Government immediately after the vote on the sales tax was taken [applause]—so far as I am concerned I have entertained no other thought nor had any other purpose; in fact, that object has been paramount with me all the while; that is, that the integrity and credit of the Government must be preserved at all hazards. The difference of opinion arose, first, over the question as to the amount necessary to balance the Budget, and, second, as to the best method of raising taxes to pay the necessary Government expenditures and leave no deficit in the

When former tax bills were under consideration, it is a matter of common knowledge that our worthy Speaker, Mr. GARNER, and able majority leader, Mr. RAINEY, flatly refused to accept the estimates of the Treasury Department as a basis for legislation.

But now that the sales tax has been defeated my major objection to the bill has been removed.

The thanks of the House are due to the subcommittee, who for the past few days, has been considering and preparing a substitute for the sales-tax provision, which was stricken from the bill. This substitute, while not wholly satisfactory to anyone, will raise the money claimed to be necessary to balance the Budget and perhaps with as little burden as possible. I regret that the subcommittee thought it necessary to increase the rates on first-class postage, but as this is only to continue for two years and to meet the present emergency, it will perhaps be necessary to leave it in the bill if something less burdensome can not be substituted, which I hope we may be able to do.

It should be distinctly understood that if any harm or injury has been done the country or the stock market, it has been caused by those who have consistently and persistently misrepresented a majority of the Members of the House, endeavoring to give the country the impression that the Budget would not be balanced simply because a majority of the House would not permit certain selfish interests to dictate the taxes that should be imposed and the method by which the Budget should be balanced. It seems they have been determined to rule or wreck the country by false or erroneous statements touching the motives of Members of Congress whom they could not frighten or intimidate; however, most of the press have been fair to the House, and I wish to say to those who have been unfair that they can serve their country better if they will be content with publishing the truth and not misrepresenting or impugning the motives of those with whom they disagree.

When I started my opposition to the sales tax I did not even dream there would be a majority of this House opposed to it, but as the debate progressed the American people were heard from, and, responding to their voice, the House defeated the sales tax.

Mr. BLANTON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. BLANTON. The most of the vicious propaganda and misinformation has come from William Randolph Hearst, who is one day a renegade Democrat and the next day a renegade Republican.

Mr. DOUGHTON. Undoubtedly, and Mr. Hearst's opposition is motivated by his morbid desire to escape the payment of income tax and saddle upon the American people taxes that he and those in his class should pay.

Mr. DYER. He has never been a Republican.

Mr. DOUGHTON. I want it distinctly understood that I have no criticism of those in this House or elsewhere who conscientiously favor the sales tax, but judging from the correspondence I have recently received—the letters and telegrams of congratulation and commendation from all parts of the country as well as my own district-from manufacturers, merchants, farmers, lawyers, doctors, and people of all occupations and all professions and callings in life, I have not the slightest doubt but that 90 per cent of the American people are unqualifiedly opposed to a sales tax; but that is behind us now and we must look to the future, and I fully concur in what the gentleman from Georgia said this morning when he expressed the hope that we may go forward in the consideration of this bill without acrimony or bitterness and without further impugning anyone's

Mr. DYER. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. DYER. Is not a proposed tax on automobiles a sales tax or a manufacturers' tax?

Mr. DOUGHTON. Well, it may be called a manufacturers' tax or an excise tax, but it is not a general manufacturers' tax covering almost every article in common use, as was the sales-tax provision which was stricken from the bill, and we all know that some excise taxes are necessary if we are to balance the Budget. A limited excise tax on a few restricted articles is entirely different from a general

Mr. HASTINGS. Will not the gentleman conclude by expressing the hope that we may proceed with the consideration of the bill?

Mr. DOUGHTON. I certainly hope we may do that: but before I conclude there is one other thing I want us all to keep in mind while we are considering the matter of balancing the Budget, and that is that the American people are insistent and determined that we must exercise the most rigid economy and cut all governmental expenses as drastically as can be done consistent with efficient Government service. The taxpayers of this country are not going to submit to increased taxation until we have cut the expenses of the Government to the lowest possible limit.

Mr. McGUGIN. Will the gentleman yield?

Mr. DOUGHTON. Yes; I yield.

Mr. McGUGIN. Does the gentleman regard voting \$130,000,000 extra road appropriation at this time as the kind of economy we need?

Mr. DOUGHTON. I shall not attempt to answer that question, because it is not propounded in good faith, and the gentleman knows full well it would take an hour to debate it. However, I will say that in my opinion no appropriation this Congress can make would be more effective in relieving unemployment and more beneficial in its results to all the people than money appropriated for highway building. Now, may I hope that we may proceed speedily to complete this bill and leave no doubt in the minds of the public as to whether or not the credit of the Government is to be protected and maintained.

Mr. CRISP. Mr. Chairman, by direction of the Committee on Ways and Means I offer the following amendment.

The Clerk read as follows:

Committee amendment offered by Mr. Crisp: Page 229, after line 8, insert a new section, as follows:

"SEC. -. TAX ON TOILET PREPARATIONS, ETC.

"There is hereby imposed upon the following articles, sold by "There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes, dentifrices, tooth pastes, aromatic cachous, toilet soaps, toilet powders, and any similar substance, article, or preparation, by whatsoever name known or distinguished, any of the above which are used or applied or intended to be used or applied for toilet purposes." for toilet purposes."

Mr. CRISP. Mr. Chairman, just a word. This is an amendment which is expected to yield \$25,000,000. Of the one hundred and seventy-odd witnesses who appeared before us, the only one who suggested this tax was Miss Laurette Taylor, and she stated that the women would cheerfully pay this tax, and it would not slow up business.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LaGUARDIA. This amendment covers the entire field known as cosmetics.

Mr. CRISP. Yes; it is so intended.

Mr. LaGUARDIA. And it is on the retail price?

Mr. CRISP. It is on the manufacturers' price.

Mr. LaGUARDIA. But it is intended to be passed on? Mr. CRISP. Of course the gentleman from New York knows that all taxes are passed on if they can be passed on.

Mr. LaGUARDIA. I will say that this item was also included in my tentative plan.

Mrs. KAHN. Will the gentleman yield? Mr. CRISP. I yield to the gentlewoman from California. Mrs. KAHN. I want to say to the acting chairman of the Ways and Means Committee that speaking for the women of the country there will be no opposition on their part to paying this tax. [Applause.]

Mr. CRISP. I thank the lady for that contribution.

Mr. CELLER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. CELLER. In justice to Miss Laurette Taylor, who appeared before the gentleman's committee and about whom the gentleman has seen fit to speak so favorably, may I ask this question? Did not Miss Laurette Taylor suggest the cosmetic tax in lieu of a tax upon the spoken drama?

Mr. CRISP. She appeared before the committee in opposition to any tax on spoken drama.

Mr. MARTIN of Oregon. Mr. Chairman, I shall only speak a few moments. In the last election I ran as a Democrat, was forced into the election in a Republican district, and a number of the constituents in my district, hoping they could trust the Democratic Party again, including the substantial business men of the community, voted for me, and as a consequence I was elected. There are a few others of us northern Democrats who had to fight for our election and who appealed to the intelligence of the country, not to its prejudices.

Now, as a young man I used to play poker, and one of the dictums of the game I played was, "Leave your sympathy with the losers "-

Mr. MANLOVE. Does the gentleman mean to say he has

grown past that age?

Mr. MARTIN of Oregon. I admit that. "Leave your sympathy with the losers, but go home with the winners.'

I do not believe in holding any post mortems on the sales tax. I can be very happy now in what has occurred this morning. I want to say that my whole life's training has been to follow the old-established institutions of the country and to follow leadership-organized leadership, authoritative leadership—and when this great old institution, this old Ways and Means Committee, unanimously reported here in favor of the sales tax, with my training and with my discipline, I felt I had to follow them; but when my party wandered away from that old-established leadership and went under the leadership of my socialistic colleague from New York I was very unhappy.

Mr. LaGUARDIA. Will the gentleman yield? Mr. MARTIN of Oregon. I decline to yield.

Mr. LaGUARDIA. I think that is very unfair, and very

Mr. MARTIN of Oregon. I was very unhappy, but my wisdom in following the leadership here has been proven in the rebellion in this country against the action of the House-not only in the country but throughout the world as well. Nothing else was to be expected. When you entered socialistic on a program to "soak the rich" you received throughout the country just condemnation. I am glad to see that the House has returned to sanity.

I am going to support the Ways and Means Committee to balance the Budget, as I have done right along. I did not intend to run for reelection this fall. I have served my country a lifetime and I am entitled to a rest. But I have now received a telegram from the people who elected me saying, "We can not spare you now."

I will make the sacrifice for them. I think the class of Democrats that I represent are badly needed on the floor of this House, and so I am going to run again. I am going to continue to stand here and protest against action which divides us into classes and drives us into socialism.

Mr. LAGUARDIA. Will the gentleman yield? Mr. MARTIN of Oregon. I decline to yield.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, I was one of those who voted for the sales tax, and I did it because I wanted to stand by the committee. I am going to continue to stand by the committee in an organized effort on our side, so that we will be able to bring about a tax bill that will balance the Budget.

I protest against those who would seek now to inject not only partisan politics into the bill but provocative and unfair amendments which will give rise to controversy. Hardly were the speeches of the Speaker and the minority and majority leaders over when the gentleman from New York [Mr. LaGuardia] rose and said that he would offer something that is bound to give rise to considerable controversy and great difficulty, and again stir up the muddy waters of acrimonious debate in this House.

He said he was going to offer an amendment to increase the tax on transfers of stock in and of short sales on the stock exchange from one-fourth to one-half per cent. warn the gentleman that if he seeks to destroy short selling on the market by the means of taxation he may run afoul of Supreme Court decisions. We can not do away with a

certain practice by means of taxing it out of existence. We tried to do away with child labor by taxing the products of child labor and the Supreme Court declared the statute unconstitutional. You can not do by indirection what you dare not or can not do directly.

Mr. CRISP. Mr. Chairman, I make the point of order that the gentleman from New York is not discussing the amendment. I hate to do it, but the gentleman is talking about extraneous matters.

The CHAIRMAN. The gentleman from New York will proceed in order.

Mr. LaGUARDIA. Does the gentleman know that the

committee has accepted my plan of taxing transfers?

Mr. CELLER. I said that I am going to stand by the committee, but not if it adopted your plan in toto. I shall oppose a one-half per cent tax on short sales. The present transfer tax is 2 cents per \$100. One-half of 1 per cent would be 50 cents, or twenty-five times the present rate. That is ridiculous. Your proposition would defeat its own ends. It would harass and oppress and raise little or no revenue. It would drive business out of the country into Canada. The Montreal exchanges would do a land-office business. Canada would gain. We would lose business and the tax as well.

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in five

The CHAIRMAN. The gentleman from Georgia moves that all debate on this amendment and all amendments thereto close in five minutes.

Mr. CROWTHER. Mr. Chairman, I move to amend the motion that it close now.

The CHAIRMAN. The gentleman from New York offers to amend the motion that debate close now.

The question was taken; and on a division (demanded by Mr. LaGuardia) there were 45 ayes and 36 noes.

Mr. CRISP. Mr. Chairman, may I ask unanimous consent that the gentleman from New York be permitted five minutes, as he was on the floor and had been recognized?

Mr. MANLOVE. Mr. Chairman, there are other Members here who desire to speak. The gentleman from Kansas [Mr. McGugin] wants five minutes.

Mr. CRISP. But he was not on the floor, and the gentleman from New York had been recognized.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia as amended by the amendment of the gentleman from New York.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

" SEC. - TAX ON JEWELRY, ETC.

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: All articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semiprecious stones and imitations thereof; articles made of, or ornamented, mounted, or fitted with, precious metals or imitations thereof or ivory (not including surgical instruments); watches; clocks; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars."

Mr. CRISP. Mr. Chairman, I shall take only a moment. This is estimated to yield \$15,000,000.

Mr. McGUGIN rose.

The CHAIRMAN. The gentleman from Kansas is recognized in opposition to the amendment.

Mr. McGUGIN. Mr. Chairman, I want to go along on any kind of a bill that will reasonably balance the Budget, but while we are at it I want to see the record kept straight and clear. The provisions which have been offered by the Ways and Means Committee constitute just another sales tax, and there is no need of covering it up with hypocrisy. The increase in the price of first-class postage by 50 per cent is just another sales tax which is to be paid in every home of the country, provided the occupants of the home can read and write. I know there are probably two of the peerless leaders in this fight against the general sales tax who can probably well represent their constituencies and accept an increase in first-class postage with no great degree of expense upon their constituents, since those who buy postage stamps are usually able to read and write the English language. Let us keep this thing straight. The tax on cosmetics is another sales tax. You call it a luxury tax, but cosmetics are used by the women in this country in all walks of life, down to the poorest girl who works in a restaurant.

Now, let us turn to the automobile. I am too much of a modern-day American to accept the suggestion that the automobile is a luxury and that the people should be especially taxed for buying an automobile. Yet we come in here and especially tax the automobile industry, set it aside and persecute it, when it is one of the key industries of the country.

Even if an article is what you may choose to call a luxury, yet somebody works in the factory that makes that article, and every time you tax it you destroy the demand therefor. There is some poetic justice in this thing. You can not crucify the automobile industry without hurting every man in this country. The steel industry depends upon automobiles, as well as the railroads and every other industry.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. COCHRAN of Missouri. Did the gentleman hurt the automobile industry by voting for a tariff on oil? [Applause and laughter.]

Mr. McGUGIN. If you restore the buying power of hundreds of thousands of men engaged in producing oil and coal, then you will reestablish the automobile industry to a large extent.

Mr. COCHRAN of Missouri. Will the gentleman yield further?

Mr. McGUGIN. Yes.

Mr. COCHRAN of Missouri. The gentleman refused to help restore the buying power of the many men engaged in the brewing industry.

Mr. McGUGIN. I am willing to restore buying power, but I am not willing to make a scrap of paper out of the Constitution of this Nation in order to do so.

Mr. KVALE. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. KVALE. The gentleman will admit that the rates proposed to be levied upon automobiles, accessories, and trucks are substantially those which the gentleman supported a few days ago in the blanket sales-tax title of the bill?

Mr. McGUGIN. The point is they are higher, and, what is more, it singles out that industry and places a burden on it not comparable to the burden on other industries.

Mr. RAGON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. RAGON. On automobiles it is three-quarters of 1 per cent higher, but accessories are only 1, so it is a reduction of 1½ per cent. Trucks are at 2, which is one-quarter per cent lower than the other provisions.

Mr. McGUGIN. Strange as it may seem, if you place upon the automobile industry the identical tax which was contained in a general tax, and let all other industries escape that responsibility, you have none the less placed an economic burden upon the automobile industry.

With these remarks I do not care to say a great deal more, except that I want to go along and help balance this Budget. I am going to do it at the end of the road, but I am under no obligation and do not intend to sit in this committee and vote for a special tax on automobiles or for an increase in postage.

There is one thing about which I do want to commend the committee in presenting this last report. I refer to its determination to reduce the expenses of this Government by \$230,000,000, as they should be reduced, and when the gentleman from New York [Mr. LaGuardia] said he was going along with the committee I hope he will remember to go along with the committee when the Economy Committee brings in a bill to reduce the expenses of this Government. [Applause.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer a committee amendment, which is at the desk.

The Clerk read the committee amendment, as follows:

Page 229, after line 8, insert a new section, as follows:

"SEC. -. TAX ON FURS

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Articles made of fur on the hide or pelt or of which any such fur is the component material of chief value."

Mr. CRISP. Mr. Chairman, just one word. It is estimated, according to the light we now have, that this amendment will yield \$20,000,000 in revenue. We are having that estimate rechecked.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. O'CONNOR. Is it plain that this tax is on the finished article rather than on the furs that go through processes from one manufacturer to another? That is important, otherwise there will be confusion.

Mr. CRISP. The gentleman from Arkansas [Mr. Ragon] was a member of the subcommittee and heard that testimony, which I did not hear, and I will ask the gentleman from Arkansas to answer the gentleman.

Mr. RAGON. It is on "articles made of fur on the hide or pelt or of which any such fur is the component material of chief value."

Mr. O'CONNOR. Of course, there may be pyramiding of taxes there, which will run away above 10 per cent, if the fur goes through different processes. If the raw fur is given to one man to cure, and then it is passed on to some-body else to do something with it, and there are three or four processes, if not more, before the fur coat, for instance, is completed, there will be pyramiding.

Mr. CRISP. It is on the manufactured price. I see the point the gentleman is making. There may be several manufacturers engaged in that.

Mr. O'CONNOR. Yes. Now, it was clear in the sales tax, but is it clear here?

Mr. RAGON. Well, I do not know. I thought it was. It is the same provision that was in the 1918 tax. It is just a copy of that.

Mr. GARNER. If it is the same provision as in the 1918 tax, it is on the finished product.

Mr. CRISP. It is the same provision.

Mr. O'CONNOR. Would it be much trouble to put something in there to make it clear?

Mr. CRISP. Let us adopt this amendment, and then look it up, and if it is necessary the committee can return to it and offer a perfecting amendment.

Mr. CULLEN. This is practically the same amendment that we had in the sales tax.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LaGUARDIA. It is an attempt to tax a garment that is made chiefly of fur, and not, for instance, a garment that has some fur trimming on it?

Mr. CRISP. Yes; that is correct.

Mr. LAGUARDIA. That is clear?

Mr. CRISP. Yes.

The CHAIRMAN. The question is on agreeing to the committee amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer a committee amendment, which I have sent to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. Carsp: Page 229, after line 8, insert a new section, as follows:

"SEC. -. TAX ON SPORTING GOODS

There is hereby imposed upon the following articles, sold by "There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Tennis rackets, nets, racket covers and presses, skates, snowshoes, skis, toboggans, canoe paddles and cushions, polo mallets, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness and goals, basket-ball goals and uniforms, golf bags and clubs, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard, and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games); and all similar articles commonly or commercially known as sporting goods."

Mr. CRISP. Mr. Chairman, it is estimated that this amendment will raise \$2,500,000 of revenue.

Mr. CELLER. Will the gentleman yield for a question in regard to furs, jewelry, and sporting goods?

Mr. CRISP. Yes.

Mr. CELLER. In the event of the importation of either or all of those articles is the tax placed on the articles plus the import duty when they are sold in this country?

Mr. CRISP. There are no special tariff taxes in this amendment. This is an excise tax, and it is levied on the manufacturer, producer, or importer when he sells these articles, and the tax all goes to the United States Treasury.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP; Page 229, after line 8, insert a new section as follows:

" SEC. - TAX ON CAMERAS

"There is hereby imposed upon cameras, weighing not more than 100 pounds, and lenses for such cameras, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold."

Mr. CRISP. Mr. Chairman, it is estimated this will yield \$1.500.000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section as follows:

" SEC. -. TAX ON CHEWING GUM

"There is hereby imposed upon chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of the price for which so sold."

Mr. CRISP. Mr. Chairman, it is estimated that this will yield \$3,000,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section as follows:

-. TAX ON CANDY

"There is hereby imposed upon candy, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold."

Mr. CRISP. Mr. Chairman, for the information of the committee, it is estimated the yield from this amendment will be \$12,000,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. Crisp: On page 229, after line 8, insert a new section, as follows:

" SEC. -. TAX ON RADIO RECEIVING SETS, ETC.

"There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of the price for which so sold: Chassis, cabinets, tubes, reproducing units, power packs, and phonograph mechanisms, suitable for use in connection with or as part of radio receiving sets or combination radio and phonograph sets (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), and records for phonographs. A sale of any two or more of the above articles shall, for the purpose of this section, be considered a sale of each separately."

Mr. CRISP. Mr. Chairman, the Treasury Department estimates that this amendment will yield \$11,000,000.

Mr. DYER. Will the gentleman yield?
Mr. CRISP. I yield.
Mr. DYER. This, of course, is another one of the sales taxes included in these amendments? Is not that correct? Mr. CRISP. May I say to my friend: Cock Robin is dead; let him stay dead? [Applause.]

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. Caisp: Page 229, after line 8, insert a new section, as follows:

"SEC. -. TAX ON MATCHES

"There is hereby imposed upon matches, sold by the manufacturer, producer, or importer, a tax of 4 cents per 1,000 matches."

Mr. CRISP. Mr. Chairman, the Treasury Department estimates that this amendment will yield \$11,000,000.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after line 8, insert a new section, as follows:

" SEC. -. TAX ON BOATS

"There is hereby imposed upon the following articles, sold by there is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Yachts and motor boats not designed for trade, fishing, or national defense; and pleasure boats and pleasure canoes if sold for more than \$15."

Mr. CRISP. Mr. Chairman, the estimate of revenue from this amendment is negligible, only \$500,000; but the committee felt as it was levying an excise tax on other methods of transportation, in equity there should be a levy on boats.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Georgia.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Georgia offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. CRISP: Page 229, after

Committee amendment offered by Mr. Crisp: Page 229, after line 8, insert a new section, as follows:

"Sec. — Tax on automobiles, etc.: There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer a tax equivalent to the following percentages of the price for which so sold:

(a) Automobile truck chassis and automobile truck bodies (including in both cases parts or accessories therefor sold on or in connection therewith or with the sale thereof), 2 per cent. A sale of an automobile truck shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

"(b) Other automobile chassis and bodies and motor cycles (in-

cluding in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof) except tractors, 3 per cent. A sale of an automobile shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the

body.

"(c) Parts or accessories for any of the articles enumerated in "(c) Parts or accessories for any of the articles enumerated in subsection (a) or (b), 1 per cent. For the purposes of this subsection and subsections (a) and (b) spark plugs, storage batteries, leaf springs, coils, timers, tires, inner tubes, and tire chains, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in subsection (a) or (b), shall be considered parts or accessories for such articles, whether or not primarily adapted for such use. This subsection shall not apply to chassis or bodies for automobile trucks or other automobiles. Under regulations prescribed by the commissioner, with the approval of the Secretary, the tax under this subsection shall not apply in the case of sales of parts or accessories by the manufacturer, producer, or importer to a manufacturer or promanufacturer, producer, or importer to a manufacturer or producer of any of the articles enumerated in subsection (a) or (b). If any such parts or accessories are resold by such vendee otherwise than on or in connection with, or with the sale of, an article enumerated in subsection (a) or (b) and manufactured or produced by such vendee, then for the purposes of this section the vendee shall be considered the manufacturer or producer of the parts or accessories so resold." parts or accessories so resold."

Mr. CRISP. Mr. Chairman and gentlemen, the committee regretted the necessity of having to recommend the levying of a tax on automobiles, trucks, and so forth, but they found themselves in the difficulty that they did not see how they could avoid it unless they brought in a recommendation for a tax on gasoline, for a tax on bank checks, or an increased tobacco tax. The committee thought this was less burdensome, less retarding to the recovery of business than any other, and they have recommended it. It is reduced from the percentages recommended by the Treasury Department in their original recommendation, and it is estimated to produce \$57,000,000.

Mr. PETTENGILL. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. PETTENGILL. Can the gentleman tell the committee what the loss of revenue would be on passenger cars if the rate were reduced from 3 per cent to 21/4 per cent?

Mr. CRISP. I have not the figures.

Gentleman, let me see if we can get an agreement as to time

Mr. PARKS. Will the gentleman yield?
Mr. CRISP. Yes.
Mr. PARKS. In levying this tax are you levying it at the factory or at the retail dealer's establishment?

Mr. CRISP. At the factory. It is on the wholesale price. Mr. PATTERSON. But, Mr. Chairman, if the gentleman will yield to me, I will say to the gentleman from Arkansas that this is one tax that will be passed on to the consumer. I think the gentleman from Georgia will admit that this iniquitous tax is one that will be passed on to the consumer, and could not there be some way found to exempt cars of the lower price?

Mr. CRISP. I will say to the gentleman from Alabama that the committee felt it would not be justified in exempting the lower-priced cars. The man who buys a highprice car pays a much higher tax. If I buy a car that costs \$500, I pay a 3 per cent tax on that, or \$15. If the gentleman buys a car that costs \$5,000 and pays 3 per cent, he is paying \$150 of tax. If we exempt the low-priced cars we lose your revenue. There are more of the low-priced cars sold than the higher ones, and if we exempt them we lose what we are seeking in the interest of the country-taxes.

Mr. PATTERSON. If the gentleman will permit one other observation, the automobile, and especially the lowpriced automobile, is in no way a luxury.

Mr. CRISP. I have not called it a luxury.

Mr. PATTERSON. I know the gentleman has not, and I hate to see this tax imposed.

Mr. GILCHRIST. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. GILCHRIST. Did the committee consider what the loss would be if automobiles, say of \$500 or \$600 or less,

were exempted from this tax?

Mr. CRISP. I did not sit with the subcommittee, because I could not stay on the floor and be there also, but I know when we had the matter up at first the Treasury Department said that if we exempted the low-priced cars we would practically lose all our revenue. I can not answer the gentleman specifically as to that matter.

Mr. BACHMANN. Mr. Chairman, will the gentleman

vield?

Mr. CRISP. Yes.

Mr. BACHMANN. What is the difference in the amount of tax that will be received under this provision and the amount that would have been raised if the sales-tax provision had carried?

Mr. CRISP. Under the sales-tax provision there would have been levied a manufacturers' tax of 21/4 per cent on automobiles. This bill levies a 3 per cent tax on passenger cars, which is three-fourths of 1 per cent more than the sales tax. The sales tax levied 21/4 per cent on trucks and this bill only levies 2 per cent on trucks. The sales tax levied 21/4 per cent on accessories and this bill only levies 1 per cent.

Now, as to the amount of money that will be raised. I can not answer.

Mr. OSIAS. Mr. Chairman, I move to strike out the last

Mr. Chairman, before we leave section 601 I rise to make a few observations regarding a portion of the bill to provide revenue, equalize taxation, and for other purposes, which has a very direct and important bearing upon the economic relations between the United States and the Philippine

I desire to invite the attention of the House to a provision in this section which would establish a new precedent in the policy hitherto followed by the United States in her dealings with insular possessions and would nullify certain provisions which now obtain in the tariff act of 1930.

I respectfully ask attention, particularly of the members of the Committee on Ways and Means, to section 601, paragraph (c):

The tax imposed under subsection (b) shall be levied, ass The tax imposed under subsection (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

(1) The value on which such tax shall be based shall be the dutiable value (under sec. 503 of such act) of the article, plus the customs duties, if any, imposed thereon under any provision of

(2) For the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article;
(3) Such tax shall not be imposed upon any article imported prior to the date on which this title takes effect;

(4) No drawback of such tax (except tax paid upon the importation of an article described in subsection (d) (4)) shall be allowed under section 313 (a), (b), or (f) of the tariff act of 1930 or any provision of law allowing a drawback of customs duties on articles

manufactured or produced with the use of duty-paid materials;

(5) Such tax shall be imposed in full, notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or of

any country; and

(6) When he deems such action to be in the interest of the revenue, the Secretary may direct that such tax with respect to any class of articles designated by him shall be levied, assessed, collected, and paid in the same manner and subject to the same provisions of law as the tax imposed by subsection (a).

Note especially the words of subsection (5), which says:

Such tax shall be imposed in full, notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or of any

is whether or not you can by this revenue legislation nullify provisions of existing treaties to which the United States is a signatory. On this point I am not going to dwell at length.

I am more concerned with the principle involved in our

tariff and fiscal relations.

Section 301 of the present tariff act expressly provides reciprocal trade arrangements between the United States and the Philippines, and yet you have, inadvertently, I believe, left in section 601 this provision which, to the extent that tax is imposed upon imports coming to the United States, would nullify the administrative provisions, especially section 301 of the tariff act of 1930, commonly known as the Hawley-Smoot Act.

That this interpretation is correct finds corroboration in the report of the committee, for on page 35 there is a paragraph which closes with these words:

• • and provisions of law exempting products of the various insular possessions from duty shall not be applicable with respect to the tax.

Mr. Chairman, it ought to be known by the membership of this House that in all the 30 and more years of relationship between the United States and the Philippines, Congress has never felt constrained to levy any tax upon Philippine products for the purpose of augmenting the funds of the Government of the United States. With this provision left intact the United States would be establishing a precedent in her policy, procedure, and practice in dealing with the Philippine Islands.

Taxes could be imposed on certain imports of the Philippines for the first time for the express purpose of augmenting the revenue of the United States or helping salvage the deficit in the Treasury of the Government.

I am not voicing a complaint. I am not airing a grievance. Nor am I speaking in stubborn opposition. I simply wish to call the attention of the membership and the leadership of this House to the policy and principle involved.

Mr. CRISP. Will the gentleman yield?

Mr. OSIAS. I yield. Mr. CRISP. In view of what the United States has done for the Philippine Islands, when the United States is taxing its own people to meet an emergency, why should the Filipinos be excepted? [Applause.]

Mr. OSIAS. The gentleman has just heard me say that I am not voicing a complaint or airing a grievance, but I am simply calling attention to the fact that it will be the first time in the history of our relations that this will be

Congress has the power, it has the authority to decide what policy should be pursued, and as a representative of my people I can say that we shall abide by whatever policy may be determined upon by the sovereign American Government. After I have called the attention of the Members of the Ways and Means Committee to the facts, after I have apprised the Members of this House of the effect of the pertinent provisions of this measure, if Congress should decide to tax us I want to assure the distinguished gentleman from Georgia [Mr. CRISP] that the Filipinos will bear the tax manfully.

We, the Filipinos, realize that this country is confronted with an emergency. We sympathize with your affliction because of the extraordinary deficit which must be met. We are aware of the necessity of balancing your Budget and the maintenance of your credit unimpaired. We shall consider the payment of such tax as may be imposed as our modest contribution to the Treasury of the United States to achieve these laudable ends.

This will not be the first occasion that you will find the Filipinos comporting themselves in this manner. When America decided to participate in that awful and bloody drama of world proportions, my people disciplined themselves so as to lighten America's burdens and in order not to embarrass her in the eyes of the world.

Through our Philippine Legislature we made known to the Government and people of the United States our loy-

The first point that should address itself to the committee | leadership of Hon. Manuel L. Quezon, a former member of this body, a militia act was passed. By that law we cast in our lot with you in that World War that tried men's souls. We oversubscribed our quota of the Liberty bonds. We gave till it hurt to the Red Cross and other activities calculated to advance the cause espoused by the United States and her Allies. We not only offered of our limited means, but 25,000 of the flower of Filipino manhood volunteered for service that theirs may be the honor and privilege of fighting side by side with American soldiers in that war for democracy, for the right of countries, great and small, to be self-governing and free.

> If we were ready then to give of our wealth and our lives to assist America, we should not begrudge in her present travail to bear some tax levy. In the confident belief that this present Congress will act on the bill that shall grant our independence, I wish to say on my official responsibility that the inhabitants of the Philippine Islands, now as in the past, will cheerfully shoulder their rightful share in balancing your Government's Budget and maintaining American credit unimpaired. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20

The CHAIRMAN. The gentleman from Georgia moves that all debate on this amendment and amendments thereto close in 20 minutes.

The question was taken, and the motion was agreed to. Mr. OSIAS. Mr. Chairman, I move to strike out the last

The CHAIRMAN. The Chair hardly thinks that would be proper at this time.

Mr. OSIAS. I ask to proceed for one minute more.

The CHAIRMAN. Without objection, the gentleman may

Mr. OSIAS. I wish, in closing, to assure the membership of the House that if Congress should, in its wisdom, decide to retain this provision in the bill, you will not hear the Filipinos complaining or find them stubbornly opposing. We have been privileged to share in the glory that was America's in her days of prosperity. As a people we should be willing to bear our share in your adversity. [Applause.]

Mr. DYER. I want to say to the gentleman that before long Congress will grant independence to the Filipino people. so that this will not matter so much.

Mr. OSIAS. I thank the gentleman from Missouri. He knows, of course, that my chief mission here is to bring that about.

Mr. TREADWAY. Mr. Chairman, I rise in support of the amendment. Mr. Chairman, it seems to me that the delay of the last few days has produced wonderful results. It is fine to think that finally we have come to a point where it appears very probable that we can proceed in an orderly manner to balance the Budget. [Applause.]

I want particularly to take the time to say that I, as one of the subcommittee, appreciate the assistance that has been rendered to us and to the country by the address of our able Speaker, the gentleman from Texas, when he took the floor this morning. [Applause.]

During the 15 years or more of my service on the Ways and Means Committee there is no man that I have had more acrimonious debates with than I had with our Speaker, and at the same time I have always respected his views, and I take it that he has given me that same element of credit for sincerity.

Therefore when he comes before the House as the Speaker of the entire House and asks us as Representatives of the American people to back the Ways and Means Committee in the report we made here this morning, I, for one, want to take off my hat in compliment to him for the service he has rendered to the American people. [Applause.]

Now we have come to one other disputed item in this bill. The automobile industry came before the Ways and Means Committee and particularly asked us to exclude from the alty and readiness to cooperate. Under the courageaus bill the original tax item that had been suggested to the

committee. The committee has followed their suggestion and that of many other special interests. Their argument was that the automobile industry is representative of the loyalty of the American citizen, and that all they asked was to be treated exactly like other people will be treated in a tax bill.

In reaching our decision to include many of the items that would raise a small tax on the automobile that will bring in a revenue of \$57,000,000 into the Treasury in assisting to balance the Budget, we ask that industry to-day to show the same interest and loyalty as they professed to show when we were considering a manufacturer's tax. [Applause.]

There is no one item in American industry that, to our mind, can better carry that slight burden than can that great industry, spread out as it will be over hundreds of thousands of owners of automobiles.

We have reduced the rate on trucks and accessories. To my mind, if we were going to increase it at all, it should be the item of heavy trucks. They are destructive to the highways, they take freight from the railroads, they are unpopular on the road, and we are furnishing them with a free right of way throughout the country to carry on their business.

I do not think the automobile industry can rightfully complain of the action of the Ways and Means Committee in relation to this provision as to trucks.

Mr. CLANCY. Why should they not complain of this discriminatory tax?

Mr. TREADWAY. It is not a discriminatory tax in any sense of the word. In no sense can it be discriminatory, and that is proved by the fact that when you go down town in any city in the country, as in Washington, you are not able to find a place to park your car. So far as the rates on trucks and parts are concerned, they are less than those in the manufacturers' title.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. MICHENER. Mr. Chairman, I rise in opposition to the amendment. I do not want to be placed in the position of retarding action that will balance the Budget, because I have stood with the Ways and Means Committee throughout the consideration of this bill in its efforts to balance the Budget in a safe and sensible manner. However, in justice to the great automobile industry which means so much in the industrial life of the Nation, which is domiciled largely in the State which I have the honor to represent in part in this body, I must enter a protest against this discriminatory tax. That industry never has objected to paying its full proportionate share of the taxes of the country. We do not object now. We realize that the Budget must be balanced, because the stability of our country and all its institutions depends upon such action. Hundreds of thousands of men and women from every crossroad to the center of our largest city depend for livelihood upon the automobile industry. The very prosperity of the country depends more, possibly, on the return of prosperity to the automobile industry than on any other single industry. The automobile leaders came to Washington, appeared before the Ways and Means Committee, placed all their cards on the table, and promised fullest cooperation to bring about economic recovery, and stated clearly that any additional tax placed on the industry could not be absorbed but must be passed on to the purchaser. Therefore, be it understood that whatever the tax is, the consumer will pay it.

Something over an hour ago the chairman of the Ways and Means Committee announced that this amendment would be offered. No opportunity has been given to the industry to consult the committee in reference to proposed rates, and this again demonstrates the fallacy of an effort to write a tax bill on the floor of the House. These matters should all be referred to the committee for deliberate consideration. The Treasury bill originally submitted proposed a tax of 5 per cent but the committee in its wisdom, after proper deliberations, concluded that this industry meant so much in the life of the Nation that the purposes which we are all seeking would be best subserved at this time by

not inflicting punishment upon an industry simply because this might prove an easy way of raising money.

It is true that the spokesman for the industry appeared before the committee when the last excise tax was removed and patriotically stated that if the tax at that time was necessary to the balancing of the Budget that the industry would not want the tax removed. In those days the country was prosperous; the industry was prosperous. Owing to the demand, manufacturers could not keep up production. A different picture presents itself to-day. Dividends have been curtailed. All extravagances have been eliminated. Profits have almost reached the vanishing point. The owner of the stock is sacrificing for the benefit of the man who must have his bread and butter from the operation of the plant. A few more straws will break the camel's back. If necessary, any one industry had better be broken than to break the country; but this is not necessary, and this injustice to any one group will have its effect throughout the length and breadth of the land.

Call it what you want, this proposed amendment places a sales tax on automobiles, trucks, and accessories. The loudest opposition to the manufacturers' sales tax came from people who feared that we are setting a precedent; that the country would find that a sales tax was a painless tax; and that, because of the easiness of the collection, the amount would be increased and possibly more painful forms of taxation would be done away with. They were opposed to the principle of a sales tax. Therefore they must for the same reason be opposed to this tax. Pursuing the same logic, let us say that this is put putting the nose of the camel under the tent, and when more money is needed the easy thing to do will be to raise the tax on automobiles.

I realize that we must have money to balance the Budget, and I am just as sure that the items suggested this morning, which are to take the place of the manufacturers' sales tax which has been eliminated on the floor of the House, will fall more heavily upon the backs of the average consumer than would the taxes provided in the manufacturers' schedule. Picking out specific industries to bear the burden is un-American and unfair, and I predict that those who are responsible for striking out the manufacturers' tax and thereby inflicting these excise taxes will hear from the people back home if the law ever becomes effective.

Let me repeat that the automobile manufacturers do not want to do anything to impede the passing of legislation to balance the Budget, and one familiar with the attitude of the majority in this body since the last-minute appeal of the Speaker realizes that from now on there will be little discussion on any amendments offered, and that we will accept the recommendations of the Ways and Means Committee without any change. Under the parliamentary situation, in the main this course is necessary, but let us not forget that in voting for these rates we are not voting the deliberate judgment of the Ways and Means Committee, but that we are accepting makeshifts inspired by necessity. This will not be a balanced bill when written, but this seems to be the only way that results are obtainable. The reaction of the country to the proceedings in the House during the last few days is forcibly expressed in a telegram which I have just received from Mr. Alvan Macauley, president of the Packard Motor Car Co., of Detroit. Mr. Macauley says:

The upset in Congress last week was probably the greatest discouragement industry and business has suffered since 1929. It came just as there was a definite hope that the impetus of spring buying would start industry and business on the upturn. Unless the situation is stabilized by sane thinking and temperate action, and promptly, prosperity will be postponed indefinitely.

I want to appeal to you that we think sanely, that our action be temperate, to the end that justice be done to all industry, and that the Budget may be promptly balanced.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CLANCY. Mr. Chairman, like a bolt of lightning from a clear sky the House Ways and Means Committee to-day recommended a heavy automobile sales tax amounting to \$57,000,000 about 1 o'clock and about an hour later announced the vote was under way and that only 10 minutes

would be allowed to those of the 435 Members of the House who might want to make speeches against the taxes.

By a gag rule also no debate was allowed on important amendments which were made to the tax.

The protesting Members were not even furnished a copy of the proposed legislation so that they might make intelligent amendments, and this procedure was in violation of a long-established practice of the House. Speaker Garner and other leaders on both sides of the House appealed to the House in ringing and sensational statements to support the program of the Ways and Means Committee which shortly would be announced and which was announced at 1 o'clock.

Those of us who fought vigorously against the proposal of the Treasury Department for discriminatory taxes against the automotive industry won a partial victory, because the Ways and Means Committee recommended that the Treasury Department proposals be cut from 5 per cent to 3 per cent on passenger automobiles, from 3 per cent to 2 per cent on trucks, and from  $2\frac{1}{2}$  per cent to 1 per cent on parts, tires, and accessories. The Treasury Department estimated that its higher proposals would bring in about \$120,000,000, so that by the splendid fight which the friends of the automotive industry made against the Treasury proposals a saving of \$63,000,000 per year to users of autos and trucks was achieved.

The battle is not over yet. Probably the friends of the automotive industry will wage a terrific battle in the Senate.

The gentleman from Georgia [Mr. CRISP], who is in charge of the bill, announced that his latest proposals, plus those already in the bill, aim to bring in \$1,293,000,000. He also states that this amount is \$50,000,000 in excess of the needs of the Budget.

Therefore, a part, or indeed all, of these three taxes on parts, trucks, and passenger cars could be safely stricken out and yet the bill would balance the Budget.

Probably in the heat of the debate to-day unfair statements have been made about these auto taxes.

The gentleman from Massachusetts [Mr. Treadway] charges that the tax is not discriminatory, when it is very plainly so, and the automotive industry is singled out as the only means of transportation for levying a sales tax.

The leaders of the automotive industry are probably more enterprising, more public spirited, and more patriotic than the leaders of any other industry.

Although they represent the key industry of the country and the one which is doing the most to aid in a revival of business and the bringing back of prosperity, they said they would bear their share of general taxation, although the automobile is already the heaviest-taxed commodity in this

The automotive leaders patriotically withheld any opposition to the manufacturers' sales tax because that tax was not discriminatory and that bill assessed a sales tax on freight and passenger railroad cars and locomotives, freight and passenger vessels, freight and passenger airplanes, buggies, wagons, bicycles, motor cycles, and so forth.

How can the gentleman from Massachusetts [Mr. Treadway] say that to-day's proposals are not discriminatory under these circumstances, when they do single out the automotive industry and do not assess a tax on its competitors in the field of transportation?

Two gentlemen, Mr. Treadway and Mr. Ragon, say there should be no complaints from the automotive industry, because they did not complain against the manufacturers' sales tax, which taxed autos, trucks, and parts 2½ per cent, and they are not willing to admit that that was an entirely different sort of legislation—different in theory and different in execution—and to this extent not unfair and discriminatory.

In the rush and confusion of a hectic day, with only a few minutes of debate allowed, they mislead the Members of the House to a considerable degree, and they do not give the opportunity to the friends of the automotive industry to clarify the issues,

The gentleman from Georgia [Mr. Carsp] in presenting the Crisp amendments explains that the new tax on yachts and motor boats, and so forth, is levied because it is a form of transportation, and he speaks of a tax being levied on automobiles as a form of transportation.

Thus, probably unconsciously, he places the stigma on the automotive industry of being a luxury or semiluxury, because he classes it with pleasure yachts and motor boats, most of which are luxuries, although some of them are engaged in business and providing the necessities of life, such as in the fishing industry and the ferrying business.

But most yachts and motor boats are known as luxuries or semiluxuries.

This stigma of being classed as a luxury or semiluxury is what the automotive industry has fought against most vigorously.

Mr. Crisp says there is a working leeway and surplus in this bill of \$50,000,000. When I led the movement beginning in 1923 to kill the war excise auto sales taxes, the House first opened its mind to the principle that the parts tax is a misfortune tax, as when a man breaks an axle or destroys any part of his car he must pay a tax on his misfortune to replace the part.

The House was also willing to admit that a tax on trucks was highly unjustifiable, because it is a tax on the truck of the grocer, the butcher, and the farmer. The House admitted in the manufacturers' sales tax that it did not want to tax foods and exempted foods from the bill, but a tax on these trucks which carry and produce food is a cost which is added to the price of the food, and is, therefore, a tax on food.

I object to the haste and turmoil with which the committee has considered this bill. I understand that yesterday the bill contained an exemption on trucks of 1½ tons, under which is the truck of the farmer, grocer, and butcher, but to-day when the bill is presented that exemption is stricken out, and to-day the tax on passenger autos is raised from 2½ per cent of yesterday to 3 per cent.

If Congress considers the auto as a shining target to cripple with still heavier taxes when it is already the heaviest taxed of all commodities and especially of transportation agencies, then it would be an incentive for States, counties, and cities in this country to leap forward with more tax proposals on the auto industry.

Other hard-pressed countries looking for additional taxes will probably follow the example of the American Congress in singling out for discriminatory taxes the automotive industry.

I am confident the automotive industry will fight and fight desperately the discriminatory auto tax.

I started in 1923 the successful fight to kill the heavy war excise auto sales tax, and Congress finally killed these taxes. For the same reasons which impelled me to lead that fight in 1923 I am going to oppose this auto sales tax.

Mr. JOHNSON of South Dakota. Will the gentleman

Mr. CLANCY. I yield.

Mr. JOHNSON of South Dakota. If the sales tax had been adopted, the average person who drives a Ford car would have been taxed \$6. Now, if he buys a Ford car, under this tax, he will pay a tax of \$15, will he not?

Mr. CLANCY. Fifteen dollars, yes; under to-day's bill. Now, gentlemen, the captains of automotive industry are risking their fortunes in their efforts to restore business. Henry Ford is putting \$300,000,000 into his present drive. He claims he will put up his entire fortune to restore business. Other auto manufacturers are doing this, but with lesser money, of course. The farm organizations of the country want to see the return of prosperity. They are absolutely opposed to this tax.

I do criticize the manner in which this measure is brought in. We have a few speeches to-day at noon and then within the space of an hour or two the question is up for a vote. The industry is not given a chance to express its views at all. You certainly are imposing this tax in an unfair, unjust, and discriminatory manner.

Mr. FULLER. Will the gentleman yield?

Mr. CLANCY. I yield.

Mr. FULLER. I think the gentleman made a mistake in his answer to the gentleman from South Dakota, because under the sales-tax provision they would pay 2¼ per cent, and under this tax they would only pay 3 per cent, so there would only be a difference of three-quarters of 1 per cent.

Mr. CLANCY. I said, or meant, the present proposed 3 per cent tax would mean \$15 on a \$500 Ford, if there be

such an exact-priced Ford.

Mr. RAGON. Mr. Chairman, I rise in support of the

I appreciate what the two gentlemen from Michigan have said about the automobile situation; but as was suggested by the gentleman from Arkansas [Mr. Fuller], I think the gentleman from Michigan [Mr. Clancy] misspoke himself in answer to the gentleman from South Dakota or perhaps gave an answer that he did not intend to give—that the tax on a Ford automobile under the sales tax would be \$6 and under this amendment it would be \$15.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. JOHNSON of South Dakota. I think I misspoke myself. I should have said the ordinary automobile rather than a Ford.

Mr. RAGON. In any event, there would not be that difference, because the sales tax provided 21/4 per cent, and

the present rate is 3 per cent.

In 1928 we considered this question, and Mr. Graham, an outstanding automobile man, said to the Committee on Ways and Means, "We want this \$60,000,000 wiped out; but if that means involving the United States Treasury in a deficit, then we say to you as automobile manufacturers, leave the rates in the bill as they are."

Now, if that was the attitude of the automobile industry in 1928, as spoken by their accepted representative, Mr. Graham, what, I ask you, ought to be the attitude of that industry in this time of great disaster and distress?

Mr. BURTNESS. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. BURTNESS. The question is whether the 3 per cent tax proposed by this amendment would apply on exactly the same base as the 21/4 per cent proposed in the manufacturers' sales tax, and if not, what is the difference?

Mr. RAGON. This applies on the wholesale price of the automobile at the factory, and, as I recall it, that is just

exactly as the 21/4 per cent applied.

Now, I say to you that after we had the automobile hearings on the proposal by the Treasury Department to levy a 5 per cent tax upon automobiles, we went into the consideration of the manufacturers' excise tax, and not a single telegram of protest came to a member of that committee from the automobile people after they once learned that  $2\frac{1}{4}$  was to be the rate that was to be put on instead of 5 per cent.

Mr. WHITE. Will the gentleman yield?

Mr. RAGON. Now, with all due respect to my good friend the gentleman from Michigan [Mr. MICHENER], for whom I have the greatest admiration, his voice is the only voice, save and except the voice of his colleague the gentleman from Michigan [Mr. Clancy], that I have ever heard raised against this 3 per cent tax upon the automobile industry.

Mr. BOILEAU. Will the gentleman yield?

Mr. MICHENER. No one knew anything about it until an hour ago.

Mr. RAGON. The 2¼ per cent tax was announced over 10 days ago and not a single word has been uttered by the automobile industry or any of you gentlemen upon the floor, but now, when the Ways and Means Committee is in desperate straits for taxes to balance the Budget, this protest is made. What does balancing the Budget mean to the automobile industry in this country? Now, since we have found it necessary to impose this tax, when it increases their tax three-quarters of 1 per cent, my friends from the automobile States then become very active.

Now, I say to you frankly we can not pass any tax that will balance this Budget, that will be popular.

Mr. WOODRUFF. Will the gentleman yield?

Mr. RAGON. I do not believe if you would leave this open for 10 days you would get any great protest from the large manufacturers of automobiles.

Mr. BOILEAU. I would like to add my voice to that of my colleague from Michigan, that we are opposed to this 3 per cent tax.

Mr. WHITE. And I also.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MICHENER. Mr. Chairman, I offer an amendment to the amendment to strike out 3 per cent and insert in lieu thereof 2¼ per cent, as provided in the report of the committee when they brought this matter out.

Mr. STAFFORD. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. STAFFORD. Does the gentleman intend to increase the tax on trucks from 2 to 3 per cent?

Mr. PARKS. Mr. Chairman, I make a point of order. I understood that all time has expired on this amendment.

The CHAIRMAN. That is true.

Mr. PARKS. Regular order, Mr. Chairman.

The CHAIRMAN. The Chair was about to ask the Clerk to report the amendment offered by the gentleman from Michigan.

The Clerk read as follows:

Amendment by Mr. Michener to the committee amendment: In paragraph (b) of the committee amendment, strike out "3 pcr cent" and insert in lieu thereof "21/4 per cent."

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. Stafford) there were—ayes 16, noes 142.

So the committee amendment was rejected.

Mr. CLANCY. Mr. Chairman, I offer an amendment to strike out "and accessories, 1 per cent."

The CHAIRMAN. The gentleman from Michigan offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Clancy to the committee amendment: Strike out of the committee amendment "Parts or accessories for any of the articles enumerated in subsection (a) or (b), 1 per cent."

Mr. CLANCY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CLANCY. Is debate allowable on my amendment?

The CHAIRMAN. It is not. The question is on the amendment to the committee amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. Clancy) there were—ayes 22, noes 123.

So the amendment to the committee amendment was rejected.

Mr. WHITE. Mr. Chairman, I offer an amendment to the committee amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. White: After the word "automobiles," insert "except automobiles of which the manufacturers' price is \$500 or less," and after "trucks" insert "except trucks of which the factory price is less than \$500."

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from

The amendment to the committee amendment was rejected.

The CHAIRMAN. The question now recurs on the committee amendment.

The committee amendment was agreed to.

Mr. CRISP. Mr. Chairman, these are the only committee amendments which have been drafted. This morning it was practically 12 o'clock before the committee could reach a conclusion as to what they were going to recommend. Therefore it will be impossible for me at this juncture to offer further committee amendments, so I ask that we return to the part of the bill where we left off reading yesterday.

The CHAIRMAN. That would be the regular order, the Chair thinks. The Clerk will continue the reading of the bill.

The Clerk read as follows:

(b) Basis for depletion-

(1) General rule: The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis provided in section 113(b) for the purpose of determining the gain

vided in section 113(b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except as provided in paragraphs (2) and (3) of this subsection.

(2) Discovery value in case of mines: In the case of mines discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance based on discovery value provided in this paragraph shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value. Discoveries shall include minerals in commercial quantities contained within a vein or deposit discovered in an existing mine or mining tract by the taxpayer after February 28, 1913, if the vein or deposit thus discovered was not merely the uninterrupted extension of a continuing commercial vein or deposit alrepeted extension of a continuing commercial vein or deposit already known to exist, and if the discovered minerals are of sufficient value and quantity that they could be separately mined and marketed at a profit.

(3) Percentage depletion for oil and gas wells: In the case of

off and gas wells the allowance for depletion shall be 27½ per cent of the gross income from the property during the taxable year. Such allowance shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance be less than it would be if computed without reference to this paragraph.

Mr. MANSFIELD. Mr. Chairman, I offer an amendment. The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

to this paragraph.

Amendment offered by Mr. Mansfield: Amend paragraph 3 of section 114, on page 83, by inserting the word "sulphur," in line 21, after the word "for" and before the word "oil," and by inserting the word "sulphur," in line 22, after the word "of" and before the word "oil."

Mr. MANSFIELD. Mr. Chairman, ladies, and gentlemen of the committee, the purpose of this amendment is to place sulphur in the same category with oil and gas. These substances are mined in the same manner; they come from the same geological formations in the earth, and there is no reason why there should be any distinction between the three mineral substances.

It does not in any sense of the word reduce the tax upon the sulphur industry, but, on the other hand, it will have a tendency to increase it to a certain extent because the producers of sulphur are allowed these depletions anyway. However, it puts those engaged in the sulphur industry to the great expense, time, and trouble of presenting their data before the Bureau of Internal Revenue. It also puts the Bureau of Internal Revenue to the expense of investigating and reporting upon these matters. In every instance since the law of depletion has been in effect they have allowed to the sulphur producers a greater percentage of depletion than the 271/2 per cent that is allowed as a matter of law to the oil and gas industry. If you will read the section to which this amendment applies you will observe that the producers of oil and gas are granted a depletion allowance of 271/2 per cent. Mining is a business of wasting assets; its capital stock is continually being depleted and destroyed and, therefore, it is obviously entitled to a depletion allowance, and the law so recognizes. All of our revenue laws have recognized that fact.

The justification for and the fairness of the amendment exists in these simple obvious facts, which, I trust, will be carefully considered by the committee.

Sulphur, oil, and gas originate in and are mined from the same geological formations. They are mined by wells. They all occur in the same geological structures. In addition to that they are all valued at the well as soon as they are brought from the earth. They have their market value right upon the ground without any further processing or anything of that kind.

I am offering the amendment particularly because all of the sulphur produced in the United States is produced in the district which I represent in Congress. I will state that it also constitutes 86 per cent of the sulphur production of the entire world.

I feel that no one should object to this amendment. I realize the imperative necessity of increasing the Government's revenue at this time, and if I thought that this amendment would reduce the tax on the sulphur industry, I would not propose it. As a matter of fact, the depletion allowances heretofore granted to the producers of sulphur have always exceeded the 271/2 per cent.

I sincerely hope that the members of the Committee on Ways and Means, the gentleman from Georgia [Mr. CRISP] and the gentleman from Oregon [Mr. HAWLEY], will consider this matter. I am sure if they do so they will not object to this amendment.

Mr. ARENTZ. Will the gentleman yield?

Mr. MANSFIELD. Yes.

Mr. ARENTZ. I think the important thing the gentleman from Texas is trying to bring out is the necessity of something definite.

Mr. MANSFIELD. Something definite; yes.

Mr. ARENTZ. The idea of having a depletion that may be 50, 75, or a lower figure is indefinite. It places it in the hands of the officials of the Treasury Department, whereas gas and oil wells should have something definite.

I think the gentleman is correct in asking for some definite figure, so that there need not be any lack of knowledge as to just what the companies are facing.

Mr. MANSFIELD. The gentleman is entirely correct; and the figure is less than that which has been allowed, after investigation, in every instance.

Mr. CRISP. Mr. Chairman, I am frank to say I do not see why sulphur should be treated differently from oil and gas. I am also candid enough to say I am not familiar with the rules and regulations with respect to depletion under the income tax law as they are enforced, and, of course, I assume they are enforced in accordance with the law. I have always heard that the mineral interests on account of depletion, and so forth, really pay less taxes to the Government than any other industry. I myself opposed any organic changes in these depletion provisions in the committee on this bill without having given those interested in the industry an opportunity to be heard.

Those engaged in this industry have conflicting views, and I did not think it was wise or fair for the committee, after the hearings were closed, and without any further hearing, to basically change these laws. I hope the committee later will have a chance to have hearings on these matters, and if these provisions need tightening up in the interest of the taxpayer I hope legislation to that effect may be reported to the House.

I may say that about all the changes in the administrative features in this bill, with one exception, are to tighten up loopholes and retain money in the Treasury. There is one provision relating to estate taxes, which I shall discuss when it comes up, that has the opposite effect.

I am not myself going to oppose the amendment of the gentleman from Texas.

Mr. MANLOVE. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. MANLOVE. Coming from the center of the world's greatest zinc and lead mining district, I am somewhat familiar with the provisions of the discovery and depletion clauses, and I want to thank the gentleman for the statement he has made. I hope the House will go along with the leader in this matter because of the fact that this is a question that requires a great deal of study and consideration before anybody can have a real conception of what it means. I hope we may postpone the consideration of this matter until some later time when it can be thoroughly discussed.

Mr. CRISP. Mr. Chairman, may I say while we are on this matter that Mr. Lambertson has just sent me a note that he has just heard from the New York exchanges and they have reacted splendidly to the action of the House to-day and that stocks are going up. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. Mansfield].

The amendment was agreed to.

The Clerk read as follows:

(b) Source of distributions: For the purposes of this act every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the basis of the stock provided in section 113.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out all the language in the paragraph after the period in line 16, down to and including the period in line 22.

The Clerk read as follows:

Amendment offered by Mr. Vinson of Kentucky: Page 84, line 16, after the word "profits," strike out the remainder of the paragraph.

Mr. VINSON of Kentucky. Mr. Chairman, by this amendment, if adopted, you will cause to be taxed dividends that are now being paid out of surpluses acquired prior to March 1, 1913. Under the present law, dividends that are paid from such surpluses are exempt from taxation, and it was the thought of the subcommittee and the action of the full committee that dividends paid from that source should be subject to the same rate of taxation applicable to other dividends, which are, of course, subject to the surtax.

The CHAIRMAN. May the Chair inquire if this is a committee amendment?

Mr. VINSON of Kentucky. It is.

The committee amendment was agreed to.

The Clerk read as follows:

(d) Other distributions from capital: If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the basis of the stock provided in section 113, and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property. The provisions of this subsection shall also apply to distributions from depletion reserves based on the discovery value of mines.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 85, line 17, beginning with the word "is," strike out through the word "and" in line 18.

Mr. VINSON of Kentucky. That carries out the amendment recently adopted by the committee.

The amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the language, beginning after the word "property," down to and including line 25.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 85, line 23, after the word "property," strike out the remainder of the paragraph.

Mr. STAFFORD. That is evidently a different subject matter. Will not the gentleman make some explanation of it?

Mr. VINSON of Kentucky. This will realize about \$2,-000,000 for the Treasury. The present law exempts dividends paid from depletion reserves occasioned by discovery value. This amendment will remove that exemption. The subcommittee thought that when a dividend is paid from

discovery value as surplus they should be subjected to the surtax rate on dividends,

Mr. STAFFORD. This is to extend the taxable income? Mr. VINSON of Kentucky. Yes; and it is estimated that this will raise at least \$2,000,000, whereas the first amendment would raise \$9,000,000.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to. The Clerk read as follows:

(f) Stock dividends: A stock dividend shall not be subject to tax.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word. It was my understanding that the committee was to give more study to the possibility of taxing the issue of stock dividends, not as a profit but placing it in the same category with the original issue. We have a stamp tax on the original issue. That being so, why could not the stock dividends be taxed to the extent of the original issue, thereby getting some revenue without conflicting with the decision of the Supreme Court?

Mr. VINSON of Kentucky. It is my understanding that stock-dividend issues are subject to a tax as original issue.

Mr. LaGUARDIA. I am glad to hear that.

The Clerk read as follows:

(g) Redemption of stock: If a corporation cancels or redeems its stock (whether or not such stock was issued as a stock dividend) at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock, to the extent that it represents a distribution of earnings or profits accumulated after February 28, 1913, shall be treated as a taxable dividend.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 86, lines 18 and 19, strike out the words "accumulated after February 28, 1913."

The CHAIRMAN. The question is on the amendment.

The committee amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to return to page 68 for the adoption of an amendment to carry out the basic amendment.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to return to page 68 for the purpose of offering an amendment. Is there objection?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. Vinson of Kentucky: Page 68, lines 13 and 14, strike out the words and figures "accumulated after February 28, 1913."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to return to page 84 for the purpose of offering an amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following amendment, which I have sent to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. Vinson of Kentucky: Page 84, line 12, strike out the words and figures "accumulated after February 28, 1913."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

(b) Teachers in Alaska and Hawaii: In the case of an individual employed by Alaska or Hawaii or any political subdivision thereof as a teacher in any educational institution, the compensation received as such. This subsection shall not exempt compensation paid directly or indirectly by the Government of the United States. Subsection (b) of section 5 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April

30, 1900, as amended by the act entitled "An act to amend section 5 of the act entitled 'An act to provide a government for the Territory of Hawaii,' approved April 30, 1900," approved April 12, 1930 (U. S. C., Sup. V, title 48, sec. 495 (b)), is repealed as of January

Mr. HOUSTON of Hawaii. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Houston of Hawaii: Page 87, lines 17 and 18, strike out "as a teacher in any educational institution" and insert in lieu thereof "as an officer or employee."

Mr. HOUSTON of Hawaii. Mr. Chairman, the Delegate from Alaska [Mr. Wickersham] joins me in this amendment. I shall not detain the committee very long. It may appear to be an inconsequential matter, but to us who pay in the Territories all of the taxes that are levied by this tax bill it is a matter of principle. The officers and employees of a State are not taxed. The officers and employees under existing law in the Territory of Hawaii are not taxed, but by this law you undertake to repeal the law of April 12, 1930, which did, in fact, exempt the officers and employees of Hawaii. May I not assume that was done for the purpose of providing equality as between the Territory of Hawaii and the Territory of Alaska by just this amendment, and that by striking out the words which I have proposed in this amendment you will be treating the Territories of Alaska and Hawaii on an equal footing and on a parity with the treatment allotted to the States?

Mr. VINSON of Kentucky. Mr. Chairman, the position of the full committee is unanimous in opposition to the amendment offered by the Delegate from Hawaii. Section (b), to which this amendment is offered, is the same provision adopted by this Congress prior to the enactment of this present law that came from the Committee on Territories preferring Hawaii. The committee bill reverts to the former statute, and I would like the Delegate from Hawaii to inform me and inform the House why employees in Hawaii who would be affected by his amendment should have preferential treatment to employees in the 48 States on this side of the Pacific.

Mr. HOUSTON of Hawaii. They would not have preferential treatment. They would be treated exactly on a par with officers and employees of the States if this is adopted; such employees may not be taxed under the Constitution of the United States.

It is only by reason of the fact that Congress has the power to legislate for the Territories differently from the manner in which they legislate for the States that this discrimination against the Territories is possible. It is a question of the right of might.

Mr. VINSON of Kentucky. Of course, the gentleman understands that under the Constitution the salaries of State employees are exempt.

Mr. HOUSTON of Hawaii. That is right.
Mr. VINSON of Kentucky. We do not think it is any time to exempt further employees in the Territory of Hawaii,

when we need money so badly in our Treasury.

Mr. LAGUARDIA. And if we did that there would be no argument against exempting employees of the District of Columbia.

Mr. VINSON of Kentucky. I think the statement of the gentleman is correct.

Mr. HOUSTON of Hawaii. That would come under that part of this section which says that the subsection shall not exempt compensation paid directly or indirectly by the Government of the United States. As a matter of fact, the sum total involved is less than \$5,000, and the principle of equity, which has been recognized so far as Hawaii is concerned by this Congress not later than April 12, 1930, would seem to indicate that this matter should be treated favorably.

Mr. VINSON of Kentucky. It was recognized by legislation which did not come from the Ways and Means Committee. I trust the amendment will be rejected.

Mr. HOUSTON of Hawaii. When it was put in that way it was with the acceptance of the then chairman of the Committee on Ways and Means and the minority ranking member of the Committee on Ways and Means. As written

the law is a direct effect of taxation without representation, repugnant to American institutions.

The following is the report under which the bill, which subsequently became the act of April 12, 1930, which this section repeals:

[House Report No. 492, Seventy-first Congress, second session]

AMEND THE HAWAIIAN ORGANIC ACT

Mr. Houston of Hawaii, from the Committee on the Territories,

Mr. Houston of Hawaii, from the Committee on the Territories, submitted the following report (to accompany H. B. 7830):

The Committee on the Territories, to whom was referred the bill H. R. 7830, after consideration, reports the same favorably and recommends that the bill do pass.

This is a bill to amend section 5 of the Hawaiian organic act so as to place the Territory of Hawaii upon a parity with the States of the Union in the matter of collection of Federal taxes. It will carry out the spirit of the treaty proposed at the time of the annexation of Hawaii, and which treaty is referred to in the joint resolution of Congress accepting the so-called cession of the resolution of Congress accepting the so-called cession of Hawaitan Legislature.

Hawaiian Legislature.

Upon the occasion of formal transfer of the sovereignty of Hawaii on August 12, 1898, Harold M. Sewall, minister of the United States to Hawaii, presenting to President Dole, of the Republic of Hawaii, a certified copy of the joint resolution, said:

"This joint resolution accepts, ratifies, and confirms, on the part of the United States, the cession formally consented to and approved by the Republic of Hawaii."

In replying to the last above-noted address by Minister Sewall, President Dole said:

"A treaty of political union baying been made, and the cession."

President Dole said:

"A treaty of political union having been made, and the cession formally consented to and approved by the Republic of Hawaii, having been accepted by the United States of America, I now in the interest of the Hawaiian body politic and with full confidence in the honor, justice, and friendship of the American people, yield up to you as the representative of the Government of the United States, the sovereignty and public property of the Hawaiian Islands."

The visiding up to the United States of the sovereignty refers

Islands."

The yielding up to the United States of the sovereignty refers to the consent and approval of the Republic of Hawaii, which was given by the action of the Hawaiian Senate, which ratified the treaty, in which it was stated "to the end that those islands shall be incorporated into the United States as an integral part thereof." And it was expected under these agreements that Hawaii would be treated on a parity with the States. This amendment undertakes to provide for such parity in a matter which up to the present time has not existed, and does not in effect provide either for raising or reducing the revenue. As a matter of fact, administration of present statutes provides an absolute discrimination as between the States and the Territory, and further provides a discrimination in the Territory as between certain of its employees and others. For example, school-teachers are exempted from payment of a Federal income tax on their salaries received from Territorial sources or from political subdivisions of the Territory, but other employees of the Territory or its political subdivisions must pay a Federal income tax on such salaries.

The Territory of Hawaii, through its legislature, memorialized

The Territory of Hawaii, through its legislature, memorialized Congress to remove such discrimination. Copy of the joint resolution passed on the subject is quoted herewith:

"JOINT RESOLUTION No. 2 (H. J. RES. No. 11)

MEMORIALIZING THE CONGRESS OF THE UNITED STATES OF AMERICA TO EXEMPT ALL OFFICIALS AND EMPLOYEES OF THE TERRITORY OF HAWAII AND ITS POLITICAL SUBDIVISIONS FROM THE PAYMENT OF FEDERAL INCOME TAXES

"Whereas under the revenue act of 1921 of the Congress of the united States the officials and employees of the Territory of Hawali and its political subdivisions are compelled to pay taxes upon theome derived from the Territory or its political subdivisions; and "Whereas the officials and employees receiving compensation from the various States of the Union are exempt from the payment

of income taxes; and
"Whereas although the United States Government has the

"Whereas although the United States Government has the power to tax the income from salaries derived from the Territory of Hawaii or its political subdivisions, such taxation amounts to a discrimination in favor of the officials and employees of the various States of the Union as against the officials and employees of the Territory of Hawaii: Now therefore

"Be it enacted by the Legislature of the Territory of Hawaii, That the Congress of the United States is hereby formally requested, through the Delegate to Congress from the Territory of Hawaii, to amend section 213 of the revenue act of 1921 so as to exempt from taxation thereunder all income in the form of salaries derived by the officials and employees from any Territory or the political subdivisions thereof, if the laws of the Territory require the payment of a tax on such salaries. the political subdivisions thereof, if the laws of the ferritor, require the payment of a tax on such salaries.

"Approved this 15th day of April, A. D. 1927.

"W. R. FARRINGTON,

"Governor of the Territory of Hawaii."

The present law is well covered in the following letter: TREASURY DEPARTMENT,

OFFICE OF COMMISSIONER OF INTERNAL REVENUE, Washington, March 31, 1926.

Hon. WILLIAM P. JARRETT.

House of Representatives, Washington, D. C.

My DEAR MR. JARRETT: Reference is made to your recent personal call at the bureau relative to the question of whether the

salaries of teachers of the Territory of Hawaii are exempt from Federal income taxes. You have asked to be furnished full information regarding this matter, including data relative to pertinent provisions in the various income-tax statutes.

You are advised that the power of the Government to tax the salaries of State officers received extended consideration in the noted case of Pollock v. Farmers' Loan & Trust Co. (157 U. S. 429), decided April 8, 1895. In the opinion rendered in that case it was stated (p. 584):

it was stated (p. 584):
"The Constitution contemplates the independent exercise

"The Constitution contemplates the independent exercise by the Nation and the State, severally, of their constitutional powers.

"As the States can not tax the powers, the operations, or the property of the United States, nor the means which they employ to carry their powers into execution, so it has been held that the United States has no power under the Constitution to tax the instrumentalities or the property of a State.

"\* \* In Buffington v. Day it was adjudged that Congress had no power, even by an act taxing all incomes, to levy a tax upon the salaries of judicial officers of a State for reasons similar to those on which it had been held in Dobbins v. Eric County Commissioners (41 U. S. 16 Pet. 435), that a State could not tax the salaries of officers of the United States."

Buffington v. Day (11 Wall. 113), cited above, was decided April 3, 1871, and is a leading case on the subject. The question involved was whether, under the Civil War income-tax statutes, the salary of a State judge was taxable under the general provisions of the acts. In holding that the salary was not taxable the court said (pp. 125, 127):

"It is admitted that there is no express provision in the Constitution that prohibits the General Government from taxing the means and instrumentalities of the States, nor is there any prohibiting the States from taxing the means and instrumentalities of the States, nor is there any prohibiting the States from taxing the means and instrumentalities of the States, nor is there any prohibiting the States from taxing the means and instrumentalities of the States, nor is there any prohibiting the States from taxing the means and instrumentalities of the States, nor is there any prohibiting the states from taxing the means and instrumentalities of the States, nor is there any prohibiting the states from taxing the means and instrumentalities of the States, nor is there any prohibiting the states from taxing the means and instrumentalities of the states, nor is there any prohibiting the States from ta

" . . the means and instrumentalities employed for car-

"\* \* the means and instrumentalities employed for carrying on the operations of their governments, for preserving their existence, and fulfilling the high and responsible duties assigned to them in the Constitution, should be left free and unimpaired, should not be liable to be crippled, much less defeated by the taxing power of another government. \* \* ."."

The revenue act of 1913 specifically exempted the salaries of State officers in the following language (Sec. II B):

"That in computing net income under this section there shall be excluded \* \* the compensation of all officers and employees of a State or any political subdivision thereof except when such compensation is paid by the United States Government."

Section 4 of the revenue act of 1916, as amended by the act of October 3, 1917, provided for a similar exemption.

Neither the revenue act of 1918, the revenue act of 1921, nor the revenue act of 1924 contained any provision specifically exempting the salaries of State officers and employees. Section 213 (b) (7) of each of these acts, however, exempted "income derived from any public utility or the exercise of any essential governmental function and accruing to any State, Territory, or District of Columbia, or any political subdivision of a State or Territory, or income accruing to the Government of any possession of the United States or any political subdivision thereof." It might be noted here that the exemption covered by the provisions quoted is extended to Territories as well as to States.

Article 85 of Regulations 45 relating to the revenue act of 1918 was promulgated as interpretative of section 213 of the statute and reads as follows:

"Compensation of State officers: Compensation paid its officers

reads as follows:

reads as follows:

"Compensation of State officers: Compensation paid its officers and employees by a State or political subdivision thereof, including fees received by notaries public commissioned by States and the commissions of receivers appointed by State courts, are not taxable. Employees of universities receiving salaries paid in part or in whole from funds available under the Smith-Lever Act of May 8, 1914, who are officers or employees of a State, are not required to return as taxable incomes the salaries so received. This is also true with respect to the act of August 30, 1890, relating to colleges for the benefit of agriculture and the mechanic arts, and to the act of March 2, 1887, relating to agricultural experiment stations in such colleges."

to the act of March 2, 1887, relating to agricultural experiments stations in such colleges."

Treasury Decision 2843, approved May 17, 1919, cited an opinion of the Attorney General relative to the taxable status of the salaries of State officials, seemingly as authority for the provisions of the article. That Treasury decision reads as follows:

"Section 213 (a) of the revenue act of 1918 provides that gross income shall include 'gains, profits, and income derived from relative wages or compensation for personal services."

• • of

salaries, wages, or compensation for personal services

salaries, wages, or compensation for personal services \* • • of whatever kind and in whatever form paid.'

"In accordance with an opinion of the Attorney General, dated May 6, 1919, and based on the well-settled rule that governmental agencies of the States are not subject to taxation by the Federal Government, it is held that salaries of State officials and salaries and wages of employees of a State are not subject to the income tax imposed by the said revenue act of 1918."

Article 88 of regulations 62 under the revenue act of 1921 is closely similar to article 85 of regulations 45, but contains the following provisions not contained in article 85 of Regulations 45:

"Compensation received for services rendered to a State or a political subdivision thereof is included in gross income unless

the person receives such compensation as an officer or employee of a State or political subdivision. An officer is a person who occupies a position in the service of the State or political subdivision, the tenure of which is continuous and not temporary and the duties of which are established by law or regulations and not by agreement. An employee is one whose duties consist in the rendition of prescribed services and not the accomplishment of specific objects, and whose services are continuous, not occasional or temporary."

or temporary."

Article 88 of regulations 65 under the revenue act of 1924 contains language similar to that contained in article 88 of regula-

tions 62.

As the result of an opinion rendered by the Solicitor of Internal Revenue in the latter part of 1923 and published as Solicitor's Opinion 152 in the Internal Revenue Bulletin Service, Volume II, Bulletin 35, page 12, issued under date of December 3, 1923, the exemptions of State officers and employees were thereafter made to depend upon whether they were employed in activities representing "strictly governmental functions" as distinguished from proprietary or private activities, exemption being denied to officers or employees of a State or a political subdivision thereof whose duties fell in the latter class. As a result of the situation arising from this decision with respect to "State officers and employees" Congress, in section 121 of the revenue act of 1926, enacted the following provision:

"Any taxes imposed by the revenue act of 1924 or prior revenue acts upon any individual in respect of amounts received by him as compensation for personal services as an officer or employee of any State or political subdivision thereof (except to the extent that such compensation is paid by the United States Government directly or indirectly), shall, subject to the statutory period of limitations properly applicable thereto, be abated, credited, or refunded."

From the foregoing it is clear that the income-tax statutes prior As the result of an opinion rendered by the Solicitor of Inter-

From the foregoing it is clear that the income-tax statutes prior to the revenue act of 1918 specifically exempted the salaries of State officers and employees; that there was ample authority in the United States Supreme Court decisions for provisions in the regulations under the revenue acts of 1918, 1921, and 1924 specifically exempting such salaries; and that the revenue act of 1926 clically exempting such salaries; and that the revenue act of 1926 contains specific provisions that such salaries shall be exempt. However, none of the revenue acts nor any of the regulations promulgated under such acts provides that the salaries of the employees of a Territory of the United States shall be exempt. The basis of the distinction is the fact that under our dual system of government the Federal Government and the State governments operate independently of each other, while the operation of the Territorial governments is dependent upon the Federal Government. In the case of Buffington v. Day, cited above, it was held that it is not competent for Congress, under the Constitution of the United States, to impose a tax on the salary of a judicial officer of a State, which decision was based upon the sovereign powers vested in the State governments. The Territorial governments are not vested with such sovereign powers, but are under the direct jurisdiction of the Federal Government. the direct jurisdiction of the Federal Government.

If you desire to take up this matter further with me, consideration will be expedited by reference to IT:E:RR-CTR.

Sincerely yours,

D. H. BLAIR, Commissioner.

In compliance with the rule, there follows a statement of the law, showing the new language in italics:

"Sec. 5. (a) That the Constitution and, except as otherwise provided, all the laws of the United States, including laws carrying general appropriations, which are not locally inapplicable, shall have the same force and effect within the said Territory as elsewhere in the United States: Provided, That sections 1841 to 1891, inclusive, 1910 and 1912, of the Revised Statutes, and the amendments thereto, and an act entitled 'An act to prohibit the passage of local or special laws in the Territories of the United States, to limit Territorial indebtedness, and for other purposes,' approved July 30, 1886, and the amendments thereto, shall not apply to Hawaii. Hawaii.

"(b) The salaries or wages paid by the Territory of Hawaii, or any of its political subdivisions, for services rendered in connection with the exercise of an essential governmental function of the Territory or its political subdivisions, shall not be taxable by the United States in the administration of the income tax laws."

The CHAIRMAN. The question is on the amendment offered by the Delegate from Hawaii.

The amendment was rejected.

The Clerk read as follows:

In the case of an individual, if in the taxable year and in each of the 10 preceding taxable years the amount of the contributions or gifts described in section 23 (n) plus the amount of income, war-profits, or excess-profits taxes paid during such year in respect of preceding taxable years exceeds 90 per cent of the taxpayer's net income for each such year, as computed without the benefit of section 23 (n), then the 15 per cent limit imposed by such section shall not be applicable.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. What is the necessity for carrying the clause in different places throughout the bill in respect to warprofits and excess-profits taxes paid "during such year in excess of preceding taxable years"? I was under the impression that we no longer carried any war-profits or | excess-profits taxes. I can conceive of these war-profits and excess-profits taxes being applicable to returns many years back, but I can not see where they are applicable to returns in the future.

Mr. CRISP. The only reason this is retained is because some of those old cases are still pending. There are some cases where deficiencies were levied against them, and they have not been finally adjudicated. That is the only reason for carrying those provisions in the bill.

Mr. STAFFORD. Then this clause refers to that character of tax covered in returns 10 years or more back?

Mr. CRISP. Yes. Of course, we have not had any excessprofits tax for years. The provision has been carried to protect the Government in those cases still pending growing out of the old law in years past.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(4) Partnerships and estates: In the case of any such individual who is a member of a partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

Mr. JOHNSON of Missouri. Mr. Chairman, I offer an amendment, which I send to the desk.

Mr. BLACK. Mr. Chairman, I offer a perfecting amendment to this section. I understand the amendment offered by the gentleman from Missouri is a motion to strike out.

The CHAIRMAN. Does the gentleman from Missouri yield

for that purpose?

Mr. JOHNSON of Missouri. I offered an amendment, Mr. Chairman, to strike out a portion of the section which has

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Missouri.

The Clerk read as follows:

Amendment offered by Mr. Johnson of Missouri: On page 103, strike out lines 5 to 25, inclusive, and on page 104, strike out lines 1 to 7, inclusive.

Mr. BLACK. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. BLACK. I have offered a perfecting amendment to this section. The amendment offered by the gentleman from Missouri is a motion to strike out. As I understand, my amendment must be acted upon before the motion to strike out is considered.

The CHAIRMAN. That is correct, but the gentleman from Missouri has the floor.

Mr. JOHNSON of Missouri. Mr. Chairman, if my motion prevails, I shall then file motions to strike out the remaining portions of section 131.

Mr. Chairman, when section 31 of this revenue bill was read I offered a motion to strike that section from the bill. That section provided that taxes paid to foreign countries should be allowed as a credit against taxes assessed in the United States, to the extent provided in the bill. That motion prevailed. The motion which I have filed to-day simply seeks to strike the provisions in section 131 relating to these tax credits from the bill. The House has, in fact, acted on the subject matter of my amendment, and the amendment which I offered to-day simply seeks to carry out the will of the House as expressed in the vote some few days ago.

Under the law as it now exists, a resident corporation which goes to a foreign country, invests its money there, and receives a large income is permitted to take credit against the tax imposed by the United States to the extent of the tax which it pays to the foreign country. If my amendment prevails, the Treasury Department experts state it will bring to the Treasury for the year 1933, \$12,000,000, just for that part of the fiscal year; that under normal times it will bring revenue of \$35,000,000 a year; and under such times as we have now it will bring revenue of approximately \$20,000,000 a year.

House this morning, they included the \$12,000,000 which my amendment seeks to raise. Therefore unless you support this amendment, you destroy the plan of the Ways and Means Committee in its effort to balance the Budget. My amendment supports the theory and the plan of the Ways and Means Committee in its effort to balance the Budget.

The Department of Commerce informed me this morning that in the year 1930 the money invested in foreign countries by citizens of the United States amounted to over \$15,000,000,000; that of that amount about \$7,000,000,000 were invested in direct investments or industries and \$7,000,-000,000 were invested in bonds and securities of foreign countries. My amendment simply seeks to place those people who take their money which they have earned in the United States and which they have invested in foreign countries on an equality with citizens of the United States who remain here and employ their money in this country.

It is a known fact that thousands of industries and corporations, because of the retaliatory tariff laws, have gone into foreign countries, practically closed their factories here, and now are manufacturing their products in foreign countries with foreign labor.

It was stated on the floor of the House that Mr. Ford manufactured his automobiles in the foreign countries, sent them back to the United States, and sold them in competition with automobiles made here with American labor.

We simply ask by this amendment that he be placed on a parity and equality with citizens of the United States who are employing their money here.

[Here the gavel fell.]

Mr. ALDRICH. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Missouri be extended one minute in order that I may ask him a question or make a statement.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. ALDRICH. I do not think it was the intention of the Ways and Means Committee to indorse the principle announced by the gentleman's amendment, or any different principle from what they originally recommended, by putting that in the list of items this morning. I think they simply acknowledged the fact that the House had taken a different position on the matter than the Ways and Means Committee. I think most of the members of the Ways and Means Committee still think that their original amendment was better than the one offered by the gentleman from

Mr. JOHNSON of Missouri. But the \$12,000,000, I understand, is included in the Budget.

Mr. ALDRICH. It was included on account of the action taken by the House the other day.

[Here the gavel fell.]

Mr. OSIAS. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Missouri.

When the gentleman from Missouri, some 10 days ago, sought to amend section 31 of this revenue bill I spoke against his amendment, at least in so far as it affected American citizens and corporations in the possessions of the United States. To that part of his amendment affecting American investments or business in foreign countries I did not then address myself nor will I concern myself with that phase now. That is a matter which the Congress of the United States has to determine for the people of the United States.

Upon the occasion when this matter was first discussed, in connection with section 31, which is related to section 131, now under consideration, I made it clear that I was not rising in defense of Filipinos, Filipino interests, or Filipino corporations, but that I was defending, as I am now doing, as a matter of duty and as a matter of equity, the interests of your own fellow citizens and the corporations of your own citizens in those distant possessions which, through the fortunes of war, came under the American flag 34 years ago.

I believe then and I believe more strongly now that Ameri-The Committee on Ways and Means, I think, is supporting can citizens and corporations in the possessions of the my amendment, for in the Budget for 1933, read to the United States are rightfully entitled to the benefits of the tax-credit provision for income, war-profits, and excess- it in that way, you will not get it at all until we succeed. profits taxes paid there.

Mr. Chairman, I do not believe that the author of this amendment himself desires to discriminate against American citizens or American corporations that have established business in the possessions of the United States.

If the gentleman from Missouri [Mr. Johnson] should review, or if any one else should review, the record of the discussion when section 31 was first discussed, he would find that the tenor of the sentiment which then prevailed in the House was favorable to denving American investors and corporations that have business plants in foreign countries tax credit, but not to American investors in the possessions of the United States.

Mr. Chairman, I submit it would not be fair nor just to American citizens or corporations to subject them to such a burden as this. Earlier in the day when I was addressing myself to another section of this revenue measure, I pointed out a provision which, if unchanged, would mean a tax levy on certain imports, and would mean an absolute departure from a policy followed for more than three decades. Bear in mind that those American investors in the Philippines have to pay the taxes imposed in your possessions. If the amendment should be approved, you will not give them credit for taxes paid there contrary to the original intention of the Committee on Ways and Means. If, on top of all this, their products imported here will be further taxed, you will be subjecting your own citizens and corporations not only to double taxation but, in a sense, to treble taxation. [Applause.]

I hope the amendment will not prevail.

[Here the gavel fell.]

Mr. RAINEY. Mr. Chairman, I regret very much the action the House took in the matter of these corporations. [Applause.] I am going to ask, if nobody else does, for a separate vote on this amendment when we get back into the House. [Applause.] Perhaps, however, the defeat of the amendment now proposed will accomplish the same

The situation is this: A great many domestic corporations are now operating branch plants abroad. They have got to do it in order to get back of those high tariff walls. It is not our own tariffs that are hurting our industries now so much as it is the tariffs of other countries.

I have talked with some of these gentlemen who have established branch plants abroad. They say to me they prefer not to do it; that they prefer to manufacture in the United States in large amounts, in mass production, with a trained personnel; that they can do it cheaper; that they do not like to break up their plants and establish small plants all over the world, but that they have got to do it on account of these foreign retaliatory tariffs now erected against them. They say they can not get over their tariff barriers.

Now, it is an appealing thing, of course, to say-and it sounds logical if you do not think very deeply into the question-that these men have no right to make these investments abroad; that they ought not to take away the money they have earned here and invest it abroad and employ 500,000 foreign laborers. But they can not invest it here. We are producing here now more than we can possibly consume during the period of this depression. If you compel them to close their operations there, they can not operate here. A great many of our factories are now closed, probably one-third of them. We hope more of them will open in the future. So the only thing they can do is to invest their money over there, which, of course, is unfortunate. But the money they earn there comes back here.

Perhaps I can make myself clear. For a long time the Italian Government was largely maintained by the remittances of Italians who were at work here. It was a large item in their budget, the immigrant remittances. They always counted on these remittances over there, and they became a part of their stock of money. So the money which now comes back to us from these factories is in the nature of immigrant remittances. That is all. If you do not get

by some international agreement or something of that kind. in bringing about a lowering of the tariff walls of the world.

Now, for a great many years—and to some extent I have aided in bringing it about-we have been conducting negotiations, sometimes with the League of Nations, which would lead to a cessation in the world, as far as was possible, of what is known as international double taxation. We have succeeded in accomplishing results in two or three of the European countries. They have agreed that they will not tax doubly American capital invested there, and we have agreed to give them the same treatment here. We have appropriated considerable money and we have sent commissions abroad to consult even with the League of Nations in an effort to bring about an end to double taxation in the world. When we adopted this amendment the other day we just took a long step backward. We destroyed at once the results of all our negotiations over there and we reestablished ourselves the principle of international double taxation, and. of course, it is nothing else, and the progress the nations have made in abolishing international double taxation has been due to the initiative of the United States. Now we are about to destroy it ourselves.

We will not accomplish anything by discouraging these investments abroad. We do not make any money by doing it. If they can not pay these double taxes—and experts have told us they can not pay them—we simply stop them over there and the high tariff walls have stopped them here. Whenever we readjust these tariffs they will come back to the United States soon enough. There is no trouble about that, but we are asked by this amendment to take steps now that make impossible any readjustment of the conditions under which the world is struggling. This amendment should be voted down.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I do not know just exactly where we are on this proposition. It is true that the Committee on Ways and Means originally rejected this amendment, but in the program to-day that is presented to the House and to the country the moneys that will be realized from the adoption of this amendment are included in order that the Budget may be balanced.

Twelve million dollars will be brought into the Treasury of the United States if this amendment is adopted, and this \$12,000,000 is included in the items that aggregate \$1,243,-000.000.

I listened attentively to my leader, the gentleman from Illinois [Mr. RAINEY], on the theme of double taxation. I heard the testimony before our committee in regard to that matter. One foreign country squints in the direction of wiping out double taxation, but no single nation of the world has yet preferred American yield in that foreign clime. So do not get it into your heads that some foreign country has been doing something for American capital and American income that we will not do for them.

The distinguished gentleman from Illinois dealt in generalities. I want to talk to you in figures and get down to specific detailed facts.

When we began a study of foreign credits there arose three conditions, and you will be surprised when I tell you about them. If I were to tell you that under existing law if a corporation made \$1,000,000 in America and \$1,000,000 in England, the corporation would pay less money to the United States in income tax than if it had not made the \$1,000,000 in England, you might doubt my veracity; but in the presence of the membership of the Ways and Means Committee I say to you that under the law which now obtains this very thing happened again and again to the detriment of the Treasury of millions of dollars.

Mr. ALDRICH. Will the gentleman yield?

Mr. VINSON of Kentucky. In a minute; yes. I know the gentleman will say that the committee has plugged

Mr. ALDRICH. Exactly.

Mr. VINSON of Kentucky. Certainly, it did, but it was only plugged because the gap was discovered. I want to give you the figures on that. Take the \$1,000,000 earned in England and the \$1,000,000 earned here by a corporation, that makes \$2,000,000 gross income. You take the \$250,000 of corporate tax in England, come over and wipe out the \$120,000 corporate tax here in America; then you take the \$130,000 that evidences the remainder between the \$250,000 English tax and the \$120,000 American tax and subtract it from the foreign yield of \$1,000,000. You bring that sum of \$870,000 over here and add it to your \$1,000,000 American income. Then you multiply by the 12 per cent corporatetax rate; and if my calculation is correct, it brings in \$221.400. Then you subtract the \$120,000 of American tax, leaving \$101.400 actual American tax. That corporation which made \$1,000,000 in America and \$1,000,000 in England, instead of paying \$120,000 normal corporate tax only paid into the Treasury of the United States \$101,400. Am I right or wrong?

Mr. McREYNOLDS. If the gentleman will permit, that is under the present law?

Mr. VINSON of Kentucky. Under the present bill that gap was filled.

Mr. KVALE. It is one-tenth of the net profits annually, is that right?

Mr. VINSON of Kentucky. Yes; approximately.

Mr. STAFFORD. Will the gentleman yield further?

Mr. VINSON of Kentucky. Yes.

Mr. STAFFORD. What would it be under the proposed modification; that is what we are interested in?

Mr. VINSON of Kentucky. I want to give you the whole picture because if there is going to be a vote I want the Members to know what they are voting on.

Under the law that now obtains, if a corporation made \$1,000,000 in America, \$1,000,000 in England, where they have a corporate tax, and \$1,000,000 in Argentina, where they do not have a corporate tax, instead of getting the credit of 50 per cent of the English tax, because they happen to be fortunate enough to make \$1,000,000 in Argentina, they take two-thirds of that \$250,000 of tax as a credit. Consequently the Treasury is still further depleted.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. VINSON of Kentucky. The gentleman from Illinois [Mr. Rainey] dealt in generalities. I want to get down to this amendment that is proposed. Let us assume you have a corporation making \$1,000,000 of net income in America, and that same corporation has a net income in England of \$1,000,000. There is an income of \$2,000,000. All this amendment does is to allow that \$250,000 that is paid to the English Government in tax to be used as a deductible item; not as a credit against the tax but as a deductible item.

If a business concern in this country has to pay State taxes to 8 or 10 different States, you are not permitted to take the tax you pay the States and use it as a credit against the Federal tax. All you can do in that case is to take the State tax and use it as a deductible item from the gross income.

All this amendment does is to place it on the same basis that you place the tax paid to different States. In other words, a concern making \$1,000,000 in this country and \$1,000,000 in England would have a gross of \$2,000,000. You would subtract the tax of \$250,000, which would leave \$1,-750,000. Then you take the normal rate of 12 per cent, and you will have a taxable yield of \$210,000. In other words, you would pay the normal rate on the American yield, and at the same time the normal rate of yield abroad with the tax used as a deductible item.

Mr. CRISP. Mr. Chairman, I will only take a moment of the time. My friend from Illinois said he was going to ask a separate vote in the House on the section that was stricken out. That is not necessary. That was a cross reference, and the real issue as to foreign credits is now

before you. If this is stricken out, the foreign credit will be deleted. If it is retained, the foreign credit will be retained, and it is not necessary to have a vote on that section.

Mr. HAWLEY. Mr. Chairman, the acting chairman of the committee has said that this matter should be decided by the action taken by the Committee of the Whole on the pending motion to strike out. This is the situation that exists under the bill. I am not speaking of the present law, but of the bill as reported by the committee.

Suppose \$100,000 taxable income was earned in the United States and \$100,000 earned in England. Under the bill the United States would tax the \$100,000 earned in this country at the rate of 13 per cent, or \$13,000. England would tax the \$100,000 earned abroad at  $27\frac{1}{2}$  per cent, or \$27,500. Under this state of affairs we would not tax the income earned in England.

If, in another case, \$100,000 were earned here and \$100,000 earned in another country that had the same rate of tax as ours, 13 per cent, we would still get \$13,000 on the income earned in this country and not tax the income earned abroad.

If \$100,000 is earned in this country and \$100,000 earned in some country where the tax rate was 7 per cent, we would get \$13,000 on the \$100,000 earned in this country and the difference between \$13,000 at our rate of taxation and \$7,000 at the rate in the other country, or a total of \$20,000. We would subtract from our rate the foreign rate and levy a tax on the income earned abroad at the rate of difference between the American rate and the foreign rate.

If, however, another country has no tax rate at all, then we will get \$13,000 on the income earned in this country and \$13,000 earned on the income in the other country, or \$26,000.

In any event, under the bill we get the \$13,000 on the income earned in this country.

Now, it was suggested that the tax paid on incomes earned abroad should be a deduction from the gross income earned here and abroad, as are taxes paid to the State, county, or local government here. The difference is this, that all the income earned in this country is earned under the protection of our laws and guaranties, safeguards, and privileges that we give to persons and property, but incomes earned abroad are earned under the protection of laws and safeguards of other countries.

Mr. VINSON of Kentucky. Does not the gentleman think that an income earned under our flag ought to be given more credit than an income earned under another flag?

Mr. JOHNSON of Missouri. And is it not a fact that the income that is earned in a foreign country is earned under the protection of the United States?

Mr. HAWLEY. No; not at all. If it is earned in England, they go to the English courts for the settlement of their disputes and for the protection of their persons and property, and the protection of their rights in the same manner as Englishmen do.

Mr. JOHNSON of Missouri. Do they not frequently have the United States intervene and settle disputes?

Mr. HAWLEY. Only to see that our people have, under international law and comity, the same fair treatment that English citizens have, and we give Englishmen here the protection of our laws.

Mr. McREYNOLDS. Does that condition exist in China? Have we not our own courts there and have we not our Navy there to protect our people?

Mr. HAWLEY. China is under different treaty arrangements by which we have obtained rights and assumed special responsibilities for our citizens.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. HAWLEY. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HAWLEY. It is proposed to strike out the provision in the bill concerning which I have just spoken, by which we are to get the full 13 per cent on the American income in any event, and additional amounts upon revenues earned abroad under the condition I have previously stated. It is

proposed to strike out the section under discussion. What | House that they should pay some attention to this question. would happen? Let us take a case in which the English tax is involved. On \$100,000 of income earned in this country, of course, we collect our 13 per cent. On the \$100,000 of income earned in England the English Government will collect \$27,500. When that income is reported in this country the \$100,000 earned here will be added to the \$100,000 earned abroad, and from that will be subtracted the English tax of \$27,500, and we will compute the American income tax at 13 per cent on \$172,500, or \$22,425, which will be the American tax. Or to state it in another way, we collect the \$13,000 due on the American income. The taxpayer will pay the English tax at the rate of 2.5 per cent, or \$27,500. Subtracting the English tax from the \$100,000 taxable income, the taxpayer will have left \$72,500, and on this we will under the bill collect a tax at the rate of 13 per cent, or \$9,425.

Mr. VINSON of Kentucky. Of course, the gentleman is in error about the English tax. It is 25 per cent.

Mr. HAWLEY. It is 271/2 per cent.

Mr. VINSON of Kentucky. The experts over here tell

Mr. HAWLEY. My information is that the English rate is 271/2 per cent. The particular rate, however, does not make any special difference. The tax collected by us on the income earned in England, \$9,425, plus the English tax, will be \$36,925. That is, the American company doing business in England will pay a tax on its English income equal to the full English tax and our tax of 13 per cent on that part of the income taxable here. That is, it will pay \$9,425 more than its English competitor. Under such a tax it can not do business over there. That increased amount of tax will be such a handicap that it will have to close its business. It may be said that we ought to have no American capital invested abroad. If we are of that opinion, then when American capital leaves our land for operations abroad we should regard it as a foreign operation and excuse it from taxation here. Of course, the property of a man is his to use under our law wherever he pleases. I might agree with the policy or I might not agree with the policy of American investments abroad. But if we are pursuing the policy of approving investments abroad, why should we when they are made abroad impose such a tax upon them as to make their operation impossible in competition with foreign competitors?

Mr. PALMISANO. Mr. Chairman, will the gentleman

Mr. HAWLEY. Yes.

Mr. PALMISANO. Is not it true that the present law exempting corporations of the tax abroad gives them an opportunity to take advantage of cheap labor abroad?

Mr. HAWLEY. They take advantage of such conditions existing abroad as do exist, but if we are to allow them to go there, and that is our policy, why make their operations impossible in competition with their competitors in the country in which they operate, which have the same labor

I desire to return to my original statement in closing the argument that I am making. Under the bill we are doing all I think we ought to do at this time in the critical condition of business here and abroad by saying that we will collect, in any event, the tax on the income earned here in full, and then, if other countries have lower rates of income taxes than we have, we will collect the difference between the rates. We are getting all of the money we are entitled to, it seems to me, if we are undertaking to hold an even balance and a fair arrangement between our own people doing business abroad and the foreign competitors whom they meet in the markets.

Mr. COCHRAN of Missouri. Mr. Chairman, I am frank to admit that I have no sympathy with Americans who have sent their money abroad and invested it in factories for the purpose of securing cheap labor and manufacturing commodities formerly produced by American labor and sent abroad. I stated that a few days ago. I have another purpose in rising to-day and that is to warn the Members of the in agricultural projects combined.

It is a big question. It involves no less than \$12,000,000, according to the Treasury, and we have all learned that Treasury estimates are conservative. If you defeat this amendment of my colleague from Missouri [Mr. Johnson], then you must find a way to raise \$12,000,000 additional. We struck from the bill last week a paragraph that will raise this amount if you adopt the pending amendment. Therefore a vote against this amendment is a vote for the big corporations, Mellon and Ford included. Are you going to vote \$12,000,000 into the Treasury of the United States or do you propose to increase the already swollen fortunes of the multimillionaires? The gentleman from Georgia [Mr. CRISP], acting chairman of the committee, tells us he is not opposed to the Johnson amendment.

I regret the 200 or more Members who were here last week are not here to-day. It is clear the friends of Mellon and Ford are here. Their opposition is evidence of that.

I have some statistics from the Department of Commerce which I received at 2.30 o'clock this afternoon. It is an estimate of American investments abroad at the end of 1931. It is a conservative estimate.

There is \$1,621,000,000 invested abroad in manufacturing plants. There is \$7,998,000,000 invested in manufacturing plants, in mining enterprises, public utilities and in agricultural projects combined.

Some of you gentlemen from the country districts complain about competition from foreign countries. American money is sent to other countries, invested in agriculture, to raise products to send to this country in competition with the products that your farmers raise. Are you going to vote for your farmers or for the multimillionaires?

I call attention to a document issued by the Department of Commerce, New Estimate of American Investments Abroad; and also to Senate Document 258, Seventy-first Congress, third session. There you will find interesting information in regard to how American money is finding its way into foreign countries. At the close of the war our money helped to, in part, rehabilitate foreign countries. That was not so bad, but when money is earned in this country through the protection given the citizen by the Government and then that citizen takes his millions and sends it abroad and opens factories, employs cheap labor, and manufactures clothes, machinery, shoes, and other articles formerly manufactured here and shipped abroad, it is something that we should be alarmed about. What is going to become of the little foreign trade we have left if this is to continue? First comes the tariff to destroy our foreign trade, and then, to make a good job of it, American money is sent abroad to set up factories where our advanced methods are installed and, with the aid of machinery and cheap labor, articles are made and sold to our former customers. How can an American manufacturer compete under such conditions?

I insert the statistics received by me to-day from the Department of Commerce.

Preliminary estimate of American investments abroad at the end of 1931

Country	Manufactur- ing	Direct
Canada and Newfoundland	\$565, 000, 000	\$2,075,000,000
Europe, all countries	680, 000, 000	1, 571, 600, 000
Germany	158, 000, 000	271, 750, 000
	306, 000, 000	541, 855, 000
France	92, 000, 000	170,000,000
Latin America, all countries	235, 000, 000	3, 645, 000, 000
Argentina	85, 000, 000	360, 000, 000
	47, 000, 000	210, 000, 000
Asia, all countries.	78, 000, 000	423, 000, 000
Japan China	42, 000, 000	62, 500, 000
China	15, 000, 000	130, 000, 000
Australia and New Zealand	57, 000, 000	164, 000, 000
Africa, all countries	6, 000, 000	120, 000, 000
Total	1, 621, 000, 000	7, 998, 000, 000

The direct total consists of the amount invested in manufacturing plants, in public utilities, mining enterprises, and

The gentleman from Oregon [Mr. HAWLEY] would save these American merchants \$12,000,000. I am not willing to save them a cent, and I am only sorry that we can not find a way that would be constitutional to get more of their money. I have respect for the American who, by his ability and toil, makes a fortune, but for those who made their money here and then used it to injure their country's trade I have no time.

Let us serve notice on this class here and now that they will not be allowed the deductions the bill as it came from the committee permitted. The Johnson amendment will make them pay, and its adoption will make other Americans hesitate before sending their money to a foreign country. I hope the House will adopt the amendment. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. Mr. BLACK. Mr. Chairman, I offer a perfecting amendment, which is at the desk.

The Clerk read as follows:

Mr. Black, of New York, offers the following amendment: Page 103, line 8, after the word "corporation," insert "other than a citizen or domestic corporation engaged in a foreign country or possession of the United States in the business of manufacturing and selling a commodity which is capable of being both manufactured in the United States and shipped to such foreign country or possession of the United States." or possession of the United States.

Mr. BLACK. Mr. Chairman, I am trying to take a middle course between those who want absolute credit given to all corporations doing business in foreign countries and those who want no credit given to an American corporation doing business in a foreign country.

This amendment has been suggested to me by leaders of industry and by the American Federation of Labor. The best distinction made between these corporations was made by Mr. Matthew Woll, of the American Federation of Labor, when he said in a speech on March 12:

I pointed out, on the contrary, the double benefit to this country of equipping less-advanced peoples with essentials like railroads, public utilities, surfaced roads, automobiles, and farm machinery. We sell them these goods and at the same time put them in a position to buy from us more shoes, textiles, and consumption goods, more typewriters, cash registers, and sewing machines.

My amendment seeks to give credit for foreign taxes to the corporations doing the very thing that Mr. Matthew Woll set out in his speech.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. LaGUARDIA. I would like to just call attention to the gentleman's amendment, which reads "capable of being manufactured." I wonder if the gentleman did not mean "is manufactured," and then transported, because, for instance, an automobile is capable of manufacture here, and yet it may be entirely manufactured in a foreign country.

Mr. BLACK. No. My amendment is broader than the gentleman's suggestion. The fact that it is capable of being made here would bar them from the exemption.

Now, there is an evil in double taxation. As late as the October term of the United States Supreme Court, in the case of Burnet, Commissioner of Internal Revenue, against Chicago Portrait Co., Judge Hughes pointed out that there is a distinct evil in double taxation.

However, the gentleman who wanted to strike out this amendment pointed out another evil that those who want to be free of the double taxation go beyond their tariff walls and get cheap labor and compete with our goods. I am not for them. I am for the engineering corporation that goes down into South America and builds a bridge, builds a trolley line, builds a power plant, and buys its steel and other commodities necessary to the installation of those things from America, made by American labor, and sending back money to America. It is all very well to say that Henry Ford will build Fords in Ireland and send them back to compete with Fords, getting cheaper labor, but it is not possible that an American firm can build a road in South America and have the road come back here and compete with our roads, or that it can build a bridge in Brazil

and the bridge will come back and compete with my Brooklyn Bridge. [Laughter.]

There are two groups of citizens and corporations coming within this section:

A. Those who have erected in foreign countries factories producing with foreign labor and materials, commodities in competition with American-made goods, contrived by Ameri-

B. American citizens or corporations which, instead of injuring American labor, are in fact, through their foreign associations, making a market for American goods, contrived by American labor.

Both A group and B group, under provisions of this bill as now written, are doubly taxed. I have in mind the adopted motion of the gentleman from Missouri on sec-

They bear the imposts of these foreign countries on their foreign operations and the additional taxes of the United

Mr. JOHNSON of Missouri. Will the gentleman yield? Mr. BLACK. I yield.

Mr. JOHNSON of Missouri. Is it not a fact that all corporations in the United States are subject to double taxation because of paying a State income tax?

Mr. BLACK. But there are certain deductions made for taxes paid all over this country.

Mr. JOHNSON of Missouri. They are deductions made

against income.

Mr. BLACK. They are largely competing with American citizens and foreign competition is barred by the tariff law, but here they are out in the foreign field competing with the countries of the world and competing with one country that has become a business house.

In the case of competitive activities against American labor there is logic in the arguments of those who oppose credit on the taxes paid in America for the taxes paid abroad.

But it is sound policy that those citizens and corporations which are broadening foreign markets for American goods and services should be aided in their efforts to increase demands for American products.

[Here the gavel fell.]

Mr. BLACK. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLACK. There is substantial difference between the American company which builds a plant abroad to build machines which compete with American-made machines and the American corporation which builds a bridge in South America with steel made here.

Engineering corporations, road-building corporations, corporations furnishing foreign cities and states such services as public utilities and motion pictures-none of these, of course, compete with American goods or American labor.

On the other hand, because of their American relations, they naturally give preference in all their purchases to goods made in the United States. They furnish customers for American steel, American lumber, American copper, American equipment.

Every year Congress appropriates millions of dollars to build up the country's foreign trade. It provides bureaus of the Department of Commerce which promote the foreign sales of American goods.

Just now the American exporter and the American corporation with foreign branches are facing ruinous conditions and destructive competition. In many countries they are by law barred from remitting from the country the profits they may earn.

Every foreign country lays heavy taxes on the American branch office.

The Congress of the United States should avoid heavier burdens upon those Americans who create foreign sales of goods or services.

Generally, 10 per cent of our commerce is in foreign trade. A great portion of this is in foreign branches of American corporations which this legislation subjects to double taxation.

I wired a great number of the leading American industrial heads about this proposal of mine. I have a wire, which typifies the situation as well as any other, from the Underwood Typewriter Co. The vice president says:

Telegram received. Our export sales of American manufactured typewriters, adding machines, and bookkeeping machines during the last four years represent 39.4 per cent of our total business during that period.

They are manufacturing them here with American labor, and, of course, they are taxed elsewhere. It is almost half their business, and almost half their business means half their employees.

If the gentleman who has presented this amendment is well intentioned—and nobody will accord him credit for greater sincerity than I—and he insists on his amendment, I think he is going one step too far, and my position on the question is based on the suggestion made to me by the American Federation of Labor.

Mr. CRISP. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. GUEVARA. Mr. Chairman, I rise neither to oppose nor to favor the amendment introduced by the gentleman from Missouri [Mr. Johnson], nor the perfecting amendment introduced by the gentleman from New York [Mr. Black]. I just want to make a statement in order to clarify the position of American citizens and corporations in the Philippine Islands in relation to the tax bill that is now under consideration by the Committee of the Whole.

If the amendment introduced by the gentleman from Missouri is passed, the American citizens and corporations in the Philippine Islands will be restored to their condition of 1918, which has already been remedied by the tax law of 1921, by the tax law of 1924, and by the tax law of 1926. The amendment tries to place American citizens and corporations in the Philippine Islands in the very disadvantageous position they were before in relation to their British, Japanese, Chinese, and other foreign competitors doing business in the Philippine Islands. The position of American citizens and corporations in the Philippine Islands is quite different than the position of American investors going to foreign countries. Plants are not established in the Philippine Islands for the purpose of hiring cheap labor, but to take to the Philippine Islands American goods manufactured in the United States as well as agricultural products raised in the United States.

The effect of this amendment, if adopted, will be that American business in the Philippine Islands will be killed. I am as much interested as any American citizen in balancing the Budget of the Government of the United States, but if you kill American trade in the Philippine Islands, conducted by American citizens and corporations, you can not get a single cent from that source, because it will cease to exist.

In a memorandum presented to the Congress of the United States, in which former President Taft, General Wood, Colonel Stimson, the Secretary of War, Davis, and the Secretary of the Treasury, Mellon, were in conformity, the following statement was made:

For a long time doubt existed as to whether the act of 1918 was intended to apply to the income of Americans doing business in the Philippines. Obviously, if so applied, it imposed a serious handicap upon our citizens there by subjecting them to a tax upon their incomes six times greater than the British, Chinese, and other foreign competitors were paying.

If you want to pass a law prohibiting all American citizens and corporations from doing business in the Philippine Islands then adopt the amendment introduced by the gentleman from Missouri, which would virtually prohibit them from doing any business in the Philippine Islands.

For this reason, Mr. Chairman, I hope the amendment presented by the gentleman from Missouri [Mr. Johnson] will be rejected.

Mr. BARTON. Mr. Chairman, I rise in support of the amendment of the gentleman from Missouri [Mr. Johnson,]

Mr. Chairman, the first proposition that occurs to me is the suggestion made by the last gentleman who spoke. I think the highest privilege that could possibly be granted to the Philippine Islands would be that of statehood; and if they were a sovereign State and a member of the Union, they would then be subject to this tax just the same as a corporation in any other State of the Union. Therefore, I see no reason for making an exception there.

I now want to call your attention to another feature of this bill that I can not see any reason for, and that is the one that the gentleman from Oregon [Mr. Hawley] seems to recommend rather highly, and the gentleman makes this comparison: He tells us that if a corporation, resident of the United States, makes \$100,000 in England it will not be taxed because they have a corporation tax there or an income tax that exceeds our own; but if we send a corporation down into Argentina, where they have no tax, we will tax that income 13 per cent. Why is it that we say to a corporation, "If you will send your investment to England, we will not tax you; but if you send it to Argentina, we will tax you 13 per cent?"

I suppose the idea is that this is double taxation, but I take it it is fundamental that every nation does, or at least ought to, levy a tax sufficient to pay the expenses of the government, and it does not seem to me the form of the taxation is any business of the United States. If they prefer to raise their taxes to pay the expenses of their government as a property tax, what business is it of ours? Why should we, as a reward for their levying a particular kind of tax which seems to please us—an income tax—knock that off and then not knock off the other? It does not seem to me to be reasonable under any circumstances.

I thank the committee for its kind attention.

Mr. KVALE. Mr. Chairman, a few days ago the committee voted upon an earlier section of the bill with a cross reference to this provision. The vote was decisive, and while I would be the last one to be unfair to the estimable gentleman who is acting chairman of the committee, yet I understood it was the agreement that the decisions then made in committee would be abided by in the further consideration of this bill by the Ways and Means Committee when this section was reached.

Mr. HAWLEY. If the gentleman will permit, the contrary, to my mind, was distinctly understood and, consequently, no extended argument was made at that time. It was said that when we reached this provision the merits of the proposition could be more properly discussed,

Mr. KVALE. I accept the statement of the gentleman, and shall not now press the point any further.

Mr. CRISP. Mr. Chairman, I will say to the gentleman that I understood that to be a test vote as to what would happen, although it was stated that the real provisions were in section 131. I do not know that there was any understanding with the Committee on Ways and Means, but so far as I am concerned, I am acquiescent in the action of the committee and for that reason did not argue the matter.

Mr. KVALE. I thank the gentleman for his reply. Let me remind the gentleman from Oregon [Mr. Hawley] and the committee that the merits of the problem were at that time rather extensively gone into.

But approaching the general proposition, let us remember that when this tax has been spoken of as a 12 per cent tax, as a 13 per cent tax, as a 25 per cent tax, I fear this leaves a false impression. Let us remember, in the first place, as a fundamental and elementary fact, this point. No corporation is taxed if it does not make and declare a net profit or a net income.

Moreover, your statistics of the Treasury prove that out of every \$10,000 in gross profits or in gross income annually from corporate sources \$9,000 is lost through deductions or exemptions and is not income for taxable purposes. This leaves \$1,000 out of the \$10,000 for taxable purposes. Under the corporation-tax provision the Government simply says that if you are a going concern in the United States and

if you make a net profit of \$1,000 every year after all deductions have been allowed and after such nine-tenths of all corporate gross income has been exempted from taxation we will take annually one-eighth, or 12 per cent (or under the present bill 13 per cent, which is still approximately one-eighth of your net annual income).

This is a plain, honest statement of the general purport of the law. We have heard it stated in the course of the debate that under the present or existing law the situation exists where corporations earning in England a portion of their profit are actually paying into our Treasury a tax amounting to about a tenth of their net income there, as against a rate of one-eighth which they pay on profits accruing in the United States.

It seems to me the problem, now that we are facing this critical situation, resolves itself into the simple question: Shall we tax these profits made abroad by corporations who are guaranteed the support and protection of our Navy ard our marines and our national honor a little more heavily for a time in order to help meet this deficit that we are trying to wipe out?

Mr. KNUTSON. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. KNUTSON. The gentleman knows as a practical proposition that Americans doing business abroad receive very little consideration or assistance from this Government. It is all very well to talk about the marines and the Navy and the Army, but as a practical proposition when an American concern goes into a foreign country it must depend upon the foreign police or foreign agencies for any protection it may receive.

Mr. KVALE. Oh, I could argue that with my friend the gentleman from my neighboring district at some length, but

I can not take that question up at the moment.

I feel this is a meritorious proposition. It was decided once by the committee, and I hope that the former vote will be sustained here this afternoon. [Applause.]

The CHAIRMAN. There are only eight minutes remaining, and the Chair has recognized three gentlemen in favor of the amendment. The Chair feels that he should recognize some one in opposition.

Mr. DICKINSON rose.

The CHAIRMAN. Is the gentleman opposed to the amendment?

Mr. DICKINSON. No, Mr. Chairman; I am in favor of the amendment.

The CHAIRMAN. The Chair will recognize the gentleman for two minutes.

Mr. DICKINSON. Mr. Chairman, I am heartily in favor of the Johnson amendment. I want to call the attention of the House to the fact that, according to my recollection, when there was a much larger attendance the Johnson amendment was sustained by a large majority, nearly 2 to 1, I think. It was estimated that it would save to this bill about \$30,000,000. Now it is said by the Treasury Department that it will save at least \$12,000,000. If you strike this out you have got to find some other subject to make up that amount.

I think those who go abroad to make their fortunes owe something to the country in rhich they established their business. [Applause.] I think they ought to pay something to the Government, and ought not to be able to offset their taxable income here by what they pay abroad.

I want to call the attention of the distinguished gentleman, the acting chairman in charge of the bill, to the fact that a statement made the other day indicated that personally he was friendly to the amendment. I hope the Johnson amendment will be agreed to.

Mr. GLOVER. Mr. Chairman, I understand that this was included in the estimate of balancing the Budget to the extent of \$12,000,000?

Mr. CRISP. That is correct.

Mr. GLOVER. Then I see no reason why we should quibble over this. The subcommittee has favored it, the House has already passed on the question. We ought not to reverse ourselves when we are trying to balance the

Budget. I see no reason why a man making his wealth in this country, if this country is not big enough to operate in and he goes to a foreign country and invests his capital there, because, perchance, he pays some tax there, that he should be credited for it back here. Let us pass the Johnson amendment and save \$12,000,000, and keep American capital at home to employ American labor that is now out of employment and wants to work. [Applause.]

Mr. STAFFORD. Mr. Chairman, when this proposal was under consideration the other day it was distinctly understood and so expressed by the gentleman from Illinois [Mr. Chindblom], that that section was merely a cross-reference. If you adopt this amendment, you drive American capital from seeking investment in foreign countries. That is the avowed purpose of its proponents. Capital is mobile; it seeks the place wherever it can get a gainful investment. I thought we took pride after the World War in becoming the creditor Nation of the world. But this proposal seeks to bar economic laws and aggravate the financial and economic revival of business in this country by penalizing American capital invested abroad.

Henry Ford did not go abroad to invest his money because he wished to supply from foreign countries the field of American consumption. He went abroad, as the distinguished leader of the majority, Mr. Rainey, said, to meet conditions in Belgium, in France, in Italy, in Germany, and other countries occasioned by their tariff policies. The branch factories were established before the passage of the Hawley-Smoot bill. Mr. Ford established these plants to cope with and meet conditions that prevailed in the automobile field abroad. Many American manufacturers have established branch establishments in different parts of the country, to reduce costs of production by the elimination of freights and the like.

American automobile manufacturers and in other lines have established branch factories abroad for a similar purpose. Shall we dwarf and cripple their expanding policy of world domination by this provincial policy of trying to restrain

American capital only for home utilization?

Now, take the concrete case of the gentleman from Oregon, where an American corporation makes \$100,000 in Great Britain and pays \$27,500 income taxes to that country for the privilege of doing business there. Suppose the same corporation makes \$100,000 in this country also. It would be charged under the present bill not only upon the \$100,000 made here but with the net gain of \$72,500 made in Great Britain, or on a total of \$172,500, for the taxable year, on which the United States would receive the regular return of 13 per cent chargeable to all corporations. The provincialists would not credit the American corporation with the \$27,500 income tax he was obliged to pay to Great Britain but would compel it to pay an income tax on a paper return of \$100,000 which in fact it did not receive.

Are you going to allow the French and German automobile industry to capture that market for themselves, or will you approve the General Motors and Ford and all these other large industries going over there because of tariff conditions, in order to meet the local conditions, and invest their capital and get the benefit of the market there? We do get a return on their profits made in those countries, except on the taxes they are obliged to pay to the local governments.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.
Mr. O'CONNOR. The gentleman may recall that before the World War, when we were a debtor nation, we were very much gratified to have foreign capital invest in this country, and that a great amount of it was invested in this country.

Mr. STAFFORD. And the very purpose of this amendment, as disclosed by the hearings had before the Committee on Ways and Means on February 28 to March 1, 1930, on double taxation, shows that France not only doubles but trebles on the American investment. This is only fair and equitable to the American capitalist who wishes to keep his capital employed. There is no question of having cars brought over here in competition, except that in one case

Henry Ford, temporarily, as I am informed, established in Dublin a tractor plant because of exigent conditions in changing his plant from Highland Park to the River Rouge.

And who has reaped the advantage of that change? The Allis-Chalmers Co., of my own city, and the General Motors and others are capturing the American market with lowpriced tractors, and Ford is going to meet that competition by reestablishing a tractor factory here.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. Assuming that manufacturers did go over there to meet conditions after the war, will the gentleman explain why the Mellon interests are going into Canada now?

Mr. STAFFORD. Because Canada raised her tariff barriers. Prior to the Hawley-Smoot tariff bill the Canadian Government did not have such high tariff barriers, so that the American motor industry could import free of duty more than 50 per cent of the parts that make a complete

Mr. COCHRAN of Missouri. The gentleman wants to protect the Mellon interests?

Mr. STAFFORD. I want to encourage American capital in foreign investments. I want to see American capital dominate the world in industry, and have foreign countries pay tribute to this country because of American genius in the world of manufacture.

The CHAIRMAN. The gentleman's time has expired. All time has expired. The question is on the amendment of the gentleman from New York [Mr. BLACK].

The amendment was rejected.

The CHAIRMAN. The question recurs on the amendment proposed by the gentleman from Missouri [Mr. Johnson].

The question was taken; and on a division (demanded by Mr. Johnson of Missouri) there were-ayes 62, noes 70.

Mr. COCHRAN of Missouri. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. Coch-RAN of Missouri and Mr. CRISP to act as tellers.

The committee again divided, and the tellers reported there were ayes 64, noes 80.

So the amendment was rejected.

The Clerk read down to and including line 16 on page 108. Mr. CRISP. Mr. Chairman, we have now reached the section of consolidated and affiliated returns. The Committee on Ways and Means is considering an amendment to recommend in respect to that section. I ask unanimous consent that the section be passed over for the present.

The CHAIRMAN. That section has already been passed over by agreement.

Mr. CRISP. Mr. Chairman, I am advised that the gentlemen of the minority desire to have a conference at 5 o'clock. I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10236 and had come to no resolution thereon.

## CALENDAR WEDNESDAY BUSINESS

Mr. CRISP. Mr. Speaker, it is important that we dispose of the tax measure. I ask unanimous consent to dispense with Calendar Wednesday business, in order to-morrow.

The SPEAKER. Is there objection?

There was no objection.

FARM ORGANIZATIONS NOT FOR FEDERAL PAY CUT

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an exchange of correspondence between myself and the American Farm Bureau Federation, the National Cooperative Milk Producers' Federation, the Farmers' Educational Cooperative Union of America, and the National Grange.

The SPEAKER. Is there objection? There was no objection.

Mr. LaGUARDIA. Mr. Speaker, under permission granted me I desire to file herewith, for the information of the membership, exchange of correspondence between the various important and national farm organizations and myself on the subject of Federal wages. I contacted these organizations for the purpose of ascertaining whether it was true that these great national farm organizations, representing millions of American farmers, were taking an active part in favor of a general reduction of Federal salaries. It had been so stated. I am very happy to be able to note from this correspondence that the great national farm organizations have taken no action on the subject, and, therefore, it can not truthfully be said that they are favoring any general salary-reduction plan.

On the other hand, the responsible heads of these organizations, men of the highest standing, known throughout this country, students of economics, give their personal views on the subject, and without exception it is gratifying to note that they see the real purpose back of the proposed Federal salary cut as the first step in a general cut of wages and salary in industry and commerce throughout the United States, thereby lowering standards of living and reducing the purchasing power of the great masses of working people and wage earners in this country, and that the farmer would suffer most from such a fallacious economic policy.

AMERICAN FARM BUREAU,

Munsey Building, Washington, D. C.

GENTLEMEN: I am sure you know that I have always done everything within my power for the aid of the farmers because I believe that we have everything in common. If I have accomplished nothing else, I think that I have been able to establish that the policy of dividing the workers of the industrial centers from the farmers of the country was detrimental to their respective interests and to the benefit of the exploiters of both.

At this year, time there is an extraord to reduce all Federal establishments.

At this very time there is an attempt to reduce all Federal salaries, which I am convinced is in keeping with a determined move-ment throughout the country to reduce wages in all industries, business and commerce. I need not point out to you that this will reflect not only on commodity prices but also on quantity con-sumption. The farmer will have to bear more than his share if such a disastrous policy of carried out.

Any salary reduction of Government employees can have little or no effect on the financial condition of the Treasury. Excluding such fixed charges as the debt service, requiring \$1,000,000,000, and the Veterans' Administration, requiring a billion dollars, the Army and the Navy, and rivers and harbors improvements, the margin from which economies may be made is not great, and no real economy can be effected unless all of the lower-paid employees are reduced. It has been openly admitted that this would be psychological. True, it would be the justification for the general reduction of wages throughout the country that I have mentioned reduction of wages throughout the country that I have mentioned.

I would greatly appreciate if you will give this matter some consideration. May I suggest a conference between the representatives of the various farm organizations with a view of discussing sideration. tives of the various farm organizations with a view of discussing this subject and getting an expression from you? I know nothing that could produce a better effect to cement the ties that we have been seeking to establish between the workers in the city and those on the farm than for your organization to take a stand in opposition to the proposed salary cuts.

May I hear from you at your convenience?

With kindest regards, I am, very truly yours,

F. LaGuardia.

Similar letters were sent to the National Grange, the Farmers' Union, and the National Cooperative Milk Producers.

THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION, Washington, D. C., March 28, 1932.

House of Representatives, Washington, D. C.
MY DEAR MR. LAGUARDIA: This acknowledges your letter of March 23 with reference to the problem of salary reduction for Government employees.

I shall be glad to lay the contents of your letter before our executive committee, as this office has no authority to act on matters of new policy.

May I take this opportunity of expressing the appreciation of our organization for the many good services you have done for agriculture as a Member of Congress. We know that you always will give earnest and sincere consideration to any legislation wherein the welfare of any branch of agriculture is at stake.

With best wishes for you, I am, sincerely yours,

CHAS. W. HOLMAN, Secretary.

American Farm Bureau Federation, Washington, D. C., March 28, 1932.

Hon. FIORELLO H. LAGUARDIA,

Hon. Figrello H. LaGuardia,

House of Representatives, Washington, D. C.

Dear Mr. LaGuardia: In response to your letter of March 23 and your phone call of this morning, both relating to the position of the American Farm Bureau Federation in regard to salary reduction of governmental employees, may I advise that the Farm Bureau has not considered this proposition either in its annual meetings or by the board of directors, and consequently I can not

state a position for the organization.

However, I can say that the organization I represent at Washington is not advocating salary reductions, as to do so would be proceeding without any definite organization support.

Sincerely.

CHESTER H. GRAY, Washington Representative.

THE FARMERS' EDUCATIONAL AND Cooperative Union of America, Washington, D. C., March 24, 1932.

Hon. FIORELLO H. LAGUARDIA

Hon. Fiorello H. LaGuardia,

United States Representative, Washington, D. C.

Dear Mr. LaGuardia: In reply to your letter I want to say that I have been an admirer of yours for many years. I approve of practically every position you have taken on legislative matters before the House of Representatives.

It is my position that farmers can not pay their mortgages and high taxes by pulling other people down to their level. Our only hope is to rise to the level of the business, professional, and laboring groups. laboring groups.

I want to have a conference with you at the earliest possible moment. If you will name the day and hour, I will arrange my affairs accordingly.

Yours truly.

JOHN A. SIMPSON, President.

The following telegram was received from Mr. A. S. Goss, the chairman of the national executive committee of the National Grange:

SEATTLE, WASH., March 26, 1932.

Member of Congress, Washington, D. C.:

Neither National nor Washington State Granges have taken official action on wage cutting, so my views are strictly personal, but I am convinced that the only way to avoid general agricultural bankruptcy is to secure restoration of commodity prices to approximate level prevailing when we contracted nearly twenty billions in debts, and that reductions in general wage levels would tend to reduce nurchesing nower and assure continuance of low tend to reduce purchasing power and assure continuance of low commodity price levels. Some adjustments of inequalities are necessary, but no general reduction is sound unless means can be found to reduce debts, taxes, and fixed overhead charges propor-tionally. Writing more fully.

A. S. Goss, Master Washington State Grange.

WASHINGTON STATE GRANGE, Seattle, Wash., March 26, 1932.

Seattle, Wash., March 26, 1932.

Hon. F. H. LaGuardia, M. C.,

House Office Building, Washington, D. C.

Dear Mr. Congressman: I received your wire asking my views on a general decrease in wages, and I have wired you as follows:

"Neither national nor Washington State Granges have taken official action on wage cutting so my views are strictly personal, but I am convinced that the only way to avoid general bankruptcy is to secure restoration of commodity prices to approximate levels prevailing when we contracted nearly twenty billions in debts and that reductions in general wage levels would tend to reduce purchasing power and assure continuance of low commodity price levels. Some adjustments of inequalities are necessary but no general reduction is sound unless means can be found to reduce debts, taxes, and fixed overhead charges proportionally. Writing more fully."

I am inclosing copy of editorial I wrote on this subject for

I am inclosing copy of editorial I wrote on this subject for Grange News of December 20, 1931. There is not much more to be added. I feel that prosperity depends upon developing the purchasing power of our people. There are several definite factors preventing its return, including—

Unemployment.
 Fear of unemployment.

2. Fear of unemployment.
3. Low commodity prices.
4. Loss of confidence in financial institutions.
It is my belief that low commodity prices have been the cause of the whole mess. Agriculture joined with other organized groups in getting protective legislation for almost all other types of industry but found itself compelled to compete with the rest of the world with no protection on its basic stable commodities. Producing under a protective system, our costs of production were higher than the rest of the world, with the result that each year for the last 10 years agriculture has been living off of its capital. It was not the deflation of 1921 nor again 1929 which hit agriculture so extensively, but it was a gradual destruction of the capital investment and purchasing power of the farmers which went on for a 10-year period. It is impossible to destroy the pur-

chasing power of 40 per cent of our people, either engaged in agriculture or directly dependent upon agriculture, without bringing disaster down upon the whole Nation. We have been pointing this out for six or eight years without effect, but after we had consumed over \$30,000,000,000 of the \$78,000,000,000 invested in agriculture and had neither income nor credit with which to buy, the persuand consuming power of this great portion of our Nation. paralyzed consuming power of this great portion of our Nation was the direct cause of a piling up of surplus stocks in every line of industry, the recession of sales and profits, and the debacle of

maintenance of wages will not alone clear the difficulty.

Three distinct steps are necessary.

First, we must restore confidence in our financial institutions. and it is my personal opinion that the most effective and permanent method is through a system of Federal depositories, for I do not believe the temper of the people is such as to support, with confidence, any banking system under the control of the international bankers who have been responsible for a large por-

international bankers who have been responsible for a large portion of our present problems.

Second, agriculture must be given a type of protection as effective as that provided for labor and other industries.

Third, if these other two projects are accomplished so that we have remedied the troubles which have caused the disaster, men should be put back to work on the development of public improvements until the purchasing power is built up to the point of setting our wheels of industry in motion again.

In my opinion, it will not require a large expenditure of public funds if we can cure the two evils outlined in suggestions 1 and 2, for the country is woefully short of needed supplies, and if we can once establish a credit system which will make money available and stop hoarding and, at the same time, put 40 per cent of our people in a position where they can produce profitably, the demand will be overwhelming. The farms of America need a billion dollars' worth of paint alone, and this is but a very small item in the needs of rural America.

I have tried to outline what I believe is a constructive program. I am very confident that a destructive program, such as a general

I am very confident that a destructive program, such as a general slashing of wages and commodity values, will but aggravate the

situation

Yours very truly.

A. S. Goss.

#### WAGES AND PRICES

[Extract from letter received by State Master Goss]

"Is it true that you are opposing reduction in wages when everything else is down, and, if so, why?"

The question is such a live one and is being asked so frequently, that I shall attempt to answer through the columns of Grange News. The State Grange having taken no stand on the question, it will be understood that the views expressed are my personal opinion.

While some readjustments in wages are undoubtedly in order, as while some readjustments in wages are undoubtenly in order, as a general rule, I think it a serious mistake to advocate wage cutting or reduction in salaries, except in cases of those very large salaries which have always been too high. The problem which confronts America is not that of high wages or high salaries, but an unfair distribution of wealth which is being diverted to the possession of a very few. To curtail the spending power of the average wage worker or salaried man would serve to make matters worse rather than better.

There is a more direct reason why farmers should oppose such moves. Agriculture has a mortgage debt upon farms in excess of \$11,000,000,000, and it is estimated that it carries further debts, bringing the total close to \$20,000,000,000. Most of these debts were contracted when farm prices were from two to three times as high as they now are. A conservative estimate would be that these debts were contracted when farm prices averaged two and one half times as high as at present.

these debts were contracted when farm prices averaged two and one-half times as high as at present.

The only means the farmer has of paying his debts is by raising farm produce and selling it. This means that in order to pay his debts and pay his interest he must market two and one-half times as much produce as when contracted. This means that in terms of farm produce—his only source of income—he must pay interest varying from 15 per cent to 20 per cent and must eventually pay \$2.50 on principal for every dollar borrowed, measured in terms of farm produce. of farm produce.
This can not be done.

If this condition continues it means wholesale bankruptcy for

If this condition continues it means wholesale bankrupicy for American agriculture.

Our only remedy lies in raising the commodity price level to a point somewhere near the point at which our \$20,000,000,000 in farm debts were contracted.

I know of no more powerful argument against restoring former price levels than the argument which could and would be presented if labor and salaried people were forced down to the same

sented if labor and salaried people were forced down to the same level as agriculture.

Justice requires that compensation for agriculture and compensation for labor and salaried men should be on a proportionate basis, but the farmer's effort to force their compensation down to our present levels, thus assuring that our present low levels will become practically permanent, is a very short-sighted policy. The only sound policy is to fight to have our commodity levels lifted to values comparable with wages and salaries.

Agriculture can not pay its debts at present commodity prices. We have no alternative. We must have restored commodity prices or bankruptcy. Why, therefore, should we go off on the tangent of destroying the purchasing power of our best customers and

thereby assist in fastening the present low commodity values upon

I realize clearly that my opinions on this subject are not popular among most farmers, but I have given the matter the best thought of which I am capable and can not honestly express any other opinion .- A. S. G.

#### THE PRESIDENT IS FURNISHING NATIONAL LEADERSHIP

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein a speech delivered over the radio last night by the gentleman from Indiana [Mr. Wood].

The SPEAKER. Is there objection?

There was no objection.

RADIO ADDRESS OF HON. WILLIAM R. WOOD, OF INDIANA, IN REFUTATION OF STATEMENTS OF HON. JOUETT SHOUSE

I am here to answer the slanderous statements made concerning the President of the United States by Mr. Jouett Shouse, chair-man of the executive committee of the Democratic National Comman of the executive committee of the Democratic National Committee, last Saturday evening over a nation-wide hook-up on this broadcasting system. Mr. Shouse personally is not of sufficient consequence to warrant the distinction of being singled out for reply. It is the fact that his utterances were made in his capacity as the official spokesman of the Democratic National Committee that demands what he said to be given direct and positive refutation.

refutation.

The President last Friday issued a public statement calling for unity of action in balancing the Budget, asking the Nation to support Congress in the difficult task and giving courageous assurance to the world that the financial structure of the United States Government would be sustained. He uttered no word of partisanship; he spoke highly of the Democratic leaders; he pitched his appeal to save hardship to millions in lofty terms of patriotism. His words gave stability in a world greatly shocked by the failure of the Democratic majority in the House to stand by its own measures which failure threatened the entire fabric of by its own measures, which failure threatened the entire fabric of public confidence. The President's statement appeared in the press of last Saturday morning.

Press of last Saturday morning.

Now comes Jouett Shouse spreading a smoke screen over this Democratic failure by misrepresentation and slander only paralleled by the last three years of effort by the Democratic National Committee to smear the President of the United States.

Mr. Shouse made three utterly false charges against the Chief Executive of the United States. First, that it was not until last Saturday that President Hoover made any appeal to the Congress or to the American public to balance the Budget. Second, that the existing deficit was created by this Republican administraor to the American public to balance the Budget. Second, that the existing deficit was created by this Republican administra-tion. Third, that President Hoover introduced partisan politics into the present effort upon the part of the House of Repre-sentatives to pass a tax bill. I shall discuss these three slanders in the order mentioned.

Mr. Shouse said:

"In to-day's papers President Hoover has issued to the American people a plea that Congress shall balance the Budget. \* \* \* It must be a matter of regret to Mr. Hoover's friends, as it is a matter of deep moment to the American people, that he should have delayed so long in voicing his concern and in uttering his plea."

The record shows that President Hoover uttered his first warning against increasing and unwarranted Federal expenditures which

ing against increasing and unwarranted Federal expenditures which would, if persisted in, unbalance the Budget as early as December 9, 1930. The President did not wait until after the horse was stolen before he urged Congress to lock the door.

In that statement he pointed out that bills calling for \$4,500,-000,000 in appropriations over and above routine appropriations necessary to run the Government had been introduced under the guise of giving relief to some kind or another. And he warned Congress that their passage would result in financial embarrassment to the Federal Government in that it would necessitate either an increase in taxes or an increase in bond issues. I now quote from his warning as of that date:

"No matter how devised, an increase in taxes in the end falls

from his warning as of that date:

"No matter how devised, an increase in taxes in the end falls upon the workers and the farmers, or, alternatively, deprives industry of that much ability to give employment and defeats the very purpose of these schemes. For the Government to finance public bond issues deprives industry and agriculture of just that much capital for its own use and for employment."

Then the President added: "Prosperity can not be restored by raids upon the Public Treasury. The leaders of both parties are cooperating to prevent any such event."

Note the President was gracious enough to state that "the

Cooperating to prevent any such event."

Note the President was gracious enough to state that "the leaders of both parties are cooperating" to prevent a raid upon the Treasury. He did not single out the Democratic Party or any of its leaders for criticism. Yet on the very day the statement was issued, Democrat after Democrat arose upon the floor of Congress and denounced President Hoover because of it. That instant reaction by the Democrats constituted a public admission that they were the ones guilty of attempting to raid the Public Treasury. The shoe fit, and they hastened to put it on.

The attack in the Senate was led by the late Senator Caraway, who poured upon the head of the President all the bitter denunciation for which the Arkansas Senator was noted. He was followed by Senator Walsh, Democrat, of Massachusetts, who, after denouncing the President, challenged his statement that "leaders

of both parties were cooperating" against the orgy of appropriations. Senator Walsh challenged any Democrat who agreed with the President to make it known, because he said he wanted such a Democrat "marked" so that his associates might know him for

Senator Par Harrison joined in the denunciation of President Hoover's calling a halt to outrageous demands upon the Public Treasury. He charged that the President's statement that leaders of both parties were cooperating to prevent the Public Treasury being raided was not true, in so far as Democratic leadership was concerned. Here are Senator Harrison's words upon that

"President Hoover is trying to put Democratic leadership in a hole, and he is doing it deliberately. He is trying to compel Democratic leadership to assume responsibilities that it should

That is the first time in the annals of American history that a spokesman for a political party ever charged that he and other leaders of his party were being "put in a hole" by being asked to cooperate in protecting the integrity of the Federal Treasury. Senator Walsh of Massachusetts interrupted Senator Harrison's harangue with the following question:

"I should like to inquire of the Senator if he knows of a single Democratic leader in this country who is in sympathy with the policy and sentiments expressed in the statement of the President of the United States?"

To which question Senator Harrison replied that he did not

To which question Senator Harrison replied that he did not know of any such Democratic Senator, and then Senator HARRISON

continued:

"We (the Democrats) propose to vote for such appropriations, large though they may be in the estimate of the President as are required to meet this situation; and if increased taxes are necessary to do that, then let us have the courage and the statesmanship to meet the issue at that time."

By reason of President Hoover's resolute opposition, the majority of the bills which he referred to failed of passage. Nevertheless a few were passed, and President Hoover vetoed them—nine in number. Seven of his vetoes were sustained. Those seven bills carried in the aggregate appropriations for \$853,787,000, which was saved for the public by the President's veto. Two of his vetoes were overridden. One of them accounts for \$60,000,000 of the present deficit. The other bill passed over the President's veto accounts for over \$300,000,000 of this deficit and, in addition, the sale of Government securities to the amount of \$930,000,000, which has had the effect of depreciating the market value of all Government securities and increasing the rate of interest which the Federal Government must pay on securities it must issue to meet the exist-Government must pay on securities it must issue to meet the existing deficit. For the veto of those bills, President Hoover was bitterly denounced by Democrats in both branches of Congress. September 21, 1931, President Hoover journeyed to Detroit, Mich., to address the annual convention of the American Legion,

for the purpose of enlisting the efforts of that organization against further increases of governmental expenditures at this time. In the course of his address he said:

"The imperative moment has come when increase in Govern-ment expenditures must be avoided, whether it be ill-considered, ment expenditures must be avoided, whether it be ill-considered, hasty, and uninformed legislation, or whether it be for services meritorious in themselves. Every additional expenditure placed upon our Government in this emergency magnifies itself out of all proportion into intolerable pressure, whether it is by taxation or by loans. Either loans or taxes beyond the very minimum necessities of government will drain the resources of industry and commerce, and that, in turn, will increase unemployment."

The President in his annual message to Congress less Decem-

ties of government will drain the resources of industry and commerce, and that, in turn, will increase unemployment."

The President, in his annual message to Congress last December, renewed his appeal to keep down expenditures. He warned Congress that to go further in expenditures would "destroy public confidence, denude commerce and industry of its resources, jeopardize the financial system, and actually extend unemployment and demoralize agriculture, rather than relieve them."

The President renewed his appeal to keep down expenses in his Budget message of December 6, last year.

In a special message to Congress January 4 this year, he renewed his appeal, stating that "The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditures."

Alarmed by the number of "pork-barrel" bills which were introduced in the present Congress, some of which gave promise of passage, on January 8 last the President renewed his warning in a special statement in which he stated that our first duty as a nation was to put our governmental house in order by the reduction of governmental expenditures. He added the warning that "We can not squander ourselves into prosperity."

In view of this record, then, it is an exhibition of political mendacity for the official spokesman of the Democratic National Committee to make the public charge that the President of the United States did not, until last Saturday, raise his voice in an effort to balance the Budget of the United States.

The second charge of Mr. Shouse is that the existing deficit is "a Hoover deficit." This is not the first time Mr. Shouse has made that charge. He made it in a formal address over the air March 13 last. Mr. Shouse is not the only Democratic leader making that charge. It has been repeatedly made by Democrats on the floor of the House during the discussion of the pending tax bill. The evidence is conclusive that the Democratic Party is launching upon a campaign of misrepresentation in r

What are the facts? The deficit for the last fiscal year, ending June 30, 1931, was \$500,000,000, not including debt redemption. The decrease in Federal revenues for that year was \$861,000,000. The deficit for the current fiscal year, ending next June 30, will be approximately \$2,000,000,000, not including debt reduction. How much of this will be due to decreasing revenues can not be determined at this date. But it is definitely known that the revenues for the calendar year 1931 were more than \$2,000,000,000 less than for the calendar year 1928, and at the rate the decrease in revenues is progressing there is not the slightest doubt but that the revenues for the current fiscal year may show a decrease of at least \$2,500,000,000. least \$2,500,000,000.

President Hoover can no more be charged with the responsibility

for this decrease in the public revenues, the major factor in the deficit, than he can be charged with having caused the Great War, the stock-exchange panic, the drought, the Porto Rican hurricane, the Government of Great Britain going off the gold standard, the revolutions in 18 countries, the overproduction of commoditudes. ties, the panic in Germany, or any other of the numerous disasters, both economic and physical, which have overtaken the world during the past few years and caused and prolonged this depres-

during the past few years and caused and prolonged this depression.

A portion of the deficit is due to increased appropriations—some emergency appropriation, some otherwise. Of the emergency appropriations, \$500,000,000 were for increasing public buildings and public-work construction as a means of relieving unemployment. Every Democrat in both branches of Congress voted for these appropriations and criticized the President because they were not larger. In fact, on last Saturday afternoon, only a few hours before Mr. Shouse made his attack upon the President, Senator Wagner, Democrat of New York, in a radio talk over another broadcasting system, criticized the present administration for not going ahead with public works, which would amount to an expenditure of another \$1,000,000,000.

Drought relief necessitated an emergency appropriation of \$45,000,000. Every Democrat in both branches of Congress voted for this and criticized the President because it was not made \$100,000,000. Sixty-six million five hundred thousand dollars are accounted for by increased pensions, for which the Democrats voted, which the President vetoed, and which the Democrats assisted in passing over the President's veto. Seventy-one million dollars is accounted for by additional appropriations for the Veterans' Bureau. These are the facts. The record shows it. They can not be truthfully contradicted.

Mr. Shouse is greatly concerned about the "Hoover deficit."

Mr. Shouse is greatly concerned about the "Hoover deficit." He views a Federal deficit from an entirely different angle than he did a year ago. In the February, 1931, Atlantic Monthly, Mr. Shouse was urging limitless expenditures by the Federal Government, regardless of deficits which such a policy might create. Criticizing the Republican administration at that time for not spending more money, he said:

"Federal work in the construction of reads and public buildings."

Federal work in the construction of roads and public buildings should be pushed and expanded. We appropriated money with-out stint to meet the demands of war. In the same spirit we should expend whatever sum is necessary to care for the present severe crisis of peace. And we should not be too much concerned over the possibility that there may be a deficit in the Treasury."

over the possibility that there may be a deficit in the Treasury."

Shortly after that article appeared, Mr. Shouse made a speaking tour of the United States. Everywhere he went he denounced the Republican administration and President Hoover for not going ahead blindly, squandering money right and left, giving every community and almost every individual a Federal hand-out regardless of the deficit that would thereby be created.

Democratic Members of the present Congress, regardless of President Hoover's repeated warnings, regardless of the existing deficit, regardless of the necessary increase in taxes or bonded indebtedness which would jeopardize the financial structure of the United States, are already boasting of the fact that they are going to add another \$2,000,000,000 to the existing deficit by the passage of another bonus bill. age of another bonus bill.

The third false charge laid against the President by Mr. Shouse was that President Hoover has introduced partisanship into the discussion of the pending tax bill. He based that charge upon the statement of a third person who, coming from the White House, said the President had characterized the tax bill, as defeated by the House last week, as a Democratic measure. The President may or may not have so designated that bill. He probably did not, as he had urged Republicans to support the bill as a necessity because of the great crisis, even if they did not like the bill. If he did, he spoke the truth and merely repeated what the Democratic leaders sponsoring the bill had already stated on the floor of the

The record shows that Representative Crist, Democrat, of Georgia, acting chairman of the Ways and Means Committee, when he reported the bill to the House March 10, specifically stated that the Treasury Department, which represents the administration, presented to the committee an entirely different program than that reported by the committee. He repeated this on the floor of the House March 19, when he said:

"May I say here that the Treasury Department was opposed to a manufacturers' tax (that is, the sales tax). They repeatedly expressed their opposition to it and urged that the Treasury program be adopted; but after the committee had worked for a week or ten days in executive session considering these special items, I suggested that a subcommittee be appointed to consider the broad

basis of a manufacturers' tax. The Treasury Department was still

opposed to a sales tax."
So the sales-tax feature of the tax bill was not an administra-So the sales-tax feature of the tax bill was not an administration measure. It did not have the sanction of the Treasury Department. Nevertheless, when the bill was reported, the entire force of the administration was placed back of the passage of the bill as reported, because the administration, with President Hoover as its leader, felt that the passage of a tax measure which would balance the Budget was of far greater importance than any discussion as to the authorship of the bill. That attitude certainly was not partisanship.

Mr. Shouse says in this connection that if President Hoover.

Mr. Shouse says in this connection that if President Hoover had made his statement two weeks ago, before the House had acted upon the sales tax—and I now quote Mr. Shouse:

"It would have helped those who were trying to fight the battle for a balanced Budget. Now it is issued after the House has wreeked the committee bill and after the legislative situation has

been thrown into such a state of confusion, and even chaos, that the outcome is difficult to predict."

But Mr. Shouse did not tell his radio audience that of the 153 votes which were cast in support of the sales-tax feature, 113 were delivered by the Republican administration and only 40 of them delivered by the Republican administration and only 40 of them were delivered by the Democratic House organization which had reported the bill and which had sponsored it on the floor of the House. The Republican votes for the bill constituted a majority of the Republican membership of the House. If a majority of the Democratic membership had voted for their own measure it would have passed. Instead, only 40 out of a Democratic membership of 220 supported the bill.

There is not the slightest doubt but that the legislative situation in the House of Representatives has been thrown into a state of confusion and chaos, but it exists because of the fact that the Democratic membership of the House refused to follow its own leadership on the floor and not-because of any lack of

its own leadership on the floor and not-because of any lack of help from the Republicans and the administration.

By humiliating their own leadership and destroying their own organization the Democrats in the House have reverted to type. They have demonstrated they are unable to govern themselves, and therefore it stands to reason that they can not be expected to govern the country.

The leadership of the American people has been furnished by President Hoover for the last three years. It has been courageous and constructive. It has saved the American people from the infinitely greater misery that exists among other peoples of the world. In this critical hour all that Jouett Shouse and the other hirelings of the Democratic National Committee are able to suggest to the country is the destruction of confidence in the Govern

gest to the country is the destruction of confidence in the Government of the United States and the repudiation of its President.

The United States is at war with depression. The general who is courageously leading it toward victory is now being hampered by demagogues who seek to break down support while the battle

## DEATH OF HON, CHARLES J. THOMPSON

Mr. KNIFFIN. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. KNIFFIN. Mr. Speaker, I rise to announce the death of a former Member of this House.

I learned last night that my predecessor, Hon. Charles J. Thompson, of Defiance, Ohio, passed away at the home of his son in Albuquerque, N. Mex.

While Mr. Thompson and I were opponents, I am gratified to be able to give assurance that our personal relations were friendly. He was a high-standard citizen and a faithful and efficient public servant. During his 12 years of service in the House he endeared himself to many of the Members of this body.

Mr. Speaker, I desire to express my personal feeling of sorrow in the passing of this distinguished citizen of the State of Ohio and of my congressional district.

## ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and minute p. m.) the House adjourned until to-morrow, Wednesday, March 30, 1932, at 12 o'clock noon.

## COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, March 30, 1932, as reported to the floor leader by clerks of the several committees:

> PATENTS (10 a. m.)

Up to and including 10157, patent bills (H. R. 10152).

## JUDICIARY-SUBCOMMITTEE NO. 2

(10 a. m.)

Terms of court at Orlando, Fla. (H. R. 4709). Terms of court in North Dakota (H. R. 9306).

Granting the Legislature of Porto Rico the power to enforce the prohibition of intoxicating liquors (H. R. 6711).

## EXECUTIVE COMMUNICATIONS, ETC.

509. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia for the fiscal year 1933, in the amount of \$7,000, for the maintenance of health-department dispensaries (H. Doc. No. 285) was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BURTNESS: Committee on Interstate and Foreign Commerce. H. R. 9143. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Elbowoods, N. Dak.; without amendment (Rept. No. 926). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 9301. A bill to extend the times for commencing and completing the construction of a bridge across the Black River at or near Pocahontas, Ark.; with amendment (Rept. No. 927). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 9385. A bill authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.; without amendment (Rept. No. 928). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 10088. A bill authorizing the South Carolina and Georgia State highway departments to construct, maintain, and operate a toll bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; with amendment (Rept. No. 929). Referred to the House Calendar

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 10092. A bill to extend the time for completing a bridge across the Potomac River at or near Great Falls; with amendment (Rept. No. 930). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. H. R. 10159. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near O'Hern Street, South Omaha, Nebr.; with amendment (Rept. No. 931). Referred to the House Calendar.

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 10365. A bill granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa.; without amendment (Rept. No. 932). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 10585. A bill authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.; without amendment (Rept. No. 933). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. S. 3836. An act to authorize the construction of a temporary railroad bridge across Pearl River at a point in or near the northeast quarter section 11, township 10 north, range 8 east, Leake County, Miss.; without amendment (Rept. No. 934). Referred to the House Calendar.

# REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CLARK of North Carolina: Committee on Claims. H. R. 3928. A bill for the relief of Addie I. Tryon and Lorin H. Tryon; without amendment (Rept. No. 935). Referred to the Committee of the Whole House.

Mr. LICHTENWALNER: Committee on Foreign Affairs. H. R. 10259. A bill for the relief of Emma R. H. Taggart; without amendment (Rept. No. 936). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHASE: A bill (H. R. 10921) to authorize the erection of a Veterans' Administration hospital in the northern part of the State of Pennsylvania, and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. MAAS: A bill (H. R. 10922) to amend section 1020 of the Revised Statutes, relating to recognizances in criminal causes; to the Committee on the Judiciary.

By Mr. WELCH of California: A bill (H. R. 10923) to provide for the promotion of watchmen, messengers, and laborers employed in the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. GAVAGAN: A bill (H. R. 10924) to amend section 4916 of the Revised Statutes (U. S. C., title 35, sec. 64); to the Committee on Patents.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 10925) to authorize the erection of a Veterans' Administration hospital in the northwestern part of the State of Pennsylvania, and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. EVANS of Montana: A bill (H. R. 10926) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the Committee on the Public Lands.

By Mr. GARBER: A bill (H. R. 10927) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. FISH: A resolution (H. Res. 175) for the appointment of a select committee of five Members of the House to inquire into old-age pensions, and for other purposes; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 10928) for the relief of Norman Beier; to the Committee on Claims.

By Mr. DICKINSON: A bill (H. R. 10929) granting a pension to Julia A. Millam; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 10930) granting an increase of pension to William E. Drane; to the Committee on Pensions

By Mr. EVANS of California: A bill (H. R. 10931) granting a pension to Lucius D. Mellor; to the Committee on Pensions.

By Mr. FRENCH: A bill (H. R. 10932) granting a pension to Ina B. Ritchey; to the Committee on Pensions.

By Mr. GARBER: A bill (H. R. 10933) for the relief of Louis Weythma; to the Committee on Military Affairs.

By Mr. GRISWOLD: A bill (H. R. 10934) granting an increase of pension to Mary E. Brineman; to the Committee on Invalid Pensions.

By Mr. HESS: A bill (H. R. 10935) granting a pension to Abaline Merrill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10936) granting a pension to Ida L. Budd; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 10937) granting an increase of pension to Sophronia Wiler; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Missouri: A bill (H. R. 10938) granting a pension to Manila Phillips; to the Committee on Invalid Pensions.

By Mr. LANHAM: A bill (H. R. 10939) for the relief of Edward N. Jerry; to the Committee on Military Affairs.

By Mr. LONERGAN: A bill (H. R. 10940) for the relief of Jules Entenberg; to the Committee on War Claims.

By Mr. LOVETTE: A bill (H. R. 10941) for the relief of Benjamin H. Pope; to the Committee on Military Affairs.

Also, a bill (H. R. 10942) granting a pension to Sarah C. Hilton; to the Committee on Pensions.

Also, a bill (H. R. 10943) granting a pension to Alva V. Anderson; to the Committee on Pensions.

Also, a bill (H. R. 10944) granting a pension to Wilburn G. Sparks: to the Committee on Pensions.

Also, a bill (H. R. 10945) granting a pension to William H. Lacey; to the Committee on Pensions.

Also, a bill (H. R. 10946) granting a pension to Hiram P. Sloan; to the Committee on Pensions.

Also, a bill (H. R. 10947) granting a pension to Mahlon S. Jones; to the Committee on Pensions.

Also, a bill (H. R. 10948) granting a pension to Jonah C. Prather; to the Committee on Pensions.

Also, a bill (H. R. 10949) granting a pension to George W. Trent; to the Committee on Pensions.

Also, a bill (H. R. 10950) granting a pension to Jim P.

Nelms; to the Committee on Pensions.

Also, a bill (H. R. 10951) granting an increase of pension

to Mary E. Hyder; to the Committee on Pensions.

Also, a bill (H. R. 10952) granting a pension to Chanley C. Freeman; to the Committee on Pensions.

Also, a bill (H. R. 10953) granting an increase of pension to Martha Vittetoe; to the Committee on Invalid Pensions.
Also, a bill (H. R. 10954) for the relief of Soloman Price; to the Committee on Military Affairs.

Also, a bill (H. R. 10955) granting a pension to Mary A. Green; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10956) granting a pension to Martha Ann Gady; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10957) granting a pension to Margaret

St. Clair; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10958) granting a pension to Nora Henley Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10959) granting a pension to Mary E. White; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10960) granting a pension to George R. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10961) granting a pension to Mary E. Ringer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10962) granting a pension to John Harrison Foshee; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 10963) for the relief of Nettie Hively; to the Committee on the Public Lands.

By Mr. PURNELL: A bill (H. R. 10964) granting a pension to Martha E. Atcheson; to the Committee on Invalid Pensions

By Mr. REILLY: A bill (H. R. 10965) granting an increase of pension to Sarah L. Bowen; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 10966) granting a pension to Louis Qual; to the Committee on Pensions.

By Mr. STALKER: A bill (H. R. 10967) granting a pension to John A. Donahue; to the Committee on Pensions.

Also, a bill (H. R. 10968) granting an increase of pension to Sally Strock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10969) granting an increase of pension to Mary J. Corchran; to the Committee on Invalid Pensions.

By Mr. TEMPLE: A bill (H. R. 10970) granting an increase of pension to Jennie M. P. Dunkle; to the Committee on Pensions.

By Mr. TIERNEY: A bill (H. R. 10971) for the relief of John Howard Smith; to the Committee on Military Affairs.

By Mr. VINSON of Kentucky: A bill (H. R. 10972) extending the time for the consideration of application for retirement of John W. Stephenson under the emergency officers' retirement act; to the Committee on Military Affairs.

By Mr. WELSH of Pennsylvania: A bill (H. R. 10973) for the relief of Augustus Thompson; to the Committee on Claims.

By Mr. WYANT: A bill (H. R. 10974) granting an increase of pension to Sarah A. Story; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5127. By Mr. ARNOLD: Petition of citizens of Centralia, Ill., and vicinity, recommending a program of economy and retrenchment in governmental affairs; to the Committee on Expenditures in the Executive Departments.

5128. Also, petition of citizens of Centralia, Ill., and other points, recommending a program of economy and retrenchment in governmental expenditures and appropriations; to the Committee on Expenditures in the Executive Departments.

5129. Also, petition of citizens of southern Illinois, urging legislation to bring about better economic conditions throughout the country and strict economy in governmental expenditures; to the Committee on Expenditures in the Executive Departments.

5130. Also, petition of citizens of various towns in southern Illinois, urging a policy of strict economy in the matter of governmental expenditures and appropriations; to the Committee on Expenditures in the Executive Departments.

5131. By Mr. BACON: Petition of directors of the Chamber of Commerce of the United States, urging the balancing of the Budget through proper measures of economies and taxation as being first essential for improvement in country's economic position; to the Committee on Ways and Means.

5132. Also, petition of Chelberg and Battle Post, No. 383, American Legion, favoring immediate cash payment in full of adjusted-compensation certificates; to the Committee on Ways and Means.

5133. Also, petition of Bay Shore Post, No. 365, American Legion, favoring immediate cash payment in full of adjusted-compensation certificates; to the Committee on Ways and Means.

5134. By Mr. BOYLAN: Letter from the Allied Printing Trades Council of Greater New York, New York City, N. Y., opposing all legislation suggesting a reduction in wages of Government employees; to the Committee on the Civil Service.

5135. Also, resolution adopted by the directors of the United States Chamber of Commerce, Washington, D. C., regarding the balancing of the Budget; to the Committee on Ways and Means.

5136. Also, resolution adopted by the New York County committee of the American Legion, Department of New York, opposing any proposed reduction of the War Department appropriation that may affect the national defense act; to the Committee on Appropriations.

5137. Also, resolution adopted by the Brooklyn Chamber of Commerce, Brooklyn, N. Y., regarding the rates of duty as between raw and refined sugar, etc.; to the Committee on Ways and Means.

5138. By Mr. BUTLER: Telegrams from 20 business men of Baker, Oreg., protesting against any reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

5139. By Mr. CRAIL: Petition of the Angelus Post Auxiliary, No. 883, Veterans of Foreign Wars, Lost Angeles, Calif., favoring the enactment of House bill 157, authorizing the erection of a sanitary fireproof dormitory and infirmary for disabled women veterans; to the Committee on Military Affairs.

5140. By Mr. CULKIN: Petition of Joseph W. Colway and 19 other ex-service men, of Oneida, N. Y., urging legislation providing for the immediate cash payment of the balance | and property in interstate commerce; to the Committee on of the adjusted-compensation certificates; to the Committee on Ways and Means.

5141. By Mr. GAVAGAN: Petition of the New York County committee of the American Legion, condemning any reduction of the War Department appropriation; to the Committee on Appropriations.

5142. By Mr. GILCHRIST: Petition of 132 citizens of the eighth congressional district of Iowa, urging the passage of House bill 1, being the adjusted compensation bill; to the Committee on Ways and Means.

5143. By Mr. HOCH: Petition of the Women's Society of the Methodist Episcopal Church, of Manhattan, Kans., urging support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

5144. Also, petition of the Willard Woman's Christian Temperance Union, of Manhattan, Kans., urging the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

5145. Also, petition of a congregational meeting of the Presbyterian Church of Osage City, Kans., urging the support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

5146. By Mr. JAMES: Petition of Pilgrim Lodge, No. 47, of the Independent Order of Odd Fellows, Houghton, Mich., through John MacDonald, noble grand, and Edward A. Medlyn, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5147. By Mr. JOHNSON of Texas: Petition of E. L. Mc-Cluney, W. L. Bain, and B. M. White, of Kerens, Tex., favoring House bill 6178; to the Committee on the Post Office and Post Roads.

5148. By Mr. JONES: Petition of Post Commander I. E. Biggs and Adjt. A. L. Josey, acting for entire Sylvester (Tex.) Post, American Legion; to the Committee on Ways and Means.

5149. Also, petition of R. O. Stark, post commander, Fernallen Post, American Legion, O'Donnell, Tex.; to the Committee on Ways and Means.

5150. By Mr. KENNEDY: Petition of New York County committee of the American Legion, condemning any reduction of the War Department appropriation; to the Committee on Appropriations.

5151. Also, petition of the Legislature of the State of New York, urging regulation of the transportation of persons

Interstate and Foreign Commerce.

5152. By Mr. MILLARD: Resolution adopted by the Ossining Post, No. 506, of the American Legion, located at Ossining, N. Y., urging bonus legislation: to the Committee on Ways and Means.

5153. By Mr. PARTRIDGE: Petition of residents of Oxford County, Me., protesting against the enactment of Senate bill 1202, known as the compulsory Sunday observance bill; to the Committee on the District of Columbia.

5154. By Mr. RUDD: Petition of James McCreery & Co., New York City, favoring the passage of the Baldridge bill, H. R. 7430, and the Andresen bill, H. R. 9971: to the Committee on the Judiciary.

5155. Also, petition of John A. Schwartz (Inc.), favoring the passage of the Baldridge bill, H. R. 7430, and the Andresen bill, H. R. 9971; to the Committee on the Judi-

5156. Also, petition of Folsom Men's Club of the Folsom Avenue Methodist Episcopal Church, Glendale, Long Island, N. Y., opposing reduction of Federal employees' salaries; to the Committee on Appropriations.

5157. By Mr. SELVIG: Petition of numerous citizens of Minnesota, favoring increased taxes on higher incomes, inheritances, and gifts; to the Committee on Ways and Means.

5158. By Mr. STALKER: Petition of residents of Addison and Painted Post, N. Y., against compulsory Sunday observance; to the Committee on the District of Columbia.

5159. By Mr. SUMMERS of Washington: Petition signed by Mrs. Joe Elsensohn and several hundred other citizens of Asotin County, Wash., many of whom are unemployed, urging the enactment of House bill 137, the Summers farm to market post road bill, and petitioning for other relief measures; to the Committee on the Post Office and Post Roads.

5160. By Mr. TEMPLE: Petition supporting legislation providing for full payment of adjusted compensation; to the Committee on Ways and Means.

5161. By Mr. THOMASON: Petition of citizens of El Paso and Tom Green Counties, Tex., urging that Congress enact no legislation that would impair the effectiveness of the agricultural marketing act; to the Committee on Agriculture.

5162. By Mr. WYANT: Petition of Westmoreland County Chapter, No. 35, Disabled American Veterans of the World War, urging full payment of adjusted-service certificates; to the Committee on Ways and Means.

5163. Also, petition of 82 members of the Croatian Fraternal Union of America, of Greensburg, Pa., protesting against deportation of foreign born; to the Committee on Immigration and Naturalization.

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